

CITY OF YERINGTON, NEVADA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

**CITY OF YERINGTON, NEVADA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

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CITY OF YERINGTON, NEVADA

CITY OFFICIALS

City Council Members	- George Dini, Mayor
	- Selena Catalano
	- John Garry
	- Larry Reynolds
	- Terceira Schunke
City Manager	- Robert Switzer



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, 2019, 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, 2019, 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 Total OPEB Liability and Related Ratios and the Schedule of the City's Proportionate Share of the Net Pension Liability on pages 4-11 and 61-62 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 2018 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 29, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived, restated for the changes in accounting principles described above.

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 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 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 individual 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 November 25, 2019, 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.

Sciarani & Co.

Yerington, Nevada
November 25, 2019

**CITY OF YERINGTON, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019. 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 \$16,376 to \$6,246,495 from \$6,262,871 in 2018. The City's governmental net investment in capital assets is \$6,514,130 in 2019 compared to \$6,700,793 in 2018.
- The City's business-type activity net position decreased by \$112,880 to \$31,463,255 from \$31,576,135 in 2018. The City's business-type activity net investment in capital assets is \$26,386,758 in 2019 compared to \$25,418,733 in 2018.
- The business-type activities recognized capital contributions totaled \$138,150 in 2019 compared to \$136,080 in 2018. This increase in capital contributions is attributable to the connection fees in both the water and sewer systems.
- The City's total revenues were \$4,728,252 consisting of \$2,065,379 in governmental activities and \$2,662,873 in business-type activities. Business-type activities revenues of \$2,662,873 included grants and contributions totaling \$138,150. User fee charges were \$2,524,723 and account for 56.3% of total revenue sources.
- The City's total expenses were \$4,857,508 consisting of \$2,081,755 in governmental activities and \$2,775,753 in business-type expenses.
- The City's primary revenue sources (besides grants and contributions) are charges for services of \$2,878,334 and consolidated taxes of \$484,659. These two revenue sources comprise 60.8% and 10.2%, 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.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities on the governmental-wide financial statements. The City's major governmental funds are the General, Municipal Court Administrative Assessment, Special Revenue, and Fixed Asset Acquisition. 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 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, deferred outflows, liabilities, and deferred inflows – 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 \$37,709,750 (\$6,246,495 in governmental activities and \$31,463,255 in business-type activities) as of June 30, 2019. By far, the largest portion of the City's net position (87.2%) 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 2019 compared to 2018.

Table 1
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current Assets	\$ 1,675,232	\$ 1,791,783	\$ 6,879,220	\$ 7,660,361	\$ 8,554,452	\$ 9,452,144
Restricted Cash	-	-	226,386	202,861	226,386	202,861
Capital Assets, Net	6,514,130	6,700,793	26,386,758	25,418,733	32,900,888	32,119,526
<i>Total Assets</i>	<u>8,189,362</u>	<u>8,492,576</u>	<u>33,492,364</u>	<u>33,281,955</u>	<u>41,681,726</u>	<u>41,774,531</u>
Deferred Outflow Of Resources						
Post Measurement Date						
Employer Contributions	89,263	96,403	62,261	54,390	151,524	150,793
Deferred Pension Outflow	179,755	168,988	101,418	115,315	281,173	284,303
Deferred OPEB Outflow	17,935	18,820	17,792	18,549	35,727	37,369
<i>Total Deferred Outflows</i>	<u>286,953</u>	<u>284,211</u>	<u>181,471</u>	<u>188,254</u>	<u>468,424</u>	<u>472,465</u>
Liabilities						
Current Liabilities	240,554	503,909	735,782	376,805	976,336	880,714
Long-Term Liabilities						
Due After One Year	1,737,515	1,748,519	1,305,532	1,308,937	3,043,047	3,057,456
<i>Total Liabilities</i>	<u>1,978,069</u>	<u>2,252,428</u>	<u>2,041,314</u>	<u>1,685,742</u>	<u>4,019,383</u>	<u>3,938,170</u>
Deferred Inflow Of Resources						
Unearned revenue	-	-	-	1,000	-	1,000
Deferred Pension Inflow	188,108	166,178	106,131	113,397	294,239	279,575
Deferred OPEB Inflow	63,643	95,310	63,135	93,935	126,778	189,245
<i>Total Deferred Inflows</i>	<u>251,751</u>	<u>261,488</u>	<u>169,266</u>	<u>208,332</u>	<u>421,017</u>	<u>469,820</u>
Net Position						
Invested in Capital						
Assets, Net of Debt	6,514,130	6,700,793	26,386,758	25,418,733	32,900,888	32,119,526
Restricted Position	4,670	-	217,981	1,292,691	222,651	1,292,691
Unrestricted	(272,305)	(437,922)	4,858,516	4,864,711	4,586,211	4,426,789
<i>Total Net Position</i>	<u>\$ 6,246,495</u>	<u>\$ 6,262,871</u>	<u>\$31,463,255</u>	<u>\$31,576,135</u>	<u>\$37,709,750</u>	<u>\$37,839,006</u>

Net position decreased by \$129,256 to \$37,776,750 in 2019 from \$37,839,006 in 2018.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program Revenues:						
Charges for Services	\$ 353,611	\$ 170,708	\$ 2,524,723	\$ 2,272,213	\$ 2,878,334	\$ 2,442,921
Operating Grants and Contributions	201,024	124,547	-	233,455	201,024	358,002
Capital Grants and Contributions	37,940	2,583,760	138,150	136,080	176,090	2,719,840
	<u>592,575</u>	<u>2,879,015</u>	<u>2,662,873</u>	<u>2,641,748</u>	<u>3,255,448</u>	<u>5,520,763</u>
General Revenues:						
Property taxes	276,354	258,079	-	-	276,354	258,079
Other taxes	298,329	216,917	-	-	298,329	216,917
Franchise fees	197,887	190,160	-	-	197,887	190,160
Consolidated taxes	484,659	453,142	-	-	484,659	453,142
Unrestricted grants	200,000	200,000	-	-	200,000	200,000
Other	15,575	12,605	-	-	15,575	12,605
	<u>2,065,379</u>	<u>4,209,918</u>	<u>2,662,873</u>	<u>2,641,748</u>	<u>4,728,252</u>	<u>6,851,666</u>
Expenses:						
General government	542,918	515,246	-	-	542,918	515,246
Judicial	78,429	89,016	-	-	78,429	89,016
Public safety	991,901	1,009,456	-	-	991,901	1,009,456
Public works	363,619	327,379	-	-	363,619	327,379
Health	12,936	18,635	-	-	12,936	18,635
Cultural and recreation	91,952	71,292	-	-	91,952	71,292
Utilities	-	-	2,775,753	2,404,388	2,775,753	2,404,388
	<u>2,081,755</u>	<u>2,031,024</u>	<u>2,775,753</u>	<u>2,404,388</u>	<u>4,857,508</u>	<u>4,435,412</u>
<i>Change in Net Position</i>	(16,376)	2,178,894	(112,880)	237,360	(129,256)	2,416,254
Beginning Net Position	<u>6,262,871</u>	<u>4,083,977</u>	<u>31,576,135</u>	<u>31,338,775</u>	<u>37,839,006</u>	<u>35,422,752</u>
Ending Net Position	<u>\$ 6,246,495</u>	<u>\$ 6,262,871</u>	<u>\$ 31,463,255</u>	<u>\$ 31,576,135</u>	<u>\$ 37,709,750</u>	<u>\$ 37,839,006</u>

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 decrease of \$16,376 for governmental activities and a decrease of \$112,880 for business-type activities in fiscal year 2019. In the year 2019, the total decrease in net position was \$129,256.

- The governmental activities total revenues in 2019 decrease by \$2,144,539 from \$4,209,918 in 2018 to \$2,065,379 in 2019. This large decrease in revenue is largely attributable to the FFA airport runway construction grant of \$2,541,028 in year 2018.

- Governmental activities 2019 expenses of \$2,081,755 increased by \$50,731 or 2.5% compared to \$2,031,024 in year 2018.

Business-Type Activities

- The business-type activities charges for service revenues increased \$252,510 from \$2,272,213 in 2018 to \$2,524,723 in 2019.
- The business type activities total expenditures were \$2,775,753 in 2019 compared to \$2,404,388 in 2018 or an increase of \$371,365 mainly due the Sewer Fund's non-routine lagoon pond cleaning totaling \$407,294.
- The business-type activities capital contributions totaled \$138,150 in 2019 compared to \$136,080 in 2018. Year 2019 capital contribution were comprised totally of connection fees while year 2018 was largely comprised of capital grants totaling \$123,765.

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 \$1,431,230 which is an increase of \$150,546 compared to the prior year amount of \$1,280,684. This increase is largely attributable to the General Fund incurring an increase in fund balance of \$223,3634 and the Fixed Asset Acquisition Fund reduction of fund balance of \$120,345 due to various capital outlay projects. 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 \$508,773 while the 2018 fund balance was \$285,410. Fund balance represents approximately 31.3% of the total General Fund expenditures and transfers out.

The City's General Fund ending fund balance increased by \$223,363 in 2019 while the fiscal year 2018 has a decrease was \$106,776.

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:

- General Fund total revenues of \$1,846,630 were \$714,490 under budget but reflected a significant increase of \$312,201 over 2018 total revenues of \$1,534,429. The General Fund's budgeted for RCT shared revenues of \$767,377 which were not requested since the street project was move into fiscal year 2020.
- The General Fund total expenditures of \$1,615,463 were under budgeted appropriations of \$2,445,635 by \$830,172. This shortfall was largely due to the Street budget including capital outlay for new street expenditures of \$767,377 while such expenditures were delayed until 2020.

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, 2019 is \$32,900,888 (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 2019.

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

- The Governmental Funds had \$183,571 in asset additions for the year. Major additions were a two police cars totaling \$102,016, information center remodel of \$30,233, and ballpark dugout improvements of \$32,200. 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 net asset additions of \$1,868,030 for the year. New asset additions consisted of largely \$116,947 on rehabilitation of Broadway Avenue well, \$869,581 in continued preliminary engineering design costs associated with upcoming City water line project and \$851,501 in continued preliminary engineering design costs associated with upcoming City sewer line project.

Long-Term Debt:

Governmental Activities:

There are no governmental activity or business-type activity debt obligations in 2019.

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 2020 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. The City remains optimistic that the Nevada Copper mining operations currently under the construction phase will have positive impact on future City revenues. 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 2020 budget. In conjunction with the current economic factors, the City limited its anticipated spending for 2020, 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, 2019***(With Comparative Totals for June 30, 2018)*

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>
Current Assets		
Cash and investments - Note 2	\$ 1,446,776	\$ 6,522,224
Taxes receivable, secured roll	3,448	-
Use fees receivable, net of allowances for uncollectibles	-	250,997
Due from other governments	133,990	18,833
Other receivables	68,917	49,750
Inventory	22,101	37,416
	<hr/>	<hr/>
Total Current Assets	1,675,232	6,879,220
	<hr/>	<hr/>
Noncurrent Assets		
Restricted cash and investments - Note 2	-	226,386
Capital Assets - Note 3		
Land, improvements, and construction in progress	639,763	3,492,260
Other capital assets, net of depreciation	5,874,367	22,894,498
	<hr/>	<hr/>
Total Noncurrent Assets	6,514,130	26,613,144
	<hr/>	<hr/>
Total Assets	8,189,362	33,492,364
	<hr/>	<hr/>
Deferred Outflow of Resources		
Post measurement date employer contributions - Note 7	89,263	62,261
Deferred pension outflow - Note 7	179,755	101,418
Deferred OPEB outflows - Note 8	17,935	17,792
	<hr/>	<hr/>
Total Deferred Outflow of Resources	286,953	181,471
	<hr/>	<hr/>

TOTAL	
2019	2018
\$ 7,969,000	\$ 8,579,987
3,448	7,190
250,997	234,153
152,823	521,197
118,667	72,062
59,517	37,555
<u>8,554,452</u>	<u>9,452,144</u>
226,386	202,861
4,132,023	2,437,384
<u>28,768,865</u>	<u>29,682,142</u>
<u>33,127,274</u>	<u>32,322,387</u>
<u>41,681,726</u>	<u>41,774,531</u>
151,524	150,793
281,173	284,303
35,727	37,369
<u>468,424</u>	<u>472,465</u>

CITY OF YERINGTON, NEVADA**STATEMENT OF NET POSITION****JUNE 30, 2019***(With Comparative Totals for June 30, 2018)*

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>
Current Liabilities		
Accounts payable	\$ 159,653	\$ 65,306
Construction contracts payable	-	569,658
Accrued salaries and benefits	80,587	72,885
Due to other governments	75	19,528
Customers' deposits	-	8,405
Bail deposits	239	-
	<hr/>	<hr/>
Total Current Liabilities	240,554	735,782
	<hr/>	<hr/>
Long-term liabilities		
Compensated absences - Note 5	38,924	26,564
Accrued OPEB liability - Note 4, 5 & 8	386,356	380,879
Net pension liability - Note 7	1,312,235	898,089
	<hr/>	<hr/>
Total Long-term Liabilities	1,737,515	1,305,532
	<hr/>	<hr/>
Total Liabilities	1,978,069	2,041,314
	<hr/>	<hr/>
Deferred Inflow of Resources		
Unearned revenues	-	-
Deferred pension inflows - Note 7	188,108	106,131
Deferred OPEB inflows - Note 8	63,643	63,135
	<hr/>	<hr/>
Total Deferred Inflow of Resources	251,751	169,266
	<hr/>	<hr/>
Net Position		
Net investment in capital assets	6,514,130	26,386,758
Restricted - Note 9	4,670	217,981
Unrestricted	(272,305)	4,858,516
	<hr/>	<hr/>
Total Net Position	\$ 6,246,495	\$ 31,463,255
	<hr/> <hr/>	<hr/> <hr/>

TOTAL	
2019	2018
\$ 224,959	\$ 526,418
569,658	238,442
153,472	88,231
19,603	19,049
8,405	7,934
239	640
976,336	880,714
65,488	68,774
767,235	738,743
2,210,324	2,249,939
3,043,047	3,057,456
4,019,383	3,938,170
-	1,000
294,239	279,575
126,778	189,245
421,017	469,820
32,900,888	32,119,526
222,651	194,927
4,586,211	5,524,553
\$ 37,709,750	\$ 37,839,006

The accompanying notes are an integral part of these financial statements

CITY OF YERINGTON, NEVADA**STATEMENT OF ACTIVITIES****FOR THE YEAR ENDED JUNE 30, 2019***(With Comparative Totals for the Year Ended June 30, 2018)*

	<u>EXPENSES</u>	<u>PROGRAM REVENUE</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
Governmental Activities:				
General government	\$ 542,918	\$ -	\$ -	\$ -
Judicial	78,429	32,352	-	-
Public safety	991,901	22,215	-	-
Public works	363,619	296,837	104,637	56,387
Health	12,936	2,207	-	5,740
Culture and recreation	91,952	-	40,000	32,200
<i>Total Governmental Activities</i>	<u>2,081,755</u>	<u>353,611</u>	<u>144,637</u>	<u>94,327</u>
Business-Type Activities:				
Water Utilities	1,541,069	1,467,932	-	50,750
Sewer Utilities	827,390	1,056,791	-	87,400
<i>Total Business-type Activities</i>	<u>2,368,459</u>	<u>2,524,723</u>	<u>-</u>	<u>138,150</u>
Total City	<u>\$ 4,450,214</u>	<u>\$ 2,878,334</u>	<u>\$ 144,637</u>	<u>\$ 232,477</u>

