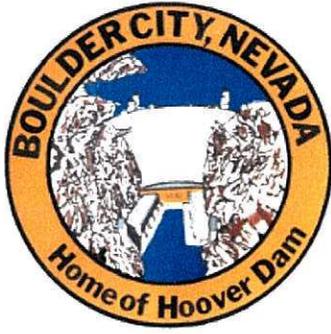


City of Boulder City Nevada



**Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2012**



City of Boulder City Nevada



Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2012

**Prepared by
Finance Department**

**Shirley D. Hughes
Finance Director**

CITY OF BOULDER CITY

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Introductory Section





City of Boulder City
401 CALIFORNIA AVENUE
BOULDER CITY, NEVADA 89005
Mailing Address
P.O. BOX 61350
BOULDER CITY, NEVADA 89006-1350

November 21, 2012

To the City Council and the Citizens of the City of Boulder City, Nevada:

Nevada Revised Statute (NRS) 354.624 requires the City of Boulder City (the City) to submit a “complete set” of financial statements prepared in accordance with accounting principles generally accepted in the United States (GAAP) and audited by a firm of independent certified public accountants in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Pursuant to that requirement, the comprehensive annual financial report for the City as of and for the year ended June 30, 2012, is hereby submitted.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, City management has established a comprehensive internal control framework that is designed, among other things, both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the City's financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this comprehensive annual financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Piercy Bowler Taylor & Kern. The goal of the independent audit was to provide reasonable assurance that the City's basic financial statements as of and for the year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's basic financial statements as of and for the year ended June 30, 2012, are fairly presented in conformity with GAAP. The Independent Auditors' Report on Financial Statements and Supplementary Information is presented as the first component of the financial section of this report. In addition, the Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* is presented as the last component of the financial section of this report.

The independent audit, of the City's basic financial statements, was also designed to meet the more narrowly focused, federally mandated “Single Audit” requirements of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the audited government's internal controls and compliance with regulatory and other legal requirements, with special emphasis on the administration of federal awards. This report is presented as the first component in the Single Audit section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the Independent Auditors' Report on Financial Statements and Supplementary Information in the financial section of this report.

Profile of the City

The City of Boulder City, Nevada (the City) is located in southeastern Clark County and is best known as the City created for the construction of Hoover Dam (the Dam). The City housed over 4,000 workers during the construction of the Dam, which lasted from 1931 to 1935. One thousand, five hundred permanent and temporary buildings were built to accommodate the needs of the construction workers, including over a thousand homes, a dozen dormitories, four churches, tourist centers, trade facilities, a grade school, theater, and recreation hall. Once the Dam was completed, the City became headquarters for several governmental agencies involved in the Dam's water and power operations. The City was supervised and regulated by the Bureau of Reclamation and all land in and around the City was owned by the Bureau of Land Management. Through the 1940s, the City's development centered on government-related activities and additional governmental agencies began operations in the City, including the power operators responsible for distribution of the Dam's electricity.

In 1958, the United States Government passed the Boulder City Act (the Act), which established the City as an independent municipal government. Under the Act, the United States Government turned over the existing town site (approximately 33 square miles) and the related utility system to City residents. The City was incorporated on January 4, 1960, and the City Charter was adopted. The City Charter prohibits gaming, which makes the City unique as the only place in the State of Nevada (the State) where gaming is illegal. In 1979, City residents approved a referendum and instituted a controlled growth ordinance. This controlled growth ordinance was enacted in response to the rapid growth of the City and to preserve the utility systems. Under this ordinance, the City limits the number of building permits issued each year to control the rate of community growth and as a result, the City realizes approximately 2% community growth per year. In 1995, the City acquired the Eldorado Transfer Area (approximately 167 square miles) southwest of the original City town site. The City intends to preserve this area for an endangered species preservation area and other recreational purposes with the exception of approximately 5,000 acres, which will be used for solar electric power generation projects. In 1997, the City residents approved a ballot question, which provided that City-owned property sales in excess of one acre be approved by City residents and the proceeds be restricted to voter-approved capital improvement projects.

The City's present population of 15,502 offers a quiet, small town atmosphere. The City prides itself on its low crime rate and high quality police and fire protection, and recreational facilities, which include a year-round swimming pool and recreation complexes that offer City residents a full range of recreational activities.

The City has a Council-Manager form of government. The entire legislative authority is vested in a five-member City Council (the Council). The Council members are elected to serve four-year terms. The presiding officer of the Council is the Mayor. All powers of the City, including the ability to levy a property tax on both real and personal property located within City boundaries, and the determination of all matters of policy are vested in the Council. The Council appoints the City's Manager, Clerk, Attorney and Municipal Judge. The City Manager is responsible for carrying out the policies and procedures of the City Council, and for overseeing the day-to-day operations of the City. The City provides a full range of services, including police and fire protection; construction and maintenance of highways, streets and other infrastructure; recreational activities and cultural events; and utility (electric, water sanitation and sewer) services.

The City adopts annual budgets for all governmental and proprietary fund types, which serve as the foundation for the City's financial planning and control. Each year, prior to April 15, the City Manager submits a tentative budget for the next fiscal year, commencing on July 1, to the Council. Public hearings are conducted to obtain comments from and address concerns of City residents. The Council adopts the budget in May of each year. The Nevada Revised Statutes require budget controls to be exercised at the function level. The City Manager is authorized to transfer budget amounts between functions within a fund. However, the Council's approval is required for all budget augmentations and transfers between funds. In preparing fiscal year 2012 budget, the Council identified the need to create a long term financial sustainability plan. It had become clear that the City needed to expand its revenue base and find other sources of revenue not related to tourism and taxes.

Renewable energy and green technology are development niches that are consistent with Boulder City's culture. This development strategy appears to have panned out, and Boulder City has approximately 8,000 acres of city-

owned land under lease for renewable energy generation. These new revenues have enabled the City to weather the worst economic decline in the City's history. In 2012, the City saw an increase in the revenue generated from these land leases, providing a unique opportunity for the City to set the stage for financial sustainability long into the future. A portion of the new lease revenues are being set aside in a restricted reserve account. There are specific milestones that must be met prior to the beginning of full operation of the related solar facilities. Until these milestones have been completed, some or all of the payments may be refundable. Once the milestones have been met, the related reserves will be transferred to unrestricted reserves and will be available for use.

Using a portion of the lease revenue, the City plans to reduce current debt balances by 65% over the next ten years. With a plan in place that focuses on debt reduction and the establishment of reserves, program fund balances will be restored and budget stability will be attained. The five year plan is effective for fiscal year 2012 and will be reviewed annually and revised as needed to ensure sustainability going forward.

The plan adopted by City Council is consistent with the vision and goals of the community and the City's Strategic Plan, which was adopted in November 2000.

Factors Affecting Financial Condition

Local economy. Tourism plays an important part in the City's economy. The City's proximity to Hoover Dam and the Lake Mead National Recreation Area offers a full range of water related recreational activities, attracting visitors from the Southwestern United States and throughout the world.

The 2011 population estimate for Clark County (the County) is 1,969,975, compared to the State's population of more than 2.7 million. The County is the most populous of Nevada's 17 counties. The City's rate of growth is expected to continue at less than 2 percent per year as set out in the City's controlled growth ordinance. Southern Nevada's economy continues to be impacted by the national and world-wide economic issues. There are signs that these economic issues are beginning to turn around. Tourism is on the rise, albeit slower than in the past, foreclosures are decreasing, and consumers are showing a bit more optimism. Consolidated tax revenues have stabilized and experienced a gain over the prior year. Overall revenues this past year are rebounding and are predicted to continue to slowly increase going forward.

Long-term planning. The City is confronted by the ongoing challenges presented by its uniqueness as the only non-gaming area in the State and its controlled growth ordinance. The City has a wide range of capital improvement projects budgeted that include street resurfacing improvements, vehicle/equipment replacement, building/facilities repairs/maintenance and airport improvements.

Future issues requiring management's attention include the concern over labor costs, which are driven primarily by the Las Vegas metro labor market. Although Boulder City's labor costs are less than the surrounding Las Vegas area, they nevertheless are significant for a small city. The City can no longer sustain employee wage schedules that are combined with high benefit packages. The City is currently in negotiation with all bargaining units.

The Hoover Dam bypass bridge opening has had a significant impact on the City's public safety services. The impact on the City's first responders, especially emergency medical services, must continue to be monitored, and it is likely that additional funding will be required in the future if current levels of services are to be maintained.

Renewable Energy Project lease revenues are a crucial component of reducing the City's dependence upon the State's tax-based revenue structure and achieving the goal of long-term sustainability. These funds can help provide essential services. For FY2013, the total lease revenues are budgeted to be \$7.1 million. We are restricting approximately \$2.4 million of these revenues as there are still milestones that have not been completed, leaving this amount as potentially refundable.

Cash management. The City pursues a conservative cash management program by expediting the receipt of revenues and prudently investing available cash in obligations issued by the United States Government. The City's bank account balances are either insured by the Federal Deposit Insurance Corporation or collateralized by the depository.

Debt management. The necessity to incur debt, in order to finance capital programs, carries with it the obligation to manage the City's debt program effectively and entails careful monitoring of such issuances to ensure that an erosion of the City's credit quality does not result. Detailed information related to the debt of the City can be found in the notes to the basic financial statements.

Risk management. The City is a participating member of the Nevada Public Agency Insurance Pool (the Pool). The Pool was created through an inter-local cooperative agreement. In addition, the City also carries Airport Liability Insurance Products - Completed Operations insurance and is a member of the Public Agency Compensation Trust (PACT). Additional information on the City's risk management activities can be found in the notes to the basic financial statements.

Pension and other post retirement benefits. The City's employees are covered by the State's Public Employees' Retirement System (PERS). All public employees who meet certain eligibility requirements participate in PERS, which is a cost sharing, multiple-employer defined benefit retirement plan. Additional information related to pension and post retirement benefits can be found in the notes to the basic financial statements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its fiscal 2011 Comprehensive Annual Financial Report (CAFR). This was the 22nd consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. The report must satisfy both generally accepted accounting principles and applicable legal requirements

A Certificate of Achievement is valid for a period of one year only. We believe that your current report continues to meet the program's requirements and we are submitting it to GFOA to determine its eligibility for award of a certificate.

In addition, the GFOA presented a Distinguished Budget Presentation Award to the City for the fiscal year beginning July 1, 2011. This was the 10th consecutive year that the City received this award. The GFOA awards a Distinguished Budget Presentation Award to government units that publish a budget document, which conforms to program standards as a policy document, operations guide, financial plan and a communications device.

Preparation of this could not have been accomplished without the professional, efficient and dedicated efforts of the entire staff of the Finance Department, the department heads and other employees who contributed to its preparation, and our independent audit firm of Piercy Bowler Taylor & Kern. Each of them has our sincerest thanks.

In closing, appreciation is extended to the Mayor, City Council and City Manager for the encouragement, assistance and stewardship they have provided. It is a distinct pleasure to be associated with these individuals who appreciate and respect the principles of financial and budgetary responsibility that prevail in the City of Boulder City.

Respectfully submitted,



Shirley D. Hughes
Finance Director

**CITY OF BOULDER CITY, NEVADA
PRINCIPAL OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Mayor and City Council

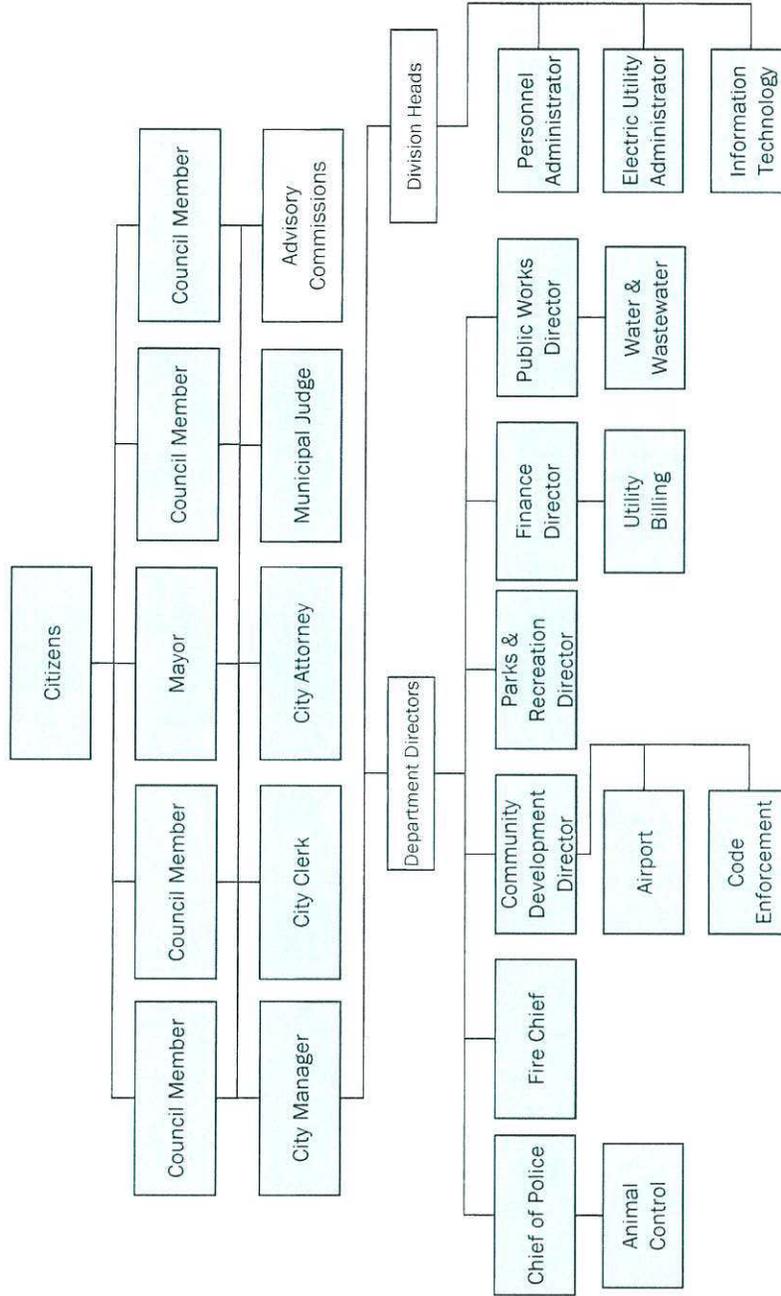
Roger Tobler	Mayor
Cam Walker	Mayor Pro Tem
Peggy Leavitt	Councilwoman
Duncan McCoy	Councilman
Rod Woodbury	Councilman

City Officials

Vicki G. Mayes	City Manager
Lorene Krumm	City Clerk
David R. Olsen	City Attorney
Shirley D. Hughes	Finance Director



City of Boulder City City Council & Organizational Management



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Boulder City
Nevada

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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



Linda C. Sandison

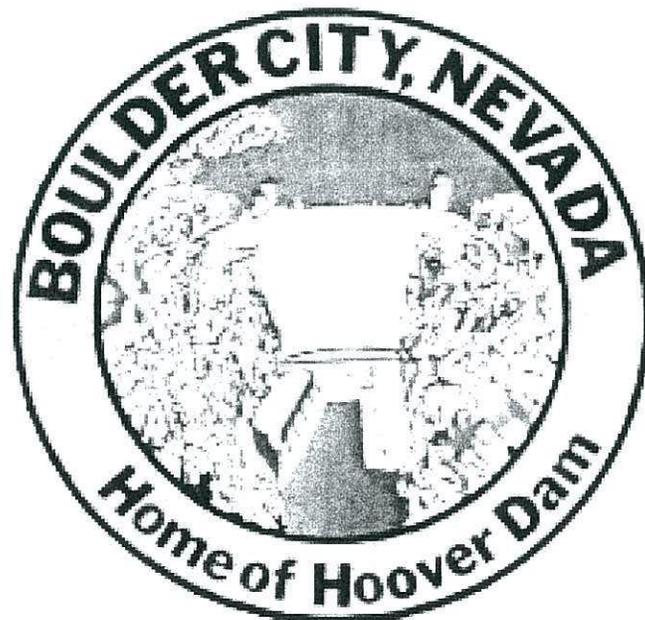
President

Jeffrey R. Emer

Executive Director

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Financial Section



**INDEPENDENT AUDITORS' REPORT ON FINANCIAL
STATEMENTS AND SUPPLEMENTARY INFORMATION**

Members of the City Council
City of Boulder City, Nevada

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Boulder City (the City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the the City, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States require that the management's discussion and analysis, schedule of funding progress - postemployment benefits other than pensions and budgetary comparison information on pages 10-17 and 56-61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

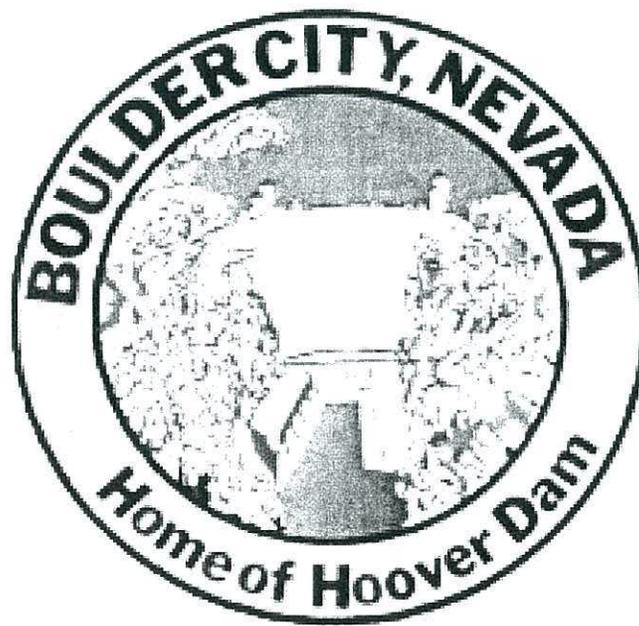
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, statistical section and schedule of business license fees are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in blue ink that reads "Nancy Bowen Taylor Ziker". The signature is written in a cursive style with a large initial 'N' and 'B'.

November 21, 2012

Management's Discussion and Analysis



As management of the City of Boulder City (the City), we offer readers of the financial report this narrative overview and analysis of the financial activities of the City as of and for the fiscal year ended June 30, 2012.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$134,187,188 (net position). Of this amount, \$27,846,960 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$9,918,547 (approximately 8%) primarily due to lease payments received for solar energy projects. However, a significant portion of these resources is reported as restricted cash until certain refund provisions expire. In addition, improvements to flood control channels and basins, airport runways and taxi lanes, and to the utility delivery systems increased the City's total net position invested in capital assets.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,375,194, a decrease of \$932,978 (approximately 35%) in comparison with the prior year, as restated.
- At the end of the current fiscal year, unassigned fund balance for the general fund, excluding the interfund loan payable to the utility fund was \$1,001,883, or approximately 4% of total general fund expenditures.
- The City's total liabilities increased by \$2,379,674 (approximately 4%) during the current fiscal year, primarily due to the unearned revenue received that is associated with the energy zone leases for which refund provisions still exist at year end.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner more similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the 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 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, which are principally supported by property 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, judicial, public safety, public works, culture and recreation, and community support. The business-type activities of the City include utility, aviation and cemetery enterprise funds.

The government-wide financial statements can be found on pages 18-19 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain accounting control over resources that have been segregated for specific activities or objectives. The City, like other state and local

governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories, governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at fiscal year end. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 12 governmental funds. Information is presented separately in the balance sheet and in the statement of revenues, expenditures, and changes in fund balances for the general and capital (special) projects funds, which are considered to be major funds of the City. Data from the remaining nine non-major governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided, in the form of combining and individual fund statements and schedules, which are included elsewhere in this report.

The basic governmental fund financial statements can be found on pages 21-24 of this report.

Proprietary funds. The City maintains three enterprise funds, which 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 utility, aviation and cemetery funds.

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 utility and aviation funds, which is considered to be major funds of the City. The cemetery fund is a non-major enterprise fund.

The basic proprietary fund financial statements can be found on pages 25-28 of this report.

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

The basic fiduciary fund financial statement can be found on page 30 of this report.

Notes to basic financial statements. The notes provide additional information that is considered essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the basic financial statements can be found on pages 31-55 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain other required supplementary information. The City adopts annual appropriated budgets for its general fund and capital improvements fund. Budgetary comparison statements have been provided for these funds to demonstrate the City's compliance with these budgets.

The other required supplementary information can be found on page 62 of this report.

The combining and individual fund statements and schedules referred to earlier in connection with the non-major governmental and proprietary funds are presented immediately following the required supplementary information.

The combining and individual fund statements and schedules can be found on pages 63-81 of this report.

Government-wide Financial Analysis

As noted above, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the City's net position was \$134,187,188.

Approximately 79% of the City's net position is invested in capital assets (land, buildings, improvements other than buildings, machinery, equipment and furniture, utility delivery systems, and infrastructure); less any related debt used to acquire these assets, which are used to provide services to citizens. Consequently, this classification of net position is not available for future spending. Nevertheless, it should be noted, that the resources needed to repay the debt associated with these capital assets must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table summarizes the City's statement of net position as of June 30, 2012 and 2011:

City of Boulder City, Nevada						
Net Position						
	Governmental activities		Business-type activities		Totals	
	2012	2011	2012	2011	2012	2011
	(restated)		(restated)		(restated)	
Assets						
Capital assets, net	\$ 83,599,766	\$ 79,542,603	\$ 67,762,433	\$ 65,737,569	\$ 151,362,199	\$ 145,280,172
Other assets	23,145,645	6,299,389	32,750,942	34,212,824	55,896,587	40,512,213
	<u>\$ 106,745,411</u>	<u>\$ 85,841,992</u>	<u>\$ 100,513,375</u>	<u>\$ 99,950,393</u>	<u>\$ 207,258,786</u>	<u>\$ 185,792,385</u>
Liabilities						
Long-term liabilities	\$ 8,204,528	\$ 10,043,509	\$ 39,481,728	\$ 41,972,966	\$ 47,686,256	\$ 52,016,475
Other liabilities	21,931,626	3,586,382	3,453,716	5,920,883	25,385,342	9,507,265
	<u>\$ 30,136,154</u>	<u>\$ 13,629,891</u>	<u>\$ 42,935,444</u>	<u>\$ 47,893,849</u>	<u>\$ 73,071,598</u>	<u>\$ 61,523,740</u>
Net position						
Net investment in capital assets	\$ 76,648,958	\$ 71,172,114	\$ 29,645,826	\$ 33,668,189	\$ 106,294,784	\$ 104,840,303
Restricted	45,444	80,609		5,314,431	45,444	5,395,040
Unrestricted	(85,145)	959,378	27,932,105	13,073,924	27,846,960	14,033,302
	<u>\$ 76,609,257</u>	<u>\$ 72,212,101</u>	<u>\$ 57,577,931</u>	<u>\$ 52,056,544</u>	<u>\$ 134,187,188</u>	<u>\$ 124,268,645</u>

Governmental activities.

The balance of unrestricted net position is \$(85,145). During fiscal 2012, net position increased by \$4,397,156, due primarily to grants received for improvements to the City's flood channels and basins, and improvements to the Nevada highway downtown area street and landscape project.

Business-type activities.

At June 30, 2012, unrestricted net position is \$27,932,105, which may be used to meet the business-type activities' ongoing obligations. At the current and prior fiscal year ends, the business-type activities had positive balances in all categories of net position. During fiscal 2012, net position increased by \$5,521,387 due to improvements at the airport and the wastewater infrastructure.

Financial indicators and ratios

The following financial indicators and ratios can be used to assist the reader in assessing the financial strength of the City. When used in conjunction with other financial information contained in this report, the City's financial strength becomes apparent.

Working Capital – is the difference between current assets and current liabilities. Sources of working capital are income from operating activities, sale of non-current assets or the issuance of long-term debt. Uses of working capital include losses from operating activities, purchase of non-current assets or retirement of long-term debt. At the end of the current fiscal year, the City's working capital is \$19,559,632 which consists of \$7,032,817, from governmental activities and \$12,526,815, from business-type activities. Working capital increased by \$1,261,067 during fiscal 2012.

Days Cash and Investments in Reserve – represents the number of days that normal operations of the City could continue with no revenue collections. The results of this ratio indicate that the City could operate 217 days on a city-wide basis, 225 days for governmental activities and 206 days for business-type activities. The days of reserve cash and investments increased by 69 in FY 2012.

Total Liabilities to Total Assets – this ratio compares the total obligations of the City to its total assets. It is an indicator of the level of borrowing that has been used to finance operations of the City on a long-term basis. At June 30, 2012, this ratio is 35% on a city-wide basis, 28% for governmental activities and 43% for business-type activities. This ratio increased by 2 percent during FY 2012.

Non-current Liabilities to Total Assets – this ratio compares the long-term debt of the City to its total assets. It is another indicator of the long-term financial strength of the City. At June 30, 2012, this ratio is 26% on a city-wide basis, 13% of governmental activities and 39% for business-type activities. This ratio decreased 4% from the previous fiscal year.

The following table summarizes the City's statement of activities for the fiscal years ended June 30, 2012 and 2011:

City of Boulder City, Nevada Changes in Net Position						
	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Totals</u>	
	2012	2011 (restated)	2012	2011 (restated)	2012	2011 (restated)
Revenues						
Program revenues						
Charges for services	\$ 7,304,145	\$ 6,274,341	\$ 23,595,235	\$ 22,891,213	\$ 30,899,380	\$ 29,165,554
Operating grant and contributions	134,322	349,574			134,322	349,574
Capital grants and contributions	4,917,590	1,813,618	3,568,126	741,138	8,485,716	2,554,756
General revenues						
Property taxes	2,642,513	3,195,695			2,642,513	3,195,695
Consolidated taxes	8,386,757	7,968,549			8,386,757	7,968,549
Leases and royalties	6,246,796	5,270,346			6,246,796	5,270,346
Other	967,007	566,508	613,244	403,330	1,580,251	969,838
	<u>30,599,130</u>	<u>25,438,631</u>	<u>27,776,605</u>	<u>24,035,681</u>	<u>58,375,735</u>	<u>49,474,312</u>
Expenses						
General government	4,699,541	3,828,555			4,699,541	3,828,555
Judicial	607,244	576,424			607,244	576,424
Public safety	10,173,016	9,815,039			10,173,016	9,815,039
Public works	5,476,502	5,899,045			5,476,502	5,899,045
Culture and recreation	6,387,083	6,565,586			6,387,083	6,565,586
Community support	571,468	510,392			571,468	510,392
Utility			19,207,705	18,923,849	19,207,705	18,923,849
Other	342,120	342,848	992,513	814,251	1,334,633	1,157,099
	<u>28,256,974</u>	<u>27,537,889</u>	<u>20,200,218</u>	<u>19,738,100</u>	<u>48,457,192</u>	<u>47,275,989</u>
Changes in net position before transfers	2,342,156	(2,099,258)	7,576,387	4,297,581	9,918,543	2,198,323
Transfers	2,055,000	1,844,328	(2,055,000)	(1,755,000)		89,328
Change in net position	<u>4,397,156</u>	<u>(254,930)</u>	<u>5,521,387</u>	<u>2,542,581</u>	<u>9,918,543</u>	<u>2,287,651</u>
Net position, beginning of year, as previously reported	72,212,101	72,877,031	52,056,544	48,881,810	124,268,645	121,758,841
Adjustments		(410,000)		632,153		222,153
Net position, beginning of year, as restated	<u>72,212,101</u>	<u>72,467,031</u>	<u>52,056,544</u>	<u>49,513,963</u>	<u>124,268,645</u>	<u>121,980,994</u>
Net position, end of year	<u>\$ 76,609,257</u>	<u>\$ 72,212,101</u>	<u>\$ 57,577,931</u>	<u>\$ 52,056,544</u>	<u>\$ 134,187,188</u>	<u>\$ 124,268,645</u>

Governmental activities. Governmental activities increased the City's net position by \$4,397,156 (approximately 6%). Key elements of this increase are as follows:

- Charges for services increased by 16% \$1,029,804, which is primarily due to additional Licenses and Permits fees associated with construction of solar facilities in the City's energy zone.
- Operating grants and contributions decreased by \$215,252 (approximately 62%) during the year while capital grants and contributions increased by \$3,103,972 (approximately 171%). The increase in capital grants was due to the improvements to the City flood control channels and basins and the improvements to the Nevada Highway downtown area street and landscape project.
- Property taxes decreased \$553,182 (approximately 17%) as the City's property values remain down. Consolidated taxes increased \$418,208 (approximately 5%) due primarily to a state-wide increase in sales tax revenue compared to last year.

