

Item # 11c

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

**Date Submitted:** 12/11/07

**Agenda Date Requested:** 12/20/07

**Time Requested:** 20 minutes

**To:** Mayor and Supervisors

**From:** Linda Ritter, City Manager

**Subject Title:** Action to accept the Carson City Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007.

**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, 2007.

**Explanation of Recommended Board Action:** The Carson City Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007 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, 2007.

Prepared By: Nancy Paulson

Reviewed By: \_\_\_\_\_  
(Department Head)

Date: \_\_\_\_\_

: *Linda Pfeiffer*  
(City Manager)

Date: 12-11-07

: *Melanie Burkett*  
(District Attorney)

Date: 12-11-07

: *Julie Shumaker*  
(Finance Director)

Date: 12/11/07

**Board Action Taken:**

Motion: \_\_\_\_\_

- 1) \_\_\_\_\_
- 2) \_\_\_\_\_

Aye/Nay

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Vote Recorded By)



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***CARSON CITY, NEVADA***

***COMPREHENSIVE ANNUAL  
FINANCIAL REPORT***

***YEAR ENDED JUNE 30, 2007***

# CARSON CITY, NEVADA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2007

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## **INTRODUCTORY SECTION**

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# CARSON CITY, NEVADA

CONSOLIDATED MUNICIPALITY AND STATE CAPITAL

November 30, 2007

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, 2007, 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, 2007. 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.

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

**DEPARTMENT OF FINANCE**

201 North Carson Street, Suite #3 • 89701 • (775) 887-2133

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 57,701 as of July 1, 2007. 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 \$4,095,153,171 and an assessed value of \$1,433,303,610.

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.

### **LOCAL ECONOMY**

Carson City is located in the Northwestern part of the State. Nevada's rate of growth in population is one of the highest in the country and is expected to continue over the next several years. The Nevada State Demographer reported a 1% increase in Carson City's population between July 1, 2005 and July 1, 2006. Looking at the past 5 years, Carson City's growth rate has averaged 1.5% per year. Neighboring counties are experiencing much higher growth rates. Douglas County saw an increase of 3% and Lyon County experienced an increase of 10.6% in population between 2005 and 2006. This growth in the region provides a positive impact on economic activity as Carson City serves as a service center for the

region. 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.

The real estate slow down 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 taxes revenues, were \$1.8 million less than the final budget. Planned expenditures were reduced during the last half of 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 \$6,604,317. Of this amount, \$4.85 million is unspent incentives for business retention and recruitment that will be carried over to the next fiscal year. The remaining balance of \$1.75 million is evidence that these mid year reductions effectively offset 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. Continued declines in sales tax revenues could bring about the need to draw from the Stabilization Fund in Fiscal Year 2007/2008 in order to maintain public service levels.

The assessed valuation of Carson City continues to increase. 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 exceeded \$7 million in FY 2007/2008.

When compiling the budget for FY 2007/08, it was determined that there was an urgent need for two deputy sheriff positions and one deputy district attorney. In order to fund these positions and to help offset the loss in sales tax revenues experienced in FY 2006/2007 an increase in franchise fees was approved. This increase was made effective August 1, 2007. No further increases in franchise fees can be approved until fiscal 2009/2010.

## **LONG-TERM FINANCIAL PLANNING**

During FY 2006/2007, 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 expenses in the Carson City Sanitary Landfill Fund. These excess revenues will be used to fund economic development activities, capital expenditures and replenishment of the Stabilization Fund.

Carson City remains very active in recruiting retail development in order to enhance the sales tax base. So far in FY 2007/2008, development agreements have been reached with a retail developer to fill a vacant big box. This follows a development agreement approved in FY 2006/2007 with a local auto dealer that will provide for a new automotive retail store. Both of these will provide enhancement of our 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**

Planning is now underway for a new Recreation Center. This facility will be funded through prior and future debt supported by the Quality of Life Initiative which is a 1/4% sales tax levy. Partnership agreements with other organizations are being pursued in order to maximize use and share expenses for the facility.

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 has been funded by the State of Nevada. This extension of the Carson Freeway from Highway 50 to Fairview Drive also requires relocation of Carson City utilities. These improvements have been 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.

### **FINANCIAL 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, described earlier, 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, 2007 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.

**BUDGETARY CONTROLS.** 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.

**CASH MANAGEMENT.** Cash temporarily idle during the year was invested in U.S. Government Securities, corporate bonds and the State of Nevada Local Government Investment Pool. The City follows the pooled cash concept which allows greater investment flexibility and greater investment returns. As of June 30, 2007, the City had total cash investments of \$99,749,318.

**RISK MANAGEMENT.** Carson City insures a portion of its risks and self-funds other. Property damage, general liability, law, errors and omissions, and auto are insured subject to a \$100,000 deductible per occurrence and, therefore, claims under \$100,000 are funded by the City. Other coverage currently held by the City includes applicable airport liability, boiler and machinery, and bonds for public officials. In addition, certain automobile damages are self-insured by the City. The Insurance Fund (an internal service fund) is used for the purpose of those self-insured areas discussed above and funding insurance premiums. Reserves are being accumulated to protect against future liability claims against the City as resources are available.

As of July 1, 2003, Carson City elected to become a member of the Public Agency Compensation Trust (PACT) for workers' compensation. The City pays an annual premium and there are no deductibles. The PACT is considered a self-sustaining risk pool that will provide coverage for its members based on established statutory limits. The Pool obtains independent coverage for insured events in excess of these limits. The City retains liability for claims for the period from July 1, 1992 to June 30, 2003 when the City was self-insured. The Workers' Compensation Fund (an internal service fund) is used to account for the payment of insurance premiums and for funding the liability for the period when the City was self-insured.

## **OTHER INFORMATION**

**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, 2006. 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 seventeen 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 "Linda Ritter", with a large, stylized initial "L".

Linda Ritter  
City Manager/Acting 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, 2006

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



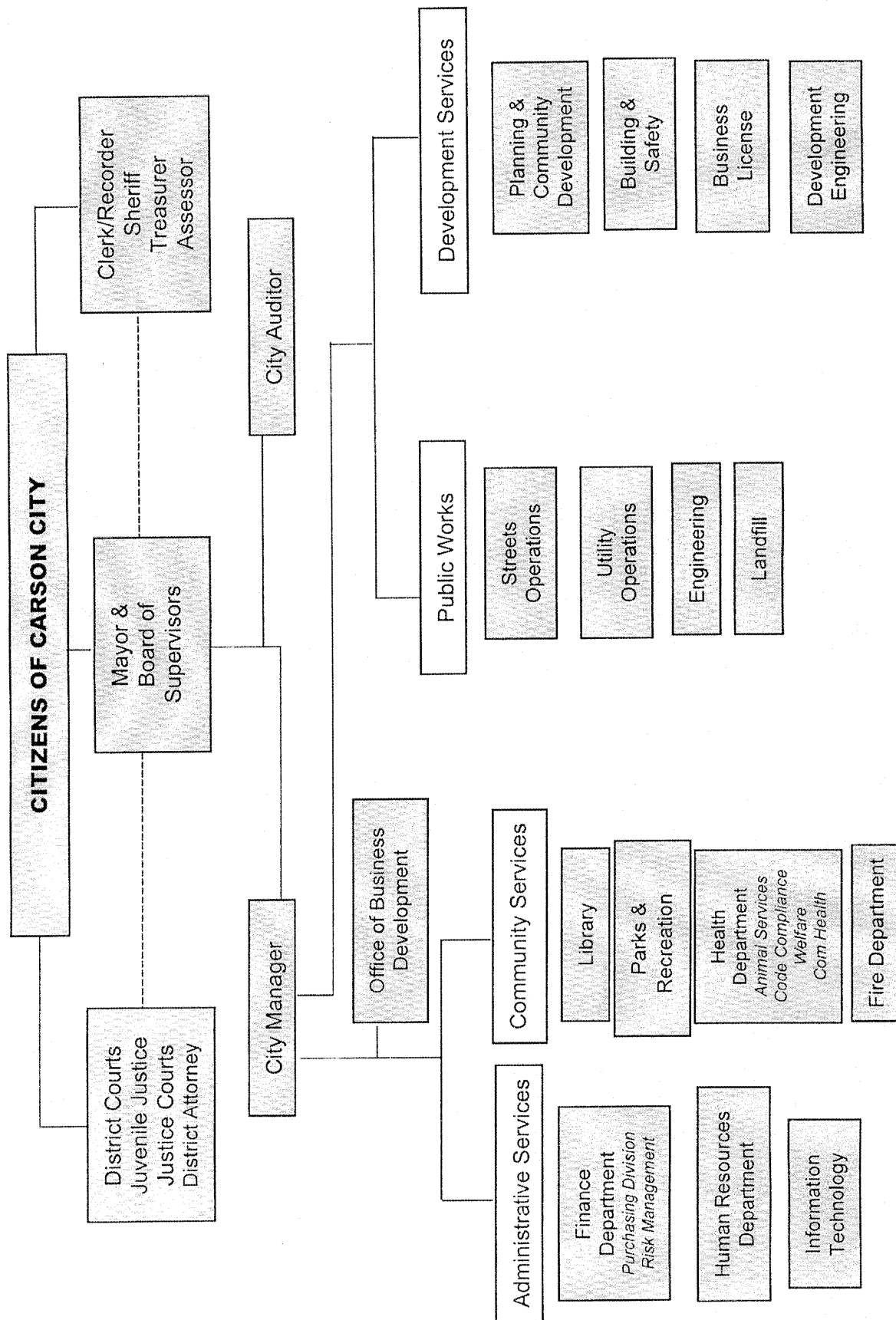
A handwritten signature in black ink, appearing to read "Thomas J. Blain".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enner".

Executive Director

# Carson City Organizational Chart



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**CARSON CITY**  
**LISTING OF PRINCIPAL OFFICIALS**  
**FY 2007**

---

| <b>TITLE</b>                               | <b>NAME</b>            |
|--|------------------------|
| Mayor                                      | Marv Teixeira          |
| Supervisor, Ward 1                         | Robin Williamson       |
| Supervisor, Ward 2                         | Shelly Aldean          |
| Supervisor, Ward 3                         | Pete Livermore         |
| Supervisor, Ward 4                         | Richard Staub          |
| Assessor                                   | Dave Dawley            |
| Treasurer                                  | Al Kramer              |
| District Attorney                          | Neil Rombardo          |
| District Court I                           | Judge James T. Russell |
| District Court II                          | Judge William Maddox   |
| Justice of the Peace                       | Judge Robey Willis     |
| Justice of the Peace                       | Judge John Tatro       |
| Clerk-Recorder                             | Alan Glover            |
| Sheriff                                    | Ken Furlong            |
| City Manager                               | Linda Ritter           |
| Finance Director/Risk Manager              | Vacant                 |
| Information Services Director              | Kevin Haggerty         |
| Community Development Director             | Walter Sullivan        |
| Economic/Redevelopment Manager             | Joe McCarthy           |
| Library Director                           | Sara Jones             |
| Health Director                            | Vicky Fogelman         |
| Juvenile Special Master                    | David Nielsen          |
| Chief Juvenile Probation Officer           | John Simms             |
| Parks and Recreation Director              | Roger Moellendorf      |
| Fire Chief                                 | Stacey Giomi           |
| City Auditor                               | Susan Johnson          |
| Senior Center Director                     | Janice McIntosh        |
| Human Resources Director                   | Ann Silver             |
| Public Works Director                      | Andrew Burnham         |
| Development Services Director/Public Works | Larry Werner           |
| Public Works Operation Manager             | Ken Arnold             |
| Transportation Program Manager             | Patrick Pittenger      |
| Chief Building Official                    | Kevin Gattis           |

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**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, 2007, 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, 2007, 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 Airport Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2007 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 3L is not a required part of the basic financial statements but is 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, 2007

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## 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, 2007. 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 \$251,298,528 (*net assets*). Of this amount, \$14,440,598 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$26,189,004. Approximately, half of this increase is attributable to capital assets contributed by developers, connection fees in the Sewer and Water funds and investment earnings. The remaining increase is due to capital grants related to airport development.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$57,678,274, a decrease of \$8,094,292 in comparison with the prior year. \$56,872,319 is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$10,881,718, or 21 percent of total General Fund expenditures.
- The City's total bonded debt increased by \$3,621,614 (3 percent) during the current fiscal year. The key factor in this increase was the issuance of general obligation revenue bonds in the amount of \$10,047,500 for the Water Fund.