General Revenues:

Property taxes, levied for general purposes

Other taxes

Franchise fees

Consolidated taxes

Unrestricted investment earnings

Miscellaneous income

Grants not restricted to a specific program

Special Item:

Sewer pond lagoon cleaning

*Total General Revenues and Special Item**Change in Net Position*

Net Position - Beginning

Net Position - Ending

*Net (Expenses) Revenues and
Changes in Net Position*

GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS	
		2019	2018
\$ (542,918)	\$ -	\$ (542,918)	\$ (515,246)
(46,077)	-	(46,077)	(33,701)
(969,686)	-	(969,686)	(955,548)
94,242	-	94,242	2,400,455
(4,989)	-	(4,989)	(16,677)
(19,752)	-	(19,752)	(31,292)
<u>(1,489,180)</u>	<u>-</u>	<u>(1,489,180)</u>	<u>847,991</u>
-	(22,387)	(22,387)	57,380
<u>-</u>	<u>316,801</u>	<u>316,801</u>	<u>179,980</u>
-	294,414	294,414	237,360
<u>(1,489,180)</u>	<u>294,414</u>	<u>(1,194,766)</u>	<u>1,085,351</u>
276,354	-	276,354	258,079
298,329	-	298,329	216,917
197,887	-	197,887	190,160
484,659	-	484,659	453,142
-	-	-	637
15,575	-	15,575	11,968
200,000	-	200,000	200,000
<u>-</u>	<u>(407,294)</u>	<u>(407,294)</u>	<u>-</u>
<u>1,472,804</u>	<u>(407,294)</u>	<u>1,065,510</u>	<u>1,330,903</u>
(16,376)	(112,880)	(129,256)	2,416,254
<u>6,262,871</u>	<u>31,576,135</u>	<u>37,839,006</u>	<u>35,422,752</u>
<u>\$ 6,246,495</u>	<u>\$ 31,463,255</u>	<u>\$ 37,709,750</u>	<u>\$ 37,839,006</u>

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

CITY OF YERINGTON, NEVADA**BALANCE SHEET
GOVERNMENTAL FUNDS****JUNE 30, 2019***(With Comparative Totals for June 30, 2018)*

	GENERAL FUND	MUNICIPAL COURT ADMINISTRATIVE ASSESSMENT FUND	SPECIAL REVENUE FUND
Assets			
Cash and investments - Note 2	\$ 505,490	\$ 19,455	\$ 130,426
Taxes receivable, secured roll	3,448	-	-
Accounts receivable	59,882	-	9,035
Due from other governments	101,790	-	-
Advance to other funds		-	-
Fuel Inventory	22,101	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 692,711	\$ 19,455	\$ 139,461
	<hr/>	<hr/>	<hr/>
Liabilities			
Accounts payable	\$ 99,664	\$ 26	\$ 26,649
Construction contracts payable	-	-	-
Accrued compensation	80,587	-	-
Due to other governments	-	75	-
Consumer / bail deposits and restitution	239	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	180,490	101	26,649
	<hr/>	<hr/>	<hr/>
Deferred Inflow of Resources			
Unavailable taxes receivable	3,448	-	-
	<hr/>	<hr/>	<hr/>
Fund Balances - Note 9			
Nonspendable	22,101	-	-
Restricted	-	-	4,670
Committed	25,203	19,354	108,142
Assigned	34,040	-	-
Unassigned	427,429	-	-
	<hr/>	<hr/>	<hr/>
Total Fund Balances	508,773	19,354	112,812
	<hr/>	<hr/>	<hr/>
Total Liabilities, Deferred Inflows and Fund Balances	\$ 692,711	\$ 19,455	\$ 139,461
	<hr/>	<hr/>	<hr/>

FIXED ASSET ACQUISITION FUND	TOTALS	
	2019	2018
\$ 791,405	\$ 1,446,776	\$ 1,195,748
-	3,448	7,190
-	68,917	72,062
32,200	133,990	502,364
-	-	-
-	22,101	14,419
<u>\$ 823,605</u>	<u>\$ 1,675,232</u>	<u>\$ 1,791,783</u>
\$ 33,314	\$ 159,653	\$ 218,642
-	-	238,442
-	80,587	46,160
-	75	25
-	239	640
<u>33,314</u>	<u>240,554</u>	<u>503,909</u>
-	3,448	7,190
-	22,101	14,419
-	4,670	-
790,291	942,990	1,028,281
-	34,040	10,387
-	427,429	227,597
<u>790,291</u>	<u>1,431,230</u>	<u>1,280,684</u>
<u>\$ 823,605</u>	<u>\$ 1,675,232</u>	<u>\$ 1,791,783</u>

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

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CITY OF YERINGTON, NEVADA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019
(With Comparative Totals for June 30, 2018)

	2019	2018
Total Fund Balance - Governmental Funds	\$ 1,431,230	\$ 1,280,684
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.	15,192,099	15,008,528
Accumulated depreciation has not been included in the governmental fund financial statements.	(8,677,969)	(8,307,735)
Revenue reported as deferred revenue in the governmental fund financial statements is recorded as revenue in the government-wide financial statements.	3,448	7,190
The net pension liability is not due and payable in the current period and therefore is not reported in the governmental funds	(1,312,235)	(1,337,350)
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.	80,910	99,213
Deferred OPEB inflows and outflows of resources represent changes in the OPEB liability that will be amortized over future periods. They will not require current financial resources and are therefore not reported in the governmental funds.	(45,708)	(76,490)
Compensated absences have not been reflected in the governmental fund financial statements.	(38,924)	(39,116)
Post-employment health insurance that is not due and payable in the current period and therefore is not reported in the governmental funds.	(386,356)	(372,053)
Net Position of Governmental Activities	\$ 6,246,495	\$ 6,262,871

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, 2019

(With Comparative Totals for the Year Ended June 30, 2018)

	GENERAL FUND	MUNICIPAL COURT ADMINISTRATIVE ASSESSMENT FUND	SPECIAL REVENUE FUND
Revenues			
Taxes	\$ 280,096	\$ -	\$ 107,079
Licenses and permits	519,595	-	-
Intergovernmental revenues	882,058	-	56,387
Charges for services	121,772	-	-
Fines and forfeits	30,134	2,218	-
Other revenues	12,975	-	5,740
<i>Total Revenues</i>	<u>1,846,630</u>	<u>2,218</u>	<u>169,206</u>
Expenditures			
Current:			
General government	220,938	-	66,081
Judicial	79,604	-	-
Public safety	997,655	-	-
Public works	236,001	-	56,745
Health	12,055	-	1,070
Culture and recreation	77,014	-	-
<i>Total Expenditures</i>	<u>1,623,267</u>	<u>-</u>	<u>123,896</u>
Excess (Deficiency) of Revenues over Expenditures	<u>223,363</u>	<u>2,218</u>	<u>45,310</u>
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
<i>Total Other Financing Sources (Uses) of Funds</i>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Uses	223,363	2,218	45,310
Fund Balance, July 1	<u>285,410</u>	<u>17,136</u>	<u>67,502</u>
Fund Balance, June 30	<u><u>\$ 508,773</u></u>	<u><u>\$ 19,354</u></u>	<u><u>\$ 112,812</u></u>

FIXED ASSET ACQUISITION FUND	TOTALS	
	2019	2018
\$ -	\$ 387,175	\$ 337,572
-	519,595	299,664
51,067	989,512	3,409,043
-	121,772	99,180
-	32,352	55,315
-	18,715	7,230
<u>51,067</u>	<u>2,069,121</u>	<u>4,208,004</u>
30,233	317,252	349,447
-	79,604	88,099
90,000	1,087,655	1,002,313
18,979	311,725	2,943,167
-	13,125	18,485
32,200	109,214	51,081
<u>171,412</u>	<u>1,918,575</u>	<u>4,452,592</u>
<u>(120,345)</u>	<u>150,546</u>	<u>(244,588)</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
(120,345)	150,546	(244,588)
910,636	1,280,684	1,525,272
<u>\$ 790,291</u>	<u>\$ 1,431,230</u>	<u>\$ 1,280,684</u>

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

CITY OF YERINGTON, NEVADA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019	2018
Net Change in Fund Balances - Total Governmental Funds	\$ 150,546	\$ (244,588)
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.	183,571	2,727,663
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.	(370,234)	(283,685)
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.	(3,742)	1,914
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental fund financial statements.	192	9,787
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.	16,479	25,062
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.	(7,140)	8,043
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.	13,952	(65,302)
Change in Net Position of Governmental Activities	\$ (16,376)	\$ 2,178,894

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, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	BUDGETED AMOUNT		ACTUAL	VARIANCE	2018
	ORIGINAL	FINAL			
Revenues					
Taxes					
Ad valorem taxes	\$ 273,244	\$ 273,244	\$ 280,096	\$ 6,852	\$ 256,165
Licenses, Permits and Fees					
Business licenses	94,000	94,000	122,221	28,221	93,291
Franchise taxes					
Natural gas	35,000	35,000	36,397	1,397	38,320
Electric	130,000	130,000	123,745	(6,255)	122,518
Cable television	7,000	7,000	10,930	3,930	6,726
Sanitation	20,000	20,000	26,815	6,815	22,596
	<u>192,000</u>	<u>192,000</u>	<u>197,887</u>	<u>5,887</u>	<u>190,160</u>
Non-business licenses and permits					
Animal licenses	-	-	97	97	188
Building permits	207,425	207,425	198,590	(8,835)	14,875
Planning and zoning	2,450	2,450	800	(1,650)	1,150
	<u>209,875</u>	<u>209,875</u>	<u>199,487</u>	<u>(10,388)</u>	<u>16,213</u>
Total Licenses and Permits	<u>495,875</u>	<u>495,875</u>	<u>519,595</u>	<u>23,720</u>	<u>299,664</u>
Intergovernmental Revenues					
State and federal shared revenues					
Motor vehicle fuel tax	58,695	58,695	61,770	3,075	60,547
Consolidated tax distribution	450,354	450,354	484,659	34,305	453,142
	<u>509,049</u>	<u>509,049</u>	<u>546,429</u>	<u>37,380</u>	<u>513,689</u>
Other local government shared revenues					
County road ad valorem tax	20,000	20,000	20,000	-	20,000
County ad valorem agreement	200,000	200,000	200,000	-	200,000
County gaming licenses	34,500	34,500	37,485	2,985	31,272
RTC shared revenue	767,377	767,377	-	(767,377)	-
School resource officer	25,000	25,000	-	(25,000)	-
	<u>1,046,877</u>	<u>1,046,877</u>	<u>257,485</u>	<u>(789,392)</u>	<u>251,272</u>

CITY OF YERINGTON, NEVADA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	BUDGETED AMOUNT		ACTUAL	VARIANCE	2018
	ORIGINAL	FINAL			
Payments in lieu of taxes					
County parks agreement	\$ 40,000	\$ 40,000	\$ 40,000	\$ -	\$ 40,000
County airport contribution	4,000	4,000	4,000	-	4,000
Yerington Paiute Tribe - marijuana compact	-	-	31,544	31,544	10,947
State rural housing	3,775	3,775	2,600	(1,175)	5,375
	<u>47,775</u>	<u>47,775</u>	<u>78,144</u>	<u>30,369</u>	<u>60,322</u>
Total Intergovernmental Revenues	<u>1,603,701</u>	<u>1,603,701</u>	<u>882,058</u>	<u>(721,643)</u>	<u>825,283</u>
Charges for Services					
Airport charges	12,000	12,000	13,271	1,271	12,676
Airport fuel charges	100,000	100,000	84,176	(15,824)	65,345
Animal shelter	1,300	1,300	2,110	3,410	1,770
Weed abatement	2,000	2,000	-	(2,000)	223
Police services:					
Night in the Country	18,000	18,000	19,533	1,533	15,881
Other charges for services	3,000	3,000	2,682	(318)	3,285
	<u>136,300</u>	<u>136,300</u>	<u>121,772</u>	<u>(14,528)</u>	<u>99,180</u>
Fines and Forfeits					
Municipal court fines	36,000	36,000	26,555	(9,445)	43,514
Other court fees	2,500	2,500	3,579	1,079	4,030
	<u>38,500</u>	<u>38,500</u>	<u>30,134</u>	<u>(8,366)</u>	<u>47,544</u>
Other Revenues					
Highlands tower lease	12,000	12,000	10,300	(1,700)	-
Annexation	-	-	-	-	6,000
Other income	1,500	1,500	2,675	1,175	593
	<u>13,500</u>	<u>13,500</u>	<u>12,975</u>	<u>(525)</u>	<u>6,593</u>
Total Revenues	<u>2,561,120</u>	<u>2,561,120</u>	<u>1,846,630</u>	<u>(714,490)</u>	<u>1,534,429</u>

CITY OF YERINGTON, NEVADA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	BUDGETED AMOUNT		ACTUAL	VARIANCE	2018
	ORIGINAL	FINAL			
Operating Expenditures					
General Government					
Mayor and Council					
Salaries and wages	\$ 21,600	\$ 21,600	\$ 21,442	\$ 158	\$ 21,300
Employee benefits	3,220	8,220	5,598	2,622	6,201
Services and supplies	2,350	2,350	1,358	992	650
Total Mayor and Council	<u>27,170</u>	<u>32,170</u>	<u>28,398</u>	<u>3,772</u>	<u>28,151</u>
Management and Administration					
Salaries and wages	61,816	73,816	53,452	20,364	65,970
Employee benefits	29,937	29,937	28,270	1,667	30,524
Services and supplies	82,396	82,396	103,014	(20,618)	148,237
Total Management and Administration	<u>174,149</u>	<u>186,149</u>	<u>184,736</u>	<u>1,413</u>	<u>244,731</u>
Total General Government Function	<u>201,319</u>	<u>218,319</u>	<u>213,134</u>	<u>5,185</u>	<u>272,882</u>
Judicial					
Municipal Court					
Salaries and wages	23,795	23,795	25,161	(1,366)	28,683
Employee benefits	13,290	13,290	14,823	(1,533)	16,537
Services and supplies	36,647	43,647	39,620	4,027	42,879
Total Judicial Function	<u>73,732</u>	<u>80,732</u>	<u>79,604</u>	<u>1,128</u>	<u>88,099</u>
Public Safety					
Police Department					
Salaries and wages	505,445	458,445	449,191	9,254	457,588
Employee benefits	285,409	285,409	245,554	39,855	256,449
Services and supplies	127,079	127,079	134,270	(7,191)	110,255
Capital outlay	-	-	12,160	(12,160)	-
Total Police Department	<u>917,933</u>	<u>870,933</u>	<u>841,175</u>	<u>29,758</u>	<u>824,292</u>

