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FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the government in a trustee or agency capacity.

Investment Trust Fund - This Fund is used to account for the external investment pool administered by Carson City. The pool has one involuntary participant, the Carson City School District Debt Service Fund. These statements can be found in the City's basic financial statements.

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency Funds are merely clearing accounts and have no fund equity. The following information is presented to describe each of the City's Agency Funds:

Sierra Forest Fire Protection Fund - This Fund is used to accumulate ad valorem and supplemental City/County relief tax monies and provide payment of debts and just claims against the District.

Eagle Valley Water District Fund - This Fund is used to account for the collection and payment of ad valorem taxes on behalf of the District.

Conservancy District Fund - This Fund is used to account for the collection and payment of ad valorem taxes on behalf of the District.

Sub-Conservancy District Fund - This Fund is used to account for the collection and payment of ad valorem taxes on behalf of the District.

Fish and Game Fund - This Fund is used to account for monies withdrawn from the wildlife account within the State General Fund and transferred to the City for disposition by the City's Advisory Board to manage wildlife.

Controller Trust Fund - This Fund is used to account for unclaimed payroll warrants and accounts payable warrants during the required statutory period, which have been returned to the City until claimed or remitted to the State of Nevada Unclaimed Property Division.

State of Nevada Fund - This Fund is used to account for the collection and payment of the State of Nevada's share of ad valorem taxes, District and Justice Court fees, marriage fees, or fees otherwise mandated by statute, and collected by the City.

FIDUCIARY FUNDS
Continued

Carson City School District Debt Service Fund - This Fund is used to account for ad valorem taxes and interest earned thereon, specifically apportioned and appropriated for the retirement of long-term general obligation principal and interest of the School District.

Carson City School District Operating Fund - This Fund is used to account for the collection of and remittance to the school district of ad valorem taxes.

Forfeiture Account Fund - This Fund is used to account for currency that is seized by the Sheriff's Office and will remain in the Fund until the court determines if the currency is subject to forfeiture.

Nevada Commission for the Reconstruction of the V & T Railway Fund - This Fund is used to account for the collection and distribution of gifts, grants, and donations to reconstruct the Virginia and Truckee Railroad between Virginia City and Carson City.

CARSON CITY
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006
(PAGE 1 OF 4)

	BALANCE JULY 1, 2005	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2006
SIERRA FOREST FIRE PROTECTION FUND				
Assets:				
Cash and investments	\$ 78,789	\$ 419,002	\$ 338,173	\$ 159,618
Taxes receivable, delinquent	471	142	236	377
Due from other governments	58,109	56,266	58,109	56,266
Total Assets	\$ 137,369	\$ 475,410	\$ 396,518	\$ 216,261
Liabilities:				
Accounts payable	\$ 61	\$ 463,189	\$ 463,173	\$ 77
Due to other governments	137,308	542,326	463,450	216,184
Total Liabilities	\$ 137,369	\$ 1,005,515	\$ 926,623	\$ 216,261
EAGLE VALLEY WATER DISTRICT FUND				
Assets:				
Cash and investments	\$ 420	\$ 22,707	\$ 22,739	\$ 388
Taxes receivable, delinquent	96	49	30	115
Total Assets	\$ 516	\$ 22,756	\$ 22,769	\$ 503
Liabilities:				
Accounts payable	\$ -	\$ 8	\$ 6	\$ 2
Due to other governments	516	16,414	16,429	501
Total Liabilities	\$ 516	\$ 16,422	\$ 16,435	\$ 503
CONSERVANCY DISTRICT FUND				
Assets:				
Cash and investments	\$ 368	\$ 4,627	\$ 4,588	\$ 407
Due from other governments	796	818	796	818
Total Assets	\$ 1,164	\$ 5,445	\$ 5,384	\$ 1,225
Liabilities:				
Accounts payable	\$ -	\$ 4,996	\$ 4,996	\$ -
Due to other governments	1,164	5,057	4,996	1,225
Total Liabilities	\$ 1,164	\$ 10,053	\$ 9,992	\$ 1,225

CARSON CITY
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006
(PAGE 2 OF 4)

	BALANCE JULY 1, 2005	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2006
SUB-CONSERVANCY DISTRICT FUND				
Assets:				
Cash and investments	\$ 1,317	\$ 664,480	\$ 665,797	\$ -
Taxes receivable, delinquent	2,114	931	645	2,400
Due from other governments	20,088	35,031	20,088	35,031
Total Assets	\$ 23,519	\$ 700,442	\$ 686,530	\$ 37,431
Liabilities:				
Accounts payable	\$ 5	\$ 382,815	\$ 352,438	\$ 30,382
Due to other governments	3,426	349,663	353,089	-
Other liabilities	20,088	7,049	20,088	7,049
Total Liabilities	\$ 23,519	\$ 739,527	\$ 725,615	\$ 37,431
FISH AND GAME FUND				
Assets:				
Cash and investments	\$ 1,249	\$ 4,001	\$ 1,416	\$ 3,834
Liabilities:				
Accounts payable	\$ -	\$ 1,686	\$ 1,416	\$ 270
Due to other governments	1,249	4,001	1,686	3,564
Total Liabilities	\$ 1,249	\$ 5,687	\$ 3,102	\$ 3,834
CONTROLLER TRUST FUND				
Assets:				
Cash and investments	\$ 23,977	\$ 14,761	\$ 9,386	\$ 29,352
Liabilities:				
Accounts payable	\$ 90	\$ 9,523	\$ 9,386	\$ 227
Due to other governments	23,887	14,761	9,523	29,125
Total Liabilities	\$ 23,977	\$ 24,284	\$ 18,909	\$ 29,352
STATE OF NEVADA FUND				
Assets:				
Cash and investments	\$ 678,928	\$ 4,814,600	\$ 4,890,901	\$ 602,627
Taxes receivable, delinquent	12,010	5,264	3,674	13,600
Total Assets	\$ 690,938	\$ 4,819,864	\$ 4,894,575	\$ 616,227
Liabilities:				
Accounts payable	\$ 97	\$ 1,924	\$ 1,724	\$ 297
Due to other governments	690,841	5,406,143	5,481,054	615,930
Total Liabilities	\$ 690,938	\$ 5,408,067	\$ 5,482,778	\$ 616,227

CARSON CITY
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006
(PAGE 3 OF 4)

	BALANCE JULY 1, 2005	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2006
CARSON CITY SCHOOL DISTRICT DEBT SERVICE FUND				
Assets:				
Taxes receivable, delinquent	\$ 33,219	\$ 14,549	\$ 10,171	\$ 37,597
Liabilities:				
Accounts payable	\$ 80	\$ 5,088	\$ 4,262	\$ 906
Due to other governments	33,139	5,670,896	5,667,344	36,691
Total Liabilities	\$ 33,219	\$ 5,675,984	\$ 5,671,606	\$ 37,597
CARSON CITY SCHOOL DISTRICT OPERATING FUND				
Assets:				
Cash and investments	\$ 20,516	\$ 8,707,331	\$ 8,719,220	\$ 8,627
Taxes receivable, delinquent	53,018	23,209	16,233	59,994
Total Assets	\$ 73,534	\$ 8,730,540	\$ 8,735,453	\$ 68,621
Liabilities:				
Accounts payable	\$ 127	\$ 4,529	\$ 3,609	\$ 1,047
Due to other governments	73,407	8,752,581	8,758,414	67,574
Total Liabilities	\$ 73,534	\$ 8,757,110	\$ 8,762,023	\$ 68,621
FORFEITURE ACCOUNT FUND				
Assets:				
Cash and investments	\$ 6,065	\$ 162	\$ 36	\$ 6,191
Liabilities:				
Due to other governments	\$ 6,065	\$ 126	\$ -	\$ 6,191
NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V & T RAILWAY FUND				
Assets:				
Cash and investments	\$ 826,573	\$ 18,635,985	\$ 3,768,834	\$ 15,693,724
Due from other governments	49,127	702,614	49,127	702,614
Total Assets	\$ 875,700	\$ 19,338,599	\$ 3,817,961	\$ 16,396,338
Liabilities:				
Accounts payable	\$ 6,197	\$ 1,379,346	\$ 1,179,123	\$ 206,420
Due to other governments	869,503	21,384,919	6,064,504	16,189,918
Total Liabilities	\$ 875,700	\$ 22,764,265	\$ 7,243,627	\$ 16,396,338

CARSON CITY
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006
(PAGE 4 OF 4)

	<u>BALANCE</u> <u>JULY 1, 2005</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2006</u>
TOTALS - ALL AGENCY FUNDS				
Assets:				
Cash and investments	\$ 1,638,202	\$ 33,287,656	\$ 18,421,090	\$ 16,504,768
Taxes receivable, delinquent	100,928	44,144	30,989	114,083
Due from other governments	128,120	794,729	128,120	794,729
	<u>\$ 1,867,250</u>	<u>\$ 34,126,529</u>	<u>\$ 18,580,199</u>	<u>\$ 17,413,580</u>
Liabilities:				
Accounts payable	\$ 6,657	\$ 2,253,104	\$ 2,020,133	\$ 239,628
Due to other governments	1,840,505	42,146,887	26,820,489	17,166,903
Other liabilities	20,088	7,049	20,088	7,049
	<u>\$ 1,867,250</u>	<u>\$ 44,407,040</u>	<u>\$ 28,860,710</u>	<u>\$ 17,413,580</u>

