



BOULDER CITY, NEVADA

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

FOR THE FISCAL YEAR ENDED

JUNE 30, 2017

CITY OF BOULDER CITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
JUNE 30, 2017**

**PREPARED BY
DEPARTMENT OF FINANCE
DOUGLAS HONEY
ACTING FINANCE DIRECTOR**

CITY OF BOULDER CITY

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INTRODUCTORY SECTION



November 30, 2017

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

Nevada Revised Statute (NRS) 354.624 requires the City of Boulder City (the City) to submit a "complete set" of financial statements prepared in accordance with accounting principles generally accepted in the United States (GAAP) and audited by a firm of independent certified public accountants in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Pursuant to that requirement, the comprehensive annual financial report for the City as of and for the year ended June 30, 2017, is hereby submitted.

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

The City's financial statements have been audited by Piercy Bowler Taylor & Kern, Certified Public Accountants and Business Advisors. The goal of the independent audit was to provide reasonable assurance that the City's basic financial statements as of and for the year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's basic financial statements as of and for the year ended June 30, 2017, are fairly presented in conformity with GAAP. The Independent Auditors' Report on Financial Statements and Supplementary Information is presented as the first component of the financial section of this report. In addition, the Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* is presented as the last component of the financial section of this report.

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

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

"Clean Green Boulder City"

Profile of the City

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

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

The City's present population of 16,298 offers a quiet, small town atmosphere. The City prides itself on its low crime rate and high quality police and fire protection, and recreational facilities, which include a year-round swimming pool and recreation complexes that offer City residents a full range of recreational activities.

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

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

Renewable energy and green technology are development niches that are consistent with Boulder City's culture. This development strategy appears to have panned out, and Boulder City has approximately 8,000 acres of City-owned land under lease for renewable energy generation. These new revenues have enabled the City to weather the worst economic decline in the City's history. In 2012, the City saw an increase in the revenue generated from these land leases, providing a unique opportunity for the City to set the stage for financial sustainability long into the future. A portion of the new lease revenues are being set aside in a restricted reserve account. There are specific milestones that must be met prior to the

beginning of full operation of the related solar facilities. Until these milestones have been completed, some or all of the payments may be refundable. Once the milestones have been met, the related reserves will be transferred to unrestricted reserves and will be available for use.

Using a portion of the lease revenue, the City plans to reduce current debt balances by 65% over the next ten years. With a plan in place that focuses on debt reduction and the establishment of reserves, program fund balances will be restored and budget stability will be attained. The five year plan is effective for fiscal year 2014 and will be reviewed annually and revised as needed to ensure sustainability going forward.

The plan adopted by City Council is consistent with the vision and goals of the community and the City's Strategic Plan, which was adopted in November 2012.

Factors Affecting Financial Condition

Local Economy

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

The 2016 population estimate for Clark County (the County) is 2.2 million, compared to the State's population of more than 2.9 million. The County is the most populous of Nevada's 17 counties. The City's rate of growth is expected to continue at less than 2 percent per year as set out in the City's controlled growth ordinance. Although Southern Nevada's economy continues to be impacted by the national and world-wide economic issues, there are signs that these economic issues are beginning to turn around. Tourism continues to rise, albeit slower than in the past, foreclosures are decreasing, and consumers are showing more optimism. Consolidated tax revenues have continued to rise over the prior year. Overall revenues this past year are rebounding and are predicted to continue to slowly increase going forward.

Long-term Financial Planning

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

Future issues requiring management's attention include the concern over labor costs, which are driven primarily by the Las Vegas metro labor market. Although Boulder City's labor costs are less than the surrounding Las Vegas area, they nevertheless are significant for a small city. The City can no longer sustain employee wage schedules that are combined with high benefit packages. The City has completed negotiations with all collective bargaining units providing for contracts through fiscal year 2018 except for the fire fighters union.

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

The Interstate 11 project has begun as a result of the passage of a graduated increase in the gasoline tax in Clark County. This new road will bypass downtown, allowing truck traffic to move more efficiently, reducing the numerous backups that have occurred since the opening of the Hoover Dam bypass bridge.

Renewable Energy Project lease revenues are a crucial component of reducing the City's dependence upon the State's tax-based revenue structure and achieving the goal of long-term sustainability. These funds can help provide essential services. For fiscal year 2018, the total lease revenues are budgeted to be \$13.2 million.

Cash Management

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

Debt Management

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

Risk Management

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

Pension and Other Post Retirement Benefits

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its fiscal 2016 Comprehensive Annual Financial Report (CAFR). This was the 26th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements

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

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

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

Respectfully submitted,



Douglas Honey
Acting Finance Director

CITY OF BOULDER CITY

PRINCIPAL OFFICIALS

FOR THE YEAR ENDED JUNE 30, 2017

Mayor and City Council

Rod Woodbury, Mayor

Peggy Leavitt, Mayor Pro Tem / Councilwoman

Rich Shuman, Councilman

Kiernan McManus, Councilman

Warren Harhay, Councilman

City Officials

Scott Hansen, Acting City Manager

Lorene Krumm, City Clerk

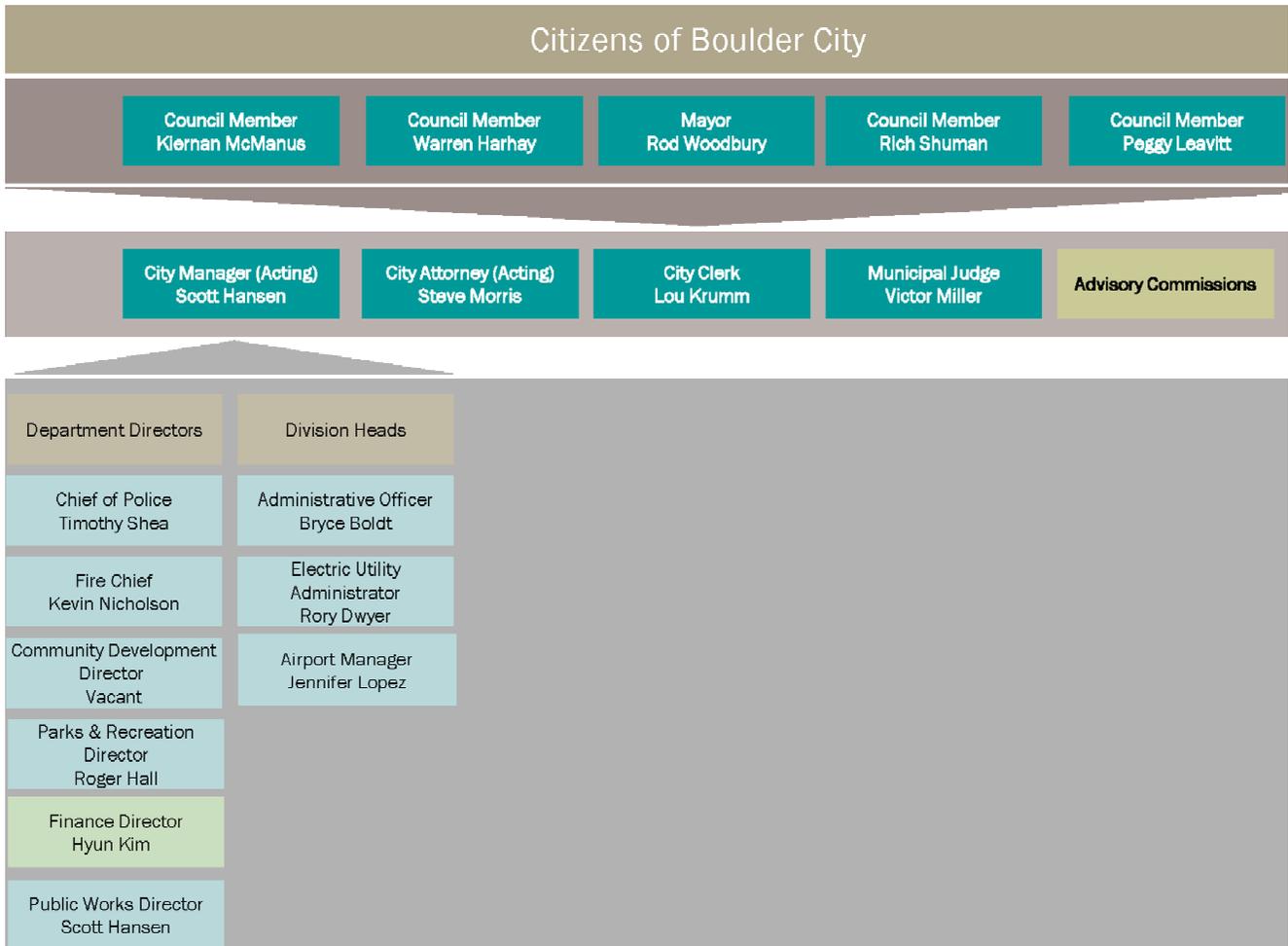
Steve Morris, Acting City Attorney

Hyun Kim, Finance Director

CITY OF BOULDER CITY

ORGANIZATION CHART

FOR THE YEAR ENDED JUNE 30, 2017





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Boulder City
Nevada**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Members of the City Council
City of Boulder City, Nevada

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Boulder City (the City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Management's Responsibility for the Financial Statements. Management is responsible for the preparation and fair presentation of the basic 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 basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility. Our responsibility is to express an opinion on the basic 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 basic financial statements are free from material misstatement.

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

Opinion. In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, postemployment benefits other than pensions, schedule of funding

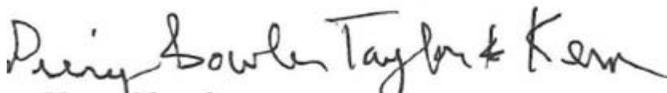
progress, proportionate share of the collective net pension liability information, proportionate share of statutorily required pension contribution information and budgetary comparison information on pages 11-18 and 59-67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information. Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, other supplementary information, as listed in the table of contents, statistical section and schedule of business license fees are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 other supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, statistical section and schedule of business license fees have 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 30, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Las Vegas, Nevada
November 30, 2017

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

CITY OF BOULDER CITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED June 30, 2017

As management of the City of Boulder City (the City), we offer readers of the financial report this narrative overview and analysis of the financial activities of the City as of and for the fiscal year ended June 30, 2017.

Financial Highlights

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$153,511,486 (net position). Of this amount, \$17,838,794 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors. However due to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), the City has negative unrestricted net assets in the Governmental Activities of \$3,905,277. GASB 68 requires the City to record its estimated proportionate share of the collective net pension liability of the Public Employees Retirement System (PERS) and related deferred inflows and outflows. Although GASB 68 requires the City to recognize a liability for its proportionate share of the unfunded PERS net pension liability, the Nevada Revised Statutes specify that respective participating public employers are not liable for any obligation of PERS.

The City's total net position increased by approximately 5.48% (\$7,972,921), primarily due to an increase in charges for services revenue and solar lease revenue.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$24,886,042, an increase of 15.52% in comparison with the prior year primarily due to an increase in charges for services revenue and solar lease revenue.

At the end of the current fiscal year, fund balance for the general fund, was \$16,787,611, 55.36% of the total fiscal year 2017 general fund expenditures.

The City's total liabilities increased by approximately 2.70% (\$1,948,604), due primarily to the City's proportionate share of the PERS net pension liability increasing by \$2,409,484. This was offset by the current year payments on the utility revenue bonds in the amount of \$1,160,680.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

(Continued)

CITY OF BOULDER CITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED June 30, 2017

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City, which are principally supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, judicial, public safety, public works, culture and recreation, and community support. The business-type activities of the City include utility, aviation and cemetery enterprise funds.

The government-wide financial statements can be found on pages 19-22 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain accounting control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories, governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

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

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

The basic governmental fund financial statements can be found on pages 23-26 of this report.

Proprietary Funds

The City maintains three enterprise funds, which are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its utility, aviation and cemetery activities.

(Continued)

CITY OF BOULDER CITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED June 30, 2017

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the utility operations and aviation which are considered to be major funds of the City. The cemetery fund is the City's only non-major proprietary fund.

The basic proprietary fund financial statements can be found on pages 27-30 of this report.

Notes to Basic Financial Statements

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

The notes to the basic financial statements can be found on pages 31-60 of this report.

Other Information

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

The required supplementary information can be found on pages 61-64 of this report.

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

The combining and individual fund statements and schedules can be found on pages 65-83 of this report.

Government-wide Financial Analysis

As noted above, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the City's net position was \$153,511,486.

Approximately 83% of the City's net position is invested in capital assets (land, buildings, improvements other than buildings, machinery, equipment and furniture, utility delivery systems, and infrastructure); less any related debt used to acquire these assets, which are used to provide services to citizens. Consequently, this classification of net position is not available for future spending. Nevertheless, it should be noted, that the resources needed to repay the debt associated with these capital assets must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF BOULDER CITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED June 30, 2017

Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
		(Restated)		(Restated)		(Restated)
Assets						
Current, restricted and other	\$ 30,954,296	\$ 27,242,523	\$ 36,347,626	\$ 33,857,125	\$ 67,301,922	\$ 61,099,648
Capital	82,927,648	83,059,489	72,135,790	70,493,777	155,063,438	153,553,266
Total assets	<u>113,881,944</u>	<u>110,302,012</u>	<u>108,483,416</u>	<u>104,350,902</u>	<u>222,365,360</u>	<u>214,652,914</u>
Deferred outflows of resources	7,570,336	5,484,964	1,849,366	1,294,770	9,419,702	6,779,734
Liabilities						
Current	6,042,285	5,676,938	3,019,772	2,748,368	9,062,057	8,425,306
Long-term	28,130,771	26,439,544	37,015,560	37,394,934	65,146,331	63,834,478
Total liabilities	<u>34,173,056</u>	<u>32,116,482</u>	<u>40,035,332</u>	<u>40,143,302</u>	<u>74,208,388</u>	<u>72,259,784</u>
Deferred inflows of resources	3,267,071	2,940,233	798,117	694,066	4,065,188	3,634,299
Net position						
Net investment in capital assets	82,827,547	82,718,994	44,639,671	41,927,972	127,467,218	124,646,966
Restricted	5,089,883	7,259,615	3,115,591	2,721,266	8,205,474	9,980,881
Unrestricted	(3,905,277)	(9,248,348)	21,744,071	20,159,066	17,838,794	10,910,718
Total net position	<u>\$ 84,012,153</u>	<u>\$ 80,730,261</u>	<u>\$ 69,499,333</u>	<u>\$ 64,808,304</u>	<u>\$ 153,511,486</u>	<u>\$ 145,538,565</u>

Summary Statement of Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
		Restated		Restated		Restated
Revenues						
Program revenues						
Charges for services	\$ 6,147,670	\$ 8,281,233	\$ 27,591,886	\$ 23,523,603	\$ 33,739,556	\$ 31,804,836
Operating grants and contributions	1,772,302	2,742,878			1,772,302	2,742,878
Capital grants and contributions	1,337	270,538	1,720,788	1,808,811	1,722,125	2,079,349
General revenues						
Property taxes	3,441,306	2,990,090			3,441,306	2,990,090
Unrestricted intergovernmental revenue	10,517,764	9,972,510			10,517,764	9,972,510
Room taxes	527,055	534,641			527,055	534,641
Other taxes	381,533	381,179	780,717	742,012	1,162,250	1,123,191
Rents and royalties	11,410,159	10,121,381			11,410,159	10,121,381
Unrestricted investment income	11,745	173,586	4,666	166,465	16,411	340,051
Miscellaneous	443,664	404,781	14,234	7,390	457,898	412,171
Total revenues	<u>34,654,535</u>	<u>35,872,817</u>	<u>30,112,291</u>	<u>26,248,281</u>	<u>64,766,826</u>	<u>62,121,098</u>

(Continued)

CITY OF BOULDER CITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED June 30, 2017

Summary Statement of Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
		Restated		Restated		Restated
Expenses						
General government	\$ 4,824,903	\$ 4,638,975	\$	\$	\$ 4,824,903	\$ 4,638,975
Public safety	11,662,107	10,889,950			11,662,107	10,889,950
Judicial	960,336	1,044,147			960,336	1,044,147
Public works	6,741,519	6,224,723			6,741,519	6,224,723
Culture and recreation	6,907,586	7,246,987			6,907,586	7,246,987
Community support	735,096	848,110			735,096	848,110
Interest and fiscal charges		300,376				300,376
Utility			23,765,304	23,610,144	23,765,304	23,610,144
Aviation			1,151,359	1,157,073	1,151,359	1,157,073
Cemetery			45,695	52,488	45,695	52,488
Total expenses	<u>31,831,547</u>	<u>31,193,268</u>	<u>24,962,358</u>	<u>24,819,705</u>	<u>56,793,905</u>	<u>56,012,973</u>
Transfers	<u>458,904</u>	<u>(2,738,070)</u>	<u>(458,904)</u>	<u>2,738,070</u>		
Change in net position	3,281,892	1,941,479	4,691,029	4,166,646	7,972,921	6,108,125
Net position, beginning of year	<u>80,730,261</u>	<u>78,788,782</u>	<u>64,808,304</u>	<u>60,641,658</u>	<u>145,538,565</u>	<u>139,430,440</u>
Net position, end of year	<u>\$ 84,012,153</u>	<u>\$ 80,730,261</u>	<u>\$ 69,499,333</u>	<u>\$ 64,808,304</u>	<u>\$ 153,511,486</u>	<u>\$ 145,538,565</u>

Governmental Activities

Governmental activities increased the City's net position by \$3,281,892 (4%) in fiscal year 2017 compared to \$1,941,479 (2%) in fiscal year 2016. Key elements of this increase compared to the prior year are as follows:

Charges for services decreased by \$2,133,563 (25.76%), primarily due to a one-time increase in Licenses and Permits fees associated with construction of solar facilities in the City's energy zone in fiscal year 2016.

Operating and capital grants and contributions decreased by \$1,239,777 (41.14%) during the year, due to flood control expenditures related to the North Railroad Conveyance project and other expenditures related to the I-11 Utility Crossings project in fiscal year 2016.

Unrestricted intergovernmental revenue increased \$545,254 (5%) due to a state-wide increase in sales tax revenue compared to fiscal year 2016.

Rents and royalties revenues increased \$1,288,788 (13%) due primarily to lease payments related to three new lease agreements in fiscal year 2017; Sempra Copper Mountain 4, Boulder Solar Power Phase I, and Boulder Solar Power Phase II.

Total expenses increased \$638,279 (2%). This increase can be attributed to normal fluctuation in day to day operational costs.

(Continued)

CITY OF BOULDER CITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED June 30, 2017

Business-type Activities

Business-type activities increased the City's net position by approximately \$4,691,029 (7%) in fiscal year 2017 compared to \$4,166,646 (6%) in 2016. Key elements of this increase compared to the prior year are as follows:

Charges for services increased \$4,068,283 (17%) due to an increase in monthly service charges and usage rates for sewer, water, and electricity.

Capital grants and contributions decreased by \$88,023 (5%) due to fewer FAA projects in fiscal year 2017 compared to fiscal year 2016.

Operating expenses increased by \$142,653 (1%) This increase can be attributed to normal fluctuation in day to day operational costs.

Financial Analysis of the City's Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, 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.

The City's governmental funds change in fund balance was \$3,343,946, a decrease of \$110,442 (3.2%) in comparison to fiscal year 2016. The decrease was primarily due to a decrease in licenses and permits revenue.

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 \$16,787,611. The ending cash balance in the general fund is \$14,155,617.

The aggregate non-major funds have a combined total fund balance of \$8,098,431 all of which is either restricted, committed or assigned for capital improvement projects, court and other judicial programs, public safety programs and parks and recreation programs. The change in fund balance during the current year in the aggregate non-major funds was \$1,938,848, a \$3,597,189 increase (217%) compared to fiscal year 2016.

Proprietary funds

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

At June 30, 2017, unrestricted net position amounted to \$20,510,095 for the utility fund, \$923,059 for the aviation fund and \$310,917 for the aggregate non-major (Cemetery) fund.

