CITY OF YERINGTON, NEVADA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016

CITY OF YERINGTON, NEVADA

CITY OFFICIALS

City Council Members	- George Dini, Mayor
	- Rita Evasovic
	- Richard Faber
	- James Sanford
	- Steven Tognoli
City Manager	- Dan Newell

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Sciarani & Co.
Certified Public Accountants

A Professional Corporation

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, 2016, 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, 2016, 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 Schedule of OPEB funding status and the Schedule of the City's Proportionate Share of the Net Pension Liability on pages on pages 4-11 and 62-63 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.

Prior-Year Comparative Information

We have previously audited the City's 2015 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, and each major fund in our report dated November 5, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 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 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 other supplementary information 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 December 19, 2016, 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.



Yerington, Nevada
December 19, 2016

CITY OF YERINGTON, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016

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, 2016. 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 $220,989 to $4,666,325 from $4,887,314 in 2015. The City's governmental net investment in capital assets is $4,296,510 in 2016.

- The City's business-type activity net position increased by $6,805,753 to $30,531,103 from $23,725,350 in 2015. The City's business-type activity net investment in capital assets is $25,526,613 in 2016.

- The business-type activities recognized capital contributions totaled $6,954,383 in 2016 compared to $1,416,209 in 2015. This increase in capital contribution is largely attributable to recognizing $6,902,953 from the ARCO Sunset Hills water system project.

- The City's total revenues were $10,729,456 consisting of $1,783,633 in governmental activities and $8,945,823 in business-type activities. Business-type activities revenues of $8,945,823 included capital grants and contributions totaling $6,954,383. Capital grants and contributions account for 64.8% of total revenue sources.

- The City's total expenses were $4,144,692 consisting of $2,004,622 in governmental activities and $2,140,070 in business-type expenses.

- The City's primary revenue sources (besides capital grants and contributions) are charges for services of $2,112,917 and consolidated taxes of $411,463. These two revenue sources comprise 19.7% and 3.8%, 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, deferred outflows of resources, long-term obligations, and deferred inflows of resources, distinguishing between governmental and business-type activities. The end result is net position which is segregated into three components: net investment in capital assets; restricted and unrestricted position.

The Statement of Activities is focused on both the gross and net cost of governmental and business-type activities. Program revenue which directly offsets 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 are 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 many funds that account for the multitude of services provided to our residents. The City's major governmental funds are the General, 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 a multitude of individual governmental 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.

Proprietary Funds – The City maintains one proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements. The City uses enterprise funds to account for water and sewer operations provided to citizens within the City and nearby service areas. The City's major proprietary funds are: Water Utility Fund, Sewer Utility Fund, and Crystal Clear Water Utility 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 statement also presents combining and individual fund statements and schedules.

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 to demonstrate compliance with the budget and are presented as required supplementary information.

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 and liabilities – 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 $35,197,428 ($4,666,325 in governmental activities and $30,531,103 in business-type activities) as of June 30, 2016. By far, the largest portion of the City's net position (84.8%) reflects its net 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 2016 compared to 2015.

Table 1
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
Assets	2016	2015	2016	2015	2016	2015
Current Assets	$ 1,781,777	$ 1,882,598	$ 6,936,660	$ 6,004,981	$ 8,718,437	$ 7,887,579
Restricted Cash	-	-	181,448	187,014	181,448	187,014
Capital Assets, Net	4,296,510	4,440,216	25,993,494	19,541,843	30,290,004	23,982,059
Total Assets	6,078,287	6,322,814	33,111,602	25,733,838	39,189,889	32,056,652
Deferred Outflow Of Resources						
Post Measurement Date Employer Contributions	156,855	171,167	118,792	101,369	275,647	272,536
Deferred Pension Outflow	68,661	8,847	73,909	58,946	142,570	67,793
Total Deferred Outflows	225,516	180,014	192,701	160,315	418,217	340,329
Liabilities						
Current Liabilities	103,606	124,087	1,098,837	173,424	1,202,443	297,511
Long-Term Liabilities						
Due Within One Year	-	-	6,320	19,194	6,320	19,194
Due After One Year	1,356,908	1,194,586	1,514,120	1,759,971	2,871,028	2,954,557
Total Liabilities	1,460,514	1,318,673	2,619,277	1,952,589	4,079,791	3,271,262
Deferred Inflow Of Resources						
Deferred Pension Inflow	176,964	296,841	153,923	216,214	330,887	513,055
Net Position						
Invested in Capital Assets, Net of Debt	4,296,510	4,440,216	25,526,613	18,734,860	29,823,123	23,175,076
Restricted Position	-	1,897	174,869	179,725	174,869	181,622
Unrestricted	369,815	445,201	4,829,621	4,810,765	5,199,436	5,255,966
Total Net Position	$ 4,666,325	$ 4,887,314	$30,531,103	$23,725,350	$35,197,428	$28,612,664

Net position increased by $6,584,764 to $35,197,428 in 2016 from $28,612,664 in 2015.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program Revenues:						
Charges for Services	$ 219,839	$ 193,963	$ 1,893,078	$ 1,992,228	$ 2,112,917	$ 2,186,191
Operating Grants and Contributions	281,141	140,529	98,362	-	379,503	140,529
Capital Grants and Contributions	-	1,312,931	6,954,383	1,416,209	6,954,383	2,729,140
	500,980	1,647,423	8,945,823	3,408,437	9,446,803	5,055,860
General Revenues:						
Property taxes	232,424	230,021	-	-	232,424	230,021
Other taxes	189,679	208,400	-	-	189,679	208,400
Franchise fees	187,026	191,398	-	-	187,026	191,398
Consolidated taxes	411,463	397,396	-	-	411,463	397,396
Unrestricted grants	200,000	300,000	-	-	200,000	300,000
Other	7,860	4,415	-	183	7,860	4,598
Gain on land transfer	54,201	126,691	-	-	54,201	126,691
Total Revenues	1,783,633	3,105,744	8,945,823	3,408,620	10,729,456	6,514,364
Expenses:						
General government	465,748	459,802	-	-	465,748	459,802
Judicial	76,380	92,498	-	-	76,380	92,498
Public safety	877,480	924,244	-	-	877,480	924,244
Public works	469,481	327,908	-	-	469,481	327,908
Health	11,381	13,468	-	-	11,381	13,468
Cultural and recreation	104,152	73,761	-	-	104,152	73,761
Utilities	-	-	2,140,070	1,945,683	2,140,070	1,945,683
Total Expenses	2,004,622	1,891,681	2,140,070	1,945,683	4,144,692	3,837,364
Change in Net Position	(220,989)	1,214,063	6,805,753	1,462,937	6,584,764	2,677,000
Beginning Net Position	4,887,314	3,673,251	23,725,350	22,262,413	28,612,664	25,935,644
Ending Net Position	$ 4,666,325	$ 4,887,314	$30,531,103	$23,725,350	$35,197,428	$28,612,644

Governmental Activities

While the Statement of Net Position shows the change in financial position 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 a reduction of $220,989 for governmental activities and an increase of $6,805,753 for business-type activities in fiscal year 2016. In the year 2015, the total increase in net positon was $2,677,000.

- The governmental activities total revenues in 2016 decreased by $1,322,111 from 2015. This was mainly due to capital grant and contributions of $1,312,931 in year 2015 and none in year 2016.

- Governmental activities expenses of $1,891,681 in 2015 increased by $112,939 or 6% in year 2016, due in part to expenditures of $145,713 associated with a cooperative agreement between multiple government agencies to improve water flow in the Walker River.

Business-Type Activities

- The business-type activities operating revenues increased $16,719 in 2016 while non-operating revenues decreased $17,690.

- The business type activities total expenditures increased by $194,387 in 2016 compared to 2015 mainly due to a sewer line video / cleaning project of $149,776.

- The business-type activities capital contributions totaled $6,954,383 in 2016 compared to $1,416,209 in 2015. This increase in capital contribution is directly attributable to recognizing $6,902,953 from the ARCO Sunset Hills water system project.

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 $1,671,302 which is a decrease of $79,158 compared to the prior year amount of $1,750,460. This decrease is largely attributable to the General Fund incurring a reduction of fund balance of $86,234. 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 $492,547 while the 2015 fund balance was $578,781. Fund balance represents approximately 30.7% of the total General Fund expenditures and transfers out.

The City's General Fund ending fund balance decreased $86,234 in 2016 while the fiscal year 2015 decrease was $17,437.

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 proposed expenditures and the means of financing 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 $317,042 under budget largely due to the City delaying a road project budgeted to receive RTC road revenues of $320,000 in year 2016.

,

- The Police Department underspent their budget by $146,215 during the year.

- The General Fund total expenditures of $1,556,293 were under budgeted appropriations of $2,118,169 by $561,876.

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, 2016 is $29,823,123 (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 2016.

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

- The Governmental Funds had $144,445 in asset additions for the year. Major additions were a new police vehicle costing $37,994, a new phone system of $12,686, police communication software of $14,110, building of $10,000, and additional land transfer costs of $69,473. 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 $7,161,711 for the year. Major additions consisted of $6,910,770 in construction in progress installing a new water distribution system in the Sunset Hills service area.

Long-Term Debt:

<u>Governmental Activities:</u>

There are no governmental activity debt obligations in 2016.

<u>Business-Type Activities:</u>

The Mason Water Fund's outstanding USDA Rural Development Bonds were paid off early during 2016 in the amount of $334,045.

The Crystal Clear Water Fund's outstanding USDA Rural Development Bonds balance was $466,881, which was down by $6,057 from 2015.

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 2017 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 3,095.

Current economic indicators have suggested that the current economy will remain in a low 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 2017 budget. In conjunction with the current economic factors, the City limited its anticipated spending for 2017, 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, 2016
(With Comparative Totals for June 30, 2015)

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES
Current Assets		
Cash and investments - Note 2	$ 1,637,695	$ 5,148,527
Taxes receivable, secured roll	8,125	-
Use fees receivable, net of allowances for uncollectibles	-	219,437
Due from other governments	84,986	31,935
Other receivables	37,317	1,523,175
Inventory	13,654	13,586
Total Current Assets	1,781,777	6,936,660
Noncurrent Assets		
Restricted cash and investments - Note 2	-	181,448
Capital Assets - Note 3		
Land, improvements, and construction in progress	639,763	7,895,389
Other capital assets, net of depreciation	3,656,747	18,098,105
Total Noncurrent Assets	4,296,510	26,174,942
Total Assets	6,078,287	33,111,602
Deferred Outflow of Resources		
Post measurenment date employer contributions - Note 7	156,855	118,792
Deferred pension outflow - Note 7	68,661	73,909
Total Deferred Outflow of Resources	225,516	192,701

TOTAL	
2016	2015
$ 6,786,222	$ 7,364,694
8,125	8,433
219,437	199,907
116,921	153,681
1,560,492	127,399
27,240	33,465
8,718,437	7,887,579
181,448	187,014
8,535,152	887,803
21,754,852	23,094,256
30,471,452	24,169,073
39,189,889	32,056,652
275,647	272,536
142,570	67,793
418,217	340,329

CITY OF YERINGTON, NEVADA
STATEMENT OF NET POSITION
JUNE 30, 2016
(With Comparative Totals for June 30, 2015)

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES
Current Liabilities		
Accounts payable	$ 54,008	$ 27,319
Construction contracts payable	-	1,016,747
Accrued salaries and benefits	48,368	27,028
Due to other governments	25	20,946
Accrued interest	-	218
Customers' deposits	-	6,579
Bail deposits	1,205	-
Current portion of long-term debt - Note 4	-	6,320
Total Current Liabilities	103,606	1,105,157
Long-term liabilities		
Compensated absences - Note 5	43,673	25,176
Accrued OPEB liability - Note 4, 5 & 8	170,320	160,235
Net pension liability - Note 7	1,142,915	868,148
Long-term portion of bonds payable - Note 4	-	460,561
Total Long-term Liabilities	1,356,908	1,514,120
Total Liabilities	1,460,514	2,619,277
Deferred Inflow of Resources		
Deferred pension inflow - Note 7	176,964	153,923
Total Deferred Inflow of Resources	176,964	153,923
Net Position		
Net investment in capital assets	4,296,510	25,526,613
Restricted - Note 9	-	174,869
Unrestricted	369,815	4,829,621
Total Net Position	$ 4,666,325	$ 30,531,103

TOTAL	
2016	2015
$ 81,327	$ 136,603
1,016,747	36,112
75,396	77,873
20,971	18,156
218	1,511
6,579	7,289
1,205	773
6,320	19,194
1,208,763	297,511
68,849	64,882
330,555	332,167
2,011,063	1,788,913
460,561	787,789
2,871,028	2,973,751
4,079,791	3,271,262
330,887	513,055
330,887	513,055
29,823,123	23,175,076
174,869	181,622
5,199,436	5,255,966
$ 35,197,428	$ 28,612,664

CITY OF YERINGTON, NEVADA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2016

(With Comparative Totals for the Year Ended June 30, 2015)

		PROGRAM REVENUE		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental Activities:				
General government	$ 465,748	$ -	$ -	$ -
Judicial	76,380	42,153	-	-
Public safety	877,480	21,977	-	-
Public works	469,481	154,309	241,141	-
Health	11,381	1,400	-	-
Culture and recreation	104,152	-	40,000	-
Total Governmental Activities	2,004,622	219,839	281,141	-
Business-Type Activities:				
Water Utilities	1,332,647	1,214,246	23,362	6,937,418
Sewer Utilities	807,423	678,832	75,000	16,965
Total Business-type Activities	2,140,070	1,893,078	98,362	6,954,383
Total City	$ 4,144,692	$ 2,112,917	$ 379,503	$ 6,954,383

General Revenues:

Property taxes, levied for general purposes

Other taxes

Franchise fees

Consolidated taxes

Unrestricted investment earnings

Donations

Miscellaneous income

Grants not restricted to a specific program

Total General Revenues

Gain on land transfer - Note 19

Change in Net Position

Net Position - Beginning

Net Position - Ending

	Net (Expenses) Revenues and Changes in Net Position			
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	2016	2015
$ (465,748)	$ -	$ (465,748)	$ 440,198
(34,227)	-	(34,227)	(49,499)
(855,503)	-	(855,503)	(921,491)
(74,031)	-	(74,031)	332,020
(9,981)	-	(9,981)	(11,725)
(64,152)	-	(64,152)	(33,761)
(1,503,642)	-	(1,503,642)	(244,258)
-	6,842,379	6,842,379	1,397,688
-	(36,626)	(36,626)	65,066
-	6,805,753	6,805,753	1,462,754
(1,503,642)	6,805,753	5,302,111	1,218,496
232,424	-	232,424	230,021
189,679	-	189,679	208,400
187,026	-	187,026	191,398
411,463	-	411,463	397,396
842	-	842	819
-	-	-	100,000
7,018	-	7,018	3,779
200,000	-	200,000	200,000
1,228,452	-	1,228,452	1,331,813
54,201	-	54,201	126,691
(220,989)	6,805,753	6,584,764	2,677,000
4,887,314	23,725,350	28,612,664	25,935,664
$ 4,666,325	$ 30,531,103	$ 35,197,428	$ 28,612,664

