

**CITY OF YERINGTON, NEVADA**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2013

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# CITY OF YERINGTON, NEVADA

## CITY OFFICIALS

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City Council Members	- George Dini, Mayor
	- Rita Evasovic
	- Dick Faber
	- Jeff Lucier
	- Ross Whitacre
City Manager	- Dan Newell

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FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2013**

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Yerington, Nevada, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Yerington's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Yerington, Nevada, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, Municipal Administrative Assessment Fund, and Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the OPEB funding status on pages 4-12 and 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Yerington, Nevada's basic financial statements. The combining and individual nonmajor fund financial statements, and supplementary information section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The supplementary section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2013, on our consideration of the City of Yerington, Nevada's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Yerington, Nevada's internal control over financial reporting and compliance.

*Scuriani & Co.*

Yerington, Nevada  
November 19, 2013

**CITY OF YERINGTON, NEVADA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2013**

As financial management of the City of Yerington (the "City"), we offer the readers of these financial statements this narrative overview and analysis of the financial activities of the City for fiscal year ended June 30, 2013. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues, provide an overview of the City's financial activities, identify any significant changes in financial position, and to identify individual issues and concerns. We encourage readers to consider the information presented herein, in conjunction with the financial statements and notes to gain a more complete picture of the information presented.

**Financial Highlights**

- The City's governmental net position decreased \$130,824 to \$4,781,104 from \$4,911,928 in 2012. The City's governmental investment in capital assets exceeds related debt by \$4,313,961 in 2013.
- The City's business-type activity net position decreased by \$64,362 to \$23,067,097 from \$23,131,459 in 2012. The City's business-type activity investment in capital assets exceeds related debt by \$18,373,091 in 2013.
- The City's total expenses were \$3,919,263 consisting of \$1,890,585 in governmental activities and \$2,028,678 in business type expenses.
- The City's total revenues were \$3,724,077 consisting of \$1,759,761 in governmental activities and \$1,964,316 in business type activities.
- The City's primary revenue sources are charges for services of \$2,106,317 and general revenues of \$1,158,070. These two revenue sources comprise 56.6% and 31.1%, respectively, of total revenues.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's financial statements, which are comprised of the basic financial statements and the notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

## **Government-wide Financial Statements**

Government-wide financial statements are designed to provide an overview of the City's financial position by governmental and business-type activities, as well as the government as a whole. The Statement of Net Position combines and consolidates all of the City's current financial resources with capital assets and long term obligations, distinguishing between governmental and business-type activities. The end result is net position which are segregated into three components: invested in capital assets, net of related debt; restricted and unrestricted net position.

The Statement of Activities is focused on both the gross and net cost of governmental and business-type activities. Program revenue which directly offset costs of specific functions is allocated to those functions, resulting in net expenses for governmental and business-type activities. The City's general revenues offset remaining costs resulting in the annual increase or decrease in net position. This statement is intended to summarize the user's analysis of the net cost of various governmental services that is supported by general revenues.

Governmental activities reflect the City's basic services on a functional basis. Departments included within those functions are identified in the fund financial statements. Ad valorem taxes, consolidated taxes, and other identified general revenues support the majority of these services. Business-type activities reflect enterprise operations where a fee for service typically funds all or most of the cost of operations, including depreciation.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds. Fund financial statements provide detailed information about the City's major funds. Based on restrictions placed on the use of monies, the City has established four funds that account for the multitude of services provided to our residents. The City's major governmental funds are the General Fund, Municipal Court Administrative Assessment, Special Revenue, and Fixed Asset Acquisition.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities on the governmental-wide financial statements. Most of the City's basic services are reported in these funds that focus on how money flows into and out of the funds and the year-end balances available for spending. These funds are reported on the modified accrual basis of accounting that measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services being provided, along with the financial resources available.

Because the focus of the governmental funds 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 on the government-wide financial statements. By doing so, readers may better understand the long term effect of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City maintains four individual governmental funds, all of which the City has elected to consider major funds. Information is presented separately on the governmental fund balance sheet and on the governmental fund statement of revenues, expenditures, and changes in fund balance for the major funds, which were identified earlier. If the City had any nonmajor governmental funds, data from those funds would be combined into a single, aggregated presentation.

**Proprietary Funds** – The City maintains one proprietary fund type, enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements. The City provides water and sewer utility service to customers within the City and specific areas within the unincorporated portion of Lyon County. The City uses enterprise funds to account for the water and sewer utility operations. The City's major proprietary funds are: Yerington Water Fund, Yerington Sewer Fund, Mason Water Fund, and Crystal Clear Water Fund.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided on the government-wide and fund financial statements.

**Other Information** – In addition to the basic financial statements and accompanying notes, this financial report also presents individual fund schedules as Supplementary Information and historical and other finance related data in the Other Supplementary Information section.

The City adopts an annual budget for all of its governmental and business-type individual funds. Budgetary comparison schedules have been provided for the General Fund and each major Special Revenue Fund as part of the basic financial statements to demonstrate budgetary compliance.

## **Financial Analysis of the City**

One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the City's activities in a way that will help answer this question. These two statements report the net position of the City and the changes in them. One can think of the City's net position – the difference between assets, liabilities and deferred inflows of resources – as one way to measure financial health or financial position. Over time, increases and decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. However,

one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation.

## Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, net position was \$27,848,201 (\$4,781,104 in governmental activities and \$23,067,097 in business-type activities) as of June 30, 2013. By far, the largest portion of the City's net position (81.5%) reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1 provides a summary of the City's net position for 2012 compared to 2013.

Table 1  
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Assets</b>						
Current Assets	\$ 954,180	\$ 717,668	\$ 4,870,669	\$ 4,275,643	\$ 5,824,849	\$ 4,993,311
Restricted Cash	-	-	141,667	119,572	141,667	119,572
Capital Assets, Net	4,313,961	4,562,383	19,727,087	20,437,661	24,041,048	25,000,044
<i>Total Assets</i>	<u>5,268,141</u>	<u>5,280,051</u>	<u>24,739,423</u>	<u>24,832,876</u>	<u>30,007,564</u>	<u>30,112,927</u>
<b>Liabilities</b>						
Current Liabilities	271,934	162,390	86,286	107,378	358,220	269,768
Long-Term Liabilities						
Due Within One Year	-	-	41,520	38,054	41,520	38,054
Due After One Year	215,103	205,733	1,517,535	1,555,985	1,732,638	1,761,718
<i>Total Liabilities</i>	<u>487,037</u>	<u>368,123</u>	<u>1,645,341</u>	<u>1,701,417</u>	<u>2,132,378</u>	<u>2,069,540</u>
<b>Deferred Inflow Of Resources</b>						
System Development	-	-	26,985	-	26,985	-
<b>Net Position</b>						
Invested in Capital Assets, Net of Debt	4,313,961	4,562,383	18,373,091	19,041,806	22,687,052	23,604,189
Restricted Position	-	-	133,277	118,867	133,277	118,867
Unrestricted	467,143	349,545	4,560,729	3,970,786	5,027,872	4,320,331
<i>Total Net Position</i>	<u>\$ 4,781,104</u>	<u>\$ 4,911,928</u>	<u>\$ 23,067,097</u>	<u>\$ 23,131,459</u>	<u>\$ 27,848,201</u>	<u>\$ 28,043,387</u>

Net position decreased \$195,186 to \$27,848,201 in 2013 from \$28,043,387 in 2012.

Table 2  
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Program Revenues:</b>						
Charges for Services	\$ 273,110	\$ 273,215	\$ 1,833,207	\$ 1,784,440	\$ 2,106,317	\$ 2,057,655
Operating Grants and Contributions	309,970	474,884	62,295	66,000	372,265	540,884
Capital Grants and Contributions	20,315	927,196	67,110	866,278	87,425	1,793,474
	603,395	1,675,295	1,962,612	2,716,718	2,566,007	4,392,013
<b>General Revenues:</b>						
Property taxes	220,674	220,639	-	-	220,674	220,639
Other taxes	180,707	175,367	-	-	180,707	175,367
Franchise fees	178,718	169,080	-	-	178,718	169,080
Consolidated taxes	367,007	351,779	-	-	367,007	351,779
Unrestricted grants	200,000	200,000	-	-	200,000	200,000
Other	9,260	11,409	1,704	40,428	10,964	51,837
<i>Total Revenues</i>	<u>1,759,761</u>	<u>2,803,569</u>	<u>1,964,316</u>	<u>2,757,146</u>	<u>3,724,077</u>	<u>5,560,715</u>
<b>Program Expenses:</b>						
General government	266,935	256,435	-	-	266,935	256,435
Judicial	53,315	46,703	-	-	53,315	46,703
Public safety	764,742	859,687	-	-	764,742	859,687
Public works	722,338	1,069,739	-	-	722,338	1,069,739
Health	10,941	14,013	-	-	10,941	14,013
Cultural and recreation	72,314	75,428	-	-	72,314	75,428
Utilities	-	-	2,028,678	1,930,659	2,028,678	1,930,659
<i>Total Expenses</i>	<u>1,890,585</u>	<u>2,322,005</u>	<u>2,028,678</u>	<u>1,930,659</u>	<u>3,919,263</u>	<u>4,252,664</u>
<i>Change in Net Position</i>	(130,824)	481,564	(64,362)	826,487	(195,186)	1,308,051
<b>Beginning Net Position</b>	<u>4,911,928</u>	<u>4,430,364</u>	<u>23,131,459</u>	<u>22,304,972</u>	<u>28,043,387</u>	<u>26,735,336</u>
<b>Ending Net Position</b>	<u>\$ 4,781,104</u>	<u>\$ 4,911,928</u>	<u>\$ 23,067,097</u>	<u>\$ 23,131,459</u>	<u>\$ 27,848,201</u>	<u>\$ 28,043,387</u>

## Governmental Activities

While the change in net position can be determined by comparing the current and preceding fiscal years' information presented in the Statement of Net Position , the Statement of Activities provides answers as to the nature and scope of these changes. As can be seen in Table 2 above, changes in net position were (\$130,824) for governmental activities and (\$64,362) for business-type activities in fiscal year 2013.

- The governmental activities total revenues in 2013 decreased by \$1,043,808 from 2012. This was mainly due to lower grant funding, which decreased \$1,281,181
- Governmental activities expenses in 2013 decreased by \$431,420 from 2012 due to lower grant expenditures in 2013.

## Business-Type Activities

- The business-type activities net operating loss increased to \$220,526 from \$168,753 in 2012.
- The business-type activities total revenues, including capital contributions, decreased by \$792,830 in 2013 from 2012. The decrease was due to discontinued grant funding as a result of completion of a water improvement project in 2012.
- The business type activities total expenditures increased by \$98,019 in 2013 compared to 2012 mainly due to increased depreciation expense.
- Cash balances increased \$659,832 to \$4,789,188 compared to an increase of \$390,510 in 2012.

## Financial Analysis of the City's Funds

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

**Governmental Funds:** The focus of the City's governmental funds is to provide information on the near-term inflow, outflow, and balances of spendable resources. Such information is useful in assessing the City's financial requirements. In particular, unrestricted fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$679,621 which is an increase of \$139,559 compared to the prior year increase of \$9,943. While the bulk of the governmental fund balances are not reserved in the governmental fund statements, they may lead to restricted net position on the Statement of Net Position due to being restricted for use for a particular purpose mandated by the sources of the resources, such as state statutes.

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 \$416,917. Fund balance represents approximately 27.1% of the total General Fund expenditures.

The City's General Fund ending fund balance increased by \$142,064 in 2013. Key factors in this increase are as follows:

- The City's General Fund's total revenues increased by \$235,044, which was mainly due to shared revenue from the Regional Transportation Commission. However, capital outlay in the Street Department had a corresponding increase of \$226,866 associated with the street improvement project.
- The Police Department expenditures were \$76,044 less in 2013 than in 2012, due in part to prepayment of the 2013 liability insurance premium in the preceding fiscal year, which caused a \$35,360 decrease in insurance expense.

### **General Fund Budgetary Highlights**

The City's budget is prepared according to Nevada law and is based on generally accepted accounting principles. The City adopts an annual budget following budget workshops and a public hearing. The budget provides appropriations for expenditures and the means to finance them. The most significant budgeted fund is the General Fund. With the General Fund supporting many of our major activities such as our public safety programs, as well as most legislative, judicial and executive activities the General Fund is monitored closely looking for possible revenue shortfall or over spending by individual departments. In summary, the noted differences and explanations are as follows:

- Intergovernmental revenues were \$74,438 under budget due to Regional Transportation Commission road projects being lower than anticipated in 2013.
- The Police Department underspent their budget by \$77,065 during the year.

### **Capital Assets and Debt Administration**

Capital Assets: The City's investment in capital assets, net of depreciation, for its governmental and business-type activities as of June 30, 2013 is \$24,041,048 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and systems, improvements, equipment, vehicles, and roads and highways. In the notes to the financial statements, Note 3 (Capital Assets) provides capital asset activity during 2013.

Major capital asset events during the current year include the following:

- The Governmental Funds had \$20,316 in asset additions for the year. The majority of the additions was for the river dredging project. The City is following a 5-year capital improvement plan and limits the purchase of new assets as deemed necessary.
- The Business Type Funds had asset additions of \$21,387 for the year. Major additions consisted of the purchase of a new pump.

Long-Term Debt:

Governmental Activities:

There are no governmental activity debt obligations in 2013.

Business-Type Activities:

- The Water Fund's outstanding State Revolving Fund Bonds balance was \$534,125. Principal payments of \$22,310 were made during the year.
- The Mason Water Fund's outstanding USDA Rural Development Bonds balance was \$358,611, which was down by \$11,480 from 2012.
- The Crystal Clear Water Fund's outstanding USDA Rural Development Bonds balance was \$484,306, which was down by \$5,333 from 2012.

In addition to the bonded debt, the City's long-term obligations include compensated absences. Additional information on the City's long-term debt can be found in Notes 4 and 5 of this financial report.

**Economic Factors and Next Years Budget**

The City Council and the management of the City consider many factors when setting the fiscal year 2014 budget, tax rates, user fees and other charges. Some of those factors are the local economy and the impact taxes, charges and rates have on the customers.

The City of Yerington population growth has been very flat over the past several years with an estimated population of 3,165.

Current economic indicators have suggested that the current economy will remain in this flat growth mode for at least another year. Given these conditions, the City maintains a conservative approach to spending while maximizing its local revenues.

All of these factors were considered in the preparation of the City's 2014 budget. In conjunction with the current economic factors, the City limited its anticipated spending for 2014, and asked department heads to limit spending and capital outlay.

### **Requests for Information**

This financial report is designed to provide our customers and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional financial information should be directed to the City Manager of the City of Yerington, 102 South Main Street, Yerington, Nevada, 89447.

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**CITY OF YERINGTON, NEVADA****STATEMENT OF NET POSITION****JUNE 30, 2013***(With Comparative Totals for June 30, 2012)*

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	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES
<b>Current Assets</b>		
Cash and investments - Note 2	\$ 574,634	\$ 4,647,521
Taxes receivable, secured roll	3,153	-
Use fees receivable, net of allowances for uncollectibles	-	211,099
Due from other governments	316,355	-
Other receivables	46,362	-
Inventory	13,676	12,049
	<hr/>	<hr/>
Total Current Assets	954,180	4,870,669
<b>Noncurrent Assets</b>		
Restricted cash and investments - Note 2	-	141,667
Capital Assets - Note 3		
Land, improvements, and construction in progress	1,368,677	317,513
Other capital assets, net of depreciation	2,945,284	19,409,574
	<hr/>	<hr/>
Total Noncurrent Assets	4,313,961	19,868,754
	<hr/>	<hr/>
<b>Total Assets</b>	5,268,141	24,739,423
<b>Current Liabilities</b>		
Accounts payable	253,517	50,543
Accrued salaries and benefits	16,923	15,099
Due to other governments	-	10,646
Accrued interest	-	1,608
Customers' deposits	-	8,390
Bail deposits	1,494	-
Current portion of long-term debt - Note 4	-	41,520
	<hr/>	<hr/>
Total Current Liabilities	271,934	127,806
<b>Long-term liabilities</b>		
Compensated absences - Note 5	41,579	31,437
Accrued OPEB liability - Note 4, 5 & 8	173,524	150,576
Long-term portion of bonds payable - Note 4	-	1,335,522
	<hr/>	<hr/>
Total Long-term Liabilities	215,103	1,517,535
	<hr/>	<hr/>
<b>Total Liabilities</b>	487,037	1,645,341
<b>Deferred Inflow of Resources</b>		
Unearned system development grant - Note 6	-	26,985
	<hr/>	<hr/>
<b>Net Position</b>		
Invested in capital assets, net of related debt	4,313,961	18,373,091
Restricted - Note 9	-	133,277
Unrestricted	467,143	4,560,729
	<hr/>	<hr/>
<b>Total Net Position</b>	\$ 4,781,104	\$ 23,067,097
	<hr/> <hr/>	<hr/> <hr/>

TOTAL	
2013	2012
\$ 5,222,155	\$ 4,422,466
3,153	15,605
211,099	204,297
316,355	265,741
46,362	41,558
25,725	43,644
<u>5,824,849</u>	<u>4,993,311</u>
141,667	119,572
1,686,190	1,665,874
<u>22,354,858</u>	<u>23,334,170</u>
<u>24,182,715</u>	<u>25,119,616</u>
<u>30,007,564</u>	<u>30,112,927</u>
304,060	196,391
32,022	35,927
10,646	24,355
1,608	1,551
8,390	8,979
1,494	2,565
41,520	38,054
<u>399,740</u>	<u>307,822</u>
73,016	70,559
324,100	313,048
<u>1,335,522</u>	<u>1,378,111</u>
<u>1,732,638</u>	<u>1,761,718</u>
<u>2,132,378</u>	<u>2,069,540</u>
<u>26,985</u>	<u>-</u>
22,687,052	23,604,189
133,277	118,867
<u>5,027,872</u>	<u>4,320,331</u>
<u>\$ 27,848,201</u>	<u>\$ 28,043,387</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF YERINGTON, NEVADA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
*(With Comparative Totals for the Year Ended June 30, 2012)*

	EXPENSES	PROGRAM REVENUE		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<b>Governmental Activities:</b>				
General government	\$ 266,935	\$ -	\$ -	\$ -
Judicial	53,315	31,730	-	-
Public safety	764,742	7,636	17,319	-
Public works	722,338	230,274	252,651	20,315
Health	10,941	3,470	-	-
Culture and recreation	72,314	-	40,000	-
<i>Total Governmental Activities</i>	<u>1,890,585</u>	<u>273,110</u>	<u>309,970</u>	<u>20,315</u>
<b>Business-Type Activities:</b>				
Water	1,426,144	1,177,912	83,895	19,000
Sewer	602,534	655,295	-	26,510
<i>Total Business-type Activities</i>	<u>2,028,678</u>	<u>1,833,207</u>	<u>83,895</u>	<u>45,510</u>
<b>Total City</b>	<u>\$ 3,919,263</u>	<u>\$ 2,106,317</u>	<u>\$ 393,865</u>	<u>\$ 65,825</u>

General Revenues:

- Property taxes, levied for general purposes
- Other taxes
- Franchise fees
- Consolidated taxes
- Unrestricted investment earnings
- Gain on sale of assets
- Miscellaneous income
- Grants not restricted to a specific program

*Total General Revenues*

*Change in Net Position*

Net Position - Beginning

**Net Position - Ending**

<i>Net (Expenses) Revenues and Changes in Net Position</i>			
GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	2013	2012
\$ (266,935)	\$ -	\$ (266,935)	\$ (252,372)
(21,585)	-	(21,585)	(18,604)
(739,787)	-	(739,787)	(856,606)
(219,098)	-	(219,098)	528,206
(7,471)	-	(7,471)	(11,906)
(32,314)	-	(32,314)	(35,428)
<u>(1,287,190)</u>	<u>-</u>	<u>(1,287,190)</u>	<u>(646,710)</u>
-	(145,337)	(145,337)	788,070
<u>-</u>	<u>79,271</u>	<u>79,271</u>	<u>(2,011)</u>
-	(66,066)	(66,066)	786,059
<u>(1,287,190)</u>	<u>(66,066)</u>	<u>(1,353,256)</u>	<u>139,349</u>
220,674	-	220,674	221,931
180,707	-	180,707	174,075
178,718	-	178,718	169,080
367,007	-	367,007	351,779
204	1,704	1,908	580
-	-	-	6,079
9,056	-	9,056	45,178
200,000	-	200,000	200,000
<u>1,156,366</u>	<u>1,704</u>	<u>1,158,070</u>	<u>1,168,702</u>
(130,824)	(64,362)	(195,186)	1,308,051
<u>4,911,928</u>	<u>23,131,459</u>	<u>28,043,387</u>	<u>26,735,336</u>
<u>\$ 4,781,104</u>	<u>\$ 23,067,097</u>	<u>\$ 27,848,201</u>	<u>\$ 28,043,387</u>

The accompanying notes are an integral part of these financial statements.