(Continued)

CITY OF BOULDER CITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED June 30, 2017

General Fund Budgetary Highlights

During the year, revenues were lower than the final budgetary estimate by \$1,120,007 (3.5%), due primarily to intergovernmental revenue decreasing more than expected. The expenditures were more than the final budgetary estimate by \$3,655,306 (approximately 14%).

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2017, the City's investment in capital assets (net of accumulated depreciation), amounts to \$155,063,438. This investment in capital assets includes land, buildings, improvements other than buildings, machinery, equipment and furniture, utility delivery systems, infrastructure and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was \$1,510,172 (1%), which is due primarily to current year depreciation offset by current year additions. Major capital asset events during the current fiscal year included the following:

Construction in progress increased by \$1,973,467 over the prior fiscal year. The primary reason for the increase is due to Boulder City Parkway improvements and electrical infrastructure improvements, which is offset by the capitalization of some completed projects.

Improvements other than buildings increased by \$1,717,988 primarily due to the capitalization of construction in progress, which is offset by depreciation.

Infrastructure decreased \$1,655,089 is due to normal depreciation without any increases during the year.

Depreciation expense for the fiscal year was \$7,593,062.

Capital assets at year-end were as follows:

Capital Assets, Net of Accumulated Depreciation and Amortization

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Construction in progress	\$ 3,505,578	\$ 2,358,575	\$ 2,723,014	\$ 1,896,550	\$ 6,228,592	\$ 4,255,125
Land	28,529,138	28,529,138	606,375	606,375	29,135,513	29,135,513
Buildings and building improvements	7,432,642	7,489,570	102,472	116,589	7,535,114	7,606,159
Improvements other than buildings	19,768,399	19,039,336	17,999,040	17,010,115	37,767,439	36,049,451
Infrastructure	20,592,923	22,248,012			20,592,923	22,248,012
Machinery, equipment and furniture	3,098,968	3,394,858	1,252,381	1,117,863	4,351,349	4,512,721
Utility delivery systems			49,452,508	49,746,285	49,452,508	49,746,285
	<u>\$ 82,927,648</u>	<u>\$ 83,059,489</u>	<u>\$ 72,135,790</u>	<u>\$ 70,493,777</u>	<u>\$ 155,063,438</u>	<u>\$ 153,553,266</u>

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

(Continued)

CITY OF BOULDER CITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED June 30, 2017

Long-term Debt

At June 30, 2017, the City had total debt outstanding of \$27,611,782, of which \$27,511,681 is secured by specified revenue sources (revenue bonds) and \$100,101 is secured by specific capital assets.

Summary of Long-term Liabilities Outstanding

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Unamortized premium	\$	\$	\$ 196,681	\$ 207,361	\$ 196,681	\$ 207,361
Capital lease obligations	100,101	340,495			100,101	340,495
Revenue bonds			27,315,000	28,185,000	27,315,000	28,185,000
	<u>\$ 100,101</u>	<u>\$ 340,495</u>	<u>\$ 27,511,681</u>	<u>\$ 28,392,361</u>	<u>\$ 27,611,782</u>	<u>\$ 28,732,856</u>

State statutes limit the amount of general obligation debt the City may issue to 30% of its total assessed valuation. The current debt limitation for the City is \$222,562,679, which is significantly in excess of the City's outstanding general obligation debt.

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

Economic Factors and Next Year's Budgets and Rates

In 2005, the Nevada State Legislature passed a law to provide property tax relief to all citizens. Assembly Bill 489 was signed into law on April 6, 2005 and provides a partial abatement of taxes by applying a 3% cap on the increase in the tax bill for the owner's primary residence (single family house, townhouse, condominium or manufactured home.) Only one property may be selected in the State of Nevada as a primary residence. Some rental dwellings that meet the low-income rent limits may also qualify for a 3% cap on the tax bill. An 8% cap will also apply to vacant land, commercial buildings, business personal property, aircraft, etc. Property tax revenue is approximately 6% of the general fund revenue budget.

Unrestricted intergovernmental revenue appears to be trending upward, while other revenues are stabilizing at slightly lower levels. Land lease payments increased over the previous year and now comprise approximately 31% of general fund revenues.

Utility rate increases, that were approved as part of the FY 2017 budget process, went into effect on October 1, 2016. These increases are for electric, water and wastewater rates and were based upon a rate study performed by EES Consulting. This study developed a ten year expense and revenue forecast for each utility and demonstrated the need for a rate increase in order for the City to achieve its goal of financial sustainability within the utility fund.

All of these factors were considered in preparing the City's budget for the 2018 fiscal year.

Requests for Information

The accompanying financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Department, 401 California Avenue, Boulder City, Nevada 89005.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

CITY OF BOULDER CITY

STATEMENT OF NET POSITION

JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, cash equivalents and investments, unrestricted	\$ 24,456,838	\$ 18,993,095	\$ 43,449,933
Cash, cash equivalents and investments, restricted	900,500	6,123,071	7,023,571
Accounts receivable	2,967,162	3,448,367	6,415,529
Taxes receivable	41,462		41,462
Due from other governments	2,108,594	66,952	2,175,546
Inventories	71,183		71,183
Prepaid items	188,283		188,283
Prepaid water commodity surcharge		7,936,415	7,936,415
Internal balances	220,274	(220,274)	
Capital assets, net of accumulated depreciation and amortization			
Construction in progress	3,505,578	2,723,014	6,228,592
Land	28,529,138	606,375	29,135,513
Buildings and building improvements	7,432,642	102,472	7,535,114
Improvements other than buildings	19,768,399	17,999,040	37,767,439
Infrastructure	20,592,923		20,592,923
Machinery, equipment and furniture	3,098,968	1,252,381	4,351,349
Utility delivery systems		49,452,508	49,452,508
Total assets	113,881,944	108,483,416	222,365,360
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	7,570,336	1,849,366	9,419,702
LIABILITIES			
Accounts payable	924,738	2,142,962	3,067,700
Accrued expenses	1,352,284	312,008	1,664,292
Due to other governments	24,323	8,809	33,132
Customer deposits	29,955	160,993	190,948
Unearned revenue	3,710,985		3,710,985
Interest payable		395,000	395,000
Long-term liabilities, due within one year			
Compensated absences	863,086	222,040	1,085,126
Bonds payable		1,150,000	1,150,000
Capital leases	100,101		100,101
Long-term liabilities, due in more than one year			
Compensated absences	2,614,838	447,649	3,062,487
Postemployment benefits other than pensions	41,808		41,808
Net pension liability	24,510,938	5,987,803	30,498,741
Bonds payable, net of unamortized premiums and deferred refunding charges		26,361,681	26,361,681
Landfill closure and post-closure care		2,846,387	2,846,387
Total liabilities	34,173,056	40,035,332	74,208,388
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pensions	3,267,071	798,117	4,065,188

(Continued)

See notes to basic financial statements.

CITY OF BOULDER CITY

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
NET POSITION			
Net investment in capital assets	82,827,547	44,639,671	127,467,218
Restricted for			
Stabilization and other general programs	9,511		9,511
Courts and other judicial programs	522,968		522,968
Fire, police and other public safety programs	318,076		318,076
Parks, cultural and recreational programs	115,547		115,547
Capital improvement projects	4,123,781	850,000	4,973,781
Rate stabilization		736,778	736,778
Redevelopment Agency utility		792,630	792,630
Landfill closure/post-closure		470,886	470,886
Perpetual care, nonexpendable		265,297	265,297
Unrestricted	(3,905,277)	21,744,071	17,838,794
Total net position	\$ 84,012,153	\$ 69,499,333	\$ 153,511,486

See notes to basic financial statements.

CITY OF BOULDER CITY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

FUNCTION/PROGRAM	Program Revenues				Net (Expenses) Revenues and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 4,824,903	\$ 1,318,149	\$ 257,793	\$ 1,337	\$ (3,247,624)		\$ (3,247,624)
Public safety	11,662,107	808,175			(10,853,932)		(10,853,932)
Judicial	960,336	478,819			(481,517)		(481,517)
Public works	6,741,519		1,407,926		(5,333,593)		(5,333,593)
Culture and recreation	6,907,586	3,451,945	106,583		(3,349,058)		(3,349,058)
Community support	735,096	90,582			(644,514)		(644,514)
Debt service							
Total governmental activities	<u>31,831,547</u>	<u>6,147,670</u>	<u>1,772,302</u>	<u>1,337</u>	<u>(23,910,238)</u>		<u>(23,910,238)</u>
Business-type activities							
Utility	23,765,304	26,652,281				2,886,977	2,886,977
Aviation	1,151,359	751,807		1,720,788		1,321,236	1,321,236
Cemetery	45,695	187,798				142,103	142,103
Total business-type activities	<u>24,962,358</u>	<u>27,591,886</u>		<u>1,720,788</u>		<u>4,350,316</u>	<u>4,350,316</u>
Total function/program	<u>\$ 56,793,905</u>	<u>\$ 33,739,556</u>	<u>\$ 1,772,302</u>	<u>\$ 1,722,125</u>	<u>(23,910,238)</u>	<u>4,350,316</u>	<u>(19,559,922)</u>
GENERAL REVENUES							
Property taxes					3,441,306		3,441,306
Unrestricted intergovernmental revenue					10,517,764		10,517,764
Room taxes					527,055		527,055
Other taxes					381,533	780,717	1,162,250
Rents and royalties					11,410,159		11,410,159
Unrestricted investment income					11,745	4,666	16,411
Miscellaneous					443,664	14,234	457,898
Total general revenues					<u>26,733,226</u>	<u>799,617</u>	<u>27,532,843</u>
Transfers					<u>458,904</u>	<u>(458,904)</u>	

(Continued)

See notes to basic financial statements.

CITY OF BOULDER CITY
STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

	Program Revenues			Net (Expenses) Revenues and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
CHANGE IN NET POSITION					3,281,892	4,691,029	7,972,921
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED					80,541,978	64,393,307	144,935,285
Adjustment					188,283	414,997	603,280
NET POSITION BEGINNING OF YEAR, AS ADJUSTED					80,730,261	64,808,304	145,538,565
NET POSITION, END OF YEAR					\$ 84,012,153	\$ 69,499,333	\$ 153,511,486

See notes to basic financial statements.

FUND FINANCIAL STATEMENTS

CITY OF BOULDER CITY

GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2017

	General Fund	Aggregate Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash, cash equivalents and investments	\$ 14,155,617	\$ 10,301,221	\$ 24,456,838
Cash, cash equivalents and investments, restricted	900,500		900,500
Accounts receivable	2,593,436	373,726	2,967,162
Taxes receivable	15,570	25,892	41,462
Due from other governments	1,881,660	226,934	2,108,594
Due from other funds	414,389		414,389
Inventories	71,183		71,183
Prepaid items	188,283		188,283
	<u>\$ 20,220,638</u>	<u>\$ 10,927,773</u>	<u>\$ 31,148,411</u>
Total assets			
LIABILITIES			
Accounts payable	\$ 664,972	\$ 259,766	\$ 924,738
Accrued expenses	1,266,050	86,234	1,352,284
Customer deposits	29,955		29,955
Due to other governments	24,323		24,323
Due to other funds		194,115	194,115
Unearned revenue	1,435,968	2,275,017	3,710,985
	<u>3,421,268</u>	<u>2,815,132</u>	<u>6,236,400</u>
Total liabilities			
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	11,759	14,210	25,969
	<u>11,759</u>	<u>14,210</u>	<u>25,969</u>
DEFERRED INFLOWS OF RESOURCES			
FUND BALANCES			
Nonspendable			
Prepaid items	188,283		188,283
Inventories	71,183		71,183
Restricted for			
Courts and other judicial programs		504,284	504,284
Fire, police and other public safety programs		478,234	478,234
Parks, cultural and recreational programs		5,669	5,669
Capital improvement projects		5,727,903	5,727,903
Committed to			
Courts and other judicial programs		18,684	18,684
Capital improvement projects		1,008,343	1,008,343
Assigned to			
Stabilization and other general programs		9,511	9,511
Fire, police and other public safety programs		57,888	57,888
Parks, cultural and recreational programs		111,878	111,878
Capital improvement projects		176,037	176,037
Unassigned	16,528,145		16,528,145
	<u>16,528,145</u>		<u>16,528,145</u>
Total fund balances	<u>16,787,611</u>	<u>8,098,431</u>	<u>24,886,042</u>
Total liabilities and fund balances	<u>\$ 20,220,638</u>	<u>\$ 10,927,773</u>	<u>\$ 31,148,411</u>

See notes to basic financial statements.

CITY OF BOULDER CITY

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES JUNE 30, 2017

FUND BALANCE, GOVERNMENTAL FUNDS		\$	24,886,042
Amounts reported in the statement of net position are different because:			
Capital assets used in governmental activities are not current financial resources; and therefore, are not reported in governmental funds:			
Capital assets		\$	171,598,034
Less accumulated depreciation			<u>(88,670,386)</u>
			82,927,648
Long-term liabilities, including bonds payable are not due and payable in the current period; and therefore, are not reported in governmental funds:			
Postemployment benefits other than pensions			(41,808)
Compensated absences			(3,477,924)
Capital lease obligations			(100,101)
Deferred outflows related to pensions			7,570,336
Net pension liability			(24,510,938)
Deferred inflows related to pensions			<u>(3,267,071)</u>
			(23,827,506)
Unearned revenue represents amounts that were not available to fund current expenditures; and therefore, are not reported in governmental funds:			
Unearned revenue			<u>25,969</u>
			<u>25,969</u>
NET POSITION, GOVERNMENTAL ACTIVITIES		\$	<u><u>84,012,153</u></u>

See notes to basic financial statements.

CITY OF BOULDER CITY

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Aggregate Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 1,835,050	\$ 1,536,853	\$ 3,371,903
Room tax	527,055		527,055
Franchise fees	765,079		765,079
Licenses and permits	553,070		553,070
Charges for services	4,239,094	106,583	4,345,677
Intergovernmental	12,633,276		12,633,276
Fines and forfeitures	354,790	124,029	478,819
Rents and royalties	9,292,586	2,175,340	11,467,926
Investment income	3,747	7,998	11,745
Miscellaneous	362,798	134,707	497,505
Total revenues	30,566,545	4,085,510	34,652,055
EXPENDITURES			
Current			
General government	4,485,594	659	4,486,253
Public safety	10,140,509	739,631	10,880,140
Judicial	637,058	153,695	790,753
Public works	4,649,642		4,649,642
Culture and recreation	5,485,265	43,528	5,528,793
Community support	648,683	343,002	991,685
Total current	26,046,751	1,280,515	27,327,266
Capital outlay			
Public safety	359,474		359,474
Judicial	4,276		4,276
Public works	3,115,451	312,968	3,428,419
Culture and recreation	558,326		558,326
Total capital outlay	4,037,527	312,968	4,350,495
Debt service			
Principal payments	240,394		240,394
Total expenditures	30,324,672	1,593,483	31,918,155
EXCESS OF REVENUES OVER EXPENDITURES	241,873	2,492,027	2,733,900
OTHER FINANCING SOURCES (USES)			
Proceeds from capital asset disposal	54,321	96,821	151,142
Transfers in	1,108,904		1,108,904
Transfers out		(650,000)	(650,000)
Total other financing sources (uses)	1,163,225	(553,179)	610,046
CHANGE IN FUND BALANCE	1,405,098	1,938,848	3,343,946
FUND BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	15,194,230	6,159,583	21,353,813
Adjustment	188,283		188,283
FUND BALANCE, BEGINNING OF YEAR, AS ADJUSTED	15,382,513	6,159,583	21,542,096
FUND BALANCE, END OF YEAR	\$ 16,787,611	\$ 8,098,431	\$ 24,886,042

See notes to basic financial statements.

CITY OF BOULDER CITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2017

CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS	\$	3,343,946
<p>Amounts reported in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is capitalized and depreciated over their estimated useful lives:</p>		
Expenditures for capital assets	\$	4,350,495
Less current year depreciation		(4,434,275)
Gain (loss) on disposal of capital assets		<u>(48,061)</u>
		(131,841)
<p>Revenues in the statement of activities, which do not provide current financial resources are not reported as revenues in governmental funds:</p>		
Change in unearned property tax revenue		<u>2,480</u>
		2,480
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases liabilities in the statement of net position. Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces liabilities in the statement of net position. This is the amount by which repayments exceeded debt issued:</p>		
Debt and capital lease principal repayments		<u>240,394</u>
		240,394
<p>Some expenses reported in the statement of activities do not require the use of current financial resources; and therefore, are not reported as expenditures in governmental funds:</p>		
Change in postemployment benefits other than pensions		25,098
Change in compensated absences payable		(170,651)
Change in net pension liability		<u>(27,534)</u>
		<u>(173,087)</u>
CHANGE IN NET POSITION, GOVERNMENTAL ACTIVITIES	\$	<u><u>3,281,892</u></u>

CITY OF BOULDER CITY

PROPRIETARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2017

	Business-type Activities			
	Utility	Aviation	Non-major Enterprise Funds	Total Enterprise Funds
ASSETS				
Current assets				
Cash, cash equivalents and investments	\$ 17,405,811	\$ 1,270,533	\$ 316,751	\$ 18,993,095
Cash, cash equivalents and investments, restricted	5,857,774		265,297	6,123,071
Accounts receivable	3,355,202	82,252	10,913	3,448,367
Due from other governments	66,952			66,952
Prepaid water commodity surcharge	7,936,415			7,936,415
Total current assets	34,622,154	1,352,785	592,961	36,567,900
Noncurrent assets				
Capital assets, net of accumulated depreciation				
Construction in progress	2,480,785	242,229		2,723,014
Land	28,615	512,760	65,000	606,375
Buildings and building improvements	49,565	52,907		102,472
Improvements other than buildings	533,527	17,335,459	130,054	17,999,040
Machinery, equipment and furniture	1,218,316	34,065		1,252,381
Utility delivery systems	49,452,508			49,452,508
Total capital assets, net of accumulated depreciation	53,763,316	18,177,420	195,054	72,135,790
Total noncurrent assets	53,763,316	18,177,420	195,054	72,135,790
Total assets	88,385,470	19,530,205	788,015	108,703,690
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pensions	1,713,985	135,381		1,849,366
LIABILITIES				
Current liabilities				
Accounts payable	2,104,734	37,043	1,185	2,142,962
Accrued expenses	292,854	19,154		312,008
Customer deposits	160,993			160,993
Due to other governments	8,809			8,809
Due to other funds	220,274			220,274
Interest payable	395,000			395,000
Compensated absences	211,566	10,474		222,040
Bonds payable	1,150,000			1,150,000
Total current liabilities	4,544,230	66,671	1,185	4,612,086
Long-term liabilities				
Compensated absences	445,970	1,679		447,649
Net pension liability	5,549,472	438,331		5,987,803
Bonds payable, net of unmortized bond premiums	26,361,681			26,361,681
Landfill closure and post-closure care	2,846,387			2,846,387
Total long-term liabilities	35,203,510	440,010		35,643,520
Total liabilities	39,747,740	506,681	1,185	40,255,606
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pensions	739,691	58,426		798,117

(Continued)

See notes to basic financial statements.

CITY OF BOULDER CITY

PROPRIETARY FUNDS STATEMENT OF NET POSITION (CONTINUED) JUNE 30, 2017

	Business-type Activities			
	Utility	Aviation	Non-major Enterprise Funds	Total Enterprise Funds
NET POSITION				
Net investment in capital assets	26,251,635	18,177,420	210,616	44,639,671
Restricted				
Landfill closure/post-closure	470,886			470,886
Rate stabilization	736,778			736,778
Redevelopment Agency utility	792,630			792,630
Capital improvement projects	850,000			850,000
Perpetual care			265,297	265,297
Unrestricted	<u>20,510,095</u>	<u>923,059</u>	<u>310,917</u>	<u>21,744,071</u>
Total net position	<u>\$ 49,612,024</u>	<u>\$ 19,100,479</u>	<u>\$ 786,830</u>	<u>\$ 69,499,333</u>

See notes to basic financial statements.