- Lease and royalty revenues increased \$976,450 (approximately 19%) due primarily to increased land lease revenues associated with planned solar energy projects in the City's energy zone.
- Total expenses increased \$719,085 (approximately 3%). This increase can be attributed to increases in information technology services, a new position for Fire Division Chief of Operations, a program to replace police cars and the cost associated with a part time building inspector for the energy zone construction.

Business-type activities. Business-type activities increased the City's net position by \$5,521,387 (approximately 11%). Key elements of the changes from the prior year are as follows:

- Charges for services increased by \$704,022 (approximately 3%) during the year due to normal fluctuations in electric and water usage.
- Capital grants and contributions increased by \$2,826,988 (approximately 381%) due to the safety improvements to the runway apron and taxi lane at the airport during the year.
- Other general revenues increased by \$209,914 (approximately 52%) due primarily to an increase in the infrastructure sales tax.
- Utility operating expenses increased by \$283,856 (approximately 2%), most of which is due to the normal fluctuation in day-to-day operations.

Financial Analysis of the City's Funds

As noted above, the City uses fund accounting to help ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at fiscal year end.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,375,194 a decrease of \$932,978 (approximately 35%), in comparison with the prior year, as restated. The decrease is primarily due to the Boulder Creek golf course debt in the General Fund.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the fund balance of the general fund was \$(4,623,440). This negative ending fund balance is due primarily to the interfund payable to the Utility fund related to the Boulder Creek golf course. The ending cash balance in the general fund is \$9,232,623.

The capital (special) projects fund has a total fund balance of \$1,224,902, all of which is committed for future capital projects. The net decrease in fund balance during the current year was \$1,015,366 (approximately 45%), in comparison with the prior year. The primary reason for the decrease was the use of the fund's resources on the swimming pool bubble, information technology upgrades and for the Nevada Way Street and landscape projects.

The aggregate non-major funds have a combined total fund balance of \$5,773,732 of which \$5,728,288 is committed for redevelopment and improvement projects with the City, and \$45,444 is restricted for the hiring and equipping of additional police officers. The net decrease in fund balance during the current year in the aggregate non-major funds was \$1,086,757 (approximately 16%), in comparison with the prior year. The primary reason for this decrease is the addition of the municipal court building, improvements at the municipal golf course through the use of surcharge funds and ongoing redevelopment projects in the City.

Proprietary funds. The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

At June 30, 2012, unrestricted net position amounted to \$26,668,381 for the utility fund, \$791,318 for the aviation fund and \$472,406 for the aggregate non-major (Cemetery) fund.

General Fund Budgetary Highlights

During the year, revenues were lower than the final budgetary estimate by \$848,195 (approximately 4%), and expenditures were less than the final budgetary estimate by \$2,094,885 (approximately 8%), due to budgeted savings in personnel that had not been replaced during the current year. All functions were within appropriation authority.

Capital Assets and Debt Administration

Capital assets. As of June 30, 2012, the City's investment in capital assets (net of accumulated depreciation), amounts to \$151,362,199. This investment in capital assets includes land, buildings, improvements other than buildings, machinery, equipment and furniture, utility delivery systems, and infrastructure. The total decrease in the City's investment in capital assets for the current fiscal year was \$7,517,973 (approximately 5%), which is due primarily to current year depreciation. Major capital asset events during the current fiscal year included the following:

- The cost of City buildings increased by \$673,864 over the prior fiscal year. The primary reason for the increase was the addition at the municipal court.
- Improvements other than buildings increased by \$3,756,794 primarily due to the improvements and upgrades at the airport.
- Machinery, equipment and furniture assets increased by \$1,608,076 primarily due to the purchase of a fire truck and 2 ambulances.
- City infrastructure increased by \$5,773,271 primarily due to Nevada Way Street and landscape improvements and flood control channel and basin improvement projects.
- Additions were made to the City's utility delivery systems in the amount of \$1,309,184, primarily for improvements at the wastewater facility and some electrical underground conversion.
- Depreciation expense for the fiscal year was \$7,039,161.

Capital assets at year end were as follows:

City of Boulder City, Nevada		
Capital Assets		
(net of accumulated depreciation)		
	<u>Year Ended June 30,</u>	
	2012	2011
		(restated)
Land	\$ 29,400,513	\$ 29,400,513
Buildings	10,057,891	9,815,752
Improvements other than buildings	24,896,241	22,779,047
Machinery, equipment and furniture	5,131,445	4,487,616
Infrastructure	26,241,834	22,220,261
Utility delivery systems	55,634,275	56,576,983
	<u>\$ 151,362,199</u>	<u>\$ 145,280,172</u>

Additional information on the City's capital assets can be found in notes 1 and 3 to the City's basic financial statements, which are included elsewhere in this report.

Long-term debt. At June 30, 2012, the City had total debt outstanding of \$45,152,553, of which \$38,510,000 is secured by specified revenue sources (revenue bonds), \$129,825 is secured by specific capital assets, and \$6,512,727 is backed only by the full faith and credit of the City.

City of Boulder City, Nevada		
Outstanding Debt		
	<u>Year Ended June 30,</u>	
	<u>2012</u>	<u>2011</u>
Note payable	\$ 6,512,727	(restated) \$ 9,840,611
Capital lease obligations	129,825	336,457
Revenue bonds	38,510,000	40,465,000
	<u>\$ 45,152,553</u>	<u>\$ 50,642,068</u>

State statutes limit the amount of general obligation debt the City may issue to 30% of its total assessed valuation. The current debt limitation for the City is \$167,171,805, which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in notes 1 and 3 to the City's basic financial statements, which are included elsewhere in this report.

Economic Factors and Next Year's Budgets and Rates

- In 2005, the Nevada State Legislature passed a law to provide property tax relief to all citizens. Assembly Bill 489 was signed into law on April 6, 2005, and provides a partial abatement of taxes by applying a 3% cap on the increase in the tax bill for the owner's primary residence (single family house, townhouse, condominium or manufactured home.) Only one property may be selected in the State of Nevada as a primary residence. Some rental dwellings that meet the low-income rent limits may also qualify for a 3% cap on the tax bill. An 8% cap will also apply to vacant land, commercial buildings, business personal property, aircraft, etc. Property tax revenue is approximately 5% of the overall revenue budget.
- Consolidated taxes appear to be returning to an upward direction, while other revenues are stabilizing at slightly lower levels. Land lease payments increased over the previous year and now comprise approximately 23% of general fund revenues.
- Beginning in fiscal 2011, the golf course fund was incorporated into the recreation department of the general fund to consolidate all golf course operating activities of the City, operating and capital budgets. This change has caused the General Fund ending balance to be negative due to the transfer of the debt for the golf course, resulting in an interfund payable to the utility fund.

All of these factors were considered in preparing the City's budget for the 2013 fiscal year.

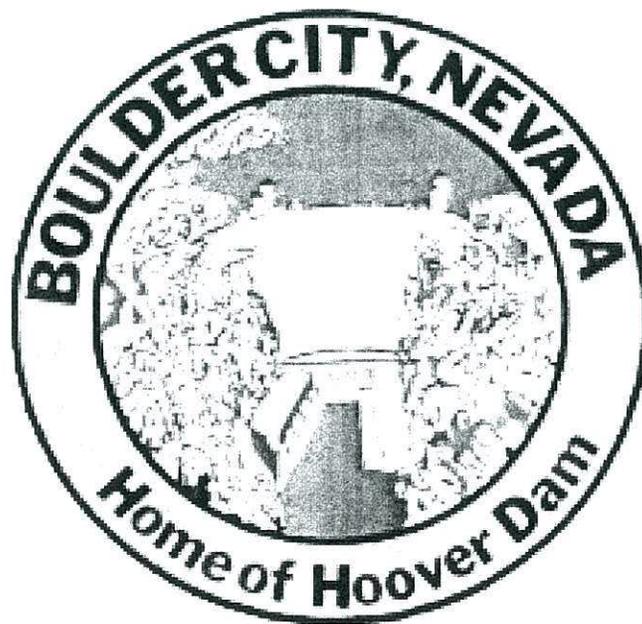
Requests for Information

The accompanying financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Department, P.O. Box 61350, Boulder City, Nevada 89006-1350.

Basic Financial Statements



Government-Wide Financial Statements



CITY OF BOULDER CITY

STATEMENT OF NET POSITION

JUNE 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, cash equivalents and investments, unrestricted	\$ 17,417,140	\$ 9,313,745	\$ 26,730,885
Cash, cash equivalents and investments, restricted		2,106,411	2,106,411
Accounts receivable	825,633	4,211,673	5,037,306
Taxes receivable	181,183		181,183
Interest receivable	13,121	4,687	17,808
Due from other governments	4,515,093	318,541	4,833,634
Prepaid expenses	123,211		123,211
Inventories	70,264	25,475	95,739
Unamortized bond issuance costs		256,840	256,840
Prepaid water commodity surcharge		10,694,772	10,694,772
Internal balances *		5,818,798	
Capital assets, net of accumulated depreciation and amortization			
Land	28,794,138	606,375	29,400,513
Buildings	9,889,471	168,420	10,057,891
Improvements other than buildings	13,646,009	11,250,232	24,896,241
Infrastructure	26,241,834		26,241,834
Machinery and equipment	5,028,314	103,131	5,131,445
Utility delivery systems		55,634,275	55,634,275
	<u>106,745,411</u>	<u>100,513,375</u>	<u>201,439,988</u>
Total assets			
LIABILITIES			
Accounts payable	1,833,018	1,230,515	3,063,533
Accrued expenses	93,097	33,786	126,883
Due to other governments	53,109		53,109
Customer deposits		264,020	264,020
Unearned revenue	12,745,984		12,745,984
Interest payable	28,901	472,470	501,371
Internal balances *	5,818,798		
Long-term liabilities, due within one year			
Note payable		500,000	500,000
Bonds payable	485,000	745,000	1,230,000
Capital lease obligations	35,120	19,380	54,500
Compensated absences	838,599	188,545	1,027,144
Long-term liabilities, due in more than one year			
Note payable		6,012,727	6,012,727
Bonds payable	6,355,362	30,839,501	37,194,863
Capital lease obligations	75,325		75,325
Compensated absences	1,688,983	418,201	2,107,184
Postemployment benefits other than pensions	84,858		84,858
Landfill closure and post-closure care		2,211,299	2,211,299
	<u>30,136,154</u>	<u>42,935,444</u>	<u>67,252,800</u>
Total liabilities			
NET POSITION			
Net investment in capital assets	76,648,958	29,645,826	106,294,784
Restricted for			
Additional police officers	45,444		45,444
Unrestricted	(85,145)	27,932,105	27,846,960
	<u>\$ 76,609,257</u>	<u>\$ 57,577,931</u>	<u>\$ 134,187,188</u>
Total net position			

* Internal balances are eliminated in consolidation. Accordingly, the amounts reported in the total column have been adjusted to remove internal balances.

See notes to basic financial statements.

CITY OF BOULDER CITY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

FUNCTION/PROGRAM	Program Revenues			Net (Expenses) Revenues and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 4,699,541	\$ 2,030,996	\$	\$	\$ (2,668,545)	\$	\$ (2,668,545)
Public safety	10,173,016	471,671			(9,701,345)		(9,701,345)
Judicial	607,244	1,114,961			507,717		507,717
Public works	5,476,502		64,750	4,917,590	(494,162)		(494,162)
Culture and recreation	6,387,083	3,680,622			(2,636,889)		(2,636,889)
Community support	571,468	5,895			(565,573)		(565,573)
Debt service							
Interest and fiscal charges	342,120				(342,120)		(342,120)
Total governmental activities	<u>28,256,974</u>	<u>7,304,145</u>	<u>134,322</u>	<u>4,917,590</u>	<u>(15,900,917)</u>		<u>(15,900,917)</u>
Business-type activities							
Utility	19,207,705	22,967,506				3,759,801	3,759,801
Aviation	937,903	538,057		3,568,126		3,168,280	3,168,280
Cemetery	54,610	89,672				35,062	35,062
Total business-type activities	<u>20,200,218</u>	<u>23,595,235</u>		<u>3,568,126</u>		<u>6,963,143</u>	<u>6,963,143</u>
Total function/program	<u>\$ 48,457,192</u>	<u>\$ 30,899,380</u>	<u>\$ 134,322</u>	<u>\$ 8,485,716</u>	<u>(15,900,917)</u>	<u>6,963,143</u>	<u>(8,937,774)</u>
GENERAL REVENUES							
Property taxes					2,642,513		2,642,513
Consolidated taxes					8,386,757		8,386,757
Other taxes					867,954	587,052	1,455,006
Unrestricted investment income					23,001	26,192	49,193
Leases and royalties					6,246,796		6,246,796
Miscellaneous					76,052		76,052
Total general revenues					<u>18,243,073</u>	<u>613,244</u>	<u>18,856,317</u>
Transfers					2,055,000	(2,055,000)	

(Continued)

See notes to basic financial statements.

CITY OF BOULDER CITY

**STATEMENT OF ACTIVITIES
(CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2012

	Program Revenues			Net (Expenses) Revenues and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
CHANGE IN NET POSITION					4,397,156	5,521,387	9,918,543
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED					72,622,101	51,424,391	124,046,492
Adjustment					(410,000)	632,153	222,153
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED					72,212,101	52,056,544	124,268,645
NET POSITION, END OF YEAR					\$ 76,609,257	\$ 57,577,931	\$ 134,187,188

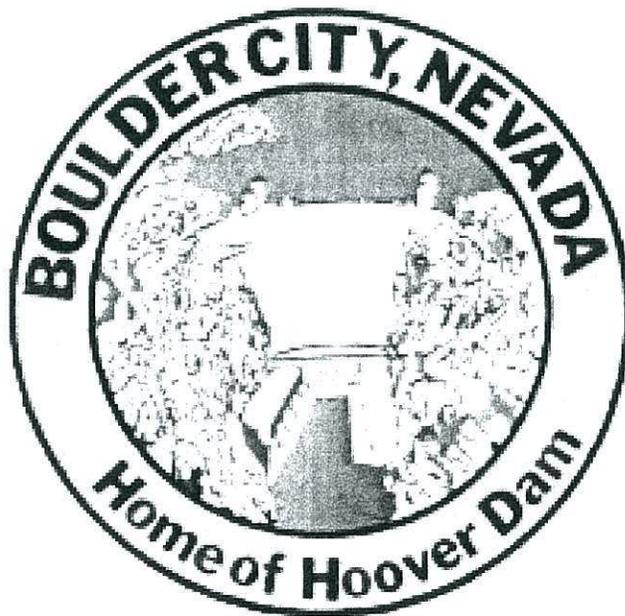
See notes to basic financial statements.

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Fund Financial Statements



Governmental Funds



CITY OF BOULDER CITY

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Projects</u>	<u>Aggregate Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash, cash equivalents and investments	\$ 9,232,623	\$	\$ 8,184,517	\$ 17,417,140
Accounts receivable, net	631,031	103,841	90,761	825,633
Taxes receivable	12,610		168,573	181,183
Interest receivable	6,291		6,830	13,121
Due from other governments	1,613,055	2,902,038		4,515,093
Inventories	70,264			70,264
Prepaid expenses	123,211			123,211
Due from other funds	<u>473,051</u>			<u>473,051</u>
Total assets	<u>\$ 12,162,136</u>	<u>\$ 3,005,879</u>	<u>\$ 8,450,681</u>	<u>\$ 23,618,696</u>
LIABILITIES				
Accounts payable	\$ 559,893	\$ 1,262,516	\$ 10,609	\$ 1,833,018
Accrued expenses	93,097			93,097
Due to other governments	53,109			53,109
Advances from other funds	5,818,798			5,818,798
Due to other funds		320,917	152,134	473,051
Unearned revenues	10,231,778	197,544	2,514,206	12,943,528
Interest payable	<u>28,901</u>			<u>28,901</u>
Total liabilities	<u>16,785,576</u>	<u>1,780,977</u>	<u>2,676,949</u>	<u>21,243,502</u>
FUND BALANCES				
Nonspendable				
Prepaid expenses	123,211			123,211
Inventories	70,264			70,264
Restricted for				
Additional police officers			45,444	45,444
Committed to				
Future projects		1,224,900	5,728,288	6,953,188
Unassigned	<u>(4,816,915)</u>	<u>2</u>		<u>(4,816,913)</u>
Total fund balances	<u>(4,623,440)</u>	<u>1,224,902</u>	<u>5,773,732</u>	<u>2,375,194</u>
Total liabilities and fund balances	<u>\$ 12,162,136</u>	<u>\$ 3,005,879</u>	<u>\$ 8,450,681</u>	<u>\$ 23,618,696</u>

See notes to basic financial statements.

CITY OF BOULDER CITY

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES JUNE 30, 2012

FUND BALANCES, GOVERNMENTAL FUNDS		\$	2,375,194
Amounts reported in the statement of net position are different because:			
Capital assets used in governmental activities are not current financial resources; and therefore, are not reported in governmental funds			
Capital assets		\$	152,045,660
Less accumulated depreciation			<u>(68,445,894)</u>
			83,599,766
Long-term liabilities, including bonds payable are not due and payable in the current period; and therefore, are not reported in governmental funds			
Bonds payable			(7,175,000)
Unamortized bond premiums and discounts			334,638
Postemployment benefits other than pensions			(84,858)
Compensated absences			(2,527,582)
Capital lease obligations			<u>(110,445)</u>
			(9,563,247)
Unearned revenue represents amounts that were not available to fund current expenditures; and therefore, are not reported in governmental funds			
Unearned revenue			<u>197,544</u>
			<u>197,544</u>
NET POSITION, GOVERNMENTAL ACTIVITIES		\$	<u><u>76,609,257</u></u>

See notes to basic financial statements.

CITY OF BOULDER CITY

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Special Projects	Aggregate Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 1,362,558	\$ 31,688	\$ 1,248,267	\$ 2,642,513
Room taxes	439,933			439,933
Licenses and permits	2,030,996			2,030,996
Intergovernmental	8,751,493	5,109,197		13,860,690
Charges for services	4,039,325		118,863	4,158,188
Fines and fees	937,507		177,454	1,114,961
Leases and royalties	5,142,309		1,066,211	6,208,520
Miscellaneous	111,488		31,842	143,330
Total revenues	<u>22,815,609</u>	<u>5,140,885</u>	<u>2,642,637</u>	<u>30,599,131</u>
EXPENDITURES				
Current				
General government	3,866,518	194,962	436,821	4,498,301
Public safety	8,500,770	85,047	876,248	9,462,065
Judicial	502,152		61,043	563,195
Public works	3,328,698	215,258		3,543,956
Culture and recreation	4,922,644	4,965	61,353	4,988,962
Community support	520,844	38,843		559,687
Total current	<u>21,641,626</u>	<u>539,075</u>	<u>1,435,465</u>	<u>23,616,166</u>
Capital outlay				
General government	8,191			8,191
Public safety	118,449	1,177,197		1,295,646
Judicial	21,634		405,789	427,423
Public works	20,561	6,010,688		6,031,249
Culture and recreation	29,370	206,489	122,806	358,665
Community support	61,016			61,016
Total capital outlay	<u>259,221</u>	<u>7,394,374</u>	<u>528,595</u>	<u>8,182,190</u>
Debt service				
Principal payments	1,446,633			1,446,633
Interest and fiscal charges	342,120			342,120
Total debt service	<u>1,788,753</u>			<u>1,788,753</u>
Total expenditures	<u>23,689,600</u>	<u>7,933,449</u>	<u>1,964,060</u>	<u>33,587,109</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(873,991)</u>	<u>(2,792,564)</u>	<u>678,577</u>	<u>(2,987,978)</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(161,866)		(1,927,200)	(2,089,066)
Transfers from other funds	2,205,000	1,777,200	161,866	4,144,066
Total other financing sources (uses)	<u>2,043,134</u>	<u>1,777,200</u>	<u>(1,765,334)</u>	<u>2,055,000</u>
CHANGE IN FUND BALANCE	<u>1,169,143</u>	<u>(1,015,364)</u>	<u>(1,086,757)</u>	<u>(932,978)</u>
FUND BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	(5,464,583)	2,240,266	6,942,489	3,718,172
Adjustment	(328,000)		(82,000)	(410,000)
FUND BALANCE, BEGINNING OF YEAR, AS ADJUSTED	<u>(5,792,583)</u>	<u>2,240,266</u>	<u>6,860,489</u>	<u>3,308,172</u>
FUND BALANCE, END OF YEAR	<u>\$ (4,623,440)</u>	<u>\$ 1,224,902</u>	<u>\$ 5,773,732</u>	<u>\$ 2,375,194</u>

See notes to basic financial statements.

CITY OF BOULDER CITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2012

CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS	\$	(932,978)
Amounts reported in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is capitalized and depreciated over their estimated useful lives		
Expenditures for capital assets	\$ 8,182,191	
Less current year depreciation	<u>(4,125,028)</u>	4,057,163
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases liabilities in the statement of net position. Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces liabilities in the statement of net position. This is the amount by which repayments exceeded debt issued		
Debt principal repayments	<u>1,446,633</u>	1,446,633
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		
Change in the obligation for postemployment benefits other than pensions	(84,858)	
Change in compensated absences payable	(61,853)	
Amortization of deferred refunding loss	<u>(26,951)</u>	<u>(173,662)</u>
CHANGE IN NET POSITION, GOVERNMENTAL ACTIVITIES	\$	<u><u>4,397,156</u></u>

See notes to basic financial statements.

Proprietary Funds



CITY OF BOULDER CITY

PROPRIETARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2012

	Business-type Activities			
	Utility	Aviation	Non-major Enterprise Fund	Total Enterprise Funds
ASSETS				
Current assets				
Cash and cash equivalents	\$ 8,329,485	\$ 511,114	\$ 473,146	\$ 9,313,745
Accounts receivable, net	4,083,908	127,765		4,211,673
Interest receivable	3,236		1,451	4,687
Due from other governments	84,363	234,178		318,541
Inventories	25,475			25,475
Total current assets	12,526,467	873,057	474,597	13,874,121
Restricted cash and cash equivalents				
Customer deposits	264,020			264,020
Landfill closure and post-closure care	1,842,391			1,842,391
Total restricted cash and cash equivalents	2,106,411			2,106,411
Noncurrent assets				
Land	28,615	512,760	65,000	606,375
Buildings	173,494	269,333		442,827
Improvements other than buildings	98,356	14,286,080	457,041	14,841,477
Machinery, equipment and furniture	4,891,434	188,159	21,911	5,101,504
Utility delivery systems	90,853,963			90,853,963
Less accumulated depreciation and amortization	(40,167,139)	(3,651,984)	(264,590)	(44,083,713)
Total noncurrent assets	55,878,723	11,604,348	279,362	67,762,433
Other assets				
Unamortized bond issuance costs	256,840			256,840
Due from other funds	5,818,798			5,818,798
Prepaid water commodity surcharge	10,694,772			10,694,772
Total other assets	16,770,410			16,770,410
Total assets	87,282,011	12,477,405	753,959	100,513,375
LIABILITIES				
Current liabilities				
Accounts payable	1,170,005	58,320	2,190	1,230,515
Accrued expenses	32,962	824		33,786
Customer deposits	264,020			264,020
Interest payable	472,470			472,470
Notes payable	500,000			500,000
Bonds payable	745,000			745,000
Capital lease payable		19,380		19,380
Compensated absences	182,299	6,246		188,545
Total current liabilities	3,366,756	84,770	2,190	3,453,716
Noncurrent liabilities				
Landfill closure and post-closure care	2,211,299			2,211,299
Bonds payable	30,839,501			30,839,501
Notes payable	6,012,727			6,012,727
Compensated absences	401,852	16,349		418,201
Total noncurrent liabilities	39,465,379	16,349		39,481,728
Total liabilities	42,832,135	101,119	2,190	42,935,444

(Continued)

See notes to basic financial statements.

CITY OF BOULDER CITY

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2012**

	Business-type Activities			Total Enterprise Funds
	Utility	Aviation	Non-major Enterprise Fund	
NET POSITION				
Net investment in capital assets	17,781,495	11,584,968	279,363	29,645,826
Unrestricted	<u>26,668,381</u>	<u>791,318</u>	<u>472,406</u>	<u>27,932,105</u>
Total net position	<u>\$ 44,449,876</u>	<u>\$ 12,376,286</u>	<u>\$ 751,769</u>	<u>\$ 57,577,931</u>

See notes to basic financial statements.

CITY OF BOULDER CITY

PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities			Total Enterprise Funds
	Utility	Aviation	Non-major Enterprise Fund	
OPERATING REVENUES				
Electric	\$ 14,130,461		\$	\$ 14,130,461
Water	6,029,921			6,029,921
Sewer	1,386,531			1,386,531
Refuse	869,470			869,470
Refuse special charges	215,796			215,796
Landfill receipts	124,968			124,968
Rents and royalties		525,985		525,985
Miscellaneous	210,359	12,072	89,672	312,103
Total operating revenues	<u>22,967,506</u>	<u>538,057</u>	<u>89,672</u>	<u>23,595,235</u>
OPERATING EXPENSES				
Salaries and wages	2,544,482	194,112		2,738,594
Employee benefits	976,909	67,048		1,043,957
Services and supplies	11,908,672	183,224	35,843	12,127,739
Depreciation	2,401,848	493,519	18,767	2,914,134
Total operating expenses	<u>17,831,911</u>	<u>937,903</u>	<u>54,610</u>	<u>18,824,424</u>
Operating income (loss)	<u>5,135,595</u>	<u>(399,846)</u>	<u>35,062</u>	<u>4,770,811</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	22,428	678	3,086	26,192
Interest expense	(1,375,794)			(1,375,794)
.25% local sales and use tax	587,052			587,052
Grant revenue		3,568,126		3,568,126
Total nonoperating revenues (expenses)	<u>(766,314)</u>	<u>3,568,804</u>	<u>3,086</u>	<u>2,805,576</u>
Income before transfers	<u>4,369,281</u>	<u>3,168,958</u>	<u>38,148</u>	<u>7,576,387</u>
TRANSFERS				
Transfers to other funds	(2,159,000)		(46,000)	(2,205,000)
Transfers from other funds	150,000			150,000
Total transfers	<u>(2,009,000)</u>		<u>(46,000)</u>	<u>(2,055,000)</u>
CHANGE IN NET POSITION	<u>2,360,281</u>	<u>3,168,958</u>	<u>(7,852)</u>	<u>5,521,387</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED				
Adjustment	41,457,442	9,207,328	759,621	51,424,391
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED	<u>632,153</u>			<u>632,153</u>
NET POSITION, END OF YEAR	<u>\$ 44,449,876</u>	<u>\$ 12,376,286</u>	<u>\$ 751,769</u>	<u>\$ 57,577,931</u>

See notes to basic financial statements.

CITY OF BOULDER CITY
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities			Total Enterprise Funds
	Utility	Aviation	Non-major Enterprise Fund	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 21,852,580		\$	\$ 21,852,580
Cash received from other sources	1,982,508	217,857	90,850	2,291,215
Cash payments for goods and services	(13,945,516)	(307,394)	(33,653)	(14,286,563)
Cash payments for employee services	(2,572,635)	(171,516)		(2,744,151)
Net cash provided by (used in) operating activities	<u>7,316,937</u>	<u>(261,053)</u>	<u>57,197</u>	<u>7,113,081</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	150,000			150,000
Transfers out	(2,159,000)		(46,000)	(2,205,000)
Net cash provided by (used in) noncapital financing activities	<u>(2,009,000)</u>		<u>(46,000)</u>	<u>(2,055,000)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,374,304)	(3,564,694)		(4,938,998)
Principal payments on debt	(4,042,884)			(4,042,884)
Interest payments on debt	(1,375,507)			(1,375,507)
Payments received on advances to other funds	740,440			740,440
Operating and capital grant contributions	587,052	3,568,126		4,155,178
Net cash provided by (used in) capital financing activities	<u>(5,465,203)</u>	<u>3,432</u>		<u>(5,461,771)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	22,428	678	3,086	26,192
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(134,838)	(256,943)	14,283	(377,498)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>10,570,735</u>	<u>768,057</u>	<u>458,863</u>	<u>11,797,655</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 10,435,897</u>	<u>\$ 511,114</u>	<u>\$ 473,146</u>	<u>\$ 11,420,157</u>

(Continued)

See notes to basic financial statements.