STATISTICAL SECTION

CITY OF CARSON CITY, NEVADA STATISTICAL SECTION

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

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

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

**CARSON CITY
NET ASSETS BY COMPONENT
LAST FOUR FISCAL YEARS
(UNAUDITED)**

	FISCAL YEAR ENDED JUNE 30,			
	2006	2005	2004	2003
GOVERNMENTAL ACTIVITIES				
Invested in capital assets, net of related debt	\$ 65,849,092	\$ 69,600,063	\$ 63,816,236	\$ 60,351,746
Restricted	24,871,291	16,085,638	14,316,416	15,261,474
Unrestricted	(3,390,070)	15,697,202	14,233,204	15,440,977
Total Governmental Activities Net Assets	<u>\$ 87,330,313</u>	<u>\$ 101,382,903</u>	<u>\$ 92,365,856</u>	<u>\$ 91,054,197</u>
BUSINESS-TYPE ACTIVITIES				
Invested in capital assets, net of related debt	\$ 78,129,888	\$ 71,872,037	\$ 70,977,186	\$ 71,395,417
Restricted	2,598,135	2,545,363	2,482,872	2,481,867
Unrestricted	16,340,435	17,913,131	16,797,849	16,176,689
Total Business-Type Activities Net Assets	<u>\$ 97,068,458</u>	<u>\$ 92,330,531</u>	<u>\$ 90,257,907</u>	<u>\$ 90,053,973</u>
PRIMARY GOVERNMENT				
Invested in capital assets, net of related debt	\$ 143,978,980	\$ 141,472,100	\$ 134,793,422	\$ 131,747,163
Restricted	27,469,426	18,631,001	16,799,288	17,743,341
Unrestricted	12,950,365	33,610,333	31,031,053	31,617,666
Total Business-Type Activities Net Assets	<u>\$ 184,398,771</u>	<u>\$ 193,713,434</u>	<u>\$ 182,623,763</u>	<u>\$ 181,108,170</u>

Note: Accrual-basis financial information for the city government as a whole is available back to 2003 only; the year GASB Statement 34 was implemented.

**CARSON CITY
CHANGES IN NET ASSETS
LAST FOUR FISCAL YEARS
(UNAUDITED)**

	FISCAL YEAR ENDED JUNE 30,			
	2006	2005	2004	2003
EXPENSES				
Governmental Activities:				
General government	\$ 15,920,465	\$ 11,732,939	\$ 10,368,245	\$ 9,567,850
Judicial	3,505,076	3,158,460	3,826,724	2,792,776
Public safety	25,401,443	25,320,788	21,632,395	20,467,651
Public works	7,205,695	7,462,193	7,389,511	7,575,408
Community support	15,427,942	1,476,257	5,805,226	1,306,737
Airport	85,514	126,043	270,425	59,382
Economic Opportunity	4,466,036	520,190	243,268	274,626
Welfare	2,038,709	1,915,957	1,463,139	1,776,305
Health	1,808,078	1,520,958	1,040,547	997,750
Culture and recreation	8,385,644	8,184,715	7,368,395	6,998,621
Interest on long-term debt	3,078,771	2,126,197	1,486,850	1,827,665
Total Governmental Activities Expenses	87,823,373	63,344,695	59,913,825	53,534,971
Business-type Activities:				
Landfill	1,869,185	1,053,563	5,534,489	1,573,244
Ambulance	3,158,589	2,589,930	2,635,082	2,439,285
Sewer	7,592,212	7,164,159	7,044,423	6,533,017
Water	8,238,357	7,670,393	7,385,857	6,978,156
Cemetery	254,107	199,167	193,136	193,382
Building Permits	1,629,333	1,476,259	1,419,040	1,388,170
Stormwater Drainage	745,178	286,562	21,170	-
Total Business-type Activities Expenses	23,457,061	20,454,333	20,233,199	18,905,754
Total Primary Government Expenses	\$ 111,281,334	\$ 83,799,028	\$ 80,147,024	\$ 72,440,725
PROGRAM REVENUES				
Governmental Activities:				
Charges for services	\$ 7,249,876	\$ 6,995,677	\$ 6,287,043	\$ 5,997,754
Operating grants, interest, and contributions	8,678,963	6,005,596	3,351,158	2,177,667
Capital grants, interest, and contributions	51,789	2,211,437	568,537	4,241,309
Total Governmental Activities Program Revenues	15,980,628	15,212,710	10,206,738	12,416,730
Business-type Activities:				
Charges for services	19,894,278	17,884,199	17,437,463	16,001,959
Operating grants, interest, and contributions	12,538	31,080	44,830	25,566
Capital grants, interest, and contributions	7,000,395	5,150,750	2,934,428	2,950,430
Total Business-type Activities Program Revenues	26,907,211	23,066,029	20,416,721	18,977,955
Total Primary Government Program Revenues	\$ 42,887,839	\$ 38,278,739	\$ 30,623,459	\$ 31,394,685
NET (EXPENSE) / REVENUE				
Governmental activities	\$ (73,842,745)	\$ (48,133,985)	\$ (49,707,087)	\$ (41,318,241)
Business-type activities	3,489,236	2,613,196	333,522	72,001
Total Primary Government Net (Expense) / Revenue	\$ (68,393,495)	\$ (45,520,789)	\$ (49,373,565)	\$ (41,046,240)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS				
Governmental Activities:				
Taxes:				
Property taxes	\$ 14,842,941	\$ 14,399,482	\$ 13,622,347	\$ 13,163,766
Sales taxes	5,355,446	4,856,154	4,517,602	4,243,911
Consolidated tax	26,808,073	25,661,323	23,827,916	22,273,319
Franchise taxes	4,423,774	4,081,139	3,541,660	3,400,865
Other taxes	4,273,234	4,193,053	3,889,322	3,520,210
Motor vehicle fuel tax	1,363,374	1,340,152	1,277,083	1,140,911
Grants and contributions not restricted to specific programs	589	576	561	-
Unrestricted investment income	1,367,181	1,197,060	122,923	1,683,904
Gain on sale of capital assets	1,337,946	-	-	-
Miscellaneous revenue	189,420	191,890	257,974	300,892
Transfers	(2,169,833)	1,230,205	(38,651)	(126,817)
Total Governmental Activities	57,790,153	57,153,052	51,038,746	49,502,861
Business-type Activities:				
Unrestricted investment income	476,360	691,631	(18,239)	955,531
Transfers	2,169,833	(1,230,205)	38,651	126,817
Total Business-type Activities	2,646,193	(538,572)	20,412	1,082,348
Total Primary Government Activities	\$ 60,436,346	\$ 56,614,480	\$ 51,059,158	\$ 50,585,209
CHANGE IN NET ASSETS				
Governmental activities	\$ (14,052,590)	\$ 9,017,067	\$ 1,311,659	\$ 2,384,720
Business-type activities	6,095,443	2,072,624	205,934	1,154,399
Total Primary Government Change in Net Assets	\$ (7,957,147)	\$ 11,099,671	\$ 1,515,593	\$ 3,539,119

Note: Accrual-basis financial information for the city government as a whole is available back to 2003 only; the year GASB Statement 34 was implemented.

CARSON CITY
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (UNAUDITED)

GENERAL FUND	FISCAL YEAR ENDED JUNE 30									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Reserved	\$ 867,481	\$ 546,825	\$ 479,731	\$ 532,108	\$ 450,785	\$ 525,190	\$ 687,116	\$ 738,795	\$ 624,256	\$ 706,593
Unreserved	5,079,437	8,959,556	8,846,683	8,712,714	9,368,308	6,385,072	5,662,704	3,995,707	3,491,446	3,127,364
Designated	4,931,945	2,092,600	2,606,927	16,884	3,971,753	3,888,468	2,097,212	2,153,587	938,461	940,546
Undesignated	10,898,863	11,598,981	11,933,363	9,261,796	12,790,826	10,798,730	8,447,032	6,888,089	5,054,163	4,774,503
Total General Fund	\$ 1,287	\$ 865	\$ 22,400	\$ 247	\$ 3,798,655	\$ 3,605,309	\$ 3,603,193	\$ 1,367,114	\$ 1,378,971	\$ 1,180,982
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	\$ 9,914,131	10,300,110	5,738,209	2,169,391	3,007,135	9,846,252	4,807,047	9,543,618	10,405,315	3,777,245
Unreserved	992,243	1,633,794	2,354,377	2,667,705	1,385,905	671,734	2,388,796	2,092,557	4,823,929	17,615,583
Designated in:	517,218	130,227	70,197	177,136	1,385,905	671,734	2,388,796	2,092,557	4,823,929	17,615,583
Undesignated in:	28,406,279	22,049,919	17,059,026	16,934,032	14,588,349	5,026,104	6,516,774	7,291,964	3,174,699	9,507,276
Special Revenue Funds	443,146	13,798	27,006	154,164	1,354,474	1,242,002	1,172,946	2,049,839	4,363,069	4,595,517
Debt Service Funds	14,599,397	2,801,349	2,071,348	3,031,323	1,354,474	1,242,002	1,172,946	2,049,839	4,363,069	4,595,517
Capital Projects Funds	54,873,703	36,930,062	27,342,563	25,103,988	24,135,918	20,391,401	18,588,356	22,345,083	24,144,583	36,476,603
Total All Other Governmental Funds	\$ 54,873,703	\$ 36,930,062	\$ 27,342,563	\$ 25,103,988	\$ 24,135,918	\$ 20,391,401	\$ 18,588,356	\$ 22,345,083	\$ 24,144,583	\$ 36,476,603

Fluctuations in the general fund and all other governmental fund balance reserved and unreserved amounts are explained in the Management Discussion and Analysis.