CITY OF BOULDER CITY

PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities			
	Utility	Aviation	Non-major Enterprise Funds	
OPERATING REVENUES				
Electric	\$ 14,592,610			\$ 14,592,610
Water	8,776,839			8,776,839
Sewer	1,654,657			1,654,657
Refuse	993,443			993,443
Refuse special charge	240,812			240,812
Landfill receipts	224,712			224,712
Rents and royalties		742,260		742,260
Miscellaneous	169,208	23,781	187,798	380,787
Total operating revenues	<u>26,652,281</u>	<u>766,041</u>	<u>187,798</u>	<u>27,606,120</u>
OPERATING EXPENSES				
Salaries and wages	2,667,068	206,521		2,873,589
Employee benefits	1,012,722	55,522		1,068,244
Services and supplies	16,502,366	136,282	30,134	16,668,782
Depreciation	2,382,935	760,290	15,561	3,158,786
Total operating expenses	<u>22,565,091</u>	<u>1,158,615</u>	<u>45,695</u>	<u>23,769,401</u>
Operating income (loss)	<u>4,087,190</u>	<u>(392,574)</u>	<u>142,103</u>	<u>3,836,719</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	4,666			4,666
Interest and fiscal charges	(1,192,957)			(1,192,957)
.25% local sales and use tax	780,717			780,717
Total nonoperating revenues (expenses)	<u>(407,574)</u>			<u>(407,574)</u>
Income (loss) before capital contributions and transfers	<u>3,679,616</u>	<u>(392,574)</u>	<u>142,103</u>	<u>3,429,145</u>
CAPITAL CONTRIBUTIONS				
Capital contributions		1,720,788		1,720,788
TRANSFERS				
Transfers in	650,000			650,000
Transfers out	(1,025,004)	(37,900)	(46,000)	(1,108,904)
Total transfers	<u>(375,004)</u>	<u>(37,900)</u>	<u>(46,000)</u>	<u>(458,904)</u>
CHANGE IN NET POSITION	<u>3,304,612</u>	<u>1,290,314</u>	<u>96,103</u>	<u>4,691,029</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	46,307,412	17,395,168	690,727	64,808,304
Adjustment		414,997		414,997
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED	<u>46,307,412</u>	<u>17,810,165</u>	<u>690,727</u>	<u>65,223,301</u>
NET POSITION, END OF YEAR	<u>\$ 49,612,024</u>	<u>\$ 19,100,479</u>	<u>\$ 786,830</u>	<u>\$ 69,499,333</u>

See notes to basic financial statements.

CITY OF BOULDER CITY

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities			
	Utility	Aviation	Non-major Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 26,397,616	\$	\$	\$ 26,397,616
Cash received from other sources	164,930	1,587,506	176,949	1,929,385
Cash payments for goods and services	(15,214,924)	(163,375)	(33,823)	(15,412,122)
Cash payments for employee services	(2,921,121)	(258,595)		(3,179,716)
Net cash provided by operating activities	8,426,501	1,165,536	143,126	9,735,163
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	650,000			650,000
Transfers out	(1,025,004)	(37,900)	(46,000)	(1,108,904)
Net cash provided by (used in) noncapital financing activities	(375,004)	\$ (37,900)	(46,000)	(458,904)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(2,967,722)	(1,833,078)		(4,800,800)
Principal payments on debt	(870,000)			(870,000)
Interest payments on debt	(1,203,637)			(1,203,637)
Capital grant contributions		1,720,788		1,720,788
Sales and use tax	780,717			780,717
Net cash used in capital financing activities	(4,260,642)	(112,290)		(4,372,932)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	4,666			4,666
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,795,521	1,015,346	97,126	4,907,993
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	19,468,064	255,187	484,922	20,208,173
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 23,263,585	\$ 1,270,533	\$ 582,048	\$ 25,116,166
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 4,087,190	\$ (392,574)	\$ 142,103	\$ 3,836,719
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	2,382,935	760,290	15,562	3,158,787
(Increase) decrease in operating assets				
Accounts receivable	(64,387)	821,465	(10,850)	746,228
Due from other governments	(4,278)			(4,278)
Prepaid water commodity surcharge	1,675,542			1,675,542
Increase (decrease) in operating liabilities				
Accounts payable	306,898	21,173	(3,689)	324,382
Accrued expenses	414	(7,259)		(6,845)
Customer deposits	(21,070)			(21,070)
Due to other governments	(6,944)			(6,944)
Interest payable	(18,019)			(18,019)
Compensated absences	(254,467)	(44,815)		(299,282)
Landfill closure ad post-closure care	177,172			177,172
Net pension liability	165,515	7,256		172,771
Total adjustments	4,339,311	1,558,110	1,023	5,898,444
Net cash provided by operating activities	\$ 8,426,501	\$ 1,165,536	\$ 143,126	\$ 9,735,163

See notes to basic financial statements.

**NOTES TO BASIC
FINANCIAL STATEMENTS**

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies

Reporting Entity

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

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 39, *Determining Whether Certain Organizations are Component Units* and Statement No. 61, *The Financial Reporting Entity: Omnibus*, defines the reporting entity as the primary government and those component units for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the organization's governing board, and either the ability of the primary government to impose its will on the organization, or the possibility that the organization will provide a financial benefit to or impose a financial burden on the primary government. In addition to financial accountability, component units can be other organizations in which the economic resources received or held by that organization are entirely or almost entirely for the direct benefit of the primary government, the primary government is entitled to or has the ability to otherwise access a majority of the economic resources received or held by that organization and the resources to which the primary government is entitled are significant to the primary government. The City has complied with GASB Statement Nos. 14, 39 and 61 by examining its position relative to other entities.

Together with the Boulder City Museum, the Boulder City Chamber of Commerce and the Boulder City Arts Council, Inc., the City established a not-for-profit corporation named the Boulder Dam Hotel Association, Inc. (the Association) primarily to own, maintain and operate the historic Boulder Dam Hotel. The City does not have a continuing financial responsibility to the Association; furthermore, the City does not have title or access to the Association's net assets. Accordingly, the Association has not been included in the City's financial statements.

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

Basic Financial Statements

Pursuant to GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended, the government-wide financial statements include a statement of net position and a statement of activities and present consolidated information for the City's nonfiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support.

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

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions, which are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues not restricted for use by a particular function or segment are reported as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements

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

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

Governmental Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the current fiscal year end. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, consolidated taxes, licenses, interest, and charges for services. All other revenue sources are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City's only major governmental fund is the general fund, which is the general operating fund of the City. It is used to account for all financial resources except for those required to be accounted for in another fund.

Additionally, the City reports non-major special revenue funds, which are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

Proprietary Fund Financial Statements

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

The City reports the following major proprietary funds:

The *Utility Fund*, which provides electric, water and sewer services to City residents.

The *Aviation Fund*, which is used to account for the operations of the City's airport.

Additionally, the City reports a nonmajor enterprise fund, which is used to account for cemetery services provided to City residents.

Assets and Liabilities

Deposits and Investments

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

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

Receivables, Payables and Unearned Revenues

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

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

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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

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

Inventories

Inventories are valued at cost, using the first-in, first-out (FIFO) method, and are accounted for under the consumption method whereby costs are recorded as expenditures when the inventory item is used, rather than when the item is purchased.

Prepaid Items

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

Restricted Assets

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

Capital Assets

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

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

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

Capital asset depreciation is computed using the straight-line method over the following estimated useful lives:

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

Compensated Absences

It is the City's policy to permit employees to accumulate earned vacation and sick leave benefits that would be paid to them upon separation from City service if not previously taken. Accrued vacation and sick leave obligations (*i.e.*, compensated absences) are reported in the government-wide financial statements. A liability for compensated absences is reported in the fund financial statements only to the extent it is due and payable at year end.

Deferred Compensation Plan

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

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Long-Term Obligations

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

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

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

The City uses the same basis used in the Public Employees' Retirement System of Nevada's (PERS) Comprehensive Annual Financial Report, for reporting its proportionate share of the PERS collective net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, including information related to PERS fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized by PERS when due and payable in accordance with the benefit terms. PERS investments are reported at fair value.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial element 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. At June 30, 2017, the City has only one type of item which qualifies for reporting in this category. The City reports deferred amounts related to pensions for the changes in proportion and differences between actual pension contributions and the City's proportionate share of pension contributions. This amount is deferred and amortized over the the average expected remaining service life of all employees that are provided with pension benefits. Deferred outflows are also recorded for pension contributions made by the Agency subsequent to the pension plan's actuarial measurement date, which are deferred for one year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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. Under a modified accrual basis of accounting, the governmental funds report unavailable revenues from property taxes receivable that were not collected within 60 days of year end. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available. Under full accrual accounting, the government-wide statement of net position also reports deferred inflows for 1) the differences between expected and actual pension plan experience and changes of pension plan actuarial assumptions, which are deferred and amortized over the the average expected remaining service life of all employees that are provided with pension benefits, and 2) the net difference between projected and actual earnings on pension plan investments, which are deferred and amortized over five years.

Net Position

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

Fund Balance

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

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

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

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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

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

Assigned fund balances include amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Such intent should be expressed by the City Council or appropriately authorized officials. The City's Finance Director has been authorized through the budget approval process to make fund balance assignments. For governmental funds, other than the general fund, this is the classification for residual amounts that are not restricted, committed or nonspendable.

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

Prioritization and Use of Available Resources

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

Use of Estimates

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

Note 2. Stewardship and Accountability

Budgetary Information

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

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

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

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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

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

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

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

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

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

Excess of Expenditures over Appropriations

For the year ended June 30, 2017, total expenditures exceeded appropriations for the following funds and/or functions, which are potential violations of NRS 354.626:

General fund, Public Safety function	\$	308,679
General fund, Public Works function		3,180,418
General fund, Culture and Recreation function		236,072
Multiple Purpose Special Revenue fund, General Government function		659
Multiple Purpose Special Revenue fund, Public Safety function		43,886
Multiple Purpose Special Revenue fund, Judicial function		52,951
Multiple Purpose Special Revenue fund, Public Works function		312,968
Multiple Purpose Special Revenue fund, Culture Recreation function		43,528

Although the excess of expenditures over appropriated amounts in the debt service fund may appear to be a violation of NRS 354.626, they are specifically excluded from the requirements of this NRS.

Tax Abatements

All tax abatement agreements/programs, entered into by the State of Nevada, have been summarized, by type of agreement/program and the gross, accrual basis reduction of the City's taxes for the year ended June 30, 2017 aggregated as follows:

Agreement/program description – Nevada Revised Statutes 360.753 - Partial abatement of certain taxes imposed on aircraft, components of aircraft and other personal property used for certain purposes related to aircraft
Amount abated during the year ended June 30, 2017 – \$1,336
Specific tax being abated – Personal property taxes and/or sales and use taxes

Agreement/program description – NRS 360.754 - Partial abatement of certain taxes imposed on new or expanded data center
Amount abated during the year ended June 30, 2017 – \$36,145
Specific tax being abated – Property taxes and/or sales and use taxes

Agreement/program description – NRS 701A - Energy-related tax incentives (NRS 701A.110 Partial abatement of certain property taxes for buildings or structures that meet certain standards under Green Building Rating System, NRS 701A.200 Exemption from certain property taxes for qualified energy systems, NRS 701A.210 Partial abatement of certain property taxes for businesses and facilities using recycled material)
Amount abated during the year ended June 30, 2017 – \$71,995

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

Specific tax being abated – Property taxes and/or sales and use taxes

Agreement/program description – NRS 374.357 - Abatement for eligible machinery or equipment used by certain new or expanded businesses

Amount abated during the year ended June 30, 2017 – \$8,905

Specific tax being abated – Sales and use taxes

Prior Period Adjustments

Fund balance or net position as of July 1, 2016, has been retroactively adjusted as follows:

	General Fund	Aviation Enterprise Fund
Fund balance or net position, as previously reported	\$ 15,194,230	\$ 17,395,168
Adjustments		
To record revenue that was earned in the prior year but not recorded	188,283	414,997
Fund balance or net position, as adjusted	\$ 15,382,513	\$ 17,810,165

New Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*, effective for periods beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by requiring recognition, for leases that previously were classified as operating leases, of certain lease assets, liabilities and inflows or outflows of resources based on the payment provisions of the contract. Management has not yet completed its assessment of this statement.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, effective for periods beginning after June 15, 2017. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. Management has completed its assessment of this statement and determined that no existing transactions are subject to alternative disclosure or treatment under the statement. Management will monitor future transactions with the statement in mind to ensure proper treatment and disclosure, should it be necessary.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*, effective for periods beginning after June 15, 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. Management has not yet completed its assessment of this statement.

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, effective for periods beginning after December 15, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Management has completed its assessment of this statement and determined that it will not have a material effect on financial position or changes therein.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018. The objective of this Statement is to address accounting and financial reporting for certain asset retirement obligations that result from a legally enforceable liability associated with the retirement of a tangible capital asset. Management has not yet completed its assessment of this statement.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, effective for periods beginning after December 15, 2016. The objective of this Statement is to address accounting and financial reporting for resources received pursuant to an irrevocable split-interest agreement. Management has completed its assessment of this statement and determined that it will not have a material effect on financial position or changes therein.

In June of 2016, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for periods beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. Management has not yet completed its assessment of this statement.

Note 3. Detailed Notes on all Funds

Deposits and Investments

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

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

At June 30, 2017, the City's cash, cash equivalents and investments (including restricted amounts) were as follows:

Cash and cash equivalents on deposit	\$ 37,766,532
Investments	12,701,171
Cash on hand	<u>5,801</u>
Total cash, cash equivalents and investments	<u>\$ 50,473,504</u>

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

At June 30, 2017, total cash, cash equivalents and investments (including restricted amounts) were presented in the City's financial statements as follows:

Governmental activities	\$ 25,357,338
Business-type activities	<u>25,116,166</u>
Total cash, cash equivalents and investments	<u>\$ 50,473,504</u>

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

At year end, the carrying amount of the City's deposits was \$50,468,201 the bank balance was \$50,998,162. As of June 30, 2017, the City's bank balance was either insured by the Federal Depository Insurance Corporation (FDIC) or was uninsured but collateralized with securities held by the pledging financial institution in accordance with the NRS.

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

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

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

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

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

At June 30, 2017, the City's investments were all registered and held by the City or the City's agent in the City's name.

GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value, establishes a framework for measuring fair value and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1. Inputs are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2. Inputs are other observable inputs.

Level 3. Inputs are unobservable

The fair value measurement level within the hierarchy is based on the lowest level of any input that is deemed significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

At year end, the City's Level 1 investments (comprised of U.S. Treasury obligations, money market mutual funds and negotiable certificates of deposit,) were valued based on quoted market prices provided by recognized broker dealers and its Level 2 investments (comprised of U.S. Agency securities) were valued, by recognized broker dealers, based on a matrix pricing model that maximizes the use of observable inputs for similar securities.

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

At June 30, 2017, the City had the following investments:

	Reported Amount (Fair Value)	Investment Maturities (In Years)		
		Less Than One	One to Three	Four or More
U.S. Treasury obligations (Level 1)	\$ 1,547,741	\$ 997,850	\$ 549,890	\$
Money market mutual funds (Level 1)	345,590	345,590		
Negotiable certificates of deposit (Level 1)	10,238,281	1,000,481	4,510,237	4,727,563
U.S. Agency securities (Level 2)				
Federal Home Loan Bank	275,275	275,275		
Federal Farm Credit Banks Funding Corporation	129,712		129,712	
Federal National Mortgage Association	164,572		164,572	
Total investments	<u>\$ 12,701,171</u>	<u>\$ 2,619,196</u>	<u>\$ 5,354,411</u>	<u>\$ 4,727,563</u>

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

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

The U.S. agencies that are implicitly guaranteed by the U.S. government, such as the Federal National Mortgage Association, the Federal Home Loan Bank, and the Federal Farm Credit Bank, have a Moody's credit rating of Aaa and a Standard & Poor's credit rating of AA+.

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

Lease Revenue

The City receives lease revenue for the use of land and buildings by various entities for communications purposes and solar power generation facilities under operating leases that expire at various times as indicated below.

As of June 30, 2017, minimum future rental income under non-cancelable operating leases (with remaining terms in excess of one year) was as follows:

For the Year Ended June 30,	General Fund	Aggregate Other Governmental Funds	Total
2018	\$ 10,130,739	\$ 3,092,733	\$ 13,223,472
2019	10,194,924	3,120,197	13,315,121
2020	10,261,667	3,130,968	13,392,635
2021	10,314,909	3,156,455	13,471,364
2022	10,664,901	3,256,530	13,921,431
2023 - 2027	54,368,754	16,446,288	70,815,042
2028 - 2032	53,506,302	14,732,320	68,238,622
2033 - 2037	52,751,700	13,440,920	66,192,620
2038 - 2042	42,017,788	10,504,447	52,522,235
2043 - 2047	32,758,365	8,189,591	40,947,956
2048 - 2052	31,233,400	7,808,350	39,041,750
2053 - 2057	23,285,225	5,821,306	29,106,531
2058 - 2062	18,016,285	4,504,071	22,520,356
2063 - 2067	10,202,265	2,550,566	12,752,831
	\$ 369,707,224	\$ 99,754,742	\$ 469,461,966

Unearned Lease Revenue

At the fund level, unearned revenue is reported in connection with resources from land leases that have been received, but not yet earned. At June 30, 2017, unearned revenue was as follows:

	<u>Lease Revenue</u>
General Fund	\$ 1,435,968
Aggregate Other Governmental Funds	<u>2,275,017</u>
	<u>\$ 3,710,985</u>

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

Interfund Receivables, Payables, and Transfers

Due To and From Other Funds

At June 30, 2017, amounts due to and from other funds resulting from the time lag between the dates that reimbursable transactions occur and payments between funds are made, were as follows:

	Receivable	Payable
General Fund	\$ 414,389	\$
Aggregate Other Governmental Funds		194,115
Utility Enterprise Fund		220,274
	\$ 414,389	\$ 414,389

Interfund Transfers

Transfers of unrestricted revenues collected in various funds are used to finance various programs and expenditures accounted for in other funds in accordance with budgetary authorization.

