

CITY OF WINNEMUCCA

JUNE 30, 2011

**CITY OF WINNEMUCCA
JUNE 30, 2011
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KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

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

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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Winnemucca. 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 of material misstatement. 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our 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, Nevada, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2011 on our consideration of the City of Winnemucca, Nevada's internal control over financial reporting and 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress, and budgetary comparison information on pages 3 through 8, page 38 and pages 39 through 44 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Winnemucca, Nevada's financial statements as a whole. The individual fund financial statements and schedules and supplementary data are presented for purposes of additional analysis and are not a required part of the financial statements. The individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary data has 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.

Kafoury, Armstrong & Co.

Winnemucca, Nevada
November 8, 2011

**CITY OF WINNEMUCCA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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, 2011.

Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$43,863,654 (net assets). Of this amount \$22,036,967 can be used to meet the government's ongoing obligations to citizens and creditors.

The net assets of the governmental activities of the City grew by \$1,450,166 or 5.73% over the prior fiscal year. Current assets increased by \$668,921 and net capital assets increased by \$434,716. Current liabilities of the City's governmental activities increased by \$68,147 and long-term liabilities decreased by \$414,676.

Net current assets of governmental activities of the City at the close of the recent fiscal year (current assets-current liabilities) was \$14,881,113. The prior year amount, in comparison, was \$14,280,339.

As of the close of business of the current fiscal year, the unassigned portion of the General Fund's fund balance was \$6,422,907 or 122% of total General Fund expenditures. This compares with the prior fiscal year balance of \$7,141,682 or 135% of the total General Fund expenditures.

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

Governmental Activities	2011	2010
Total Current and Other Assets	\$ 16,086,246	\$ 15,417,325
Total Capital Assets, net	\$ 13,122,757	\$ 12,688,041
Total Current Liabilities	\$ 1,205,133	\$ 1,136,986
Total Noncurrent Liabilities	\$ 1,245,761	\$ 1,660,437
Total Net Assets	\$ 26,758,109	\$ 25,307,943

Business-Type Activities	2011	2010
Total Current and Other Assets	\$ 8,317,791	\$ 7,584,045
Total Capital Assets, net	\$ 10,343,770	\$ 10,408,556
Total Current Liabilities	\$ 111,291	\$ 204,452
Total Noncurrent Liabilities	\$ 1,444,725	\$ 1,505,980
Total Net Assets	\$ 17,105,545	\$ 16,282,169

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) 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 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 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 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, 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 9 – 10 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 11-14 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 governmental-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 propriety funds of the City. The basic proprietary fund financial statements can be found on pages 15-17 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 18-37 of this report.

Government-wide Financial Analysis

Condensed Table of Net Assets

As noted earlier, net assets 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 \$43,863,654 at the close of the most recent fiscal year.

	2011			2010		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 16,086,246	\$ 8,317,791	\$ 24,404,037	\$ 15,417,325	\$ 7,584,045	\$ 23,001,370
Capital assets, net	13,122,757	10,343,770	23,466,527	12,688,041	10,408,556	23,096,597
Total assets	29,209,003	18,661,561	47,870,564	28,105,366	17,992,601	46,097,967
Long-term liabilities outstanding	1,245,761	1,444,725	2,690,486	1,660,437	1,505,980	3,166,417
Other liabilities	1,205,133	111,291	1,316,424	1,136,986	204,452	1,341,438
Total liabilities	2,450,894	1,556,016	4,006,910	2,797,423	1,710,432	4,507,855
Invested in capital assets, net of related debt	12,254,336	8,941,491	21,195,827	11,345,936	8,938,444	20,284,380
Restricted	520,346	110,514	630,860	519,415	110,514	629,929
Unrestricted	13,983,427	8,053,540	22,036,967	13,442,592	7,233,211	20,675,803
Total Net Assets	\$ 26,758,109	\$ 17,105,545	\$ 43,863,654	\$ 25,307,943	\$ 16,282,169	\$ 41,590,112