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

CITY OF YERINGTON, NEVADA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

(With Comparative Totals for June 30, 2015)

	GENERAL FUND	MUNICIPAL COURT ADMINISTRATIVE ASSESSMENT FUND	SPECIAL REVENUE FUND
Assets			
Cash and investments	$ 456,746	$ 9,256	$ 70,273
Taxes receivable, secured roll	8,125	-	-
Accounts receivable	33,260	-	4,057
Due from other governments	84,986	-	-
Fuel Inventory	13,654	-	-
Total Assets	$ 596,771	$ 9,256	$ 74,330
Liabilities			
Accounts payable	$ 47,782	$ 226	$ 6,000
Accrued compensation	48,368	-	-
Due to other governments	-	25	-
Consumer / bail deposits and restitution	1,205	-	-
Total Liabilities	97,355	251	6,000
Deferred Inflow of Resources			
Unavailable taxes receivable	6,869	-	-
Fund Balances - Note 9			
Nonspendable	13,654	-	-
Committed	34,022	9,005	68,330
Assigned	444,871	-	-
Unassigned	-	-	-
	-		
Total Fund Balances	492,547	9,005	68,330
Total Liabilities, Deferred Inflows and Fund Balances	$ 596,771	$ 9,256	$ 74,330

FIXED ASSET ACQUISITION FUND	TOTALS 2016	2015
$ 1,101,420	$ 1,637,695	$ 1,632,956
-	8,125	8,433
-	37,317	127,399
-	84,986	95,835
-	13,654	17,975
$ 1,101,420	$ 1,781,777	$ 1,882,598
$ -	$ 54,008	$ 70,855
-	48,368	52,434
-	25	25
-	1,205	773
-	103,606	124,087
-	6,869	8,051
-	13,654	17,975
1,101,420	1,212,777	1,173,576
-	444,871	331,691
-	-	227,218
1,101,420	1,671,302	1,750,460
$ 1,101,420	$ 1,781,777	$ 1,882,598

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, 2016
(With Comparative Totals for June 30, 2015)

	2016	2015
Total Fund Balance - Governmental Funds	$ 1,671,302	$ 1,750,460
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental funds are not current financial resources and therefore not reported in the governmental fund financial statements.	12,060,872	11,916,427
Accumulated depreciation has not been included in the governmental fund financial statements.	(7,764,362)	(7,476,211)
Revenue reported as deferred revenue in the governmental fund financial statements is recorded as revenue in the government-wide financial statements.	6,869	8,051
The net pension liability is not due and payable in the current period and therefore is not reported in the governmental funds	(1,142,915)	(983,556)
Deferred pension inflows and outflows of resources represent changes in the net pension liability that are to be amortized over future periods. They will not require current financial resources and are therefore not reported in the governmental funds.	48,552	(116,827)
Compensated absences have not been reflected in the governmental fund financial statements.	(43,673)	(39,844)
Post-employment health insurance that is not due and payable in the current period and therefore is not reported in the governmental funds.	(170,320)	(171,186)
Net Position of Governmental Activities	$ 4,666,325	$ 4,887,314

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, 2016

(With Comparative Totals for the Year Ended June 30, 2015)

	GENERAL FUND	MUNICPAL COURT ADMINISTRATIVE ASSESSMENT FUND	SPECIAL REVENUE FUND
Revenues			
Taxes	$ 232,366	$ -	$ 61,646
Licenses and permits	316,683	-	-
Intergovernmental revenues	784,266	-	145,713
Charges for services	141,187	-	-
Fines and forfeits	39,286	2,867	-
Nevada Copper, land transfer - Note 19	-	-	-
Other revenues	4,518	-	-
Total Revenues	1,518,306	2,867	207,359
Expenditures			
Current:			
General government - Note 19	275,988	-	44,050
Judicial	74,947	450	-
Public safety	868,074	-	-
Public works	236,420	-	145,713
Health	11,036	-	-
Culture and recreation	89,828	-	-
Total Expenditures	1,556,293	450	189,763
Excess (Deficiency) of Revenues over Expenditures	(37,987)	2,417	17,596
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	(48,247)	-	-
Total Other Financing Sources (Uses) of Funds	(48,247)	-	-
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Uses	(86,234)	2,417	17,596
Fund Balance, July 1	578,781	6,588	50,734
Fund Balance, June 30	$ 492,547	$ 9,005	$ 68,330

FIXED ASSET ACQUISITION FUND	TOTALS 2016	2015
$ 1,240	$ 295,252	$ 307,099
-	316,683	297,192
-	929,979	1,188,242
-	141,187	139,547
-	42,153	42,999
2,016,696	2,016,696	126,691
842	5,360	1,001,915
2,018,778	3,747,310	3,103,685
2,031,968	2,352,006	429,264
-	75,397	95,885
37,994	906,068	928,787
-	382,133	677,111
-	11,036	13,447
10,000	99,828	56,505
2,079,962	3,826,468	2,200,999
(61,184)	(79,158)	902,686
48,247	48,247	50,693
-	(48,247)	(50,693)
48,247	-	-
(12,937)	(79,158)	902,686
1,114,357	1,750,460	847,774
$ 1,101,420	$ 1,671,302	$ 1,750,460

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, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016	2015
Net Change in Fund Balances - Total Governmental Funds	$ (79,158)	$ 902,686
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.	187,466	573,212
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.	(288,151)	(303,425)
Reductions in capital assets carrying value is recognized as an expense in the statement of activities but not recorded in the governmental fund statements because it does not use current financial resources.	(43,021)	-
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.	(1,182)	2,059
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental fund financial statements.	(3,829)	(6,791)
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.	866	(93)
Pension contributions made after the measurement date of the pension liability are expensed in the governmental fund financial statements but deferred to the subsequent fiscal year in the statement of activities.	(14,312)	26,211
Changes in net pension liability resulting from differences in actual and projected earnings, experience and changes in proportionate share do not affect current financial resources and are not reported in the governmental funds.	20,332	20,204
Change in Net Position of Governmental Activities	$ (220,989)	$ 1,214,063

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

CITY OF YERINGTON, NEVADA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

(With Comparative Totals for the Year Ended June 30, 2015)

	BUDGETED AMOUNT				
	ORIGINAL	FINAL	ACTUAL	VARIANCE	2015
Revenues					
Taxes					
Ad valorem taxes	$ 235,503	$ 235,503	$ 232,366	$ (3,137)	$ 226,847
Licenses, Permits and Fees					
Business licenses	92,000	92,000	93,158	1,158	94,377
Franchise taxes					
Natural gas	25,000	25,000	39,036	14,036	31,167
Electric	136,000	136,000	120,556	(15,444)	133,543
Cable television	6,000	6,000	6,090	90	10,011
Sanitation	20,500	20,500	21,344	844	16,677
	187,500	187,500	187,026	(474)	191,398
Non-business licenses and permits					
Animal licenses	100	100	87	(13)	40
Building permits	69,234	69,234	35,912	(33,322)	6,667
Planning and zoning	3,450	3,450	500	(2,950)	4,710
	72,784	72,784	36,499	(36,285)	11,417
Total Licenses and Permits	352,284	352,284	316,683	(35,601)	297,192
Intergovernmental Revenues					
State and federal shared revenues					
Motor vehicle fuel tax	55,449	55,449	56,992	1,543	56,097
Consolidated tax distribution	397,609	397,609	411,463	13,854	397,396
	453,058	453,058	468,455	15,397	453,493
Other local government shared revenues					
Regional Transportation Commission	320,000	320,000	-	(320,000)	-
Road construction tax	8,750	8,750	-	(8,750)	-
County road ad valorem tax	42,000	42,000	34,436	(7,564)	40,056
County ad valorem agreement	200,000	200,000	200,000	-	200,000
County gaming licenses	31,000	31,000	34,875	3,875	34,886
	601,750	601,750	269,311	(332,439)	274,942

CITY OF YERINGTON, NEVADA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

(With Comparative Totals for the Year Ended June 30, 2015)

	BUDGETED AMOUNT				
	ORIGINAL	FINAL	ACTUAL	VARIANCE	2015
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
	46,500	46,500	46,500	-	46,500
Total Intergovernmental Revenues	1,101,308	1,101,308	784,266	(317,042)	774,935
Charges for Services					
Airport charges	12,300	12,300	11,897	(403)	12,484
Airport fuel charges	175,000	175,000	105,739	(69,261)	117,217
Animal shelter	1,500	1,500	1,313	2,813	1,703
Weed abatement	9,000	9,000	261	(8,739)	5,390
Police services:					
Night in the Country	7,000	7,000	18,097	11,097	-
Other charges for services	2,000	2,000	3,880	1,880	2,753
Total Charges for Services	206,800	206,800	141,187	(65,613)	139,547
Fines and Forfeits					
Municipal court fines	30,000	30,000	36,734	6,734	36,458
Other court fees	-	-	2,552	2,552	3,642
Total Fines and Forfeits	30,000	30,000	39,286	9,286	40,100
Other Revenues					
ARCO donation	-	-	-	-	100,000
Other revenue	4,500	4,500	4,518	18	1,279
Total Other Revenues	4,500	4,500	4,518	18	101,279
Total Revenues	1,930,395	1,930,395	1,518,306	(412,089)	1,579,900

CITY OF YERINGTON, NEVADA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

(With Comparative Totals for the Year Ended June 30, 2015)

	BUDGETED AMOUNT				
	ORIGINAL	FINAL	ACTUAL	VARIANCE	2015
Operating Expenditures					
General Government					
Mayor and Council					
Salaries and wages	$ 21,600	$ 21,600	$ 23,223	$ (1,623)	$ 21,600
Employee benefits	4,029	4,029	4,852	(823)	4,116
Services and supplies	6,100	6,100	1,783	4,317	785
Total Mayor and Council	31,729	31,729	29,858	1,871	26,501
Management and Administration					
Salaries and wages	63,716	63,716	57,037	6,679	52,406
Employee benefits	28,510	28,510	26,686	1,824	23,483
Services and supplies	109,517	109,517	152,407	(42,890)	115,096
Capital outlay	6,000	6,000	10,000	(4,000)	-
Total Management and Administration	207,743	207,743	246,130	(38,387)	190,985
Total General Government Function	239,472	239,472	275,988	(36,516)	217,486
Judicial					
Municipal Court					
Salaries and wages	31,096	31,096	22,760	8,336	40,609
Employee benefits	18,196	18,196	14,746	3,450	18,168
Services and supplies	34,983	34,983	37,441	(2,458)	34,258
Total Judicial Function	84,275	84,275	74,947	9,328	93,035
Public Safety					
Police Department					
Salaries and wages	446,935	446,935	386,092	60,843	403,928
Employee benefits	297,677	297,677	222,034	75,643	280,544
Services and supplies	133,741	133,741	124,012	9,729	109,529
Total Police Department	878,353	878,353	732,138	146,215	794,001

CITY OF YERINGTON, NEVADA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

(With Comparative Totals for the Year Ended June 30, 2015)

	BUDGETED AMOUNT				
	ORIGINAL	FINAL	ACTUAL	VARIANCE	2015
Fire Department					
Services and supplies					
Contractual agreement	$ 135,936	$ 135,936	$ 135,936	$ -	$ 128,394
Total Public Safety Function	1,014,289	1,014,289	868,074	146,215	922,395
Public Works					
Building Department					
Salaries and wages	17,855	17,855	260	17,595	23,392
Employee benefits	10,338	10,338	130	10,208	10,120
Services and supplies	5,993	5,993	10,579	(4,586)	4,072
Total Building Department	34,186	34,186	10,969	23,217	37,584
Street Department					
Salaries and wages	26,195	26,195	24,596	1,599	20,963
Employee benefits	6,761	6,761	6,986	(225)	5,293
Services and supplies	74,663	74,663	80,921	(6,258)	60,176
Capital outlay	320,000	320,000	-	320,000	-
Total Street Department	427,619	427,619	112,503	315,116	86,432
Airport					
Salaries and wages	3,346	3,346	3,650	(304)	3,284
Employee benefits	2,663	2,663	1,829	834	1,498
Services and supplies	191,200	191,200	107,469	83,731	120,076
Total Airport	197,209	197,209	112,948	84,261	124,858
Total Public Works Function	659,014	659,014	236,420	422,594	248,874
Health					
Animal Control					
Salaries and wages	5,537	5,537	1,240	4,297	3,400
Employee benefits	4,046	4,046	1,416	2,630	2,215
Services and supplies	8,723	8,723	8,380	343	7,832
Total Health Function	18,306	18,306	11,036	7,270	13,447

CITY OF YERINGTON, NEVADA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

(With Comparative Totals for the Year Ended June 30, 2015)

	BUDGETED AMOUNT				
	ORIGINAL	FINAL	ACTUAL	VARIANCE	2015
Culture and Recreation					
Parks and recreation					
Salaries and wages	$ 32,578	$ 32,578	$ 35,224	$ (2,646)	$ 13,779
Employee benefits	10,357	10,357	11,336	(979)	6,172
Services and supplies	36,578	36,578	43,268	(6,690)	36,554
Capital outlay	23,300	23,300	-	23,300	-
Total Culture and Recreation Function	102,813	102,813	89,828	12,985	56,505
Total Expenditures	2,118,169	2,118,169	1,556,293	561,876	1,551,742
Excess (Deficiency) of Revenues over Expenditures	(187,774)	(187,774)	(37,987)	149,787	28,158
Other Financing (Uses)					
Contingency	(63,545)	(63,545)	-	63,545	-
Transfer from Municipal Court Assessment	-	-	-	-	2,549
Transfer to Fixed Asset Acquisition Fund	(48,247)	(48,247)	(48,247)	-	(48,144)
Total Other Financing Sources (Uses)	(111,792)	(111,792)	(48,247)	63,545	(45,595)
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(299,566)	(299,566)	(86,234)	213,332	(17,437)
Fund Balance, July 1	436,802	436,802	546,656	109,854	564,093
Fund Balance - Budget Basis, June 30	$ 137,236	$ 137,236	460,422	$ 323,186	546,656
RECONCILIATION TO GAAP BASIS					
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	$ (32,125)	$ (32,125)	-	$ (32,125)	-
Fund Balance, July 1	32,125	32,125	32,125	-	32,125
Fund Balance, June 30	$ -	$ -	32,125	$ 32,125	32,125
Fund Balance - GAAP Basis, June 30			$ 492,547		$ 578,781

