

**City of Carson City
Request for Board Action**

Date Submitted: 12/8/09

Agenda Date Requested: 12/17/09

Time Requested: 20 minutes

To: Mayor and Supervisors

From: Nick Providenti, Finance Director

Subject Title: Action to accept the Carson City Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009.

Staff Summary: City staff and representatives from Kafoury, Armstrong and Co. will be making a presentation of the City's financial status as well as recommendations for improvement.

Type of Action Requested: (check one)

Resolution Ordinance

Formal Action/Motion Other (Specify)

Does this action require a Business Impact Statement: () Yes (X) No

Recommended Board Action: I move to accept the Carson City Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009.

Explanation of Recommended Board Action: The Carson City Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009 has been completed by the Finance Department and audited by the City's independent auditors, Kafoury, Armstrong and Co. City staff and representatives from Kafoury, Armstrong and Co. will be making a presentation of the City's financial status as well as recommendations for improvement. The Finance Department believes this report continues to meet the Certificate of Achievement in Excellence in Financial Reporting from the Government Finance Officers Association.

Applicable Statute, Code, Policy, Rule or Regulation: Nevada Revised Statute 354.624

Fiscal Impact: n/a

Explanation of Impact: n/a

Funding Source: n/a

Supporting Material: Carson City Comprehensive Financial Report for the Fiscal Year Ended June 30, 2009.

Prepared By: Nancy Paulson

Reviewed By: Nancy Paulson
(Department Head)

Date: 12/8/09

: Tina Russell
(City Manager)

Date: 12/8/09

: Melanie Rankotto
(District Attorney)
: Nancy Paulson
(Finance Director)

Date: 12-8-09

Date: 12-8-09

Board Action Taken:

Motion: _____

1) _____ Aye/Nay
2) _____

(Vote Recorded By)



November 30, 2009

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

We have audited the 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 (City) for the year ended June 30, 2009, and have issued our report thereon dated November 30, 2009. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 30, 2009. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 4D to the financial statements, the City changed accounting policies related to reporting the liability for postemployment benefits by adopting Statement of Governmental Accounting Standards (GASB 45) *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in 2009. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- useful lives of assets determined for depreciation
- valuation of developer dedicated and other donated capital assets
- liability and related disclosures for postemployment benefits other than pensions (OPEB)

ELKO

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YERINGTON

To the Honorable Mayor, Members of the
Board of Supervisors and Audit Committee of
Carson City, Nevada
November 30, 2009
Page 2

Management's estimate of the useful lives of the City's capital assets is based upon the City's historical usage of its capital assets and consistency with lives utilized by other local governments. Management's estimates of the value of the City's developer dedicated and other donated capital assets is typically based upon the cost incurred by the donor for the capital asset. Management's estimate of the liability for the City's OPEB is based upon third party actuarial analysis. We evaluated the key factors and assumptions used to develop these sensitive estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent and clear. Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. A sensitive disclosure affecting the financial statements was Note 4D regarding the prospective implementation of GASB 45 during the year ended June 30, 2009.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's reports. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 30, 2009.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

To the Honorable Mayor, Members of the
Board of Supervisors and Audit Committee of
Carson City, Nevada
November 30, 2009
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Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Supervisors, the Audit Committee and management of Carson City, Nevada, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Kafoury, Armstrong & Co.

Kafoury, Armstrong & Co.

Carson City
Unadjusted Audit Differences
6/30/2009

GOVERNMENTAL ACTIVITIES

Assets	Liabilities	Ending Net Assets	Program Revenues	General Revenues		Expenses	Beginning Net Assets
\$ -	\$ -	\$ -	\$ 1,515,254	\$ -	\$ -	\$ (1,515,254)	
\$ -	\$ -	\$ -	\$ 1,515,254	\$ -	\$ -	\$ (1,515,254)	
\$ 259,604,064	\$ 103,423,794	\$ 156,180,270	\$ 24,606,291	\$ 56,034,621	\$ 81,518,181	\$ 157,057,539	
0.00%	0.00%	0.00%	6.16%	0.00%	0.00%	0.00%	-0.96%

Unadjusted audit differences reported above are both quantitatively and qualitatively immaterial to the Governmental Activities taken as a whole. Adjustment deemed not necessary.

Unadjusted audit differences report
Adjustment deemed not necessary

BUSINESS-TYPE ACTIVITIES

BUSINESS-TYPE ACTIVITIES										Beginning Net Assets	
Description	PJE #	Fund	Assets	Liabilities	Ending Net Assets	Program Revenues	General Revenues	General Expenses	Expenses		
Bond Costs and Amortization	1	Various	\$ (179,790)	\$ -	\$ (179,790)	\$ -	\$ -	\$ -	\$ (39,949)	\$ (219,739)	
Capital Contributions	2	Water	\$ -	\$ -	\$ -	\$ 267,219	\$ -	\$ -	\$ -	\$ (267,219)	
Prior Year			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL			\$ (179,790)	\$ -	\$ (179,790)	\$ 267,219	\$ -	\$ -	\$ (39,949)	\$ (486,958)	
FS CAPTION											
PERCENTAGE			-0.12%	0.00%	-0.18%	1.14%	0.00%	-0.15%			-0.48%

Unadjusted audit differences reported above are both quantitatively and qualitatively immaterial to the Business-Type Activities taken as a whole. Adjustment deemed not necessary.

SEWER ENTERPRISE FUND								
Description	PJE #	Fund	Assets	Liabilities	Ending Net Assets	Op & Nonop Revenues & Cap Contrib	Op & Nonop Expenses	Beginning Net Assets
Bond Costs and Amortization (allocated based on balance of debt outstanding)	1	Sewer	\$ (99,225)	\$ -	\$ (99,225)	\$ -	\$ (22,048)	\$ (121,273)
Prior Year - none			-	-	-	-	-	-
TOTAL			\$ (99,225)	\$ -	\$ (99,225)	\$ -	\$ (22,048)	\$ (121,273)
FS CAPTION			\$ 71,437,492	\$ 14,770,538	\$ 56,666,954	\$ 6,994,854	\$ 8,848,839	\$ 58,520,939
PERCENTAGE			-0.14%	0.00%	-0.18%	0.00%	-0.25%	0.00%

CONCLUSION:

Unadjusted audit differences reported above are both quantitatively and qualitatively immaterial to the Sewer Fund taken as a whole. Adjustment deemed not necessary.

WATER ENTERPRISE FUND								
Description	PJE #	Fund	Assets	Liabilities	Ending Net Assets	Op & Nonop Revenues & Cap Contrib	Op & Nonop Expenses	Beginning Net Assets
Bond Costs and Amortization (allocated based on balance of debt outstanding)	1	Water	\$ (80,564)	\$ -	\$ (80,564)	\$ -	\$ (17,902)	\$ (98,466)
Capital Contributions	3	Water	-	-	-	267,219	-	(267,219)
Prior Year - none			-	-	-	-	-	-
TOTAL			\$ (80,564)	\$ -	\$ (80,564)	\$ 267,219	\$ (17,902)	\$ (365,685)
FS CAPTION			\$ 71,402,770	\$ 33,231,092	\$ 38,171,678	\$ 10,981,627	\$ 10,487,742	\$ 37,677,783
PERCENTAGE			-0.11%	0.00%	-0.21%	2.43%	-0.17%	-0.97%

CONCLUSION:

Unadjusted audit differences reported above are both quantitatively and qualitatively immaterial to the Water Fund taken as a whole. Adjustment deemed not necessary.

QUALITY OF LIFE SPECIAL REVENUE FUND

Description	PJE #	Fund	Assets	Liabilities	Ending Fund Balance	Revenues	Expenditures	Beginning Fund Balance
Grant revenues s/b deferred	4		\$ -	\$ (85,000)	\$ 85,000	\$ 85,000	\$ -	\$ -
Prior Year - None			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL			\$ 9,119,160	\$ 176,068	\$ 8,943,092	\$ 3,001,059	\$ 4,317,843	\$ 11,339,894
FS CAPTION								
PERCENTAGE			0.00%	-48.28%	0.95%	2.83%	0.00%	0.00%

CONCLUSION:

Unadjusted audit differences reported above are both quantitatively and qualitatively immaterial to the Quality of Life Special Revenue Fund taken as a whole. Adjustment deemed not necessary.

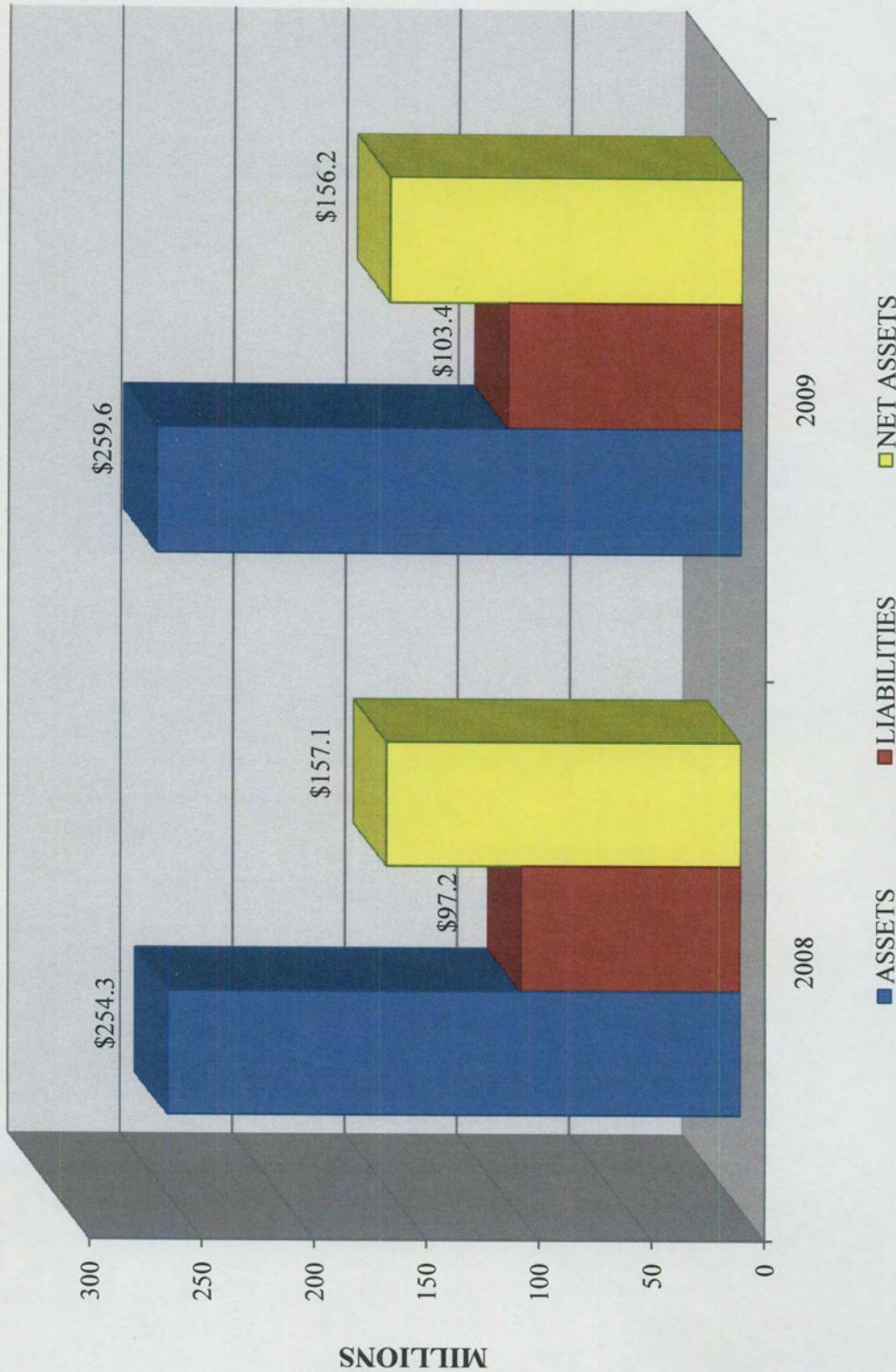
NONMAJOR GOVERNMENTAL FUNDS/NONMAJOR ENTERPRISE FUNDS/INTERNAL SERVICE FUNDS/FIDUCIARY FUNDS

Description	PJE #	Fund	Assets	Liabilities	Ending Fund Balance/ Net Assets	Revenues	Expenditures/ Expenses	Beginning Fund Balance/ Net Assets
Nonmajor Governmental Funds								
Grant revenues s/b deferred	4		\$ -	\$ (364,976)	\$ 364,976	\$ 364,976	\$ -	\$ -
Prior Year - None			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL			\$ 34,287,966	\$ 8,863,132	\$ 25,424,834	\$ 42,798,248	\$ 49,988,518	\$ 28,995,378
FS CAPTION								
PERCENTAGE			0.00%	-4.12%	1.44%	0.85%	0.00%	0.00%

