



Financial Statements
June 30, 2017
City of Carlin

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Independent Auditor's Report

To the Honorable Mayor and Council
City of Carlin
State of 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, State of Nevada (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 of Carlin, State of Nevada, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standard

As discussed in Notes 1 and 15 to the financial statements, the City has adopted the provisions of GASB Statement No. 82, *Pension Issues – An Amendment of GASB No. 67, No 68, and No .73*, which has resulted in a restatement of the net position as of July 1, 2016. Our opinions are not modified with respect to this matter.

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 States 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, 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

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other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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, 2016, and have issued a report thereon dated January 10, 2017, 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 individual fund financial statements and budgetary comparisons related to the 2016 financial statements 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 2016 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2016 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 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 February 15, 2018 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, grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the City's 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.



Elko, Nevada
February 15, 2018

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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 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
Scope	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
Required Financial Statements	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
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting
Types of Asset/Liability/Deferred Inflow/Outflow Information	All assets and liabilities both financial, capital assets 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, capital assets and short-term and long-term, deferred inflows/outflows of resources	Assets and liabilities held in fiduciary capacity
Type of Inflow/Outflow Information	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, \$7,614,751 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 57% 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.

Table 2: Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016 (as restated)	2017	2016 (as restated)	2017	2016 (as restated)
Current and other assets	\$ 6,195,887	\$ 5,653,934	\$ 2,546,639	\$ 2,457,083	\$ 8,742,526	\$ 8,111,017
Capital Assets	4,991,283	5,213,484	2,783,762	2,903,796	7,775,045	8,117,280
Total Assets	11,187,170	10,867,418	5,330,401	5,360,879	16,517,571	16,228,297
Deferred outflows of Resources	337,557	140,137	105,503	42,498	443,060	182,635
Other liabilities	175,311	220,327	47,085	48,789	222,396	269,116
Long-term liabilities						
Due in one year	46,455	46,648	56,383	51,235	102,838	97,883
Due in more than one year	2,398,650	2,170,230	699,910	641,452	3,098,560	2,811,682
Total liabilities	2,620,416	2,437,205	803,378	741,476	3,423,794	3,178,681
Deferred inflows of resources	210,441	236,430	63,562	71,699	274,003	308,129
Net investment in capital assets	4,848,316	5,064,917	2,766,435	2,867,867	7,614,751	7,932,784
Restricted	187,074	141,459	20,398	20,398	207,472	161,857
Unrestricted	3,658,480	3,127,544	1,782,131	1,701,937	5,440,611	4,829,481
Total net position	\$ 8,693,870	\$ 8,333,920	\$ 4,568,964	\$ 4,590,202	\$ 13,262,834	\$ 12,924,122

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 \$359,950 and the net position of the business-type activities decreased by \$21,238.

Table 3: Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016 (as restated)	2017	2016 (as restated)	2017	2016 (as restated)
Program revenues						
Charges for services	\$ 255,116	\$ 289,512	\$ 1,040,122	\$ 1,124,883	\$ 1,295,238	\$ 1,414,395
Operating grants contributions	287,334	154,213	-	-	287,334	154,213
Capital grants and contributions	-	75,342	2,000	-	2,000	75,342
Total program revenues	<u>542,450</u>	<u>519,067</u>	<u>1,042,122</u>	<u>1,124,883</u>	<u>1,584,572</u>	<u>1,643,950</u>
General revenues						
Taxes						
Property	422,936	375,265	-	-	422,936	375,265
Room	49,761	43,732	-	-	49,761	43,732
Fuel	48,891	48,542	-	-	48,891	48,542
Consolidated revenues	1,810,661	1,829,419	-	-	1,810,661	1,829,419
Interest and investment earnings	6,959	7,512	19,087	17,235	26,046	24,747
Miscellaneous	363,335	84,769	14,188	11,947	377,523	96,716
Total general revenues	<u>2,702,543</u>	<u>2,389,239</u>	<u>33,275</u>	<u>29,182</u>	<u>2,735,818</u>	<u>2,418,421</u>
Total revenues	<u>3,244,993</u>	<u>2,908,306</u>	<u>1,075,397</u>	<u>1,154,065</u>	<u>4,320,390</u>	<u>4,062,371</u>
Program expenses						
General government	872,599	987,537			872,599	987,537
Public safety	1,182,095	1,193,289	-	-	1,182,095	1,193,289
Judicial	56,748	76,542	-	-	56,748	76,542
Public works	366,176	338,121	-	-	366,176	338,121
Health and sanitation	90,362	101,699	-	-	90,362	101,699
Culture and recreation	310,563	293,205	-	-	310,563	293,205
Water	-	-	457,529	383,223	457,529	383,223
Garbage	-	-	147,838	113,291	147,838	113,291
Sewer	-	-	463,415	424,961	463,415	424,961
Street lights	-	-	27,853	27,856	27,853	27,856
Interest on long-term debt	6,500	6,294	-	-	6,500	6,294
Total expenses	<u>2,885,043</u>	<u>2,996,687</u>	<u>1,096,635</u>	<u>949,331</u>	<u>3,981,678</u>	<u>3,946,018</u>
Change in net position	<u>359,950</u>	<u>(88,381)</u>	<u>(21,238)</u>	<u>204,734</u>	<u>338,712</u>	<u>116,353</u>
Net position, beginning of year	<u>8,333,920</u>	<u>8,422,301</u>	<u>4,590,202</u>	<u>4,385,468</u>	<u>12,924,122</u>	<u>12,807,769</u>
Net position, end of year	<u>\$ 8,693,870</u>	<u>\$ 8,333,920</u>	<u>\$ 4,568,964</u>	<u>\$ 4,590,202</u>	<u>\$ 13,262,834</u>	<u>\$ 12,924,122</u>

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, 2017**

<u>City Programs</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Net Program (Expenses) Revenues</u>
General Government	\$ 872,599	\$ -	\$ (872,599)
Public Safety	1,182,095	237,032	(945,063)
Judicial	56,748	-	(56,748)
Public Works	366,176	69,706	(296,470)
Health and Sanitation	90,362	-	(90,362)
Culture and Recreation	310,563	235,712	(74,851)
Interest Long-term Debt	6,500	-	(6,500)
 Total	 <u>\$ 2,885,043</u>	 <u>\$ 542,450</u>	 <u>\$ (2,342,593)</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, 2017**

<u>City Programs</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Net Program (Expenses) Revenues</u>
Water	\$ 457,529	\$ 461,310	\$ 3,781
Garbage	147,838	227,487	79,649
Sewer	463,415	325,472	(137,943)
Street Lights	27,853	27,853	-
 Total	 <u>\$ 1,096,635</u>	 <u>\$ 1,042,122</u>	 <u>\$ (54,513)</u>

Financial highlights for the City during the fiscal year ended June 30, 2017, include the following:

- The City's total Net Position for all activities increased from \$12,924,122 to \$13,262,834, an increase of \$338,712 (2.6%). 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 \$675,201 (24.5%). General Fund revenues were also better than projected by \$203,927 (8.1%) due to a conservative estimate of budget revenues during budgeting and an actual increase in Developer Reimbursement Income.
- Capital assets added during the year in the amount of \$139,804 include improvements to City buildings and facilities, the City Park and the Equestrian Park, and three new police vehicles was purchased and placed in service.
- The City's Business-type Activities (Utility Fund) operating expenses exceeded operating revenues by \$54,717. As an Enterprise Fund, the Utility Fund is required to generate operating revenues sufficient to offset operating expenses. Excess revenues year to year are used for maintenance and eventual replacement of older infrastructure. A Preliminary Engineering Report (PER) is currently underway and a refurbishment plan can be implemented following the PER. The costs associated with the PER resulted in expenses exceeding revenues in the current year.

Fund Analysis

All Governmental Funds

At the close of the fiscal year ending June 30, 2017, the City's governmental funds reported a combined ending fund balance of \$5,759,985, representing an increase of \$586,802 (11.5%) 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, 2017 totaled \$4,641,861 which is an increase of \$541,135 (11.7%) from the previous fiscal year. The increase is due to lower than budgeted expenses and an increase in excepted revenues.

Capital Projects Fund

Fund balance at June 30, 2017 totaled \$304,497 which is an increase of \$38,653 (14.5%) from the previous year. The increase is due to there being no new major construction or renovation projects during the year.

Senior Citizens Center Fund

Fund balance at June 30, 2017 totaled \$89,673 which is an increase of \$50,566 (129.3%) from the previous year. The increase is due to lower than budgeted expenses.

Grants Fund

Fund balance at June 30, 2017 was a deficit of \$8,872 which is decrease of \$22,159 (162.4%) from the previous year. The decrease is due to the timing of when revenues are received and recognized in governmental funds.

Non-major Governmental Funds

Fund balance at June 30, 2017 totaled \$732,826, which is a decrease of \$21,330 (2.8%) 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, 2017 and the increase/(decrease) from the previous fiscal year:

<u>Fund</u>	<u>Fund Balance June 30, 2017</u>	<u>Increase/(Decrease)</u>
Non-Major Governmental Funds:		
Municipal Court Building Fund	14,445	2,582
Administrative Assessment Fund	6,876	1,321
Park and Recreation Fund	285,724	6,031
Parks and Recreation Fund #2	44,473	2,568
Equestrian Center Fund	94,778	7,195
Debt Service Fund	77,426	(12,100)
Police Forfeiture Fund	123,982	(31,208)
Perpetual Cemetery Care Fund	85,122	2,578
Totals	\$ 732,826	\$ (21,033)

Proprietary Funds

The City's sole Proprietary Fund, the Utility Fund, had a net position of \$4,568,964 as of June 30, 2017. Operating expenses exceeded operating revenues by \$54,717.

