



Financial Statements  
June 30, 2016  
**City of Carlin**



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## Independent Auditor's Report

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

### Report on the Financial Statements

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 Carlin (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

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## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, 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**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11, budgetary comparison information on pages 46 through 50, the Schedules of Funding Progress – Other Postemployment Benefits Plans on page 51, the Schedule of the City's Share of Net Pension Liability on page 52 and the Schedule of the City's Contributions on page 53 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 Management's Discussion and Analysis, the Schedules of Funding Progress – Other Postemployment Benefits Plans, the Schedule of the City's Share of Net Pension Liability and the Schedule of the City's Contributions 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. The budgetary comparison information is the responsibility of management and was derived from and relate directly to 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 statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparisons and schedule of fees imposed subject to the provision of NRS 354.5989 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparisons are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements

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themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparisons are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of fees imposed subject to the provision of NRS 354.5989 has not been subject 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 it.

*Prior-Year Comparative Information*

We have previously audited, in accordance with accounting standards general accepted in the United States of America, the basic financial statements of the City as of and for the year ended June 30, 2015, and have issued a report thereon dated January 22, 2016, which expressed an unmodified opinion on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The summarized comparative information presented in the basic financial statements as of and for the year ended June 30, 2015, is consistent with the audited financial statements from which it has been derived.

The combining and individual nonmajor fund financial statements and budgetary comparisons related to the 2015 financial statement are presented for purposes of additional analysis and were derived from and relate directly to the underlying accounting and other records used to prepare the 2015 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2015 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The combining and individual nonmajor fund financial statements and budgetary comparisons are consistent in relation to the basic financial statements from which they have been derived.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 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.

*Edie Bailly LLP*

Elko, Nevada  
January 10, 2017

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The Management's Discussion and Analysis (MD&A) is presented to provide the reader with an overview of the financial activity and financial condition of the City of Carlin (City). This document is required by the Governmental Accounting Standards Board (GASB) in statement No. 34 and subsequent Statements No. 37 and No. 38 governing the presentation of the financial statements, MD&A, and note disclosure for state and local governments. The major components of this financial report include:

- Management's Discussion and Analysis (MD&A)
- Basic Financial Statements
- Other Required Supplementary Information (RSI)

The MD&A, a component of RSI, introduces the basic financial statements and provides an analytical overview of the City's financial activities.

### **Overview of the Financial Statements**

The City's basic financial statements include the following elements:

#### **Government-wide Financial Statements**

Government-wide financial statements provide both long-term and short-term information about the City's overall financial condition. Changes in the City's financial position may be measured over time by increases and decreases in the Statement of Net Position. Information on how the City's net position changed during the fiscal year is presented in the Statement of Activities.

#### **Fund Financial Statements**

Fund financial statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide financial statements. Fund financial statements include the statements for governmental, proprietary and fiduciary funds.

#### **Notes to the Financial Statements**

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

Refer to Note 1 to the financial statements for more detailed information on the elements of the financial statements. Table 1 below summarizes the major features of the basic financial statements.

**Table 1: Major Features of the Basic Financial Statements**

	Government-wide Financial Statements	Fund Financial Statements		
		Government Funds	Proprietary Funds	Fiduciary Funds
<b>Scope</b>	Entire City Government (except fiduciary funds)	Activities of the City that are not proprietary or fiduciary	Activities of the City that are operated similar to private businesses	Instances in which the City is the trustee agent for someone else's resources
<b>Required Financial Statements</b>	Statement of Net Position, Statement of Activities	Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows	Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position
<b>Accounting Basis and Measurement Focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting
<b>Types of Asset/Liability/ Deferred Inflow/Outflow Information</b>	All assets and liabilities both financial and capital and short-term and long-term, deferred inflows/outflows of resources	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included. Deferred inflows/outflows are resources for which cash will be received or expended in a future period.	All assets and liabilities, both financial and capital and short-term and long-term, deferred inflows and outflows of resources	Assets and liabilities held in fiduciary capacity
<b>Type of Inflow/Outflow Information</b>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; Expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues and expenses during the year, regardless of when cash is received or paid

### Condensed Statement of Net Position

The largest component, \$7,932,784 of the City's net position reflects its investment in capital assets (i.e. land, infrastructure, buildings, equipment and others) less depreciation and any related debt outstanding that was needed to acquire or construct the assets. Capital Assets represent 60% of this City's total Net Position. The City uses these capital assets to provide services to the citizens and businesses in the City; consequently, these capital assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 2 below presents the City's condensed statement of net position. These are derived from the government-wide Statement of Net Position.

	<b>Table 2: Condensed Statement of Net Position</b>					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 5,653,934	\$ 5,397,997	\$ 2,457,083	\$ 2,297,441	\$ 8,111,017	\$ 7,695,438
Capital assets	5,213,484	5,409,514	2,903,796	2,888,657	8,117,280	8,298,171
<b>Total assets</b>	<b>10,867,418</b>	<b>10,807,511</b>	<b>5,360,879</b>	<b>5,186,098</b>	<b>16,228,297</b>	<b>15,993,609</b>
Deferred Outflows of Resources	280,084	250,492	84,939	75,964	365,023	326,456
Other liabilities	220,327	197,479	48,789	106,222	269,116	303,701
Long-term liabilities						
Due in one year	46,648	39,838	51,235	45,590	97,883	85,428
Due in more than one year	2,170,230	1,974,143	641,452	596,126	2,811,682	2,570,269
<b>Total liabilities</b>	<b>2,437,205</b>	<b>2,211,460</b>	<b>741,476</b>	<b>747,938</b>	<b>3,178,681</b>	<b>2,959,398</b>
Deferred inflows of resources	236,430	424,242	71,699	128,656	308,129	552,898
<b>Net position</b>	<b>5,064,917</b>	<b>5,255,141</b>	<b>2,867,867</b>	<b>2,835,012</b>	<b>7,932,784</b>	<b>8,090,153</b>
Net investment in capital assets						
Restricted	141,459	110,046	20,398	20,398	161,857	130,444
Unrestricted	3,267,491	3,057,114	1,744,378	1,530,158	5,011,869	4,587,272
<b>Total net position</b>	<b>\$ 8,473,867</b>	<b>\$ 8,422,301</b>	<b>\$ 4,632,643</b>	<b>\$ 4,385,568</b>	<b>\$13,106,510</b>	<b>\$ 12,807,869</b>

### Changes in Net Position

Table 3 presents the City's Changes in Net Position, as derived from the government-wide Statement of Activities. Over time, increases and decreases measure whether the City's financial position is improving or deteriorating. During the fiscal year, the net position of the governmental activities increased by \$51,566 and the net position of the business-type activities increased by \$247,175.

	Table 3: Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program revenues						
Charges for services	\$ 289,512	\$ 297,022	\$ 1,124,883	\$ 1,063,158	\$ 1,414,395	\$ 1,360,180
Operating grants and	154,213	139,994	-	-	154,213	139,994
Capital grants and						
contributions	75,342	82,282	-	-	75,342	82,282
Total general revenues	519,067	519,298	1,124,883	1,063,158	1,643,950	1,582,456
General revenues						
Taxes						
Property	375,265	354,935	-	-	375,265	354,935
Room	43,732	51,393	-	-	43,732	51,393
Fuel	48,542	54,061	-	-	48,542	54,061
Consolidated revenues	1,829,419	1,743,163	-	-	1,829,419	1,743,163
Interest/ Investments	7,512	6,348	17,235	16,924	24,747	23,272
Gain on sale of assets	-	500	-	-	-	500
Miscellaneous	84,769	83,000	11,947	15,305	96,716	98,305
Total general revenues	2,389,239	2,293,400	29,182	32,229	2,418,421	2,325,629
Total revenues	2,908,306	2,812,698	1,154,065	1,095,387	4,062,371	3,908,085
Program expenses						
General government	963,340	800,368	-	-	963,340	800,368
Public safety	1,113,006	1,122,218	-	-	1,113,006	1,122,218
Judicial	70,168	49,896	-	-	70,168	49,896
Public works	332,826	248,760	-	-	332,826	248,760
Health and sanitation	97,462	93,829	-	-	97,462	93,829
Culture and recreation	273,644	397,592	-	-	273,644	397,592
Water	-	-	359,769	463,269	359,769	463,269
Garbage	-	-	113,291	124,887	113,291	124,887
Sewer	-	-	405,974	388,258	405,974	388,258
Street lights	-	-	27,856	28,847	27,856	28,847
Interest on long-term debt	6,294	7,944	-	-	6,294	7,944
Total expenses	2,856,740	2,720,607	906,890	1,005,261	3,763,630	3,725,868
Change in net position	51,566	92,091	247,175	90,126	298,741	182,217
Net position, beginning of year	8,422,301	8,330,210	4,385,468	4,295,342	12,807,769	12,625,552
Net position, end of year	\$ 8,473,867	\$ 8,422,301	\$ 4,632,643	\$ 4,385,468	\$ 13,106,510	\$ 12,807,769



### Program Expenses and Revenues for Governmental Activities

Table 4 presents program expenses and revenues for governmental activities. Generally, program revenues were not sufficient to cover program expenses for governmental activities. The net program expenses of these governmental activities were, therefore, supported by general revenues, which are derived primarily from consolidated tax revenue from the State and from property taxes.

**Table 4: Program Expenses and Revenues  
for Governmental Activities  
For the Fiscal Year Ended June 30, 2016**

City Programs	Program Expenses	Program Revenues	Net Program (Expenses) Revenues
General Government	\$ 963,340	\$ -	\$ (963,340)
Public Safety	1,113,006	207,485	(905,521)
Judicial	70,168	-	(70,168)
Public Works	332,826	93,592	(239,234)
Health and Sanitation	97,462	-	(97,462)
Culture and Recreation	273,644	217,990	(55,654)
Interest Long-term Debt	6,294	-	(6,294)
Total	<u>\$ 2,856,740</u>	<u>\$ 519,067</u>	<u>\$ (2,337,673)</u>

### Program Expenses and Revenues for Business-type Activities

Table 5 presents program expenses and revenues for business-type activities. Program revenues generated from business-type activities were sufficient to cover program expenses.

**Table 5: Program Expenses and Revenues  
for Business-type Activities  
For the Fiscal Year Ended June 30, 2016**

City Programs	Program Expenses	Program Revenues	Net Program (Expenses) Revenues
Water	\$ 359,769	\$ 535,176	\$ 175,407
Garbage	113,291	234,404	121,113
Sewer	405,974	327,447	(78,527)
Street Lights	27,856	27,856	-
Total	<u>\$ 906,890</u>	<u>\$ 1,124,883</u>	<u>\$ 217,993</u>

Financial highlights for the City during the fiscal year ended June 30, 2016, include the following:

- The City's total Net Position for all activities increased from \$12,807,769 to \$13,106,510, an increase of \$298,741 or two percent (2%).
- This increase is attributable to continued expense control by all departments because of uncertain revenue projections. General Fund expenditures were lower than budgeted amounts by \$276,347 (11.7%). General Fund revenues were also better than projected by \$88,654 (3.6%) due to a conservative estimate of budget revenues during budgeting and an actual increase in Consolidated and Property Taxes.
- Capital assets added during the year in the amount of \$291,770 include improvements to City buildings and facilities, the City Park and the Equestrian Park, a water and sewer system upgrade that included new controls adding reliability to each system and a new police vehicle was purchased and placed in service.
- The City's Business-type Activities (Utility Fund) operating revenues exceeded operating expenses by \$247,175. As an Enterprise Fund, the Utility Fund is required to generate operating revenues sufficient to offset operating expenses. The excess revenues year to year are used for maintenance and eventual replacement of older infrastructure.

### **Fund Analysis**

#### **All Governmental Funds**

At the close of the fiscal year ending June 30, 2016, the City's governmental funds reported a combined ending fund balance of \$5,173,183, representing an increase of \$328,511 (6.9%) from the previous fiscal year. The increase across all governmental funds is the result of the following factors:

- Expense control by all departments.
- Increased revenue from higher than projected revenues.

#### **General Fund**

Fund balance at June 30, 2016 totaled \$4,100,726 which is a decrease of \$38,797 (0.9%) from the previous fiscal year. The decrease is due to the forgiveness of the interfund loan from the General Fund to the Capital Projects Fund in the amount of \$173,673.

#### **Capital Projects Fund**

Fund balance at June 30, 2016 totaled \$265,844 which is an increase of \$408,070 (153%) from the previous year. The increase is due to the forgiveness of the interfund loan from the General Fund to the Capital Projects Fund in the amount of \$173,673.

#### **Senior Citizens Center Fund**

Fund balance at June 30, 2016 totaled \$39,107 which is a decrease of \$702 (1.8%) from the previous year. The decrease is due to lower than budgeted grant revenues.

