

CITY OF WINNEMUCCA

JUNE 30, 2015

**CITY OF WINNEMUCCA
JUNE 30, 2015
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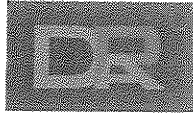
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Independent Auditor's Report

To the Honorable Mayor and Council
of the City of Winnemucca, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Winnemucca, Nevada, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Winnemucca, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2015, the City adopted new accounting guidance, GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – an amendment for GASB Statement No. 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the management's discussion and analysis, the General Fund budgetary comparison schedule, the reconciliation of the General Fund budgetary basis to GAAP basis, the schedule of funding progress, the schedule of proportionate share of the net pension liability and related ratios, the schedule of employer contributions, and the related notes to required supplementary information on pages 4-9 and 42-47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Winnemucca, Nevada's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, schedule of fees imposed subject to the provision of NRS 354.5989 – limitation of fees for business licenses, the summary schedule of ending cash balances/net position – budgetary basis, and the auditor's comments are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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.

The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The schedule of fees imposed subject to the provision of NRS 354.5989 – limitation of fees for business licenses, the summary schedule of ending cash balances/net position – budgetary basis, and the auditor’s comments have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2015, on our consideration of the City of Winnemucca, Nevada’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Winnemucca, Nevada’s internal control over financial reporting and compliance.

Blake Row : *Associates, LLC*

Winnemucca, Nevada
November 3, 2015

As management of the City of Winnemucca (the City), we offer readers of the Financial Statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015.

Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$54,109,462 (net position). Of this amount \$15,057,025 can be used to meet the government’s ongoing obligations to citizens and creditors.

The net position of the governmental activities of the City decreased by \$2,536,878 or -7.24% over the prior fiscal year. Current assets decreased by \$2,604,957 and net capital assets increased by \$7,832,159. Current liabilities of the City’s governmental activities decreased by \$67,363 and long-term liabilities increased by \$7,090,414. This large increase in long-term liabilities is the result of implementation of GASB (Government Accounting Standards Board) Statements 68 and 71 and requires government entities to record their net pension liability including a restatement of beginning net position in the government-wide financial statements (see Note 15 to the financial statements). The net pension liability for the governmental activities for the City of Winnemucca for fiscal year ending June 30th, 2015 is \$7,180,266.

Net current assets of governmental activities of the City at the close of the recent fiscal year (current assets-current liabilities) was \$15,108,750. The prior year amount, in comparison, was \$17,646,344.

As of the close of business of the current fiscal year, the unassigned portion of the General Fund’s fund balance was \$6,418,202 or 90% of total General Fund expenditures. This compares with the prior fiscal year balance of \$6,612,727 or 95% of the total General Fund expenditures.

Over time net position can be a useful indicator of financial condition. The following is a presentation of the major categories of the Statement of Net Position:

Governmental Activities	2015	2014
Total Current and Other Assets	\$ 16,273,355	\$ 18,878,312
Total Capital Assets, net	25,860,433	18,028,274
Total Deferred Outflows	1,110,736	-
Total Current Liabilities	1,164,605	1,231,968
Total Noncurrent Liabilities	7,748,133	657,719
Total Deferred Inflows	1,851,765	-
Total Net Position	<u>\$ 32,480,021</u>	<u>\$ 35,016,899</u>
Business-Type Activities	2015	2014
Total Current and Other Assets	\$ 9,638,883	\$ 9,388,395
Total Capital Assets, net	12,843,410	12,504,806
Total Deferred Outflows	68,820	-
Total Current Liabilities	283,033	173,620
Total Noncurrent Liabilities	520,441	49,724
Total Deferred Inflows	118,198	-
Total Net Position	<u>\$ 21,629,441</u>	<u>\$ 21,669,857</u>

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 consist of three components: 1) government-wide financial statements, 2) combining financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and 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 position* presents information on all the City's assets, liabilities and deferred inflows/outflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position 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, and culture and recreation. The *business-type activities* of the City include water and sewer.