Capital Asset and Long-term Debt Activity

Capital Asset Activity

At June 30, 2017, the City reported \$4,991,283 in capital assets for governmental activities and \$2,783,762 in capital assets for business-type activities. Capital asset additions included three vehicles for the police department, a portable loading ramp for the Equestrian Park, and a scoreboard for Legion Field. Depreciation exceeded additions to capital assets in the current year.

Long-term Debt Activity

Long-term debt outstanding at June 30, 2017, excluding the annual required contribution for other-post employment benefits and the net position liability, totaled \$160,294. The debt consists of the \$142,967 for the Senior Center and \$17,327 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 \$20,701 to \$229,138. The City's net pension liability increase by \$298,957 to \$2,680,474.

Additionally, the City estimates \$131,492 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, 2017

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash	\$ 5,540,707	\$ 2,444,182	\$ 7,984,889
Accounts receivable, net	80,047	82,059	162,106
Due from other governments	401,410	-	401,410
Due from developers	145,000	-	145,000
Taxes receivable, delinquent	13,273	-	13,273
Prepaid expenses	3,350	-	3,350
Restricted cash and cash equivalents	12,100	20,398	32,498
Capital assets, net of accumulated depreciation	3,471,911	2,705,707	6,177,618
Capital assets, not being depreciated	1,519,372	78,055	1,597,427
Total assets	<u>11,187,170</u>	<u>5,330,401</u>	<u>16,517,571</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions	<u>337,557</u>	<u>105,503</u>	<u>443,060</u>
Liabilities			
Accounts payable and other	106,339	34,831	141,170
Accrued salaries and related liabilities	55,611	-	55,611
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	40,610	39,056	79,666
Notes payable	5,845	17,327	23,172
Noncurrent liabilities portion due or payable after one year			
Compensated absences	26,418	25,408	51,826
Notes payable	137,122	-	137,122
Other postemployment benefits liability	180,993	48,145	229,138
Net pension liability	2,054,117	626,357	2,680,474
Total liabilities	<u>2,620,416</u>	<u>803,378</u>	<u>3,423,794</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	<u>210,441</u>	<u>63,562</u>	<u>274,003</u>
Net Position			
Net investment in capital assets	4,848,316	2,766,435	7,614,751
Restricted for			
Debt service	12,100	20,398	32,498
Nonspendable perpetual cemetery care	33,004	-	33,004
Perpetual cemetery care	52,118	-	52,118
Capital projects	68,050	-	68,050
Senior Center	481	-	481
Judicial fees (NRS 176)	21,321	-	21,321
Unrestricted	3,658,480	1,782,131	5,440,611
Total net position	<u>\$ 8,693,870</u>	<u>\$ 4,568,964</u>	<u>\$ 13,262,834</u>

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 872,599	\$ -	\$ -	\$ -
Public safety	1,182,095	134,146	102,886	-
Judicial	56,748	-	-	-
Public works	366,176	69,706	-	-
Health and sanitation	90,362	-	-	-
Culture and recreation	310,563	51,264	184,448	-
Interest on long-term debt	6,500	-	-	-
Total governmental activities	<u>2,885,043</u>	<u>255,116</u>	<u>287,334</u>	<u>-</u>
Business-type Activities				
Water	457,529	461,310	-	-
Garbage	147,838	227,487	-	-
Sewer	463,415	323,472	-	2,000
Street lights	27,853	27,853	-	-
Total business-type activities	<u>1,096,635</u>	<u>1,040,122</u>	<u>-</u>	<u>2,000</u>
Total primary government	<u>\$ 3,981,678</u>	<u>\$ 1,295,238</u>	<u>\$ 287,334</u>	<u>\$ 2,000</u>

Property taxes
Room taxes
Consolidated revenues - unrestricted
Fuel taxes
Interest and investment earnings
Miscellaneous revenue

Total general revenues

Change in Net Position

Net Position, Beginning of Year, as Originally Reported

Prior period adjustment

Net Position, Beginning of Year, as Restated

Net Position, End of Year

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (872,599)	\$ -	\$ (872,599)
(945,063)	-	(945,063)
(56,748)	-	(56,748)
(296,470)	-	(296,470)
(90,362)	-	(90,362)
(74,851)	-	(74,851)
(6,500)	-	(6,500)
<u>(2,342,593)</u>	<u>-</u>	<u>(2,342,593)</u>
-	3,781	3,781
-	79,649	79,649
-	(137,943)	(137,943)
-	-	-
<u>-</u>	<u>(54,513)</u>	<u>(54,513)</u>
<u>(2,342,593)</u>	<u>(54,513)</u>	<u>(2,397,106)</u>
422,936	-	422,936
49,761	-	49,761
1,810,661	-	1,810,661
48,891	-	48,891
6,959	19,087	26,046
363,335	14,188	377,523
<u>2,702,543</u>	<u>33,275</u>	<u>2,735,818</u>
<u>359,950</u>	<u>(21,238)</u>	<u>338,712</u>
8,473,867	4,632,643	13,106,510
<u>(139,947)</u>	<u>(42,441)</u>	<u>(182,388)</u>
<u>8,333,920</u>	<u>4,590,202</u>	<u>12,924,122</u>
<u>\$ 8,693,870</u>	<u>\$ 4,568,964</u>	<u>\$ 13,262,834</u>

City of Carlin
Balance Sheet – Governmental Funds
June 30, 2017

	General	Senior Citizens Center Fund	Grants Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash	\$ 4,428,095	\$ 81,850	\$ 19,146	\$ 296,159	\$ 715,457	\$ 5,540,707
Receivables, net						
Accounts	73,611	-	-	-	6,436	80,047
Taxes	13,273	-	-	-	-	13,273
Due from developers	145,000	-	-	-	-	145,000
Due from other governments	333,204	23,301	36,567	8,338	-	401,410
Prepaid expenses	-	-	3,350	-	-	3,350
Restricted cash	-	-	-	-	12,100	12,100
Total assets	\$ 4,993,183	\$ 105,151	\$ 59,063	\$ 304,497	\$ 733,993	\$ 6,195,887
Liabilities						
Accounts payable	\$ 65,158	\$ 15,478	\$ 24,344	\$ -	\$ 1,167	\$ 106,147
Accrued salaries and related liabilities	55,611	-	-	-	-	55,611
Bail and fines held	192	-	-	-	-	192
Unearned revenue - grants	-	-	13,361	-	-	13,361
Total liabilities	120,961	15,478	37,705	-	1,167	175,311
Deferred Inflows of Resources						
Unavailable property taxes	13,273	-	-	-	-	13,273
Unavailable due from developers	145,000	-	-	-	-	145,000
Unavailable ambulance fees	36,028	-	-	-	-	36,028
Unavailable grant revenue	36,060	-	30,230	-	-	66,290
Total deferred inflows of resources	230,361	-	30,230	-	-	260,591
Fund Balances						
Nonspendable	-	-	-	-	33,004	33,004
Restricted for						
Debt service	-	-	-	-	12,100	12,100
Perpetual cemetery care	-	-	-	-	52,118	52,118
Capital projects	-	-	-	68,050	-	68,050
Senior Center	-	481	-	-	-	481
Judicial fees (NRS 176)	-	-	-	-	21,321	21,321
Committed for						
Future community development	-	-	-	-	40,005	40,005
Recreational activities	-	-	-	-	290,192	290,192
Public safety	-	-	-	-	123,982	123,982
Assigned						
Subsequent year operations	630,617	-	-	-	57,000	687,617
Other purposes	-	89,192	-	236,447	103,104	428,743
Unassigned	4,011,244	-	(8,872)	-	-	4,002,372
Total fund balances	4,641,861	89,673	(8,872)	304,497	732,826	5,759,985
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,993,183	\$ 105,151	\$ 59,063	\$ 304,497	\$ 733,993	\$ 6,195,887

City of Carlin
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2017

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

Total fund balances - governmental funds	\$ 5,759,985	
<p>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.</p>		
Capital assets	\$ 11,109,142	
Less accumulated depreciation	<u>(7,637,231)</u>	3,471,911
Capital assets, not being depreciated	<u>1,519,372</u>	1,519,372
<p>Unavailable revenue represents amounts that are not available to fund current expenditures, and therefore, are not reported as revenue in the governmental funds</p>		
		260,591
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Net pension liability	(2,054,117)	
Notes payable	(142,967)	
Other post employment benefits	(180,993)	
Compensated absences	<u>(67,028)</u>	(2,445,105)
<p>Deferred outflows and inflows of resource related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.</p>		
Deferred outflows of resources related to pensions	337,557	
Deferred inflows of resources related to pensions	<u>(210,441)</u>	<u>127,116</u>
Net position of governmental activities		<u><u>\$ 8,693,870</u></u>

