CITY OF WINNEMUCCA

JUNE 30, 2017

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Basic Financial Statements – Government-wide Statements

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

C. Basic Financial Statements – Fund Financial Statements

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

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

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

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

The City reports the following major governmental funds:

> The ***General Fund*** is the general operating fund of the City and accounts for all revenues and expenditures of the City not encompassed within other funds.
>
> The ***Capital Improvement Fund*** is used to account for the resources and expenditures for major capital projects.

Additionally, the City reports the following major proprietary funds:

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Financial Statement Presentation

1. Budgets and Budgetary Accounting:

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

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

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

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

2. Cash and Investments:

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Certain farm loan bonds.
- Bills and notes of the United States Treasury maturing within ten (10) years from the date of purchase.
- Obligations of the United States or a corporation sponsored by the government, maturing within ten (10) years from the date of purchase.
- Obligations of state and local governments if:

  (1) the interest is exempt for federal income tax purposes; and

  (2) the obligation has been rated "A" or higher by a nationally recognized bond credit rating agency.
- Negotiable certificates of deposit issued by commercial banks or insured savings and loan associations.
- State of Nevada Local Government Pooled Investment Fund.
- Certain securities issued by local governments of the State of Nevada.
- Other securities expressly provided by the other statutes, including repurchase agreements.
- Certain bankers' acceptances.
- Certain short term paper issued by U.S. Corporations.
- Certain "AAA" rated mutual funds that invest in federal securities.

3. Accounts Receivable:

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

4. Property Taxes Receivable:

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Secured roll property taxes receivable reflect only those taxes receivable from the last two delinquent roll years. Delinquent taxes from all roll years prior to 2015-2016 have been written off. No provision for uncollectible accounts has been established since management does not anticipate any material collection loss in respect to the remaining balances.

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

5. Inventories:

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

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

6. Capital Assets:

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

7. Compensated Absences:

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

8. Long-term Obligations:

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

9. Deferred Inflows/Outflows of Resources:

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

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element,

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two deferred inflow items. The first, unavailable revenue, arises only under a modified accrual basis of accounting and qualifies for reporting in this category. Accordingly, the item is reported only in the governmental funds balance sheet. The amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The unavailable revenue is from one source: property taxes. The second item is the collective deferred inflows related to net pension liability arising under the economic resources measurement focus and accrual basis of accounting, which is reported in the statement of financial position.

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Nevada (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, plan contributions are recognized as of employer payroll paid dates and 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.

10. Interfund Activity:

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

11. Net Position and Fund Balance:

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

1. Net investment in capital assets – consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets.

2. Restricted net position – consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

3. Unrestricted net position – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources not included in the determination of net investment in capital assets or the restricted component of net position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Nonspendable fund balance – amounts are not in spendable form (such as inventory or prepaids) or are legally required to be maintained intact (such as notes receivable or principal of a permanent fund).

2. Restricted fund balance – amounts constrained to specific purposes by their external providers (such as creditors, grantors, contributors, and higher levels of government), through constitutional provisions or by enabling legislation.

3. Committed fund balance – amounts constrained to specific purposes by the City itself using its highest level of decision-making authority, the City Council. Committed resources cannot be used for any other purpose unless the Council takes the same highest level action to remove or change the constraint.

4. Assigned fund balance – amounts the City intends to use for a specific purpose as expressed by the City Council or an official or body to which the Council delegates the authority. This is the residual classification for all governmental funds other than the General Fund.

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

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

It is the policy of the City to spend restricted fund balance first (unless legal requirements dictate otherwise) followed by committed, assigned and unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

12. Use of Estimates:

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

NOTE 3 – CASH AND INVESTMENTS

Investments are carried at fair value. The following is a listing of those investments as of June 30, 2017:

Investment Type			Maturities (maturity, in years)		
	Fair Value	Less than1	1 to 3	3 to 5	Greater than 5
U.S. Treasury Notes	$ 2,657,417	$ 1,666,102	$ 991,315	$ -	$ -
Government Agencies	105,536	-	105,536	-	-
Asset Backed Securities	2,023,703	866,789	1,156,914	-	-
Corporate Bonds	2,093,955	-	1,832,364	261,591	-
Mortgage Backed Securities	3,885,643	1,626,145	2,259,498	-	-
MM Mutual Fund	87,314	87,314	-	-	-
State of Nevada Local Gov't Investment Pool	65,388	65,388	-	-	-
Total Investments	10,918,956	4,311,738	6,345,627	261,591	-
Total Cash (Carrying Value)	3,434,448	3,434,448	-	-	-
Total Cash and Investments	$ 14,353,404	$ 7,746,186	$ 6,345,627	$ 261,591	$ -