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**CITY OF YERINGTON, NEVADA****BALANCE SHEET  
GOVERNMENTAL FUNDS****JUNE 30, 2013***(With Comparative Totals for June 30, 2012)*

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	GENERAL FUND	MUNICIPAL COURT ADMINISTRATIVE ASSESSMENT FUND	SPECIAL REVENUE FUND
<b>Assets</b>			
Cash and investments	\$ 336,892	\$ 8,005	\$ 20,187
Taxes receivable, secured roll	3,153	-	-
Accounts receivable	41,614	-	4,748
Due from other governments	267,221	-	32,565
Fuel Inventory	13,676	-	-
	<hr/>	<hr/>	<hr/>
<b>Total Assets</b>	<b>\$ 662,556</b>	<b>\$ 8,005</b>	<b>\$ 57,500</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Liabilities</b>			
Accounts payable	\$ 224,597	\$ 72	\$ 10,089
Accrued compensation	16,923	-	-
Due to other governments	-	-	-
Consumer / bail deposits and restitution	1,494	-	-
	<hr/>	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>243,014</b>	<b>72</b>	<b>10,089</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Deferred Inflow of Resources</b>			
Unavailable taxes receivable	2,625	-	-
	<hr/>	<hr/>	<hr/>
<b>Fund Balances - Note 9</b>			
Nonspendable	13,676	-	-
Committed	-	7,933	47,411
Assigned	32,125	-	-
Unassigned	371,116	-	-
	<hr/>	<hr/>	<hr/>
	-	-	-
<b>Total Fund Balances</b>	<b>416,917</b>	<b>7,933</b>	<b>47,411</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 662,556</b>	<b>\$ 8,005</b>	<b>\$ 57,500</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

FIXED ASSET ACQUISITION FUND	TOTALS	
	2013	2012
\$ 209,550	\$ 574,634	\$ 412,682
-	3,153	15,605
-	46,362	41,558
16,569	316,355	217,561
-	13,676	30,262
<u>\$ 226,119</u>	<u>\$ 954,180</u>	<u>\$ 717,668</u>
\$ 18,759	\$ 253,517	\$ 136,901
-	16,923	16,444
-	-	6,480
-	1,494	2,565
<u>18,759</u>	<u>271,934</u>	<u>162,390</u>
-	2,625	15,216
-	13,676	30,262
207,360	262,704	265,209
-	32,125	36,084
-	371,116	208,507
<u>207,360</u>	<u>679,621</u>	<u>540,062</u>
<u>\$ 226,119</u>	<u>\$ 954,180</u>	<u>\$ 717,668</u>

The accompanying notes are an integral part of these financial statements.

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**CITY OF YERINGTON, NEVADA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2013**  
*(With Comparative Totals for June 30, 2012)*

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	2013	2012
<b>Total Fund Balance - Governmental Funds</b>	\$ 679,621	\$ 540,062
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
Capital assets used in governmental funds are not current financial resources and therefore not reported in the governmental fund financial statements.	11,246,788	11,221,972
Accumulated depreciation has not been included in the governmental fund financial statements.	(6,932,827)	(6,659,589)
Revenue reported as deferred revenue in the governmental fund financial statements is recorded as revenue in the government-wide financial statements.	2,625	15,216
Compensated absences have not been reflected in the governmental fund financial statements.	(41,579)	(40,565)
Post-employment health insurance that is not due and payable in the current period and therefore is not reported in the governmental funds.	(173,524)	(165,168)
<b>Net Position of Governmental Activities</b>	<b>\$ 4,781,104</b>	<b>\$ 4,911,928</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF YERINGTON, NEVADA**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES -**  
**ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

(With Comparative Totals for the Year Ended June 30, 2012)

	GENERAL FUND	MUNICIPAL COURT ADMINISTRATIVE ASSESSMENT FUND	SPECIAL REVENUE FUND
<b>Revenues</b>			
Taxes	\$ 232,112	\$ -	\$ 56,319
Licenses and permits	305,453	-	-
Intergovernmental revenues	893,564	-	20,315
Charges for services	207,627	-	-
Fines and forfeits	29,422	2,308	-
Other revenues	5,979	-	1,327
<i>Total Revenues</i>	<u>1,674,157</u>	<u>2,308</u>	<u>77,961</u>
<b>Expenditures</b>			
Current:			
General government	205,154	-	47,248
Judicial	51,054	-	-
Public safety	705,351	-	-
Public works	509,862	-	20,390
Health	10,882	-	-
Culture and recreation	54,904	-	-
<i>Total Expenditures</i>	<u>1,537,207</u>	<u>-</u>	<u>67,638</u>
Excess (Deficiency) of Revenues over Expenditures	<u>136,950</u>	<u>2,308</u>	<u>10,323</u>
<b>Other Financing Sources (Uses)</b>			
Sale of assets	-	-	-
Transfers in	5,114	-	-
Transfers out	-	(5,114)	-
Total Other Financing Sources (Uses) of Funds	<u>5,114</u>	<u>(5,114)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Uses	142,064	(2,806)	10,323
Fund Balance, July 1	<u>274,853</u>	<u>10,739</u>	<u>37,088</u>
<b>Fund Balance, June 30</b>	<u>\$ 416,917</u>	<u>\$ 7,933</u>	<u>\$ 47,411</u>

FIXED ASSET ACQUISITION FUND	TOTALS	
	2013	2012
\$ 1,153	\$ 289,584	\$ 274,754
-	305,453	287,970
16,569	930,448	1,982,985
-	207,627	216,665
-	31,730	28,099
204	7,510	6,893
<u>17,926</u>	<u>1,772,352</u>	<u>2,797,366</u>
-	252,402	235,120
-	51,054	42,045
23,448	728,799	786,894
4,500	534,752	1,657,718
-	10,882	13,621
-	54,904	58,104
<u>27,948</u>	<u>1,632,793</u>	<u>2,793,502</u>
<u>(10,022)</u>	<u>139,559</u>	<u>3,864</u>
-	-	6,079
-	5,114	-
-	(5,114)	-
<u>-</u>	<u>-</u>	<u>6,079</u>
(10,022)	139,559	9,943
<u>217,382</u>	<u>540,062</u>	<u>530,119</u>
<u>\$ 207,360</u>	<u>\$ 679,621</u>	<u>\$ 540,062</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF YERINGTON, NEVADA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
(With Comparative Totals for the Year Ended June 30, 2012)

	2013	2012
<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 139,559</b>	<b>\$ 9,943</b>
Amounts reported for governmental activities in the statement of activities are different because:		
Current year capital outlays are expenditures in the governmental fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements.	24,816	927,196
Depreciation is not recognized as an expense in governmental funds, since it does not require the use of current financial resources. The effect on the current year's depreciation is to decrease net assets.	(273,238)	(401,647)
Revenues from property taxes and other revenues is deferred in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed in the government-wide financial statements.	(12,591)	124
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental fund financial statements.	(1,014)	629
Future health insurance post-employment benefits are reported in the statement of activities but do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund financial statements.	(8,356)	(54,681)
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ (130,824)</u></u></b>	<b><u><u>\$ 481,564</u></u></b>

The accompanying notes are an integral part of these financial statements.

**CITY OF YERINGTON, NEVADA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
*(With Comparative Totals for the Year Ended June 30, 2012)*

	BUDGETED AMOUNTS		ACTUAL	VARIANCE	2012
	ORIGINAL	FINAL			
<b>Revenues</b>					
Taxes					
Ad valorem taxes	\$ 215,229	\$ 215,229	\$ 232,112	\$ 16,883	\$ 220,515
Licenses, Permits and Fees					
Business licenses	90,000	90,000	92,982	2,982	90,439
Franchise taxes					
Natural gas	30,000	30,000	22,149	(7,851)	26,028
Electric	110,000	110,000	128,509	18,509	114,342
Cable television	11,000	11,000	8,803	(2,197)	8,569
Sanitation	16,000	16,000	19,257	3,257	20,141
	<u>167,000</u>	<u>167,000</u>	<u>178,718</u>	<u>11,718</u>	<u>169,080</u>
Non-business licenses and permits					
Animal licenses	140	140	237	97	322
Building permits	32,000	32,000	32,416	416	26,094
Planning and zoning	3,750	3,750	1,100	(2,650)	2,035
	<u>35,890</u>	<u>35,890</u>	<u>33,753</u>	<u>(2,137)</u>	<u>28,451</u>
Total licenses and permits	<u>292,890</u>	<u>292,890</u>	<u>305,453</u>	<u>12,563</u>	<u>287,970</u>
Intergovernmental Revenues					
State and federal shared revenues					
Motor vehicle fuel tax	52,239	52,239	54,545	2,306	52,521
Consolidated tax distribution	362,763	362,763	367,007	4,244	351,779
	<u>415,002</u>	<u>415,002</u>	<u>421,552</u>	<u>6,550</u>	<u>404,300</u>
Other local government shared revenues					
Regional Transportation					
Commission	275,000	275,000	175,108	(99,892)	-
Road Construction Tax	-	-	18,998	18,998	-
County ad valorem agreement	200,000	200,000	200,000	-	200,000
County gaming licenses	31,500	31,500	31,406	(94)	30,689
	<u>506,500</u>	<u>506,500</u>	<u>425,512</u>	<u>(80,988)</u>	<u>230,689</u>

**CITY OF YERINGTON, NEVADA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
*(With Comparative Totals for the Year Ended June 30, 2012)*

	BUDGETED AMOUNT		ACTUAL	VARIANCE	2012
	ORIGINAL	FINAL			
Payments in lieu of taxes					
County parks agreement	\$ 40,000	\$ 40,000	\$ 40,000	\$ -	\$ 40,000
County airport contribution	4,000	4,000	4,000	-	4,000
State rural housing	2,500	2,500	2,500	-	2,500
	<u>46,500</u>	<u>46,500</u>	<u>46,500</u>	<u>-</u>	<u>46,500</u>
 Total Intergovernmental Revenues	 <u>968,002</u>	 <u>968,002</u>	 <u>893,564</u>	 <u>(74,438)</u>	 <u>681,489</u>
 Charges for Services					
Airport charges	12,500	12,500	12,313	(187)	13,897
Airport fuel charges	198,000	198,000	174,449	(23,551)	194,386
Animal shelter	3,300	3,300	3,233	6,533	1,785
Weed abatement	1,000	1,000	9,996	8,996	3,516
Other charges for services	1,000	1,000	7,636	6,636	3,081
	<u>215,800</u>	<u>215,800</u>	<u>207,627</u>	<u>(8,173)</u>	<u>216,665</u>
 Fines and Forfeits					
Municipal court fines	30,000	30,000	22,531	(7,469)	26,063
Other court fees	-	-	6,891	6,891	-
	<u>30,000</u>	<u>30,000</u>	<u>29,422</u>	<u>(578)</u>	<u>26,063</u>
 Other Revenues					
Nevada Energy rebate	-	-	-	-	4,063
Other revenue	3,000	3,000	5,979	2,979	2,348
	<u>3,000</u>	<u>3,000</u>	<u>5,979</u>	<u>2,979</u>	<u>6,411</u>
 <b>Total Revenues</b>	 <u>1,724,921</u>	 <u>1,724,921</u>	 <u>1,674,157</u>	 <u>(50,764)</u>	 <u>1,439,113</u>

**CITY OF YERINGTON, NEVADA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
*(With Comparative Totals for the Year Ended June 30, 2012)*

	BUDGETED AMOUNT		ACTUAL	VARIANCE	2012
	ORIGINAL	FINAL			
<b>Operating Expenditures</b>					
General Government					
Mayor and Council					
Salaries	\$ 21,600	\$ 21,600	\$ 21,600	\$ -	\$ 21,600
Employee benefits	2,014	7,014	3,657	3,357	3,924
Services and supplies	3,100	3,100	1,847	1,253	2,671
Other	-	-	500	(500)	-
<b>Total Mayor and Council</b>	<b>26,714</b>	<b>31,714</b>	<b>27,604</b>	<b>4,110</b>	<b>28,195</b>
Management and Administration					
Salaries and wages	52,346	52,346	48,351	3,995	47,931
Employee benefits	27,168	27,168	25,847	1,321	29,401
Services and supplies	87,840	87,840	103,352	(15,512)	99,951
<b>Total Management and Administration</b>	<b>167,354</b>	<b>167,354</b>	<b>177,550</b>	<b>(10,196)</b>	<b>177,283</b>
<b>Total General Government Function</b>	<b>194,068</b>	<b>199,068</b>	<b>205,154</b>	<b>(6,086)</b>	<b>205,478</b>
Judicial					
Municipal Court					
Salaries and wages	34,231	34,231	13,373	20,858	24,431
Employee benefits	9,987	9,987	7,181	2,806	8,562
Services and supplies	9,358	9,358	30,500	(21,142)	9,052
<b>Total Judicial Function</b>	<b>53,576</b>	<b>53,576</b>	<b>51,054</b>	<b>2,522</b>	<b>42,045</b>
Public Safety					
Police Department					
Salaries and wages	339,243	339,243	326,725	12,518	347,313
Employee benefits	222,924	222,924	199,457	23,467	224,260
Services and supplies	90,508	100,508	59,428	41,080	90,081
<b>Total Police Department</b>	<b>652,675</b>	<b>662,675</b>	<b>585,610</b>	<b>77,065</b>	<b>661,654</b>

**CITY OF YERINGTON, NEVADA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
*(With Comparative Totals for the Year Ended June 30, 2012)*

	BUDGETED AMOUNT		ACTUAL	VARIANCE	2012
	ORIGINAL	BUDGET			
Fire Department					
Services and supplies					
Contractual agreement	\$ 119,741	\$ 119,741	\$ 119,741	\$ -	\$ 124,226
<b>Total Public Safety Function</b>	<u>772,416</u>	<u>782,416</u>	<u>705,351</u>	<u>77,065</u>	<u>785,880</u>
Public Works					
Building Department					
Salaries	23,783	23,783	23,249	534	24,016
Employee benefits	11,868	11,868	11,026	842	12,723
Services and supplies	3,538	3,538	704	2,834	2,544
<b>Total Building Department</b>	<u>39,189</u>	<u>39,189</u>	<u>34,979</u>	<u>4,210</u>	<u>39,283</u>
Street Department					
Salaries and wages	25,140	25,140	20,462	4,678	27,207
Employee Benefits	7,628	7,628	8,488	(860)	9,401
Service and supplies	52,665	52,665	46,075	6,590	62,999
Capital outlay	275,000	275,000	226,866	48,134	-
<b>Total Street Department</b>	<u>360,433</u>	<u>360,433</u>	<u>301,891</u>	<u>58,542</u>	<u>99,607</u>
Airport					
Salaries and wages	3,214	3,214	3,370	(156)	4,029
Employee Benefits	1,684	1,684	1,820	(136)	1,822
Services and supplies	213,200	213,200	167,802	45,398	191,724
<b>Total Airport</b>	<u>218,098</u>	<u>218,098</u>	<u>172,992</u>	<u>45,106</u>	<u>197,575</u>
<b>Total Public Works Function</b>	<u>617,720</u>	<u>617,720</u>	<u>509,862</u>	<u>107,858</u>	<u>336,465</u>
Health					
Animal Control					
Salaries and wages	3,976	3,976	3,573	403	4,294
Employee benefits	2,445	2,445	1,920	525	2,190
Services and supplies	6,217	6,218	5,389	829	7,137
<b>Total Health Function</b>	<u>12,638</u>	<u>12,639</u>	<u>10,882</u>	<u>1,757</u>	<u>13,621</u>

**CITY OF YERINGTON, NEVADA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
*(With Comparative Totals for the Year Ended June 30, 2012)*

	BUDGETED AMOUNT		ACTUAL	VARIANCE	2012
	ORIGINAL	FINAL			
Culture and Recreation					
Parks and recreation					
Salaries and wages	\$ 12,494	\$ 22,494	\$ 19,401	\$ 3,093	\$ 14,363
Employee Benefits	5,859	10,859	10,458	401	5,824
Services and Supplies	30,108	30,108	25,045	5,063	37,917
<b>Total Culture And Recreation Function</b>	<u>48,461</u>	<u>63,461</u>	<u>54,904</u>	<u>8,557</u>	<u>58,104</u>
<i>Total Expenditures</i>	<u>1,698,879</u>	<u>1,728,880</u>	<u>1,537,207</u>	<u>191,673</u>	<u>1,441,593</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>26,042</u>	<u>(3,959)</u>	<u>136,950</u>	<u>140,909</u>	<u>(2,480)</u>
<b>Other Financing (Uses)</b>					
Contingency	(30,000)	-	-	-	-
Transfer in from Municipal Court Fund	-	-	5,114	5,114	-
<b>Total Other Financing Sources (Uses)</b>	<u>(30,000)</u>	<u>-</u>	<u>5,114</u>	<u>5,114</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>(3,958)</u>	<u>(3,959)</u>	<u>142,064</u>	<u>146,023</u>	<u>(2,480)</u>
Fund Balance, July 1	<u>147,963</u>	<u>147,963</u>	<u>242,728</u>	<u>94,765</u>	<u>245,208</u>
<b>Fund Balance, June 30</b>	<u>\$ 144,005</u>	<u>\$ 144,004</u>	<u>384,792</u>	<u>\$ 240,788</u>	<u>242,728</u>
<b><u>RECONCILIATION TO GAAP BASIS</u></b>					
The Compensated Absence Fund is included within the General Fund for GAAP basis reporting. The following items from this fund reconcile the budget to GAAP basis.					
Expenditures					
General government	\$ (33,239)	\$ (33,239)	-	\$ (33,239)	(1,014)
Fund Balance, July 1	<u>33,239</u>	<u>33,239</u>	<u>32,125</u>	<u>(1,114)</u>	<u>33,139</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>32,125</u>	<u>\$ 32,125</u>	<u>32,125</u>
<b>Fund Balance, GAAP Basis, June 30</b>			<u>\$ 416,917</u>		<u>\$ 274,853</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF YERINGTON, NEVADA**  
**MUNICIPAL COURT ADMINISTRATIVE ASSESSMENT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

*(With Comparative Totals for the Year Ended June 30, 2012)*

	BUDGETED AMOUNT		ACTUAL	VARIANCE	2012
	ORIGINAL	BUDGET			
<b>Revenues</b>					
Fines and Forfeits					
Municipal Court assessments	\$ 900	\$ 900	\$ 945	\$ 45	\$ 812
Special facility assessments	1,800	1,800	1,363	(437)	1,224
<i>Total Revenues</i>	<u>2,700</u>	<u>2,700</u>	<u>2,308</u>	<u>(392)</u>	<u>2,036</u>
<b>Expenditures</b>					
Judicial					
Capital outlay - court assessments	-	-	-	-	-
Capital outlay special assessments	-	-	-	-	-
<i>Total Expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	2,700	2,700	2,308	(392)	2,036
<b>Other Financing Uses</b>					
Transfer out - General Fund	-	-	(5,114)	(5,114)	-
Excess of Revenues over Expenditures and Other Uses	2,700	2,700	(2,806)	(5,506)	2,036
Fund Balance, July 1	<u>11,403</u>	<u>11,403</u>	<u>10,739</u>	<u>(664)</u>	<u>8,703</u>
<b>Fund Balance, June 30</b>	<u><u>\$ 14,103</u></u>	<u><u>\$ 14,103</u></u>	<u><u>\$ 7,933</u></u>	<u><u>\$ (6,170)</u></u>	<u><u>\$ 10,739</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF YERINGTON, NEVADA**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
*(With Comparative Totals for the Year Ended June 30, 2012)*

	BUDGETED AMOUNT		ACTUAL	VARIANCE	2012
	ORIGINAL	FINAL			
<b>Revenues</b>					
Room taxes	\$ 47,000	\$ 47,000	\$ 56,319	\$ 9,319	\$ 52,947
Intergovernmental					
Law enforcement block grant	5,000	5,000	-	(5,000)	-
FAA airport grants	-	-	-	-	374,300
EECBG state energy grant	66,666	66,666	-	(66,666)	51,800
NFWF River grant	373,125	373,125	20,315	(352,810)	875,396
Total Intergovernmental	444,791	444,791	20,315	(424,476)	1,301,496
Other Revenues					
Donations	4,000	4,000	577	(3,423)	423
Safety program	750	750	750	-	-
Total Other	4,750	4,750	1,327	(3,423)	423
<i>Total Revenues</i>	496,541	496,541	77,961	(418,580)	1,354,866
<b>Expenditures</b>					
General Government					
Safety program	750	750	-	750	40
Room tax distributions	40,000	40,000	37,821	2,179	23,875
Intergovernmental, room tax	7,000	7,000	9,427	(2,427)	5,727
Total General Government	47,750	47,750	47,248	502	29,642
Public Works					
EECBG State Energy Grant	66,000	66,000	-	66,000	51,800
Animal shelter grant	4,000	4,000	75	3,925	57
NFWF Walker River Grant	373,125	373,125	20,315	352,810	875,396
FAA airport grants	-	-	-	-	394,000
Total Public Works	443,125	443,125	20,390	422,735	1,321,253
<i>Total Expenditures</i>	490,875	490,875	67,638	423,237	1,350,895
Excess of Revenues over Expenditures	5,666	5,666	10,323	4,657	3,971
Fund Balance, July 1	57,283	57,283	37,088	(20,195)	33,117
<b>Fund Balance, June 30</b>	<b>\$ 62,949</b>	<b>\$ 62,949</b>	<b>\$ 47,411</b>	<b>\$ (15,538)</b>	<b>\$ 37,088</b>

The accompanying notes are an integral part of these financial statements.