City of Carlin
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2017

	General	Senior Citizens Center Fund	Grants Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 401,742	\$ -	\$ -	\$ 29,785	\$ 49,761	\$ 481,288
Licenses, permits and fees	69,706	-	-	-	-	69,706
Intergovernmental	1,868,852	148,388	72,656	-	-	2,089,896
Charges for services	17,835	20,025	-	-	-	37,860
Fines and forfeits	24,786	-	-	-	-	24,786
Other	318,305	15,966	-	8,868	49,094	392,233
Total revenues	<u>2,701,226</u>	<u>184,379</u>	<u>72,656</u>	<u>38,653</u>	<u>98,855</u>	<u>3,095,769</u>
Expenditures						
Current						
General government	719,715	-	-	-	-	719,715
Public safety	907,888	-	95,175	-	21,825	1,024,888
Judicial	44,647	-	-	-	11,374	56,021
Public works	222,758	-	-	-	-	222,758
Health and sanitation	60,939	-	-	-	-	60,939
Culture and recreation	19,675	205,976	-	-	52,084	277,735
Capital outlay	104,319	7,987	-	-	22,505	134,811
Debt service						
Principal	-	-	-	-	5,129	5,129
Interest	-	-	-	-	6,971	6,971
Total expenditures	<u>2,079,941</u>	<u>213,963</u>	<u>95,175</u>	<u>-</u>	<u>119,888</u>	<u>2,508,967</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>621,285</u>	<u>(29,584)</u>	<u>(22,519)</u>	<u>38,653</u>	<u>(21,033)</u>	<u>586,802</u>
Other Financing Source (Uses)						
Transfer in	-	80,150	-	-	40,000	120,150
Transfer out	(80,150)	-	-	-	(40,000)	(120,150)
Total other financing sources (uses)	<u>(80,150)</u>	<u>80,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	541,135	50,566	(22,519)	38,653	(21,033)	586,802
Fund Balances, Beginning of Year	<u>4,100,726</u>	<u>39,107</u>	<u>13,647</u>	<u>265,844</u>	<u>753,859</u>	<u>5,173,183</u>
Fund Balances, End of Year	<u>\$ 4,641,861</u>	<u>\$ 89,673</u>	<u>\$ (8,872)</u>	<u>\$ 304,497</u>	<u>\$ 732,826</u>	<u>\$ 5,759,985</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, 2017

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

Net change in fund balances - total governmental funds	\$	586,802
<p>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.</p>		
Capital outlay to purchase capital assets	\$ 133,832	
Current depreciation expense	<u>(356,033)</u>	(222,201)
<p>Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in unavailable property taxes	(8,591)	
Change in unavailable ambulance fees	(57,532)	
Change in unavailable grant revenue	<u>66,290</u>	167
<p>Long-term liabilities, include notes payable, that are not due and payable in current period and therefore are not reported in the governmental funds.</p>		
Note payable - principal payments		5,600
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Current year change in compensated absences	8,245	
Current year change in other post employment benefits	<u>(15,307)</u>	(7,062)
<p>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:</p>		
City PERS contributions	140,397	
City pension expense	<u>(143,753)</u>	<u>(3,356)</u>
Change in net position of governmental activities	\$	<u><u>359,950</u></u>

City of Carlin
Statement of Net Position – Proprietary Fund
June 30, 2017

	Business-Type Activities Enterprise Fund Utility Fund
Assets	
Current Assets	
Cash	\$ 2,444,182
Accounts receivable	82,059
Total current assets	2,526,241
Noncurrent Assets	
Restricted cash and cash equivalents	20,398
Capital assets, net of accumulated depreciation	2,705,707
Capital assets, not being depreciated	78,055
Total noncurrent assets	2,804,160
Total assets	5,330,401
Deferred Outflows of Resources	
Deferred outflows related to pensions	105,503
Liabilities	
Current Liabilities	
Accounts payable	34,831
Compensated absences, current portion	39,056
Customer meter deposits	12,254
Note payable, current portion	17,327
Total current liabilities	103,468
Noncurrent Liabilities	
Compensated absences	25,408
Net pension liability	626,357
Other post employment benefits	48,145
Total noncurrent liabilities	699,910
Total liabilities	803,378
Deferred Inflows of Resources	
Deferred inflows related to pensions	63,562
Net Position	
Net investment in capital assets	2,766,435
Restricted for debt service	20,398
Unrestricted	1,782,131
Total net position	\$ 4,568,964

City of Carlin
Statement of Revenues, Expenses, and Changes in Net Position –
Proprietary Fund
Year Ended June 30, 2017

	Business-Type Activities <u>Enterprise Fund</u> <u>Utility Fund</u>
Operating Revenues	
Charges for sales and services	
Water (pledged for revenue bond coverage)	\$ 461,310
Garbage	227,487
Sewer	323,472
Street lights	27,853
	1,040,122
Total operating revenues	1,040,122
Operating Expenses	
Salaries and wages	296,229
Employee benefits	162,887
Services and supplies	242,029
General services and supplies	267,688
Depreciation	126,006
	1,094,839
Total operating expenses	1,094,839
Operating Income (Loss)	(54,717)
Nonoperating Revenues (Expenses)	
Interest and penalties earned	19,087
Miscellaneous revenues	14,188
Interest expense	(1,796)
	31,479
Total nonoperating revenues	31,479
Income (Loss) Before Capital Contributions	(23,238)
Capital Contributions	2,000
Change in Net Position	(21,238)
Net Position, Beginning of Year, as Originally Reported	4,632,643
Prior period adjustment	(42,441)
Net Position, Beginning of Year, as Restated	4,590,202
Net Position, End of Year	\$ 4,568,964

City of Carlin
Statement of Cash Flows – Proprietary Fund
For the Year Ended June 30, 2017

	Business-Type Activities <u>Enterprise Fund</u> <u>Utility Fund</u>
Operating Activities	
Cash received from customers	\$ 1,048,665
Cash payments to employees for services and benefits	(448,050)
Cash payments to suppliers for goods and services	(511,421)
	<u>89,194</u>
Net Cash from Operating Activities	
Capital and Related Financing Activities	
Acquisition of capital assets	(5,972)
Proceeds from other governmental units	14,188
Note payments	(18,602)
Interest expense	(1,796)
Connection fees	2,000
	<u>(10,182)</u>
Net Cash used for Capital and Related Financing Activities	
Investing Activity	
Interest on investments	19,087
	<u>19,087</u>
Net Change in Cash and Cash Equivalents	98,099
Cash and Cash Equivalents, Beginning of Year	<u>2,366,481</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,464,580</u>
Cash and Cash Equivalents Consist of	
Restricted cash and cash equivalents	\$ 20,398
Unrestricted cash and cash equivalents	<u>2,444,182</u>
	<u>\$ 2,464,580</u>

City of Carlin
Statement of Cash Flows – Proprietary Fund
For the Year Ended June 30, 2017

	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	\$ (54,717)
Adjustments to reconcile operating income (loss) to net cash	
provided by operating activities	
Depreciation	126,006
Pension expense	42,685
City pension contributions	(41,635)
Changes in	
Accounts receivable	8,543
Accounts payable	2,918
Other post employment benefits liability	5,394
	\$ 89,194
Net Cash from Operating Activities	\$ 89,194

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.
- Grants Fund accounts for revenue and expenditures from grants not accounted for in other funds.

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 must be held by the governing body not sooner than the third Monday in May and not later than the last day in May.
3. Prior to June 1, at a public hearing, the Council indicates changes, if any, to be made to the tentative budget and adopts a final budget by the 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 \$456,028 are reported at \$73,611, net of a \$328,417 allowance for uncollectible ambulance billings and accounts receivable in the Utility Fund of \$83,740 are reported at \$82,059, net of a \$1,681 allowance for uncollectible 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 acquisition 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, 2017, the City had one retiree utilizing the benefit. The City had \$945 associated with the above benefit for the year ended June 30, 2017.

Deferred Inflows and Outflows of Resources

In addition to assets, the Statements 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 Statements 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, grants received beyond 60 days of year end 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.

Change in Accounting Principle and Restatements

For the year ended June 30, 2017, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 82, *Pension Issues – An Amendment of GASB No. 67, No. 68, and No. 73*. This statements requires payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions to be classified as employee contributions. The effect of implementation of this standard on beginning net position is disclosed in Note 15 and the additional disclosures required by these standards are included in Note 7.

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.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to confirm with presentation in the current-year financial statements.

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>
General Fund	Culture and recreation	\$ 8,235

NRS 354.6245 requires that a corrective action plan for violations of law or regulation noted during the Department of Taxation’s (DOT) review of the annual audit must be submitted to DOT within 60 days of the delivery of the annual audit to the local government. NAC 354.721 requires that the corrective action plan is approved by the City Council. The City did submit a corrective action plan for violations of laws and regulations noted during DOT’s review of the fiscal year 2016 audit; however, the corrective action plan had not been presented to and approved by the City Council as required by NAC 354.721.

A quarterly economic survey is required to be completed and filed with DOT no later than 45 days after the end of quarter per NRS 354.6015 and NAC 354.559(2)(d). The quarterly economic survey reports for the quarters ending March 30, 2017 and June 30, 2017 have not been filed with DOT.

NRS 354.6015 and NAC 354.561 requires that local governments publish the annual fiscal report on or before July 1 of each year for the fiscal year immediately preceding the date on which the report is published. The annual fiscal report for the City's fiscal year 2016 has not been published.

NRS 268.030 requires that cities post quarterly financial information on their website, showing the receipts, disbursements and bills allowed and paid for the period covered by the statement. The City has not posted the required quarterly financial information on their website for the quarters ending March 30, 2017 and June 30, 2017.