Investment Type			Quality Rating by Standard and Poor's		
	Fair Value	AAA	AA	A	Unrated
U.S. Treasury Notes	$ 2,657,417	$ 2,657,417	$ -	$ -	$ -
Government Agencies	105,536	105,536	-	-	-
Asset Backed Securities	2,023,703	2,023,703	-	-	-
Corporate Bonds	2,093,955	-	-	2,093,955	-
Mortgage Backed Securities	3,885,643	818,151	-	-	3,067,492
MM Mutual Fund	87,314	87,314	-	-	-
State of Nevada Local Gov't Investment Pool	65,388	-	-	-	65,388
Total Investments	$ 10,918,956	$ 5,692,121	$ -	$ 2,093,955	$ 3,132,880
Total Cash (Carrying Value)	3,434,448				
Total Cash and Investments	$ 14,353,404				

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

NOTE 3 – CASH AND INVESTMENTS (continued)

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

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

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

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

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of June 30, 2017, twenty-seven percent (27%) of the City's total investments were in the Federal National Mortgage Association.

NOTE 4 – FAIR VALUE MEASUREMENTS

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2017:

		Fair Value Measurements Using		
Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
U.S. Treasury Notes	$ 2,657,417	$ 2,657,417	$ -	$ -
Government Agencies	105,536	-	105,536	-
Asset Backed Securities	2,023,703	-	2,023,703	-
Corporate Bonds	2,093,955	-	2,093,955	-
Mortgage Backed Securities	3,885,643	-	3,885,643	-
MM Mutual Funds	87,314	87,314	-	-
State of Nevada Local Gov't Investment Pool	65,388	6,683	58,705	-
Total Investments	$ 10,918,956	$ 2,751,414	$8,167,542	$ -

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

NOTE 5 – CAPITAL ASSETS

Capital activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 1,897,677	$ -	$ -	$ 1,897,677
Construction in progress	371,873	1,196,357	74,888	1,493,342
Total capital assets, not being depreciated	2,269,550	-	-	3,391,019
Capital assets being depreciated:				
Buildings and improvements	11,149,878	20,675	-	11,170,553
Improvements other than buildings	20,353,781	74,888	-	20,428,669
Machinery and equipment	3,637,733	233,648	33,682	3,837,699
Total capital assets being depreciated	35,141,392	329,211	33,682	35,436,921
Less accumulated depreciation for:				
Buildings and improvements	4,889,615	217,940	-	5,107,555
Improvements other than buildings	4,219,824	674,634	-	4,894,458
Machinery and equipment	2,030,876	229,944	16,280	2,244,540
Total accumulated depreciation	11,140,315	1,122,518	16,280	12,246,553
Governmental activities capital assets, net	$ 26,270,627	$ 403,050	$ 92,290	$ 26,581,387
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 233,706	$ -	$ -	$ 233,706
Construction in progress	2,891,442	21,822,240	-	24,713,682
Total capital assets, not being depreciated	3,125,148	21,822,240	-	24,947,388
Capital assets being depreciated:				
Buildings and improvements	189,680	-	-	189,680
Improvements other than buildings	7,255,829	-	-	7,255,829
Machinery and equipment	15,550,821	73,008	-	15,623,829
Total capital assets being depreciated	22,996,330	73,008	-	23,069,338
Less accumulated depreciation for:				
Buildings and improvements	67,208	4,710	-	71,918
Improvements other than buildings	990,781	183,404	-	1,174,185
Machinery and equipment	10,562,349	343,133	-	10,905,482
Total accumulated depreciation	11,620,338	531,247	-	12,151,585
Business-type activities capital assets, net	$ 14,501,140	$ 21,364,001	$ -	$ 35,865,141

NOTE 5 – CAPITAL ASSETS (continued)

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

Governmental activities:	
General government	$ 19,555
Public safety	234,361
Public works	600,514
Culture and recreation	268,088
Total depreciation expense – governmental activities	$ 1,122,518
Business-type activities:	
Sewer Fund	$ 177,966
Water Fund	353,281
Total depreciation expense – business-type activities	$ 531,247

During the year, the Sewer fund incurred and capitalized interest costs totaling $51,910 related to the construction phase of the sewer treatment plant.