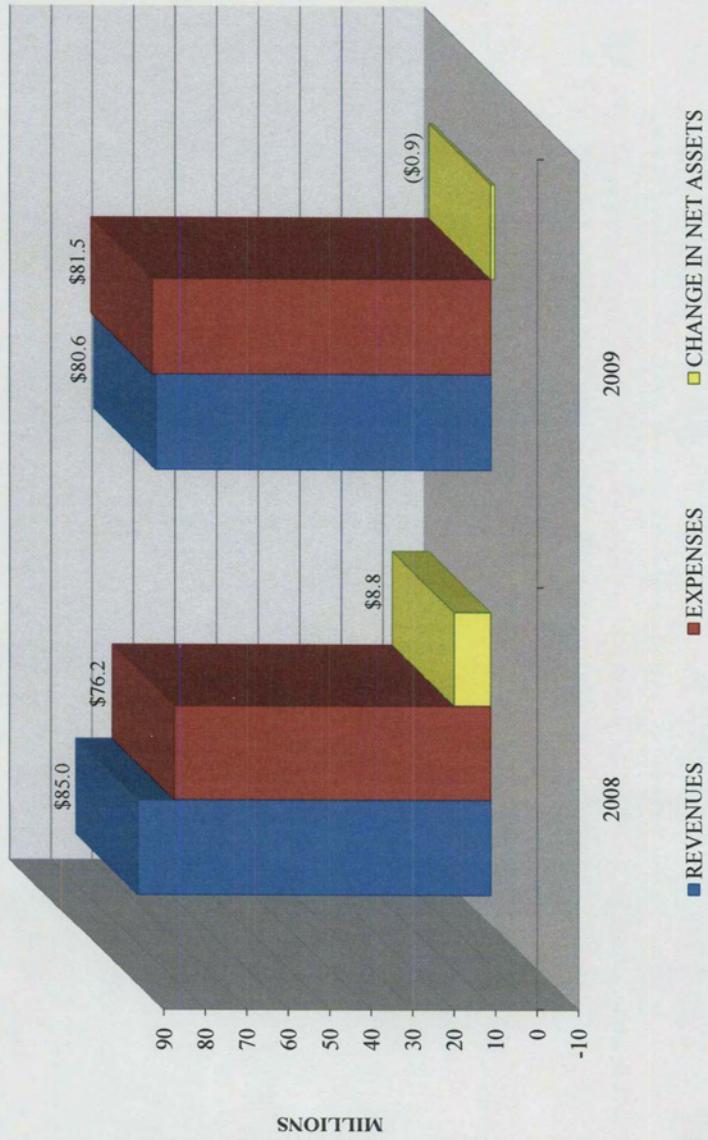
CONCLUSION:

Unadjusted audit differences reported above are both quantitatively and qualitatively immaterial to the Nonmajor Governmental Funds/Nonmajor Enterprise Funds/Internal Service Funds/Trust and Fiduciary Funds taken as a whole. Adjustment deemed not necessary.

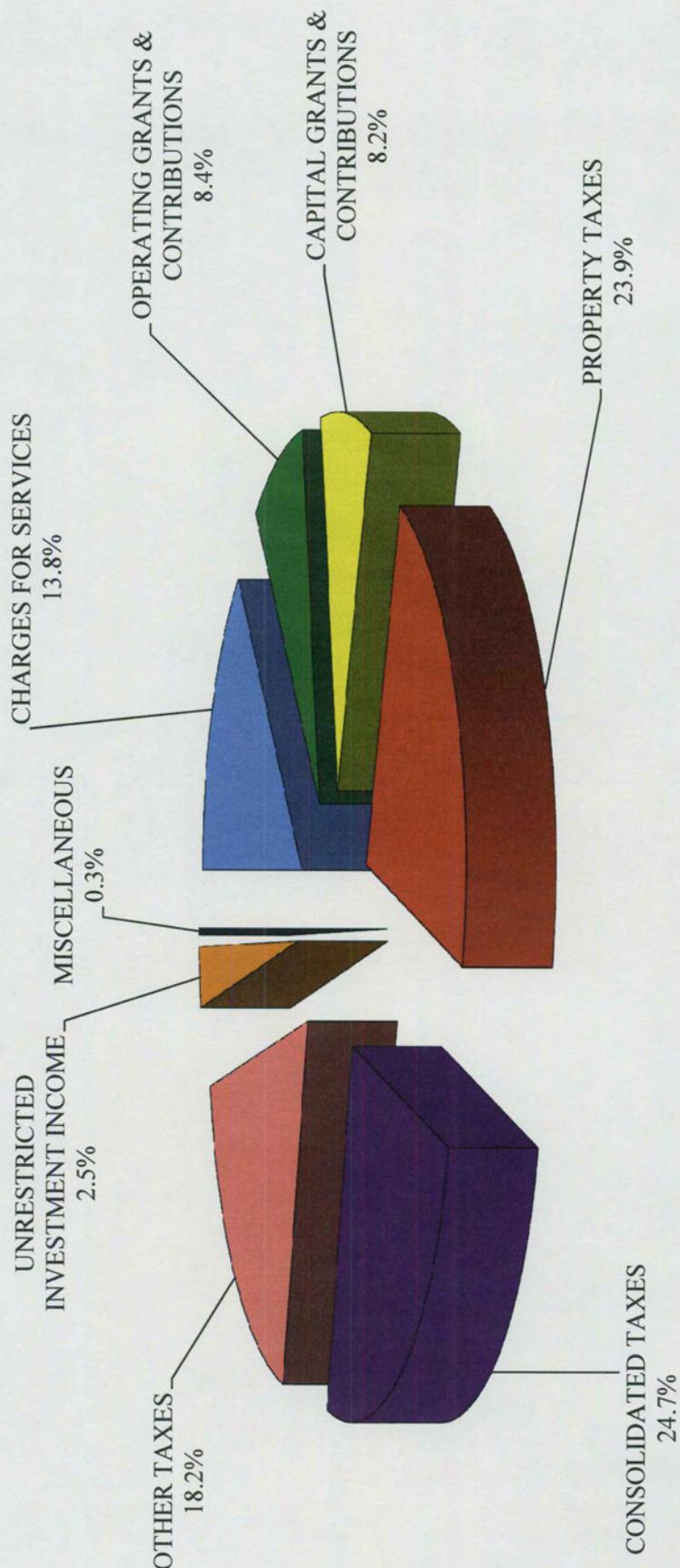
**CARSON CITY
STATEMENT OF NET ASSETS
GOVERNMENTAL ACTIVITIES
JUNE 30,**



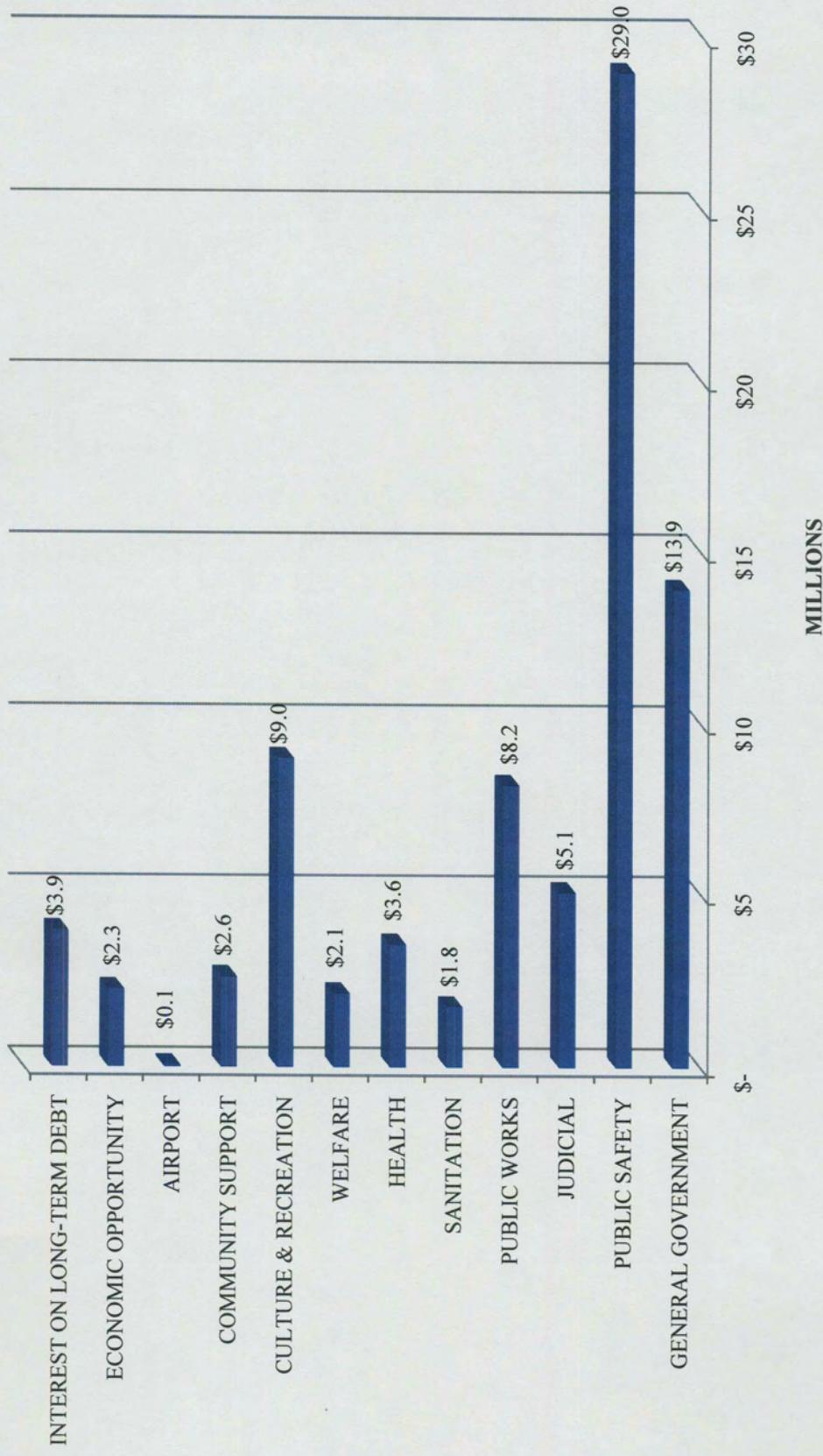
**CARSON CITY
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
FOR THE YEARS ENDED JUNE 30,**



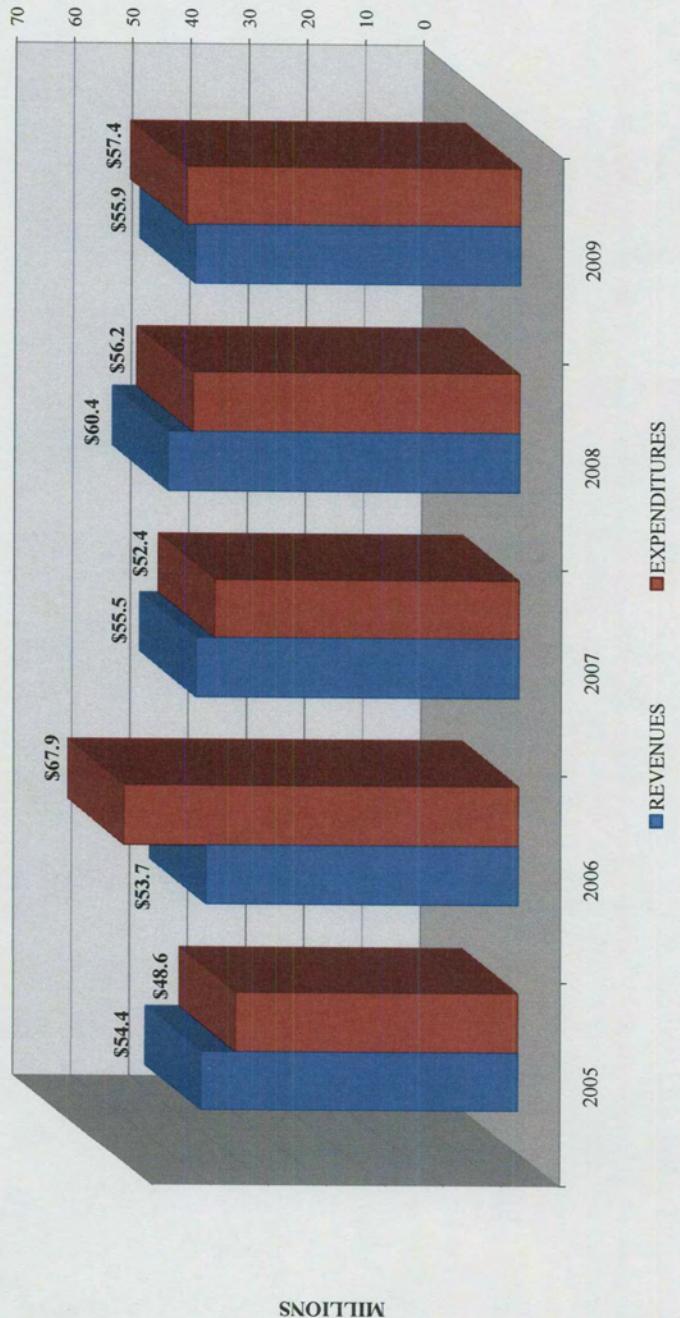
**CARSON CITY
REVENUES BY SOURCE
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**