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, 2017, 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, 2017 are allocated to the various funds as follows:

Major governmental funds	\$ 4,806,104
Nonmajor governmental funds	734,603
Business-type activities/proprietary fund	2,444,182
Restricted:	
Nonmajor governmental funds	12,100
Business-type activities/proprietary fund	20,398
	\$ 8,017,387

Note 4 - Capital Assets

The amounts recorded as capital assets are summarized as follows:

Governmental Activities

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital Assets, Being Depreciated				
Buildings	\$ 2,388,335	\$ 12,184	\$ -	\$ 2,400,519
Office equipment	161,076	-	-	161,076
Other equipment	2,029,749	7,987	-	2,037,736
Vehicles	1,968,024	106,342	-	2,074,366
Infrastructure	4,428,126	7,319	-	4,435,445
	<u>10,975,310</u>	<u>133,832</u>	<u>-</u>	<u>11,109,142</u>
Total capital assets, being depreciated				
	<u>10,975,310</u>	<u>133,832</u>	<u>-</u>	<u>11,109,142</u>
Less Accumulated Depreciation for				
Buildings	(838,856)	(53,267)	-	(892,123)
Office equipment	(243,594)	(8,910)	-	(252,504)
Other equipment	(1,222,576)	(80,759)	-	(1,303,335)
Vehicles	(1,571,382)	(94,275)	-	(1,665,657)
Infrastructure	(3,404,790)	(118,822)	-	(3,523,612)
	<u>(7,281,198)</u>	<u>(356,033)</u>	<u>-</u>	<u>(7,637,231)</u>
Total accumulated depreciation				
	<u>(7,281,198)</u>	<u>(356,033)</u>	<u>-</u>	<u>(7,637,231)</u>
Total capital assets, being depreciated, net	<u>3,694,112</u>	<u>(222,201)</u>	<u>-</u>	<u>3,471,911</u>
Capital Assets, not Being Depreciated				
Land	816,723	-	-	816,723
Construction in progress	702,649	-	-	702,649
	<u>1,519,372</u>	<u>-</u>	<u>-</u>	<u>1,519,372</u>
Total capital assets, not being depreciated				
	<u>1,519,372</u>	<u>-</u>	<u>-</u>	<u>1,519,372</u>
Governmental Activities Capital Assets, net	<u>\$ 5,213,484</u>	<u>\$ (222,201)</u>	<u>\$ -</u>	<u>\$ 4,991,283</u>

Business-type Activities

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital Assets, Being Depreciated				
Buildings	\$ 292,162	\$ -	\$ -	\$ 292,162
Office equipment	21,526	-	-	21,526
Other equipment	483,567	5,972	-	489,539
Vehicles	424,545	-	-	424,545
Infrastructure	6,071,737	-	-	6,071,737
Total capital assets, being depreciated	7,293,537	5,972	-	7,299,509
Less Accumulated Depreciation for				
Buildings	(66,013)	(7,248)	-	(73,261)
Office equipment	(17,658)	(303)	-	(17,961)
Other equipment	(314,025)	(7,171)	-	(321,196)
Vehicles	(424,545)	-	-	(424,545)
Infrastructure	(3,645,555)	(111,284)	-	(3,756,839)
Total accumulated depreciation	(4,467,796)	(126,006)	-	(4,593,802)
Total capital assets, being depreciated, net	2,825,741	(120,034)	-	2,705,707
Capital Assets, Not Being Depreciated				
Land	78,055	-	-	78,055
Business-type Activities Capital Assets, net	\$ 2,903,796	\$ (120,034)	\$ -	\$ 2,783,762

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

Governmental Activities	
General government	\$ 19,283
Public safety	108,949
Public works	143,524
Health and sanitation	29,063
Culture and recreation	55,214
Total Depreciation Expense – Governmental Activities	\$ 356,033
Business-type Activities	
Water	\$ 19,617
Sewer	106,389
Total Depreciation Expense – Business-type Activities	\$ 126,006

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, 2017, 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 in the governmental activities.

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, 2017.

Note 6 - Long-Term Liabilities

Long-term debt as of June 30, 2017, consisted of the following:

	Balance June 30, 2017
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.	\$ 142,967
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.	17,327
	\$ 160,294

The governmental activities notes will be repaid by the Debt Service Fund. The maturity of the notes payable for the years after June 30, 2017, based upon present arrangements, is as follows:

Fiscal Year	Government-Type Activities		Business-Type Activities		Total	
	U.S. Department of Agriculture Senior Citizens Facility		U.S. Department of Agriculture Water Line Extension		Principal	Interest
	Principal	Interest	Principal	Interest		
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	6,937	5,163	-	-	6,937	5,163
2023-2027	39,513	20,987	-	-	39,513	20,987
2028-2032	48,947	11,553	-	-	48,947	11,553
2033-2034	22,610	1,492	-	-	22,610	1,492
	<u>\$ 142,967</u>	<u>\$ 62,635</u>	<u>\$ 17,327</u>	<u>\$ 866</u>	<u>\$ 160,294</u>	<u>\$ 63,501</u>

Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 75,273	\$ 71,744	\$ 79,989	\$ 67,028	\$ 40,610
Notes payable	148,567	-	5,600	142,967	5,845
	<u>\$ 223,840</u>	<u>\$ 71,744</u>	<u>\$ 85,589</u>	<u>\$ 209,995</u>	<u>\$ 46,455</u>
Business-type activities					
Compensated absences	\$ 59,842	\$ 30,742	\$ 26,120	\$ 64,464	\$ 39,056
Notes payable	35,929	-	18,602	17,327	17,327
	<u>\$ 95,771</u>	<u>\$ 30,742</u>	<u>\$ 44,722</u>	<u>\$ 81,791</u>	<u>\$ 56,383</u>

The City was, in accordance with Nevada Revised Statutes, within the legal debt limit at June 30, 2017.

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 and July 1, 2015. 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 and for regular members entering PERS on or after July 1, 2015, there is a 2.25% factor. 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 entering PERS prior to January 1, 2010, are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 years of service, or at any age with 30 years of service. Regular members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of service, or age 62 with 10 years of service, or any age with 30 years of service. Regular members entering PERS on or after July 1, 2015, are eligible for retirement at age 65 with 5 years of service, or at age 62 with 10 years of service or at age 55 with 30 years of service or at any age with 33 1/3 years of service.

Police/Fire members entering PERS prior to January 1, 2010, are eligible for retirement at age 65 with 5 years of service, at age 55 with 10 years of service, at age 50 with 20 years of service, or at any age with 25 years of service. Police/Fire members entering PERS on or after January 1, 2010, are eligible for retirement at 65 with 5 years of service, or age 60 with 10 years of service, or age 50 with 20 years of service, or at any age with 30 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 5 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, 2017 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, 2017, was 28.00% for Regular and 40.50% for Police/Fire.

The City's contributions were \$349,244 for the year ended June 30, 2017.

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, 2016:

<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, 2016, PERS' long-term inflation assumption was 3.5%.

Net Pension Liability

At June 30, 2017, the City reported a liability of \$2,680,474 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on 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, 2016, the City's proportion was 0.01992 percent, which is a decrease of 0.00086 from its proportion measured as of June 30, 2015 of 0.02078 percent.

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	\$ 4,084,506	\$ 2,680,474	\$ 1,512,924

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, 2016, 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, 2016 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, 2016 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, 2016. 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, 2016, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2016.

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

For the year ended June 30, 2017, the City recognized pension expense of \$188,759. At June 30, 2017, 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	\$ -	\$ 179,491
Net difference between projected and actual earnings on pension plan investments	249,184	94,512
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	19,254	-
City contributions subsequent to the measurement date	174,622	-
Total	\$ 443,060	\$ 274,003

The \$174,662 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, 2018.

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, 2015 (the beginning of the measurement period ended June 30, 2016) is 6.48 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,		
2018	\$	32,345
2019		32,345
2020		(76,661)
2021		(30,025)
2022		34,036
Thereafter		13,525

Additional Information

The PERS Comprehensive Annual Financial Report (CAFR) is available on the PERS website at 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, 2017 for the water line extension in the Utility Fund and Carlin Senior Center in the Debt Service 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 the Senior Center– In accordance with the donor imposed use that the amount be used for the Senior Center.

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, 2016	Net Change	Balance June 30, 2017
Water System	\$ 312,015	\$ -	\$ 312,015
Water Capital Improvement	54,272	394	54,666
Sewer Capital Improvement	228,396	2,000	230,396

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, 2017 are as follows:

	Transfer In	Transfer Out	Net
General Fund	\$ -	\$ (80,150)	\$ (80,150)
Open Door Senior Citizens Center Fund	80,150	-	80,150
Nonmajor Governmental Funds			
Parks and Recreation Fund	-	(40,000)	(40,000)
Parks and Recreation Fund #2	5,000	-	5,000
Equestrian Center Fund	35,000	-	35,000
	\$ 120,150	\$ (120,150)	\$ -

The General Fund subsidized the Senior Citizens Center Fund whose funding sources were not large enough to support the entire cost of their programs in accordance with budgetary authority. 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, 2017 is provided for the water service as follows:

Condensed Statement of Net Position

Assets	
Current assets	\$ 756,478
Capital assets, net of accumulated depreciation	<u>1,680,075</u>
Total assets	<u>2,436,553</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	<u>54,436</u>
Liabilities	
Current liabilities	51,479
Noncurrent liabilities	<u>330,421</u>
Total liabilities	<u>381,900</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	<u>66,941</u>
Net Position	
Net investment in capital assets	1,662,748
Restricted for debt service	20,398
Unrestricted	<u>359,002</u>
Total net position	<u><u>\$ 2,042,148</u></u>
<i>Condensed Statement of Activities</i>	
Operating Revenues	
Charges for services	<u>\$ 461,310</u>
Operating Expenses	
Depreciation	19,617
Other operating expenses	<u>445,543</u>
Total operating expenses	<u>465,160</u>
Operating Income	<u>(3,850)</u>
Nonoperating Revenue (Expense)	
Interest income	8,193
Miscellaneous income	13,560
Interest expense	<u>(1,796)</u>
Total nonoperating revenue/(expense)	<u>19,957</u>
Change in Net Position	<u>16,107</u>
Net Position, Beginning of Year, as Originally Reported	2,049,486
Prior period adjustment	<u>(23,445)</u>
Net Position, Beginning of Year, as Restated	<u>2,026,041</u>
Net Position, End of Year	<u><u>\$ 2,042,148</u></u>