The second largest portion of the City's net assets (48.3%) reflects its invested 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 assets 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 assets (1.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$22,036,967) 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 assets, 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, 2011, as derived from the government-wide Statement of Activities. Over time, increases and decreases in net assets measure whether the City's financial position is improving or deteriorating. During the fiscal year, the net assets of the Governmental funds increased by \$1,450,166 or 5.73%, and the net assets of the business-type activities increased by \$823,376 or 5.06%. Total revenues increased by \$58,002 from the prior year. The components that accounts for the increase in revenue are increase of \$316,153 in charges for services and an increase of \$697,093 in consolidated taxes. These increases in revenues helped offset decreases in operating grants and contributions of \$102,078 and capital grants and contributions of \$600,259. Total expenses decreased by \$78,907 from the 2009-10 fiscal year. The most significant change was a decrease in expenses of \$69,240 in the Public Safety function which related primarily to decreases in salaries and wages and employee benefits due to having a vacated sergeant position during the 2010-11 fiscal year.

	2011			2010		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues						
Program revenues						
Charges for services	\$ 1,303,220	\$ 3,113,279	\$ 4,416,499	\$ 1,350,944	\$ 2,749,402	\$ 4,100,346
Operating grants and contributions	10,000	-	10,000	112,078	-	112,078
Capital grants and contributions	98,991	-	98,991	687,585	11,665	699,250
General Revenues						
Ad valorem taxes	1,526,176	-	1,526,176	1,440,401	-	1,440,401
Franchise taxes	250,994	-	250,994	275,794	-	275,794
Consolidated taxes	3,552,393	-	3,552,393	2,855,300	-	2,855,300
Fuel tax	258,716	-	258,716	260,800	-	260,800
Investment earnings	203,292	98,700	301,992	406,085	207,705	613,790
Gaming licenses	100,000	-	100,000	100,000	-	100,000
Total revenues	7,303,782	3,211,979	10,515,761	7,488,987	2,968,772	10,457,759
Expenses						
General government	968,758	-	968,758	981,892	-	981,892
Public safety	2,782,077	-	2,782,077	2,851,317	-	2,851,317
Judicial	96,289	-	96,289	94,820	-	94,820
Public works	1,217,953	-	1,217,953	1,175,165	-	1,175,165
Culture and recreation	841,680	-	841,680	830,857	-	830,857
Interest on long-term debt	46,859	-	46,859	55,158	-	55,158
Sewer	-	871,008	871,008	-	858,038	858,038
Water	-	1,417,595	1,417,595	-	1,473,879	1,473,879
Total Expenses	5,953,616	2,288,603	8,242,219	5,989,209	2,331,917	8,321,126
Increase (decrease) in net assets before transfers	1,350,166	923,376	2,273,542	1,499,778	636,855	2,136,633
Transfers	100,000	(100,000)	-	100,000	(100,000)	-
Increase (decrease) in net assets	1,450,166	823,376	2,273,542	1,599,778	536,855	2,136,633
Net assets, July 1	25,307,943	16,282,169	41,590,112	23,708,165	15,745,314	39,453,479
Net assets June 30	\$ 26,758,109	\$ 17,105,545	\$ 43,863,654	\$ 25,307,943	\$ 16,282,169	\$ 41,590,112

Fund Analysis

Governmental Funds

General Fund

The General Fund is the most significant of all the governmental funds because it records 95% of all the governmental activity revenue, and 77% of all governmental activity expenditures. The fiscal year 2011 General Fund actual revenues exceeded the budgeted amounts by \$1,728,409. The intergovernmental resources provide 55% 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% of the governmental activity revenue.

Expense by function

The fiscal year 2011 actual expenditures were less than budget by \$536,116. Public safety expenditures represent 53%, public works 16%, general government 16%, culture and recreation 13%, and judicial 2% of the total expenditures for the General Fund.

Debt Service Fund

Total revenues for the Debt Service Fund exceeded budget by \$46,952. The net change in fund balance for the 2011 fiscal year was a decrease of \$11,266.

Capital Improvement Fund

The total expenditures of the Capital Improvement Fund were 20% of the total expenditures of the governmental activities. The net change in fund balance for the 2011 fiscal year was a decrease of \$617,600.

Business-type activities

The total operating revenue for business-type activities was \$3,113,279. The Water Fund provided approximately 50.2% of operating income while the Sewer Fund provided the remaining 49.8%. The major expenses for the City's business-type activities are services and supplies (43%), salaries and wages (28%), employee benefits (5%), and depreciation (24%).