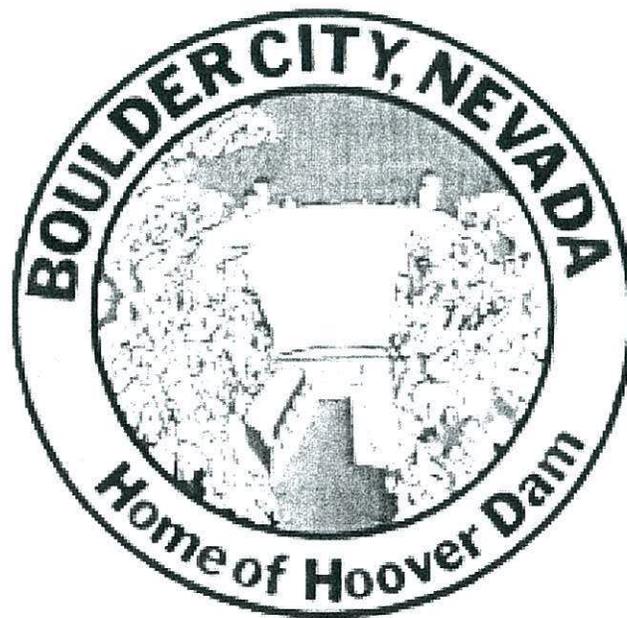
CITY OF BOULDER CITY
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities			Total Enterprise Funds
	Utility	Aviation	Non-major Enterprise Fund	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ 5,135,595	\$ (399,846)	\$ 35,062	\$ 4,770,811
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	2,401,848	493,519	18,767	2,914,134
Provision for uncollectible receivables	(839)			(839)
(Increase) decrease in assets				
Accounts receivable	(908,422)	(86,021)	1,179	(993,264)
Due from other governments	61,600	(234,178)		(172,578)
Due from other funds	1,710,549			1,710,549
Inventories	11,118			11,118
Prepaid water commodity surcharge	(222,008)			(222,008)
Increase (decrease) in liabilities				
Accounts payable	(116,485)	(57,122)	2,189	(171,418)
Accrued expenses	20,240			20,240
Compensated absences	(48,393)	22,595		(25,798)
Customer deposits	4,694			4,694
Landfill closure and post-closure care	(732,560)			(732,560)
Total adjustments	<u>2,181,342</u>	<u>138,793</u>	<u>22,135</u>	<u>2,342,270</u>
Net cash provided by (used in) operating activities	<u>\$ 7,316,937</u>	<u>\$ (261,053)</u>	<u>\$ 57,197</u>	<u>\$ 7,113,081</u>

See notes to basic financial statements.

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Fiduciary Funds



CITY OF BOULDER CITY

FIDUCIARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2012

	<u>Agency Funds</u>
ASSETS	
Cash, cash equivalents and investments	\$ 1,253,326
Due from other governments	<u>1,012</u>
Total assets	<u>1,254,338</u>
LIABILITIES	
Funds held for others	<u>1,254,338</u>
NET POSITION	<u>\$</u>

See notes to basic financial statements.

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Notes to Basic Financial Statements



CITY OF BOULDER CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

Note 1. Summary of Significant Accounting Policies

Reporting Entity

In 1958, the Federal Government passed the Boulder City Act (the Act) and established an independent municipal government, the City of Boulder City (the City). Under the Act, the Federal Government turned over the existing townsite, approximately 33 square miles of land, and the utility system to the residents. This led to the incorporation of the City on January 4, 1960. The City Charter, approved by the residents, prohibits gaming, which makes the City the only place in the State of Nevada (the State) where gaming is illegal.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 39, *Determining Whether Certain Organizations are Component Units*, defines the reporting entity as the primary government and those component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the organization's governing board, and either the ability of the primary government to impose its will on the organization or the possibility that the organization will provide a financial benefit to or impose a financial burden on the primary government. In addition to financial accountability, component units can be other organizations in which the economic resources received or held by that organization are entirely or almost entirely for the direct benefit of the primary government, the primary government is entitled to or has the ability to otherwise access a majority of the economic resources received or held by that organization and the resources to which the primary government is entitled or has the ability to otherwise access are significant to the primary government. The City has complied with GASB Statement Nos. 14 and 39 by examining its position relative to other entities.

Together with the Boulder City Museum, the Boulder City Chamber of Commerce and the Boulder City Arts Council, Inc., the City established a not-for-profit corporation named the Boulder Dam Hotel Association, Inc. (the Association) primarily to own, maintain and operate the historic Boulder Dam Hotel. Pursuant to the Association's articles of incorporation, the City appoints two members to the Association's board of directors; and currently has one council/board member in common with the Association. The City does not have a continuing financial responsibility to the Association; furthermore, the City does not have title or access to the Association's net assets. Accordingly, the Association has not been included in the City's financial statements.

The City has determined that there are no requirements that would cause the basic financial statements of the City to be included in any other entities' financial statements or comprehensive annual financial report (CAFR). In addition, the City determined that there are no other entities, which are required to be included in the City's CAFR.

Basic Financial Statements

Pursuant to GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended, the government-wide financial statements include a statement of net position and a statement of activities and present consolidated information for the City's nonfiduciary activities. 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 user fees and charges for support.

Included in the statement of net position are capital assets and long-term liabilities including general payment obligations, revenue bonds and compensated absences. Net position is classified as 1) net investment in capital assets, 2) restricted net position, or 3) unrestricted net position.

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 segment, and 2) grants and contributions, which are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues not restricted for use by a particular function or segment are reported as general revenues.

Separate fund financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and proprietary funds are reported as separate columns on the fund financial statements. Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances with schedules presented to reconcile fund balances presented in the governmental fund financial statements to net position presented in the government-wide financial statements. Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's utility fund and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Private-sector standards of accounting and financial reporting issued on or before December 1, 1989, are generally followed in both the government-wide and proprietary fund statements to the extent that those standards do not conflict with or contradict GASB standards. Governments also have the option of following subsequent private-sector guidance for their business-type activities and proprietary fund financial statements, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Governmental Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become both measurable and available. Revenues are considered to be 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 sixty days of the current fiscal year end. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, consolidated taxes, licenses, interest, and charges for services. All other revenue sources are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when the liability is 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.

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

The City reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except for those required to be accounted for in another fund.

Special Projects Fund - The special projects capital projects fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Additionally, the City reports the following non-major governmental fund type:

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Proprietary Fund Financial Statements

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges for goods and services and other user fees. Operating expenses include the cost of goods and services, administrative expenses, and capital asset depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major proprietary funds:

The Utility Fund - The utility fund provides electric, water and sewer services to City residents.

The Aviation Fund - The aviation fund is used to account for the operations of the City's airport.

Additionally, the City reports the following non-major proprietary fund:

The Cemetery Fund - The cemetery fund is used to account for cemetery services provided to City residents.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements, comprised of a statement of net position, report the City's activities that are custodial in nature (assets equal liabilities) and do not involve measurement of operational results. Fiduciary funds are excluded from the government-wide financial statements.

The City reports the following fiduciary fund type:

Agency Funds - The agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments or other funds.

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

Assets, Liabilities, and Net Position or Fund Balance

Deposits and Investments

The City's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds participate in the City's cash management pool (the Pool). The Pool has the general characteristics of a demand deposit account in that the proprietary funds may effectively withdraw amounts from the Pool at any time. Accordingly, amounts invested in the Pool are considered to be cash equivalents.

Investments are stated at fair value as determined by quoted market prices, regardless of the length of time remaining to maturity.

Receivables, Payables and Unearned Revenues

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. In addition, certain transactions between funds are the result of lending or borrowing arrangements. The resulting payables and receivables, which are outstanding at year end, are referred to as either advances or other amounts due to or from other funds. 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 in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Any residual balances between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Property taxes receivable that are not expected to be collected within 60 days of year end are recognized as unearned revenue in the fund financial statements rather than revenue since the asset is not available to satisfy current obligations. Unearned revenues also arise when the City receives resources before it has a legal claim to them as when property taxes for the following tax year are received before year end. Other receivables are shown net of an allowance for uncollectible amounts.

Upon the certification of property tax rates by the State Tax Commission, the County Commission levies the tax rate for the fiscal period beginning with the succeeding July 1. Effective upon the tax levy on July 1 each year, a perpetual lien is recorded against the property assessed until the tax and any penalty charges and interest, which may accrue thereon, are paid. The County Assessor assesses all real and personal property and the County Treasurer bills and collects the City's share of property taxes. Real property taxes are due on the third Monday in August of each year and may be paid in quarterly installments on or before the third Monday in August and first Mondays in October, January and March. In the event of nonpayment, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties and costs, together with interest from the date the taxes were due until paid. If delinquent taxes are not paid within the two-year redemption period, the County Treasurer obtains a deed to the property free of all encumbrances. Upon receipt of a deed, the County Treasurer may sell the property to satisfy the tax lien. The County Treasurer remits, on a monthly basis, current and delinquent property tax collections to the City.

Unearned lease revenues are recorded when the City receives lease payments before it has completed the earnings process or if the payments received are subject to refund provisions. Lease revenue is recognized pursuant to the terms of the respective lease agreement.

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

Inventories

Proprietary fund inventories are valued at the lower of cost or market, using the first-in, first-out (FIFO) method. Governmental fund inventories are accounted for under the consumption method where the costs are recorded as expenditures when the inventory item is used rather than when purchased.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid expenses in both the government-wide and fund financial statements. In the fund financial statements, prepaid items are recorded as expenditures when consumed rather than when purchased.

Restricted Assets

Restricted assets consist of cash, cash equivalents and investments held in the utility fund that are externally restricted for potential refunds of customer deposits and estimated future landfill closure and post-closure care costs.

Capital Assets

Capital assets, which include land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and utility delivery systems, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and, where no historical records exist, at estimated historical cost. Donated capital assets, if any, are valued at their estimated fair value on the date received. The City had a capitalization threshold of \$5,000 for the current fiscal year.

The cost of normal maintenance and repairs that do not significantly increase the functionality of the assets or materially extend the assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as the projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	25-50
Improvements other than buildings	10-40
Machinery, equipment and furniture	3-30
Infrastructure	20-50
Utility delivery systems	10-50

Compensated Absences

It is the City's policy to permit employees to accumulate earned vacation and sick leave benefits that would be paid to them upon separation from City service if not previously taken. Accrued vacation and sick leave (compensated absences) obligations totaled \$3,134,328 at June 30, 2012, and are reported in the government-wide financial statements. A liability for compensated absences is reported in the fund financial statements only to the extent it is due and payable at year end. Expenditures for compensated absences are recognized by the applicable fund when paid.

(Continued)

CITY OF BOULDER CITY
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

Deferred Compensation Plan

In addition to the retirement plan disclosed in Note 4, the City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan, which is available to all City employees, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The City does not contribute to the deferred compensation plan.

The assets of these plans are held in trust outside the control of the City. Since the assets and income of these plans are not considered assets of the City and are not subject to the claims of the City's general creditors, these plan are not reported in the government-wide or fund financial statements.

Postemployment Benefits Other Than Pensions (OPEB)

In accordance with the transition rules of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the City elected to apply its measurement and recognition requirements on a prospective basis and set its beginning net OPEB obligation at zero for the year ended June 30, 2008. The annual OPEB cost reported in the accompanying financial statements is equal to the annual required contribution (ARC) of the City, calculated by using an actuarial valuation based upon the same methods and assumptions applied in determining the plan's funding requirements. The net OPEB obligation at year end is determined by adding the annual OPEB cost to the net OPEB obligation at the beginning of the year and deducting any contributions to the plan during the year.

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term obligations are reported as liabilities in the statement of net position. Bond premiums, discounts and issuance costs are deferred and amortized to interest expense over the life of the related bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of applicable bond premiums and discounts, and bond issuance costs are reported separately as assets.

In the fund financial statements, bond premiums, discounts and issuance costs are recognized in the period they are paid or received. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

In the government-wide and proprietary fund financial statements, net position is reported as 1) net investment in capital assets, 2) restricted, or 3) unrestricted. Net position is reported as restricted when constraints placed on it are either 1) imposed by external parties (such as creditors, grantors, contributors or other governments), or 2) imposed by law through a constitutional provision or enabling legislation.

Fund Balance

Fund balances of the governmental funds are classified in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as follows:

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

Nonspendable fund balances include items that cannot be spent. This includes amounts that are not in a spendable form (for example, inventories and prepaid items) and amounts that are legally or contractually required to remain intact, such as a permanent fund principal balance.

Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balances can be used only for specific purposes pursuant to constraints imposed by a formal action (such as a resolution or ordinance) of the City Council, the City's highest level of decision-making authority. These constraints remain binding unless removed or changed in the same manner used to create the constraints.

Assigned fund balances include amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Such intent should be expressed by the City Council or appropriately authorized officials. Constraints imposed on the use of assigned fund balances can be removed or changed without formal City Council action. For governmental funds, other than the general fund, this is the classification for residual amounts that are not restricted, committed or nonspendable.

Unassigned fund balance is the classification used by the general fund for residual amounts not included in the four categories described above.

Prioritization and Use of Available Resources

When both restricted resources and other resources (*i.e.*, committed, assigned and unassigned) can be used for the same purposes, it is the City's policy to use restricted resources first. Furthermore, when committed, assigned and unassigned resources can be used for the same purpose, it is the City's policy to use committed resources first, assigned second, and unassigned last.

Use of Estimates

Timely preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates that affect reported amounts. Accordingly, these estimates may require revision in future periods. Significant estimates include compensated absences, other post employment benefits, landfill closure and post-closure care and useful lives of capital assets.

Prior Period Adjustments

As of July 1, 2012, net position of the utility fund has been retroactively restated and increased by \$632,153 to adjust the City's recorded asset and related resulting from an interlocal agreement with the Southern Nevada Water Authority related to the construction of the third intake at Lake Mead.

As of July 1, 2012, fund balance of the general and the non-major capital improvement special revenue funds has been retroactively restated and reduced by \$328,000 and \$82,000, respectively, to defer revenue recognition of lease payments received during fiscal 2011 that were (and still are) refundable.

(Continued)

CITY OF BOULDER CITY
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

Note 2. Stewardship, Compliance and Accountability

Budgetary Information

The City adopts annual budgets for all governmental and proprietary fund types. Within the capital (special) projects and proprietary funds, project-length financial plans are adopted for all capital projects. The budget was amended for certain funds during the year. All budget augmentations made during the current year were as prescribed by law. All budgets are adopted on the a basis consistent with accounting principles generally accepted in the United States and used by the City's for financial reporting.

The City uses the following procedures to establish, modify, and control budgetary data:

Prior to April 15, the City Manager submits a tentative budget for the next fiscal year, commencing on July 1, to the City Council. The budget, as submitted, contains the proposed expenditures and the means of financing them for the upcoming fiscal year.

Public hearings are conducted to obtain comments from and address concerns of City residents.

After all changes have been noted and the hearings closed, the Council adopts the budget on or before June 1.

Augmentations of the budget are accomplished through formal City Council action.

The Nevada Revised Statutes (NRS) require budget controls to be exercised at the function level. The City Manager is authorized to transfer budget amounts between functions within a fund. However, the City Council's approval is required for all transfers between funds.

The City cannot expend any money, incur any liability, or enter into any contract, which by its terms involves the expenditure of money in excess of the amount appropriated for a given function, except for bond payments, short-term financing payments, and any other long-term contracts expressly authorized by law.

All unencumbered appropriations lapse at the fiscal year end, except for amounts appropriated for specific capital projects or Federal and State grant expenditures.

Excess of Expenditures over Appropriations

For the year ended June 30, 2012, expenditures exceeded appropriations, which are potential violations of NRS 354.626, as follows:

Police forfeiture special revenue fund (public safety function)	\$ 43,855
Golf course improvement special revenue fund (culture and recreation function)	184,159
Sales and use tax special revenue fund (public safety function)	188,367

Deficit Fund Balance or Net Position

At June 30, 2012, the general fund had a fund balance deficit of \$4,623,438. The negative fund balance is due primarily to an interfund loan payable to the Utility fund, with a balance of \$5,818,798 as of year end. It is expected that the deficit fund balance will be reduced over time as the interfund loan payable is repaid.

(Continued)

CITY OF BOULDER CITY
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

New Accounting Pronouncements

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, effective for periods beginning after December 15, 2011. The objective of this statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. Management has not yet completed its assessment of this statement; however, it is currently expected that the adoption of this statement will not materially affect the City's financial position, results of operations, or cash flows.

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*, effective for periods beginning after June 15, 2012. The objective of this statement is to improve financial reporting for a governmental financial reporting entity. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. Management has not yet completed its assessment of this statement; however, it is currently expected that the adoption of this statement will not materially affect the City's financial position, results of operations, or cash flows.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective for periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB's authoritative literature various accounting and financial reporting guidance that is included in certain non-GASB pronouncements issued on or before November 30, 1989. Management has not yet completed its assessment of this statement; however, it is currently expected that the adoption of this statement will not materially affect the City's financial position, results of operations, or cash flows.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for periods beginning after December 15, 2011. This Statement provides financial reporting guidance for identifying and reporting deferred outflows of resources and deferred inflows of resources. The City adopted this statement during the current fiscal year, which did not materially affect the City's financial position, results of operations, or cash flows.

In June 2011, the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions-an amendment of GASB Statement No. 53*, effective for periods beginning after June 15, 2011. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. Management has not yet completed its assessment of this statement; however, it is currently expected that the adoption of this statement will not materially affect the City's financial position, results of operation, or cash flows.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective for periods beginning after December 15, 2012. The objective of the Statement is to either 1) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources, or 2) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These determinations are based on the definitions of those elements in Concepts Statement No. 4, *Elements of Financial Statements*. Management has not yet completed its assessment of this statement; however, it is currently expected that the adoption of this statement will not materially affect the City's financial position, results of operations, or cash flows.

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

In March 2012, the GASB issued Statement No. 66, *Technical Corrections-2012*, effective for periods beginning after December 15, 2012. The objective of this Statement is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements (Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*). Management has not yet completed its assessment of this statement; however, it is currently expected that the adoption of this statement will not materially affect the City's financial position, results of operations, or cash flows.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans*, effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. Management has not yet completed its assessment of this statement.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, effective for periods beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. Management has not yet completed its assessment of this statement.

Note 3. Detailed Notes on all Funds

Deposits and Investments

When investing monies, the City is required to comply with the Nevada Revised Statutes (NRS). City monies must be deposited with federally insured banks. The City is authorized to use demand accounts, time accounts and certificates of deposit. The NRS do not specifically require collateral for demand deposits, but do specify that collateral for time deposits may be of the same type as those described for permissible State investments. Permissible State investments are similar to allowable City investments, described above, except that some State investments are for longer terms and include securities issued by municipalities outside of the State.

Allowable City investments include obligations of the U.S. Treasury and U.S. agencies not to exceed ten years maturity; negotiable notes or short-term negotiable bonds issued by other local governments of the State; and bankers' acceptances eligible for rediscount with Federal Reserve Banks, not to exceed 180 days maturity and 10% of total investments.

(Continued)

CITY OF BOULDER CITY
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

At year end, the City's cash, cash equivalents and investments were as follows:

Cash and cash equivalents on deposit with financial institutions	\$ 23,876,014
Cash on hand	2,000
Investments	<u>6,212,608</u>
	<u>\$ 30,090,622</u>
Governmental funds	\$ 17,417,140
Proprietary funds	11,420,156
Fiduciary funds	<u>1,253,326</u>
	<u>\$ 30,090,622</u>

The City's deposits are categorized by the level of custodial credit risk assumed. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk.

At year end, the carrying amount of the City's deposits was \$23,876,014, and the bank balance was \$24,487,347. As of June 30, 2012, the City's bank balance was either insured by the Federal Depository Insurance Corporation (FDIC) or was uninsured but collateralized with securities held by the pledging financial institution in accordance with the NRS.

The City's investments are categorized by the level of custodial credit risk assumed. Investment custodial credit risk is defined as the risk that in the event of the failure of a counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Custodial credit risk exposure can be affected by a concentration of deposits or investments in any one investment type or with any one counterparty. The City does not have an investment policy for custodial credit risk.

The City's investments may be classified into the following three categories of credit risk:

Insured or registered, or securities held by the City or its agent in the City's name.

Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.

Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the City's name.

At June 30, 2012, the City's investments were all registered and held by the City or the City's agent in the City's name.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

(Continued)

CITY OF BOULDER CITY
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

At June 30, 2012, the City had the following investments and maturities:

	Reported Amount (Fair Value)	Investment Maturities (In Years)		
		Less Than One	One to Three	Four or More
Farm Credit Bank	\$ 249,583	\$	\$ 249,583	\$
Federal Home Loan Banks	530,730		530,730	
Federal Home Loan Mortgage	500,325	500,325		
Federal National Mortgage Assn	1,509,765	500,575	1,009,190	
United States Treasury Notes	3,422,205		2,902,400	519,805
	<u>\$ 6,212,608</u>	<u>\$ 1,000,900</u>	<u>\$ 4,691,903</u>	<u>\$ 519,805</u>

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. However, all of the City's investments are classified as direct obligations of and are explicitly guaranteed by the United States government. Accordingly, credit risk is considered nominal and the requirement to disclose a rating by a nationally recognized statistical organization does not apply to securities of this type.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City places no limits on the amount that can be invested in any one issuer beyond that stipulated by the NRS. However, all of the City's investments are classified as direct obligations of and are explicitly guaranteed by the United States government. Accordingly, concentration of credit risk is considered nominal and the requirement to disclose investment balances in any one issuer that represent 5% or more of the City's total investments does not apply to securities of this type.

Lease Revenue

The City receives rents for the use of land and buildings by various entities for communications purposes and solar powered generation facilities under operating leases that expire at various times through 2067. As of June 30, 2012, minimum future rental income under non-cancelable operating leases (with remaining terms in excess of one year) were as follows:

For the Year Ending June 30,	Capital			Total
	General Fund	Improvements Fund	Aggregate Other Funds	
2013	\$ 7,014,077	\$ 1,753,519	\$ 379,630	\$ 9,147,226
2014	8,918,284	2,229,571	380,238	11,528,093
2015	8,960,282	2,240,070	385,966	11,586,318
2016	9,022,240	2,255,560	391,862	11,669,662
2017	9,091,098	2,272,775	382,856	11,746,729
2018-2022	41,833,235	10,458,309	1,952,451	54,243,995
2023-2027	42,818,467	10,704,617	2,014,699	55,537,783
2028-2032	42,124,469	10,531,117	909,705	53,565,291
2033-2037	43,483,815	10,870,954	237,383	54,592,152
2038-2042	39,090,633	9,772,658	47,477	48,910,768
2043-2047	33,976,521	8,494,130		42,470,651
2048-2052	32,472,821	8,118,205		40,591,026
2053-2057	24,109,979	6,027,495		30,137,474
2058-2062	18,562,885	4,640,721		23,203,606
2063-2067	7,621,527	1,905,382		9,526,909
	<u>\$ 369,100,333</u>	<u>\$ 92,275,083</u>	<u>\$ 7,082,267</u>	<u>\$ 468,457,683</u>

(Continued)

CITY OF BOULDER CITY
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

Unearned Revenue

At June 30, 2012, unearned revenue in the governmental funds was as follows:

	<u>Lease Revenue</u>
General Fund	\$ 10,231,778
Aggregate Other Funds	2,514,206
	\$ 12,745,984

Capital Assets

Changes in capital assets for the year ended June 30, 2012, were as follows:

	<u>Balance July 1, 2011</u>	<u>Increases *</u>	<u>Decreases *</u>	<u>Balance June 30, 2012</u>
Governmental activities				
Capital assets not being depreciated or amortized				
Land	\$ 28,794,138	\$ _____	\$ _____	\$ 28,794,138
Capital assets being depreciated or amortized				
Buildings	13,878,183	673,864		14,552,047
Improvements other than buildings	25,445,230	226,600		25,671,830
Machinery, equipment and furniture	11,320,223	1,508,456		12,828,679
Infrastructure	64,425,695	5,773,271		70,198,966
	115,069,331	8,182,191		123,251,522
Less accumulated depreciation or amortization				
Buildings	(4,234,071)	(428,505)		(4,662,576)
Improvements other than buildings	(10,879,460)	(1,146,361)		(12,025,821)
Machinery, equipment and furniture	(7,001,901)	(798,464)		(7,800,365)
Infrastructure	(42,205,434)	(1,751,698)		(43,957,132)
	(64,320,866)	(4,125,028)		(68,445,894)
Total governmental activities	\$ 79,542,603	\$ 4,057,163	\$ _____	\$ 83,599,766

* Includes transfers from and to proprietary funds, if any.

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Increases *	Decreases *	Balance June 30, 2012
Business-type activities				
Capital assets not being depreciated or amortized				
Land	\$ 606,375	\$ _____	\$ _____	\$ 606,375
Capital assets being depreciated or amortized				
Buildings	442,827			442,827
Improvements other than buildings	11,311,283	3,530,194		14,841,477
Machinery, equipment and furniture	5,001,884	99,620		5,101,504
Utility delivery systems	89,544,779	1,309,184		90,853,963
	<u>106,300,773</u>	<u>4,938,998</u>		<u>111,239,771</u>
Less accumulated depreciation or amortization				
Buildings	(271,188)	(3,219)		(274,407)
Improvements other than buildings	(3,098,006)	(493,239)		(3,591,245)
Machinery, equipment and furniture	(4,832,590)	(165,783)		(4,998,373)
Utility delivery systems	(32,967,795)	(2,251,893)		(35,219,688)
	<u>(41,169,579)</u>	<u>(2,914,134)</u>		<u>(44,083,713)</u>
Total business-type activities	<u>\$ 65,737,569</u>	<u>\$ 2,024,864</u>	<u>\$ _____</u>	<u>\$ 67,762,433</u>

* Includes transfers from and to governmental funds, if any.

Depreciation expense was charged to the functions and programs of the City as follows:

Governmental activities	
General government	\$ 106,493
Public safety	42,363
Judicial	680,644
Public works	1,921,944
Culture and recreation	1,364,599
Community support	<u>8,985</u>
Total governmental activities	<u>\$ 4,125,028</u>
Business-type activities	
Utility	\$ 2,401,848
Aviation	493,519
Cemetery	<u>18,767</u>
Total business-type activities	<u>\$ 2,914,134</u>

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

Interfund Receivables, Payables, and Transfers

At June 30, 2012, amounts due to and from other funds resulting from the time lag between the dates that reimbursable transactions occur and payments between funds are made were as follows:

	<u>Receivable</u>	<u>Payable</u>
Governmental funds		
General fund	\$ 473,051	\$
Special projects fund		320,917
Nonmajor special revenue fund		<u>152,134</u>
	<u>\$ 473,051</u>	<u>\$ 473,051</u>

In March 2001, the City Council approved the transfer of \$8,700,000 from the utility fund to the general fund related to the construction of the Boulder Creek Golf Club (BCGC) with the expectation that the funds would be repaid from BCGC revenues. The NRS require that the City Council conduct a public hearing and adopt a resolution establishing the transfer as a medium-term obligation subject to repayment and establishing the terms of the loan. On May 13, 2008, the City, in consultation with the State of Nevada Department of Taxation, conducted the required public hearing and adopted the required resolution.

At June 30, 2012, advances due to and from other funds resulting from lending or borrowing transactions were as follows:

	<u>Receivable</u>	<u>Payable</u>
Governmental funds		
General fund	\$	\$ 5,818,798
Proprietary funds		
Utility fund	<u>5,818,798</u>	<u></u>
	<u>\$ 5,818,798</u>	<u>\$ 5,818,798</u>

This interfund loan is to be repaid to the utility fund in semi-annual principal and interest payments of \$375,000. The applicable interest rate varies and is determined by the current 90 day Treasury Bill yield at the time the payment is due. The maturity date is determined by the receipt of the final payment and is estimated to be November 2019. Estimated annual debt service requirements as of June 30, 2012, were as follows:

<u>For the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 741,550	\$ 8,450
2014	742,663	7,337
2015	743,778	6,222
2016	744,894	5,106
2017	746,012	3,988
2018-2019	<u>2,099,901</u>	<u>5,242</u>
	<u>\$ 5,818,798</u>	<u>\$ 36,345</u>

(Continued)

CITY OF BOULDER CITY

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

Transfers of unrestricted revenues collected in various funds are used to finance various programs and expenditures accounted for in other funds in accordance with budgetary authorization. For the year ended June 30, 2012, interfund transfers were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Total</u>
	<u>General fund</u>	<u>Special Projects fund</u>	<u>Utility fund</u>	<u>Aggregate Non-major Funds</u>	
General fund	\$	\$	\$	\$ 161,866	\$ 161,866
Utility fund	2,159,000				2,159,000
Aggregate non-major funds	46,000	1,777,200	150,000		1,973,200
	<u>\$ 2,205,000</u>	<u>\$ 1,777,200</u>	<u>\$ 150,000</u>	<u>\$ 161,866</u>	<u>\$ 4,294,066</u>

Long-term Debt

Capital Leases - Governmental Activities

The City entered into capital lease agreements to finance the acquisition of a phone system and related capital assets for general City operations, which leases expire at various times through July 2014. For accounting purposes, the assets acquired under these capital leases have been recorded at the present value of the future minimum lease payments as of the lease inception date. Total capital lease payments for the year ended June 30, 2012, were \$267,429.

