

CITY OF WINNEMUCCA

JUNE 30, 2021

**CITY OF WINNEMUCCA
JUNE 30, 2021
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CITY OF WINNEMUCCA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

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, 2021.

Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$65,055,657 (net position). Of this amount \$12,051,969 can be used to meet the government's ongoing obligations to citizens and creditors.

The net position of the governmental activities of the City increased by \$505,208 or 1.49% over the prior fiscal year. Current assets increased by \$759,021 and net capital assets increased by \$694,662. Current liabilities of the City's governmental activities increased by \$64,359 and long-term liabilities decreased by \$14,204. The net pension liability for the governmental activities for the City of Winnemucca for fiscal year ending June 30, 2021 is \$7,550,281.

Net current assets of governmental activities of the City at the close of the recent fiscal year (current assets-current liabilities) was \$15,062,112. The prior year amount, in comparison, was \$14,367,450.

As of the close of business of the current fiscal year, the unassigned portion of the general fund's fund balance was \$8,559,965 or 95.66% of total general fund expenditures. This compares with the prior fiscal year balance of \$7,032,211 or 92.72% 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	2021	2020
Total Current Assets	\$15,877,977	\$ 15,118,956
Total Capital Assets, net	29,295,428	29,647,036
Total Deferred Outflows	2,436,176	2,502,913
Total Current Liabilities	815,865	751,506
Total Noncurrent Liabilities	8,397,666	8,411,870
Total Deferred Inflows	4,055,595	4,270,282
Total Net Position	<u>\$ 34,340,455</u>	<u>\$ 33,835,247</u>

Business-Type Activities	2021	2020
Total Current Assets	\$ 8,348,190	\$ 6,581,465
Total Capital Assets, net	39,660,200	40,478,838
Total Noncurrent Assets	626,330	488,400
Total Deferred Outflows	195,782	200,672
Total Current Liabilities	587,497	607,361
Total Noncurrent Liabilities	17,219,770	17,520,135
Total Deferred Inflows	308,033	328,430
Total Net Position	<u>\$30,715,202</u>	<u>\$ 29,293,449</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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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 11-14 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.

CITY OF WINNEMUCCA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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The City maintains six 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 15-18 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 propriety funds of the City. The basic proprietary fund financial statements can be found on pages 19-23 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 24-48 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 \$65,055,657 at the close of the most recent fiscal year.

	2021			2020		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current assets	\$ 15,877,977	\$ 8,348,190	\$ 24,226,167	\$ 15,118,956	\$ 6,581,465	\$ 21,700,421
Noncurrent assets	-	626,330	626,330	-	488,400	488,400
Capital assets, net	29,295,428	39,660,200	68,955,628	29,547,036	40,478,838	70,025,874
Deferred Outflows	2,436,176	195,782	2,631,958	2,502,913	200,672	2,703,585
Total assets	<u>47,609,581</u>	<u>48,830,502</u>	<u>96,440,083</u>	<u>47,168,905</u>	<u>47,749,375</u>	<u>94,918,280</u>
Long-term liabilities						
outstanding	8,397,666	17,219,770	25,617,436	8,411,870	17,520,135	25,932,005
Other liabilities	815,865	587,497	1,403,362	751,506	607,361	1,358,867
Deferred Inflows	4,055,595	308,033	4,363,628	4,270,282	328,430	4,598,712
Total liabilities	<u>13,269,126</u>	<u>18,115,300</u>	<u>31,384,426</u>	<u>13,433,658</u>	<u>18,455,926</u>	<u>31,889,584</u>
Net investment in capital assets	29,295,428	22,649,648	51,945,076	29,647,036	23,179,194	52,826,230
Restricted	432,282	626,330	1,058,612	392,819	488,400	881,219
Unrestricted	4,612,745	7,439,224	12,051,969	3,795,392	5,625,855	9,421,247
Total Net Position	<u>\$ 34,340,455</u>	<u>\$ 30,715,202</u>	<u>\$ 65,055,657</u>	<u>\$ 33,835,247</u>	<u>\$ 29,293,449</u>	<u>\$ 63,128,696</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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The largest portion of the City's net position (79.85%) 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 (1.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$12,051,969) 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, 2021, 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 \$505,208 or 1.49%, and the net position of the business-type activities increased by \$1,421,753 or 4.85%. Total program revenues decreased by \$138,542 from the prior year. The components that account for the decrease in program revenue are a decrease in capital grants and contributions of \$1,643,526 and increases in operating grants and contributions of \$1,052,165 and \$452,819 in charges for services. General revenues decreased by \$205,444 with the most significant portion consisting of a decrease in investment earnings of \$567,761. Total expenses increased by \$1,202,919 over the 2019-20 fiscal year. The most significant changes are increases in expenses of \$491,719 in the public safety function and \$622,885 in the general government function. The judicial function increased by \$16,838, public works function decreased by \$8,261 and the culture and recreation function increased by \$60,541. In our business-type activity the sewer fund expense increased by \$59,161 and the water fund expense decreased by \$39,964.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

	2021			2020		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues						
Program revenues						
Charges for services	\$ 1,740,761	\$ 4,962,094	\$ 6,702,855	\$ 1,632,224	\$ 4,617,812	\$ 6,250,036
Operating grants and contributions	1,297,633	68,770	1,366,403	314,238	-	314,238
Capital grants and contributions	346,580	-	346,580	1,986,378	3,728	1,990,106
General Revenues						
Ad valorem taxes	2,130,702	-	2,130,702	1,987,140	-	1,987,140
Franchise taxes	228,783	-	228,783	250,712	-	250,712
Consolidated taxes	4,037,220	-	4,037,220	3,813,058	-	3,813,058
Fuel tax	273,662	-	273,662	259,403	-	259,403
Investment earnings	53,878	28,663	82,541	445,595	204,707	650,302
Gaming licenses	100,000	-	100,000	100,000	-	100,000
Other	2,263	-	2,263	-	-	-
Total revenues	10,211,482	5,059,527	15,271,009	10,788,748	4,826,247	15,614,995
Expenses						
General government	1,778,503	-	1,778,503	1,155,618	-	1,155,618
Public safety	5,061,581	-	5,061,581	4,569,862	-	4,569,862
Judicial	135,229	-	135,229	118,391	-	118,391
Public works	1,821,192	-	1,821,192	1,829,453	-	1,829,453
Culture and recreation	1,009,768	-	1,009,768	949,227	-	949,227
Sewer	-	2,177,138	2,177,138	-	2,117,977	2,117,977
Water	-	1,360,636	1,360,636	-	1,400,600	1,400,600
Total expenses	9,806,273	3,537,774	13,344,047	8,622,551	3,518,577	12,141,128
Increase (decrease) in net assets before transfers	405,208	1,521,753	1,926,961	2,166,198	1,307,670	3,473,868
Transfers	100,000	(100,000)	-	100,000	(100,000)	-
Increase (decrease) in net position	505,208	1,421,753	1,926,961	2,266,198	1,207,670	3,473,868
Prior Period Adjustment	-	-	-	325,980	-	325,980
Net Position July 1	33,835,247	29,293,449	63,128,696	31,243,069	28,085,779	59,328,848
Net position, June 30	<u>\$ 34,340,455</u>	<u>\$ 30,715,202</u>	<u>\$ 65,055,657</u>	<u>\$ 33,835,247</u>	<u>\$ 29,293,449</u>	<u>\$ 63,128,696</u>

Fund Analysis

Governmental Funds

General Fund

The general fund is the most significant of all the governmental funds because it records 99.07% of all the governmental revenue, and 93.73% of all governmental expenditures. The fiscal year 2021 general fund actual revenues were more than budget by \$2,404,198. The intergovernmental resources provide 59.11% of the total general fund 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 21.25% of the total general fund revenue.

CITY OF WINNEMUCCA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Expense by function

The fiscal year 2021 actual expenditures were less than budget by \$346,067. Public safety expenditures represent 58.03%, public works 11.04%, general government 14.91%, culture and recreation 19.63%, and judicial 1.57% of the total expenditures for the general fund.

Capital Improvement Fund

The total expenditures of the Capital Improvement Fund were 6.27% of the total expenditures of the governmental funds. The net change in fund balance for the 2021 fiscal year was a decrease of \$546,291.

Business-type activities

The total operating revenue for business-type activities was \$4,962,094. The sewer fund provided approximately 56.77% of operating income while the water fund provided the remaining 43.23%. The major expenses for the City's business-type activities are services and supplies (32.98%), salaries and wages (26.35%), employee benefits (5.63%), and depreciation (35.04%).

The sewer fund generated more operating revenues than expected by \$256,387 and the water fund generated more operating revenues than expected by \$101,207. The sewer funds operating expenses were under budget by \$67,999 and the water fund's operating expenses were under budget by \$215,571. As a result of operations, the water and sewer funds increased their net position by \$1,421,753 during the 2021 fiscal year.

Budgetary Highlights

There was a budget augment during the year ended June 30, 2021 in the general fund. The functions augmented were general government (\$10,000), public safety (\$25,000), judicial (\$25,000) and culture and recreation (\$55,000). Total general fund expenditures were less than budget by \$346,067.

General fund revenues were more than budget by \$2,404,198. This was due to intergovernmental revenue sources performing better than expected.

The City completed many capital improvement projects and made several capital purchases in fiscal year ending June 30, 2021 including:

- Second Street Storm Drain
- Railroad Springs Pipeline
- Pool Feasibility Study
- Alley Sewer Upgrades

The City had several projects in progress on June 30, 2021 including:

- Hardgrave Lane Design
- Airport Snow Removal Equipment
- Airport General Aviation Concrete Hardstand Reconstruction

Economic Factors

As the cost of goods and services continues to rise, the City of Winnemucca anticipates increases in both governmental and business-type expenditures for the foreseeable future.

Consolidated Tax (CTX) revenue yielded higher than projected income for FY21, and despite the Coronavirus pandemic, this trend has continued into the first few months of FY22. CTX revenue is the largest source of

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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revenue for the General Fund and is comprised of several different types of tax including the Basic City-County Relief Tax, Supplemental City-County Relief Tax, Real Property Transfer Tax, Tobacco Taxes, Liquor Taxes, and Governmental Service Tax. The local precious metals industry has a significant effect on CTX revenue. The price of gold remained consistently high for the fiscal year with the price starting at \$1773 on July 1, 2020 and finishing at \$1770 on June 30, 2021 (<https://www.moneymetals.com/precious-metals-charts/gold-price>), driving the increase of CTX revenue over the previous fiscal year. Another factor that has had a significant effect on CTX revenue is the collection of sales tax on internet sales which went into effect on October 1, 2018. With the Coronavirus pandemic in full swing for all of FY21, internet sales and local sales remained elevated with the lack of travel to larger cities. This trend has continued into FY22.

Although the Coronavirus pandemic caused unemployment rates to skyrocket for many Nevada cities, the large majority of businesses in Winnemucca and Humboldt County were able to keep their employment bases. The City's relatively low unemployment rate and strong local economy, leave the City with a positive outlook for revenue in FY22. Revenue generated by the precious metals industry will continue to contribute significantly to the General Fund revenues through CTX, while fees collected for water and sewer service will continue to generate healthy revenue for our enterprise funds.

Given the economic factors above and the uncertainty of the Coronavirus pandemic, the City of Winnemucca will continue to approach spending in a conservative manner, which is reflected in our budgetary projections for the new fiscal year.

Capital Asset Activity

At June 30, 2021, the City reported \$29,295,428 in capital assets, net of depreciation for governmental funds and \$39,660,200 in capital assets, net of depreciation for business-type activities. Refer to Note No. 5 to the financial statements for additional information on capital assets.

Long-term Debt Activity

The City had \$62,253 in outstanding debt for governmental activities at June 30, 2021. Long-term debt for business-type activities, sewer fund, was \$16,993,311 as of June 30, 2021. The legal limit of debt allowed per statute was \$70,743,039 as of June 30, 2021. Refer to Note No. 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 Treasurers Office, 90 West Fourth St., Winnemucca, Nevada 89445.

CITY OF WINNEMUCCA
STATEMENT OF NET POSITION
JUNE 30, 2021
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	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and investments	\$ 14,665,588	\$ 7,642,177	\$ 22,307,765
Accounts receivable	57,412	518,614	576,026
Taxes receivable, delinquent	11,139	-	11,139
Due from other governments	1,027,653	-	1,027,653
Internal balances	(25,622)	25,622	-
Inventory, materials	-	63,502	63,502
Prepaid items	141,807	98,275	240,082
Restricted cash and investments			
Revenue bond debt service reserve	-	282,760	282,760
Revenue bond short lived asset reserve	-	343,570	343,570
Capital assets not being depreciated	2,269,062	868,001	3,137,063
Capital assets, net, where applicable, of accumulated depreciation	27,026,366	38,792,199	65,818,565
Total Assets	<u>45,173,405</u>	<u>48,634,720</u>	<u>93,808,125</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	2,391,936	179,651	2,571,587
Related to other post employment benefits	44,240	16,131	60,371
Total Deferred Outflows	<u>2,436,176</u>	<u>195,782</u>	<u>2,631,958</u>
LIABILITIES			
Accounts payable	128,217	160,232	288,449
Retainage payable	-	17,241	17,241
Accrued liabilities	282,818	23,041	305,859
Due to other governments	34,349	7,742	42,091
Customer deposits	-	45,830	45,830
Unearned revenue	64,792	-	64,792
Contract payable, current	19,437	-	19,437
Bond payable, current	-	312,687	312,687
Noncurrent liabilities:			
Due within one year:			
Compensated absences	286,252	20,724	306,976
Due in more than one year:			
Contract payable, non current	42,816	-	42,816
Bond payable, noncurrent	-	16,680,624	16,680,624
Compensated absences	-	762	762
Net pension liability	7,550,281	502,707	8,052,988
Other postemployment benefits	804,569	35,677	840,246
Total Liabilities	<u>9,213,531</u>	<u>17,807,267</u>	<u>27,020,798</u>

See accompanying notes.