### **Non-major Governmental Funds**

Fund balance at June 30, 2016 totaled \$767,506, which is a decrease of \$40,060 (5.0) % from the previous fiscal year. The following table shows the fund balances that are included in the Non-major Governmental Funds, as of June 30, 2016 and the increase/(decrease) from the previous fiscal year:

Fund	Fund Balance June 30, 2016	Increase/(Decrease)
Special Revenue Funds:		
Grants Fund	\$ 13,647	\$ (4,875)
Municipal Court Building Fund	11,863	(790)
Administrative Assessment Fund	5,555	1,707
Park and Recreation Fund	279,693	(50,321)
Parks and Recreation Fund #2	41,905	8,618
Equestrian Center Fund	87,583	9,698
Debt Service Fund	89,526	27,900
Police Forfeiture Fund	155,190	(33,096)
Perpetual Cemetery Care Fund	82,544	1,099
<b>Totals</b>	<b>\$ 767,506</b>	<b>\$ (40,060)</b>

### **Proprietary Funds**

The City's sole Proprietary Fund, the Utility Fund, had a net position of \$4,632,643 as of June 30, 2016. Operating Revenues exceeded operating expenses by \$220,675.

### **Capital Asset and Long-term Debt Activity**

#### **Capital Asset Activity**

At June 30, 2016, the City reported \$ 5,213,484 capital assets for governmental activities and \$2,903,796 in capital assets for business-type activities. Very few capital assets were added resulting in the depreciation cost outperforming additions of capital assets in the governmental activities. Capital asset additions included a vehicle for the police department and improvements to the concession stand and the announcer stand for the Equestrian Park. As a result of improvements made to water and sewer system infrastructure the business-type activities showed an increase.

#### **Long-term Debt Activity**

Long-term debt outstanding at June 30, 2016, excluding the annual required contribution for other-post employment benefits and the net position liability, totaled \$184,496. The debt consists of the \$148,567 for the Senior Center and \$35,929 for the Water Line Extension (2/3 of this debt is paid by the City of Elko and Elko County). The other postemployment benefits liability increased by \$19,389 to \$208,437. The City's net pension liability increase by \$237,642 to \$2,381,517.

Additionally, the City estimates \$135,115 for compensated absences.

For additional information, refer to Note 6 in the financial statements.

**Requests for Information**

This financial report is designed to provide a general overview of the financial activity of the City of Carlin to all having an interest in the City of Carlin. Questions concerning any of the information provided in this report or requests of additional financial information should be addressed to the City of Carlin, Attn: City Manager, P.O. Box 787, Carlin, Nevada 89822.

City of Carlin  
Statement of Net Position  
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 4,976,583	\$ 2,346,083	\$ 7,322,666
Accounts receivable, net	144,674	90,602	235,276
Due from other governments	347,106	-	347,106
Due from developers	145,000	-	145,000
Taxes receivable, delinquent	28,471	-	28,471
Restricted cash and cash equivalents	12,100	20,398	32,498
Capital assets, net of accumulated depreciation	3,694,112	2,825,741	6,519,853
Capital assets, not being depreciated	1,519,372	78,055	1,597,427
<b>Total assets</b>	<b>10,867,418</b>	<b>5,360,879</b>	<b>16,228,297</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to pensions	280,084	84,939	365,023
<b>Liabilities</b>			
Accounts payable and other	112,252	36,535	148,787
Accrued salaries and related liabilities	94,714	-	94,714
Customer meter deposits	-	12,254	12,254
Unearned revenue - grants	13,361	-	13,361
Noncurrent liabilities portion due or payable within one year			
Compensated absences	41,048	32,633	73,681
Notes payable	5,600	18,602	24,202
Noncurrent liabilities portion due or payable after one year			
Compensated absences	34,225	27,209	61,434
Notes payable	142,967	17,327	160,294
Other postemployment benefits liability	165,686	42,751	208,437
Net pension liability	1,827,352	554,165	2,381,517
<b>Total liabilities</b>	<b>2,437,205</b>	<b>741,476</b>	<b>3,178,681</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to pensions	236,430	71,699	308,129
<b>Net Position</b>			
Net investment in capital assets	5,064,917	2,867,867	7,932,784
Restricted for			
Debt service	12,100	20,398	32,498
Nonspendable perpetual cemetery care	33,004	-	33,004
Perpetual cemetery care	49,540	-	49,540
Capital projects	29,397	-	29,397
Judicial fees (NRS 176)	17,418	-	17,418
Unrestricted	3,267,491	1,744,378	5,011,869
<b>Total net position</b>	<b>\$ 8,473,867</b>	<b>\$ 4,632,643</b>	<b>\$ 13,106,510</b>

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 963,340	\$ -	\$ -	\$ -
Public safety	1,113,006	132,143	-	75,342
Judicial	70,168	-	-	-
Public works	332,826	93,592	-	-
Health and sanitation	97,462	-	-	-
Culture and recreation	273,644	63,777	154,213	-
Interest on long-term debt	6,294	-	-	-
Total governmental activities	2,856,740	289,512	154,213	75,342
Business-type Activities				
Water	359,769	535,176	-	-
Garbage	113,291	234,404	-	-
Sewer	405,974	327,447	-	-
Street lights	27,856	27,856	-	-
Total business-type activities	906,890	1,124,883	-	-
Total primary government	\$ 3,763,630	\$ 1,414,395	\$ 154,213	\$ 75,342
Property taxes				
Room taxes				
Consolidated revenues				
Fuel taxes				
Interest and investment earnings				
Miscellaneous revenue				
Total general revenues				
Change in Net Position				
Net Position, Beginning of Year				
Net Position, End of Year				

City of Carlin  
Statement of Activities  
Year Ended June 30, 2016

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (963,340)	\$ -	\$ (963,340)
(905,521)	-	(905,521)
(70,168)	-	(70,168)
(239,234)	-	(239,234)
(97,462)	-	(97,462)
(55,654)	-	(55,654)
(6,294)	-	(6,294)
<u>(2,337,673)</u>	<u>-</u>	<u>(2,337,673)</u>
-	175,407	175,407
-	121,113	121,113
-	(78,527)	(78,527)
<u>-</u>	<u>-</u>	<u>-</u>
-	217,993	217,993
<u>(2,337,673)</u>	<u>217,993</u>	<u>(2,119,680)</u>
375,265	-	375,265
43,732	-	43,732
1,829,419	-	1,829,419
48,542	-	48,542
7,512	17,235	24,747
84,769	11,947	96,716
<u>2,389,239</u>	<u>29,182</u>	<u>2,418,421</u>
<u>51,566</u>	<u>247,175</u>	<u>298,741</u>
<u>8,422,301</u>	<u>4,385,468</u>	<u>12,807,769</u>
<u>\$ 8,473,867</u>	<u>\$ 4,632,643</u>	<u>\$ 13,106,510</u>

City of Carlin  
Balance Sheet – Governmental Funds  
June 30, 2016

	General	Senior Citizens Center Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash	\$ 3,939,591	\$ 17,129	\$ 259,829	\$ 760,034	\$ 4,976,583
Receivables, net					
Accounts	95,796	5,367	-	43,511	144,674
Taxes	28,471	-	-	-	28,471
Due from developers	145,000	-	-	-	145,000
Due from other governments	321,187	19,904	6,015	-	347,106
Restricted cash	-	-	-	12,100	12,100
<b>Total assets</b>	<b>\$ 4,530,045</b>	<b>\$ 42,400</b>	<b>\$ 265,844</b>	<b>\$ 815,645</b>	<b>\$ 5,653,934</b>
<b>Liabilities</b>					
Accounts payable	\$ 73,989	\$ 3,293	\$ -	\$ 34,778	\$ 112,060
Accrued salaries and related liabilities	94,714	-	-	-	94,714
Bail and fines held	192	-	-	-	192
Unearned revenue - grants	-	-	-	13,361	13,361
<b>Total liabilities</b>	<b>168,895</b>	<b>3,293</b>	<b>-</b>	<b>48,139</b>	<b>220,327</b>
<b>Deferred Inflows of Resources</b>					
Unavailable property taxes	21,864	-	-	-	21,864
Unavailable due from developers	145,000	-	-	-	145,000
Unavailable ambulance fees	93,560	-	-	-	93,560
<b>Total deferred inflows of resources</b>	<b>260,424</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>260,424</b>
<b>Fund Balances</b>					
Nonspendable	-	-	-	33,004	33,004
Restricted for					
Debt service	-	-	-	12,100	12,100
Perpetual cemetery care	-	-	-	49,540	49,540
Capital projects	-	-	29,397	-	29,397
Judicial fees (NRS 176)	-	-	-	17,418	17,418
Committed for					
Future community development	-	-	-	31,721	31,721
Recreational activities	-	-	-	289,877	289,877
Public safety	-	-	-	155,190	155,190
Assigned					
Subsequent year operations	563,219	15,585	-	-	578,804
Other purposes	-	23,522	236,447	178,656	438,625
Unassigned	3,537,507	-	-	-	3,537,507
<b>Total fund balances</b>	<b>4,100,726</b>	<b>39,107</b>	<b>265,844</b>	<b>767,506</b>	<b>5,173,183</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 4,530,045</b>	<b>\$ 42,400</b>	<b>\$ 265,844</b>	<b>\$ 815,645</b>	<b>\$ 5,653,934</b>



City of Carlin

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2016

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Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	\$ 5,173,183
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The net investment in capital assets is not reported in the governmental funds financial statements because they are not current financial resources, but they are reported in the statement of net position.

Capital assets	\$ 10,975,310	
Less accumulated depreciation	<u>(7,281,198)</u>	
		3,694,112

Capital assets, not being depreciated	<u>1,519,372</u>	1,519,372
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Deferred inflows of resources represents amounts that are not available to fund current expenditures, and therefore, are not reported in the governmental funds.	260,424
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Net pension liability	(1,827,352)	
Notes payable	(148,567)	
Other post employment benefits	(165,686)	
Compensated absences	<u>(75,273)</u>	
		(2,216,878)

Deferred outflows and inflows of resource related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred outflows of resources related to pensions	280,084	
Deferred inflows of resources related to pensions	<u>(236,430)</u>	
		<u>43,654</u>

Net position of governmental activities	<u><u>\$ 8,473,867</u></u>
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City of Carlin

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
Year Ended June 30, 2016

	General	Senior Citizens Center Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 395,453	\$ -	\$ 29,397	\$ 43,732	\$ 468,582
Licenses, permits and fees	93,592	-	-	-	93,592
Intergovernmental	1,887,029	154,213	-	75,342	2,116,584
Charges for services	88,641	21,512	-	-	110,153
Fines and forfeits	34,339	-	-	-	34,339
Other	41,320	23,744	-	60,414	125,478
Total revenues	<u>2,540,374</u>	<u>199,469</u>	<u>29,397</u>	<u>179,488</u>	<u>2,948,728</u>
Expenditures					
Current					
General government	729,397	-	-	-	729,397
Public safety	966,988	-	-	96,936	1,063,924
Judicial	58,037	-	-	13,133	71,170
Public works	192,283	-	-	-	192,283
Health and sanitation	68,542	-	-	-	68,542
Culture and recreation	19,739	266,171	-	37,441	323,351
Capital outlay	62,512	-	-	96,938	159,450
Debt service					
Principal	-	-	-	5,806	5,806
Interest	-	-	-	6,294	6,294
Total expenditures	<u>2,097,498</u>	<u>266,171</u>	<u>-</u>	<u>256,548</u>	<u>2,620,217</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>442,876</u>	<u>(66,702)</u>	<u>29,397</u>	<u>(77,060)</u>	<u>328,511</u>
Other Financing Source (Uses)					
Transfer in	3,000	66,000	378,673	130,000	577,673
Transfer out	<u>(484,673)</u>	<u>-</u>	<u>-</u>	<u>(93,000)</u>	<u>(577,673)</u>
Total other financing sources (uses)	<u>(481,673)</u>	<u>66,000</u>	<u>378,673</u>	<u>37,000</u>	<u>-</u>
Net Change in Fund Balances	<u>(38,797)</u>	<u>(702)</u>	<u>408,070</u>	<u>(40,060)</u>	<u>328,511</u>
Fund Balances (Deficit), Beginning of Year	<u>4,139,523</u>	<u>39,809</u>	<u>(142,226)</u>	<u>807,566</u>	<u>4,844,672</u>
Fund Balances, End of Year	<u>\$ 4,100,726</u>	<u>\$ 39,107</u>	<u>\$ 265,844</u>	<u>\$ 767,506</u>	<u>\$ 5,173,183</u>

City of Carlin

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,  
and Changes in Fund Balances to the Statement of Activities  
Year Ended June 30, 2016

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Amounts reported for governmental activities in the statements of activities are different because:

Net change in fund balances - total governmental funds		\$ 328,511
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are shown in the statement of net position and allocated over their estimated useful lives as depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital outlay to purchase capital assets	\$ 148,341	
Current depreciation expense	<u>(344,371)</u>	
		(196,030)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable property taxes	9,163	
Change in unavailable due from developers	(55,000)	
Change in unavailable ambulance fees	<u>(49,584)</u>	
		(95,421)
Long-term liabilities, include notes payable, that are not due and payable in current period and therefore are not reported in the governmental funds.		
Note payable - principal payments		5,806
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.		
Current year change in compensated absences	(11,628)	
Current year change in other post employment benefits	<u>(14,732)</u>	
		(26,360)
Governmental funds report City PERS contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense:		
City PERS contributions	244,275	
City pension expense	<u>(209,215)</u>	
		<u>35,060</u>
Change in net position of governmental activities		<u><u>\$ 51,566</u></u>