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, 2016

(With Comparative Totals for the Year Ended June 30, 2015)

	BUDGETED AMOUNT				
	ORIGINAL	BUDGET	ACTUAL	VARIANCE	2015
Revenues					
Fines and Forfeits					
Municipal Court assessments	$ 800	$ 800	$ 1,247	$ 447	$ 1,204
Special facility assessments	1,200	1,200	1,620	420	1,695
Total Revenues	2,000	2,000	2,867	867	2,899
Expenditures					
Judicial					
Capital outlay					
Court assessments	4,000	4,000	450	3,550	2,850
Administrative assessments	6,000	7,133	-	7,133	-
Total Expenditures	10,000	11,133	450	10,683	2,850
Excess (Deficiency) of Revenues over Expenditures	(8,000)	(9,133)	2,417	11,550	49
Other Financing Uses					
Transfer out - General Fund	-	-	-	-	(2,549)
Excess of Revenues over Expenditures and Other Uses	(8,000)	(9,133)	2,417	11,550	(2,500)
Fund Balance, July 1	8,088	9,133	6,588	(2,545)	9,088
Fund Balance, June 30	$ 88	$ -	$ 9,005	$ 9,005	$ 6,588

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, 2016

(With Comparative Totals for the Year Ended June 30, 2015)

	BUDGETED AMOUNT				
	ORIGINAL	FINAL	ACTUAL	VARIANCE	2015
Revenues					
Room taxes	$ 80,000	$ 80,000	$ 61,646	$ (18,354)	$ 79,137
Intergovernmental					
LEPC grant	-	-	-	-	6,392
FAA airport grants	-	-	-	-	406,539
NFWF River grant	182,543	182,543	145,713	(36,830)	376
Total Intergovernmental	182,543	182,543	145,713	(36,830)	413,307
Other Revenues					
Safety program	750	750	-	(750)	-
Total Other	750	750	-	(750)	-
Total Revenues	263,293	263,293	207,359	(55,934)	492,444
Expenditures					
General Government					
Safety program	750	750	-	750	-
Room tax distributions	66,667	66,667	34,579	32,088	59,639
Intergovernmental, room tax	13,333	13,333	9,471	3,862	13,181
Total General Government	80,750	80,750	44,050	36,700	72,820
Public Safety					
LEPC communication grant	-	-	-	-	6,392
Total Public Safety	-	-	-	-	6,392
Public Works					
NFWF Walker River Grant	182,543	182,543	145,713	36,830	376
FAA airport grants	-	-	-	-	427,861
Total Public Works	182,543	182,543	145,713	36,830	428,237
Total Expenditures	263,293	263,293	189,763	73,530	507,449
Excess of Revenues over Expenditures	-	-	17,596	17,596	(15,005)
Fund Balance, July 1	65,739	65,739	50,734	(15,005)	65,739
Fund Balance, June 30	$ 65,739	$ 65,739	$ 68,330	$ 2,591	$ 50,734

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

CITY OF YERINGTON, NEVADA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2016
(With Comparative Totals for June 30, 2015)

	UTILITY ENTERPRISE FUNDS		
	WATER UTILITY FUND	SEWER UTILITY FUND	CRYSTAL CLEAR WATER FUND
Current Assets			
Unrestricted			
Cash	$ 3,076,054	$ 1,854,466	$ 218,007
Accounts receivables, net of allowance for doubtful accounts	139,036	71,831	8,570
Due from other governments	22,570	9,365	-
Other receivables	1,523,175	-	-
Inventory of materials and supplies	13,586	-	-
Restricted Cash - Note 2			
Customer deposits	4,941	1,638	-
AB 198 capital reserve	58,687	-	90,142
USDA loan reserve	-	-	26,040
Total Current Assets	4,838,049	1,937,300	342,759
Property, Plant and Equipment - Note 3			
Land and water rights	11,493	10,120	295,900
Construction in progress	7,568,511	9,365	-
Building, wells, tanks, and distribution system	14,332,511	-	3,166,620
Treatment plant and collection system	-	5,888,065	-
Vehicles	68,558	46,009	-
Maintenance equipment	2,803,806	423,632	-
Office equipment	82,846	45,080	-
	24,867,725	6,422,271	3,462,520
Accumulated depreciation	(4,755,234)	(3,395,541)	(608,247)
Total Property, Plant and Equipment	20,112,491	3,026,730	2,854,273
Total Assets	24,950,540	4,964,030	3,197,032
Deferred Outlfow of Resources			
Post measurement date employer pension contributions - Note 7	68,675	50,117	-
Deferred pension inflow - Note 7	42,825	31,084	-
Total Deferred Outflow of Resources	111,500	81,201	-

TOTALS	
2016	2015
$ 5,148,527	$ 5,731,738
219,437	199,907
31,935	-
1,523,175	57,846
13,586	15,490
6,579	7,289
148,829	125,785
26,040	53,940
7,118,108	6,191,995
317,513	317,513
7,577,876	667,106
17,499,131	17,488,219
5,888,065	5,718,036
114,567	114,567
3,227,438	3,157,438
127,926	127,926
34,752,516	27,590,805
(8,759,022)	(8,048,962)
25,993,494	19,541,843
33,111,602	25,733,838
118,792	101,369
73,909	58,946
192,701	160,315

CITY OF YERINGTON, NEVADA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2016
(With Comparative Totals for June 30, 2015)

	UTILITY ENTERPRISE FUNDS		
	WATER UTILITY FUND	SEWER UTILITY FUND	CRYSTAL CLEAR WATER FUND
Liabilities			
Current liabilities payable from unrestricted assets:			
Accounts payable and accrued liabilities	$ 14,463	$ 12,698	$ 158
Construction contracts payable - Note 17	1,016,747	-	-
Accrued salaries and wages	15,431	11,526	71
Due to other governments	12,395	8,551	-
Accrued interest	-	-	218
Current liabilities payable from restricted assets:			
Bonds / notes payable - due within one year	-	-	6,320
Customer deposits	4,941	1,638	-
Total Current Liabilities	1,063,977	34,413	6,767
Long-term liabilities:			
Accrued compensated absences	13,754	11,328	94
Accrued OPEB payable	90,694	68,004	1,537
Bonds, due after one year - Note 4	-	-	460,561
Net Pension Liability - Note 7	502,975	365,173	-
Total Long-Term Liabilities	607,423	444,505	462,192
Total Liabilities	1,671,400	478,918	468,959
Deferred Inflow of Resources			
Deferred pension inflow - Note 7	90,033	63,890	-
Total Deferred Inflow of Resources	90,033	63,890	-
Net Position			
Net Investment in capital assets	20,112,491	3,026,730	2,387,392
Restricted - loan reserves - Note 9	58,687	-	116,182
Unrestricted	3,129,429	1,475,693	224,499
Total Net Position	$ 23,300,607	$ 4,502,423	$ 2,728,073

TOTALS	
2016	2015
$ 27,319	$ 65,748
1,016,747	36,112
27,028	25,439
20,946	18,131
218	1,511
6,320	19,194
6,579	7,289
1,105,157	173,424
25,176	25,038
160,235	160,981
460,561	787,789
868,148	805,357
1,514,120	1,779,165
2,619,277	1,952,589
153,923	216,214
153,923	216,214
25,526,613	18,734,860
174,869	179,725
4,829,621	4,810,765
$ 30,531,103	$ 23,725,350

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

CITY OF YERINGTON, NEVADA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	UTILITY ENTERPRISE FUNDS		
	WATER UTILITY FUND	SEWER UTILITY FUND	CRYSTAL CLEAR WATER FUND
Operating Revenues			
Use fees	$ 1,013,889	$ 649,832	$ 61,906
Operating Expenses			
Salaries and wages	272,932	203,886	1,368
Employee benefits	116,024	85,989	694
Service and supplies	334,956	214,354	6,168
Depreciation	462,704	153,418	93,938
Total Operating Expenses	1,186,616	657,647	102,168
Operating Income (Loss)	(172,727)	(7,815)	(40,262)
Nonoperating Revenue (Expenses)			
Interest earnings	-	-	-
Late fees / administrative fees	12,603	-	-
Water tank lease	12,320	-	787
Willowcreek agreement	19,000	29,000	-
Nevada Copper water reservation fee	87,500	-	-
Water rights revenue	5,000	-	-
Miscellaneous revenues	1,241	-	-
CDBG - water resource project	23,362	-	-
CDBG - water resource project	(23,362)	-	-
CDBG - sewer line video grant	-	75,000	-
CDBG - sewer line video project	-	(149,776)	-
Interest expense	(575)	-	(19,926)
Total Nonoperating Revenue (Expenses)	137,089	(45,776)	(19,139)
Income (Loss) before Contributions	(35,638)	(53,591)	(59,401)
Capital Contributions			
Atlantic Richfield Co. - Note 17	6,902,953	-	-
Other	34,465	16,965	-
Total Capital Contributions	6,937,418	16,965	-
Change in Net Position	6,901,780	(36,626)	(59,401)
Net Position, July 1	16,398,827	4,539,049	2,787,474
Net Position, June 30	$ 23,300,607	$ 4,502,423	$ 2,728,073

TOTALS	
2016	2015
$ 1,725,627	$ 1,708,908
478,186	464,936
202,707	234,819
555,478	493,392
710,060	708,653
1,946,431	1,901,800
(220,804)	(192,892)
-	183
12,603	41,011
13,107	14,509
48,000	48,000
87,500	87,500
5,000	92,300
1,241	-
23,362	-
(23,362)	-
75,000	-
(149,776)	-
(20,501)	(43,883)
72,174	239,620
(148,630)	46,728
6,902,953	483,029
51,430	933,180
6,954,383	1,416,209
6,805,753	1,462,937
23,725,350	22,262,413
$ 30,531,103	$ 23,725,350

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

CITY OF YERINGTON, NEVADA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	UTILITY ENTERPRISE FUNDS		
	WATER UTILITY FUND	SEWER UTILITY FUND	CRYSTAL CLEAR WATER FUND
Cash Flows From Operating Activities			
Receipts from customers	$ 1,044,730	$ 691,760	$ 61,415
Payments to Lyon County	(52,399)	(38,422)	-
Payments of personnel costs	(408,009)	(301,737)	(2,053)
Payments for service and supplies	(344,129)	(240,592)	(6,164)
Net Cash Provided by Operating Activities	240,193	111,009	53,198
Cash Flows From Noncapital Financing Activities			
Water tank lease income	12,320	-	-
Water rights revenue	5,000	-	-
CDBG - sewer line video grant	-	75,000	-
Payments for water resource and sewer line video projects	(23,362)	(149,776)	-
Willow Creek agreement revenues	19,000	29,000	-
Nevada Copper reservation fee	43,750	-	-
Administrative fees	11,836	-	787
Insurance recovery - POOL/PACT	10,157	-	-
Miscellaneous income	2,008	-	-
Net Cash Provided by Noncapital Financing Activities	80,709	(45,776)	787
Cash Flows From Capital and Related Financing Activities			
Capital contributed from customers	25,100	7,600	-
Capital contributed by grantors	-	-	-
Capital contributed bu ARCO	5,481,374	-	-
Acquisition of capital assets	(5,966,682)	(214,394)	-
Principal paid on long-term debt	(334,045)	-	(6,057)
Interest paid on long-term debt	(1,810)	-	(19,983)
Net Cash Provided (Used) by Capital and Related Financing Activities	(796,063)	(206,794)	(26,040)
Cash Flows From Investing Activities			
Interest income	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(475,161)	(141,561)	27,945
Cash and Cash Equivalents, July 1	3,614,843	1,997,665	306,244
Cash and Cash Equivalents, June 30	$ 3,139,682	$ 1,856,104	$ 334,189

TOTALS	
2016	2015
$ 1,797,905	$ 1,832,654
(90,821)	(94,202)
(711,799)	(682,445)
(590,885)	(581,789)
404,400	474,218
12,320	12,750
5,000	92,300
75,000	-
(173,138)	-
48,000	48,000
43,750	131,250
12,623	35,752
10,157	-
2,008	7,018
35,720	327,070
32,700	616,100
-	414,083
5,481,374	-
(6,181,076)	(543,956)
(340,102)	(529,442)
(21,793)	(43,933)
(1,028,897)	(87,148)
-	182
(588,777)	714,322
5,918,752	5,204,430
$ 5,329,975	$ 5,918,752

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

CITY OF YERINGTON, NEVADA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	UTILITY ENTERPRISE FUNDS		
	WATER UTILITY FUND	SEWER UTILITY FUND	CRYSTAL CLEAR WATER FUND
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	$ (172,727)	$ (7,815)	$ (40,262)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	462,704	153,418	93,938
Deferred pension expense	(18,781)	(13,105)	
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	(22,545)	3,506	(491)
Decrease (increase) in inventory	1,904	-	-
Increase (decrease) in consumer deposits	(568)	(142)	-
(Decrease) increase in accounts payable and accrued liabilities	(9,794)	(24,853)	13
Net Cash Provided by Operating Activities	$ 240,193	$ 111,009	$ 53,198

TOTALS	
2016	2015
$ (220,804)	$ (192,892)
710,060	708,653
(31,886)	14,561
(19,530)	30,353
1,904	(3,869)
(710)	(1,572)
(34,634)	(81,016)
$ 404,400	$ 474,218

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

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 financial reporting model for state and local governments that included the addition of a 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.

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 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 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.

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 Fund is 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 Water Utility Fund accounts for water utility activities within the City limits of Yerington, Town of Mason, and surrounding areas.

(2) The Sewer Utility Fund accounts for sewer utility activities within the City limits of Yerington.

(4) The Crystal Clear Water Fund accounts for water utility activities in an area of East Mason Valley, Nevada.

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

Type of Revenue	Accrued When Available To Finance Current Operations	Recognized When Received	Accrued When Earned
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	

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, 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 not sooner than the third Monday in May and not later than the last day 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 two separate funds. 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.

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, 2016 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:

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.

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 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.

Proprietary Fund Types:

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

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.

Net Position

Net Position represents 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: net investment in capital assets, restricted and unrestricted net position. Investment in capital assets consists of all capital assets, net of accumulated depreciation, 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 net position consists of 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 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.

Capital Contributions

Contributions are recognized in the Statement of Revenues, Expenses and Changes in Net Assets when earned. Contributions normally include capital grants and customer funded system improvements.