CITY OF YERINGTON, NEVADA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	BUDGETED AMOUNT		ACTUAL	VARIANCE	2018
	ORIGINAL	FINAL			
Fire Department					
Services and supplies					
Contractual agreement	\$ 156,480	\$ 156,480	\$ 156,480	\$ -	\$ 143,279
Total Public Safety Function	<u>1,074,413</u>	<u>1,027,413</u>	<u>997,655</u>	<u>29,758</u>	<u>967,571</u>
Public Works					
Building Department					
Salaries and wages	-	-	-	-	-
Employee benefits	-	-	-	-	-
Services and supplies	41,125	41,125	45,884	(4,759)	21,018
Total Building Department	<u>41,125</u>	<u>41,125</u>	<u>45,884</u>	<u>(4,759)</u>	<u>21,018</u>
Street Department					
Salaries and wages	22,779	22,779	17,259	5,520	28,423
Employee benefits	4,831	4,831	5,297	(466)	10,096
Services and supplies	71,915	71,915	63,301	8,614	96,954
Capital outlay	767,377	767,377	-	767,377	-
Total Street Department	<u>866,902</u>	<u>866,902</u>	<u>85,857</u>	<u>781,045</u>	<u>135,473</u>
Airport					
Salaries and wages	3,456	3,456	2,970	486	2,853
Employee benefits	2,146	2,146	1,563	583	1,467
Services and supplies	103,972	106,972	99,727	7,245	81,261
Total Airport	<u>109,574</u>	<u>112,574</u>	<u>104,260</u>	<u>8,314</u>	<u>85,581</u>
Total Public Works Function	<u>1,017,601</u>	<u>1,020,601</u>	<u>236,001</u>	<u>784,600</u>	<u>242,072</u>
Health					
Animal Control					
Salaries and wages	3,113	3,113	3,802	(689)	5,100
Employee benefits	2,740	2,740	2,130	610	2,836
Services and supplies	8,025	8,025	6,123	1,902	10,549
Total Health Function	<u>13,878</u>	<u>13,878</u>	<u>12,055</u>	<u>1,823</u>	<u>18,485</u>

CITY OF YERINGTON, NEVADA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	BUDGETED AMOUNT		ACTUAL	VARIANCE	2018
	ORIGINAL	FINAL			
Culture and Recreation					
Parks and recreation					
Salaries and wages	\$ 20,693	\$ 20,693	\$ 19,729	\$ 964	\$ 14,034
Employee benefits	8,669	8,669	8,985	(316)	5,496
Services and supplies	35,330	55,330	48,300	7,030	31,551
Total Culture and Recreation Function	<u>64,692</u>	<u>84,692</u>	<u>77,014</u>	<u>7,678</u>	<u>51,081</u>
<i>Total Expenditures</i>	<u>2,445,635</u>	<u>2,445,635</u>	<u>1,615,463</u>	<u>830,172</u>	<u>1,640,190</u>
Excess (Deficiency) of Revenues over Expenditures	<u>115,485</u>	<u>115,485</u>	<u>231,167</u>	<u>115,682</u>	<u>(105,761)</u>
Other Financing (Uses)					
Contingency	(73,369)	(73,369)	-	73,369	-
Transfer to Fixed Asset Acquisition Fund	(52,502)	(52,502)	-	52,502	-
<i>Total Other Financing Sources (Uses)</i>	<u>(125,871)</u>	<u>(125,871)</u>	<u>-</u>	<u>125,871</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(10,386)	(10,386)	231,167	241,553	(105,761)
Fund Balance, July 1	<u>126,829</u>	<u>126,829</u>	<u>254,300</u>	<u>127,471</u>	<u>360,061</u>
Fund Balance - Budget Basis, June 30	<u>\$ 116,443</u>	<u>\$ 116,443</u>	<u>485,467</u>	<u>\$ 369,024</u>	<u>254,300</u>
<u>RECONCILIATION TO GAAP BASIS</u>					
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	\$ (48,903)	\$ (48,903)	(7,804)	\$ (41,099)	(1,015)
Fund Balance, July 1	<u>48,903</u>	<u>48,903</u>	<u>31,110</u>	<u>(17,793)</u>	<u>32,125</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>23,306</u>	<u>\$ 23,306</u>	<u>31,110</u>
Fund Balance - GAAP Basis, June 30			<u>\$ 508,773</u>		<u>\$ 285,410</u>

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

CITY OF YERINGTON, NEVADA
MUNICIPAL COURT ADMINISTRATIVE ASSESSMENT FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

(With Comparative Totals for the Year Ended June 30, 2018)

	BUDGETED AMOUNT		ACTUAL	VARIANCE	2018
	ORIGINAL	BUDGET			
Revenues					
Fines and Forfeits					
Municipal Court assessments	\$ 1,000	\$ 1,000	\$ 924	\$ (76)	\$ 3,544
Special facility assessments	1,500	1,500	1,294	(206)	4,227
<i>Total Revenues</i>	<u>2,500</u>	<u>2,500</u>	<u>2,218</u>	<u>(282)</u>	<u>7,771</u>
Expenditures					
Judicial					
Capital outlay					
Court assessments	5,000	5,000	-	5,000	-
Administrative assessments	6,000	6,000	-	6,000	-
<i>Total Expenditures</i>	<u>11,000</u>	<u>11,000</u>	<u>-</u>	<u>11,000</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	(8,500)	(8,500)	2,218	10,718	7,771
Fund Balance, July 1	<u>8,865</u>	<u>8,865</u>	<u>17,136</u>	<u>8,271</u>	<u>9,365</u>
Fund Balance, June 30	<u><u>\$ 365</u></u>	<u><u>\$ 365</u></u>	<u><u>\$ 19,354</u></u>	<u><u>\$ 18,989</u></u>	<u><u>\$ 17,136</u></u>

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

CITY OF YERINGTON, NEVADA
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	BUDGETED AMOUNT		ACTUAL	VARIANCE	2018
	ORIGINAL	FINAL			
Revenues					
Room taxes	\$ 75,000	\$ 75,000	\$ 107,079	\$ 32,079	\$ 81,407
Intergovernmental					
Community Development Block Grant	-	64,219	56,387	(7,832)	7,990
Total Intergovernmental	-	64,219	56,387	(7,832)	7,990
Other revenues					
Animal shelter donations	-	5,740	5,740	-	-
<i>Total Revenues</i>	<u>75,000</u>	<u>144,959</u>	<u>169,206</u>	<u>24,247</u>	<u>89,397</u>
Expenditures					
General Government					
Room tax distributions	62,500	62,500	49,643	12,857	61,968
Room tax State reimtance	4,688	4,688	6,164	(1,476)	-
Room tax County remittance	7,812	7,812	10,274	(2,462)	13,582
Total General Government	<u>75,000</u>	<u>75,000</u>	<u>66,081</u>	<u>8,919</u>	<u>75,550</u>
Public Works					
CDBG, Pumpkin Hallow	-	64,219	56,745	7,474	8,174
Total Public Works	<u>-</u>	<u>64,219</u>	<u>56,745</u>	<u>7,474</u>	<u>8,174</u>
Health					
Animal shelter	-	5,740	1,070	4,670	-
Total Health	<u>-</u>	<u>5,740</u>	<u>1,070</u>	<u>4,670</u>	<u>-</u>
<i>Total Expenditures</i>	<u>75,000</u>	<u>144,959</u>	<u>123,896</u>	<u>21,063</u>	<u>83,724</u>
Excess of Revenues over Expenditures	-	-	45,310	45,310	5,673
Fund Balance, July 1	61,829	61,829	67,502	5,673	61,829
Fund Balance, June 30	<u>\$ 61,829</u>	<u>\$ 61,829</u>	<u>\$ 112,812</u>	<u>\$ 50,983</u>	<u>\$ 67,502</u>

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

CITY OF YERINGTON, NEVADA**PROPRIETARY FUNDS****STATEMENT OF NET POSITION****JUNE 30, 2019***(With Comparative Totals for June 30, 2018)**(Page 1 of 2)*

	UTILITY ENTERPRISE FUNDS	
	WATER UTILITY FUND	SEWER UTILITY FUND
Current Assets		
Unrestricted		
Cash - Note 2	\$ 5,265,453	\$ 1,256,771
Accounts receivables, net of allowance for doubtful accounts	151,736	99,261
Due from other governments	9,468	9,365
Other receivables	49,750	-
Inventory of materials and supplies	37,416	-
Restricted Cash - Note 2		
Customer deposits	6,334	2,071
AB 198 capital reserve	217,981	-
<i>Total Current Assets</i>	<u>5,738,138</u>	<u>1,367,468</u>
Property, Plant and Equipment - Note 3		
Land and water rights	307,393	10,120
Construction in progress - Note 16	1,652,941	1,521,806
Building, wells, tanks, and distribution system	24,798,764	-
Treatment plant and collection system	-	6,032,049
Vehicles	68,558	46,009
Maintenance equipment	2,810,777	423,632
Office equipment	82,846	45,080
	29,721,279	8,078,696
Accumulated depreciation	<u>(7,506,836)</u>	<u>(3,906,381)</u>
<i>Total Property, Plant and Equipment</i>	<u>22,214,443</u>	<u>4,172,315</u>
Total Assets	<u>27,952,581</u>	<u>5,539,783</u>
Deferred Outflow of Resources		
Post measurement date employer pension contributions - Note 7	34,184	28,077
Deferred pension outflow of resources - Note 7	56,414	45,004
Deferred OPEB outflow of resources - Note 8	9,825	7,967
Total Deferred Outflow of Resources	<u>100,423</u>	<u>81,048</u>

TOTALS	
2019	2018
\$ 6,522,224	\$ 7,384,239
250,997	234,153
18,833	18,833
49,750	-
37,416	23,136
8,405	7,934
217,981	194,927
<u>7,105,606</u>	<u>7,863,222</u>
317,513	317,513
3,174,747	1,480,108
24,798,764	24,655,373
6,032,049	6,032,049
114,567	114,567
3,234,409	3,234,409
127,926	127,926
37,799,975	35,961,945
(11,413,217)	(10,543,212)
<u>26,386,758</u>	<u>25,418,733</u>
<u>33,492,364</u>	<u>33,281,955</u>
62,261	54,390
101,418	115,315
17,792	18,549
<u>181,471</u>	<u>188,254</u>

CITY OF YERINGTON, NEVADA**PROPRIETARY FUNDS****STATEMENT OF NET POSITION****JUNE 30, 2019***(With Comparative Totals for June 30, 2018)**(Page 2 of 2)*

	UTILITY ENTERPRISE FUNDS	
	WATER UTILITY FUND	SEWER UTILITY FUND
Liabilities		
Current liabilities payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 50,281	\$ 15,025
Construction contracts payable	162,950	406,708
Accrued salaries and wages	39,479	33,406
Due to other governments	11,802	7,726
Advance from Water Utility Fund	-	-
Current liabilities payable from restricted assets:		
Customer deposits	6,334	2,071
<i>Total Current Liabilities</i>	<u>270,846</u>	<u>464,936</u>
Long-term liabilities:		
Accrued compensated absences	14,424	12,140
Accrued OPEB payable	210,990	169,889
Net Pension Liability - Note 7	514,359	383,730
<i>Total Long-Term Liabilities</i>	<u>739,773</u>	<u>565,759</u>
Total Liabilities	<u>1,010,619</u>	<u>1,030,695</u>
Deferred Inflow of Resources		
Unearned revenue	-	-
Deferred pension inflows - Note 7	59,037	47,094
Deferred OPEB inflows - Note 8	34,864	28,271
Total Deferred Inflow of Resources	<u>93,901</u>	<u>75,365</u>
Net Position		
Net Investment in capital assets	22,214,443	4,172,315
Restricted - loan reserves - Note 9	217,981	-
Unrestricted	4,516,060	342,456
Total Net Position	<u>\$ 26,948,484</u>	<u>\$ 4,514,771</u>

TOTALS	
2019	2018
\$ 65,306	\$ 44,973
569,658	262,803
72,885	42,071
19,528	19,024
-	-
8,405	7,934
735,782	376,805
26,564	29,658
380,879	366,690
898,089	912,589
1,305,532	1,308,937
2,041,314	1,685,742
-	1,000
106,131	113,397
63,135	93,935
169,266	208,332
26,386,758	25,418,733
217,981	194,927
4,858,516	5,962,475
\$ 31,463,255	\$ 31,576,135

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, 2019

(With Comparative Totals for the Year Ended June 30, 2018)

	UTILITY ENTERPRISE FUNDS	
	WATER	SEWER
	UTILITY FUND	UTILITY FUND
Operating Revenues		
Use fees, net of bad debts	\$ 1,295,233	\$ 1,025,484
Operating Expenses		
Salaries and wages	278,668	234,098
Employee benefits	105,214	95,269
Service and supplies	497,233	324,468
Depreciation	696,450	173,555
<i>Total Operating Expenses</i>	<u>1,577,565</u>	<u>827,390</u>
Operating Income (Loss)	<u>(282,332)</u>	<u>198,094</u>
Nonoperating Revenue (Expenses)		
Late fees / administrative fees	17,667	2,307
Water tank lease	15,532	-
Willowcreek agreement	19,000	29,000
Nevada Copper water reservation fee	87,500	-
Water rights revenue	33,000	-
Miscellaneous revenues	-	-
Atlantic Richfield Co. - customer hookup revenues	-	-
Atlantic Richfield Co. - customer hookup expenses	36,496	-
Interest expense	-	-
<i>Total Nonoperating Revenue (Expenses)</i>	<u>209,195</u>	<u>31,307</u>
Income (Loss) before Contributions	<u>(73,137)</u>	<u>229,401</u>
Capital Contributions		
Atlantic Richfield Co. - Sunset Hills Project	-	-
U.S.D.A. grant	-	-
Connection fees from customers	50,750	87,400
<i>Total Capital Contributions</i>	<u>50,750</u>	<u>87,400</u>
Special Item		
Sewer pond lagoon cleaning	-	(407,294)
Change in Net Position	(22,387)	(90,493)
Net Position, July 1 - Note 10	<u>26,970,871</u>	<u>4,605,264</u>
Net Position, June 30	<u><u>\$ 26,948,484</u></u>	<u><u>\$ 4,514,771</u></u>

TOTALS	
2019	2018
\$ 2,320,717	\$ 2,096,388
512,766	431,939
200,483	185,066
821,701	657,757
870,005	896,171
2,404,955	2,170,933
(84,238)	(74,545)
19,974	18,960
15,532	15,640
48,000	48,000
87,500	87,500
33,000	3,000
-	2,725
-	233,455
36,496	(233,455)
-	-
240,502	175,825
156,264	101,280
-	40,014
-	83,751
138,150	12,315
138,150	136,080
(407,294)	-
(112,880)	237,360
31,576,135	31,338,775
\$ 31,463,255	\$ 31,576,135

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, 2019***(With Comparative Totals for the Year Ended June 30, 2018)*