The government-wide financial statements can be found on pages 10 – 11 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 two categories: governmental funds and proprietary 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 have a narrower 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 the City's near-term financing requirements.

Due to the focus of governmental funds being 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.

Comparing the information in this manner may present the reader with a better understanding of the long-term impacts of the City'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 reconciliations to facilitate this comparison between governmental funds and governmental activities.

The City maintains seven 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 all major governmental funds. Data for non-major governmental funds is combined into a single aggregated presentation

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12-15 of this report.

Proprietary Funds. The City maintains two proprietary funds which are both further classified as enterprise 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 and sewer activities.

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 and both the water and sewer enterprise funds are considered to be major proprietary funds of the City. The basic proprietary fund financial statements can be found on pages 16-19 of this report.

Notes to 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 20-41 of this report.

Government-wide Financial Analysis

Condensed Table of Net Position

As noted earlier, net position may serve as a useful indicator of a government's financial position at a specific point in time and of changes in financial position over time. In the case of the City, assets exceeded liabilities by \$54,109,462 at the close of the most recent fiscal year.

	2015			2014		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	16,273,355	9,638,883	25,912,238	\$ 18,878,312	\$ 9,388,395	\$ 28,266,707
Capital assets, net	25,860,433	12,843,410	38,703,843	18,028,274	12,504,806	30,533,080
Deferred Outflows	1,110,736	68,820	1,179,556	-	-	-
Total assets	43,244,524	22,551,113	65,795,637	36,906,586	21,893,201	58,799,787
Long-term liabilities						
outstanding	7,748,133	520,441	8,268,574	657,719	49,724	707,443
Other liabilities	1,164,605	283,033	1,447,638	1,231,968	173,620	1,405,588
Deferred Inflows	1,851,765	118,198	1,969,963	-	-	-
Total liabilities	10,764,503	921,672	11,686,175	1,889,687	223,344	2,113,031
Net investment in capital assets	25,860,433	12,843,410	38,703,843	17,680,905	12,504,806	30,185,711
Restricted	348,594	-	348,594	326,455	-	326,455
Unrestricted	6,270,994	8,786,031	15,057,025	17,009,539	9,165,051	26,174,590
Total Net Position	\$ 32,480,021	\$ 21,629,441	\$ 54,109,462	\$ 35,016,899	\$ 21,669,857	\$ 56,686,756

The largest portion of the City's net position (71.5%) reflects its net investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets to provide services to citizens. This portion of net position is 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.

An additional portion of the City's net position (0.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$15,057,025) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its governmental and business-type activities.

Condensed Statement of Activities

The table below presents the City's condensed statement of activities for the fiscal year ended June 30, 2015, as derived from the government-wide Statement of Activities. Over time, increases and decreases in net position measure whether the City's financial position is improving or deteriorating. During the fiscal year, the net position of the governmental funds increased by \$5,173,836 or 18.95%, and the net position of the business-type activities increased by \$471,250 or 2.23%. Total revenues increased by \$2,570,255 from the prior year. The components that account for the increase in revenue are an increase in operating grants and contributions of \$206,870, an increase of \$3,152,178 in capital grants and contributions and an increase of \$126,525 in charges for services. General revenues fell by \$915,318 with the most significant portion consisting of a decrease in consolidated tax distribution of \$798,794. Total expenses increased by \$854,735 over the 2013-14 fiscal year. The most significant change was an increase in expenses of \$221,165 in the general government function which was related primarily to increases in expenses related to payroll and related liabilities and an increase in expenses of \$222,614 in the public works function related primarily to increases in expenses related maintenance and operating expenses. In the enterprise funds, the water fund expenses increased by \$284,640. This increase is attributed to the city-wide water replacement project. All other expenses held constant in comparison to prior year amounts.