The Sewer Funds generated more operating revenues than expected by \$371,825 and the Water Fund generated more operating revenues than expected by \$27,454. Together, their operating expenses were \$171,594 less than budget. As a result of operations, the Water and Sewer Funds increased their net assets by \$823,376 during the 2011 fiscal year.

Budgetary Highlights

There were no budget augments or transfers during the fiscal year ended June 30, 2011. Total General Fund expenditures were less than budget by \$536,116.

Consolidated taxes exceeded budget by \$1,552,393 which was the largest unexpected revenue in the General Fund.

Economic Factors

We continue to anticipate expenditures for the governmental and business-type activities of the City will increase over the next few years. We are anticipating local mining expansion over the next two to three years. Any mining expansion should have a positive impact on the City's revenues, namely the sales tax revenue projections. However, the City will continue to approach any revenue resource in a conservative manner, mainly due to the continued uncertainty in both the national and state economies. We have, however, according to the latest information available to use, adjusted our fiscal year 2012 budget revenue projections accordingly. Currently, the steady pace of gold production will continue to have a stabilizing effect on our local economy. There has been a substantial decline in the rate of return on our investments with the Local Government Investment Pool (LGIP), the NVest program and Wells Fargo Time Certificates and Savings. Because we are facing challenges in the current economic climate, 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, 2011, the City reported \$13,122,757 in capital assets, net of depreciation for governmental funds and \$10,343,770 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, 2011 was \$868,421 and for business-type activities, outstanding long-term debt was \$1,402,279. This is well below the legal limit of \$48,286,734. 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 ASSETS
JUNE 30, 2011**

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and investments	\$ 14,594,506	\$ 7,952,111	\$ 22,546,617
Accounts receivable	81,802	137,981	219,783
Taxes receivable, delinquent	5,185	-	5,185
Assessment receivable	569,472	-	569,472
Due from other governments	828,758	1,150	829,908
Internal balances	(9,981)	9,981	-
Inventory, materials	-	50,139	50,139
Prepaid items	16,504	27,355	43,859
Restricted cash	-	110,514	110,514
Notes receivable	-	28,560	28,560
Capital assets not being depreciated	1,669,499	228,706	1,898,205
Capital assets, net, where applicable, of accumulated depreciation	<u>11,453,258</u>	<u>10,115,064</u>	<u>21,568,322</u>
Total Assets	<u>29,209,003</u>	<u>18,661,561</u>	<u>47,870,564</u>
LIABILITIES			
Accounts payable	207,321	58,609	265,930
Accrued liabilities	209,562	11,632	221,194
Due to other governments	25,681	4,938	30,619
Customer deposits	-	36,112	36,112
Unearned revenue	762,569	-	762,569
Noncurrent liabilities:			
Due within one year:			
Compensated absences	209,971	14,965	224,936
Long-term debt	173,684	69,835	243,519
Due in more than one year:			
Compensated absences	10,935	17,279	28,214
Long-term debt	694,737	1,332,444	2,027,181
Other postemployment benefits	<u>156,434</u>	<u>10,202</u>	<u>166,636</u>
Total Liabilities	<u>2,450,894</u>	<u>1,556,016</u>	<u>4,006,910</u>
NET ASSETS			
Invested in capital assets, net of related debt	12,254,336	8,941,491	21,195,827
Restricted for:			
Debt service	508,149	110,514	618,663
Capital projects	12,197	-	12,197
Unrestricted	<u>13,983,427</u>	<u>8,053,540</u>	<u>22,036,967</u>
Total Net Assets	<u>\$ 26,758,109</u>	<u>\$ 17,105,545</u>	<u>\$ 43,863,654</u>

See accompanying notes.