	UTILITY ENTERPRISE FUNDS	
	WATER	SEWER
	UTILITY FUND	UTILITY FUND
Cash Flows From Operating Activities		
Receipts from customers	\$ 1,356,650	\$ 1,049,035
Payments to Lyon County	(59,629)	(41,207)
Payments of personnel costs	(392,052)	(326,071)
Payments for service and supplies	(494,639)	(728,774)
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	410,330	(47,017)
Cash Flows From Noncapital Financing Activities		
Water tank lease income	9,532	-
Water rights revenue	33,000	-
Willow Creek agreement revenues	19,000	29,000
Nevada Copper reservation fee	43,750	-
Administrative fees	13,505	-
ARCO reimbursements	-	-
Sunset Hills customer connections	-	-
Miscellaneous income	40,658	2,307
	<hr/>	<hr/>
Net Cash Provided by Noncapital Financing Activities	159,445	31,307
Cash Flows From Capital and Related Financing Activities		
Capital contributed from customers	50,750	87,400
Capital contributed by ARCO	-	-
Capital contributed by USDA	-	-
Acquisition of capital assets	(954,746)	(575,959)
Principal paid on long-term debt	-	-
Interest paid on long-term debt	-	-
	<hr/>	<hr/>
Net Cash Provided (Used) by Capital and Related Financing Activities	(903,996)	(488,559)
Net Increase (Decrease) in Cash and Cash Equivalents	(334,221)	(504,269)
Cash and Cash Equivalents, July 1	5,823,989	1,763,111
Cash and Cash Equivalents, June 30	<u>\$ 5,489,768</u>	<u>\$ 1,258,842</u>

TOTALS	
2019	2018
\$ 2,405,685	\$ 2,200,273
(100,836)	(112,512)
(718,123)	(656,908)
<u>(1,223,413)</u>	<u>(462,387)</u>
<u>363,313</u>	<u>968,466</u>
9,532	15,640
33,000	3,000
48,000	48,000
43,750	87,500
13,505	15,299
-	233,455
-	(233,455)
<u>42,965</u>	<u>6,386</u>
<u>190,752</u>	<u>175,825</u>
138,150	12,315
-	102,498
-	175,132
(1,530,705)	(1,171,272)
-	-
<u>-</u>	<u>-</u>
<u>(1,392,555)</u>	<u>(881,327)</u>
(838,490)	262,964
<u>7,587,100</u>	<u>7,324,136</u>
<u>\$ 6,748,610</u>	<u>\$ 7,587,100</u>

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, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	<u>UTILITY ENTERPRISE FUNDS</u>	
	<u>WATER UTILITY FUND</u>	<u>SEWER UTILITY FUND</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ (282,332)	\$ 198,094
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	696,450	173,555
Deferred OPEB expense	(8,618)	(7,236)
Deferred pension expense	(12,501)	(3,239)
Special Item - lagoon cleaning	-	(407,294)
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	1,134	(17,977)
Decrease in inventory	(14,280)	-
Increase in consumer deposits	358	113
Increase in deferred lease revenue	(1,000)	-
Increase in accounts payable and accrued liabilities	31,119	16,967
Net Cash Provided by Operating Activities	<u><u>\$ 410,330</u></u>	<u><u>\$ (47,017)</u></u>

CITY OF YERINGTON, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

CITY OF YERINGTON, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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. Any non-major funds (by category) or fund type would be 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.

CITY OF YERINGTON, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 position, 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. When applicable, nonmajor funds are 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.

CITY OF YERINGTON, NEVADA
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Basis of Accounting:

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

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

Governmental Funds:

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

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

Financial Reporting Income Recognition Policies

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

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

Proprietary Funds:

The Enterprise Funds (Water and Sewer 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 City 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.

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6. Budget amounts within funds, and between funds, may be transferred if amounts do not exceed the original budget. Such transfers are to be approved by the budget officer and/or the City Council, depending on established criteria. Budget augmentations in excess of original budgetary amounts may not be made without prior approval of the City Council, following a scheduled and noticed public hearing. During the year, the City Council approved one budget augmentation.

7. The above dates may be modified as necessary during years when the Nevada Legislature is in session.

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

Cash and Investments

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

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

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

Cash Restrictions

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

Cash and Cash Equivalents

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

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Allowance for Doubtful Accounts:

Each year, the year-end accounts receivable balances in the enterprise funds are reviewed and accounts believed to be uncollectible are identified. The allowance for doubtful accounts is then adjusted to equal the anticipated loss and bad debt expense is charged for estimated losses arising from the current year's operation. Subsequently, the governing board reviews this list of uncollectible accounts and if they agree the accounts are uncollectible and should be written off, the receivable is charged against the allowance for doubtful accounts. Allowance for doubtful accounts at June 30, 2019 for all Enterprise Funds is \$17,220.

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 \$5,000. 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:

CITY OF YERINGTON, NEVADA
NOTES TO FINANCIAL STATEMENTS
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Capital Assets (continued)

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

Property Taxes

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

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

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

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

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

Taxes Receivable, delinquent

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

CITY OF YERINGTON, NEVADA
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Long-Term Debt

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

In the fund financial statements, governmental fund types recognize bond 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.

CITY OF YERINGTON, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 Position 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.

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.

CITY OF YERINGTON, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2018 audit report.

CITY OF YERINGTON, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019:

Cash and Investment Balance Held By:

General Activities:

General Fund	\$ 505,490
Municipal Court Administrative Assessment Fund	19,455
Special Revenue Fund	130,426
Fixed Asset Acquisition Fund	<u>791,405</u>
Total General Activities Cash and Investments	\$ 1,446,776

Business Type Activities:

Water Utility Fund	5,489,768
Sewer Utility Fund	<u>1,258,842</u>
Total Business-Type Activities Cash and Investments	<u>6,748,610</u>

Total Cash and Investments \$ 8,195,386

Cash Balances Classified By Depository:

Cash on Hand	\$ 300
Commercial Account:	
Wells Fargo Bank	8,108,725
Financial Horizons Credit Union	<u>86,361</u>
Subtotal Cash	<u>\$ 8,195,386</u>

CITY OF YERINGTON, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 2 – 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)	336,361	336,361
Uninsured but collateralized by securities held in the name of the City by its agent	7,858,725	7,846,215
	\$8,195,386	\$8,182,576

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:

The City's water utility 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 \$23,044 in the City Water Fund to cover future capital costs. At June 30, 2019, cash reserve balances were \$217,981 for the City Water Fund.

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, 2019 are \$6,334 and \$2,071 respectively.

CITY OF YERINGTON, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 3 - Capital Assets:

A summary of changes in capital assets is as follows:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 639,763	\$ -	\$ -	\$ 639,763
Total capital assets, not being depreciated	<u>639,763</u>	<u>-</u>	<u>-</u>	<u>639,763</u>
Capital assets being depreciated:				
Land improvements	5,741,468	-	-	5,741,468
Buildings and improvements	979,025	62,433	-	1,041,458
Equipment and vehicles	2,563,950	121,138	-	2,685,088
Infrastructure	<u>5,084,322</u>	<u>-</u>	<u>-</u>	<u>5,084,322</u>
Total capital assets being depreciated	<u>14,368,765</u>	<u>183,571</u>	<u>-</u>	<u>14,552,336</u>
Less accumulated depreciation for:				
Land improvements	2,051,476	162,174	-	2,213,650
Buildings and improvements	685,350	21,676	-	707,026
Equipment and vehicles	1,405,725	108,860	-	1,514,585
Infrastructure	<u>4,165,184</u>	<u>84,632</u>	<u>-</u>	<u>4,249,816</u>
Total accumulated depreciation	<u>8,307,735</u>	<u>377,342</u>	<u>-</u>	<u>8,685,077</u>
Total capital assets being depreciated, net	<u>6,061,030</u>	<u>(193,771)</u>	<u>-</u>	<u>5,867,259</u>
Governmental activities capital assets, net	<u>\$ 6,700,793</u>	<u>\$ (193,771)</u>	<u>\$ -</u>	<u>\$ 6,507,022</u>

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

Governmental Activities:	
General Government	\$ 12,321
Judicial	618
Public safety	30,835
Public works	70,717
Culture and recreation	16,795
Infrastructure	<u>246,056</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 377,342</u>

CITY OF YERINGTON, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 3 - Capital Assets *(continued)*:

	Balance <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2019</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 317,513	\$ -	\$ -	\$ 317,513
Construction in progress	<u>1,480,108</u>	<u>1,721,083</u>	<u>26,444</u>	<u>3,174,747</u>
	<u>1,797,621</u>	<u>1,721,083</u>	<u>26,444</u>	<u>3,492,260</u>
Capital assets being depreciated:				
Buildings, wells, tanks and distribution system	24,655,373	143,391	-	24,798,764
Treatment plant and collection system	6,032,049	-	-	6,032,049
Vehicles	114,567	-	-	114,567
Maintenance equipment	3,234,409	-	-	3,234,409
Office Equipment	<u>127,926</u>	<u>-</u>	<u>-</u>	<u>127,926</u>
Total capital assets being depreciated	<u>34,164,324</u>	<u>143,391</u>	<u>-</u>	<u>34,307,715</u>
Less accumulated depreciation for:				
Buildings, wells, tanks and distribution system	5,530,211	544,597	-	6,074,808
Treatment plant and collection system	3,346,288	131,262	-	3,377,550
Vehicles	109,802	702	-	110,504
Maintenance equipment	1,437,851	191,228	-	1,629,079
Office Equipment	<u>119,060</u>	<u>2,216</u>	<u>-</u>	<u>121,276</u>
Total accumulated depreciation	<u>10,543,212</u>	<u>870,005</u>	<u>-</u>	<u>11,413,217</u>
Total capital assets being depreciated, net	<u>23,621,112</u>	<u>(726,614)</u>	<u>-</u>	<u>22,894,498</u>
Business-type activities capital assets, net	<u>\$25,418,733</u>	<u>\$ 994,469</u>	<u>\$ 26,444</u>	<u>\$26,386,758</u>

Depreciation expense of \$870,005 was charged to the public works - utilities function of the City.

CITY OF YERINGTON, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 4 – Enterprise Fund Obligations:

The following are the long-term obligations of the enterprise funds outstanding at June 30, 2019.

Changes in Business-Type Activities Long-term Obligations:

	Balance July 1, 2018	Obligations Issued	Obligations Retired	Balance June 30, 2019	Due Within One Year
Long-Term Debt:					
Compensated absences	\$ 29,658	\$ -	\$ 3,094	\$ 26,564	\$ -
Net Pension Liability	912,589	-	14,500	898,089	
OPEB liability	<u>366,690</u>	<u>14,189</u>	<u>-</u>	<u>380,879</u>	<u>-</u>
 Total Long-Term Obligations	 <u>\$1,308,937</u>	 <u>\$ 14,189</u>	 <u>\$ 17,594</u>	 <u>\$1,305,532</u>	 <u>\$ -</u>

Note 5 - General Long-Term Debt:

Governmental Activities:

The estimated value of the accrued compensated absences liability at June 30, 2019 was \$38,934. 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, 2018	Obligations Issued	Obligations Retired	Balance June 30, 2019	Due Within One Year
Long-Term Debt:					
Compensated absences	\$ 39,116	\$ -	\$ 192	\$ 38,924	\$ -
Net Pension Liability	1,337,350	-	25,115	1,312,235	-
OPEB liability	<u>372,053</u>	<u>14,303</u>	<u>-</u>	<u>386,356</u>	<u>-</u>
 Total Long-Term Obligations	 <u>\$1,748,519</u>	 <u>\$ 14,303</u>	 <u>\$ 25,307</u>	 <u>\$1,737,515</u>	 <u>\$ -</u>

The lawful City general obligation debt limit at June 30, 2019 was \$21,032,202 (NRS 266.600), which leaves a statutorily-available borrowing capacity of \$21,032,202 since the City does not have any general obligation bonds outstanding.

CITY OF YERINGTON, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 2019 was \$156,480 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 2019 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.

CITY OF YERINGTON, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

In addition to agreements with other local governments, the City has the following agreements outstanding at June 30, 2019 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.

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 plan 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 and for regular members entering the System on or after July 1, 2015, there is a 2.25% factor. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death. Post-retirement increases are provided by authority of NRS 286.575-.579.

Regular members 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.

CITY OF YERINGTON, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 7 – Defined Benefits Pension Plan (continued):

Regular members who enter the system on or after July 1, 2019 are eligible for retirement at age 65 with 5 years of service, or at age 62 with 10 years of service or at age 55 with 30 years of service or any age with 33 1/3 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 City's contribution to the plan was \$303,048 for the year ended June 30, 2019. 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.

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

At June 30, 2019, the City reported a liability of \$2,210,324 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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

CITY OF YERINGTON, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 7 – Defined Benefits Pension Plan (continued):

participating entities for the year ended June 30, 2018. At June 30, 2018, the City’s proportion of the plan was .01621% while the prior year’s proportionate rate was .01692%.

For the year ended June 30, 2018, the City recognized pension expense of \$153,640 and \$117,519 in its governmental and business-type activities respectively. At June 30, 2019, the City 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	\$ 44,267	\$ 24,976	\$ 65,591
Net difference between projected and actual earnings on pension plan investments	-	-	6,727	3,796
Changes in assumptions	74,460	42,010	-	-
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>61,028</u>	<u>34,432</u>	<u>115,790</u>	<u>65,329</u>
	<u>\$ 179,755</u>	<u>\$ 101,418</u>	<u>\$ 188,108</u>	<u>\$ 106,131</u>

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:		
2020	\$ 14,618	\$ 8,248
2021	(9,656)	(5,448)
2022	(10,803)	(6,096)
2023	(3,071)	(1,732)
2024	2,195	1,239
Thereafter	<u>(1,636)</u>	<u>(924)</u>
	<u>\$ (8,353)</u>	<u>\$ (4,713)</u>

In addition, \$89,263 and \$62,261 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, 2019.

CITY OF YERINGTON, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 7 – Defined Benefits Pension Plan (continued):

Actuarial assumptions:

The total pension liability at June 30, 2018 was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Payroll growth assumption for future years	5%, including inflation
Investment rate of return	7.50%
Productivity pay increases:	0.5% Plus
Salary increases	
Regular:	4.25% to 9.15%
Police/Fire:	4.55% to 13.90%
	vary by service, including inflation
Consumer Price Index	2.75%
Other assumptions	Same as those used in the June 30, 2018 funding actuarial valuation

Investments: 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, 2017 are included in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Geometric Expected Real Rate of Return*</u>
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%

*As of June 30, 2018, PERS' long-term inflation assumption was 2.75%.

Discount Rate: The discount rate used to measure the total pension liability was 7.50% as of June 30, 2018. 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.

CITY OF YERINGTON, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

Sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate: The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
\$3,371,194	\$2,210,324	\$1,246,356

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. 75 prospectively beginning with the year ended June 30, 2018. Actuarial studies are done periodically to determine the OPEB liability. The most recent valuation was performed for June 30, 2019.

Plan Information

Nevada Public Employees' Benefits Program:

The City contributes to an agent multiple-employer defined healthcare plan, Nevada Public Employees’ Benefits Program (PEBP). PEBP is administered by the State of Nevada pursuant to NRS 287. City retirees previously had the option to join the PEBP offered by the State of Nevada. Local Governments are required to pay the same portion of cost of coverage for their retirees joining PEBP that the State of Nevada pays for those persons retired from state service. As of June 30, 2019, thirteen 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, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

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. There are twelve past employees under this plan.

City of Yerington Health Care Plan:

The City pays the full cost of active employee coverage. Employees pay the full cost of any optional dependent coverage and retirees pay the full cost of their personal and dependent coverage. Claims experience of employees and retirees are pooled when determining premiums and retiree and active employees pay the same rates. Therefore, an "implicit" subsidy of retirees cost by active employees could result. A separate report is not issued for the plan. There are 18 activity employees under this plan.