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**CITY OF YERINGTON, NEVADA****ENTERPRISE FUNDS****STATEMENT OF NET POSITION****JUNE 30, 2013***(With Comparative Totals for June 30, 2012)**(Page 1 of 2)*

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	UTILITY FUNDS		
	WATER	SEWER	MASON WATER
<b>Current Assets</b>			
Unrestricted			
Cash	\$ 1,912,694	\$ 1,698,446	\$ 876,343
Accounts receivables, net of allowance for doubtful accounts	96,751	76,782	30,934
Grants receivable	-	-	-
Inventory of materials and supplies	11,641	408	-
Restricted Cash			
Customer deposits	6,355	2,035	-
AB 198 capital reserve	31,426	-	-
USDA loan reserve	-	-	27,900
<b>Total Current Assets</b>	<b>2,058,867</b>	<b>1,777,671</b>	<b>935,177</b>
<b>Property, Plant And Equipment</b>			
Land and water rights	1,493	10,120	10,000
Building, wells, tanks, and distribution system	9,319,806	-	4,640,227
Treatment plant and collection system	-	5,605,552	-
Vehicles	45,693	42,499	19,355
Maintenance equipment	2,703,921	327,532	35,845
Office equipment	66,624	45,080	16,222
	12,137,537	6,030,783	4,721,649
Accumulated depreciation	(2,458,099)	(2,950,715)	(890,155)
	9,679,438	3,080,068	3,831,494
<b>Total Assets</b>	<b>11,738,305</b>	<b>4,857,739</b>	<b>4,766,671</b>

CRYSTAL CLEAR WATER FUND	TOTALS	
	2013	2012
\$ 160,038	\$ 4,647,521	\$ 4,009,784
6,632	211,099	204,297
-	-	48,180
-	12,049	13,382
-	8,390	8,979
47,911	79,337	56,653
26,040	53,940	53,940
240,621	5,012,336	4,395,215
295,900	317,513	317,513
3,166,620	17,126,653	17,105,266
-	5,605,552	5,605,552
-	107,547	107,547
-	3,067,298	3,067,298
-	127,926	127,926
3,462,520	26,352,489	26,331,102
(326,433)	(6,625,402)	(5,893,441)
3,136,087	19,727,087	20,437,661
3,376,708	24,739,423	24,832,876

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**CITY OF YERINGTON, NEVADA****ENTERPRISE FUNDS****STATEMENT OF NET POSITION****JUNE 30, 2013***(With Comparative Totals for June 30, 2012)**(Page 2 of 2)*

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	UTILITY FUNDS		
	WATER	SEWER	MASON WATER
<b>Liabilities</b>			
Current liabilities payable from unrestricted assets:			
Accounts payable and accrued liabilities	\$ 29,169	\$ 14,692	\$ 6,325
Accrued salaries and wages	7,177	6,455	1,398
Due to other governments	6,471	4,175	-
Accrued interest	-	-	1,326
Current liabilities payable from restricted assets:			
Bonds / notes payable - due within one year	23,046	-	12,909
Customer deposits	6,355	2,035	-
	<u>72,218</u>	<u>27,357</u>	<u>21,958</u>
Long-term liabilities:			
Accrued compensated absences	15,111	13,030	2,896
Accrued OPEB payable	72,375	63,945	12,820
Bonds, due after one year	511,079	-	345,702
	<u>598,565</u>	<u>76,975</u>	<u>361,418</u>
<i>Total Long-Term Liabilities</i>			
	<u>670,783</u>	<u>104,332</u>	<u>383,376</u>
<b>Deferred Inflow of Resources</b>			
Unearned system development grant	26,985	-	-
	<u>26,985</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>			
Invested in capital assets, net of related debt	9,168,359	3,080,068	3,472,883
Restricted - loan reserves	31,426	-	27,900
Unrestricted	1,840,752	1,673,339	882,512
	<u>11,040,537</u>	<u>4,753,407</u>	<u>4,383,295</u>
<b>Total Net Position</b>	<u>\$ 11,040,537</u>	<u>\$ 4,753,407</u>	<u>\$ 4,383,295</u>

CRYSTAL CLEAR WATER FUND	TOTALS	
	2013	2012
\$ 357	\$ 50,543	\$ 59,490
69	15,099	19,483
-	10,646	17,875
282	1,608	1,551
5,565	41,520	38,054
-	8,390	8,979
<u>6,273</u>	<u>127,806</u>	<u>145,432</u>
400	31,437	29,994
1,436	150,576	147,880
<u>478,741</u>	<u>1,335,522</u>	<u>1,378,111</u>
<u>480,577</u>	<u>1,517,535</u>	<u>1,555,985</u>
<u>486,850</u>	<u>1,645,341</u>	<u>1,701,417</u>
-	26,985	-
2,651,781	18,373,091	19,041,806
73,951	133,277	118,867
<u>164,126</u>	<u>4,560,729</u>	<u>3,970,786</u>
<u>\$ 2,889,858</u>	<u>\$ 23,067,097</u>	<u>\$ 23,131,459</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF YERINGTON, NEVADA**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
*(With Comparative Totals for the Year Ended June 30, 2012)*

	WATER UTILITY FUND	SEWER UTILITY FUND	MASON WATER UTILITY FUND
<b>Operating Revenues</b>			
Use fees	\$ 703,291	\$ 623,151	\$ 275,115
<b>Operating Expenses</b>			
Salaries and wages	228,407	201,118	42,161
Employee benefits	114,003	101,916	22,264
Service and supplies	218,331	136,158	73,030
Depreciation	381,341	163,342	93,341
<i>Total Operating Expenses</i>	<u>942,082</u>	<u>602,534</u>	<u>230,796</u>
Operating Income (Loss)	<u>(238,791)</u>	<u>20,617</u>	<u>44,319</u>
<b>Nonoperating Revenue (Expenses)</b>			
Interest earnings	691	605	327
Late fees / administrative fees	10,274	3,071	3,737
Water tank lease	10,630	-	-
Willowcreek agreement	19,000	29,000	-
Nevada Copper water reservation fee	87,500	-	-
Water rights revenue	3,466	-	-
Miscellaneous revenues	3,608	73	-
ARCO, system extension	3,195	-	-
Sunset Hills system extension	(3,195)	-	-
Corp of Engineers GIS asset grant	21,600	-	-
GIS Asset Management	(28,800)	-	-
CDBG - Utility master plan	59,100	-	-
CDBG - Utility master plan expenses	(59,100)	-	-
Interest expense	(18,015)	-	(16,423)
<i>Total Nonoperating Revenue (Expenses)</i>	<u>109,954</u>	<u>32,749</u>	<u>(12,359)</u>
Income (Loss) before Contributions	(128,837)	53,366	31,960
<b>Capital contributions</b>	<u>14,100</u>	<u>26,510</u>	<u>4,900</u>
Change in Net Position	(114,737)	79,876	36,860
Net Position, July 1	<u>11,155,274</u>	<u>4,673,531</u>	<u>4,346,435</u>
<b>Net Position, June 30</b>	<u>\$ 11,040,537</u>	<u>\$ 4,753,407</u>	<u>\$ 4,383,295</u>

CRYSTAL CLEAR WATER FUND	TOTALS	
	2013	2012
\$ 60,301	\$ 1,661,858	\$ 1,645,563
6,360	478,046	457,277
3,189	241,372	303,552
3,485	431,004	468,583
93,938	731,962	584,904
106,972	1,882,384	1,814,316
(46,671)	(220,526)	(168,753)
81	1,704	521
-	17,082	15,694
990	11,620	24,213
-	48,000	48,000
-	87,500	87,500
-	3,466	3,377
-	3,681	-
-	3,195	-
-	(3,195)	-
-	21,600	-
-	(28,800)	-
-	59,100	66,000
-	(59,100)	(66,000)
(20,761)	(55,199)	(50,343)
(19,690)	110,654	128,962
(66,361)	(109,872)	(39,791)
-	45,510	866,278
(66,361)	(64,362)	826,487
2,956,219	23,131,459	22,304,972
\$ 2,889,858	\$ 23,067,097	\$ 23,131,459

The accompanying notes are an integral part of these financial statements.

**CITY OF YERINGTON, NEVADA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

*(With Comparative Totals for the Year Ended June 30, 2012)*

	WATER UTILITY FUND	SEWER UTILITY FUND	MASON WATER FUND
<b>Cash Flows From Operating Activities</b>			
Receipts from customers	\$ 754,643	\$ 653,243	\$ 279,147
Payments to Lyon County	(60,898)	(39,912)	-
Payments of personnel costs	(342,557)	(302,988)	(64,378)
Payments for service and supplies	(231,362)	(129,343)	(70,873)
Net Cash Provided by Operating Activities	<u>119,826</u>	<u>181,000</u>	<u>143,896</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Water tank lease income	10,630	-	-
Water rights revenue	3,466	-	-
Willow Creek agreement revenues	19,000	29,000	-
Nevada Copper reservation fee	87,500	-	-
Administrative fees	10,274	-	3,737
Miscellaneous income	3,608	3,144	-
ARCO, system extension	30,180	-	-
Sunset Hills, system extension	(3,195)	-	-
Corp of Engineers GIS asset grant	21,600	-	-
GIS Asset Management	(28,800)	-	-
CDBG - Utility master plan	59,100	-	-
CDBG - Utility master plan expenses	(10,920)	-	-
Net Cash Provided by Noncapital Financing Activities	<u>202,443</u>	<u>32,144</u>	<u>3,737</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Capital contributed from customers	14,100	26,510	4,900
Capital contributed from grantors	-	-	-
Acquisition of capital assets	-	-	(21,388)
Proceeds from State Revolving Fund	-	-	-
Principal paid on long-term debt	(22,310)	-	(11,480)
Interest paid on long-term debt	(18,015)	-	(16,420)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(26,225)</u>	<u>26,510</u>	<u>(44,388)</u>
<b>Cash Flows From Investing Activities</b>			
Interest income	691	605	327
Net Increase in Cash and Cash Equivalents	296,735	240,259	103,572
Cash and Cash Equivalents, July 1	<u>1,653,740</u>	<u>1,460,222</u>	<u>800,671</u>
<b>Cash and Cash Equivalents, June 30</b>	<u><u>\$ 1,950,475</u></u>	<u><u>\$ 1,700,481</u></u>	<u><u>\$ 904,243</u></u>

CRYSTAL CLEAR		
WATER		
FUND	2013	2012
\$ 61,015	\$ 1,748,048	\$ 1,729,875
-	(100,810)	(94,998)
(9,740)	(719,663)	(721,922)
<u>(7,040)</u>	<u>(438,618)</u>	<u>(468,831)</u>
44,235	488,957	444,124
-	10,630	7,800
-	3,466	3,377
-	48,000	48,000
-	87,500	87,500
990	15,001	14,113
-	6,752	17,994
-	30,180	-
-	(3,195)	-
-	21,600	-
-	(28,800)	-
-	59,100	17,820
-	(10,920)	(33,000)
990	239,314	163,604
-	45,510	16,900
-	-	2,817,066
-	(21,388)	(3,293,789)
-	-	427,701
(5,333)	(39,123)	(135,150)
<u>(20,707)</u>	<u>(55,142)</u>	<u>(50,467)</u>
(26,040)	(70,143)	(217,739)
81	1,704	521
19,266	659,832	390,510
<u>214,723</u>	<u>4,129,356</u>	<u>3,738,846</u>
<u>\$ 233,989</u>	<u>\$ 4,789,188</u>	<u>\$ 4,129,356</u>

The accompanying notes are an integral part of these financial statements.

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**CITY OF YERINGTON, NEVADA**  
**COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
*(With Comparative Totals for the Year Ended June 30, 2012)*

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	WATER UTILITY FUND	SEWER UTILITY FUND	MASON WATER FUND
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating income	\$ (238,791)	\$ 20,617	\$ 44,319
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	381,341	163,342	93,341
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	(4,301)	(7,247)	4,032
Decrease (increase) in inventory	1,185	148	-
Increase (decrease) in consumer deposits	(448)	(141)	-
(Decrease) increase in accounts payable and accrued liabilities	<u>(19,160)</u>	<u>4,281</u>	<u>2,204</u>
<b>Net Cash Provided by Operating Activities</b>	<u><u>\$ 119,826</u></u>	<u><u>\$ 181,000</u></u>	<u><u>\$ 143,896</u></u>

CRYSTAL CLEAR WATER FUND	TOTALS	
	2013	2012
\$ (46,671)	\$ (220,526)	\$ (168,753)
93,938	731,962	584,904
714	(6,802)	(10,568)
-	1,333	3,273
-	(589)	(118)
<u>(3,746)</u>	<u>(16,421)</u>	<u>35,386</u>
<u>\$ 44,235</u>	<u>\$ 488,957</u>	<u>\$ 444,124</u>

The accompanying notes are an integral part of these financial statements.

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**CITY OF YERINGTON, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**Note 1 - Summary of Significant Account Policies:**

The City of Yerington (the “City”) is an incorporated city operated under the applicable laws and regulations of the State of Nevada. The financial statements of the City of Yerington have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units in addition to other authoritative sources issued by the American Institute of Certified Public Accountants.

GASB Statement No. 34 established a new financial reporting model for state and local governments that include in addition of management’s discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes.

The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB also determined that government-wide financial statements are needed to allow the users of the financial reports to assess a government’s operational accountability. The new GASB model integrates fund-based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

Reporting Entity

The City, for financial purposes, includes all of the funds relevant to the operations of the City of Yerington. The financial statements of the City of Yerington include those organizations that are controlled by or dependent on the City and fall under the direct jurisdiction of the Mayor and City Council, which is a separately elected body by the citizens of the City. The Mayor and City Council are legally separate and fiscally independent from other governing bodies, with decision-making authority, authority to levy taxes, authority to prepare its own budget, the power to designate management, the ability to significantly influence operations and is accountable for fiscal matters. Therefore, the City is a primary government and is not reported as a component unit by any other entity; nor is the City accountable for any other entity required to be included in the City's annual financial report.

Basic Financial Statements:

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The reporting model's focus is on either the City as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements categorize activities as either governmental activities or

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business-type activities. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, etc.) which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function or a business-type activity. Program revenues include revenues from fines and forfeitures, licenses and permits fees, service assessments, and charges for services. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.). Historically, the previous model did not summarize or present net cost by function or activity.

This government-wide focus is more on the substantiality of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. For the most part, the effect of interfund activity has been removed from the government-wide statements. Interfund activities relating to services provided and used between functions are not eliminated.

The fund financial statements' emphasis is on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column.

The governmental major fund financial statements and the individual fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to (a) demonstrate legal and covenant compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the City's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following each statement which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

The focus of the model is on the City as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, (by category). Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

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Basis of Presentation:

The accounts of the City of Yerington are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues, and expenditures (or expenses, as appropriate). Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements.

The model, as defined in GASB Statement No. 34, establishes criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Management may also elect to designate a fund, which does not meet the criteria, as a major fund. The nonmajor funds may be combined in a single column in the fund financial statements. Since the City has a limited number of funds, all of the City's funds are considered major funds as follows:

Major Funds:

*Governmental Major Funds*

- (1) The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds.
- (2) The Municipal Court Administrative Assessment Fund accounts for a special court assessment for the use in the court system.
- (4) Special Revenue Funds are used to account for the proceeds from specific revenue sources that are legally restricted to expenditures for specific purposes.
- (6) The Fixed Asset Acquisition Fund is used to accumulate resources for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

*Proprietary Major Funds*

- (1) The Yerington Water Fund accounts for water utility activities in the City limits of Yerington.
- (2) The Yerington Sewer Fund accounts for sewer utility activities in the City limits of Yerington.
- (3) The Mason Water Fund accounts for water utility activities in the nearby surrounding areas of Mason, Nevada.
- (4) The Crystal Clear Water Fund accounts for water utility activities in the nearby surrounding areas of East Mason Valley, Nevada.

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Non-Current Governmental Assets/Liabilities:

GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental column in the government-wide Statement of Net Position.

Basis of Accounting:

Basis of accounting refers to the point at which revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applies.

The Government-wide Financial Statements and the Proprietary Combining Financial Statements are presented on an accrual basis of accounting. The Governmental Funds in the Fund Financial Statements are presented on a modified accrual basis.

Governmental Funds:

The City of Yerington maintains its accounting records for all Governmental Funds on the modified accrual basis of accounting as defined by the Governmental Accounting Standards Board (GASB). This method provides for recognizing expenditures, other than accrued interest on general long-term obligations, at the time liabilities are incurred, while revenues are recorded when measurable and available to finance expenditures of the fiscal period. Available is defined as being due and collected within the current period or within 60 days after year-end. When revenues are due, but will not be collected within this 60-day period, the receivable is recorded and an offsetting deferred revenue account is established.

Most major sources of revenues reported in Governmental Funds in the Governmental Fund Financial Statements are susceptible to accrual under the modified accrual basis of accounting. A summary of revenue recognition policies for all major revenue sources is as follows:

Financial Reporting Income Recognition Policies

<u>Type of Revenue</u>	<u>Accrued When Available To Finance Current Operations</u>	<u>Recognized When Received</u>	<u>Accrued When Earned</u>
Property Taxes	X		
Consolidated Tax Distribution	X		
Licenses and Permits		X	
Fines and Forfeits		X	
Motor Vehicle Fuel Taxes	X		
State Gaming License Fees	X		
Interest			X
Grants			X
Miscellaneous Revenue		X	

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Governmental funds in the Governmental Fund Financial Statements are accounted for on a spending or “financial flow” measurement focus. As such, only current assets and current liabilities are generally included on their balance sheets.

Proprietary Funds:

The Enterprise Funds (Water, Sewer, Mason Water, and Crystal Clear Water Utility Funds) are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

Budgets and Budgetary Accounting

Budget Policies:

The City of Yerington adheres to the Local Government Budget Act incorporated within state statutes, which includes the following major procedures to establish the budgetary data, which is reflected in these financial statements.

1. On or before April 15 of each year, the budget officer shall prepare, or the governing body shall cause to be prepared, on appropriate forms prescribed by the Department of Taxation for the use of local governments, a tentative budget for the ensuing fiscal year. The tentative budget must be filed for public record and inspection.
2. Public hearings on the tentative budget are held on the third Tuesday in May.
3. Prior to June 1, at a public hearing, the Council indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the Council. The final budget must then be forwarded to the Nevada Tax Commission to approve the requested ad valorem tax rate.
4. Formal budgetary integration in the financial records of all funds is employed to enhance management control during the year.
5. Budgets for all funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP) other than the City's election to account and budget for activities required to be reported within the General Fund in separate

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funds. The City does not use the encumbrance method of accounting. Appropriations lapse at year-end.

6. Budget amounts within funds, and between funds, may be transferred if amounts do not exceed the original budget. Such transfers are to be approved by the budget officer and/or the City Council, depending on established criteria. Budget augmentations in excess of original budgetary amounts may not be made without prior approval of the City Council, following a scheduled and noticed public hearing. During the year, the City Council approved one budget augmentation.
7. The above dates may be modified as necessary during years when the Nevada Legislature is in session.

In accordance with state statutes, actual expenditures may not exceed budget appropriations of the various governmental functions of the General Fund, or total appropriations of the individual Special Revenue and Capital Projects Funds. In Enterprise Funds, actual expenses may not exceed the sum of budgeted operating and nonoperating expenses.

#### Cash and Investments

Cash balances from all funds are combined and, to the extent practicable, invested as permitted by NRS 355.170. Investments are stated at fair market value.

Pursuant to NRS 355.170, the City may only invest in the following types of securities:

- United States bonds and debentures maturing within ten (10) years from the date of purchase.
- Certain farm loan bonds.
- Securities of the United States Treasury, United States Postal Service or the Federal National Mortgage Association maturing within ten (10) years from the date of purchase.
- Negotiable certificates of deposit from commercial banks and insured savings and loan associations within the State of Nevada.
- Certain securities issued by local governments of the State of Nevada.
- Other securities expressly provided by other statutes, including repurchase agreements.
- Certain short-term commercial paper issued by U. S. Corporations.
- Certain "AAA" rated mutual funds that invest in Federal securities.