At June 30, 2012, the assets acquired through these capital leases were as follows:

Machinery, equipment and furniture	\$ 673,816
Less accumulated depreciation and amortization	<u>(134,763)</u>
	<u>\$ 539,053</u>

At June 30, 2012, future minimum capital lease payments were as follows:

<u>For the Year Ending June 30,</u>	
2013	\$ 40,367
2014	40,367
2015	<u>40,367</u>
Total future minimum capital lease payments	121,101
Less portion of payment representing interest	<u>(10,655)</u>
Present value of total future minimum capital lease payments	<u>\$ 110,446</u>

Capital Leases - Business-type Activities

The City entered into a capital lease agreement to finance the acquisition of capital assets used in golf course and airport operations, which expires in April 2013. For accounting purposes, the assets acquired under this capital lease have been recorded at the present value of the future minimum lease payments as of the lease inception date. Total capital lease payments for the year ended June 30, 2012, were \$7,921.

(Continued)

CITY OF BOULDER CITY
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

At June 30, 2012, the assets acquired through these capital leases were as follows:

Machinery, equipment and furniture	\$ 21,360
Less accumulated depreciation and amortization	<u>(4,302)</u>
	<u>\$ 17,058</u>

At June 30, 2012, the future minimum business-type capital lease payments due in fiscal 2013 is \$7,921, including interest of \$381 and the present value is \$7,540.

Bond and Note Obligations

The City has entered into long-term debt obligations, of which the golf course and utility revenue refunding bonds are not a general obligation of the City. The golf course revenue bonds are payable from net golf course receipts and are a limited City obligation in that they are additionally secured by a pledge of 15% of the City's consolidated tax revenues. The utility revenue bonds are payable from net revenues of the City's municipal utility system, which is defined in the bond ordinance to mean the water, electric, sewer, and refuse systems of the City.

The City has also entered into a long-term note obligation under an interlocal agreement with the Southern Nevada Water Authority (SNWA), which is a general obligation of the City. Through this interlocal agreement, the SNWA agreed to finance the City's share of the construction costs for the third Lake Mead intake facility. Lake Mead is the primary water source for southern Nevada. The City is a cost-sharing participant in this project and this obligation represents the City's share of the construction costs.

Long-term debt obligations outstanding at June 30, 2012, were as follows:

	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2012</u>
Governmental activities				
Golf Course Revenue Refunding Bonds, Series 2005	December 2024	\$ 9,335,000	3.85%	\$ 7,175,000
Business-type activities				
Utility Revenue Refunding Bonds, Series 2006	September 2035	33,545,000	3.50 - 5.00%	31,335,000
SNWA note	June 2034	<u>10,523,276</u>	4.92%	<u>6,512,727</u>
		<u>\$ 53,403,276</u>		<u>\$ 45,022,727</u>

In December 2005, the City issued \$9,335,000 Golf Course Revenue Refunding Bonds, Series 2005 with an interest rate of 3.85%. Interest payments are due semi-annually on June 1 and December 1, with principal payments due annually on December 1. In June 2012, the City made an additional \$775,000 principal payment. The proceeds along with debt service reserve funds were used to advance refund \$9,540,000 of the outstanding Golf Course Revenue bonds Series 2001. As a result, the Golf Course Revenue bonds Series 2001 bonds were considered defeased. At June 30, 2012, the the defeased bonds had been paid in full. The reacquisition price exceeded the net carrying amount of the Golf Course Revenue bonds Series 2001 by \$512,064, which is being amortized over the new debt's life, which is the same as the life of the refunded debt.

(Continued)

CITY OF BOULDER CITY

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

In November 2006, the City issued Utility Revenue Refunding Bonds, Series 2006 in the amount of \$33,545,000 with an interest rate ranging from 3.50% to 5.00%. Interest payments commenced on September 1, 2007, and are due semi-annually on March 1 and September 1. Principal payments commenced on September 1, 2008, and are due annually on September 1. The proceeds were used to refinance a general obligation note due to the Southern Nevada Water Authority for the City's portion of the design and construction of a raw water facility and delivery system.

In May 2010, the City entered into a long-term note with the Southern Nevada Water Authority in the amount of \$13,600,000. The note shall be repaid by the City over a period of twenty five years. Annual interest only payments commenced in fiscal year 2010, while principal payments are contractually due annually commencing in fiscal year 2015. The note has an initial interest rate of 4.92%, which will vary based on the actual interest rate paid by the Southern Nevada Water Authority, computed annually. In June 2012, the City made a \$4,010,549 principal payment.

At June 30, 2012, annual debt service requirements to maturity are as follows:

<u>For the Year Ending June 30,</u>	<u>Golf Course Revenue Refunding Bonds, Series 2005</u>			
	<u>Principal</u>		<u>Interest</u>	
Governmental activities				
2013	\$	485,000	\$	266,901
2014		500,000		247,940
2015		520,000		228,305
2016		540,000		207,900
2017		560,000		186,725
2018-2022		3,155,000		585,296
2023-2025		<u>1,415,000</u>		<u>54,574</u>
Total governmental activities	\$	<u>7,175,000</u>	\$	<u>1,777,641</u>
<u>For the Year Ending June 30,</u>	<u>Utility Revenue Refunding Bonds, Series 2006</u>		<u>Southern Nevada Water Authority Note</u>	
	<u>Principal</u>		<u>Interest</u>	
Business-type activities				
2013	\$	745,000	\$	1,346,306
2014		770,000		1,317,931
2015		800,000	198,633	320,426
2016		835,000	208,406	310,653
2017		870,000	218,659	300,400
2018-2022		6,350,000	1,265,650	1,329,645
2023-2027		7,930,000	1,609,182	986,113
2028-2032		9,875,000	2,045,958	549,338
2033-2036		<u>3,160,000</u>	<u>966,239</u>	<u>71,879</u>
Total business-type activities	\$	<u>31,335,000</u>	\$	<u>17,429,145</u>
			\$	<u>6,512,727</u>
			\$	<u>4,509,306</u>

(Continued)

CITY OF BOULDER CITY
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

Changes in Long-term Liabilities

Long-term debt obligations activity for the year ended June 30, 2012, was as follows:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Due Within One Year
Governmental activities					
Golf Course Revenue Refunding					
Bonds, Series 2005	\$ 8,415,000	\$	\$ 1,240,000	\$ 7,175,000	\$ 485,000
Capital leases	317,077		206,632	110,445	35,120
Compensated absences	2,652,132	764,420	888,970	2,527,582	838,599
Postemployment benefits other than pensions		84,858		84,858	
Total governmental activities	<u>\$ 11,384,209</u>	<u>\$ 849,278</u>	<u>\$ 2,335,602</u>	<u>\$ 9,897,885</u>	<u>\$ 1,358,719</u>
Business-type activities					
Utility Revenue Refunding					
Bonds, Series 2006 Southern Nevada	\$ 32,050,000	\$	\$ 715,000	\$ 31,335,000	\$ 745,000
Water Authority Note	9,840,611	1,182,665	4,510,549	6,512,727	500,000
Capital leases	19,380			19,380	19,380
Compensated absences	632,544	170,713	196,511	606,746	188,545
Total business-type activities	<u>\$ 42,542,535</u>	<u>\$ 1,353,378</u>	<u>\$ 5,422,060</u>	<u>\$ 38,473,853</u>	<u>\$ 1,452,925</u>

Arbitrage Rebate Requirements

The Federal Tax Reform Act of 1986 imposes a rebate requirement with respect to certain long-term debt obligations. Under this Act, an arbitrage amount may be required to be rebated to the United States Treasury for interest on the bonds to qualify for exclusion from gross income for federal income tax purposes. Rebutable arbitrage is computed as of each installment computation date. As of the most recent such date, management believes that there is no rebutable arbitrage amount due. Future calculations might result in adjustments to this determination.

Debt Covenant Requirements

Certain long-term debt obligations are subject to restrictive debt covenants with which management believes the City to be in compliance.

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

Landfill Closure and Post-closure Care

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. In addition to operating expenses related to current landfill activities, an expense provision and related liability are being recognized based on estimated future closure and post-closure care costs, which will be incurred near or after the date the landfill no longer accepts waste. During the current fiscal year, the landfill site was expanded to approximately 60 acres, which added approximately 2.5 million cubic yards to the existing capacity. The reported landfill closure and post-closure care cost obligation of \$2,211,299 represents the cumulative costs recorded to date, which is based on 41.7% capacity usage of the landfill as of June 30, 2012. The total estimated closure and post closure costs are currently estimated at \$5,309,353, and accordingly, an additional \$3,098,054 in costs are expected to be recognized through 2048, the year in which the landfill is expected to be fully utilized.

The City has allocated cash and cash equivalents in the amount of \$1,842,391, which is 83.3% of the recorded liability at June 30, 2012, which are being held in an interest-bearing account and are presented as restricted assets on the City's government-wide and proprietary funds statements of net position.

The estimated total current cost of the landfill closure and post-closure care of \$5,309,353 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2012. However, the actual cost of closure and post-closure care may increase due to inflation, changes in technology, or changes in landfill laws and regulations.

The City is also required by state and federal laws and regulations to make annual contributions to finance closure and post-closure care. The City plans to make future contributions to this fund and use the working capital of the utility fund to meet this obligation. It is anticipated that future inflation costs will be financed in part from investment earnings. The remaining portion of anticipated future inflation costs and additional costs that might arise from changes in post-closure requirements (for example, due to changes in technology or landfill laws and regulations) may need to be covered by additional charges to future landfill users, taxpayers or both.

Segment Information

The City has issued long-term debt (in some cases revenue supported) to finance design and construction of a raw water facility and delivery system and the City's share of the construction costs for the third Lake Mead intake facility. This debt has historically been paid from the revenues of the City's utility fund, the financial position, results of operations and cash flows of these enterprise funds are presented separately in the accompanying proprietary fund financial statements and no additional segment information disclosure is considered necessary.

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

Note 4. Other Information

Risk Management

The City is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these and other risks, the City is a participating member of the Nevada Public Agency Insurance Pool (the Pool). The Pool was created through an interlocal cooperative agreement (the agreement). As a participating member, the City is entitled to all the rights, privileges and protections and subject to all the duties and responsibilities under the agreement and bylaws of the Pool.

Including the City, 112 public agencies are members of the Pool as of June 30, 2012. Pool premiums are based on policy coverage. The City does not have any liability beyond the premium amounts paid and normal policy deductible limits. Settled claims did not exceed insurance coverage for fiscal years ended June 30, 2012, 2011, and 2010.

At June 30, 2012, the City's coverage for various types of risks, with a maintenance deductible is \$25,000 for each and every loss, claim or event was as follows:

Property has blanket coverage for all risks of physical loss or damage to all real and personal property. Casualty includes bodily injury, property damage and personal injury. Employment based benefits administration, law enforcement activities and wrongful acts for \$10,000,000 for any one event with a \$10,000,000 annual aggregate. Property, crime and equipment has a blanket limit per schedule of locations of \$300,000,000 per loss. Earthquake and flood coverage for \$100,000,000 annual aggregate each (flood coverage Zone A for \$10,000,000 annual aggregate). Crime includes money and securities for \$500,000 for each loss. Equipment breakdown, boiler and machinery for \$60,000,000 for each accident.

The City also carries Airport Liability Insurance, with no deductible. Completed operations aggregate limit of \$10,000,000. Personal injury and advertising injury aggregate limit of \$10,000,000. Malpractice limit of \$10,000,000 per occurrence and in the aggregate. Fire Damage limit any one fire \$250,000. Medical expense limit any one person \$50,000. Hanger keepers any one occurrence, or aircraft \$10,000,000. Non-owned aircraft liability limit \$10,000,000 per occurrence.

The City is a member of the Public Agency Compensation Trust (PACT) which is a risk sharing arrangement created by an interlocal cooperation agreement among Nevada public entities that operates as a workers' compensation association self-insured group authorized to provide all compensation and benefits required by the Workers' Compensation Law.

At June 30, 2012, coverage limits, with no maintenance deductible, were as follows:

Workers compensation coverage limit or indemnity is \$2,500,000 for each accident and \$2,500,000 for each employee for disease, Employers' Liability Coverage bodily injury by accident limit is \$2,000,000 for each accident and for bodily injury by disease the limit is \$2,000,000 for each employee. PACT has a specific retention of \$500,000 for each and every loss and/or claim and/or occurrence and a corridor deductible of \$500,000 in the aggregate in excess of the specific retention in any one policy year.

The United States has been experiencing a widespread recession accompanied by declines in residential real estate sales, mortgage lending and related construction activity, higher energy costs and other inflationary trends, and weakness in the commercial and investment banking systems, and is engaged in a war, all of which are likely to continue to have far-reaching effects on the economic activity in the country for an indeterminate period. The near- and long-term impact of these factors on the State's economy and the City's operating activities cannot be predicted at this time but may be substantial.

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

The City's cash and cash equivalents on deposit with financial institutions are often in excess of federally-insured limits, and the risk of losses related to such concentrations may increase as a result of the current economic conditions discussed in the foregoing paragraph. The extent of a future loss to be sustained as a result of uninsured deposits in the event of a future failure of a financial institution, if any, however, is not subject to estimation at this time.

Contingent liabilities

In the ordinary course of its operations, claims are filed against the City. City management intends to vigorously defend each claim and believes that these claims will not result in any material adverse future effect on the City's financial position, results of operation, or cash flows.

The City does not accrue for estimated future legal and defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters but rather, records such as period costs when the services are rendered.

Joint Venture

The Southern Nevada Water Authority (SNWA) is a political subdivision of the State, which was created by a cooperative agreement between the City, Big Bend Water District, Las Vegas Valley Water District, City of Henderson, City of Las Vegas, City of North Las Vegas, and the Clark County Reclamation District (the Members). SNWA's purpose is to secure additional supplies of water and effectively manage existing water supplies through cooperative action of the Members.

SNWA has the power to periodically assess the Members directly for operating and capital budgets and for the satisfaction of any liabilities imposed against SNWA. The City and other members do not have an expressed claim to the resources of the SNWA, except that upon termination of the joint venture any water rights or facilities remaining after payment of all obligations shall be returned to the contributing members.

The City is committed to purchase water from SNWA through 2033. In connection with this water purchase commitment, the City also agreed to reimburse SNWA for the City's share of debt incurred by SNWA to finance the construction of the Southern Nevada Water Project, Phases I and II. During the current fiscal year, the City paid SNWA \$2,200,381 related to this commitment, of which \$2,123,808 was for water purchases and \$76,573 was for debt service reimbursements. The total amount paid is included as a cost of water in the water quality control department of the City's utility fund. No liability has been recorded related to this commitment, since the City's future obligations are to be met by future user charges.

Audited financial statements of SNWA may be obtained by writing Treasurer, Southern Nevada Water Authority, 1001 South Valley View Boulevard, Mail Stop 320, Las Vegas, Nevada 89107, or by visiting snwa.com.

Retirement Plan

The City's employees are covered by the State's Public Employees' Retirement System (PERS). PERS was established on July 1, 1949, by the State Legislature and is governed by the Public Employees Retirement Board whose seven members are appointed by the Governor. All public employees who meet certain eligibility requirements participate in PERS, which is a cost sharing multiple-employer defined benefit retirement plan.

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

The City does not exercise any control over PERS. NRS 286.110 states, "Respective participating public employers are not liable for any obligation of the system." PERS issues a publicly available financial report that includes financial statements and required supplemental information. This report may be obtained by writing to PERS at 693 West Nye Lane, Carson City, Nevada 89703-1599 or by calling (775) 687-4200.

Benefits, as required by NRS, are determined by the number of years of accredited service at the time of retirement and the participant's highest average compensation in any 36 consecutive months. Benefit payments to which participants in PERS may be entitled include pension, disability, and death benefits.

Contribution rates are established by the NRS, which are tied to the increase in taxable sales within the State each year and provide for yearly increases of up to 1% until such time as the actuarially determined unfunded liability of PERS is reduced to zero. The City is obligated to contribute all amounts due under PERS. The City's contributions to PERS were as follows:

For the Year Ending June 30,	Contribution Rate		Contribution Amount
	Police and Fire Employees	Other Employees	
2012	39.75 %	23.75 %	\$ 3,216,266
2011	37.00 %	21.50 %	3,160,777
2010	37.00 %	21.50 %	3,143,516

Amounts contributed are equal to the required contribution for each year.

Postemployment Benefits Other Than Pensions (OPEB)

Plan Information

In accordance with NRS, the City provides other postemployment benefits to retirees by participating in the State's Public Employee Benefit Plan (PEBP), an agent multiple-employer defined benefit plan administered by a nine member governing board. PEBP provides medical, prescription, dental and vision benefits to retirees. The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the Public Employee Benefit Plan, 901 South Stewart Street, Suite 101, Carson City, NV 89701 or by calling (775) 684-7000.

Eligibility and subsidy requirements are governed by NRS and can only be amended through legislation. In 2008, the NRS were amended. As a result of this amendment, the number of retirees for whom the City is obligated to provide postemployment benefits is limited to eligible employees who retired from City service prior to September 1, 2008. The City does not provide any other postemployment benefits (either directly or indirectly).

Funding Policy and Annual OPEB Cost

The City is required to provide a subsidy, based on years of service for its retirees that have enrolled in the PEBP. The subsidy is paid on a pay-as-you-go basis and is set by the State Legislature. In fiscal year 2012, this subsidy ranged from \$2.95 to \$575.31 per retiree, per month.

Annual OPEB cost for the plan is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

(Continued)

CITY OF BOULDER CITY

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

The City's annual OPEB cost for the year, the amount contributed to the plan and the changes in the City's net OPEB obligation for 2012 were as follows:

	<u>Public Employee Benefit Program</u>
Annual required contribution (ARC)	\$ 94,208
Interest on net OPEB obligation	2,888
Adjustment to ARC	<u>(4,768)</u>
Annual OPEB cost	92,328
OPEB contributions made	<u>(103,720)</u>
Decrease in net OPEB obligation	(11,392)
Net OPEB obligation, beginning of year	<u>96,250</u>
Net OPEB obligation, end of year	<u><u>\$ 84,858</u></u>

The funded status of the plan as of the most recent actuarial valuation date was as follows:

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
Public Employee Benefit Program June 30, 2012	\$	\$ 1,901,928	\$ 1,901,928	0.0 %	N/A *	N/A *

* The Public Employee Benefit Plan is a closed plan; and therefore, there are no current covered employees.

The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The City's annual OPEB cost, employer contributions, the percentage of annual cost contributed to the plan and the net OPEB obligations were as follows:

<u>For the Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>OPEB Contributions Made</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
Public Employee Benefit Program				
2012	\$ 92,328	\$ (103,720)	(112.3)%	\$ 84,858
2011	163,601	(114,566)	(70.0)%	96,250
2010	164,396	(106,544)	(64.8)%	47,214

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the valuation date and the pattern of sharing benefit costs between the City and the plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

(Continued)

CITY OF BOULDER CITY
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

Significant actuarial methods and assumptions as of the most recent actuarial valuation date were as follows:

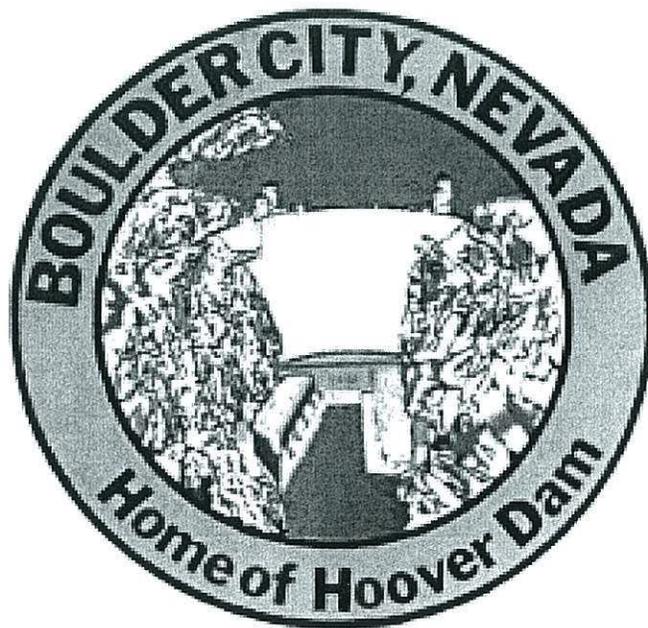
	<u>Public Employee Benefit Program</u>
Actuarial valuation date	June 30, 2012
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, open
Amortization period	30 years
Asset valuation method	No assets in trust
Actuarial assumptions	
Average retiree age	65-69
Investment rate of return	3.00 %
Projected salary increases	N/A *
Health cost inflation rates for the year ending June 30,	
2013	7.00 %
2014	6.50 %
2015	6.00 %
2016 - 2032	5.75 %
2033 - 2038	5.50 %
2039 - 2061	5.25 %
2062 - 2076	5.00 %
2077 - 2082	4.75 %
2082 and beyond	4.50 %

* The Public Employee Benefit Plan is a closed plan; and therefore, there are no current covered employees.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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**Required
Supplementary Information**



CITY OF BOULDER CITY

**POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2012**

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio		Annual Covered Payroll	UAAL as a Percent of Covered Payroll
PUBLIC EMPLOYEE BENEFIT PROGRAM							
June 30, 2012	\$ 1,901,928	\$ 1,901,928	1,901,928	0.0 %	N/A *	N/A *	
June 30, 2010	2,795,851	2,795,851	2,795,851	0.0 %	N/A *	N/A *	
June 30, 2008	2,138,799	2,138,799	2,138,799	0.0 %	N/A *	N/A *	

* The Public Employee Benefit Plan is a closed plan; and therefore, there are no current covered employees.

General Fund

The general fund is the main operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

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CITY OF BOULDER CITY

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property taxes	\$ 1,210,580	\$ 1,210,580	\$ 1,362,558	\$ 151,978
Room taxes	400,000	400,000	439,933	39,933
Licenses and permits	1,650,000	1,792,000	2,030,996	238,996
Intergovernmental	8,259,600	8,259,600	8,751,493	491,893
Charges for services	911,500	911,500	4,039,325	3,127,825
Fines and fees	850,000	850,000	937,507	87,507
Leases and royalties	6,885,124	6,885,124	5,142,309	(1,742,815)
Miscellaneous	3,355,000	3,355,000	111,488	(3,243,512)
Total revenues	23,521,804	23,663,804	22,815,609	(848,195)
EXPENDITURES				
General government				
Legislative				
Salaries and wages	478,247	478,247	482,318	(4,071)
Employee benefits	187,902	187,902	178,573	9,329
Services and supplies	311,191	311,191	241,018	70,173
Capital outlay	4,410	4,410	4,410	-
Total legislative	981,750	981,750	901,909	79,841
Executive				
Salaries and wages	322,589	322,589	288,300	34,289
Employee benefits	116,212	116,212	113,614	2,598
Services and supplies	172,500	172,500	158,883	13,617
Total executive	611,301	611,301	560,797	50,504
Finance				
Salaries and wages	467,550	467,550	438,193	29,357
Employee benefits	190,675	190,675	177,255	13,420
Services and supplies	55,000	55,000	45,827	9,173
Total finance	713,225	713,225	661,275	51,950
Information systems				
Salaries and wages	171,418	171,418	99,502	71,916
Employee benefits	67,921	67,921	36,887	31,034
Services and supplies	401,773	517,673	543,241	(25,568)
Capital outlay	8,720	8,720	8,720	-
Total information systems	649,832	765,732	679,630	86,102
Central services				
Salaries and wages	10,000	10,000	77,650	(67,650)
Employee benefits	-	-	24,334	(24,334)
Services and supplies	950,888	1,293,488	960,923	332,565
Capital outlay	25,200	25,200	8,191	17,009
Total central services	986,088	1,328,688	1,071,098	257,590
Total general government	3,942,196	4,400,696	3,874,709	525,987
Public safety				
Police				
Salaries and wages	2,826,308	2,826,308	2,814,127	12,181
Employee benefits	1,546,736	1,546,736	1,580,337	(33,601)
Services and supplies	900,950	900,950	730,659	170,291
Capital outlay	36,700	91,700	101,525	(9,825)
Total police	5,310,694	5,365,694	5,226,648	139,046

(Continued)

CITY OF BOULDER CITY

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance
Animal control				
Salaries and wages	130,932	130,932	132,792	(1,860)
Employee benefits	56,321	56,321	55,868	453
Services and supplies	48,160	48,160	17,358	30,802
Total animal control	<u>235,413</u>	<u>235,413</u>	<u>206,018</u>	<u>29,395</u>
Fire				
Salaries and wages	1,865,634	1,865,634	1,884,745	(19,111)
Employee benefits	943,829	943,829	959,660	(15,831)
Services and supplies	328,989	328,989	325,224	3,765
Capital outlay	135,884	155,884	16,924	138,960
Total fire	<u>3,274,336</u>	<u>3,294,336</u>	<u>3,186,553</u>	<u>107,783</u>
Total public safety	<u>8,820,443</u>	<u>8,895,443</u>	<u>8,619,219</u>	<u>276,224</u>
Judicial				
Municipal court				
Salaries and wages	347,044	347,044	323,631	23,413
Employee benefits	105,810	105,810	118,719	(12,909)
Services and supplies	101,430	101,430	59,802	41,628
Capital outlay	123,441	123,441	21,634	101,807
Total municipal court	<u>677,725</u>	<u>677,725</u>	<u>523,786</u>	<u>153,939</u>
Total judicial	<u>677,725</u>	<u>677,725</u>	<u>523,786</u>	<u>153,939</u>
Public works				
Highway and streets				
Salaries and wages	533,290	533,290	491,694	41,596
Employee benefits	230,806	230,806	220,424	10,382
Services and supplies	160,093	160,093	224,517	(64,424)
Capital outlay	36,800	36,800	36,800	0
Total highway and streets	<u>960,989</u>	<u>960,989</u>	<u>936,635</u>	<u>24,354</u>
Engineering				
Salaries and wages	287,312	287,312	292,635	(5,323)
Employee benefits	111,782	111,782	109,033	2,749
Services and supplies	36,900	36,900	23,579	13,321
Capital outlay	5,000	5,000	5,000	0
Total engineering	<u>440,994</u>	<u>440,994</u>	<u>425,247</u>	<u>15,747</u>
Administration				
Salaries and wages	125,553	125,553	126,903	(1,350)
Employee benefits	42,078	42,078	41,541	537
Services and supplies	431,250	576,250	434,988	141,262
Total administration	<u>598,881</u>	<u>743,881</u>	<u>603,432</u>	<u>140,449</u>
Landscaping				
Salaries and wages	529,478	529,478	498,403	31,075
Employee benefits	235,715	235,715	227,824	7,891
Services and supplies	281,468	281,468	283,259	(1,791)
Capital outlay	26,000	41,000	20,561	20,439
Total landscaping	<u>1,072,661</u>	<u>1,087,661</u>	<u>1,030,047</u>	<u>57,614</u>

(Continued)