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.

Pensions

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

Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflow of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflow of resources or deferred outflow of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflow of resources or deferred outflow of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period or recognition.

Deferred Inflows and Outflows of Resources

Transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods are reported as either a deferred inflow of resources or deferred outflow of resources in the statement of net position.

Comparative Data

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Such information can only be obtained by referring to the June 30, 2015 audit report.

Note 2 - Cash and Investments:

The City of Yerington maintains all of its cash and investments in bank accounts and time certificates of deposits. 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, 2016:

Cash and Investment Balance Held By:		
General Activities:		
General Fund	$ 456,746	
Municipal Court Administrative Assessment Fund	9,256	
Special Revenue Fund	70,273	
Fixed Asset Acquisition Fund	1,101,420	
Total General Activities Cash and Investments		$ 1,637,695
Business Type Activities:		
Water Utility Fund	3,139,682	
Sewer Utility Fund	1,856,104	
Crystal Clear Water Fund	334,189	
Total Business-Type Activities Cash and Investments		5,329,975
Total Cash and Investments		$ 6,967,670
Cash Balances Classified By Depository:		
Cash on Hand		$ 300
Commercial Account:		
Wells Fargo Bank		6,882,994
Financial Horizons Credit Union		84,376
Subtotal Cash		$ 6,967,670

Cash and Investments *(continued)*:

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)	334,376	334,376
Uninsured but collateralized by securities held in the name of the City by its agent	6,632,994	7,242,462
	$6,967,670	$7,576,838

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.

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 City's Crystal Clear Water Fund has restricted cash of $26,040.

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, 2016, cash reserve balances were $58,687 and $90,142 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, 2016 are $4,941 and $1,638 respectively.

Note 3 - Capital Assets:

A summary of changes in capital assets is as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Governmental Activities:				
Capital assets, not being depreciated:				
Land and improvements	$ 443,599	$ 196,164	$ -	$ 639,763
Construction in progress	126,691	-	126,691	-
Total capital assets, not being depreciated	570,290	196,164	126,691	639,763
Capital assets being depreciated:				
Land improvements	2,839,694	-	-	2,839,694
Buildings and improvements	952,791	10,000	-	962,791
Equipment and vehicles	2,469,330	64,972	-	2,534,302
Infrastructure	5,084,322	-	-	5,084,322
Total capital assets being depreciated	11,346,137	74,972	-	11,421,109
Less accumulated depreciation for:				
Land improvements	1,847,464	68,064	-	1,915,528
Buildings and improvements	616,907	23,308	-	640,215
Equipment and vehicles	1,100,553	112,146	-	1,212,699
Infrastructure	3,911,287	84,633	-	3,995,920
Total accumulated depreciation	7,476,211	288,151	-	7,764,362
Total capital assets being depreciated, net	3,869,926	(213,179)	-	3,656,747
Governmental activities capital assets, net	$ 4,440,216	$ (17,015)	$ 126,691	$ 4,296,510

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

Governmental Activities:	
General Government	$ 11,853
Judicial	787
Public safety	23,023
Public works	84,199
Culture and recreation	17,297
Infrastructure	150,992
Total Depreciation Expense – Governmental Activities	$ 288,151

Note 3 - Capital Assets *(continued)*:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Business-type Activities:				
Capital assets, not being depreciated:				
Land and improvements	$ 317,513	$ -	$ -	$ 317,513
Construction in progress	667,106	6,910,770	-	7,577,876
	984,619	6,910,770	-	7,895,389
Capital assets being depreciated:				
Buildings, wells, tanks and distribution system	17,488,219	10,912	-	17,499,131
Treatment plant and collection system	5,718,036	170,029	-	5,888,065
Vehicles	114,567	-	-	114,567
Maintenance equipment	3,157,438	70,000	-	3,227,438
Office Equipment	127,926	-	-	127,926
Total capital assets being depreciated	26,606,186	250,941	-	26,857,127
Less accumulated depreciation for:				
Buildings, wells, tanks and distribution system	4,052,759	380,285	-	4,433,044
Treatment plant and collection system	2,960,042	124,282	-	3,084,324
Vehicles	104,919	3,479	-	108,398
Maintenance equipment	824,100	197,098	-	1,021,198
Office Equipment	107,142	4,916	-	112,058
Total accumulated depreciation	8,048,962	710,060	-	8,759,022
Total capital assets being depreciated, net	18,557,224	(459,119)	-	18,098,105
Business-type activities capital assets, net	$19,541,843	$ 6,451,651	$ -	$25,993,494

Depreciation expense of $710,060 was charged to the public works - utilities function of the City.

Note 4 – Enterprise Fund Obligations:

The following long-term obligations of the enterprise funds are outstanding at June 30, 2016.

Water Utility Fund - Formerly Mason Water Revenue Bonds

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 City's 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).

In July 2015, the City elected to pay off early the entire outstanding note payable balance of $334,045.

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, 2016 are as follows:

Year Ended June 30	Principal	Interest	Total
2017	$ 6,320	$ 19,720	$ 26,040
2018	6,594	19,446	26,040
2019	6,879	19,161	26,040
2020	7,178	18,862	26,040
2021	7,489	18,551	26,040
2022-2026	42,602	87,598	130,200
2027-2031	52,669	77,531	130,200
2032-2036	65,115	65,085	130,200
2037-2041	80,502	49,698	130,200
2042-2046	99,524	30,676	130,200
2047-2050	92,009	7,865	99,874
	$466,881	$414,193	$ 881,074

Note 4 – Enterprise Fund Obligations *(continued):*

Changes in Business-Type Activities Long-term Obligations:

	Balance July 1, 2015	Obligations Issued	Obligations Retired	Balance June 30, 2016	Due Within One Year
Long-Term Debt:					
Mason Water revenue bonds	$ 334,045	$ -	$ 334,045	$ -	$ -
Crystal Clear revenue bonds	472,938	-	6,057	466,881	6,320
Compensated absences	25,038	138	-	25,176	-
Net Pension Liability	805,357	62,791	-	868,148	
OPEB liability	160,981	-	746	160,235	-
Total Long-Term Obligations	$1,798,359	$ 62,929	$ 340,848	$1,520,440	$ 6,320

Note 5 - General Long-Term Debt:

Governmental Activities:

The estimated value of the accrued compensated absences liability at June 30, 2016 was $43,673. 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, 2015	Obligations Issued	Obligations Retired	Balance June 30, 2016	Due Within One Year
Long-Term Debt:					
Compensated absences	$ 39,844	$ 3,829	$ -	$ 43,673	$ -
Net Pension Liability	983,556	159,359	-	1,142,915	-
OPEB liability	171,186	-	866	170,320	-
Total Long-Term Obligations	$1,194,586	$ 163,188	$ 866	$1,356,908	$ -

The lawful City general obligation debt limit at June 30, 2016 was $18,270,941 (NRS 266.600), which leaves a theoretically-available borrowing capacity of $18,270,941 since the City does not have any general obligation bonds outstanding.

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 2016 was $135,936 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 2016 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.

Note 6 - Contracts and Agreements *(continued):*

In addition to agreements with other local governments, the City has the following agreements outstanding at June 30, 2016 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

On July 15, 2014, the City signed an agreement to provide water service to the Sunset Hills residential area with all costs to be paid by Atlantic Richfield Co. In addition to agreeing to pay all engineering and construction costs, Atlantic Richfield Company paid the City of Yerington $612,300 in privilege to connect fees and $92,300 for water rights. On May 26, 2015, the City entered into a construction contract with Q & D Construction in the amount of $6,393,123 (Note 17). As of June 30, 2016, engineering and construction costs totaled $7,401,867 with an estimated completion date of September 2016.

Note 7 - Defined Benefit Pension Plan:

General Information about the Pension Plan

Plan description: All permanent full time employees are provided pensions through the Public Employees Retirement Plan (PERS). The plan is a cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement System of Nevada. Chapter 286 of the Nevada Revised Statutes (NRS) establishes a governing board, appointed by the Governor that is responsible for managing the System, including arranging for a biennial actuarial valuation and adoption of actuarial tables and formulas prepared and recommended by the actuary.

Benefits provided: Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

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

Note 7 – Defined Benefits Pension Plan (continued)**:**

Post-retirement increases are provided by authority of NRS 286.575–.579.

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, or any age with thirty years of service.

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

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

Contributions: The authority for establishing and amending the obligation to make contributions, and member contribution rates, is set by statute. The contribution rates are based on biennial actuarial valuations and expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. One plan provides for matching employee and employer contributions (EEC), while the other plan provides for employer-pay contributions only. Under the matching Employee/Employer Contribution plan a member may, upon termination of service for which contribution is required, withdraw employee contributions which have been credited to their account. All membership rights and active service credit in the System are canceled upon withdrawal of contributions from the member's account. If EPC was elected, the member cannot convert to the Employee/Employer Contribution plan.

The City has elected the EPC plan for all employees. The District's contributions to the plan $273,609 for the year ended June 30, 2016. The respective rates on which contributions for EPC plans were based were 40.5% of covered compensation for police/fire members and 28.0% for other members.

Note 7 – Defined Benefits Pension Plan (continued)**:**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the City reported a liability of $2,011,063 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the plan's net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities for the year ended June 30, 2015. At June 30, 2015, the City's proportion of the plan was .01755% while prior year proportionate rate was .01716%.

For the year ended June 30, 2016, the City recognized pension expense of $150,835 and $87,259 in its governmental and business-type activities respectively. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
Difference between expected and actual experience	$ -	$ -	$ 84,658	$ 66,605
Changes in intra-district proportional share	28,054	42,632	35,610	35,076
Net difference between projected and actual earnings on pension plan investments	-	-	56,696	52,242
Changes in proportion and differences between District contributions and proportionate share of contributions	40,607	31,277	-	-
	$ 68,661	$ 73,909	$ 176,964	$ 153,923

Note 7 – Defined Benefits Pension Plan (continued)**:**

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Governmental Activities	Business-Type Activities
Year Ended June 30:		
2016	$ 38,571	$ 28,317
2017	38,571	28,317
2018	38,574	28,317
2019	(13,075)	(13,972)
2020	7,201	5,310
Thereafter	(1,539)	3,725
	$ 108,303	$ 80,014

In addition, $156,855 and $118,792 are reported as deferred outflows of resources related to pensions in the governmental and business-type activities and represent the City's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability reported as of June 30, 2017.

Actuarial assumptions: The actuarial assumptions were based on the results of an experience study for the period from July 1, 2006, through June 30, 2012. When measuring the total pension liability, GASB uses the same actuarial cost method, all actuarial assumptions, and the same type of discount rate as PERS uses for funding.

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation rate	3.5%
Payroll growth	5%, including inflation
Investment rate of return	8.0%
Productivity pay increases:	0.75% Plus
Projected salary increases	Regular: 4.6% to 9.75%, depending on service Police/Fire 5.25% to 14.5%, depending on service Rates include inflation and productivity increases
Consumer Price Index:	3.50%
Other assumptions	Same as those used in the June 30, 2015 funding actuarial valuation

The Board evaluates and establishes expected real rates of return (expected returns, net of investment expenses and inflation) for each asset class. The Board reviews these capital market expectations annually. The PERS's current long-term geometric expected real rates of return for each asset class included in the plan's investment portfolio as of June 30, 2015, are included in the following table:

Note 7 – Defined Benefits Pension Plan *(continued)***:**

Asset Class	Long-Term Geometric Expected Real Rate of Return*
Domestic Equity	5.50%
International Equity	5.75%
Domestic Fixed Income	0.25%
Private Markets	6.80%

*As of June 30, 2015, PERS' long-term inflation assumption was 3.5%.

Discount Rate: The discount rate used to measure the total pension liability was 8.00% as of June 30, 2015. The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except that projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 8.00 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
$3,064,457	$2,011,063	$1,135,092

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, 2016.

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

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

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, 2016, 13 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 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. 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 results. A separate report is not issued for the plan.

Annual OPEP Cost and OPEB Liability:

As of June 30, 2016, the effective date of the OPEB valuation, the number of retiree participants in the PEBP and City plans was 13 and none 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.

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

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 amortized 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	$ 58,426
Interest on Net OPEB obligations	9,963
Adjustments to annual required contributions	(16,451)
Annual OPEB cost	51,938
Contributions made	(53,380)
Increase in net OPEB obligation	(1,442)
Net OPEB obligation, beginning of the year	331,997
Net OPEB obligation, end of the year	$ 330,555

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 2016 were as follows:

Annual OPEB Cost	$ 51,938
Employer contributions	(53,380)
Net OPEB Contributions	$ (1,442)
Percentage of annual OPEB cost contributed	99.8%

Funding Status and Funding Progress

Actuarial accrued liability (a)	$ 968,512
Actuarial value of plan assets (b)	-
Unfunded actuarial accrued liability (a) – (b)	$ 968,512
Funding ratio (b)/(a)	0%
Covered payroll (c)	$ 969,719
Unfunded actuarial accrued liability as a Percentage of covered payroll (a) – (b)/(c)	99.9%

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.

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

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.

Significant methods and assumptions are as follows:

Actuarial valuation date	July 1, 2015	
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)		
	PPO	HMO
2017	8.00%	6.80%
2018	7.67%	6.60%
2019	7.33%	6.40%
2020	7.00%	6.20%
2021	6.67%	6.00%
2022	6.33%	5.80%
2023	6.00%	5.60%
2024	5.67%	5.40%
2025	5.33%	5.20%
2026	5.00%	5.00%
2027 and subsequent	5.00%	5.00%

Note 9- Fund Equity:

Net position includes the following restricted amounts at June 30, 2016.

USDA Rural Development loan requires one year's debt service to be deposited to a separate account and held to secure the loan payments.	$ 26,040
Nevada Division of Environmental Protection grant (AB-198) requires annual contributions of $23,044 to a Capital Reserve account held for future improvements.	148,829
	$ 174,869

At June 30, 2016, the governmental funds had the following fund balance classified as follows.

Part of the General Fund's year-end balance is represents fuel inventory and therefore non-spendable.	$ 13,654
Part of the City Governmental Funds' year-end balances are committed for:	
General Fund – Drug forfeiture monies	$ 1,897
General Fund – Compensated absences	32,125
Municipal Court Administrative Assessments	9,005
Special Revenue Fund	68,330
Fixed Asset Acquisition Fund	1,101,420
	$ 1,212,777
Part of the General Fund's year-end balance fund balance been assigned as a financial resource for the subsequent year's appropriations.	$ 444,871

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 1.7%.