For the year ended June 30, 2017, interfund transfers were as follows

Transfer In Fund	Transfer Out Fund	Amount
General Fund	Utility Enterprise Fund	\$ 1,025,004
	Non-major Enterprise Funds	83,900
Utility Enterprise Fund	Aggregate Other Governmental Funds	650,000
		\$ 1,758,904

Capital Assets

For the year ended June 30, 2017, capital asset activity was as follows:

	Balance July 1, 2016	Increases and transfers *	Decreases and transfers *	Completed Construction	Balance June 30, 2017
Governmental activities					
Capital assets not being depreciated					
Construction in progress	\$ 2,358,575	\$ 2,778,496	\$	\$ (1,631,493)	\$ 3,505,578
Land	28,529,138				28,529,138
Total capital assets not being depreciated	30,887,713	2,778,496		(1,631,493)	32,034,716
Capital assets being depreciated					
Buildings and building improvements	13,331,133	325,307			13,656,440
Improvements other than buildings	35,485,061	511,414		1,631,493	37,627,968
Infrastructure	73,312,216				73,312,216
Machinery, equipment and furniture	14,604,136	735,278	(372,720)		14,966,694
Total capital assets being depreciated	136,732,546	1,571,999	(372,720)	1,631,493	139,563,318

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

	Balance July 1, 2016	Increases and transfers *	Decreases and transfers *	Completed Construction	Balance June 30, 2017
Accumulated depreciation					
Buildings and building improvements	\$ (5,841,563)	\$ (382,235)		\$	\$ (6,223,798)
Improvements other than buildings	(16,445,725)	(1,413,844)			(17,859,569)
Infrastructure	(51,064,204)	(1,655,089)			(52,719,293)
Machinery, equipment and furniture	<u>(11,209,278)</u>	<u>(983,107)</u>	<u>324,659</u>		<u>(11,867,726)</u>
Total accumulated depreciation	<u>(84,560,770)</u>	<u>(4,434,275)</u>	<u>324,659</u>		<u>(88,670,386)</u>
Total capital assets being depreciated, net	<u>52,171,776</u>	<u>(2,862,276)</u>	<u>(48,061)</u>	<u>1,631,493</u>	<u>50,892,932</u>
Total governmental activities	<u>\$ 83,059,489</u>	<u>\$ (83,780)</u>	<u>\$ (48,061)</u>	<u>\$</u>	<u>\$ 82,927,648</u>

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

	Balance July 1, 2016	Increases and transfers *	Decreases and transfers *	Completed Construction	Balance June 30, 2017
Business-type activities					
Capital assets not being depreciated					
Construction in progress	\$ 1,896,550	\$ 3,678,074		\$ (2,851,610)	\$ 2,723,014
Land	<u>606,375</u>				<u>606,375</u>
Total capital assets not being depreciated	<u>2,502,925</u>	<u>3,678,074</u>		<u>(2,851,610)</u>	<u>3,329,389</u>
Capital assets being depreciated					
Buildings and building improvements	438,631				438,631
Improvements other than buildings	22,925,577	254,682		1,503,068	24,683,326
Machinery, equipment and furniture	5,150,494	342,589	(15,634)		5,477,449
Utility delivery systems	<u>93,683,113</u>	<u>525,455</u>		<u>1,348,542</u>	<u>95,557,110</u>
Total capital assets being depreciated	<u>122,197,815</u>	<u>1,122,726</u>	<u>(15,634)</u>	<u>2,851,610</u>	<u>126,156,516</u>
Accumulated depreciation					
Buildings and building improvements	(322,042)	(14,117)			(336,159)
Improvements other than buildings	(5,915,462)	(768,824)			(6,684,286)
Machinery, equipment and furniture	(4,032,631)	(208,072)	15,634		(4,225,068)
Utility delivery systems	<u>(43,936,828)</u>	<u>(2,167,774)</u>			<u>(46,104,602)</u>
Total accumulated depreciation	<u>(54,206,963)</u>	<u>(3,158,787)</u>	<u>15,634</u>		<u>(57,350,115)</u>
Total capital assets being depreciated, net	<u>67,990,852</u>	<u>(2,036,061)</u>		<u>2,851,610</u>	<u>68,806,401</u>
Total business-type activities	<u>\$ 70,493,777</u>	<u>\$ 1,642,013</u>	<u>\$</u>	<u>\$</u>	<u>\$ 72,135,790</u>

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

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

For the year ended June 30, 2017, charges, by function, for depreciation expense were as follows:

Governmental activities	
General government	\$ 120,740
Public safety	628,838
Judicial	72,421
Public works	2,191,829
Culture and recreation	1,362,524
Community support	<u>57,923</u>
Total depreciation expense, governmental activities	<u>\$ 4,434,275</u>
Business-type activities	
Utility	\$ 2,382,936
Aviation	760,290
Cemetery	<u>15,561</u>
Total depreciation expense, business-type activities	<u>\$ 3,158,787</u>

Long-term Liabilities

Capital Leases - Governmental Activities

The City has entered into capital lease agreements to finance the acquisition of capital assets used in municipal golf course operations, with scheduled payments through June 2017. For accounting purposes, the assets acquired under these leases have been recorded at the present value of the future minimum lease payments as of the lease inception date. Total capital lease payments for the year ended June 30, 2017, were \$240,394.

At June 30, 2017, the net book value of capital assets acquired through capital leases was \$100,101, and future minimum capital lease payments are as follows:

<u>For the Year Ended June 30,</u>	
2018	\$ <u>102,863</u>
Less portion of payment representing interest	<u>(2,763)</u>
Present value of total future minimum capital lease payments	<u>\$ 100,100</u>

Bond and Note Obligations

The City has entered into long-term debt obligations, of which the utility revenue refunding bonds are not a general obligation of the City. The utility revenue bonds are payable from net revenues of the City's municipal utility system, which is defined in the bond ordinance to mean the water, electric, sewer, and refuse systems of the City.

In November 2006, the City issued the Utility Revenue Refunding Bonds, Series 2006 in the amount of \$33,545,000 at an interest rate ranging from 3.50% to 5.00%. Interest payments commenced on September 1, 2007, and are due semi-annually on March 1 and September 1. Principal payments commenced on September 1, 2008, and are due annually on September 1.

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

Outstanding bonds and notes payable at June 30, 2017, were as follows:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2017</u>
Business-type activities				
Utility Revenue Refunding Bonds, Series 2006	September 2035	3.50 - 5.00%	\$ <u>33,545,000</u>	\$ <u>27,315,000</u>

At June 30, 2017, annual debt service requirements to maturity for bond and note obligations were as follows:

<u>For the Year Ended June 30,</u>	<u>Utility Revenue Refunding Bonds, Series 2006</u>	
	<u>Principal</u>	<u>Interest</u>
Business-type activities		
2018	\$ 1,150,000	\$ 1,175,506
2019	1,210,000	1,116,506
2020	1,270,000	1,054,506
2021	1,330,000	993,663
2022	1,390,000	936,769
2023 - 2027	7,930,000	3,695,375
2028 - 2032	9,875,000	1,751,103
2033 - 2037	<u>3,160,000</u>	<u>275,613</u>
Total business-type activities	\$ <u>27,315,000</u>	\$ <u>10,999,041</u>

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

Changes in Long-term Liabilities

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

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Due Within One Year
Governmental activities					
Capital leases					
PNC Equipment Finance, LLC Lease No. 175758000	\$ 10,664		\$ (10,664)	\$	
PNC Equipment Finance, LLC Lease No. 175762000	10,600		(10,600)		
PNC Equipment Finance, LLC Lease No. 183538000	121,718		(121,718)		
De Lage Landen Golf Course EQ	<u>197,513</u>		<u>(97,412)</u>	<u>100,101</u>	<u>100,101</u>
Total capital leases	<u>340,495</u>		<u>(240,394)</u>	<u>100,101</u>	<u>100,101</u>
Compensated absences	3,307,273	832,530	(661,879)	3,477,924	863,086
Postemployment benefits other than pensions	66,906	73,866	(98,964)	41,808	
Net pension liability	<u>22,724,870</u>	<u>4,874,637</u>	<u>(3,088,570)</u>	<u>24,510,937</u>	
Total governmental activities	<u>26,439,544</u>	<u>5,781,033</u>	<u>(4,089,807)</u>	<u>28,130,770</u>	<u>963,187</u>
Business-type activities					
Utility Revenue Refunding Bonds, Series 2006	<u>28,185,000</u>		<u>(870,000)</u>	<u>27,315,000</u>	<u>1,150,000</u>
Unamortized bond premiums	207,361		(10,680)	196,681	
Compensated absences	968,971	364,939	(664,221)	669,689	222,040
Net pension liability	<u>5,364,387</u>	<u>1,377,925</u>	<u>(754,510)</u>	<u>5,987,802</u>	
Total business-type activities	<u>34,725,719</u>	<u>1,742,864</u>	<u>(2,299,411)</u>	<u>34,169,172</u>	<u>1,372,040</u>
Total long-term liabilities	<u>\$ 61,165,263</u>	<u>\$ 7,523,897</u>	<u>\$ (6,389,218)</u>	<u>\$ 62,299,942</u>	<u>\$ 2,335,227</u>

Compensated absences and postemployment benefits other than pensions typically have been liquidated by the general and enterprise funds.

Arbitrage Rebate Requirements

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

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

Debt Covenant Requirements

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

Defeased Debt

In prior years, the City defeased certain long-term bond obligations by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. At June 30, 2017, no defeased debt remained outstanding.

Landfill Closure and Post-closure Care

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. In addition to operating expenses related to current landfill activities, an expense provision and related liability are being recognized based on estimated future closure and post-closure care costs, which will be incurred near or after the date the landfill no longer accepts waste. During a prior fiscal year, the landfill site was expanded to approximately 60 acres, which added approximately 2.5 million cubic yards to the existing capacity. The reported landfill closure and post-closure care cost obligation of \$2,846,387 represents the cumulative costs recorded to date, which is based on 49.6% capacity usage of the landfill as of June 30, 2017. The total estimated closure and post-closure costs are currently estimated at \$5,740,146, and accordingly, an additional \$2,893,760 in costs are expected to be recognized through 2049, the year in which the landfill is expected to be fully utilized.

The City has accumulated cash and cash equivalents in the amount of \$2,846,387 at June 30, 2017 which are being held in an interest-bearing account and are presented as restricted assets on the City's government-wide and proprietary funds statements of net position.

The estimated total current cost of the landfill closure and post-closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2017. However, the actual cost of closure and post-closure care may fluctuate due to inflation, changes in technology, or changes in landfill laws and regulations.

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

Segment Information

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

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

Note 4. Other Information

Risk Management

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

Including the City, 127 public agencies are members of the Pool as of June 30, 2017. Pool premiums are based on policy coverage. The City does not have any liability beyond the premium amounts paid and normal policy deductible limits. Settled claims did not exceed insurance coverage for current and two most recent fiscal years.

At June 30, 2017, the City's coverage for various types of risks, with a maintenance deductible is \$25,000 for each and every loss, claim or event was as follows:

Property has blanket coverage for all risks of physical loss or damage to all real and personal property. Casualty includes bodily injury, property damage and personal injury. Employment based benefits administration, law enforcement activities and wrongful acts for \$10,000,000 for any one event with a \$10,000,000 annual aggregate. Property, crime and equipment has a blanket limit per schedule of locations of \$300,000,000 per loss. Earthquake and flood coverage for \$150,000,000 annual aggregate each (flood coverage Zone A for \$25,000,000 annual aggregate). Crime includes money and securities for \$500,000 for each loss. Equipment breakdown, boiler and machinery for \$100,000,000 for each accident.

The City also carries Airport Liability Insurance, with no deductible. Completed operations, personal injury, advertising injury, and malpractice all have an aggregate limit of \$10,000,000. The fire damage limit for any one fire is \$250,000. Medical expense limit any one person \$50,000. Hanger keepers any one occurrence, or aircraft \$10,000,000. Non-owned aircraft liability limit \$10,000,000 per occurrence.

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

At June 30, 2017, coverage limits, with no maintenance deductible, were as follows:

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

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

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

Contingent liabilities

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

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

Joint Venture

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

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

The City is committed to purchase water from SNWA through 2033.

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

Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

The City's employees are covered by the Public Employees' Retirement System of Nevada (PERS), which was established by the Nevada Legislature in 1947, effective July 1, 1948, and is governed by the Public Employees Retirement Board (the PERS Board) whose seven members are appointed by the governor. The City does not exercise any control over PERS. NRS 286.110 states that, "The respective participating public employers are not liable for any obligations of the system."

PERS is a cost sharing, multiple employer, defined benefit public employees' retirement system which includes both regular and police/fire members. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits, as required by NRS, 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.

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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 the system on or after January 1, 2010, there is a 2.5% multiplier. PERS 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, which for members entering the system before January 1, 2010, is equal to the lesser of:

- 1) 2% per year following the third anniversary of the commencement of benefits, 3% per year following the sixth anniversary, 3.5% per year following the ninth anniversary, 4% per year following the twelfth anniversary and 5% per year following the fourteenth anniversary, or
- 2) The average percentage increase in the Consumer Price Index (or other PERS Board approved index) for the three preceding years.

In any event, a member's benefit must be increased by the percentages in paragraph 1, above, if the benefit of a member has not been increased at a rate greater than or equal to the average of the Consumer Price Index (All Items) (or other PERS Board approved index) for the period between retirement and the date of increase.

For members entering the system on or after January 1, 2010, the post-retirement increases are the same as above, except that the increases do not exceed 4% per year.

For members with an effective date of membership on or after July 1, 2015, the post-retirement increases are 2% per year following the third anniversary of the commencement of benefits, 2.5% per year following the sixth anniversary, the lesser of 3% or the CPI for the preceding calendar year following the ninth anniversary.

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, at age 62 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 65 with five years of service, at age 62 with ten years of service, at age 55 with 30 years of service, or at 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 toward the eligibility for retirement as Police/fire accredited service.

The normal ceiling limitation on the 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.

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

The authority for establishing and amending the obligation to make contributions and member contribution rates rests with NRS. 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 alternative contribution plans. Contributions are shared equally by employer and employee in which employees can take a reduced salary and have contributions made by the employer or can make contributions by a payroll deduction matched by the employer.

PERS's 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.

PERS receives an actuarial valuation on an annual basis for determining the prospective funding contribution rates required to fund the system on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by NRS. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450. The actuarial funding method used is the entry age normal cost method. It is intended to meet the funding objective and result in a relatively level long term contributions requirement as a percentage of salary.

For the fiscal year ended June 30, 2016, the required employer/employee matching rate was 14.50% for regular and 20.75% for police/fire members. The EPC rate was 28.00% for regular and 40.50% for police/fire members.

Effective July 1, 2015, the required contribution rates for regular members were 13.25% and 25.75% for employer/employee matching and EPC, respectively. The required contribution rates for police/fire members remained the same.

PERS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplemental information. This report is available on the PERS website, www.nvpers.org under publications.

PERS collective 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. For this purpose, certain actuarial valuation assumptions are stipulated by GASB and may vary from those used to determine the prospective funding contribution rates.

The total PERS pension liability was determined using the following economic actuarial assumptions (based on the results of an experience review completed in 2013), applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2015
Inflation rate	3.50%
Payroll growth	5.00%, including inflation
Investment rate of return	8.00%
Discount rate	8.00%
Productivity pay increase	0.75%
Consumer price index	3.50%
Actuarial cost method	Entry age normal and level percentage of payroll
Projected salary increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.50%, depending on service Rates include inflation and productivity increases

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

At June 30, 2016, assumed mortality rates and projected life expectancies for selected ages were as follows:

Age	Regular Members			
	Mortality Rates		Expected Years of Life Remaining	
	Males	Females	Males	Females
40	0.10 %	0.05 %	41.1	44.4
50	0.17 %	0.12 %	31.6	34.7
60	0.55 %	0.42 %	22.4	25.4
70	1.82 %	1.39 %	14.3	17.0
80	5.65 %	3.79 %	7.7	10.1

Age	Police/Fire Members			
	Mortality Rates		Expected Years of Life Remaining	
	Males	Females	Males	Females
40	0.10 %	0.06 %	40.2	42.5
50	0.19 %	0.15 %	30.7	32.8
60	0.63 %	0.54 %	21.5	23.6
70	2.02 %	1.72 %	13.5	15.5
80	6.41 %	4.63 %	7.1	9.0

These mortality rates and projected life expectancies are based on the following:

For non-disabled male regular members - RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA

For non-disabled female regular members - RP-2000 Combined Healthy Mortality Table, projected to 2013 with Scale AA, set back one year

For all non-disabled police/fire members - RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set forward one year

For all disabled regular members and all disabled police/fire members - RP-2000 Disabled Retiree Mortality Table projected to 2013 with Scale AA, set forward three years

PERS's policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of PERS. The following target asset allocation policy was adopted as of June 30, 2016:

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 %

* These geometric return rates are combined to produce the long-term expected rate of return by adding the long-term expected inflation rate of 3.5%.

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2016 and 2015. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified by NRS. Based on that assumption, PERS'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 (8%) was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2016.

The City's proportionate share of the net pension liability at June 30, 2016, calculated using the discount rate of 8.00%, 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% lower (7.00%) or 1% higher (9.00%) than the current discount rate was as follows:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Net pension liability	\$ 44,705,195	\$ 30,498,741	\$ 18,679,145

Detailed information about PERS fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website, www.nvpers.org under publications. PERS fiduciary net position and additions to/deductions from it have been determined on the same basis used in the PERS Comprehensive Annual Financial Report. PERS financial statements are prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental accounting for fiduciary funds. 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.

The City's proportionate share (amount) of the collective net pension liability represents .22664% of the collective net pension liability. Contributions for employer pay dates within the fiscal year ending June 30, 2016, were used as the basis for determining each employer's proportionate share. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2016.

For the period ended June 30, 2017, the City's pension expense was \$4,119,320 and its reported deferred outflows and inflows of resources related to pensions as of June 30, 2016, were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 2,042,274
Changes of assumptions		
Net difference between projected and actual earnings on investments	2,835,237	
Changes in proportion and differences between actual contributions and proportionate share of contributions	2,542,547	2,022,913
Contributions made subsequent to the measurement date	4,041,918	

At June 30, 2016 (the actuarial valuation measurement date), the average expected remaining service life is 6.48 years.

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$4,041,918 will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>For the Year Ending June 30,</u>	
2018	\$ (389,047)
2019	(389,047)
2020	1,664,015
2021	804,857
2022	(309,871)
Thereafter	(68,311)

Changes in the City's net pension liability were as follows:

Net pension liability, beginning of year	\$ 28,089,257
Pension expense	4,119,320
Employer contributions	(3,843,081)
Net changes in deferred inflows and outflows of resources	<u>2,133,245</u>
Net pension liability, end of year	<u>\$ 30,498,741</u>

At June 30, 2017, \$313,075 is payable to PERS, equal to the June 2017 required contribution, which was included in accounts payable.

Postemployment Benefits Other Than Pensions (OPEB)

Plan Information

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

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

Funding Policy and Annual OPEB Cost

The City is required to provide a subsidy, based on years of service for its retirees that have enrolled in the PEBP. The subsidy is paid on a pay-as-you-go basis and is set by the State Legislature. In fiscal year 2017, this subsidy ranged from \$4.22 to \$1,151 per retiree, per month.

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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

The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation:

	<u>Public Employee Benefit Program</u>
Annual required contribution (ARC)	\$ 71,859
Interest on net OPEB obligation	2,007
Adjustment to ARC	<u>(3,314)</u>
Annual OPEB cost	70,552
OPEB contributions made	<u>(95,650)</u>
Decrease in net OPEB obligation	(25,098)
Net OPEB obligation, beginning of year	<u>66,906</u>
Net OPEB obligation, end of year	<u><u>\$ 41,808</u></u>

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

Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percent of Covered Payroll
Public Employee Benefit Program June 30, 2015	N/A ¹ \$	1,450,730 \$	1,450,730	0.0 %	N/A ²	N/A ²

1. No assets have been placed in trust.

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

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

Annual OPEB cost, employer contributions, the percentage of annual cost contributed to the plan and the net OPEB obligation for the years ended June 30, 2015, 2016 and 2017 were as follows:

<u>For the Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>OPEB Contributions Made</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
Public Employee Benefit Program				
2015	\$ 92,630	\$ 83,727	90.4 %	\$ 80,817
2016	70,281	84,192	119.8 %	66,906
2017	70,552	95,650	135.6 %	41,808

(Continued)

CITY OF BOULDER CITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

Actuarial Methods and Assumptions

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

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

	<u>Public Employee Benefit Program</u>
Actuarial valuation date	June 30, 2015
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, open
Amortization period	30 years
Asset valuation method	No assets in trust
Actuarial assumptions	
Average retiree age	65-69
Investment rate of return	3%
Projected salary increases	N/A ¹
Health cost inflation rates for the year ending June 30,	
2016	7.25%
2017	7.50%
2018	6.75%
2019-2021	6.00%
2022-2033	6.25%
2034-2036	6.50%
2037-2038	6.25%
2039-2042	6.00%
2043-2048	5.75%
2049-2057	5.50%
2058-2063	5.25%
2064-2066	5.00%
2067-2069	4.75%
2070 and beyond	4.5%

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

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

Subsequent Events

Management of the City has evaluated subsequent events and transactions through November 30, 2017, and has determined one subsequent event that requires disclosure. Subsequent to year-end, the City agreed to sale 30.63 acres of land to Storybook Investments, LLC for \$9,189,000.