### 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, health, welfare, community support, airport, economic opportunity, and culture and recreation. The business-type activities of the City include water, sewer, ambulance, cemetery, landfill, 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 Airport Fund all 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 Airport 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, landfill, 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 and sewer operations, both 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 five enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor funds is provided in the form of *combining and individual fund statements and schedules* elsewhere in this report. Individual fund data for the internal service funds is provided in the form of *combining and individual fund statements and schedules* elsewhere in this report.

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

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

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-53 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 54-156 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 \$251,298,528 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (81 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 activities |               | Business-type activities |               | Total          |                |
|---|-------------------------|---------------|--------------------------|---------------|----------------|----------------|
|   | 2007                    | 2006          | 2007                     | 2006          | 2007           | 2006           |
| Current and other assets                        | \$ 77,298,334           | \$ 79,348,431 | \$ 33,392,976            | \$ 29,190,919 | \$ 110,691,310 | \$ 108,539,350 |
| Capital assets                                  | 172,286,623             | 107,029,699   | 132,763,549              | 124,984,936   | 305,050,172    | 232,014,635    |
| Total assets                                    | 249,584,957             | 186,378,130   | 166,156,525              | 154,175,855   | 415,741,482    | 340,553,985    |
| Long-term liabilities outstanding               | 87,421,893              | 90,341,400    | 60,443,337               | 54,281,538    | 147,865,230    | 144,622,938    |
| Other liabilities                               | 13,899,698              | 8,706,417     | 2,678,026                | 2,825,859     | 16,577,724     | 11,532,276     |
| Total liabilities                               | 101,321,591             | 99,047,817    | 63,121,363               | 57,107,397    | 164,442,954    | 156,155,214    |
| Net assets:                                     |                         |               |                          |               |                |                |
| Invested in capital assets, net of related debt | 120,602,072             | 65,849,092    | 84,123,860               | 78,129,888    | 204,725,932    | 143,978,980    |
| Restricted                                      | 29,389,902              | 24,871,291    | 2,742,096                | 2,598,135     | 32,131,998     | 27,469,426     |
| Unrestricted                                    | (1,728,608)             | (3,390,070)   | 16,169,206               | 16,340,435    | 14,440,598     | 12,950,365     |
| Total net assets                                | \$ 148,263,366          | \$ 87,330,313 | \$ 103,035,162           | \$ 97,068,458 | \$ 251,298,528 | \$ 184,398,771 |

An additional portion of the City's net assets (13 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$14,440,598) 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. This was the same as the prior fiscal year.

The City's net assets increased \$26,189,004 during the current fiscal year. The majority of this increase is attributable to an increase in capital grants and contributions in the airport and public works functions and a decrease in community support expenditures in the governmental activities. The remaining increase was the result of investment income in the governmental and business-type activities and capital assets contributed by developers and connection fees in the Sewer and Water Funds.

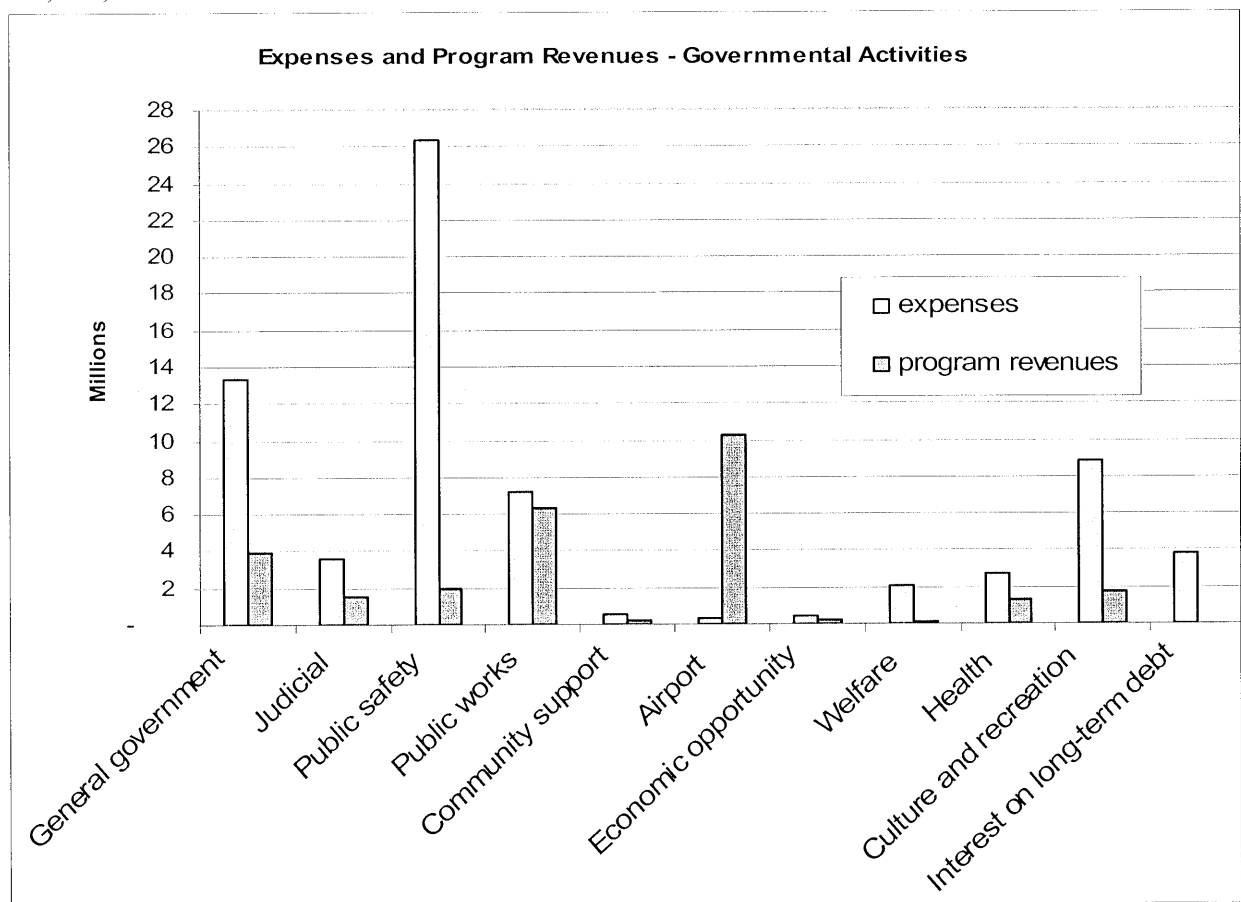
### Carson City's Changes in Net Assets

|  | Governmental<br>Activities |               | Business-type<br>Activities |               | Total          |                |
|--|----------------------------|---------------|-----------------------------|---------------|----------------|----------------|
|  | 2007                       | 2006          | 2007                        | 2006          | 2007           | 2006           |
| Revenues:  |                            |               |                             |               |                |                |
| Program revenues:  |                            |               |                             |               |                |                |
| Charges for services                                     | \$ 7,194,480               | \$ 7,249,876  | \$ 22,492,588               | \$ 19,894,278 | \$ 29,687,068  | \$ 27,144,154  |
| Operating grants and contributions                       | 6,129,717                  | 8,678,963     | -                           | 12,538        | 6,129,717      | 8,691,501      |
| Capital grants and contributions                         | 14,492,662                 | 51,789        | 6,462,247                   | 7,000,395     | 20,954,909     | 7,052,184      |
| General revenues:  |                            |               |                             |               |                |                |
| Property taxes   | 16,538,908                 | 14,842,941    | -                           | -             | 16,538,908     | 14,842,941     |
| Other taxes  | 42,298,650                 | 42,221,901    | -                           | -             | 42,298,650     | 42,221,901     |
| Other  | 3,777,575                  | 2,895,146     | 1,319,813                   | 476,360       | 5,097,388      | 3,371,506      |
| Total Revenues   | 90,431,992                 | 75,940,616    | 30,274,648                  | 27,383,571    | 120,706,640    | 103,324,187    |
| Expenses:  |                            |               |                             |               |                |                |
| General government                                       | 13,329,480                 | 15,920,465    | -                           | -             | 13,329,480     | 15,920,465     |
| Judicial   | 3,656,007                  | 3,505,076     | -                           | -             | 3,656,007      | 3,505,076      |
| Public safety  | 26,333,209                 | 25,401,443    | -                           | -             | 26,333,209     | 25,401,443     |
| Public works   | 7,205,824                  | 7,205,695     | -                           | -             | 7,205,824      | 7,205,695      |
| Community support  | 552,307                    | 15,427,942    | -                           | -             | 552,307        | 15,427,942     |
| Airport  | 348,318                    | 85,514        | -                           | -             | 348,318        | 85,514         |
| Economic opportunity                                     | 485,422                    | 4,466,036     | -                           | -             | 485,422        | 4,466,036      |
| Welfare  | 2,074,309                  | 2,038,709     | -                           | -             | 2,074,309      | 2,038,709      |
| Health   | 2,736,463                  | 1,808,078     | -                           | -             | 2,736,463      | 1,808,078      |
| Culture and recreation                                   | 8,897,085                  | 8,885,644     | -                           | -             | 8,897,085      | 8,885,644      |
| Interest and fiscal charges                              | 3,844,651                  | 3,078,771     | -                           | -             | 3,844,651      | 3,078,771      |
| Landfill   | -                          | -             | 2,057,836                   | 1,889,185     | 2,057,836      | 1,889,185      |
| Ambulance  | -                          | -             | 3,314,417                   | 3,159,589     | 3,314,417      | 3,159,589      |
| Sewer  | -                          | -             | 7,751,960                   | 7,592,212     | 7,751,960      | 7,592,212      |
| Water  | -                          | -             | 9,143,663                   | 8,228,357     | 9,143,663      | 8,228,357      |
| Cemetery   | -                          | -             | 201,439                     | 214,107       | 201,439        | 214,107        |
| Building Permits   | -                          | -             | 1,724,380                   | 1,629,333     | 1,724,380      | 1,629,333      |
| Stormwater Drainage                                      | -                          | -             | 860,866                     | 745,178       | 860,866        | 745,178        |
| Total Expenses   | 69,463,075                 | 87,823,373    | 25,054,561                  | 23,457,961    | 94,517,636     | 111,281,334    |
| Increase (decrease) in net assets<br>before transfers    | 20,968,917                 | (11,882,757)  | 5,220,087                   | 3,925,610     | 26,189,004     | (7,957,147)    |
| Transfers  | (746,617)                  | (2,169,833)   | 746,617                     | 2,169,833     | -              | -              |
| Increase (decrease) in net assets                        | 20,222,300                 | (14,052,590)  | 5,966,704                   | 6,095,443     | 26,189,004     | (7,957,147)    |
| Net assets - July 1, as Previously<br>Reported           | 87,330,313                 | 101,382,903   | 97,068,458                  | 92,330,531    | 184,398,771    | 193,713,434    |
| Cumulative effect of a change in<br>accounting principle | 40,710,753                 | -             | -                           | -             | 40,710,753     | -              |
| Prior period adjustment - error<br>correction            | -                          | -             | -                           | (1,357,516)   | -              | (1,357,516)    |
| Net assets - July 1, as Adjusted                         | 128,041,066                | 101,382,903   | 97,068,458                  | 90,973,015    | 225,109,524    | 192,355,918    |
| Net assets - June 30                                     | \$148,263,366              | \$ 87,330,313 | \$103,035,162               | \$ 97,068,458 | \$ 251,298,528 | \$ 184,398,771 |