	Adjusted Base 6-30-15		Percent Increase CPI Index		FY 2016 Maximum Allowed Revenue	FY 2016 Actual Revenue Received	Over (Under) Allowable Amount
Business Licenses	$124,877	X	.70%	=	$125,751	$ 93,158	$ (32,593)

Note 11 – Transfers In and Out:

A summary of transfers is as follows:

	Transfers – In	Transfers – Out
General Fund	$ -	$ 48,247
Fixes Asset Acquisition Fund	48,247	-
	$ 48,247	$ 48,247

Note 12 - 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 of 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, 2016, there were funds in the amount of $400,011 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, Lyon County holds Road Construction Tax totaling $44,567 for the benefit of the City.

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	Crystal Clear Water
Interest paid	$ 1,236	$ -	$ 19,961

Note 14 - Subsequent Event:

Management has evaluated subsequent events through December 19, 2016, which is the date the financial statements were available to be issued.

Note 15 - 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, 2016. However, the City believes it has adequate insurance to cover any potential judgments should a judgement ever arise.

Note 16 - 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 Inter-local 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 17 - Major Commitments:

On May 26, 2015, the City entered into a construction contract with Q & D Construction with an estimated project completion date of September 2016. All costs are to be reimbursed by Atlantic Richfield Company in accordance with an agreement described in Note 6. Following is a schedule of the contract's status as of June 30, 2016.

	Progress Billings	Contract Amount
Original contract amount		$6,393,123
Net approved change orders		299,242
		6,692,365
Amount billed, including retention	$5,494,728	(5,494,728)
Amount paid	(4,477,981)	-
Contract payable including retention of $610,525	$1,016,747	
Contract balance, unbilled		$1,197,637

Note 18 - 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 91 with the following exceptions:

> Nevada Revised Statutes 354.626 prohibits actual expenditures from exceeding a function's appropriations in governmental funds or the sum of budgeted operating and non-operating expenses in proprietary funds. There were apparent violations of this statute in the General Fund's general government function, the Sewer Utility Fund and the Crystal Clear Water Utility Fund.

Note 19 – Land Transfer:

Federal legislation allowed the City to enter into an agreement whereby 10,055.25 acres of federal land was conveyed to the City of Yerington by the United Stated Department of the Interior, Bureau of Land Management. The total cost of the conveyance was $2,158,659 of which Nevada Copper, Inc. provided $2,143,387 in exchange for all but 913.75 acres which the City retained for future development. The cost of the land was allocated based on acreage and resulted in $196,164 reported by the City for its portion of the land transferred. The City recognized a gain of $180,892 on the land transferred to Nevada Copper, Inc. as the company funded most of the cost of the land transferred from the federal government, including the portion retained by the City.

Note 19 – Land Transfer: *(continued)*

The aforementioned costs and reimbursements were reported in the Fixed Asset Acquisition Fund of which revenue of $2,016,696 is report in the current fiscal year along with $2,031,968 of current year costs (general government function). The $180,892 gain on transfer to Nevada Copper, Inc. is reflected in the Government-wide Statement of Activities; $54,201 and $126,691 in fiscal years 2016 and 2015 respectively.

CITY OF YERINGTON, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF OTHER POST-EMPLOYMENT BENEFITS - FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
JUNE 30, 2016

Schedule of OPEB Funding Progress

Plan Name	Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
PEBP/City	2011	06/30/2011	-	$ 2,787,462	$ 2,787,462	-	$ 1,139,701	244.6%
PEBP/City	2012	06/30/2011	-	2,787,462	2,784,462	-	1,120,513	248.5%
PEBP/City	2013	06/30/2013	-	1,197,553	1,197,553	-	958,150	125.0%
PEBP/City	2014	06/30/2013	-	1,197,553	1,197,553	-	905,997	132.2%
PEBP/City	2015	06/30/2013	-	1,197,553	1,197,553	-	977,071	122.6%
PEBP/City	2016	06/30/2016	-	968,512	968,512	-	969,719	99.9%

Schedule of Employer Contributions

	Year Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
PEBP/City	2011	$ 142,214	$ 34,606	24.3%
PEBP/City	2012	142,214	38,993	27.4%
PEBP/City	2013	80,901	63,734	78.8%
PEBP/City	2014	80,901	63,733	78.8%
PEBP/City	2015	80,911	74,247	91.8%
PEBP/City	2016	58,426	53,380	91.4%

CITY OF YERINGTON, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND EMPLOYER CONTRIBUTIONS
NEVADA PUBLIC EMPLOYEES RETIREMENT SYSTEM
JUNE 30, 2016

	2014	2015	2016
Schedule of Proportionate Share of the Net Pension Liability			
City's proportion of the net pension liability	0.01716%	0.01716%	0.01755%
City's proportionate share of the net pension liability	$ 2,257,143	$ 1,788,913	$ 2,011,063
City's covered-employee payroll	$ 855,015	$ 854,015	$ 867,725
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	104.5%	74.3%	231.8%
Plan fiduciary net position as a percentage of the total pension liability	68.7%	76.3%	75.1%

* The above amounts presented for each fiscal year have a measurement date of June 30 of the preceding year.

Schedule of Employer Contributions			
Statutorily required employer contribution	$ 269,159	$ 272,883	$ 273,609
Contributions in relation to the statutorily required contribution	269,159	272,883	273,609
Contribution deficiency	$ -	$ -	$ -
City's covered-employee payroll	$ 854,015	$ 867,725	$ 859,748
Contributions as a percentage of covered payroll	31.5%	31.4%	31.8%

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, 2016

(With Comparative Totals for the Year Ended June 30, 2015)

	BUDGETED AMOUNT				
	ORIGINAL	FINAL	ACTUAL	VARIANCE	2015
Revenues					
Taxes					
County capital project tax	$ 500	$ 500	$ 1,240	$ 740	$ 1,115
Other Local Revenues					
ARCO - donation	-	-	-	-	900,000
Nevada Copper, land transfer	-	2,016,696	2,016,696	-	126,691
Interest income	215	215	842	627	636
Total Other Revenues	215	2,016,911	2,017,538	627	1,027,327
Total Revenues	715	2,017,411	2,018,778	1,367	1,028,442
Expenditures					
General Government					
Capital outlay, land transfer	-	2,016,696	2,031,968	(15,272)	126,691
Capital outlay	40,000	40,000	-	40,000	12,267
Total General Government	40,000	2,056,696	2,031,968	24,728	138,958
Public Safety					
Capital outlay, vehicle	35,000	35,000	37,994	(2,994)	-
Culture and Recreation					
Capital outlay, building	10,000	10,000	10,000	-	-
Total Expenditures	85,000	2,101,696	2,079,962	21,734	138,958
Excess (Deficiency) of Revenues over Expenditures	(84,285)	(84,285)	(61,184)	23,101	889,484
Other Financing Sources					
Transfers in - General Fund	48,247	48,247	48,247	-	48,144
Excess of Revenues and Other Financing Sources, over Expenditures	(36,038)	(36,038)	(12,937)	23,101	937,628
Fund Balance, July 1	1,062,814	1,062,814	1,114,357	51,543	176,729
Fund Balance, June 30	$ 1,026,776	$ 1,026,776	$ 1,101,420	$ 74,644	$ 1,114,357

CITY OF YERINGTON, NEVADA
WATER UTILITY FUND
SCHEDULE OF NET POSITION
JUNE 30, 2016
(With Comparative Totals for June 30, 2015)

	2016	2015
Current Assets		
Unrestricted		
Cash	$ 3,076,054	$ 3,531,834
Accounts receivable, net of allowance for doubtful accounts	139,036	116,491
Due from other governments	22,570	-
Other receivables	1,523,175	57,846
Inventory of materials and supplies	13,586	15,490
Restricted Cash		
Customer deposits	4,941	5,509
AB 198 capital reserve	58,687	49,600
USDA loan reserve	-	27,900
Total Current Assets	4,838,049	3,804,670
Property, Plant And Equipment		
Land	11,493	11,493
Construction in progress	7,568,511	667,106
Building, wells, tanks and distribution system	14,332,511	14,321,599
Vehicles	68,558	68,558
Maintenance equipment	2,803,806	2,768,806
Office equipment	82,846	82,846
	24,867,725	17,920,408
Accumulated depreciation	(4,755,234)	(4,292,530)
Total Capital Assets	20,112,491	13,627,878
Total Assets	24,950,540	17,432,548
Deferred Outflow of Resources		
Post valuation employer contributions	68,675	58,472
Deferred outflow of resources	42,825	34,157
Total Deferred Inflows of Resources	111,500	92,629

	2016	2015
Liabilities		
Current liabilities payable from unrestricted assets:		
Accounts payable	$ 14,463	$ 25,540
Construction payable	1,016,747	36,112
Accrued salaries and benefits	15,431	14,548
Due to other governments	12,395	10,839
Accrued interest	-	1,236
Current portion of bonds payable	-	13,137
Current liabilities payable from restricted assets:		
Customer deposits	4,941	5,509
Total Current Liabilities	1,063,977	106,921
Long-term liabilities:		
Accrued compensated absences	13,754	14,478
Accrued OPEB payable	90,694	91,125
Bonds payable, due after one year	-	320,908
Net pension liability	502,975	464,587
Total Long-term Liabilities	607,423	891,098
Total Liabilities	1,671,400	998,019
Deferred Inflow of Resources		
Deferred pension inflow	90,033	128,331
Total Deferrred Inflow of Resources	90,033	128,331
Net Position		
Net investment in capital assets	20,112,491	13,293,833
Restricted for AB 198 capital reserves	58,687	77,500
Unrestricted (Restated)	3,129,429	3,027,494
Total Net Position	$ 23,300,607	$ 16,398,827

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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, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	BUDGETED AMOUNT				
	ORIGINAL	FINAL	ACTUAL	VARIANCE	2015
Operating Revenues					
Water use fees	$ 974,559	$ 974,559	$ 990,578	$ 16,019	$ 978,004
Meter replacement / Other charges	21,989	21,989	23,311	1,322	21,475
Total Operating Revenues	996,548	996,548	1,013,889	17,341	999,479
Operating Expenses					
Salaries and wages	283,388	283,388	272,932	10,456	264,574
Employee benefits	158,072	158,072	116,024	42,048	134,116
Services and supplies	367,680	367,680	334,956	32,724	318,701
Depreciation	593,141	593,141	462,704	130,437	469,285
Total Operating Expenses	1,402,281	1,402,281	1,186,616	215,665	1,186,676
Operating Income (Loss)	(405,733)	(405,733)	(172,727)	233,006	(187,197)
Nonoperating Revenues (Expenses)					
Interest income	1,000	1,000	-	(1,000)	109
Late fees	1,500	1,500	767	(733)	4,588
Administrative fee	11,400	11,400	11,836	436	33,993
Willow Creek agreement	19,000	19,000	19,000	-	19,000
Water tank lease	12,000	12,000	12,320	320	12,750
Water rights revenue	37,600	37,600	5,000	(32,600)	92,300
Nevada Copper reservation fee	87,500	87,500	87,500	-	87,500
CDBG grant - water resource project	-	-	23,362	23,362	-
CDBG grant - water resource project	-	-	(23,362)	(23,362)	-
Miscellaneous income	1,200	1,200	1,241	41	-
Interest expense	(7,382)	(7,382)	(575)	6,807	(23,651)
Total Nonoperating Revenues (expenses)	163,818	163,818	137,089	(26,729)	226,589
Income (loss) before contributions	(241,915)	(241,915)	(35,638)	206,277	39,392
Capital Contributions					
Atlantic Richfield Co.	-	-	6,902,953	6,902,953	483,029
Other	175,000	175,000	34,465	(140,535)	929,380
Total Capital Contributions	175,000	175,000	6,937,418	6,762,418	1,412,409
Change in Net Position	$ (66,915)	$ (66,915)	6,901,780	$ 6,968,695	1,451,801
Net Position, July 1			16,398,827		14,947,026
Net Position, June 30			$ 23,300,607		$ 16,398,827

CITY OF YERINGTON, NEVADA
WATER UTILITY FUND
SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	BUDGETED AMOUNT				
	ORIGINAL	FINAL	ACTUAL	VARIANCE	2015
Cash Flows From Operating Activities					
Receipts from customers	$ 996,548	$ 996,548	$ 1,044,730	$ 48,182	$ 1,080,118
Payments to Lyon County	(55,000)	(55,000)	(52,399)	2,601	(55,337)
Payments of personnel costs	(441,460)	(441,460)	(408,009)	33,451	(389,262)
Payments for service and supplies	(367,680)	(367,680)	(344,129)	23,551	(412,982)
Net Cash Provided by Operating Activities	132,408	132,408	240,193	107,785	222,537
Cash Flows From Noncapital Financing Activities					
Water tank lease income	12,000	12,000	12,320	320	12,750
Water right revenue	37,600	37,600	5,000	(32,600)	92,300
Willowcreek revenue	19,000	19,000	19,000	-	19,000
Nevada Copper reservation fee	87,500	87,500	43,750	(43,750)	131,250
Administrative fees	11,400	11,400	11,836	436	33,993
CDBG grant - water resource project costs	-	-	(23,362)	23,362	-
CDBG grant payments	-	-	10,157	10,157	-
Miscellaneous income	1,200	1,200	2,008	808	4,588
Net Cash Provided Non-Capital Financing Activities	168,700	168,700	80,709	(87,991)	293,881
Cash Flows From Capital And Related Financing Activities					
Capital contributions by customers	1,517,570	1,517,570	25,100	(1,492,470)	612,300
Capital contributions by grantors	175,000	175,000	-	(175,000)	414,083
Capital contributions by ARCO	8,420,480	8,420,480	5,481,374	(2,939,106)	-
Acquisition of capital assets	(8,482,855)	(8,482,855)	(5,966,682)	2,516,173	(450,427)
Principal paid on long-term debt	(334,044)	(334,044)	(334,045)	(1)	(523,638)
Interest paid on long-term debt	(7,382)	(7,382)	(1,810)	5,572	(23,697)
Net Cash (Used) by Capital and Related Financing Activities	1,288,769	1,288,769	(796,063)	(2,084,832)	28,621
Cash Flows From Investing Activities					
Interest income	1,000	1,000	-	(1,000)	109
Net Increase (Decrease) In Cash and Cash Equivalents	1,590,877	1,590,877	(475,161)	(2,066,038)	545,148
Cash and Cash Equivalents, July 1	3,586,954	3,586,954	3,614,843	27,889	3,069,695
Cash and Cash Equivalents, June 30	$ 5,177,831	$ 5,177,831	$ 3,139,682	$ (2,038,149)	$ 3,614,843