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

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

	FISCAL YEAR ENDED JUNE 30									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
REVENUES:										
Taxes	\$ 74,247,771	\$ 72,578,535	\$ 71,887,017	\$ 61,887,017	\$ 63,182,799	\$ 59,911,213	\$ 53,999,633	\$ 50,919,366	\$ 49,847,964	\$ 43,196,215
Special assessments	19,586,502	13,998,307	12,828,474	12,949,568	12,348,055	11,496,429	9,937,028	9,765,936	9,277,497	9,014,792
Licenses and permits	24,295,657	25,614,239	20,531,866	20,448,173	18,255,487	16,975,277	15,900,862	14,416,720	13,134,647	12,933,613
Intergovernmental revenues	5,521,459	3,093,465	2,794,389	2,779,499	2,473,197	2,271,193	1,913,447	2,049,685	1,619,546	1,621,559
Charges for services	7,455,522	6,997,392	6,133,344	5,645,508	5,793,332	5,975,974	12,659,669	9,590,386	9,247,513	4,966,194
Fines and forfeits	1,011,142	902,536	845,779	789,494	828,567	902,643	714,707	740,536	3,223,497	3,070,912
Miscellaneous	2,179,014	2,121,663	1,024,528	2,398,752	2,253,205	3,089,543	3,715,620	2,104,519	2,932,898	2,384,248
Total Revenues	78,020,906	72,578,535	64,293,801	61,887,017	63,182,799	59,911,213	53,999,633	50,919,366	49,847,964	43,196,215
EXPENDITURES:										
General government	19,586,502	13,998,307	12,828,474	12,949,568	12,348,055	11,496,429	9,937,028	9,765,936	9,277,497	9,014,792
Public safety	24,295,657	25,614,239	20,531,866	20,448,173	18,255,487	16,975,277	15,900,862	14,416,720	13,134,647	12,933,613
Judicial	5,521,459	3,093,465	2,794,389	2,779,499	2,473,197	2,271,193	1,913,447	2,049,685	1,619,546	1,621,559
Public works	12,148,591	10,441,407	10,201,012	10,149,239	9,975,974	11,093,375	12,659,669	9,590,386	9,247,513	4,966,194
Health	1,777,541	1,532,341	1,037,614	1,146,927	934,853	880,340	922,370	914,648	957,427	945,783
Sanitation	2,033,648	1,911,782	1,478,840	1,773,771	1,388,945	227,235	210,071	153,056	194,762	172,608
Welfare	2,810,148	11,189,367	10,299,483	9,926,518	8,296,395	6,560,870	8,106,920	7,487,441	5,142,604	4,292,198
Culture and recreation	15,784,475	732,965	5,547,273	1,058,208	249,873	231,763	220,684	208,206	208,206	199,625
Community support	38,779	79,038	297,124	247,363	71,352	444,188	247,025	40,604	943,795	421,809
Intergovernmental	4,596,312	591,042	263,279	312,937	48,300	35,523	81,833	81,833	5,000	27,500
Airport	6,510,301	306,392	265,811	180,704	252,124	1,282,214	1,852,210	6,995,388	15,593,097	2,446,943
Economic opportunity	2,725,880	2,576,513	2,396,506	3,501,418	2,364,750	2,114,792	2,188,923	1,620,614	1,482,035	1,155,061
Capital outlay	2,932,911	1,938,684	1,282,262	1,961,517	1,909,116	1,851,864	1,928,378	1,747,309	1,626,212	942,572
Debt service:										
Principal	104,764,204	74,027,542	69,223,933	65,035,841	60,594,586	58,078,490	58,756,806	57,218,413	61,508,895	40,982,889
Interest and fiscal charges										
Total Expenditures	(26,743,298)	(1,449,007)	(5,020,932)	(3,346,824)	1,568,704	1,832,723	(4,752,173)	(6,299,047)	(11,680,931)	2,213,326
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,820,000	40,613	141,280	42,026	71,166	2,314,843	176,539	933,950	32,883	8,913
OTHER FINANCING SOURCES (USES)										
Capital leases	20,052	6,813,000	9,935,000	802,506	5,129,802	-	2,505,000	5,860,000	-	17,361,320
Bonds issued	(9,884,613)	3,028,000	(4,888,283)	4,895,000	-	-	-	(3,229,796)	-	(2,024,711)
Payment to refunded bond escrow agent	8,060,000	-	-	-	-	-	-	3,270,000	-	1,515,000
Refunding bonds issued	1,654,300	-	-	-	-	-	-	-	-	-
Premium on refunding bonds issued	278,709	9,961,443	4,121,536	11,074,155	5,429,803	5,522,848	5,984,832	3,976,046	4,387,403	4,094,146
Transfers in	(11,212,920)	(9,162,332)	(4,121,536)	(11,136,634)	(5,835,803)	(5,742,848)	(6,334,832)	(4,190,446)	(4,617,403)	(4,346,876)
Transfers out	308,908	(66,349)	(145,206)	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	43,986,821	10,702,124	9,931,074	788,764	4,790,968	2,094,853	2,331,539	6,619,754	(197,117)	16,007,794
Net Change in Fund Balances	\$ 17,243,523	\$ 9,233,117	\$ 4,910,142	\$ (2,560,060)	\$ 6,359,172	\$ 3,927,566	\$ (2,425,634)	\$ 320,707	\$ (11,858,048)	\$ 18,521,120
Debt service as a percentage of noncapital expenditures	6%	6%	5%	8%	7%	7%	7%	7%	7%	5%

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

**CARSON CITY
ASSESSED AND ESTIMATED ACTUAL
VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)**

FISCAL YEAR ENDED JUNE 30,	REAL PROPERTY ASSESSED VALUE			OTHER	PERSONAL PROPERTY ASSESSED VALUE	LESS: TAX EXEMPT PROPERTY	TOTAL		PERCENTAGE OF TAXABLE VALUE TO ACTUAL VALUE	TOTAL DIRECT TAX RATE (1)
	RESIDENTIAL	COMMERCIAL	INDUSTRIAL				TAXABLE ASSESSED VALUE	ESTIMATED ACTUAL VALUE		
2006	\$ 849,173,104	\$ 377,913,118	\$ 70,855,130	\$ 43,912,722	\$ 90,645,832	\$ 228,104,138	\$ 1,204,395,768	\$ 3,441,130,766	35.00%	1.2220
2005	987,818,702	353,104,623	66,465,018	49,625,614	85,499,759	216,695,480	1,125,818,236	3,216,623,531	35.00%	1.2220
2004	746,732,428	332,262,156	79,211,607	55,994,871	69,616,260	214,805,768	1,069,091,584	3,054,290,154	35.00%	1.2085
2003	724,967,564	325,002,781	70,047,686	68,951,834	65,168,733	198,173,195	1,055,965,403	3,017,044,009	35.00%	1.1809
2002	686,167,611	309,358,914	70,055,946	63,028,774	62,501,598	193,119,150	997,993,693	2,851,410,551	35.00%	1.1791
2001	666,155,934	287,996,135	66,598,662	83,471,818	55,041,111	182,457,938	978,805,722	2,796,587,777	35.00%	1.1484
2000	637,277,061	269,855,961	63,344,186	81,850,363	51,300,331	177,116,204	926,511,698	2,647,176,280	35.00%	1.1097
1999	605,449,267	246,765,018	60,808,788	83,080,655	54,256,056	166,623,864	883,733,920	2,524,954,057	35.00%	1.0426
1998	569,417,140	224,430,928	57,368,208	88,854,531	52,488,987	162,011,944	830,547,850	2,372,993,857	35.00%	1.0283
1997	539,846,159	210,212,538	53,591,454	98,481,323	49,843,464	153,510,066	798,464,872	2,381,328,206	35.00%	0.9740

Source: Carson City Assessor

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

(1) Per hundred dollars of assessed valuation.