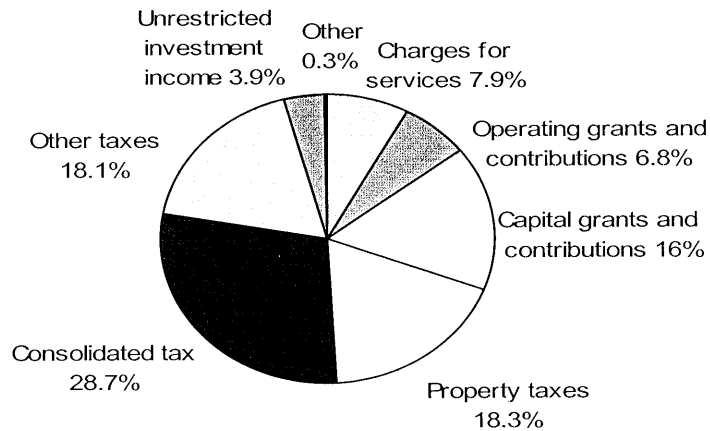
**Governmental activities.** Governmental activities increased the City's net assets by \$20,222,300, an increase of \$34,274,890 from the prior year. Key elements of the change from prior year are as follows:

- \$14 million decrease in community support expenditures due to an inter-local grant in the prior year to the Nevada Commission for the Reconstruction of the V & T Railway from the proceeds of bonds issued by the City for the Virginia and Truckee Railroad Project.
- Capital grants and contributions increased \$14.3 million over the prior year due to contributions of infrastructure from developers and the receipt of \$10 million in federal and local grants for airport development.
- Unrestricted investment income increased \$2.2 million from the prior year due to an increase in the fair value of investments as well as increased investment earnings in the current year.

Program revenues for governmental activities provided 40 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 \$25,944,779 and property taxes of \$16,538,908.



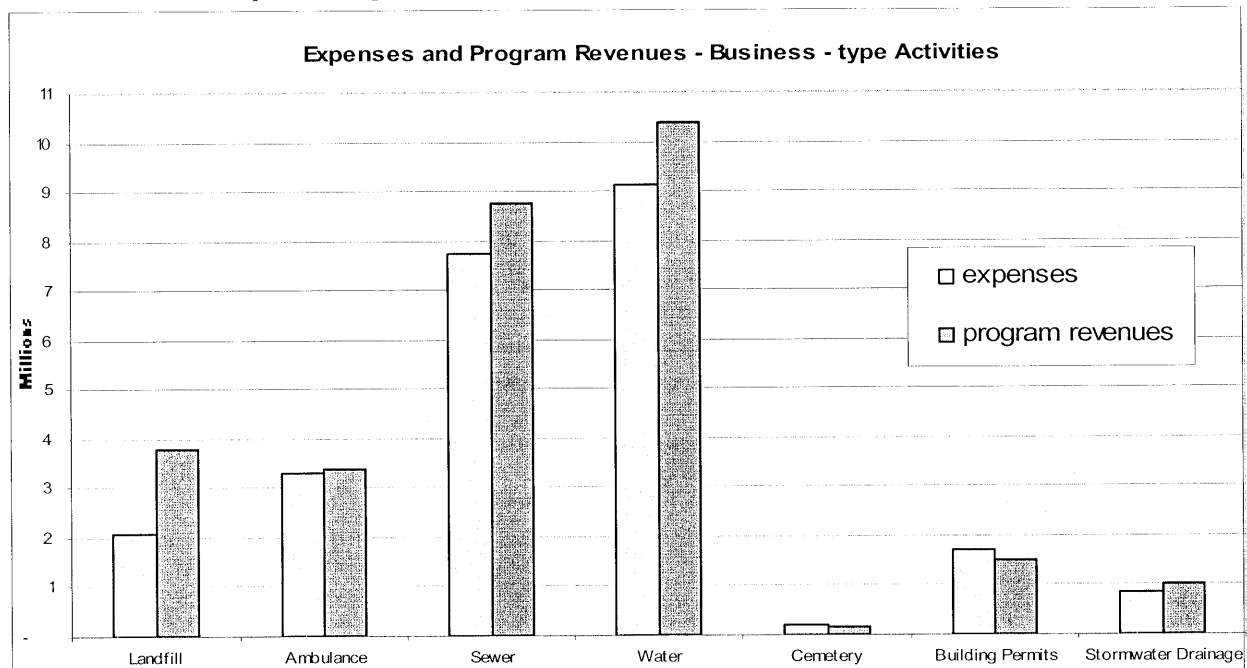
### Revenues by Source - Governmental Activities



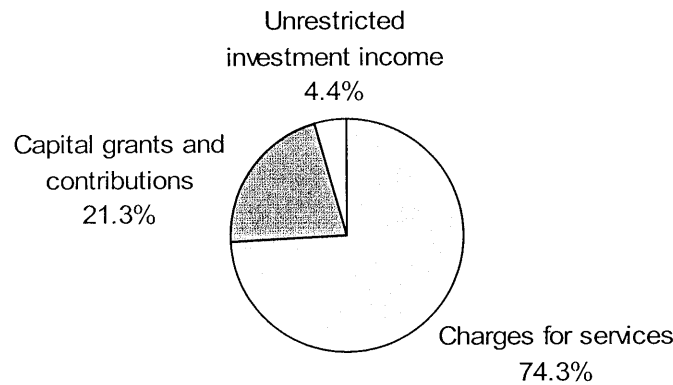
**Business-type activities.** Business-type activities increased the City's net assets by \$5,966,704, a decrease of \$128,739 from the prior year. Key elements of this decrease are as follows:

- \$512,000 decrease in transfers in from governmental activities due to the completion of Waterfall Fire projects in the prior year.
- \$984,000 decrease in capital assets transferred from governmental activities.
- \$240,000 increase in capital grants for various projects.
- \$975,000 increase in landfill revenues due to an increase in rates during the current year.
- \$790,000 decrease in capital assets contributed by developers and connection fees in the Sewer and Water funds.
- Unrestricted investment earnings increased by \$840,000 from the prior year due to an increase in the fair value of investments as well as increased investment earnings in the current year.

Sewer and water expenses represent 67 percent of total expenses for business-type activities.



### Revenues by Source - 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 \$57,678,274, a decrease of \$8,094,292 in comparison with the prior year. Of this total amount, \$56,872,319 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. 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 (\$317,767), 2) for judicial programs (\$423,836), or 3) for prepaid items and inventory (\$64,352).

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 \$10,881,718, while total fund balance reached \$11,674,720. 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 21 percent of total General Fund expenditures, while total fund balance represents 22 percent of that same amount.

The fund balance of the City's General Fund increased by \$775,857 during the current fiscal year, an increase of \$1,475,975 from the prior year. Key elements of the change from prior year are as follows:

- Property taxes increased by \$1.3 million over the prior year as a result of an increase in property tax rates and assessed valuation.

- Transfers in decreased by \$2 million from the prior year. This was offset by a decrease in expenditures in the economic opportunity function related to incentives for business retention and recruitment in the automotive sector.
- Transfers out decreased by \$1.2 million from the prior year. Most of this decrease is due to a prior year transfer of \$1.15 million to the Capital Facilities Fund for the sheriff administration building.
- Miscellaneous revenue increased \$600,000 over the prior year due to an increase in the fair value of investments as well as increased investment earnings in the current year.

The Quality of Life Fund has a total fund balance of \$17,788,630, all of which is unreserved. The fund balance increased by \$610,593 during the current fiscal year, a decrease of \$3,595,605 from the prior year. This decrease is due to the sale of land in the prior year for \$3.6 million.

The Airport Fund received \$10 million in federal and local grants in the current year for airport development.

***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 \$5,510,995 in the Sewer Fund and \$7,528,633 for the Water Fund. The total growth in net assets for the funds was \$1,396,446 and \$1,716,366, respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

### **General Fund Budgetary Highlights**

Budgeted appropriations increased \$5,973,202 between the original budget and the final amended budget. The increase can be briefly summarized as follows:

- \$4.85 million increase in appropriations for economic development to fund incentives for business retention and recruitment in the automotive sector.
- Carryover of program costs from the prior year budget amounting to \$314,451 allocated to various departments.
- \$634,234 increase in various department appropriations offset by increases in charges for services, intergovernmental revenues, investment income and donations.

Of this increase, \$209,000 was funded from charges for services, \$425,000 was funded from intergovernmental revenues, grants and donations, and investment income. The remaining \$5.2 was to be budgeted from available fund balance.

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

- There was \$4.85 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 \$1.8 million less than the final budget due to a decline in consolidated tax revenues.

## 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, 2007, amounts to \$305,050,172 (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 12 percent (a 16.6 percent increase for governmental activities and a 6.2 percent increase for business-type activities). Net capital assets for FY 2006 have been increased by \$40,710,753 for the retroactive reporting of major general infrastructure assets. For more detail see Note 4-F in the notes to financial statements.

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

- Donated infrastructure (streets, curb and gutter) from developers was valued at \$4.3 million.
- \$8.3 million for the construction of the sheriff administration building.
- \$717,000 for the acquisition of two fire engines.
- \$10 million land purchase for airport development.
- \$705,000 land purchase for open space.
- \$800,000 for storm drain project and asphalt replacement at park facility.
- A variety of street construction projects are on-going, such as widening and expansion projects, at a cost of approximately \$1.4 million.
- \$3 million for storm drainage projects.
- \$4 million for various sewer projects.
- \$2 million for various water projects.

### Carson City's Capital Assets (net of depreciation)

|   | Governmental Activities |               | Business-type activities |               | Total         |               |
|---|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
|   | 2007                    | 2006          | 2007                     | 2006          | 2007          | 2006          |
| Land                                    | \$ 29,208,402           | \$ 18,228,791 | \$ 3,076,948             | \$ 3,076,948  | \$ 32,285,350 | \$ 21,305,739 |
| Construction in progress/infrastructure | 2,851,150               | 1,300,249     | -                        | -             | 2,851,150     | 1,300,249     |
| Construction in progress                | 11,144,673              | 5,984,619     | 14,296,881               | 15,642,654    | 25,441,554    | 21,627,273    |
| Buildings                               | 47,264,119              | 48,718,514    | 9,563,288                | 9,815,627     | 56,827,407    | 58,534,141    |
| Improvements other than buildings       | 13,279,985              | 13,054,269    | 93,317,291               | 84,968,832    | 106,597,276   | 98,023,101    |
| Machinery and equipment                 | 10,715,540              | 9,219,069     | 4,501,881                | 3,473,615     | 15,217,421    | 12,692,684    |
| Infrastructure                          | 57,822,754              | 51,234,941    | -                        | -             | 57,822,754    | 51,234,941    |
| Water rights                            | -                       | -             | 8,007,260                | 8,007,260     | 8,007,260     | 8,007,260     |
| Total                                   | \$172,286,623           | \$147,740,452 | \$132,763,549            | \$124,984,936 | \$305,050,172 | \$272,725,388 |

Additional information on the City's capital assets can be found in note 3-B on pages 40-43 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$136,834,536. Of this amount, \$131,694,536 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<br>Activities |              | Business-type<br>activities |              | Total         |               |
|--------------------------|----------------------------|--------------|-----------------------------|--------------|---------------|---------------|
|                          | 2007                       | 2006         | 2007                        | 2006         | 2007          | 2006          |
| General obligation bonds | \$74,574,351               | \$76,884,293 | \$57,120,185                | \$50,968,629 | \$131,694,536 | \$127,852,922 |
| Revenue bonds            | 5,140,000                  | 5,360,000    | -                           | -            | 5,140,000     | 5,360,000     |
| Total                    | \$79,714,351               | \$82,244,293 | \$57,120,185                | \$50,968,629 | \$136,834,536 | \$133,212,922 |

The City's total bonded debt increased by \$3,621,614 (3 percent) during the current fiscal year. The key factor in this increase was the issuance of general obligation revenue bonds in the amount of \$10,047,500 for the Water Fund.