#### Cash Restrictions

Restricted cash balances represent cash held by the entity for specific purposes.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Enterprise Funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

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Allowance for Doubtful Accounts:

Each year, the year-end accounts receivable balances in the enterprise funds are reviewed and accounts believed to be uncollectible are identified. The allowance for doubtful accounts is then adjusted to equal the anticipated loss and bad debt expense is charged for estimated losses arising from the current year's operation. Subsequently, the governing board reviews this list of uncollectible accounts and if they agree the accounts are uncollectible and should be written off, the receivable is charged against the allowance for doubtful accounts. Allowance for doubtful accounts at June 30, 2013 for all Enterprise Funds is \$1,350.

Interest Earned on Investments

Interest earned is allocated to the utility funds based upon the proportions of the utility funds' cash balances to the total City cash. All other interest income is recognized in the Fixed Asset Acquisition Fund.

Inventory of Consumable Supplies

All funds, except the enterprise funds, account for materials and supplies inventories as expenditures using the "purchase method", whereby inventories are recorded as expenditures when they are purchased. Enterprise funds account for inventories using the "consumption method" which reclassifies inventories as expenditures when they are used. Enterprise Fund inventories are valued at cost, on a first-in first-out basis as identified by a physical inventory count at year-end.

Capital Assets

Capital assets purchased in all governmental funds are recorded in the Governmental Fund Financial Statements as expenditures at the time of purchase and capitalized at historical cost in the government-wide financial statements. Proprietary funds capitalize fixed assets at historical cost. Interest costs incurred during the construction of capital assets are capitalized as part of the cost of construction (if material). Donated assets are recorded at their estimated fair market value on the date of donation.

Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Public domain (infrastructure) fixed assets, consisting of improvements such as curbs and gutters, streets and sidewalks, and bridges are valued at historical cost or estimated historical cost. The capitalization threshold for all types of fixed assets is \$3,000. Depreciation is provided in an amount sufficient to allocate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type are as follows:

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Capital Assets (continued)

Buildings and other improvements	10-50 years
Wells and distribution systems	20-60 years
Treatment and collection systems	10-50 years
Equipment	5-20 years
Streets	25 years
Sidewalks, curb & gutter, storm drains, and traffic signals	50 years

Property Taxes

All real property in the City of Yerington is assigned a parcel number by the County Assessor in accordance with state laws, with each parcel being subject to physical reappraisal every five years. A factoring system is used to adjust the appraised value during the years between physical appraisals. The property and its improvements are assessed at 35% of "taxable value" as defined by statute. The amount of tax levied is developed by multiplying the assessed value by the City's tax rate. The maximum tax rate was established in the State Constitution at \$5.00 per hundred dollars of assessed valuation; however, as a result of the 1979 legislature session, the tax rate was further limited to \$3.64 per hundred dollars of assessed valuation unless an additional rate is approved by the electorate.

Taxes on real property are a lien on the property and attached on July 1 of the year for which taxes are levied.

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

Taxes on personal property are collected currently. Personal property declarations are mailed out annually by the County and the tax is computed using percentages of taxable values established by the Department of Taxation and tax rates described above.

The major classifications of personal property are commercial, mobile homes, aircraft and agricultural.

Taxes Receivable, delinquent

Secured roll property taxes receivable reflect only those taxes receivable from the delinquent roll years. No provision for uncollectible accounts has been established since management does not anticipate any material collection loss in respect to the remaining balances. Amounts not collected within 60 days after year-end have been recorded as deferred revenue.

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Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities column in the statement of net assets.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absence Benefits

Governmental Fund Types:

The costs involved in vacation time and sick leave benefits are not accrued as earned but are recorded as payroll costs only when the time is actually used or accumulated benefits are paid or accrued as the result of a termination of services. The liability for accrued vacation and sick leave benefits is recorded in the government-wide financial statements.

Enterprise Fund Types:

These costs are recognized as expenses when the benefits are earned.

Net Position

Net Position represent the difference between assets and deferred outflow of resources, and liabilities and deferred inflow of resources. Net positions comprise various net earnings from operating and non-operating revenues and expenses, and contributions of capital. Net positions are classified in the following three components: invested in capital assets, net of related liabilities; restricted for capital activity and debt service; and unrestricted net assets. Invested in capital assets, net of related debt, consist of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from that determination. Restricted for capital activity and debt service consists of net assets for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, regulations and enabling legislation, including self-imposed legal mandates, less any related liabilities. Unrestricted consists of all other net position not included in the above categories. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance

In the governmental fund financial statements, governmental funds report up to five components of fund balance, as applicable. These five classifications are: nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balance is reserved for

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portions of net resources that cannot be spent because of their form, such as inventories or prepaid items, or that cannot be spent because they must be kept intact. Restricted fund balance is reserved for the portion of net resources that have externally enforceable limitation on use, such as those imposed by creditors, grantors, contributors, or laws enacted by external entities. Committed fund balance is reserved for the portion of net resources that have had self-imposed limitations set in place by formal action of the governing board. Assigned fund balance is reserved for the portion of net resources that have an intended use established by the governing board or a designated official. Unassigned fund balance is for that portion of net resources that does not meet the criteria to be placed in any of the other four components of fund balance.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water and sewer activities. Operating expenses are necessary costs incurred to provide the goods or services which is the primary activity of the fund. Revenues and expenses which do not meet these criteria are considered non-operating and are reported as such.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Compensated Absences

The City of Yerington has established a compensated absence fund to accumulate resources to pay the cost of accumulated leave due upon employee retirement. The City has suspended its annual contributions to the fund. The Compensated Absence Fund is required to be reported within the General Fund in accordance with GAAP.

Grant Revenue

Grant revenues received before the revenue recognition criteria established by the Governmental Accounting Standards Board have been met are reported as deferred inflow of resources.

Cost Allocations

A number of employees provide service to multiple departments and funds. The City allocates the respective labor cost based on management's estimates established at the beginning of each fiscal year. Public works employees are the primary group whose costs are allocated. These employees serve the various enterprise funds as well as the public works departments within the general fund. The City also allocates administrative employee costs to enterprise funds.

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Comparative Data

Comparative data shown for the prior year (2012) has been extracted from the 2011-2012 financial statements. It has been provided to add comparability, but is not considered full disclosure of transactions for 2011-2012. Such information can only be obtained by referring to that audit report.

**Note 2 - Cash and Investments:**

The City of Yerington maintains all of its cash and investments in bank accounts, time certificates of deposits, and Wells Fargo Bank U.S. Government Money Market Mutual Fund. The City's cash balance is maintained at Wells Fargo Bank and at Financial Horizons Credit Union, both of which are fully covered by FDIC insurance and collateral pledged to the City of Yerington accounts. The collateral pledged consists of obligations insured or guaranteed by the U.S. Government and its agencies.

The following schedule summarizes cash and investments for the City of Yerington at June 30, 2013:

Cash and Investment Balance Held By:

General Activities:

General Fund	\$ 336,892	
Municipal Court Administrative Assessment Fund	8,005	
Special Revenue Fund	20,187	
Fixed Asset Acquisition Fund	<u>209,550</u>	
Total General Activities Cash and Investments		574,634

Business Type Activities:

Water Utility Fund	1,950,475	
Sewer Utility Fund	1,700,481	
Mason Water Fund	904,243	
Crystal Clear Water Fund	<u>233,989</u>	
Total Business Type Activities Cash and Investments		<u>4,789,188</u>

Total Cash and Investments		<u><u>\$ 5,363,822</u></u>
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**CITY OF YERINGTON, NEVADA**  
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**Note 2 - Cash and Investments (continued):**

Cash Balances Classified By Depository:	
Cash on Hand	\$ 300
Commercial Account:	
Wells Fargo Bank	5,311,920
Financial Horizons Credit Union	<u>50,530</u>
Subtotal Cash	5,362,750
Investments:	
Wells Fargo US Government Money Market Mutual Fund	<u>1,072</u>
Total Cash and Investments	<u>\$ 5,363,822</u>

The following is a list of cash and deposits indicating collateral or insurance on these deposits:

	Carrying Amount	Bank Balance
Cash on Hand	\$ 300	\$ -
Insured (FDIC)	281,930	281,930
Uninsured but collateralized by securities held in the name of the City by its agent	<u>5,080,520</u>	<u>5,090,277</u>
	<u>\$5,362,750</u>	<u>\$5,372,207</u>

As of June 30, 2013, the City had the following investments held in an internal investment pool.

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Wells Fargo Advantage – U.S. Government Money Market Mutual Fund	31 day average	\$ <u>1,072</u>
Total Investment		\$ <u><u>1,072</u></u>

The above investment is deposited in the Federated Master Repurchase Agreement Program. The agreement with Wells Fargo requires that deposits be fully collateralized to the extent of 102% or greater.

Statute (NRS 355.172(3)) requires that securities underlying repurchase agreements must, at the time of purchase, have a fair market value equal to or greater than the repurchase price of the securities. The fair market value of the securities underlying the above repurchase agreements exceeded the repurchase price at the date of purchase as required. Note 1 includes a description of investments authorized by NRS 355.170 and 355.167

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**Interest Rate Risk:**

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk:**

State law limits types of allowable investments under Nevada Revised Statutes 355.170 as listed in the accompanying Note 1. The Wells Fargo Advantage U.S. Government Money Market Fund is rated AAAM by Standards and Pools.

**Concentration of Credit Risk:**

The City places no limit on the amount that may invest in any one issuer.

**Cash Restrictions:**

As detailed in Note 4, the City is required to deposit an amount into a separate account for debt service at least equal to one year's annual loan installment. The Mason Water Fund and the Crystal Clear Water Fund have restricted cash of \$27,900 and \$26,040, respectively.

The Crystal Clear Water System received grant financing totaling \$2,760,986 through the Nevada Division of Environmental Protection's Board of Financing Water Projects for a line extension and new water system. Under the Board for Financing Water Projects Policy, the grantee must guarantee that funds will be available in the future for the replacement of capital improvement projects financed with grant funds based on the life of the projects. The City is required to annually deposit into a cash reserve account \$9,087 in the City Water Fund and \$13,957 in the Crystal Clear Water Fund to cover future capital costs. At June 30, 2013, cash reserve balances were \$31,426 and \$48,271 for the City Water Fund and Crystal Clear Water Fund, respectively

Cash received from customers as security deposits by the City's Water Utility Fund and Sewer Utility Fund are restricted for future refund or forfeit. The amounts at June 30, 2013 are \$6,355 and \$2,035 respectively.

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**Note 3 - Capital Assets:**

A summary of changes in capital assets is as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land and improvements	\$ 443,599	\$ -	\$ -	\$ 443,599
Construction in progress	<u>904,762</u>	<u>20,316</u>	<u>-</u>	<u>925,078</u>
Total capital assets, not being depreciated	<u>1,348,361</u>	<u>20,316</u>	<u>-</u>	<u>1,368,677</u>
Capital assets being depreciated:				
Land improvements	2,406,247	-	-	2,406,247
Buildings and improvements	952,791	-	-	952,791
Equipment and vehicles	1,430,251	4,500	-	1,434,751
Infrastructure	<u>5,084,322</u>	<u>-</u>	<u>-</u>	<u>5,084,322</u>
Total capital assets being depreciated	<u>9,873,611</u>	<u>4,500</u>	<u>-</u>	<u>9,878,111</u>
Less accumulated depreciation for:				
Land improvements	1,663,393	73,238	-	1,736,631
Buildings and improvements	505,896	38,331	-	544,227
Equipment and vehicles	832,910	77,037	-	909,947
Infrastructure	<u>3,657,390</u>	<u>84,632</u>	<u>-</u>	<u>3,742,022</u>
Total accumulated depreciation	<u>6,659,589</u>	<u>273,238</u>	<u>-</u>	<u>6,932,827</u>
Total capital assets being depreciated, net	<u>3,214,022</u>	<u>(268,738)</u>	<u>-</u>	<u>2,945,284</u>
Governmental activities capital assets, net	<u>\$ 4,562,383</u>	<u>\$ (248,422)</u>	<u>\$ -</u>	<u>\$ 4,313,961</u>

Depreciation expense was charged to the following functions of the City:

<b>Governmental Activities:</b>	
General Government	\$ 13,189
Judicial	2,041
Public safety	30,284
Public works	54,444
Culture and recreation	17,114
Infrastructure	<u>156,166</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 273,238</u>

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	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land and improvements	\$ 317,513	\$ -	\$ -	\$ 317,513
Capital assets being depreciated:				
Buildings, wells, tanks and distribution system	17,125,169	21,387	-	17,146,556
Treatment plant and collection system	5,585,648	-	-	5,585,648
Vehicles	107,547	-	-	107,547
Maintenance equipment	3,067,298	-	-	3,067,298
Office Equipment	<u>127,927</u>	<u>-</u>	<u>-</u>	<u>127,927</u>
Total capital assets being depreciated	<u>26,013,589</u>	<u>21,387</u>	<u>-</u>	<u>26,034,976</u>
Less accumulated depreciation for:				
Buildings, wells, tanks and distribution system	2,889,075	388,567	-	3,277,642
Treatment plant and collection system	2,579,935	137,077	-	2,717,012
Vehicles	70,392	14,196	-	84,588
Maintenance equipment	265,646	184,645	-	450,291
Office Equipment	<u>88,393</u>	<u>7,476</u>	<u>-</u>	<u>95,869</u>
Total accumulated depreciation	<u>5,893,441</u>	<u>731,961</u>	<u>-</u>	<u>6,625,402</u>
Total capital assets being depreciated, net	<u>20,120,148</u>	<u>(710,574)</u>	<u>-</u>	<u>19,409,574</u>
Business-type activities capital assets, net	<u>\$20,437,661</u>	<u>\$ (710,574)</u>	<u>\$ -</u>	<u>\$19,727,087</u>

Depreciation expense of \$731,962 was charged to the public works - utilities function of the City.

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**CITY OF YERINGTON, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**Note 4 – Enterprise Fund Obligations:**

The following long-term obligations of the enterprise funds are outstanding at June 30, 2013.

Water Utility Fund

The City obtained a 20 year, \$567,332 general obligation note, dated May 14, 2012, from the Nevada Water Pollution Control Revolving Fund Bond Program for a water arsenic treatment plant. Semi-annual payments of \$20,163, including interest at a rate of 3.27% per annum, are due each January 1 and July 1. The debt service payments are intended to be paid from net revenues of the water system. However, the bond shall also be payable from general taxes to the extent net water system revenues are unavailable.

The annual requirements on the Water Fund’s bonds payable as of June 30, 2013 are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 23,046	\$ 17,279	\$ 40,325
2015	23,806	16,519	40,325
2016	24,590	15,735	40,325
2017	25,401	14,924	40,325
2018	26,239	14,086	40,325
2019-2023	144,753	56,872	201,625
2024-2028	170,240	31,385	201,625
2029-2032	<u>96,050</u>	<u>4,762</u>	<u>100,812</u>
	<u>\$ 534,125</u>	<u>\$ 171,562</u>	<u>\$ 705,687</u>

Mason Water Utility Fund

The City obtained a forty-year, \$516,664 loan, dated April 1, 2003, from the United States Department of Agriculture - Rural Development for improvements to the water system. Payments of \$2,325, including interest at a rate of 4.5% per annum are due each month until February 2032. The debt service payments are intended to be paid from net revenues of the Mason Water Utility Fund. The bond conditions require the City to deposit into a separate account an amount at least equal to one year’s annual loan installment (\$27,900).

The annual requirements on the Mason Water revenue bonds payable as of June 30, 2013 are as follows:

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**CITY OF YERINGTON, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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Mason Water Utility Fund (continued)

Year Ended <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 12,909	\$ 14,991	\$ 27,900
2015	13,468	14,432	27,900
2016	14,052	13,848	27,900
2017	14,660	13,240	27,900
2018	15,296	12,604	27,900
2019-2021	87,017	52,483	139,500
2024-2026	107,579	31,921	139,500
2029-2031	<u>93,630</u>	<u>7,570</u>	<u>101,200</u>
	<u>\$358,611</u>	<u>\$161,089</u>	<u>\$519,700</u>

Crystal Clear Water Utility Fund

The City obtained a forty-year \$500,000 loan, dated June 1, 2011, from the United States Department of Agriculture - Rural Development for improvements to the water system. Payments of \$2,170, including interest at a rate of 4.25% per annum are due each month until April 2050. The debt service payments are intended to be paid from net revenues of the Crystal Clear Water Utility Fund. The bond conditions require the City to deposit into a separate account an amount at least equal to one year's annual loan installment (\$26,040).

The annual requirements on the Crystal Clear Water revenue bonds payable as of June 30, 2013 are as follows:

Year Ended <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 5,565	\$ 20,475	\$ 26,040
2015	5,806	20,234	26,040
2016	6,057	19,983	26,040
2017	6,320	19,720	26,040
2018	6,594	19,446	26,040
2019-2023	37,511	92,689	130,200
2024-2028	46,375	83,825	130,200
2029-2033	57,333	72,867	130,200
2034-2038	70,881	59,319	130,200
2039-2043	87,630	42,570	130,200
2044-2048	108,337	21,863	130,200
2049-2050	<u>45,898</u>	<u>1,895</u>	<u>73,824</u>
	<u>\$484,306</u>	<u>\$474,887</u>	<u>\$959,193</u>

**CITY OF YERINGTON, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

Changes in Business-Type Activities Long-term Obligations:

	Balance July 1, 2012	Obligations Issued	Obligations Retired	Balance June 30, 2013	Due Within One Year
<b>Long-Term Debt:</b>					
State Revolving bonds - water	\$ 556,435	\$ -	\$ 22,310	\$ 534,125	\$ 23,046
Mason Water revenue bonds	370,091	-	11,480	358,611	12,909
Crystal Clear revenue bonds	489,639	-	5,333	484,306	5,565
Compensated absences	29,994	1,443	-	31,437	-
OPEB liability	<u>147,880</u>	<u>2,696</u>	<u>-</u>	<u>150,576</u>	<u>-</u>
Total Long-Term Obligations	<u>\$1,594,039</u>	<u>\$ 4,139</u>	<u>\$ 39,123</u>	<u>\$1,559,055</u>	<u>\$ 41,520</u>

**Note 5 - General Long-Term Debt:**

Governmental Activities:

The estimated value of the accrued compensated absences liability at June 30, 2013 was \$41,579. This balance includes the value of the general government's annual leave and sick leave, which is earned at a rate based upon an employee's longevity with the City. An employee may carry forward unused annual leave, not exceeding 30 days as of the employee's anniversary date, to the next year. The City has adopted a sick leave payback policy based on several factors; ten years of continuous service and employees' vesting in the PERS retirement system with amounts paid for those employees in excess of 30 days upon retirement, not to exceed \$1,000.

Changes in Governmental Activities Long-term Debt:

	Balance July 1, 2012	Obligations Issued	Obligations Retired	Balance June 30, 2013	Due Within One Year
<b>Long-Term Debt:</b>					
Compensated absences	\$ 40,565	\$ 1,014	\$ -	\$ 41,579	\$ -
OPEB liability	<u>165,168</u>	<u>8,356</u>	<u>-</u>	<u>173,524</u>	<u>-</u>
Total Long-Term Obligations	<u>\$205,733</u>	<u>\$ 9,370</u>	<u>\$ -</u>	<u>\$ 215,103</u>	<u>\$ -</u>

The lawful City general obligation debt limit at June 30, 2013 was \$16,094,221 (NRS 266.600), which leaves a theoretically-available borrowing capacity of \$15,560,096 arrived at by deducting the \$534,125 Nevada Revolving Fund Water bonds.

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**CITY OF YERINGTON, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**Note 6 - Contracts and Agreements**

The City has entered into several inter-local government agreements. Brief descriptions of the agreements are provided below.

Lyon County Ad Valorem Tax Agreement

In accordance with an agreement dated July 1, 2007, between the City and Lyon County, \$200,000 of the County's annual consolidated tax revenue shall be paid to the City of Yerington in consideration for the City's previous surrender of ad valorem tax rate to the County. The agreement was renewed July 1, 2010, and shall automatically renew on each subsequent three year term thereafter unless terminated by either party upon 60 days notice. The amount is reported as intergovernmental revenue in the General Fund.

Fire Protection and Ambulance Service

Fire protection, emergency medical, and other related services are provided to the City of Yerington by the Mason Valley Fire Protection District in accordance with an agreement effective July 1, 1993. The fee for such service is determined each fiscal year and based on the preceding year's fee adjusted by changes in the City's assessed valuation and Mason Valley Fire Protection District's ad valorem tax rate. The amount paid for fiscal year 2013 was \$119,741 and is reported within the General Fund's public safety function.