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STATEMENT OF NET POSITION
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	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	\$ 3,272,418	\$ 222,880	\$ 3,495,298
Related to other post employment benefits	783,177	85,153	868,330
Total Deferred Inflows	<u>4,055,595</u>	<u>308,033</u>	<u>4,363,628</u>
NET POSITION			
Net investment in capital assets	29,295,428	22,649,648	51,945,076
Restricted for:			
Capital projects	387,671	-	387,671
Debt service	-	282,760	282,760
Short lived asset reserve	-	343,570	343,570
Unemployment insurance	44,611	-	44,611
Unrestricted	<u>4,612,745</u>	<u>7,439,224</u>	<u>12,051,969</u>
Total Net Position	<u>\$ 34,340,455</u>	<u>\$ 30,715,202</u>	<u>\$ 65,055,657</u>

See accompanying notes.

**CITY OF WINNEMUCCA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	PROGRAM REVENUES			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,778,503	\$ 1,107,670	\$ 671,187	\$ -
Public safety	5,061,581	110,974	626,446	285,761
Judicial	135,229	-	-	-
Public works	1,821,192	259,166	-	60,819
Culture and recreation	1,009,768	262,951	-	-
Total governmental activities	<u>9,806,274</u>	<u>1,740,761</u>	<u>1,297,633</u>	<u>346,580</u>
Business-type activities:				
Sewer	2,177,138	2,816,887	66,951	-
Water	1,360,636	2,145,207	1,819	-
Total business-type activities	<u>3,537,774</u>	<u>4,962,094</u>	<u>68,770</u>	<u>-</u>
Total primary government	<u>\$ 13,344,047</u>	<u>\$ 6,702,855</u>	<u>\$ 1,366,403</u>	<u>\$ 346,580</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,

NET POSITION, JUNE 30

See accompanying notes.

NET (EXPENSE) REVENUE AND
CHANGE IN NET ASSETS

Governmental Activities	Business-Type Activities	Total
\$ 354	\$ -	\$ 354
(4,038,400)	-	(4,038,400)
(135,229)	-	(135,229)
(1,501,207)	-	(1,501,207)
(746,817)	-	(746,817)
<u>(6,421,300)</u>	<u>-</u>	<u>(6,421,300)</u>
-	706,700	706,700
<u>-</u>	<u>786,390</u>	<u>786,390</u>
-	1,493,090	1,493,090
<u>(6,421,300)</u>	<u>1,493,090</u>	<u>(4,928,209)</u>
2,130,702	-	2,130,702
228,783	-	228,783
4,037,220	-	4,037,220
273,662	-	273,662
53,878	28,663	82,541
100,000	-	100,000
2,263	-	2,263
<u>100,000</u>	<u>(100,000)</u>	<u>-</u>
<u>6,926,508</u>	<u>(71,337)</u>	<u>6,855,171</u>
505,208	1,421,753	1,926,962
<u>33,835,247</u>	<u>29,293,449</u>	<u>63,128,696</u>
<u>\$ 34,340,455</u>	<u>\$ 30,715,202</u>	<u>\$ 65,055,657</u>

See accompanying notes.

**CITY OF WINNEMUCCA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021**

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and investments	\$ 10,212,942	\$ 4,064,861	\$ 387,785	\$ 14,665,588
Accounts receivable	57,412	-	-	57,412
Taxes receivable, delinquent	11,139	-	-	11,139
Due from other governments	991,999	35,654	-	1,027,653
Prepaid items	141,807	-	-	141,807
Total Assets	\$ 11,415,299	\$ 4,100,515	\$ 387,785	\$ 15,903,599
LIABILITIES				
Accounts payable	\$ 104,979	\$ 23,124	\$ 114	\$ 128,217
Accrued liabilities	282,818	-	-	282,818
Due to other governments	34,349	-	-	34,349
Due to other funds	25,622	-	-	25,622
Unearned revenue	64,792	-	-	64,792
Total Liabilities	512,560	23,124	114	535,798
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	11,139	-	-	11,139
FUND BALANCES				
Restricted for:				
Capital projects	-	-	387,671	387,671
Unemployment insurance benefits	44,611	-	-	44,611
Committed for:				
Employee vacation and sick leave	286,529	-	-	286,529
Retiree health insurance premiums	792,985	-	-	792,985
Community center construction	-	1,642,656	-	1,642,656
Capital improvement projects	-	2,434,735	-	2,434,735
Assigned to:				
2020 budget appropriations	1,207,510	-	-	1,207,510
Unassigned	8,559,965	-	-	8,559,965
Total Fund Balances	10,891,600	4,077,391	387,671	15,356,662
Total Liabilities, Deferred Inflows of of Resources, and Fund Balances	\$ 11,415,299	\$ 4,100,515	\$ 387,785	\$ 15,903,599

See accompanying notes.

**CITY OF WINNEMUCCA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2021**

Total Governmental Fund Balance \$ 15,356,662

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	\$ 46,014,851	
Governmental Construction in Progress	376,014	
Less: Accumulated Depreciation	<u>(17,095,437)</u>	29,295,428

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

Net OPEB Obligation	(804,569)	
Net Pension Liability	(7,550,281)	
Contract Payable	(62,253)	
Compensated Absences	<u>(286,252)</u>	(8,703,355)

Deferred outflows and inflows of resources related to pensions or other post-employment benefits are applicable to future periods and, therefore are not reported in the funds.

Deferred outflows of resources related to pensions	2,391,936	
Deferred inflows of resources related to pensions	(3,272,418)	
Deferred outflows of resources related to other post-employment benefits	44,240	
Deferred inflows of resources related to other post-employment benefits	<u>(783,177)</u>	(1,619,419)

Deferred inflows of resources represents amounts that are not available to fund current expenditures, and therefore, are not reported in the governmental funds.

		<u>11,139</u>
Net Position of Governmental Activities	\$	<u><u>34,340,455</u></u>

See accompanying notes.

**CITY OF WINNEMUCCA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Property taxes	\$ 2,153,015	\$ -	\$ -	\$ 2,153,015
Other taxes	228,783	-	-	228,783
Licenses and permits	549,971	-	-	549,971
Intergovernmental revenues	5,990,776	36,177	41,323	6,068,276
Charges for services	280,855	-	-	280,855
Miscellaneous	934,949	16,607	1,336	952,892
Total Revenues	10,138,349	52,784	42,659	10,233,792
EXPENDITURES				
Current:				
General government	1,785,426	-	-	1,785,426
Public safety	5,171,840	-	-	5,171,840
Judicial	139,771	-	-	139,771
Public works	983,971	-	-	983,971
Culture and recreation	843,557	-	-	843,557
Debt service	23,555	-	-	23,555
Capital Outlay	-	599,075	-	599,075
Total Expenditures	8,948,120	599,075	-	9,547,195
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,190,228	(546,291)	42,659	686,596
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	100,000	-	-	100,000
Total Other Financing Sources (Uses)	100,000	-	-	100,000
Net Change in Fund Balances	1,290,228	(546,291)	42,659	786,596
FUND BALANCE, JULY 1	9,601,372	4,623,682	345,012	14,570,066
FUND BALANCE, JUNE 30	\$ 10,891,600	\$ 4,077,391	\$ 387,671	\$ 15,356,662

See accompanying notes.

**CITY OF WINNEMUCCA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ 786,596

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	\$ 1,049,870	
Less: current year depreciation	<u>(1,369,972)</u>	(320,102)

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

Change in unavailable revenue		(22,313)
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Long-term liabilities are not due and payable in current period and therefore are not reported in the funds

Contract payable - principal payments		18,231
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Governmental funds report City pension and other post employment benefit contributions as expenditures. However, in the statement of activities, the cost of pension and other post employment benefits earned net of employee contributions is reported as expense.

City pension contributions	612,564	
Cost of pension benefits earned net of employee contributions	(561,965)	
City OPEB contributions	38,172	
Cost of OPEB benefits earned net of employee contributions	<u>53,946</u>	142,717

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.

Disposal of capital assets	(31,506)	
Change in long-term compensated absences payable	<u>(68,415)</u>	<u>(99,921)</u>

Change in Net Position of Governmental Activities	\$	<u><u>505,208</u></u>
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See accompanying notes.

CITY OF WINNEMUCCA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021
(Page 1 of 2)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	SEWER FUND	WATER FUND	TOTAL ENTERPRISE FUNDS
ASSETS			
Current Assets			
Cash and investments	\$ 5,971,507	\$ 1,670,670	\$ 7,642,177
Accounts receivable	234,738	283,876	518,614
Inventory, materials	3,360	60,142	63,502
Due from other funds	2,422	23,200	25,622
Prepaid items	70,971	27,304	98,275
Total Current Assets	<u>6,282,998</u>	<u>2,065,192</u>	<u>8,348,190</u>
Noncurrent Assets			
Restricted cash and investments			
Revenue bond debt service reserve	282,760	-	282,760
Revenue bond short lived asset reserve	343,570	-	343,570
Total Restricted Assets	<u>626,330</u>	<u>-</u>	<u>626,330</u>
Capital Assets			
Land	155,430	78,276	233,706
Construction in progress	-	634,295	634,295
Buildings and improvements	33,805,983	5,005,771	38,811,754
Systems and equipment	7,182,342	9,323,151	16,505,493
	<u>41,143,755</u>	<u>15,041,493</u>	<u>56,185,248</u>
Less: Accumulated Depreciation	8,714,475	7,810,573	16,525,048
Total Capital Assets, Net	<u>32,429,280</u>	<u>7,230,920</u>	<u>39,660,200</u>
Total Noncurrent Assets	<u>33,055,610</u>	<u>7,230,920</u>	<u>40,286,530</u>
Total Assets	<u>39,338,608</u>	<u>9,296,112</u>	<u>48,634,720</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	102,325	77,326	179,651
Related to other post employment benefits	10,646	5,485	16,131
Total Deferred Outflows of Resources	<u>112,971</u>	<u>82,811</u>	<u>195,782</u>
LIABILITIES			
Current Liabilities			
Accounts payable	71,214	89,018	160,232
Accrued liabilities	11,644	11,397	23,041
Compensated absences	9,200	11,524	20,724
Due to other governments	3,319	4,423	7,742
Customer deposits	-	45,830	45,830
Retainage payable	17,241	-	17,241
Bond payable, current	312,687	-	312,687
Total Current Liabilities	<u>425,305</u>	<u>162,192</u>	<u>587,497</u>

See accompanying notes.

CITY OF WINNEMUCCA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021
(Page 2 of 2)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	SEWER FUND	WATER FUND	TOTAL ENTERPRISE FUNDS
Noncurrent Liabilities			
Bond payable, noncurrent	16,680,624	-	16,680,624
Compensated absences	-	762	762
Net pension liability	292,455	210,252	502,707
OPEB liability	33,030	2,647	35,677
Total Noncurrent Liabilities	17,006,109	213,661	17,219,770
Total Liabilities	17,431,414	375,853	17,807,267
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	125,208	97,672	222,880
Related to other post employment benefits	64,574	20,579	85,153
Total Deferred Outflows of Resources	189,782	118,251	308,033
NET POSITION			
Net investment in capital assets	15,435,969	7,230,920	22,666,889
Restricted for:			
Debt Service	282,760	-	282,760
Short Lived Asset Reserve	343,570	-	343,570
Unrestricted	5,768,084	1,653,899	7,421,983
Total Net Position	\$ 21,830,383	\$ 8,884,819	\$ 30,715,202

See accompanying notes.

**CITY OF WINNEMUCCA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	SEWER FUND	WATER FUND	TOTAL ENTERPRISE FUNDS
OPERATING REVENUES			
Charges for services	\$ 2,787,106	\$ 2,112,107	\$ 4,899,213
Connection fees	29,781	25,300	55,081
Meter sales	-	7,800	7,800
Total Operating Revenues	<u>2,816,887</u>	<u>2,145,207</u>	<u>4,962,094</u>
OPERATING EXPENSES			
Salaries and wages	410,203	420,309	830,512
Employee benefits	99,608	77,901	177,509
Services and supplies	486,441	552,992	1,039,433
Depreciation	795,058	309,434	1,104,492
Total Operating Expenses	<u>1,791,310</u>	<u>1,360,636</u>	<u>3,151,946</u>
Operating Income (Loss)	<u>1,025,577</u>	<u>784,571</u>	<u>1,810,148</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	21,741	6,922	28,663
Grant in aid	66,951	1,819	68,770
Interest expense	(385,828)	-	(385,828)
Total Nonoperating Revenues (Expenses)	<u>(297,136)</u>	<u>8,741</u>	<u>(288,395)</u>
Income (Loss) before Capital Contributions and Transfers	<u>728,441</u>	<u>793,312</u>	<u>1,521,753</u>
TRANSFERS IN (OUT)			
General Fund	-	(100,000)	(100,000)
Change in Net Position	728,441	693,312	1,421,753
NET POSITION, JULY 1	<u>21,101,942</u>	<u>8,191,507</u>	<u>29,293,449</u>
NET POSITION, JUNE 30	<u>\$ 21,830,383</u>	<u>\$ 8,884,819</u>	<u>\$ 30,715,202</u>

See accompanying notes.