NOTE 6 – INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of June 30, 2017 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Sewer Fund	$ 10,000
	Water Fund	10,000
Total General Fund		$ 20,000
Sewer Fund	General Fund	$ 556
Water Fund	General Fund	$ 12,534
	Sewer Fund	3
Total Water Fund		$ 12,537

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

The Interfund Receivable in the Capital Improvement Fund in the amount of $3,500,000 is the result of a short-term loan to the Sewer Fund for the construction of the sewer treatment plant. The loan is interest free and was paid off with the proceeds from the second USDA sewer revenue bond issued after June 30, 2017.

NOTE 6 – INTERFUND BALANCES AND TRANSFERS (continued)

Interfund transfers for the year ended June 30, 2017 are as follows:

Transfers From:	Transfers To:	Amount
General Fund	Unemployment Compensation Fund	$ 25,000
Water Fund	General Fund	100,000
Total Transfers		$ 125,000

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

NOTE 7 – COMMITMENTS

As of June 30, 2017 the City had the following commitments outstanding:

Project Description	Commitment Authorization	Project Expended/Retainage	Balance at June 30, 2017
Sewer Treatment Plant	$ 27,687,998	$ 25,886,605	$ 1,801,393
Airport Projects	1,369,555	1,273,732	95,823
Well Project	50,351	23,727	26,624
Water and Sewer Main	711,682	-	711,682
Total Commitments	$ 29,819,586	$ 27,184,064	$ 2,635,522

NOTE 8 – LONG TERM DEBT

The lawful City general obligation bonded debt limit at June 30, 2017, was $61,252,182. In addition, other indebtedness excepting the bond indebtedness, was not to exceed $40,834,788 (NRS 266.600). The City was within these legal limits as shown below.

Long-term liability activity for the year ended June 30, 2017 was as follows:

Governmental Activities:

	Balance June 30, 2016	Additions	Used/ Payments	Balance June 30, 2017	Due Within One Year
Accrued vacation, compensatory and sick pay	$ 262,421	$ 204,903	$ 227,324	$ 240,000	$ 220,872

Business-type Activities:

	Balance June 30, 2016	Additions	Used/ Payments	Balance June 30, 2017	Due Within One Year
Accrued vacation, compensatory and sick pay	$ 37,758	$ 24,651	$ 21,249	$ 41,160	$ 20,412
Sewer revenue bond debt	-	9,165,000	35,252	9,129,748	144,725
Total Business-type Activities	$ 37,758	$ 9,189,651	$ 56,501	$ 9,170,908	$ 165,137

NOTE 8 – LONG TERM DEBT (continued)

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

Two series Sewer Revenue Bonds were authorized on May 24, 2016 in the amounts of $9,165,000 and $9,030,000 respectively, for constructing a new City sewer plant. As of June 30, 2017, the City had drawn $9,165,000 on one of the bonds. Payments in the amount of $29,054 are due monthly at 2.25% interest and will be repaid over a forty-year period from the date of the first draw. The bond matures March 2057. As of June 30, 2017, the City had not drawn any funds on the second bond.

The sewer revenue bond debt service requirements to maturity are as follows:

	Principal	Interest	Total
2018	$ 144,725	$ 203,923	$ 348,648
2019	148,015	200,633	348,648
2020	151,380	197,268	348,648
2021	154,821	193,827	348,648
2022	158,341	190,307	348,648
2023-2027	847,363	895,877	1,743,240
2028-2032	948,159	795,081	1,743,240
2033-2037	1,060,948	682,292	1,743,240
2038-2042	1,187,152	556,088	1,743,240
2043-2047	1,328,369	414,871	1,743,240
2048-2052	1,486,384	256,856	1,743,240
2053-2057	1,514,091	80,555	1,594,646
Total	$9,129,748	$4,667,578	$13,797,326

NOTE 9 – UNEARNED REVENUE

Unearned revenue as of June 30, 2017, consisted of the following:

Federal Grant Revenues:	
General Fund	$ 27,679

NOTE 10 – RISK MANAGEMENT

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

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

The City pays an annual premium and specific deductibles, as necessary, to the Pool for its general insurance coverage. The Pool is considered a self-sustaining risk pool that will provide

NOTE 10 – RISK MANAGEMENT (continued)

liability coverage for its members for up to $10,000,000 per event and a $10,000,000 general aggregate per member. Property, crime and equipment breakdown coverage is provided to its members up to $300,000,000 per loss with various sublimits established for earthquake, flood, equipment breakdown, money and securities.