County Parks Agreement

Park and recreation facilities located within the City of Yerington were previously provided jointly by Lyon County and the City. Effective April 16, 1992, the City agreed to provide all the services, personnel and equipment which are necessary to operate and maintain the parks and the County agrees to pay the City an amount agreed to by both entities each year. The amount should equal, as nearly as possible, the percentage of budgeted appropriation allocated by the County for parks that the assessed value of the property in the City and Mason Valley Fire Protection District bears to the assessed value of all property in the County. If no agreement is reached, then the amount will be the amount provided in the previous fiscal year. The amount received in fiscal year 2013 was \$40,000.

Water and Wastewater Agreements with Willowcreek General Improvement District

Effective January 1, 2005, the City of Yerington began overseeing daily operations of the water and wastewater systems owned by the Willowcreek General Improvement District. In accordance with the agreement, The City bills and collects fees and is responsible for most system repairs and maintenance. User fees are remitted to the District monthly and the District compensates the City a fixed amount each six months. The City received \$19,000 and \$29,000 for operating the water and sewer wastewater systems respectively. Compensation and costs associated with operating the District's utility systems are included within the City's Water Utility Fund and Sewer Utility Fund.

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**CITY OF YERINGTON, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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In addition to agreements with other local governments, the City has the following agreements outstanding at June 30, 2013 with private companies.

Nevada Copper Inc. - Water Service Agreement

The City of Yerington has entered into an agreement with Nevada Copper, Inc. to reserve 3,500 acre feet of water for future use in a proposed mining operation in exchange for semi-annual payments of \$43,750 until such time that Nevada Copper, Inc. begins using the water. The agreement also specifies the future use fees to be charged. The agreement, dated August 10, 2009, is for a period of thirty years and revenues are credited to the Water Utility Fund.

Atlantic Richfield Co. - Water Line Extension

The City has agreed to provide water service to the Sunset Hills residential area with costs to be paid by Atlantic Richfield Co. An advance payment was received in the amount of \$30,180 of which \$3,195 had been spent as of June 30, 2013. The balance of \$26,985 is reported as a deferred inflow in the Water Utility Fund.

**Note 7 - Defined Benefit Pension Plan:**

The City contributes to the Public Employees' Retirement System of Nevada (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Board of PERS.

PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Nevada Revised Statutes establish and amend benefits provisions to be administered by the Retirement Board. The Public Employees Retirement Board of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained from the Public Employees Retirement System, 693 West Nye Street, Carson City, Nevada, 89703.

The City provides contributions for all employees covered under the employer contribution plan of PERS. PERS' basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime, in order to accumulate sufficient assets to pay benefits when due. Although, PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund PERS on an actuarial reserve basis, both for funding purposes and GASB disclosure purposes, contributions actually made are according to the required rates established by the Legislature. The following schedule reflects information for the current and preceding two fiscal years.

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**CITY OF YERINGTON, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**Note 7 - Defined Benefit Pension Plan (continued):**

Year Ending June 30	Required Statutory Contribution Rate		Contributions	Contributions as Percent of Covered Payroll
	Regular	Police/Fire		
2011	21.50%	37.00%	\$264,658	29.1%
2012	23.75	39.50	254,178	29.1
2013	23.75	39.75	248,439	29.1

**Note 8 – Postemployment Benefits Other Than Pensions (OPEB):**

The City offers post-employment health benefits to its retirees under two plans on the pay-as-you-go basis. Accordingly, the City has implemented GASB No. 45 prospectively, beginning with the year ended June 30, 2010. Actuarial studies are done periodically to determine the OPEB liability. The most recent valuation was performed for June 30, 2013.

Plan Information

Nevada Public Employees' Benefits Program:

The City contributes to an agent multiple-employer defined healthcare plan, Nevada Public Employees' Benefits Program (PEBP). PEBP is administered by the State of Nevada pursuant to NRS 287. City retirees previously had the option to join the PEBP offered by the State of Nevada. Local Governments are required to pay the same portion of cost of coverage for their retirees joining PEBP that the State of Nevada pays for those persons retired from state service. As of June 30, 2013, 58 City retirees were covered by this benefit plan. The PEBP issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Benefit Program, 901 South Stewart Street, Suite 1001, Carson City, Nevada 89701. The information is also available on their website at [www.pebp.state.nv.us](http://www.pebp.state.nv.us) or by calling (800)326-5496.

City of Yerington Health Care Plan:

The City administers a single-employer defined benefit healthcare plan for eligible employees, retirees and their dependents. The program provides health, vision, dental and life insurance benefits. Any retiree eligible to receive benefits from the Nevada Public Employees Retirement System is eligible to participate.

Funding Policy:

Nevada Public Employees' Benefits Program:

The contributions to Nevada Public Employees' Benefits Program are established and may be amended by the Board of the Public Employee's Benefits Program. The amount of subsidy for City retirees is billed monthly. The explicit subsidy paid directly to PEBP by

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**CITY OF YERINGTON, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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the City for the year ended June 30, 2013 was \$43,289. Amounts contributed by retirees are paid directly to the State of Nevada and, as such, are not available. The required contribution is based on projected pay-as-you-go financing requirements. The City has not elected the option to pay additional amounts into a qualified trust to prefund benefits.

City of Yerington Health Care Plan:

The City pays the full cost of active employee coverage. Employees pay the full cost of any optional dependent coverage and retirees pay the full cost of their personal and dependent coverage. Claims experience of employees and retirees are pooled when determining premiums and retiree and active employees pay the same rates. Therefore, an "implicit" subsidy of retirees cost by active employees could result. A separate report is not issued for the plan.

Annual OPEB Cost and OPEB Liability:

As of June 30, 2013, the effective date of the OPEB valuation, the number of retiree participants in the PEBP and City plans were 16 and 2 respectively, with 21 active employees participating in the City's plan. Because of the sun setting of the PEBP's enrollment, effective November 29, 2008, the number of retirees participating in that plan will decrease.

The annual OPEB cost is calculated based on the annual required contribution to the employer (ARC), an amount actuarially determined in accordance with the Alternative Measurement Method as described in GASB Statement 45. 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 thirty years. The City's annual OPEB cost for the current year and the related information for both plans is as follows:

Annual required contribution	\$ 80,901
Interest on Net OPEB obligations	9,391
Adjustments to annual required contributions	<u>(15,506)</u>
Annual OPEB cost	74,786
Contributions made	<u>(63,734)</u>
Increase in net OPEB obligation	11,052
Net OPEB obligation, beginning of the year	<u>313,048</u>
Net OPEB obligation, end of the year	<u>\$ 324,100</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations (assets) by the plan, for the fiscal year 2013 were as follows:

Annual OPEB Cost	\$ 74,786
Employer contributions	<u>(63,734)</u>
Net OPEB Contributions	<u>\$ 11,052</u>
Percentage of annual OPEB cost contributed	85.2%

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**CITY OF YERINGTON, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**Note 8– Postemployment Benefits Other Than Pensions:** *(continued)*

Funding Status and Funding Progress

Actuarial accrued liability (a)	\$1,197,553
Actuarial value of plan assets (b)	<u>-</u>
Unfunded actuarial accrued liability (a) – (b)	<u>\$1,197,553</u>
Funding ratio (b)/(a)	0%
Covered payroll (c)	\$854,524
Unfunded actuarial accrued liability as a Percentage of covered payroll (a) – (b)/(c)	140%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability 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 and actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information will provide multi-year trend information that will show, in future years, whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members to that point. Projections of benefits for financial reported purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. 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, consistent with the long-term perspective of the calculation.

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**CITY OF YERINGTON, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**Note 8 – Postemployment Benefits Other Than Pensions:** *(continued)*

Significant methods and assumptions are as follows:

Actuarial valuation date	July 1, 2012	
Actuarial cost method	Projected Unit Credit (Alternative Measurement Method as described in GASB 45)	
Amortization method	Level % Dollar	
Amortization period (in years)	30	
Asset valuation method	No assets in trust	
Actuarial assumptions:		
Investment rate of return	n/a	
Projected salary increases	n/a	
Healthcare trend (by fiscal year)		
	<u>PPO</u>	<u>HMO</u>
2014	8.30%	7.90%
2015	7.93%	7.58%
2016	7.57%	7.26%
2017	7.20%	6.93%
2018	6.83%	6.61%
2019	6.47%	6.29%
2020	6.10%	5.97%
2021	5.73%	5.64%
2022	5.37%	5.32%
2023 and subsequent	5.00%	5.00%

**Note 9- Fund Equity:**

The net position of the City as of June 30, 2013, included \$133,277 that was restricted by conditions of grants and debt covenants. As previously described in note 4, the Mason and Crystal Clear Water Utility Funds had a total of \$53,940 restricted under U.S.D.A. Rural Development loans. In addition, \$79,337 was restricted by the conditions of a Nevada Division of Environmental Protection grant the City previously used to finance improvements in the Water Utility Fund and Crystal Clear Water Fund.

At June 30, 2013, the governmental funds had \$13,676 in nonspendable fund balance which is represented by inventory. The City also had committed fund balances of \$7,933 in the Municipal Court Administrative Assessment Fund, \$47,411 in the Special Revenue Fund, and \$207,360 in the Fixed Asset Acquisition Fund. The General Fund had assigned fund balance of \$32,125 and \$371,116 in unassigned fund balance.

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**CITY OF YERINGTON, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**Note 10 - Business License Fees:**

The following schedule summarizes all fees imposed by the City of Yerington, which are subject to the provisions of NRS 354.5989. The City's basic business license fee did not increase from the previous year. The population index had no increase and the consumer price index increased by 3%.

	<u>Adjusted</u> Base <u>6-30-12</u>	<u>Percent</u> Increase <u>CPI Index</u>	<u>FY 2013</u> Maximum Allowed <u>Revenue</u>	<u>FY 2013</u> Actual Revenue <u>Received</u>	<u>Over</u> (Under) Allowable <u>Amount</u>
Business Licenses	<u>\$117,451</u>	X <u>3.0%</u>	= <u>\$ 120,975</u>	<u>\$ 92,982</u>	<u>\$ (27,993)</u>

**Note 11 - Regional Highways and Street Revenues:**

The City participates in the optional nine-cent (\$.09) gasoline tax to fund Lyon County's Regional Highway and Street Fund. The Fund is administered by a Regional Transportation Commission composed of a five-member board of which the City has one representative. The revenues derived from this fund are remitted to Lyon County for proper accounting. The City receives an allocation on the nine-cent tax revenue based on its total assessed valuation compared with the total assessed valuation of the County. Nevada Revised Statutes 373.150 requires any funds not disbursed currently in aid of an approved project shall remain in the fund to the credit of the City. At June 30, 2013 there were funds in the amount of \$108,912 reserved in Lyon County's Regional Highway and Street Fund for the sole use by the City of Yerington. The Regional Transportation Commission must first approve a project plan before any funds will be released to the City. The City recognizes these revenues only upon meeting the revenue recognition criteria as stated in Note 1. In addition, the Lyon County holds Road Construction Tax for the benefit of the City. All construction taxes had been paid as of yearend.

**Note 12 - Contingencies:**

Federal and State Grants

The City received grants from the Federal government, passed through State agencies. These grants may be subject to compliance audits by the grantor agencies and ultimate retention of these monies is contingent upon satisfying the grantors that proper procedures were followed and that the resources were spent in accordance with grant requirements.

Claims and Lawsuits

Lawsuits are occasionally filed against the City of Yerington. The financial impact of these actions, if any, is not determinable at June 30, 2013. However, the City believes it has adequate insurance to cover any potential judgments.

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**CITY OF YERINGTON, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**Note 13 - Supplemental Disclosure of Cash Flow Information:**

The following schedule details interest paid by the City's Utility Funds during the year:

	Water Utility Fund	Sewer Utility Fund	Mason Water Fund	Crystal Clear Water
Interest paid	<u>\$ 18,015</u>	<u>\$ -</u>	<u>\$ 16,420</u>	<u>\$ 20,707</u>

**Note 14 - Risk Management:**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters as are all entities. The City has joined together with similar public entities (cities, counties, school districts, and special districts) throughout the State of Nevada to create a pool under the Nevada Interlocal Cooperation Act. The Nevada Public Agency Insurance Pool (Pool) is a public-entity risk pool currently operating as a common-risk management and insurance program for 106 members.

The City pays an annual premium and specific deductibles, as necessary, to the Pool for its general insurance coverage. The Pool is considered a self-sustaining risk pool that will provide property loss coverage for its members up to \$200,000 per insured event. The Pool obtains independent coverage for insured events in excess of the \$200,000 limit. The Pool also is considered a self-sustaining risk pool that will provide coverage for its members up to \$500,000 per casualty insured event. The Pool obtains independent coverage for insured events in excess of the \$500,000 limit.

The City has joined together with similar public entities (cities, counties, school districts, and special districts) throughout the State of Nevada to create a pool under the Public Agency Compensation Trust. The Pool is considered a public-entity risk pool currently operating as a common-risk management and insurance program providing workman's compensation benefits for its 76 members.

The City continues to carry commercial insurance for other risks of loss such as employee health and accident insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note 15 - Subsequent Event:**

Management has evaluated subsequent events through November 19, 2013, which is the date the financial statements were available to be issued.

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**CITY OF YERINGTON, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**Note 16 - Compliance with Nevada Revised Statutes:**

The City conformed to all significant statutory constraints on its financial administration during the year as detailed in the Independent Accountant's Report on Nevada Revised Statutes Chapter 354 Compliance Examination Report found on page 90 with the following exceptions:

Nevada Revised Statutes 354.626 prohibits actual expenditures in excess of budget appropriations. There was an apparent violation of this requirement in the General Fund's General Government Function.

Nevada Revised Statutes 354.626 prohibits actual expenditures from exceeding the sum of budgeted operating and non-operating expenses. There was an apparent violation of this requirement in the City Water Utility Fund.

**CITY OF YERINGTON, NEVADA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF OTHER POST-EMPLOYMENT BENEFITS -**  
**FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**  
**JUNE 30, 2013**

**Schedule of OPEB Funding Progress**

<u>Plan Name</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
Public Employees Benefit Plan	06/30/2011	-	\$ 2,787,462	\$ 2,787,462	-	\$ 1,139,071	244.7%
Public Employees Benefit Plan	06/30/2012	-	\$ 2,787,462	\$ 2,787,462	-	\$ 1,120,513	248.8%
Public Employees Benefit Plan/City of Yerington Plan	06/30/2013	-	\$ 1,197,553	\$ 1,197,553	-	\$ 958,150	125.0%

**Schedule of Employer Contributions**

	<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
Public Employees Benefit Plan	2011	\$ 142,214	\$ 34,606	24.3%
Public Employees Benefit Plan	2012	\$ 142,214	\$ 38,993	27.4%
Public Employees Benefit Plan/City of Yerington Plan	2013	\$ 80,901	\$ 63,734	78.8%

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**CITY OF YERINGTON, NEVADA**  
**FIXED ASSET ACQUISITION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
*(With Comparative Totals for the Year Ended June 30, 2012)*

	BUDGETED AMOUNT		ACTUAL	VARIANCE	2012
	ORIGINAL	FINAL			
<b>Revenues</b>					
Taxes					
County capital project tax	\$ -	\$ -	\$ 1,153	\$ 1,153	\$ 1,292
Intergovernmental					
USDA Grant	-	11,900	11,900	-	-
LEPC Grant	-	4,669	4,669	-	-
Total Intergovernmental	-	16,569	16,569	-	-
Other Local Revenues					
Interest income	159	159	204	45	59
<i>Total Revenues</i>	159	16,728	17,926	1,198	1,351
<b>Expenditures</b>					
General Government					
Capital Outlay	40,000	40,000	-	40,000	-
Public Safety					
Capital Outlay, radios	-	16,569	23,448	(6,879)	-
Public Works					
Capital Outlay, mower	-	-	4,500	4,500	-
<i>Total Expenditures</i>	40,000	56,569	27,948	37,621	-
Excess (Deficiency) of Revenues over Expenditures	(39,841)	(39,841)	(10,022)	29,819	1,351
<b>Other Financing Sources</b>					
Sale of assets	5,000	5,000	-	(5,000)	6,079
Excess of Revenues and Other Financing Sources over Expenditures	(34,841)	(34,841)	(10,022)	29,819	7,430
Fund Balance, July 1	210,552	210,552	217,382	6,830	209,952
<b>Fund Balance, June 30</b>	<b>\$ 175,711</b>	<b>\$ 175,711</b>	<b>\$ 207,360</b>	<b>\$ 36,649</b>	<b>\$ 217,382</b>

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**CITY OF YERINGTON, NEVADA****WATER UTILITY FUND****SCHEDULE OF NET POSITION****JUNE 30, 2013***(With Comparative Totals for June 30, 2012)*

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	<u>2013</u>	<u>2012</u>
<b>Current Assets</b>		
Unrestricted		
Cash	\$ 1,912,694	\$ 1,624,598
Accounts receivable, net of allowance for doubtful accounts	96,751	92,450
Grant receivable	-	48,180
Inventory of materials and supplies	11,641	12,826
Restricted Cash		
Customer deposits	6,355	6,803
AB 198 capital reserve	31,426	22,339
	<u>2,058,867</u>	<u>1,807,196</u>
<i>Total Current Assets</i>		
<b>Property, Plant And Equipment</b>		
Land	1,493	1,493
Building, wells, tanks and distribution system	9,319,806	9,319,806
Vehicles	45,693	45,693
Maintenance equipment	2,703,921	2,703,921
Office equipment	66,624	66,624
	<u>12,137,537</u>	<u>12,137,537</u>
Accumulated depreciation	<u>(2,458,099)</u>	<u>(2,076,758)</u>
	<u>9,679,438</u>	<u>10,060,779</u>
<i>Total Capital Assets</i>		
<b>Total Assets</b>	<u>11,738,305</u>	<u>11,867,975</u>

	<u>2013</u>	<u>2012</u>
<b>Liabilities</b>		
Current liabilities payable from unrestricted assets		
Accounts payable	\$ 29,169	\$ 43,385
Accrued salaries and benefits	7,177	9,247
Due to other governments	6,471	11,268
Current portion of bonds payable	23,046	20,310
Current liabilities payable from restricted assets		
Customer deposits	6,355	6,803
<i>Total Current Liabilities</i>	<u>72,218</u>	<u>91,013</u>
Long-term liabilities:		
Accrued compensated absences	15,111	14,478
Accrued OPEB payable	72,375	71,085
State Revolving Fund loan	511,079	536,125
<i>Total Long-term Liabilities</i>	<u>598,565</u>	<u>621,688</u>
<i>Total Liabilities</i>	<u>670,783</u>	<u>712,701</u>
<b>Deferred Inflow of Resources</b>		
Unearned system development grant	26,985	-
<b>Net Position</b>		
Invested in capital assets, net of related debt	9,168,359	9,524,654
Restricted for AB 198 capital reserves:	31,426	22,339
Unrestricted	1,840,752	1,608,281
<b>Total Net Position</b>	<u>\$ 11,040,537</u>	<u>\$ 11,155,274</u>

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**CITY OF YERINGTON, NEVADA**  
**WATER UTILITY FUND**  
**SCHEDULE OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
*(With Comparative Totals for the Year Ended June 30, 2012)*

	BUDGETED AMOUNT		ACTUAL	VARIANCE	2012
	ORIGINAL	FINAL			
<b>Operating Revenues</b>					
Water use fees	\$ 747,168	\$ 747,168	\$ 687,924	\$ (59,244)	\$ 678,810
Meter replacement / Other charges	17,000	17,000	15,367	(1,633)	23,183
<i>Total Operating Revenues</i>	<u>764,168</u>	<u>764,168</u>	<u>703,291</u>	<u>(60,877)</u>	<u>701,993</u>
<b>Operating Expenses</b>					
Salaries and wages	249,087	249,087	228,407	20,680	220,351
Employee benefits	121,000	121,000	114,003	6,997	144,438
Services and supplies	252,007	252,007	218,331	33,676	228,425
Depreciation	300,000	300,000	381,341	(81,341)	232,432
<i>Total Operating Expenses</i>	<u>922,094</u>	<u>922,094</u>	<u>942,082</u>	<u>(19,988)</u>	<u>825,646</u>
Operating Income (Loss)	<u>(157,926)</u>	<u>(157,926)</u>	<u>(238,791)</u>	<u>(80,865)</u>	<u>(123,653)</u>
<b>Nonoperating Revenues (Expenses)</b>					
Interest income	698	698	691	(7)	202
Miscellaneous income	8,000	8,000	3,608	(4,392)	15,554
Administrative fee	6,500	6,500	10,274	3,774	9,570
Willow Creek agreement	19,000	19,000	19,000	-	19,000
Water tank lease	11,200	11,200	10,630	(570)	7,800
Water rights revenue	32,000	32,000	3,466	(28,534)	3,377
Nevada Copper reservation fee	87,500	87,500	87,500	-	87,500
ARCO, system extension	-	-	3,195	3,195	-
Sunset Hills, system extension	-	-	(3,195)	(3,195)	-
Corp of Engineers grant	-	-	21,600	21,600	-
GIS Asset Management	-	-	(28,800)	(28,800)	-
CDBG- Utility master plan	-	-	59,100	59,100	66,000
CDBG- Utility master plan expenses	-	-	(59,100)	(59,100)	(66,000)
Interest expense	(17,546)	(17,546)	(18,015)	(469)	(9,276)
<i>Total Nonoperating Revenues (expenses)</i>	<u>147,352</u>	<u>147,352</u>	<u>109,954</u>	<u>(37,398)</u>	<u>133,727</u>
Income (loss) before contributions	(10,574)	(10,574)	(128,837)	(118,263)	10,074
<b>Capital contributions</b>	-	-	14,100	14,100	862,478
Change in Net Position	<u>\$ (10,574)</u>	<u>\$ (10,574)</u>	<u>(114,737)</u>	<u>\$ (104,163)</u>	<u>872,552</u>
Net Position, July 1			<u>11,155,274</u>		<u>10,282,722</u>
<b>Net Position, June 30</b>			<u>\$ 11,040,537</u>		<u>\$ 11,155,274</u>