**CITY OF WINNEMUCCA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(Page 1 of 2)**

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>		
	<u>SEWER FUND</u>	<u>WATER FUND</u>	<u>TOTAL ENTERPRISE FUNDS</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers and users	\$ 2,819,517	\$ 2,087,833	\$ 4,907,350
Cash payments to employees for salaries and benefits	(519,310)	(504,010)	(1,023,320)
Cash payments to suppliers for goods and services	(493,773)	(653,892)	(1,147,665)
Net Cash Provided (Used) by Operating Activities	<u>1,806,434</u>	<u>929,931</u>	<u>2,736,365</u>
CASH FLOWS FROM NON CAPITAL 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	(172,412)	(113,442)	(285,854)
Grant in aid	66,951	1,819	68,770
Principal and interest payments on financing	(692,161)	-	(692,161)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(797,622)</u>	<u>(111,623)</u>	<u>(909,245)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	<u>21,741</u>	<u>6,922</u>	<u>28,663</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,030,553	725,230	1,755,783
CASH AND CASH EQUIVALENTS, JULY 1	<u>5,567,284</u>	<u>945,440</u>	<u>6,512,724</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 6,597,837</u>	<u>\$ 1,670,670</u>	<u>\$ 8,268,507</u>

See accompanying notes.

**CITY OF WINNEMUCCA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(Page 2 of 2)**

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>		
	<u>SEWER FUND</u>	<u>WATER FUND</u>	<u>TOTAL ENTERPRISE FUNDS</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 1,025,577	\$ 784,571	\$ 1,810,148
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	795,058	309,434	1,104,492
(Increase) decrease in:			
Accounts receivable	4,456	(55,495)	(51,039)
Prepaid items	(70,971)	(27,304)	(98,275)
Due from other funds	(1,826)	(614)	(2,440)
Due from other governments	1,912	974	2,886
Deferred outflows related to pensions	2,428	810	3,238
Deferred outflows related to OPEB	920	732	1,652
Increase (decrease) in:			
Accounts payable	42,914	(73,807)	(30,893)
Retainage payable	17,241	-	17,241
Accrued liabilities	(9,534)	(3,007)	(12,541)
Due to other governments	1,572	(763)	809
Pension liability	6,760	1,256	8,016
Deferred inflows related to pensions	(5,091)	(3,466)	(8,557)
Deferred inflows related to OPEB	(8,855)	(2,985)	(11,840)
OPEB liability	3,873	860	4,733
Customer deposits	-	(1,265)	(1,265)
Total Adjustments	<u>780,857</u>	<u>145,360</u>	<u>926,217</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,806,434</u>	<u>\$ 929,931</u>	<u>\$ 2,736,365</u>

See accompanying notes.

CITY OF WINNEMUCCA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the City of Winnemucca, Nevada (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. A summary of the more significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

A. Reporting Entity

The City of Winnemucca, Nevada is a municipal corporation governed by an elected mayor and a five-member council. The City is fiscally independent of all other governmental entities, and therefore, has no component units which should be included in this report, nor can it be considered a component unit of any other entity.

B. Basic Financial Statements – Government-wide Statements

The basic financial statements include both government-wide (based upon the City as a whole) and fund financial statements. The reporting focus is on either the City as a whole or major individual funds and nonmajor funds in the aggregate (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type.

The government-wide financial statements (the Statement of Net Position and Statement of Activities) report information on all of the non-fiduciary activities of the City of Winnemucca. Eliminations have been made to minimize the double-counting of internal activities. Services provided by the General Fund to other funds are reported as expenditures or expenses, as appropriate, in the funds receiving the services and as reductions of expenditures in the General Fund. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

In the government-wide Statement of Net Position, both the governmental and business-type activity columns are presented on a consolidated basis by column, and are reflected on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City of Winnemucca's net position is reported in three parts – net investment in capital assets, restricted, and unrestricted net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a function or business-type activity are offset by program revenues. Direct expenses are those associated with a specific function or business-type activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants, contributions and interest income restricted to meeting the operational or capital requirements of a particular function or business-

CITY OF WINNEMUCCA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

type activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures/expenses. Separate financial statements are provided for governmental funds and proprietary funds.

The emphasis in the fund financial statements is on major funds in the governmental type activity category. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenditures) for the determination of major funds. City management may electively add funds as major funds when it is determined the funds have specific community or management focus. Major individual governmental funds are reported as separate columns in the fund financial statements.

The focus of the governmental funds' measurement in the fund statements is upon determination of the financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

The focus for proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition, such as subsidies and investment earnings, are reported as non-operating revenues and expenses. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

The City reports the following major governmental funds:

The ***General Fund*** is the general operating fund of the City and accounts for all revenues and expenditures of the City not encompassed within other funds.

The ***Capital Improvement Fund*** is used to account for the resources and expenditures for major capital projects.

Additionally, the City reports the following major proprietary funds:

The ***Water Fund*** is used to account for the provision of water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operating, maintenance, billing and collection.

CITY OF WINNEMUCCA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The *Sewer Fund* is used to account for the provision of sanitary sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services, billing and collection.

D. Measurement Focus and Basis of Accounting

The measurement focus describes the types of transactions and events reported in a fund's operating statement. Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be measurable when the amount of the transaction can be determined and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when liabilities are incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Governmental revenues considered to be susceptible to accrual, and so recognized as revenues of the current fiscal period, are property taxes, consolidated taxes (sales taxes, cigarette taxes, government services tax, liquor taxes), gaming taxes, gasoline taxes, franchise fees and interest associated with the current fiscal period. Licenses and permits, charges for services and fines and forfeits are recognized as revenue when received.

The City reports deferred revenue in the fund financial statements balance sheets. Deferred/unearned revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred/unearned revenue is removed from the balance sheet and revenue is recognized.

CITY OF WINNEMUCCA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Financial Statement Presentation

1. Budgets and Budgetary Accounting:

Annual budgets are adopted on a basis consistent with GAAP for all funds except trust and agency funds, which do not require budgets, and certain special revenue funds that do not meet the requirements to be considered a fund under U.S. GAAP. All annual appropriations lapse at fiscal year-end.

The City of Winnemucca adheres to the Local Government Budget and Finance Act (NRS 354.470-.626) incorporated within state statutes and the procedures set by the Nevada Department of Taxation to establish the budgetary data reflected in these financial statements. On or before April 15, the City submits a tentative budget to the Nevada Department of Taxation for the next fiscal year, commencing on July 1. Public hearings are held on the third Tuesday in May. The City Council adopts the final budget on or before June 1 and files it with the Nevada Department of Taxation.

In accordance with state statute, actual expenditures may not exceed budgetary appropriations of the various governmental functions (excluding the debt service function and certain intergovernmental expenditures) of the General Fund, Capital Projects Funds and Special Revenue Funds except as specifically permitted by NRS 354.626. In proprietary funds, the sum of operating and non-operating expenses may not exceed total appropriations.

All budget amounts presented in these financial statements and schedules reflect the amended budget which has been adjusted for legally authorized revisions of the annual budgets during the year. Original budgets are provided for the General Fund and major special revenue funds in compliance with reporting requirements. The budget officer and/or City Council may approve budget adjustments within a function, between functions or funds depending upon established criteria. Adjustments that affect fund balance or increase the original budget require City Council approval. For funds allocated ad valorem taxes, a scheduled and noticed public hearing must be held.

2. Cash and Investments:

For purposes of the statement of cash flows presented for proprietary funds, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to cash and have an original maturity date of three months or less.

Cash balances from all funds are combined and, to the extent practicable, invested as permitted by law. Investments are recorded at fair value as determined by quoted market prices, net of accrued interest. All interest earned on pooled cash is allocated to participating funds based upon their combined cash and investment balances.

The City may invest in the following types of securities per NRS 355.170 and 355.167:

- United States bonds and debentures maturing within ten (10) years from the date of purchase.

CITY OF WINNEMUCCA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Certain farm loan bonds.
- Bills and notes of the United States Treasury maturing within ten (10) years from the date of purchase.
- Obligations of the United States or a corporation sponsored by the government, maturing within ten (10) years from the date of purchase.
- Obligations of state and local governments if:
 - (1) the interest is exempt for federal income tax purposes; and
 - (2) the obligation has been rated “A” or higher by a nationally recognized bond credit rating agency.
- Negotiable certificates of deposit issued by commercial banks or insured savings and loan associations.
- State of Nevada Local Government Pooled Investment Fund.
- Certain securities issued by local governments of the State of Nevada.
- Other securities expressly provided by the other statutes, including repurchase agreements.
- Certain bankers’ acceptances.
- Certain short-term paper issued by U.S. Corporations.
- Certain “AAA” rated mutual funds that invest in federal securities.

3. *Accounts Receivable:*

Management does not anticipate any material collection losses with respect to the accounts receivable balances.

4. *Property Taxes Receivable:*

Humboldt County, Nevada, bills and collects property taxes for the City of Winnemucca. All real property in Humboldt County is assigned a parcel number in accordance with state law, with each parcel being subject to physical reappraisal every five years. A factoring system is used to adjust the appraised value during the years between physical appraisals. The valuation of the property and its improvements is being assessed at 35 percent of “taxable value” as defined by statute. The amount of tax levied is developed by multiplying the assessed value by the tax rate applicable to the area in which the property is located. The maximum tax rate was established in the State Constitution at \$5 per hundred dollars of assessed valuation; however, as a result of legislative action the tax rate was further limited to \$3.64 per hundred dollars of assessed valuation except in cases of severe financial emergency as defined in NRS 354.705.

In 2005, the Nevada State Legislature passed Assembly Bill 489 which provides for a partial abatement of the ad valorem tax levied on a qualified property. The abatement will limit the

**CITY OF WINNEMUCCA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

increase of a taxpayer's bill to 3% over the previous year's tax amount for a primary residence and some rental properties. All other property will have a higher limit of 8%.

Taxes on real property are a lien on the property and attach on July 1 (the levy date) of the year for which the taxes are levied.

Taxes may be paid in four installments payable the third Monday in August and the first Monday in October, January and March to the Treasurer of Humboldt County in which the City is located. Penalties are assessed if a taxpayer fails to pay an installment within ten days of the installment due date. After a two year waiting period, if the taxes remain unpaid, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by the owner and such persons as described by statute by paying all back taxes and accumulated penalties, interest and costs before sale.

Secured roll property taxes receivable reflect only those taxes receivable from the last two delinquent roll years. Delinquent taxes from all roll years prior to 2019-2020 have been written off. No provision for uncollectible accounts has been established since management does not anticipate any material collection loss in respect to the remaining balances.

Taxes on personal property are collected currently. Personal property declarations are mailed out annually and the tax is computed using percentages of taxable values established by the Department of Taxation and the tax rates described above. The major classifications of personal property are commercial, agricultural and mobile homes.

5. *Inventories:*

Inventories for the proprietary funds are valued at the lower of cost or market using the first in/first out (FIFO) method.

For all other funds, the City of Winnemucca charges consumable supplies against appropriations at the time of purchase. All inventories of such supplies at June 30 are not material to the individual funds and are not recognized in these financial statements.

6. *Capital Assets:*

Capital assets, which include land, buildings, improvements, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as those assets with an initial, individual cost of \$5,000 or more (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add value to the asset or materially extend asset life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Significant projects in process are depreciated once the projects are placed in service. Prior to that time, they are reported as construction in progress. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**CITY OF WINNEMUCCA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant, and equipment of the City of Winnemucca are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements other than buildings	10-40
Machinery and equipment	5-15

GASB Statement No. 34 required the City to report and depreciate new infrastructure assets effective at the beginning of fiscal year 2004. Neither the historical cost nor related depreciation had been reported in the financial statements prior to that time.

7. *Compensated Absences:*

The City accrues accumulated unpaid vacation and sick leave costs when earned by the employee. Compensated absences are reported in the governmental fund balance sheets only when owed to an employee who terminated by June 30 but is not paid those benefits until after year end. In proprietary funds, compensated absences are recorded when the liabilities are incurred. The government-wide Statement of Net Position reports accrued compensated absences in the same way as described for proprietary funds.

8. *Long-term Obligations:*

In the government-wide financial statements and the fund financial statements for proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

9. *Deferred Inflows/Outflows of Resources:*

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has two types of items reported in this category which arise only under the economic resources measurement focus and the accrual basis of accounting. Accordingly, the items, deferred outflows related to pensions and OPEB, are reported in the government-wide financial statements.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has three deferred inflow items. The first, unavailable revenue, arises only under a modified accrual basis of accounting and qualifies for reporting in this category. Accordingly, the item is reported only in the governmental funds balance sheet. The amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The unavailable revenue is from one source: property taxes. The second and third items relate to the collective deferred inflows related to net pension liability and OPEB, both arising under the economic resources measurement focus and accrual basis of accounting and are reported in the statement of financial position.

CITY OF WINNEMUCCA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Interfund Activity:

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

11. Net Position and Fund Balance:

In government-wide and proprietary fund statements, equity is classified as net position and is displayed in three components:

1. Net investment in capital assets – consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position – consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources not included in the determination of net investment in capital assets or the restricted component of net position.

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City's fund balance categories are as follows:

1. Nonspendable fund balance – amounts are not in spendable form (such as inventory or prepaids) or are legally required to be maintained intact (such as notes receivable or principal of a permanent fund).
2. Restricted fund balance – amounts constrained to specific purposes by their external providers (such as creditors, grantors, contributors, and higher levels of government), through constitutional provisions or by enabling legislation.
3. Committed fund balance – amounts constrained to specific purposes by the City itself using its highest level of decision-making authority, the City Council. Committed resources cannot be used for any other purpose unless the Council takes the same highest level action to remove or change the constraint.
4. Assigned fund balance – amounts the City intends to use for a specific purpose as expressed by the City Council or an official or body to which the Council delegates the authority. This is the residual classification for all governmental funds other than the General Fund.

