

CITY OF WINNEMUCCA

STATE OF NEVADA

JUNE 30, 2010

CITY OF WINNEMUCCA
JUNE 30, 2010
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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, 2010, 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 that our audit provides a reasonable basis for our opinions.

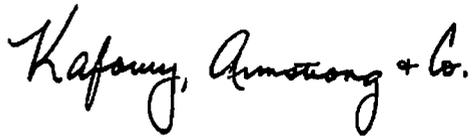
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Winnemucca, as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2010 on our consideration of the City'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.

The management's discussion and analysis and the schedule of funding progress on pages 3 through 8 and page 39, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation

of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Winnemucca, Nevada's basic financial statements. The combining and individual fund statements and schedules and supplementary data are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules 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 supplementary data has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in cursive script that reads "Kafoury, Armstrong & Co.".

Winnemucca, Nevada
November 15, 2010

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, 2010.

Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$41,590,112 (net assets). Of this amount \$20,675,803 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 \$1,599,778 or 6.7% over the prior fiscal year. Current assets increased by \$1,320,850 and net capital assets increased by \$1,098,113. Current liabilities of the City's governmental activities increased by \$593,783 and long-term liabilities increased by \$225,402.

Net current assets of Governmental Activities of the City at the close of the recent fiscal year (Current assets-Current Liabilities) was \$14,280,339. The prior year amount, in comparison, was \$13,553,272.

As of the close of business of the current fiscal year, the unreserved portion of the General Fund fund balance was \$7,141,682 or 135% of total general fund expenditures. This compares with the prior fiscal year balance of \$6,198,044 or 114% 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	2010	2009
Total Current and Other Assets	\$ 15,417,325	\$ 14,096,475
Total Capital Assets, net	\$ 12,688,041	\$ 11,589,928
Total Current Liabilities	\$ 1,136,986	\$ 543,203
Total Noncurrent Liabilities	\$ 1,660,437	\$ 1,435,035
Total Net Assets	\$ 25,307,943	\$ 23,708,165
Business-Type Activities	2010	2009
Total Current and Other Assets	\$ 7,584,045	\$ 6,995,362
Total Capital Assets, net	\$ 10,408,556	\$ 10,617,929
Total Current Liabilities	\$ 204,452	\$ 302,794
Total Noncurrent Liabilities	\$ 1,505,980	\$ 1,565,183
Total Net Assets	\$ 16,282,169	\$ 15,745,314

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, 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. Individual fund data for the nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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 11-19 of this report.

Proprietary Funds. The City maintains two 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 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 20-22 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 23-38 of this report.

Combining and individual fund statements and schedules. The combining statements and individual fund budgetary comparisons referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements.

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 \$41,590,112 at the close of the most recent fiscal year.

	2010			2009		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 15,417,325	\$ 7,584,045	\$ 23,001,370	\$ 14,096,475	\$ 6,995,362	\$ 21,091,837
Capital assets, net	12,688,041	10,408,556	23,096,597	11,589,928	10,617,929	22,207,857
Total assets	<u>28,105,366</u>	<u>17,992,601</u>	<u>46,097,967</u>	<u>25,686,403</u>	<u>17,613,291</u>	<u>43,299,694</u>
Long-Term liabilities						
outstanding	1,660,437	1,505,980	3,166,417	1,435,035	1,565,183	3,000,218
Other liabilities	<u>1,136,986</u>	<u>204,452</u>	<u>1,341,438</u>	<u>543,203</u>	<u>302,794</u>	<u>845,997</u>
Total liabilities	<u>2,797,423</u>	<u>1,710,432</u>	<u>4,507,855</u>	<u>1,978,238</u>	<u>1,867,977</u>	<u>3,846,215</u>
Net assets						
Invested in capital assets, net of debt	11,345,936	8,938,444	20,284,380	10,374,138	9,081,928	19,456,066
Restricted	519,415	110,514	629,929	526,775	160,000	686,775
Unrestricted	<u>13,442,592</u>	<u>7,233,211</u>	<u>20,675,803</u>	<u>12,807,252</u>	<u>6,503,386</u>	<u>19,310,638</u>
Total Net Assets	<u>\$ 25,307,943</u>	<u>\$ 16,282,169</u>	<u>\$ 41,590,112</u>	<u>\$ 23,708,165</u>	<u>\$ 15,745,314</u>	<u>\$ 39,453,479</u>