During the current fiscal year, the City refinanced some of its existing debt to take advantage of favorable interest rates. The City entered into a general obligation bond refinancing that is expected to decrease annual debt service payments over the next several years.

The City maintains an "A+" rating from Standard & Poor's and an "A1" rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue up to 15 percent of its total assessed valuation. The current debt limitation for the City is \$219,896,382, 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 45-50 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

- The City's unemployment rate was 5% at June 30, 2007, which is an increase from a rate of 4.8% a year ago. The national and state unemployment rates were both 4.7% at June 30, 2007.
- The City's assessed value grew 19 percent in fiscal 2006-07 to 1.433 billion and 12 percent in fiscal 2007-08 to 1.612 billion.
- Continued reductions in sales tax revenue are anticipated for FY 2007-08.

All of these factors were considered in preparing the City's budget for the 2008 fiscal year.

During the current fiscal year, unreserved fund balance in the General Fund increased \$850,336 to \$10,881,718. The City has appropriated \$5,385,581 of this amount for spending in the 2008 fiscal year budget.

When compiling the budget for FY 07-08, it was determined that there was an urgent need for two deputy sheriff positions and one deputy district attorney. In order to fund these positions and to help offset the loss in sales tax revenues experienced in FY 06-07 an increase in franchise fees was approved. This increase was made effective August 1, 2007. No further increases in franchise fees can be approved until FY 09-10.

## **Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

**CARSON CITY**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2007**

|   | PRIMARY GOVERNMENT         |                             |                |
|---|----------------------------|-----------------------------|----------------|
|   | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL          |
| ASSETS  |                            |                             |                |
| Cash and investments                                  | \$ 58,478,057              | \$ 24,526,062               | \$ 83,004,119  |
| Receivables (net of allowances<br>for uncollectibles) | 2,416,710                  | 3,005,007                   | 5,421,717      |
| Due from other governments                            | 13,203,437                 | 2,362,643                   | 15,566,080     |
| Due from component units                              | 262,636                    | -                           | 262,636        |
| Due from primary government                           | -                          | -                           | -              |
| Internal balances                                     | 196,530                    | (196,530)                   | -              |
| Inventories   | 91,512                     | 303,839                     | 395,351        |
| Prepays   | 597,112                    | 17,570                      | 614,682        |
| Restricted assets:                                    |                            |                             |                |
| Cash and investments                                  | 1,003,905                  | 2,915,266                   | 3,919,171      |
| Other assets  | 1,048,435                  | 459,119                     | 1,507,554      |
| Capital assets (net of<br>accumulated depreciation):  |                            |                             |                |
| Land  | 29,208,402                 | 3,076,948                   | 32,285,350     |
| Construction in progress - infrastructure             | 2,851,150                  | -                           | 2,851,150      |
| Construction in progress                              | 11,144,673                 | 14,296,881                  | 25,441,554     |
| Buildings   | 47,264,119                 | 9,563,288                   | 56,827,407     |
| Improvements other than buildings                     | 13,279,985                 | 93,317,291                  | 106,597,276    |
| Machinery and equipment                               | 10,715,540                 | 4,501,881                   | 15,217,421     |
| Infrastructure  | 57,822,754                 | -                           | 57,822,754     |
| Water rights  | -                          | 8,007,260                   | 8,007,260      |
| Total Assets  | 249,584,957                | 166,156,525                 | 415,741,482    |
| LIABILITIES   |                            |                             |                |
| Accounts payable and accrued expenses                 | 5,899,908                  | 1,708,927                   | 7,608,835      |
| Accrued interest payable                              | 895,943                    | 341,992                     | 1,237,935      |
| Due to other governments                              | 345,302                    | 165,272                     | 510,574        |
| Due to component units                                | 153,336                    | -                           | 153,336        |
| Due to primary government                             | -                          | -                           | -              |
| Unearned revenue                                      | 174,999                    | 273,360                     | 448,359        |
| Other liabilities                                     | 5,485,827                  | 15,305                      | 5,501,132      |
| Current liabilities payable from restricted assets    | 944,383                    | 173,170                     | 1,117,553      |
| Noncurrent liabilities:                               |                            |                             |                |
| Due within one year                                   | 3,409,080                  | 3,371,174                   | 6,780,254      |
| Due in more than one year                             | 84,012,813                 | 57,072,163                  | 141,084,976    |
| Total Liabilities                                     | 101,321,591                | 63,121,363                  | 164,442,954    |
| NET ASSETS  |                            |                             |                |
| Invested in capital assets, net of related debt       | 120,602,072                | 84,123,860                  | 204,725,932    |
| Restricted for:                                       |                            |                             |                |
| General government                                    | 123,056                    | -                           | 123,056        |
| Public safety   | 343,782                    | -                           | 343,782        |
| Judicial  | 262,140                    | -                           | 262,140        |
| Public works  | 10,798,560                 | -                           | 10,798,560     |
| Health  | 155,294                    | -                           | 155,294        |
| Culture and recreation                                | 14,016,522                 | -                           | 14,016,522     |
| Capital projects                                      | 782,794                    | -                           | 782,794        |
| Debt service  | 200,000                    | -                           | 200,000        |
| Claims  | 2,707,754                  | -                           | 2,707,754      |
| Emergency replacement                                 | -                          | 2,742,096                   | 2,742,096      |
| Unrestricted  | (1,728,608)                | 16,169,206                  | 14,440,598     |
| Total Net Assets                                      | \$ 148,263,366             | \$ 103,035,162              | \$ 251,298,528 |

| COMPONENT UNITS      |                                       |
|----------------------|---------------------------------------|
| AIRPORT<br>AUTHORITY | CONVENTION<br>AND VISITORS'<br>BUREAU |
| \$ 737,310           | \$ 1,430,167                          |
| 8,538                | 190,983                               |
| 400                  | 42,436                                |
| -                    | -                                     |
| 153,336              | -                                     |
| -                    | -                                     |
| -                    | 15,212                                |
| 8,767                | 330                                   |
| -                    | 94,919                                |
| 232,613              | -                                     |
| 146,542              | -                                     |
| -                    | -                                     |
| -                    | -                                     |
| -                    | 87,618                                |
| -                    | 1,453                                 |
| 64,087               | 14,619                                |
| -                    | -                                     |
| -                    | -                                     |
| <u>1,351,593</u>     | <u>1,877,737</u>                      |
| 8,115                | 73,945                                |
| -                    | -                                     |
| -                    | 11,799                                |
| -                    | -                                     |
| 249,686              | 12,950                                |
| 2,468                | -                                     |
| -                    | -                                     |
| -                    | 94,919                                |
| 15,364               | -                                     |
| <u>666,877</u>       | <u>67,601</u>                         |
| <u>942,510</u>       | <u>261,214</u>                        |
| 210,629              | 103,690                               |
| -                    | 1,390                                 |
| -                    | -                                     |
| -                    | -                                     |
| -                    | -                                     |
| -                    | -                                     |
| -                    | 401,234                               |
| -                    | -                                     |
| -                    | 309,366                               |
| -                    | -                                     |
| -                    | -                                     |
| <u>198,454</u>       | <u>800,843</u>                        |
| <u>\$ 409,083</u>    | <u>\$ 1,616,523</u>                   |

See accompanying notes

**CARSON CITY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2007**

| FUNCTIONS/PROGRAMS   | EXPENSES      | PROGRAM REVENUES     |                                    |                                  |
|--|---------------|----------------------|------------------------------------|----------------------------------|
|  |               | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS |
| Primary government:  |               |                      |                                    |                                  |
| Governmental Activities:                                     |               |                      |                                    |                                  |
| General government   | \$ 13,329,480 | \$ 2,927,954         | \$ 1,024,890                       | \$ -                             |
| Judicial   | 3,656,007     | 1,532,800            | 26,603                             | -                                |
| Public safety  | 26,333,209    | 869,747              | 1,073,731                          | 24,000                           |
| Public works   | 7,205,824     | 351,854              | 1,728,077                          | 4,280,671                        |
| Community support  | 552,307       | -                    | 179,915                            | -                                |
| Airport  | 348,318       | -                    | 301,583                            | 10,027,533                       |
| Economic opportunity   | 485,422       | -                    | 234,127                            | -                                |
| Welfare  | 2,074,309     | -                    | 154,380                            | -                                |
| Health   | 2,736,463     | 196,846              | 1,155,330                          | -                                |
| Culture and recreation                                       | 8,897,085     | 1,315,279            | 251,081                            | 160,458                          |
| Debt Service:  |               |                      |                                    |                                  |
| Interest and fiscal charges                                  | 3,844,651     | -                    | -                                  | -                                |
| Total Governmental Activities                                | 69,463,075    | 7,194,480            | 6,129,717                          | 14,492,662                       |
| Business-Type Activities:                                    |               |                      |                                    |                                  |
| Landfill   | 2,057,836     | 3,795,200            | -                                  | -                                |
| Ambulance  | 3,314,417     | 3,373,632            | -                                  | -                                |
| Sewer  | 7,751,960     | 5,084,414            | -                                  | 3,670,871                        |
| Water  | 9,143,663     | 7,593,208            | -                                  | 2,791,376                        |
| Cemetery   | 201,439       | 150,912              | -                                  | -                                |
| Building Permits   | 1,724,380     | 1,487,738            | -                                  | -                                |
| Stormwater Drainage  | 860,866       | 1,007,484            | -                                  | -                                |
| Total Business-Type Activities                               | 25,054,561    | 22,492,588           | -                                  | 6,462,247                        |
| Total Primary Government                                     | \$ 94,517,636 | \$ 29,687,068        | \$ 6,129,717                       | \$ 20,954,909                    |
| Component units:   |               |                      |                                    |                                  |
| Airport Authority  | \$ 895,717    | \$ 229,826           | \$ 155,653                         | \$ -                             |
| Convention and Visitors' Bureau                              | 1,430,062     | 27,358               | 42,436                             | -                                |
| Total Component Units  | \$ 2,325,779  | \$ 257,184           | \$ 198,089                         | \$ -                             |
| General Revenues:  |               |                      |                                    |                                  |
| Property taxes   |               |                      |                                    |                                  |
| Sales taxes  |               |                      |                                    |                                  |
| Consolidated tax   |               |                      |                                    |                                  |
| Franchise taxes  |               |                      |                                    |                                  |
| Other taxes  |               |                      |                                    |                                  |
| Room taxes   |               |                      |                                    |                                  |
| Motor vehicle fuel tax                                       |               |                      |                                    |                                  |
| Grants and contributions not restricted to specific programs |               |                      |                                    |                                  |
| Unrestricted investment income                               |               |                      |                                    |                                  |
| Miscellaneous revenue  |               |                      |                                    |                                  |
| Transfers  |               |                      |                                    |                                  |
| Total General Revenues and Transfers                         |               |                      |                                    |                                  |
| Change in Net Assets   |               |                      |                                    |                                  |
| NET ASSETS, JULY 1, as Previously Reported                   |               |                      |                                    |                                  |
| Cumulative effect of a change in accounting principle        |               |                      |                                    |                                  |
| NET ASSETS, JULY 1, as Adjusted                              |               |                      |                                    |                                  |
| NET ASSETS, JUNE 30  |               |                      |                                    |                                  |