City of Carlin  
Statement of Fund Net Position – Proprietary Fund  
June 30, 2016

	Business-Type Activities Enterprise Fund <u>Utility Fund</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 2,346,083
Accounts receivable	90,602
Total current assets	<u>2,436,685</u>
Noncurrent Assets	
Restricted cash and cash equivalents	20,398
Capital assets, net of accumulated depreciation	2,825,741
Capital assets, not being depreciated	78,055
Total noncurrent assets	<u>2,924,194</u>
Total assets	<u>5,360,879</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions	<u>84,939</u>
Liabilities	
Current Liabilities	
Accounts payable	36,535
Compensated absences, current portion	32,633
Customer meter deposits	12,254
Note payable, current portion	18,602
Total current liabilities	<u>100,024</u>
Noncurrent Liabilities	
Compensated absences	27,209
Note payable	17,327
Net pension liability	554,165
Other post employment benefits	42,751
Total noncurrent liabilities	<u>641,452</u>
Total liabilities	<u>741,476</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions	<u>71,699</u>
Net Position	
Net investment in capital assets	2,867,867
Restricted for debt service	20,398
Unrestricted	1,744,378
Total net position	<u>\$ 4,632,643</u>

City of Carlin  
Statement of Revenues, Expenses, and Changes in Fund Net Position –  
Proprietary Fund  
Year Ended June 30, 2016

	Business-Type Activities Enterprise Fund <u>Utility Fund</u>
Operating Revenues	
Charges for sales and services	
Water (pledged for revenue bond coverage)	\$ 535,176
Garbage	234,404
Sewer	327,447
Street lights	<u>27,856</u>
Total operating revenues	<u>1,124,883</u>
Operating Expenses	
Salaries and wages	276,595
Employee benefits	139,839
Services and supplies	195,345
General services and supplies	164,139
Depreciation	<u>128,290</u>
Total operating expenses	<u>904,208</u>
Operating Income (Loss)	<u>220,675</u>
Nonoperating Revenues (Expenses)	
Interest and penalties earned	17,235
Miscellaneous revenues	11,947
Interest expense	<u>(2,682)</u>
Total nonoperating revenues	<u>26,500</u>
Change in Net Position	<u>247,175</u>
Net Position, Beginning of Year	<u>4,385,468</u>
Net Position, End of Year	<u><u>\$ 4,632,643</u></u>

City of Carlin  
Statement of Cash Flows – Proprietary Fund  
For the Year Ended June 30, 2016

	Business-Type Activities Enterprise Fund <u>Utility Fund</u>
Operating Activities	
Cash received from customers	\$ 1,119,230
Cash payments to employees for services and benefits	(413,679)
Cash payments to suppliers for goods and services	<u>(416,917)</u>
Net Cash from Operating Activities	<u>288,634</u>
Capital and Related Financing Activities	
Acquisition of capital assets	(143,429)
Proceeds from other governmental units	11,947
Note payments	(17,716)
Interest expense	<u>(2,682)</u>
Net Cash used for Capital and Related Financing Activities	<u>(151,880)</u>
Investing Activity	
Interest on investments	<u>17,235</u>
Net Change in Cash and Cash Equivalents	153,989
Cash and Cash Equivalents, Beginning of Year	<u>2,212,492</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 2,366,481</u></u>
Cash and Cash Equivalents Consist of	
Restricted cash and cash equivalents	\$ 20,398
Unrestricted cash and cash equivalents	<u>2,346,083</u>
	<u><u>\$ 2,366,481</u></u>

City of Carlin  
Statement of Cash Flows – Proprietary Fund  
For the Year Ended June 30, 2016

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	Business-Type Activities <u>Enterprise Fund</u> <u>Utility Fund</u>
Reconciliation of operating income to net cash from (used for)	
operating activities	
Operating income	\$ 220,675
Adjustments to reconcile operating income (loss) to net cash	
provided by operating activities	
Depreciation	128,290
Pension expense	63,447
City pension contributions	(74,080)
Changes in	
Accounts receivable	(5,653)
Accounts payable	(48,702)
Other post employment benefits liability	4,657
Net Cash from Operating Activities	<u>\$ 288,634</u>

## **Note 1 - Summary of Significant Accounting Policies**

The City of Carlin (the City) was incorporated April 17, 1971 per Chapter 344, Statutes of Nevada 1971. The City is governed by an elected Council of four Councilmen and a Mayor who hold the final decision making authority and are held primarily accountable for those decisions. The Council is responsible for approving the budget, establishing spending limitations, funding any deficits and borrowing funds and/or issuing bonds to finance city operations and construction.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing these accounting and financial principles.

The accounting and reporting framework and the more significant accounting policies are as follows:

### **Reporting Entity**

The accompanying financial statements include all the activities that comprise the financial reporting entity of the City. The City is legally separate and fiscally independent of other governing bodies. No other governmental organizations are includable within the City's reporting entity.

### **Government-Wide and Fund Financial Statements**

The basic financial statements consist of government-wide statements and the fund financial statements. The government-wide financial statements include a statement of net position and a statement of activities. The government-wide statements report information on all of the activities of the City since the City does not have any fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents the consolidated financial position of the City at year-end in separate columns, for both governmental and business-type activities. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to patrons who use or directly benefit from goods, services, or privileges provided by a given function, and grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and revenues not properly included among program revenues are reported instead as general revenues. Those programs or functions with a net cost not supported by program revenues are generally dependent on general-purpose revenues, such as taxes and unrestricted interest earnings, to remain operational. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate fund financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All other funds are aggregated into a single column.



## **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

### **Government-Wide Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue 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. Grant revenues have been deferred if funds have been received prior to meeting such requirements.

### **Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered "measurable" when in the hands of intermediary collecting agents or governments. Revenues are considered 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 all revenues available if they are collected within 60 days after the end of the current fiscal period. Anticipated refunds of taxes are recorded as liabilities and reductions of revenue when they are measurable and the payment seems certain. Expenditures are generally recorded when a 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.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The major revenue sources of the City include consolidated tax revenues, ad valorem (property) taxes, governmental services tax, interest income and various state and federal grants. Ad valorem taxes have been deferred in the governmental funds if they are not available to finance the activities of the current period.

The City's financial records are organized on the basis of funds, which are independent fiscal and accounting entities with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

The City reports the following major governmental funds:

- General Fund is the primary operating fund of the City. It accounts for all financial resources and costs of operations traditionally associated with governments, which are not required to be accounted for in another fund.
- Capital Projects Fund accounts for financial resources used for the acquisition or construction of major capital assets.
- Senior Citizens Center Fund accounts for financial resources and costs associated with the operation of the Senior Citizens Center.

The City reports the following major proprietary fund:

- Utility Fund accounts for all revenues and expenses used to provide water, sewer, garbage and street light services to the City's residents.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following non-major governmental fund types:

- Special Revenue Funds account for specific financial resources that are legally restricted to expenditure for specific purposes.
- Debt Service Funds account for the servicing of general long-term debt not being financed by proprietary funds.
- Permanent Funds account for financial resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the City's programs.

### **Budgets and Budgetary Accounting**

The City adheres to the Local Government Budget Act incorporated in Section 354 of the Nevada Revised Statutes. The City is required to legally adopt budgets for all funds except fiduciary funds. The budgets are filed as a matter of public record with the City Clerk, the County Clerk and the State Department of Taxation. The City staff use the following procedures to establish, modify, and control the budgetary information that is included in these financial statements.

1. On or before April 15, the City Council files a tentative budget with the Nevada Department of Taxation for all funds for the fiscal year beginning the following July 1. The tentative budget is prepared by fund, function and department and includes proposed expenditures and the means of financing them.
2. Public budget hearings on the tentative budget are held on the third Tuesday in May prior to the adoption of the budget to obtain taxpayer comments.
3. Prior to June 1, at a public hearing, the Council indicates changes, if any, to be made to the tentative budget and adopts a final budget by the majority vote of the Council. The final budget must then be forwarded to the Nevada Department of Taxation for final approval. The above dates may be adjusted as necessary during legislative years.
4. Formal budgetary integration in the financial records of all funds is employed to enhance management control during the year, however encumbrance accounting is not utilized. All appropriations lapse at the end of the fiscal year.
5. The appropriated budget amounts may be transferred between functions, funds, or contingency accounts if the transfer does not increase the total appropriations for fiscal year amounts subject to advisement of the Council at the next subsequent meeting and must be recorded in the minutes of the meeting. Budget augmentations and amendments in excess of original budgetary amounts require prior approval of the City Council following a scheduled and noticed public hearing.
6. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts reflected in the accompanying financial statements recognize budget amendments made during the year in accordance with the above procedures.

7. In accordance with state statute, actual expenditures may not exceed budgetary appropriations of the various functions of the governmental funds, except for bond repayments, short-term financing repayment and any other long-term contract expressly authorized by law, and certain other items specified in NRS 354.626. For proprietary funds the sum of operating and nonoperating expenses may not exceed the sum of budgeted operating and nonoperating expenses.

### **Property Taxes**

Taxes on real property are levied and the lien attached on July 1 (the levy date) of the year for which the taxes are levied. Taxes are due on the third Monday of August, however they may be paid in quarterly installments payable on the third Monday of August and the first Mondays in October, January and March. Any tax paid more than ten days late is assessed a penalty. In the event of nonpayment, a tax lien is taken on the first Monday in May, and the County Treasurer is authorized to hold the property for two additional years, subject to redemption upon payment of taxes, penalties and costs, together with interest at the rate of 10% per year from the date the taxes were due until paid. If delinquent taxes are not paid within the two-year redemption period, the County Treasurer, upon approval of the Board of County Commissioners, obtains a tax deed to the property free of all encumbrances. Upon receipt of a deed, the County Treasurer may sell the property to satisfy the tax lien.

The State of Nevada limits the total taxes levied by all overlapping governmental units within the boundaries of Elko County (i.e., the county, the state, the school district, the city, and any other city, town or special district) to an amount not to exceed \$3.64 per \$100 of assessed valuation of the property being taxed, except in cases of severe financial emergency as defined by NRS 354.705.

Property tax revenue and the related receivable have been recognized for property tax assessments in the fiscal year for which they were levied. All property taxes are collected by Elko County and remitted to the City monthly.

### **Cash**

For purposes of the statement of cash flows, the City considers all time deposits, certificates of deposit, and all highly liquid investments, generally with original maturities of three months or less to be cash equivalents.

Cash balances from most funds are combined, held and invested by City staff. Interest earned on the cash balances is generally recognized in the fund holding the cash.

Debt loan agreements require the City to maintain a debt service reserve for each loan. These amounts are reported as restricted cash.

State statutes authorize deposits in any bank, credit union or savings and loan that are federally insured. The City may invest in the following securities:

- United States bonds and debentures, bills and notes of the United States Treasury, or obligations of the United States or a corporation sponsored by the government maturing within ten (10) years from the date of purchase.
- Certain farm loan bonds.
- Negotiable certificates of deposit from commercial banks, insured credit unions or insured savings and loan associations.
- State of Nevada Local Government Pooled Investment Fund.
- Certain securities issued by local governments of the State of Nevada.
- Certain “AAA” rated money market mutual funds that invest in federal securities.
- Other securities expressly provided by other statutes, including repurchase agreements.
- Certain banker’s acceptances not to exceed 180 days maturities or 20% of the money available for investment.
- Obligations of state and local governments rated A or higher and exempt from gross income for federal income tax purposes.
- Certain corporate or depository institution commercial paper purchased from a registered broker-dealer rated A-1, P-1, or better with maturity of no more than 270 days.

Any securities purchased by or on behalf of the City must remain in the physical possession of an appropriate officer of the City or a trust department of a designated bank (federally insured) after issuing a written acknowledgment.

### **Accounts Receivable**

Accounts receivable are reported net of an allowance of uncollectible accounts, if applicable. No allowance for uncollectible accounts has been established since management does not anticipate any material collection loss with respect to taxes and due from developer receivables. Total accounts receivable in the General Fund of \$329,156 are reported at \$95,796, net of a \$233,360 allowance for uncollectible ambulance billings and accounts receivable in the Utility Fund of \$92,283 are reported at \$90,602, net of a \$1,681 allowance for uncollectable utility billings.

### **Inventories**

Expenditures for consumable supplies and minor equipment purchases are charged against appropriations at the time of purchase. Any inventories of such supplies at June 30 are not material to the individual funds and are not recognized in these financial statements.

### **Capital Assets**

Capital assets, which include property, plant and equipment, and infrastructure, are recorded in the government-wide and proprietary fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of one year. These assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value determined at the date of donation. Interest, if applicable, is capitalized on assets acquired with tax-exempt debt for business-type activities. The amount of interest to be capitalized is determined by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities and the Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position, with accumulated depreciation reflected in the government-wide and proprietary fund Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	15–100 years
Equipment and Vehicles	5-25 years
Infrastructure	5-50 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures by the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for as capital assets in the Statement of Net Position – Proprietary Funds.