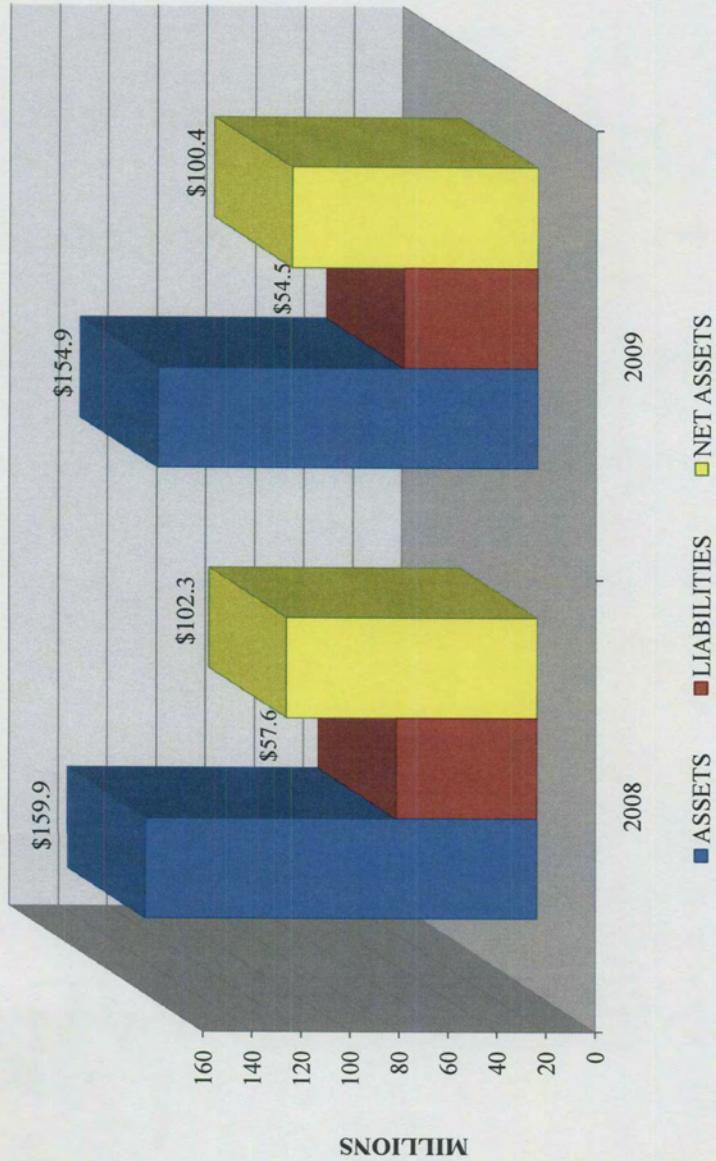
**CARSON CITY
EXPENSES BY FUNCTION
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**



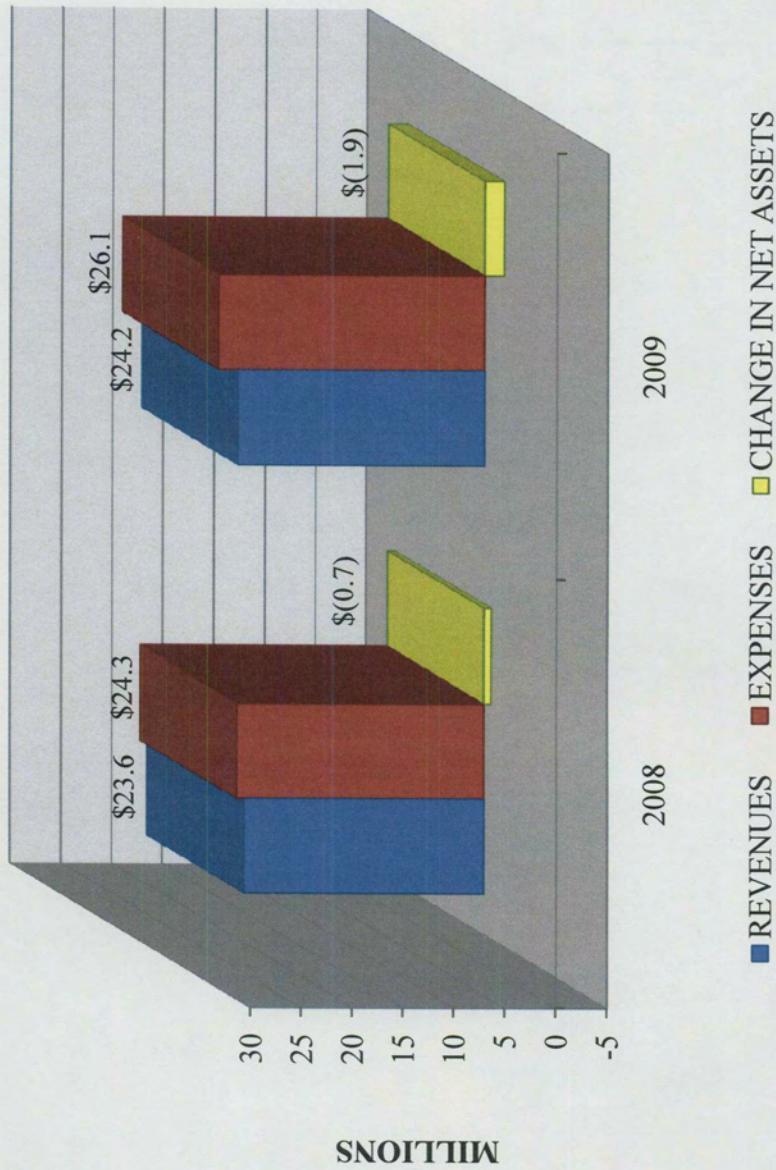
CARSON CITY
GENERAL FUND
REVENUES VS. EXPENDITURES
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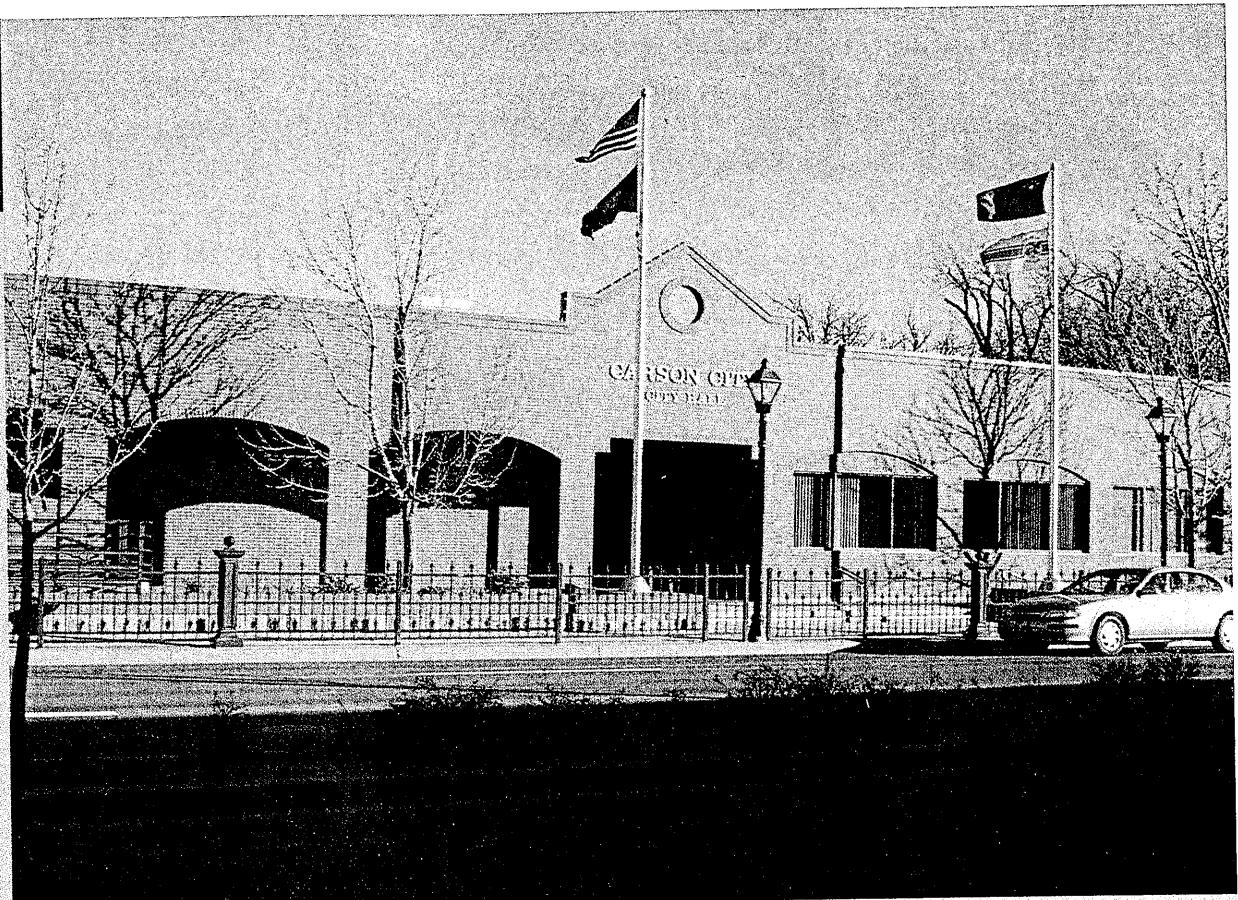


**CARSON CITY
STATEMENTS OF NET ASSETS
BUSINESS-TYPE ACTIVITIES
JUNE 30,**



**CARSON CITY
STATEMENTS OF ACTIVITIES
BUSINESS-TYPE ACTIVITIES
FOR THE YEARS ENDED JUNE 30,**





Carson City, Nevada

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2009

CARSON CITY, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2009

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, 2009

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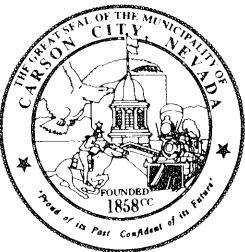
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INTRODUCTORY SECTION



CARSON CITY, NEVADA

CONSOLIDATED MUNICIPALITY AND STATE CAPITAL

November 30, 2009

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, 2009, 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, 2009. 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 • 89701 • (775) 887-2133

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 57,600 as of July 1, 2009. 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 \$5,266,419,991 and an assessed value of \$1,843,246,997.

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 around 3% 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, 2008 to July 1, 2009. Looking at the past 5 years, Carson City's growth rate has averaged .9% 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 \$264,000. 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 \$3.3 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 \$5,636,244. Of this amount, \$2.4 million is unspent incentives for business retention and recruitment that will be carried over to the next fiscal year, \$2.1 million was built into the FY 2009/2010 budget and the remaining balance of \$1.1 million is the result of expenditure reductions in response to the reduction in revenues. 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 from the Stabilization Fund to the General Fund has been budgeted in FY 2009/2010 in order to maintain public service levels.

The assessed valuation of Carson City increased in FY 2008/2009, but because of the real estate slowdown, the values have decreased slightly in FY 2009/2010. 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 \$12 million in FY 2009/2010.

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 2008/2009, 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 are currently building dealerships in more desirable locations within the City. The City anticipates both of these retailers to have their dealerships open in the spring of 2010. The City is also currently in negotiations with retailers to fill a vacant big box. These agreements are expected to provide enhancement of the City's sales tax base for the future.

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 now being designed and new federal standards for drinking water are necessitating the design and construction of additional water treatment facilities. 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. The funding for Carson Freeway Phase 2B (Fairview Drive to Highway 50 at Spooner Summit) has yet to be identified by the State of Nevada. By agreement with the State of Nevada, should Phase 2B not be completed by 2010, the allocation of local fuel taxes previously agreed to would cease, making additional funds available for local road projects.

The Carson City Board of Supervisors recently gave staff the go ahead to explore 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, 2009 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, 2008. 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 nineteen 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".

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, 2008

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.