CITY OF WINNEMUCCA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Unassigned fund balance – represents the residual classification for the General Fund or deficit balances in other funds.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. The City Treasurer was delegated the authority to assign ending fund balance and to report any assigned funds to the City Council at the next regularly scheduled City Council meeting.

It is the policy of the City to spend restricted fund balance first (unless legal requirements dictate otherwise) followed by committed, assigned and unassigned fund balance. When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

12. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The City conformed to all significant statutory constraints on its financial administration.

NOTE 3 – CASH AND INVESTMENTS

Investments are carried at fair value. The following is a listing of investments as of June 30, 2021:

Investment Type	Maturities (in years)				
	Fair Value	Less than 1	1 to 3	3 to 5	Greater than 5
U.S. Treasury Notes	\$ 2,893,263	\$ -	\$ 2,893,263	\$ -	\$ -
Government Agencies	2,965,717	-	2,965,717	-	-
Asset Backed Securities	2,574,690	-	2,574,690	-	-
Corporate Bonds	2,426,941	-	2,426,941	-	-
Mortgage Backed Securities	2,463,784	-	2,463,784	-	-
MM Mutual Funds	2,579,000	2,579,000	-	-	-
State of NV LGIP	69,407	69,407	-	-	-
Total Investments	15,972,802	2,648,407	13,324,395	-	-
Total Cash (Carrying Value)	6,961,293	6,961,293	-	-	-
Total Cash and Investments	<u>\$ 22,934,095</u>	<u>\$ 9,609,700</u>	<u>\$ 13,324,395</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WINNEMUCCA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 – CASH AND INVESTMENTS (continued)

Investment Type	Quality Rating by Standard and Poor's				
	Fair Value	AAA	AA	A	Unrated
U.S. Treasury Notes	\$ 2,893,263	\$ 2,893,263	\$ -	\$ -	\$ -
Government Agencies	2,965,717	2,965,717	-	-	-
Asset Backed Securities	2,574,690	2,574,690	-	-	-
Corporate Bonds	2,426,941	-	-	2,426,941	-
Mortgage Backed Securities	2,463,784	2,463,784	-	-	-
MM Mutual Funds	2,579,000	2,579,000	-	-	-
State of NV LGIP	69,407	-	-	-	69,407
Total Investments	\$ 15,972,802	\$13,476,454	\$ -	\$ 2,426,941	\$ 69,407
Total Cash (Carrying Value)	6,961,293				
Total Cash and Investments	\$ 22,934,095				

The City is a voluntary participant in the State of Nevada Local Government Investment Pool (LGIP), which has regulatory oversight from the State of Nevada Board of Finance. The City's investment in the LGIP is equal to its original investment plus monthly allocation of interest income, and realized and unrealized gains and losses, which is the same as the value of the pool shares. The City's investment in the LGIP is reported at fair value.

Nevada Revised Statutes (NRS 355.170) set forth acceptable investments for Nevada local governments. The City has not adopted a formal investment policy that would further limit its investment choices nor further limit its exposure to certain risks as set forth below.

Interest Rate Risk – Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from a rise in interest rates. As noted above, the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates beyond those specified in the Statute.

Credit Risk – Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality ratings of its investments. The LGIP is an unrated external investment pool and, as noted above, the City does not have a formal investment policy that specifies minimum acceptable credit ratings beyond what is specified in the Statutes.

Custodial Credit Risk – Custodial credit risk is the risk in the event of a bank failure, the City's deposits may not be returned. The City's bank deposits are covered by Federal Deposit Insurance Corporation (FDIC) insurance and collateralized by the Office of the State Treasurer/ Nevada Collateral Pool.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of June 30, 2021, 18.36% of the City's total investments were in the Federal National Mortgage Association and 8.16% were in Federal Home Loan Mortgage Corporation.

CITY OF WINNEMUCCA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 – FAIR VALUE MEASUREMENTS

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Recurring fair value measurements as of June 30, 2021 was as follows:

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
U.S. Treasury Notes	\$ 2,893,263	\$ 2,893,263	\$ -	\$ -
Government Agencies	2,965,717	-	2,965,717	-
Asset Backed Securities	2,574,690	-	2,574,690	-
Corporate Bonds	2,426,941	-	2,426,941	-
Mortgage Backed Securities	2,463,784	-	2,463,784	-
MM Mutual Funds	2,579,000	2,579,000	-	-
State of NV LGIP	69,407	12,488	56,919	-
Total Investments	<u>\$15,972,802</u>	<u>\$ 5,484,751</u>	<u>\$ 10,488,051</u>	<u>\$ -</u>

Investments classified in Level 1 of the fair value hierarchy are valued using quoted market prices. Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value investments based on the investments relationship to benchmark quoted prices.

CITY OF WINNEMUCCA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 – CAPITAL ASSETS

Capital activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,908,002	\$ -	\$ 14,954	\$ 1,893,048
Construction in progress	353,977	99,299	77,262	376,014
Total capital assets, not being depreciated	<u>2,261,979</u>	<u>99,299</u>	<u>92,216</u>	<u>2,269,062</u>
Capital assets being depreciated:				
Buildings and improvements	11,219,660	201,509	-	11,421,169
Improvements other than buildings	27,526,224	77,262	-	27,603,486
Machinery and equipment	4,438,656	749,062	90,570	5,097,148
Total capital assets being depreciated	<u>43,184,540</u>	<u>1,027,833</u>	<u>90,570</u>	<u>44,121,803</u>
Less accumulated depreciation for:				
Buildings and improvements	5,763,322	215,561	-	5,978,883
Improvements other than buildings	7,147,643	878,561	-	8,026,204
Machinery and equipment	2,888,518	275,850	74,018	3,090,350
Total accumulated depreciation	<u>15,799,483</u>	<u>1,369,972</u>	<u>74,018</u>	<u>17,095,437</u>
Governmental activities capital assets, net	<u>\$ 29,647,036</u>	<u>\$ (242,840)</u>	<u>\$ 108,768</u>	<u>\$ 29,295,428</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 233,706	\$ -	\$ -	\$ 233,706
Construction in progress	629,250	285,855	280,810	634,295
Total capital assets, not being depreciated	<u>862,956</u>	<u>285,855</u>	<u>280,810</u>	<u>868,001</u>
Capital assets being depreciated:				
Buildings and improvements	29,235,835	-	-	29,235,835
Improvements other than buildings	9,295,108	280,810	-	9,575,918
Machinery and equipment	16,505,495	-	-	16,505,495
Total capital assets being depreciated	<u>55,036,438</u>	<u>280,810</u>	<u>-</u>	<u>55,317,248</u>
Less accumulated depreciation for:				
Buildings and improvements	1,683,586	585,633	-	2,269,219
Improvements other than buildings	1,810,042	226,123	-	2,036,165
Machinery and equipment	11,926,928	292,737	-	12,219,665
Total accumulated depreciation	<u>15,420,556</u>	<u>1,104,492</u>	<u>-</u>	<u>16,525,049</u>
Business-type activities capital assets, net	<u>\$ 40,478,838</u>	<u>\$ (537,828)</u>	<u>\$ 280,810</u>	<u>\$ 39,660,200</u>

**CITY OF WINNEMUCCA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 – CAPITAL ASSETS (continued)

Depreciation was charged to functions/programs of the City of Winnemucca as follows:

Governmental activities:		
General government	\$	18,447
Public safety		276,114
Public works		819,379
Culture and recreation		<u>256,032</u>
Total depreciation expense – governmental activities	\$	<u>1,369,972</u>
Business-type activities:		
Sewer Fund	\$	795,058
Water Fund		<u>309,434</u>
Total depreciation expense – business-type activities	\$	<u>1,104,492</u>

NOTE 6 – INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of June 30, 2021 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer Fund	General Fund	<u>\$ 2,422</u>
Water Fund	General Fund	<u>\$ 23,200</u>

Interfund receivables and payables include charges incurred by one fund for the benefit of another fund. Interfund balances outstanding represent amounts owed between the funds for services provided.

Interfund transfers for the year ended June 30, 2021 are as follows:

<u>Transfers From:</u>	<u>Transfers To:</u>	<u>Amount</u>
Water Fund	General Fund	<u>\$ 100,000</u>

Transfers and payments within the City are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt services on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs

CITY OF WINNEMUCCA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 – COMMITMENTS

As of June 30, 2021 the City had the following commitments outstanding:

<u>Project Description</u>	<u>Commitment Authorization</u>	<u>Project Expended/Retainage</u>	<u>Balance at June 30, 2021</u>
Hardgrave Lane	\$ 15,756	\$ 2,250	\$ 13,506
Airport Snow Removal Project	217,287	-	217,287
Airport GA Hardstand Reconstruction	1,077,465	-	1,077,465
Total Commitments	\$ 1,310,508	\$ 2,250	\$ 1,308,258

NOTE 8 – LONG TERM DEBT

The lawful City general obligation bonded debt limit at June 30, 2021, was \$70,743,039. In addition, other indebtedness excepting the bond indebtedness, was not to exceed \$47,162,026 (NRS 266.600). The City was within these legal limits as shown below.

Long-term liability activity for the year ended June 30, 2021 was as follows:

Governmental Activities:

	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Used/ Payments</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>
Accrued vacation, compensatory and sick pay	\$ 217,837	\$ 306,553	\$ 238,138	\$ 286,252	\$ 286,252
Contract payable	80,484	-	18,231	62,253	19,437
	<u>\$ 298,321</u>	<u>\$ 306,553</u>	<u>\$ 256,369</u>	<u>\$ 348,505</u>	<u>\$ 305,689</u>

A General Obligation Contract (Contract Payable) was obtained in the amount of \$97,583 for purchase of handheld radios and battery packs for Public Safety. Payments in the amount of \$23,555 are due annually at 6.616% interest and will be repaid over five years. The contract matures December 2023.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 19,437	\$ 4,118	\$ 23,555
2023	20,723	2,832	23,555
2024	22,093	1,462	23,555
Total	\$ 62,253	\$ 8,412	\$ 70,665

CITY OF WINNEMUCCA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – LONG TERM DEBT (continued)

Business-type Activities:

	Balance June 30, 2021	Additions	Used/ Payments	Balance June 30, 2021	Due Within One Year
Accrued vacation, compensatory and sick pay	\$ 39,159	\$ 27,936	\$ 45,610	\$ 21,485	\$ 20,724
Sewer revenue bond debt 2017A	8,684,652	-	154,827	8,529,825	158,341
Sewer revenue bond debt 2017B	8,614,992	-	151,505	8,463,487	154,347
Total Business-type Activities	<u>\$ 17,338,803</u>	<u>\$ 27,936</u>	<u>\$351,942</u>	<u>\$17,014,797</u>	<u>\$333,412</u>

Compensated absences typically are liquidated by the General Fund and enterprise funds. Business-type activities debt is liquidated by the Sewer Fund.

Two series Sewer Revenue Bonds were authorized on May 24, 2016 in the amounts of \$9,165,000 and \$9,030,000 respectively, for constructing a new City sewer plant. Payments in the amount of \$29,054 and \$28,626 are due monthly at 2.25% interest and will be repaid over a forty-year period from the date of the first draw. Bond 2017A matures March 2057 and bond 2017B matures November 2057.

The combined sewer revenue bonds' debt service requirements to maturity are as follows:

	Principal	Interest	Total
2022	\$ 312,688	\$ 379,472	\$ 692,160
2023	319,799	372,361	692,160
2024	326,573	365,587	692,160
2025	334,501	357,659	692,160
2026	342,108	350,052	692,160
2027-2031	1,830,361	1,630,439	3,460,800
2032-2036	2,047,870	1,412,930	3,460,800
2037-2041	2,292,091	1,168,709	3,460,800
2042-2046	2,564,928	895,872	3,460,800
2047-2051	2,870,246	590,554	3,460,800
2052-2056	3,211,883	248,917	3,460,800
2057	540,264	5,799	546,063
Total	<u>\$16,993,312</u>	<u>\$7,778,351</u>	<u>\$24,771,663</u>

NOTE 9 – UNEARNED REVENUE

Unearned revenue as of June 30, 2021, consisted of the following:

<u>Grant Revenues:</u>	
General Fund	<u>\$ 64,792</u>

CITY OF WINNEMUCCA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries of employees; and natural disasters, as are all entities.

The City has joined together with similar public agencies (cities, counties and special districts) throughout the State of Nevada to create a pool under the Nevada Interlocal Cooperation Act. The Nevada Public Agency Insurance Pool (Pool) is a public entity risk pool currently operating as a common risk management and insurance program for its members.

The City pays an annual premium and specific deductibles, as necessary, to the Pool for its general insurance coverage. The Pool is considered a self-sustaining risk pool that will provide liability coverage for its members for up to \$10,000,000 per event and a \$10,000,000 general aggregate per member. Property, crime and equipment breakdown coverage is provided to its members up to \$300,000,000 per loss with various sublimits established for earthquake, flood, equipment breakdown, money and securities.

The City has also joined together with similar public agencies effective December 16, 1997, to create a second pool under the Nevada Interlocal Cooperation Act. The Public Agency Compensation Trust (PACT) is an intergovernmental self-insurance association for workers compensation insurance. The City pays premiums based on payroll costs to the PACT. The PACT is considered a self-sustaining pool that will provide coverage based on established statutory limits.