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

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
FISCAL YEAR ENDED JUNE 30										
CITY OF CARSON CITY DIRECT RATE										
Operating Rate	0.9634	0.9634	0.9634	0.9234	0.9234	0.8922	0.8499	0.8008	0.7645	0.7096
Voter Approval	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
Legislative Overrides	0.1765	0.1765	0.1620	0.1744	0.1711	0.1716	0.1710	0.1513	0.1713	0.1708
Debt Service	0.0321	0.0321	0.0331	0.0331	0.0346	0.0352	0.0388	0.0405	0.0425	0.0436
Total Carson City Direct Rate	1.2220	1.2220	1.2085	1.1909	1.1791	1.1484	1.1097	1.0426	1.0283	0.9740
OVERLAPPING RATES										
Carson City School District	1.2200	1.2200	1.2200	1.2200	1.2200	1.2200	1.2200	1.2700	1.3500	1.4000
State of Nevada	0.1700	0.1700	0.1700	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500
Pacific Valley Underground Water	0.0016	0.0016	0.0016	0.0016	0.0016	0.0018	0.0019	0.0024	0.0026	0.0027
Carson Valley Ground Water Basin	0.0027	0.0027	0.0033	0.0034	0.0033	0.0036	0.0038	0.0050	0.0081	0.0083
Sub-Conservancy	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
Siena Forest Fire	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Total Overlapping Rates	1.5243	1.5243	1.5249	1.5050	1.5049	1.5054	1.5057	1.5583	1.6407	1.6910
Total Carson City Property Tax Rate	2.7463	2.7463	2.7334	2.6959	2.6840	2.6538	2.6154	2.6009	2.6690	2.6650
REDEVELOPMENT AGENCY OF CARSON CITY	2.4845	2.5078	2.4691	2.4802	2.5239	2.5502	2.5116	2.4930	2.5609	2.5567

Source: Nevada Department of Taxation

CARSON CITY
TEN LARGEST ASSESSED VALUATIONS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

TAXPAYER	2006			1997		
	ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION	ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION
Sierra Pacific Power Company	\$ 11,914,522	1	1.07%	\$ 11,720,312	2	1.47%
Southwest Gas Corporation	11,721,702	2	1.05%	14,232,781	1	1.78%
Dwight Millard	11,258,519	3	1.01%	7,987,852	5	1.00%
John Serpa	7,779,596	4	0.70%	7,996,800	4	1.00%
SBC Nevada	7,665,534	5	0.69%	11,445,837	3	1.43%
Clark Russell	7,168,640	6	0.64%	3,692,207	7	0.46%
C & A Investment	6,982,102	7	0.63%	-	-	-
Garth Richards	6,131,648	8	0.55%	6,425,111	6	0.80%
Albertson's Inc.	5,376,540	9	0.48%	-	-	-
Cubix/Ormsby	5,027,311	10	0.45%	-	-	-
Carson Nugget	-	-	-	3,489,446	8	0.44%
K-Mart	-	-	-	3,445,184	9	0.43%
Carrington & Coddling	-	-	-	3,098,166	10	0.38%
Total, Ten Largest Taxpayers	81,026,114		7.28%	73,442,896		9.20%
Total, Other Taxpayers	1,031,257,655		92.72%	725,021,976		90.80%
Total Assessed Valuations	\$ 1,112,283,169		100.00%	\$ 798,464,872		100.00%

Source: Carson City Assessor

This list represents the ten largest property assessments based on property-owning taxpayers in the City. It is possible that an owner of several parcels may have an aggregate assessed value that is larger than those listed above.

CARSON CITY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(AMOUNT EXPRESSED IN THOUSANDS)
(UNAUDITED)

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED	CURRENT YEAR		DELINQUENT TAX COLLECTIONS	TOTALS TO DATE	
		TAX COLLECTIONS	PERCENT OF TAXES LEVIED		TAX COLLECTIONS	PERCENT OF TAXES LEVIED
1997	\$ 18,252	\$ 17,921	98.19%	\$ 139.00	\$ 18,060	98.95%
1998	19,280	19,015	98.63%	233.00	19,248	99.83%
1999	20,013	19,810	98.99%	290.00	20,100	100.43%
2000	21,287	21,024	98.76%	218.00	21,242	99.79%
2001	22,597	22,406	99.15%	217.00	22,623	100.12%
2002	23,617	23,407	99.11%	244.00	23,651	100.14%
2003	24,975	24,726	99.00%	208.00	24,934	99.84%
2004	25,945	25,757	99.28%	234.00	25,991	100.18%
2005	27,274	27,054	99.19%	193.00	27,247	99.90%
2006	28,436	28,213	99.22%	135.00	28,348	99.69%

Source: Carson City Treasurer's Office

Note: Outstanding Delinquent Taxes were those taxes of the current year tax levy that were delinquent as of the end of June of each year. This figure does not reflect other tax years that were still delinquent in the fiscal year being reported.

CARSON CITY
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR ENDED JUNE 30	GENERAL BONDED DEBT				PERCENTAGE OF ACTUAL PROPERTY VALUE (1)	PER CAPITA (2)	OTHER GOVERNMENTAL ACTIVITIES DEBT				BUSINESS TYPE ACTIVITIES				TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME (2)	PER CAPITA (2)
	GENERAL OBLIGATION BONDS	GENERAL OBLIGATION NOTES	GENERAL BONDED DEBT	REVENUE BONDS			CAPITAL LEASES	SPECIAL ASSESSMENT BONDS	PROPRIETARY BONDS	PROPRIETARY NOTES	REVENUE BONDS	CAPITAL LEASES	SPECIAL ASSESSMENT BONDS	PROPRIETARY BONDS			
2006	\$ 76,884,293	\$ 4,935,317	\$ 81,819,610	\$ 5,380,000	2.23%	\$ 1,432.64	\$ -	\$ 86,777	\$ -	\$ -	\$ -	\$ 50,968,639	\$ -	\$ 138,235,816	6.66%	\$ 2,426.58	
2005	37,953,154	3,598,036	41,551,190	7,530,000	1.88%	740.06	-	81,473	-	-	-	54,291,941	-	103,255,604	5.12%	1839.06	
2004	32,973,990	755,713	33,729,703	7,670,000	1.08%	610.82	315,000	-	-	410,000	-	42,171,690	-	83,786,393	4.81%	1517.32	
2003	30,843,709	802,500	31,646,209	2,000,000	1.02%	577.02	410,000	-	-	410,000	-	34,578,876	-	68,635,045	3.06%	1231.82	
2002	31,546,802	650,325	32,200,127	2,000,000	1.11%	594.42	645,000	-	-	645,000	-	36,848,733	-	76,551,860	4.21%	1319.35	
2001	38,045,000	860,075	38,905,075	3,170,000	1.09%	544.40	977,050	-	-	977,050	-	23,126,386	-	58,778,521	3.49%	1107.04	
2000	39,495,000	1,059,867	40,554,867	3,415,000	1.17%	580.67	1,085,000	-	-	1,085,000	-	24,875,808	92,460	61,280,471	4.19%	1100.24	
1999	25,003,000	1,230,190	26,233,190	3,640,000	1.02%	522.23	1,305,000	-	-	1,305,000	-	29,127,821	-	57,375,810	4.14%	1138.18	
1998	20,780,000	1,480,804	22,260,804	3,835,000	0.85%	441.60	1,525,000	-	-	1,525,000	-	29,597,426	137,580	57,375,810	4.14%	1138.18	
1997	21,630,000	1,702,839	23,332,839	4,020,000	0.95%	477.54	1,720,000	-	-	1,720,000	-	30,968,999	232,706	60,255,538	4.82%	1134.05	

Notes:

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

**CARSON CITY
GENERAL OBLIGATION DIRECT
AND OVERLAPPING DEBT
FISCAL YEAR ENDED JUNE 30, 2006
(UNAUDITED)**

NAME OF GOVERNMENT UNIT	GENERAL OBLIGATION DEBT OUTSTANDING	PRESENTLY SELF-SUPPORTING GENERAL OBLIGATION DEBT	PERCENT APPLICABLE (1)	APPLICABLE NET DEBT
Direct:				
City of Carson City:				
Governmental Activity Bonds	\$ 76,884,293	\$ 76,529,293	100.00%	\$ 355,000
Business-Type Activity Bonds	50,968,629	50,968,629	100.00%	-
Total Direct Debt	<u>127,852,922</u>	<u>127,497,922</u>		<u>355,000</u>
Overlapping:				
Carson City School District	<u>31,493,000</u>	<u>-</u>	100.00%	<u>31,493,000</u>
Total Overlapping Debt	<u>31,493,000</u>	<u>-</u>		<u>31,493,000</u>
Total General Obligation Direct and Overlapping Debt	<u>\$ 159,345,922</u>	<u>\$ 127,497,922</u>		<u>\$ 31,848,000</u>

Source: Carson City Finance Office and Carson City School District

(1) Based on fiscal year 2006-07 assessed valuation in the respective jurisdiction.

**CARSON CITY
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

Legal Debt Margin Calculation for Fiscal Year Ended June 30, 2006

Assessed value of taxable property(1)	\$ 1,226,542,627
Debt limit (15% of assessed value)	183,981,394
Debt applicable to limit:	
Governmental activities	\$ 81,809,610
Business-type activities	50,903,629
Less: Amount available for repayment of general obligation debt	(200,000)
Total net debt applicable to limitation	132,708,239
Legal debt margin	\$ 51,403,155

	FISCAL YEAR ENDED JUNE 30,									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Debt limit	\$ 183,981,394	\$ 172,194,764	\$ 163,398,242	\$ 161,241,549	\$ 152,079,436	\$ 148,736,738	\$ 140,657,114	\$ 134,112,930	\$ 128,461,123	\$ 121,048,527
Total net debt subject to limitation	132,578,239	103,173,131	83,571,393	68,725,043	69,045,860	76,187,159	77,498,877	76,221,995	70,053,808	73,315,538
Legal Debt Margin	\$ 51,403,155	\$ 69,021,633	\$ 79,816,849	\$ 93,016,504	\$ 83,030,576	\$ 72,574,579	\$ 63,158,237	\$ 57,891,335	\$ 58,407,315	\$ 47,732,989

Total net debt subject to limitation as a percentage of debt limit	71.1%	59.9%	51.1%	42.3%	45.4%	51.2%	55.1%	56.8%	55.4%	60.6%
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Note: The legal debt limit is set forth in NRS 266.600.