CITY OF YERINGTON, NEVADA
WATER UTILITY FUND
SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	BUDGETED AMOUNT				
	ORIGINAL	FINAL	ACTUAL	VARIANCE	2015
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating income (loss)	$ (405,733)	$ (405,733)	$ (172,727)	$ 233,006	$ (187,197)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	593,141	593,141	462,704	(130,437)	469,285
Net change deferred pension expense	-	-	(18,781)	(18,781)	7,799
Changes in assets and liabilities					
Decrease (increase) in accounts receivable	(55,000)	(55,000)	(22,545)	32,455	26,478
Decrease (increase) in inventory	-	-	1,904	1,904	(4,662)
Increase (decrease) in consumer deposits	-	-	(568)	(568)	(1,176)
(Decrease) increase in accounts payable and accrued liabilities	-	-	(9,794)	(9,794)	(87,990)
Net Cash Provided by Operating Activities	$ 132,408	$ 132,408	$ 240,193	$ 107,785	$ 222,537

CITY OF YERINGTON, NEVADA
SEWER UTILITY FUND
SCHEDULE OF NET POSITION
JUNE 30, 2016
(With Comparative Totals for June 30, 2015)

	2016	2015
Current Assets		
Unrestricted		
Cash	$ 1,854,466	$ 1,995,885
Accounts receivable, net of allowance for doubtful accounts of $420 and $420 respectively	71,831	75,337
Grant Receivable - USDA	9,365	-
Restricted Cash		
Customer deposits	1,638	1,780
Total Current Assets	1,937,300	2,073,002
Property, Plant And Equipment		
Land	10,120	10,120
Treatment plant and collection systems	5,888,065	5,718,036
Vehicles	46,009	46,009
Maintenance equipment	423,632	388,632
Office equipment	45,080	45,080
Construction in progress	9,365	-
	6,422,271	6,207,877
Accumulated depreciation	(3,395,541)	(3,242,123)
Total Capital Assets	3,026,730	2,965,754
Total Assets	4,964,030	5,038,756
Deferred Outflow of Resources		
Post valuation employer contributions	50,117	42,897
Deferred outflow of resources	31,084	24,789
Total Deferred Outflow of Resources	81,201	67,686

	2016	2015
Liabilities		
Current liabilities payable from unrestricted assets:		
Accounts payable	$ 12,698	$ 40,054
Accrued salaries and benefits	11,526	10,820
Due to other governments	8,551	7,292
Current liabilities payable from restricted assets:		
Customer deposits	1,638	1,780
Total Current Liabilities	34,413	59,946
Long-term liabilities:		
Accrued compensated absences	11,328	10,475
Accrued OPEB payable	68,004	68,319
Net pension liability	365,173	340,770
	444,505	419,564
Total Liabilities	478,918	479,510
Deferred Inflow of Resources		
Deferred pension inflows	63,890	87,883
Net Position		
Net investment in capital assets	3,026,730	2,965,754
Unrestricted (Restated)	1,475,693	1,573,295
Total Net Position	$ 4,502,423	$ 4,539,049

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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, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	BUDGET AMOUNT				
	ORIGINAL	FINAL	ACTUAL	VARIANCE	2015
Operating Revenues					
Sewer use fees	$ 671,469	$ 671,469	$ 649,832	$ (21,637)	$ 646,913
Operating Expenses					
Salaries and wages	213,792	213,792	203,886	9,906	198,951
Employee benefits	116,451	116,451	85,989	30,462	100,075
Services and supplies	213,137	213,137	214,354	(1,217)	172,621
Depreciation	180,000	180,000	153,418	26,582	145,430
Total Operating Expenses	723,380	723,380	657,647	65,733	617,077
Operating Income (Loss)	(51,911)	(51,911)	(7,815)	44,096	29,836
Nonoperating Revenues (Expenses)					
Interest income	635	635	-	(635)	64
Late fees	2,300	2,300	-	(2,300)	2,430
Miscellaneous	300	300	-	(300)	-
CDBG - sewer line video grant	-	75,000	75,000	-	-
CDBG - sewer line video expenses	-	(75,000)	(149,776)	(74,776)	-
Willowcreek agreement	29,000	29,000	29,000	-	29,000
Total Nonoperating Revenues (Expenses)	32,235	32,235	(45,776)	(78,011)	31,494
Income (Loss) before contributions	(19,676)	(19,676)	(53,591)	(33,915)	61,330
Capital contributions	-	9,365	16,965	7,600	3,800
Change in Net Position	$ (19,676)	$ (10,311)	(36,626)	$ (26,315)	65,130
Net Position, July1			4,539,049		4,473,919
Net Position, June 30			$ 4,502,423		4,539,049

CITY OF YERINGTON, NEVADA
SEWER UTILITY FUND
SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	BUDGETED AMOUNT				
	ORIGINAL	FINAL	ACTUAL	VARIANCE	2015
Cash Flows From Operating Activities					
Receipts from customers	$ 671,469	$ 671,469	$ 691,760	$ 20,291	$ 689,268
Payments to Lyon County	-	-	(38,422)	(38,422)	(38,865)
Payments of personnel costs	(330,243)	(330,243)	(301,737)	28,506	(291,132)
Payments for service and supplies	(213,137)	(213,137)	(240,592)	(27,455)	(166,721)
Net Cash Provided by Operating Activities	128,089	128,089	111,009	(17,080)	192,550
Cash Flows From Noncapital Financing Activities					
Miscellaneous income	2,300	2,300	-	(2,300)	2,430
CDBG - sewer line video grant	-	-	75,000	75,000	-
Payments for sewer line video project	-	-	(149,776)	(149,776)	-
Willowcreek agreement	29,000	29,000	29,000	-	29,000
Net Cash Provided by Non-Capital Financing Activities	31,300	31,300	(45,776)	(77,076)	31,430
Cash Flows From Capital And Related Financing Activities					
Capital contributions by customers	83,826	83,826	7,600	(76,226)	3,800
Acquisition of capital assets	(58,375)	(58,375)	(214,394)	(156,019)	(93,529)
Net Cash (Used) by Capital and Related Financing Activities	25,451	25,451	(206,794)	(232,245)	(89,729)
Cash Flows From Investing Activities					
Interest income	635	635	-	(635)	63
Net Increase (Decrease) in Cash and Cash Equivalents	185,475	185,475	(141,561)	(327,036)	134,314
Cash and Cash Equivalents, July 1	1,848,252	1,848,252	1,997,665	149,413	1,863,351
Cash and Cash Equivalents, June 30	$ 2,033,727	$ 2,033,727	$ 1,856,104	$ (177,623)	$ 1,997,665

CITY OF YERINGTON, NEVADA
SEWER UTILITY FUND
SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	BUDGETED AMOUNT				
	ORIGINAL	FINAL	ACTUAL	VARIANCE	2015
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating income (loss)	$ (51,911)	$ (51,911)	$ (7,815)	$ 44,096	$ 29,836
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	180,000	180,000	153,418	(26,582)	145,430
Net deferred pension expense	-	-	(13,105)	(13,105)	6,762
Changes in assets and liabilities					
Decrease (increase) in accounts receivable	-	-	3,506	3,506	3,123
Decrease (increase) in inventory	-	-	-	-	793
Increase (decrease) in consumer deposits	-	-	(142)	(142)	(396)
(Decrease) increase in accounts payable and accrued liabilities	-	-	(24,853)	(24,853)	7,002
Net Cash Provided by Operating Activities	$ 128,089	$ 128,089	$ 111,009	$ (17,080)	$ 192,550

CITY OF YERINGTON, NEVADA
CRYSTAL CLEAR WATER UTILITY FUND
SCHEDULE OF NET POSITION
JUNE 30, 2016
(With Comparative Totals for June 30, 2015)

	2016	2015
Current Assets		
Unrestricted		
Cash	$ 218,007	$ 204,019
Accounts receivable	8,570	8,079
Restricted Cash		
AB 198 capital reserve	90,142	76,185
USDA loan reserve	26,040	26,040
Total Current Assets	342,759	314,323
Property, Plant And Equipment		
Land & water rights	295,900	295,900
Building, wells, tanks and distribution	3,166,620	3,166,620
	3,462,520	3,462,520
Accumulated depreciation	(608,247)	(514,309)
Total Capital Assets	2,854,273	2,948,211
Total Assets	3,197,032	3,262,534

	2016	2015
Liabilities		
Current liabilities payable from unrestricted assets:		
Accounts payable	$ 158	$ 154
Accrued wages and benefits	71	71
Accrued interest	218	275
Current portion of bonds payable	6,320	6,057
Total Current Liabilities	6,767	6,557
Long-term liabilities:		
Accrued compensated absences	94	85
Accrued OPEB payable	1,537	1,537
Bonds payable, due after one year	460,561	466,881
Total Long-term Liabilities	462,192	468,503
Total Liabilities	468,959	475,060
Net Position		
Net investment in capital assets	2,387,392	2,475,273
Restricted for reserves	116,182	102,225
Unrestricted	224,499	209,976
Total Net Position	$ 2,728,073	$ 2,787,474

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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, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	BUDGETED AMOUNT				
	ORIGINAL	FINAL	ACTUAL	VARIANCE	2015
Operating Revenues					
Water use fees	$ 65,613	$ 65,613	$ 60,901	$ (4,712)	$ 61,178
Water meter replacement/Other Charges	1,388	1,388	1,005	(383)	1,338
Total Operating Revenues	67,001	67,001	61,906	(5,095)	62,516
Operating Expenses					
Salaries and wages	1,748	1,748	1,368	380	1,411
Employee benefits	831	831	694	137	628
Services and supplies	3,557	3,557	6,168	(2,611)	2,070
Depreciation	93,000	93,000	93,938	(938)	93,938
Total Operating Expenses	99,136	99,136	102,168	(3,032)	98,047
Operating Income (loss)	(32,135)	(32,135)	(40,262)	(8,127)	(35,531)
Nonoperating Revenues (Expenses)					
Interest income	84	84	-	(84)	10
Administrative fees/ Other Income	700	700	787	87	1,759
Interest expense	(19,983)	(19,983)	(19,926)	57	(20,232)
Total Nonoperating Revenues (Expenses)	(19,199)	(19,199)	(19,139)	60	(18,463)
Income (Loss) before contributions and transfers	(51,334)	(51,334)	(59,401)	(8,067)	(53,994)
Capital contributions	-	-	-	-	-
Change in Net Position	$ (51,334)	$ (51,334)	(59,401)	$ (8,067)	(53,994)
Net Position, July 1			2,787,474		2,841,468
Net Position, June 30			$ 2,728,073		$ 2,787,474

CITY OF YERINGTON, NEVADA
CRYSTAL CLEAR WATER UTILITY FUND
SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	BUDGETED AMOUNT				
	ORIGINAL	FINAL	ACTUAL	VARIANCE	2015
Cash Flows From Operating Activities					
Receipts from customers	$ 67,000	$ 67,000	$ 61,415	$ (5,585)	$ 63,268
Payments of personnel costs	(2,579)	(2,579)	(2,053)	526	(2,051)
Payments for service and supplies	(3,557)	(3,557)	(6,164)	(2,607)	(2,086)
Net Cash Provided by Operating Activities	60,864	60,864	53,198	(7,666)	59,131
Cash Flows From Noncapital Financing Activities					
Administration fees	700	700	787	87	1,759
Net Cash Provided (Used) by Non-Capital Financing Activities	700	700	787	87	1,759
Cash Flows From Capital And Related Financing Activities					
Contributions from customers	-	-	-	-	-
Principal paid on long-term debt	(6,057)	(6,057)	(6,057)	-	(5,804)
Interest paid on long-term debt	(19,983)	(19,983)	(19,983)	-	(20,236)
Net Cash Provided (Used) by Capital and Related Financing Activities	(26,040)	(26,040)	(26,040)	-	(26,040)
Cash Flows From Investing Activities					
Interest income	84	84	-	(84)	10
Net Increase In Cash and Cash Equivalents	35,608	35,608	27,945	(7,663)	34,860
Cash And Cash Equivalents, July 1	298,062	298,062	306,244	8,182	271,384
Cash And Cash Equivalents, June 30	$ 333,670	$ 333,670	$ 334,189	$ 519	$ 306,244

CITY OF YERINGTON, NEVADA
CRYSTAL CLEAR WATER UTILITY FUND
SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	BUDGETED AMOUNT				
	ORIGINAL	FINAL	ACTUAL	VARIANCE	2015
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating income (loss)	$ (32,135)	$ (32,135)	$ (40,262)	$ (8,127)	$ (35,531)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	93,000	93,000	93,938	938	93,938
Changes in assets and liabilities					
Decrease (increase) in accounts receivable	-	-	(491)	(491)	752
(Decrease) increase in accounts payable and accrued liabilities	-	-	13	13	(28)
Net Cash Provided by Operating Activities	$ 60,865	$ 60,865	$ 53,198	$ (7,667)	$ 59,131

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CITY OF YERINGTON, NEVADA

Schedule of Property Tax Rates and Assessed Valuations
Last Twenty Years
(Unaudited)

FISCAL YEAR	CITY TAX RATE	ASSESSED VALUATION
2015-16	$ .4044	$ 60,903,135
2014-15	.4044	57,524,066
2013-14	.4044	56,732,755
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

CITY OF YERINGTON, NEVADA

Governmental Revenues and Other Financing Sources by Source[1]

Last Ten Years

(Unaudited)

Fiscal Year Ending June 30	Taxes	Licenses and Permits	Intergovernmental Revenues	Charges For Services	Other Revenues		Other Financing Sources	Totals
2016	$ 295,252	$ 316,683	$ 929,979	$ 141,187	$ 2,064,209	[2]	$ -	$ 3,747,308
2015	307,099	297,192	1,188,242	139,547	1,171,605	[2]	-	3,103,683
2014	295,033	333,179	849,934	189,037	40,287		-	1,707,470
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

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

(2) Significant contributions from Atlantic Richfield Company and Nevada Copper, Inc are included.