The second largest portion of the City’s net assets (49%) reflects its 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; 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.

An additional portion of the City’s net assets (1.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$20,675,803) 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, 2010, 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 activities increased by \$1,599,778 or 6.7%, and the net assets of the business-type activities increased by \$536,855 or 3.41%. Total revenues decreased \$353,425 from the prior year. The components that account for the decrease in revenue are decreases in Capital Grants and contributions in the amount of \$252,938 and Consolidated tax in the amount of \$356,958. The most significant change in expenses was an increase of \$172,133 in the Public Safety function which related to an increase in salaries and employee benefits.

	2010			2009		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues						
Program revenues						
Charges for services	\$ 1,350,944	\$ 2,749,402	\$ 4,100,346	\$ 1,348,441	\$ 2,495,999	\$ 3,844,440
Operating grants and contributions	112,078	-	112,078	33,715	-	33,715
Capital grants and contributions	687,585	11,665	699,250	839,097	113,091	952,188
General Revenues						
Ad valorem taxes	1,440,401	-	1,440,401	1,415,569	-	1,415,569
Franchise taxes	275,794	-	275,794	283,691	-	283,691
Consolidated tax	2,855,300	-	2,855,300	3,212,258	-	3,212,258
Fuel tax	260,800	-	260,800	262,270	-	262,270
Investment earnings	406,085	207,705	613,790	468,058	238,995	707,053
Gaming licenses	100,000	-	100,000	100,000	-	100,000
Total Revenues	7,488,987	2,968,772	10,457,759	7,963,099	2,848,085	10,811,184
Expenses						
General government	981,892	-	981,892	941,544	-	941,544
Public safety	2,851,317	-	2,851,317	2,679,184	-	2,679,184
Judicial	94,820	-	94,820	89,688	-	89,688
Public works	1,175,165	-	1,175,165	1,339,422	-	1,339,422
Culture and recreation	830,857	-	830,857	799,947	-	799,947
Interest	55,158	-	55,158	72,203	-	72,203
Sewer	-	858,038	858,038	-	888,747	888,747
Water	-	1,473,879	1,473,879	-	1,360,248	1,360,248
Total Expenses	5,989,209	2,331,917	8,321,126	5,921,988	2,248,995	8,170,983
Excess (deficiency) before transfers	1,499,778	636,855	2,136,633	2,041,111	599,090	2,640,201
Transfers	100,000	(100,000)	-	100,000	(100,000)	-
Increase (decrease) in net assets	1,599,778	536,855	2,136,633	2,141,111	499,090	2,640,201
Net assets, July 1,	23,708,165	15,745,314	39,453,479	21,567,054	15,246,224	36,813,278
Net assets, June 30	\$ 25,307,943	\$ 16,282,169	\$ 41,590,112	\$ 23,708,165	\$ 15,745,314	\$ 39,453,479

Fund Analysis

Governmental Funds

General Fund

The general fund is the most significant of all the governmental funds because it records 85% of all the governmental activity revenue, and 74% of all governmental activity expenditures. The fiscal year 2010 general fund actual revenues exceeded the budgeted amounts by \$1,160,625. The largest variance was related to consolidated taxes as discussed within the Budgetary Highlights. The intergovernmental resources of the general fund provide 49% 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 23% of the governmental activity revenue.