| NET (EXPENSE) REVENUE AND<br>CHANGES IN NET ASSETS |                             |                | COMPONENT UNITS      |                                       |
|--|-----------------------------|----------------|----------------------|---------------------------------------|
| GOVERNMENTAL<br>ACTIVITIES                         | BUSINESS-TYPE<br>ACTIVITIES | TOTAL          | AIRPORT<br>AUTHORITY | CONVENTION<br>AND VISITORS'<br>BUREAU |
| \$ (9,376,636)                                     | \$ -                        | \$ (9,376,636) | \$ -                 | \$ -                                  |
| (2,096,604)  | -                           | (2,096,604)    | -                    | -                                     |
| (24,365,731)                                       | -                           | (24,365,731)   | -                    | -                                     |
| (845,222)  | -                           | (845,222)      | -                    | -                                     |
| (372,392)  | -                           | (372,392)      | -                    | -                                     |
| 9,980,798  | -                           | 9,980,798      | -                    | -                                     |
| (251,295)  | -                           | (251,295)      | -                    | -                                     |
| (1,919,929)  | -                           | (1,919,929)    | -                    | -                                     |
| (1,384,287)  | -                           | (1,384,287)    | -                    | -                                     |
| (7,170,267)  | -                           | (7,170,267)    | -                    | -                                     |
| (3,844,651)  | -                           | (3,844,651)    | -                    | -                                     |
| (41,646,216)                                       | -                           | (41,646,216)   | -                    | -                                     |
| -  | 1,737,364                   | 1,737,364      | -                    | -                                     |
| -  | 59,215                      | 59,215         | -                    | -                                     |
| -  | 1,003,325                   | 1,003,325      | -                    | -                                     |
| -  | 1,240,921                   | 1,240,921      | -                    | -                                     |
| -  | (50,527)                    | (50,527)       | -                    | -                                     |
| -  | (236,642)                   | (236,642)      | -                    | -                                     |
| -  | 146,618                     | 146,618        | -                    | -                                     |
| -  | 3,900,274                   | 3,900,274      | -                    | -                                     |
| (41,646,216)                                       | 3,900,274                   | (37,745,942)   | -                    | -                                     |
| -  | -                           | -              | (510,238)            | -                                     |
| -  | -                           | -              | -                    | (1,360,268)                           |
| -  | -                           | -              | (510,238)            | (1,360,268)                           |
| 16,538,908   | -                           | 16,538,908     | 106,927              | -                                     |
| 6,097,893  | -                           | 6,097,893      | -                    | -                                     |
| 25,944,779   | -                           | 25,944,779     | -                    | -                                     |
| 4,619,984  | -                           | 4,619,984      | -                    | -                                     |
| 361,818  | -                           | 361,818        | -                    | -                                     |
| -  | -                           | -              | -                    | 1,419,192                             |
| 5,274,176  | -                           | 5,274,176      | -                    | -                                     |
| 687  | -                           | 687            | -                    | -                                     |
| 3,530,584  | 1,319,813                   | 4,850,397      | 25,772               | 71,928                                |
| 246,304  | -                           | 246,304        | -                    | -                                     |
| (746,617)  | 746,617                     | -              | -                    | -                                     |
| 61,868,516   | 2,066,430                   | 63,934,946     | 132,699              | 1,491,120                             |
| 20,222,300   | 5,966,704                   | 26,189,004     | (377,539)            | 130,852                               |
| 87,330,313   | 97,068,458                  | 184,398,771    | 786,622              | 1,485,671                             |
| 40,710,753   | -                           | 40,710,753     | -                    | -                                     |
| 128,041,066  | 97,068,458                  | 225,109,524    | 786,622              | 1,485,671                             |
| \$ 148,263,366                                     | \$ 103,035,162              | \$ 251,298,528 | \$ 409,083           | \$ 1,616,523                          |

See accompanying notes.

**CARSON CITY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007**

|  | GENERAL              | QUALITY<br>OF LIFE   | AIRPORT             |
|--|----------------------|----------------------|---------------------|
| <b>ASSETS</b>  |                      |                      |                     |
| Cash and investments                                   | \$ 7,550,523         | \$ 17,368,338        | \$ 2,377            |
| Receivables (net of allowances<br>for uncollectibles): |                      |                      |                     |
| Taxes, delinquent                                      | 145,428              | -                    | -                   |
| Accounts receivable                                    | 1,118,261            | 26,122               | -                   |
| Interest   | 695,975              | -                    | -                   |
| Due from other funds                                   | -                    | -                    | -                   |
| Due from other governments                             | 5,158,877            | 460,770              | 4,791,235           |
| Due from component units                               | 12,950               | -                    | 249,686             |
| Inventories  | 2,753                | -                    | -                   |
| Prepaid items  | 48,646               | -                    | -                   |
| Restricted assets:                                     |                      |                      |                     |
| Cash and investments                                   | 980,165              | -                    | -                   |
| <b>Total Assets</b>                                    | <u>\$ 15,713,578</u> | <u>\$ 17,855,230</u> | <u>\$ 5,043,298</u> |
| <b>LIABILITIES AND FUND BALANCES</b>                   |                      |                      |                     |
| Liabilities:   |                      |                      |                     |
| Accounts payable                                       | \$ 588,194           | \$ 55,445            | \$ -                |
| Accrued salaries and benefits                          | 1,957,537            | 5,927                | -                   |
| Payable from restricted assets                         | 920,643              | -                    | -                   |
| Due to other funds                                     | -                    | -                    | -                   |
| Due to other governments                               | 182,621              | 5,228                | -                   |
| Due to component units                                 | 106,128              | -                    | 47,208              |
| Other liabilities                                      | 185,463              | -                    | 4,705,000           |
| Deferred revenue                                       | 86,266               | -                    | 288,713             |
| Unearned revenue                                       | 12,006               | -                    | 2,377               |
| <b>Total Liabilities</b>                               | <u>4,038,858</u>     | <u>66,600</u>        | <u>5,043,298</u>    |
| Fund balances:   |                      |                      |                     |
| Reserved for inventory                                 | 2,753                | -                    | -                   |
| Reserved for gifts and donations                       | 317,767              | -                    | -                   |
| Reserved for administrative<br>assessments             | 119,614              | -                    | -                   |
| Reserved for courts                                    | 229,527              | -                    | -                   |
| Reserved for technology                                | 74,695               | -                    | -                   |
| Reserved for prepaid items                             | 48,646               | -                    | -                   |
| Unreserved, reported in:                               |                      |                      |                     |
| General fund:  |                      |                      |                     |
| Designated for subsequent<br>year's expenditures       | 5,385,581            | -                    | -                   |
| Undesignated   | 5,496,137            | -                    | -                   |
| Special revenue funds:                                 |                      |                      |                     |
| Designated for subsequent<br>year's expenditures       | -                    | 328,472              | -                   |
| Undesignated   | -                    | 17,460,158           | -                   |
| Debt service funds:                                    |                      |                      |                     |
| Designated for subsequent<br>year's expenditures       | -                    | -                    | -                   |
| Undesignated   | -                    | -                    | -                   |
| Capital projects funds:                                |                      |                      |                     |
| Designated for subsequent<br>year's expenditures       | -                    | -                    | -                   |
| Undesignated   | -                    | -                    | -                   |
| <b>Total Fund Balances</b>                             | <u>11,674,720</u>    | <u>17,788,630</u>    | <u>-</u>            |
| <b>Total Liabilities and Fund Balances</b>             | <u>\$ 15,713,578</u> | <u>\$ 17,855,230</u> | <u>\$ 5,043,298</u> |

| OTHER<br>GOVERNMENTAL<br>FUNDS | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|--------------------------------|--------------------------------|
| \$ 28,295,344                  | \$ 53,216,582                  |
| 33,753                         | 179,181                        |
| 34,855                         | 1,179,238                      |
| -                              | 695,975                        |
| 91,284                         | 91,284                         |
| 2,776,367                      | 13,187,249                     |
| -                              | 262,636                        |
| -                              | 2,753                          |
| 12,953                         | 61,599                         |
| 23,740                         | 1,003,905                      |
| <u>\$ 31,268,296</u>           | <u>\$ 69,880,402</u>           |
| \$ 2,534,198                   | \$ 3,177,837                   |
| 67,304                         | 2,030,768                      |
| 23,740                         | 944,383                        |
| 91,284                         | 91,284                         |
| 157,453                        | 345,302                        |
| -                              | 153,336                        |
| -                              | 4,890,463                      |
| 19,324                         | 394,303                        |
| 160,069                        | 174,452                        |
| <u>3,053,372</u>               | <u>12,202,128</u>              |
| -                              | 2,753                          |
| -                              | 317,767                        |
| -                              | 119,614                        |
| -                              | 229,527                        |
| -                              | 74,695                         |
| 12,953                         | 61,599                         |
| -                              | 5,385,581                      |
| -                              | 5,496,137                      |
| 4,866,690                      | 5,195,162                      |
| 14,808,432                     | 32,268,590                     |
| 1,143,535                      | 1,143,535                      |
| 37,444                         | 37,444                         |
| 100,358                        | 100,358                        |
| 7,245,512                      | 7,245,512                      |
| <u>28,214,924</u>              | <u>57,678,274</u>              |
| <u>\$ 31,268,296</u>           | <u>\$ 69,880,402</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, 2007**

|  |                     |                              |
|--|---------------------|------------------------------|
| Fund Balances - Governmental Funds (pages 8-9)   |                     | \$ 57,678,274                |
| 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  | \$ 220,245,972      |                              |
| Less: Accumulated depreciation   | <u>(47,981,024)</u> |                              |
|  |                     | 172,264,948                  |
| 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   | (74,574,351)        |                              |
| Notes payable  | (4,399,013)         |                              |
| Revenue bonds payable  | (5,140,000)         |                              |
| Loss on bond refunding   | 987,807             |                              |
| Less: current year amortization  | (102,448)           |                              |
| Issuance discount  | 188,372             |                              |
| Less: current year amortization  | (10,043)            |                              |
| Issuance premium   | (570,455)           |                              |
| Less: current year amortization  | 29,421              |                              |
| Deferred charge for issuance costs   | 1,107,035           |                              |
| Less: current year amortization  | (58,600)            |                              |
| Capital leases payable   | (120,447)           |                              |
| Compensated absences   | <u>(3,518,569)</u>  |                              |
|  |                     | (86,181,291)                 |
| Interest payable   |                     | (895,943)                    |
| Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.  |                     | 394,303                      |
| 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. |                     | 4,806,545                    |
| Internal balances are receivable from business-type activities.  |                     | <u>196,530</u>               |
| Net Assets - Governmental Activities (pages 4-5)   |                     | <u><u>\$ 148,263,366</u></u> |

See accompanying notes.