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

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

NOTE 11 – PENSION PROGRAM

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

Benefits Provided. PERS provides retirement benefits, disability benefits, and survivor benefits, including annual cost of living adjustments, to plan members and their beneficiaries. Benefits, as required by Nevada Revised Statute 286, are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any thirty-six consecutive months with special provisions for members entering the System on or after January 1, 2010.

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

Regular members are eligible for retirement at age sixty-five with five years of service, at age sixty with ten years of service, or at any age with thirty years of service. Regular members

NOTE 11 – PENSION PROGRAM (continued)

entering the System on or after January 1, 2010, are eligible for retirement at age sixty-five with five years of service, age sixty-two with ten years of service, or any age with thirty years of service. Regular members entering the System on or after July 1, 2015 are eligible for retirement at age sixty-five with five years of service, age sixty-two with ten years of service, age fifty-five with thirty years of service or any age with thirty-three and one-third years of service.

Police/Fire members are eligible for retirement at age sixty-five with five years of service, at age fifty-five with ten years of service, at age fifty 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 sixty-five with five years of service, at age sixty with ten years of service, at age fifty with twenty years of service, or at any age with thirty years of service. Only service performed in a position as a police officer or firefighter may be counted towards eligibility for retirement as Police/Fire accredited service.

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

Contributions. 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. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer. The contribution requirements of the City are established by Chapter 286 of the Nevada Revised Statutes. The funding mechanism may only be amended through legislation.

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2017, the City reported a liability of $9,355,411 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. The City's proportion was 0.06952%, as of June 30, 2017.

For the year ended June 30, 2017, the City recognized pension expense of $1,409,746 in governmental activities and $106,110 in business-type activities for total pension expense of $1,515,856. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 11 – PENSION PROGRAM (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,366,6708
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	869,702	1,136,168
Changes in proportion and differences between actual contributions and proportionate share of contributions	44,115	254,311
City contributions subsequent to the measurement date	1,209,875	-
Total	$ 2,123,692	$ 2,757,149

Deferred outflows related to pensions resulting from the City's contributions subsequent to the measurement date in the amount of $1,209,875 will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year	Amount
2017-18	$ (624,434)
2018-19	(624,434)
2019-20	(223,330)
2020-21	(85,933)
2021-22	(211,727)
Thereafter	(73,474)

Actuarial Assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Investment rate of return	8.00%, net of pension plan investment expense, including inflation
Projected salary increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.5% depending on service

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table for non-disabled males and females as appropriate, with adjustments for mortality improvements based on Scale AA. Mortality rates for both disabled regular members and disabled police/fire members were based on the RP-2000 Disabled Retiree Mortality Table projected to 2013 with Scale AA, set forward three years.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the experience review completed in 2013.

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

NOTE 11 – PENSION PROGRAM (continued)

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return*
Domestic equity	42%	5.50%
International equity	18%	5.75%
Domestic fixed income	30%	0.25%
Private markets	10%	6.80%
Total	100%	

*As of June 30, 2016, PERS' long-term inflation assumption was 3.5%.

Discount Rate. The discount rate used to measure the total pension liability was 8.00% as of June 30, 2016. The projection of cash flows used to determine the discount rate assumed employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2016, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2016.

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

	1% Decrease (7.00%)	Current Rate (8.00%)	1% Increase (9.00%)
Net pension liability	$13,713,206	$9,355,411	$5,729,781

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

NOTE 12 – ACCOUNTING CHANGES AND ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) has issued the following Statement which will become effective in future years as shown below:

GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* The objective of Statement 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB) as well as improving the information provided by state and local governments about financial support for OPEB provided by other entities. This statement replaces GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.*

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Net Other Postemployment Benefits Obligation. In fiscal year 2009, the City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.* This statement required the City to calculate and record a net other postemployment benefit obligation. At June 30, 2017, the net other postemployment benefit liability for the City was $834,950. The City finances their liability on the pay-as-you-go basis.

Plan Descriptions. The City administers a single-employer defined benefit healthcare plan, the City of Winnemucca Health Insurance Plan (CWHIP). Additionally, the City contributes to an agent multi-employer defined benefit postemployment healthcare plan, Public Employees' Benefit Plan (PEBP). Each plan provides medical, vision, dental, prescription, and life insurance benefits to eligible retired City employees and beneficiaries.