	2015			2014		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues						
Program revenues						
Charges for services	\$ 1,523,752	\$ 3,270,159	\$ 4,793,911	\$ 1,484,597	\$ 3,182,789	\$ 4,667,386
Operating grants and contributions	277,075	-	277,075	70,205	-	70,205
Capital grants and contributions	5,351,809	-	5,351,809	1,724,631	475,000	2,199,631
General Revenues						
Ad valorem taxes	1,777,402	-	1,777,402	1,899,325	-	1,899,325
Franchise taxes	238,004	-	238,004	245,094	-	245,094
Consolidated taxes	3,468,653	-	3,468,653	4,267,447	-	4,267,447
Fuel tax	244,840	-	244,840	240,773	-	240,773
Investment earnings	139,381	85,287	224,668	195,773	127,039	322,812
Gaming licenses	100,000	-	100,000	100,000	-	100,000
Other	42,745	-	42,745	-	-	-
Loss on disposal of capital assets	-	-	-	(38,618)	(25,203)	(63,821)
Total revenues	13,163,661	3,355,446	16,519,107	10,189,227	3,759,625	13,948,852
Expenses						
General government	1,222,605	-	1,222,605	1,001,440	-	1,001,440
Public safety	4,044,137	-	4,044,137	3,966,582	-	3,966,582
Judicial	106,477	-	106,477	105,685	-	105,685
Public works	1,744,618	-	1,744,618	1,522,004	-	1,522,004
Culture and recreation	959,065	-	959,065	959,118	-	959,118
Interest on long-term debt	12,923	-	12,923	21,076	-	21,076
Sewer	-	991,331	991,331	-	935,156	935,156
Water	-	1,792,865	1,792,865	-	1,508,225	1,508,225
Total expenses	8,089,825	2,784,196	10,874,021	7,575,905	2,443,381	10,019,286
Increase (decrease) in net assets before transfers	5,073,836	571,250	5,645,086	2,613,322	1,316,244	3,929,566
Transfers	100,000	(100,000)	-	100,000	(100,000)	-
Increase (decrease) in net position	5,173,836	471,250	5,645,086	2,713,322	1,216,244	3,929,566
Net Position July 1, as originally reported	35,016,899	21,669,857	56,686,756	32,303,577	20,453,613	52,757,190
Prior Period Adjustment	(7,710,714)	(511,666)	(8,222,380)	-	-	-
Net Position, July 1, as restated	27,306,185	21,158,191	48,464,376	32,303,577	20,453,613	52,757,190
Net Position, June 30	\$ 32,480,021	\$ 21,629,441	\$ 54,109,462	\$ 35,016,899	\$ 21,669,857	\$ 56,686,756

Fund Analysis

Governmental Funds

General Fund

The General Fund is the most significant of all the governmental funds because it records 58.7% of all the governmental activity revenue, and 45.05% of all governmental activity expenditures. The fiscal year 2015 General Fund actual revenues exceeded the budgeted amounts by \$250,886. The intergovernmental resources provide 53.2% of the total governmental activity revenue, which includes grants and various taxes, such as consolidated tax, airport gas tax, state gaming license fee, and gasoline taxes. Property taxes are another source of revenue to the General Fund, which provides 22.6% of the governmental activity revenue.

Expense by function

The fiscal year 2015 actual expenditures were less than budget by \$471,239. Public safety expenditures represent 56.4%, public works 15.1%, general government 16.2%, culture and recreation 10.8%, and judicial 1.5% of the total expenditures for the General Fund.

Debt Service Fund

Total revenues for the Debt Service Fund were less than budgeted by \$22,582. The net change in fund balance for the 2015 fiscal year was a decrease of \$141,812.

Capital Improvement Fund

The total expenditures of the Capital Improvement Fund were 53.76% of the total expenditures of the governmental activities. The net change in fund balance for the 2015 fiscal year was a decrease of \$681,187.

Business-type activities

The total operating revenue for business-type activities was \$3,268,609. The Sewer Fund provided approximately 53.2% of operating income while the Water Fund provided the remaining 46.8%. The major expenses for the City's business-type activities are services and supplies (45.6%), salaries and wages (28.1%), employee benefits (4.6%), and depreciation (21.7%).

The Sewer Funds generated more operating revenues than expected by \$319,286 and the Water Fund generated less operating revenues than expected by \$147,177. The Sewer Funds operating expenses were under budget by \$269,335 while the water fund's operating expenses were over budget by \$224,529. As a result of operations, the Water and Sewer Funds increased their net position by \$471,250 during the 2015 fiscal year.