**CARSON CITY**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

|  | GENERAL       | QUALITY<br>OF LIFE | AIRPORT    |
|--|---------------|--------------------|------------|
| Revenues:  |               |                    |            |
| Taxes  | \$ 12,492,864 | \$ 2,444,405       | \$ -       |
| Licenses and permits                                 | 6,183,388     | -                  | -          |
| Intergovernmental revenues                           | 26,612,979    | 152,682            | 10,034,403 |
| Charges for services                                 | 7,868,594     | -                  | -          |
| Fines and forfeits                                   | 825,900       | -                  | -          |
| Miscellaneous  | 1,564,918     | 993,102            | -          |
| Total Revenues                                       | 55,548,643    | 3,590,189          | 10,034,403 |
| Expenditures:  |               |                    |            |
| Current:   |               |                    |            |
| General government                                   | 13,120,595    | -                  | -          |
| Public safety  | 23,786,322    | -                  | -          |
| Judicial   | 3,547,132     | -                  | -          |
| Public works   | 3,032,079     | -                  | -          |
| Health   | 1,492,098     | -                  | -          |
| Welfare  | 336,854       | -                  | -          |
| Culture and recreation                               | 6,244,911     | 1,820,707          | -          |
| Community support                                    | 566,796       | -                  | -          |
| Airport  | -             | -                  | 10,034,403 |
| Economic opportunity                                 | 236,465       | -                  | -          |
| Capital outlay                                       | -             | -                  | -          |
| Debt service:  |               |                    |            |
| Principal retirement                                 | -             | -                  | -          |
| Interest and fiscal charges                          | -             | -                  | -          |
| Total Expenditures                                   | 52,363,252    | 1,820,707          | 10,034,403 |
| Excess (Deficiency) of Revenues<br>over Expenditures | 3,185,391     | 1,769,482          | -          |
| Other Financing Sources (Uses):                      |               |                    |            |
| Capital leases                                       | 55,770        | -                  | -          |
| Transfers in   | 461,219       | -                  | -          |
| Transfers out  | (2,926,523)   | (1,158,889)        | -          |
| Total Other Financing<br>Sources (Uses)              | (2,409,534)   | (1,158,889)        | -          |
| Net Change in Fund Balances                          | 775,857       | 610,593            | -          |
| Fund Balances, July 1                                | 10,898,863    | 17,178,037         | -          |
| Fund Balances, June 30                               | \$ 11,674,720 | \$ 17,788,630      | \$ -       |

| OTHER<br>GOVERNMENTAL<br>FUNDS | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|--------------------------------|--------------------------------|
| \$ 11,712,181                  | \$ 26,649,450                  |
| -                              | 6,183,388                      |
| 6,487,094                      | 43,287,158                     |
| 548,625                        | 8,417,219                      |
| 75,504                         | 901,404                        |
| 1,853,375                      | 4,411,395                      |
| 20,676,779                     | 89,850,014                     |
| 1,917,401                      | 15,037,996                     |
| 2,169,699                      | 25,956,021                     |
| 105,113                        | 3,652,245                      |
| 8,933,651                      | 11,965,730                     |
| 1,178,796                      | 2,670,894                      |
| 1,737,047                      | 2,073,901                      |
| 1,398,740                      | 9,464,358                      |
| 63,806                         | 630,602                        |
| -                              | 10,034,403                     |
| 328,627                        | 565,092                        |
| 9,039,514                      | 9,039,514                      |
| 3,056,246                      | 3,056,246                      |
| 3,764,874                      | 3,764,874                      |
| 33,693,514                     | 97,911,876                     |
| (13,016,735)                   | (8,061,862)                    |
| -                              | 55,770                         |
| 7,275,429                      | 7,736,648                      |
| (3,739,436)                    | (7,824,848)                    |
| 3,535,993                      | (32,430)                       |
| (9,480,742)                    | (8,094,292)                    |
| 37,695,666                     | 65,772,566                     |
| \$ 28,214,924                  | \$ 57,678,274                  |

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, 2007**

Net Change in Fund Balances - Governmental Funds (page 11-12) \$ (8,094,292)

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                               | \$ 24,559,681      |            |
| Contributions of capital assets from business-type activities | 14,500             |            |
| Donated capital assets  | 4,300,622          |            |
| Transfers of capital assets to business-type activities       | (28,380)           |            |
| Sale/disposition of assets                                    | (828,755)          |            |
| Less: Current year depreciation                               | <u>(3,467,727)</u> | 24,549,941 |

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 |  | 281,822 |
|----------------------------|--|---------|

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.

|                         |                  |           |
|-------------------------|------------------|-----------|
| Capital lease financing | (55,770)         |           |
| Accrued interest        | (895,943)        |           |
| Capital lease payments  | 22,100           |           |
| Interest payments       | 622,491          |           |
| Principal payments      | <u>3,056,246</u> | 2,749,124 |

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   | (102,448)       |           |
| Amortization of issuance costs           | (58,600)        |           |
| Amortization of bond discounts           | (10,043)        |           |
| Amortization of bond premiums            | 29,421          |           |
| Change in long-term compensated absences | <u>(10,648)</u> | (152,318) |

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.

888,023

|   |  |                             |
|---|--|-----------------------------|
| Change in Net Assets of Governmental Activities (pages 6-7) |  | <u><u>\$ 20,222,300</u></u> |
|---|--|-----------------------------|

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, 2007**

|  | BUDGETED AMOUNTS |               | ACTUAL<br>AMOUNTS | VARIANCE<br>WITH<br>FINAL BUDGET |
|--|------------------|---------------|-------------------|----------------------------------|
|  | ORIGINAL         | FINAL         |                   |                                  |
| Revenues:  |                  |               |                   |                                  |
| Taxes  | \$ 11,796,000    | \$ 11,833,200 | \$ 12,492,864     | \$ 659,664                       |
| Licenses and permits                                 | 6,240,500        | 6,240,500     | 6,183,388         | (57,112)                         |
| Intergovernmental revenues                           | 28,347,000       | 28,423,415    | 26,612,979        | (1,810,436)                      |
| Charges for services                                 | 7,921,612        | 8,130,880     | 7,868,594         | (262,286)                        |
| Fines and forfeits                                   | 878,000          | 878,000       | 825,900           | (52,100)                         |
| Miscellaneous  | 945,000          | 1,293,551     | 1,564,918         | 271,367                          |
| Total Revenues                                       | 56,128,112       | 56,799,546    | 55,548,643        | (1,250,903)                      |
| Expenditures:  |                  |               |                   |                                  |
| Current:   |                  |               |                   |                                  |
| General government                                   | 13,706,291       | 13,593,741    | 13,120,595        | 473,146                          |
| Public safety  | 23,866,462       | 24,079,190    | 23,786,322        | 292,868                          |
| Judicial   | 3,432,054        | 3,719,800     | 3,547,132         | 172,668                          |
| Public works   | 3,059,531        | 3,056,587     | 3,032,079         | 24,508                           |
| Health   | 1,347,447        | 1,539,529     | 1,492,098         | 47,431                           |
| Welfare  | 362,994          | 336,855       | 336,854           | 1                                |
| Culture and recreation                               | 6,583,012        | 6,687,278     | 6,244,911         | 442,367                          |
| Community support                                    | 404,850          | 626,645       | 566,796           | 59,849                           |
| Economic opportunity                                 | 240,911          | 5,127,770     | 236,465           | 4,891,305                        |
| Total Expenditures                                   | 53,003,552       | 58,767,395    | 52,363,252        | 6,404,143                        |
| Excess (Deficiency) of Revenues<br>over Expenditures | 3,124,560        | (1,967,849)   | 3,185,391         | 5,153,240                        |
| Other Financing Sources (Uses):                      |                  |               |                   |                                  |
| Capital leases                                       | -                | 56,068        | 55,770            | (298)                            |
| Transfers in   | 210,000          | 291,677       | 461,219           | 169,542                          |
| Transfers out  | (3,498,997)      | (3,544,997)   | (2,926,523)       | 618,474                          |
| Contingency  | (500,000)        | (663,359)     | -                 | 663,359                          |
| Total Other Financing<br>Sources (Uses)              | (3,788,997)      | (3,860,611)   | (2,409,534)       | 1,451,077                        |
| Net Change in Fund Balances                          | (664,437)        | (5,828,460)   | 775,857           | 6,604,317                        |
| Fund Balances, July 1                                | 5,079,437        | 10,898,863    | 10,898,863        | -                                |
| Fund Balances, June 30                               | \$ 4,415,000     | \$ 5,070,403  | \$ 11,674,720     | \$ 6,604,317                     |

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, 2007**

|  | BUDGETED AMOUNTS |              | ACTUAL<br>AMOUNTS | VARIANCE<br>WITH<br>FINAL BUDGET |
|--|------------------|--------------|-------------------|----------------------------------|
|  | ORIGINAL         | FINAL        |                   |                                  |
| Revenues:  |                  |              |                   |                                  |
| Taxes  | \$ 2,675,000     | \$ 2,675,000 | \$ 2,444,405      | \$ (230,595)                     |
| Intergovernmental revenues                           | -                | 431,627      | 152,682           | (278,945)                        |
| Charges for services                                 | 3,200            | 3,200        | -                 | (3,200)                          |
| Miscellaneous  | 100,000          | 222,699      | 993,102           | 770,403                          |
| Total Revenues                                       | 2,778,200        | 3,332,526    | 3,590,189         | 257,663                          |
| Expenditures:  |                  |              |                   |                                  |
| Current:   |                  |              |                   |                                  |
| Culture and recreation                               | 3,674,975        | 18,848,251   | 1,820,707         | 17,027,544                       |
| Excess (Deficiency) of Revenues<br>over Expenditures | (896,775)        | (15,515,725) | 1,769,482         | 17,285,207                       |
| Other Financing Sources (Uses):                      |                  |              |                   |                                  |
| Transfers out  | (1,214,347)      | (1,214,347)  | (1,158,889)       | 55,458                           |
| Net Change in Fund Balances                          | (2,111,122)      | (16,730,072) | 610,593           | 17,340,665                       |
| Fund Balances, July 1                                | 2,559,087        | 17,178,037   | 17,178,037        | -                                |
| Fund Balances, June 30                               | \$ 447,965       | \$ 447,965   | \$ 17,788,630     | \$ 17,340,665                    |

See accompanying notes.

**CARSON CITY  
AIRPORT FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007**

|  | <u>BUDGETED AMOUNTS</u> |                      | <u>ACTUAL</u>        | <u>VARIANCE</u>     |
|--|-------------------------|----------------------|----------------------|---------------------|
|  | <u>ORIGINAL</u>         | <u>FINAL</u>         | <u>AMOUNTS</u>       | <u>WITH</u>         |
|  |                         |                      |                      | <u>FINAL BUDGET</u> |
| Revenues:  |                         |                      |                      |                     |
| Intergovernmental revenues                           | <u>\$ -</u>             | <u>\$ 10,034,403</u> | <u>\$ 10,034,403</u> | <u>\$ -</u>         |
| Expenditures:  |                         |                      |                      |                     |
| Current:   |                         |                      |                      |                     |
| Airport  | <u>-</u>                | <u>10,034,403</u>    | <u>10,034,403</u>    | <u>-</u>            |
| Excess (Deficiency) of Revenues<br>over Expenditures | <u>-</u>                | <u>-</u>             | <u>-</u>             | <u>-</u>            |
| Fund Balances, July 1                                | <u>-</u>                | <u>-</u>             | <u>-</u>             | <u>-</u>            |
| Fund Balances, June 30                               | <u><u>\$ -</u></u>      | <u><u>\$ -</u></u>   | <u><u>\$ -</u></u>   | <u><u>\$ -</u></u>  |

See accompanying notes.