**CITY OF YERINGTON, NEVADA**  
**WATER UTILITY FUND**  
**SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
*(With Comparative Totals for the Year Ended June 30, 2012)*

	BUDGETED AMOUNT		ACTUAL	VARIANCE	2012
	ORIGINAL	FINAL			
<b>Cash Flows From Operating Activities</b>					
Receipts from customers	\$ 764,168	\$ 764,168	\$ 754,643	\$ (9,525)	\$ 755,174
Payments to Lyon County	-	-	(60,898)	(60,898)	(56,338)
Payments of personnel costs	(370,087)	(370,087)	(342,557)	27,530	(345,856)
Payments for service and supplies	(252,007)	(252,007)	(231,362)	20,645	(230,176)
 Net Cash Provided by Operating Activities	 142,074	 142,074	 119,826	 (22,248)	 122,804
<b>Cash Flows From Noncapital Financing Activities</b>					
Water tank lease income	11,200	11,200	10,630	(570)	7,800
Water right revenue	32,000	32,000	3,466	(28,534)	3,377
Willowcreek revenue	19,000	19,000	19,000	-	19,000
Nevada Copper reservation fee	87,500	87,500	87,500	-	87,500
Administrative fees	6,500	6,500	10,274	3,774	9,570
ARCO, system extension	-	-	30,180	30,180	-
Sunset Hills, system extension	-	-	(3,195)	(3,195)	-
Corp of Engineers, GIS management	-	-	21,600	21,600	-
GIS asset management	-	-	(28,800)	(28,800)	-
CDBG - Utility master plan	-	-	59,100	59,100	17,820
CDBG - Utility master plan expenses	-	-	(10,920)	(10,920)	(33,000)
Miscellaneous income	-	-	3,608	3,608	15,554
 Net Cash Provided Non-Capital Financing Activities	 156,200	 156,200	 202,443	 46,243	 127,621
<b>Cash Flows From Capital And Related Financing Activities</b>					
Capital contributions by customers	124,800	124,800	14,100	(110,700)	13,100
Capital contributions by grantors	102,984	102,984	-	(102,984)	2,817,066
Acquisition of capital assets	-	-	-	-	(3,293,789)
Proceeds from State Revolving Fund	-	-	-	-	427,701
Principal paid on long-term debt	(20,815)	(20,815)	(22,310)	(1,495)	(10,887)
Interest paid on long-term debt	(17,546)	(17,546)	(18,015)	(469)	(9,276)
 Net Cash (Used) by Capital and Related Financing Activities	 189,423	 189,423	 (26,225)	 (215,648)	 (56,085)
<b>Cash Flows From Investing Activities</b>					
Interest income	698	698	691	(7)	202
 <b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	 488,395	 488,395	 296,735	 (191,660)	 194,542
Cash and Cash Equivalents, July 1	1,695,605	1,695,605	1,653,740	(41,865)	1,459,198
 <b>Cash and Cash Equivalents, June 30</b>	 <u>\$ 2,184,000</u>	 <u>\$ 2,184,000</u>	 <u>\$ 1,950,475</u>	 <u>\$ (233,525)</u>	 <u>\$ 1,653,740</u>

**CITY OF YERINGTON, NEVADA**  
**WATER UTILITY FUND**  
**SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
*(With Comparative Totals for the Year Ended June 30, 2012)*

	<u>BUDGETED AMOUNT</u>		<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2012</u>
	<u>ORIGINAL</u>	<u>FINAL</u>			
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>					
Operating income (loss)	\$ (157,926)	\$ (157,926)	\$ (238,791)	\$ (80,865)	\$ (123,653)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	300,000	300,000	381,341	81,341	232,432
Changes in assets and liabilities					
Decrease (increase) in accounts receivable	-	-	(4,301)	(4,301)	(3,039)
Decrease (increase) in inventory	-	-	1,185	1,185	652
Increase (decrease) in consumer deposits	-	-	(448)	(448)	(118)
(Decrease) increase in accounts payable and accrued liabilities	-	-	(19,160)	(19,160)	16,530
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 142,074</u>	<u>\$ 142,074</u>	<u>\$ 119,826</u>	<u>\$ (22,248)</u>	<u>\$ 122,804</u>

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**CITY OF YERINGTON, NEVADA****SEWER UTILITY FUND****SCHEDULE OF NET POSITION****JUNE 30, 2013***(With Comparative Totals for June 30, 2012)*

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	<u>2013</u>	<u>2012</u>
<b>Current Assets</b>		
Unrestricted		
Cash	\$ 1,698,446	\$ 1,458,046
Accounts receivable, net of allowance for doubtful accounts of \$420 and \$420 respectively	76,782	69,535
Inventory of materials and supplies	408	556
Restricted Cash		
Customer deposits	<u>2,035</u>	<u>2,176</u>
Total Current Assets	<u>1,777,671</u>	<u>1,530,313</u>
<b>Property, Plant And Equipment</b>		
Land	10,120	10,120
Treatment plant and collection systems	5,605,552	5,605,552
Vehicles	42,499	42,499
Maintenance equipment	327,532	327,532
Office equipment	<u>45,080</u>	<u>45,080</u>
	6,030,783	6,030,783
Accumulated depreciation	<u>(2,950,715)</u>	<u>(2,787,373)</u>
Total Capital Assets	<u>3,080,068</u>	<u>3,243,410</u>
<b>Total Assets</b>	<u>4,857,739</u>	<u>4,773,723</u>

	<u>2013</u>	<u>2012</u>
<b>Liabilities</b>		
Current liabilities payable from unrestricted assets:		
Accounts payable	\$ 14,692	\$ 8,025
Accrued salaries and benefits	6,455	8,205
Due to other governments	4,175	6,607
Current liabilities payable from restricted assets:		
Customer deposits	<u>2,035</u>	<u>2,176</u>
Total Current Liabilities	<u>27,357</u>	<u>25,013</u>
Long-term liabilities:		
Accrued compensated absences	13,030	12,363
Accrued OPEB payable	<u>63,945</u>	<u>62,816</u>
	<u>76,975</u>	<u>75,179</u>
Total Liabilities	<u>104,332</u>	<u>100,192</u>
<b>Net Position</b>		
Invested in capital assets, net of related debt	3,080,068	3,243,410
Unrestricted	<u>1,673,339</u>	<u>1,430,121</u>
Total Net Position	<u>\$ 4,753,407</u>	<u>\$ 4,673,531</u>

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**CITY OF YERINGTON, NEVADA**  
**SEWER UTILITY FUND**  
**SCHEDULE OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
*(With Comparative Totals for the Year Ended June 30, 2012)*

	BUDGET AMOUNT		ACTUAL	VARIANCE	2012
	ORIGINAL	FINAL			
<b>Operating Revenues</b>					
Sewer use fees	\$ 639,281	\$ 639,281	\$ 623,151	\$ (16,130)	\$ 614,997
<b>Operating Expenses</b>					
Salaries and wages	218,860	218,860	201,118	17,742	191,288
Employee benefits	106,997	106,997	101,916	5,081	127,899
Services and supplies	215,194	215,194	136,158	79,036	161,589
Depreciation	196,000	196,000	163,342	32,658	166,066
<i>Total Operating Expenses</i>	<u>737,051</u>	<u>737,051</u>	<u>602,534</u>	<u>134,517</u>	<u>646,842</u>
Operating Income (Loss)	<u>(97,770)</u>	<u>(97,770)</u>	<u>20,617</u>	<u>118,387</u>	<u>(31,845)</u>
<b>Nonoperating Revenues (Expenses)</b>					
Interest income	652	652	605	(47)	191
Late fees	2,300	2,300	3,071	771	2,392
Miscellaneous	300	300	73	(227)	48
Willowcreek agreement	29,000	29,000	29,000	-	29,000
Interest expense	-	-	-	-	(2,966)
<i>Total Nonoperating Revenues (Expenses)</i>	<u>32,252</u>	<u>32,252</u>	<u>32,749</u>	<u>497</u>	<u>28,665</u>
Income (Loss) before contributions	(65,518)	(65,518)	53,366	118,884	(3,180)
<b>Capital contributions</b>	<u>-</u>	<u>-</u>	<u>26,510</u>	<u>26,510</u>	<u>3,800</u>
Change in Net Position	<u>\$ (65,518)</u>	<u>\$ (65,518)</u>	<u>79,876</u>	<u>\$ 145,394</u>	<u>620</u>
Net Position, July 1			<u>4,673,531</u>		<u>4,672,911</u>
<b>Net Position, June 30</b>			<u>\$ 4,753,407</u>		<u>\$ 4,673,531</u>

**CITY OF YERINGTON, NEVADA**  
**SEWER UTILITY FUND**  
**SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
*(With Comparative Totals for the Year Ended June 30, 2012)*

	BUDGETED AMOUNT		ACTUAL	VARIANCE	2012
	ORIGINAL	FINAL			
<b>Cash Flows From Operating Activities</b>					
Receipts from customers	\$ 639,281	\$ 639,281	\$ 653,243	\$ 13,962	\$ 652,433
Payments to Lyon County	-	-	(39,912)	(39,912)	(38,660)
Payments of personnel costs	(325,858)	(325,858)	(302,988)	22,870	(302,762)
Payments for service and supplies	(215,193)	(215,193)	(129,343)	85,850	(161,397)
Net Cash Provided by Operating Activities	<u>98,230</u>	<u>98,230</u>	<u>181,000</u>	<u>82,770</u>	<u>149,614</u>
<b>Cash Flows From Noncapital Financing Activities</b>					
Miscellaneous income	2,300	2,300	3,144	844	2,440
Willowcreek agreement	29,000	29,000	29,000	-	29,000
Net Cash Provided by Non-Capital Financing Activities	<u>31,300</u>	<u>31,300</u>	<u>32,144</u>	<u>844</u>	<u>31,440</u>
<b>Cash Flows From Capital And Related Financing Activities</b>					
Capital contributions by customers	121,600	121,600	26,510	(95,090)	3,800
Acquisition of capital assets	(5,800)	(5,800)	-	5,800	-
Principal reduction sewer bonds	-	-	-	-	(98,547)
Interest paid on sewer bonds	-	-	-	-	(2,966)
Net Cash (Used) by Capital and Related Financing Activities	<u>115,800</u>	<u>115,800</u>	<u>26,510</u>	<u>(89,290)</u>	<u>(97,713)</u>
<b>Cash Flows From Investing Activities</b>					
Interest income	652	652	605	(47)	191
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	245,982	245,982	240,259	(5,723)	83,532
Cash and Cash Equivalents, July 1	<u>1,503,052</u>	<u>1,503,052</u>	<u>1,460,222</u>	<u>(42,830)</u>	<u>1,376,690</u>
<b>Cash and Cash Equivalents, June 30</b>	<u>\$ 1,749,034</u>	<u>\$ 1,749,034</u>	<u>\$ 1,700,481</u>	<u>\$ (48,553)</u>	<u>\$ 1,460,222</u>

**CITY OF YERINGTON, NEVADA**  
**SEWER UTILITY FUND**  
**SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
*(With Comparative Totals for the Year Ended June 30, 2012)*

	<u>BUDGETED AMOUNT</u>		<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2012</u>
	<u>ORIGINAL</u>	<u>FINAL</u>			
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>					
Operating income (loss)	\$ (97,770)	\$ (97,770)	\$ 20,617	\$ 118,387	\$ (31,845)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	196,000	196,000	163,342	(32,658)	166,066
Changes in assets and liabilities					
Decrease (increase) in accounts receivable	-	-	(7,247)	(7,247)	(1,224)
Decrease (increase) in inventory	-	-	148	148	2,621
Increase (decrease) in consumer deposits	-	-	(141)	(141)	-
(Decrease) increase in accounts payable and accrued liabilities	-	-	4,281	4,281	13,996
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 98,230</u>	<u>\$ 98,230</u>	<u>\$ 181,000</u>	<u>\$ 82,770</u>	<u>\$ 149,614</u>

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**CITY OF YERINGTON, NEVADA**  
**MASON WATER UTILITY FUND**  
**SCHEDULE OF NET POSITION**  
**JUNE 30, 2013**

*(With Comparative Totals for June 30, 2012)*

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	<u>2013</u>	<u>2012</u>
<b>Current Assets</b>		
Unrestricted		
Cash	\$ 876,343	\$ 772,771
Accounts receivable, net of allowance for doubtful accounts of \$460 and \$460 respectively	30,934	34,966
Restricted Cash		
USDA loan reserve	<u>27,900</u>	<u>27,900</u>
Total Current Assets	<u>935,177</u>	<u>835,637</u>
 <b>Property, Plant And Equipment</b>		
Land	10,000	10,000
Building, wells, tanks and distribution	4,640,227	4,618,840
Vehicles	19,355	19,355
Maintenance Equipment	35,845	35,845
Office Equipment	<u>16,222</u>	<u>16,222</u>
	4,721,649	4,700,262
Accumulated depreciation	<u>(890,155)</u>	<u>(796,815)</u>
Total Capital Assets	<u>3,831,494</u>	<u>3,903,447</u>
<i>Total Assets</i>	<u>4,766,671</u>	<u>4,739,084</u>

	<u>2013</u>	<u>2012</u>
<b>Liabilities</b>		
Current liabilities payable from unrestricted assets:		
Accounts payable	\$ 6,325	\$ 4,168
Accrued wages and benefits	1,398	1,750
Accrued interest	1,326	1,323
Current portion of bonds payable	<u>12,909</u>	<u>12,411</u>
Total Current Liabilities	<u>21,958</u>	<u>19,652</u>
Long-term liabilities:		
Accrued compensated absences	2,896	2,737
Accrued OPEB payable	12,820	12,580
Bonds payable, due after one year	<u>345,702</u>	<u>357,680</u>
Total Long-Term Liabilities	<u>361,418</u>	<u>372,997</u>
<i>Total Liabilities</i>	<u>383,376</u>	<u>392,649</u>
<b>Net Position</b>		
Invested in capital assets, net of related debt	3,472,883	3,533,356
Restricted for USDA loan reserve	27,900	27,900
Unrestricted	<u>882,512</u>	<u>785,179</u>
<b>Total Net Position</b>	<u><u>\$ 4,383,295</u></u>	<u><u>\$ 4,346,435</u></u>

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**CITY OF YERINGTON, NEVADA**  
**MASON WATER UTILITY FUND**  
**SCHEDULE OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
*(With Comparative Totals for the Year Ended June 30, 2012)*

	BUDGETED AMOUNT		ACTUAL	VARIANCE	2012
	ORIGINAL	FINAL			
<b>Operating Revenues</b>					
Water use fees	\$ 275,425	\$ 275,425	\$ 267,907	\$ (7,518)	\$ 260,327
Water meter replacement / Other Charges	7,000	7,000	7,208	208	6,907
<i>Total Operating Revenues</i>	<u>282,425</u>	<u>282,425</u>	<u>275,115</u>	<u>(7,310)</u>	<u>267,234</u>
<b>Operating Expenses</b>					
Salaries and wages	43,670	43,670	42,161	1,509	39,945
Employee benefits	22,479	22,479	22,264	215	27,176
Services and supplies	100,938	100,938	73,030	27,908	66,654
Depreciation	93,000	93,000	93,341	(341)	92,468
<i>Total Operating Expenses</i>	<u>260,087</u>	<u>260,087</u>	<u>230,796</u>	<u>29,291</u>	<u>226,243</u>
Operating Income	<u>22,338</u>	<u>22,338</u>	<u>44,319</u>	<u>21,981</u>	<u>40,991</u>
<b>Nonoperating Revenues (Expenses)</b>					
Interest income	223	223	327	104	103
Administrative fees/ Other Income	3,000	3,000	3,737	737	3,732
Water right revenue	1,000	1,000	-	(1,000)	-
Interest expense	(16,381)	(16,381)	(16,423)	(42)	(17,174)
<i>Total Nonoperating Revenues (Expenses)</i>	<u>(12,158)</u>	<u>(12,158)</u>	<u>(12,359)</u>	<u>(201)</u>	<u>(13,339)</u>
Income (Loss) before contributions	10,180	10,180	31,960	21,780	27,652
<b>Capital contributions</b>	-	-	4,900	4,900	-
Change in Net Position	<u>\$ 10,180</u>	<u>\$ 10,180</u>	36,860	<u>\$ 26,680</u>	27,652
Net Position, July 1			<u>4,346,435</u>		<u>4,318,783</u>
<b>Net Position, June 30</b>			<u>\$ 4,383,295</u>		<u>\$ 4,346,435</u>

**CITY OF YERINGTON, NEVADA**  
**MASON WATER UTILITY FUND**  
**SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

*(With Comparative Totals for the Year Ended June 30, 2012)*

	BUDGETED AMOUNT		ACTUAL	VARIANCE	2012
	ORIGINAL	FINAL			
<b>Cash Flows From Operating Activities</b>					
Receipts from customers	\$ 282,425	282,425	\$ 279,147	\$ (3,278)	\$ 262,388
Payments of personnel costs	(66,149)	(66,149)	(64,378)	1,771	(63,403)
Payments for service and supplies	(100,938)	(100,938)	(70,873)	30,065	(68,652)
Net Cash Provided by Operating Activities	<u>115,338</u>	<u>115,338</u>	<u>143,896</u>	<u>28,558</u>	<u>130,333</u>
<b>Cash Flows From Noncapital Financing Activities</b>					
Water right revenues	1,000	1,000	-	(1,000)	-
Administration fees	3,000	3,000	3,737	737	3,732
Net Cash Provided (Used) Non-Capital Financing Activities	<u>4,000</u>	<u>4,000</u>	<u>3,737</u>	<u>(263)</u>	<u>3,732</u>
<b>Cash Flows From Capital And Related Financing Activities</b>					
Capital contributions by customers	3,900	3,900	4,900	1,000	-
Acquisition of capital assets	-	-	(21,388)	(21,388)	-
Principal paid on long-term debt	(21,696)	(21,696)	(11,480)	10,216	(20,605)
Interest paid on long-term debt	16,381	16,381	(16,420)	(32,801)	(17,296)
Net Cash (Used) by Capital and Related Financing Activities	<u>(1,415)</u>	<u>(1,415)</u>	<u>(44,388)</u>	<u>(42,973)</u>	<u>(37,901)</u>
<b>Cash Flows From Investing Activities</b>					
Interest income	223	223	327	104	103
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	118,146	118,146	103,572	(14,574)	96,267
Cash And Cash Equivalents, July 1	<u>828,052</u>	<u>828,052</u>	<u>800,671</u>	<u>(27,381)</u>	<u>704,404</u>
<b>Cash And Cash Equivalents, June 30</b>	<u>\$ 946,198</u>	<u>\$ 946,198</u>	<u>\$ 904,243</u>	<u>\$ (41,955)</u>	<u>\$ 800,671</u>

**CITY OF YERINGTON, NEVADA**  
**MASON WATER UTILITY FUND**  
**SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
*(With Comparative Totals for the Year Ended June 30, 2012)*

	<u>BUDGETED AMOUNT</u>		<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2012</u>
	<u>ORIGINAL</u>	<u>FINAL</u>			
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>					
Operating income	\$ 22,338	\$ 22,338	\$ 44,319	\$ 21,981	\$ 40,991
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	93,000	93,000	93,341	341	92,468
Changes in assets and liabilities					
Decrease (increase) in accounts receivable	-	-	4,032	4,032	(4,846)
(Decrease) increase in accounts payable and accrued liabilities	-	-	2,204	2,204	1,720
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 115,338</u>	<u>\$ 115,338</u>	<u>\$ 143,896</u>	<u>\$ 28,558</u>	<u>\$ 130,333</u>