Expenditures by function

The fiscal year 2010 actual expenditures were less than budget by \$562,722. Public safety expenditures represent 53%, public works 16%, general government 17%, culture and recreation 13%, and judicial 1% of the total expenditures for the general fund.

Debt Service Fund

Total revenues for the debt service fund exceeded budget by \$50,792. The net change in fund balance for the 2010 fiscal year was a decrease of \$7,360.

Capital Improvement Fund

The total expenditures of the Capital Improvement Fund were 22% of the total expenditures of the governmental type activities. The net change in fund balance for the 2010 fiscal year was a decrease of \$268,591.

Business-type activities

The total operating revenue for business-type activities was \$2,749,252. The water fund provides 52% of operating revenue. The major expenses for the City business-type activities are services and supplies 46%, wages and salaries 27%, employee benefits 4%, and depreciation 23%.

The sewer funds generated more operating revenues than expected by \$135,264 and the water fund generated less operating revenues than expected by \$99,012. Together, their operating expenses were \$80,791 less than budget. As a result of operations, the water and sewer fund increased their net assets by \$536,855 during the 2010 fiscal year.

Budgetary Highlights

There was a budget transfer during the fiscal year end June 30, 2010 in the General Fund. The functions augmented were the General Government, Public Safety, Judicial, Public Works and the Culture and Recreation Functions of the General Fund in the total amount of \$132,000 with a transfer from contingency. Total General Fund expenditures were less than budget by \$562,722.

Consolidated Taxes exceeded budget by \$855,300 which was the largest unexpected revenue in the General Fund. The City had budgeted for a reduction in consolidated taxes based upon declining economic trends state wide and nationally.

Economic Factors

We continue to anticipate most expenditures for the governmental and business-type activities of the City will increase over the next few years. Asset purchasing activity of the mining industry has reached a plateau which has directly affected the level of sales tax revenues received by the City. Because of the current implications of the decline in both the national and state economies, we anticipate an overall decline in sales tax revenues, which has and will continue to have an adverse affect on our budget. We have, however, according to the latest information available to us, adjusted our fiscal year 2011 budget revenue projections accordingly. Currently, the steady pace of gold production will continue to have a stabilizing affect 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, 2010, the City reported \$12,688,041 in capital assets, net of depreciation for governmental funds and \$10,408,556 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 long-term debt for governmental activities at June 30, 2010 was \$1,342,105 and for business-type activities, outstanding long-term debt was \$1,470,112. This is well below the legal limit of \$46,120,705. Refer to Note Nos. 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, 2010**

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and investments	\$ 14,001,587	\$ 7,163,775	\$ 21,165,362
Accounts receivable	63,770	142,446	206,216
Taxes receivable, delinquent	16,119	-	16,119
Interest receivable	7,601	4,221	11,822
Assessment receivable	740,137	-	740,137
Due from other governments	578,991	-	578,991
Internal balances	(10,741)	10,741	-
Inventory, materials	-	58,323	58,323
Prepaid items	19,861	36,905	56,766
Restricted cash	-	110,514	110,514
Notes receivable	-	57,120	57,120
Capital assets not being depreciated	1,750,108	228,706	1,978,814
Capital assets, net, where applicable, of accumulated depreciation	10,937,933	10,179,850	21,117,783
Total Assets	<u>28,105,366</u>	<u>17,992,601</u>	<u>46,097,967</u>
LIABILITIES			
Accounts payable	221,140	97,753	318,893
Accrued liabilities	114,985	12,009	126,994
Due to other governments	26,519	61,913	88,432
Customer deposits	-	32,777	32,777
Unearned revenue	774,342	-	774,342
Noncurrent liabilities:			
Due within one year:			
Compensated absences	164,820	16,437	181,257
Long-term debt	323,684	67,833	391,517
Due in more than one year:			
Compensated absences	72,698	14,290	86,988
Long-term debt	1,018,421	1,402,279	2,420,700
Other postemployment benefits	80,814	5,141	85,955
Total Liabilities	<u>2,797,423</u>	<u>1,710,432</u>	<u>4,507,855</u>
NET ASSETS			
Invested in capital assets, net of related debt	11,345,936	8,938,444	20,284,380
Restricted for:			
Debt service	519,415	110,514	629,929
Unrestricted	13,442,592	7,233,211	20,675,803
Total Net Assets	<u>\$ 25,307,943</u>	<u>\$ 16,282,169</u>	<u>\$ 41,590,112</u>

See accompanying notes.