Total OPEB Liability:

Following is the City's total OPEB liability that was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2017.

\$ 767,235

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.

CITY OF YERINGTON, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

Significant methods and assumptions used to value both plans are as follows:

Valuation date	July 1, 2017
Funding method	Entry Age Normal Cost, ((AMM)
Asset valuation method	N/A - No trust established
Discount rate (S & P General Obligation Municipal Bond 20 Year High Grade Rate Index)	2.79% as of June 30, 2019
Participants valued	
– PEBP	Only current PEBP retirees are valued
– City Plan	Only current active employees and retired participants and covered spouses are valued. No future entrants are considered
	Actuarial assumptions:
Projected salary increases	3.5% (N/A for PEBP)
Assumed wage inflation	3.0% (N/A for PEBP)
General inflation rate	2.75%
Healthcare cost trend rates	7.8% in 2019 to 5% in 2028 and thereafter

Mortality: The mortality table reflects recent rates developed by the Society of Actuaries and used the RP-2014 Combined Mortality Table for males and females.

CITY OF YERINGTON, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

Changes in Total OPEB Liability

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Balance at June 30, 2018	\$ 372,053	\$ 366,690	\$ 738,743
Changes for the year:			
Service cost	2,707	2,685	5,392
Interest	11,869	11,775	23,644
Changes in assumptions	20,899	20,733	41,632
Benefit payments	<u>(21,172)</u>	<u>(21,004)</u>	<u>(42,176)</u>
Net Change	<u>14,303</u>	<u>14,189</u>	<u>28,492</u>
Balance at June 30, 2019	<u>\$ 386,356</u>	<u>\$ 380,879</u>	<u>\$ 767,235</u>

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the City's total OPEB liability calculated using the discount rate of 2.79 percent, as well as what the City's OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.79%) or 1-percentage-point higher (3.79%) than the current rate:

1% Decrease <u>(1.79%)</u>	Current Discount Rate <u>(2.79%)</u>	1% Increase <u>(3.79%)</u>
\$ 866,833	\$ 767,235	\$ 684,433

Sensitivity of the total OPEB liability to changes in the healthcare cost trend:

The following presents the City's total OPEB liability of the City as well as what the City's OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates:

Decrease <u>- 1%</u>	Current trend Rate	Increase <u>+ 1%</u>
\$ 685,093	\$ 767,235	\$ 864,494

CITY OF YERINGTON, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended June 30, 2019, the City recognized OPEB expense of \$9,836. At June 30, 2019, the City reported deferred outflows resources of \$35,727 and deferred inflows of resources \$126,778 related to OPEB from changes in assumptions and differences between expected and actual expenses.

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>Governmental</u>	<u>Business-Type</u>	<u>Governmental</u>	<u>Business-Type</u>
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>
Difference between expected and actual experience	\$ -	\$ -	\$ 20,493	\$ 20,329
Changes in assumptions	<u>17,935</u>	<u>17,792</u>	<u>43,150</u>	<u>42,806</u>
	<u>\$ 17,935</u>	<u>\$ 17,792</u>	<u>\$ 63,643</u>	<u>\$ 63,135</u>

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

Year Ended June 30:	<u>Governmental</u>	<u>Business-Type</u>
	<u>Activities</u>	<u>Activities</u>
2020	\$ (9,638)	\$ (9,562)
2021	(9,638)	(9,562)
2022	(9,638)	(9,562)
2023	(9,638)	(9,562)
2024	(9,638)	(9,562)
2025	<u>2,482</u>	<u>2,467</u>
	<u>\$ (45,708)</u>	<u>\$ (45,343)</u>

CITY OF YERINGTON, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 11 - 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 1.9%.

	Adjusted Base 6-30-18		Percent Increase CPI Index		FY 2019 Maximum Allowed Revenue	FY 2019 Actual Revenue Received	Over (Under) Allowable Amount
Business Licenses	<u>\$129,996</u>	X	<u>1.90%</u>	=	<u>\$132,466</u>	<u>\$ 122,221</u>	<u>\$ (10,245)</u>

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, 2019, there were funds in the amount of \$734,856 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 \$107,554 for the benefit of the City.

Note 13 - 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.

CITY OF YERINGTON, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 14 - Major Commitments:

On March 27, 2017 the City was awarded two USDA Rural Development Grants on the Yerington Colony Tribe Water and Sewer Line Replacement project in the amount of \$1,476,000 and \$1,248,000, respectively. Farr West Engineering was awarded a \$350,750 preliminary design and engineering contract with cost incurred at June 30, 2019 of \$151,972 leaving a remaining contract balance of \$198,778. These two USDA Rural Development grant awards provide for 100% funding of said project costs with construction anticipated in the fall of 2019.

On March 27, 2017, the City signed a letter of intent with USDA Rural Development to obligate financing with both loan and grant funding for the City Water and Sewer Line Replacement Project. The estimated total cost of the City Water and Sewer Line Replacement Project is \$35.8 million dollars. USDA Rural Development has obligated \$17,253,000 for the City Water Line Project in two separate loans of \$9,901,000 and \$7,352,000. USDA Rural Development has obligated \$15,577,000 for the City Sewer Line Project in two separate loans of \$8,577,000 and \$7,000,000 along with \$741,000 in grant funding. The terms of the loan require monthly payments of both interest and principal at 1.375% over a forty-year period.

The four USDA Rural Development loans will be issued as revenue bonds for which the City pledges to generate sufficient user fee revenues to meet debt service requirements. In anticipation of these loans, the City Council authorized rate increases, effective July 1, 2017, for both water and sewer customers. The water rate initially increased \$2.38 from \$29.00 to \$31.38 and the sewer rate increased \$3.79 from \$28.00 to \$31.79. The current water base rate is \$33.75 and the current sewer base rate is \$43.16.

Farr West Engineering was awarded a \$5,592,136 preliminary design and engineering contract with cost incurred at June 30, 2019 of \$2,887,318 leaving a remaining contract balance of \$2,704,818.

Before the City is eligible to begin drawing USDA Rural Development Loan funding, the City first must incur initial costs of \$1,811,000 and \$953,000 on the City Water and City Sewer projects respectively. As of June 30, 2019, the City has incurred preliminary engineering cost of \$1,456,493 and \$1,430,825 for the City Water and City Sewer projects respectively.

CITY OF YERINGTON, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 14 - Major Commitments: *(continued)*

Following is a summary of projects.

	<u>City of Yerington</u>		<u>Yerington Colony Tribe</u>	
	<u>Water Line</u>	<u>Sewer Line</u>	<u>Water Line</u>	<u>Sewer Line</u>
Loan A	\$ 9,901,000	\$ 8,577,000	\$ -	\$ -
Loan B	7,352,000	7,000,000	-	-
Grants	-	741,000	1,476,000	1,248,000
City contribution	<u>1,811,000</u>	<u>953,000</u>	<u>-</u>	<u>-</u>
Total estimated cost	<u>\$19,064,000</u>	<u>\$17,271,000</u>	<u>\$ 1,476,000</u>	<u>\$ 1,248,000</u>

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, 2019. However, the City believes it has adequate insurance to cover any potential judgments should a judgement ever arise.

Note 16 - Subsequent Event:

Management has evaluated subsequent events through November 25, 2019, which is the date the financial statements were available to be issued.

Note 17 - 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 87 except for expenses exceeding budgeted appropriations in the Sewer Fund which is an apparent violation of NRS 354.626.

CITY OF YERINGTON, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT
BENEFITS (OPEB) LIABILITY AND RELATED RATIOS

	2018	2019
<u>City of Yerington Health Benefits Plan</u>		
Total OPEB Liability		
Service cost	\$ 5,380	\$ 5,392
Interest	29,432	23,644
Difference between expected and actual experience	(119,998)	-
Change in assumptions	19,543	41,632
Benefit payments	(38,266)	(42,176)
Other changes	(76,531)	-
Net Change in total OPEB Liability	(180,440)	28,492
Total Liability, July 1	919,183	738,743
Total Liability, June 30	\$ 738,743	\$ 767,235
Covered employee payroll	\$ 880,285	\$ 1,067,723
Total liability as a percentage of covered-employee payroll	83.9%	71.9%
<u>Notes to Schedule:</u>		
Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.		
Applicable discount rates	3.27%	2.79%

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, 2019

	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Schedule of Proportionate Share of the Net Pension Liability</u>			
City's proportion of the net pension liability	0.01716%	0.01755%	0.01607%
City's proportionate share of the net pension liability	\$ 1,788,913	\$ 2,011,063	\$ 2,163,221
City's covered-employee payroll	\$ 854,015	\$ 867,725	\$ 855,015
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	74.3%	231.8%	253.0%
Plan fiduciary net position as a percentage of the total pension liability	76.3%	75.1%	72.2%

* 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	\$ 136,442	\$ 136,805	\$ 143,690
Contributions in relation to the statutorily required contribution	<u>136,442</u>	<u>136,805</u>	<u>143,690</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 867,725	\$ 855,015	\$ 878,891
Contributions as a percentage of covered payroll	15.7%	16.0%	16.3%

	<u>2018</u>	<u>2019</u>
	0.01692%	0.01621%
\$	2,249,939	\$ 2,210,324
\$	878,891	\$ 880,285
	256.0%	251.1%
	74.4%	75.1%
\$	151,535	\$ 152,524
	<u>151,535</u>	<u>152,524</u>
\$	<u>-</u>	<u>\$ -</u>
\$	880,285	\$ 931,454
	17.2%	16.4%

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, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	BUDGETED AMOUNT		ACTUAL	VARIANCE	2018
	ORIGINAL	FINAL			
Revenues					
Taxes					
County capital project tax	\$ 35	\$ 35	\$ -	\$ (35)	\$ -
Other Local Revenues					
Interest income	750	750	-	(750)	637
Total Other Revenues	750	750	-	(750)	637
Intergovernmental					
Lyon County Park grant	-	32,200	32,200	-	-
Nevada O.H.V. Program	-	-	-	-	34,742
State aviation grant	-	-	18,867	18,867	-
FAA grant	-	-	-	-	2,541,028
Total Intergovernmental Revenues	-	32,200	51,067	18,867	2,575,770
<i>Total Revenues</i>	785	32,985	51,067	18,082	2,576,407
Expenditures					
General Government					
Capital outlay, information center	40,000	40,000	30,233	9,767	-
Total General Government	40,000	40,000	30,233	9,767	-
Public Safety					
Capital outlay, vehicle	90,000	90,000	90,000	-	34,742
Total Public Safety	90,000	90,000	90,000	-	34,742
Public Works					
Capital outlay	20,000	20,000	18,979	1,021	2,692,921
Culture and Recreation					
Capital Outlay	-	32,200	32,200	-	-
Total Culture and Recreation	-	32,200	32,200	-	-
<i>Total Expenditures</i>	150,000	182,200	171,412	10,788	2,727,663
Excess (Deficiency) of Revenues over Expenditures	(149,215)	(149,215)	(120,345)	28,870	(151,256)

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, 2019

(With Comparative Totals for the Year Ended June 30, 2018)

	<u>BUDGETED AMOUNT</u>		<u>ACTUAL</u>	<u>VARIANCE</u>	<u>#REF!</u>
	<u>ORIGINAL</u>	<u>FINAL</u>			
Other Financing Sources					
Sale of fixes assets	\$ 2,500	\$ 2,500	\$ -	\$ (2,500)	\$ -
Transfers in - General Fund	<u>52,503</u>	<u>52,503</u>	<u>-</u>	<u>(52,503)</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	55,003	55,003	-	(55,003)	-
Excess of Revenues and Other Financing Sources, over Expenditures	<u>(94,212)</u>	<u>(94,212)</u>	<u>(120,345)</u>	<u>(26,133)</u>	<u>(151,256)</u>
Fund Balance, July 1	<u>1,070,400</u>	<u>1,070,400</u>	<u>910,636</u>	<u>(159,764)</u>	<u>1,061,892</u>
Fund Balance, June 30	<u><u>\$ 976,188</u></u>	<u><u>\$ 976,188</u></u>	<u><u>\$ 790,291</u></u>	<u><u>\$ (185,897)</u></u>	<u><u>\$ 910,636</u></u>

CITY OF YERINGTON, NEVADA**WATER UTILITY FUND
SCHEDULE OF NET POSITION****JUNE 30, 2019***(With Comparative Totals for June 30, 2018)*

	<u>2019</u>	<u>2018</u>
Current Assets		
Unrestricted		
Cash	\$ 5,265,453	\$ 5,623,086
Accounts receivable, net of allowance for doubtful accounts of \$7,060 and \$7,060 respectively	151,736	152,870
Due from other governments	9,468	9,468
Other receivables	49,750	-
Inventory of materials and supplies	37,416	23,136
Restricted Cash		
Customer deposits	6,334	5,976
AB 198 capital reserve	217,981	194,927
<i>Total Current Assets</i>	<u>5,738,138</u>	<u>6,009,463</u>
Property, Plant And Equipment		
Land & water rights	307,393	307,393
Construction in progress	1,652,941	809,803
Building, wells, tanks and distribution system	24,798,764	24,655,373
Vehicles	68,558	68,558
Maintenance equipment	2,810,777	2,810,777
Office equipment	82,846	82,846
	29,721,279	28,734,750
Accumulated depreciation	<u>(7,506,836)</u>	<u>(6,810,387)</u>
<i>Total Capital Assets</i>	<u>22,214,443</u>	<u>21,924,363</u>
Total Assets	<u>27,952,581</u>	<u>27,933,826</u>
Deferred Outflow of Resources		
Post valuation employer contributions	34,184	30,255
Deferred OPEB outflow or resources	9,825	10,265
Deferred pension outflow of resources	56,414	66,549
Total Deferred Inflows of Resources	<u>100,423</u>	<u>107,069</u>

	<u>2019</u>	<u>2018</u>
Liabilities		
Current liabilities payable from unrestricted assets:		
Accounts payable	\$ 50,281	\$ 33,407
Construction payable	162,950	131,166
Accrued salaries and benefits	39,479	23,147
Due to other governments	11,802	11,506
Current liabilities payable from restricted assets:		
Customer deposits	6,334	5,976
<i>Total Current Liabilities</i>	<u>270,846</u>	<u>205,202</u>
Long-term liabilities:		
Accrued compensated absences	14,424	16,807
Accrued OPEB payable	210,990	202,928
Net pension liability	514,359	526,661
<i>Total Long-term Liabilities</i>	<u>739,773</u>	<u>746,396</u>
Total Liabilities	<u>1,010,619</u>	<u>951,598</u>
Deferred Inflow of Resources		
Unearned revenue	-	1,000
Deferred OPEB inflows	34,864	51,984
Deferred pension inflows	59,037	65,442
Total Defferred Inflow of Resources	<u>93,901</u>	<u>118,426</u>
Net Position		
Net investment in capital assets	22,214,443	21,924,363
Restricted for AB 198 capital reserves	217,981	194,927
Unrestricted (Restated)	4,516,060	4,851,581
Total Net Position	<u>\$ 26,948,484</u>	<u>\$ 26,970,871</u>