Benefit provisions for the CWHIP are established pursuant to NRS 287.023 and amended through negotiations between the City and the respective associations. NRS 288.150 assigns authority to establish benefit provisions to the City of Winnemucca Council. The plan provides healthcare insurance for eligible retirees and their beneficiaries through the City's group health insurance plan, which covers both active and retired members. Under NRS 287.023, eligible retirees are able to participate in the plan with blended rates, thereby benefiting from an implicit subsidy. Retirees are required to pay 100% of their premiums under the plan. Eligible retirees are participants in the Nevada Public Employee Retirement System (PERS) and retired from the City at the time of their election to participate. As of June 30, 2017, 3 retirees were using this plan. The CWHIP does not issue a publicly available financial report.

Benefit provisions for the PEBP are administered by the State of Nevada. NRS 287.043 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. City employees who met the eligibility requirements effective September 1, 2008 for retirement within PERS had the option upon retirement to enroll in coverage under the PEBP. NRS 287.023 sunsetted the option to join PEBP for City employees who retired after November 29, 2008. Local governments are required to pay the same portion of cost of coverage for their retirees joining PEBP that the State of Nevada pays for those persons retired from state service who have continued to participate in the plan. As of June 30, 2017, 16 city retirees were utilizing this benefit. The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employee's Benefits Program, 901 South Stewart Street, Suite 1001, Carson City, Nevada, 89701, by calling (775) 684-7000, or by accessing the website at www.pebp.state.nv.us/informed/financial.htm.

Funding Policy and Annual OPEB Cost. For CWHIP, contribution requirements of the plan members and the City are established and may be amended through negotiations between the City and the associations. Retirees pay 100% of the pay-as-you-go premiums based on a blended rate that blends active participants and retirees. The City's contribution requirements for retirees relate to the implicit subsidy that results from using the blended rates and is determined in actuarial studies contracted for by the City. The implicit subsidy as determined by the actuary is $26,185.

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

For the PEBP plan, NRS 287.046 establishes the subsidies to be contributed toward the premium costs of the eligible retired City employees. Plan members receiving benefits have their monthly contribution deducted from their pension checks based on the health plan chosen by the retiree as reduced by the amount of the subsidy, therefore, their contributions are not available. For the plan year ended June 30, 2017, retirees qualify for a subsidy of $22 at five years of service and $184 at 20 years of service with incremental increases for years of service between. Subsidy rates for retirees covered under the Medicare Exchange were $60 at five years of service and $240 at 20 years of service with incremental increases for each year of service between. The contribution requirements of plan members and the City are established and amended by the PEBP board of trustees. As a participating employer, the City is billed for the subsidy on a monthly basis and is legally required under NRS 287.023 to provide for it. For fiscal year 2017, the City contributed $47,516 to the plan for current premiums. The City did not prefund any future benefits.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Due to the nature of long term projections the assumptions give a rough estimate and the exact amounts may never be reached. This can be due to many possible changes, such as; the number of participating retires, new employees, changes in the share of employees enrolled in retirements and mortality.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligations (assets), by plan, for fiscal years 2015 through 2017 were as follows:

	Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
CWHIP	6/30/17	$ 137,288	$ 26,185	19.07%	$ 733,737
CWHIP	6/30/16	$ 129,241	$ 20,097	15.55%	$ 622,634
CWHIP	6/30/15	$ 121,427	$ 15,586	12.84%	$ 513,490
PEBP	6/30/17	$ 61,565	$ 47,516	77.18%	$ 101,219
PEBP	6/30/16	$ 61,582	$ 52,105	84.61%	$ 87,170
PEBP	6/30/15	$ 61,795	$ 43,822	70.92%	$ 77,693
Combined Totals	6/30/17	$ 198,853	$ 73,701		$ 834,956
Combined Totals	6/30/16	$ 190,823	$ 72,202		$ 709,804
Combined Totals	6/30/15	$ 183,222	$ 59,408		$ 591,183

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

The net OPEB obligation (NOPEBO) as of June 30, 2017, was calculated as follows:

	CWHIP	PEBP	Total
Annual required contribution (ARC)	$ 137,127	$ 63,945	$ 201,072
Interest on beginning net OPEB obligation	24,905	3,487	28,392
ARC Adjustment	(24,744)	(5,867)	(30,611)
Annual OPEB cost	137,288	61,565	198,853
Contributions made	(26,185)	(47,516)	(73,701)
Increase (decrease) in net OPEB obligation	111,103	14,049	125,152
Net OPEB obligation (asset), beginning of year	622,634	87,170	709,804
Net OPEB obligation (asset), end of year	$ 733,737	$ 101,219	$ 834,956