The City continues to carry commercial insurance for other risks of loss, including specific risks of loss not covered by the Pool (airport liability, bonding, and boiler coverage) and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11 – PENSION PROGRAM

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PERS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments including refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description. The City of Winnemucca participates in a cost sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement System of the State of Nevada (PERS). All full-time and certain part-time employees of the City are covered by PERS. The Public Employees Retirement System of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained on the PERS website at www.nvpers.org under Quick Links – Publications.

Benefits Provided. PERS provides retirement benefits, disability benefits, and survivor benefits, including annual cost of living adjustments, to plan members and their beneficiaries. Benefits, as

CITY OF WINNEMUCCA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11 – PENSION PROGRAM (continued)

required by Nevada Revised Statute 286, are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any thirty-six consecutive months with special provisions for members entering the System on or after January 1, 2010 and July 1, 2015.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering PERS on or after January 1, 2010, there is a 2.5% multiplier and for regular members entering the System on or after July 1, 2015, there is a 2.25% multiplier. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death. Post-retirement increases are provided by authority of NRS 286.575 - .579.

Regular members entering the System prior to January 1, 2010, are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, or any age with thirty years of service. Regular members entering the System on or after July 1, 2015 are eligible for retirement at age 65 with five years of service, age 62 with ten years of service, age 55 with thirty years of service, or any age with thirty-three and one-third years of service.

Police/Fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service. Police/Fire members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 60 with ten years of service, or age 50 with twenty years of service, or at any age with thirty years of service. Only service performed in a position as a police officer or firefighter may be counted towards eligibility for retirement as Police/Fire accredited service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both Regular and Police/Fire members become fully vested as to benefits upon completion of five years of service.

Contributions. The authority for establishing and amending the obligation to make contributions, and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. One plan provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only. Under the matching Employee/Employer Contribution plan a member may, upon termination of service for which contribution is required, withdraw employee contributions which have been credited to their account. All membership rights and active service credit in PERS are canceled upon withdrawal

CITY OF WINNEMUCCA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11 – PENSION PROGRAM (continued)

of contributions from the member's account. If EPC was elected, the member cannot convert to the Employee/Employer Contribution plan. The City is required to contribute all amounts due for plan members under the Employer-Pay Contribution plan. The contribution requirements of the City are established by Chapter 286 of the Nevada Revised Statutes. The funding mechanism may only be amended through legislation.

PERS' basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund PERS on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

For the fiscal year ended June 30, 2021 the Statutory Employer/Employee matching rate was 15.25% for Regular and 22.00% for Police/Fire. The Employer-Pay contribution rate was 29.25% for Regular and 42.50% for Police/Fire.

City contributions of \$680,650 were paid during the fiscal year ended June 30, 2020 and were recognized as additions to the plan's fiduciary net position, reducing the City's proportionate share of net pension liability for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the City reported a liability of \$8,052,988 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's total contributions due on wages relative to the total contributions for all employers for the period ended June 30, 2020. The City's proportion was .05782%, as of June 30, 2020, which was an increase of .00118% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense of \$1,174,529 in governmental activities and \$88,827 in business-type activities for total pension expense of \$1,263,355. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF WINNEMUCCA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – PENSION PROGRAM (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 645,809	\$ 984,732
Changes of assumptions	1,009,053	-
Net difference between projected and actual earnings on pension plan investments	14,496	623,118
Changes in proportion and differences between actual contributions and proportionate share of contributions	246,600	1,887,448
City contributions subsequent to the measurement date	655,629	-
Total	\$ 2,571,587	\$ 3,495,298

Deferred outflows related to pensions resulting from the City’s contributions subsequent to the measurement date in the amount of \$655,629 will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year	Amount
2021-22	(653,501)
2022-23	(471,747)
2023-24	(325,331)
2024-25	(115,111)
2025-26	(12,265)
Thereafter	(1,385)

Actuarial Assumptions. The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.75%
Projected Salary Increases	Regular: 4.25% to 9.15%, depending on service Police/Fire: 4.55% to 13.9%, depending on service Rates include inflation and productivity increases
Investment Rate of Return	7.50% per year
Productivity Pay Increase	0.50%
Consumer Price Index	2.75%

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the experience review completed in 2017. Mortality rates for non-disabled regular members were based on the Headcount-Weighted RP-2014 Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. Mortality rates for ages less than 50 were based on the Headcount-Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for members at age 50 to the mortality rate at age 50 from the Employee mortality tables. The mortality rates are then projected to 2020 with Scale MP-2016. The table used in the actuarial valuation to project mortality rates for all disabled members is the Headcount-Weighted RP-2014 Disabled Retiree Table, set forward four years.

**CITY OF WINNEMUCCA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – PENSION PROGRAM (continued)

PERS’ policies which determine the investment portfolio target asset allocation are established by the Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

The following was the Board-adopted policy target asset allocation as of June 30, 2020:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return*
U.S. stocks	42%	5.50%
International stocks	18%	5.50%
U.S. Bonds	28%	0.75%
Private markets	12%	6.65%
Total	100%	

*As of June 30, 2020, PERS’ long-term inflation assumption was 2.75%.

Discount Rate. The discount rate used to measure the total pension liability was 7.50% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan’s fiduciary net position at June 30, 2020, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

Pension Liability Sensitivity. The following represents the City’s proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (6.50%)	Current Rate (7.50%)	1% Increase (8.50%)
District’s proportionate share of the net pension liability	\$12,207,337	\$8,052,988	\$4,290,112

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in a separately-issued PERS financial report that includes financial statements and required supplementary information.

CITY OF WINNEMUCCA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Descriptions. The City administers a single-employer defined benefit healthcare plan, the City of Winnemucca Health Insurance Plan (CWHIP). Additionally, the City contributes to an agent multi-employer defined benefit postemployment healthcare plan, Public Employees' Benefit Plan (PEBP). Each plan provides medical, vision, dental, prescription, and life insurance benefits to eligible retired City employees and beneficiaries. No assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4.

Benefit provisions for the CWHIP are established pursuant to NRS 287.023 and amended through negotiations between the City and the respective associations. NRS 288.150 assigns authority to establish benefit provisions to the City of Winnemucca Council. The plan provides healthcare insurance for eligible retirees and their beneficiaries through the City's group health insurance plan, which covers both active and retired members. Under NRS 287.023, eligible retirees are able to participate in the plan with blended rates, thereby benefiting from an implicit subsidy. Retirees are required to pay 100% of their premiums under the plan. Eligible retirees are participants in the Nevada Public Employee Retirement System (PERS) and retired from the City at the time of their election to participate. The CWHIP does not issue a publicly available financial report. As of June 30, 2021, 7 inactive employees are entitled to but not receiving benefits and 53 active employees are currently receiving benefits.

Benefit provisions for the PEBP are administered by the State of Nevada. NRS 287.043 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. City employees who met the eligibility requirements effective September 1, 2008 for retirement within PERS had the option upon retirement to enroll in coverage under the PEBP. NRS 287.023 sunsetted the option to join PEBP for City employees who retired after November 29, 2008. Local governments are required to pay the same portion of cost of coverage for their retirees joining PEBP that the State of Nevada pays for those persons retired from state service who have continued to participate in the plan. As of June 30, 2021, 13 city retirees were utilizing this benefit. There are no active employees in this plan. The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employee's Benefits Program, 901 South Stewart Street, Suite 1001, Carson City, Nevada, 89701, by calling (775) 684-7000, or by accessing the website at www.pebp.state.nv.us/resources/fiscal-utilization-report.

Funding Policy and Annual OPEB Cost. For CWHIP, contribution requirements of the plan members and the City are established and may be amended through negotiations between the City and the associations. Retirees pay 100% of the pay-as-you-go premiums based on a blended rate that blends active participants and retirees. The City's contribution requirements for retirees relate to the implicit subsidy that results from using the blended rates and is determined in actuarial studies contracted for by the City. The implicit subsidy for fiscal year 2021 as determined by the actuary is \$5,414.

For the PEBP plan, NRS 287.046 establishes the subsidies to be contributed toward the premium costs of the eligible retired City employees. Plan members receiving benefits have their monthly contribution deducted from their pension checks based on the health plan chosen by the retiree as reduced by the amount of the subsidy, therefore, their contributions are not available. Subsidy rates vary with the type of plan and coverage elected by the retiree. The contribution

**CITY OF WINNEMUCCA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

requirements of plan members and the City are established and amended by the PEBP board of trustees. As a participating employer, the City is billed for the subsidy on a monthly basis and is legally required under NRS 287.023 to provide for it. For fiscal year 2021, the City contributed \$32,758 to the plan for current premiums. The City did not prefund any future benefits.

Total OPEB Liability. The City’s total OPEB liability of \$840,246 was measured as of June 30, 2020, and was determined by actuarial valuations of both plans as of that date.

Actuarial Assumptions. The total OPEB liability in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020:

	CWHIP	PEBP
Inflation	2.50% per year	2.50% per year
Salary Increase	3.0% per year	N/A – no active employees in this plan
Funding Method	Entry Age Normal Cost, closed group, level percent of pay	Entry Age Normal Cost, closed group, level percent of pay

Healthcare Cost Trend Rates:

Effective July 1	City Medical Premium and Pre-Medicare PEBP Subsidy Increase	Medicare PEBP Subsidy Increase
2020	Actual	Actual
2021	5.40%	4.50%
2022	5.30%	4.50%
2023	5.20%	4.50%
2024	5.20%	4.50%
2025 & Later	5.20%	4.50%

Discount rate. A discount rate of 2.66% was applied in the measurement of the total OPEB liability. The discount rate is based on the index rate for 20-year high grade municipal bond rate.

Mortality rates were based on the most recently published report of the Nevada Public Employees Retirement System, dated June 30, 2017, except for a different basis used to project future mortality improvements.

These rates were derived from the Males and Females Headcount-Weighted RP-2014 Employee Table. Adjustments for mortality improvements were made by applying the MacLeod Watts Scale 2020.

CITY OF WINNEMUCCA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Changes in the Total OPEB Liability:

	<u>CWHIP</u>	<u>PEBP</u>	<u>Total OPEB Liability</u>
Balance at June 30, 2019	\$ 205,271	\$ 624,768	\$ 830,039
Changes for the year:			
Service cost	27,056	-	27,056
Interest	6,324	16,860	23,184
Differences between expected and actual experience	-	-	-
Changes of assumptions	3,443	8,763	12,206
Benefit payments	(11,307)	(40,932)	(52,239)
Net changes	<u>25,516</u>	<u>(15,309)</u>	<u>10,207</u>
Balance at June 30, 2020	<u>\$ 230,787</u>	<u>\$ 609,459</u>	<u>\$ 840,246</u>

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the City of Winnemucca, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.66%) or 1 percentage point higher (3.66%) than the current rate:

	<u>1% Decrease (1.66%)</u>	<u>Current Rate (2.66%)</u>	<u>1% Increase (3.66%)</u>
CWHIP	\$ 259,087	\$ 230,787	\$ 206,714
PEBP	684,192	609,459	545,889
Total Net OPEB liability	<u>\$ 943,279</u>	<u>\$ 840,246</u>	<u>\$ 752,603</u>

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the City of Winnemucca, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.30%) or 1 percentage point higher (6.30%) than the current rate:

	<u>1% Decrease (4.30%)</u>	<u>Current Rate (5.30%)</u>	<u>1% Increase (6.30%)</u>
CWHIP	\$ 205,055	\$ 230,787	\$ 261,567
PEBP	541,505	609,459	690,743
Total Net OPEB liability	<u>\$ 746,560</u>	<u>\$ 840,246</u>	<u>\$ 952,310</u>

**CITY OF WINNEMUCCA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2020, the CWHIP recognized a negative OPEB expense of \$85,024 and the PEBP plan recognized a OPEB expense of \$25,623 for a total negative OPEB expense of \$59,401. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
CWHIP		
Differences between expected and actual experience	\$ 12,775	\$ 623,930
Changes of assumptions	9,424	244,400
City contributions subsequent to the measurement date	5,414	-
Total CWHIP	\$ 27,613	\$ 868,330
 PEBP		
City contributions subsequent to the measurement date	\$ 32,758	\$ -
 Combined		
Differences between expected and actual experience	\$ 12,775	\$ 623,930
Changes of assumptions	9,424	244,400
City contributions subsequent to the measurement date	38,172	-
Total Combined	\$ 60,371	\$ 868,330

The City will recognize the Contributions Made Subsequent to the Measurement Date in the next fiscal year. Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	Amount
2022	(118,404)
2023	(118,404)
2024	(118,404)
2025	(118,404)
2026	(118,404)
Thereafter	(254,111)

CITY OF WINNEMUCCA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 – TAX ABATEMENTS

All tax abatement agreements/programs, entered into by the State of Nevada, have been summarized, by type of agreement/program and the gross, accrual basis reduction of the City's taxes for the year ended June 30, 2021 aggregated as follows:

Agreement/program description – Nevada Revised Statutes 374.357 - Abatement for eligible machinery or equipment used by certain new or expanded businesses
Amount abated during the year ended June 30, 2021 – \$1,254
Specific tax being abated – Sales and use taxes

Agreement/program description – Nevada Revised Statutes 701A.370 - Partial abatement of certain taxes imposed on renewable energy facilities
Amount abated during the year ended June 30, 2021 – \$78,169
Specific tax being abated – Property taxes and/or sales and use taxes

NOTE 14 – CONTINGENCIES

The City is a defendant in a lawsuit arising in the ordinary course of operations. The financial impact of this lawsuit is not determinable at June 30, 2021. The effect of any uninsured liability on the financial position or results of operations of the City is unknown.