CITY OF BOULDER CITY

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance
Building maintenance				
Salaries and wages	124,203	124,203	122,591	1,612
Employee benefits	53,597	53,597	54,891	(1,294)
Services and supplies	143,010	182,510	176,416	6,094
Capital outlay	23,500	23,500		23,500
Total building maintenance	<u>344,310</u>	<u>383,810</u>	<u>353,898</u>	<u>29,912</u>
Total public works	<u>3,417,835</u>	<u>3,617,335</u>	<u>3,349,259</u>	<u>268,076</u>
Culture and recreation				
Boulder City Municipal golf course				
Services and supplies	<u>1,154,951</u>	<u>1,154,951</u>	<u>1,118,931</u>	<u>36,020</u>
Senior citizens				
Services and supplies	<u>195,000</u>	<u>245,000</u>	<u>227,290</u>	<u>17,710</u>
Other recreation				
Salaries and wages	913,756	913,756	859,054	54,702
Employee benefits	272,171	272,171	272,212	(41)
Services and supplies	219,755	236,755	208,250	28,505
Capital outlay	<u>38,401</u>	<u>38,401</u>	<u></u>	<u>38,401</u>
Total other recreation	<u>1,444,083</u>	<u>1,461,083</u>	<u>1,339,516</u>	<u>121,567</u>
Swimming pool				
Salaries and wages	288,035	288,035	255,235	32,800
Employee benefits	67,927	67,927	58,425	9,502
Services and supplies	110,005	110,005	88,760	21,245
Capital outlay	<u>2,145</u>	<u>2,145</u>	<u></u>	<u>2,145</u>
Total swimming pool	<u>468,112</u>	<u>468,112</u>	<u>402,420</u>	<u>65,692</u>
Boulder Creek golf course				
Salaries and wages	13,513	13,513	12,428	1,085
Employee benefits	2,164	2,164	1,338	826
Services and supplies	1,814,410	1,814,410	1,820,721	(6,311)
Capital outlay	<u>85,000</u>	<u>85,000</u>	<u>29,370</u>	<u>55,630</u>
Total boulder creek golf course	<u>1,915,087</u>	<u>1,915,087</u>	<u>1,863,857</u>	<u>51,230</u>
Total culture and recreation	<u>5,177,233</u>	<u>5,244,233</u>	<u>4,952,014</u>	<u>292,219</u>
Community support				
Community development administration				
Salaries and wages	123,147	123,147	104,148	18,999
Employee benefits	37,135	37,135	36,069	1,066
Services and supplies	<u>11,058</u>	<u>11,058</u>	<u>18,345</u>	<u>(7,287)</u>
Total community development administration	<u>171,340</u>	<u>171,340</u>	<u>158,562</u>	<u>12,778</u>
Planning and zoning				
Salaries and wages	92,196	92,196	92,196	
Employee benefits	35,614	35,614	34,844	770
Services and supplies	4,380	4,380	3,123	1,257
Capital outlay	<u>1,000</u>	<u>1,000</u>	<u></u>	<u>1,000</u>
Total planning and zoning	<u>133,190</u>	<u>133,190</u>	<u>130,163</u>	<u>3,027</u>

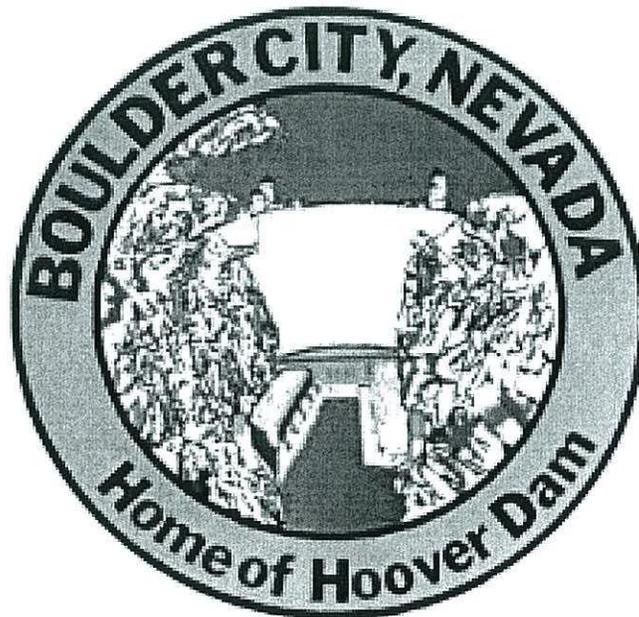
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CITY OF BOULDER CITY

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Building inspection and code enforcement				
Salaries and wages	121,149	173,149	143,482	29,667
Employee benefits	48,148	68,148	56,897	11,251
Services and supplies	28,200	28,200	31,740	(3,540)
Capital outlay		70,000	61,016	8,984
Total building inspection and code enforcement	<u>197,497</u>	<u>339,497</u>	<u>293,135</u>	<u>46,362</u>
Total community support	<u>502,027</u>	<u>644,027</u>	<u>581,860</u>	<u>62,167</u>
Debt service				
Principal payments	1,980,440	1,980,440	1,446,633	533,807
Interest and fiscal charges	324,586	324,586	342,120	(17,534)
Total debt service	<u>2,305,026</u>	<u>2,305,026</u>	<u>1,788,753</u>	<u>516,273</u>
Total expenditures	<u>24,842,485</u>	<u>25,784,485</u>	<u>23,689,600</u>	<u>2,094,885</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(1,320,681)</u>	<u>(2,120,681)</u>	<u>(873,991)</u>	<u>1,246,690</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(150,000)	(100,000)	(161,866)	(61,866)
Transfers from other funds	2,205,000	2,205,000	2,205,000	
Total other financing sources (uses)	<u>2,055,000</u>	<u>2,105,000</u>	<u>2,043,134</u>	<u>(61,866)</u>
CHANGE IN FUND BALANCE	<u>734,319</u>	<u>(15,681)</u>	<u>1,169,143</u>	<u>1,184,824</u>
FUND BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			(5,464,583)	
Adjustment			(328,000)	
FUND BALANCE, BEGINNING OF YEAR, AS ADJUSTED	<u>4,048,276</u>	<u>4,048,276</u>	<u>(5,792,583)</u>	<u>(9,840,859)</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,782,595</u>	<u>\$ 4,032,595</u>	<u>\$ (4,623,440)</u>	<u>\$ (8,656,035)</u>

**Note to Required
Supplementary Information**



CITY OF BOULDER CITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2012

Note 1. Postemployment Benefits Other Than Pensions

For the year ended June 30, 2012, no significant events occurred that would have affected; and therefore, would have changed the benefit provision, size or composition of those covered by the other postemployment benefit plans, or the actuarial methods and assumptions used in the actuarial valuation report dated October 3, 2012.

The actuarial accrued liability and unfunded actuarial accrued liability involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. These estimates are subject to continual revision.

Additional information related to postemployment benefits other than pensions can be found in Note 4 to the basic financial statements.

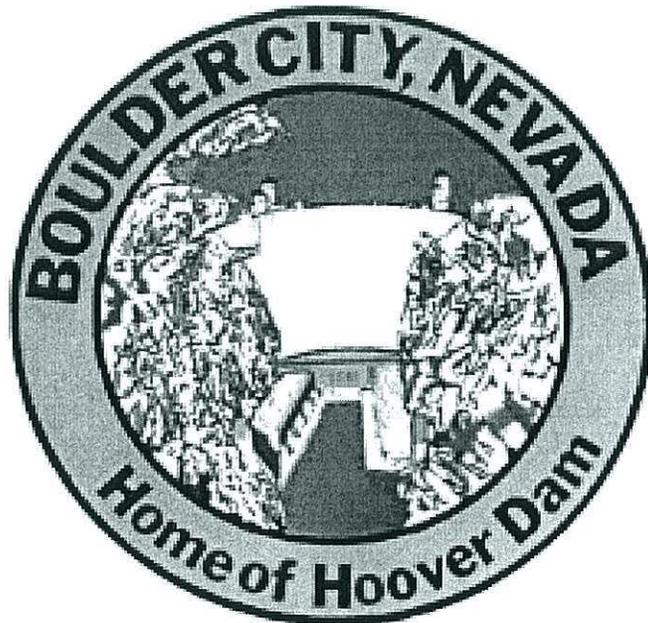
Note 2. Budget Information

The accompanying required supplementary schedule of revenues, expenditures and changes in fund balance presents the original adopted budget, the final amended budget, and actual general fund data. The original budget was adopted on a basis consistent with financial accounting policies and with accounting principles generally accepted in the United States. All amendments made to the original budget were as prescribed by law and similarly consistent.

Additional budgetary information can be found in Note 2 to the basic financial statements.

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Major Governmental Funds



CITY OF BOULDER CITY
MAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

Capital projects funds are used to account for financial resources that are restricted, committed or assigned to the improvement, acquisition or construction of capital assets.

Special Projects

Accounts for the acquisition and construction of major capital assets other than those financed by proprietary funds.

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CITY OF BOULDER CITY

**SPECIAL PROJECTS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Property taxes	\$ 50,000	\$ 50,000	\$ 31,688	\$ (18,312)
Intergovernmental	<u>11,659,035</u>	<u>11,659,035</u>	<u>5,109,197</u>	<u>(6,549,838)</u>
Total revenues	<u>11,709,035</u>	<u>11,709,035</u>	<u>5,140,885</u>	<u>(6,568,150)</u>
EXPENDITURES				
General government				
Finance				
Services and supplies			194,962	(194,962)
Capital outlay	<u>424,400</u>	<u>424,400</u>		<u>424,400</u>
Total general government	<u>424,400</u>	<u>424,400</u>	<u>194,962</u>	<u>229,438</u>
Public safety				
Police				
Services and supplies			85,047	(85,047)
Capital outlay	<u>1,870,000</u>	<u>1,870,000</u>		<u>1,870,000</u>
Total police	<u>1,870,000</u>	<u>1,870,000</u>	<u>85,047</u>	<u>1,784,953</u>
Fire				
Capital outlay	<u>75,000</u>	<u>1,251,273</u>	<u>1,177,197</u>	<u>74,076</u>
Total public safety	<u>1,945,000</u>	<u>3,121,273</u>	<u>1,262,244</u>	<u>1,859,029</u>
Public works				
Administration				
Services and supplies			215,258	(215,258)
Capital outlay	<u>10,516,535</u>	<u>10,516,535</u>	<u>6,010,688</u>	<u>4,505,847</u>
Total public works	<u>10,516,535</u>	<u>10,516,535</u>	<u>6,225,946</u>	<u>4,290,589</u>
Culture and recreation				
Other recreation				
Services and supplies			4,965	(4,965)
Capital outlay	<u>17,000</u>	<u>247,000</u>	<u>206,489</u>	<u>40,511</u>
Total culture and recreation	<u>17,000</u>	<u>247,000</u>	<u>211,454</u>	<u>35,546</u>
Community support				
Community development administration				
Services and supplies			38,843	(38,843)
Capital outlay	<u>148,090</u>	<u>148,090</u>		<u>148,090</u>
Total community support	<u>148,090</u>	<u>148,090</u>	<u>38,843</u>	<u>109,247</u>
Total expenditures	<u>13,051,025</u>	<u>14,457,298</u>	<u>7,933,449</u>	<u>6,523,849</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(1,341,990)</u>	<u>(2,748,263)</u>	<u>(2,792,564)</u>	<u>(44,301)</u>
OTHER FINANCING SOURCES				
Transfers from other funds	<u>915,000</u>	<u>2,091,273</u>	<u>1,777,200</u>	<u>(314,073)</u>
CHANGE IN FUND BALANCE	<u>(426,990)</u>	<u>(656,990)</u>	<u>(1,015,364)</u>	<u>(358,374)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>499,119</u>	<u>499,119</u>	<u>2,240,266</u>	<u>1,741,147</u>
FUND BALANCE, END OF YEAR	<u>\$ 72,129</u>	<u>\$ (157,871)</u>	<u>\$ 1,224,902</u>	<u>\$ 1,382,773</u>

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Non-Major Governmental Funds



CITY OF BOULDER CITY
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

Special revenue funds are used to account for financial resources that are restricted or committed to specific purposes other than debt service and capital projects.

Capital Improvement

Accounts for the accumulation of resources from the sale of City of Boulder City-owned land, which is specifically restricted by City Charter to be expended on voter approved projects. When designated projects are approved by the voters, resources of this fund are transferred to the special projects fund.

Police Forfeiture

Accounts for the proceeds received from the sale of forfeited property that may be used for any lawful purpose by the police department, except for ordinary expenses, in accordance with Nevada Revised Statute 179.1187.

Golf Course Improvement

Accounts for the accumulation of resources from a surcharge on each round of golf played and is specifically restricted to repay the City of Boulder City for financing improvements at the Boulder City Municipal golf course.

Redevelopment District #1

Accounts for the accumulation of resources from a portion of local property taxes and was established as a separate legal entity to encourage renovation and development in the City of Boulder City core business area.

Residential Construction Tax

Accounts for revenues from residential construction taxes that are specifically restricted for the development of park projects.

Municipal Court Construction Fee

Accounts for the collection of an administrative assessment in the municipal court for the provision of court facilities in accordance with Nevada Revised Statute 176.0611.

Municipal Court Administrative Assessment

Accounts for the collection of an administrative assessment in the municipal court for the training and education of personnel, acquisition of capital assets, management and operational studies, and audits in accordance with Nevada Revised Statute 176.059.

Sales and Use Tax

Accounts for revenues received from sales and use taxes that are to be used to employ and equip additional police officers.

Land Improvement

Accounts for up to two percent of the proceeds from land sales to be used for promotion and advertising of City-owned land.

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CITY OF BOULDER CITY

**NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012**

	<u>Capital Improvement</u>	<u>Police Forfeiture</u>	<u>Golf Course Improvement</u>	<u>Redevelopment District #1</u>	<u>Residential Construction Tax</u>
ASSETS					
Cash, cash equivalents and investments	\$ 5,113,271	\$ 45,443	\$ 116,012	\$ 2,385,132	\$ 80,294
Accounts receivable, net	90,474				
Taxes receivable				16,439	
Interest receivable	<u>5,213</u>			<u>1,617</u>	
Total assets	<u>\$ 5,208,958</u>	<u>\$ 45,443</u>	<u>\$ 116,012</u>	<u>\$ 2,403,188</u>	<u>\$ 80,294</u>
LIABILITIES					
Accounts payable				\$ 10,186	
Due to other funds					
Unearned revenues	<u>2,514,206</u>				
Total liabilities	<u>2,514,206</u>			<u>10,186</u>	
FUND BALANCES					
Restricted for					
Additional police officers		45,444			
Committed to					
Future projects	<u>2,694,752</u>	<u>(1)</u>	<u>116,012</u>	<u>2,393,002</u>	<u>80,294</u>
Total fund balances	<u>2,694,752</u>	<u>45,443</u>	<u>116,012</u>	<u>2,393,002</u>	<u>80,294</u>
Total liabilities and fund balances	<u>\$ 5,208,958</u>	<u>\$ 45,443</u>	<u>\$ 116,012</u>	<u>\$ 2,403,188</u>	<u>\$ 80,294</u>

(Continued)

CITY OF BOULDER CITY
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2012

	Municipal Court Construction Fee	Municipal Court Administrative Assessment	Sales and Use Tax	Land Improvement	Total Non-major Special Revenue Funds
ASSETS					
Cash, cash equivalents and investments	\$ 41,090	\$ 395,650		\$ 7,624	\$ 8,184,517
Accounts receivable, net				288	90,761
Taxes receivable			152,134		168,573
Interest receivable					6,830
Total assets	<u>\$ 41,090</u>	<u>\$ 395,650</u>	<u>\$ 152,134</u>	<u>\$ 7,912</u>	<u>\$ 8,450,681</u>
LIABILITIES					
Accounts payable	\$ 258	\$ 165			\$ 10,609
Due to other funds			152,134		152,134
Unearned revenues					2,514,206
Total liabilities	<u>258</u>	<u>165</u>	<u>152,134</u>		<u>2,676,949</u>
FUND BALANCES					
Restricted for					
Additional police officers					45,444
Committed to					
Future projects	<u>40,832</u>	<u>395,485</u>		<u>7,912</u>	<u>5,728,288</u>
Total fund balances	<u>40,832</u>	<u>395,485</u>		<u>7,912</u>	<u>5,773,732</u>
Total liabilities and fund balances	<u>\$ 41,090</u>	<u>\$ 395,650</u>	<u>\$ 152,134</u>	<u>\$ 7,912</u>	<u>\$ 8,450,681</u>

CITY OF BOULDER CITY

**NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Capital Improvement</u>	<u>Police Forfeiture</u>	<u>Golf Course Improvement</u>	<u>Redevelopment District #1</u>	<u>Residential Construction Tax</u>
REVENUES					
Property taxes	\$	\$	\$	\$ 661,101	\$
Charges for services			118,863		
Fines and fees					
Leases and royalties	1,066,170			41	
Miscellaneous	<u>22,737</u>			<u>3,105</u>	<u>6,000</u>
Total revenues	<u>1,088,907</u>		<u>118,863</u>	<u>664,247</u>	<u>6,000</u>
EXPENDITURES					
Current					
General government				436,821	
Public safety		46,607			
Judicial					
Culture and recreation			<u>61,353</u>		
Total current		<u>46,607</u>	<u>61,353</u>	<u>436,821</u>	
Capital outlay					
Judicial					
Culture and recreation			<u>122,806</u>		
Total capital outlay			<u>122,806</u>		
Total expenditures		<u>46,607</u>	<u>184,159</u>	<u>436,821</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,088,907</u>	<u>(46,607)</u>	<u>(65,296)</u>	<u>227,426</u>	<u>6,000</u>
OTHER FINANCING SOURCES (USES)					
Transfers to other funds	(1,177,200)			(750,000)	
Transfers from other funds					
Total other financing sources (uses)	<u>(1,177,200)</u>			<u>(750,000)</u>	
CHANGE IN FUND BALANCE	<u>(88,293)</u>	<u>(46,607)</u>	<u>(65,296)</u>	<u>(522,574)</u>	<u>6,000</u>
FUND BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	2,865,045	92,050	181,308	2,915,576	74,294
Adjustment	<u>(82,000)</u>				
FUND BALANCE, BEGINNING OF YEAR, AS ADJUSTED	<u>2,783,045</u>	<u>92,050</u>	<u>181,308</u>	<u>2,915,576</u>	<u>74,294</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,694,752</u>	<u>\$ 45,443</u>	<u>\$ 116,012</u>	<u>\$ 2,393,002</u>	<u>\$ 80,294</u>

(Continued)

CITY OF BOULDER CITY

**NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

	Municipal Court Construction Fee	Municipal Court Administrative Assessment	Sales and Use Tax	Land Improvement	Total Non-major Special Revenue Funds
REVENUES					
Property taxes	\$	\$	\$ 587,166	\$	\$ 1,248,267
Charges for services					118,863
Fines and fees	56,755	120,699			177,454
Leases and royalties					1,066,211
Miscellaneous					31,842
Total revenues	<u>56,755</u>	<u>120,699</u>	<u>587,166</u>		<u>2,642,637</u>
EXPENDITURES					
Current					
General government					436,821
Public safety			829,641		876,248
Judicial	5,042	56,001			61,043
Culture and recreation					61,353
Total current	<u>5,042</u>	<u>56,001</u>	<u>829,641</u>		<u>1,435,465</u>
Capital outlay					
Judicial	377,335	28,454			405,789
Culture and recreation					122,806
Total capital outlay	<u>377,335</u>	<u>28,454</u>			<u>528,595</u>
Total expenditures	<u>382,377</u>	<u>84,455</u>	<u>829,641</u>		<u>1,964,060</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(325,622)</u>	<u>36,244</u>	<u>(242,475)</u>		<u>678,577</u>
OTHER FINANCING SOURCES (USES)					
Transfers to other funds					(1,927,200)
Transfers from other funds			161,866		161,866
Total other financing sources (uses)			<u>161,866</u>		<u>(1,765,334)</u>
CHANGE IN FUND BALANCE	<u>(325,622)</u>	<u>36,244</u>	<u>(80,609)</u>		<u>(1,086,757)</u>
FUND BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	366,454	359,241	80,609	7,912	6,942,489
Adjustment					(82,000)
FUND BALANCE, BEGINNING OF YEAR, AS ADJUSTED	<u>366,454</u>	<u>359,241</u>	<u>80,609</u>	<u>7,912</u>	<u>6,860,489</u>
FUND BALANCE, END OF YEAR	<u>\$ 40,832</u>	<u>\$ 395,485</u>	<u>\$</u>	<u>\$ 7,912</u>	<u>\$ 5,773,732</u>

CITY OF BOULDER CITY

CAPITAL IMPROVEMENT SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Leases and royalties	\$ 1,518,581	\$ 1,518,581	\$ 1,066,170	\$ (452,411)
Miscellaneous	40,000	40,000	22,737	(17,263)
Total revenues	<u>1,558,581</u>	<u>1,558,581</u>	<u>1,088,907</u>	<u>(469,674)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,558,581</u>	<u>1,558,581</u>	<u>1,088,907</u>	<u>(469,674)</u>
OTHER FINANCING USES				
Transfers to other funds	<u>(500,000)</u>	<u>(1,676,273)</u>	<u>(1,177,200)</u>	<u>499,073</u>
CHANGE IN FUND BALANCE	<u>\$ 1,058,581</u>	<u>\$ (117,692)</u>	<u>(88,293)</u>	<u>\$ 29,399</u>
FUND BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			2,865,045	
Adjustment			<u>(82,000)</u>	
FUND BALANCE, BEGINNING OF YEAR, AS ADJUSTED			<u>2,783,045</u>	
FUND BALANCE, END OF YEAR			<u>\$ 2,694,752</u>	

CITY OF BOULDER CITY

**POLICE FORFEITURE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES				
Public safety				
Police				
Salaries and wages	\$	\$	\$ 10,973	\$ (10,973)
Employee benefits			1,857	(1,857)
Services and supplies	<u>2,722</u>	<u>2,722</u>	<u>33,777</u>	<u>(31,055)</u>
Total expenditures	<u>2,722</u>	<u>2,722</u>	<u>46,607</u>	<u>(43,885)</u>
CHANGE IN FUND BALANCE	<u>\$ (2,722)</u>	<u>\$ (2,722)</u>	(46,607)	<u>\$ (43,885)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>92,050</u>	
FUND BALANCE, END OF YEAR			<u>\$ 45,443</u>	

CITY OF BOULDER CITY

GOLF COURSE IMPROVEMENT SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Charges for services	\$ 100,000	\$ 100,000	\$ 118,863	\$ 18,863
EXPENDITURES				
Culture and recreation				
Boulder City Municipal golf course			61,353	(61,353)
Services and supplies			122,806	(122,806)
Capital outlay				
Total expenditures			184,159	(184,159)
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(100,000)	(100,000)		100,000
Total other financing sources (uses)	(100,000)	(100,000)		100,000
CHANGE IN FUND BALANCE	<u>\$</u>	<u>\$</u>	(65,296)	<u>\$</u> (65,296)
FUND BALANCE, BEGINNING OF YEAR			181,308	
FUND BALANCE, END OF YEAR			<u>\$ 116,012</u>	

CITY OF BOULDER CITY

REDEVELOPMENT DISTRICT #1 SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Property taxes	\$ 1,229,000	\$ 1,229,000	\$ 661,101	\$ (567,899)
Leases and royalties			41	41
Miscellaneous	<u>15,000</u>	<u>15,000</u>	<u>3,105</u>	<u>(11,895)</u>
Total revenues	<u>1,244,000</u>	<u>1,244,000</u>	<u>664,247</u>	<u>(579,753)</u>
EXPENDITURES				
General government				
Central services				
Salaries and wages	65,378	65,378	36,832	28,546
Employee benefits	17,712	17,712	16,374	1,338
Services and supplies		104,626	383,615	(278,989)
Capital outlay	<u>284,406</u>	<u>284,406</u>		<u>284,406</u>
Total expenditures	<u>367,496</u>	<u>472,122</u>	<u>436,821</u>	<u>35,301</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>876,504</u>	<u>771,878</u>	<u>227,426</u>	<u>(544,452)</u>
OTHER FINANCING USES				
Transfers to other funds	<u>(750,000)</u>	<u>(750,000)</u>	<u>(750,000)</u>	
CHANGE IN FUND BALANCE	<u>\$ 126,504</u>	<u>\$ 21,878</u>	<u>(522,574)</u>	<u>\$ (544,452)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>2,915,576</u>	
FUND BALANCE, END OF YEAR			<u>\$ 2,393,002</u>	

CITY OF BOULDER CITY

**RESIDENTIAL CONSTRUCTION TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Miscellaneous	\$ 15,000	\$ 15,000	\$ 6,000	\$ (9,000)
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(15,000)	(15,000)		15,000
CHANGE IN FUND BALANCE	<u>\$</u>	<u>\$</u>	6,000	<u>\$ 6,000</u>
FUND BALANCE, BEGINNING OF YEAR			<u>74,294</u>	
FUND BALANCE, END OF YEAR			<u>\$ 80,294</u>	

CITY OF BOULDER CITY

**MUNICIPAL COURT CONSTRUCTION FEE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Fines and fees	\$ 55,000	\$ 55,000	\$ 56,755	\$ 1,755
EXPENDITURES				
Judicial				
Municipal court				
Services and supplies	34,000	34,000	5,042	28,958
Capital outlay	<u> </u>	<u>368,583</u>	<u>377,335</u>	<u>(8,752)</u>
Total expenditures	<u>34,000</u>	<u>402,583</u>	<u>382,377</u>	<u>20,206</u>
CHANGE IN FUND BALANCE	<u>\$ 21,000</u>	<u>\$ (347,583)</u>	(325,622)	<u>\$ 21,961</u>
FUND BALANCE, BEGINNING OF YEAR			<u>366,454</u>	
FUND BALANCE, END OF YEAR			<u>\$ 40,832</u>	

CITY OF BOULDER CITY

MUNICIPAL COURT ADMINISTRATIVE ASSESSMENT SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Fines and fees	\$ 60,000	\$ 60,000	\$ 120,699	\$ 60,699
EXPENDITURES				
Judicial				
Municipal court				
Salaries and wages	47,574	47,574	21,606	25,968
Employee benefits	22,834	22,834	9,809	13,025
Services and supplies	27,500	27,500	24,586	2,914
Capital outlay	20,000	20,000	28,454	(8,454)
Total expenditures	<u>117,908</u>	<u>117,908</u>	<u>84,455</u>	<u>33,453</u>
CHANGE IN FUND BALANCE	<u>\$ (57,908)</u>	<u>\$ (57,908)</u>	36,244	<u>\$ 94,152</u>
FUND BALANCE, BEGINNING OF YEAR			<u>359,241</u>	
FUND BALANCE, END OF YEAR			<u>\$ 395,485</u>	

CITY OF BOULDER CITY

**SALES AND USE TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Property taxes	\$ 575,000	\$ 575,000	\$ 587,166	\$ 12,166
EXPENDITURES				
Public safety				
Police				
Salaries and wages	396,245	396,245	519,489	(123,244)
Employee benefits	245,029	245,029	293,062	(48,033)
Services and supplies			17,090	(17,090)
Total expenditures	<u>641,274</u>	<u>641,274</u>	<u>829,641</u>	<u>(188,367)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(66,274)</u>	<u>(66,274)</u>	<u>(242,475)</u>	<u>(176,201)</u>
OTHER FINANCING SOURCES				
Transfers from other funds			161,866	161,866
CHANGE IN FUND BALANCE	<u>\$ (66,274)</u>	<u>\$ (66,274)</u>	<u>(80,609)</u>	<u>\$ (14,335)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>80,609</u>	
FUND BALANCE, END OF YEAR			<u>\$</u>	

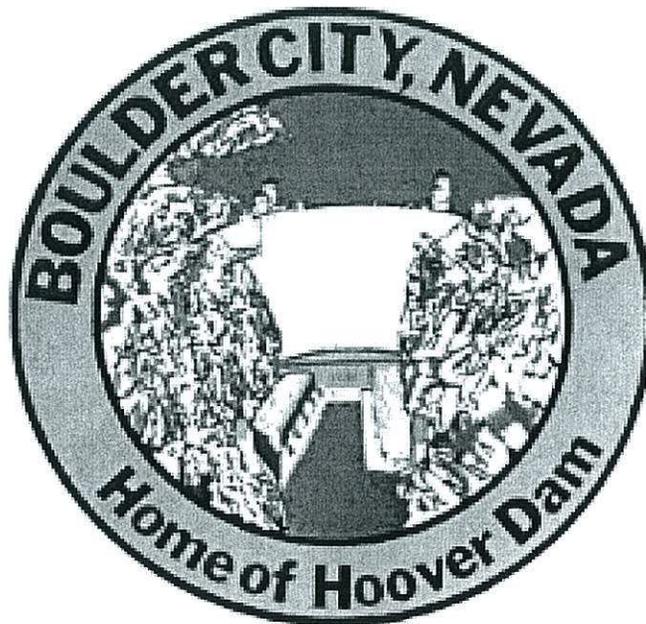
CITY OF BOULDER CITY

**LAND IMPROVEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Miscellaneous	\$ 10,000	\$ 10,000	\$ _____	\$ (10,000)
EXPENDITURES				
General government				
Legislative				
Capital outlay	10,000	10,000	_____	10,000
Total expenditures	10,000	10,000	_____	10,000
CHANGE IN FUND BALANCE	<u>\$ _____</u>	<u>\$ _____</u>		<u>\$ _____</u>
FUND BALANCE, BEGINNING OF YEAR			7,912	
FUND BALANCE, END OF YEAR			<u>\$ 7,912</u>	

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Proprietary Funds



CITY OF BOULDER CITY

MAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

Enterprise funds are used to account for activities for which a user fee is charged for goods or services.