Budgetary Highlights

There was a budget augmentation in the amount of \$313,132 in the General Fund during the year. The functions augmented were General Government, Public Safety, Public Works, and Culture and Recreation. Total General Fund expenditures were less than budget by \$471,239.

There was a budget augmentation in the amount of \$5,137,252 in the Capital Improvement Fund during the year. The functions augmented were Public Safety, Public Works, and Culture and Recreation. Total Capital Improvement Fund expenditures exceeded budget by \$470,318.

Economic Factors

We continue to anticipate expenditures for the governmental and business-type activities of the City will increase over the next few years. The price of gold was fairly flat over the past fiscal year and we are

anticipating that it will continue that trend through 2015-16. While we do not expect to see growth in the mining industry we do feel that the fairly stable gold prices will continue to provide a strong revenue stream for the City. The majority of this revenue will come from sales tax revenue for the General fund with the City's enterprise fund's supported through water and sewer services revenue. The rate of return on our investments with the Local Government Investment Pool (LGIP) and, Wells Fargo Savings continued to be weak this year. However, the rate of return on our NVest account was much stronger than expected. Due to the above economic factors the City of Winnemucca will continue to approach spending in a conservative manner, which is reflected in our budgetary projections into the new fiscal year.

Capital Asset Activity

At June 30, 2015, the City reported \$25,860,433 in capital assets, net of depreciation for governmental funds and \$12,843,410 in capital assets, net of depreciation for business-type activities. Refer to Note No. 6 to the financial statements for additional information on capital assets.

Long-term Debt Activity

The City's outstanding debt for governmental activities at June 30, 2015 was \$173,686 and for business-type activities, outstanding long-term debt was paid off in January 2014. This is well below the legal limit of \$60,746,438. Refer to Note No. 7 and 8 to the financial statements for additional information on long-term debt.

Requests for information

This financial report is designed to provide a general overview of the financial activity and condition of the City of Winnemucca to all who have an interest in the City of Winnemucca. Questions concerning any of the information provided in this report or requests of additional financial information should be addressed to the City of Winnemucca, City Clerk/Treasurers Office, 90 West Fourth St., Winnemucca, Nevada 89445.

**CITY OF WINNEMUCCA
STATEMENT OF NET POSITION
JUNE 30, 2015**

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and investments	\$ 15,345,774	\$ 9,193,083	\$ 24,538,857
Accounts receivable	78,757	331,600	410,357
Taxes receivable, delinquent	50,670	-	50,670
Assessment receivable	33,918	-	33,918
Due from other governments	752,012	20,727	772,739
Internal balances	(12,591)	12,591	-
Inventory, materials	-	47,850	47,850
Prepaid items	24,815	33,032	57,847
Capital assets not being depreciated	6,200,210	1,079,030	7,279,240
Capital assets, net, where applicable, of accumulated depreciation	<u>19,660,223</u>	<u>11,764,380</u>	<u>31,424,603</u>
Total Assets	<u>42,133,788</u>	<u>22,482,293</u>	<u>64,616,081</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>1,110,736</u>	<u>68,820</u>	<u>1,179,556</u>
LIABILITIES			
Accounts payable	275,574	203,523	479,097
Accrued liabilities	149,779	11,102	160,881
Retainage payable	220,038	-	220,038
Accrued interest	1,360	-	1,360
Due to other governments	95,052	4,952	100,004
Customer deposits	-	44,779	44,779
Unearned revenue	17,010	-	17,010
Noncurrent liabilities:			
Due within one year:			
Compensated absences	232,106	18,677	250,783
Long-term debt	173,686	-	173,686
Due in more than one year:			
Compensated absences	20,457	18,353	38,810
Net pension liability	7,180,266	458,315	7,638,581
Other postemployment benefits	<u>547,410</u>	<u>43,773</u>	<u>591,183</u>
Total Liabilities	<u>8,912,738</u>	<u>803,474</u>	<u>9,716,212</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>1,851,765</u>	<u>118,198</u>	<u>1,969,963</u>
NET POSITION			
Net investment in capital assets	25,860,433	12,843,410	38,703,843
Restricted for:			
Debt service	167,575	-	167,575
Capital projects	155,079	-	155,079
Unemployment insurance	25,940	-	25,940
Unrestricted	<u>6,270,994</u>	<u>8,786,031</u>	<u>15,057,025</u>
Total Net Position	<u>\$ 32,480,021</u>	<u>\$ 21,629,441</u>	<u>\$ 54,109,462</u>

See accompanying notes.