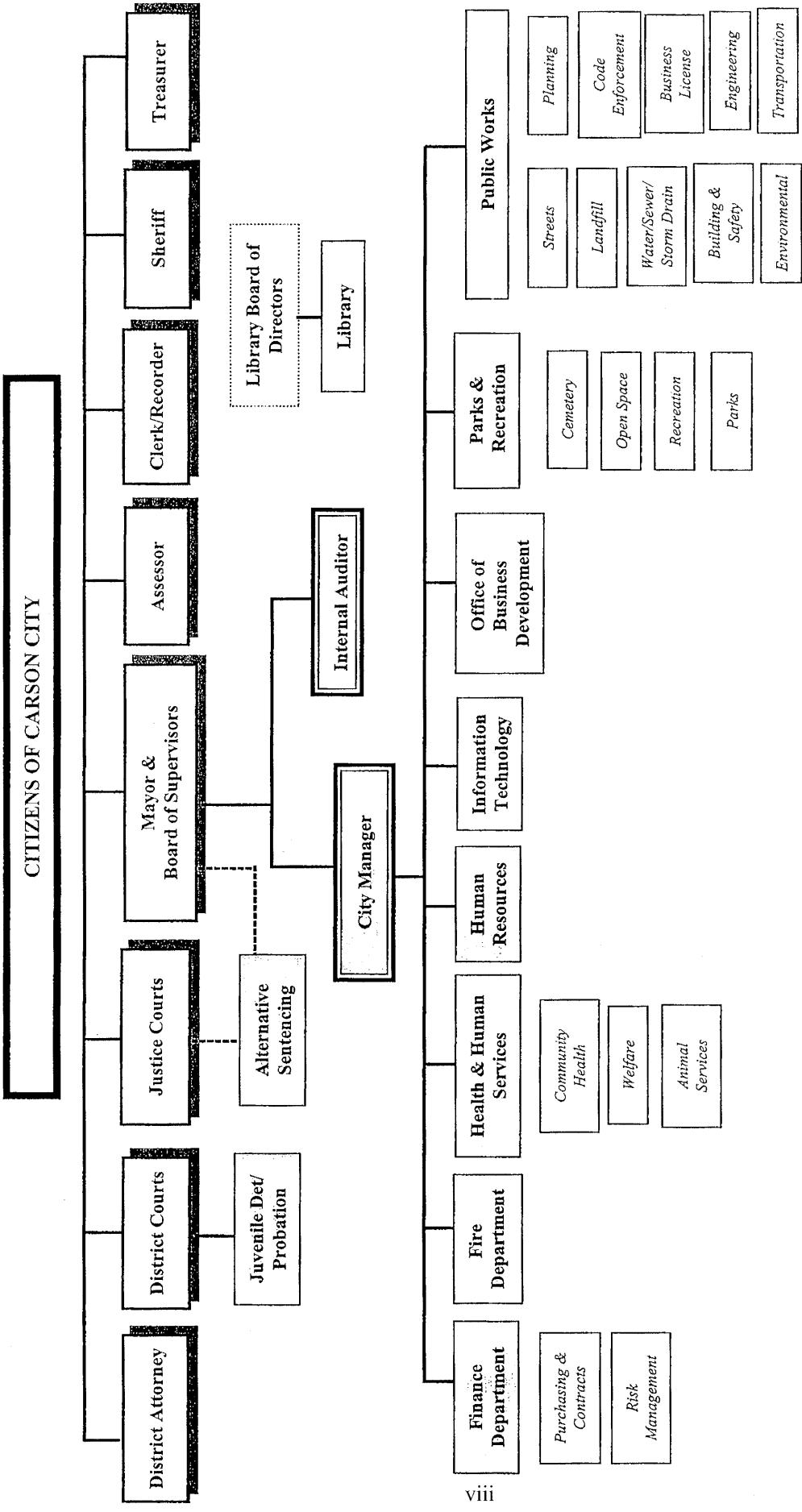
K. L. R.

President

Jeffrey R. Ecker

Executive Director

Carson City Organizational Chart



CARSON CITY
LISTING OF PRINCIPAL OFFICIALS
FY 2009

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
Internal Auditor	Vacant
Senior Center Director	Janice McIntosh
Human Resources Manager	Jennifer Schultz
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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KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

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, 2009, 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, 2009, 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 November 30, 2009 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 the 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 3K and the Schedule of Funding Progress on page 56 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.

Kafoury, Armstrong & Co.

Reno, Nevada
November 30, 2009

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, 2009. 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 \$256,586,453 (*net assets*). Of this amount, \$6,324,644 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$2,790,929. A portion of this decrease is attributable to an increase in economic opportunity expenditures related to incentives for business retention and the decline of consolidated tax and sales taxes in the governmental activities. Other factors include a decrease in capital grants and assets contributed by developers in the business-type activities and an increase in expenses in both governmental and business-type activities related to the prospective implementation of GASB No. 45.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$36,757,303, a decrease of \$10,393,765 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$10,608,258, or 18 percent of total General Fund expenditures.
- The City's total bonded debt increased by \$2,779,730 (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 statements 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 29-55 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 56-156 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 \$256,586,453 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (90 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		2009	2008
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 52,150,798	\$ 63,275,823	\$ 14,015,917	\$ 21,308,581	\$ 66,166,715	\$ 84,584,404
Capital assets	207,453,266	191,010,976	140,898,066	138,581,276	348,351,332	329,592,252
Total assets	259,604,064	254,286,799	154,913,983	159,889,857	414,518,047	414,176,656
Long-term liabilities outstanding	95,125,160	87,596,266	51,680,714	54,706,432	146,805,874	142,302,698
Other liabilities	8,298,634	9,632,994	2,827,086	2,863,582	11,125,720	12,496,576
Total liabilities	103,423,794	97,229,260	54,507,800	57,570,014	157,931,594	154,799,274
Net assets:						
Invested in capital assets, net of related debt	142,099,041	131,338,112	89,403,212	87,652,903	231,502,253	218,991,015
Restricted	18,759,556	23,302,315	-	-	18,759,556	23,302,315
Unrestricted	(4,678,327)	2,417,112	11,002,971	14,666,940	6,324,644	17,084,052
Total net assets	<u>\$ 156,180,270</u>	<u>\$ 157,057,539</u>	<u>\$ 100,406,183</u>	<u>\$ 102,319,843</u>	<u>\$ 256,586,453</u>	<u>\$ 259,377,382</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. The remaining balance of *unrestricted net assets* (\$6,324,644) may be used to meet the government's ongoing obligations to citizens and creditors.

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

The City's net assets decreased \$2,790,929 during the current fiscal year. A portion of this decrease is attributable to an increase in economic opportunity expenses related to incentives for business retention and the decline of consolidated tax and sales taxes in the governmental activities. Other factors include a decrease in capital grants and assets contributed by developers in the Sewer and Water Funds and an increase in expenses related to the prospective implementation of GASB No. 45.

Carson City's Changes in Net Assets

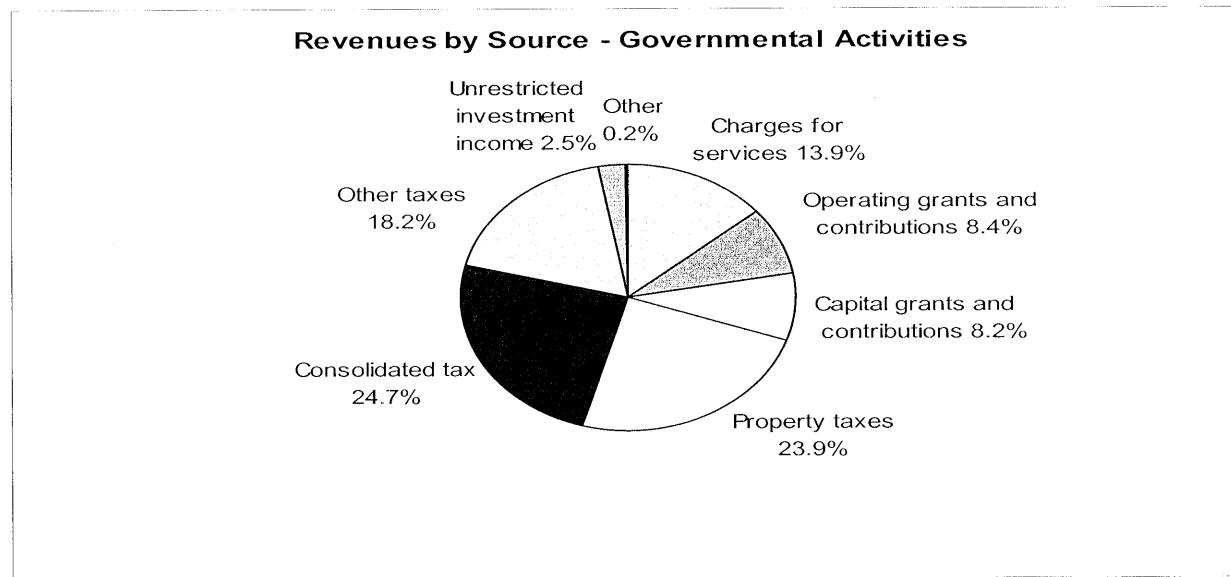
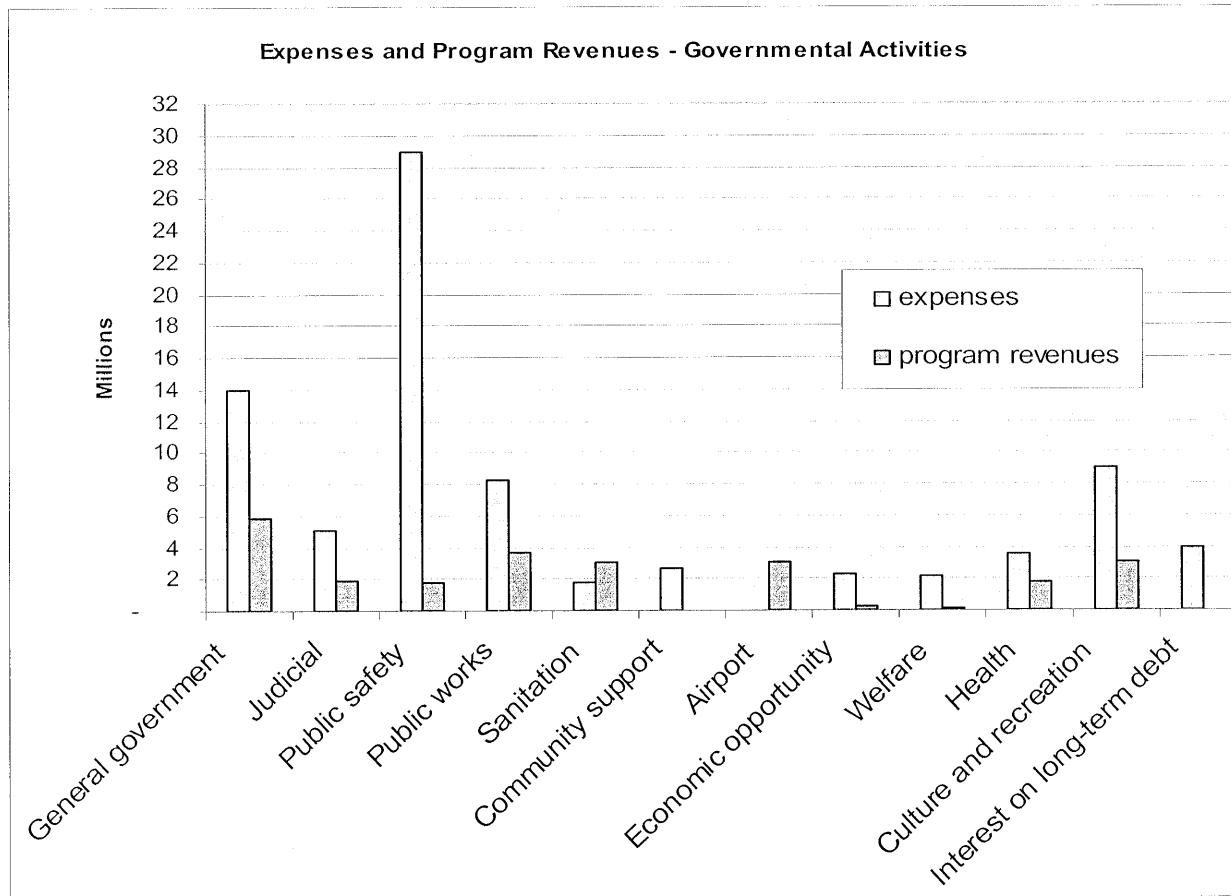
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 11,206,418	\$ 12,887,791	\$ 21,373,395	\$ 20,545,041	\$ 32,579,813	\$ 33,432,832
Operating grants and contributions	6,777,205	5,088,124	30	-	6,777,235	5,088,124
Capital grants and contributions	6,622,668	2,819,030	2,009,015	4,987,392	8,631,683	7,806,422
General revenues:						
Property taxes	19,362,180	17,542,259	-	-	19,362,180	17,542,259
Other taxes	34,691,391	39,725,344	-	-	34,691,391	39,725,344
Other	2,277,452	3,922,929	538,761	1,058,683	2,816,213	4,981,612
Total Revenues	80,937,314	81,985,477	23,921,201	26,591,116	104,858,515	108,576,593
Expenses:						
General government	13,919,789	13,042,589	-	-	13,919,789	13,042,589
Judicial	5,065,113	4,526,334	-	-	5,065,113	4,526,334
Public safety	28,995,649	27,388,924	-	-	28,995,649	27,388,924
Public works	8,200,517	10,017,131	-	-	8,200,517	10,017,131
Sanitation	1,753,575	1,972,849	-	-	1,753,575	1,972,849
Community support	2,626,657	991,673	-	-	2,626,657	991,673
Airport	51,505	124,386	-	-	51,505	124,386
Economic opportunity	2,255,148	560,255	-	-	2,255,148	560,255
Welfare	2,143,404	2,008,154	-	-	2,143,404	2,008,154
Health	3,563,272	2,781,546	-	-	3,563,272	2,781,546
Culture and recreation	8,995,601	9,056,223	-	-	8,995,601	9,056,223
Interest and fiscal charges	3,947,951	3,721,332	-	-	3,947,951	3,721,332
Ambulance	-	-	4,657,637	3,444,369	4,657,637	3,444,369
Sewer	-	-	8,827,557	8,196,029	8,827,557	8,196,029
Water	-	-	10,423,075	9,996,906	10,423,075	9,996,906
Cemetery	-	-	162,706	206,709	162,706	206,709
Building Permits	-	-	945,159	1,581,943	945,159	1,581,943
Stormwater Drainage	-	-	1,115,129	880,387	1,115,129	880,387
Total Expenses	81,518,181	76,191,396	26,131,263	24,306,343	107,649,444	100,497,739
Increase (decrease) in net assets						
before transfers	(580,867)	5,794,081	(2,210,062)	2,284,773	(2,790,929)	8,078,854
Transfers	(296,402)	3,000,092	296,402	(3,000,092)	-	-
Increase (decrease) in net assets	(877,269)	8,794,173	(1,913,660)	(715,319)	(2,790,929)	8,078,854
Net assets - July 1	157,057,539	148,263,366	102,319,843	103,035,162	259,377,382	251,298,528
Net assets - June 30	\$ 156,180,270	\$ 157,057,539	\$ 100,406,183	\$ 102,319,843	\$ 256,586,453	\$ 259,377,382