**CITY OF WINNEMUCCA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>PROGRAM REVENUES</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 968,758	\$ 831,611	\$ -	\$ 3,097
Public safety	2,782,077	136,311	10,000	18,569
Judicial	96,289	-	-	-
Public works	1,217,953	80,336	-	77,325
Culture and recreation	841,680	254,962	-	-
Interest on long-term debt	46,859	-	-	-
Total governmental activities	<u>5,953,616</u>	<u>1,303,220</u>	<u>10,000</u>	<u>98,991</u>
Business-type activities:				
Sewer	871,008	1,551,825	-	-
Water	1,417,595	1,561,454	-	-
Total business-type activities	<u>2,288,603</u>	<u>3,113,279</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 8,242,219</u>	<u>\$ 4,416,499</u>	<u>\$ 10,000</u>	<u>\$ 98,991</u>

General Revenues:
 Ad valorem taxes
 Franchise taxes
 Consolidated taxes
 Fuel tax
 Investment earnings
 State gaming licenses
 Transfers

Total General Revenues and Transfers

Change in Net Assets

NET ASSETS, JULY 1

NET ASSETS, JUNE 30

**NET (EXPENSE) REVENUE AND
CHANGE IN NET ASSETS**

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (134,050)	\$ -	\$ (134,050)
(2,617,197)	-	(2,617,197)
(96,289)	-	(96,289)
(1,060,292)	-	(1,060,292)
(586,718)	-	(586,718)
(46,859)	-	(46,859)
<u>(4,541,405)</u>	<u>-</u>	<u>(4,541,405)</u>
-	680,817	680,817
-	143,859	143,859
<u>-</u>	<u>824,676</u>	<u>824,676</u>
<u>(4,541,405)</u>	<u>824,676</u>	<u>(3,716,729)</u>
1,526,176	-	1,526,176
250,994	-	250,994
3,552,393	-	3,552,393
258,716	-	258,716
203,292	98,700	301,992
100,000	-	100,000
100,000	(100,000)	-
<u>5,991,571</u>	<u>(1,300)</u>	<u>5,990,271</u>
1,450,166	823,376	2,273,542
<u>25,307,943</u>	<u>16,282,169</u>	<u>41,590,112</u>
<u>\$ 26,758,109</u>	<u>\$ 17,105,545</u>	<u>\$ 43,863,654</u>

See accompanying notes.

**CITY OF WINNEMUCCA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2011**

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL IMPROVEMENT FUND
ASSETS			
Cash and investments	\$ 8,883,938	\$ 508,149	\$ 5,199,882
Accounts receivable	55,688	-	26,114
Taxes receivable, delinquent	5,185	-	-
Assessment receivable	-	569,472	-
Due from other governments	819,098	-	-
	<u>9,763,909</u>	<u>1,077,621</u>	<u>5,225,996</u>
Total Assets	<u>\$ 9,763,909</u>	<u>\$ 1,077,621</u>	<u>\$ 5,225,996</u>
LIABILITIES			
Accounts payable	\$ 92,688	\$ -	\$ 114,633
Accrued liabilities	209,562	-	-
Due to other governments	25,681	-	-
Due to other funds	9,981	-	-
Deferred revenue	21,477	569,472	746,278
	<u>359,389</u>	<u>569,472</u>	<u>860,911</u>
Total Liabilities	<u>359,389</u>	<u>569,472</u>	<u>860,911</u>
FUND EQUITY			
Fund balances			
Restricted for:			
Debt service	-	508,149	-
Capital projects	-	-	-
Committed for:			
Employee vacation and sick leave	275,948	-	-
Unemployment insurance benefits	44,934	-	-
Retiree health insurance premiums	233,170	-	-
Community center construction	-	-	2,015,028
Capital improvement projects	-	-	2,350,057
Assigned to:			
2012 budget appropriations	2,427,561	-	-
Unassigned	6,422,907	-	-
	<u>9,404,520</u>	<u>508,149</u>	<u>4,365,085</u>
Total Fund Equity	<u>9,404,520</u>	<u>508,149</u>	<u>4,365,085</u>
Total Liabilities and Fund Equity	<u>\$ 9,763,909</u>	<u>\$ 1,077,621</u>	<u>\$ 5,225,996</u>

NONMAJOR GOVERNMENTAL FUNDS		TOTAL GOVERNMENTAL FUNDS	
\$	2,537	\$	14,594,506
	-		81,802
	-		5,185
	-		569,472
	9,660		828,758
<hr/>		<hr/>	
\$	12,197	\$	16,079,723
<hr/>		<hr/>	
\$	-	\$	207,321
	-		209,562
	-		25,681
	-		9,981
	-		1,337,227
<hr/>		<hr/>	
	-		1,789,772
<hr/>		<hr/>	
	-		508,149
	12,197		12,197
	-		275,948
	-		44,934
	-		233,170
	-		2,015,028
	-		2,350,057
	-		2,427,561
	-		6,422,907
<hr/>		<hr/>	
	12,197		14,289,951
<hr/>		<hr/>	
\$	12,197	\$	16,079,723
<hr/>		<hr/>	

See accompanying notes.