Condensed Statement of Cash Flows

Net cash from (used for)	
Operating activities	\$ (24,558)
Capital and related financing activities	5,792
Investing activities	8,193
Net Decrease in Cash	(10,573)
Cash, Beginning of Year	730,727
Cash, End of Year	\$ 720,154

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, 2017, 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, 2017, 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, 2017, the city paid subsidies for qualified retirees ranging from \$3 to \$774 per month. For fiscal year 2017, the City contributed \$15,483 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	6/30/2017	\$ 18,665	\$ -	0.00%	\$ 151,227
CEHBP	6/30/2016	17,433	-	0.00%	133,844
CEHBP	6/30/2015	10,952	-	0.00%	116,411
PEBP	6/30/2017	18,801	15,483	82.35%	77,911
PEBP	6/30/2016	18,679	16,723	89.53%	74,593
PEBP	6/30/2015	25,791	14,086	54.62%	72,637
Combined	6/30/2017	37,466	15,483	41.33%	229,138
Combined	6/30/2016	36,112	16,723	46.31%	208,437
Combined	6/30/2015	36,743	14,086	38.34%	189,048

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

	CEHBP	PEBP	Total
Annual Required Contribution	\$ 20,028	\$ 20,838	\$ 40,866
Interest on Net OPEB Obligation	5,354	2,984	8,338
Adjustment to Annual Required Contribution	(6,717)	(5,021)	(11,738)
Annual OPEB Cost	18,665	18,801	37,466
Contributions Made	(1,282)	(15,483)	(16,765)
Change in Net OPEB Obligation	17,383	3,318	20,701
Net OPEB Obligation, Beginning of Year	133,844	74,593	208,437
Net OPEB Obligation, End of Year	\$ 151,227	\$ 77,911	\$ 229,138

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

	<u>CEHBP</u>	<u>PEBP</u>	<u>Total</u>
Accrued Actuarial Liability (a)	\$ 70,901	\$ 325,661	\$ 396,562
Actuarial Value of Plan Assets (b)	-	-	-
Unfunded Actuarial Accrued Liability (a-b)	<u>\$ 70,901</u>	<u>\$ 325,661</u>	<u>\$ 396,562</u>
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:

	<u>CEHP</u>	<u>PEBP</u>
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 - Deficit Fund Balance

The Grants Fund has a deficit fund balance in the amount of \$8,872 as of June 30, 2017.

Note 13 - Commitments and Contingent Liabilities

The City entered into two contracts during the year, one for the coating of two portable water tanks for \$297,282, including change orders, and the second for the purchase of a street sweeper in the amount of \$131,235. As of June 30, 2017, the City had not paid any amounts under these commitments.

Legal counsel for the City is aware of one pending lawsuit and an instance of possible litigation. The ultimate effect to the City has not been determined.

Note 14 - Subsequent Events

The City awarded three contracts in fiscal year 2017-2018, one for the purchase of a vehicle for the Police Department in the amount of \$26,926, the second for the purchase of a Concession Stand Trailer in the amount of \$50,513 for the Equestrian Park, and the third for the purchase of a Durapatch machine for \$49,435.

Note 15 - Adoption of New Standards

As of July 1, 2016, the City adopted GASB Statement No. 77, *Tax Abatement Disclosures*. The implementation of this standard requires governments that enter into tax abatement agreements to disclose certain information. The City was not a party to any significant tax abatement agreements at June 30, 2017.

As of July 1, 2016, the City adopted GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. This statement requires payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions be classified as employee contributions. Accordingly, net position as of July 1, 2016 has been restated for the cumulative effect of this change.

	<u>Governmental Activities</u>	<u>Business-type Activities Utility Fund</u>	<u>Total</u>
Net Position at June 30, 2016, as Originally Reported	\$ 8,473,867	\$ 4,632,643	\$ 13,106,510
Deferred outflows of resources related to 2015 deferrals for the difference between employer contributions and proportionate share contributions	(17,832)	(5,408)	(23,240)
Deferred outflows of resources related to City contributions subsequent to the measurement date	<u>(122,115)</u>	<u>(37,033)</u>	<u>(159,148)</u>
Net Position at July 1, 2016, as Restated	<u>\$ 8,333,920</u>	<u>\$ 4,590,202</u>	<u>\$ 12,924,122</u>

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Required Supplementary Information
June 30, 2017

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, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Budgeted Amounts		Actual	Final Budget	2016
	Original	Final		Variance	
Revenues					
Taxes					
Ad valorem taxes	\$ 361,799	\$ 361,799	\$ 401,742	\$ 39,943	\$ 395,453
Licenses, Permits and Fees					
Franchise fees	14,000	14,000	13,566	(434)	17,108
Business licenses	25,000	25,000	22,577	(2,423)	20,075
Liquor licenses	4,800	4,800	4,880	80	5,215
Local gaming licenses	8,500	8,500	5,930	(2,570)	8,710
Animal licenses	1,600	1,600	2,264	664	2,333
Building permits	12,000	12,000	18,124	6,124	31,431
Other permits and fees	2,000	2,000	2,365	365	2,375
	<u>67,900</u>	<u>67,900</u>	<u>69,706</u>	<u>1,806</u>	<u>87,247</u>
Intergovernmental					
Consolidated revenues	1,900,000	1,900,000	1,810,661	(89,339)	1,829,419
Motor vehicle fuel tax	50,000	50,000	48,891	(1,109)	48,542
Share of county gaming license	8,000	8,000	9,300	1,300	9,068
	<u>1,958,000</u>	<u>1,958,000</u>	<u>1,868,852</u>	<u>(89,148)</u>	<u>1,887,029</u>
Charges for Services					
Ambulance charges	40,000	40,000	13,761	(26,239)	69,897
Ambulance supplies	6,500	6,500	3,681	(2,819)	18,714
Facility Use Fees	-	-	393	393	30
	<u>46,500</u>	<u>46,500</u>	<u>17,835</u>	<u>(28,665)</u>	<u>88,641</u>
Fines and Forfeits					
Court fines and fees	17,000	17,000	21,571	4,571	29,812
Animal fines and fees	3,000	3,000	2,905	(95)	2,823
Other	-	-	310	310	700
	<u>20,000</u>	<u>20,000</u>	<u>24,786</u>	<u>4,786</u>	<u>33,335</u>
Other					
Interest income	4,500	4,500	6,881	2,381	7,467
Other income	7,600	7,600	37,681	30,081	24,085
Developer reimbursement	-	-	258,839	258,839	-
Sales and rentals	-	-	226	226	259
Leases and contracts	18,000	18,000	14,678	(3,322)	14,558
Local grants	13,000	13,000	-	(13,000)	2,300
	<u>43,100</u>	<u>43,100</u>	<u>318,305</u>	<u>275,205</u>	<u>48,669</u>
Total revenues	<u>2,497,299</u>	<u>2,497,299</u>	<u>2,701,226</u>	<u>203,927</u>	<u>2,540,374</u>

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund
Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Budgeted Amounts		Actual	Final Budget Variance	2016
	Original	Final			
Expenditures					
Current					
General Government					
Finance Administration					
Salaries and wages	\$ 145,900	\$ 145,900	\$ 133,437	\$ 12,463	\$ 133,452
Employee benefits	84,500	84,500	73,160	11,340	67,778
Services and supplies	27,250	27,250	19,039	8,211	12,414
Capital outlay	18,000	18,000	3,300	14,700	-
	<u>275,650</u>	<u>275,650</u>	<u>228,936</u>	<u>46,714</u>	<u>213,644</u>
Legislative					
Salaries and wages	13,500	13,500	12,833	667	12,392
Employee benefits	7,000	7,000	3,490	3,510	3,275
Services and supplies	3,000	3,000	4,512	(1,512)	3,672
	<u>23,500</u>	<u>23,500</u>	<u>20,835</u>	<u>2,665</u>	<u>19,339</u>
Other					
Services and supplies	736,155	736,155	374,039	362,116	395,515
City Manager					
Salaries and wages	64,000	64,000	72,913	(8,913)	72,669
Employee benefits	25,000	25,000	24,593	407	25,252
Services and supplies	5,500	5,500	1,699	3,801	2,978
	<u>94,500</u>	<u>94,500</u>	<u>99,205</u>	<u>(4,705)</u>	<u>100,899</u>
Total general government	<u>1,129,805</u>	<u>1,129,805</u>	<u>723,015</u>	<u>406,790</u>	<u>729,397</u>
Public Safety					
Police					
Salaries and wages	370,000	370,000	374,400	(4,400)	364,193
Employee benefits	273,842	273,842	230,831	43,011	230,705
Services and supplies	123,866	123,866	123,953	(87)	110,718
Capital outlay	35,000	35,000	57,017	(22,017)	30,351
	<u>802,708</u>	<u>802,708</u>	<u>786,201</u>	<u>16,507</u>	<u>735,967</u>
Animal Control					
Salaries	30,800	30,800	30,992	(192)	30,435
Employee benefits	23,100	23,100	22,611	489	22,829
Services and supplies	4,750	4,750	1,020	3,730	1,111
Capital outlay	1,000	1,000	1,000	-	6,720
	<u>59,650</u>	<u>59,650</u>	<u>55,623</u>	<u>4,027</u>	<u>61,095</u>