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CITY OF YERINGTON, NEVADA
WATER UTILITY FUND
SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	BUDGETED AMOUNT		ACTUAL	VARIANCE	2018
	ORIGINAL	FINAL			
Operating Revenues					
Water use fees	\$ 1,296,739	\$ 1,289,779	\$ 1,268,385	\$ (21,394)	\$ 1,240,452
Meter replacement / Other charges	25,005	22,505	26,848	4,343	26,989
Less bad debts	(4,500)	-	-	-	-
<i>Total Operating Revenues</i>	<u>1,317,244</u>	<u>1,312,284</u>	<u>1,295,233</u>	<u>(17,051)</u>	<u>1,267,441</u>
Operating Expenses					
Salaries and wages	298,108	280,348	278,668	1,680	238,646
Employee benefits	154,501	149,533	105,214	44,319	90,441
Services and supplies	407,381	383,129	497,233	(114,104)	396,852
Depreciation	735,635	778,635	696,450	82,185	722,556
<i>Total Operating Expenses</i>	<u>1,595,625</u>	<u>1,591,645</u>	<u>1,577,565</u>	<u>14,080</u>	<u>1,448,495</u>
Operating Income (Loss)	<u>(278,381)</u>	<u>(279,361)</u>	<u>(282,332)</u>	<u>(2,971)</u>	<u>(181,054)</u>
Nonoperating Revenues (Expenses)					
Late fees	2,000	2,000	4,162	2,162	3,476
Administrative fee	12,100	12,100	13,505	1,405	15,299
Willow Creek agreement	19,000	19,000	19,000	-	19,000
Water tank lease	12,000	12,000	15,532	3,532	15,640
Water rights revenue	1,000	1,000	33,000	32,000	3,000
Nevada Copper reservation fee	87,500	87,500	87,500	-	87,500
ARCO - customer hookup revenue	-	-	-	-	233,455
ARCO - customer hookup expenses	-	-	-	-	(233,455)
Miscellaneous income	1,200	1,200	36,496	35,296	2,725
Interest expense	(117,590)	(117,590)	-	117,590	-
<i>Total Nonoperating Revenues (expenses)</i>	<u>17,210</u>	<u>17,210</u>	<u>209,195</u>	<u>191,985</u>	<u>146,640</u>
Income (loss) before contributions	<u>(261,171)</u>	<u>(262,151)</u>	<u>(73,137)</u>	<u>189,014</u>	<u>(34,414)</u>
Capital Contributions					
ARCO - Sunset Hills Project	-	-	-	-	40,014
U.S.D.A. grant	-	-	-	-	39,465
Connection fees from customers	-	-	50,750	50,750	12,315
<i>Total Capital Contributions</i>	<u>-</u>	<u>-</u>	<u>50,750</u>	<u>50,750</u>	<u>91,794</u>
Special Items					
Transfer of Crystal Clear Water Fund	-	-	-	-	2,683,287
Change in Net Position	<u>\$ (261,171)</u>	<u>\$ (262,151)</u>	<u>(22,387)</u>	<u>\$ 239,764</u>	<u>2,740,667</u>
Net Position, July 1			<u>26,970,871</u>		<u>24,230,204</u>
Net Position, June 30			<u>\$ 26,948,484</u>		<u>\$ 26,970,871</u>

CITY OF YERINGTON, NEVADA
WATER UTILITY FUND
SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	BUDGETED AMOUNT		ACTUAL	VARIANCE	2018
	ORIGINAL	FINAL			
Cash Flows From Operating Activities					
Receipts from customers	\$ 1,321,744	\$ 1,321,744	\$ 1,356,650	\$ 34,906	\$ 1,331,822
Payments to Lyon County	(55,000)	(55,000)	(59,629)	(4,629)	(66,388)
Payments of personnel costs	(452,609)	(452,609)	(392,052)	60,557	(363,870)
Payments for service and supplies	(407,381)	(407,381)	(494,639)	(87,258)	(297,854)
Net Cash Provided by Operating Activities	406,754	406,754	410,330	3,576	603,710
Cash Flows From Noncapital Financing Activities					
Water tank lease income	12,000	12,000	9,532	(2,468)	15,640
Water right revenue	1,000	1,000	33,000	32,000	3,000
Willowcreek revenue	19,000	19,000	19,000	-	19,000
Nevada Copper reservation fee	87,500	87,500	43,750	(43,750)	87,500
Administrative fees	12,100	12,100	13,505	1,405	15,299
ARCO reimbursements	-	-	-	-	233,455
Sunset Hills customer connections	-	-	-	-	(233,455)
Miscellaneous income	1,200	1,200	40,658	39,458	6,201
Net Cash Provided Non-Capital Financing Activities	132,800	132,800	159,445	26,645	146,640
Cash Flows From Capital And Related Financing Activities					
Capital contributions by customers	8,900	8,900	50,750	41,850	12,315
Transfer of Crystal Clear Water Utility Fund	-	-	-	-	104,099
Capital contributions by ARCO	-	-	-	-	102,498
Capital contributions by USDA	17,500,000	17,500,000	-	(17,500,000)	82,165
Acquisition of capital assets	(17,580,000)	(17,580,000)	(954,746)	16,625,254	(626,414)
Principal paid on long-term debt	162,909	162,909	-	-	-
Interest paid on long-term debt	117,590	117,590	-	(117,590)	-
Net Cash (Used) by Capital and Related Financing Activities	209,399	209,399	(903,996)	(950,486)	(325,337)
Net Increase (Decrease) In Cash and Cash Equivalents	748,953	748,953	(334,221)	(920,265)	425,013
Cash and Cash Equivalents, July 1	6,010,196	6,010,196	5,823,989	(186,207)	5,398,976
Cash and Cash Equivalents, June 30	\$ 6,759,149	\$ 6,759,149	\$ 5,489,768	\$ (1,106,472)	\$ 5,823,989

CITY OF YERINGTON, NEVADA
WATER UTILITY FUND
SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	BUDGETED AMOUNT		ACTUAL	VARIANCE	2018
	ORIGINAL	FINAL			
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating income (loss)	\$ (278,381)	\$ (279,361)	\$ (282,332)	\$ (2,971)	\$ (181,054)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	735,635	778,635	696,450	(82,185)	722,556
Bad debts	4,500	-	-	-	-
Net change deferred OPEB expense	-		(8,618)	(8,618)	(10,290)
Net change deferred pension expense	-		(12,501)	(12,501)	(28,474)
Changes in assets and liabilities					
Decrease (increase) in accounts receivable	(55,000)	(55,000)	1,134	56,134	2,255
Decrease (increase) in inventory	-	-	(14,280)	(14,280)	(5,038)
Increase (decrease) in consumer deposits	-	-	358	358	209
Increase in deferred lease revenue	-	-	(1,000)	(1,000)	1,000
(Decrease) increase in accounts payable and accrued liabilities	-	-	31,119	31,119	102,546
Net Cash Provided by Operating Activities	\$ 406,754	\$ 444,274	\$ 410,330	\$ (33,944)	\$ 603,710

CITY OF YERINGTON, NEVADA**SEWER UTILITY FUND****SCHEDULE OF NET POSITION****JUNE 30, 2019***(With Comparative Totals for June 30, 2018)*

	<u>2019</u>	<u>2018</u>
Current Assets		
Unrestricted		
Cash	\$ 1,256,771	\$ 1,761,153
Accounts receivable, net of allowance for doubtful accounts of \$10,160 and \$10,160 respectively	99,261	81,283
Grant Receivable - USDA	9,365	9,365
Restricted Cash		
Customer deposits	<u>2,071</u>	<u>1,958</u>
Total Current Assets	<u>1,367,468</u>	<u>1,853,759</u>
Property, Plant And Equipment		
Land	10,120	10,120
Treatment plant and collection systems	6,032,049	6,032,049
Vehicles	46,009	46,009
Maintenance equipment	423,632	423,632
Office equipment	45,080	45,080
Construction in progress	<u>1,521,806</u>	<u>670,305</u>
	8,078,696	7,227,195
Accumulated depreciation	<u>(3,906,381)</u>	<u>(3,559,211)</u>
Total Capital Assets	<u>4,172,315</u>	<u>3,494,370</u>
Total Assets	<u>5,539,783</u>	<u>5,348,129</u>
Deferred Outflow of Resources		
Post valuation employer contributions	28,077	24,135
Deferred OPEB inflow or resources	7,967	8,284
Deferred pension inflow of resources	<u>45,004</u>	<u>48,766</u>
Total Deferred Outflow of Resources	<u>81,048</u>	<u>81,185</u>

	2019	2018
Liabilities		
Current liabilities payable from unrestricted assets:		
Accounts payable	\$ 15,025	\$ 12,037
Construction payable	406,708	131,166
Accrued salaries and benefits	33,406	18,924
Due to other governments	7,726	7,518
Current liabilities payable from restricted assets:		
Customer deposits	2,071	1,958
Total Current Liabilities	464,936	171,603
Long-term liabilities:		
Accrued compensated absences	12,140	12,851
Accrued OPEB payable	169,889	163,762
Net pension liability	383,730	385,928
	565,759	562,541
Total Liabilities	1,030,695	734,144
Deferred Inflow of Resources		
Deferred OPEB inflows	28,271	41,951
Deferred pension inflows	47,094	47,955
Total Deferred Inflow of Resources	75,365	89,906
Net Position		
Net investment in capital assets	4,172,315	3,494,370
Unrestricted	342,456	1,110,894
Total Net Position	\$ 4,514,771	\$ 4,605,264

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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, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	BUDGET AMOUNT		ACTUAL	VARIANCE	2018
	ORIGINAL	FINAL			
Operating Revenues					
Sewer use fees	\$ 1,211,229	\$ 1,211,229	\$ 1,025,484	\$ (185,745)	\$ 828,947
Bad debts	-	-	-	-	-
	<u>\$ 1,211,229</u>	<u>\$ 1,211,229</u>	<u>\$ 1,025,484</u>	<u>\$ (185,745)</u>	<u>\$ 828,947</u>
Operating Expenses					
Salaries and wages	245,786	245,786	234,098	11,688	193,293
Employee benefits	126,182	126,182	95,269	30,913	94,625
Services and supplies	239,739	239,739	324,468	(84,729)	260,905
Depreciation	180,000	180,000	173,555	6,445	173,615
<i>Total Operating Expenses</i>	<u>791,707</u>	<u>791,707</u>	<u>827,390</u>	<u>(35,683)</u>	<u>722,438</u>
Operating Income (Loss)	<u>419,522</u>	<u>419,522</u>	<u>198,094</u>	<u>(221,428)</u>	<u>106,509</u>
Nonoperating Revenues (Expenses)					
Late fees	1,000	1,000	2,307	1,307	185
Willowcreek agreement	29,000	29,000	29,000	-	29,000
Interest expense	(104,402)	(104,402)	-	104,402	-
<i>Total Nonoperating Revenues (Expenses)</i>	<u>(74,402)</u>	<u>(74,402)</u>	<u>31,307</u>	<u>105,709</u>	<u>29,185</u>
Income (Loss) before Contributions and Special Item	<u>345,120</u>	<u>345,120</u>	<u>229,401</u>	<u>(115,719)</u>	<u>135,694</u>
Capital Contributions					
U.S.D.A. grant	-	-	-	-	44,286
Connect fees	-	-	87,400	87,400	-
Special Item					
Sewer lagoon pond cleaning	-	-	(407,294)	(407,294)	-
<i>Total Capital Contributions and Special Item</i>	<u>-</u>	<u>-</u>	<u>(319,894)</u>	<u>(319,894)</u>	<u>44,286</u>
Change in Net Position	<u>\$ 345,120</u>	<u>\$ 345,120</u>	<u>(90,493)</u>	<u>\$ (755,507)</u>	<u>179,980</u>
Net Position, July 1			<u>4,605,264</u>		<u>4,425,284</u>
Net Position, June 30			<u>\$ 4,514,771</u>		<u>4,605,264</u>

CITY OF YERINGTON, NEVADA
SEWER UTILITY FUND
SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

(With Comparative Totals for the Year Ended June 30, 2018)

	BUDGETED AMOUNT		ACTUAL	VARIANCE	2018
	ORIGINAL	FINAL			
Cash Flows From Operating Activities					
Receipts from customers	\$ 1,211,229	\$ 1,211,229	\$ 1,049,035	\$ (162,194)	\$ 868,451
Payments to Lyon County	(38,000)	(38,000)	(41,207)	(3,207)	(46,124)
Payments of personnel costs	(371,968)	(371,968)	(326,071)	45,897	(293,038)
Payments for service and supplies	(239,739)	(239,739)	(728,774)	(489,035)	(164,533)
Net Cash Provided by Operating Activities	<u>561,522</u>	<u>561,522</u>	<u>(47,017)</u>	<u>(608,539)</u>	<u>364,756</u>
Cash Flows From Noncapital Financing Activities					
Miscellaneous income	1,000	1,000	2,307	1,307	185
Willowcreek agreement	29,000	29,000	29,000	-	29,000
Net Cash Provided by Non-Capital Financing Activities	<u>30,000</u>	<u>30,000</u>	<u>31,307</u>	<u>1,307</u>	<u>29,185</u>
Cash Flows From Capital And Related Financing Activities					
Capital contributions by customers	20,000	20,000	87,400	67,400	-
Capital contributions from USDA (Tribe)	1,248,000	1,248,000	-	(1,248,000)	92,967
Capital contributions from USDA (City)	15,068,000	15,068,000	-	(15,068,000)	-
Acquisition of capital assets USDA (Tribe)	(1,248,000)	(1,248,000)	-	1,248,000	-
Acquisition of capital assets USDA (City)	(15,068,000)	(15,068,000)	(575,959)	14,492,041	-
Acquisition of capital assets USDA	(741,000)	(741,000)	-	741,000	-
Acquisition of capital assets	150,000	150,000	-	(150,000)	-
Principal paid on long-term debt	144,638	144,638	-	(144,638)	-
Interest paid on long-term debt	104,402	104,402	-	(104,402)	(544,858)
Net Cash (Used) by Capital and Related Financing Activities	<u>(321,960)</u>	<u>(321,960)</u>	<u>(488,559)</u>	<u>(166,599)</u>	<u>(451,891)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	269,562	269,562	(504,269)	(773,831)	(57,950)
Cash and Cash Equivalents, July 1	<u>2,015,240</u>	<u>2,015,240</u>	<u>1,763,111</u>	<u>(252,129)</u>	<u>1,821,061</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 2,284,802</u></u>	<u><u>\$ 2,284,802</u></u>	<u><u>\$ 1,258,842</u></u>	<u><u>\$ (1,025,960)</u></u>	<u><u>\$ 1,763,111</u></u>

CITY OF YERINGTON, NEVADA
SEWER UTILITY FUND
SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	BUDGETED AMOUNT		ACTUAL	VARIANCE	2018
	ORIGINAL	FINAL			
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating income (loss)	\$ 419,522	\$ 419,522	\$ 198,094	\$ (221,428)	\$ 106,509
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	180,000	180,000	173,555	(6,445)	173,615
Net deferred OPEB expense	-	-	(7,236)	(7,236)	8,325
Net deferred pension expense	-	-	(3,239)	(3,239)	(18,855)
Special Item - lagoon cleaning			(407,294)		
Changes in assets and liabilities					
Decrease (increase) in accounts receivable	(38,000)	(38,000)	(17,977)	20,023	(1,977)
Increase (decrease) in consumer deposits	-	-	113	113	65
(Decrease) increase in accounts payable and accrued liabilities	-	-	16,967	16,967	97,074
Net Cash Provided by Operating Activities	\$ 561,522	\$ 561,522	\$ (47,017)	\$ (608,539)	\$ 364,756

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

FISCAL YEAR	CITY TAX RATE	ASSESSED VALUATION
2018-19	\$.4044	\$ 70,107,341
2017-18	.4044	64,193,011
2016-17	.4044	62,844,811
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

Source: Nevada Department of Taxation *Property Tax Rates for Nevada Local Governments*

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

<u>Fiscal Year Ending June 30</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Intergovernmental Revenues</u>	<u>Charges For Services</u>	<u>Other Revenues</u>	<u>Other Financing Sources</u>	<u>Totals</u>
2019	\$ 387,175	\$ 519,595	\$ 989,512	\$ 121,772	\$ 51,067	\$ -	\$ 2,069,121
2018	337,572	299,664	3,409,043	99,180	62,545	-	4,208,004
2017	312,558	335,821	975,377	89,170	64,140	-	1,777,066
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

(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.