**CARSON CITY**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2007**  
**(PAGE 1 OF 2)**

|                                     | <u>BUSINESS-TYPE ACTIVITIES -</u> |                     |
|-------------------------------------|-----------------------------------|---------------------|
|                                     | <u>SEWER</u>                      | <u>WATER</u>        |
| ASSETS                              |                                   |                     |
| Current assets (unrestricted):      |                                   |                     |
| Cash and investments                | \$ 3,903,201                      | \$ 14,157,759       |
| Receivables:                        |                                   |                     |
| Accounts and contracts, net         | 361,239                           | 774,895             |
| Due from other governments          | 1,542,063                         | 820,580             |
| Inventories                         | -                                 | 282,367             |
| Prepaid items                       | 61                                | 1,315               |
| Total Current Assets (Unrestricted) | <u>5,806,564</u>                  | <u>16,036,916</u>   |
| Current assets (restricted):        |                                   |                     |
| Cash and investments                | <u>111,560</u>                    | <u>61,610</u>       |
| Total Current Assets                | <u>5,918,124</u>                  | <u>16,098,526</u>   |
| Noncurrent assets:                  |                                   |                     |
| Restricted cash and investments     | <u>2,742,096</u>                  | <u>-</u>            |
| Other assets                        | <u>66,145</u>                     | <u>276,491</u>      |
| Capital assets:                     |                                   |                     |
| Land                                | 757,704                           | 446,506             |
| Buildings                           | 10,298,161                        | 1,589,345           |
| Improvements other than buildings   | 84,362,505                        | 63,145,974          |
| Machinery and equipment             | 3,619,788                         | 1,917,252           |
| Water rights                        | -                                 | 8,007,260           |
| Construction in progress            | <u>7,433,056</u>                  | <u>4,099,199</u>    |
|                                     | 106,471,214                       | 79,205,536          |
| Less: Accumulated depreciation      | <u>(39,687,382)</u>               | <u>(23,372,028)</u> |
| Net Capital Assets                  | <u>66,783,832</u>                 | <u>55,833,508</u>   |
| Total Noncurrent Assets             | <u>69,592,073</u>                 | <u>56,109,999</u>   |
| Total Assets                        | <u>75,510,197</u>                 | <u>72,208,525</u>   |

| ENTERPRISE FUNDS             |                              | GOVERNMENTAL<br>ACTIVITIES -<br>INTERNAL<br>SERVICE<br>FUNDS |
|------------------------------|------------------------------|--|
| OTHER<br>ENTERPRISE<br>FUNDS | TOTAL<br>ENTERPRISE<br>FUNDS |  |
| \$ 6,465,102                 | \$ 24,526,062                | \$ 5,261,475   |
| 1,868,873                    | 3,005,007                    | 362,316  |
| -                            | 2,362,643                    | 16,188   |
| 21,472                       | 303,839                      | 88,759   |
| 16,194                       | 17,570                       | 535,513  |
| 8,371,641                    | 30,215,121                   | 6,264,251  |
| -                            | 173,170                      | -  |
| 8,371,641                    | 30,388,291                   | 6,264,251  |
| -                            | 2,742,096                    | -  |
| 116,483                      | 459,119                      | -  |
| 1,872,738                    | 3,076,948                    | -  |
| 443,842                      | 12,331,348                   | -  |
| 2,242,733                    | 149,751,212                  | -  |
| 4,149,041                    | 9,686,081                    | 37,708   |
| -                            | 8,007,260                    | -  |
| 2,764,626                    | 14,296,881                   | -  |
| 11,472,980                   | 197,149,730                  | 37,708   |
| (1,326,771)                  | (64,386,181)                 | (16,033)   |
| 10,146,209                   | 132,763,549                  | 21,675   |
| 10,262,692                   | 135,964,764                  | 21,675   |
| 18,634,333                   | 166,353,055                  | 6,285,926  |

**CARSON CITY**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2007**  
**(PAGE 2 OF 2)**

BUSINESS-TYPE ACTIVITIES -

|  | <u>SEWER</u>         | <u>WATER</u>         |
|--|----------------------|----------------------|
| <b>LIABILITIES</b>   |                      |                      |
| Current liabilities payable from unrestricted assets:  |                      |                      |
| Accounts payable   | \$ 220,690           | \$ 524,126           |
| Accrued salaries and benefits  | 34,216               | 46,899               |
| Accrued interest   | 183,850              | 140,080              |
| Due to other governments   | 841                  | 153,465              |
| Unearned revenue   | -                    | -                    |
| Other current liabilities  | -                    | -                    |
| Current portion:   |                      |                      |
| Commitments payable  | -                    | 15,305               |
| General obligation bonds and notes payable   | 1,287,471            | 1,665,000            |
|  | <u>1,287,471</u>     | <u>1,665,000</u>     |
| Total Current Liabilities Payable from Unrestricted Assets   | <u>1,727,068</u>     | <u>2,544,875</u>     |
| Current liabilities payable from restricted assets:  |                      |                      |
| Construction contracts, retained percent   | 102,372              | 46,847               |
| Connection deposits  | 9,188                | 14,763               |
|  | <u>111,560</u>       | <u>61,610</u>        |
| Total Current Liabilities Payable from Restricted Assets   | <u>111,560</u>       | <u>61,610</u>        |
| Total Current Liabilities  | <u>1,838,628</u>     | <u>2,606,485</u>     |
| Noncurrent liabilities:  |                      |                      |
| Accrued compensated absences   | 158,502              | 136,045              |
| Other liabilities  | -                    | 2,522                |
| Closure / post closure care costs  | -                    | -                    |
| General obligation bonds and notes payable   | 15,423,409           | 33,215,475           |
|  | <u>15,581,911</u>    | <u>33,354,042</u>    |
| Total Noncurrent Liabilities   | <u>15,581,911</u>    | <u>33,354,042</u>    |
| Total Liabilities  | <u>17,420,539</u>    | <u>35,960,527</u>    |
| <b>NET ASSETS</b>  |                      |                      |
| Invested in capital assets, net of related debt  | 49,836,567           | 28,719,365           |
| Restricted for emergency replacement   | 2,742,096            | -                    |
| Unrestricted   | 5,510,995            | 7,528,633            |
|  | <u>\$ 58,089,658</u> | <u>\$ 36,247,998</u> |
| Total Net Assets   | <u>\$ 58,089,658</u> | <u>\$ 36,247,998</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. |                      |                      |
| Net assets of business - type activities   |                      |                      |

| ENTERPRISE FUNDS             |                              | GOVERNMENTAL<br>ACTIVITIES -<br>INTERNAL<br>SERVICE<br>FUNDS |
|------------------------------|------------------------------|--|
| OTHER<br>ENTERPRISE<br>FUNDS | TOTAL<br>ENTERPRISE<br>FUNDS |  |
| \$ 800,382                   | \$ 1,545,198                 | \$ 673,367   |
| 82,614                       | 163,729                      | 17,936   |
| 18,062                       | 341,992                      | -  |
| 10,966                       | 165,272                      | -  |
| 273,360                      | 273,360                      | 547  |
| -                            | -                            | 595,364  |
| -                            | 15,305                       | -  |
| 370,000                      | 3,322,471                    | -  |
| 1,555,384                    | 5,827,327                    | 1,287,214  |
| -                            | 149,219                      | -  |
| -                            | 23,951                       | -  |
| -                            | 173,170                      | -  |
| 1,555,384                    | 6,000,497                    | 1,287,214  |
| 278,211                      | 572,758                      | 129,467  |
| -                            | 2,522                        | 62,700   |
| 2,518,316                    | 2,518,316                    | -  |
| 5,388,386                    | 54,027,270                   | -  |
| 8,184,913                    | 57,120,866                   | 192,167  |
| 9,740,297                    | 63,121,363                   | 1,479,381  |
| 5,567,928                    | 84,123,860                   | 21,675   |
| -                            | 2,742,096                    | -  |
| 3,326,108                    | 16,365,736                   | 4,784,870  |
| \$ 8,894,036                 | 103,231,692                  | \$ 4,806,545   |
|                              | (196,530)                    |  |
|                              | \$ 103,035,162               |  |

See accompanying notes.

**CARSON CITY**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

|  | <u>BUSINESS-TYPE ACTIVITIES -</u> |                             |
|--|-----------------------------------|-----------------------------|
|  | <u>SEWER</u>                      | <u>WATER</u>                |
| Operating Revenues:  |                                   |                             |
| Charges for services   | <u>\$ 5,065,655</u>               | <u>\$ 7,579,552</u>         |
| Operating Expenses:  |                                   |                             |
| Salaries and wages   | 1,134,658                         | 1,290,879                   |
| Employee benefits  | 395,648                           | 475,318                     |
| Services and supplies  | 2,927,216                         | 4,291,395                   |
| Depreciation   | <u>2,499,322</u>                  | <u>1,871,094</u>            |
| Total Operating Expenses   | <u>6,956,844</u>                  | <u>7,928,686</u>            |
| Operating Income (Loss)  | <u>(1,891,189)</u>                | <u>(349,134)</u>            |
| Nonoperating Revenues (Expenses):  |                                   |                             |
| Investment income  | 434,373                           | 506,216                     |
| Intergovernmental revenues   | 1,541,965                         | 788,036                     |
| Miscellaneous  | 18,759                            | 13,656                      |
| Interest expense   | (692,270)                         | (1,105,130)                 |
| Gain (loss) on sales of capital assets   | (139,220)                         | (118,967)                   |
| Arbitrage rebate   | -                                 | (2,522)                     |
| Bond issuance costs  | <u>(4,878)</u>                    | <u>(19,129)</u>             |
| Total Nonoperating Revenues (Expenses)   | <u>1,158,729</u>                  | <u>62,160</u>               |
| Income (Loss) Before Contributions and Transfers   | <u>(732,460)</u>                  | <u>(286,974)</u>            |
| Capital Contributions:   |                                   |                             |
| Capital assets   | -                                 | 11,750                      |
| Developers   | 583,092                           | 851,107                     |
| Connection fees  | <u>1,545,814</u>                  | <u>1,140,483</u>            |
| Total Capital Contributions  | <u>2,128,906</u>                  | <u>2,003,340</u>            |
| Transfers In   | -                                 | -                           |
| Transfers Out  | <u>-</u>                          | <u>-</u>                    |
| Total Transfers  | <u>-</u>                          | <u>-</u>                    |
| Change in Net Assets   | <u>1,396,446</u>                  | <u>1,716,366</u>            |
| Net Assets, July 1   | <u>56,693,212</u>                 | <u>34,531,632</u>           |
| Net Assets, June 30  | <u><u>\$ 58,089,658</u></u>       | <u><u>\$ 36,247,998</u></u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. |                                   |                             |
| Change in net assets of business - type activities   |                                   |                             |

| ENTERPRISE FUNDS             |                              | GOVERNMENTAL<br>ACTIVITIES -<br>INTERNAL<br>SERVICE<br>FUNDS |
|------------------------------|------------------------------|--|
| OTHER<br>ENTERPRISE<br>FUNDS | TOTAL<br>ENTERPRISE<br>FUNDS |  |
| <u>\$ 9,745,016</u>          | <u>\$ 22,390,223</u>         | <u>\$ 11,759,540</u>   |
| 2,566,666                    | 4,992,203                    | 611,505  |
| 1,198,172                    | 2,069,138                    | 197,257  |
| 3,860,706                    | 11,079,317                   | 10,373,948   |
| 365,230                      | 4,735,646                    | 3,771  |
| <u>7,990,774</u>             | <u>22,876,304</u>            | <u>11,186,481</u>  |
| <u>1,754,242</u>             | <u>(486,081)</u>             | <u>573,059</u>   |
| 379,224                      | 1,319,813                    | 258,874  |
| -                            | 2,330,001                    | -  |
| 69,950                       | 102,365                      | 52,528   |
| (226,346)                    | (2,023,746)                  | -  |
| 490                          | (257,697)                    | 154,107  |
| -                            | (2,522)                      | -  |
| (6,950)                      | (30,957)                     | -  |
| <u>216,368</u>               | <u>1,437,257</u>             | <u>465,509</u>   |
| <u>1,970,610</u>             | <u>951,176</u>               | <u>1,038,568</u>   |
| 644,537                      | 656,287                      | -  |
| -                            | 1,434,199                    | -  |
| -                            | 2,686,297                    | -  |
| <u>644,537</u>               | <u>4,776,783</u>             | <u>-</u>   |
| 188,200                      | 188,200                      | -  |
| (100,000)                    | (100,000)                    | -  |
| <u>88,200</u>                | <u>88,200</u>                | <u>-</u>   |
| 2,703,347                    | 5,816,159                    | 1,038,568  |
| <u>6,190,689</u>             |                              | <u>3,767,977</u>   |
| <u>\$ 8,894,036</u>          |                              | <u>\$ 4,806,545</u>  |
|                              | <u>150,545</u>               |  |
|                              | <u>\$ 5,966,704</u>          |  |

See accompanying notes.