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund
Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Budgeted Amounts		Actual	Final Budget	2016
	Original	Final		Variance	
Fire and Ambulance					
Salaries	\$ 53,200	\$ 53,200	\$ 30,447	\$ 22,753	\$ 67,669
Employee benefits	35,900	35,900	13,515	22,385	48,501
Services and supplies	92,180	92,180	80,119	12,061	84,107
Capital outlay	40,000	40,000	39,942	58	-
	<u>221,280</u>	<u>221,280</u>	<u>164,023</u>	<u>57,257</u>	<u>200,277</u>
Total public safety	<u>1,083,638</u>	<u>1,083,638</u>	<u>1,005,847</u>	<u>77,791</u>	<u>997,339</u>
Judicial					
Municipal Court					
Salaries and wages	37,500	37,500	35,145	2,355	35,344
Employee benefits	15,000	15,000	7,591	7,409	20,509
Services and supplies	3,100	3,100	1,911	1,189	2,184
Capital outlay	5,000	5,000	-	5,000	1,981
Total judicial	<u>60,600</u>	<u>60,600</u>	<u>44,647</u>	<u>15,953</u>	<u>60,018</u>
Public Works					
Highways and Streets					
Salaries and wages	41,213	41,213	36,407	4,806	35,264
Employee benefits	25,357	25,357	22,284	3,073	21,966
Services and supplies	193,200	193,200	164,067	29,133	135,053
Capital outlay	125,000	125,000	-	125,000	11,280
Total public works	<u>384,770</u>	<u>384,770</u>	<u>222,758</u>	<u>162,012</u>	<u>203,563</u>
Health and Sanitation					
Public Health Administration					
Services and supplies	<u>15,000</u>	<u>15,000</u>	<u>4,704</u>	<u>10,296</u>	<u>9,754</u>
Cemetery					
Salaries and wages	35,216	35,216	31,324	3,892	30,086
Employee benefits	23,613	23,613	20,668	2,945	20,441
Services and supplies	8,000	8,000	4,243	3,757	8,261
	<u>66,829</u>	<u>66,829</u>	<u>56,235</u>	<u>10,594</u>	<u>58,788</u>
Total health and sanitation	<u>81,829</u>	<u>81,829</u>	<u>60,939</u>	<u>20,890</u>	<u>68,542</u>

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund
Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Budgeted Amounts		Actual	Final Budget Variance	2016
	Original	Final			
Culture and Recreation					
Parks					
Services and supplies	\$ 12,000	\$ 12,000	\$ 17,031	\$ (5,031)	\$ 17,352
Capital outlay	-	-	3,060	(3,060)	18,900
	<u>12,000</u>	<u>12,000</u>	<u>20,091</u>	<u>(8,091)</u>	<u>36,252</u>
Library					
Services and supplies	<u>2,500</u>	<u>2,500</u>	<u>2,644</u>	<u>(144)</u>	<u>2,387</u>
Total culture and recreation	<u>14,500</u>	<u>14,500</u>	<u>22,735</u>	<u>(8,235)</u>	<u>38,639</u>
Total expenditures	<u>2,755,142</u>	<u>2,755,142</u>	<u>2,079,941</u>	<u>675,201</u>	<u>2,097,498</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(257,843)</u>	<u>(257,843)</u>	<u>621,285</u>	<u>879,128</u>	<u>442,876</u>
Other Financing Sources (Uses)					
Sale of capital assets	10,000	10,000	-	(10,000)	-
Transfers in	5,000	5,000	-	(5,000)	3,000
Transfers out	(300,376)	(300,376)	(80,150)	220,226	(484,673)
Contingency	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
Total other financing sources (uses)	<u>(305,376)</u>	<u>(305,376)</u>	<u>(80,150)</u>	<u>225,226</u>	<u>(481,673)</u>
Net Change in Fund Balance	(563,219)	(563,219)	541,135	1,104,354	(38,797)
Fund Balance, Beginning of Year	<u>4,296,232</u>	<u>4,296,232</u>	<u>4,100,726</u>	<u>(195,506)</u>	<u>4,139,523</u>
Fund Balance, End of Year	<u>\$ 3,733,013</u>	<u>\$ 3,733,013</u>	<u>\$ 4,641,861</u>	<u>\$ 908,848</u>	<u>\$ 4,100,726</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, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Budget Amounts		Actual	Variance	2016
	Original	Final			
Revenues					
Intergovernmental					
Federal grants	\$ 55,000	\$ 55,000	\$ 55,000	\$ -	\$ 55,000
Cash match	97,000	97,000	87,213	(9,787)	88,300
USDA	7,600	7,600	6,175	(1,425)	10,913
	<u>159,600</u>	<u>159,600</u>	<u>148,388</u>	<u>(11,212)</u>	<u>154,213</u>
Charges for services	<u>23,500</u>	<u>23,500</u>	<u>20,025</u>	<u>(3,475)</u>	<u>21,512</u>
Miscellaneous					
Contributions	-	-	14,731	14,731	23,386
In-Kind Revenue	-	-	1,235	1,235	358
	<u>-</u>	<u>-</u>	<u>15,966</u>	<u>15,966</u>	<u>23,744</u>
Total revenues	<u>183,100</u>	<u>183,100</u>	<u>184,379</u>	<u>1,279</u>	<u>199,469</u>
Expenditures					
Current					
Culture and Recreation					
Salaries and wages	105,826	105,826	82,828	22,998	93,487
Employee benefits	86,559	86,559	47,839	38,720	66,941
Services and supplies	86,450	86,450	75,309	11,141	105,743
Capital outlay	-	-	7,987	(7,987)	-
Total expenditures	<u>278,835</u>	<u>278,835</u>	<u>213,963</u>	<u>64,872</u>	<u>266,171</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(95,735)</u>	<u>(95,735)</u>	<u>(29,584)</u>	<u>66,151</u>	<u>(66,702)</u>
Other Financing Sources (Uses)					
Transfers in	<u>80,150</u>	<u>80,150</u>	<u>80,150</u>	<u>-</u>	<u>66,000</u>
Net Change in Fund Balance	<u>(15,585)</u>	<u>(15,585)</u>	<u>50,566</u>	<u>66,151</u>	<u>(702)</u>
Fund Balance, Beginning of Year	<u>45,653</u>	<u>45,653</u>	<u>39,107</u>	<u>(6,546)</u>	<u>39,809</u>
Fund Balance, End of Year	<u>\$ 30,068</u>	<u>\$ 30,068</u>	<u>\$ 89,673</u>	<u>\$ 59,605</u>	<u>\$ 39,107</u>

City of Carlin
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
Grants Fund
Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Budget Amounts		Actual	Variance	2016
	Original	Final			
Revenues					
Intergovernmental					
Grants	\$ 447,745	\$ 447,745	\$ 72,656	\$ (375,089)	\$ 75,342
Expenditures					
Current					
Public Safety					
Services and supplies	47,745	47,745	95,175	(47,430)	79,157
Capital outlay	425,000	425,000	-	425,000	1,060
Total expenditures	472,745	472,745	95,175	377,570	80,217
Excess (Deficiency) of Revenues over Expenditures	(25,000)	(25,000)	(22,519)	(752,659)	(4,875)
Other Financing Sources (Uses)					
Transfers in	25,000	25,000	-	(25,000)	-
Net Change in Fund Balance	-	-	(22,519)	(22,519)	(4,875)
Fund Balance, Beginning of Year	18,522	18,522	13,647	(4,875)	18,522
Fund Balance (Deficit), End of Year	\$ 18,522	\$ 18,522	\$ (8,872)	\$ (27,394)	\$ 13,647

City of Carlin
 Schedule of Funding Progress – Other Postemployment Benefit Plans
 June 30, 2017

	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	\$ 0
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

	2014	2015	2016
City's portion of the net pension liability	0.02057%	0.02078%	0.01992%
City's proportionate share of the net pension liability	\$ 2,143,875	\$ 2,381,517	\$ 2,680,474
City's covered payroll	\$ 1,061,682	\$ 1,141,555	\$ 1,013,684
City's proportional share of the net pension liability as a percentage of its covered payroll	201.93%	208.62%	264.43%
Plan fiduciary net position as a percentage of the total pension liability	76.30%	75.10%	72.20%

* 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

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Statutorily required contribution	\$ 320,782	\$ 337,761	\$ 349,244
Contributions in relation to the statutorily required contribution	\$ 320,782	\$ 337,761	\$ 349,244
Contribution (deficiency) excess	\$ -	\$ -	
Employer's covered payroll	\$ 1,141,555	\$ 1,013,684	\$ 1,125,719
Contributions as a percentage of covered payroll	28.10%	33.32%	31.02%

* 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.