### **Compensated Absences**

Employees may accumulate unused vacation time within certain limits. Unused vacation time is paid to the employee after his/her anniversary date. After five years of employment, employees will be paid for sick leave up to 480 hours at one-fourth of the regular rate of pay at separation from service. If employment termination is due to death, any unused sick leave will be paid at the regular rate of pay. Accumulated costs for unused vacation pay and sick leave are recognized currently for those retiring prior to year-end. Remaining costs of unused vacation and sick leave are not recorded in the governmental fund financial statements, but are included in the government-wide financial statements. These benefits have typically been paid from the General Fund.

### **Pensions**

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

### **Other Post-Employment Benefits**

In addition to pension benefits (Public Employees Retirement System) described in Note 7 and postemployment healthcare benefits described in Note 11, the City waives monthly utility bills for certain retired employees per the City's Personnel Policy Manual section 5.16. The benefit terminates upon the death of the retiree. The City funds the benefit on a current basis and, as of June 30, 2016, the City had one retiree utilizing the benefit. The City had \$158 associated with the above benefit for the year ended June 30, 2016.

### **Deferred Inflows and Outflows of Resources**

In addition to assets, the Statement of Net Position/Governmental Funds Balance Sheet may report a separate section for deferred outflows of resources. This separate statement element represents the consumption of net position/fund balance that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reported deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date of the net pension liability and change in the City's proportion and difference between the City's contributions and the City's proportionate contributions in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position/Governmental Funds Balance Sheet may report a separate section for deferred inflows of resources. This separate statement element represents an acquisition of net position/fund balance that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reflects deferred inflows of resources which are unavailable revenue reported in the governmental fund balance sheet for delinquent property taxes and uncollected ambulance fees under the modified accrual basis of accounting. The City entered into an agreement in a prior year to sell land for cash and the value of infrastructure assets that the developer of the land would construct and then give to the City. The City reports the value of the assets to be received from the Developer as a deferred inflow of resources in the governmental fund balance sheet. The City reported deferred inflows of resources related to pensions resulting from differences between expected and actual experience and the difference between the projected and actual earnings on pension plan investments in the Statement of Net Position.

### **Fund Balance/Net Position**

#### **Government-wide and Proprietary Fund Financial Statements:**

The government-wide and proprietary fund Statement of Net Position utilizes a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted. Net investment in capital assets is the net book value of capital assets, less related debt. Related debt is the debt outstanding that relates to the acquisition, construction, or improvement of capital assets.

#### **Governmental Fund Financial Statements:**

In the governmental fund financial statements, governmental funds report the following classifications of fund balance:

- **Nonspendable** – Amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- **Restricted** – Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the law or regulations of other governments.
- **Committed** – Amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the City Council, the City's highest level of decision making authority. Committed amounts may only be established, amended, or rescinded pursuant to Council resolution.
- **Assigned** – Amounts that the City intends to use for a specific purpose, but do not meet the definitions of restricted or committed fund balance. Under the City's adopted policy, amounts may be assigned by the City Manager or City Clerk under the authorization of the City Council.
- **Unassigned** – Amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund. In accordance with an ordinance enacted by the City of Carlin on June 8, 2011, the City has adopted a policy to maintain a minimum level of unassigned fund balance for the General Fund of not less than 75% of the previous year's unrestricted general fund expenditures.

When an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned amounts are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally, unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

### **Risk Management**

The City, like any governmental entity, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries of employees; and natural disasters. The City assesses these risks and utilizes risk management provided through the Nevada Public Agency Insurance Pool (POOL) created through an inter-local cooperative agreement by participating Nevada governments. The City participated in Agency programs designed to reduce risk loss by governments. Members pay an annual premium and specific deductibles, as necessary, to POOL for its general insurance coverage. POOL is considered a self-sustaining risk pool that will provide coverage for its members for up to \$10,000,000 per event and a \$10,000,000 general aggregate per member. POOL obtains independent coverage for insured events in excess of the \$200,000 limit and claims have not exceeded these amounts during the previous three years.

The City also pays premiums based on payroll costs to the Public Agency Compensation Trust (PACT) for workers compensation coverage. PACT is considered a self-sustaining pool that will provide coverage based on established statutory limits.

### **Comparative Data**

Comparative data shown for the prior year has been extracted from the 2014-2015 financial statements and reclassified where necessary and practical to afford better comparability between years. It has been provided to add comparability, but is not considered full disclosure to transactions for 2014-2015. Such information can only be obtained by referring to the audited financial statements for that year.

### **Note 2 - Compliance with Nevada Revised Statutes and Nevada Administrative Code**

The City conformed to all significant statutory constraints on its financial administration during the year with the following possible exceptions:

The funds listed below over expended amounts appropriated for various functions and, as such, may not be in accordance with Nevada Revised Statute 354.626:

<u>Fund</u>	<u>Function</u>	<u>Amount Over Expenditure</u>
Parks and Recreation Fund #2	Culture and recreation	\$ 45,093
Administrative Assessment Fund	Judicial	4,833

**Note 3 - Cash**

As defined in Note 1, Nevada Revised Statutes (NRS 355.170) set forth acceptable investments for Nevada local governments. The City has not adopted a formal investment policy that would further limit its investment choices nor further limit its exposure to certain risks as set forth below. As of and for the year ended June 30, 2016, the City had no investments, only cash balances.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned. All deposits were collateralized under the Nevada Pooled Collateral Program or insured by the Federal Deposit Insurance Corporation (FDIC).

Cash held by the City as of June 30, 2016 are allocated to the various funds as follows:

Major governmental funds	\$ 4,216,549
Nonmajor governmental funds	760,034
Business-type activities/proprietary fund	2,346,083
Restricted:	
Nonmajor governmental funds	12,100
Business-type activities/proprietary fund	20,398
	<u>\$ 7,355,164</u>



**Note 4 - Capital Assets**

The amounts recorded as capital assets are summarized as follows:

**Governmental Activities**

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<b>Capital Assets, Being Depreciated</b>				
Buildings	\$ 2,388,335	\$ -	\$ -	\$ 2,388,335
Office equipment	161,076	-	-	161,076
Other equipment	1,918,479	111,270	-	2,029,749
Vehicles	1,930,953	37,071	-	1,968,024
Infrastructure	4,428,126	-	-	4,428,126
<b>Total capital assets, being depreciated</b>	<u>10,826,969</u>	<u>148,341</u>	<u>-</u>	<u>10,975,310</u>
<b>Less Accumulated Depreciation for</b>				
Buildings	(784,642)	(54,214)	-	(838,856)
Office equipment	(118,456)	(125,138)	-	(243,594)
Other equipment	(1,215,043)	(7,533)	-	(1,222,576)
Vehicles	(1,490,309)	(81,073)	-	(1,571,382)
Infrastructure	(3,328,377)	(76,413)	-	(3,404,790)
<b>Total accumulated depreciation</b>	<u>(6,936,827)</u>	<u>(344,371)</u>	<u>-</u>	<u>(7,281,198)</u>
<b>Total capital assets, being depreciated, net</b>	<u>3,890,142</u>	<u>(196,030)</u>	<u>-</u>	<u>3,694,112</u>
<b>Capital Assets, not Being Depreciated</b>				
Land	816,723	-	-	816,723
Construction in progress	702,649	-	-	702,649
<b>Total capital assets, not being depreciated</b>	<u>1,519,372</u>	<u>-</u>	<u>-</u>	<u>1,519,372</u>
<b>Governmental Activities Capital Assets, net</b>	<u><u>\$ 5,409,514</u></u>	<u><u>\$ (196,030)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,213,484</u></u>

Business-type Activities:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital Assets, Being Depreciated				
Buildings	\$ 292,162	\$ -	\$ -	\$ 292,162
Office equipment	21,526	-	-	21,526
Other equipment	340,138	143,429	-	483,567
Vehicles	424,545	-	-	424,545
Infrastructure	6,071,737	-	-	6,071,737
Total capital assets, being depreciated	7,150,108	143,429	-	7,293,537
Less Accumulated Depreciation for				
Buildings	(56,807)	(9,206)	-	(66,013)
Office equipment	(17,355)	(303)	-	(17,658)
Other equipment	(308,049)	(5,976)	-	(314,025)
Vehicles	(424,545)	-	-	(424,545)
Infrastructure	(3,532,750)	(112,805)	-	(3,645,555)
Total accumulated depreciation	(4,339,506)	(128,290)	-	(4,467,796)
Total capital assets, being depreciated, net	2,810,602	15,139	-	2,825,741
Capital Assets, Not Being Depreciated				
Land	78,055	-	-	78,055
Business-type Activities Capital Assets, net	\$ 2,888,657	\$ 15,139	\$ -	\$ 2,903,796

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

Governmental Activities	
General government	\$ 19,418
Public safety	91,186
Public works	151,413
Health and sanitation	29,155
Culture and recreation	53,199
Total Depreciation Expense – Governmental Activities	\$ 344,371
Business-type Activities	
Water	\$ 19,692
Sewer	108,598
Total Depreciation Expense – Business-type Activities	\$ 128,290

The City has completed phase 1 and 2 of the 3 phases of construction on a new fire house. Phase 3 of construction was not started during the year. As of June 30, 2016, the City has not set a time frame for construction to resume and the \$702,649 for the completion of phases 1 and 2 of the fire house are reported as construction in progress.

#### **Note 5 - Cooperative Agreement**

On January 9, 2002 the City of Carlin, City of Elko, and Elko County entered into a cooperative agreement to provide financial resources for a water-line extension project. The water line initially served the University of Nevada-Reno Fire Science Academy that was deemed beneficial to the economy of the three governmental entities. The water line is the property of the City of Carlin. The project was funded by a federal grant obtained by the City of Carlin. This grant required matching funds of twenty-five percent. Therefore, a loan was obtained from the U.S. Department of Agriculture, Rural Development Agency. The cooperative agreement provides that the City of Elko and Elko County will each reimburse the City of Carlin one-third of the annual loan payments the City of Carlin will be obligated to pay to the USDA. The loan carries a maximum interest rate of 5% per year, payable over a period of forty years in annual payments of \$20,398. The City of Elko and Elko County have each agreed to pay to the City of Carlin the maximum sum of \$6,800 per year until the loan is paid in full or for a maximum of forty years.

The City of Carlin has enacted an ordinance providing for a water extension connection fee. This fee will be collected by the City of Carlin as a surcharge fee from every water user connecting to City water within the "UNR Fire Science Academy Water Extension Area" for a period of forty years after the date the extension line is connected to the City of Carlin's water system. The City of Carlin agrees the proceeds collected from this water extension connection fee will be used to reimburse equally the City of Elko and Elko County for the payments made by them prior to the collection of any connection extension fees. Any excess funds collected will be used to reduce debt incurred for the project.

The City of Carlin received pledged revenues totaling \$80,716 since the cooperative agreement was put into place. The City received no pledged revenues in the year ended June 30, 2016.

#### **Note 6 - Long-Term Liabilities**

Long-term debt as of June 30, 2016, consisted of the following:

	<u>Balance June 30, 2016</u>
Governmental activities	
Note payable United States Department of Agriculture, Rural Development, \$12,100 annually including interest at 4.38%, maturing June 28, 2034. The note is for construction of a senior citizens facility.	\$ 148,567
Business-type activities (Enterprise Fund)	
Note payable United States Department of Agriculture, Rural Development, \$20,398 annually including interest at 5.0%, maturing on or before April 1, 2018. The note provides matching funds for construction of the water line extension.	<u>35,929</u>
	<u><u>\$ 184,496</u></u>

The governmental activities notes will be repaid by the Debt Service Fund. The maturity of the notes payable for the years after June 30, 2016, based upon present arrangements, is as follows:

Fiscal Year	Government-Type Activities		Business-Type Activities		Total	
	U.S. Department of Agriculture		U.S. Department of Agriculture			
	Senior Citizens Facility		Water Line Extension			
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 5,600	\$ 6,500	\$ 18,602	\$ 1,796	\$ 24,202	\$ 8,296
2018	5,845	6,255	17,327	866	23,172	7,121
2019	6,101	5,999	-	-	6,101	5,999
2020	6,368	5,732	-	-	6,368	5,732
2021	6,646	5,454	-	-	6,646	5,454
2022-2026	37,857	22,643	-	-	37,857	22,643
2027-2031	46,895	13,605	-	-	46,895	13,605
2032-2034	33,255	2,947	-	-	33,255	2,947
	\$ 148,567	\$ 69,135	\$ 35,929	\$ 2,662	\$ 184,496	\$ 71,797

Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 63,645	\$ 69,150	\$ 57,522	\$ 75,273	\$ 41,048
Notes payable	154,373	-	5,806	148,567	5,600
	<u>\$ 218,018</u>	<u>\$ 69,150</u>	<u>\$ 63,328</u>	<u>\$ 223,840</u>	<u>\$ 46,648</u>
Business-type activities					
Compensated absences	\$ 51,111	\$ 27,742	\$ 19,011	\$ 59,842	\$ 32,633
Notes payable	53,645	-	17,716	35,929	18,602
	<u>\$ 104,756</u>	<u>\$ 27,742</u>	<u>\$ 36,727</u>	<u>\$ 95,771</u>	<u>\$ 51,235</u>

Nevada State Statue 266.600 limits the aggregate principal amount of the City's nonbonded debt to 20% of the City's total reported assessed valuation. Based upon the assessed valuation for 2015-2016 of \$34,150,020 the City's debt limit would be \$6,830,004. As of June 30, 2016, the City has \$184,496 total debt outstanding, thus leaving excess debt capacity.