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**CITY OF YERINGTON, NEVADA**  
**CRYSTAL CLEAR WATER UTILITY FUND**  
**SCHEDULE OF NET POSITION**  
**JUNE 30, 2013**

*(With Comparative Totals for June 30, 2012)*

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	<u>2013</u>	<u>2012</u>
<b>Current Assets</b>		
Unrestricted		
Cash	\$ 160,038	\$ 154,369
Accounts receivable	6,632	7,346
Restricted Cash		
AB 198 capital reserve	47,911	34,314
USDA loan reserve	<u>26,040</u>	<u>26,040</u>
Total Current Assets	<u>240,621</u>	<u>222,069</u>
 <b>Property, Plant And Equipment</b>		
Land & water rights	295,900	295,900
Building, wells, tanks and distribution	<u>3,166,620</u>	<u>3,166,620</u>
	3,462,520	3,462,520
Accumulated depreciation	<u>(326,433)</u>	<u>(232,495)</u>
Total Capital Assets	<u>3,136,087</u>	<u>3,230,025</u>
<i>Total Assets</i>	<u>3,376,708</u>	<u>3,452,094</u>

	2013	2012
<b>Liabilities</b>		
Current liabilities payable from unrestricted assets:		
Accounts payable	\$ 357	\$ 3,912
Accrued wages and benefits	69	281
Accrued interest	282	228
Current portion of bonds payable	5,565	5,333
Total Current Liabilities	6,273	9,754
Long-term liabilities:		
Accrued compensated absences	400	416
Accrued OPEB payable	1,436	1,399
Bonds payable, due after one year	478,741	484,306
Total Long-term Liabilities	480,577	486,121
Total Liabilities	486,850	495,875
<b>Net Position</b>		
Invested in capital assets, net of related debt	2,651,781	2,740,386
Restricted for reserves	73,951	68,628
Unrestricted	164,126	147,205
Total Net Position	\$ 2,889,858	\$ 2,956,219

**CITY OF YERINGTON, NEVADA**  
**CRYSTAL CLEAR WATER UTILITY FUND**  
**SCHEDULE OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
*(With Comparative Totals for the Year Ended June 30, 2012)*

	BUDGETED AMOUNT		ACTUAL	VARIANCE	2012
	ORIGINAL	FINAL			
<b>Operating Revenues</b>					
Water use fees	\$ 56,671	\$ 56,671	\$ 59,054	\$ 2,383	\$ 60,104
Water meter replacement/Other Charges	1,200	1,200	1,247	47	1,235
<i>Total Operating Revenues</i>	<u>57,871</u>	<u>57,871</u>	<u>60,301</u>	<u>2,430</u>	<u>61,339</u>
<b>Operating Expenses</b>					
Salaries and wages	6,776	6,776	6,360	416	5,693
Employee benefits	3,298	3,298	3,189	109	4,039
Services and supplies	4,790	4,790	3,485	1,305	11,915
Depreciation	94,000	94,000	93,938	62	93,938
<i>Total Operating Expenses</i>	<u>108,864</u>	<u>108,864</u>	<u>106,972</u>	<u>1,892</u>	<u>115,585</u>
Operating Income (loss)	<u>(50,993)</u>	<u>(50,993)</u>	<u>(46,671)</u>	<u>4,322</u>	<u>(54,246)</u>
<b>Nonoperating Revenues (Expenses)</b>					
Interest income	70	70	81	11	25
Administrative fees/ Other Income	700	700	990	290	811
Interest expense	(20,707)	(20,707)	(20,761)	(54)	(20,927)
<i>Total Nonoperating Revenues (Expenses)</i>	<u>(19,937)</u>	<u>(19,937)</u>	<u>(19,690)</u>	<u>247</u>	<u>(20,091)</u>
Change in Net Position	<u>\$ (70,930)</u>	<u>\$ (70,930)</u>	<u>(66,361)</u>	<u>\$ 4,569</u>	<u>(74,337)</u>
Net Position, July 1			<u>2,956,219</u>		<u>3,030,556</u>
<b>Net Position, June 30</b>			<u>\$ 2,889,858</u>		<u>\$ 2,956,219</u>

**CITY OF YERINGTON, NEVADA**  
**CRYSTAL CLEAR WATER UTILITY FUND**  
**SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
*(With Comparative Totals for the Year Ended June 30, 2012)*

	BUDGETED AMOUNT		ACTUAL	VARIANCE	2012
	ORIGINAL	FINAL			
<b>Cash Flows From Operating Activities</b>					
Receipts from customers	\$ 57,871	\$ 57,871	\$ 61,015	\$ 3,144	\$ 59,880
Payments of personnel costs	(10,074)	(10,074)	(9,740)	334	(9,901)
Payments for service and supplies	(4,790)	(4,790)	(7,040)	(2,250)	(8,606)
Net Cash Provided by Operating Activities	43,007	43,007	44,235	1,228	41,373
<b>Cash Flows From Noncapital Financing Activities</b>					
Administration fees	700	700	990	290	811
Net Cash Provided (Used) by Non-Capital Financing Activities	700	700	990	290	811
<b>Cash Flows From Capital And Related Financing Activities</b>					
Principal paid on long-term debt	(5,333)	(5,333)	(5,333)	-	(5,111)
Interest paid on long-term debt	20,707	20,707	(20,707)	(41,414)	(20,929)
Net Cash Provided (Used) by Capital and Related Financing Activities	15,374	15,374	(26,040)	(41,414)	(26,040)
<b>Cash Flows From Investing Activities</b>					
Interest income	70	70	81	11	25
<b>Net Increase In Cash and Cash Equivalents</b>	59,151	59,151	19,266	(39,885)	16,169
Cash And Cash Equivalents, July 1	255,394	255,394	214,723	(40,671)	198,554
<b>Cash And Cash Equivalents, June 30</b>	<u>\$ 314,545</u>	<u>\$ 314,545</u>	<u>\$ 233,989</u>	<u>\$ (80,556)</u>	<u>\$ 214,723</u>

**CITY OF YERINGTON, NEVADA**  
**CRYSTAL CLEAR WATER UTILITY FUND**  
**SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
*(With Comparative Totals for the Year Ended June 30, 2012)*

	<u>BUDGETED AMOUNT</u>		<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2012</u>
	<u>ORIGINAL</u>	<u>FINAL</u>			
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>					
Operating income (loss)	\$ (50,993)	\$ (50,993)	\$ (46,671)	\$ 4,322	\$ (54,246)
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	94,000	94,000	93,938	(62)	93,938
Changes in assets and liabilities					
Decrease (increase) in accounts receivable	-	-	714	714	(1,459)
(Decrease) increase in accounts payable and accrued liabilities	-	-	(3,746)	(3,746)	3,140
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 43,007</u>	<u>\$ 43,007</u>	<u>\$ 44,235</u>	<u>\$ 1,228</u>	<u>\$ 41,373</u>

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**CITY OF YERINGTON, NEVADA**  
 Schedule of Property Tax Rates and Assessed Valuations  
 Last Twenty Years  
 Unaudited

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<u>FISCAL YEAR</u>	<u>CITY TAX RATE</u>	<u>ASSESSED VALUATION</u>
2012-13	\$ .4044	\$ 53,647,403
2011-12	.4044	55,656,691
2010-11	.4044	58,857,733
2009-10	.4044	64,470,671
2008-09	.4044	62,852,734
2007-08	.4044	57,998,651
2006-07	.4044	52,378,316
2005-06	.4044	42,627,093
2004-05	.4044	41,425,164
2003-04	.4044	41,832,125
2002-03	.4044	41,803,125
2001-02	.4044	41,796,083
2000-01	.3407	38,116,242
1999-00	.3236	37,951,799
1998-99	.2944	36,990,742
1997-98	.2578	36,483,187
1996-97	.2361	35,208,465
1995-96	.2361	28,596,509
1994-95	.2436	24,720,124
1993-94	.2349	23,614,394

**CITY OF YERINGTON, NEVADA**  
**Governmental Revenues and Other Financing Sources by Source<sup>(1)</sup>**  
**Last Ten Years**  
**(Unaudited)**

<u>Fiscal Year Ending June 30</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Intergovernmental Revenues</u>	<u>Charges For Services</u>	<u>Other Revenues</u>	<u>Other Financing Sources</u>	<u>Totals</u>
2013	\$ 289,584	\$ 305,453	\$ 930,448	\$ 207,627	\$ 39,240	\$ -	\$ 1,772,352
2012	273,462	287,970	1,984,277	216,665	34,992	6,079	2,803,445
2011	224,021	284,437	1,213,410	207,546	57,512	-	1,986,926
2010	245,629	291,418	1,492,058	204,772	41,249	-	2,275,126
2009	257,917	293,438	1,047,513	185,083	53,925	-	1,837,876
2008	225,625	352,353	1,218,664	233,732	67,406	-	2,097,780
2007	216,973	283,797	920,833	214,155	177,538	-	1,813,296
2006	184,894	297,540	883,389	202,512	70,022	225,225	1,863,582
2005	165,963	251,472	1,088,672	199,588	65,937	-	1,771,632
2004	164,534	240,791	1,112,176	157,195	67,445	-	1,742,141

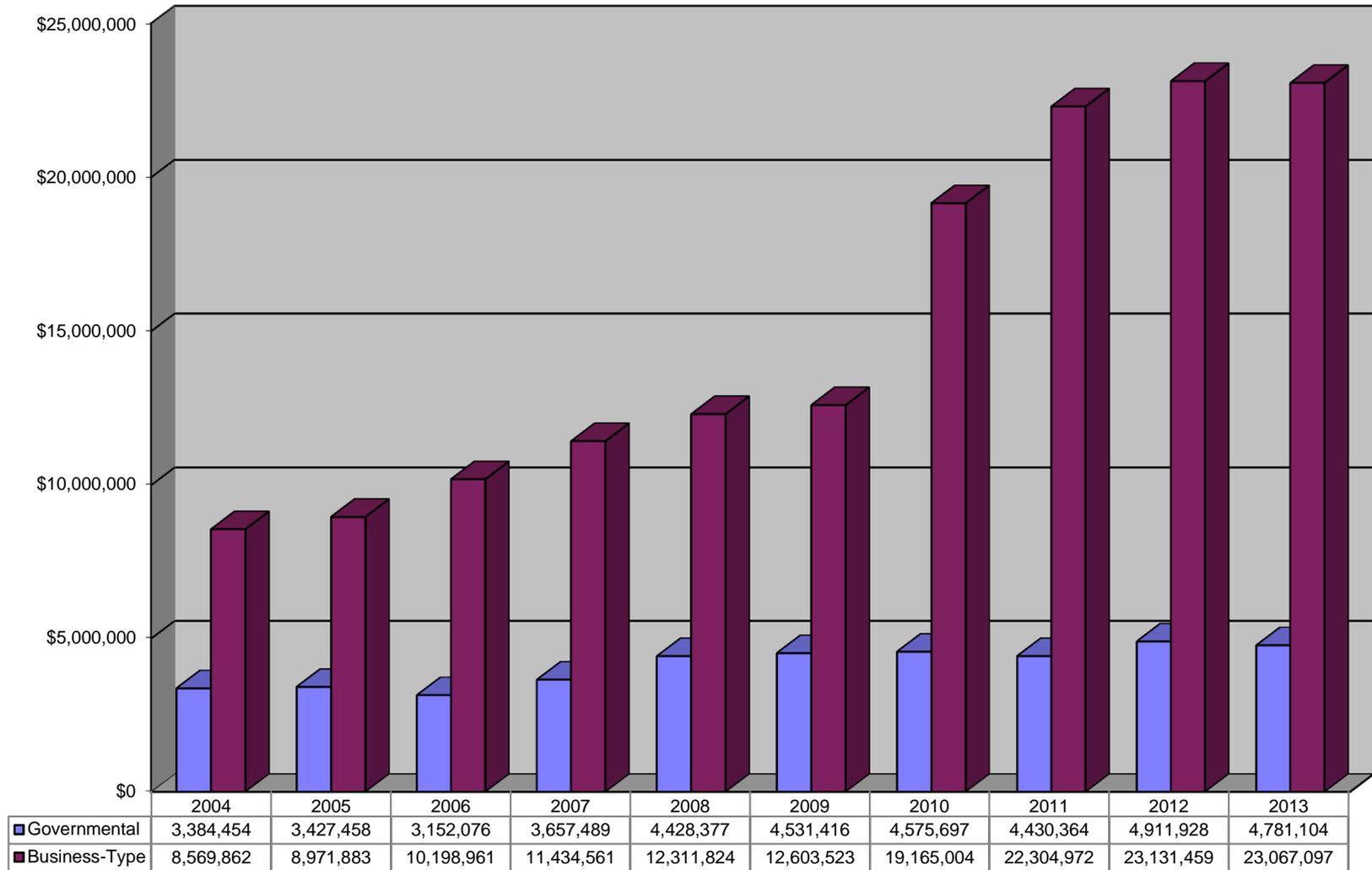
(1) This Schedule includes revenues of the General Fund, Special Revenue Funds, and Capital Projects Funds.

**CITY OF YERINGTON, NEVADA**  
**Governmental Expenditures by Function <sup>(1)</sup>**  
**Last Ten Years**  
**(Unaudited)**

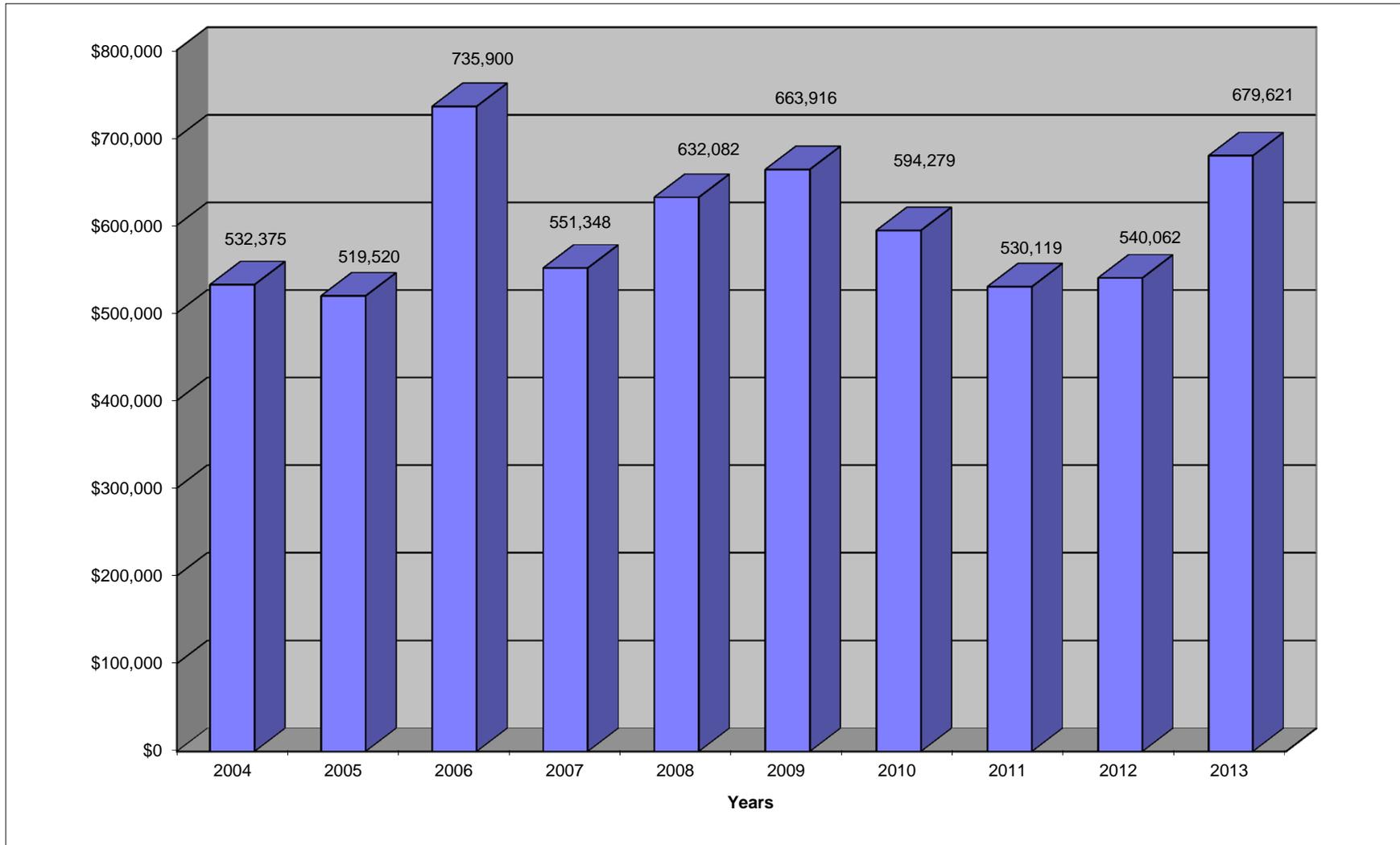
Fiscal Year Ending June 30	General Government	Judicial	Public Safety	Public Works	Culture and Recreation	Health	Debt Service	Totals
2013	\$ 252,402	\$ 51,054	\$ 728,799	\$ 534,752	\$ 10,882	\$ 54,904	\$ -	\$ 1,632,793
2012	235,120	42,045	786,894	1,657,718	58,104	13,621	-	2,793,502
2011	242,827	48,938	791,991	900,016	59,046	13,518	-	2,056,336
2010	297,916	49,934	883,107	1,027,487	58,669	14,951	49,655	2,381,719
2009	242,929	50,202	762,346	639,472	52,425	11,505	61,913	1,820,792
2008	261,538	41,154	669,544	908,485	69,535	18,763	61,377	2,030,396
2007	355,542	40,227	679,874	733,855	87,626	17,377	86,697	2,001,198
2006	244,152	51,583	608,350	729,770	64,409	15,716	36,572	1,750,552
2005	442,590	42,466	616,793	528,405	45,707	11,652	11,370	1,698,983
2004	511,563	50,376	591,198	368,025	71,703	11,213	10,492	1,614,570

(1) This Schedule includes expenditures of the General Fund, Special Revenue Funds, and Capital Projects Funds.