(1) Includes Redevelopment Authority amount of \$22,146,859

**CARSON CITY
PLEGDED REVENUE COVERAGE
LAST TEN FISCAL YEARS
(UNAUDITED)**

FISCAL YEAR ENDED JUNE 30	PLEGDED REVENUE	LESS: OPERATING EXPENSES	NET AVAILABLE REVENUE	DEBT SERVICE REQUIREMENTS			COVERAGE RATIOS
				PRINCIPAL	INTEREST	TOTAL	
HIGHWAY REVENUE (MOTOR VEHICLE FUEL TAX) IMPROVEMENT BONDS (1)							
2006	\$ 2,911,491	\$ 1,698,400	\$ 1,213,091	\$ 215,000	\$ 212,000	\$ 427,000	2.8
2005	2,882,846	1,076,793	1,806,053	210,000	216,200	426,200	4.2
2004	-	-	-	-	-	-	N/A
2003	-	-	-	-	-	-	N/A
2002	-	-	-	-	-	-	N/A
2001	-	-	-	-	-	-	N/A
2000	-	-	-	-	-	-	N/A
1999	-	-	-	-	-	-	N/A
1998	-	-	-	-	-	-	N/A
1997	-	-	-	-	-	-	N/A
TAX ALLOCATION BOND - REDEVELOPMENT AUTHORITY (2)							
2006	\$ 511,325	\$ -	\$ 511,325	145,000	120,463	\$ 265,463	1.9
2005	544,413	-	544,413	130,000	128,912	258,912	2.1
2004	528,702	-	528,702	115,000	136,330	251,330	2.1
2003	605,520	-	605,520	100,000	142,730	242,730	2.5
2002	624,528	-	624,528	85,000	148,000	233,000	2.7
2001	592,329	-	592,329	35,000	150,100	185,100	3.2
2000	286,801	-	286,801	25,000	151,537	176,537	1.6
1999	253,890	-	253,890	10,000	152,087	162,087	1.6
1998	318,848	-	318,848	10,000	152,617	162,617	2.0
1997	217,041	-	217,041	-	127,181	127,181	1.7
HIGHWAY REVENUE IMPROVEMENT BONDS (3)							
2006	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
2005	-	-	-	-	-	-	N/A
2004	-	-	-	-	-	-	N/A
2003	2,805,923	1,990,175	815,748	760,000	18,698	778,698	1.0
2002	2,987,769	2,031,393	956,376	225,000	51,288	276,288	3.5
2001	3,064,787	2,048,783	1,016,004	210,000	63,580	273,580	3.7
2000	3,065,386	1,899,611	1,165,775	200,000	75,060	275,060	4.2
1999	3,154,032	2,060,282	1,093,750	185,000	85,748	270,748	4.0
1998	3,226,147	1,778,585	1,447,562	175,000	96,741	271,741	5.3
1997	1,604,154	547,747	1,056,407	170,000	108,385	278,385	3.8
GRAVES LANE SPECIAL ASSESSMENT BONDS (4)							
2006	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
2005	-	-	-	-	-	-	N/A
2004	192,708	-	192,708	215,000	22,575	237,575	0.8
2003	211,484	-	211,484	215,000	33,540	248,540	0.9
2002	234,794	-	234,794	220,000	44,540	264,540	0.9
2001	236,113	-	236,113	220,000	55,320	275,320	0.9
2000	283,091	-	283,091	220,000	65,880	285,880	1.0
1999	301,265	-	301,265	220,000	76,220	296,220	1.0
1998	345,761	-	345,761	225,000	86,345	311,345	1.1
1997	366,934	-	366,934	225,000	95,908	320,908	1.1

Notes:

- (1) Pledged revenues include a tax currently levied at the rate of four cents per gallon by the City, and the City's interest in taxes equal in the aggregate to 5.35 cents per gallon, levied by the State of Nevada on certain motor vehicle fuel sold in the City and the State. Operating expenses include amounts in the Regional Transportation Fund, less NDOT bypass portion and expenses in the Streets Maintenance Fund, less County Option Sales Taxes and the County Option 1 cent fuel tax the Streets Maintenance Fund, less County Option Sales Taxes and the County Option 1 cent fuel tax.
- (2) Pledged revenues include the property taxes levied in the Redevelopment District.
- (3) Pledged revenues include the County Option Fuel tax collected in the Regional Transportation Fund. Expenditures include operating expenditures, less capital outlay.
- (4) Pledged revenues for Special Assessment Bonds includes assessments, prepaid assessments, assessment interest, and prepaid assessment interest.

**CARSON CITY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

FISCAL YEAR ENDING JUNE 30,	POPULATION (1)	CITY AREA (SQUARE MILES) (6)	TOTAL PERSONAL INCOME (2)	PER CAPITA PERSONAL INCOME (2)	UNEMPLOYMENT RATE (3)	PUBLIC SCHOOL ENROLLMENT (5)	BUSINESS LICENSES ISSUED (3)	TOTAL CONSTRUCTION PERMITS (4)	TOTAL CONSTRUCTION VALUE (4)
2006	57,104	147.00	\$ 2,076,900,240	\$ 37,137	4.8%	13,638	1,312	385	\$ 76,840,787
2005	56,146	147.00	2,016,408,000	36,055	4.7%	14,524	1,182	426	58,996,793
2004	55,220	147.00	1,818,408,000	32,872	5.2%	14,667	1,287	491	129,693,867
2003	54,844	147.00	1,732,993,000	31,767	5.8%	14,906	1,315	600	78,026,678
2002	54,171	147.00	1,724,799,000	32,267	5.8%	15,080	1,209	612	69,999,803
2001	53,095	147.00	1,683,799,000	32,043	5.1%	12,809	1,246	610	73,703,153
2000	52,620	147.00	1,532,852,000	29,505	3.7%	12,437	1,508	618	72,169,862
1999	51,922	147.00	1,462,230,000	28,748	3.9%	12,314	1,319	639	60,448,147
1998	50,410	147.00	1,366,560,000	27,477	5.9%	11,918	1,240	612	53,969,080
1997	48,860	147.00	1,304,219,000	26,860	6.7%	11,306	1,387	680	73,111,804

NR - Not reported

Sources:

- (1) State of Nevada, Demographer's Office, 1997-2005, Estimated for 2006 as data was unavailable at time of publication
- (2) City of Carson City, Treasurer's Office
- (3) U.S. Department of Commerce, Bureau of Economic Analysis, 1997-2004, for Carson City Metropolitan Area, Estimated for 2006 as data was unavailable at time of publication.
- (4) State of Nevada, Department of Employment Training & Rehabilitation for Carson City Metropolitan Area
- (5) Includes elementary, junior high, high school, and community college enrollment. Information obtained from the Carson City School District and Western Nevada Community College - Carson City campus.
- (6) City of Carson City, Building and Safety Department

**CARSON CITY
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

EMPLOYER	2006			1997		
	EMPLOYEES (1)	RANK	PERCENTAGE OF TOTAL COUNTY (2)	EMPLOYEES (1)	RANK	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
Carson City School District	1000-1499	1	3.56%	900-999	2	3.82%
Carson Tahoe Hospital	1000-1499	2	3.56%	700-799	3	2.97%
City of Carson City	700-799	3	2.49%	600-699	4	2.55%
State Department of Transportation	600-699	4	2.14%	600-699	5	2.55%
Western Nevada Community College	600-699	5	2.14%	300-399	9	1.27%
Carson City Nugget	400-499	6	1.42%	500-599	6	2.12%
Casino Fandango	400-499	7	1.42%			
Chrenailoy Nevada	400-499	8	1.42%	300-399	10	1.27%
State Department of Motor Vehicles	300-399	9	1.07%			
Wal-Mart	300-399	10	1.07%			
State of Nevada (3)				4000-4499	1	17.00%
State Industrial Insurance System				300-399	7	1.27%
Ocrusby House Hotel and Casino				300-399	8	1.27%
Total Carson City Metropolitan Area Covered Employment (2)	28,078			23,531		

Source: Each of the two years reflect respective June information as compiled by the Nevada Department of Employment, Training, and Rehabilitation, Division of Labor Marketing.

Notes:

- (1) Nevada Revised Statutes Chapter 612 stipulate that actual employment for individual employers may not be published.
(2) Total employment statistics are for the Carson City metropolitan area.
(3) The State of Nevada changed its reporting requirements in 2005 - each division now reports information separately.