## Note 7 - Defined Benefit Pension Plan

### Plan Description

The City of Carlin contributes to the Public Employees' Retirement System of the State of Nevada (PERS). PERS administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both Regular and Police/Fire members. PERS was established by the Nevada Legislature in 1947, effective July 1, 1948. 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 Provided**

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

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering PERS on or after January 1, 2010, there is a 2.5% multiplier. 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.

### **Vesting**

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service.

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

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

### **Contributions**

The authority for establishing and amending the obligation to make contributions and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

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

PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund PERS on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

The actuary 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 Statutory Employer/employee matching rate was 14.50% for Regular and 20.75% for Police/Fire. The Employer-pay contribution (EPC) rate for the fiscal year ending June 30, 2016, was 28.00% for Regular and 40.50% for Police/Fire.

The City's contributions were \$318,297 for the year ended June 30, 2016.

### **PERS Investment Policy**

PERS' 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 the System.

The following was the PERS Board adopted policy target asset allocation as of June 30, 2015:

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

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

### **Net Pension Liability**

At June 30, 2016, the City reported a liability of \$2,381,517 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in PERS pension plan relative to the total contributions of all participating PERS employers and members. At June 30, 2015, the City's proportion was 0.02078 percent, which is an increase of 0.00021 from its proportion measured as of June 30, 2014 of 0.02057.

### Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the City as of June 30, 2016, calculated using the discount rate of 8.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current discount rate.

	1% Decrease in Discount Rate (7.00%)	Discount Rate (8.00%)	1% Increase in Discount Rate (9.00%)
Net Pension Liability	\$ 3,628,955	\$ 2,381,517	\$ 1,344,185

### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website.

### Actuarial Assumptions

The City's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	3.50%
Payroll Growth	5.00% including inflation
Investment Rate of Return	8.00%
Productivity Pay Increase	0.75%
Projected Salary Increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.5%, depending on service Rates include inflation and productivity increases
Consumer Price Index	3.50%
Other Assumptions	Same as those used in the June 30, 2015 funding actuarial valuation

Mortality rates for non-disabled male regular members were based on the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA. Mortality rates for non-disabled female regular members were based on the RP-2000 Combined Healthy Mortality Table, projected to 2013 with Scale AA, set back one year. Mortality rates for all non-disabled police/fire members were based on the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set forward one year. The mortality table used in the actuarial valuation to project mortality rates for all disabled regular members and all disabled police/fire members is the RP-2000 Disabled Retiree Mortality Table projected to 2013 with Scale AA, set forward three years.

Actuarial assumptions used in the June 30, 2015 valuation were based on the results of the experience review completed in 2013.

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2015. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2015, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2015.

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

For the year ended June 30, 2016, the City recognized pension expense of \$272,662. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 179,130
Changes in assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	128,999
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	46,726	-
City contributions subsequent to the measurement date	318,297	-
Total	<u>\$ 365,023</u>	<u>\$ 308,129</u>

The \$318,297 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined at July 1, 2014 (the beginning of the measurement period ended June 30, 2015) is 6.55 years.

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

Year Ended June 30,

2017	\$ (86,804)
2018	(86,804)
2019	(86,804)
2020	26,929
2021	(21,686)
Thereafter	(6,234)



### Additional Information

The PERS Comprehensive Annual Financial Report (CAFR) is available on the PERS website at [www.nvpers.org](http://www.nvpers.org) under Quick Links – Publications.

### Note 8 - Fund Equity

As defined in Note 1, Fund Equity may be reported in various classifications. Specific restrictions of fund balance/net position accounts are summarized below:

Unrestricted/Unassigned – Amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose.

Nonspendable for Perpetual Cemetery Care – In accordance with an ordinance enacted by the City on December 9, 1970, a minimum reserve of \$33,004 will be left in the Perpetual Cemetery Care Fund. The earnings can be withdrawn and deposited to the General Fund to be used for perpetual cemetery care.

Restricted for Debt Service – In accordance with agreements from the USDA Rural Development for the revenue bond water line extension and the loan for the Carlin Senior Center, the City is required to set-aside fund balance/net position of one-tenth of the annual payment amount for each loan until one full payment has been set-aside. The restricted debt service requirements for the year ended June 30, 2016 for the water line extension in the Utility Fund and Carlin Senior Center in the Senior Citizens Center Fund are currently \$20,398 and \$12,100, respectively.

Restricted for Perpetual Cemetery Care – In accordance with an ordinance enacted by the City on December 9, 1970, the earnings on the minimum reserve in the Perpetual Cemetery Care Fund are restricted for perpetual cemetery care.

Restricted for Capital Projects – In accordance with property taxes imposed and collected for capital projects.

Restricted for Judicial Fees – In accordance with Nevada Revised Statutes 176.059 and 176.0611, the administrative assessments collected under these statutes are restricted for the use outlined in each statute. The administrative assessment collected in accordance with Nevada Revised State 176.059 is restricted for the use of the municipal court. The administrative assessment collected in accordance with Nevada Revised Statute 176.0611 is restricted for the acquisition, construction and improvement of court facilities, acquisition of advanced technology for use in court facilities or for the payment of debt service on any bonds issued for the acquisition of land or facilities.

Committed for Future Community Development – In accordance with a revised ordinance enacted by the City on December 11, 2008, this represents the amount the City council has specifically designated for future projects that will enhance the community.

Committed for Recreational Activities – In accordance with the Carlin City Code, this represents the amount the City council has specifically designated for recreational purposes.

Committed for Public Safety – In accordance with the Carlin City Code, this represents the amount the City council has specifically committed for public safety purposes.

Assigned for Subsequent Year Operations – This is the amount of the City's current year ending fund balance that the City intends to use to meet the next years' operating expenditures.

Assigned for Other Purposes –These are amount that the City intends to use in future periods for the purpose of the fund.

Unassigned –The residual classification for the General Fund that is available to spend.

The City Council has formally designated per City Code a portion of user charges to be set aside for major capital improvements such as water wells and sewer improvements. These amounts do not meet the definition of restricted net position and are not included in the Statement of Fund Net Position.

	Balance July 1, 2015	Net Change	Balance June 30, 2016
Water System	\$ 309,365	\$ 2,650	\$ 312,015
Water Capital Improvement	45,757	8,515	54,272
Sewer Capital Improvement	224,651	3,745	228,396

#### **Note 9 - Interfund Items**

Interfund transfers are shown as other financing sources or uses in all governmental funds. Transfers between funds during the year ended June 30, 2016 are as follows:

	Transfer In	Transfer Out	Net
General Fund	\$ 3,000	\$ (484,673)	\$ (481,673)
Senior Citizens Center Fund	66,000	-	66,000
Capital Projects Fund	378,673	-	378,673
Nonmajor Governmental Funds			
Parks and Recreation Fund	-	(90,000)	(90,000)
Municipal Court Building Fund	-	(3,000)	(3,000)
Parks and Recreation Fund #2	55,000	-	55,000
Equestrian Center Fund	35,000	-	35,000
Debt Service Fund	40,000	-	40,000
	<u>\$ 577,673</u>	<u>\$ (577,673)</u>	<u>\$ -</u>

The General Fund subsidized the Senior Citizens Center Fund and certain non-major funds whose funding sources were not large enough to support the entire cost of their programs in accordance with budgetary authority. The Municipal Court Building Fund transferred monies to the General Fund for court building expenses. The Parks and Recreation Fund transferred monies to the Parks and Recreation Fund #2 and Equestrian Center Fund to reimburse for certain park improvement costs.

#### **Note 10 - Enterprise Fund Revenue-Supported Debt Information**

The City of Carlin maintains an Enterprise Fund that provides water, sewer, streetlight and garbage services. Selected additional revenue-supported debt information is provided for those enterprise activities with outstanding debt obligations. Information for the year ended June 30, 2016 is provided for the water service as follows:

*Condensed Statement of Net Position*

<b>Assets</b>	
Current assets	\$ 773,832
Capital assets, net of accumulated depreciation	<u>1,693,720</u>
Total assets	<u>2,467,552</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows of resources related to pensions	<u>46,954</u>
<b>Liabilities</b>	
Current liabilities	65,235
Noncurrent liabilities	<u>360,140</u>
Total liabilities	<u>425,375</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows of resources related to pensions	<u>39,645</u>
<b>Net Position</b>	
Net investment in capital assets	1,657,791
Restricted for debt service	20,398
Unrestricted	<u>371,297</u>
Total net position	<u><u>\$ 2,049,486</u></u>

*Condensed Statement of Activities*

<b>Operating Revenues</b>	
Charges for services	<u>\$ 535,176</u>
<b>Operating Expenses</b>	
Depreciation	19,692
Other operating expenses	<u>452,159</u>
Total operating expenses	<u>471,851</u>
Operating Income	<u>63,325</u>
<b>Nonoperating Revenue (Expense)</b>	
Interest income	8,294
Miscellaneous income	13,560
Interest expense	<u>(2,682)</u>
Total nonoperating revenue/(expense)	<u>19,172</u>
Change in Net Position	<u>82,497</u>
Net Position, Beginning of Year	<u>1,966,989</u>
Net Position, End of Year	<u><u>\$ 2,049,486</u></u>

*Condensed Statement of Cash Flows*

Net cash from (used for)	
Operating activities	\$ 90,095
Capital and related financing activities	(150,267)
Investing activities	8,294
	<hr/>
Net Decrease in Cash	(51,878)
Cash, Beginning of Year	782,605
	<hr/>
Cash, End of Year	<u>\$ 730,727</u>

**Note 11 - Postemployment Healthcare Plan**

Plan Descriptions – The City administers a single-employer defined benefit healthcare plan, Carlin Employee Health Benefits Plan (CEHBP). Additionally, the City contributes to an agent multiple-employer defined benefit postemployment healthcare plan, Public Employees’ Benefits Plan (PEBP). Each plan provides medical, dental, prescription, and life insurance benefits to eligible City retirees and beneficiaries.

Benefit provisions for CEHBP are established pursuant to NRS 287.023 and amended through negotiations between the City and its employees. NRS 288.150 assigns the authority to establish benefit provisions to the City Council. The plan provides healthcare insurance for eligible retirees and their beneficiaries through the City’s group health insurance plan, which covers both active and retired members. Under NRS 287.023, eligible retirees are able to participate in the plan with blended rates, thereby benefitting from an implicit subsidy. Retirees are required to pay 100% of their premiums under the plan. As of June 30, 2016, no retirees were using this plan. CEHBP does not issue a publicly available financial report.

Benefit provisions for the PEBP are administered by the State of Nevada. NRS 287.043 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. City employees who met the eligibility requirements effective September 1, 2008 for retirement within the Nevada Public Employee Retirement System had the option upon retirement to enroll in coverage under the PEBP. NRS 287.023 discontinued the option to join PEBP for City employees who retired after November 29, 2008. Local governments are required to pay the same portion of the cost of coverage for their retirees joining PEBP that the State of Nevada pays for state retirees participating in their plan. As of June 30, 2016, eleven city retirees were utilizing this benefit. PEBP does not issue a publicly available financial report.

Funding Policy – For CEHBP, contribution requirements of the plan members and City are established and may be amended through negotiations between the City and their employees. Retirees pay 100% of the pay-as-you-go premiums based on a blended rate that blends active participants and retirees. The City’s contribution requirements for retirees relate to the implicit subsidy that results from using the blended rates and is determined in actuarial studies contracted for by the City. The implicit subsidy as determined by the actuary is \$0. The City did not prefund any future benefits.

For PEBP, NRS 287.046 establishes the subsidies to be contributed toward the premium costs of the eligible retired City employees. The contribution requirements of plan members and the City may be amended by the PEBP board. For the plan year ended June 30, 2016, the city paid subsidies for qualified retirees ranging from \$3 to \$772 per month. For fiscal year 2016, the City contributed \$16,723 to the plan for current premiums.