Governmental activities. Governmental activities decreased the City's net assets by \$877,269.

This results in a net change (decrease) of \$9,671,442 when compared to the increase of \$8,794,173 in the prior year. Key elements of the change from prior year are as follows:

- \$2 million increase in economic opportunity expenses related to incentives for business retention.
- \$1.6 million decrease in landfill operations from the prior year.
- \$1.56 million decrease in unrestricted investment income due to a decrease in the investment portfolio balance and a decrease in the fair value adjustment compared to the prior year.
- \$5.36 million decrease in sales taxes, fuel taxes and consolidated taxes from the prior year.
- \$2.1 million increase in property and franchise taxes.
- \$1.4 million increase in expenses related to the prospective implementation of GASB No. 45.

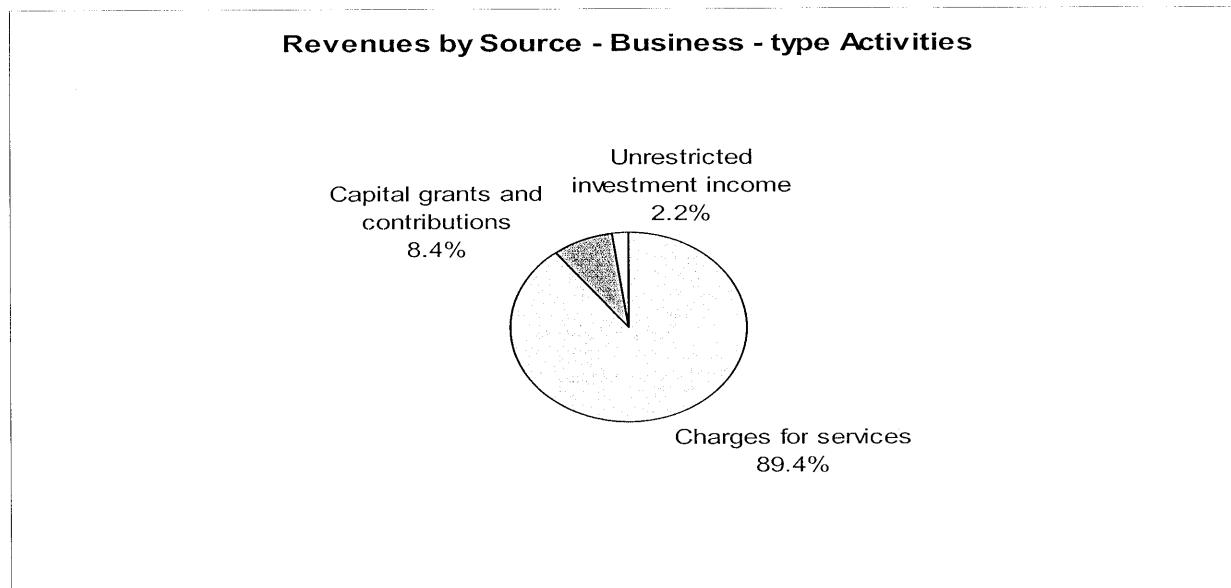
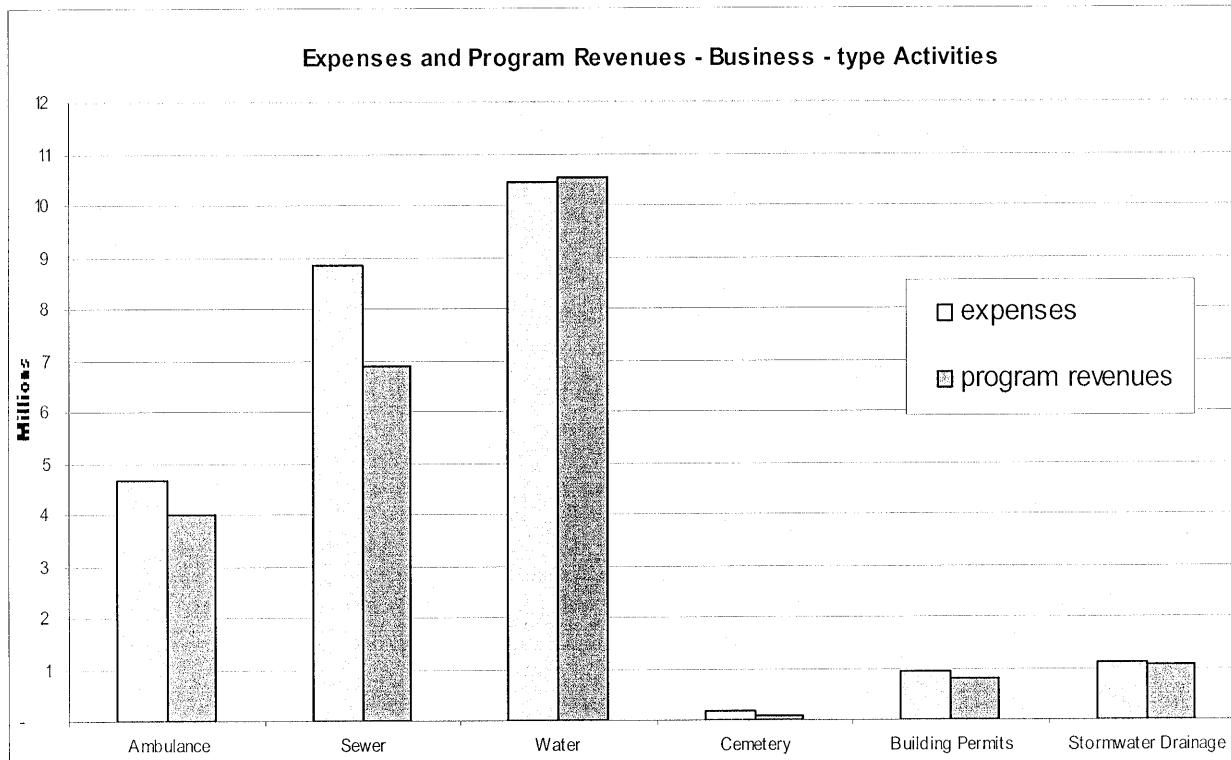
Program revenues for governmental activities provided 30 percent of the resources necessary to pay the cost of providing program services. The remaining program costs were financed with general revenues. The largest general revenues are consolidated tax of \$19,969,586 and property taxes of \$19,362,180.



Business-type activities. Business-type activities decreased the City's net assets by \$1,913,660. This results in a net change (decrease) of \$1,198,341 when compared to the decrease of \$715,319 in the prior year. Key elements of the change from prior year are as follows:

- \$2.2 million decrease in capital grants for various projects.
- \$936,000 increase in bad debt expense reported in the Ambulance fund related to the write off of uncollectible accounts receivable from prior years.
- \$165,000 increase in building permit operations as a result of expense reductions in response to the anticipated decline in revenue.
- \$756,000 decrease in capital assets contributed by developers and connection fees in the Sewer and Water funds.
- \$3.3 million increase in transfers due to the transfer of landfill operations from business-type activities to governmental activities in the prior year.
- \$520,000 decrease in unrestricted investment income due to a decrease in the investment portfolio balance and a decrease in the fair value adjustment compared to the prior year.
- \$300,000 increase in expenses related to the prospective implementation of GASB No. 45.

Sewer and water expenses represent 74 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 \$36,757,303, a decrease of \$10,393,765 in comparison with the prior year. Of this total amount, \$35,871,575 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 (\$330,165), 2) for judicial programs (\$499,757), or 3) for prepaid items and inventory (\$55,806).

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 \$10,608,258, while total fund balance reached \$11,486,244. 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 18 percent of total General Fund expenditures, while total fund balance represents 20 percent of that same amount.

The fund balance of the City's General Fund decreased by \$2,830,739 during the current fiscal year. This results in a net change (decrease) of \$5,473,002 when compared to the increase of \$2,642,263 in the prior year. Key elements of the change from prior year are as follows:

- Property taxes increased by \$844,000 over the prior year as a result of an increase in property tax rates and assessed valuation.
- Transfers in decreased by \$406,000 from the prior year. This decrease is mainly due to the transfer of landfill operations from the Carson City Sanitary Landfill Fund, an enterprise fund, to the General Fund in the prior year.
- \$2 million increase in expenditures related to incentives for business retention.
- Intergovernmental revenues decreased by \$3.3 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 \$594,000 from the prior year due to a decrease in the investment portfolio balance and a decrease in the fair value adjustment compared to the prior year. Declining interest rates during fiscal year 2007-2008 led to a significant fair value adjustment at 6/30/08. Interest rates during fiscal year 2008-2009 remained fairly constant resulting in a very minimal fair value adjustment at 6/30/09.

The Quality of Life Fund has a total fund balance of \$8,943,092, all of which is unreserved. The fund balance decreased by \$2,396,802 during the current fiscal year. This results in a net change (increase) of \$4,051,934 when compared to the decrease of \$6,448,736 in the prior year. Key elements of the change from prior year are as follows:

- \$3.9 million decrease in purchases of property for open space from the prior year.
- \$1 million decrease in capital improvements for parks, fairgrounds and the Community Center Theater from the prior year.

- \$377,000 decrease in sales tax revenue due to a decline in taxable sales during the fiscal year.
- \$408,000 decrease in investment income.

The Regional Transportation Fund has a total fund balance of \$3,045,752, all of which is unreserved. The fund balance decreased by \$1,786,376 during the current fiscal year. This results in a net change (increase) of \$1,248,542 when compared to the decrease of \$3,034,918 in the prior year. Key elements of the change from prior year are as follows:

- \$9.055 million in bonds issued for street and highway construction.
- \$6.1 increase in road construction projects, street sealing and overlays.
- \$700,000 increase in transfers to Carson City Debt Service Fund as a result of debt issuance in the current year.
- \$700,000 decline 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 \$2,418,751 in the Sewer Fund, \$7,378,454, in the Water Fund, and \$117,091 in the Stormwater Drainage Fund. The total growth (decline) in net assets for the funds was \$(1,853,985), \$493,885, and \$(10,455), 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 \$5,031,264 between the original budget and the final amended budget. The increase can be briefly summarized as follows:

- \$4.26 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 \$360,000 allocated to various departments.
- \$410,000 increase in various department appropriations offset by increases in charges for services, fines and forfeits, operating transfers in, and other miscellaneous revenues.

Of this increase, \$178,000 was funded from charges for services, \$225,000 was funded from fine and forfeits, lease revenues, and grants and donations, and \$6,750 was funded from operating transfers in. The remaining \$4.62 million was to be budgeted from available fund balance.

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

- There was \$2.4 million in unspent incentives for business retention and recruitment in the economic opportunity function. This appropriation will be carried over to the next fiscal year.
- Actual intergovernmental revenues were \$3.3 million less than the final budget due to a decline in consolidated tax revenues.
- Actual charges for services were \$1.175 million 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.