**CARSON CITY
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)**

FUNCTION:	FISCAL YEAR ENDED JUNE 30									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General Government	135.30	134.05	131.55	130.75	128.50	128.25	127.25	129.60	119.60	119.35
Public Safety	261.50	259.50	250.00	249.00	240.00	237.50	232.00	225.50	209.00	208.63
Judicial	35.50	29.75	28.75	26.75	26.75	28.75	27.50	26.50	22.50	22.00
Public Works	34.85	45.05	50.40	49.40	52.90	41.81	43.75	39.50	40.00	38.00
Sanitation	11.70	11.20	7.35	9.35	1.50	1.50	1.50	1.50	1.50	1.50
Health	14.00	12.00	12.00	12.50	12.00	15.00	15.00	15.50	14.50	14.50
Welfare	1.00	1.00	1.00	1.50	1.00	1.25	1.25	1.50	1.00	1.00
Culture and Recreation	59.76	58.01	54.01	54.06	52.44	54.62	55.00	61.65	70.70	70.70
Community Support	2.00	2.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities	48.40	47.75	34.00	48.00	48.20	58.69	58.15	62.75	65.00	65.00
Hospitals (1)	0.00	0.00	0.00	0.00	754.54	733.63	702.15	668.58	731.30	757.00
Other	1.00	1.00	1.00	1.00	1.00	1.00	2.25	1.00	1.00	1.00
Total	625.01	601.31	591.06	583.31	1,318.83	1,302.02	1,264.80	1,233.58	1,276.10	1,298.68

Source: City of Carson City Finance Department

(1) The hospital was transferred from a City owned facility to a private, non-profit corporation on March 1, 2002.

CARSON CITY
OPERATING INDICATORS BY FUNCTION / PROGRAM
LAST FISCAL YEARS
(UNAUDITED)

FUNCTION / PROGRAM: General Government Business licenses issued (1)	FISCAL YEAR ENDED JUNE 30									
	2000	2005	2004	2003	2002	2001	2000	1999	1998	1997
Judicial (1)	1,312	1,182	1,287	1,315	1,209	1,246	1,508	1,379	1,240	1,387
Criminal Cases:										
Felony death penalty	5	0	0	0	0	0	0	NR	NR	NR
Felony, crimes against persons	481	553	631	688	549	728	241	NR	NR	NR
Felony, crimes against property	473	490	444	476	415	383	933	NR	NR	NR
Felony, crimes against property	102	86	115	88	67	48	71	NR	NR	NR
Crimes against persons	57	55	42	8	35	3	38	NR	NR	NR
Crimes against property	2,648	2,011	2,568	2,117	2,201	2,108	2,287	NR	NR	NR
Indecent exposure	20,485	18,190	18,188	16,603	15,624	18,090	15,252	NR	NR	NR
Traffic and parking violations										
Civil Cases:										
General	2,354	2,197	1,913	1,587	1,775	1,641	1,616	NR	NR	NR
Small claims	601	550	638	528	408	514	504	NR	NR	NR
Landlord/tenant (summary evictions)	1,274	1,173	1,274	1,294	1,290	1,195	1,144	NR	NR	NR
Request for domestic violence protective orders	381	414	513	422	593	445	501	NR	NR	NR
Request for protection orders (non-dom. violence)	376	506	509	455	342	240	245	NR	NR	NR
Police (5)	95	61	93	93	93	93	89	87	81	78
Number of sworn police personnel and officers	2,742	3,189	3,516	2,829	4,461	3,095	4,015	4,430	4,210	3,214
Number of physical arrests	705	693	858	618	962	922	769	827	860	NR
Number of traffic accidents										
Fire (6)	66	66	61	65	66	58	56	58	58	54
Number of firefighters	7,200	6,346	6,033	6,109	5,715	5,286	4,848	4,972	4,505	4,524
Number of calls answered	1,681	1,784	2,185	2,256	3,020	3,219	2,517	1,374	1,050	1,106
Number of fire prevention inspections										
Public Works (7)	1,406	1,391	1,191	1,290	1,292	1,292	1,172	1,160	1,135	1,130
Number of street lights										
Culture and Recreation (8)	5,090	5,440	5,240	4,910	4,060	NR	NR	NR	NR	NR
Number of participants in recreation sports	370	370	370	390	390	390	390	380	380	700
Average number of children enrolled in summer programs per day	400	400	370	390	380	418	355	347	270	210
Average number of children enrolled in lunch key programs per day										
Utilities (4)										
Sewer:										
Customer visits as of June 30	15,237	15,151	15,028	14,752	14,642	14,080	13,850	13,370	13,955	14,420
Total discharge (in thousands of gallons)	1,933,270	1,868,459	1,864,439	1,800,578	1,793,575	1,819,101	1,772,451	1,866,738	1,626,564	1,601,618
Water:										
Customer count as of June 30	16,540	16,427	16,300	16,051	15,944	15,394	15,199	14,682	14,378	13,925
Total consumption (in thousands of gallons)	3,956,644	3,880,618	4,256,490	3,984,544	4,127,235	4,026,478	4,008,090	3,453,892	3,206,463	3,488,404
Development Services (3)										
Building permits issued	385	426	491	600	612	610	618	619	612	690

NR = Not reported

- Source:
- (1) Carson City Municipal Court
 - (2) Carson City Community Development Department
 - (3) Carson City Treasurer's Office
 - (4) Carson City Public Works
 - (5) Carson City Sheriff's Office
 - (6) Carson City Fire Department
 - (7) Carson City Public Works
 - (8) Carson City Parks & Recreation

CARSON CITY
CAPITAL ASSETS STATISTICS BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30,									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General Government										
City owned facilities (1)	82	84	84	83	82	81	80	79	79	79
City owned structures (1)	81	81	81	81	81	81	81	81	81	79
Number of networked computers (5)	517	NR	NR	NR	NR	NR	NR	NR	NR	NR
Public Safety										
Police (2)	32	32	32	25	25	25	25	23	23	23
Marked police vehicles										
Fires (3)	3	3	3	3	3	3	3	3	3	3
Fire stations	9	9	9	9	9	9	8	9	9	9
Fire engines										
Public Works (1)										
Paved streets (miles)	250	250	250	241	241	241	236	235	221	221
Culture and Recreation (4)										
Parks:										
Acreage of parks - developed	765.5	465.5	765.5	757.5	754.5	754.5	754.5	754.5	754.5	754.5
Acreage of parks - undeveloped	448.0	448.0	448.0	448.0	448.0	448.0	448.0	448.0	448.0	448.0
Swimming pools - outdoors	1	1	1	1	1	1	1	1	1	1
Swimming pools - indoors	3	3	3	3	3	3	3	3	3	3
Ball fields - lighted	16	16	16	16	16	16	16	16	16	16
Ball fields - unlighted	19	19	19	19	19	19	19	19	19	19
Tennis courts - lighted	12	12	12	12	12	12	12	12	12	12
Tennis courts - unlighted	2	2	2	2	2	2	2	2	2	2
Basketball courts - lighted	0	0	0	0	0	0	0	0	0	0
Basketball courts - unlighted	4	4	4	4	4	4	4	4	4	4
Community Centers	1	1	1	1	1	1	1	1	1	1
Rodeo arenas	1	1	1	1	1	1	1	1	1	1
Sand volleyball courts	3	3	3	2	2	2	2	1	1	1
Utilities (1)										
Sewer lines (miles)	212.5	212	226	226	226	225	219	217	210	203
Storm drains (miles)	76.4	NR	NR	NR	NR	NR	NR	NR	NR	NR
Water lines (miles)	235	301	290	240	240	239	238	220	218	245

NR = Not reported

Sources:
 (1) Carson City Facilities Division
 (2) Carson City Sheriff's Office
 (3) Carson City Fire Department
 (4) Carson City Parks & Recreation

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COMPLIANCE SECTION

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

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and 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, 2006, which collectively comprise Carson City, Nevada's basic financial statements and have issued our report thereon dated November 22, 2006. 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. The financial statements of the Carson City Convention and Visitors' Bureau and Airport Authority (discretely presented component units) were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting:

In planning and performing our audit, we considered Carson City, Nevada's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters:

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

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This report is intended solely for the information and use of the audit committee, management, others within the organization, the Mayor and members of the Board of Supervisors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kafoury, Armstrong & Co.

Reno, Nevada
November 22, 2006

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

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance:

We have audited the compliance of Carson City, Nevada with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2006. Carson City, Nevada's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of Carson City, Nevada's management. Our responsibility is to express an opinion on Carson City, Nevada's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Carson City, Nevada's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Carson City, Nevada's compliance with those requirements.

In our opinion, Carson City, Nevada complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2006. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as Finding number 06-1.

Internal Control Over Compliance:

The management of Carson City, Nevada is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Carson City, Nevada's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Carson City, Nevada's ability to administer a major Federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as Finding number 06-2 through 06-4.

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A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. However, we believe that the reportable conditions described above are not material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Mayor and members of the Board of Supervisors, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kafoury, Armstrong & Co.