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

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation, by plan were as follows:

	Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
CEHBP	6/30/2016	\$ 17,433	\$ -	0.00%	\$ 133,844
CEHBP	6/30/2015	10,952	-	0.00%	116,411
CEHBP	6/30/2014	10,287	-	0.00%	105,459
PEBP	6/30/2016	18,679	16,723	89.53%	74,593
PEBP	6/30/2015	25,791	14,086	54.62%	72,637
PEBP	6/30/2014	25,237	14,530	57.57%	61,032
Combined	6/30/2016	36,112	16,723	46.31%	208,437
Combined	6/30/2015	36,743	14,086	38.34%	189,048
Combined	6/30/2014	35,524	14,530	40.90%	166,491

The net OPEB obligation (NOPEBO) as of June 30, 2016, was calculated as follows:

	CEHBP	PEBP	Total
Annual Required Contribution	\$ 18,402	\$ 20,538	\$ 38,940
Interest on Net OPEB Obligation	4,656	2,905	7,561
Adjustment to Annual Required Contribution	(5,625)	(4,764)	(10,389)
Annual OPEB Cost	17,433	18,679	36,112
Contributions Made	-	(16,723)	(16,723)
Change in Net OPEB Obligation	17,433	1,956	19,389
Net OPEB Obligation, Beginning of Year	116,411	72,637	189,048
Net OPEB Obligation, End of Year	<u>\$ 133,844</u>	<u>\$ 74,593</u>	<u>\$ 208,437</u>

Funded Status and Funding Progress – The funded status of the plans as of the latest actuarial valuation date (June 30, 2016) were as follows:

	CEHBP	PEBP	Total
Accrued Actuarial Liability (a)	\$ 70,901	\$ 325,661	\$ 396,562
Actuarial Value of Plan Assets (b)	-	-	-
Unfunded Actuarial Accrued Liability (a-b)	\$ 70,901	\$ 325,661	\$ 396,562
Funded Ratio (b/a)	0.00%	0.00%	0.00%
Covered Payroll (c)	\$ 990,759	N/A	
Unfunded Actuarial Accrued Liability as a Percentage of covered payroll [(a-b)/c]	7.16%	N/A	

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

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

Significant methods and assumptions used in the June 30, 2016 actuarial valuation were as follows:

	CEHP	PEBP
Actuarial Valuation Date	6/30/2016	6/30/2016
Actuarial Cost Method	Entry age normal cost	Entry age normal cost
Amortization Cost Method	Level % of payroll	Level dollar
Amortization Period	24 years (open)	24 years (closed)
Asset Valuation Method	Market value	Market value
Actuarial Assumptions:		
Projected general inflation rate	2.75%	2.75%
Investment rate of return	4.00%	4.00%
Projected salary increases	4.00%	N/A
Healthcare Inflation Rate*	7.50%	7.50%

\*Decreasing .50% each year until ultimate trend rate of 5.00% is reached.

**Note 12 - Subsequent Events**

On October 26, 2016 the City approved the bid for \$236,307 for the coating of two portable water tanks.

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Required Supplementary Information  
June 30, 2016

## City of Carlin

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City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund  
Year Ended June 30, 2016

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

	Budgeted Amounts			Final Budget	
	Original	Final	Actual	Variance	2015
Revenues					
Taxes					
Ad valorem taxes	\$ 341,712	\$ 391,712	\$ 395,453	\$ 3,741	\$ 327,850
Licenses, Permits and Fees					
Franchise fees	15,000	15,000	17,108	2,108	13,329
Business licenses	20,000	20,000	20,075	75	21,228
Liquor licenses	4,900	4,900	5,215	315	5,530
Local gaming licenses	9,000	9,000	8,710	(290)	8,630
Animal licenses	2,700	2,700	2,333	(367)	2,100
Building permits	27,865	27,865	31,431	3,566	40,343
Other permits and fees	3,600	3,600	8,720	5,120	8,661
	83,065	83,065	93,592	10,527	99,821
Intergovernmental					
Consolidated revenues	1,700,000	1,798,343	1,829,419	31,076	1,743,163
Motor vehicle fuel tax	49,000	49,000	48,542	(458)	52,436
Share of county gaming license	7,000	7,000	9,068	2,068	9,270
Grants	-	-	-	-	1,625
	1,756,000	1,854,343	1,887,029	32,686	1,806,494
Charges for Services					
Ambulance charges	65,000	65,000	69,897	4,897	83,969
Ambulance supplies	14,000	14,000	18,714	4,714	19,093
Facility Use Fees	600	600	30	(570)	1,927
	79,600	79,600	88,641	9,041	104,989
Fines and Forfeits					
Court fines and fees	4,000	15,000	29,812	14,812	25,522
Animal fines and fees	12,000	12,000	2,823	(9,177)	3,527
Other	-	-	1,704	1,704	2,162
	16,000	27,000	34,339	7,339	31,211
Other					
Interest income	4,500	4,500	7,467	2,967	6,299
Other income	1,500	1,500	16,736	15,236	1,003
Sales and rentals	1,000	1,000	259	(741)	594
Leases and contracts	9,000	9,000	14,558	5,558	19,563
Local grants	-	-	2,300	2,300	-
	16,000	16,000	41,320	25,320	27,459
Total revenues	2,292,377	2,451,720	2,540,374	88,654	2,397,824

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund

Year Ended June 30, 2016

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

	Budgeted Amounts			Final Budget	
	Original	Final	Actual	Variance	2015
Expenditures					
Current					
General Government					
Finance Administration					
Salaries and wages	\$ 134,000	\$ 134,000	\$ 133,452	\$ 548	\$ 118,915
Employee benefits	64,000	64,000	67,778	(3,778)	51,861
Services and supplies	18,250	18,250	12,414	5,836	12,745
	216,250	216,250	213,644	2,606	183,521
Legislative					
Salaries and wages	12,500	12,500	12,392	108	11,024
Employee benefits	7,000	7,000	3,275	3,725	2,815
Services and supplies	6,000	6,000	3,672	2,328	2,038
	25,500	25,500	19,339	6,161	15,877
Other					
Services and supplies	455,220	455,220	395,515	59,705	429,548
Capital outlay	-	-	-	-	1,843
	455,220	455,220	395,515	59,705	431,391
City Manager					
Salaries and wages	64,500	64,500	72,669	(8,169)	74,397
Employee benefits	31,000	31,000	25,252	5,748	21,342
Services and supplies	4,000	4,000	2,978	1,022	1,893
Capital outlay	2,000	2,000	-	2,000	-
	101,500	101,500	100,899	601	97,632
Total general government	798,470	798,470	729,397	69,073	728,421
Public Safety					
Police					
Salaries and wages	363,500	363,500	364,193	(693)	359,203
Employee benefits	270,500	270,500	236,445	34,055	208,644
Services and supplies	114,200	114,200	104,978	9,222	96,628
Capital outlay	30,450	30,450	30,351	99	13,829
	778,650	778,650	735,967	42,683	678,304
Animal Control					
Salaries	30,000	30,000	30,435	(435)	27,178
Employee benefits	20,240	20,240	22,829	(2,589)	19,119
Services and supplies	1,750	1,750	1,111	639	2,229
Capital outlay	5,000	5,000	6,720	(1,720)	-
	56,990	56,990	61,095	(4,105)	48,526

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund

Year Ended June 30, 2016

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

	Budgeted Amounts			Final Budget	
	Original	Final	Actual	Variance	2015
Fire and Ambulance					
Salaries	\$ 103,745	\$ 103,745	\$ 67,669	\$ 36,076	\$ 103,774
Employee benefits	70,000	70,000	48,501	21,499	74,252
Services and supplies	110,635	110,635	84,107	26,528	83,207
	284,380	284,380	200,277	84,103	261,233
Total public safety	1,120,020	1,120,020	997,339	122,681	988,063
Judicial					
Municipal Court					
Salaries and wages	46,000	46,000	35,344	10,656	33,948
Employee benefits	22,180	22,180	20,509	1,671	13,702
Services and supplies	2,450	2,450	2,184	266	6,113
Capital outlay	5,000	5,000	1,981	3,019	3,600
Total judicial	75,630	75,630	60,018	15,612	57,363
Public Works					
Highways and Streets					
Salaries and wages	39,000	39,000	35,264	3,736	33,296
Employee benefits	22,000	22,000	21,966	34	20,619
Services and supplies	80,875	148,875	135,053	13,822	60,009
Capital outlay	12,000	12,000	11,280	720	17,500
Total public works	153,875	221,875	203,563	18,312	131,424
Health and Sanitation					
Public Health Administration					
Services and supplies	15,000	15,000	9,754	5,246	14,000
Cemetery					
Salaries and wages	33,500	33,500	30,086	3,414	25,539
Employee benefits	21,000	21,000	20,441	559	18,547
Services and supplies	6,175	6,175	8,261	(2,086)	5,926
Capital outlay	-	-	-	-	174
	60,675	60,675	58,788	1,887	50,186
Total health and sanitation	75,675	75,675	68,542	7,133	64,186

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund

Year Ended June 30, 2016

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

	Budgeted Amounts			Final Budget	
	Original	Final	Actual	Variance	2015
Culture and Recreation					
Parks					
Salaries and wages	\$ 43,000	\$ 43,000	\$ -	\$ 43,000	\$ 36,915
Employee benefits	23,500	23,500	-	23,500	20,801
Services and supplies	13,175	13,175	17,352	(4,177)	16,038
Capital outlay	-	-	18,900	(18,900)	237
	<u>79,675</u>	<u>79,675</u>	<u>36,252</u>	<u>43,423</u>	<u>73,991</u>
Library					
Services and supplies	<u>2,500</u>	<u>2,500</u>	<u>2,387</u>	<u>113</u>	<u>2,469</u>
	<u>2,500</u>	<u>2,500</u>	<u>2,387</u>	<u>113</u>	<u>2,469</u>
Total culture and recreation	<u>82,175</u>	<u>82,175</u>	<u>38,639</u>	<u>43,536</u>	<u>76,460</u>
Total expenditures	<u>2,305,845</u>	<u>2,373,845</u>	<u>2,097,498</u>	<u>276,347</u>	<u>2,045,917</u>
Excess of Revenues over Expenditures	<u>(13,468)</u>	<u>77,875</u>	<u>442,876</u>	<u>365,001</u>	<u>351,907</u>
Other Financing Sources (Uses)					
Sale of capital assets	131,000	-	-	-	500
Transfers in	-	-	3,000	3,000	4,200
Transfers out	(85,000)	(311,000)	(484,673)	(173,673)	(80,000)
Contingency	<u>(23,670)</u>	<u>(23,670)</u>	<u>-</u>	<u>23,670</u>	<u>-</u>
Total other financing sources (uses)	<u>22,330</u>	<u>(334,670)</u>	<u>(481,673)</u>	<u>(147,003)</u>	<u>(75,300)</u>
Net Change in Fund Balance	<u>8,862</u>	<u>(256,795)</u>	<u>(38,797)</u>	<u>217,998</u>	<u>276,607</u>
Fund Balance, Beginning of Year	<u>3,710,991</u>	<u>4,139,523</u>	<u>4,139,523</u>	<u>-</u>	<u>3,862,916</u>
Fund Balance, End of Year	<u>\$ 3,719,853</u>	<u>\$ 3,882,728</u>	<u>\$ 4,100,726</u>	<u>\$ 217,998</u>	<u>\$ 4,139,523</u>

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –  
Open Door Senior Citizens Center

Year Ended June 30, 2016

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

	Budget Amounts		Actual	Variance	2015
	Original	Final			
Revenues					
Intergovernmental					
Federal grants	\$ 180,500	\$ 180,500	\$ 55,000	\$ (125,500)	\$ 65,035
Cash match	-	-	88,300	88,300	77,993
USDA cash	-	-	10,913	10,913	6,966
	<u>180,500</u>	<u>180,500</u>	<u>154,213</u>	<u>(26,287)</u>	<u>149,994</u>
Charges for services	<u>22,500</u>	<u>22,500</u>	<u>21,512</u>	<u>(988)</u>	<u>24,319</u>
Miscellaneous					
Contributions	-	-	23,386	23,386	29,992
In-Kind Revenue	-	-	358	358	35
	<u>-</u>	<u>-</u>	<u>23,744</u>	<u>23,744</u>	<u>30,027</u>
Total revenues	<u>203,000</u>	<u>203,000</u>	<u>199,469</u>	<u>(3,531)</u>	<u>204,340</u>
Expenditures					
Current					
Culture and Recreation					
Salaries and wages	119,000	119,000	93,487	25,513	107,562
Employee benefits	67,000	67,000	66,941	59	60,041
Services and supplies	<u>71,000</u>	<u>97,000</u>	<u>105,743</u>	<u>(8,743)</u>	<u>75,965</u>
Total expenditures	<u>257,000</u>	<u>283,000</u>	<u>266,171</u>	<u>16,829</u>	<u>243,568</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(54,000)</u>	<u>(80,000)</u>	<u>(66,702)</u>	<u>13,298</u>	<u>(39,228)</u>
Other Financing Sources (Uses)					
Transfers in	<u>40,000</u>	<u>66,000</u>	<u>66,000</u>	<u>-</u>	<u>40,000</u>
Net Change in Fund Balance	<u>(14,000)</u>	<u>(14,000)</u>	<u>(702)</u>	<u>13,298</u>	<u>772</u>
Fund Balance, Beginning of Year	<u>30,000</u>	<u>39,809</u>	<u>39,809</u>	<u>-</u>	<u>39,037</u>
Fund Balance, End of Year	<u>\$ 16,000</u>	<u>\$ 25,809</u>	<u>\$ 39,107</u>	<u>\$ 13,298</u>	<u>\$ 39,809</u>

City of Carlin  
Schedule of Funding Progress – Other Postemployment Benefit Plans  
June 30, 2016

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (b/a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
CEHBP	6/30/16	\$ -	\$ 70,901	\$ 70,901	0.00%	\$ 990,759	7.16%
CEHBP	6/30/13	-	56,959	56,959	0.00%	974,577	5.84%
CEHBP	6/30/10	-	199,145	199,145	0.00%	895,024	22.25%
PEBP	6/30/16	-	325,661	325,661	0.00%	N/A *	N/A
PEBP	6/30/13	-	435,794	435,794	0.00%	N/A *	N/A
PEBP	6/30/10	-	434,682	434,682	0.00%	N/A *	N/A

\* PEBP was closed to City employees retiring after November 29, 2008.