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, 2009, amounts to \$348,351,332 (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 6 percent (a 9 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 \$3 million.
- \$3.1 million in airport improvement projects.
- \$1.7 million in land purchases for open space.
- Approximately \$2.1 million for parks, recreational facilities and fairgrounds improvements.
- A variety of road construction projects are on-going, such as widening and expansion projects, at a cost of approximately \$11.4 million.
- \$900,000 for storm drainage projects.
- \$725,000 for sewer and water projects related to the extension of Stewart Street.
- \$3.3 million for water projects related to arsenic treatment.
- \$730,000 for water supply and distribution planning.

Carson City's Capital Assets (net of depreciation)

	Governmental		Business-type		Total	
	Governmental Activities	2009	Business-Type Activities	2009	2009	2008
Land	\$ 36,729,345	\$ 34,791,052	\$ 3,236,804	\$ 3,070,014	\$ 39,966,149	\$ 37,861,066
CIP/infrastructure	7,001,687	8,585,533	-	-	7,001,687	8,585,533
Construction in progress	863,779	1,600,271	5,635,982	18,549,949	6,499,761	20,150,220
Buildings	58,108,000	59,198,913	11,109,620	9,692,943	69,217,620	68,891,856
Improvements other than buildings	14,859,672	14,380,956	109,747,569	96,129,324	124,607,241	110,510,280
Machinery and equipment	12,736,999	13,834,993	3,148,939	3,119,894	15,885,938	16,954,887
Infrastructure	77,153,784	58,619,258	-	-	77,153,784	58,619,258
Water rights	-	-	8,019,152	8,019,152	8,019,152	8,019,152
Total	<u><u>\$ 207,453,266</u></u>	<u><u>\$ 191,010,976</u></u>	<u><u>\$ 140,898,066</u></u>	<u><u>\$ 138,581,276</u></u>	<u><u>\$ 348,351,332</u></u>	<u><u>\$ 329,592,252</u></u>

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 \$133,954,897. Of this amount, \$120,527,297 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	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 70,042,700	\$ 72,462,454	\$ 50,484,597	\$ 53,797,713	\$ 120,527,297	\$ 126,260,167
Revenue bonds	13,427,600	4,915,000	-	-	13,427,600	4,915,000
Total	<u>\$ 83,470,300</u>	<u>\$ 77,377,454</u>	<u>\$ 50,484,597</u>	<u>\$ 53,797,713</u>	<u>\$ 133,954,897</u>	<u>\$ 131,175,167</u>

The City's total bonded debt increased by \$2,779,730 (2 percent) from the prior year. The key factor in this increase was the issuance of revenue bonds in the amount of \$9,055,000 for street and highway construction.

The City increased its debt rating from "A+" to "AA-" in fiscal year 2009 from Standard & Poor's and maintained an "A1" 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 45-49 of this report.

Economic Factors and Next Year's Budgets and Rates

- The City's unemployment rate was 11.5% at June 30, 2009, which is an increase from a rate of 6.7% a year ago. The national and state unemployment rates were 9.5% and 12%, respectively, at June 30, 2009.
- The City's assessed value grew 14 percent in fiscal year 2008-09 to \$1.843 billion and decreased .9 percent in fiscal year 2009-10 to \$1.827 billion.
- Sales tax revenue was projected to remain flat for fiscal year 2009-10, but the first two months of the fiscal year indicate a continued decline.

All of these factors were considered in preparing the City's budget for the 2010 fiscal year.

During the current fiscal year, unreserved fund balance in the General Fund decreased \$2,918,472 to \$10,608,258. The City has appropriated \$7,979,901 of this amount for spending in the 2010 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.

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BASIC FINANCIAL STATEMENTS

CARSON CITY
STATEMENT OF NET ASSETS
JUNE 30, 2009

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and investments	\$ 39,193,839	\$ 10,419,101	\$ 49,612,940
Receivables (net of allowances for uncollectibles)	3,095,161	2,948,035	6,043,196
Due from other governments	6,845,940	131,936	6,977,876
Due from component units	12,439	-	12,439
Due from primary government	-	-	-
Internal balances	165,817	(165,817)	-
Inventories	90,917	269,145	360,062
Prepays	1,083,256	20,791	1,104,047
Restricted assets:			
Cash and investments	680,209	-	680,209
Other assets	983,220	392,726	1,375,946
Capital assets (net of accumulated depreciation):			
Land	36,729,345	3,236,804	39,966,149
Construction in progress - infrastructure	7,001,687	-	7,001,687
Construction in progress	863,779	5,635,982	6,499,761
Buildings	58,108,000	11,109,620	69,217,620
Improvements other than buildings	14,859,672	109,747,569	124,607,241
Machinery and equipment	12,736,999	3,148,939	15,885,938
Infrastructure	77,153,784	-	77,153,784
Water rights	-	8,019,152	8,019,152
Total Assets	<u>259,604,064</u>	<u>154,913,983</u>	<u>414,518,047</u>
LIABILITIES			
Accounts payable and accrued expenses	5,409,737	2,094,931	7,504,668
Accrued interest payable	561,347	321,842	883,189
Due to other governments	307,073	117,253	424,326
Due to component units	604,185	-	604,185
Due to primary government	-	-	-
Unearned revenue	142,214	277,755	419,969
Other liabilities	654,333	15,305	669,638
Current liabilities payable from restricted assets	619,745	-	619,745
Noncurrent liabilities:			
Due within one year	3,962,858	3,553,334	7,516,192
Due in more than one year	<u>91,162,302</u>	<u>48,127,380</u>	<u>139,289,682</u>
Total Liabilities	<u>103,423,794</u>	<u>54,507,800</u>	<u>157,931,594</u>
NET ASSETS			
Invested in capital assets, net of related debt	142,099,041	89,403,212	231,502,253
Restricted for:			
General government	172,791	-	172,791
Public safety	391,412	-	391,412
Judicial	259,864	-	259,864
Public works	4,013,633	-	4,013,633
Health	172,881	-	172,881
Culture and recreation	10,036,050	-	10,036,050
Capital projects	381,163	-	381,163
Debt service	200,000	-	200,000
Claims	3,131,762	-	3,131,762
Unrestricted	<u>(4,678,327)</u>	<u>11,002,971</u>	<u>6,324,644</u>
Total Net Assets	<u>\$ 156,180,270</u>	<u>\$ 100,406,183</u>	<u>\$ 256,586,453</u>

See accompanying notes

COMPONENT UNITS		
AIRPORT AUTHORITY	CONVENTION AND VISITORS' BUREAU	
\$ 271,501	\$ 1,328,575	
9,467	170,569	
11,107	13,903	
-	-	
602,685	1,500	
-	-	
-	13,329	
-	-	
-	78,501	
220,133	-	
146,542	-	
-	-	
-	-	
-	104,035	
-	290	
77,688	46,040	
-	-	
-	-	
<hr/> 1,339,123	<hr/> 1,756,742	
315,493	154,150	
-	-	
-	9,156	
-	-	
-	12,439	
7,790	-	
-	-	
-	78,501	
15,364	1,166	
636,011	88,920	
<hr/> 974,658	<hr/> 344,332	
224,230	144,394	
-	271	
-	-	
-	-	
-	-	
-	412,506	
-	-	
-	276,396	
-	-	
<hr/> 140,235	<hr/> 578,843	
<hr/> \$ 364,465	<hr/> \$ 1,412,410	

CARSON CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
FUNCTIONS/PROGRAMS				
Primary government:				
Governmental Activities:				
General government	\$ 13,919,789	\$ 3,351,544	\$ 2,545,447	\$ -
Public safety	28,995,649	1,076,716	704,606	-
Judicial	5,065,113	1,906,511	-	-
Public works	8,200,517	135,246	914,273	2,652,651
Sanitation	1,753,575	3,068,057	-	-
Health	3,563,272	388,737	1,416,024	-
Welfare	2,143,404	-	134,666	-
Culture and recreation	8,995,601	1,279,607	861,783	870,656
Community support	2,626,657	-	-	-
Airport	51,505	-	8,280	3,099,361
Economic opportunity	2,255,148	-	192,126	-
Debt Service:				
Interest and fiscal charges	3,947,951	-	-	-
Total Governmental Activities	<u>81,518,181</u>	<u>11,206,418</u>	<u>6,777,205</u>	<u>6,622,668</u>
Business-Type Activities:				
Sewer	8,827,557	6,070,923	-	816,779
Water	10,423,075	9,366,534	-	1,188,476
Stormwater Drainage	1,115,129	1,070,093	-	3,760
Ambulance	4,657,637	3,979,519	-	-
Cemetery	162,706	85,437	30	-
Building Permits	945,159	800,889	-	-
Total Business-Type Activities	<u>26,131,263</u>	<u>21,373,395</u>	<u>30</u>	<u>2,009,015</u>
Total Primary Government	<u><u>\$ 107,649,444</u></u>	<u><u>\$ 32,579,813</u></u>	<u><u>\$ 6,777,235</u></u>	<u><u>\$ 8,631,683</u></u>
Component units:				
Airport Authority	\$ 3,433,755	\$ 216,588	\$ 2,952,325	\$ -
Convention and Visitors' Bureau	1,675,372	19,509	37,918	-
Total Component Units	<u>\$ 5,109,127</u>	<u>\$ 236,097</u>	<u>\$ 2,990,243</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				
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
\$ (8,022,798)	\$ -	\$ (8,022,798)	\$ -	\$ -
(27,214,327)	-	(27,214,327)	-	-
(3,158,602)	-	(3,158,602)	-	-
(4,498,347)	-	(4,498,347)	-	-
1,314,482	-	1,314,482	-	-
(1,758,511)	-	(1,758,511)	-	-
(2,008,738)	-	(2,008,738)	-	-
(5,983,555)	-	(5,983,555)	-	-
(2,626,657)	-	(2,626,657)	-	-
3,056,136	-	3,056,136	-	-
(2,063,022)	-	(2,063,022)	-	-
(3,947,951)	-	(3,947,951)	-	-
<u>(56,911,890)</u>	<u>-</u>	<u>(56,911,890)</u>	<u>-</u>	<u>-</u>
-	(1,939,855)	(1,939,855)	-	-
-	131,935	131,935	-	-
-	(41,276)	(41,276)	-	-
-	(678,118)	(678,118)	-	-
-	(77,239)	(77,239)	-	-
-	(144,270)	(144,270)	-	-
-	(2,748,823)	(2,748,823)	-	-
<u>(56,911,890)</u>	<u>(2,748,823)</u>	<u>(59,660,713)</u>	<u>-</u>	<u>-</u>
-	-	-	(264,842)	-
-	-	-	-	(1,617,945)
-	-	-	(264,842)	(1,617,945)
19,362,180	-	19,362,180	122,518	-
4,721,317	-	4,721,317	-	-
19,969,586	-	19,969,586	-	-
5,623,238	-	5,623,238	-	-
194,508	-	194,508	-	-
-	-	-	-	1,292,466
4,182,742	-	4,182,742	-	-
2,059,082	538,761	2,597,843	8,241	23,365
218,370	-	218,370	-	-
(296,402)	296,402	-	-	-
56,034,621	835,163	56,869,784	130,759	1,315,831
(877,269)	(1,913,660)	(2,790,929)	(134,083)	(302,114)
157,057,539	102,319,843	259,377,382	498,548	1,714,524
<u>\$ 156,180,270</u>	<u>\$ 100,406,183</u>	<u>\$ 256,586,453</u>	<u>\$ 364,465</u>	<u>\$ 1,412,410</u>

See accompanying notes.

**CARSON CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	GENERAL	QUALITY OF LIFE
ASSETS		
Cash and investments	\$ 9,319,245	\$ 8,612,571
Receivables (net of allowances for uncollectibles):		
Taxes, delinquent	307,086	-
Accounts receivable	1,741,932	2,520
Interest	353,204	-
Due from other funds	-	-
Due from other governments	3,452,924	504,069
Due from component units	11,674	-
Inventories	2,753	-
Prepaid items	45,311	-
Restricted assets:		
Cash and investments	656,460	-
Total Assets	\$ 15,890,589	\$ 9,119,160
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 911,064	\$ 157,592
Accrued salaries and benefits	2,224,547	16,459
Due to other funds	-	-
Due to other governments	137,019	2,017
Due to component units	115,039	-
Other liabilities	113,983	-
Deferred revenue	294,550	-
Unearned revenue	12,147	-
Payable from restricted assets	595,996	-
Total Liabilities	4,404,345	176,068
Fund balances:		
Reserved for inventory	2,753	-
Reserved for gifts and donations	330,165	-
Reserved for administrative assessments	75,388	-
Reserved for courts	303,663	-
Reserved for technology	120,706	-
Reserved for prepaid items	45,311	-
Unreserved, reported in:		
General fund:		
Designated for subsequent year's expenditures	7,979,901	-
Undesignated	2,628,357	-
Special revenue funds:		
Designated for subsequent year's expenditures	-	329,371
Undesignated	-	8,613,721
Debt service funds:		
Designated for subsequent year's expenditures	-	-
Undesignated	-	-
Capital projects funds:		
Designated for subsequent year's expenditures	-	-
Undesignated	-	-
Total Fund Balances	11,486,244	8,943,092
Total Liabilities and Fund Balances	\$ 15,890,589	\$ 9,119,160

See accompanying notes.