Reno, Nevada
November 22, 2006

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CARSON CITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2006
 (PAGE 1 OF 5)

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NUMBER</u>	<u>FEDERAL EXPENSES/ EXPENDITURES</u>
<u>U. S. Environmental Protection Agency:</u>			
Passed through Nevada Division of Environmental Protection:			
Water Pollution Control: State and Interstate Program Support - Wellhead Protection	66.419	DEP 04-005	\$ <u>8,658</u>
<u>National Foundation on the Arts and the Humanities:</u>			
Passed through Nevada State Library and Archives:			
State Library Program - Summer Reading Program	45.310	LSTA 2005-26	<u>425</u>
State Library Program - Self Check Kids	45.310	LSTA 2006	<u>13,500</u>
Total State Library Program			<u>13,925</u>
<u>U.S. Department of Agriculture:</u>			
Passed through Nevada Division of Forestry:			
Cooperative Forestry Assistance - East Valley	10.664	USDA/SFA/02/013-014	<u>35,843</u>
Passed through State Controller:			
Schools and Roads - Grants to States	10.665	N/A	<u>1,178</u>
Passed through Nevada Department of Administration:			
Food Donation	10.550	E027	<u>2,181</u>
Passed through Nevada Department of Education:			
School Breakfast Program	10.553	N/A	<u>9,078</u>
National School Lunch Program	10.555	N/A	<u>16,894</u>
Total Child Nutrition Cluster			<u>25,972</u>
Total U.S. Department of Agriculture			<u>65,174</u>
<u>U.S. Department of Health and Human Services:</u>			
Passed through Nevada Department of Human Resources:			
Community Services Block Grant	93.569	CSBG/06/004	<u>100,271</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance - Environmental Public Health Tracking System			
	93.283	N/A	<u>35,167</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance - Public Health Preparedness and Terrorism Response			
	93.283	N/A	<u>168,232</u>
Total Centers for Disease Control and Prevention - Investigations and Technical Assistance			<u>203,399</u>
HIV Care Formula Grants - Ryan White Title II	93.917	N/A	<u>29,293</u>

CARSON CITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2006
 (PAGE 2 OF 5)

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	FEDERAL EXPENSES/ EXPENDITURES
Immunization Grants	93.268	N/A	\$ 179,572
Family Planning Services	93.217	N/A	102,568
Temporary Assistance for Needy Families	93.558	N/A	30,552
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	21,823
Preventive Health and Health Services Block Grant	93.991	N/A	32,734
Maternal and Child Health Services Block Grant to the States	93.994	N/A	30,552
Child Support Enforcement - Title IV - D	93.563	N/A	446,501
Passed through Nevada Division for Aging Services:			
Special Programs for the Aging: Title III, Part B: Grants for Supportive Services and Senior Centers - Sr Transportation	93.044	0101-10-06	33,985
Special Programs for the Aging: Title III, Part B: Grants for Supportive Services and Senior Centers - Program Income	93.044	N/A	6,547
Total Aging Cluster			40,532
Total U.S. Department of Health and Human Services			1,217,797
<u>U.S. Department of Housing and Urban Development:</u>			
Direct programs:			
Community Development Block Grants/ Entitlement Grants	14.218	N/A	695,841
<u>U.S. Department of the Interior:</u>			
Passed through Nevada Department of Museums, Libraries and Arts - State Historic Preservation Office:			
Historic Preservation Fund Grants-In-Aid - Historic District Design	15.904	32-04-19329(2)	4,100
Historic Preservation Fund Grants-In-Aid - East Side Inventory	15.904	32-05-20430(1)	675
Total Historic Preservation Fund Grants-In-Aid			4,775
<u>U.S. Department of Justice:</u>			
Direct programs:			
D.E.A. Confiscated Property	16.N/A	N/A	3,403
U.S. Marshall Housing	16.N/A	N/A	1,587
Local Law Enforcement Block Grants Program	16.592	N/A	10,877
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	25,113
State Criminal Alien Assistance Program	16.606	N/A	19,866

CARSON CITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2006
 (PAGE 3 OF 5)

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	FEDERAL EXPENSES/ EXPENDITURES
Passed through Nevada Department of Human Resources: Enforcing Underage Drinking Laws Program	16.727	N/A	\$ 18,760
Passed through Nevada Office of the Attorney General: Violence Against Women Formula Grants - Alternative Sentencing Officer	16.588	2005-STOP-35	40,000
Violence Against Women Formula Grants - Domestic Violence Prosecutor	16.588	2004-STOP-11	13,284
Violence Against Women Formula Grants - Domestic Violence Prosecutor	16.588	2005-STOP-08	45,000
Total Violence Against Women Formula Grants			<u>98,284</u>
Passed through Nevada Department of Motor Vehicles and Public Safety: Byrne Formula Grant Program - Tri-Net	16.579	05-JAG-02	156,124
Juvenile Justice and Delinquency Prevention - Allocation to States - Accountability Grant	16.540	N/A	11,896
Juvenile Justice and Delinquency Prevention - Allocation to States - Status Offender	16.540	N/A	15,415
Total Juvenile Justice and Delinquency Prevention			<u>27,311</u>
Total U.S. Department of Justice			<u>361,325</u>
<u>U.S. Department of Transportation:</u>			
Direct Programs: Airport Improvement Program - Environmental Assessment and Benefit Cost Analysis	20.106	N/A	36,246
Passed through Emergency Response Commission: Interagency Hazardous Materials Public Sector Training and Planning Grants - HMEP Planning & Training	20.703	05-HMEP-01-02	1,787
Interagency Hazardous Materials Public Sector Training and Planning Grants - HMEP Planning & Training	20.703	06-HMEP-01-01	5,801
Interagency Hazardous Materials Public Sector Training and Planning Grants - HMEP Planning & Training	20.703	06-HMEP-01-02	4,925
Total Interagency Hazardous Materials Public Sector Training and Planning Grants			<u>12,513</u>
Passed through Nevada Department of Public Safety: State and Community Highway Safety - Joining Forces	20.600	25-JF-1.1	1,539

CARSON CITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2006
 (PAGE 4 OF 5)

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	FEDERAL EXPENSES/ EXPENDITURES
State and Community Highway Safety - Joining Forces	20.600	26-JF-1.1	\$ 6,131
State and Community Highway Safety - DUI Enforcement	20.600	26-PT-4	9,607
Total State and Community Highway Safety			<u>17,277</u>
Passed through Nevada Department of Transportation: Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	N/A	302,544
Federal Transit - Metropolitan Planning Grants	20.505	NV-80-X011 to X013	954
Highway Planning and Construction - Unified Planning Work Program	20.205	N/A	117,668
Total U.S. Department of Transportation			<u>487,202</u>
<u>U.S. Department of Homeland Security:</u>			
Direct Programs:			
Assistance to Firefighters - FY 05/ Fire Prevention and Safety Program	97.044	N/A	7,105
Passed through Nevada Department of Public Safety: Pre-Disaster Mitigation - FFY 03	97.047	9704703	29,500
Homeland Security Cluster:			
Passed through Nevada Department of Public Safety: State Domestic Preparedness Equipment Support Program - ODP/04-Homeland Security Grant SHSP	97.004	97004HS4	46,421
State Homeland Security Program- DHS/05	97.073	97073HS5	147,694
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	97074LS5	35,469
Citizen Corps- DHS/05	97.053	97053CSS	11,231
Total Homeland Security Cluster			<u>240,815</u>
Passed through Nevada Division of Emergency Management: Emergency Management Performance Grants	97.042	9704205	8,500
Emergency Management Performance Grants	97.042	9704206	46,625
Total Emergency Management Performance Grants			<u>55,125</u>
Passed through Nevada Division of Forestry: Fire Management Assistance Grant	97.046	N/A	24,150

CARSON CITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2006
 (PAGE 5 OF 5)

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	FEDERAL EXPENSES/ EXPENDITURES
Passed through Nevada Division of Emergency Management:			
Disaster Grants-Public Assistance - 2006 Flood Small Projects	97.036	FEMA-NV-DR 1629	\$ 126,313
Disaster Grants-Public Assistance - 2006 Flood Large Projects	97.036	FEMA-NV-DR 1629	400,661
Disaster Grants-Public Assistance - Waterfall Fire Small Projects	97.036	FEMA-NV-DR 1540	45,383
Disaster Grants-Public Assistance - Waterfall Fire Large Projects	97.036	FEMA-NV-DR 1540	<u>176,111</u>
Total Disaster Grants-Public Assistance			<u>748,468</u>
Total U.S. Department of Homeland Security			<u>1,105,163</u>
Total Expenditures of Federal Awards			<u>\$ 3,959,860</u>

CARSON CITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Carson City, Nevada provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Airport Improvement Program - Environmental Assessment and Benefit Cost Analysis	20.106	\$ <u>36,246</u>
Schools and Roads - Grants to States	10.665	\$ <u>589</u>
Community Development Block Grants	14.218	\$ <u>378,467</u>

NOTE 3 - NON-CASH ASSISTANCE

The expenditures for the Food Donation program (CFDA #10.550) represent the dollar value of food commodities distributed to eligible recipients during the year. The value of commodities is determined by the U.S. Department of Agriculture.

The expenditures for the Immunization Grants program (CFDA # 93.268) include the value of vaccines received in lieu of cash.

CARSON CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

Summary of Audit Results:

- Kafoury, Armstrong & Co. issued an unqualified opinion on the financial statements of Carson City, Nevada for the year ended June 30, 2006.
- No reportable conditions or material weaknesses were disclosed during the audit of the financial statements.
- The audit disclosed no instances of noncompliance which were material to the financial statements of Carson City.
- Reportable conditions, not identified as material weaknesses, in the internal control over major programs were disclosed.
- Kafoury, Armstrong & Co. issued an unqualified opinion on compliance for major Federal award programs of Carson City.
- Audit findings relative to the major federal award programs for Carson City for the year ended June 30, 2006 are described in the "Findings and Questioned Costs – Major Federal Award Programs Audit" section.
- Carson City had two major programs for the year ended June 30, 2006, as follows:
 - Community Development Block Grants / Entitlement Grants, CFDA 14.218
 - Child Support Enforcement, CFDA 93.563
- The dollar threshold used to distinguish between Type A and Type B programs for the year ended June 30, 2006, was \$300,000.
- Carson City qualified as a low risk auditee for the year ended June 30, 2006 under the criteria set forth in section .530 of OMB Circular A-133.