Change 2010 to 2013 valuation (CEHBP AAL):

The City's AAL for its Plan decreased from \$199,145 to \$56,959, mostly due to changes in assumptions since the prior valuation. In particular, there was a decrease from 50% to 20% in the participation rate assumption for future retirees who will elect to continue their insurance coverage. The decrease was based on the actuary's review of actual plan data. There were also changes in the assumptions for retiree life expectancy and healthcare trend rates.

Change 2013 to 2016 valuation (CEHBP AAL):

The City's AAL for its Plan increased from \$56,959 to \$70,901, mostly due to changes in assumptions since the prior valuation. In particular, updates to employee and premium data since the prior valuation; introduction of an assumption that no future retirees will elect to continue medical coverage through the City after reaching age 65; updates to the assumed rate of retirement, termination and mortality; updated trend assumptions for future increase in medical premiums; a change in the methodology and assumptions used for developing age related retiree medical claim costs; and recognition of the projected excise tax for high cost coverage.



City of Carlin  
Schedule of City's Share of Net Pension Liability  
Public Employee's Retirement System of Nevada (PERS)  
Last Ten Fiscal Years

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	2014	2015
City's portion of the net pension liability	0.02057%	0.02078%
City's proportionate share of the net pension liability	\$ 2,143,875	\$ 2,381,517
City's covered-employee payroll	\$ 1,194,747	\$ 1,196,955
City's proportional share of the net pension liability as a percentage of its covered-employee payroll	179.44%	198.96%
Plan fiduciary net position as a percentage of the total pension liability	76.30%	75.10%

\* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

City of Carlin  
Schedule of City's Contributions  
Public Employee's Retirement System of Nevada (PERS)  
Last Ten Fiscal Years

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	2015	2016
Statutorily required contribution	\$ 307,094	\$ 318,297
Contributions in relation to the statutorily required contribution	\$ 307,094	\$ 318,297
Contribution (deficiency) excess	\$ -	\$ -
Employer's covered-employee payroll	\$ 1,196,955	\$ 1,151,588
Contributions as a percentage of covered-employee payroll	26.03%	27.64%

\* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.



Supplementary Information  
June 30, 2016  
**City of Carlin**

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City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
 Budget and Actual – Capital Projects Fund  
 Year Ended June 30, 2016  
 (With Comparative Actual Amounts for the Year Ended June 30, 2015)

	Budgeted Amounts			Final Budget	
	Original	Final	Actual	Variance	2015
Revenues					
Taxes					
Ad valorem taxes	\$ 15,000	\$ 28,165	\$ 29,397	\$ 1,232	\$ 27,085
Miscellaneous					
Donations	-	-	-	-	2,050
Total revenues	15,000	28,165	29,397	1,232	29,135
Other Financing (Uses)					
Transfers in	-	200,000	378,673	178,673	-
Net Change in Fund Balance	15,000	228,165	408,070	179,905	29,135
Fund Balance (Deficit), Beginning of Year	7,539	(171,361)	(142,226)	29,135	(171,361)
Fund Balance (Deficit), End of Year	\$ 22,539	\$ 56,804	\$ 265,844	\$ 209,040	\$ (142,226)

	Special Revenue Funds			
	Grants Fund	Parks and Recreation Fund	Municipal Court Building Fund	Administrative Assessment Fund
Assets				
Cash	\$ 13,269	\$ 274,683	\$ 11,628	\$ 5,540
Accounts receivable, net	36,757	5,465	235	1,054
Restricted cash	-	-	-	-
Total assets	<u>\$ 50,026</u>	<u>\$ 280,148</u>	<u>\$ 11,863</u>	<u>\$ 6,594</u>
Liabilities				
Accounts payable	\$ 23,018	\$ 455	\$ -	\$ 1,039
Unearned revenue - grants	13,361	-	-	-
Total liabilities	<u>36,379</u>	<u>455</u>	<u>-</u>	<u>1,039</u>
Fund Balance				
Nonspendable	-	-	-	-
Restricted for				
Debt service	-	-	-	-
Perpetual cemetery care	-	-	-	-
Court facilities fees (NRS 176.0611)	-	-	11,863	-
Judicial fees (NRS 176.059)	-	-	-	5,555
Committed for				
Future community development	-	31,721	-	-
Recreational activities	-	247,972	-	-
Public safety	-	-	-	-
Assigned				
Other purposes	13,647	-	-	-
Total fund balance	<u>13,647</u>	<u>279,693</u>	<u>11,863</u>	<u>5,555</u>
Total Liabilities and Fund Balance	<u>\$ 50,026</u>	<u>\$ 280,148</u>	<u>\$ 11,863</u>	<u>\$ 6,594</u>

City of Carlin  
Combining Balance Sheet – Nonmajor Governmental Funds  
June 30, 2016

Special Revenue Funds				Permanent Fund	
Parks and Recreation Fund #2	Equestrian Center Fund	Police Forfeiture	Debt Service Fund	Perpetual Cemetery Care Fund	Total 2016
\$ 41,914	\$ 97,840	\$ 155,190	\$ 77,426	\$ 82,544	\$ 760,034
-	-	-	-	-	43,511
-	-	-	12,100	-	12,100
<u>\$ 41,914</u>	<u>\$ 97,840</u>	<u>\$ 155,190</u>	<u>\$ 89,526</u>	<u>\$ 82,544</u>	<u>\$ 815,645</u>
\$ 9	\$ 10,257	\$ -	\$ -	\$ -	\$ 34,778
-	-	-	-	-	13,361
<u>9</u>	<u>10,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,139</u>
-	-	-	-	33,004	33,004
-	-	-	12,100	-	12,100
-	-	-	-	49,540	49,540
-	-	-	-	-	11,863
-	-	-	-	-	5,555
-	-	-	-	-	31,721
41,905	-	-	-	-	289,877
-	-	155,190	-	-	155,190
-	87,583	-	77,426	-	178,656
<u>41,905</u>	<u>87,583</u>	<u>155,190</u>	<u>89,526</u>	<u>82,544</u>	<u>767,506</u>
<u>\$ 41,914</u>	<u>\$ 97,840</u>	<u>\$ 155,190</u>	<u>\$ 89,526</u>	<u>\$ 82,544</u>	<u>\$ 815,645</u>

	Special Revenue Funds			
	Grants Fund	Parks and Recreation Fund	Municipal Court Building Fund	Administrative Assessment Fund
Revenues				
Taxes	\$ -	\$ 43,732	\$ -	\$ -
Intergovernmental	75,342	-	-	-
Miscellaneous	-	-	2,210	14,840
Total revenues	<u>75,342</u>	<u>43,732</u>	<u>2,210</u>	<u>14,840</u>
Expenditures				
Current				
Public safety	79,157	-	-	-
Judicial	-	-	-	13,133
Culture and recreation	-	4,053	-	-
Capital outlay	1,060	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>80,217</u>	<u>4,053</u>	<u>-</u>	<u>13,133</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,875)</u>	<u>39,679</u>	<u>2,210</u>	<u>1,707</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	(90,000)	(3,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(90,000)</u>	<u>(3,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>(4,875)</u>	<u>(50,321)</u>	<u>(790)</u>	<u>1,707</u>
Fund Balances, Beginning of Year	<u>18,522</u>	<u>330,014</u>	<u>12,653</u>	<u>3,848</u>
Fund Balances, End of Year	<u>\$ 13,647</u>	<u>\$ 279,693</u>	<u>\$ 11,863</u>	<u>\$ 5,555</u>



City of Carlin

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –  
Nonmajor Governmental Funds  
Year Ended June 30, 2016

Special Revenue Funds				Permanent Fund	
Parks and Recreation Fund #2	Equestrian Center Fund	Police Forfeiture	Debt Service Fund	Perpetual Cemetery Care Fund	Total 2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,732
-	-	-	-	-	75,342
18,711	23,554	-	-	1,099	60,414
18,711	23,554	-	-	1,099	179,488
-	-	17,779	-	-	96,936
-	-	-	-	-	13,133
14,534	18,854	-	-	-	37,441
50,559	30,002	15,317	-	-	96,938
-	-	-	5,806	-	5,806
-	-	-	6,294	-	6,294
65,093	48,856	33,096	12,100	-	256,548
(46,382)	(25,302)	(33,096)	(12,100)	1,099	(77,060)
55,000	35,000	-	40,000	-	130,000
-	-	-	-	-	(93,000)
55,000	35,000	-	40,000	-	37,000
8,618	9,698	(33,096)	27,900	1,099	(40,060)
33,287	77,885	188,286	61,626	81,445	807,566
\$ 41,905	\$ 87,583	\$ 155,190	\$ 89,526	\$ 82,544	\$ 767,506

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –  
Grants Fund  
Year Ended June 30, 2016  
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2015</u>
Revenues				
Intergovernmental				
Grants	\$ 172,762	\$ 75,342	\$ (97,420)	\$ 74,282
Miscellaneous				
Contributions	-	-	-	8,000
Total revenues	<u>172,762</u>	<u>75,342</u>	<u>(97,420)</u>	<u>82,282</u>
Expenditures				
Current				
Public Safety				
Services and supplies	167,762	79,157	88,605	81,695
Capital outlay	<u>5,000</u>	<u>1,060</u>	<u>3,940</u>	<u>25</u>
Total expenditures	<u>172,762</u>	<u>80,217</u>	<u>92,545</u>	<u>81,720</u>
Net Change in Fund Balance	<u>-</u>	<u>(4,875)</u>	<u>(4,875)</u>	<u>562</u>
Fund Balance, Beginning of Year	<u>13,461</u>	<u>18,522</u>	<u>5,061</u>	<u>17,960</u>
Fund Balance, End of Year	<u>\$ 13,461</u>	<u>\$ 13,647</u>	<u>\$ 186</u>	<u>\$ 18,522</u>

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –  
Parks and Recreation Fund  
Year Ended June 30, 2016  
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	Budget	Actual	Variance	2015
Revenues				
Taxes				
Room tax revenues	\$ 72,000	\$ 43,732	\$ (28,268)	\$ 51,393
Expenditures				
Current				
Culture and Recreation				
Services and supplies	9,000	4,053	4,947	6,316
Capital outlay	90,000	-	90,000	-
Total expenditures	99,000	4,053	94,947	6,316
Excess (Deficiency) of Revenues over Expenditures	(27,000)	39,679	66,679	45,077
Other Financing Sources (Uses)				
Transfers out	(90,000)	(90,000)	-	(65,000)
Net Change in Fund Balance	(117,000)	(50,321)	66,679	(19,923)
Fund Balance, Beginning of Year	324,937	330,014	5,077	349,937
Fund Balance, End of Year	\$ 207,937	\$ 279,693	\$ 71,756	\$ 330,014

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –  
Municipal Court Building Fund  
Year Ended June 30, 2016  
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	Budget	Actual	Variance	2015
Revenues				
Miscellaneous				
Building Assessments	\$ 1,300	\$ 2,210	\$ 910	\$ 2,088
Other Financing Sources (Uses)				
Transfers In	5,000	-	(5,000)	-
Transfers Out	-	(3,000)	(3,000)	(4,000)
Total other financing sources (uses)	5,000	(3,000)	(8,000)	(4,000)
Net Change in Fund Balance	6,300	(790)	(7,090)	(1,912)
Fund Balance, Beginning of Year	15,565	12,653	(2,912)	14,565
Fund Balance, End of Year	\$ 21,865	\$ 11,863	\$ (10,002)	\$ 12,653

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –  
Administrative Assessment Fund  
Year Ended June 30, 2016  
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2015</u>
Revenues				
Miscellaneous				
Administrative				
assessments	<u>\$ 7,500</u>	<u>\$ 14,840</u>	<u>\$ 7,340</u>	<u>\$ 14,278</u>
Expenditures				
Current				
Judicial				
Services and supplies	<u>8,300</u>	<u>13,133</u>	<u>(4,833)</u>	<u>13,974</u>
Net Change in Fund Balance	<u>(800)</u>	<u>1,707</u>	<u>2,507</u>	<u>304</u>
Fund Balance, Beginning of Year	<u>2,744</u>	<u>3,848</u>	<u>1,104</u>	<u>3,544</u>
Fund Balance, End of Year	<u><u>\$ 1,944</u></u>	<u><u>\$ 5,555</u></u>	<u><u>\$ 3,611</u></u>	<u><u>\$ 3,848</u></u>

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –  
Parks and Recreation Fund #2  
Year Ended June 30, 2016  
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2015</u>
Revenues				
Miscellaneous				
Other income	<u>\$ 14,350</u>	<u>\$ 18,711</u>	<u>\$ 4,361</u>	<u>\$ 15,276</u>
Expenditures				
Current				
Culture and Recreation				
Parks				
Services and supplies	20,000	14,534	5,466	17,136
Capital outlay	<u>-</u>	<u>50,559</u>	<u>(50,559)</u>	<u>23,571</u>
Total expenditures	<u>20,000</u>	<u>65,093</u>	<u>(45,093)</u>	<u>40,707</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(5,650)</u>	<u>(46,382)</u>	<u>(40,732)</u>	<u>(25,431)</u>
Other Financing Sources				
Transfers in	<u>55,000</u>	<u>55,000</u>	<u>-</u>	<u>30,000</u>
Net Change in Fund Balance	49,350	8,618	(40,732)	4,569
Fund Balance, Beginning of Year	<u>2,268</u>	<u>33,287</u>	<u>31,019</u>	<u>28,718</u>
Fund Balance, End of Year	<u><u>\$ 51,618</u></u>	<u><u>\$ 41,905</u></u>	<u><u>\$ (9,713)</u></u>	<u><u>\$ 33,287</u></u>