Funded Status and Funding Progress. The funded status of the plans as of June 30, 2017, was as follows:

	CWHIP	PEBP	Total
Accrued actuarial liability (a)	$ 1,001,308	$969,093	$ 1,970,401
Actuarial value of plan assets (b)	-	-	-
Unfunded actuarial accrued liability (a-b)	$ 1,001,308	$ 969,093	$ 1,970,401
Funded ratio (b) / (a)	0.00%	0.00%	0.00%
Covered payroll (c)	$2,701,954	N/A	
Unfunded actuarial accrued liability as a A percentage of covered payroll ([(a) – (b)] / (c))	37.1%	N/A	

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect 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.

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Significant methods and assumptions used in the January 1, 2014 actuarial valuation were as follows:

	CWHIP	PEBP
Actuarial valuation date	01/01/14	01/01/14
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method	Level % of Pay	Level Dollar
Amortization period (open and closed)	30 years	25 years
Asset valuation method	Market value	Market value
Actuarial Assumptions:		
Investment rate of return	4.00%	4.00%
Projected salary increases	4.00%	4.00%
Health care inflation rate*	7.00%	7.00%
*Decreasing 0.5% each year until ultimate trend rate of 5.0% is reached		

NOTE 14 – SUBSEQUENT EVENTS

The City adopted an ordinance to authorize issuance of City Sewer Revenue Bond Series 2017B in the principal amount of $9,030,000 to help finance the sewer treatment plant. The City entered into several construction type contracts subsequent to June 30, 2017 totaling $2,699,845 and approved grant proceeds from the FAA in the amount of $1,749,643 to help offset construction costs at the airport. The City also approved a change order request in the amount of $363,790 for the sewer treatment plant.

CITY OF WINNEMUCCA
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

Postemployment Benefits Other Than Pensions
Schedule of Funding Progress

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age Normal Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
PEBP	01/01/08	-	$1,578,378	$1,578,378	-	N/A	N/A
PEBP	01/01/11	-	$1,006,007	$1,006,007	-	N/A	N/A
PEBP	01/01/14	-	$1,007,603	$1,007,603	-	N/A	N/A
CWHIP	01/01/08	-	$ 379,412	$ 379,412	-	$2,204,337	17.21%
CWHIP	01/01/11	-	$ 811,488	$ 811,488	-	$2,204,337	36.81%
CWHIP	01/01/14	-	$ 785,608	$ 785,608	-	$2,877,669	27.30%

*Prospective implementation as of June 30, 2010

CITY OF WINNEMUCCA
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios
Public Employees Retirement System of Nevada

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2017	0.06952%	$9,355,412	$3,611,510	259.1%	~
6/30/2016	0.07174%	$8,220,586	$3,555,533	231.2%	72.23%
6/30/2015	0.07329%	$7,638,581	$3,499,771	218.2%	75.13%
6/30/2014	0.07287%	$9,637,904	$3,509,617	274.7%	76.31%

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

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

~ Information not yet available.

CITY OF WINNEMUCCA
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

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

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess / (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/2017	$1,202,049	$1,202,049	-	$3,611,510	33.2%
6/30/2016	$1,181,651	$1,181,651	-	$3,555,533	33.2%
6/30/2015	$1,107,104	$1,107,104	-	$3,499,771	31.6%

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

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

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

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

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

CITY OF WINNEMUCCA
SCHEDULE OF FEES IMPOSED SUBJECT TO THE PROVISIONS OF NRS 354.5989
LIMITATION OF FEES FOR BUSINESS LICENSES
FOR THE YEAR ENDED JUNE 30, 2017

Flat Fixed Fees:		
Adjusted base, June 30, 2016		$649,802
Adjusted to Base:		
Base year adjusted		
1. Percentage increase (decrease) in population of local government	-2.98%	
2. Percentage increase in the Consumer Price Index for the year ending on December 31, next preceding the year for which the limit is being calculated	2.07%	
		-0.91%
		(5,911)
Adjusted Base at June 30, 2017		643,891
Actual Revenue (Net of Amounts not Subject to Limitation)		243,635
Amount (Over) Under Allowable Amount		$400,256