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF BOULDER CITY

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS SCHEDULE OF FUNDING PROGRESS FOR THE YEAR ENDED JUNE 30, 2017

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
Public Employee Benefit Program						
June 30, 2009	N/A ¹ \$	2,795,851 \$	2,795,851	0.0 %	N/A ²	N/A ²
June 30, 2012	N/A ¹	1,901,928	1,901,928	0.0 %	N/A ²	N/A ²
June 30, 2015	N/A ¹	1,450,730	1,450,730	0.0 %	N/A ²	N/A ²

1. No assets have been placed in trust.

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

CITY OF BOULDER CITY

REQUIRED SUPPLEMENTARY INFORMATION MULTIPLE-EMPLOYER COST-SHARING DEFINED BENEFIT PENSION PLAN PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY INFORMATION FOR THE YEAR ENDED JUNE 30, 2016 AND LAST NINE FISCAL YEARS¹

<u>For the Year Ended June 30,</u>	<u>Proportion of the Collective Net Pension Liability</u>	<u>Proportion of the Collective Net Pension Liability</u>	<u>Covered Employee Payroll</u>	<u>Proportion of the Collective Net Pension Liability as a Percentage of Covered Employee Payroll</u>	<u>PERS Fiduciary Net Position as a Percentage of Total Pension Liability</u>
2014	0.22334 %	\$ 23,276,707	\$ 14,336,511	162.36 %	76.31 %
2015	0.24512 %	28,089,257	13,781,585	203.82 %	75.13 %
2016	0.22664 %	30,498,741	14,247,878	214.06 %	72.23 %

1. Information for the multiple-employer cost-sharing defined benefit pension plan is not available for years prior to the year ended June 30, 2014. As becomes available this schedule will ultimately present information for the ten most recent fiscal years.

CITY OF BOULDER CITY

REQUIRED SUPPLEMENTARY INFORMATION MULTIPLE-EMPLOYER COST-SHARING DEFINED BENEFIT PENSION PLAN PROPORTIONATE SHARE OF STATUTORILY REQUIRED CONTRIBUTION INFORMATION FOR THE YEAR ENDED JUNE 30, 2017 AND LAST NINE FISCAL YEARS¹

<u>For the Year Ended June 30,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
2015	\$ 3,698,396	\$ 3,698,396	\$	\$ 13,781,585	26.84 %
2016	3,966,082	3,966,082		14,247,878	27.84 %
2017	4,041,918	4,041,918		14,622,783	27.64 %

1. Information for the multiple-employer cost-sharing defined benefit pension plan is not available for years prior to the year ended June 30, 2015. As becomes available this schedule will ultimately present information for the ten most recent fiscal years.

CITY OF BOULDER CITY

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2017

The general fund is used to account for all financial resources not accounted for in some other fund.

CITY OF BOULDER CITY

GENERAL FUND

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

BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property taxes	\$ 1,675,000	\$ 1,675,000	\$ 1,835,050	\$ 160,050
Room tax	520,000	520,000	527,055	7,055
Franchise fees	815,000	815,000	765,079	(49,921)
Licenses and permits	686,000	686,000	553,070	(132,930)
Charges for services	4,695,700	4,695,700	4,239,094	(456,606)
Intergovernmental	10,769,472	15,237,472	12,633,276	(2,604,196)
Fines and forfeitures	505,500	505,500	354,790	(150,710)
Rents and royalties	7,365,380	7,365,380	9,292,586	1,927,206
Investment income	25,000	25,000	3,747	(21,253)
Miscellaneous	161,500	161,500	362,798	201,298
Total revenues	27,218,552	31,686,552	30,566,545	(1,120,007)
EXPENDITURES				
General government				
Legislative				
Salaries and wages	567,606	567,606	570,036	(2,430)
Employee benefits	226,132	226,132	220,673	5,459
Services and supplies	435,540	435,540	390,593	44,947
Total legislative	1,229,278	1,229,278	1,181,302	47,976
Executive				
Salaries and wages	412,008	412,008	449,301	(37,293)
Employee benefits	173,933	173,933	183,950	(10,017)
Services and supplies	141,154	141,154	132,785	8,369
Total executive	727,095	727,095	766,036	(38,941)
Finance				
Salaries and wages	361,308	361,308	350,511	10,797
Employee benefits	158,227	158,227	143,990	14,237
Services and supplies	160,700	160,700	154,439	6,261
Total finance	680,235	680,235	648,940	31,295
Information systems				
Salaries and wages	62,587	62,587	62,269	318
Employee benefits	31,263	31,263	30,839	424
Services and supplies	689,686	689,686	671,688	17,998
Total information systems	783,536	783,536	764,796	18,740
Central services				
Salaries and wages	18,720	18,720	16,031	2,689
Employee benefits	507,962	507,962	450,060	57,902
Services and supplies	742,208	742,208	658,429	83,779
Total central services	1,268,890	1,268,890	1,124,520	144,370
Total general government	4,689,034	4,689,034	4,485,594	203,440
Public safety				
Police				
Salaries and wages	3,137,900	3,137,900	3,380,777	(242,877)
Employee benefits	1,974,729	1,974,729	1,745,640	229,089
Services and supplies	1,013,094	1,040,866	787,560	253,306
Capital outlay			359,474	(359,474)
Total police	6,125,723	6,153,495	6,273,451	(119,956)

(Continued)

CITY OF BOULDER CITY

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED)

BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance
Animal control				
Salaries and wages	138,457	138,457	124,846	13,611
Employee benefits	61,227	61,227	49,873	11,354
Services and supplies	33,140	36,045	21,531	14,514
Total animal control	232,824	235,729	196,250	39,479
Fire				
Salaries and wages	2,130,025	2,130,025	2,466,269	(336,244)
Employee benefits	1,222,748	1,222,748	1,168,105	54,643
Services and supplies	442,250	449,307	395,908	53,399
Total fire	3,795,023	3,802,080	4,030,282	(228,202)
Total public safety	10,153,570	10,191,304	10,499,983	(308,679)
Judicial				
Municipal court				
Salaries and wages	398,378	398,378	407,800	(9,422)
Employee benefits	168,268	168,268	171,436	(3,168)
Services and supplies	103,943	114,273	57,822	56,451
Capital outlay			4,276	(4,276)
Total judicial	670,589	680,919	641,334	39,585
Public works				
Highway and streets				
Salaries and wages	599,134	599,134	563,435	35,699
Employee benefits	280,193	280,193	268,787	11,406
Services and supplies	329,959	376,198	360,117	16,081
Capital outlay			3,115,451	(3,115,451)
Total highway and streets	1,209,286	1,255,525	4,307,790	(3,052,265)
Engineering				
Salaries and wages	284,969	284,969	293,982	(9,013)
Employee benefits	135,023	135,023	126,650	8,373
Services and supplies	66,350	66,350	54,674	11,676
Total engineering	486,342	486,342	475,306	11,036
Administration				
Salaries and wages	213,482	213,482	266,038	(52,556)
Employee benefits	85,732	85,732	108,979	(23,247)
Services and supplies	430,000	430,000	739,534	(309,534)
Total administration	729,214	729,214	1,114,551	(385,337)
Landscaping				
Salaries and wages	560,478	560,478	558,103	2,375
Employee benefits	276,461	276,461	268,733	7,728
Services and supplies	429,320	429,373	418,621	10,752
Total landscaping	1,266,259	1,266,312	1,245,457	20,855

(Continued)

CITY OF BOULDER CITY

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED)

BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance
Building maintenance				
Salaries and wages	279,858	279,858	196,383	83,475
Employee benefits	38,230	38,230	93,769	(55,539)
Services and supplies	<u>533,000</u>	<u>529,194</u>	<u>331,837</u>	<u>197,357</u>
Total building maintenance	<u>851,088</u>	<u>847,282</u>	<u>621,989</u>	<u>225,293</u>
Total public works	<u>4,542,189</u>	<u>4,584,675</u>	<u>7,765,093</u>	<u>(3,180,418)</u>
Culture and recreation				
Boulder City Municipal golf course				
Services and supplies	1,303,481	1,303,481	1,200,807	102,674
Capital outlay			<u>35,948</u>	<u>(35,948)</u>
Other recreation				
Salaries and wages	987,530	987,530	953,217	34,313
Employee benefits	334,820	334,820	326,338	8,482
Services and supplies	700,750	700,750	736,878	(36,128)
Capital outlay			<u>197,070</u>	<u>(197,070)</u>
Total other recreation	<u>2,023,100</u>	<u>2,023,100</u>	<u>2,213,503</u>	<u>(190,403)</u>
Swimming pool				
Salaries and wages	275,719	275,719	253,722	21,997
Employee benefits	66,085	66,085	61,241	4,844
Services and supplies	<u>131,533</u>	<u>131,533</u>	<u>101,466</u>	<u>30,067</u>
Total swimming pool	<u>473,337</u>	<u>473,337</u>	<u>416,429</u>	<u>56,908</u>
Boulder Creek golf course				
Services and supplies	1,985,010	2,007,601	1,851,596	156,005
Capital outlay			<u>325,308</u>	<u>(325,308)</u>
Total boulder creek golf course	<u>1,985,010</u>	<u>2,007,601</u>	<u>2,176,904</u>	<u>(169,303)</u>
Total culture and recreation	<u>5,784,928</u>	<u>5,807,519</u>	<u>6,043,591</u>	<u>(236,072)</u>
Community support				
Community development administration				
Salaries and wages	125,284	125,284	110,832	14,452
Employee benefits	45,323	45,323	37,898	7,425
Services and supplies	<u>13,600</u>	<u>13,600</u>	<u>10,461</u>	<u>3,139</u>
Total community development administration	<u>184,207</u>	<u>184,207</u>	<u>159,191</u>	<u>25,016</u>
Planning and zoning				
Salaries and wages	102,664	102,664	104,702	(2,038)
Employee benefits	43,309	43,309	42,676	633
Services and supplies	<u>25,269</u>	<u>25,269</u>	<u>26,127</u>	<u>(858)</u>
Total planning and zoning	<u>171,242</u>	<u>171,242</u>	<u>173,505</u>	<u>(2,263)</u>
Building inspection and code enforcement				
Salaries and wages	127,786	127,786	127,176	610
Employee benefits	53,485	53,485	51,896	1,589
Services and supplies	<u>179,195</u>	<u>179,195</u>	<u>136,915</u>	<u>42,280</u>
Total building inspection and code enforcement	<u>360,466</u>	<u>360,466</u>	<u>315,987</u>	<u>44,479</u>
Total community support	<u>715,915</u>	<u>715,915</u>	<u>648,683</u>	<u>67,232</u>

(Continued)

CITY OF BOULDER CITY

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED)

BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Debt service				
Principal payments			240,394	(240,394)
Total debt service			<u>240,394</u>	<u>(240,394)</u>
Total expenditures	<u>26,556,225</u>	<u>26,669,366</u>	<u>30,324,672</u>	<u>(3,655,306)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>662,327</u>	<u>5,017,186</u>	<u>241,873</u>	<u>(4,775,313)</u>
OTHER FINANCING SOURCES				
Proceeds from capital asset disposal			54,321	54,321
Transfers in	<u>1,353,562</u>	<u>1,416,976</u>	<u>1,108,904</u>	<u>(308,072)</u>
Total other financing sources	<u>1,353,562</u>	<u>1,416,976</u>	<u>1,163,225</u>	<u>(253,751)</u>
CHANGE IN FUND BALANCE	2,015,889	6,434,162	1,405,098	(5,029,064)
FUND BALANCE, BEGINNING OF YEAR			<u>15,382,513</u>	<u>15,382,513</u>
FUND BALANCE, END OF YEAR	<u>\$</u>	<u>\$</u>	<u>\$ 16,787,611</u>	<u>\$ 16,787,611</u>

CITY OF BOULDER CITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2017

Note 1. Postemployment Benefits Other Than Pensions

For the year ended June 30, 2017, no significant events occurred that would have affected the information presented in the accompanying schedule of funding progress.

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

Note 2. Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

For the year ended June 30, 2017, there were no changes in the pension benefit plan terms to the actuarial methods and assumptions used in the actuarial valuation reports dated June 30, 2015 and 2014.

The actuarial valuation reports dated June 30, 2015 and 2014, are the only valuations to date of the multiple-employer cost-sharing defined benefit pension plan. As additional actuarial valuations are obtained these schedules will ultimately present information from the ten most recent valuations.

Additional pension plan information can be found in Note 4 to the basic financial statements.

Note 3. Budget Information

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

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

**NON-MAJOR
GOVERNMENTAL FUNDS**

CITY OF BOULDER CITY

NON-MAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

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

Capital Improvement

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

Residential Construction Tax

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

Municipal Court

Accounts for the collection of an administrative assessment in the municipal court for the provision of court facilities in accordance with Nevada Revised Statute 176.0611 and the collection of an administrative assessment in the municipal court for the training and education of personnel, acquisition of capital assets, management and operational studies, and audits in accordance with Nevada Revised Statute 176.059.

More Cops

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

Multipurpose

Accounts for resources received from, but not limited to, property confiscated by the police department, room taxes received from various hotels within the City of Boulder City and special purpose-restricted contributions. These resources are to be used for specific purposes including, but not limited to, the purchase of flags by the American Legion, parent training programs for parents of strong-willed or out of control adolescent children, and renewable energy projects.

Golf Course Improvement

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

Redevelopment District #1

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

CITY OF BOULDER CITY

NON-MAJOR SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET JUNE 30, 2017

	Capital Improvement	Residential Construction Tax	Municipal Court	More Cops	Multipurpose	Golf Course Improvement	Redevelopment District #1	Total Non-major Special Revenue
ASSETS								
Cash, cash equivalents and investments	\$ 5,321,462	\$ 5,669	\$ 636,447	\$ 263,008	\$ 3,071,633	\$ 241,267	\$ 761,735	\$ 10,301,221
Accounts receivable	373,726							373,726
Taxes receivable							25,892	25,892
Due from other governments				226,934				226,934
Total assets	<u>\$ 5,695,188</u>	<u>\$ 5,669</u>	<u>\$ 636,447</u>	<u>\$ 489,942</u>	<u>\$ 3,071,633</u>	<u>\$ 241,267</u>	<u>\$ 787,627</u>	<u>\$ 10,927,773</u>
LIABILITIES								
Accounts payable			1,612		255,549		2,605	259,766
Accrued expenses			4,717	77,781			3,736	86,234
Due to other funds				194,115				194,115
Unearned revenue	275,017				2,000,000			2,275,017
Total liabilities	<u>275,017</u>		<u>6,329</u>	<u>271,896</u>	<u>2,255,549</u>		<u>6,341</u>	<u>2,815,132</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - property taxes							14,210	14,210

(Continued)

CITY OF BOULDER CITY

**NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2017**

	Capital Improvement	Residential Construction Tax	Municipal Court	More Cops	Multipurpose	Golf Course Improvement	Redevelopment District #1	Total Non-major Special Revenue
FUND BALANCES								
Restricted for								
Courts and other judicial programs			504,284					504,284
Fire, police and other public safety programs				218,046	260,188			478,234
Parks, cultural and recreational programs		5,669						5,669
Capital improvement projects	5,420,171		125,834		181,898			5,727,903
Committed to								
Courts and other judicial programs					18,684			18,684
Capital improvement projects						241,267	767,076	1,008,343
Assigned to								
Stabilization and other general programs					9,511			9,511
Fire, police and other public safety programs					57,888			57,888
Parks, cultural and recreational programs					111,878			111,878
Capital improvement projects					176,037			176,037
Total fund balances	<u>5,420,171</u>	<u>5,669</u>	<u>630,118</u>	<u>218,046</u>	<u>816,084</u>	<u>241,267</u>	<u>767,076</u>	<u>8,098,431</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,695,188</u>	<u>\$ 5,669</u>	<u>\$ 636,447</u>	<u>\$ 489,942</u>	<u>\$ 3,071,633</u>	<u>\$ 241,267</u>	<u>\$ 787,627</u>	<u>\$ 10,927,773</u>

CITY OF BOULDER CITY

NON-MAJOR SPECIAL REVENUE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2017

	Capital Improvement	Residential Construction Tax	Municipal Court	More Cops	Multipurpose	Golf Course Improvement	Redevelopment District #1	Total Non-major Special Revenue
REVENUES								
Property taxes	\$	\$ 2,000	\$	\$ 886,442	\$	\$	\$ 648,411	\$ 1,536,853
Charges for services						106,583		106,583
Fines and forfeitures			124,029					124,029
Rents and royalties	2,175,340							2,175,340
Investment income	7,998							7,998
Miscellaneous					134,707			134,707
Total revenues	<u>2,183,338</u>	<u>2,000</u>	<u>124,029</u>	<u>886,442</u>	<u>134,707</u>	<u>106,583</u>	<u>648,411</u>	<u>4,085,510</u>
EXPENDITURES								
Current								
General government					659			659
Public safety				695,745	43,886			739,631
Judicial			89,040		64,655			153,695
Culture and recreation					43,528			43,528
Community support							343,002	343,002
Total current			<u>89,040</u>	<u>695,745</u>	<u>152,728</u>		<u>343,002</u>	<u>1,280,515</u>
Capital outlay								
Public works					312,968			312,968
Total expenditures			<u>89,040</u>	<u>695,745</u>	<u>465,696</u>		<u>343,002</u>	<u>1,593,483</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,183,338</u>	<u>2,000</u>	<u>34,989</u>	<u>190,697</u>	<u>(330,989)</u>	<u>106,583</u>	<u>305,409</u>	<u>2,492,027</u>
OTHER FINANCING SOURCES (USES)								
Proceeds from capital asset disposal	96,821							96,821
Transfers out	(500,000)						(150,000)	(650,000)
Total other financing sources (uses)	<u>(403,179)</u>						<u>(150,000)</u>	<u>(553,179)</u>
CHANGE IN FUND BALANCE	<u>1,780,159</u>	<u>2,000</u>	<u>34,989</u>	<u>190,697</u>	<u>(330,989)</u>	<u>106,583</u>	<u>155,409</u>	<u>1,938,848</u>
FUND BALANCE, BEGINNING OF YEAR	<u>3,640,012</u>	<u>3,669</u>	<u>595,129</u>	<u>27,349</u>	<u>1,147,073</u>	<u>134,684</u>	<u>611,667</u>	<u>6,159,583</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,420,171</u>	<u>\$ 5,669</u>	<u>\$ 630,118</u>	<u>\$ 218,046</u>	<u>\$ 816,084</u>	<u>\$ 241,267</u>	<u>\$ 767,076</u>	<u>\$ 8,098,431</u>

CITY OF BOULDER CITY

CAPITAL IMPROVEMENT SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Rents and royalties	\$ 1,797,650	\$ 1,797,650	\$ 2,175,340	\$ 377,690
Investment income	<u>5,000</u>	<u>5,000</u>	<u>7,998</u>	<u>2,998</u>
Total revenues	<u>1,802,650</u>	<u>1,802,650</u>	<u>2,183,338</u>	<u>380,688</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,802,650</u>	<u>1,802,650</u>	<u>2,183,338</u>	<u>380,688</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital asset disposal			96,821	96,821
Transfers out			<u>(500,000)</u>	<u>(500,000)</u>
Total other financing sources (uses)			<u>(403,179)</u>	<u>(403,179)</u>
CHANGE IN FUND BALANCE	1,802,650	1,802,650	1,780,159	(22,491)
FUND BALANCE, BEGINNING OF YEAR	<u>3,795,645</u>	<u>3,795,645</u>	<u>3,640,012</u>	<u>(155,633)</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,598,295</u>	<u>\$ 5,598,295</u>	<u>\$ 5,420,171</u>	<u>\$ (178,124)</u>

CITY OF BOULDER CITY

**RESIDENTIAL CONSTRUCTION TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Property taxes	\$ <u>3,000</u>	\$ <u>3,000</u>	\$ <u>2,000</u>	\$ <u>(1,000)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>23,669</u>	<u>669</u>	<u>3,669</u>	<u>3,000</u>
FUND BALANCE, END OF YEAR	\$ <u><u>26,669</u></u>	\$ <u><u>3,669</u></u>	\$ <u><u>5,669</u></u>	\$ <u><u>2,000</u></u>