CITY OF YERINGTON, NEVADA

Governmental Expenditures by Function [1]

Last Ten Years

(Unaudited)

Fiscal Year Ending June 30	General Government	Judicial	Public Safety	Public Works	Culture and Recreation	Health	Debt Service	Totals
2016	$ 2,352,006	$ 75,397	$ 906,068	$ 382,133	$ 99,828	$ 11,036	$ -	$ 3,826,468
2015	429,264	95,885	928,787	677,111	56,505	13,447	-	2,200,999
2014	286,085	49,772	799,852	344,146	44,512	14,950	-	1,539,317
2013	252,402	51,054	728,799	534,752	54,904	10,882	-	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

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

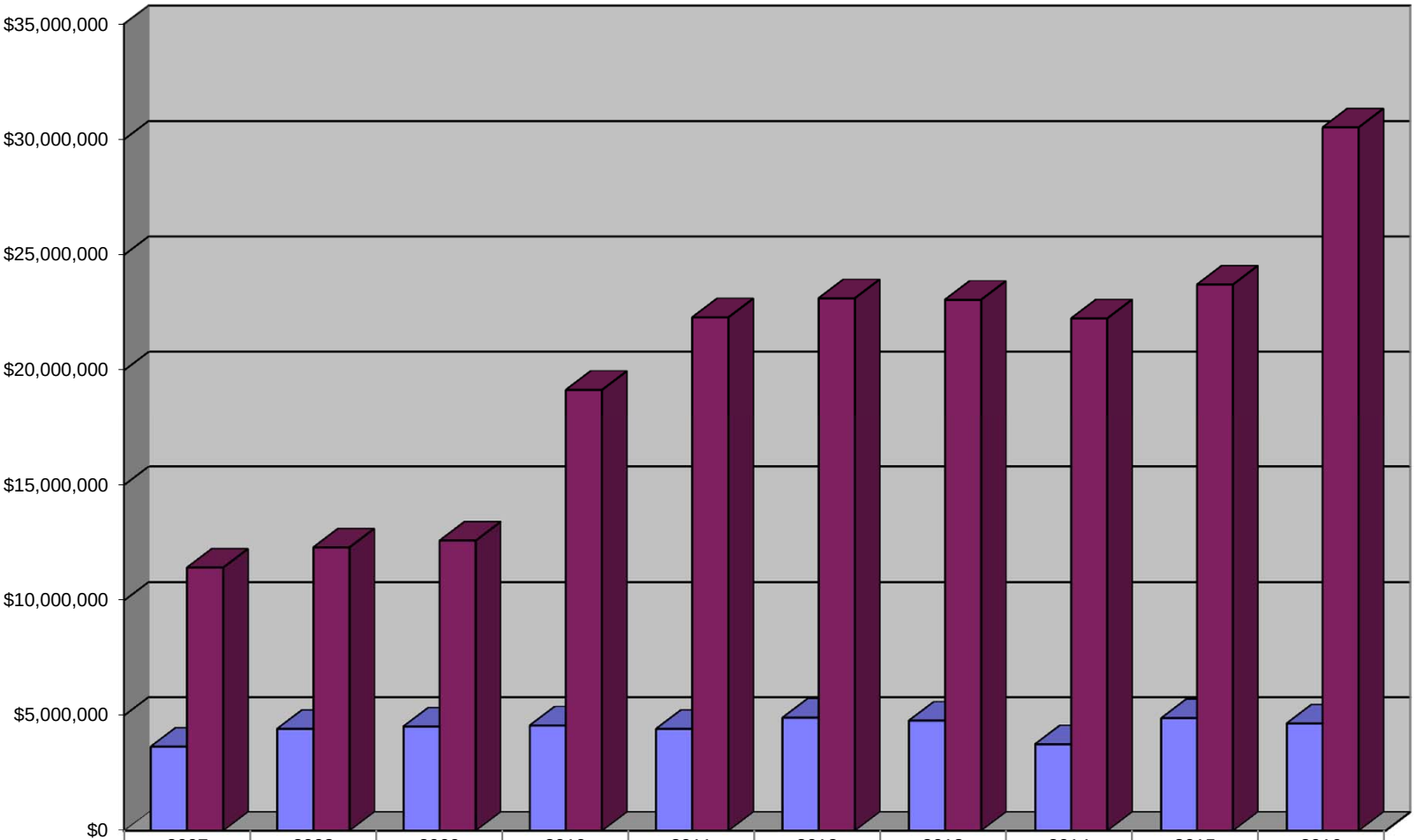
CITY OF YERINGTON, NEVADA

NET POSITION

Last Ten Years

(Unaudited)

Year 2014 net position was restated by $1,146,798 for governmental activities and $846,696 business-type activities as required by GASB 68.



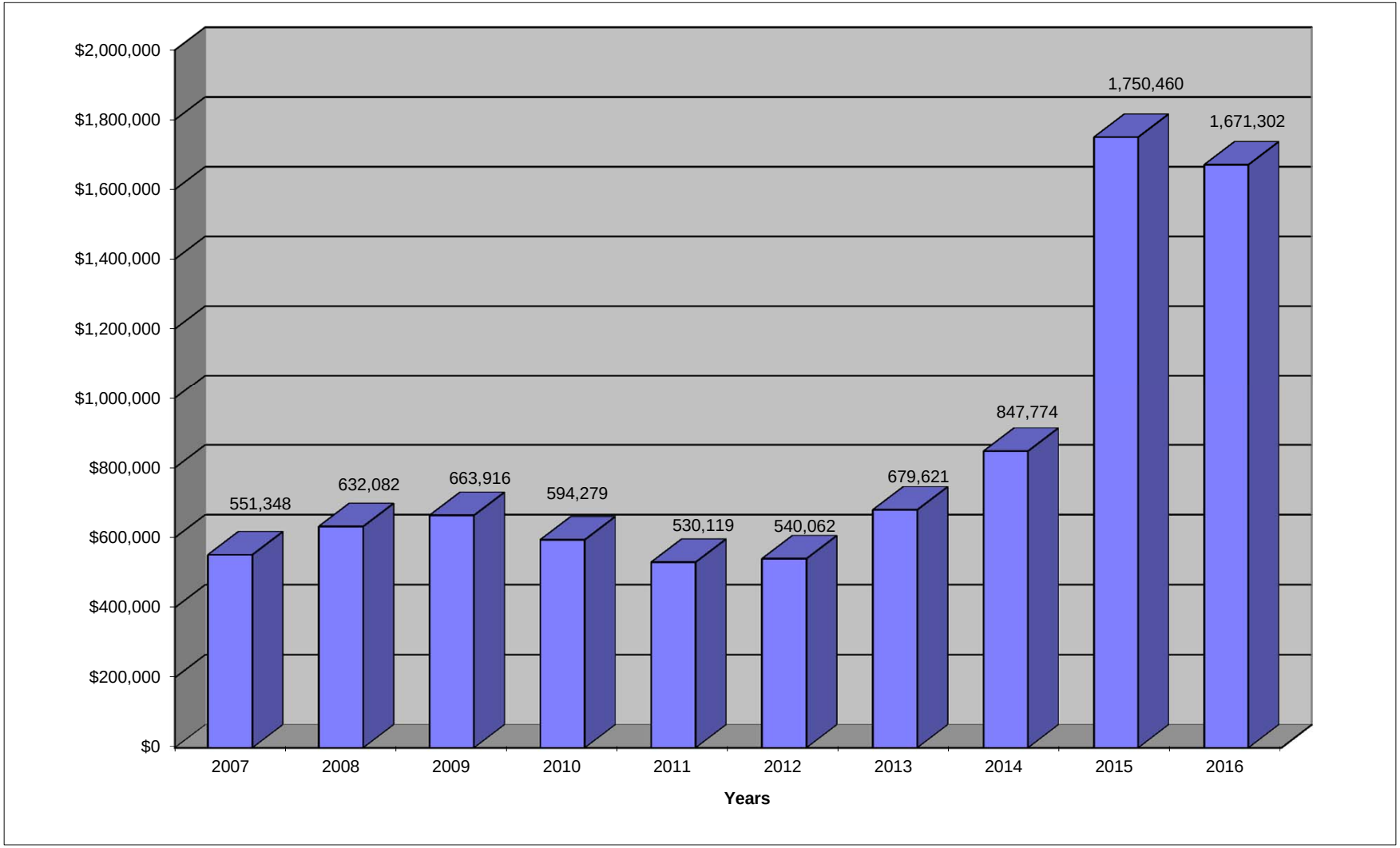
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Series1	3,657,489	4,428,377	4,531,416	4,575,697	4,430,364	4,911,928	4,781,104	3,763,251	4,887,314	4,666,325
Series2	11,434,561	12,311,824	12,603,523	19,165,004	22,304,972	23,131,459	23,067,097	22,262,413	23,725,350	30,531,103

CITY OF YERINGTON, NEVADA

ALL GOVERNMENTAL FUNDS

FUND BALANCE - LAST TEN YEARS

(Unaudited)

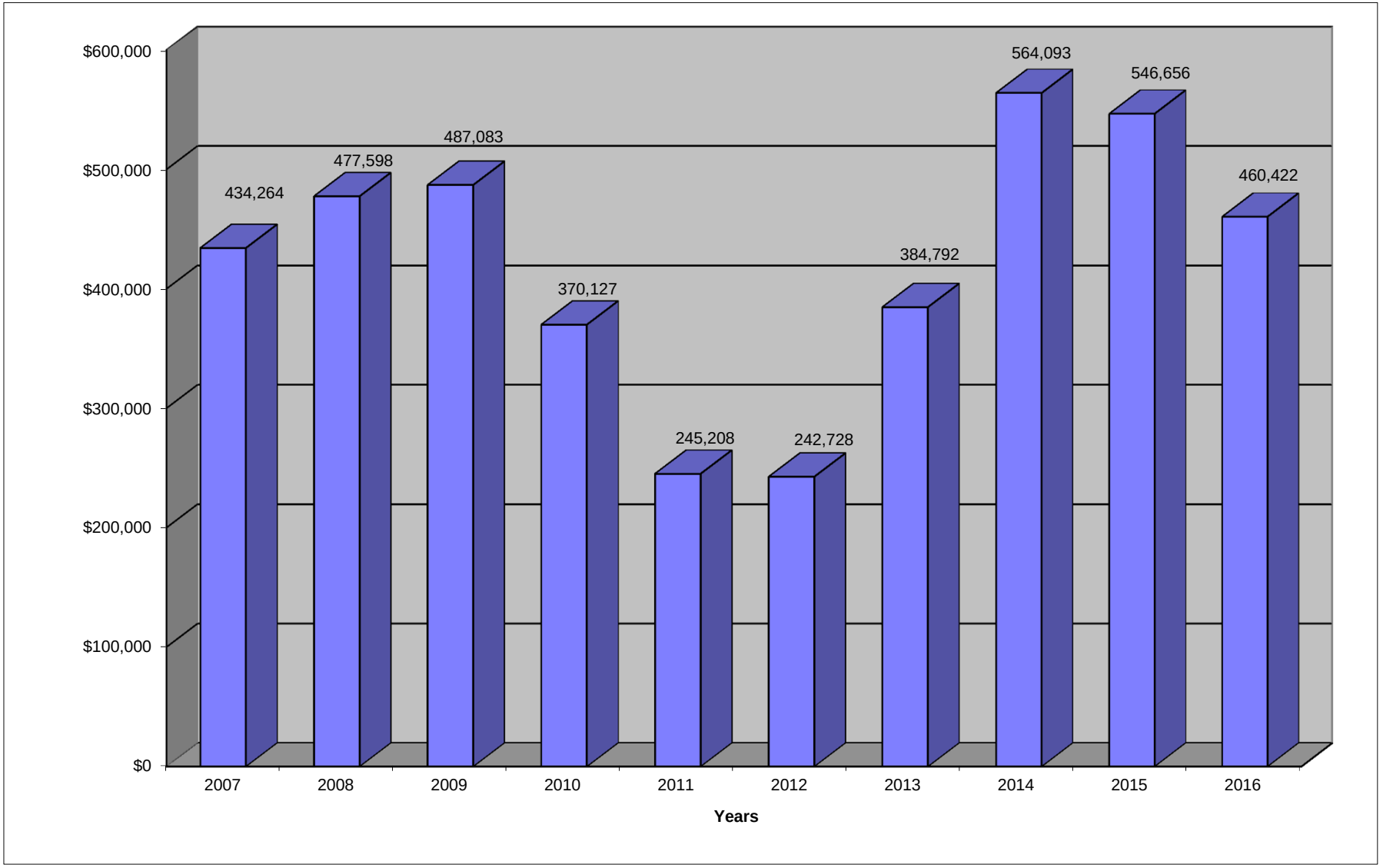


CITY OF YERINGTON, NEVADA

GENERAL FUND - BUDGET BASIS

FUND BALANCE - LAST TEN YEARS

(Unaudited)

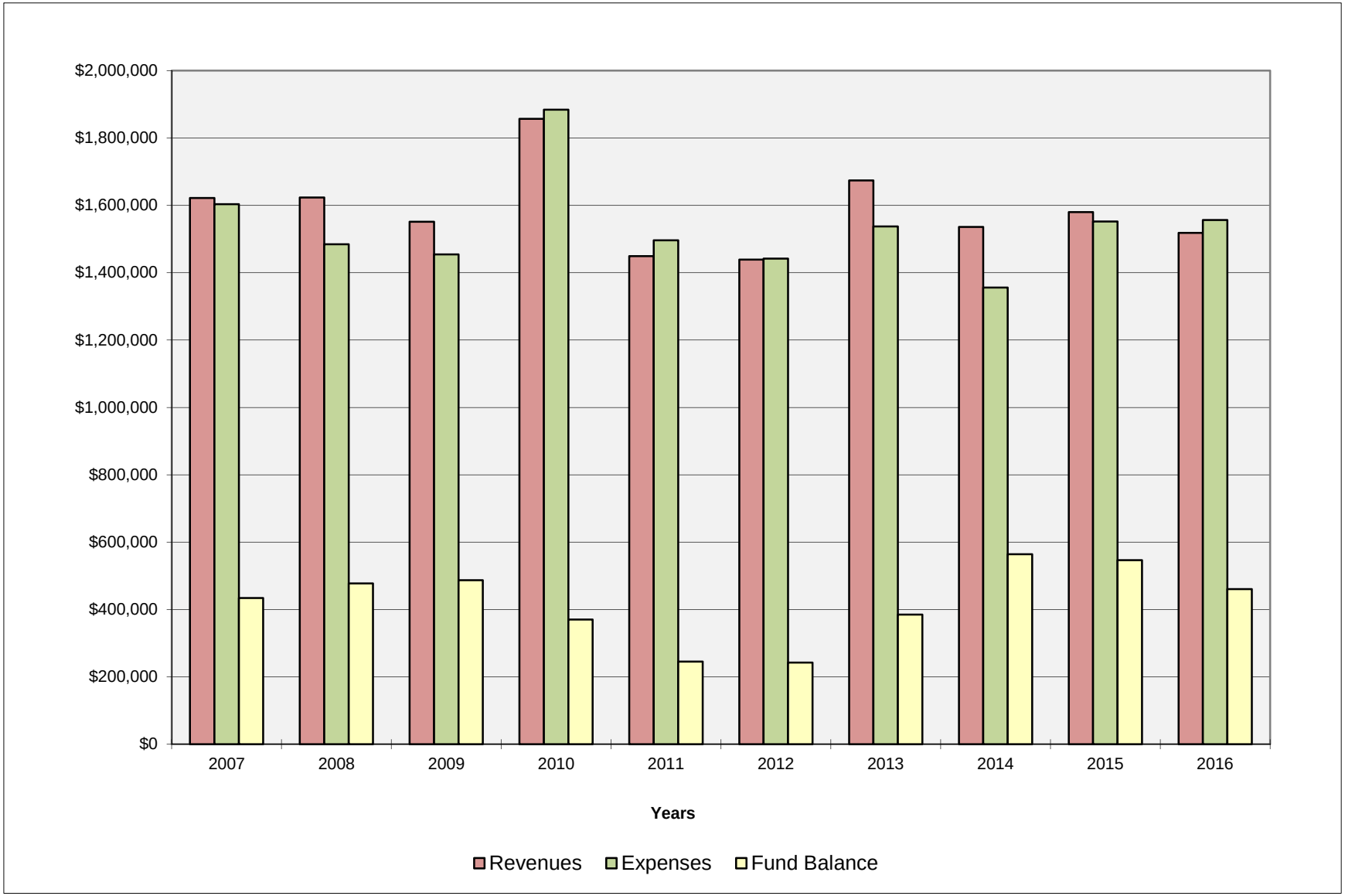


CITY OF YERINGTON, NEVADA

GENERAL FUND - BUDGET BASIS

REVENUES, EXPENDITURES, AND FUND BALANCE - LAST TEN YEARS

(Unaudited)