**CITY OF WINNEMUCCA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

	PROGRAM REVENUES			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,222,605	\$ 1,015,009	\$ -	\$ -
Public safety	4,044,137	117,466	-	18,000
Judicial	106,477	-	-	-
Public works	1,744,618	145,004	277,075	5,333,809
Culture and recreation	959,065	246,273	-	-
Interest on long-term debt	12,923	-	-	-
Total governmental activities	<u>8,089,825</u>	<u>1,523,752</u>	<u>277,075</u>	<u>5,351,809</u>
Business-type activities:				
Sewer	991,331	1,740,786	-	-
Water	1,792,865	1,529,373	-	-
Total business-type activities	<u>2,784,196</u>	<u>3,270,159</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 10,874,021</u>	<u>\$ 4,793,911</u>	<u>\$ 277,075</u>	<u>\$ 5,351,809</u>

General Revenues:

- Ad valorem taxes
- Franchise taxes
- Consolidated taxes
- Fuel tax
- Investment earnings
- State gaming licenses
- Other

Transfers

Total General Revenues and Transfers

Change in Net Position

NET POSITION, JULY 1, as originally reported

Prior Period Adjustment

NET POSITION, JULY 1, as restated

NET POSITION, JUNE 30

NET (EXPENSE) REVENUE AND
CHANGE IN NET ASSETS

Governmental Activities	Business-Type Activities	Total
\$ (207,596)	\$ -	\$ (207,596)
(3,908,671)	-	(3,908,671)
(106,477)	-	(106,477)
4,011,270	-	4,011,270
(712,792)	-	(712,792)
(12,923)	-	(12,923)
<u>(937,189)</u>	<u>-</u>	<u>(937,189)</u>
-	749,455	749,455
<u>-</u>	<u>(263,492)</u>	<u>(263,492)</u>
-	485,963	485,963
<u>(937,189)</u>	<u>485,963</u>	<u>(451,226)</u>
1,777,402	-	1,777,402
238,004	-	238,004
3,468,653	-	3,468,653
244,840	-	244,840
139,381	85,287	224,668
100,000	-	100,000
42,745	-	42,745
100,000	(100,000)	-
<u>6,111,025</u>	<u>(14,713)</u>	<u>6,096,312</u>
<u>5,173,836</u>	<u>471,250</u>	<u>5,645,086</u>
35,016,899	21,669,857	56,686,756
<u>(7,710,714)</u>	<u>(511,666)</u>	<u>(8,222,380)</u>
<u>27,306,185</u>	<u>21,158,191</u>	<u>48,464,376</u>
<u>\$ 32,480,021</u>	<u>\$ 21,629,441</u>	<u>\$ 54,109,462</u>

See accompanying notes.