Utility

Accounts for the electric, water, sewer and sanitation services provided to the residents of the City of Boulder City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operating, construction, maintenance, financing and related debt services, billing and collection.

Aviation

Accounts for aviation services provided to users of the City of Boulder City's airport. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operating, construction and maintenance.

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CITY OF BOULDER CITY

UTILITY ENTERPRISE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES				
Electric	\$ 14,150,000	\$ 14,150,000	\$ 14,130,461	\$ (19,539)
Water	7,500,000	7,500,000	6,029,921	(1,470,079)
Sewer	1,400,000	1,400,000	1,386,531	(13,469)
Refuse	825,000	825,000	869,470	44,470
Refuse special charges	230,000	230,000	215,796	(14,204)
Landfill receipts	200,000	200,000	124,968	(75,032)
Miscellaneous	230,000	230,000	210,359	(19,641)
Total operating revenues	<u>24,535,000</u>	<u>24,535,000</u>	<u>22,967,506</u>	<u>(1,567,494)</u>
OPERATING EXPENSES				
Salaries and wages	2,472,814	2,472,814	2,544,482	(71,668)
Employee benefits	1,260,158	1,260,158	976,909	283,249
Services and supplies	14,445,450	14,445,450	11,908,672	2,536,778
Depreciation			2,401,848	(2,401,848)
Total operating expenses	<u>18,178,422</u>	<u>18,178,422</u>	<u>17,831,911</u>	<u>346,511</u>
Operating income	<u>6,356,578</u>	<u>6,356,578</u>	<u>5,135,595</u>	<u>(1,220,983)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	30,000	30,000	22,428	(7,572)
Interest expense	2,090,506	2,090,506	(1,375,794)	(3,466,300)
.25% local sales and use tax	500,000	500,000	587,052	87,052
Grant revenue	200,000	200,000		(200,000)
Total nonoperating revenues (expenses)	<u>2,820,506</u>	<u>2,820,506</u>	<u>(766,314)</u>	<u>(3,586,820)</u>
Income before transfers	<u>9,177,084</u>	<u>9,177,084</u>	<u>4,369,281</u>	<u>(4,807,803)</u>
TRANSFERS				
Transfers to other funds	(2,159,000)	(2,159,000)	(2,159,000)	
Transfers from other funds	650,000	650,000	150,000	(500,000)
Total transfers	<u>(1,509,000)</u>	<u>(1,509,000)</u>	<u>(2,009,000)</u>	<u>(500,000)</u>
CHANGE IN NET POSITION	<u>\$ 7,668,084</u>	<u>\$ 7,668,084</u>	<u>2,360,281</u>	<u>\$ (5,307,803)</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			41,457,442	
Adjustment			632,153	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED			<u>42,089,595</u>	
NET POSITION, END OF YEAR			<u>\$ 44,449,876</u>	

CITY OF BOULDER CITY

**AVIATION ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES				
Rents and royalties	\$ 540,930	\$ 540,930	\$ 525,985	\$ (14,945)
Miscellaneous			12,072	12,072
Total operating revenues	<u>540,930</u>	<u>540,930</u>	<u>538,057</u>	<u>(2,873)</u>
OPERATING EXPENSES				
Salaries and wages	159,328	159,328	194,112	(34,784)
Employee benefits	65,339	65,339	67,048	(1,709)
Services and supplies	1,201,358	1,201,358	183,224	1,018,134
Depreciation			493,519	(493,519)
Total operating expenses	<u>1,426,025</u>	<u>1,426,025</u>	<u>937,903</u>	<u>488,122</u>
Operating loss	<u>(885,095)</u>	<u>(885,095)</u>	<u>(399,846)</u>	<u>485,249</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income			678	678
Grant revenue	1,000,000	1,000,000	3,568,126	2,568,126
Total nonoperating revenues (expenses)	<u>1,000,000</u>	<u>1,000,000</u>	<u>3,568,804</u>	<u>2,568,804</u>
CHANGE IN NET POSITION	<u>\$ 114,905</u>	<u>\$ 114,905</u>	3,168,958	<u>\$ 3,054,053</u>
NET POSITION, BEGINNING OF YEAR			<u>9,207,328</u>	
NET POSITION, END OF YEAR, END OF YEAR			<u>\$ 12,376,286</u>	

CITY OF BOULDER CITY

NON-MAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

Enterprise funds are used to account for activities for which a user fee is charged for goods or services.

Cemetery

Accounts for cemetery services provided to the residents of the City of Boulder City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operating, construction and maintenance.

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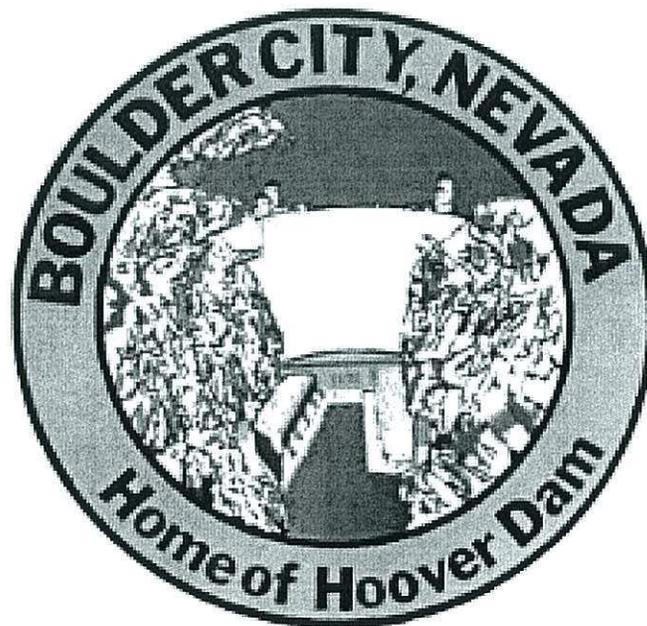
CITY OF BOULDER CITY

**CEMETARY ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES				
Opening and closing	\$ 12,000	\$ 12,000	\$	\$ (12,000)
Miscellaneous	64,000	64,000	89,672	25,672
Total operating revenues	<u>76,000</u>	<u>76,000</u>	<u>89,672</u>	<u>13,672</u>
OPERATING EXPENSES				
Services and supplies	102,322	102,322	35,843	66,479
Depreciation			18,767	(18,767)
Total operating expenses	<u>102,322</u>	<u>102,322</u>	<u>54,610</u>	<u>47,712</u>
Operating income (loss)	<u>(26,322)</u>	<u>(26,322)</u>	<u>35,062</u>	<u>61,384</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	<u>10,000</u>	<u>10,000</u>	<u>3,086</u>	<u>(6,914)</u>
Income (loss) before transfers	<u>(16,322)</u>	<u>(16,322)</u>	<u>38,148</u>	<u>54,470</u>
TRANSFERS				
Transfers to other funds	<u>(46,000)</u>	<u>(46,000)</u>	<u>(46,000)</u>	
CHANGE IN NET POSITION	<u>\$ (62,322)</u>	<u>\$ (62,322)</u>	<u>(7,852)</u>	<u>\$ 54,470</u>
NET POSITION, BEGINNING OF YEAR			<u>759,621</u>	
NET POSITION, END OF YEAR			<u>\$ 751,769</u>	

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Fiduciary Funds



CITY OF BOULDER CITY

AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments or other funds.

Evidence

Accounts for property confiscated by the police department prior to distribution by the court system.

Desert Tortoise Reserve

Accounts for the collection and distribution of funds for the Clark County Desert Tortoise Reserve.

Animal Control Contributions

Accounts for contributions for use by animal control.

American Legion Flag Contributions

Accounts for contributions to be used by the American Legion for the purchase of flags.

Payroll Deductions

Accounts for the collection and distribution of funds for payroll related liabilities.

Police Unclaimed

Accounts for funds collected by the police department and never claimed.

Room Tax

Accounts for the collection and distribution of room taxes received from various hotels within the City of Boulder City.

Cascata Contributions

Accounts for contributions received from Cascata Golf Course, prior to distribution to local not-for-profit organizations.

Police Department Contributions

Accounts for the collection and distribution of police department contributions.

Recreation Contributions

Accounts for the collection and distribution of recreation contributions.

Fire Department Contributions

Accounts for the collection and distribution of fire department contributions.

Adams Boulevard Memorial Trees

Accounts for the collection and distribution of contributions for the Adams Boulevard tree project.

Beautify City Entrance

Accounts for the collection and distribution of contributions for the beautifying the entrance to the City of Boulder City.

Safety Committee Donations

Accounts for the collection and distribution of safety committee donations.

Parent Project

Accounts for the collection and distribution of funds used to conduct parent training program designed specifically for parents of strong-willed or out of control adolescent children in the City of Boulder City.

Solar Energy Contributions

Accounts for the collection of funds to be used for various renewable energy projects.

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CITY OF BOULDER CITY

**AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2012**

		Evidence	Desert Tortoise Reserve	Animal Control Contributions	American Legion Flag Contributions	Payroll Deductions	Room Tax	Police Department Contributions	Recreation Contributions	Fire Department Contributions
ASSETS										
Cash, cash equivalents and investments	\$	48,869	\$ 545	\$ 21,853	\$ 898	\$ 399,834	\$ 16,399	\$ 2,130	\$ 153,715	\$ 5,624
Due from other governments						1,012				
Total assets	\$	48,869	\$ 545	\$ 21,853	\$ 898	\$ 400,846	\$ 16,399	\$ 2,130	\$ 153,715	\$ 5,624
LIABILITIES										
Funds held for others	\$	48,869	\$ 545	\$ 21,853	\$ 898	\$ 400,846	\$ 16,399	\$ 2,130	\$ 153,715	\$ 5,624

(Continued)

CITY OF BOULDER CITY

**AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES (CONTINUED)
JUNE 30, 2012**

	Beautyfy City Entrance	Safety Committee Donations	Solar Energy Contributions	Total Agency Funds
ASSETS				
Cash, cash equivalents and investments	\$ 8,987	\$ 4,272	\$ 590,200	\$ 1,253,326
Due from other governments	<u> </u>	<u> </u>	<u> </u>	<u>1,012</u>
Total assets	<u>\$ 8,987</u>	<u>\$ 4,272</u>	<u>\$ 590,200</u>	<u>\$ 1,254,338</u>
LIABILITIES				
Funds held for others	<u>\$ 8,987</u>	<u>\$ 4,272</u>	<u>\$ 590,200</u>	<u>\$ 1,254,338</u>

CITY OF BOULDER CITY

AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
EVIDENCE				
ASSETS				
Cash, cash equivalents and investments	\$ 48,869			\$ 48,869
LIABILITIES				
Funds held for others	\$ 48,869			\$ 48,869
DESERT TORTOISE RESERVE				
ASSETS				
Cash, cash equivalents and investments	\$ 545			\$ 545
LIABILITIES				
Funds held for others	\$ 545			\$ 545
ANIMAL CONTROL CONTRIBUTIONS				
ASSETS				
Cash, cash equivalents and investments	\$ 19,371	\$ 2,482		\$ 21,853
LIABILITIES				
Funds held for others	\$ 19,371	\$ 2,482		\$ 21,853
AMERICAN LEGION FLAG CONTRIBUTIONS				
ASSETS				
Cash, cash equivalents and investments	\$ 898			\$ 898
LIABILITIES				
Funds held for others	\$ 898			\$ 898
PAYROLL DEDUCTIONS				
ASSETS				
Cash, cash equivalents and investments	\$ 533,531	\$ 376,154	\$ 509,851	\$ 399,834
Due from other governments	80,725		79,713	1,012
Total assets	\$ 614,256	\$ 376,154	\$ 589,564	\$ 400,846
LIABILITIES				
Funds held for others	\$ 614,256	\$ 376,154	\$ 589,564	\$ 400,846
POLICE UNCLAIMED				
ASSETS				
Cash, cash equivalents and investments	\$ 2,882		\$ 2,882	
LIABILITIES				
Funds held for others	\$ 2,882		\$ 2,882	

CITY OF BOULDER CITY

AGENCY FUNDS

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
ROOM TAX				
ASSETS				
Cash, cash equivalents and investments	\$ 19,805	\$ 181,322	\$ 184,728	\$ 16,399
LIABILITIES				
Funds held for others	\$ 19,805	\$ 181,322	\$ 184,728	\$ 16,399
CASCATA CONTRIBUTIONS				
ASSETS				
Cash, cash equivalents and investments	\$ 14,485		\$ 14,485	
LIABILITIES				
Funds held for others	\$ 14,485		\$ 14,485	
POLICE DEPARTMENT CONTRIBUTIONS				
ASSETS				
Cash, cash equivalents and investments	\$ 21,922	\$ 443	\$ 20,235	\$ 2,130
LIABILITIES				
Funds held for others	\$ 21,922	\$ 443	\$ 20,235	\$ 2,130
RECREATION CONTRIBUTIONS				
ASSETS				
Cash, cash equivalents and investments	\$ 105,681	\$ 74,784	\$ 26,750	\$ 153,715
LIABILITIES				
Funds held for others	\$ 105,681	\$ 74,784	\$ 26,750	\$ 153,715
FIRE DEPARTMENT CONTRIBUTIONS				
ASSETS				
Cash, cash equivalents and investments	\$ 4,843	\$ 1,110	\$ 329	\$ 5,624
LIABILITIES				
Funds held for others	\$ 4,843	\$ 1,110	\$ 329	\$ 5,624
ADAMS BOULEVARD MEMORIAL TREES				
ASSETS				
Cash, cash equivalents and investments	\$ 4,335		\$ 4,335	
LIABILITIES				
Funds held for others	\$ 4,335		\$ 4,335	
BEAUTIFY CITY ENTRANCE				
ASSETS				
Cash, cash equivalents and investments	\$ 15,184	\$ 488	\$ 6,685	\$ 8,987
LIABILITIES				
Funds held for others	\$ 15,184	\$ 488	\$ 6,685	\$ 8,987

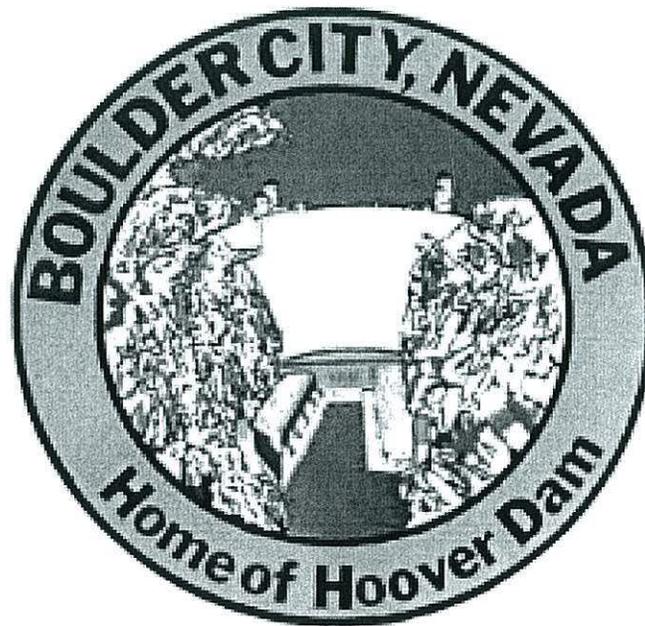
CITY OF BOULDER CITY

AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
SAFETY COMMITTEE DONATIONS				
ASSETS				
Cash, cash equivalents and investments	\$ 5,077	\$	\$ 805	\$ 4,272
LIABILITIES				
Funds held for others	\$ 5,077	\$	\$ 805	\$ 4,272
PARENT PROJECT				
ASSETS				
Cash, cash equivalents and investments	\$ 4,826	\$	\$ 4,826	\$
Total assets	\$ 4,826	\$	\$ 4,826	\$
LIABILITIES				
Funds held for others	\$ 4,826	\$	\$ 4,826	\$
Total liabilities	\$ 4,826	\$	\$ 4,826	\$
SOLAR ENERGY CONTRIBUTIONS				
ASSETS				
Cash, cash equivalents and investments	\$	\$ 595,000	\$ 4,800	\$ 590,200
LIABILITIES				
Funds held for others	\$	\$ 595,000	\$ 4,800	\$ 590,200
TOTAL AGENCY FUNDS				
ASSETS				
Cash, cash equivalents and investments	\$ 802,254	\$ 1,231,783	\$ 780,711	\$ 1,253,326
Due from other governments	80,725		79,713	1,012
Total assets	\$ 882,979	\$ 1,231,783	\$ 860,424	\$ 1,254,338
LIABILITIES				
Funds held for others	\$ 882,979	\$ 1,231,783	\$ 860,424	\$ 1,254,338

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Other Required Supplementary Information



P B T K

**PIERCY BOWLER
TAYLOR & KERN**

Certified Public Accountants
Business Advisors

**INDEPENDENT AUDITORS' 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***

Members of the City Council
City of Boulder City, Nevada

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Boulder City (the City), as of and for the year ended June 30, 2012, and have issued our report thereon dated November 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying schedule of findings and question costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and question costs as items 2012-1 through 2012-5 to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and question costs as items 2012-6 through 2012-8 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, including whether the funds established by the City, as listed in Nevada Revised Statutes (NRS) 354.624 (5)(a)(1 through 5) complied with the express purposes required by NRS 354.6241. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City in a separate letter dated November 21, 2012.

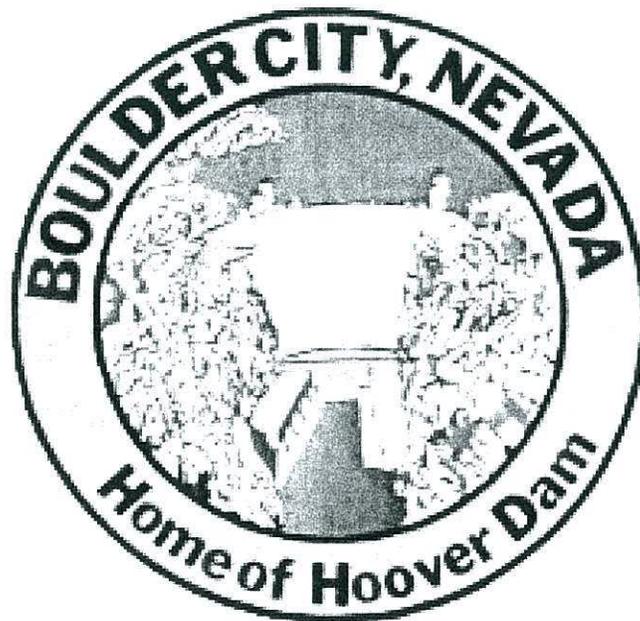
The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and question costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management and members of the City Council and others within the City. However, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in blue ink that reads "Penny Boulder Taylor & Lane". The signature is written in a cursive, flowing style.

November 21, 2012

Statistical Section



CITY OF BOULDER CITY
STATISTICAL SECTION
FINANCIAL TRENDS
FOR THE YEAR ENDED JUNE 30, 2012

The following tables contain financial trend information to enable the reader to understand how the financial performance of the City of Boulder City has changed over time.

- Table 1 - Net Position by Component
- Table 2 - Changes in Net Position
- Table 3 - Fund Balances - Governmental Funds
- Table 4 - Changes in Fund Balances - Governmental Funds

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CITY OF BOULDER CITY

Net Position by Component, Last Ten Fiscal Years
Accrual basis of accounting
(Unaudited)

	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
Governmental activities										
Net investment in capital assets										
Restricted	\$ 58,562,337	\$ 59,196,125	\$ 59,391,263	\$ 61,889,580	\$ 64,926,313	\$ 65,211,171	\$ 65,496,885	\$ 66,488,072	\$ 71,172,114	\$ 76,648,958
Unrestricted	4,914,202	6,024,955	7,484,167	8,521,247	8,748,540	6,319,841	7,128,013	8,445,882	80,609	45,444
Total governmental activities net position	4,944,596	2,008,679	66,875,430	70,903,527	74,342,790	72,125,654	73,034,593	75,130,744	1,369,378	(85,145)
	\$ 67,521,135	\$ 67,229,159	\$ 66,875,430	\$ 70,903,527	\$ 74,342,790	\$ 72,125,654	\$ 73,034,593	\$ 75,130,744	\$ 72,622,101	\$ 76,609,257
Business-type activities										
Net investment in capital assets										
Restricted	29,692,403	39,229,514	36,046,979	34,655,892	38,529,468	40,150,608	39,641,022	40,809,770	33,668,189	29,645,826
Unrestricted	1,353,984	132,411	1,163,994	408,607	1,280,592	1,457,101	2,660,373	3,376,838	5,314,431	5,314,431
Total business-type activities net position	11,863,586	2,186,686	2,238,690	59,359	1,006,379	1,106,102	109,805	2,196,667	12,441,771	37,932,105
	\$ 42,909,973	\$ 41,548,611	\$ 39,439,663	\$ 35,123,858	\$ 40,816,439	\$ 42,713,811	\$ 42,411,200	\$ 46,383,275	\$ 51,424,391	\$ 57,577,931
Primary government										
Net investment in capital assets										
Restricted	88,254,760	98,425,639	95,438,242	96,545,472	103,455,781	105,361,779	105,137,907	107,297,842	104,840,303	106,294,784
Unrestricted	6,268,186	6,157,366	9,712,857	8,580,606	9,754,919	7,425,943	7,237,818	10,642,549	5,395,040	45,444
Total primary government net position	15,908,182	4,194,365	106,315,093	106,027,385	115,159,229	114,839,465	115,445,793	121,514,019	13,811,149	27,846,960
	\$ 110,431,128	\$ 108,777,770	\$ 106,315,093	\$ 106,027,385	\$ 115,159,229	\$ 114,839,465	\$ 115,445,793	\$ 121,514,019	\$ 124,046,492	\$ 134,187,188

CITY OF BOULDER CITY
Changes in Net Position, Last Ten Fiscal Years
Accrual basis of accounting
(Unaudited)

	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
Expenses										
Governmental activities										
General government	\$ 3,314,728	\$ 3,324,657	\$ 4,260,228	\$ 3,841,233	\$ 4,428,713	\$ 4,550,057	\$ 4,455,088	\$ 4,048,584	\$ 3,828,555	\$ 4,699,541
Judicial	367,397	382,335	358,102	393,959	408,062	481,389	494,969	596,017	576,424	607,243
Public safety	6,394,384	7,777,765	7,286,125	7,138,480	9,258,610	9,944,431	9,560,246	9,517,546	9,815,039	10,173,016
Public works	4,026,866	3,898,312	4,322,704	4,784,449	3,827,770	4,973,350	6,006,811	6,287,420	5,899,045	5,476,502
Culture and recreation	4,351,206	4,442,063	4,464,246	5,270,092	4,425,713	4,849,890	3,868,091	3,216,498	6,565,586	6,387,082
Community support	670,190	668,367	651,892	742,570	944,422	833,294	685,443	575,128	510,392	571,468
Interest on long-term debt	6,122								342,848	342,120
Total governmental activities expenses	19,131,093	19,493,499	21,323,297	22,170,783	23,293,290	25,632,411	25,070,968	24,241,193	27,537,889	28,236,972
Business-type activities										
Utility	15,059,253	16,955,298	17,078,879	18,782,189	17,070,177	18,723,523	18,744,818	19,197,026	18,923,849	19,207,705
Golf course	3,701,878	6,067,733	4,674,778	4,708,260	4,102,942	4,198,189	3,019,022	2,756,959		
Aviation								715,930		937,903
Other business activities	240,286	239,075	324,807	453,929	362,906	388,980	630,106	22,669,915	814,251	54,610
Total business-type activities expenses	19,001,417	23,262,106	22,078,464	23,944,378	21,536,025	23,310,692	22,393,946	22,669,915	19,738,100	20,200,218
Total primary government expenses	\$ 38,132,510	\$ 42,755,605	\$ 43,401,761	\$ 46,115,161	\$ 44,829,315	\$ 48,943,103	\$ 47,464,914	\$ 46,911,108	\$ 47,276,000	\$ 48,437,190
Program Revenues										
Governmental activities										
Charges for services	\$ 1,364,734	\$ 1,362,282	\$ 1,898,817	\$ 1,452,663	\$ 1,353,410	\$ 1,428,197	\$ 1,408,883	\$ 1,576,977	\$ 1,308,598	\$ 2,030,996
General government	94,813	94,813	68,277	633,738	776,780	866,176	1,023,178	907,713	920,647	1,114,961
Judicial	243,517	243,517	331,511	329,312	338,180	355,495	340,102	337,823	379,915	471,671
Public safety	59,344	59,344								
Public works	2,186,791	1,992,441	2,032,303	2,712,486	2,095,293	2,144,725	1,940,316	1,762,776	3,647,458	3,680,622
Culture and recreation			16,600	13,657	36,508	31,847	1,124	21,233	17,723	5,895
Community support	3,949,199	3,752,397	4,347,508	5,141,856	4,600,171	4,826,440	4,713,603	4,606,522	6,274,341	7,304,145
Operating grants and contributions	42,715	37,014	76,776	236,303	904,827	138,425	85,055	844,402	349,574	134,323
Capital grants and contributions	3,074,166	3,375,487	1,048,125	3,870,697	3,613,833	575,766	2,314,844	2,997,907	1,813,618	4,917,590
Total governmental activities program revenues	7,066,080	7,164,898	5,472,409	9,248,856	9,118,831	5,540,631	7,113,502	8,448,831	8,437,533	12,356,058
Business-type activities										
Charges for services	14,190,590	17,005,612	15,620,432	16,572,394	19,432,531	18,847,726	18,510,706	21,098,629	22,244,673	22,967,506
Utility	1,285,123	2,177,811	2,464,779	2,522,116	3,102,583	3,088,608	2,472,653	2,147,087		
Golf course										
Aviation	289,025	351,869	208,694	313,450	348,448	570,306	500,836	489,927	646,540	538,057
Other business activities	15,706,478	19,535,292	18,295,905	19,407,960	22,883,562	22,506,640	21,484,195	23,735,643	22,891,213	23,595,235
Total charges for services	15,802,623	19,535,292	18,295,905	19,407,960	22,883,562	22,506,640	21,484,195	23,735,643	22,891,213	23,595,235
Capital grants and contributions	1,580,798	1,139,437	1,583,684	999,639	3,027,880	3,042,034	1,785,114	3,876,882	741,138	3,568,126
Total business-type activities program revenues	17,345,336	20,674,729	19,877,389	25,911,442	25,911,442	25,548,674	23,269,309	27,612,525	23,632,351	27,163,361
Total primary government program revenues	\$ 24,411,616	\$ 27,839,627	\$ 25,349,998	\$ 28,736,455	\$ 35,030,273	\$ 31,089,305	\$ 30,382,811	\$ 36,061,356	\$ 32,069,884	\$ 39,519,419
Net Revenue (Expense)										
Governmental activities	\$ (12,065,013)	\$ (12,328,601)	\$ (15,850,888)	\$ (12,921,927)	\$ (14,174,459)	\$ (20,091,780)	\$ (17,957,466)	\$ (15,792,362)	\$ (19,100,356)	\$ (15,900,914)
Business-type activities	(1,655,881)	(2,587,377)	(2,200,875)	(4,436,767)	(4,375,417)	(2,237,982)	(875,363)	(4,942,610)	(3,894,251)	(6,963,143)
Total primary government net revenue (expense)	\$ (13,720,894)	\$ (14,915,978)	\$ (18,051,763)	\$ (17,358,706)	\$ (9,799,042)	\$ (17,853,798)	\$ (17,082,103)	\$ (10,849,752)	\$ (15,206,105)	\$ (8,937,771)

continued

CITY OF BOULDER CITY

Changes in Net Position, Last Ten Fiscal Years
(Unaudited - accrual basis of accounting)
(Continued)