Findings Relating to the Financial Statements Reported in Accordance with GAGAS:

There were no such findings in relation to the financial statements of Carson City for the year ended June 30, 2006.

Findings and Questioned Costs – Major Federal Award Programs Audit:

Findings 06-1 through 06-4 are identified on the following pages.

**CARSON CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

U.S. Department of Health and Human Services:

Finding 06-1

Child Support Enforcement, CFDA 93.563

Grant Award Number: Affects the grant award included under CFDA 93.563 on the Schedule of Expenditures of Federal Awards.

Criteria and Condition: The OMB Circular A-87 compliance requirements state that a cost is allowable under an award if it is necessary and reasonable for the proper administration of the program and is supported by appropriate documentation.

On one monthly Request for Reimbursement the allowable 10% indirect cost rate was calculated using a base of both direct and ancillary salaries. The 10% indirect cost rate should be calculated based on direct salaries only. The grantor agency identified the error and reduced the reimbursement amount for the month by the unallowed portion.

Questioned Costs: None.

Context: This appears to be an isolated incident.

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

Cause: Adequate procedures were not in place to ensure costs charged to the Federal program were allowable.

Recommendation: We recommend that Carson City implement procedures to ensure amounts charged to Federal programs are allowable.

Management's Response: See management's response on page 194.

**CARSON CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

U.S. Department of Health and Human Services:

Finding 06-2:

Child Support Enforcement, CFDA 93.563

Grant Award Number: Affects the grant award included under CFDA 93.563 on the Schedule of Expenditures of Federal Awards.

Criteria and Condition: As noted in the OMB Circular A-133 Compliance Supplement for Child Support Enforcement, the IV-D agency must attempt to establish paternity and a support obligation for children born out of wedlock, and these services must be provided within the time frames specified in 45 CFR sections 303.3(b)(3) and (b)(5), 303.3(c), and 303.4(d).

During our testing of paternity and support obligation cases we noted several instances where services were not provided within the specified time frames. We identified four instances where the cases were not opened and assessed within 20 days of the receipt or referral of the case, and two instances where the amount of time that elapsed from the date of location of the non-custodial parent to the time of completion of the service of process exceeded 90 days.

Questioned Costs: None.

Context: The condition noted above appears to be a systemic problem.

Effect: This condition could result in the delay of payment of child support that the custodial parent may be entitled to.

Cause: Internal controls and procedures were not sufficient to ensure that services were provided within the required time frames.

Recommendation: We recommend that the City enhance their case-processing procedures and controls to ensure that Child Support Enforcement services are provided within the time frames specified in 45 CFR.

Management's Response: See management's response on page 194.

CARSON CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

U.S. Department of Health and Human Services:

Finding 06-3:

Child Support Enforcement, CFDA 93.563

Grant Award Number: Affects the grant award included under CFDA 93.563 on the Schedule of Expenditures of Federal Awards.

Criteria and Condition: As noted in the OMB Circular A-133 Compliance Supplement for Child Support Enforcement, the IV-D agency must provide the appropriate child support services needed for interstate cases and meet required time frames pertaining to provision of interstate services. Specific time frame requirements for responding and initiating interstate cases are at 45 CFR sections 303.7(a) and 303.7(b)(2), (4), (5) and (6).

45 CFR 303.7(b)(6) states that if initiating, the Title IV-D agency must send a request for review of a child support order to another state within 20 days of determining that a request for review of the order should be sent to the other state. During our testing of interstate cases, KACO noted an instance where services were not provided within the required time frames. In that case, 71 days elapsed from the date that the City determined that a request for review of an order from another state was necessary and the date the request was made. Additionally, there were two interstate cases identified where more than 20 days had elapsed after receiving the cases before the cases were opened and assessed.

Questioned Costs: None.

Context: The condition noted above appears to be a systemic problem.

Effect: This condition could result in the delay of child support payments that the custodial parent may be entitled to.

Cause: Internal controls and procedures were not sufficient to ensure that services were provided within the specified time frames.

Recommendation: We recommend that the City enhance their case-processing procedures and controls to ensure that services are provided within the time frames specified in 45 CFR.

Management's Response: See management's response on page 194.

CARSON CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

U.S. Department of Housing and Urban Development:

Finding 06-4

Community Development Block Grants / Entitlement Grants, CFDA 14.218

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

Criteria and Condition: The OMB Circular A-87 compliance requirements state that where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

During our testing of salary costs, it was noted that the City did not have certifications for the one employee charged to the program. 100% of that employee's salary was charged to the program.

Questioned Costs: Undeterminable.

Context: The condition noted above appears to be a systemic problem.

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

Cause: Adequate procedures were not in place to ensure costs charged to the Federal program were supported by required certifications.

Recommendation: We recommend that Carson City implement procedures to ensure amounts charged to Federal programs are supported by the required certifications.

Management's Response: See management's response on pages 194 and 195.

December 12, 2006

Dear Grantor Agencies:

The following is a discussion of our corrective action plan in response to the findings noted by Kafoury, Armstrong & Co. in the Schedule of Findings and Questioned Costs for the year ended June 30, 2006.

06-1 – U.S. Department of Health and Human Services

Child Support Enforcement, CFDA 93.563

Corrective Action:

The month in which the error occurred was 7/05. The following month the child support office introduced a new billing program that calculates the 10% indirect cost rate from the direct salaries only. This billing program was and is approved by CSE Central Office, the grantor agency, and has been used by this office since 8/05.

06-2 – U.S. Department of Health and Human Services

Child Support Enforcement, CFDA 93.563

Corrective Action:

The problem of opening and assessing a case within 20 days was identified earlier in 2006 by the CSE Central Office, the grantor agency. It is being corrected with the education of the time frame for opening and assessing a case and with the use of the NOMADS system alerts telling the case managers of new cases and the actions that must be taken. The current CSE Central Office audit now shows this office at an 85.71% compliance rate.

The use of calendared alerts has changed the 90 day service rate also. Education on the required time frames has improved our rating as shown in the 85.71% rating in establishment and in the 100% rating in expedited service.

06-3 – U.S. Department of Health and Human Services

Child Support Enforcement, CFDA 93.563

Corrective Action:

Educating the case managers of the required time frames has and will continue to increase our actions in working cases. The current CSE Central Office shows the child support office has a rating of 100% in review and adjustments. Better use of the automated alerts from NOMADS and from the case manager's created alerts will increase the child support office's action in meeting the required time frames.

06-4 – U.S. Department of Housing and Urban Development

Community Development Block Grants / Entitlement Grant, CFDA 14.218

In response to this finding, the City will implement the following procedures:

1. Employees who charge a portion of their salaries and benefits to federal programs will include a distribution on their bi-weekly timesheet that outlines the time spent on the federal program versus all other activities.

December 12, 2006

2. The timesheet will be signed by the employee certifying the accuracy of the information.

This corrective action will be implemented immediately to improve the City's internal control over compliance with requirements applicable to federal programs and compliance with the types of compliance requirements applicable to its federal programs.

**CARSON CITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2006**

There were no findings for the year ended June 30, 2005.



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

Independent Accountant's Report on
Nevada Revised Statute 354.6241

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

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

- The identified funds are being used expressly for the purposes for which they were created,
- The funds are administered in accordance with accounting principles generally accepted in the United States of America,
- The reserved fund balances/net assets in the funds were reasonable and necessary to carry out the purposes of the funds at June 30, 2006 (based on the interpretation of reasonable and necessary provided by the Legislative Counsel Bureau),
- The sources of revenues, including transfers, available for the funds are as noted in the financial statements,
- The funds conformed to significant statutory and regulatory constraints on their financial administration during the year ended June 30, 2006 (except as previously noted under statute compliance in Note 2B to the financial statements),
- The balance and net assets of the funds are as noted in the financial statements.

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

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

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

Kafoury, Armstrong & Co.

Reno, Nevada
November 22, 2006

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AUDITOR'S COMMENTS

STATUTE COMPLIANCE

The required disclosure on compliance with Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 2B to the financial statements.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

The City monitored expenditures during the current year in order to prevent overexpenditures; however, refer to Note 2B to the financial statements.

PRIOR YEAR RECOMMENDATIONS

There were no recommendations made in the audit report for the year ended June 30, 2005.

CURRENT YEAR RECOMMENDATIONS

We did not find any financial weaknesses of a magnitude to justify inclusion within our audit report.

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CARSON CITY
SCHEDULE OF FEES IMPOSED
SUBJECT TO THE PROVISIONS OF NRS 354.5989
LIMITATION OF FEES FOR BUSINESS LICENSES
FOR THE YEAR ENDED JUNE 30, 2006

Flat Fixed Fees:	
Business license revenue adjusted base at June 30, 2005	<u>\$ 941,537</u>
Adjustment to Base:	
Base	
1. Percentage increase in population of the local government	1.6769%
2. Percentage increase in the Consumer Price Index for the year ending on December 31 next preceding the year for which the limit is being calculated	<u>3.3000%</u>
	<u>4.9769%</u>
	<u>46,859</u>
Adjusted Base at June 30, 2006	988,396
Actual Revenue Fiscal 2005-06	<u>808,744</u>
Amount Over (Under) Allowable Amount	<u><u>\$ (179,652)</u></u>