**CITY OF WINNEMUCCA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015**

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL IMPROVEMENT FUND
ASSETS			
Cash and investments	\$ 7,497,592	\$ 308,703	\$ 7,386,586
Accounts receivable	78,757	-	-
Taxes receivable, delinquent	50,670	-	-
Assessment receivable	-	33,918	-
Prepaid assets	-	-	21,738
Due from other governments	720,562	-	29,264
	<u>720,562</u>	<u>-</u>	<u>29,264</u>
Total Assets	<u>\$ 8,347,581</u>	<u>\$ 342,621</u>	<u>\$ 7,437,588</u>
LIABILITIES			
Accounts payable	\$ 125,025	\$ -	\$ 150,549
Accrued liabilities	149,779	-	-
Retainage payable	-	-	220,038
Due to other governments	95,052	-	-
Due to other funds	12,591	-	-
Unearned revenue	17,010	-	-
	<u>17,010</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>399,457</u>	<u>-</u>	<u>370,587</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	50,670	33,918	-
	<u>50,670</u>	<u>33,918</u>	<u>-</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	-	-	21,738
Restricted for:			
Debt service	-	308,703	-
Capital projects	-	-	-
Unemployment insurance benefits	25,940	-	-
Committed for:			
Employee vacation and sick leave	275,948	-	-
Retiree health insurance premiums	910,845	-	-
Community center construction	-	-	2,068,570
Capital improvement projects	-	-	4,976,693
Assigned to:			
2016 budget appropriations	266,519	-	-
Unassigned	6,418,202	-	-
	<u>6,418,202</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>7,897,454</u>	<u>308,703</u>	<u>7,067,001</u>
Total Liabilities, Deferred Inflows of of Resources, and Fund Balances	<u>\$ 8,347,581</u>	<u>\$ 342,621</u>	<u>\$ 7,437,588</u>

NONMAJOR GOVERNMENTAL FUNDS		TOTAL GOVERNMENTAL FUNDS	
\$	152,893	\$	15,345,774
	-		78,757
	-		50,670
	-		33,918
	-		21,738
	2,186		752,012
<hr/>		<hr/>	
\$	155,079	\$	16,282,869
<hr/>		<hr/>	
\$	-	\$	275,574
	-		149,779
	-		220,038
	-		95,052
	-		12,591
	-		17,010
<hr/>		<hr/>	
	-		770,044
<hr/>		<hr/>	
	-		84,588
<hr/>		<hr/>	
	-		21,738
	-		308,703
	155,079		155,079
	-		25,940
	-		275,948
	-		910,845
	-		2,068,570
	-		4,976,693
	-		266,519
	-		6,418,202
<hr/>		<hr/>	
	155,079		15,428,237
<hr/>		<hr/>	
\$	155,079	\$	16,282,869
<hr/>		<hr/>	

See accompanying notes.

CITY OF WINNEMUCCA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2015

Total Governmental Fund Balance		\$ 15,428,237
Amounts reported for governmental activities in the statement of net assets 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	\$ 31,437,324	
Governmental Construction in Progress	4,686,363	
Less: Accumulated Depreciation	<u>(10,263,254)</u>	25,860,433
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental funds.		
Bond Payable	(173,686)	
Accrued Interest	(1,360)	
Prepaid Items	3,077	
Net OPEB Obligation	(547,410)	
Net Pension Liability	(7,180,266)	
Compensated Absences	<u>(252,563)</u>	(8,152,208)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore are not reported in the funds.		
Deferred outflows of resources related to pensions	1,110,736	
Deferred inflows of resources related to pensions	<u>(1,851,765)</u>	(741,029)
Deferred inflows of resources represents amounts that are not available to fund current expenditures, and therefore, are not reported in the governmental funds.		
		<u>84,588</u>
Net Position of Governmental Activities		\$ <u>32,480,021</u>

See accompanying notes.

CITY OF WINNEMUCCA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL IMPROVEMENT FUND
REVENUES			
Property taxes	\$ 1,753,104	\$ -	\$ -
Other taxes	238,004	-	-
Licenses and permits	596,445	-	-
Intergovernmental revenues	4,123,418	-	5,302,025
Charges for services	257,762	-	-
Miscellaneous	783,653	46,158	60,747
Total Revenues	7,752,386	46,158	5,362,772
EXPENDITURES			
Current:			
General government	1,200,147	-	-
Public safety	3,987,513	-	9,340
Judicial	105,411	-	-
Public works	1,063,058	-	-
Culture and recreation	762,356	-	-
Capital Outlay	-	-	8,484,750
Debt Service			
Principal	-	173,683	-
Interest	-	14,287	-
Total Expenditures	7,118,485	187,970	8,494,090
Excess (Deficiency) of Revenues Over (Under) Expenditures	633,901	(141,812)	(3,131,318)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(2,350,131)	-	2,450,131
Net Change in Fund Balances	(1,716,230)	(141,812)	(681,187)
FUND BALANCE, JULY 1	9,613,684	450,515	7,748,188
FUND BALANCE, JUNE 30	\$ 7,897,454	\$ 308,703	\$ 7,067,001

OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 1,753,104
-	238,004
-	596,445
39,032	9,464,475
-	257,762
1,189	891,747
<u>40,221</u>	<u>13,201,537</u>
-	1,200,147
-	3,996,853
-	105,411
-	1,063,058
-	762,356
-	8,484,750
-	173,683
-	14,287
<u>-</u>	<u>15,800,545</u>
<u>40,221</u>	<u>(2,599,008)</u>
<u>-</u>	<u>100,000</u>
40,221	(2,499,008)
<u>114,858</u>	<u>17,927,245</u>
<u>\$ 155,079</u>	<u>\$ 15,428,237</u>

See accompanying notes.

CITY OF WINNEMUCCA
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, 2015

Net Change in Fund Balances - Total Governmental Funds \$ (2,499,008)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	\$ 8,526,547	
Less: current year depreciation	<u>(979,293)</u>	7,547,254

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

Change in deferred revenue		(17,396)
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Long-term liabilities, including bonds payable, are not due and payable in current period and therefore are not reported in the funds

Bond payable-principal payments		173,683
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due and thus requires current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Change in accrued interest payable		1,360
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Governmental funds report City pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

City pension contributions	1,046,151	
Cost of benefits earned net of employee contributions	<u>(951,351)</u>	94,800

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.

Retired capital assets	(20,475)	
Change in prepaid items	(3,357)	
Change in other postemployment benefits	(114,957)	
Change in long-term compensated absences payable	<u>11,932</u>	<u>(126,857)</u>

Change in Net Position of Governmental Activities		\$ <u>5,173,836</u>
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See accompanying notes.

**CITY OF WINNEMUCCA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	SEWER FUND	WATER FUND	TOTAL ENTERPRISE FUNDS
ASSETS			
Current Assets			
Cash and investments	\$ 7,922,052	\$ 1,271,031	\$ 9,193,083
Accounts receivable	176,908	154,692	331,600
Due from other governments	-	20,727	20,727
Inventory, materials	3,360	44,490	47,850
Prepaid items	33,032	-	33,032
Due from other funds	202	12,593	12,795
Total Current Assets	8,135,554	1,503,533	9,639,087
Capital Assets			
Land	155,430	73,276	228,706
Construction in progress	842,922	7,402	850,324
Buildings and improvements	2,797,721	4,530,387	7,328,108
Systems and equipment	6,448,962	9,062,859	15,511,821
	10,245,035	13,673,924	23,918,959
Less: Accumulated Depreciation	5,348,519	5,727,030	11,075,549
Total Capital Assets, Net	4,896,516	7,946,894	12,843,410
Total Noncurrent Assets	4,896,516	7,946,894	12,843,410
Total Assets	13,032,070	9,450,427	22,482,497
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	41,183	27,637	68,820
LIABILITIES			
Current Liabilities			
Accounts payable	116,810	86,713	203,523
Accrued liabilities	6,588	4,514	11,102
Compensated absences	8,990	9,687	18,677
Due to other governments	1,559	3,393	4,952
Due to other funds	2	202	204
Customer deposits	-	44,779	44,779
Total Current Liabilities	133,949	149,288	283,237
Noncurrent Liabilities			
Compensated absences	4,846	13,507	18,353
Net pension liability	267,350	190,965	458,315
OPEB liability	11,520	32,253	43,773
Total Noncurrent Liabilities	283,716	236,725	520,441
Total Liabilities	417,665	386,013	803,678
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	68,949	49,249	118,198
NET POSITION			
Net investment in capital assets	4,896,516	7,946,894	12,843,410
Unrestricted	7,690,123	1,095,908	8,786,031
Total Net Position	\$ 12,586,639	\$ 9,042,802	\$ 21,629,441

See accompanying notes.