**CITY OF WINNEMUCCA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

	PROGRAM REVENUES			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 981,892	\$ 921,521	\$ -	\$ -
Public safety	2,851,317	110,584	4,710	-
Judicial	94,820	-	-	-
Public works	1,175,165	77,208	107,368	687,585
Culture and recreation	830,857	241,631	-	-
Interest on long-term debt	55,158	-	-	-
Total governmental activities	<u>5,989,209</u>	<u>1,350,944</u>	<u>112,078</u>	<u>687,585</u>
Business-type activities:				
Sewer	858,038	1,315,264	-	11,665
Water	1,473,879	1,434,138	-	-
Total business-type activities	<u>2,331,917</u>	<u>2,749,402</u>	<u>-</u>	<u>11,665</u>
Total primary government	<u>\$ 8,321,126</u>	<u>\$ 4,100,346</u>	<u>\$ 112,078</u>	<u>\$ 699,250</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

See accompanying notes.

NET (EXPENSE) REVENUE AND
CHANGE IN NET ASSETS

Governmental Activities	Business-Type Activities	Total
\$ (60,371)	\$ -	\$ (60,371)
(2,736,023)	-	(2,736,023)
(94,820)	-	(94,820)
(303,004)	-	(303,004)
(589,226)	-	(589,226)
(55,158)	-	(55,158)
<u>(3,838,602)</u>	<u>-</u>	<u>(3,838,602)</u>
-	468,891	468,891
<u>-</u>	<u>(39,741)</u>	<u>(39,741)</u>
-	429,150	429,150
<u>(3,838,602)</u>	<u>429,150</u>	<u>(3,409,452)</u>
1,440,401	-	1,440,401
275,794	-	275,794
2,855,300	-	2,855,300
260,800	-	260,800
406,085	207,705	613,790
100,000	-	100,000
100,000	(100,000)	-
<u>5,438,380</u>	<u>107,705</u>	<u>5,546,085</u>
1,599,778	536,855	2,136,633
<u>23,708,165</u>	<u>15,745,314</u>	<u>39,453,479</u>
<u>\$ 25,307,943</u>	<u>\$ 16,282,169</u>	<u>\$ 41,590,112</u>

See accompanying notes.

**CITY OF WINNEMUCCA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2010**

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL IMPROVEMENT FUND
ASSETS			
Cash and investments	\$ 6,826,955	\$ 519,415	\$ 5,792,819
Accounts receivable	60,856	-	2,914
Taxes receivable, delinquent	16,119	-	-
Interest receivable	4,003	-	3,397
Assessment receivable	-	740,137	-
Due from other governments	564,017	-	14,907
	<u>7,471,950</u>	<u>1,259,552</u>	<u>5,814,037</u>
Total Assets	<u>\$ 7,471,950</u>	<u>\$ 1,259,552</u>	<u>\$ 5,814,037</u>
LIABILITIES			
Accounts payable	\$ 148,788	\$ -	\$ 72,352
Accrued liabilities	114,985	-	-
Due to other governments	24,294	-	-
Due to other funds	10,741	-	-
Deferred revenue	31,460	740,137	759,000
	<u>330,268</u>	<u>740,137</u>	<u>831,352</u>
Total Liabilities	<u>330,268</u>	<u>740,137</u>	<u>831,352</u>
FUND EQUITY			
Fund balances			
Reserved for debt service	-	519,415	-
Reserved for construction projects	-	-	11,845
Unreserved, reported in:			
General fund	7,141,682	-	-
Capital improvement fund	-	-	4,970,840
Capital projects fund	-	-	-
Special revenue funds	-	-	-
	<u>7,141,682</u>	<u>519,415</u>	<u>4,982,685</u>
Total Fund Equity	<u>7,141,682</u>	<u>519,415</u>	<u>4,982,685</u>
Total Liabilities and Fund Equity	<u>\$ 7,471,950</u>	<u>\$ 1,259,552</u>	<u>\$ 5,814,037</u>