	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
General Revenues and Transfers										
Governmental activities										
Property taxes	\$ 2,170,091	\$ 2,197,872	\$ 2,269,207	\$ 2,872,966	\$ 3,304,333	\$ 3,625,462	\$ 3,383,267	\$ 3,394,227	\$ 3,195,695	\$ 2,642,513
Consolidated tax	6,804,947	7,818,296	8,301,335	8,634,543	8,819,003	8,498,661	8,048,687	7,627,245	7,968,549	8,386,757
Other taxes	304,220	282,512	277,166	307,062	356,883	501,535	443,928	374,404	368,893	867,954
Unrestricted investment income										23,001
Leases and royalties										6,246,797
Miscellaneous	3,152,857	3,186,097	3,764,871	4,372,695	4,117,291	4,162,961	5,156,624	4,978,614	5,467,961	76,052
Transfers	2,560,577	(448,173)	884,580	762,759	1,016,212	1,086,025	1,833,899	1,514,023	1,844,328	2,055,000
Total governmental activities	14,992,692	13,036,604	15,497,159	16,930,025	17,613,722	17,874,644	18,866,405	17,888,513	18,845,426	20,298,074
Business-type activities										
Intergovernmental	733,553	695,351	754,598	812,575	885,861	600,852	512,440	495,722	545,127	587,052
Unrestricted investment income										26,192
Miscellaneous	618,985	82,491	2,569,127	71,158	79,545	144,563	143,485	47,766	(52,469)	(2,055,000)
Transfers	(2,560,577)	448,173	(884,580)	(762,759)	(1,016,212)	(1,086,025)	(1,833,899)	(1,514,023)	(1,844,328)	(2,055,000)
Total business-type general revenues and other	(1,208,039)	1,226,015	2,439,145	120,974	(50,806)	(340,610)	(1,177,974)	(970,535)	(1,351,670)	(1,441,756)
Total primary government general revenues and other	\$ 13,784,653	\$ 14,262,619	\$ 17,936,304	\$ 17,070,999	\$ 17,562,916	\$ 17,534,034	\$ 17,688,431	\$ 16,917,978	\$ 17,493,756	\$ 18,856,318
Change in Net Position										
Governmental activities	\$ 2,927,679	\$ 708,003	\$ (353,729)	\$ 4,028,098	\$ 3,439,263	\$ (2,217,136)	\$ 908,939	\$ 2,096,151	\$ (254,930)	\$ 4,397,160
Business-type activities	(2,863,920)	(1,361,362)	238,270	(4,315,805)	4,324,611	1,897,372	(302,611)	3,972,075	2,542,581	5,521,387
Total primary government	\$ 63,759	\$ (653,359)	\$ (115,459)	\$ (287,707)	\$ 7,763,874	\$ (319,764)	\$ 606,328	\$ 6,068,226	\$ 2,287,651	\$ 9,918,547

CITY OF BOULDER CITY
Fund Balances, Governmental Funds, Last Ten Fiscal Years
Modified accrual basis of accounting
(Unaudited)

	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
General Fund										
Restricted for										
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable										
Prepaid items	4,693,494	22,385	19,589	19,589	19,589	19,685	22,707	20,958	49,908	123,212
Inventories										
Unassigned	4,693,494	2,583,943	3,585,938	4,525,156	5,036,660	3,213,154	2,466,148	2,340,114	(5,581,504)	70,265
Total general fund	\$ 4,693,494	\$ 2,606,328	\$ 3,605,527	\$ 4,544,745	\$ 5,056,249	\$ 3,232,839	\$ 2,488,855	\$ 2,361,072	\$ (5,464,583)	\$ (4,623,438)
All Other Governmental Funds										
Restricted for										
Additional police officers	\$ -	\$ -	\$ -	\$ 492,700	\$ 667,937	\$ 594,642	\$ 409,695	\$ 196,790	\$ 80,609	\$ 45,444
Capital improvements	3,679,220	3,480,095	2,683,658	2,826,624	1,048,373	969,385	1,141,261	1,952,556	2,865,045	
Debt service										
Committed to										
Future projects	1,851,021	3,160,899	2,474,045	472,003	3,336,892	3,139,892	4,180,424	4,284,309	5,345,062	6,953,188
Special revenue purposes	665,127	728,509	702,834	778,974	852,856	886,692	904,481	975,477	892,039	
Total all other governmental funds	\$ 6,195,368	\$ 7,369,503	\$ 5,860,537	\$ 4,570,301	\$ 5,906,058	\$ 5,590,611	\$ 6,635,861	\$ 7,409,132	\$ 9,182,755	\$ 6,998,632

CITY OF BOULDER CITY
Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years
Modified accrual basis of accounting
(Unaudited)

	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
REVENUES										
Taxes	\$ 2,170,091	\$ 2,197,872	\$ 2,269,207	\$ 2,872,966	\$ 3,304,333	\$ 3,625,462	\$ 3,383,267	\$ 3,394,227	\$ 3,195,695	\$ 3,082,446
Licenses and permits	890,817	984,582	1,297,378	1,328,745	1,240,755	1,343,199	1,372,592	1,575,765	1,307,594	2,030,996
Intergovernmental	10,226,048	11,513,309	9,703,402	10,427,348	13,021,931	9,731,841	10,724,447	11,358,514	11,500,135	13,860,690
Charges for services	2,489,652	2,295,302	2,453,910	3,179,373	2,582,636	2,617,065	2,317,833	2,123,044	4,046,100	4,158,188
Fines and forfeitures	568,730	472,313	596,220	633,738	776,780	866,176	1,023,178	907,713	920,647	1,114,961
Leases and royalties										6,208,520
Miscellaneous	3,152,857	3,186,097	3,773,493	4,372,695	4,117,291	4,162,961	5,156,624	4,969,036	5,467,961	143,330
Total revenues	19,498,195	20,649,675	20,093,610	22,814,865	25,043,726	22,346,704	23,977,941	24,328,299	26,438,132	30,599,131
EXPENDITURES:										
Current										
General government	3,382,660	3,409,954	4,242,044	3,850,283	4,436,473	4,896,857	4,545,834	4,410,049	4,052,393	4,498,301
Judicial	339,402	353,494	364,883	413,005	418,232	454,330	472,915	575,617	615,843	563,195
Public safety	6,943,703	6,784,610	7,178,848	7,112,750	9,236,539	10,201,761	9,712,629	10,347,971	9,288,887	9,462,064
Public works	8,542,468	5,570,816	4,751,085	6,252,632	4,674,243	4,409,043	5,565,856	6,357,322	5,511,867	3,543,957
Culture and recreation	5,690,412	4,184,675	4,568,577	5,585,607	4,502,505	4,698,871	4,406,079	3,564,173	4,888,202	4,988,961
Community support	660,972	684,093	648,382	734,365	944,685	824,161	699,701	570,017	494,443	559,687
Capital outlay										8,182,191
Debt service	107,000								400,000	1,446,633
Principal retirement	6,122								342,848	342,120
Interest and fiscal charges										
Total expenditures	25,672,739	20,987,642	21,753,819	23,928,642	24,212,677	25,485,023	25,403,014	25,825,149	25,594,483	33,587,109
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,174,544)	(337,967)	(1,660,209)	(1,113,777)	831,049	(3,138,319)	(1,425,073)	(1,496,850)	843,649	(2,987,978)
OTHER FINANCING SOURCES (USES)										
Contingency						(86,563)	(107,560)	(35,923)		
Transfers in	4,174,804	3,192,369	3,742,873	2,964,549	4,821,000	3,050,171	3,619,414	2,481,000	2,425,570	4,144,066
Transfers out	(1,614,227)	(3,640,542)	(2,858,293)	(2,201,790)	(3,804,788)	(1,964,146)	(1,785,515)	(966,977)	(581,242)	(2,089,066)
Proceeds from capital leases	2,560,577	(448,173)	1,150,442	762,759	1,016,212	999,462	1,726,339	2,142,338	1,844,328	2,055,000
NET CHANGE IN FUND BALANCES	\$ (3,613,967)	\$ (786,140)	\$ (509,767)	\$ (351,018)	\$ 1,847,261	\$ (2,138,857)	\$ 301,266	\$ 645,488	\$ 2,687,977	\$ (932,978)
Debt service as a percentage of noncapital expenditures ⁽¹⁾	0.44%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.90%	7.04%

(1) This ratio is computed by dividing principal and interest by total expenditures less amounts that are capitalized on the accrual basis government-wide statement of net assets. This amount can be found on the reconciliation between the statement of revenues, expenditures, and changes in fund balance to the statement of activities for governmental funds.

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CITY OF BOULDER CITY
STATISTICAL SECTION
REVENUE CAPACITY
FOR THE YEAR ENDED JUNE 30, 2012

The following tables contain revenue capacity information to enable the reader to assess the most significant local revenue source of the City of Boulder City.

- Table 5 - Assessed and Estimated Actual Value of Taxable Property
- Table 6 - Property Tax Rates - Direct and Overlapping Governments
- Table 7 - Principal Taxpayers
- Table 8 - Property Tax Levies and Collections
- Table 9 - Utility Revenues by Source
- Table 10 - Largest Utility Customers

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CITY OF BOULDER CITY
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended	Real Property		Personal Property		Total		Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2003	\$ 368,520,000	\$ 1,052,914,286	\$ 68,701,119	\$ 196,288,911	\$ 437,221,119	\$ 1,249,203,197	35%
2004	383,688,695	1,096,253,414	57,429,229	164,083,511	441,117,924	1,260,336,926	35%
2005	416,321,738	1,189,490,680	56,267,718	160,764,909	472,589,456	1,350,255,589	35%
2006	504,180,211	1,440,514,889	50,517,769	144,336,483	554,697,980	1,584,851,371	35%
2007	640,990,159	1,831,400,454	59,905,523	171,158,637	700,895,682	2,002,559,091	35%
2008	722,461,086	2,064,174,531	75,860,436	216,744,103	798,321,522	2,280,918,634	35%
2009	733,525,190	2,095,786,257	69,053,744	197,296,411	802,578,934	2,293,082,669	35%
2010	670,726,134	1,916,360,383	72,828,464	208,081,326	743,554,598	2,124,441,708	35%
2011	512,557,318	1,464,449,480	86,315,765	246,616,471	598,873,083	1,711,065,951	35%
2012	460,999,422	1,317,141,206	96,239,929	274,971,226	557,239,351	1,592,112,431	35%

Source: Clark County Assessor's Office

CITY OF BOULDER CITY

Property Tax Rates - Direct and Overlapping Governments
(Per \$100 of Assessed Value)
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Direct rate	Overlapping rates ⁽¹⁾				Total
	City of Boulder City	State of Nevada	Clark County School District	Clark County	Special Districts	
2003	0.2038	0.1500	1.3034	0.6352	0.1655	2.4579
2004	0.2038	0.1650	1.3034	0.6552	0.1655	2.4929
2005	0.2038	0.1700	1.3034	0.6502	0.1655	2.4929
2006	0.1844	0.1700	1.3034	0.6566	0.1655	2.4799
2007	0.2038	0.1700	1.3034	0.6566	0.1555	2.4893
2008	0.2038	0.1700	1.3034	0.6541	0.1485	2.4798
2009	0.2188	0.1700	1.3034	0.6541	0.1405	2.4868
2010	0.2600	0.1700	1.3034	0.6541	0.1485	2.536
2011	0.2600	0.1700	1.3034	0.6541	0.1595	2.547
2012	0.2600	0.1700	1.3034	0.6541	0.1755	2.563

The State Constitution has a maximum rate limit of \$5 per \$100 assessed value and Nevada Revised Statutes further lower the limit to a total combined tax rate of \$3.64.

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Boulder City. Not all overlapping rates apply to all City of Boulder City property owners (*e.g.*, the rates for special districts only apply to the proportion of the City's property owners whose property is located within the geographic boundaries of the special district).

Source: State of Nevada Department of Taxation's "Local Government Finance Redbook"

CITY OF BOULDER CITY
Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)

Taxpayer	Type of Business	Fiscal 2012			Fiscal 2003		
		Taxable Assessed Value	Rank	Percentage of Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Valuation
El Dorado Energy, LLC (including Houston Industries, Inc.)	Energy	\$ 76,510,085	1	13.73%	\$ 50,224,580	1	12.73%
Nevada Solar One, LLC	Energy	32,192,580	2	5.78%			
Taihen Techren USA Company	Energy	4,554,014	3	0.82%			
Harrah's Entertainment, LLC (including Cascata Golf)	Golf	3,811,297	4	0.68%	11,132,150	2	2.82%
Lido & Laila Paglia (including Lido Construction Company, Inc.)	Real Estate	2,337,761	5	0.42%	1,707,450	10	0.39%
AMC Property Holdings (includes Boulder Inn & Suites; Boulder City Trailer Park; Mario & A. Caruso Revocable Family Trust, and Stanley K. Holdings, LLC	Real Estate	2,285,184	6	0.41%	2,309,090	4	0.59%
Gingerwood Mobile Home Park, LLC	RV Park	2,159,448	7	0.39%			1.58%
Francis Carrington	Real Estate	1,859,235	8	0.33%	2,259,140	6	0.57%
RPS Homes (includes Brother Sonny, LLC; RPS Holdings, Inc.; RPS Leasing, LLC; and Schams Properties, LLC	Real Estate	1,842,647	9	0.33%			0.30%
Elbis Veltman (includes Storage Plus and Storage Plus, LLC)	Real Estate	1,817,025	10	0.33%			
Lakeview Properties, LLC	Real Estate				2,396,360	3	0.61%
Central Telephone Company	Communications				2,288,470	5	0.58%
Arvis & Anna Forest Family Trust	Real Estate				2,119,830	7	0.54%
Vons Companies, Inc.	Retail / Food				1,878,500	8	0.48%
Boulder City Investments, LLC	Real Estate				1,764,300	9	0.45%
		<u>\$ 129,369,276</u>		<u>23.22%</u>	<u>\$ 78,079,870</u>		<u>21.64%</u>

Source: Clark County Assessor's Office

Note: Taxable assessed value is 35% of appraised value.

CITY OF BOULDER CITY

Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Collections as a Percentage of Total Tax Levy		Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percentage of Total Tax Levy
						Total Tax Collections	Outstanding Delinquent Taxes		
2003	\$ 1,289,512	\$ 1,273,035	98.72%	\$ 16,294	\$ 1,289,329	99.99%	\$ 183	0.01%	
2004	1,300,093	1,292,498	99.42%	6,156	1,298,654	99.89%	1,439	0.11%	
2005	1,376,924	1,365,814	99.19%	11,110	1,376,924	100.00%	-	0.00%	
2006	1,389,741	1,376,431	99.04%	13,310	1,389,741	100.00%	-	0.00%	
2007	1,574,356	1,560,562	99.12%	13,794	1,574,356	100.00%	-	0.00%	
2008	1,770,082	1,756,745	99.25%	13,308	1,770,053	100.00%	29	0.00%	
2009	1,919,560	1,895,135	98.73%	22,314	1,917,449	99.89%	2,111	0.11%	
2010	2,050,334	2,005,948	97.84%	23,565	2,029,513	98.98%	20,821	1.02%	
2011	1,877,197	1,823,343	97.13%	*	1,823,343	97.13%	53,854	2.87%	
2012	1,655,299	1,630,565	98.51%	*	1,630,565	98.51%	24,734	1.49%	

Source: Clark County Comptroller's Office

* Still in process of being collected

CITY OF BOULDER CITY

Utility Revenue By Source
Last Ten Fiscal Years
(Unaudited)

	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
REVENUE SOURCE										
Electric	\$ 7,660,242	\$ 8,378,479	\$ 7,504,647	\$ 8,386,505	\$ 10,506,107	\$ 10,456,533	\$ 9,634,256	\$ 12,411,131	\$ 13,742,257	\$ 14,130,461
Water	4,462,225	6,531,862	6,074,670	5,958,224	6,368,144	5,984,819	6,105,468	5,784,650	5,654,081	6,029,921
Sewer	1,007,738	903,565	856,552	909,454	1,060,307	962,491	1,315,927	1,394,536	1,387,035	1,386,531
Refuse	690,859	701,634	758,182	797,266	827,883	959,347	1,043,916	1,051,388	1,061,326	869,470
Refuse special charges										215,796
Landfill receipts	118,240	153,151	151,873	176,439	189,580	153,015	163,445	152,444	142,099	124,968
Rents and royalties										525,984
Miscellaneous	251,286	336,921	274,508	344,506	480,510	331,521	247,694	304,480	257,875	312,103
Total revenues	\$ 14,190,590	\$ 17,005,612	\$ 15,620,432	\$ 16,572,394	\$ 19,432,531	\$ 18,847,726	\$ 18,510,706	\$ 21,098,629	\$ 22,244,673	\$ 23,595,234

Source: City of Boulder City Finance Department

CITY OF BOULDER CITY
Largest Utility Customers
Current Year and Nine Years Ago
(Unaudited)

Utility Customer	Type of Business	Fiscal 2012		Fiscal 2003	
		Taxable Utilities Billed	Rank	Taxable Utilities Billed	Rank
Harrah's Entertainment	Golf Course	\$ 981,207	1	\$ -	
Clark County School District	Government, School District	408,975	2	228,929	2
Nevada Solar One, LLC	Energy	280,236	3	-	
State of Nevada	Veterans Home / Cemetary	263,072	4	65,421	10
Vons Companies, Inc.	Retail / Food	245,984	5	103,088	4
Albertsons, Inc.	Retail / Food	238,743	6	97,180	5
National Park Service	Government	231,180	7	-	
City of Boulder City	Municipal	424,252	8	1,008,227	1
Boulder City Hospital	Health Care	190,016	9	114,862	3
Red Mountain RV Resort	RV Park	146,409	10	-	
Canyon Trail RV Park	RV Park			86,552	6
Boulder Oaks	RV Park			80,963	7
El Dorado Energy	Energy			80,295	8
Construx	Construction			71,397	9
		<u>\$ 3,410,074</u>		<u>\$ 1,936,914</u>	

Source: City of Boulder City, Utility Department

CITY OF BOULDER CITY

STATISTICAL SECTION DEBT CAPACITY FOR THE YEAR ENDED JUNE 30, 2012

The following tables contain debt capacity information to enable the reader to assess the affordability the current levels of outstanding debt of the City of Boulder City and its ability to issue additional debt in the future.

- Table 11 - Debt Capacity Information
- Table 12 - Ratios of General Bonded Debt Outstanding
- Table 13 - Computation of General Obligation Direct and Overlapping Government Debt
- Table 14 - Computation of Legal Debt Margin
- Table 15 - Pledged Revenue Coverage

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CITY OF BOULDER CITY

Debt Capacity Information
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended	Governmental Activities			Business-type Activities				Total Primary Government	Percentage of Personal Income ⁽²⁾	Per Capita
	Golf Course Revenue		Capital Leases	Utility and Golf Course Revenue		General Obligation Notes Payable	Capital Leases			
	Bonds ⁽¹⁾			Bonds ⁽¹⁾						
2003	\$ -	\$ -		\$ 9,950,000	\$ 33,145,154	\$ 3,250,325	\$ 46,345,479	\$ -	3,123	
2004				9,950,000	32,234,360	2,670,654	44,855,014	-	3,004	
2005		255,667		9,850,000	34,120,023	2,054,192	46,279,882	-	3,073	
2006		193,961		9,335,000	33,827,253	1,407,546	44,763,760	-	2,944	
2007		128,784		42,760,000	103,540	880,693	43,873,017	-	2,835	
2008		59,940		42,630,000	78,791	113,353	42,882,084	-	2,703	
2009				42,345,000	53,299	56,955	42,455,254	-	2,545	
2010		524,583		41,550,000	13,627,042	34,657	55,736,282	-	3,470	
2011	8,415,000	297,035		32,050,000	13,600,000	19,380	54,381,415	-	3,541	
2012	7,175,000	110,445		31,355,000	6,512,727	19,380	45,172,552	-	2,914	

Notes:

(1) - The Boulder Creek Golf Course fund was transferred into the general fund as of July 1, 2010

(2) - Information not available for the City of Boulder City

CITY OF BOULDER CITY

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Population ⁽¹⁾	Estimated Value of Taxable Property		Total Debt (excluding capital leases)	Debt Service Available		Revenue - Pledged Debt	General Bonded Debt		Ratio of General Bonded Debt to Estimated Value of Taxable Property		General Bonded Debt Per capita ⁽²⁾		
2003	14,842	\$	1,249,203,197	\$	43,095,154	\$	-	\$	9,950,000	\$	33,145,154	2.65%	\$	2,233
2004	14,934		1,260,336,925		42,184,360		-		9,950,000		32,234,360	2.56%		2,158
2005	15,058		1,350,255,589		43,970,023		-		9,850,000		34,120,023	2.53%		2,266
2006	15,203		1,584,851,372		43,162,253		-		9,335,000		33,827,253	2.13%		2,225
2007	15,478		2,002,559,091		42,863,540		-		42,760,000		103,540	0.01%		7
2008	15,863		2,280,918,633		42,708,791		-		42,630,000		78,791	0.00%		5
2009	16,684		2,293,082,668		42,398,299		-		42,345,000		53,299	0.00%		3
2010	16,064		2,124,441,709		55,177,042		-		41,550,000		13,627,042	0.64%		848
2011	15,359		1,711,065,951		54,065,000		-		40,465,000		13,600,000	0.79%		885
2012	15,502		1,592,112,431		45,042,727		-		38,530,000		6,512,727	0.41%		420

Notes:

(1) See Schedule of the Assessed Value and Estimated Actual Value of Taxable Property on Table 5 for property value data

(2) Population data can be found on Table 16

CITY OF BOULDER CITY

Direct and Overlapping Governmental Activities Debt
June 30, 2012
(Unaudited)

	Assessed Value of Taxable Property (in thousands)	Net General Obligation Bonded Debt Outstanding (in thousands)	Percentage Applicable to Boulder City	Direct and Overlapping Debt Applicable to Boulder City (in thousands)
City of Boulder City	\$ 564,974	\$ 6,513	100.00%	\$ 6,513
Clark County	57,878,336	386,207	0.98%	3,785
Clark County School District	57,878,336	3,277,621	0.98%	32,121
Total	\$ 116,321,646	\$ 3,670,341		\$ 42,419

Source for debt amounts for overlapping entities is the various governments; percentage applicable is derived from the State of Nevada Department of Taxation's "Local Government Finance Redbook."

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Boulder City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

CITY OF BOULDER CITY

Computation of Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
Assessed value	\$ 437,221,120	\$ 441,117,923	\$ 472,556,123	\$ 554,697,980	\$ 700,895,683	\$ 798,321,523	\$ 802,578,933	\$ 743,554,597	\$ 598,873,083	\$ 557,239,351
Legal debt margin										
Debt limit (30% of Assessed Value)	131,166,336	132,335,377	141,766,837	166,409,394	210,268,705	239,496,457	240,773,680	223,066,379	179,661,925	167,171,805
Debt applicable to limit: General obligation notes payable										
Legal Debt Margin	\$ 131,166,336	\$ 132,335,377	\$ 141,766,837	\$ 166,409,394	\$ 210,268,705	\$ 239,496,457	\$ 240,773,680	\$ 223,066,379	\$ 179,661,925	\$ 167,171,805
Total debt applicable to limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

CITY OF BOULDER CITY

Pledged Revenue Bond Coverage
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Operating Revenue	Direct Operating Expenses ⁽¹⁾	Net Operating Revenue	Accrued Interest	Interest Reserve	Consolidated Taxes (15% pledged)	Amount Available for Debt Service		Debt Service Interest	Total	Coverage
							Principal	Debt Service			
2003	\$ 1,285,123	\$ 2,408,187	\$ (1,123,064)	\$ 86,717	\$ 704,594	\$ 1,020,742	\$ 688,989	\$ -	\$ 487,680	\$ 487,680	1.41
2004	2,177,811	4,106,084	(1,928,273)	86,717		1,172,744	(668,812)		487,680	487,680	(1.37)
2005	2,464,779	2,875,909	(411,130)	78,282		1,245,200	912,352	100,000	485,680	585,680	1.56
2006	2,522,116	2,761,168	(239,052)	55,953		1,295,181	1,112,082	310,000	420,540	730,540	1.52
2007	22,535,114	16,296,213	6,238,901	681,043		1,322,850	8,242,794	120,000	357,088	477,088	17.28
2008	21,936,334	17,688,282	4,248,052	547,532		1,274,799	6,070,383	130,000	2,168,310	2,298,310	2.64
2009	20,983,359	16,836,736	4,146,623	512,125		1,207,303	5,866,051	285,000	1,793,780	2,078,780	2.82
2010	23,245,716	16,252,803	6,992,913	501,371		1,144,087	8,638,371	795,000	1,772,382	2,567,382	3.36
2011 ⁽²⁾	24,215,024	16,513,363	7,701,661	501,371		1,195,282	9,398,314	1,085,000	1,735,184	2,820,184	3.33
2012 ⁽²⁾	24,996,292	18,146,417	6,849,875	3,236		1,238,014	8,111,125	5,965,549	2,010,958	7,976,507	1.02

Notes: (1) Total operating expenses, exclusive of depreciation.

(2) Beginning in fiscal 2011, this schedule contains information from both the Utility and General funds which have pledged revenue debt. The Utility Revenue Bonds (issued in fiscal 2007) are recorded in the Utility Fund and the Golf Course Revenue Bonds (originally issued in fiscal 2002 and refunded with new bonds in fiscal 2006) were recorded in the Boulder Creek Golf Course Enterprise fund until that fund was eliminated and transferred into the General fund as of July 1, 2010

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CITY OF BOULDER CITY
STATISTICAL SECTION
DEMOGRAPHIC AND ECONOMIC INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012

The following tables contain demographic and economic information to enable the reader to understand how the environment within which the financial activities of the City of Boulder City take place.

Table 16 - Demographic and Economic Statistics

Table 17 - Principal Employers

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CITY OF BOULDER CITY
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Population ⁽¹⁾	Per Capita Personal Income ⁽²⁾	School Enrollment ⁽³⁾	Unemployment Rate ⁽⁴⁾
2003	14,842	-	2,337	5.60%
2004	14,934	-	2,302	4.80%
2005	15,058	-	2,247	4.20%
2006	15,203	-	2,223	3.90%
2007	15,478	-	2,174	4.20%
2008	15,863	-	2,122	7.00%
2009	16,684	-	2,073	13.00%
2010	16,064	-	2,055	14.70%
2011	15,359	-	2,014	14.70%
2012	15,502	-	2,004	12.30%

Sources:

- (1) State of Nevada
- (2) Information not available for the City of Boulder City
- (3) Clark County School District
- (4) State of Nevada, Employment Agency, Clark County data

CITY OF BOULDER CITY

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Employer	Product / Service	Fiscal 2012		Fiscal 2003	
		Employees ⁽¹⁾	Rank	Employees ⁽¹⁾	Rank
Bureau of Reclamation	Government	300	1	866	1
National Park Service	Government	243	2	180	3
Clark County School District	Government / school district	193	3	155	4
City of Boulder City	Local government	152	4	166	2
Boulder City Hospital	Health Care	142	5	130	5
Papillon Airways, Inc.	Aerial Sightseeing	105	6		
Albertsons, Inc.	Retail / food	92	7	92	6
Vons Companies	Retail / food	80	8	80	7
U.S. Department of Energy, Western Area Power Administration	Government	77	9	77	8
Fisher Pen	Manufacturing	55	10	75	9
Boulder Dam Credit Union	Financial / banking	-		43	10

Source:

(1) City of Boulder City, Department of Community Development

CITY OF BOULDER CITY
STATISTICAL SECTION
OPERATING INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012

The following tables contain operating information to enable the reader to understand how the information contained in the comprehensive annual financial report of the City of Boulder City relate to the services provided and activities performed.