CITY OF BOULDER CITY

MUNICIPAL COURT SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Fines and forfeitures	\$ <u>150,000</u>	\$ <u>150,000</u>	\$ <u>124,029</u>	\$ <u>(25,971)</u>
EXPENDITURES				
Judicial				
Municipal court				
Salaries and wages	31,569	31,569	33,498	(1,929)
Employee benefits	19,696	19,696	20,056	(360)
Services and supplies	<u>87,868</u>	<u>99,507</u>	<u>35,486</u>	<u>64,021</u>
Total expenditures	<u>139,133</u>	<u>150,772</u>	<u>89,040</u>	<u>61,732</u>
CHANGE IN FUND BALANCE	10,867	(772)	34,989	35,761
FUND BALANCE, BEGINNING OF YEAR	<u>490,715</u>	<u>490,715</u>	<u>595,129</u>	<u>104,414</u>
FUND BALANCE, END OF YEAR	<u>\$ 501,582</u>	<u>\$ 489,943</u>	<u>\$ 630,118</u>	<u>\$ 140,175</u>

CITY OF BOULDER CITY

MORE COPS SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Property taxes	\$ 710,000	\$ 710,000	\$ 886,442	\$ 176,442
EXPENDITURES				
Public safety				
Police				
Salaries and wages	453,336	453,336	417,377	35,959
Employee benefits	287,270	287,270	264,683	22,587
Services and supplies	12,000	12,000	13,685	(1,685)
Total expenditures	<u>752,606</u>	<u>752,606</u>	<u>695,745</u>	<u>56,861</u>
CHANGE IN FUND BALANCE	(42,606)	(42,606)	190,697	233,303
FUND BALANCE, BEGINNING OF YEAR	<u>(42,228)</u>	<u>(42,228)</u>	<u>27,349</u>	<u>69,577</u>
FUND BALANCE, END OF YEAR	<u>\$ (84,834)</u>	<u>\$ (84,834)</u>	<u>\$ 218,046</u>	<u>\$ 302,880</u>

CITY OF BOULDER CITY

MULTIPURPOSE SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Miscellaneous	\$ _____	\$ _____	\$ 134,707	\$ 134,707
EXPENDITURES				
General government				
Executive				
Services and supplies	_____	_____	659	(659)
Public safety				
Police				
Services and supplies	_____	_____	31,153	(31,153)
Fire				
Services and supplies	_____	_____	12,733	(12,733)
Total public safety	_____	_____	43,886	(43,886)
Judicial				
Municipal court				
Services and supplies	_____	11,704	64,655	(52,951)
Public works				
Administration				
Capital outlay	_____	_____	312,968	(312,968)
Culture and recreation				
Other recreation				
Services and supplies	_____	_____	43,528	(43,528)
Total expenditures	_____	11,704	465,696	(453,992)
CHANGE IN FUND BALANCE		(11,704)	(330,989)	(319,285)
FUND BALANCE, BEGINNING OF YEAR	1,060,908	563,709	1,147,073	583,364
FUND BALANCE, END OF YEAR	<u>\$ 1,060,908</u>	<u>\$ 552,005</u>	<u>\$ 816,084</u>	<u>\$ 264,079</u>

CITY OF BOULDER CITY

**GOLF COURSE IMPROVEMENT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Charges for services	\$ <u>130,000</u>	\$ <u>130,000</u>	\$ <u>106,583</u>	\$ <u>(23,417)</u>
EXPENDITURES				
FUND BALANCE, BEGINNING OF YEAR	<u>28,120</u>	<u>(16,880)</u>	<u>134,684</u>	<u>151,564</u>
FUND BALANCE, END OF YEAR	\$ <u><u>158,120</u></u>	\$ <u><u>113,120</u></u>	\$ <u><u>241,267</u></u>	\$ <u><u>128,147</u></u>

CITY OF BOULDER CITY

**REDEVELOPMENT DISTRICT #1 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Property taxes	\$ 550,000	\$ 550,000	\$ 648,411	\$ 98,411
Community support				
Community development administration				
Salaries and wages	57,241	57,241	42,663	14,578
Employee benefits	24,930	24,930	19,609	5,321
Services and supplies	<u>209,924</u>	<u>391,359</u>	<u>280,730</u>	<u>110,629</u>
Total community development administration	<u>292,095</u>	<u>473,530</u>	<u>343,002</u>	<u>130,528</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>257,905</u>	<u>76,470</u>	<u>305,409</u>	<u>228,939</u>
OTHER FINANCING USES				
Transfers out	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	
CHANGE IN FUND BALANCE	107,905	(73,530)	155,409	228,939
FUND BALANCE, BEGINNING OF YEAR	<u>588,637</u>	<u>671,137</u>	<u>611,667</u>	<u>(59,470)</u>
FUND BALANCE, END OF YEAR	<u>\$ 696,542</u>	<u>\$ 597,607</u>	<u>\$ 767,076</u>	<u>\$ 169,469</u>

PROPRIETARY FUNDS

MAJOR ENTERPRISE FUNDS

CITY OF BOULDER CITY

MAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

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

Utility

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

Aviation

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

CITY OF BOULDER CITY

UTILITY ENTERPRISE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES				
Electric	\$ 14,927,336	\$ 14,927,336	\$ 14,592,610	\$ (334,726)
Water	7,338,539	7,338,539	8,776,839	1,438,300
Sewer	1,583,752	1,583,752	1,654,657	70,905
Refuse	935,000	935,000	993,443	58,443
Refuse special charge	260,000	260,000	240,812	(19,188)
Landfill receipts	195,000	195,000	224,712	29,712
Miscellaneous	170,000	170,000	169,208	(792)
Total operating revenues	<u>25,409,627</u>	<u>25,409,627</u>	<u>26,652,281</u>	<u>1,242,654</u>
OPERATING EXPENSES				
Salaries and wages	2,616,593	2,616,593	2,667,068	(50,475)
Employee benefits	3,761,075	3,761,075	1,012,722	2,748,353
Services and supplies	15,452,836	16,064,885	16,502,366	(437,481)
Depreciation	2,365,775	2,365,775	2,382,935	(17,160)
Total operating expenses	<u>24,196,279</u>	<u>24,808,328</u>	<u>22,565,091</u>	<u>2,243,237</u>
Operating income	<u>1,213,348</u>	<u>601,299</u>	<u>4,087,190</u>	<u>3,485,891</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	50,892	50,892	4,666	(46,226)
Interest and fiscal charges	(1,321,713)	(1,321,713)	(1,192,957)	128,756
.25% local sales and use tax	722,000	722,000	780,717	58,717
Total nonoperating revenues (expenses)	<u>(548,821)</u>	<u>(548,821)</u>	<u>(407,574)</u>	<u>141,247</u>
Income before transfers	<u>664,527</u>	<u>52,478</u>	<u>3,679,616</u>	<u>3,627,138</u>
TRANSFERS				
Transfers in	2,783,725	2,783,725	650,000	(2,133,725)
Transfers out	(1,302,500)	(1,302,500)	(1,025,004)	277,496
Total transfers	<u>1,481,225</u>	<u>1,481,225</u>	<u>(375,004)</u>	<u>(1,856,229)</u>
CHANGE IN NET POSITION	<u>\$ 2,145,752</u>	<u>\$ 1,533,703</u>	3,304,612	<u>\$ 1,770,909</u>
NET POSITION, BEGINNING OF YEAR			46,307,412	
NET POSITION, END OF YEAR			<u>\$ 49,612,024</u>	

CITY OF BOULDER CITY

AVIATION ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES				
Rents and royalties	\$ 677,000	\$ 677,000	\$ 742,260	\$ 65,260
Miscellaneous	<u>12,000</u>	<u>12,000</u>	<u>23,781</u>	<u>11,781</u>
Total operating revenues	<u>689,000</u>	<u>689,000</u>	<u>766,041</u>	<u>77,041</u>
OPERATING EXPENSES				
Salaries and wages	228,221	228,221	206,521	21,700
Employee benefits	105,337	105,337	55,522	49,815
Services and supplies	153,700	3,924,021	136,282	3,787,739
		189,132		189,132
Depreciation	<u>525,000</u>	<u>525,000</u>	<u>760,290</u>	<u>(235,290)</u>
Total operating expenses	<u>1,012,258</u>	<u>4,971,711</u>	<u>1,158,615</u>	<u>3,813,096</u>
Operating loss	<u>(323,258)</u>	<u>(4,282,711)</u>	<u>(392,574)</u>	<u>3,890,137</u>
NONOPERATING REVENUES				
Grants		<u>3,512,457</u>		<u>(3,512,457)</u>
CAPITAL CONTRIBUTIONS				
Capital contributions			<u>1,720,788</u>	<u>1,720,788</u>
TRANSFERS				
Transfers out	<u>(37,900)</u>	<u>(37,900)</u>	<u>(37,900)</u>	
Total transfers	<u>(37,900)</u>	<u>(37,900)</u>	<u>(37,900)</u>	
CHANGE IN NET POSITION	<u>\$ (361,158)</u>	<u>\$ (808,154)</u>	<u>1,290,314</u>	<u>\$ 2,098,468</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			17,395,168	
Adjustment			<u>414,997</u>	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED			<u>17,810,165</u>	
NET POSITION, END OF YEAR			<u>\$ 19,100,479</u>	

NON-MAJOR ENTERPRISE FUNDS

CITY OF BOULDER CITY

NON-MAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

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

Cemetery

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

CITY OF BOULDER CITY

CEMETERY ENTERPRISE FUND

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES				
Miscellaneous	\$ <u>61,000</u>	\$ <u>61,000</u>	\$ <u>187,798</u>	\$ <u>126,798</u>
OPERATING EXPENSES				
Services and supplies	37,000	42,300	30,134	12,166
Depreciation	<u>16,600</u>	<u>16,600</u>	<u>15,561</u>	<u>1,039</u>
Total operating expenses	<u>53,600</u>	<u>58,900</u>	<u>45,695</u>	<u>13,205</u>
Operating income	<u>7,400</u>	<u>2,100</u>	<u>142,103</u>	<u>140,003</u>
TRANSFERS				
Transfers out	<u>(46,000)</u>	<u>(46,000)</u>	<u>(46,000)</u>	
CHANGE IN NET POSITION	<u><u>\$ (38,600)</u></u>	<u><u>\$ (43,900)</u></u>	96,103	<u><u>\$ 140,003</u></u>
NET POSITION, BEGINNING OF YEAR			<u>690,727</u>	
NET POSITION, END OF YEAR			<u><u>\$ 786,830</u></u>	

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

Members of the City Council
City of Boulder City, Nevada

We have audited, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Boulder City (the City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 30, 2017.

Internal Control over Financial Reporting. In planning and performing our audit of the basic financial statements, we considered the City'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 opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City's basic 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 preceding paragraph 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 have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2017 - 001 that we consider to be a material weakness.

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

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

We noted certain matters that we reported to the City in a separate letter dated November 30, 2017.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Perry Bowler Taylor & Kern".

Las Vegas, Nevada
November 30, 2017

STATISTICAL SECTION

CITY OF BOULDER CITY

STATISTICAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2017

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

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

Demographic and Economic Information

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

- Table 16 - Demographic and Economic Statistics
- Table 17 - Principal Employers

Operating Information

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

- Table 18 - Full-time Equivalent City Employees by Function and Program
- Table 19 - Operating Indicators by Function and Program
- Table 20 - Capital Asset Statistics by Function and Program

CITY OF BOULDER CITY

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

	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Governmental activities										
Net investment in capital assets	\$ 65,211,171	\$ 65,496,885	\$ 66,488,072	\$ 71,172,114	\$ 76,648,958	\$ 77,991,990	\$ 76,375,585	\$ 81,307,082	\$ 82,718,994	\$ 82,827,547
Restricted	594,642	409,695	196,790	80,609	45,444	5,715,272	4,867,878	7,157,633	5,385,884	5,089,884
Unrestricted	6,319,841	7,128,013	8,445,882	1,369,378	(85,145)	(4,220,153)	491,637	(9,864,216)	(7,562,900)	(3,836,049)
Total governmental activities net position	<u>72,125,654</u>	<u>73,034,593</u>	<u>75,130,744</u>	<u>72,622,101</u>	<u>76,609,257</u>	<u>79,487,109</u>	<u>81,735,100</u>	<u>78,600,499</u>	<u>80,541,978</u>	<u>84,081,382</u>
Business-type activities										
Net investment in capital assets	40,150,608	39,641,022	40,809,770	33,668,189	29,645,826	36,796,036	35,543,133	40,774,759	41,927,972	44,639,671
Restricted	1,457,101	2,660,373	3,376,838	5,314,431	2,047,339	2,047,339	2,047,339	2,461,987	2,721,266	3,115,591
Unrestricted	1,106,102	109,805	2,196,667	12,441,771	27,932,105	19,021,970	21,775,327	17,404,912	19,744,069	21,687,025
Total business-type activities net position	<u>42,713,811</u>	<u>42,411,200</u>	<u>46,383,275</u>	<u>51,424,391</u>	<u>57,577,931</u>	<u>57,865,345</u>	<u>59,365,799</u>	<u>60,641,658</u>	<u>64,393,307</u>	<u>69,442,287</u>
Primary government										
Net investment in capital assets	105,361,779	105,137,907	107,297,842	104,840,303	106,294,784	114,788,026	111,918,718	122,081,841	124,646,966	127,467,218
Restricted	2,051,743	3,070,068	3,573,628	5,395,040	45,444	7,762,611	6,915,217	9,619,620	8,107,150	8,205,475
Unrestricted	7,425,943	7,237,818	10,642,549	13,811,149	27,846,960	14,801,817	22,266,964	7,540,696	12,181,169	17,850,976
Total primary government net position	<u>\$ 114,839,465</u>	<u>\$ 115,445,793</u>	<u>\$ 121,514,019</u>	<u>\$ 124,046,492</u>	<u>\$ 134,187,188</u>	<u>\$ 137,352,454</u>	<u>\$ 141,100,899</u>	<u>\$ 139,242,157</u>	<u>\$ 144,935,285</u>	<u>\$ 153,523,669</u>

Table 2

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

	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Expenses										
Governmental activities										
General government	\$ 4,550,057	\$ 4,455,408	\$ 4,048,584	\$ 3,828,555	\$ 4,699,541	\$ 5,172,734	\$ 5,176,123	\$ 4,590,920	\$ 4,638,975	\$ 4,824,903
Public safety	9,944,431	9,560,246	9,517,546	9,815,039	10,173,016	10,449,248	12,045,981	11,028,128	10,888,370	11,662,107
Judicial	481,389	494,969	596,017	576,424	607,243	669,647	770,477	948,908	1,003,088	960,336
Public works	4,973,350	6,006,811	6,287,420	5,899,045	5,476,502	5,365,200	5,728,665	6,032,085	6,224,723	6,741,519
Culture and recreation	4,849,890	3,868,091	3,216,498	6,565,586	6,387,082	6,080,026	6,837,030	6,959,448	7,246,987	6,907,586
Community support	833,294	685,443	575,128	510,392	571,468	623,881	811,370	833,430	848,110	735,096
Interest on long-term debt				342,848	342,120	290,551	317,801	443,115	300,376	-
Total governmental activities expenses	<u>25,632,411</u>	<u>25,070,968</u>	<u>24,241,193</u>	<u>27,537,889</u>	<u>28,256,972</u>	<u>28,651,287</u>	<u>31,687,447</u>	<u>30,836,034</u>	<u>31,150,629</u>	<u>31,831,547</u>
Business-type activities										
Utility	18,723,523	18,744,818	19,197,026	18,923,849	19,207,705	21,553,069	22,991,536	23,198,285	23,610,144	23,765,304
Golf course	4,198,189	3,019,022	2,756,959							
Aviation			715,930		937,903	973,675	920,766	988,439	1,157,073	1,151,359
Other business activities	388,980	630,106		814,251	54,610	42,343	55,235	45,999	52,488	45,695
Total business-type activities expenses	<u>23,310,692</u>	<u>22,393,946</u>	<u>22,669,915</u>	<u>19,738,100</u>	<u>20,200,218</u>	<u>22,569,087</u>	<u>23,967,537</u>	<u>24,232,723</u>	<u>24,819,705</u>	<u>24,962,358</u>
Total primary government expenses	<u>\$ 48,943,103</u>	<u>\$ 47,464,914</u>	<u>\$ 46,911,108</u>	<u>\$ 47,275,989</u>	<u>\$ 48,457,190</u>	<u>\$ 51,220,374</u>	<u>\$ 55,654,984</u>	<u>\$ 55,068,757</u>	<u>\$ 55,970,334</u>	<u>\$ 56,793,905</u>
Program Revenues										
Governmental activities										
Charges for services										
General government	\$ 1,428,197	\$ 1,408,883	\$ 1,576,977	\$ 1,308,598	\$ 2,030,996	\$ 1,432,357	\$ 3,307,428	\$ 1,857,570	\$ 2,892,053	\$ 1,318,149
Public safety	355,495	340,102	337,823	379,915	471,671	727,778	1,190,702	867,298	846,524	808,175
Judicial	866,176	1,023,178	907,713	920,647	1,114,961	852,462	761,949	722,333	630,097	548,048
Public works										
Culture and recreation	2,144,725	1,940,316	1,762,776	3,647,458	3,680,622	3,776,041	4,059,510	3,661,449	3,669,733	3,451,945
Community support	31,847	1,124	21,233	17,723	5,895		99,115	216,275	200,187	90,582
Total charges for services	<u>4,826,440</u>	<u>4,713,603</u>	<u>4,606,522</u>	<u>6,274,341</u>	<u>7,304,145</u>	<u>6,788,638</u>	<u>9,418,704</u>	<u>7,324,925</u>	<u>8,238,594</u>	<u>6,216,899</u>
Operating grants and contributions	138,425	85,055	844,402	349,574	134,323		3,076,023	7,371,784	2,742,878	1,772,302
Capital grants and contributions	575,766	2,314,844	2,997,907	1,813,618	4,917,590	2,931,703		84,251	270,538	1,337
Total governmental activities program revenues	<u>5,540,631</u>	<u>7,113,502</u>	<u>8,448,831</u>	<u>8,437,533</u>	<u>12,356,058</u>	<u>9,720,341</u>	<u>12,494,727</u>	<u>14,780,960</u>	<u>11,252,010</u>	<u>7,990,538</u>
Business-type activities										
Charges for services										
Utility	18,847,726	18,510,706	21,098,629	22,244,673	22,967,506	21,809,266	21,677,485	22,970,910	22,684,442	26,652,281
Golf course	3,088,608	2,472,653	2,147,087							
Aviation					538,057	385,624	694,574	693,708	735,630	751,807
Other business activities	570,306	500,836	489,927	646,540	89,672	89,784	50,860	74,805	103,531	187,798
Total charges for services	<u>22,506,640</u>	<u>21,484,195</u>	<u>23,735,643</u>	<u>22,891,213</u>	<u>23,595,235</u>	<u>22,284,674</u>	<u>22,422,919</u>	<u>23,739,423</u>	<u>23,523,603</u>	<u>27,591,886</u>
Operating grants and contributions						6,350				
Capital grants and contributions	3,042,034	1,785,114	3,876,882	741,138	3,568,126	181,682	718,077	4,931,594	1,393,814	1,860,073
Total business-type activities program revenues	<u>25,548,674</u>	<u>23,269,309</u>	<u>27,612,525</u>	<u>23,632,351</u>	<u>27,163,361</u>	<u>22,472,706</u>	<u>23,140,996</u>	<u>28,671,017</u>	<u>24,917,417</u>	<u>29,451,959</u>
Total primary government program revenues	<u>\$ 31,089,305</u>	<u>\$ 30,382,811</u>	<u>\$ 36,061,356</u>	<u>\$ 32,069,884</u>	<u>\$ 39,519,419</u>	<u>\$ 32,193,047</u>	<u>\$ 35,635,723</u>	<u>\$ 43,451,977</u>	<u>\$ 36,169,427</u>	<u>\$ 37,442,497</u>
Net Revenue (Expense)										
Governmental activities	\$ (20,091,780)	\$ (17,957,466)	\$ (15,792,362)	\$ (19,100,356)	\$ (15,900,914)	\$ (18,930,946)	\$ (19,192,720)	\$ (16,055,074)	\$ (19,898,619)	\$ (23,841,009)
Business-type activities	2,237,982	875,363	4,942,610	3,894,251	6,963,143	(96,381)	(826,541)	4,438,294	97,712	4,489,601
Total primary government net revenue (expense)	<u>\$ (17,853,798)</u>	<u>\$ (17,082,103)</u>	<u>\$ (10,849,752)</u>	<u>\$ (15,206,105)</u>	<u>\$ (8,937,771)</u>	<u>\$ (19,027,327)</u>	<u>\$ (20,019,261)</u>	<u>\$ (11,616,780)</u>	<u>\$ (19,800,907)</u>	<u>\$ (19,351,408)</u>