**CARSON CITY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
**(PAGE 1 OF 2)**

|  | <u>BUSINESS-TYPE ACTIVITIES -</u> |                             |
|--|-----------------------------------|-----------------------------|
|  | <u>SEWER</u>                      | <u>WATER</u>                |
| CASH FLOWS FROM OPERATING ACTIVITIES                                 |                                   |                             |
| Cash received for services   | \$ 5,863,692                      | \$ 7,432,643                |
| Cash payments for personnel costs                                    | (1,536,517)                       | (1,789,883)                 |
| Cash payments for services and supplies                              | (2,973,084)                       | (4,146,005)                 |
| Miscellaneous cash received  | 18,759                            | 13,656                      |
| Net Cash Provided (Used) by Operating Activities                     | <u>1,372,850</u>                  | <u>1,510,411</u>            |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES                      |                                   |                             |
| Transfer from other funds  | -                                 | -                           |
| Transfer to other funds  | <u>-</u>                          | <u>-</u>                    |
| Net Cash Provided by Noncapital Financing Activities                 | <u>-</u>                          | <u>-</u>                    |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES             |                                   |                             |
| Proceeds from capital debt   | -                                 | 12,394,100                  |
| Proceeds from sales of capital assets                                | -                                 | -                           |
| Connection fees  | 1,545,817                         | 1,140,489                   |
| Acquisition of capital assets  | (4,378,167)                       | (2,796,035)                 |
| Principal paid on capital debt                                       | (1,232,544)                       | (4,723,850)                 |
| Interest paid on capital debt  | (713,902)                         | (1,155,847)                 |
| Bond issuance costs  | (437)                             | (56,323)                    |
| Subsidy from grant   | 1,541,965                         | 590,169                     |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(3,237,268)</u>                | <u>5,392,703</u>            |
| CASH FLOWS FROM INVESTING ACTIVITIES                                 |                                   |                             |
| Investment income  | <u>434,373</u>                    | <u>506,216</u>              |
| Net Increase (Decrease) in Cash and Cash Equivalents                 | <u>(1,430,045)</u>                | <u>7,409,330</u>            |
| Cash and Cash Equivalents, July 1                                    | <u>8,186,902</u>                  | <u>6,810,039</u>            |
| Cash and Cash Equivalents, June 30                                   | <u><u>\$ 6,756,857</u></u>        | <u><u>\$ 14,219,369</u></u> |
| Represented by:  |                                   |                             |
| Current Assets:  |                                   |                             |
| Cash and investments (unrestricted)                                  | \$ 3,903,201                      | \$ 14,157,759               |
| Cash and investments (restricted)                                    | 111,560                           | 61,610                      |
| Noncurrent assets:   |                                   |                             |
| Cash and investments (restricted)                                    | <u>2,742,096</u>                  | <u>-</u>                    |
|  | <u><u>\$ 6,756,857</u></u>        | <u><u>\$ 14,219,369</u></u> |

| ENTERPRISE FUNDS             |                              | GOVERNMENTAL<br>ACTIVITIES -<br>INTERNAL<br>SERVICE<br>FUNDS |
|------------------------------|------------------------------|--|
| OTHER<br>ENTERPRISE<br>FUNDS | TOTAL<br>ENTERPRISE<br>FUNDS |  |
| \$ 9,514,076                 | \$ 22,810,411                | \$ 11,168,710  |
| (3,779,714)                  | (7,106,114)                  | (803,022)  |
| (3,713,694)                  | (10,832,783)                 | (10,694,512)   |
| 69,951                       | 102,366                      | 52,528   |
| 2,090,619                    | 4,973,880                    | (276,296)  |
| 188,200                      | 188,200                      | -  |
| (100,000)                    | (100,000)                    | -  |
| 88,200                       | 88,200                       | -  |
| -                            | 12,394,100                   | -  |
| -                            | -                            | 154,107  |
| -                            | 2,686,306                    | -  |
| (3,820,018)                  | (10,994,220)                 | -  |
| (350,000)                    | (6,306,394)                  | -  |
| (228,636)                    | (2,098,385)                  | -  |
| (479)                        | (57,239)                     | -  |
| -                            | 2,132,134                    | -  |
| (4,399,133)                  | (2,243,698)                  | 154,107  |
| 379,223                      | 1,319,812                    | 258,874  |
| (1,841,091)                  | 4,138,194                    | 136,685  |
| 8,306,193                    | 23,303,134                   | 5,124,790  |
| <u>\$ 6,465,102</u>          | <u>\$ 27,441,328</u>         | <u>\$ 5,261,475</u>  |
| \$ 6,465,102                 | \$ 24,526,062                | \$ 5,261,475   |
| -                            | 173,170                      | -  |
| -                            | 2,742,096                    | -  |
| <u>\$ 6,465,102</u>          | <u>\$ 27,441,328</u>         | <u>\$ 5,261,475</u>  |

**CARSON CITY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
**(PAGE 2 OF 2)**

BUSINESS-TYPE ACTIVITIES -

|   | <u>SEWER</u>        | <u>WATER</u>        |
|---|---------------------|---------------------|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET<br>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:           |                     |                     |
| Operating income (loss)   | \$ (1,891,189)      | \$ (349,134)        |
| Adjustments to reconcile operating income<br>(loss) to net cash provided (used) by<br>operating activities: |                     |                     |
| Depreciation and amortization expense   | 2,499,322           | 1,871,094           |
| Provision for uncollectible accounts  | -                   | -                   |
| Nonoperating revenues   | 18,759              | 13,656              |
| Changes in assets and liabilities:  |                     |                     |
| (Increase) decrease in:   |                     |                     |
| Accounts receivable   | (51,713)            | (163,100)           |
| Due from other governments  | 850,575             | 16,191              |
| Inventories   | -                   | 32,342              |
| Prepaid items   | 11,515              | 60                  |
| Increase (decrease) in:   |                     |                     |
| Accounts payable  | (33,843)            | 50,677              |
| Accrued salaries and benefits   | (4,300)             | (741)               |
| Due to other governments  | -                   | 62,286              |
| Due to other funds  | (23,540)            | -                   |
| Unearned revenue  | -                   | -                   |
| Connection deposits   | (825)               | 25                  |
| Accrued compensated absences  | (1,911)             | (22,945)            |
| Other liabilities   | -                   | -                   |
| Closure/post closure care costs   | -                   | -                   |
| Total Adjustments   | <u>3,264,039</u>    | <u>1,859,545</u>    |
| Net Cash Provided (Used) by<br>Operating Activities   | <u>\$ 1,372,850</u> | <u>\$ 1,510,411</u> |
| NONCASH INVESTING, CAPITAL AND<br>FINANCING ACTIVITIES:   |                     |                     |
| Purchase of capital assets on account   | \$ 134,013          | \$ 101,995          |
| Retainage payable on construction of<br>capital assets  | 102,372             | 46,847              |
| Contributed capital assets  | -                   | 11,750              |

| ENTERPRISE FUNDS             |                              | GOVERNMENTAL<br>ACTIVITIES -<br>INTERNAL<br>SERVICE<br>FUNDS |
|------------------------------|------------------------------|--|
| OTHER<br>ENTERPRISE<br>FUNDS | TOTAL<br>ENTERPRISE<br>FUNDS |  |
| <u>\$ 1,754,242</u>          | <u>\$ (486,081)</u>          | <u>\$ 573,059</u>  |
| 365,230                      | 4,735,646                    | 3,771  |
| 658,328                      | 658,328                      | -  |
| 69,951                       | 102,366                      | 52,528   |
| (907,278)                    | (1,122,091)                  | (139,644)  |
| -                            | 866,766                      | 40,755   |
| (14,756)                     | 17,586                       | (32,250)   |
| (15,341)                     | (3,766)                      | (518,042)  |
| 171,873                      | 188,707                      | (224,707)  |
| (2,695)                      | (7,736)                      | (1,187)  |
| (1,537)                      | 60,749                       | 26,101   |
| (150,000)                    | (173,540)                    | -  |
| 18,010                       | 18,010                       | -  |
| -                            | (800)                        | -  |
| (12,181)                     | (37,037)                     | 6,927  |
| -                            | -                            | (63,607)   |
| 156,773                      | 156,773                      | -  |
| <u>336,377</u>               | <u>5,459,961</u>             | <u>(849,355)</u>   |
| <u>\$ 2,090,619</u>          | <u>\$ 4,973,880</u>          | <u>\$ (276,296)</u>  |
| \$ 108,190                   | \$ 344,198                   | \$ -   |
| -                            | 149,219                      | -  |
| 644,537                      | 656,287                      | -  |

See accompanying notes.

**CARSON CITY**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2007**

|                                     | INVESTMENT<br>TRUST FUND | AGENCY<br>FUNDS |
|-------------------------------------|--------------------------|-----------------|
| ASSETS                              |                          |                 |
| Cash and investments                | \$ 3,639,179             | \$ 13,456,634   |
| Accounts receivable                 | -                        | 60              |
| Taxes receivable, delinquent        | -                        | 164,691         |
| Due from other governments          | -                        | 277,655         |
| Prepaid items                       | -                        | 250             |
|                                     | <hr/>                    | <hr/>           |
| Total Assets                        | 3,639,179                | 13,899,290      |
|                                     | <hr/>                    | <hr/>           |
| LIABILITIES                         |                          |                 |
| Accounts payable                    | -                        | 581,257         |
| Due to other governments            | -                        | 13,310,353      |
| Other liabilities                   | -                        | 7,680           |
|                                     | <hr/>                    | <hr/>           |
| Total Liabilities                   | -                        | 13,899,290      |
|                                     | <hr/>                    | <hr/>           |
| NET ASSETS                          |                          |                 |
| Held in trust for pool participants | \$ 3,639,179             | \$ -            |
|                                     | <hr/> <hr/>              | <hr/> <hr/>     |

See accompanying notes.

**CARSON CITY**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

|                             | <u>INVESTMENT<br/>TRUST FUND</u> |
|-----------------------------|----------------------------------|
| ADDITIONS                   |                                  |
| Investment income           | \$ 274,137                       |
| Capital share transactions: |                                  |
| Shares sold                 | <u>5,845,871</u>                 |
| Total Additions             | <u>6,120,008</u>                 |
| DEDUCTIONS                  |                                  |
| Capital share transactions: |                                  |
| Shares redeemed             | <u>5,321,606</u>                 |
| Change in Net Assets        | 798,402                          |
| Net Assets, July 1          | <u>2,840,777</u>                 |
| Net Assets, June 30         | <u><u>\$ 3,639,179</u></u>       |

See accompanying notes.