NOTE 15 – NEW ACCOUNTING PRONOUNCEMENTS IMPLEMENTED

Effective for year ended June 30, 2021, the City adopted GASB Statement No. 84, Fiduciary Activities. The objective of the statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement established criteria for identifying fiduciary activities focusing on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. As a result of adopting the statement, there was no impact on the beginning net position or fund balance.

**CITY OF WINNEMUCCA
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND (BUDGETARY BASIS)
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	BUDGET AMOUNTS		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Property taxes	\$ 2,164,525	\$ 2,164,525	\$ 2,153,015	\$ (11,510)
Other taxes	176,000	176,000	228,783	52,783
Licenses and permits	408,000	408,000	549,971	141,971
Intergovernmental revenues	2,448,600	3,958,809	5,990,776	2,031,967
Charges for services	155,600	155,600	280,855	125,255
Miscellaneous	866,991	866,991	930,723	63,732
	<u>6,219,716</u>	<u>7,729,925</u>	<u>10,134,123</u>	<u>2,404,198</u>
EXPENDITURES				
Current:				
General government	1,110,670	1,767,861	1,749,303	18,558
Public safety	4,392,568	5,280,586	5,171,840	108,746
Judicial	119,610	144,610	139,771	4,839
Public works	1,209,774	1,209,774	983,971	225,803
Culture and recreation	800,233	855,233	843,557	11,676
Debt service	-	-	23,555	(23,555)
	<u>7,632,855</u>	<u>9,258,064</u>	<u>8,911,997</u>	<u>346,067</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,413,139)</u>	<u>(1,528,139)</u>	<u>1,222,125</u>	<u>2,750,264</u>
OTHER FINANCING (USES)				
Transfers in (out)	100,000	100,000	100,000	-
Contingency	(150,000)	(35,000)	-	35,000
	<u>(50,000)</u>	<u>65,000</u>	<u>100,000</u>	<u>35,000</u>
Net Change in Fund Balances	(1,463,139)	(1,463,139)	1,322,125	2,785,264
FUND BALANCES, July 1	<u>6,653,344</u>	<u>6,653,344</u>	<u>8,445,350</u>	<u>1,792,006</u>
FUND BALANCES, June 30	<u>\$ 5,190,205</u>	<u>\$ 5,190,205</u>	<u>\$ 9,767,475</u>	<u>\$ 4,577,270</u>

See notes accompanying required supplementary information.

**CITY OF WINNEMUCCA
REQUIRED SUPPLEMENTARY INFORMATION
RECONCILIATION OF THE GENERAL FUND (BUDGETARY BASIS) TO THE
GENERAL FUND (GAAP BASIS)
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2021**

	GENERAL FUND	INTERNALLY REPORTED FUNDS	GENERAL FUND TOTAL
REVENUES			
Property taxes	\$ 2,153,015	\$ -	\$ 2,153,015
Other taxes	228,783	-	228,783
Licenses and permits	549,971	-	549,971
Intergovernmental revenues	5,990,776	-	5,990,776
Charges for services	280,855	-	280,855
Miscellaneous	930,723	4,226	934,949
	<u>10,134,123</u>	<u>4,226</u>	<u>10,138,349</u>
EXPENDITURES			
Current:			
General government	1,749,303	36,123	1,785,426
Public safety	5,171,840	-	5,171,840
Judicial	139,771	-	139,771
Public works	983,971	-	983,971
Culture and recreation	843,557	-	843,557
Debt service	23,555	-	23,555
	<u>8,911,997</u>	<u>36,123</u>	<u>8,948,120</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,222,125</u>	<u>(31,897)</u>	<u>1,190,228</u>
OTHER FINANCING (USES)			
Transfers in (out)	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Net Change in Fund Balances	1,322,125	(31,897)	1,290,228
FUND BALANCES, July 1,	<u>8,445,350</u>	<u>1,156,022</u>	<u>9,601,372</u>
FUND BALANCES, June 30	<u>\$ 9,767,475</u>	<u>\$ 1,124,125</u>	<u>\$ 10,891,600</u>

See notes accompanying required supplementary information.

CITY OF WINNEMUCCA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2021
Last 10 Fiscal Years

	2021	2020	2019	2018
CWHIP				
Service Cost	\$ 27,056	\$ 53,509	\$ 50,128	\$ 142,193
Interest on the total OPEB Liability	6,324	12,153	10,923	34,073
Difference between expected and actual experience	-	(154,923)	-	(171,085)
Changes in assumptions	3,443	(53,062)	5,902	(914,579)
Benefit payments	(11,307)	(13,368)	(9,711)	(26,185)
Net changes	25,516	(155,691)	57,242	(935,583)
Total OPEB liability - beginning	205,271	360,962	303,720	1,239,303
Total OPEB liability - ending	\$ 230,787	\$ 205,271	\$ 360,962	\$ 303,720
Covered-employee payroll	\$ 3,379,921	\$ 3,440,803	\$ 3,236,179	\$ 2,919,038
Total OPEB liability as a percentage of covered-employee payroll	5.77%	5.97%	11.15%	10.40%
PEBP				
Service Cost	\$ -	\$ -	\$ -	\$ -
Interest on the total OPEB Liability	16,860	16,747	17,909	28,077
Difference between expected and actual experience	-	(47,850)	-	(515,530)
Changes in assumptions	8,763	112,567	9,675	(25,056)
Benefit payments	(40,932)	(37,324)	(38,282)	(47,516)
Net changes	(15,309)	44,140	(10,698)	(560,025)
Total OPEB liability - beginning	624,768	580,628	591,326	1,151,351
Total OPEB liability - ending	\$ 609,459	\$ 624,768	\$ 580,628	\$ 591,326
Covered-employee payroll	N/A	N/A	N/A	N/A
Total OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A
Combined OPEB Liability				
Service Cost	\$ 27,056	\$ 53,509	\$ 50,128	\$ 142,193
Interest on the total OPEB Liability	23,184	28,900	28,832	62,150
Difference between expected and actual experience	-	(202,773)	-	(686,615)
Changes in assumptions	12,206	59,505	15,577	(939,635)
Benefit payments	(52,239)	(50,692)	(47,993)	(73,701)
Net changes	10,207	(111,551)	46,544	(1,495,608)
Total OPEB liability - beginning	830,039	941,590	895,046	2,390,654
Total OPEB liability - ending	\$ 840,246	\$ 830,039	\$ 941,590	\$ 895,046

Note: Complete data for this schedule is not available prior to 2018.

CITY OF WINNEMUCCA
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios
Public Employee's Retirement System of Nevada

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2021	0.05782%	\$8,052,988	\$3,738,444	215.4%	~
6/30/2020	0.05900%	\$8,045,213	\$3,912,164	205.7%	77.04%
6/30/2019	0.05774%	\$7,874,142	\$3,755,515	209.7%	76.46%
6/30/2018	0.06715%	\$8,930,634	\$4,371,385	204.3%	75.24%
6/30/2017	0.06952%	\$9,355,412	\$3,611,510	259.1%	74.42%
6/30/2016	0.07174%	\$8,220,586	\$3,555,533	231.2%	72.23%
6/30/2015	0.07329%	\$7,638,581	\$3,499,771	218.2%	75.13%
6/30/2014	0.07287%	\$9,637,904	\$3,509,617	274.7%	76.31%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

* The data provided in the schedule is based as of the measurement date of NV PERS net pension liability, which is as of the beginning of the fiscal year.

~ Information not yet available.

**CITY OF WINNEMUCCA
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

Schedule of Employer Contributions
Public Employee's Retirement System of Nevada

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess / (Deficiency)	Actual Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2021	\$1,311,257	\$1,311,257	-	\$3,738,444	35.1%
6/30/2020	\$1,361,300	\$1,361,300	-	\$3,912,164	34.8%
6/30/2019	\$1,231,801	\$1,231,801	-	\$3,755,515	32.8%
6/30/2018	\$1,193,407	\$1,193,407	-	\$4,371,385	27.3%
6/30/2017	\$1,202,049	\$1,202,049	-	\$3,611,510	33.2%
6/30/2016	\$1,181,651	\$1,181,651	-	\$3,555,533	33.2%
6/30/2015	\$1,107,104	\$1,107,104	-	\$3,499,771	31.6%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CITY OF WINNEMUCCA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

NOTE 1 - Explanation of Differences Between General Fund (Budgetary Basis) and General Fund Basic Financials

The accompanying Reconciliation of the General Fund (Budgetary Basis) to the General Fund (GAAP Basis) presents balances combined for external financial reporting purposes.

With the implementation of GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, the budgetary basis of accounting for the General Fund differs from generally accepted accounting principles (GAAP). GAAP now requires certain amounts reported in special revenue funds for budgetary purposes to be included in the General Fund for external financial reporting.

The City of Winnemucca has three internally reported funds that do not meet the definition of a special revenue fund under GAAP. The Vacation Sick Leave Liability Fund, the Unemployment Compensation Fund, and the Retiree Insurance Liability Fund are combined with the General Fund for external financial reporting purposes.

NOTE 2 – OPEB

Changes of Assumptions: Changes of assumption and other inputs reflect a change in the discount rate from 2.79% in 2019 to 2.66% in 2020.

Plan Assets: No assets are accumulated in a trust that meets all of the following criteria of GASB Statement No. 75, paragraph 4 to pay benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

**CITY OF WINNEMUCCA
RECONCILIATION OF THE GENERAL FUND (BUDGETARY BASIS) TO THE
GENERAL FUND (GAAP BASIS)
BALANCE SHEET
JUNE 30, 2021**

	GENERAL FUND	INTERNALLY REPORTED FUNDS	GENERAL FUND TOTAL
ASSETS			
Cash and investments	\$ 9,088,486	\$ 1,124,456	\$ 10,212,942
Accounts receivable	57,412	-	57,412
Taxes receivable, delinquent	11,139	-	11,139
Due from other governments	991,999	-	991,999
Prepaid expenses	141,807	-	141,807
	<u>10,290,843</u>	<u>1,124,456</u>	<u>11,415,299</u>
Total Assets	<u>\$ 10,290,843</u>	<u>\$ 1,124,456</u>	<u>\$ 11,415,299</u>
LIABILITIES			
Accounts payable	\$ 104,648	\$ 331	\$ 104,979
Accrued liabilities	282,818	-	282,818
Due to other governments	34,349	-	34,349
Due to other funds	25,622	-	25,622
Deferred revenue	64,792	-	64,792
	<u>512,229</u>	<u>331</u>	<u>512,560</u>
Total Liabilities	<u>512,229</u>	<u>331</u>	<u>512,560</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue- property taxes	11,139	-	11,139
	<u>11,139</u>	<u>-</u>	<u>11,139</u>
FUND BALANCES			
Restricted for:			
Unemployment insurance benefits	-	44,611	44,611
Committed for:			
Employee vacation and sick leave	-	286,529	286,529
Retiree health insurance premiums	-	792,985	792,985
Assigned to:			
2022 budget appropriations	1,207,510	-	1,207,510
Unassigned	8,559,965	-	8,559,965
	<u>9,767,475</u>	<u>1,124,125</u>	<u>10,891,600</u>
Total Fund Balance	<u>9,767,475</u>	<u>1,124,125</u>	<u>10,891,600</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 10,290,843</u>	<u>\$ 1,124,456</u>	<u>\$ 11,415,299</u>

**CITY OF WINNEMUCCA
BALANCE SHEET
GENERAL FUND (BUDGETARY BASIS)
JUNE 30, 2021**

ASSETS	
Cash and investments	\$ 9,088,486
Accounts receivable	57,412
Taxes receivable, delinquent	11,139
Due from other governments	991,999
Prepaid expenses	<u>141,807</u>
Total Assets	<u><u>\$ 10,290,843</u></u>
 LIABILITIES	
Accounts payable	\$ 104,648
Accrued liabilities	282,818
Due to other governments	34,349
Due to other funds	25,622
Deferred revenue	<u>64,792</u>
Total Liabilities	<u>512,229</u>
 DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue- property taxes	<u>11,139</u>
 FUND BALANCE	
Assigned to:	
2022 budget appropriations	1,207,510
Unassigned	<u>8,559,965</u>
Total Fund Balance	<u>9,767,475</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u><u>\$ 10,290,843</u></u>

CITY OF WINNEMUCCA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021
(PAGE 1 OF 4)

	BUDGET AMOUNTS		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Property taxes:				
Ad valorem taxes	\$ 2,164,525	\$ 2,164,525	\$ 2,153,015	\$ (11,510)
Other taxes:				
Franchise taxes	176,000	176,000	228,783	52,783
Licenses and permits:				
Business licenses	192,000	192,000	269,461	77,461
Local gaming licenses	116,000	116,000	144,745	28,745
Animal licenses	12,000	12,000	3,836	(8,164)
Building permits	64,000	64,000	96,568	32,568
City liquor licenses	24,000	24,000	35,361	11,361
	<u>408,000</u>	<u>408,000</u>	<u>549,971</u>	<u>141,971</u>
Intergovernmental revenues				
Grant-in-aid	-	1,105,062	1,173,247	68,185
Government contributions	5,000	410,147	410,147	-
State shared revenues:				
Consolidated tax revenue	2,160,000	2,160,000	4,037,220	1,877,220
Other local government:				
Airport fuel optional	4,400	4,400	3,930	(470)
State gaming license fee	80,000	80,000	100,000	20,000
Gasoline tax (.01 optional)	52,000	52,000	75,334	23,334
Gasoline tax (1.75)	32,000	32,000	46,859	14,859
Gasoline tax (2.35)	115,200	115,200	144,039	28,839
	<u>2,448,600</u>	<u>3,958,809</u>	<u>5,990,776</u>	<u>2,031,967</u>
Charges for services:				
Airport flow fee	2,400	2,400	3,498	1,098
Golf cart storage fee	8,000	8,000	8,300	300
Police department fees	5,600	5,600	14,406	8,806
Golf course fees	136,000	136,000	254,651	118,651
Softball concessions	3,600	3,600	-	(3,600)
	<u>155,600</u>	<u>155,600</u>	<u>280,855</u>	<u>125,255</u>
Miscellaneous:				
Miscellaneous	10,000	10,000	2,263	(7,737)
Interest	56,000	56,000	31,718	(24,282)
Airport rent and leases	193,000	193,000	192,093	(907)
Miscellaneous sales and rentals	20,000	20,000	86,976	66,976
Street excavation	700	700	500	(200)
Cemetery plot sales	10,000	10,000	16,400	6,400
Cemetery burial services	10,000	10,000	8,850	(1,150)
Private donations	-	-	24,632	24,632
Management/equipment fees	567,291	567,291	567,291	-
	<u>866,991</u>	<u>866,991</u>	<u>930,723</u>	<u>63,732</u>
Total Revenues	<u>6,219,716</u>	<u>7,729,925</u>	<u>10,134,123</u>	<u>2,404,198</u>