**CITY OF WINNEMUCCA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	SEWER FUND	WATER FUND	TOTAL ENTERPRISE FUNDS
OPERATING REVENUES			
Charges for services	\$ 1,620,995	\$ 1,397,472	\$ 3,018,467
Connection fees	119,791	120,941	240,732
Meter sales	-	9,410	9,410
Total Operating Revenues	<u>1,740,786</u>	<u>1,527,823</u>	<u>3,268,609</u>
OPERATING EXPENSES			
Salaries and wages	376,589	407,501	784,090
Employee benefits	76,513	51,330	127,843
Services and supplies	308,984	962,827	1,271,811
Depreciation	229,245	371,207	600,452
Total Operating Expenses	<u>991,331</u>	<u>1,792,865</u>	<u>2,784,196</u>
Operating Income (Loss)	<u>749,455</u>	<u>(265,042)</u>	<u>484,413</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	71,353	13,934	85,287
Miscellaneous income	-	1,550	1,550
Total Nonoperating Expenses	<u>71,353</u>	<u>15,484</u>	<u>86,837</u>
Income (Loss) before Capital Contributions and Transfers	<u>820,808</u>	<u>(249,558)</u>	<u>571,250</u>
TRANSFERS IN (OUT)			
Capital Improvement Fund	-	(100,000)	(100,000)
Change in Net Position	820,808	(349,558)	471,250
NET POSITION, JULY 1, as originally reported	12,064,303	9,605,554	21,669,857
Prior Period Adjustment	<u>(298,472)</u>	<u>(213,194)</u>	<u>(511,666)</u>
NET POSITION, JULY 1, as restated	<u>11,765,831</u>	<u>9,392,360</u>	<u>21,158,191</u>
NET POSITION, JUNE 30	<u>\$ 12,586,639</u>	<u>\$ 9,042,802</u>	<u>\$ 21,629,441</u>

See accompanying notes.

CITY OF WINNEMUCCA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(Page 1 of 2)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	SEWER FUND	WATER FUND	TOTAL ENTERPRISE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers and users	\$ 1,687,761	\$ 1,537,486	\$ 3,225,247
Cash payments to employees for salaries and benefits	(447,271)	(458,079)	(905,350)
Cash payments to suppliers for goods and services	(236,044)	(967,101)	(1,203,145)
Net Cash Provided (Used) by Operating Activities	<u>1,004,446</u>	<u>112,306</u>	<u>1,116,752</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers to other funds	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	<u>(874,259)</u>	<u>(64,798)</u>	<u>(939,057)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	<u>71,353</u>	<u>15,484</u>	<u>86,837</u>
Net Increase (Decrease) in Cash and Cash Equivalents	201,540	(37,008)	164,532
CASH AND CASH EQUIVALENTS, JULY 1	<u>7,720,512</u>	<u>1,308,039</u>	<u>9,028,551</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 7,922,052</u>	<u>\$ 1,271,031</u>	<u>\$ 9,193,083</u>

See accompanying notes.

CITY OF WINNEMUCCA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(Page 2 of 2)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	SEWER FUND	WATER FUND	TOTAL ENTERPRISE FUNDS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 749,455	\$ (265,042)	\$ 484,413
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	229,245	371,207	600,452
(Increase) decrease in:			
Accounts receivable	(53,226)	2,264	(50,962)
Due from other governments	-	(10,140)	(10,140)
Prepaid items	(25,394)	-	(25,394)
Due from other funds	201	14,934	15,135
Inventory	-	(14,393)	(14,393)
Increase (decrease) in:			
Accounts payable	99,153	11,631	110,784
Accrued liabilities	2,977	(1,277)	1,700
Due to other governments	(817)	(1,311)	(2,128)
Due to other funds	(2)	(201)	(203)
Pension liability	(3,356)	(617)	(3,973)
OPEB liability	6,210	2,646	8,856
Customer deposits	-	2,605	2,605
Total Adjustments	254,991	377,348	632,339
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,004,446</u>	<u>\$ 112,306</u>	<u>\$ 1,116,752</u>

See accompanying notes.