REGIONAL TRANSPORTATION	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 3,280,099	\$ 12,290,777	\$ 33,502,692
-	144,684	451,770
182,522	47,250	1,974,224
-	-	353,204
113,899	94,536	208,435
402,733	2,486,214	6,845,940
-	765	12,439
-	-	2,753
-	7,742	53,053
-	23,749	680,209
<u>\$ 3,979,253</u>	<u>\$ 15,095,717</u>	<u>\$ 44,084,719</u>
\$ 915,564	\$ 568,905	\$ 2,553,125
14,274	122,284	2,377,564
-	208,435	208,435
3,663	137,745	280,444
-	489,146	604,185
-	-	113,983
-	133,171	427,721
-	130,067	142,214
-	23,749	619,745
<u>933,501</u>	<u>1,813,502</u>	<u>7,327,416</u>
-	-	2,753
-	-	330,165
-	-	75,388
-	-	303,663
-	-	120,706
-	7,742	53,053
-	-	7,979,901
-	-	2,628,357
1,993,499	8,654,215	10,977,085
1,052,253	2,415,957	12,081,931
-	1,140,238	1,140,238
-	196,616	196,616
-	90,054	90,054
-	777,393	777,393
<u>3,045,752</u>	<u>13,282,215</u>	<u>36,757,303</u>
<u>\$ 3,979,253</u>	<u>\$ 15,095,717</u>	<u>\$ 44,084,719</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, 2009

Fund Balances - Governmental Funds (pages 8-9)	\$ 36,757,303
Amounts reported for governmental activities in the statement of net assets (pages 4-5) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Governmental capital assets	\$ 265,784,847
Less: Accumulated depreciation	<u>(58,417,872)</u>
	207,366,975
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
General obligation revenue bonds payable	(70,042,700)
Notes payable	(3,259,644)
Revenue bonds payable	(13,427,600)
Loss on bond refunding	782,911
Less: current year amortization	(102,446)
Issuance discount	168,286
Less: current year amortization	(10,042)
Issuance premium	(511,613)
Less: current year amortization	29,421
Deferred charge for issuance costs	1,044,419
Less: current year amortization	(61,199)
Capital leases payable	(109,182)
Landfill closure / post closure costs	(2,769,168)
Net OPEB obligation	(1,392,549)
Compensated absences	<u>(4,247,730)</u>
	(93,908,836)
Interest payable	(561,347)
Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.	
	427,721
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.	
	5,932,637
Internal balances are receivable from business-type activities.	<u>165,817</u>
Net Assets - Governmental Activities (pages 4-5)	<u>\$ 156,180,270</u>

See accompanying notes.

CARSON CITY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	GENERAL	QUALITY OF LIFE
Revenues:		
Taxes	\$ 14,203,996	\$ 1,889,028
Licenses and permits	7,348,090	-
Intergovernmental revenues	20,726,720	746,131
Charges for services	10,746,400	705
Fines and forfeits	967,389	-
Miscellaneous	1,903,975	365,195
	<hr/>	<hr/>
Total Revenues	55,896,570	3,001,059
Expenditures:		
Current:		
General government	13,079,836	-
Public safety	25,517,170	-
Judicial	4,750,563	-
Public works	2,275,764	-
Sanitation	1,734,716	-
Health	1,634,697	-
Welfare	349,746	-
Culture and recreation	5,739,053	4,317,843
Community support	345,199	-
Airport	-	-
Economic opportunity	2,000,000	-
Capital outlay	-	-
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	-	-
	<hr/>	<hr/>
Total Expenditures	57,426,744	4,317,843
Excess (Deficiency) of Revenues over Expenditures	<hr/>	<hr/>
	(1,530,174)	(1,316,784)
Other Financing Sources (Uses):		
Bond Proceeds	-	-
Capital leases	53,467	-
Transfers in	1,444,468	-
Transfers out	(2,798,500)	(1,080,018)
	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(1,300,565)	(1,080,018)
Net Change in Fund Balances	<hr/>	<hr/>
Fund Balances, July 1	(2,830,739)	(2,396,802)
Fund Balances, June 30	<hr/>	<hr/>
	14,316,983	11,339,894
	<hr/>	<hr/>
	\$ 11,486,244	\$ 8,943,092

See accompanying notes.

REGIONAL TRANSPORTATION	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 2,716,715	\$ 7,912,223	\$ 26,721,962
-	29,647	7,377,737
342,880	10,516,655	32,332,386
-	468,012	11,215,117
-	78,940	1,046,329
458,299	703,035	3,430,504
<u>3,517,894</u>	<u>19,708,512</u>	<u>82,124,035</u>
-	1,601,082	14,680,918
-	1,078,259	26,595,429
-	72,088	4,822,651
12,878,594	5,487,908	20,642,266
-	-	1,734,716
-	1,366,309	3,001,006
-	1,777,964	2,127,710
-	1,160,731	11,217,627
-	2,272,266	2,617,465
-	3,107,641	3,107,641
-	275,376	2,275,376
-	1,084,955	1,084,955
-	3,549,588	3,549,588
-	3,873,919	3,873,919
<u>12,878,594</u>	<u>26,708,086</u>	<u>101,331,267</u>
<u>(9,360,700)</u>	<u>(6,999,574)</u>	<u>(19,207,232)</u>
9,055,000	-	9,055,000
-	-	53,467
-	10,382,135	11,826,603
<u>(1,480,676)</u>	<u>(6,762,409)</u>	<u>(12,121,603)</u>
<u>7,574,324</u>	<u>3,619,726</u>	<u>8,813,467</u>
(1,786,376)	(3,379,848)	(10,393,765)
<u>4,832,128</u>	<u>16,662,063</u>	<u>47,151,068</u>
<u>\$ 3,045,752</u>	<u>\$ 13,282,215</u>	<u>\$ 36,757,303</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, 2009

Net Change in Fund Balances - Governmental Funds (pages 11-12) \$ (10,393,765)

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	\$ 20,489,598
Contributions of capital assets from business-type activities	34,515
Donated capital assets	2,359,236
Transfers of capital assets to business-type activities	(35,917)
Sale/disposition of assets	(653,588)
Less: Current year depreciation	<u>(5,830,774)</u>

16,363,070

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	188,380
----------------------------	---------

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	(9,055,000)
Bond issuance costs	54,584
Capital lease financing	(53,467)
Accrued interest	(561,347)
Capital lease payments	44,648
Interest payments	582,350
Principal payments	<u>3,549,588</u>

(5,438,644)

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	(61,199)
Amortization of bond discounts	(10,042)
Amortization of bond premiums	29,421
Change in long-term landfill closure / post closure	(30,823)
Change in net OPEB obligation	(1,392,549)
Change in long-term compensated absences	<u>(475,567)</u>

(2,043,205)

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.

446,895

Change in Net Assets of Governmental Activities (pages 6-7) \$ (877,269)

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, 2009

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
Revenues:				
Taxes	\$ 13,972,620	\$ 13,972,620	\$ 14,203,996	\$ 231,376
Licenses and permits	7,372,500	7,372,500	7,348,090	(24,410)
Intergovernmental revenues	23,999,088	23,999,088	20,726,720	(3,272,368)
Charges for services	11,744,089	11,921,663	10,746,400	(1,175,263)
Fines and forfeits	838,000	839,469	967,389	127,920
Miscellaneous	1,078,300	1,302,532	1,903,975	601,443
Total Revenues	59,004,597	59,407,872	55,896,570	(3,511,302)
Expenditures:				
Current:				
General government	13,497,128	13,654,405	13,079,836	574,569
Public safety	25,465,982	25,578,248	25,517,170	61,078
Judicial	4,509,203	4,742,108	4,750,563	(8,455)
Public works	2,371,162	2,371,162	2,275,764	95,398
Sanitation	1,849,460	1,849,460	1,734,716	114,744
Health	1,334,264	1,710,973	1,634,697	76,276
Welfare	366,109	366,109	349,746	16,363
Culture and recreation	5,926,979	6,186,349	5,739,053	447,296
Community support	363,150	375,652	345,199	30,453
Economic opportunity	138,286	4,400,000	2,000,000	2,400,000
Total Expenditures	55,821,723	61,234,466	57,426,744	3,807,722
Excess (Deficiency) of Revenues over Expenditures	3,182,874	(1,826,594)	(1,530,174)	296,420
Other Financing Sources (Uses):				
Capital leases	-	-	53,467	53,467
Transfers in	158,582	1,365,332	1,444,468	79,136
Transfers out	(3,834,485)	(3,834,485)	(2,798,500)	1,035,985
Contingency	(500,000)	(118,521)	-	118,521
Total Other Financing Sources (Uses)	(4,175,903)	(2,587,674)	(1,300,565)	1,287,109
Net Change in Fund Balances	(993,029)	(4,414,268)	(2,830,739)	1,583,529
Fund Balances, July 1	5,643,029	10,264,268	14,316,983	4,052,715
Fund Balances, June 30	\$ 4,650,000	\$ 5,850,000	\$ 11,486,244	\$ 5,636,244

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, 2009**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
Revenues:				
Taxes	\$ 2,346,193	\$ 2,294,554	\$ 1,889,028	\$ (405,526)
Intergovernmental revenues	-	1,508,982	746,131	(762,851)
Charges for services	-	-	705	705
Miscellaneous	100,000	100,000	365,195	265,195
Total Revenues	2,446,193	3,903,536	3,001,059	(902,477)
Expenditures:				
Current:				
Culture and recreation	4,399,686	16,479,844	4,317,843	12,162,001
Excess (Deficiency) of Revenues over Expenditures	(1,953,493)	(12,576,308)	(1,316,784)	11,259,524
Other Financing Sources (Uses):				
Bond Proceeds	2,800,000	2,800,000	-	(2,800,000)
Transfers out	(1,261,126)	(1,261,126)	(1,080,018)	181,108
Total Other Financing Sources (Uses)	1,538,874	1,538,874	(1,080,018)	(2,618,892)
Net Change in Fund Balances	(414,619)	(11,037,434)	(2,396,802)	8,640,632
Fund Balances, July 1	617,079	11,339,894	11,339,894	-
Fund Balances, June 30	\$ 202,460	\$ 302,460	\$ 8,943,092	\$ 8,640,632

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, 2009

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
Revenues:				
Taxes	\$ 3,370,447	\$ 3,370,447	\$ 2,716,715	\$ (653,732)
Intergovernmental revenues	599,065	599,065	342,880	(256,185)
Miscellaneous	115,000	115,000	458,299	343,299
Total Revenues	<u>4,084,512</u>	<u>4,084,512</u>	<u>3,517,894</u>	<u>(566,618)</u>
Expenditures:				
Current:				
Public works:	<u>14,066,161</u>	<u>14,991,875</u>	<u>12,878,594</u>	<u>2,113,281</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(9,981,649)</u>	<u>(10,907,363)</u>	<u>(9,360,700)</u>	<u>1,546,663</u>
Other Financing Sources (Uses):				
Bond Proceeds	9,000,000	9,055,000	9,055,000	-
Transfers out	<u>(1,140,385)</u>	<u>(1,140,385)</u>	<u>(1,480,676)</u>	<u>(340,291)</u>
Total Other Financing Sources (Uses)	<u>7,859,615</u>	<u>7,914,615</u>	<u>7,574,324</u>	<u>(340,291)</u>
Net Change in Fund Balances	<u>(2,122,034)</u>	<u>(2,992,748)</u>	<u>(1,786,376)</u>	<u>1,206,372</u>
Fund Balances, July 1	<u>3,961,414</u>	<u>4,832,128</u>	<u>4,832,128</u>	-
Fund Balances, June 30	<u>\$ 1,839,380</u>	<u>\$ 1,839,380</u>	<u>\$ 3,045,752</u>	<u>\$ 1,206,372</u>

See accompanying notes.

CARSON CITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009
(PAGE 1 OF 2)

BUSINESS-TYPE ACTIVITIES -

	<u>SEWER</u>	<u>WATER</u>
ASSETS		
Current assets (unrestricted):		
Cash and investments	\$ 2,436,582	\$ 6,942,602
Receivables:		
Accounts and contracts, net	523,613	885,077
Due from other governments	5,769	126,167
Inventories	-	247,957
Prepaid items	10,384	8,402
Total Current Assets	2,976,348	8,210,205
Noncurrent assets:		
Other assets	57,264	231,921
Capital assets:		
Land	757,704	620,882
Buildings	12,208,694	1,816,447
Improvements other than buildings	95,111,556	72,634,560
Machinery and equipment	3,936,524	2,543,332
Water rights	-	8,019,152
Construction in progress	540,532	4,571,647
Less: Accumulated depreciation	112,555,010	90,206,020
Net Capital Assets	(44,151,130)	(27,245,376)
Total Noncurrent Assets	68,403,880	62,960,644
Total Assets	71,437,492	71,402,770

See accompanying notes.

ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS	
STORMWATER DRAINAGE	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS			
\$ 476,581	\$ 563,336	\$ 10,419,101	\$ 5,691,147		
75,640	1,463,705	2,948,035	315,963		
-	-	131,936	-		
-	21,188	269,145	88,164		
620	1,385	20,791	1,030,203		
<u>552,841</u>	<u>2,049,614</u>	<u>13,789,008</u>	<u>7,125,477</u>		
<u>103,541</u>	<u>-</u>	<u>392,726</u>	<u>-</u>		
1,564,769	293,449	3,236,804	-		
-	354,931	14,380,072	-		
5,772,113	173,211	173,691,440	-		
893,311	1,136,432	8,509,599	104,130		
-	-	8,019,152	-		
523,803	-	5,635,982	-		
8,753,996	1,958,023	213,473,049	104,130		
(378,129)	(800,348)	(72,574,983)	(17,839)		
<u>8,375,867</u>	<u>1,157,675</u>	<u>140,898,066</u>	<u>86,291</u>		
<u>8,479,408</u>	<u>1,157,675</u>	<u>141,290,792</u>	<u>86,291</u>		
<u>9,032,249</u>	<u>3,207,289</u>	<u>155,079,800</u>	<u>7,211,768</u>		

See accompanying notes.

CARSON CITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009
(PAGE 2 OF 2)

BUSINESS-TYPE ACTIVITIES -

	<u>SEWER</u>	<u>WATER</u>
LIABILITIES		
Current liabilities payable from unrestricted assets:		
Accounts payable	\$ 281,259	\$ 1,079,499
Accrued salaries and benefits	52,048	61,926
Accrued interest	153,408	152,004
Due to other governments	1,431	112,593
Unearned revenue	-	-
Other current liabilities	-	-
Current portion:		
Commitments payable	-	15,305
Accrued compensative absences	23,962	23,471
General obligation bonds and notes payable	1,399,507	1,820,000
	<u>1,399,507</u>	<u>1,820,000</u>
Total Current Liabilities	<u>1,911,615</u>	<u>3,264,798</u>
Noncurrent liabilities:		
Accrued compensated absences	143,774	123,127
Net OPEB Obligation	49,190	57,612
Other liabilities	-	95,863
General obligation bonds and notes payable	12,665,959	29,689,692
	<u>12,665,959</u>	<u>29,689,692</u>
Total Noncurrent Liabilities	<u>12,858,923</u>	<u>29,966,294</u>
	<u>12,858,923</u>	<u>29,966,294</u>
Total Liabilities	<u>14,770,538</u>	<u>33,231,092</u>
NET ASSETS		
Invested in capital assets, net of related debt	54,248,203	30,793,224
Unrestricted	2,418,751	7,378,454
	<u>2,418,751</u>	<u>7,378,454</u>
Total Net Assets	<u>\$ 56,666,954</u>	<u>\$ 38,171,678</u>
	<u>\$ 56,666,954</u>	<u>\$ 38,171,678</u>
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

STORMWATER DRAINAGE	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
\$ 448,643	\$ 68,768	\$ 1,878,169	\$ 448,349
13,577	89,211	216,762	30,699
16,430	-	321,842	-
3,200	29	117,253	26,629
-	277,755	277,755	-
-	-	-	540,350
-	-	15,305	-
23,489	27,905	98,827	-
235,000	-	3,454,507	-
740,339	463,668	6,380,420	1,046,027
15,330	198,886	481,117	100,259
5,592	156,568	268,962	26,449
-	-	95,863	106,396
4,925,787	-	47,281,438	-
4,946,709	355,454	48,127,380	233,104
5,687,048	819,122	54,507,800	1,279,131
3,228,110	1,133,675	89,403,212	86,291
117,091	1,254,492	11,168,788	5,846,346
\$ 3,345,201	\$ 2,388,167	100,572,000	\$ 5,932,637
		(165,817)	
		\$ 100,406,183	

See accompanying notes.

CARSON CITY
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

BUSINESS-TYPE ACTIVITIES -

	SEWER	WATER
Operating Revenues:		
Charges for services	\$ 6,068,373	\$ 9,366,028
Operating Expenses:		
Salaries and wages	1,171,870	1,375,461
Employee benefits	445,480	546,539
Services and supplies	3,264,443	5,003,005
Depreciation	2,800,840	2,100,936
	<hr/>	<hr/>
Total Operating Expenses	7,682,633	9,025,941
	<hr/>	<hr/>
Operating Income (Loss)	(1,614,260)	340,087
Nonoperating Revenues (Expenses):		
Investment income	107,152	389,052
Miscellaneous	2,550	506
Interest expense	(586,051)	(1,402,614)
Gain (loss) on sales of capital assets	(575,277)	(34,836)
Arbitrage rebate	-	1,648
Bond issuance costs	(4,878)	(24,351)
	<hr/>	<hr/>
Total Nonoperating Revenues (Expenses)	(1,056,504)	(1,070,595)
	<hr/>	<hr/>
Income (Loss) Before Contributions and Transfers	(2,670,764)	(730,508)
Capital Contributions:		
Capital assets	-	35,917
Capital grants	-	547,647
Developers	287,469	389,649
Connection fees	529,310	251,180
	<hr/>	<hr/>
Total Capital Contributions	816,779	1,224,393
Transfers In		
	<hr/>	<hr/>
Change in Net Assets	(1,853,985)	493,885
	<hr/>	<hr/>
Net Assets, July 1	58,520,939	37,677,793
Net Assets, June 30	<hr/>	<hr/>
	<hr/>	<hr/>
\$ 56,666,954	\$ 38,171,678	

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

Change in net assets of business - type activities

ENTERPRISE FUNDS

STORMWATER DRAINAGE	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
\$ 1,070,093	\$ 4,517,013	\$ 21,021,507	\$ 10,749,309
327,308	1,822,676	4,697,315	611,393
121,797	1,127,517	2,241,333	217,671
309,101	2,697,152	11,273,701	9,842,312
150,894	111,694	5,164,364	2,119
909,100	5,759,039	23,376,713	10,673,495
160,993	(1,242,026)	(2,355,206)	75,814
33,633	8,924	538,761	240,153
-	348,862	351,918	154,913
(202,050)	-	(2,190,715)	-
(320)	-	(610,433)	22,150
-	-	1,648	-
(6,471)	-	(35,700)	-
(175,208)	357,786	(1,944,521)	417,216
(14,215)	(884,240)	(4,299,727)	493,030
-	-	35,917	-
-	-	547,647	-
3,760	-	680,878	-
-	-	780,490	-
3,760	-	2,044,932	-
-	295,000	295,000	-
(10,455)	(589,240)	(1,959,795)	493,030
3,355,656	2,977,407		5,439,607
\$ 3,345,201	\$ 2,388,167		\$ 5,932,637
		46,135	
		<u>\$ (1,913,660)</u>	

See accompanying notes.

CARSON CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009
(PAGE 1 OF 2)

BUSINESS-TYPE ACTIVITIES -

	<u>SEWER</u>	<u>WATER</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received for services	\$ 6,659,236	\$ 9,413,162
Cash payments for personnel costs	(1,570,202)	(1,861,107)
Cash payments for services and supplies	(3,239,288)	(5,193,100)
Miscellaneous cash received	<u>2,550</u>	<u>506</u>
Net Cash Provided (Used) by Operating Activities	<u>1,852,296</u>	<u>2,359,461</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer from other funds	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sales of capital assets	-	-
Connection fees	529,313	251,178
Acquisition of capital assets	(1,551,038)	(5,190,317)
Principal paid on capital debt	(1,343,116)	(1,745,000)
Interest paid on capital debt	(609,197)	(1,394,643)
Bond issuance costs	(437)	(1,987)
Subsidy from grant	<u>-</u>	<u>548,884</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,974,475)</u>	<u>(7,531,885)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>107,152</u>	<u>389,052</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(1,015,027)</u>	<u>(4,783,372)</u>
Cash and Cash Equivalents, July 1	<u>3,451,609</u>	<u>11,725,974</u>
Cash and Cash Equivalents, June 30	<u>\$ 2,436,582</u>	<u>\$ 6,942,602</u>

See accompanying notes.

ENTERPRISE FUNDS

STORMWATER DRAINAGE	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
\$ 1,068,975	\$ 5,053,701	\$ 22,195,074	\$ 10,736,380
(411,543)	(2,786,666)	(6,629,518)	(832,340)
(272,437)	(2,771,732)	(11,476,557)	(10,371,941)
-	348,862	351,918	154,913
<u>384,995</u>	<u>(155,835)</u>	<u>4,440,917</u>	<u>(312,988)</u>
<u>-</u>	<u>295,000</u>	<u>295,000</u>	<u>-</u>
-	-	-	22,150
-	-	780,491	-
(538,043)	(6,620)	(7,286,018)	(81,339)
(225,000)	-	(3,313,116)	-
(203,912)	-	(2,207,752)	-
-	-	(2,424)	-
-	-	548,884	-
<u>(966,955)</u>	<u>(6,620)</u>	<u>(11,479,935)</u>	<u>(59,189)</u>
<u>33,633</u>	<u>8,924</u>	<u>538,761</u>	<u>240,153</u>
(548,327)	141,469	(6,205,257)	(132,024)
<u>1,024,908</u>	<u>421,867</u>	<u>16,624,358</u>	<u>5,823,171</u>
<u>\$ 476,581</u>	<u>\$ 563,336</u>	<u>\$ 10,419,101</u>	<u>\$ 5,691,147</u>

See accompanying notes.

CARSON CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009
(PAGE 2 OF 2)

BUSINESS-TYPE ACTIVITIES -

	<u>SEWER</u>	<u>WATER</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	<u>\$ (1,614,260)</u>	<u>\$ 340,087</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization expense	2,800,840	2,100,936
Provision for uncollectible accounts	-	-
Nonoperating revenues	2,550	506
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(76,058)	51,670
Due from other governments	667,222	(4,536)
Inventories	-	24,393
Prepaid items	(9,711)	(6,006)
Increase (decrease) in:		
Accounts payable	33,435	58,655
Accrued salaries and benefits	7,881	11,580
Due to other governments	1,431	(265,637)
Unearned revenue	-	-
Connection deposits	(301)	(1,500)
Accrued compensated absences	(9,923)	(8,299)
Net OPEB Obligation	49,190	57,612
Other liabilities	-	-
Total Adjustments	<u>3,466,556</u>	<u>2,019,374</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,852,296</u>	<u>\$ 2,359,461</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Purchase of capital assets on account	\$ 90,211	\$ 527,746
Retainage payable on construction of capital assets	-	114,677
Contributed capital assets	-	35,917

ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS	
STORMWATER DRAINAGE	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS			
\$ 160,993	\$ (1,242,026)	\$ (2,355,206)	\$ 75,814		
150,894	111,694	5,164,364	2,119		
-	(2,691,841)	(2,691,841)	-		
-	348,862	351,918	154,913		
(1,118)	3,223,147	3,197,641	19,132		
-	82	662,768	(30,851)		
-	709	25,102	(12,842)		
(400)	13	(16,104)	(455,059)		
33,864	(69,070)	56,884	(50,252)		
8,316	3,203	30,980	(3,549)		
3,200	(6,232)	(267,238)	(6,699)		
-	5,300	5,300	(1,210)		
-	-	(1,801)	-		
23,654	3,756	9,188	(26,176)		
5,592	156,568	268,962	26,449		
-	-	-	(4,777)		
224,002	1,086,191	6,796,123	(388,802)		
\$ 384,995	\$ (155,835)	\$ 4,440,917	\$ (312,988)		
\$ 408,973	\$ 24,000	\$ 1,050,930	\$ -		
-	-	114,677	-		
-	-	35,917	-		

See accompanying notes.

CARSON CITY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	<u>INVESTMENT TRUST FUND</u>	<u>AGENCY FUNDS</u>
ASSETS		
Cash and investments		
Unrestricted	\$ 3,821,815	\$ 3,276,875
Restricted	-	50,000
Cash held by Commission	-	5,054
Taxes receivable, delinquent	-	376,657
Due from other governments	-	1,233,267
Prepaid items	-	9,524
 Total Assets	 3,821,815	 4,951,377
LIABILITIES		
Accounts payable	-	1,157,379
Due to other governments	-	3,782,571
Other liabilities	-	11,427
 Total Liabilities	 -	 4,951,377
NET ASSETS		
Held in trust for pool participants	<u>\$ 3,821,815</u>	<u>\$ -</u>

See accompanying notes.

CARSON CITY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>INVESTMENT TRUST FUND</u>
ADDITIONS	
Investment income	\$ 277,574
Capital share transactions:	
Shares sold	<u>6,475,838</u>
Total Additions	<u>6,753,412</u>
DEDUCTIONS	
Capital share transactions:	
Shares redeemed	<u>6,847,898</u>
Change in Net Assets	(94,486)
Net Assets, July 1	<u>3,916,301</u>
Net Assets, June 30	<u>\$ 3,821,815</u>