CITY OF WINNEMUCCA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021
(PAGE 2 OF 4)

EXPENDITURES	BUDGET AMOUNTS		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
General Government:				
Executive:				
City Council:				
Salaries and wages	\$ 102,000	\$ 102,000	\$ 102,182	\$ (182)
Employee benefits	79,485	79,485	77,476	2,009
Services and supplies	5,000	5,000	10,571	(5,571)
	<u>186,485</u>	<u>186,485</u>	<u>190,229</u>	<u>(3,744)</u>
City Clerk and Treasurer:				
Salaries and wages	234,500	234,500	237,188	(2,688)
Employee benefits	122,725	122,725	117,948	4,777
Services and supplies	57,700	57,700	57,019	681
Capital outlay	4,500	4,500	11,883	(7,383)
	<u>419,425</u>	<u>419,425</u>	<u>424,038</u>	<u>(4,613)</u>
City Manager:				
Salaries and wages	136,000	136,000	135,790	210
Employee benefits	54,410	54,410	55,895	(1,485)
Services and supplies	2,850	2,850	3,031	(181)
	<u>193,260</u>	<u>193,260</u>	<u>194,716</u>	<u>(1,456)</u>
Administration:				
Salaries	-	-	(113)	113
Employee Benefits	-	-	(889)	889
Services and supplies	311,500	968,691	941,322	27,369
	<u>311,500</u>	<u>968,691</u>	<u>940,320</u>	<u>28,371</u>
Total General Government	<u>1,110,670</u>	<u>1,767,861</u>	<u>1,749,303</u>	<u>18,558</u>
Public Safety:				
Police:				
Salaries and wages	2,013,000	2,363,550	2,075,879	287,671
Employee benefits	1,229,500	1,229,500	1,313,323	(83,823)
Services and supplies	399,000	650,707	761,060	(110,353)
Capital outlay	188,400	474,161	560,349	(86,188)
	<u>3,829,900</u>	<u>4,717,918</u>	<u>4,710,611</u>	<u>7,307</u>
Building Inspector:				
Salaries and wages	77,200	77,200	75,650	1,550
Employee benefits	37,725	37,725	34,459	3,266
Services and supplies	45,000	45,000	6,681	38,319
Capital outlay	1,000	1,000	-	1,000
	<u>160,925</u>	<u>160,925</u>	<u>116,790</u>	<u>44,135</u>
Fire Department:				
Salaries and wages	25,000	25,000	18,712	6,288
Employee benefits	223,893	223,893	189,057	34,836
Services and supplies	65,350	65,350	59,041	6,309
Capital outlay	87,500	87,500	77,629	9,871
	<u>401,743</u>	<u>401,743</u>	<u>344,439</u>	<u>57,304</u>
Total Public Safety	<u>4,392,568</u>	<u>5,280,586</u>	<u>5,171,840</u>	<u>108,746</u>

CITY OF WINNEMUCCA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021
(PAGE 3 OF 4)

	BUDGET AMOUNTS		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
Judicial:				
City Attorney:				
Salaries and wages	\$ 90,000	\$ 90,000	\$ 89,418	\$ 582
Employee benefits	29,110	54,110	49,978	4,132
Services and supplies	500	500	375	125
Total Judicial	<u>119,610</u>	<u>144,610</u>	<u>139,771</u>	<u>4,839</u>
Public Works:				
Street Department:				
Salaries and wages	336,800	336,800	302,750	34,050
Employee benefits	132,550	132,550	131,157	1,393
Services and supplies	358,000	358,000	223,077	134,923
Capital outlay	20,000	20,000	7,747	12,253
	<u>847,350</u>	<u>847,350</u>	<u>664,731</u>	<u>182,619</u>
Airport:				
Salaries and wages	7,500	7,500	7,100	400
Employee benefits	1,325	1,325	908	417
Services and supplies	109,938	109,938	104,829	5,109
Capital outlay	2,500	2,500	-	2,500
	<u>121,263</u>	<u>121,263</u>	<u>112,837</u>	<u>8,426</u>
Cemetery:				
Salaries and wages	81,500	81,500	81,175	325
Employee benefits	29,675	29,675	28,899	776
Services and supplies	14,481	14,481	4,919	9,562
Capital outlay	5,000	5,000	2,153	2,847
	<u>130,656</u>	<u>130,656</u>	<u>117,146</u>	<u>13,510</u>
Public Buildings:				
Salaries and wages	19,500	19,500	20,387	(887)
Employee benefits	12,005	12,005	11,981	24
Services and supplies	57,000	57,000	39,550	17,450
Capital Outlay	1,000	1,000	-	1,000
	<u>89,505</u>	<u>89,505</u>	<u>71,918</u>	<u>17,587</u>
Planning Department:				
Services and supplies	21,000	21,000	17,339	3,661
Total Public Works	<u>1,209,774</u>	<u>1,209,774</u>	<u>983,971</u>	<u>225,803</u>
Culture and Recreation:				
Parks:				
Salaries and wages	156,599	156,599	242,173	(85,574)
Employee benefits	96,505	96,505	97,339	(834)
Services and supplies	70,299	70,299	(22,531)	92,830
Capital outlay	3,000	3,000	1,069	1,931
	<u>326,403</u>	<u>326,403</u>	<u>318,050</u>	<u>8,353</u>

CITY OF WINNEMUCCA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021
(PAGE 4 OF 4)

	BUDGET AMOUNTS		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
Recreation:				
Services and supplies	\$ 53,040	\$ 53,040	\$ 40,384	\$ 12,656
Capital outlay	-	55,000	25,637	29,363
	<u>53,040</u>	<u>108,040</u>	<u>66,021</u>	<u>42,019</u>
Pools:				
Salaries and wages	-	-	1,215	(1,215)
Services and supplies	98,700	98,700	113,168	(14,468)
	<u>98,700</u>	<u>98,700</u>	<u>114,383</u>	<u>(15,683)</u>
Golf Course:				
Salaries and wages	136,100	136,100	107,860	28,240
Employee benefits	53,950	53,950	51,173	2,777
Services and supplies	112,540	112,540	167,192	(54,652)
Capital outlay	19,500	19,500	18,878	622
	<u>322,090</u>	<u>322,090</u>	<u>345,103</u>	<u>(23,013)</u>
Total Culture and Recreation	<u>800,233</u>	<u>855,233</u>	<u>843,557</u>	<u>11,676</u>
Debt service:				
Principal	-	-	18,231	(18,231)
Interest	-	-	5,325	(5,325)
Total Debt service	<u>-</u>	<u>-</u>	<u>23,555</u>	<u>(23,555)</u>
Total Expenditures	<u>7,632,855</u>	<u>9,258,064</u>	<u>8,911,997</u>	<u>346,067</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,413,139)</u>	<u>(1,528,139)</u>	<u>1,222,125</u>	<u>2,750,264</u>
OTHER FINANCING (USES)				
Transfers in (out):				
Water Fund	100,000	100,000	100,000	-
Contingency	(150,000)	(35,000)	-	35,000
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>65,000</u>	<u>100,000</u>	<u>35,000</u>
Net Change in Fund Balances	<u>(1,463,139)</u>	<u>(1,463,139)</u>	<u>1,322,125</u>	<u>2,785,264</u>
FUND BALANCES, July 1	<u>6,653,344</u>	<u>6,653,344</u>	<u>8,445,350</u>	<u>1,792,006</u>
FUND BALANCES, June 30	<u>\$ 5,190,205</u>	<u>\$ 5,190,205</u>	<u>\$ 9,767,475</u>	<u>\$ 4,577,270</u>

**CITY OF WINNEMUCCA
INTERNALLY REPORTED FUNDS (BUDGETARY BASIS)
COMBINING BALANCE SHEET
JUNE 30, 2021**

	<u>VACATION AND SICK LEAVE LIABILITY FUND</u>	<u>UNEMPLOYMENT COMPENSATION FUND</u>	<u>RETIREE HEALTH INSURANCE SUBSIDY FUND</u>	<u>TOTAL INTERNALLY REPORTED FUNDS</u>
ASSETS				
Cash and investments	\$ 286,614	\$ 44,623	\$ 793,219	\$ 1,124,456
LIABILITIES				
Accounts payable	\$ 85	\$ 12	\$ 234	\$ 331
FUND BALANCES				
Restricted for:				
Unemployment insurance benefits	-	44,611	-	44,611
Committed for:				
Employee vacation and sick leave	286,529	-	-	286,529
Retiree health insurance premiums	-	-	792,985	792,985
Total Fund Balances	<u>286,529</u>	<u>44,611</u>	<u>792,985</u>	<u>1,124,125</u>
Total Liabilities and Fund Balances	<u>\$ 286,614</u>	<u>\$ 44,623</u>	<u>\$ 793,219</u>	<u>\$ 1,124,456</u>

**CITY OF WINNEMUCCA
 INTERNALLY REPORTED FUNDS (BUDGETARY BASIS)
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2021**

	<u>VACATION AND SICK LEAVE LIABILITY FUND</u>	<u>UNEMPLOYMENT COMPENSATION FUND</u>	<u>RETIREE HEALTH INSURANCE SUBSIDY FUND</u>	<u>TOTAL INTERNALLY REPORTED FUNDS</u>
REVENUES				
Interest	\$ 1,062	\$ 169	\$ 2,995	\$ 4,226
EXPENDITURES				
Current:				
General government	-	3,365	32,758	36,123
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,062	(3,196)	(29,763)	(31,897)
FUND BALANCE, JULY 1	285,467	47,807	822,748	1,156,022
FUND BALANCE, JUNE 30	<u>\$ 286,529</u>	<u>\$ 44,611</u>	<u>\$ 792,985</u>	<u>\$ 1,124,125</u>

**CITY OF WINNEMUCCA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
VACATION AND SICK LEAVE LIABILITY FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	BUDGET AMOUNTS		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Interest	\$ -	\$ -	\$ 1,062	\$ 1,062
EXPENDITURES	-	-	-	-
FUND BALANCES, JULY 1	275,948	275,948	285,467	9,519
FUND BALANCES, JUNE 30	<u>\$ 275,948</u>	<u>\$ 275,948</u>	<u>\$ 286,529</u>	<u>\$ 10,581</u>

**CITY OF WINNEMUCCA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
UNEMPLOYMENT COMPENSATION FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	BUDGET AMOUNTS		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Interest	\$ -	\$ -	\$ 169	\$ 169
EXPENDITURES				
Current:				
General government:				
Employee benefits	10,000	10,000	3,365	6,635
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,000)	(10,000)	(3,196)	6,804
FUND BALANCES, JULY 1	37,430	37,430	47,807	10,377
FUND BALANCES, JUNE 30	\$ 27,430	\$ 27,430	\$ 44,611	\$ 17,181

**CITY OF WINNEMUCCA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
RETIREE HEALTH INSURANCE SUBSIDY FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Interest	\$ -	\$ -	\$ 2,995	\$ 2,995
EXPENDITURES				
Current:				
General government:				
Employee benefits	40,000	40,000	32,758	7,242
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,000)	(40,000)	(29,763)	10,237
FUND BALANCE, JULY 1	795,618	795,618	822,748	27,130
FUND BALANCE, JUNE 30	<u>\$ 755,618</u>	<u>\$ 755,618</u>	<u>\$ 792,985</u>	<u>\$ 37,367</u>

**CITY OF WINNEMUCCA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	BUDGET AMOUNTS		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental revenues:				
Government contributions	\$ 2,539,844	\$ 2,539,844	\$ 523	\$ (2,539,321)
Grant-in-aid	1,195,313	1,195,313	35,654	(1,159,659)
Total Intergovernmental Revenues	<u>3,735,157</u>	<u>3,735,157</u>	<u>36,177</u>	<u>(3,698,980)</u>
Miscellaneous:				
Private contributions	-	-	10	10
Interest	27,000	27,000	16,597	(10,403)
Total Miscellaneous	<u>27,000</u>	<u>27,000</u>	<u>16,607</u>	<u>(10,393)</u>
Total Revenues	<u>3,762,157</u>	<u>3,762,157</u>	<u>52,784</u>	<u>(3,709,373)</u>
EXPENDITURES				
Public Works:				
Public Facilities				
Capital outlay	565,000	565,000	483,347	81,653
Highways				
Capital outlay	-	-	22,074	(22,074)
Public Safety				
Capital outlay	-	-	55,000	(55,000)
Airport				
Capital outlay	3,775,000	3,775,000	38,654	3,736,346
Total Public Works	<u>4,340,000</u>	<u>4,340,000</u>	<u>599,075</u>	<u>3,740,925</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(577,843)</u>	<u>(577,843)</u>	<u>(546,291)</u>	<u>31,552</u>
FUND BALANCES, JULY 1	<u>4,124,372</u>	<u>4,124,372</u>	<u>4,623,682</u>	<u>499,310</u>
FUND BALANCES, JUNE 30	<u>\$ 3,546,529</u>	<u>\$ 3,546,529</u>	<u>\$ 4,077,391</u>	<u>\$ 530,862</u>