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Supplementary Information
June 30, 2017

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, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	<u>Budgeted</u>	<u>Amounts</u>		<u>Final Budget</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>	<u>2016</u>
Revenues					
Taxes					
Ad valorem taxes	\$ 26,000	\$ 26,000	\$ 29,785	\$ 3,785	\$ 29,397
Miscellaneous					
Donations	-	-	8,868	8,868	-
Total revenues	<u>26,000</u>	<u>26,000</u>	<u>38,653</u>	<u>12,653</u>	<u>29,397</u>
Other Financing (Uses)					
Transfers in	<u>90,226</u>	<u>90,226</u>	<u>-</u>	<u>(90,226)</u>	<u>378,673</u>
Net Change in Fund Balance	116,226	116,226	38,653	(77,573)	408,070
Fund Balance (Deficit), Beginning of Year	<u>(116,226)</u>	<u>(116,226)</u>	<u>265,844</u>	<u>382,070</u>	<u>(142,226)</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 304,497</u>	<u>\$ 304,497</u>	<u>\$ 265,844</u>

	Special Revenue Funds			
	Parks and Recreation Fund	Municipal Court Building Fund	Administrative Assessment Fund	Parks and Recreation Fund #2
Assets				
Cash	\$ 280,698	\$ 14,180	\$ 6,806	\$ 44,591
Accounts receivable, net	5,026	265	1,119	-
Restricted cash	-	-	-	-
Total assets	\$ 285,724	\$ 14,445	\$ 7,925	\$ 44,591
Liabilities				
Accounts payable	\$ -	\$ -	\$ 1,049	\$ 118
Unearned revenue - grants	-	-	-	-
Total liabilities	-	-	1,049	118
Fund Balance				
Nonspendable	-	-	-	-
Restricted for				
Debt service	-	-	-	-
Perpetual cemetery care	-	-	-	-
Court facilities fees (NRS 176.0611)	-	14,445	-	-
Judicial fees (NRS 176.059)	-	-	6,876	-
Committed for				
Future community development	40,005	-	-	-
Recreational activities	245,719	-	-	44,473
Public safety	-	-	-	-
Assigned				
Subsequent year operations	-	-	-	-
Other purposes	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	285,724	14,445	6,876	44,473
Total Liabilities and Fund Balance	\$ 285,724	\$ 14,445	\$ 7,925	\$ 44,591

City of Carlin
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2017

Special Revenue Funds			Permanent Fund	
Equestrian Center Fund	Police Forfeiture	Debt Service Fund	Perpetual Cemetery Care Fund	Total
\$ 94,752	\$ 123,982	\$ 65,326	\$ 85,122	\$ 715,457
26	-	-	-	6,436
-	-	12,100	-	12,100
<u>\$ 94,778</u>	<u>\$ 123,982</u>	<u>\$ 77,426</u>	<u>\$ 85,122</u>	<u>\$ 733,993</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,167
-	-	-	-	-
-	-	-	-	1,167
-	-	-	33,004	33,004
-	-	12,100	-	12,100
-	-	-	52,118	52,118
-	-	-	-	14,445
-	-	-	-	6,876
-	-	-	-	40,005
-	-	-	-	290,192
-	123,982	-	-	123,982
57,000	-	-	-	57,000
37,778	-	65,326	-	103,104
-	-	-	-	-
<u>94,778</u>	<u>123,982</u>	<u>77,426</u>	<u>85,122</u>	<u>732,826</u>
<u>\$ 94,778</u>	<u>\$ 123,982</u>	<u>\$ 77,426</u>	<u>\$ 85,122</u>	<u>\$ 733,993</u>

	Special Revenue Funds			
	Parks and Recreation Fund	Municipal Court Building Fund	Administrative Assessment Fund	Parks and Recreation Fund #2
Revenues				
Taxes	\$ 49,761	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Miscellaneous	-	2,582	12,695	13,654
Total revenues	<u>49,761</u>	<u>2,582</u>	<u>12,695</u>	<u>13,654</u>
Expenditures				
Current				
Public safety	-	-	-	-
Judicial	-	-	11,374	-
Culture and recreation	3,730	-	-	11,818
Capital outlay	-	-	-	4,268
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>3,730</u>	<u>-</u>	<u>11,374</u>	<u>16,086</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>46,031</u>	<u>2,582</u>	<u>1,321</u>	<u>(2,432)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	5,000
Transfers out	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Net Change in Fund Balance	6,031	2,582	1,321	2,568
Fund Balances, Beginning of Year	<u>279,693</u>	<u>11,863</u>	<u>5,555</u>	<u>41,905</u>
Fund Balances, End of Year	<u>\$ 285,724</u>	<u>\$ 14,445</u>	<u>\$ 6,876</u>	<u>\$ 44,473</u>

City of Carlin
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Governmental Funds
Year Ended June 30, 2017

<u>Special Revenue Funds</u>			<u>Permanent Fund</u>	
<u>Equestrian Center Fund</u>	<u>Police Forfeiture</u>	<u>Debt Service Fund</u>	<u>Perpetual Cemetery Care Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 49,761
-	-	-	-	-
<u>17,585</u>	<u>-</u>	<u>-</u>	<u>2,578</u>	<u>49,094</u>
<u>17,585</u>	<u>-</u>	<u>-</u>	<u>2,578</u>	<u>98,855</u>
-	21,825	-	-	21,825
-	-	-	-	11,374
36,536	-	-	-	52,084
8,854	9,383	-	-	22,505
-	-	5,129	-	5,129
-	-	6,971	-	6,971
<u>45,390</u>	<u>31,208</u>	<u>12,100</u>	<u>-</u>	<u>119,888</u>
<u>(27,805)</u>	<u>(31,208)</u>	<u>(12,100)</u>	<u>2,578</u>	<u>(21,033)</u>
35,000	-	-	-	40,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,000)</u>
<u>35,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7,195	(31,208)	(12,100)	2,578	(21,033)
<u>87,583</u>	<u>155,190</u>	<u>89,526</u>	<u>82,544</u>	<u>753,859</u>
<u>\$ 94,778</u>	<u>\$ 123,982</u>	<u>\$ 77,426</u>	<u>\$ 85,122</u>	<u>\$ 732,826</u>

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
Parks and Recreation Fund
Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2016</u>
Revenues				
Taxes				
Room tax revenues	\$ 38,000	\$ 49,761	\$ 11,761	\$ 43,732
Expenditures				
Current				
Culture and Recreation				
Services and supplies	4,000	3,730	270	4,053
Total expenditures	4,000	3,730	270	4,053
Excess (Deficiency) of Revenues over Expenditures	34,000	46,031	12,031	39,679
Other Financing Sources (Uses)				
Transfers out	(60,000)	(40,000)	20,000	(90,000)
Net Change in Fund Balance	(26,000)	6,031	32,031	(50,321)
Fund Balance, Beginning of Year	272,944	279,693	6,749	330,014
Fund Balance, End of Year	<u>\$ 246,944</u>	<u>\$ 285,724</u>	<u>\$ 38,780</u>	<u>\$ 279,693</u>

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
Municipal Court Building Fund
Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2016</u>
Revenues				
Miscellaneous				
Building Assessments	\$ 1,700	\$ 2,582	\$ 882	\$ 2,210
Other Financing Sources (Uses)				
Transfers Out	(5,000)	-	(5,000)	(3,000)
Net Change in Fund Balance	(3,300)	2,582	(4,118)	(790)
Fund Balance, Beginning of Year	14,353	11,863	(2,490)	12,653
Fund Balance, End of Year	<u>\$ 11,053</u>	<u>\$ 14,445</u>	<u>\$ 3,392</u>	<u>\$ 11,863</u>

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
Administrative Assessment Fund
Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2016</u>
Revenues				
Miscellaneous				
Administrative assessments	\$ 14,000	\$ 12,695	\$ (1,305)	\$ 14,840
Expenditures				
Current				
Judicial				
Services and supplies	12,600	11,374	1,226	13,133
Net Change in Fund Balance	1,400	1,321	(79)	1,707
Fund Balance, Beginning of Year	5,348	5,555	207	3,848
Fund Balance, End of Year	<u>\$ 6,748</u>	<u>\$ 6,876</u>	<u>\$ 128</u>	<u>\$ 5,555</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, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2016</u>
Revenues				
Miscellaneous				
Other income	\$ 14,350	\$ 13,654	\$ (696)	\$ 18,711
Expenditures				
Current				
Culture and Recreation				
Parks				
Services and supplies	23,500	11,818	11,682	14,534
Capital outlay	25,000	4,268	20,732	50,559
Total expenditures	48,500	16,086	32,414	65,093
Excess (Deficiency) of Revenues over Expenditures	(34,150)	(2,432)	31,718	(46,382)
Other Financing Sources				
Transfers in	25,000	5,000	(20,000)	55,000
Net Change in Fund Balance	(9,150)	2,568	11,718	8,618
Fund Balance, Beginning of Year	24,287	41,905	17,618	33,287
Fund Balance, End of Year	<u>\$ 15,137</u>	<u>\$ 44,473</u>	<u>\$ 29,336</u>	<u>\$ 41,905</u>

City of Carlin
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
Equestrian Center Fund
Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2016</u>
Revenues				
Miscellaneous				
Other income	\$ 25,000	\$ 17,585	\$ (7,415)	\$ 23,554
Expenditures				
Current				
Culture and Recreation				
Parks				
Services and supplies	25,000	36,536	(11,536)	18,854
Capital outlay	35,000	8,854	26,146	30,002
Total expenditures	60,000	45,390	14,610	48,856
Excess (Deficiency) of Revenues over Expenditures	(35,000)	(27,805)	7,195	(25,302)
Other Financing Sources				
Transfers in	35,000	35,000	-	35,000
Net Change in Fund Balance	-	7,195	7,195	9,698
Fund Balance, Beginning of Year	112,174	87,583	(24,591)	77,885
Fund Balance, End of Year	<u>\$ 112,174</u>	<u>\$ 94,778</u>	<u>\$ (17,396)</u>	<u>\$ 87,583</u>

City of Carlin
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
Police Forfeiture Fund
Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2016</u>
Expenditures				
Current				
Public Safety				
Police				
Services and				
supplies	\$ 33,000	\$ 21,825	\$ 11,175	\$ 17,779
Capital outlay	32,000	9,383	22,617	15,317
Total expenditures	<u>65,000</u>	<u>31,208</u>	<u>33,792</u>	<u>33,096</u>
Net Change in Fund Balance	(65,000)	(31,208)	33,792	(33,096)
Fund Balance, Beginning of Year	<u>163,436</u>	<u>155,190</u>	<u>(8,246)</u>	<u>188,286</u>
Fund Balance, End of Year	<u>\$ 98,436</u>	<u>\$ 123,982</u>	<u>\$ 25,546</u>	<u>\$ 155,190</u>