**CITY OF WINNEMUCCA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
JUNE 30, 2011**

Total Governmental Fund Balance \$ 14,289,951

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	\$ 19,975,134	
Governmental Construction in Progress	373,458	
Less: Accumulated Depreciation	<u>(7,225,835)</u>	13,122,757

Long-term liabilities are not due and payable in the current period, and
therefore, are not reported in the governmental funds.

Bond Payable	(868,421)	
Loan Costs, Net of Amortization	16,504	
Net OPEB Obligation	(156,434)	
Compensated Absences	<u>(220,906)</u>	(1,229,257)

Deferred revenue represents amounts that are not available to fund current
expenditures, and therefore, are not reported in the governmental funds. 574,658

Net Assets of Governmental Activities \$ 26,758,109

See accompanying notes.

**CITY OF WINNEMUCCA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL IMPROVEMENT FUND
REVENUES			
Property taxes	\$ 1,537,110	\$ -	\$ -
Other taxes	250,994	-	-
Licenses and permits	517,320	-	-
Intergovernmental revenues	3,908,786	-	77,325
Charges for services	285,132	-	-
Miscellaneous	620,180	209,277	75,836
Total Revenues	<u>7,119,522</u>	<u>209,277</u>	<u>153,161</u>
EXPENDITURES			
Current:			
General government	902,085	-	-
Public safety	2,766,684	-	-
Judicial	94,127	-	-
Public works	826,082	-	-
Culture and recreation	684,674	-	-
Capital Outlay	-	-	1,030,761
Debt Service			
Principal	-	173,684	300,000
Interest	-	46,859	-
Total Expenditures	<u>5,273,652</u>	<u>220,543</u>	<u>1,330,761</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,845,870</u>	<u>(11,266)</u>	<u>(1,177,600)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>(100,000)</u>	<u>-</u>	<u>560,000</u>
Net Change in Fund Balances	<u>1,745,870</u>	<u>(11,266)</u>	<u>(617,600)</u>
FUND BALANCE, JULY 1 - as originally stated	7,141,682	519,415	4,982,685
Increase (decrease) in fund balance from internally reported funds being combined with the General Fund for external reporting	<u>516,968</u>	<u>-</u>	<u>-</u>
FUND BALANCE, JULY 1 - as restated	<u>7,658,650</u>	<u>519,415</u>	<u>4,982,685</u>
FUND BALANCE, JUNE 30	<u>\$ 9,404,520</u>	<u>\$ 508,149</u>	<u>\$ 4,365,085</u>

OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 1,537,110
-	250,994
-	517,320
26,271	4,012,382
-	285,132
<u>2,453</u>	<u>907,746</u>
<u>28,724</u>	<u>7,510,684</u>
-	902,085
-	2,766,684
-	94,127
-	826,082
-	684,674
-	1,030,761
-	473,684
-	46,859
<u>-</u>	<u>6,824,956</u>
<u>28,724</u>	<u>685,728</u>
<u>(360,000)</u>	<u>100,000</u>
<u>(331,276)</u>	<u>785,728</u>
860,441	13,504,223
<u>(516,968)</u>	<u>-</u>
<u>343,473</u>	<u>13,504,223</u>
<u>\$ 12,197</u>	<u>\$ 14,289,951</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, 2011**

Net Change in Fund Balances - Total Governmental Funds \$ 785,728

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	\$ 1,133,224	
Less: current year depreciation	<u>(673,147)</u>	460,077

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	(181,598)	
Remaining basis in disposed capital assets	<u>(25,361)</u>	(206,959)

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		473,684
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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 current year bond issuance costs	(3,357)	
Change in other postemployment benefits	(75,620)	
Change in long-term compensated absences payable	<u>16,613</u>	<u>(62,364)</u>

Change in Net Assets of Governmental Activities		\$ <u><u>1,450,166</u></u>
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See accompanying notes.