Table 18 - Full-time Equivalent City Employees by Function and Program

Table 19 - Operating Indicators by Function and Program

Table 20 - Capital Asset Statistics by Function and Program

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CITY OF BOULDER CITY

Full-Time Equivalent City Government Employees by Function/Program ⁽¹⁾
(Unaudited)

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
Functions/Programs							
Governmental activities							
General government	18	19	19	18	16	16	16
Judicial	3	3	3	3	3	3	4
Public safety	67	69	71	70	65	66	65
Public works	26	25	25	26	26	23	23
Culture and recreation	18	18	18	10	8	9	9
Community support	6	6	6	5	4	4	4
Business-type activities							
Airport	-	-	-	2	2	2	2
Water and sewer	10	10	10	10	9	9	10
Electric	21	21	21	20	19	19	19
Total	169	171	173	164	152	151	152

Source: City of Boulder City Finance Department

(1) Information was not available for ten years' reporting, but will be accumulated over time as it becomes available

CITY OF BOULDER CITY

Operating Indicators by Function and Program ⁽¹⁾⁽²⁾
(Unaudited)

Functions / Programs	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
Governmental activities							
Judicial	13	16	22	23	22	24	23
Average charges filed per day							
Public safety							
Citations	4,992	5,891	5,991	7,232	8,616	8,800	8,900
Police calls for service	25,730	28,340	29,711	29,057	34,975	35,000	35,500
EMS responses	1,567	1,723	1,895	1,716	1,685	1,800	1,850
Fire responses	631	694	763	545	333	500	550
Public works							
Lane miles of street maintenance	87	87	87	87	87	87	87
Aeres of turf	95	92	92	92	92	92	92
Facilities maintained	71	77	77	77	77	77	78
Culture and recreation							
Parks and Recreation class registrations	323,193	214,429	225,600	215,000	215,000	220,000	220,000
Community support							
Building inspections	3,884	4,950	5,500	5,500	5,300	4,900	4,500
Plans reviewed	491	490	550	490	490	470	470
Business-type activities							
Water							
Acre feet of water distributed	11,499	12,489	13,916	13,816	13,816	13,700	10,513
Water meter repairs	780	720	800	790	790	750	534
Water service repairs	144	120	150	140	140	150	66
Electric							
Kilowatt hours (kwh) purchased	176,571,324	183,386,834	185,990,964	187,210,227	186,000,000	187,000,000	169,898,399
Average purchased power (cost/kwh)	\$ 0.033	\$ 0.030	\$ 0.030	\$ 0.040	\$ 0.040	\$ 0.042	\$ 0.032
Sewer							
Line cleaned (feet)	100,000	110,000	115,000	115,000	115,000	115,000	3,500
Line location (call before you dig)	1,380	1,300	1,440	1,400	1,440	1,400	1,501
Acre ft. of water treated	1,500	1,500	1,600	1,600	1,600	1,500	1,458

Source: City of Boulder City Finance Department

(1) Indicators are not available for the general government function.

(2) Information was not available for ten years' reporting, but will be accumulated over time as it becomes available

CITY OF BOULDER CITY

Capital Asset Statistics by Function and Program ^{(1) (2)}
(Unaudited)

Functions/Programs	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
Governmental activities							
Public safety							
# of police stations	1	1	1	1	1	1	1
# of fire stations	1	1	1	1	1	1	1
Public works							
Streets (miles)	87	87	87	87	87	87	87
Traffic signals	3	3	3	3	3	3	3
Culture and recreation							
Park acreage	111	111	111	111	111	111	111
# of parks	17	17	17	17	17	17	17
# of swimming pools	1	1	1	1	1	1	1
# of tennis courts	6	6	6	6	6	6	6
# of recreation centers	1	1	1	1	1	1	1
Business-type activities							
Water							
Water mains (miles)	121	121	121	121	121	121	122
# of treatment plants	-	-	-	-	-	-	-
# of water pump stations							
Electric							
Miles of electrical lines	148	148	148	148	148	148	148
Number of substations	6	6	6	6	6	6	7
Sewer							
Number of sewage treatment plants	1	1	1	1	1	1	1
Number of sewer lift stations	3	3	3	3	3	3	3
Miles of sanitary sewer lines	69	69	69	69	69	69	69

Source: City of Boulder City Finance Department

(1) Indicators are not available for the general government function, judicial, community support functions

(2) Information was not available for ten years' reporting, but will be accumulated over time as it becomes available

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Business License Fees



CITY OF BOULDER CITY
SCHEDULE OF BUSINESS LICENSE FEES
SUBJECT TO PROVISION OF NEVADA REVISED STATUTES 354.5989
FOR THE YEAR ENDED JUNE 30, 2012
(UNAUDITED)

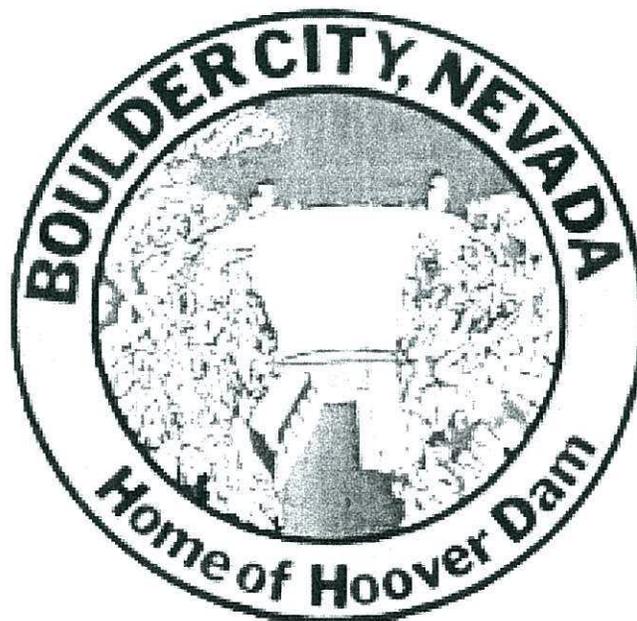
As required by Nevada Revised Statutes (NRS) 354.624, Section 4(a), all fees imposed by a local government are subject to the provisions of NRS 354.5989. A local government may adopt new business license fees only if the revenue from the fees is less than the prescribed calculated maximum. Total revenues for the year ended June 30, 2012, from business license fees did not exceed the allowable maximum revenue in the flat or fixed fee revenue category.

FEES CALCULATED ON A FLAT OR FIXED RATE

Business license revenue for the year ended June 30, 2012		\$	291,139
Business license revenue for the year ended June 30, 2011 (base year)		\$	299,823
Adjustment to base year			
Percentage change in local government population	0.00 %		
Percentage change in Consumer Price Index	1.70 %		
			1.70 %
Total adjustment to base year			5.097
Adjusted business license revenue base for the year ended June 30, 2012			304,920
Amount under allowable maximum		\$	(13,781)

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Single Audit and Accompanying Information



P B T K

**PIERCY BOWLER
TAYLOR & KERN**

Certified Public Accountants
Business Advisors

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Members of the City Council
City of Boulder City, Nevada

Compliance

We have audited the City of Boulder City's (the City) compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

As described in items 2012-9 and 2012-11 in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding reporting that are applicable to its United States Department of Transportation, Airport Improvement Program (CFDA #20.106). Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and question costs as items 2012-9 and 2012-11 to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2012, and have issued our report thereon dated November 21, 2012, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and question costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management and members of the City Council, others within the City, federal awarding agencies, and pass-through entities. However, this report is a matter of public record, and its distribution is not limited.



November 21, 2012

CITY OF BOULDER CITY, NEVADA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Federal Grantor/Pass-through Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
<u>United States Department of Housing and Urban Development</u>			
Passed through Clark County, Nevada, Community Resource Development Division Community Development Block Grants / Entitlement Grants	14.218	B-11UC32-0001	\$ 31,178
<u>United States Department of Transportation</u>			
Passed through State of Nevada Department of Public Safety Highway Safety Cluster State and Community Highway Safety	20.600	N/A	72,680
Passed through State of Nevada Department of Transportation Formula Grants for Other Than Urbanized Areas, ARRA	20.509	P-450-09-802	122,975
Airport Improvement Program	20.106*		3,498,696
Total United States Department of Transportation			<u>3,694,351</u>
Total expenditures of federal awards			<u>\$ 3,725,529</u>

* A major program

CITY OF BOULDER CITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2012

Note 1. Reporting Entity

The accompanying supplementary schedule of expenditures of federal awards (the Schedule) presents the activity of all federal financial assistance programs of the City of Boulder City, Nevada (the City). The reporting entity is defined in Note 1 to the basic financial statements. The Schedule includes all expended federal financial assistance received directly from federal agencies as well as passed through other government agencies.

Note 2. Basis of Presentation

The Schedule includes the federal grant activity of the City presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF BOULDER CITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2012

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unqualified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified that are not considered to be material weaknesses	Yes
Noncompliance material to financial statements	No

Federal Awards

Internal control over major programs	
Material weaknesses identified	Yes
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Type of auditors' report issued on compliance for major programs	Qualified
Audit findings required to be reported in accordance with Circular A-133, Section .510(a)	Yes

Identification of major programs

CFDA number	20.106
Name of federal program or cluster	United States Department of Transportation, Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
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Auditee qualified as low-risk auditee	No
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CITY OF BOULDER CITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*

2012 - 1

Criteria	Government financial statements prepared in accordance with accounting principles generally accepted in the United States (GAAP) normally require the use of both the modified accrual basis and the accrual basis of accounting. To provide reasonable assurance that financial statements, free of material errors, are presented using the appropriate basis of accounting, transactions must be accurately recognized in accordance with GAAP and associated policies and procedures.
Condition	There is an apparent lack of effective policies and procedures designed to provide reasonable assurance that transactions are accurately recognized and financial statements, free of material errors, are presented using the appropriate basis of accounting.
Effect	Reasonable assurance that transactions are accurately recognized and financial statements, free of material errors, are presented using the appropriate basis of accounting, as required by GAAP, cannot readily be attained. As a result, numerous adjustments (most of which requiring significant time) were necessary.
Cause	Failure to adopt, effectively implement and monitor compliance with policies and procedures designed to provide reasonable assurance that transactions are accurately recognized and financial statements, free of material errors, are appropriately presented.
Recommendation	Policies and procedures should be developed and implemented to provide reasonable assurance that transactions are accurately recognized and financial statements, free of material errors, are appropriately presented. Such procedures, among others, could include 1) a detailed review (at least monthly) of the general ledger by someone possessing an appropriate level of skill and knowledge of GAAP and who is independent of the preparation process, 2) the creation and use of standard journal entries and closing programs/checklists and provisions for the review and approval thereof by someone independent of the preparation process, and 3) creation and retention of documentation of such procedures, including the review and approval thereof. Management should monitor for compliance with such policies and procedures to ensure that transactions are accurately recognized and financial statements, free of material errors, are appropriately presented.
Management's response	Management informed us that it will establish policies and processes to review and reconcile all accounts on a monthly basis. New accounting software is expected to be utilized in fiscal 2013 that will require review and approval of all journal entries prior to posting. In addition, management will establish a process to regularly monitor the processes to ensure compliance.

CITY OF BOULDER CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* (continued)

2012 - 2

Criteria	Bank account reconciliations should be prepared monthly (with all reconciling items identified) by an individual independent of the cash receipts and disbursements functions. These reconciliations should be reviewed by an individual independent of the cash receipts and disbursements functions with the review and approval process appropriately documented.
Condition	Per examination of the June 2012 reconciliations, we noted that there was no documentation of the review and approval process. We were later informed that there is currently no requirement for the bank reconciliation process to be documented. It was also noted during the audit that the monthly bank reconciliations throughout fiscal 2012 contained large, unreconciled differences, and that a large adjustment was posted toward year end to properly account for the variances noted (but not corrected) during the year.
Effect	Large, unreconciled differences identified in the monthly bank reconciliations during the year were not addressed and corrected timely.
Cause	Controls over cash (specifically the bank reconciliation process) were not adequately designed to provide reasonable assurance that transactions involving cash are accurately accounted for and reported in the City's basic financial statements.
Recommendation	The City should implement policies and procedures requiring the review of month-end bank account reconciliations to take place timely, with all reconciling items properly identified and agreed to supporting documentation. This review should be properly documented including at a minimum, the signature or initials of the individual performing the review, the date the review was completed and any variances noted (and the results of any related investigations performed). As noted earlier, the reviewer should be independent of the cash receipts and disbursements functions, and should also be independent of the bank account reconciliation preparation process. The City should also implement periodic monitoring procedures to ensure such procedures are functioning as intended.
Management's response	Management informed us that it will establish policies and procedures requiring the review of month-end bank account reconciliations to ensure that reconciliations are done accurately and in a timely manner. In addition, management will establish a process to regularly monitor the processes to ensure compliance.

CITY OF BOULDER CITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* (continued)

2012 - 3

Criteria	Lease agreements should be reviewed and abstracted so that the salient terms and provisions that impact the City's basic financial statements are identified and properly accounted for and disclosed therein. In addition, payments on leases should be reconciled to the respective lease agreements to ensure that payments are consistent with the lease terms.
Condition	Certain solar lease agreements were not properly accounted for during the year, which resulted in a significant audit adjustment in the current year, and a restatement of the prior fund balance for improper revenue recognition.
Effect	Approximately \$10.7 million of solar lease revenue was improperly recognized in the City's basic financial statements, due to lease provisions that could potentially result in the refund of payments received. The disclosure of future minimum lease payments was also materially misstated due to the inclusion of contracts with cancellation provisions that could result in the City not receiving the full contractual amount. In addition, the finance department was unable to verify if payments were made during the year related to certain capital lease obligations.
Cause	Controls designed to provide reasonable assurance that operating and capital leases are properly accounted for and disclosed in the City's basic financial statements did not function as intended, due to ineffective monitoring for compliance therewith.
Recommendation	The City should implement policies and procedures requiring that all material lease agreements be reviewed and abstracted so that the salient terms and provisions that impact the City's basic financial statements are identified and properly accounted for and disclosed therein. In addition, payments on leases should be reconciled to the respective lease agreements to ensure the payment is consistent with the lease terms.
Management's response	Management informed us that it will establish policies and procedures requiring that all material lease agreements are reviewed and abstracted to ensure that terms and provisions are identified, properly accounted for and disclosed. In addition, there will be regular reconciliation of payments to ensure that they are consistent with the terms of the lease.

CITY OF BOULDER CITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* (continued)

2012 - 4

Criteria	Material interlocal agreements should be reviewed and abstracted so that the salient terms and provisions that impact the City's basic financial statements are identified and properly accounted for and disclosed therein.
Condition	<p>In May 2010, the City entered into an interlocal agreement with the Southern Nevada Water Authority (SNWA) to fund a portion of the construction cost of the third intake at Lake Mead. The City's portion of the obligation was determined to be \$13.6 million, which was based on the total estimated cost of the project (\$755 million) multiplied by the City's 2010 usage of water (1.8%). As of June 30, 2011, the City recorded a \$13.6 million, non-depreciable capital asset and a \$13.6 million long-term note payable related to this agreement.</p> <p>At June 30, 2011, the City's obligation under the agreement was \$9.8 million (not \$13.6 million). Since the City has no obligation to fund costs that have yet to be incurred by the SNWA, the City's recorded long-term liability of \$13.6 million was overstated. In addition, the City does not and will not have title to any capital asset as a result of funding a portion of the costs. All costs are recorded on the books of SNWA. Accordingly, capital assets are also overstated at June 30, 2011.</p> <p>Based on the terms of the underlying agreements and discussions with representatives of SNWA (who is also an audit client of PBTk), the substance of this agreement is for the City to pay regional commodity surcharges via the \$13.6 million funding obligation. Accordingly, the City's accounting treatment should be consistent with the other purveyor members who expense the regional commodity surcharge annually as part of the cost of purchasing water from SNWA.</p>
Effect	The City's capital assets and long-term liabilities were materially misstated as of June 30, 2012 and 2011.
Cause	Controls designed to provide reasonable assurance that material agreements are properly accounted for and disclosed in the City's basic financial statements did not function as intended, due to ineffective monitoring for compliance therewith.
Recommendation	We recommend that at least annually, management review the abstract of the interlocal agreement with SNWA to ensure that the terms of the agreement are properly accounted for and disclosed. We believe the most appropriate accounting treatment is to initially capitalize the costs incurred associated with this agreement (including interest expense) as prepaid water surcharges, and amortize the capitalized costs using a logical, rational manner based on the City's annual water consumption. This accounting treatment results in the initial deferral of the costs associated with this agreement and allows the City to recognize expense evenly as the City receives the perceived benefit of the agreement.
Management's response	Management informed us that it agrees with the proposed accounting treatment, and that it will annually review the terms of the interlocal agreement with SNWA to ensure that the terms of the agreement are properly accounted for and disclosed.

CITY OF BOULDER CITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* (continued)

2012 - 5

Criteria	The City has approximately 35 retired employees that are receiving benefits under the Public Employee Benefit Plan (PEBP). As such, the City is required to obtain actuarial valuations to determine its annual required contributions and net obligation related to its postemployment benefits other than pensions (OPEB). In addition, the City is required to disclose specific information including the total unfunded actuarially determined liability.
Condition	Prior to fiscal 2012, the City had never had an actuarial valuation done to determine if it has an OPEB liability, and to determine the actuarial unfunded liability, which is a required disclosure by generally accepted government accounting standards. Accordingly, no OPEB liability was recorded and required disclosures were missing in the City's basic financial statements.
Effect	At our request, an actuarial valuation was performed and an OPEB obligation of \$84,858 was recorded in the City's basic financial statements. In addition, additional required disclosures were added to the notes, including the City's estimated unfunded actuarial accrued liability of \$1,901,928.
Cause	The finance department was unaware that the PEPB plan required an actuarial valuation, and was subject to the aforementioned disclosure requirements. Accordingly, no valuation was obtained and no disclosures were included in the City's unaudited financial statements.
Recommendation	The City is required to have actuarial valuations done every three years, after which the related liabilities and financial statement disclosures should be updated accordingly. We recommend that the City develop and implement procedures to ensure that the actuarial valuations are obtained when needed, and that the City's basic financial statements are updated accordingly.
Management's response	Management informed us that it will ensure that actuarial reports are done as required and that policies and procedures will be implemented to ensure that the required disclosures are included within the City's financial statements.

CITY OF BOULDER CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* (continued)

2012 - 6

Criteria	Authority and responsibility for initiating, posting, reviewing and approving journal entries should be clearly established, documented and restricted to provide reasonable assurance of sufficient segregation of duties. Journal entries should also be pre-numbered, or sequentially ordered and reviewed to ensure accuracy and appropriate account classification by someone other than the individual who prepared the journal entry.
Condition	Out of 8 journal entries and supporting documentation selected for testing, none contained evidence of the authorization or review process. In addition, we noted that journal entries are not pre-numbered and in some cases were handwritten.
Effect	Reasonable assurance that journal entries are properly reviewed and approved cannot readily be attained.
Cause	Controls over the posting of journal entries were not adequately designed to provide reasonable assurance that journal entries are properly reviewed to ensure accuracy and proper account classification by someone other than the journal entry preparer.
Recommendation	The City should implement policies and procedures delineating the authority and responsibility for initiating, posting, reviewing and approving journal entries, and monitor for compliance with such policies and procedures.
Management's response	Management informed us that it will establish policies and procedures delineating the authority and responsibility for initiating, posting, reviewing and approving journal entries and will monitor the processes to ensure compliance. New accounting software is expected to be utilized in fiscal 2013 that will require review and approval at each step of the process.

CITY OF BOULDER CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* (continued)

2012 - 7

Criteria	Signed checks should be mailed by individuals who are independent of cash disbursements and accounts payable (A/P) functions (<i>i.e.</i> , segregation of duties).
Condition	The A/P accountant is responsible for mailing the signed checks to vendors, and also has user rights to set up new vendors in the City's accounting system.
Effect	Inadequate segregation of duties increases the risk of misappropriation of the City's assets.
Cause	Controls over the A/P function were not adequately designed to provide reasonable assurance that proper segregation of duties exists in the cash disbursement function.
Recommendation	The City should implement policies and procedures requiring signed checks to be mailed by someone independent of the cash disbursements and A/P functions. In addition, the A/P accountant should not have rights to set up vendors in the City's accounting system, unless there is a periodic (<i>e.g.</i> , monthly) review of new vendors added by someone independent of the A/P department. The City should also implement periodic monitoring procedures to ensure such procedures are functioning as intended.
Management's response	Management informed us that it will take steps to segregate mailing of signed checks, and access to the vendor file. In addition, management will monitor the processes to ensure compliance.

CITY OF BOULDER CITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* (continued)

2012 - 8

Criteria	Purchase orders should be created only by those authorized to do so, prior to the ordering of goods and services. Purchase orders should also expire and be voided upon reaching the expiration date set in the system.
Condition	Purchase orders are often created after the purchase has been made, and are sometimes used after the date they were set to expire.
Effect	The risk of unauthorized purchases is increased if purchase orders are not utilized and approved prior to ordering the goods or services.
Cause	Controls designed to provide reasonable assurance that purchases are properly approved by the respective department through the use of purchase orders did not function as intended, due to ineffective monitoring for compliance therewith.
Recommendation	We recommend that purchase orders be approved by authorized department personnel prior to the ordering of goods and services. We also recommend that purchase orders expire and be voided upon reaching the expiration date set in the system.
Management's response	Management informed us that it will remind staff that no goods or services are to be ordered prior to the completion and approval of purchase orders as required. Management will also establish a process to void purchase orders at their end date.

CITY OF BOULDER CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a)

2012 - 9

Program	United States Department of Transportation, Airport Improvement Program (CFDA #20.106)
Specific requirements	Reimbursement requests should have adequate supporting documentation of reimbursable costs incurred and paid by the City to validate the request.
Condition and context	We noted the reimbursement requests dated January 4 and February 14, 2012 were submitted to the granting agency prior to payment of contractor invoices.
Questioned costs	None noted.
Effect	Reimbursement requests were submitted prematurely to the granting agency, and therefore, the City was not in compliance with the grant requirements.
Cause	Controls designed to provide reasonable assurance that cost reimbursement requests are submitted properly did not function as intended, due to ineffective monitoring for compliance therewith.
Recommendation	Management should adopt, implement and monitor compliance with policies and procedures designed to provide reasonable assurance that cost reimbursement requests are submitted properly. Such policies and procedures should incorporate documentation of independent review of such reports for accuracy, completeness and agreement to supporting documentation.
Management's response	Management informed us that it will establish policies to ensure that reimbursement requests are submitted properly, within required time frames, including assurances that the documentation supporting the request has been completed and reviewed.

CITY OF BOULDER CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) (continued)

2012 - 10

Program	United States Department of Transportation, Airport Improvement Program (CFDA #20.106)
Specific requirements	Submission of a financial status report, on SF-425, for each applicable program is required to be submitted no later than 30 days after the end of each reporting period for quarterly reports and no later than 90 days after the end of each reporting period for annual reports.
Condition and context	No financial status reports were submitted for the period of July 1, 2011 through June 30, 2012.
Questioned costs	None noted.
Effect	The City was not in compliance with the financial status reporting requirements of the grant.
Cause	Controls designed to provide reasonable assurance that periodic financial status reports are submitted properly did not function as intended, due to ineffective monitoring for compliance therewith.
Recommendation	Management should adopt, implement and monitor compliance with policies and procedures designed to provide reasonable assurance that required financial status reports are submitted timely, within the required time periods. Such policies and procedures should incorporate documentation of independent review of such reports for accuracy, completeness and agreement to supporting documentation.
Management's response	Management informed us that it will establish policies and procedures to ensure that reports are submitted as required, in a timely manner. In addition, there will be appropriate documentation of review of reports for accuracy, completeness and agreement to supporting documents.

CITY OF BOULDER CITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) (continued)

2012 - 11

Program	United States Department of Transportation, Airport Improvement Program (CFDA #20.106)
Specific requirements	The Federal Funding Accountability and Transparency Act of 2006 requires the submission of certain sub-award reports, which should be complete and accurate, no later than the end of the month following the month in which the prime contractor awards any subcontract greater than \$25,000.
Condition and context	No required sub-award reports were submitted for the period of July 1, 2011 through June 30, 2012.
Questioned costs	None noted.
Effect	The City was not in compliance with the sub-award reporting requirements of the grant.
Cause	Controls designed to provide reasonable assurance that required sub-award reports are submitted properly did not function as intended, due to ineffective monitoring for compliance therewith.
Recommendation	Management should adopt, implement and monitor compliance with policies and procedures designed to provide reasonable assurance that required sub-award reports are prepared and submitted timely, within required time periods. Such policies and procedures should incorporate documentation of independent review of such reports for accuracy, completeness and agreement to supporting documentation.
Management's response	Management informed us that it will establish policies and procedures to ensure that all sub-award reports are prepared and submitted as required, in a timely manner. In addition, there will be appropriate documentation of review of reports for accuracy, completeness and agreement to supporting documents.

CITY OF BOULDER CITY

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2011

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*

2011 - 1

Criteria	Accounts receivable for the Municipal Court should be consistently tracked and evaluated for uncollectible accounts. Policies and procedures for A/R should be documented according to MAS requirements.
Condition	We noted procedures do not exist and are not documented to assist the Municipal Court in correctly identifying and tracking accounts receivable. In addition, procedures are not established to evaluate accounts receivable for uncollectible accounts.
Effect	The potential for misappropriation and financial statement misstatements increases when accounts receivable are not tracked or evaluated for collectability.
Cause	The Municipal Court implemented their new accounting software during FY 2011 with the capability to track A/R, but has not yet developed and documented A/R tracking and evaluation policies and procedures.
Current status	Corrected.

CITY OF BOULDER CITY

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2011

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* (continued)

2011 - 2

Criteria	Proper controls should be in place in the Utility Department to maintain the integrity of the information systems associated cash receipts transactions, and the accountability of each user of the system.
Condition	We noted access to the accounting software terminals in the Utility Department is not controlled to allow for a proper security and audit trail documentation due to the sharing of generic access passwords.
Effect	The potential for misappropriation of assets increase if procedures are not established to maintain security of user access and the integrity of the audit trail.
Cause	Users of the accounting software in the Utility Department are not required to enter their unique user ID and password to access the system. Passwords can be shared, as each user knows all of the passwords.
Current status	Corrected.

CITY OF BOULDER CITY

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2011

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* (continued)

2011 - 3

Criteria	Access to the cash drawers for the Utility Department should be limited to specific individuals assigned to the specific drawers.
Condition	It was noted that users were sharing cash drawers and drawers were not locked during business hours. Additionally, it was noted that access to the Utility department vault was not limited to individuals independent of the cash receipts process.
Effect	The potential for errors and misappropriation of assets increase when limited access and proper segregation of duties does not exist.
Cause	Procedures requiring specific access assignments to individuals for each cash drawer, and physical safeguarding procedures have not been designed or implemented.
Current status	Corrected.

CITY OF BOULDER CITY

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2011

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* (continued)

2011 - 4

Criteria	There should be a review of the adjustments to the Utility customers' accounts by someone independent of the Utility billing function.
Condition	A review of the adjustments made to Utility customers' accounts by someone independent of the utility billing function was not performed.
Effect	The potential for errors and misappropriation increases when proper segregation of duties does not exist.
Cause	There was not a procedure in place to have someone independent of the utility billing function review adjustments to Utility customers' accounts for reasonableness.
Current status	Corrected.

CITY OF BOULDER CITY
SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* (continued)

2011 - 5

Criteria	City management is responsible for adequately designing and implementing effective controls over financial reporting related to the proper recognition of capital projects revenue.
Condition	We noted that revenue of \$371,100 for capital projects funded by the RTC and revenue of \$694,158 for capital projects funded by the Clark County Flood Control were not recorded in the current year.
Effect	The potential for material misstatement increases when controls over financial reporting are not adequately designed and implemented.
Cause	There were not adequate controls in place to ensure completeness of revenue.
Current status	Corrected.

CITY OF BOULDER CITY
SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a)

2011 - 6

Program	Energy Efficiency and Conservation Block Grant Program (CFDA # 81.128)
Specific requirements	According to the OMB 2011 Compliance Supplement, regarding procurement, suspension and debarment, the City is to perform a verification check for covered transactions by checking the EPLS, collecting a certification from the entity, or adding a clause o condition to the covered transaction with the entity.
Condition and context	There was no documentation available to test and verify that the city performed a verification check for covered transactions.
Questioned costs	Not applicable.
Effect	The potential for noncompliance increases when proper controls over compliance are not designed and implemented.
Cause	Implementation of the designed control over this compliance requirement was not in place and as a result documentation was not available for testing.
Current status	Corrected.

CITY OF BOULDER CITY
SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) (continued)

2011 - 7

Program	Energy Efficiency and Conservation Block Grant Program (CFDA # 81.128)
Specific requirements	Underlying accounting data should support the information submitted on the 1512 ARRA reports.
Condition and context	It was noted that expenditures reported on the quarterly 1512 ARRA reports did not agree with the underlying accounting data.
Questioned costs	Not applicable
Effect	The potential for noncompliance increases when proper controls over compliance are not designed and implemented.
Cause	Controls over this compliance requirement do not appear to be designed or implemented.
Current status	Corrected.

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