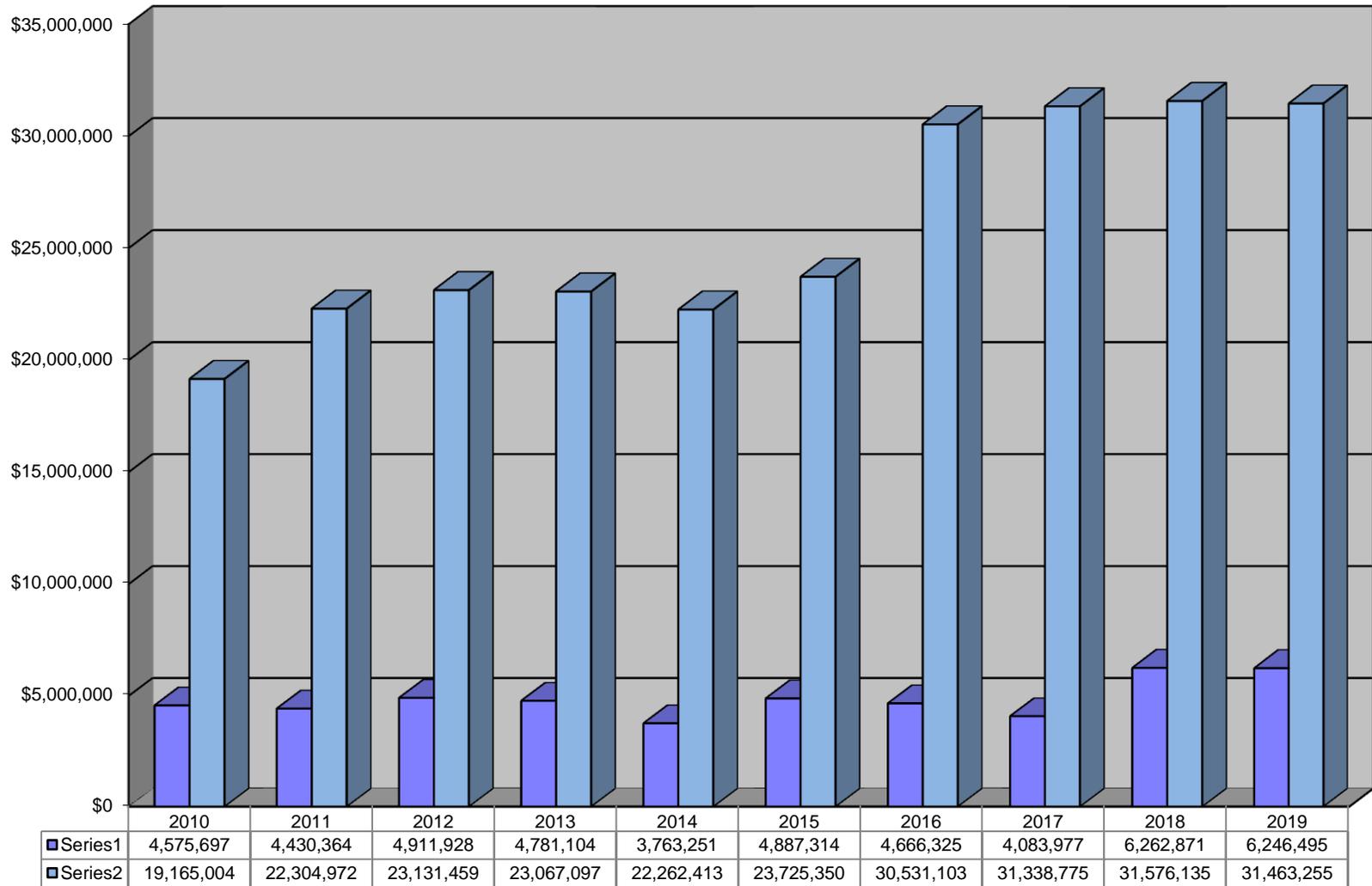
CITY OF YERINGTON, NEVADA
Governmental Expenditures by Function ⁽¹⁾
Last Ten Years
(Unaudited)

Fiscal Year Ending June 30	General Government	Judicial	Public Safety	Public Works	Culture and Recreation	Health	Debt Service	Totals
2019	\$ 317,252	\$ 79,604	\$ 1,087,655	\$ 311,725	\$ 109,214	\$ 13,125	\$ -	\$ 1,918,575
2018	349,447	88,099	1,002,313	2,943,167	51,081	18,485	-	4,452,592
2017	330,854	89,928	951,671	415,725	119,457	15,461	-	1,923,096
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

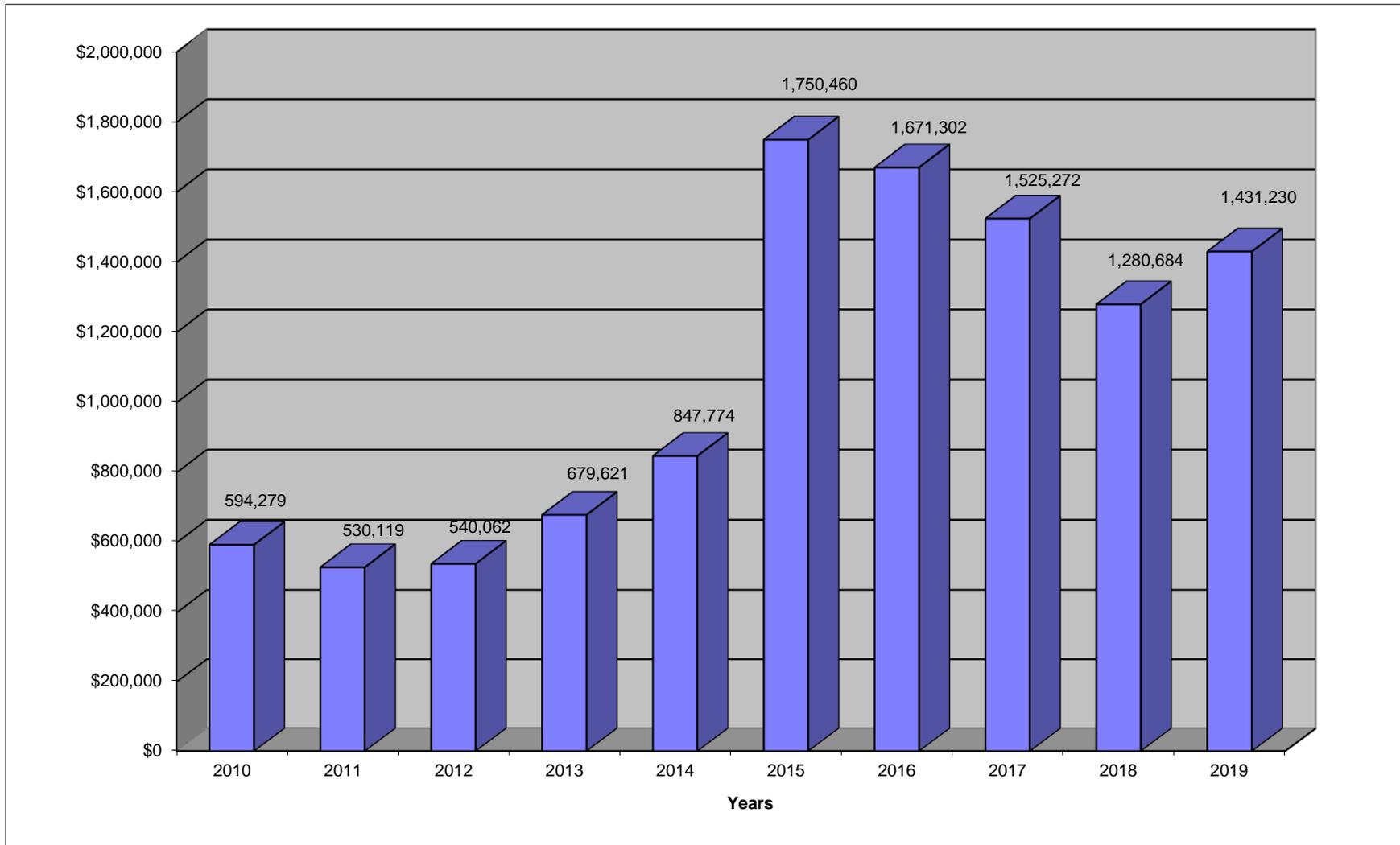
(1) This Schedule includes expenditures of the General Fund, Special Revenue Funds, and Capital Projects Fund.

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

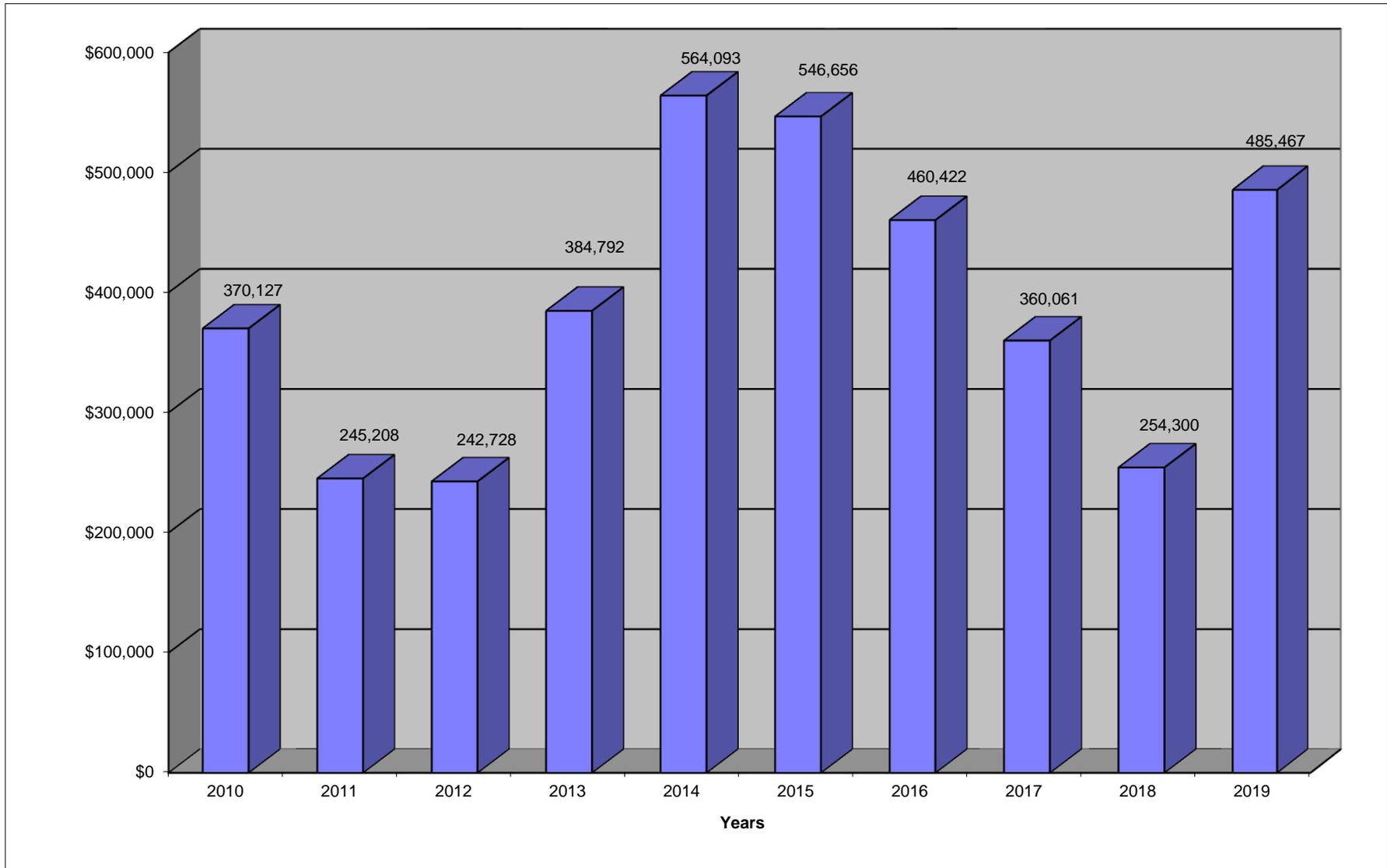
Year 2014 net position was restated by \$1,146,798 for governmental activities and \$846,696 business-type activities as required by GASB 68.