See accompanying notes.

NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 862,398	\$ 14,001,587
-	63,770
-	16,119
201	7,601
-	740,137
67	578,991
<u>\$ 862,666</u>	<u>\$ 15,408,205</u>
\$ -	\$ 221,140
-	114,985
2,225	26,519
-	10,741
-	1,530,597
<u>2,225</u>	<u>1,903,982</u>
-	519,415
-	11,845
-	7,141,682
-	4,970,840
343,473	343,473
516,968	516,968
<u>860,441</u>	<u>13,504,223</u>
<u>\$ 862,666</u>	<u>\$ 15,408,205</u>

See accompanying notes.

**CITY OF WINNEMUCCA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
JUNE 30, 2010**

Total Governmental Fund Balance \$ 13,504,223

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	\$ 18,902,611	
Governmental Construction in Progress	454,067	
Less: Accumulated Depreciation	<u>(6,668,637)</u>	12,688,041

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

Bond Payable	(1,042,105)	
Note Payable	(300,000)	
Loan Costs, Net of Amortization	19,861	
Net OPEB Obligation	(80,814)	
Compensated Absences	<u>(237,518)</u>	(1,640,576)

Deferred revenue represents amounts that are not available to fund current expenditures, and therefore, are not reported in the governmental funds. 756,255

Net Assets of Governmental Activities \$ 25,307,943

See accompanying notes.

**CITY OF WINNEMUCCA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL IMPROVEMENT FUND
REVENUES			
Property taxes	\$ 1,475,289	\$ -	\$ -
Other taxes	275,794	-	-
Licenses and permits	509,688	-	-
Intergovernmental revenues	3,218,693	-	736,764
Charges for services	269,806	-	-
Miscellaneous	791,747	221,482	158,215
Total Revenues	6,541,017	221,482	894,979
EXPENDITURES			
Current:			
General government	881,157	-	-
Public safety	2,795,119	-	740,473
Judicial	92,549	-	-
Public works	859,594	-	823,097
Culture and recreation	668,960	-	-
Debt Service			
Principal	-	173,684	-
Interest	-	55,158	-
Total Expenditures	5,297,379	228,842	1,563,570
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,243,638	(7,360)	(668,591)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(300,000)	-	100,000
Debt issued	-	-	300,000
Total Other Financing Sources (Uses)	(300,000)	-	400,000
Net Change in Fund Balances	943,638	(7,360)	(268,591)
FUND BALANCE, JULY 1	6,198,044	526,775	5,251,276
FUND BALANCE, JUNE 30	\$ 7,141,682	\$ 519,415	\$ 4,982,685

See accompanying notes.

OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 1,475,289
-	275,794
-	509,688
23,890	3,979,347
-	269,806
9,690	1,181,134
<u>33,580</u>	<u>7,691,058</u>
70,731	951,888
-	3,535,592
-	92,549
-	1,682,691
-	668,960
-	173,684
-	55,158
<u>70,731</u>	<u>7,160,522</u>
<u>(37,151)</u>	<u>530,536</u>
300,000	100,000
-	300,000
<u>300,000</u>	<u>400,000</u>
262,849	930,536
<u>597,592</u>	<u>12,573,687</u>
<u>\$ 860,441</u>	<u>\$ 13,504,223</u>

See accompanying notes.