continued

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

	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
General Revenues and Transfers										
Governmental activities										
Property taxes	\$ 3,625,462	\$ 3,383,267	\$ 3,394,227	\$ 3,195,695	\$ 2,642,513	\$ 3,737,730	\$ 2,699,730	\$ 2,868,652	\$ 2,990,090	\$ 3,441,306
Intergovernmental consolidated tax	8,498,661	8,048,687	7,627,245	7,968,549	8,386,757	8,808,292	9,303,748	9,612,900	9,972,510	10,517,764
Other taxes	501,535	443,928	374,404	368,893	867,954	831,554	930,254	888,272	915,820	527,055
Unrestricted investment income					23,001	14,488	66,395	49,716	173,586	381,533
Rents and royalties					6,246,797	7,393,629	9,987,339	20,171,504	10,121,381	11,410,159
Gain on disposal of capital assets						37,800		656,973		11,745
Miscellaneous	4,162,961	5,156,624	4,978,614	5,467,961	76,052	78,497	359,231	231,795	404,781	443,664
Transfers	1,086,025	1,833,899	1,514,023	1,844,328	2,055,000	255,000	(1,635,000)	(535,836)	(2,738,070)	458,904
Total governmental activities	<u>17,874,644</u>	<u>18,866,405</u>	<u>17,888,513</u>	<u>18,845,426</u>	<u>20,298,074</u>	<u>21,156,990</u>	<u>21,711,697</u>	<u>33,943,976</u>	<u>21,840,098</u>	<u>27,192,130</u>
Business-type activities										
Other taxes	600,852	512,440	495,722	545,127	587,052	620,537	686,131	721,960	742,012	780,717
Unrestricted investment income					26,192	17,608	2,474	37,895	166,465	4,666
Miscellaneous	144,563	143,485	47,766	(52,469)		650	(7,294)	3,369	7,390	14,234
Transfers	(1,086,025)	(1,833,899)	(1,514,023)	(1,844,328)	(2,055,000)	(255,000)	1,635,000	535,836	2,738,070	(458,904)
Total business-type general revenues and other	<u>(340,610)</u>	<u>(1,177,974)</u>	<u>(970,535)</u>	<u>(1,351,670)</u>	<u>(1,441,756)</u>	<u>383,795</u>	<u>2,316,311</u>	<u>1,299,060</u>	<u>3,653,937</u>	<u>340,713</u>
Total primary government general revenues and other	<u>\$ 17,534,034</u>	<u>\$ 17,688,431</u>	<u>\$ 16,917,978</u>	<u>\$ 17,493,756</u>	<u>\$ 18,856,318</u>	<u>\$ 21,540,785</u>	<u>\$ 24,028,008</u>	<u>\$ 35,243,036</u>	<u>\$ 25,494,035</u>	<u>\$ 27,532,843</u>
Change in Net Position										
Governmental activities	\$ (2,217,136)	\$ 908,939	\$ 2,096,151	\$ (254,930)	\$ 4,397,160	\$ 2,226,044	\$ 2,518,977	\$ 17,888,902	\$ 1,941,479	\$ 3,351,121
Business-type activities	1,897,372	(302,611)	3,972,075	2,542,581	5,521,387	287,414	1,489,770	5,737,354	3,751,649	4,830,314
Total primary government	<u>\$ (319,764)</u>	<u>\$ 606,328</u>	<u>\$ 6,068,226</u>	<u>\$ 2,287,651</u>	<u>\$ 9,918,547</u>	<u>\$ 2,513,458</u>	<u>\$ 4,008,747</u>	<u>\$ 23,626,256</u>	<u>\$ 5,693,128</u>	<u>\$ 8,181,435</u>

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

	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
General Fund										
Nonspendable										
Prepaid items	\$ 19,685	\$ 22,707	\$ 20,958	\$ 20,958	\$ 123,212	\$ 24,088	\$ 24,088	\$ 24,088		
Inventories					70,265	94,190	60,839	46,865		
Unassigned	3,213,154	2,466,148	2,340,114	2,340,114	(4,816,915)	(1,712,616)	3,132,210	10,010,548	\$ 15,194,230	\$ 16,856,840
Total general fund	<u>\$ 3,232,839</u>	<u>\$ 2,488,855</u>	<u>\$ 2,361,072</u>	<u>\$ 2,361,072</u>	<u>\$ (4,623,438)</u>	<u>\$ (1,594,338)</u>	<u>\$ 3,217,137</u>	<u>\$ 10,081,501</u>	<u>\$ 15,194,230</u>	<u>\$ 16,856,840</u>
All Other Governmental Funds										
Restricted for										
Additional police officers	\$ 594,642	\$ 409,695	\$ 196,790	\$ 196,790	\$ 45,444	\$ 45,443	\$ 193,628	\$ 236,114	\$ 269,931	\$ 329,517
Capital improvements	969,385	1,141,261	1,952,556	1,952,556			3,357,716	6,067,645	4,238,078	3,947,744
Court Programs							459,432	506,611	491,929	504,284
Parks and recreational programs								17,669	3,669	3,669
Committed to										
Court Programs							30,000	12,828	50,928	18,684
Capital improvements	3,139,892	4,180,424	4,284,309	4,284,309	6,953,188	5,669,829	521,094	702,271	746,351	746,351
Special revenue purposes	886,692	904,481	975,477	892,039						
Assigned to										
Stabilization and other							9,251	11,005	13,484	9,511
Fire, police and other programs							38,941	44,921	58,350	57,888
Parks and recreational programs							81,779	84,803	83,478	111,878
Capital improvements							176,037	176,037	176,037	176,037
Unassigned								(41,980)	27,348	2,192,868
Total all other governmental funds	<u>\$ 5,590,611</u>	<u>\$ 6,635,861</u>	<u>\$ 7,409,132</u>	<u>\$ 7,325,694</u>	<u>\$ 6,998,632</u>	<u>\$ 5,715,272</u>	<u>\$ 4,867,878</u>	<u>\$ 7,859,904</u>	<u>\$ 6,159,583</u>	<u>\$ 8,098,431</u>

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

	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
REVENUES										
Taxes	\$ 3,625,462	\$ 3,383,267	\$ 3,394,227	\$ 3,394,227	\$ 3,082,446	\$ 4,175,885	\$ 3,142,158	\$ 3,347,544	\$ 3,472,919	\$ 3,898,958
Licenses, permits and franchise fees	1,343,199	1,372,592	1,575,765	1,575,765	2,030,996	1,430,857	3,307,428	1,874,742	2,934,692	1,318,149
Intergovernmental	9,731,841	10,724,447	11,358,514	11,358,514	13,860,690	13,135,562	12,737,105	17,258,798	13,313,745	12,633,276
Charges for services	2,617,065	2,317,833	2,123,044	2,123,044	4,158,188	4,539,551	5,386,072	4,767,405	4,738,101	4,345,677
Fines and forfeitures	866,176	1,023,178	907,713	907,713	1,114,961	852,462	761,949	722,333	630,097	548,048
Rents and royalties					6,208,520	7,386,933	10,010,356	20,195,303	10,178,581	11,666,926
Miscellaneous	4,162,961	5,156,624	4,969,036	4,969,036	143,330	246,783	1,099,142	358,296	613,764	310,250
Total revenues	<u>22,346,704</u>	<u>23,977,941</u>	<u>24,328,299</u>	<u>24,328,299</u>	<u>30,599,131</u>	<u>31,768,033</u>	<u>36,444,210</u>	<u>48,524,421</u>	<u>35,881,899</u>	<u>34,721,284</u>
EXPENDITURES:										
Current										
General government	4,896,857	4,545,834	4,410,049	4,410,049	4,498,301	4,975,304	4,108,907	4,297,912	3,901,962	4,486,253
Public safety	10,201,761	9,712,629	10,347,971	10,347,971	9,462,064	9,698,822	10,784,650	10,525,571	10,227,360	10,880,140
Judicial	454,330	472,915	575,617	575,617	563,195	624,015	709,467	713,965	819,870	790,753
Public works	4,409,043	5,565,856	6,357,322	6,357,322	3,543,957	3,218,171	3,766,313	4,034,181	4,010,303	4,649,642
Culture and recreation	4,698,871	4,406,079	3,564,173	3,564,173	4,988,961	5,025,371	5,440,161	5,500,341	5,775,779	5,528,793
Community support	824,161	699,701	570,017	494,443	559,687	1,279,996	1,207,266	972,231	957,368	991,685
Capital outlay					8,182,191	5,526,939	2,054,752	7,590,906	4,012,157	4,350,495
Debt service										
Principal retirement				400,000	1,446,633	562,027	1,846,601	5,311,701	247,517	240,394
Interest and fiscal charges				342,848	342,120	234,699	268,504	187,006		
Total expenditures	<u>25,485,023</u>	<u>25,403,014</u>	<u>25,825,149</u>	<u>26,492,423</u>	<u>33,587,109</u>	<u>31,145,344</u>	<u>30,186,621</u>	<u>39,133,814</u>	<u>29,952,316</u>	<u>31,918,155</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,138,319)</u>	<u>(1,425,073)</u>	<u>(1,496,850)</u>	<u>(2,164,124)</u>	<u>(2,987,978)</u>	<u>622,689</u>	<u>6,257,589</u>	<u>9,390,607</u>	<u>5,929,583</u>	<u>2,803,129</u>
OTHER FINANCING SOURCES (USES)										
Contingency	(86,563)	(107,560)	(35,923)							
Transfers in	3,050,171	3,619,414	2,481,000	2,425,570	4,144,066	4,288,246	3,122,438	1,799,392	1,631,690	1,108,904
Transfers out	(1,964,146)	(1,785,515)	(966,977)	(581,242)	(2,089,066)	(4,033,246)	(4,757,438)	(2,335,228)	(4,369,760)	(650,000)
Proceeds from capital asset disposal						40,943	354,859	773,639	262,875	151,142
Proceeds from capital leases			664,238			175,300	363,500	186,000		-
	<u>999,462</u>	<u>1,726,339</u>	<u>2,142,338</u>	<u>1,844,328</u>	<u>2,055,000</u>	<u>471,243</u>	<u>(916,641)</u>	<u>423,803</u>	<u>(2,475,195)</u>	<u>610,046</u>
NET CHANGE IN FUND BALANCES	<u>\$ (2,138,857)</u>	<u>\$ 301,266</u>	<u>\$ 645,488</u>	<u>\$ (319,796)</u>	<u>\$ (932,978)</u>	<u>\$ 1,093,932</u>	<u>\$ 5,340,948</u>	<u>\$ 9,814,410</u>	<u>\$ 3,454,388</u>	<u>\$ 3,413,175</u>
Debt service as a percentage of noncapital expenditures ⁽¹⁾	0.00%	0.00%	0.00%	2.90%	7.04%	3.12%	7.52%	Ratio	0.95%	0.87%

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

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

Fiscal Year Ended	Real Property		Personal Property		Total		Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2008	722,461,086	2,064,174,531	75,860,436	216,744,103	798,321,522	2,280,918,634	35%
2009	733,525,190	2,095,786,257	69,053,744	197,296,411	802,578,934	2,293,082,669	35%
2010	670,726,134	1,916,360,383	72,828,464	208,081,326	743,554,598	2,124,441,709	35%
2011	512,557,318	1,464,449,480	86,315,765	246,616,471	598,873,083	1,711,065,950	35%
2012	460,999,422	1,317,141,206	96,239,929	274,971,226	557,239,351	1,592,112,431	35%
2013	441,767,621	1,262,193,203	147,886,042	422,531,549	589,653,663	1,684,724,751	35%
2014	417,058,456	1,191,595,589	159,081,325	454,518,071	576,139,781	1,646,113,660	35%
2015	458,269,063	1,309,340,180	218,335,378	623,815,366	676,604,441	1,933,155,546	35%
2016	485,952,647	1,388,436,134	202,875,805	579,645,157	688,828,452	1,968,081,291	35%
2017	487,095,462	1,391,701,320	254,780,134	727,943,240	741,875,596	2,119,644,560	35%

Source: Clark County Assessor's Office

CITY OF BOULDER CITY

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

Fiscal Year	Direct rate	Overlapping rates ⁽¹⁾				Total
	City of Boulder City	State of Nevada	Clark County School District	Clark County	Special Districts	
2008	0.2038	0.1700	1.3034	0.6566	0.1555	2.4893
2009	0.2038	0.1700	1.3034	0.6541	0.1485	2.4798
2010	0.2188	0.1700	1.3034	0.6541	0.1405	2.4868
2011	0.2600	0.1700	1.3034	0.6541	0.1485	2.5360
2012	0.2600	0.1700	1.3034	0.6541	0.1595	2.5470
2013	0.2600	0.1700	1.3034	0.6541	0.1755	2.5630
2014	0.2600	0.1700	1.3034	0.6541	0.2030	2.5905
2015	0.2600	0.1700	1.3034	0.6541	0.2030	2.5905
2016	0.2600	0.1700	1.3034	0.6541	0.2039	2.5914
2017	0.2600	0.1700	1.3034	0.6541	0.2239	2.6114

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

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

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

Table 7

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

Taxpayer	Type of Business	Fiscal 2017			Fiscal 2008		
		Taxable Assessed Value	Rank	Percentage of Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Valuation
El Dorado Energy, LLC (including Houston Industries, Inc.)	Energy	\$ 380,134,297	1	51.24%	\$ 33,353,988	1	4.18%
Nevada Solar One, LLC	Energy	18,406,645	2	2.48%	11,876,130	3	1.49%
Caesar's Entertainment, LLC	Golf	7,836,984	3	1.06%	15,060,223	2	1.89%
Taihen Techren USA Company	Energy	7,683,505	4	1.04%			
Kowepo America Limited Liability Company	Energy	3,095,435	5	0.42%			
Francis Carrington	Real Estate	2,650,655	6	0.36%	3,520,399	6	0.44%
Gingerwood Mobile Home Park, LLC	RV Park	2,280,670	7	0.31%	3,551,994	5	0.44%
Solargenix Energy LLC	Energy	1,969,742	8	0.27%			
Elois Veltman	Real Estate	1,731,053	9	0.23%			
Claremont Heights	Real Estate	1,607,538	10	0.22%	2,927,923	9	0.37%
Schams Properties LLC	Real Estate				6,703,653	4	0.84%
Matthew P. Gardner	Real Estate				3,036,572	8	0.38%
Mario & A. Caruso 1999 Family Trust	Hotel / Real Estate				2,788,355	10	0.35%
Canyon Road Self Storage	Real Estate				3,238,417	7	0.41%
		<u>\$ 427,396,524</u>		<u>57.61%</u>	<u>\$ 86,057,654</u>		<u>10.78%</u>

Source: Clark County Assessor's Office

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

Table 8**CITY OF BOULDER CITY****Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)**

<u>Fiscal Year Ended</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Collections as a Percentage of Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes as a Percentage of Total Tax Levy</u>
2008	1,770,081	1,756,745	99.25%	13,336	1,770,081	100.00%	-	0.00%
2009	1,919,511	1,895,135	98.73%	24,341	1,919,476	100.00%	-	0.00%
2010	2,049,326	2,005,948	97.88%	43,357	2,049,305	100.00%	21	0.00%
2011	1,876,410	1,823,343	97.17%	53,046	1,876,389	100.00%	21	0.00%
2012	1,655,230	1,630,565	98.51%	24,644	1,655,209	100.00%	21	0.00%
2013	1,491,079	1,472,781	98.77%	16,280	1,489,061	99.86%	1,595	0.11%
2014	1,448,140	1,428,163	98.62%	16,085	1,444,248	99.73%	3,892	0.27%
2015	1,400,721	1,374,489	98.13%	18,354	1,392,843	99.44%	7,878	0.56%
2016	1,358,417	1,323,637	97.44%	16,238	1,323,637	97.44%	14,458	1.06%
2017	1,323,725	1,301,487	98.32%	n/a	1,301,487	98.32%	21,654	1.64%

Source: Clark County Comptroller's Office

* Still in process of being collected

CITY OF BOULDER CITY

Utility Revenue By Source
Last Ten Fiscal Years
(Unaudited)

	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
REVENUE SOURCE										
Electric	\$ 10,456,533	\$ 9,634,256	\$ 12,411,131	\$ 13,742,257	\$ 14,130,461	\$ 13,745,996	\$ 13,376,872	\$ 13,597,563	\$ 12,867,172	\$ 14,592,610
Water	5,984,819	6,105,468	5,784,650	5,784,650	6,029,921	5,117,469	5,349,490	6,329,867	6,923,725	8,776,839
Sewer	962,491	1,315,927	1,394,536	1,394,536	1,386,531	1,379,204	1,386,448	1,451,558	1,397,124	1,654,657
Refuse	959,347	1,043,916	1,051,388	1,051,388	869,470	894,886	902,926	935,099	903,254	993,443
Refuse special charges					215,796	58,054	109,898	246,653	236,263	240,812
Landfill receipts	153,015	163,445	152,444	152,444	124,968	196,322	254,824	195,395	193,168	224,712
Rents and royalties					525,984					
Miscellaneous	331,521	247,694	304,480	304,480	312,103	417,335	168,763	214,775	163,736	169,208
Total revenues	<u>\$ 18,847,726</u>	<u>\$ 18,510,706</u>	<u>\$ 21,098,629</u>	<u>\$ 22,429,755</u>	<u>\$ 23,595,234</u>	<u>\$ 21,809,266</u>	<u>\$ 21,549,221</u>	<u>\$ 22,970,910</u>	<u>\$ 22,684,442</u>	<u>\$ 26,652,281</u>

Source: City of Boulder City Finance Department

Table 10

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

Utility Customer	Type of Business	Fiscal 2017		Fiscal 2008	
		Taxable Utilities Billed	Rank	Taxable Utilities Billed	Rank
Harrah's Entertainment	Golf Course	\$ 1,068,438	1	\$ 959,637	2
City of Boulder City	Municipal	616,356	2	1,594,962	1
Clark County School District	Government, School District	573,633	3	573,698	3
State of Nevada	Veterans Home / Cemetary	444,750	4	371,249	4
Nevada Solar One, LLC	Energy	250,441	5	220,002	6
Vons Companies, Inc./Haagens	Retail / Food	242,295	6	150,922	10
Albertsons, Inc.	Retail / Food	241,625	7		
Boulder City Hospital	Health Care	213,039	8	191,152	8
Quarry 187	Construction	194,577	9	341,531	5
National Park Service	Government	188,324	10	156,159	9
Red Mountain RV	RV Park			194,050	7
		<u>\$ 4,033,478</u>		<u>\$ 4,753,362</u>	

Source: City of Boulder City, Utility Department

Table 11

CITY OF BOULDER CITY

**Debt Capacity Information
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year Ended	Governmental Activities		Business-type Activities			Total Primary Government	Percentage of Personal Income ⁽²⁾	Per Capita
	Golf Course Revenue Bonds ⁽¹⁾	Capital Leases	Utility and Golf Course Revenue Bonds ⁽¹⁾	General Obligation Notes Payable	Capital Leases			
2008		59,940	42,630,000	78,791	113,353	42,882,084	2,771	
2009			42,345,000	53,299	56,955	42,455,254	2,676	
2010		524,583	41,550,000	13,627,042	34,657	55,736,282	3,341	
2011	\$ 8,415,000	297,035	32,050,000	13,600,000	19,380	54,381,415	3,385	
2012	7,175,000	110,445	31,355,000	6,512,727	19,380	45,172,552	2,941	
2013	6,690,000	208,718	30,590,000	5,979,167		43,467,885	2,835	
2014	5,035,000	380,614	29,820,000	5,419,356		40,654,970	2,580	
2015		287,636	29,020,000	3,454,070		32,761,706	2,095	
2016		340,495	28,392,000			28,732,495	1,839	
2017		100,101	27,511,681			27,611,782	1,763	