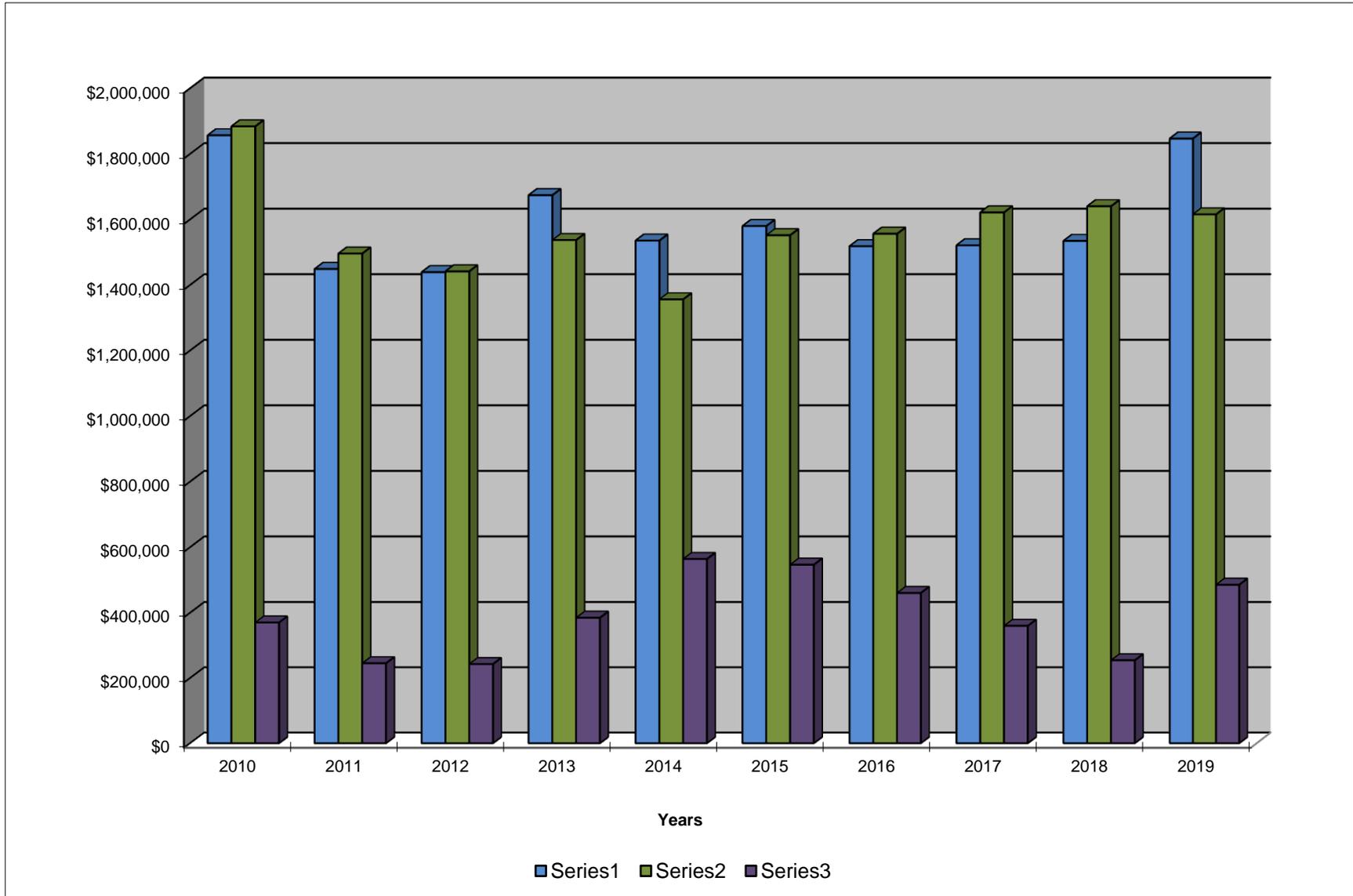
CITY OF YERINGTON, NEVADA
ALL GOVERNMENTAL FUNDS
FUND BALANCE - LAST TEN YEARS
(Unaudited)



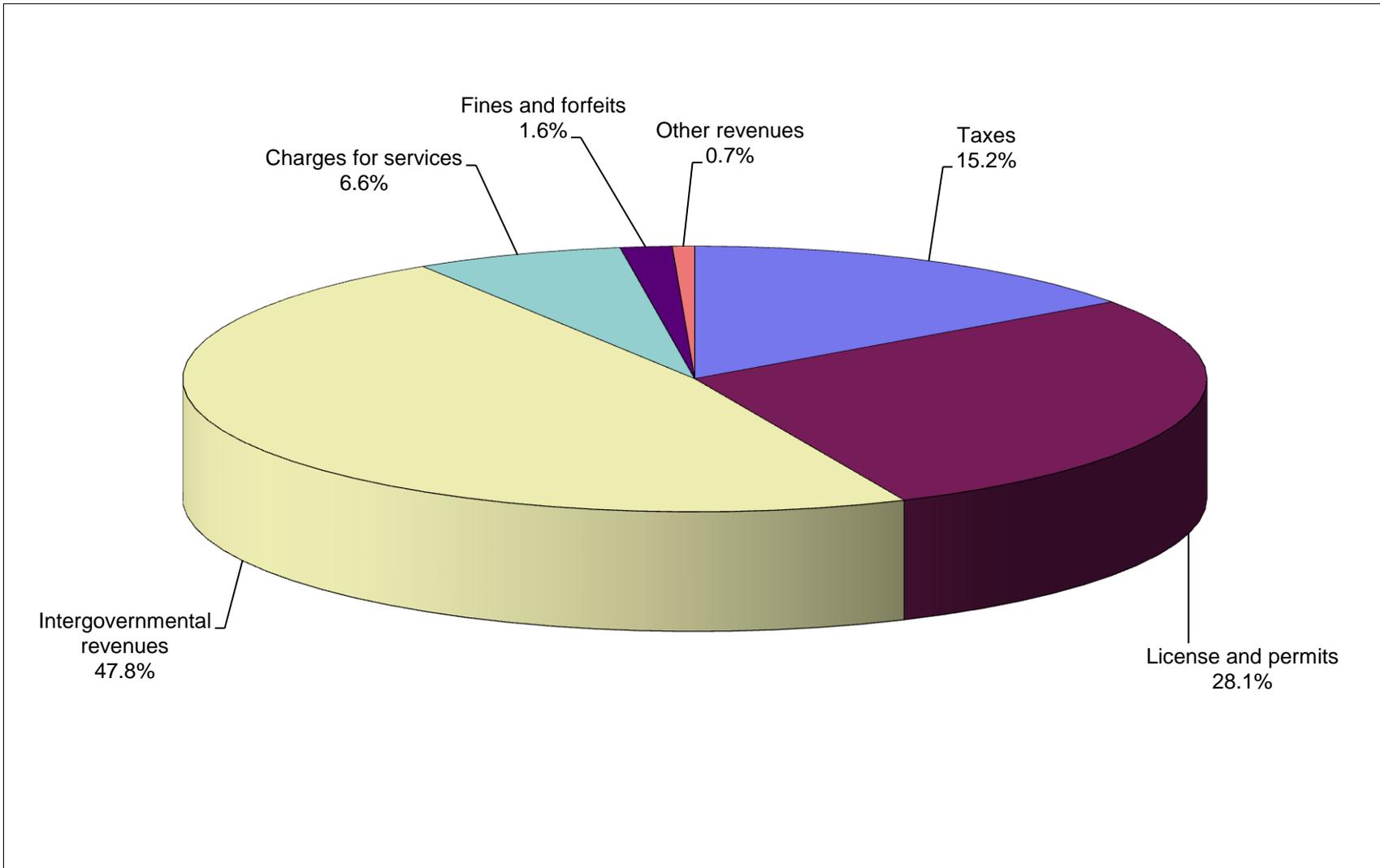
CITY OF YERINGTON, NEVADA
GENERAL FUND - BUDGET BASIS
FUND BALANCE - LAST TEN YEARS
(Unaudited)



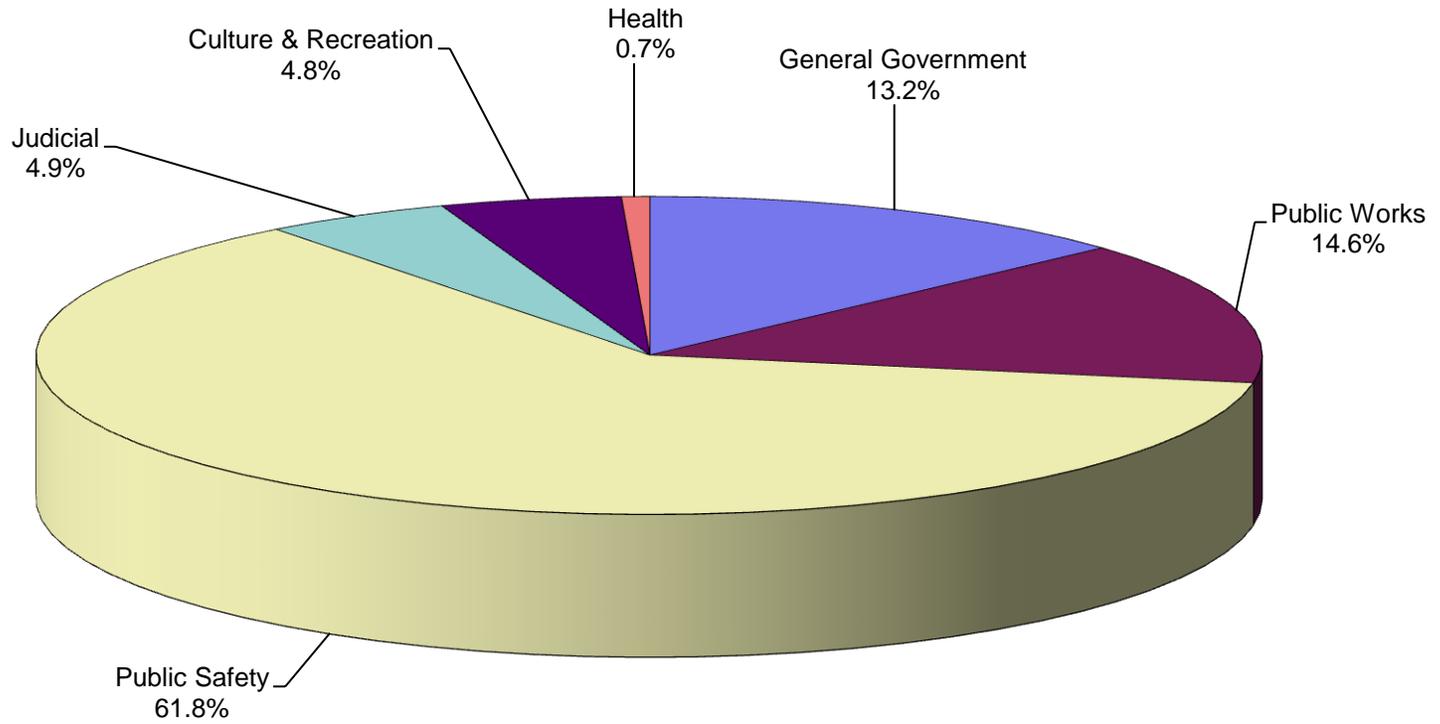
CITY OF YERINGTON, NEVADA
GENERAL FUND - BUDGET BASIS
REVENUES, EXPENDITURES, AND FUND BALANCE - LAST TEN YEARS
(Unaudited)



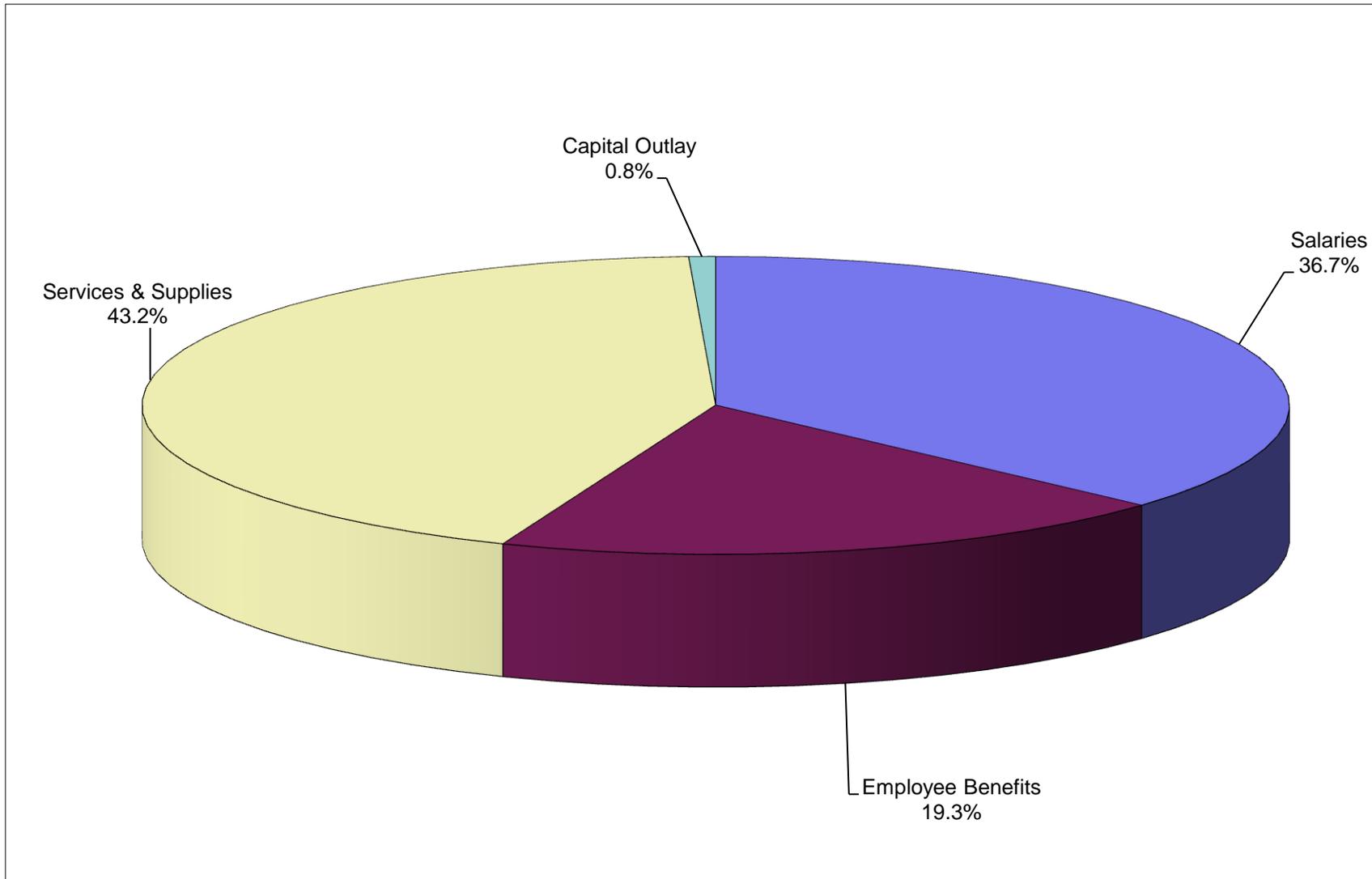
CITY OF YERINGTON, NEVADA
GENERAL FUND - BUDGET BASIS
REVENUES BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2019
(Unaudited)



CITY OF YERINGTON, NEVADA
GENERAL FUND - BUDGET BASIS
EXPENDITURES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2019
(Unaudited)



CITY OF YERINGTON, NEVADA
GENERAL FUND - BUDGET BASIS
EXPENDITURES BY OBJECT
FOR THE YEAR ENDED JUNE 30, 2019
(Unaudited)





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, business-type activities, each major fund of the City of Yerington, Nevada, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Yerington's basic financial statements and have issued our report thereon dated November 25, 2019.

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. However, material weaknesses may exist that have not been identified.

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*.

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
November 25, 2019

CITY OF YERINGTON, NEVADA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019

A. Summary of Auditor's Results – GAAS Audit:

- (i) The auditor's report expresses an unmodified opinion on the financial statements of the City of Yerington.
- (ii) No significant deficiencies related to the audit of the financial statements are reported in the *Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- (iii) No instances of noncompliance material to the financial statements of the City of Yerington, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

B. Findings – Financial Statement Audit

None

CITY OF YERINGTON, NEVADA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
JUNE 30, 2019

B. Summary of Auditor's Results – GAAS Audit:

None

C. Findings – Financial Statement Audit

None



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, 2019 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, 2019 (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, 2019 except for the one instances of expenses in excess of budget appropriations as described in Note 17.

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

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

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

Sciarani & Co.

Yerington, Nevada
November 25, 2019

INDEPENDENT AUDITOR'S COMMENTS
JUNE 30, 2019

Statute Compliance

The required disclosure on compliance with Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 17 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, 2018.

Current Year Audit Recommendations

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