**CITY OF WINNEMUCCA
BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUND
JUNE 30, 2021**

ASSETS	
Cash and investments	\$ 387,785
LIABILITIES	
Accounts payable	\$ 114
FUND BALANCE	
Restrict for:	
Capital projects per NRS 354.598155	387,671
Total Liabilities and Fund Balance	\$ 387,785

**CITY OF WINNEMUCCA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	BUDGET AMOUNTS		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental:				
Capital projects revenue	\$ 30,000	\$ 30,000	\$ 41,323	\$ 11,323
Miscellaneous:				
Interest	1,500	1,500	1,336	(164)
Total Revenues	31,500	31,500	42,659	11,159
EXPENDITURES				
Capital outlay	200,000	200,000	-	200,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(168,500)	(168,500)	42,659	211,159
FUND BALANCES, JULY 1	336,254	336,254	345,012	8,758
FUND BALANCES, JUNE 30	\$ 167,754	\$ 167,754	\$ 387,671	\$ 219,917

**CITY OF WINNEMUCCA
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	BUDGET AMOUNTS		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
OPERATING REVENUES				
Sewer utility fees	\$ 2,500,500	\$ 2,500,500	\$ 2,787,106	\$ 286,606
Connection fees	60,000	60,000	29,781	(30,219)
Total Operating Revenues	2,560,500	2,560,500	2,816,887	256,387
OPERATING EXPENSES				
Salaries and wages	462,384	462,384	410,203	52,181
Employee benefits	107,925	107,925	99,608	8,317
Services and supplies	529,000	529,000	486,441	42,559
Depreciation	760,000	760,000	795,058	(35,058)
Total Operating Expenses	1,859,309	1,859,309	1,791,310	67,999
Operating Income (Loss)	701,191	701,191	1,025,577	324,386
NONOPERATING REVENUES (EXPENSES)				
Interest income	5,000	5,000	21,741	16,741
Grant in aid	-	-	66,951	66,951
Interest expense	(386,267)	(386,267)	(385,828)	439
Total Nonoperating Revenues (Expenses)	(381,267)	(381,267)	(297,136)	84,131
Change in Net Position	\$ 319,924	\$ 319,924	728,441	\$ 408,517
NET POSITION, JULY 1			21,101,942	
NET POSITION, JUNE 30			\$ 21,830,383	

**CITY OF WINNEMUCCA
SCHEDULE OF CASH FLOWS
SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers and users	\$ 2,819,517
Cash payments to employees for salaries and benefits	(519,310)
Cash payments to suppliers for goods and services	<u>(493,773)</u>
Net Cash Provided (Used) by Operating Activities	<u>1,806,434</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	(172,412)
Grant in aid	66,951
Principal and interest payments on financing	<u>(692,161)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(797,622)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>21,741</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,030,553
CASH AND CASH EQUIVALENTS, JULY 1	<u>5,567,284</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u><u>\$ 6,597,837</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	<u>\$ 1,025,577</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	795,058
(Increase) decrease in:	
Accounts receivable	4,456
Prepaid items	(70,971)
Due from other funds	(1,826)
Due from other governments	1,912
Deferred outflows related to pensions	2,428
Deferred outflows related to OPEB	920
Increase (decrease) in:	
Accounts payable	42,914
Retainage payable	17,241
Accrued liabilities	(9,534)
Due to other governments	1,572
Pension liability	6,760
Deferred inflows related to pensions	(5,091)
Deferred inflows related to OPEB	(8,855)
OPEB liability	<u>3,873</u>
Total Adjustments	<u>780,857</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 1,806,434</u></u>

**CITY OF WINNEMUCCA
SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
WATER FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	BUDGET AMOUNTS		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
OPERATING REVENUES				
Water utility fees	\$ 2,000,000	\$ 2,000,000	\$ 2,112,107	\$ 112,107
Connection fees	35,000	35,000	25,300	(9,700)
Meter sales	4,000	4,000	7,800	3,800
Miscellaneous	5,000	5,000	-	(5,000)
Total Operating Revenues	2,044,000	2,044,000	2,145,207	101,207
OPERATING EXPENSES				
Salaries and wages	469,007	469,007	420,309	48,698
Employee benefits	81,700	81,700	77,901	3,799
Services and supplies	675,500	675,500	552,992	122,508
Depreciation	350,000	350,000	309,434	40,566
Total Operating Expenses	1,576,207	1,576,207	1,360,636	215,571
Operating Income (Loss)	467,793	467,793	784,571	316,778
NONOPERATING REVENUES (EXPENSES)				
Interest income	3,500	3,500	6,922	3,422
Grant-in-aid	-	-	1,819	1,819
Total Nonoperating Revenues (Expenses)	3,500	3,500	8,741	5,241
Income (Loss) before Capital Contributions and Transfers	471,293	471,293	793,312	322,019
TRANSFERS IN (OUT)				
General Fund	(100,000)	(100,000)	(100,000)	-
Change in Net Position	\$ 371,293	\$ 371,293	693,312	\$ 322,019
NET POSITION, JULY 1			8,191,507	
NET POSITION, JUNE 30			\$ 8,884,819	

**CITY OF WINNEMUCCA
SCHEDULE OF CASH FLOWS
WATER FUND
FOR THE YEAR ENDED JUNE 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers and users	\$ 2,087,833
Cash payments to employees for salaries and benefits	(504,010)
Cash payments to suppliers for goods and services	<u>(653,892)</u>
Net Cash Provided (Used) by Operating Activities	<u>929,931</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:	
Transfers to other funds	<u>(100,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	(113,442)
Grant in aid	<u>1,819</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(111,623)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on investments	<u>6,922</u>
Net Increase (Decrease) in Cash and Cash Equivalents	725,230
CASH AND CASH EQUIVALENTS, JULY 1	<u>945,440</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u><u>\$ 1,670,670</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	
Operating income (loss)	<u>\$ 784,571</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	309,434
(Increase) decrease in:	
Accounts receivable	(55,495)
Prepaid items	(27,304)
Due from other funds	(614)
Due from other governments	974
Deferred outflows related to pensions	810
Deferred outflows related to OPEB	732
Increase (decrease) in:	
Accounts payable	(73,807)
Accrued liabilities	(3,007)
Due to other governments	(763)
Pension liability	1,256
Deferred inflows related to pensions	(3,466)
Deferred inflows related to OPEB	(2,985)
OPEB liability	860
Customer deposits	<u>(1,265)</u>
Total Adjustments	<u>145,360</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 929,931</u></u>

CITY OF WINNEMUCCA
SUMMARY SCHEDULE OF ENDING CASH BALANCES - BUDGETARY BASIS
AS OF JUNE 30, 2017 THROUGH 2021

	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Governmental Funds:					
General Fund	\$ 6,249,908	\$ 6,107,095	\$ 6,893,795	\$ 8,101,902	\$ 9,088,486
Capital Improvement Fund	2,440,648	5,187,264	4,579,373	4,624,541	4,064,861
Capital Projects Fund	220,040	256,333	297,781	345,114	387,785
Debt Service Fund	-	-	-	-	-
Vacation and Sick Leave Liability Fund	275,948	275,948	275,948	285,549	286,614
Unemployment Compensation Fund	50,940	50,940	48,842	47,821	44,623
Retiree Health Insurance Subsidy Fund	915,184	872,942	835,618	822,986	793,219
Cash Balance - Governmental Funds	<u>10,152,668</u>	<u>12,750,522</u>	<u>12,931,357</u>	<u>14,227,913</u>	<u>14,665,588</u>
Enterprise Funds					
Sewer Utility Fund	3,309,662	3,153,484	4,497,492	5,567,283	6,597,837
Water Utility Fund	891,074	826,887	1,024,510	945,440	1,670,670
Cash Balance - Enterprise Funds	<u>4,200,736</u>	<u>3,980,371</u>	<u>5,522,002</u>	<u>6,512,723</u>	<u>8,268,507</u>
Total Ending Cash Balance	<u>\$ 14,353,404</u>	<u>\$ 16,730,893</u>	<u>\$ 18,453,359</u>	<u>\$ 20,740,636</u>	<u>\$ 22,934,095</u>

**CITY OF WINNEMUCCA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>EXPENDITURES TO SUBRECIPIENTS</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
<u>US Department of Justice:</u>				
Passed through Lander County Sheriff's Office: NIBRS Implementation Project	16.734	17-NCSX-05	\$ -	\$ 16,000
Passed through State of Nevada Department of Public Safety, Office of Criminal Justice Assistance: MDT For Winnemucca Police Department	16.738	19-JAG-33	-	34,998
Total Nevada Department of Public Safety			-	50,998
Total US Department of Justice			-	50,998
<u>U.S. Department of Transportation</u>				
Direct Programs:				
Winnemucca Municipal Airport Reconstruction of Apron	20.106	3-32-0021-030-2021	-	20,790
COVID-19 Winnemucca Municipal Airport Cares Act	20.106	3-32-0021-028-2020	-	30,000
Winnemucca Municipal Airport Snow Removal Equipment Acquisition	20.106	3-32-0021-029-2021	-	14,864
			-	65,654
Highway Safety Cluster:				
Passed through State of Nevada Department of Public Safety, Office of Traffic Safety: Joining Forces Project	20.600	-	-	4,076
Joining Forces Project	20.616	-	-	1,329
Subtotal Highway Safety Cluster			-	5,405
Total U.S. Department of Transportation			-	71,059
<u>US Department of Treasury:</u>				
Passed through State of Nevada, Governor's Finance Office COVID-19 Coronavirus Relief Funds	21.019	-	645,941	1,140,614
Total Expenditures of Federal Awards			\$ 645,941	\$ 1,262,671

See accompanying notes to the schedule of expenditures of federal awards.

CITY OF WINNEMUCCA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) presents the expenditure activity of all federal awards programs of the City of Winnemucca (the City) for the year ended June 30, 2021. The City's reporting entity is defined in Note 1 to its basic financial statements. All expenditures of federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

(2) Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is prepared on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

(3) Relationship to the Basic Financial Statements

Expenditures of federal awards have been included in the individual funds of the City as follows:

General Fund	\$ 1,158,247
Capital Improvement Fund	35,654
Sewer Fund	66,951
Water Fund	<u>1,819</u>
	<u><u>\$ 1,262,671</u></u>

**CITY OF WINNEMUCCA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

A. Summary of Auditor’s Results:

- Drake Rose & Associates, LLC issued an unmodified opinion on the financial statements of the City of Winnemucca for the year ended June 30, 2021.
- No significant deficiencies and no material weaknesses were disclosed during the audit of the financial statements and are reported in the Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the City of Winnemucca, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- No deficiencies in internal control over major federal award programs were disclosed during the audit are reported in the Independent Auditor’s Report on Compliance for Each Major Program and Report on Internal Control Over Compliance in Accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). No material weaknesses are reported.
- Drake Rose & Associates, LLC issued an unmodified opinion on compliance for major programs of the City of Winnemucca.
- There were no audit findings required to be reported in accordance with 2 CFR section 200.516(a) reported in this schedule.
- The program tested as a major program for the year ended June 30, 2021 included:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
21.019	U.S. Department of Treasury – COVID-19 Coronavirus Relief Funds

- The threshold used for distinguishing between Type A and Type B programs for the year ended June 30, 2021 was \$750,000.
- The City of Winnemucca was a high-risk auditee for the year ended June 30, 2021 under the criteria set forth in 2 CFR section 200.520.

**CITY OF WINNEMUCCA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

B. FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS (GAGAS):

None

C. FINDINGS AND QUESTIONED COSTS FOR MAJOR FEDERAL AWARDS PROGRAMS:

None

CITY OF WINNEMUCCA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

A. PRIOR YEAR FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS (GAGAS):

Item 2020-001: Significant Deficiency

Initial Fiscal Year Finding Occurred: 2019

Finding Summary: Improper reconciliation and review of transactions within and outside of the accounting system led to the inaccurate recording of accrued liabilities transactions.

Status of Prior Finding: Planned corrective action completed this fiscal year.

B. PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR MAJOR FEDERAL AWARDS PROGRAMS:

None

**CITY OF WINNEMUCCA
SCHEDULE OF FEES IMPOSED SUBJECT TO THE
PROVISIONS OF NRS 354.5989
LIMITATION OF FEES FOR BUSINESS LICENSES
FOR THE YEAR ENDED JUNE 30, 2021**

Flat Fixed Fees:	
Adjusted base, June 30, 2020	\$690,033
Adjusted to Base:	
Base year adjusted	
1. Percentage increase (decrease) in population of local government	0.60%
2. Percentage increase in the Consumer Price Index for the year ending on December 31, next preceding the year for which the limit is being calculated	<u>1.36%</u>
	<u>1.96%</u>
	<u>13,527</u>
Adjusted Base at June 30, 2021	703,560
Actual Revenue (Net of Amounts not Subject to Limitation)	<u>234,464</u>
Amount (Over) Under Allowable Amount	<u>\$469,096</u>