Notes:

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

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

Table 12

CITY OF BOULDER CITY

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

Fiscal Year	Population ⁽²⁾	Estimated Value of Taxable Property ⁽¹⁾	Total Debt (excluding capital leases)	Debt Service Available	Revenue - Pledged Debt	General Bonded Debt	Ratio of General Bonded Debt to Estimated Value of Taxable Property	General Bonded Debt Per capita ⁽²⁾
2008	15,863	2,280,918,633	42,708,791		42,630,000	78,791	0.00%	4.97
2009	16,684	2,293,082,668	42,398,299		42,345,000	53,299	0.00%	3
2010	16,064	2,124,441,709	55,177,042		41,550,000	13,627,042	0.64%	848
2011	15,359	1,711,065,951	54,065,000		40,465,000	13,600,000	0.79%	885
2012	15,335	1,592,112,431	45,042,727		38,530,000	6,512,727	0.41%	425
2013	15,759	1,684,724,751	43,259,167		37,280,000	5,979,167	0.35%	379
2014	15,635	1,646,113,660	40,274,356		34,855,000	5,419,356	0.33%	347
2015	15,627	1,933,155,546	32,474,070		29,020,000	3,454,070	0.18%	221
2016	15,813	1,968,081,291	28,392,000		28,392,000	-	0.00%	-
2017	16,298	2,119,644,560	27,511,681		27,511,681	-	0.00%	-

Notes:

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

(2) Population data can be found on Table 16

CITY OF BOULDER CITY

**Direct and Overlapping Governmental Activities Debt
June 30, 2017
(Unaudited)**

	Assessed Value of Taxable Property <small>(in thousands)</small>	Net General Obligation Bonded Debt Outstanding <small>(in thousands)</small>	Percentage Applicable to Boulder City	Direct and Overlapping Debt Applicable to Boulder City <small>(in thousands)</small>
City of Boulder City	\$ 671,380	\$ -	100.00%	\$ -
Clark County	69,258,468	1,602,055	0.97%	15,540
Clark County School District	69,258,468	1,820,495	0.97%	17,659
Total	\$ 139,188,316	\$ 3,422,550		\$ 33,199

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

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

CITY OF BOULDER CITY

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

	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Assessed value	\$ 798,321,523	\$ 802,578,933	\$ 743,554,597	\$ 598,873,083	\$ 557,239,350	\$ 589,653,663	\$ 576,139,780	\$ 676,604,440	\$ 688,828,453	\$ 750,952,133
Legal debt margin										
Debt limit (30% of Assessed Value)	239,496,457	240,773,680	223,066,379	179,661,925	167,171,805	176,896,099	172,841,934	202,981,332	206,648,536	225,285,640
Debt applicable to limit: General obligation notes payable										
Legal Debt Margin	<u>\$ 239,496,457</u>	<u>\$ 240,773,680</u>	<u>\$ 223,066,379</u>	<u>\$ 179,661,925</u>	<u>\$ 167,171,805</u>	<u>\$ 176,896,099</u>	<u>\$ 172,841,934</u>	<u>\$ 202,981,332</u>	<u>\$ 206,648,536</u>	<u>\$ 225,285,640</u>
Total debt applicable to limit as a percentage of debt limit	<u>0.00%</u>									

CITY OF BOULDER CITY

**Pledged Revenue Bond Coverage
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Operating Revenue	Direct Operating Expenses ⁽¹⁾	Net Operating Revenue	Accrued Interest	Interest Reserve	Consolidated Taxes (15% pledged)	Amount Available for Debt Service	Debt Service			Coverage
								Principal	Interest	Total	
2008	21,936,334	17,688,282	4,248,052	547,532		1,274,799	6,070,383	130,000	2,168,310	2,298,310	2.64
2009	20,983,359	16,836,736	4,146,623	512,125		1,207,303	5,866,051	285,000	1,793,780	2,078,780	2.82
2010	23,245,716	16,252,803	6,992,913	501,371		1,144,087	8,638,371	795,000	1,772,382	2,567,382	3.36
2011 ⁽²⁾	24,215,024	16,513,363	7,701,661	501,371		1,195,282	9,398,314	1,085,000	1,735,184	2,820,184	3.33
2012 ⁽²⁾	24,996,292	18,146,417	6,849,875	3,236		1,258,014	8,111,125	5,965,549	2,010,958	7,976,507	1.02
2013 ⁽²⁾	23,984,595	17,271,746	6,712,849	472,470		1,321,244	8,506,563	3,530,000	1,613,207	5,143,207	1.65
2014 ⁽²⁾	24,027,369	21,181,996	2,845,373	457,165		1,395,562	4,698,100	3,570,000	1,565,872	5,135,872	0.91
2015 ⁽²⁾	24,964,456	20,897,804	4,066,652	438,314		1,441,935	5,946,901	3,285,286	1,738,926	5,024,212	1.18
2016 ⁽³⁾	22,684,442	20,057,295	2,627,147	413,019		1,495,877	4,536,043	4,289,070	1,230,461	5,519,531	0.82
2017	26,652,281	20,182,156	6,470,125	395,000		1,577,665	8,442,790	870,000	1,192,957	2,062,957	4.09

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

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

(3) Golf Course Revenue Bonds were paid off in Fiscal Year 2015

CITY OF BOULDER CITY

**Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Population ⁽¹⁾	Per Capita Personal Income ⁽²⁾	School Enrollment ⁽³⁾	Unemployment Rate ⁽⁴⁾
2008	15,863	-	2,122	7.00%
2009	16,684	-	2,140	13.00%
2010	16,064	-	2,055	14.70%
2011	15,359	-	2,014	14.70%
2012	15,335	-	2,004	12.30%
2013	15,759	-	1,956	10.10%
2014	15,635	-	1,948	7.90%
2015	15,627	-	1,904	6.90%
2016	15,813	-	1,864	5.25%
2017	16,298	-	1,766	5.25%

Sources:

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

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

Employer	Product / Service	Fiscal 2017	Fiscal 2008	
		Rank	Employees ⁽¹⁾	Rank
Bureau of Reclamation	Government	1	866	1
National Park Service	Government	2	180	3
Clark County School District	Government / school district	3	155	4
City of Boulder City	Local government	4	152	2
Boulder City Hospital	Health Care	5	130	5
Papillon Airways, Inc.	Aerial Sightseeing	6	110	
Albertsons, Inc.	Retail / food	7	92	6
Vons Companies	Retail / food		80	7
U.S. Department of Energy, Western Area Power Administration	Government	8	77	8
Fisher Pen	Manufacturing	9	75	9
Boulder Dam Credit Union	Financial / banking	10	43	10

CITY OF BOULDER CITY

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

	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Functions/Programs										
Governmental activities										
General government	19	18	16	16	17	18	18	18	18	18
Judicial	3	3	3	3	4	4	4	4	4	4
Public safety	71	70	65	66	66	64	64	65	65	65
Public works	25	26	26	23	23	23	23	23	23	23
Culture and recreation	18	10	8	9	9	9	9	9	9	9
Community support	6	5	4	4	4	4	4	4	4	4
Business-type activities										
Airport	-	2	2	2	2	2	2	3	3	3
Water and sewer	10	10	9	9	9	9	9	9	9	9
Electric	21	20	19	19	19	19	19	19	19	19
Total	<u>173</u>	<u>164</u>	<u>152</u>	<u>151</u>	<u>153</u>	<u>152</u>	<u>152</u>	<u>154</u>	<u>154</u>	<u>154</u>

Source: City of Boulder City Finance Department

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

CITY OF BOULDER CITY
Operating Indicators by Function and Program ^{(1) (2)}
(Unaudited)

Functions / Programs	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Governmental activities										
Judicial										
Average charges filed per day	22	23	22	23	26	16	17	18	17	17
Public safety										
Citations	5,991	7,232	8,616	6,130	6,030	6,232	6,104	6,300	6,150	6,150
Police calls for service	23,711	23,057	24,975	23,632	23,720	23,887	20,007	24,023	21,500	21,500
EMS responses	1,895	1,716	1,685	1,800	1,822	1,733	1,822	1,800	1,750	1,750
Fire responses	763	545	333	500	370	425	370	380	370	370
Public works										
Lane miles of street maintenance	87	87	87	87	87	87	87	87	87	87
Acres of turf	92	92	92	92	92	92	92	92	92	92
Facilities maintained	77	77	77	77	78	79	79	79	79	79
Culture and recreation										
Parks and Recreation Special interest class registrations	2,035	2,001	1,704	2,087	2,200	2,999	3,107	2,867	2,950	2,950
Community support										
Building inspections	5,500	5,500	5,300	4,900	2,856	3,063	6,617	6,000	5,800	5,800
Plans reviewed	550	490	490	470	485	578	550	550	550	550
Business-type activities										
Water										
Acre feet of water distributed	13,916	13,816	13,816	13,700	12,927	12,920	12,989	12,902	12,902	12,902
Water meter repairs	800	790	790	750	750	760	770	780	770	770
Water service repairs	150	140	140	150	123	125	130	125	130	130
Electric										
Kilowatt hours (kwh) purchased	185,990,964	187,210,227	186,000,000	187,000,000	171,183,698	170,073,781	171,774,719	173,492,264	173,492,264	173,492,264
Average purchased power (cost/kwh)	\$ 0.030	\$ 0.040	\$ 0.040	\$ 0.042	\$ 0.034	\$ 0.032	\$ 0.036	\$ 0.037	\$ 0.037	\$ 0.037
Sewer										
Line cleaned (feet)	115,000	115,000	115,000	115,000	115,000	114,000	114,500	114,500	114,500	114,500
Line location (call before you dig)	1,440	1,400	1,440	1,400	1,423	1,414	1,430	1,440	1,425	1,425
Acre ft. of water treated	1,600	1,600	1,600	1,500	1,600	1,600	1,600	1,600	1,600	1,600

Source: City of Boulder City Finance Department

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

CITY OF BOULDER CITY
Capital Asset Statistics by Function and Program ⁽¹⁾⁽²⁾
(Unaudited)

Functions/Programs	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Governmental activities										
Public safety										
# of police stations	1	1	1	1	1	1	1	1	1	1
# of fire stations	1	1	1	1	1	1	1	1	1	1
Public works										
Streets (miles)	87	87	87	87	87	87	87	87	87	87
Traffic signals	3	3	3	3	3	3	3	3	3	3
Culture and recreation										
Park acreage	111	111	111	111	111	111	111	111	111	111
# of parks	17	17	17	17	17	17	17	17	17	17
# of swimming pools	1	1	1	1	1	1	1	1	1	1
# of tennis courts	6	6	6	6	6	6	6	6	6	6
# of recreation centers	1	1	1	1	1	1	1	1	1	1
Business-type activities										
Water										
Water mains (miles)	121	121	121	121	122	122	122	122	122	122
# of treatment plants	-	-	-	-	-	-	-	-	-	-
# of water pump stations										
Electric										
Miles of electrical lines	148	148	148	148	148	148	148	148	148	148
Number of substations	6	6	6	6	7	7	7	7	7	7
Sewer										
Number of sewage treatment plants	1	1	1	1	1	1	1	1	1	1
Number of sewer lift stations	3	3	3	3	3	3	3	3	3	3
Miles of sanitary sewer lines	69	69	69	69	69	69	69	69	69	69

Source: City of Boulder City Finance Department

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

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

BUSINESS LICENSE FEES

CITY OF BOULDER CITY

SCHEDULE OF BUSINESS LICENSE FEES

FOR THE YEAR ENDED JUNE 30, 2017

As required by Nevada Revised Statutes (NRS) 354.624, Section 4(a), all fees imposed by a local government are subject to the provisions of NRS 354.5989. A local government may adopt new business license fees only if the revenue from the fees is less than the prescribed calculated maximum.

FEES CALCULATED ON A FLAT OR FIXED RATE

Business license revenue for the year ended June 30, 2017		\$	275,483
Business license revenue for the year ended June 30, 2016 (base year)		\$	290,735
Adjustment to base year			
Percentage change in local government population	3.07 %		
Percentage change in Consumer Price Index	<u>2.10 %</u>		
			<u>5.17 %</u>
Total adjustment to base year			<u>15,031</u>
Adjusted business license revenue base for the year ended June 30, 2017			<u>305,766</u>
Amount under allowable maximum		\$	<u><u>(30,283)</u></u>

SINGLE AUDIT INFORMATION

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Members of the City Council
City of Boulder City, Nevada

We have audited the compliance of the City of Boulder City (the City) with the types of compliance requirements described in the Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2017. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility. The City's management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility. Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Major Federal Program. In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the City's major federal program for the year ended June 30, 2017.

Report on Internal Control Over Compliance. The City's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

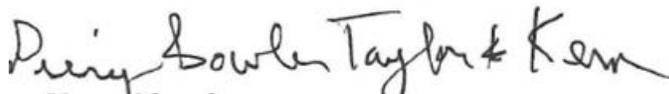
A *deficiency* in internal control over compliance exists when the design or operation of a control over

compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance. We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 30, 2017, which contained an unmodified opinion on those basic financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Las Vegas, Nevada
November 30, 2017

CITY OF BOULDER CITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-through Entity/Cluster or Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Justice				
Bulletproof Vest Partnership Program	16.607		\$	\$ 2,098
Total U.S. Department of Justice				2,098
U.S. Office of Traffic Safety				
Public Safety State and Community Highway Safety	20.600			41,500
Total U.S. Office of Traffic Safety				41,500
U.S. Department of Housing and Urban Development				
Clark County, Nevada				
Community Development Block Grants/Entitlement Grants- Master	14.218	B-13-UC32-0001		32,500
Community Development Block Grants/Entitlement Grants- Welfare	14.218	B-13-UC32-0001	22,298	22,298
Community Development Block Grants/Entitlement Grants- Lend-a-Hand	14.218	B-13-UC32-0001	7,950	7,950
Total U.S. Department of Housing and Urban Development				62,748
U.S. Department of Transportation-NDOT				
Highway Planning and Construction	20.205			54,422
Total U.S. Department of Transportation-NDOT				54,422
U.S. Department of Transportation-FAA				
Airport Improvement Program	20.106*			1,720,534
Total U.S. Department of Transportation-FAA				1,720,534
Total federal expenditures				\$ 30,248 \$ 1,881,302

* A major program

CITY OF BOULDER CITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2017

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Boulder City under programs of the federal government for the year ended June 30, 2017. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The City has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF BOULDER CITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Noncompliance material to financial statements	No

Federal Awards

Internal control over major programs	
Material weaknesses identified	No
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Type of auditors' report issued on compliance for major programs	Unmodified
Audit findings required to be reported in accordance with 2 CFR 200.516(a)	No

Identification of major programs

CFDA number	20.106
Name of federal program or cluster	U.S. Department of Transportation, Airport Improvement Program
CFDA number	
Name of federal program or cluster	

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee	No

(Continued)

CITY OF BOULDER CITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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

2017 - 001

Criteria or specific requirement	The month-end and year-end closing process is formally documented to ensure that all necessary account reconciliations have been completed, and that all necessary closing entries have been posted. In addition, formally-documented procedures are in place to ensure that account reconciliations and journal entries are reviewed for completeness and accuracy.
Condition and context	Year-end balance sheet account reconciliations were either not prepared or were incomplete when audit fieldwork began.
Effect	Several audit adjustments were needed to correct various balance sheet accounts at year end.
Cause	The month-end and year-end closing process is not effective in detecting misstatements in the general ledger. Month-end and year-end closing checklists are not utilized to ensure that all necessary account reconciliations have been completed, and that all necessary closing entries have been posted. There is also no formal process in place to ensure that account reconciliations and journal entries are reviewed for completeness and accuracy.
Recommendation	The month-end and year-end closing process should be formally documented via closing checklists to ensure that all necessary account reconciliations have been completed, and that all necessary closing entries have been posted. In addition, a formally-documented process should be put in place to ensure that account reconciliations and journal entries are reviewed for completeness and accuracy.
Management's response	Management informed us that they continue to work with staff to ensure that closings are accurate and completed in a timely manner, and that checklists are utilized for the various items that need to be completed. Management plans on updating their year-end closing procedures to ensure that all needed entries are recorded.

(Continued)

CITY OF BOULDER CITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

Section III – Findings and questioned costs for federal awards, including audit findings required by 2 CFR 200.516(a)

None reported

CITY OF BOULDER CITY

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2016

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

2016 - 001

Criteria or specific requirement	Procedures are in place to prevent an individual from having the ability to prepare, review, approve, and post journal entries.
Condition and context	During our observation of the policies and procedures in place over journal entries, we noted that the Finance Director has the ability to prepare, review, approve, and post journal entries.
Current status	Corrected.
Reason this finding is no longer valid or does not warrant further action	We noted that management has implemented a control where all journal entries are reviewed and approved by an employee other than the individual who created it.

(Continued)

CITY OF BOULDER CITY

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

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

2016 - 002

Criteria or specific requirement	The month-end and year-end closing process is formally documented to ensure that all necessary account reconciliations have been completed, and that all necessary closing entries have been posted. In addition, formally-documented procedures are in place to ensure that account reconciliations and journal entries are reviewed for completeness and accuracy.
Condition and context	Year-end balance sheet account reconciliations were either not prepared or were incomplete when audit fieldwork began.
Current status	Uncorrected. See current year finding at 2017-001.

(Continued)

CITY OF BOULDER CITY

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

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

2016 - 003

Criteria or specific requirement	Utility adjustments are authorized and reviewed by supervisory personnel and recorded daily in the Accoungs Receivable Utility Account.
Condition and context	Based on our testing of Utility Adjustments, it was determined that all adjustments could be, and in some cases were, prepared and posted by cashiers without independent approval.
Current status	Corrected.
Reason this finding is no longer valid or does not warrant further action	We noted that management has implemented a control to document the approval of utility adjustments.

(Continued)

CITY OF BOULDER CITY

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

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

2016 - 004

Criteria or specific requirement	Bank account reconciliation's are prepared monthly (with all reconciling items identified) by an individual independent of the cash receipts and disbursements functions. Bank account reconciliation's are reviewed by an individual independent of its preparation and of the cash receipts and disbursements functions (review process includes inspection and checking numerical accountability of returned checks).
Condition and context	Per examination of the four bank account reconciliations for June 2016, we noted three reconciliations were not performed timely. We also noted that none of the reconciliations documented who reviewed the reconciliation and when the review was performed. In addition one of the four did not contain evidence of who prepared the reconciliation and when it was performed.
Current status	Corrected.
Reason this finding is no longer valid or does not warrant further action	We noted all bank reconciliations were properly reviewed.

(Continued)

CITY OF BOULDER CITY

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

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

2016 - 005

Criteria or specific requirement	Subsequent Disbursements are checked for proper period recognition.
Condition and context	We noted one of 32 subsequent disbursements was not recorded in the proper period. Per discussion with the Chief Accountant, this was because monthly bills are recorded on the cash basis rather than the accrual basis. This is not appropriate, however, because the bills can differ significantly from month to month. We noted an approximate \$88,000 difference between the fiscal year 2015 invoice that was recorded in fiscal year 2016 and the fiscal year 2016 invoice that was recorded in fiscal year 2017.
Current status	Corrected.
Reason this finding is no longer valid or does not warrant further action	We noted all items were recorded in the proper period.

(Continued)

CITY OF BOULDER CITY

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Section III – Findings and questioned costs for federal awards, including audit findings required by 2 CFR 200.516(a)

2016 - 006

Federal program	United States Department of Transportation, Airport Improvement Program (CFDA #20.106)
Criteria or specific requirement	Annual reports shall be submitted no later than 90 days after the end of each reporting period.
Condition and context	We noted that four of the required annual financial reports were not submitted in a timely manner.
Current status	Corrected
Reason this finding is no longer valid or does not warrant further action	We noted all financial reports were submitted timely.