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –  
Equestrian Center Fund  
Year Ended June 30, 2016  
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	Budget	Actual	Variance	2015
Revenues				
Intergovernmental				
State grants				
Grant proceeds	\$ 3,000	\$ -	\$ (3,000)	\$ -
Miscellaneous				
Other income	25,000	23,554	(1,446)	32,780
Total revenues	28,000	23,554	(4,446)	32,780
Expenditures				
Current				
Culture and Recreation				
Parks				
Services and supplies	25,000	18,854	6,146	26,344
Capital outlay	35,000	30,002	4,998	4,283
Total expenditures	60,000	48,856	11,144	30,627
Excess (Deficiency) of Revenues over Expenditures	(32,000)	(25,302)	6,698	2,153
Other Financing Sources				
Transfers in	35,000	35,000	-	35,000
Net Change in Fund Balance	3,000	9,698	6,698	37,153
Fund Balance, Beginning of Year	25,732	77,885	52,153	40,732
Fund Balance, End of Year	\$ 28,732	\$ 87,583	\$ 58,851	\$ 77,885

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –  
Police Forfeiture Fund  
Year Ended June 30, 2016  
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2015</u>
Expenditures				
Current				
Public Safety				
Police				
Services and				
supplies	\$ -	\$ 17,779	\$ (17,779)	\$ 699
Capital outlay	<u>40,000</u>	<u>15,317</u>	<u>24,683</u>	<u>-</u>
Total expenditures	<u>40,000</u>	<u>33,096</u>	<u>6,904</u>	<u>699</u>
Net Change in Fund Balance	(40,000)	(33,096)	6,904	(699)
Fund Balance, Beginning of Year	<u>193,175</u>	<u>188,286</u>	<u>(4,889)</u>	<u>188,985</u>
Fund Balance, End of Year	<u>\$ 153,175</u>	<u>\$ 155,190</u>	<u>\$ 2,015</u>	<u>\$ 188,286</u>



City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –  
Debt Service Fund  
Year Ended June 30, 2016  
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	Budget	Actual	Variance	2015
Expenditures				
Debt service				
Principal	\$ 23,081	\$ 5,806	\$ 17,275	\$ 29,200
Interest	9,417	6,294	3,123	7,944
Total expenditures	32,498	12,100	20,398	37,144
Other Financing Sources				
Transfers in	40,000	40,000	-	40,000
Net Change in Fund Balance	7,502	27,900	20,398	2,856
Fund Balance, Beginning of Year	58,770	61,626	2,856	58,770
Fund Balance, End of Year	<u>\$ 66,272</u>	<u>\$ 89,526</u>	<u>\$ 23,254</u>	<u>\$ 61,626</u>

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –  
Perpetual Cemetery Care Fund  
Year Ended June 30, 2016  
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2015</u>
Revenues				
Miscellaneous				
Contributions from individuals	\$ 1,000	\$ 1,054	\$ 54	\$ 2,200
Interest income	<u>75</u>	<u>45</u>	<u>(30)</u>	<u>49</u>
Total revenues	<u>1,075</u>	<u>1,099</u>	<u>24</u>	<u>2,249</u>
Other Financing Sources (Uses)				
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200)</u>
Net change in Fund Balance	1,075	1,099	24	2,049
Fund Balance, Beginning of Year	<u>80,463</u>	<u>81,445</u>	<u>982</u>	<u>79,396</u>
Fund Balance, End of Year	<u>\$ 81,538</u>	<u>\$ 82,544</u>	<u>\$ 1,006</u>	<u>\$ 81,445</u>

City of Carlin

Schedule of Revenues, Expenses, and Changes in Fund Net Position – Budget and Actual –  
Utility Fund  
Year Ended June 30, 2016  
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	Budget	Actual	Variance	2015
Operating Revenues				
Utility Fees				
Water	\$ 470,000	\$ 535,176	\$ 65,176	\$ 454,547
Garbage	210,000	234,404	24,404	232,693
Sewer	340,000	327,447	(12,553)	347,071
Street lights				
Use fees	26,000	27,856	1,856	28,847
Total operating revenues	<u>1,046,000</u>	<u>1,124,883</u>	<u>78,883</u>	<u>1,063,158</u>
Operating Expenses				
Water				
Salaries and wages	170,000	144,066	25,934	149,705
Employee benefits	79,000	74,104	4,896	90,909
Services and supplies	78,000	52,741	25,259	68,697
	<u>327,000</u>	<u>270,911</u>	<u>56,089</u>	<u>309,311</u>
Garbage				
Services and supplies	73,000	84,171	(11,171)	75,715
Sewer				
Salaries and wages	140,000	132,529	7,471	121,103
Employee benefits	70,000	65,735	4,265	66,151
Services and supplies	66,500	58,433	8,067	61,624
	<u>276,500</u>	<u>256,697</u>	<u>19,803</u>	<u>248,878</u>
General				
Services and supplies	263,000	164,139	98,861	247,413
Depreciation	120,000	128,290	(8,290)	120,418
	<u>383,000</u>	<u>292,429</u>	<u>90,571</u>	<u>367,831</u>
Total operating expenses	<u>1,059,500</u>	<u>904,208</u>	<u>155,292</u>	<u>1,001,735</u>
Operating Income (Loss)	<u>(13,500)</u>	<u>220,675</u>	<u>234,175</u>	<u>61,423</u>
Nonoperating Revenues (Expenses)				
Interest and penalties earned	17,500	17,235	(265)	16,924
Miscellaneous income	3,666	11,947	8,281	15,305
Interest expense	(3,600)	(2,682)	918	(3,526)
Total nonoperating revenues (expenses)	<u>17,566</u>	<u>26,500</u>	<u>8,934</u>	<u>28,703</u>
Change in Net Position	<u>\$ 4,066</u>	<u>247,175</u>	<u>\$ 243,109</u>	<u>90,126</u>
Net Position, Beginning of Year		<u>4,385,468</u>		<u>4,295,342</u>
Net Position, End of Year		<u>\$ 4,632,643</u>		<u>\$ 4,385,468</u>

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**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

To the Honorable Mayor and Council  
City of Carlin  
Carlin, 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 Carlin (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 10, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the 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 opinions on the 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness (2016-A).

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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. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency (2016-B).

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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

#### **Purpose of this Report**

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

*Edie Sallie LLP*

Elko, Nevada  
January 10, 2017

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**2016-A      Report Preparation  
Material Weakness**

*Criteria:* Management of the City of Carlin is responsible for establishing and maintaining an effective system of internal control over financial reporting. One of the key components of an effective system of internal control is a finance staff with adequate resources available to prepare the financial statements in accordance with generally accepted accounting principles. Additionally, a good system of internal control contemplates an adequate system for recording and processing entries material to the financial statements.

*Condition:* The City does not have an internal control system designed to provide for the preparation of the financial statements and related financial statement disclosures being prepared in all material respects. In conjunction with the completion of our audit, we were requested to draft the financial statements, assist with the conversion of fund financial statements to government-wide financial statements, and prepare the accompanying notes to the financial statements. In addition, we posted the following audit adjustments:

- Fund balance did not reconcile to the June 30, 2015 audit therefore an adjustment was made to beginning fund balance and expenditures totaling \$178,673 in the Capital Projects Fund, \$19,546 in the Utility Fund, \$145,714 in the General Fund, \$4,698 in the Senior Citizens Fund and \$30,794 in the nonmajor governmental funds.
- An adjustment was made for \$21,864 to properly record taxes receivable and deferred inflows of resources for unavailable property taxes in the General Fund.
- Contributions totaling \$24,569 were incorrectly recorded as intergovernmental matching grant revenue in the Senior Citizens Fund.
- An adjustment was made for \$55,000 to properly reduce receivables due from developers and deferred inflows of resources for unavailable revenues due from developers in the General Fund. This adjustment also resulted in the recognition of \$55,000 in bad debt expense for the government-wide financial statements.
- An adjustment was made for \$6,661 to properly record accounts receivable and revenue in the Senior Citizens Fund.
- An adjustment was made for \$9,802 to properly record accounts payable and expenditures in the Grant Fund.
- An adjustment was made for \$9,802 to properly record receivables and revenues in the Grant Fund.
- An adjustment was made for \$17,716 to properly record outstanding note payables and interest expense in the Utility Fund.
- An adjustment was made for \$43,390 to properly record accrued payroll and related liabilities and payroll expenditures in various fund: \$30,329 in the General Fund, \$10,148 in the Utility Fund and \$2,913 in the Senior Citizens Fund.

Although the preparation of the financial statements as part of the audit engagement is not unusual, it may result in financial statements and related information including financial statement disclosures not being available for management purposes as timely as it would be if prepared by City personnel. In addition, the absence of controls over the preparation of the financial statements and related financial statement disclosures increases the possibility that a

misstatement of the financial statements could occur and not be prevented, or detected and corrected, by the City's internal control system as evidenced with the material audit adjustments described above. It is the responsibility of those charged with governance to determine whether to accept the risk associated with this condition because of cost or other considerations.

*Cause:* Given the daily responsibilities of management, the resources of time and training necessary to prepare the City's financial statements in accordance with generally accepted accounting principles are not available. As a result the City has chosen to contract with Eide Bailly LLP to prepare the financial statements. This circumstance is not unusual in an organization of this size, due to time constraints of management and costs associated with compliance of the standards. However, management has not implemented sufficient procedures to capture the necessary information needed for the financial statements and related disclosures to be prepared in all material respects.

*Effect:* The City's financial records required audit adjustments in order for the financial statements to be in accordance with generally accepted accounting principles. Internally prepared financial information may not be accurate and full disclosure financial statements may not be available as timely as they would be if prepared by City personnel.

*Recommendation:* We recommend management should perform a detailed review of all financial statements and fund trial balances throughout the year to ensure that all significant transactions have been appropriately reported. In addition, management and those charged with governance should annually make the decision to accept the degree of risk associated with this condition because of costs or other considerations.

*Management's Response:* Management will annually review whether to accept the degree of risk associated with the auditors preparing the City's financial statements. In addition, management will perform year end reconciling procedures to ensure accounts are properly stated.

**2016-B      Ambulance Billings  
Significant Deficiency**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal controls over financial reporting. One of the key components of an effective system of internal control is the ability to maintain accounting records necessary to compile the financial statements.

*Condition:* During our audit procedures performed as of June 30, 2016, we noted that two of the twenty ambulance calls tested were not billed. In addition, the audit resulted in an adjustment for \$49,585 to properly record ambulance accounts receivables net of the allowance for doubtful accounts and deferred inflows of resources for unavailable ambulance fees in the General Fund.

*Cause:* Internal controls in place are were not sufficient to ensure that all billable ambulance calls were billed in a timely manner and that ambulance receivables were reconciled to the ambulance billing system.

*Effect:* Improper reporting of ambulance revenue.

City of Carlin  
Schedule of Findings and Responses  
Year Ended June 30, 2016

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*Recommendation:* We recommend that the City enhance internal controls over ambulance billing to ensure that all ambulances calls are billed in a timely manner and that the City's accounting records are reconciled to the ambulance billing system.

*Management's Response:* Management understands the importance of correcting this deficiency. It is believed this will be correct before the end of the fiscal year.

City of Carlin  
Schedule of Fees Imposed Subject to the Provisions of NRS 354.5989  
Year Ended June 30, 2016

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Flat Fixed Fees

Business license revenue for the year ended June 30, 1991 (base year) adjusted through June 30, 2015	<u>\$ 34,645</u>
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Adjustment of Base

Base year

1. Percentage increase in population of local government	0.0%	
2. Percentage increase in the Consumer Price Index for the year ending on December 31 next preceding the year for which the limit is being calculated	0.5%	0.5%

173

Adjusted base at June 30, 2016

34,818

Actual revenue

20,075

Amount under allowable amount

\$ 14,743



CPAs & BUSINESS ADVISORS

### **Auditor's Comments**

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

In connection with our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Carlin (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, nothing came to our attention that caused us to believe that the City failed to comply with the specific requirements of Nevada Revised Statutes other than those cited below. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

#### **Current Year Statute Compliance**

Compliance with Nevada Revised Statutes is contained in Note 2 of the financial statements.

#### **Progress on Prior Year Statute Compliance**

In the prior year, apparent violations of NRS 354.626 occurred in various funds. As noted in Note 2 of the financial statements, apparent violations of NRS 354.626 were once again noted.

#### **Disposition of Prior Year Recommendations**

Prior year findings 2015-A is reported again this year as finding 2016-A.

#### **Current Year Audit Recommendations**

See items noted in the Schedule of Findings and Responses on pages 69 through 71.

Elko, Nevada  
January 10, 2017

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