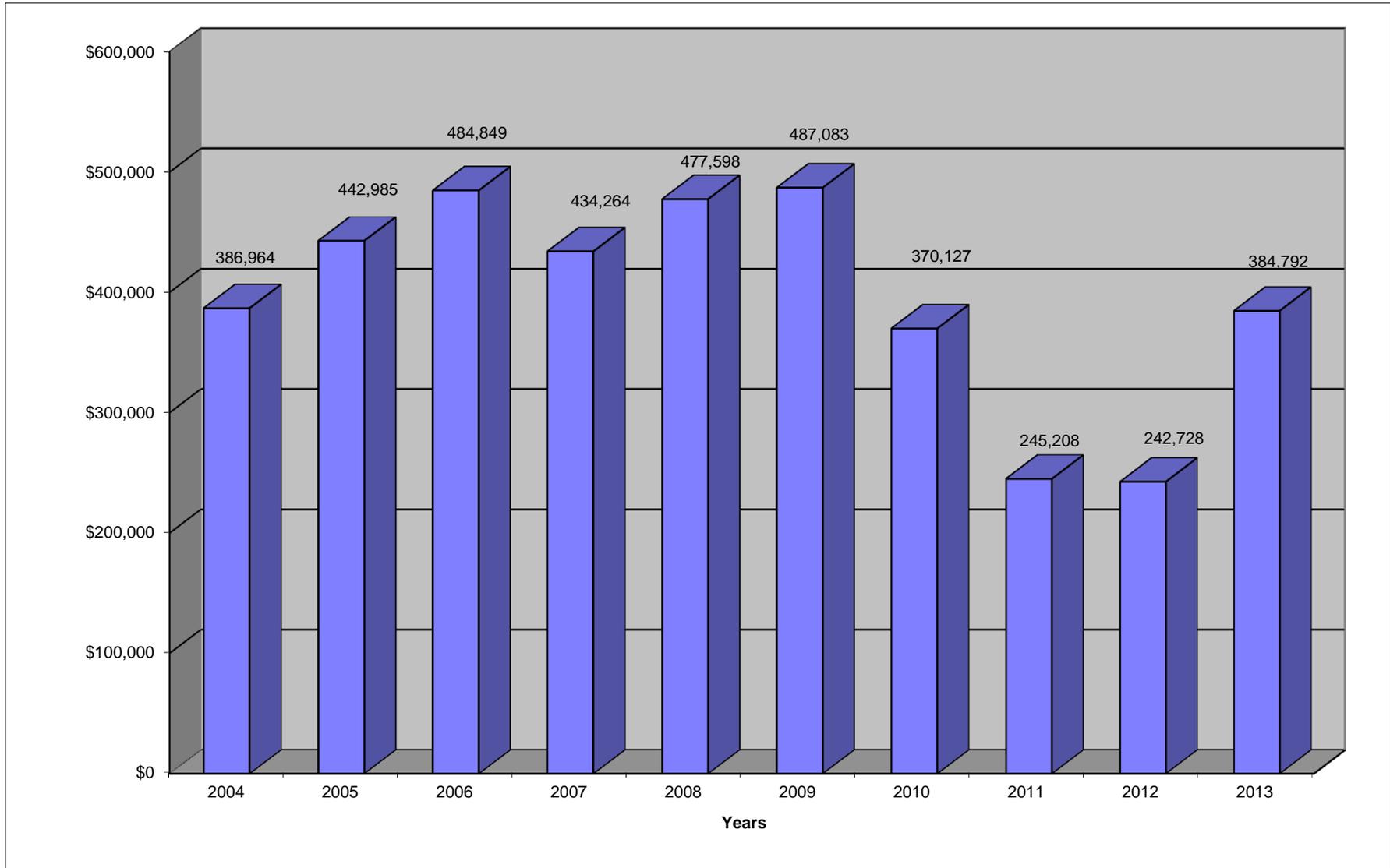
**CITY OF YERINGTON, NEVADA**  
**NET POSITION**  
 Last Ten Years  
 (Unaudited)



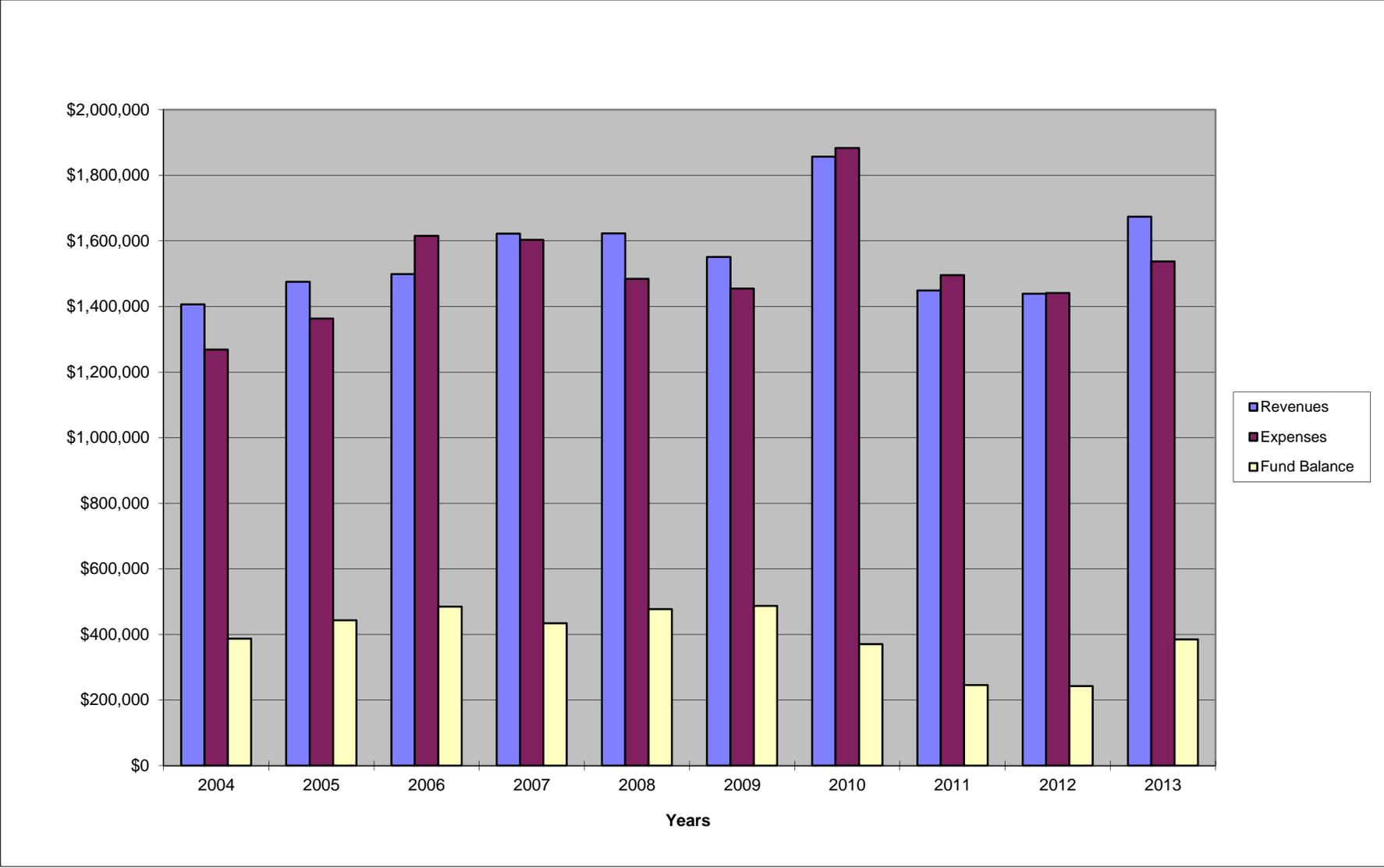
**CITY OF YERINGTON, NEVADA**  
ALL GOVERNMENTAL FUNDS  
FUND BALANCE - LAST TEN YEARS  
(Unaudited)



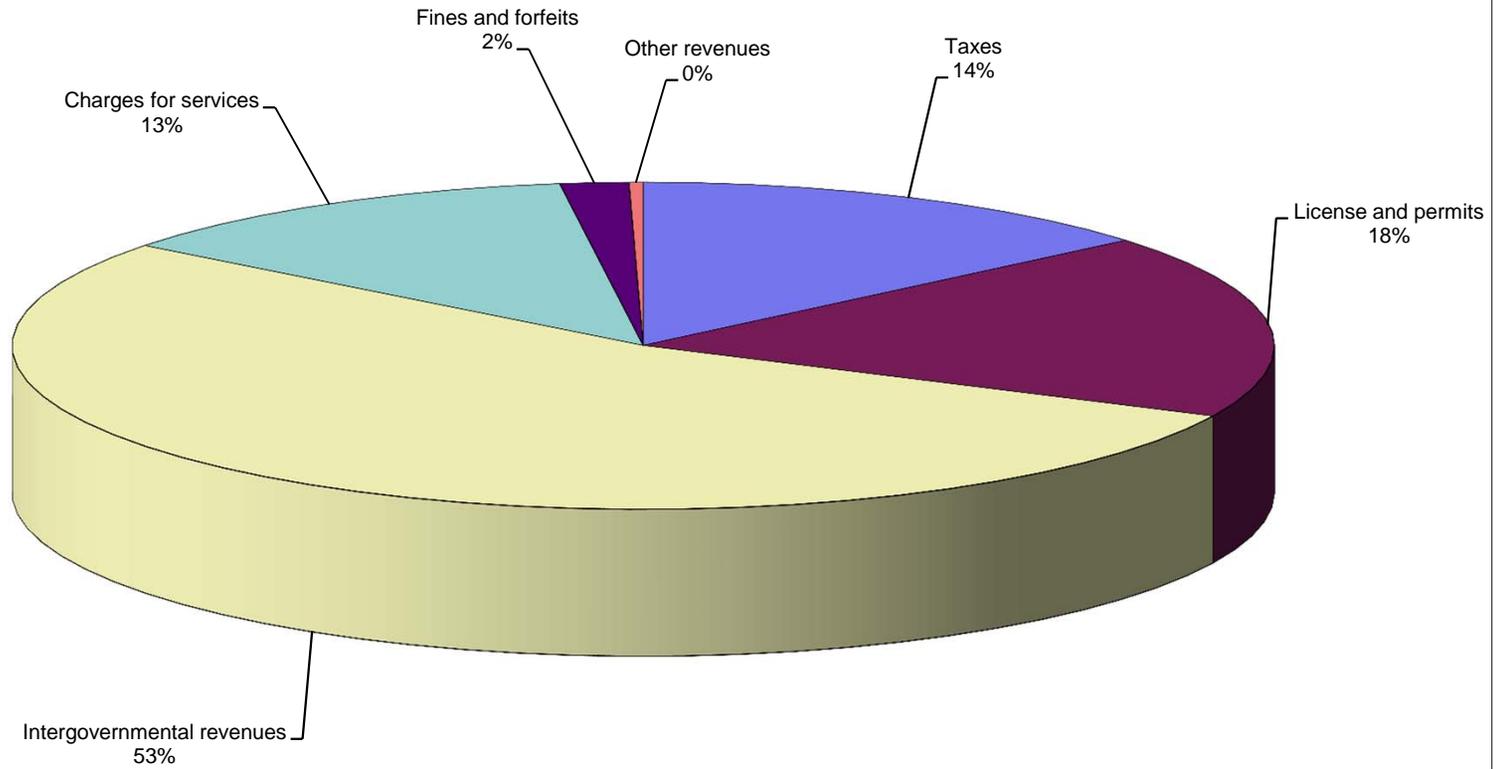
**CITY OF YERINGTON, NEVADA**  
**GENERAL FUND**  
**FUND BALANCE - LAST TEN YEARS**  
(Unaudited)



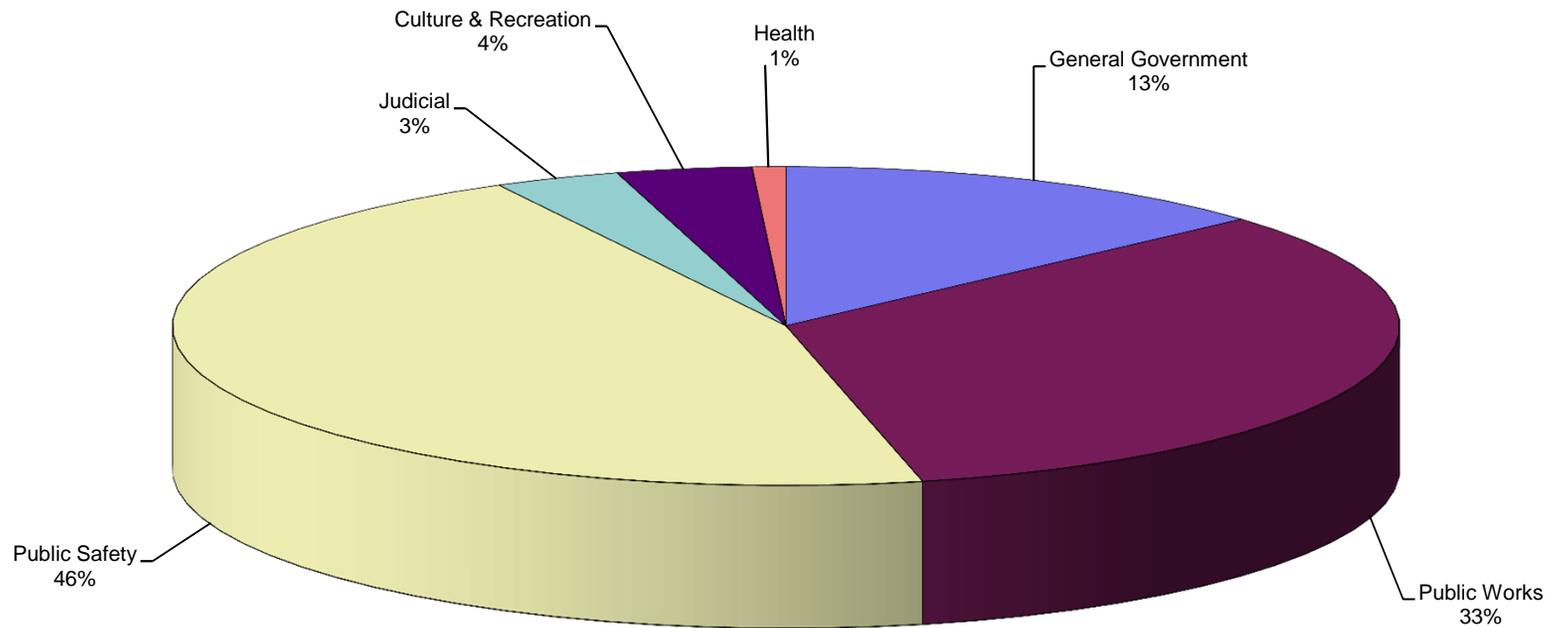
**CITY OF YERINGTON, NEVADA**  
**GENERAL FUND**  
**REVENUES, EXPENDITURES, AND FUND BALANCE - LAST TEN YEARS**  
(Unaudited)



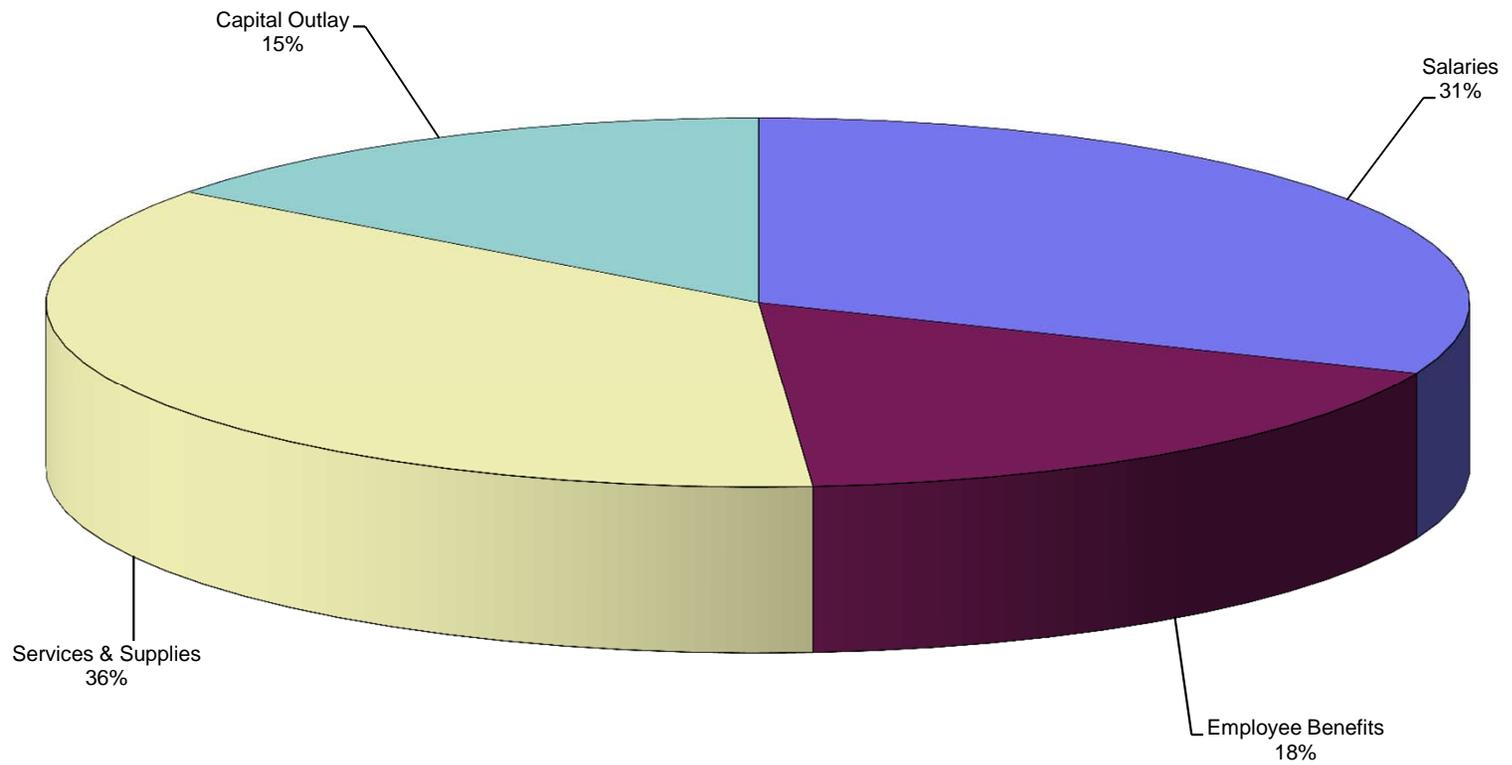
**CITY OF YERINGTON, NEVADA**  
GENERAL FUND  
REVENUES BY SOURCE  
FOR THE YEAR ENDED JUNE 30, 2013  
(Unaudited)



**CITY OF YERINGTON, NEVADA**  
**GENERAL FUND**  
**EXPENDITURES BY FUNCTION**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
(Unaudited)



**CITY OF YERINGTON, NEVADA**  
GENERAL FUND  
EXPENDITURES BY OBJECT  
FOR THE YEAR ENDED JUNE 30, 2013  
(Unaudited)



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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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Yerington, Nevada, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Yerington's basic financial statements and have issued our report thereon dated November 19, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Yerington, Nevada's internal control over financial reporting (internal control) to determine the audit procedures that are appropriated in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Yerington, Nevada's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Yerington, Nevada's internal control.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies listed as finding 2013-001.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Yerington, Nevada's 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. 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*.

## **City of Yerington's Response to Findings**

The City of Yerington's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. City of Yerington's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Sicaconi & Co.*

Yerington, Nevada  
November 19, 2013

**CITY OF YERINGTON, NEVADA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**A. Summary of Auditor's Results:**

- (1) The auditor's report expresses an unmodified opinion on the basic financial statements of the City of Yerington.
- (2) One significant deficiency relating to the audit of the financial statements is reported in the *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*.
- (3) No instances of noncompliance were disclosed which are material to the financial statements of the City of Yerington, which would be required to be reported in accordance with Government Auditing Standards.

**B. Findings – Financial Statements Audit**

2013-001 The City of Yerington, Nevada is a very small entity. The fiscal officer and three clerical clerks are assigned the duties of billing, accounts receivable and collections, general ledger maintenance, payroll and expenditure disbursements, and co-signature authority on checks and bank reconciliation functions. Controls are weakened when the functions of recording, approval, and safeguarding of assets are performed by two or three people. The entity's ability to design internal controls to achieve complete segregation of duties is limited due to fiscal restraints common to a small entity.

Management's Response: Management has determined the cost of correcting this significant deficiency in this small entity far exceeds the benefit derived from such action. However with the limited number of staff, the delegation of duties among personnel have been segregated to the greatest extent possible.

**CITY OF YERINGTON, NEVADA**  
**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2013**

**B. Findings – Financial Statements Audit**

2012-001 The City of Yerington, Nevada is a very small entity. The fiscal officer and three clerical clerks are assigned the duties of billing, accounts receivable and collections, general ledger maintenance, payroll and expenditure disbursements, and co-signature authority on checks and bank reconciliation functions. Controls are weakened when the functions of recording, approval, and safeguarding of assets are performed by two or three people. The entity’s ability to design internal controls to achieve complete segregation of duties is limited due to fiscal restraints common to a small entity.

Management’s Response: Management has determined the cost of correcting this significant deficiency in this small entity far exceeds the benefit derived from such action. However with the limited number of staff, the delegation of duties among personnel have been segregated to the greatest extent possible.

**C. Findings and Questioned Costs - Major Federal Award Programs**

	<u>Questioned Costs</u>
No findings to report.	None

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INDEPENDENT ACCOUNTANT'S REPORT ON  
NEVADA REVISED STATUTES 354.6241

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

We have reviewed management's assertion made in accordance with Nevada Revised Statute 354-624(5)(a) with respect to the funds of the City of Yerington as of and for the year ended June 30, 2013 that:

- The identified funds are being used expressly for the purposes for which that were created.
- The Funds are administered in accordance with accounting principles generally accepted in the United States of America.
- The restricted fund balance/net position in the funds were reasonable and necessary to carry out the purposes of the funds at June 30, 2013 (based on the interpretation of reasonable and necessary provided by the Legislative Counsel Bureau).
- The sources of revenues, including transfers, available for the funds are as noted in the financial statements.
- The funds conform to significant statutory and regulatory constraints on their financial statements administration during the year ended June 30, 2013, with the exception of two instances of expenditures in excess of budget appropriations as reported in Note 16.

This assertion is the responsibility of the management of the City of Yerington.

Our review was conducted in accordance with attestation standard established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that management's assertion referred to above is not fairly stated in all material respects.

*Sciarani & Co.*  
Yerington, Nevada  
November 19, 2013

INDEPENDENT AUDITOR'S COMMENTS  
JUNE 30, 2013

**Statute Compliance**

The required disclosure on compliance with Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 16 to the financial statements.

**Prior Year Audit Recommendation**

There were no specific recommendations made in the audit report for the fiscal year ended June 30, 2012.

**Current Year Audit Recommendations**

The Schedule of Findings and Questioned Responses included in this audit report provides a listing of our current year recommendations.