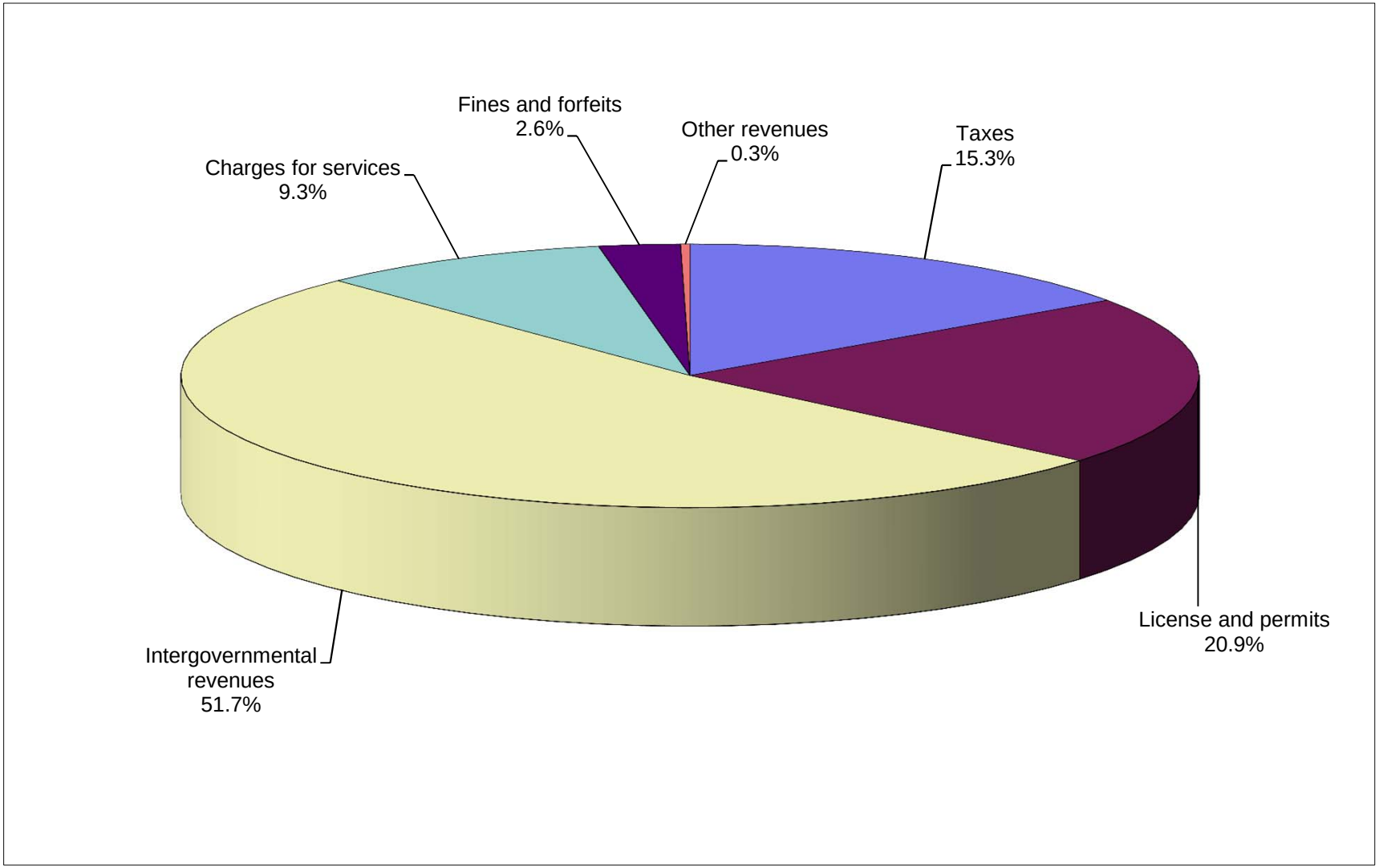
CITY OF YERINGTON, NEVADA

GENERAL FUND - BUDGET BASIS

REVENUES BY SOURCE

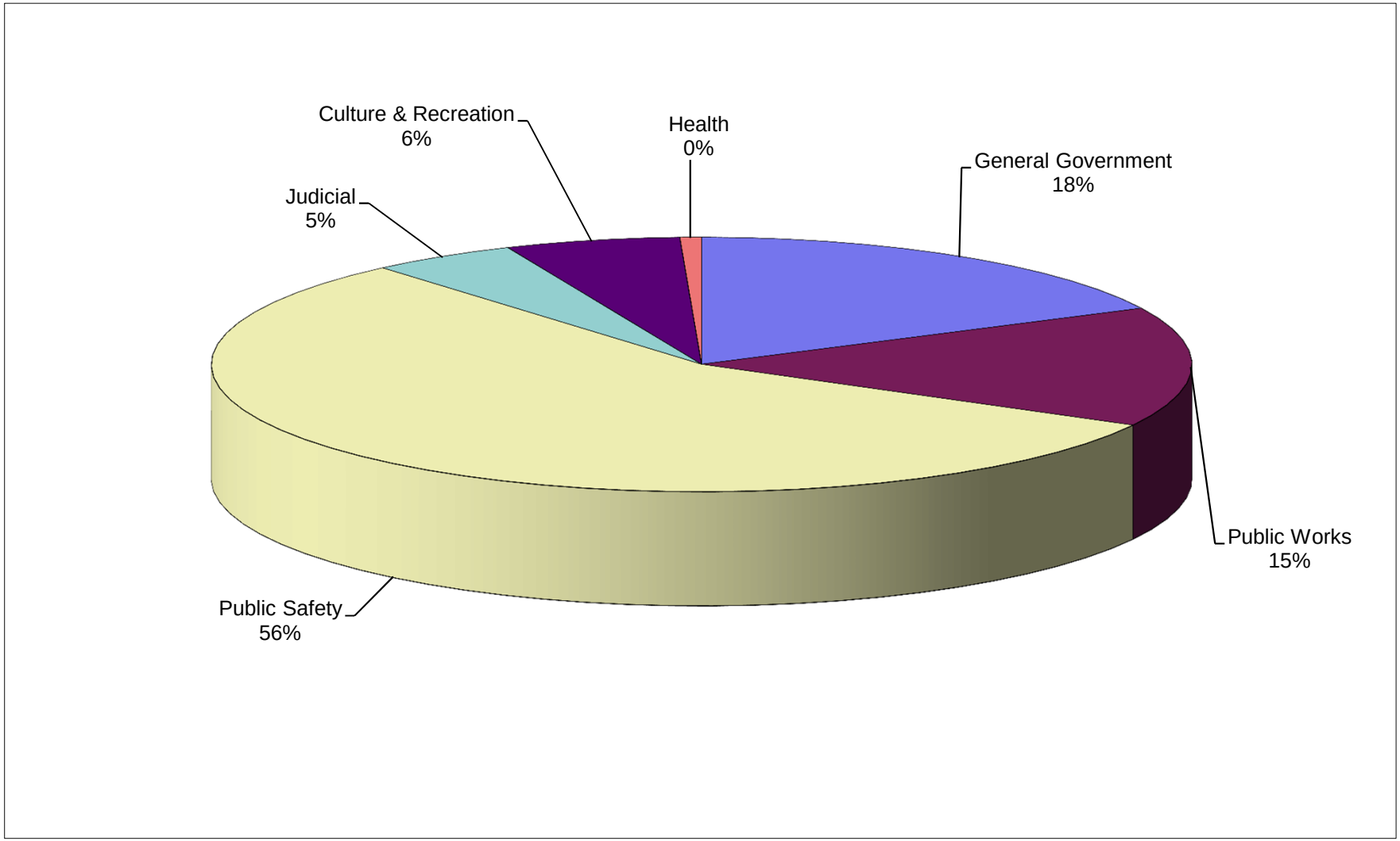
FOR THE YEAR ENDED JUNE 30, 2016

(Unaudited)



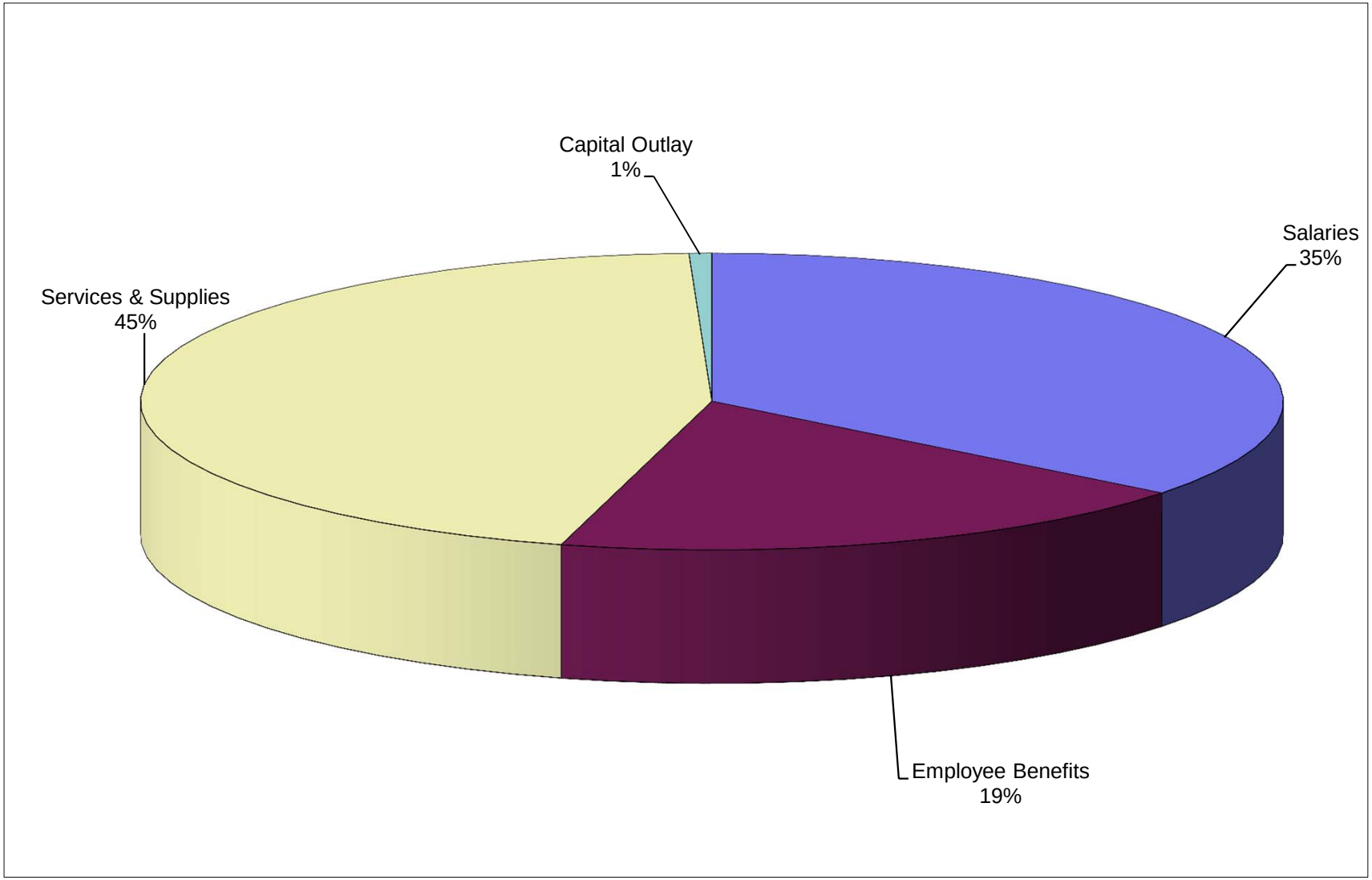
CITY OF YERINGTON, NEVADA

GENERAL FUND - BUDGET BASIS
EXPENDITURES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2016
(Unaudited)



CITY OF YERINGTON, NEVADA

GENERAL FUND - BUDGET BASIS
EXPENDITURES BY OBJECT
FOR THE YEAR ENDED JUNE 30, 2016
(Unaudited)



Sciarani & Co.
Certified Public Accountants

A Professional Corporation

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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 of the City of Yerington, Nevada, as of and for the year ended June 30, 2016, 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 December 19, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Yerington, Nevada's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate 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 the 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 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, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described as item 2016-001 in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency.

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.

Sciarani & Co.

Yerington, Nevada
December 19, 2016

CITY OF YERINGTON, NEVADA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2016

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

2016-001 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 RESPONSES

JUNE 30, 2016

B. Findings – Financial Statements Audit

2015-001 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.

Sciarani & Co.
Certified Public Accountants

A Professional Corporation

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, 2016 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, 2016 (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, 2016, with the exception of three instances of expenditures in excess of budget appropriations as reported in Note 18.

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 that 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
December 19, 2016

INDEPENDENT AUDITOR'S COMMENTS
JUNE 30, 2016

Statute Compliance

The required disclosure on compliance with Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 18 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, 2015.

Current Year Audit Recommendations

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

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