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
Debt Service Fund
Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2016</u>
Expenditures				
Debt service				
Principal	\$ 35,279	\$ 5,129	\$ 30,150	\$ 5,806
Interest	9,108	6,971	2,137	6,294
	<u>44,387</u>	<u>12,100</u>	<u>32,287</u>	<u>12,100</u>
Total expenditures				
Other Financing Sources				
Transfers in	40,000	-	(40,000)	40,000
	<u>40,000</u>	<u>-</u>	<u>(40,000)</u>	<u>40,000</u>
Net Change in Fund Balance	(4,387)	(12,100)	(7,713)	27,900
Fund Balance, Beginning of Year	66,626	89,526	22,900	61,626
	<u>66,626</u>	<u>89,526</u>	<u>22,900</u>	<u>61,626</u>
Fund Balance, End of Year	<u>\$ 62,239</u>	<u>\$ 77,426</u>	<u>\$ 15,187</u>	<u>\$ 89,526</u>

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
 Perpetual Cemetery Care Fund
 Year Ended June 30, 2017
 (With Comparative Actual Amounts for the Year Ended June 30, 2016)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2016</u>
Revenues				
Miscellaneous				
Contributions from individuals	\$ 75	\$ 2,500	\$ 2,425	\$ 1,054
Interest income	30	78	48	45
Total revenues	<u>105</u>	<u>2,578</u>	<u>2,473</u>	<u>1,099</u>
Net change in Fund Balance	105	2,578	2,473	1,099
Fund Balance, Beginning of Year	<u>81,780</u>	<u>82,544</u>	<u>764</u>	<u>81,445</u>
Fund Balance, End of Year	<u><u>\$ 81,885</u></u>	<u><u>\$ 85,122</u></u>	<u><u>\$ 3,237</u></u>	<u><u>\$ 82,544</u></u>

City of Carlin
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual –
Utility Fund
Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Budget	Actual	Variance	2016
Operating Revenues				
Utility Fees				
Water	\$ 391,040	\$ 461,310	\$ 70,270	\$ 532,526
Garbage	208,000	227,487	19,487	234,404
Sewer	297,677	323,472	25,795	325,447
Street lights				
Use fees	24,000	27,853	3,853	27,856
Total operating revenues	<u>920,717</u>	<u>1,040,122</u>	<u>119,405</u>	<u>1,120,233</u>
Operating Expenses				
Water				
Salaries and wages	183,000	166,125	16,875	144,066
Employee benefits	93,000	92,045	955	74,104
Services and supplies	268,800	68,649	200,151	52,741
	<u>544,800</u>	<u>326,819</u>	<u>217,981</u>	<u>270,911</u>
Garbage				
Services and supplies	76,000	93,940	(17,940)	84,171
Sewer				
Salaries and wages	151,000	130,104	20,896	132,529
Employee benefits	83,300	70,842	12,458	65,735
Services and supplies	71,900	79,440	(7,540)	58,433
	<u>306,200</u>	<u>280,386</u>	<u>25,814</u>	<u>256,697</u>
General				
Services and supplies	253,398	267,688	(14,290)	164,139
Depreciation	120,000	126,006	(6,006)	128,290
	<u>373,398</u>	<u>393,694</u>	<u>(20,296)</u>	<u>292,429</u>
Total operating expenses	<u>1,300,398</u>	<u>1,094,839</u>	<u>205,559</u>	<u>904,208</u>
Operating Income (Loss)	<u>(379,681)</u>	<u>(54,717)</u>	<u>324,964</u>	<u>216,025</u>
Nonoperating Revenues (Expenses)				
Interest and penalties earned	18,600	19,087	487	17,235
Miscellaneous income	13,598	14,188	590	11,947
Interest expense	(1,796)	(1,796)	-	(2,682)
Total nonoperating revenues (expenses)	<u>30,402</u>	<u>31,479</u>	<u>1,077</u>	<u>26,500</u>
Income (Loss) Before Capital Contributions	<u>(349,279)</u>	<u>(23,238)</u>	<u>326,041</u>	<u>242,525</u>
Capital contributions	3,000	2,000	(1,000)	4,650
Change in Net Position	<u>\$ (346,279)</u>	<u>(21,238)</u>	<u>\$ 325,041</u>	<u>247,175</u>
Net Position, Beginning of Year, as Originally Reported		4,632,643		4,385,468
Prior period adjustment		<u>(42,441)</u>		<u>-</u>
Net Position, Beginning of Year, as Restated		<u>4,590,202</u>		<u>4,385,468</u>
Net Position, End of Year		<u>\$ 4,568,964</u>		<u>\$ 4,632,643</u>

City of Carlin
 Schedule of Fees Imposed Subject to the Provisions of NRS 354.5989
 Year Ended June 30, 2017

Flat Fixed Fees		
Business license revenue for the year ended June 30, 1991 (base year) adjusted through June 30, 2016	\$	<u>34,818</u>
Adjustment of Base		
Base year		
1. Percentage increase in population of local government	0.2%	
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	<u>1.8%</u>	<u>2.0%</u>
		<u>700</u>
Adjusted base at June 30, 2017		35,518
Actual revenue		<u>22,577</u>
Amount under allowable amount	\$	<u><u>12,941</u></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
State of 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, State of Nevada (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated February 15, 2018.

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 have not been 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 deficiencies described in the accompanying schedule of findings and responses to be a material weaknesses (2017-A and 2017-B).

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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 deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies (2017-C and 2017-D).

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.

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Elko, Nevada
February 15, 2018

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**2017-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: Based on our audit procedures performed as of June 30, 2017, we proposed the following material audit adjustments to properly state various account balances in order to fairly present the financial statements in accordance with generally accepted accounting principles:

- Miscellaneous revenue totaling \$8,868 was incorrectly recorded as a transfer into the Capital Projects Fund.
- An adjustment of \$12,100 was made to properly record cash, debt principal and interest in the Debt Service Fund.
- Property taxes restricted for the Capital Projects Fund totaling \$5,550 were incorrectly recorded in the General Fund.
- An adjustment was made for \$13,273 to properly record taxes receivable and deferred inflows of resources for unavailable property taxes in the General Fund.
- An adjustment was made for \$54,240 to properly record accrued payroll and related liabilities and payroll expenditures in various fund: \$36,183 in the General Fund, \$14,381 in the Utility Fund, \$3,676 in the Senior Citizens Fund and \$54,240 in the government-wide activities.
- Contributions totaling \$20,223 were incorrectly recorded as intergovernmental matching grant revenue in the Senior Citizens Fund.
- An adjustment of \$3,350 was made to properly record prepaid expenses and service and supplies in the Grants Fund and the government-wide governmental activities.
- Fund balance did not reconcile to the June 30, 2016 audited financial statements, therefore an adjustment was made to beginning net position and expenses totaling \$731 in the Utility Fund, an adjustment was made to cash and beginning fund balance for \$25,000 in the Grants Fund, and an adjustment was made to cash and beginning fund balance for \$37,100 in the nonmajor governmental funds.

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.

**2017-B Ambulance Billings
Material Weakness**

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 prepare the financial statements in accordance with generally accepted accounting principles.

Condition: During our audit procedures performed as of June 30, 2017, we noted billings for ambulance calls had not been processed since October 2016. In addition, the audit resulted in an adjustment to properly record ambulance fees. This adjustment resulted in an increase of \$91,525 in accounts receivable, an increase of \$149,057 in allowance for doubtful accounts, and a decrease of \$57,532 in deferred inflows of resources for unavailable ambulance fees in the General Fund.

Cause: Internal controls in place 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.

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 corrected before the end of the fiscal year by hiring an outside third party administrator to perform the billing function.

**2017-C Controls over Adjusting Journal Entries
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 prepare the financial statements in accordance with generally accepted accounting principles.

Condition: During the performance of our procedures, we noted three of the seven adjusting journal entries tested did not have sufficient backup documentation to support the adjusting journal entry.

Cause: Internal controls in place were not sufficient to ensure that adjusting journal entries included appropriate backup documentation to support the adjusting journal entry.

Effect: Possible misstatement of the financial statements.

Recommendation: We recommend that the City enhance internal controls to ensure that adjusting journal entries are supported by appropriate documentation.

Management's Response: Management understands the importance of correcting this deficiency. Staff will be provided additional training in the current fiscal year relating to proper documentation to support adjusting journal entries.

**2017-D Controls over Special Events Revenue
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 prepare the financial statements in accordance with generally accepted accounting principles.

Condition: During the performance of our procedures, we noted there was no supporting documentation, such as records of ticket sales or records of concession sales, for events held at the Equestrian Center. Revenue was record based solely on cash turned in by volunteers after the event. It was also noted, that there is inadequate cash handling policies regarding cash banks for events.

Cause: Internal controls in place were not sufficient to ensure that all earned revenue was collected by the volunteers at the events, remitted to City personal along with backup documentation and recorded accurately in the City's accounting records.

Effect: Possible misstatement of the of events revenue.

Recommendation: We recommend that the City enhance internal controls to ensure accurate recording of Equestrian Center event revenues, such as issuing tickets for admittance and using cash registers to track concession sales. We also recommend that the City enhance internal controls over the handling of cash by employees and volunteers, such as requiring that all cash be counted and signed for by the person taking and receiving the cash.

Management's Response: Management understands the importance of correcting this deficiency. The City is working on updating its cash handling policies and procedures, which will include the appropriate documentation required to be remitted to the City Clerk's office for all special events.



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, 2017, 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 2016-A is reported again this year as finding 2017-A and prior year finding 2016-B is reported again this year as finding 2017-B.

Current Year Audit Recommendations

See items noted in the Schedule of Findings and Responses.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Elko, Nevada
February 15, 2018