



Financial Statements  
June 30, 2018  
**City of Carlin**



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## Independent Auditor's Report

To the Honorable Mayor and Members of the City 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, 2018, 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 City'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 City'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, 2018, 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.

## **Change in Accounting Principle**

As discussed in Notes 1 and 14 to the financial statements, the City has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which has resulted in a restatement of net position as of July 1, 2017. 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 47 through 52, the Schedule of Changes in the City's Total OPEB Liability and Related Ratios for the City of Carlin Employee Health Benefit Plan and State of Nevada Public Employees' Benefit Plan on pages 53 and 54, the Schedule of the City's Share of Net Pension Liability on page 55 and the Schedule of the City's Contributions on page 56 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 Schedule of Changes in the City's Total OPEB Liability and Related Ratios for the City of Carlin Employee Health Benefit Plan and State of Nevada Public Employees' Benefit Plan, 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 relates 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.

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The combining and individual nonmajor fund financial statements and budgetary comparisons are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements 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, 2017, and have issued a report thereon dated February 15, 2018, 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 2017 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 2017 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2017 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 January 22, 2019 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  
January 22, 2019

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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**

	<u>Government-Wide Financial Statements</u>	<u>Fund Financial Statements</u>		
		<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
<b>Scope</b>	Entire City Government (except fiduciary funds)	Activities of the City that are not proprietary or fiduciary	Activities of the City that are operated similar to private businesses	Instances in which the City is the trustee agent for someone else's resources
<b>Required Financial Statements</b>	Statement of Net Position, Statement of Activities	Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows	Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position
<b>Accounting Basis and Measurement Focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting
<b>Types of Asset/Liability/Deferred Inflow/Outflow Information</b>	All assets and liabilities both financial, 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
<b>Type of Inflow/Outflow Information</b>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues and expenses during the year, regardless of when cash is received or paid

### Condensed Statement of Net Position

The largest component, \$7,847,314 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 58% 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	
	2018	2017 (as restated)	2018	2017 (as restated)	2018	2017 (as restated)
Current and other assets	\$ 6,506,173	\$ 6,195,887	\$ 2,403,142	\$ 2,546,639	\$ 8,909,315	\$ 8,742,526
Capital Assets	5,014,877	4,991,283	2,969,807	2,783,762	7,984,684	7,775,045
Total Assets	11,521,050	11,187,170	5,372,949	5,330,401	16,893,999	16,517,571
Deferred outflows of resources	288,941	350,485	94,360	108,942	383,301	459,427
Other liabilities	118,471	175,311	146,713	47,085	265,184	222,396
Long-term liabilities						
Due in one year	46,734	46,455	26,962	56,383	73,696	102,838
Due in more than one year	2,503,799	2,584,708	724,059	749,402	3,227,858	3,334,110
Total liabilities	2,669,004	2,806,474	897,734	852,870	3,566,738	3,659,344
Deferred inflows of resources	231,525	210,441	71,181	63,562	302,706	274,003
Net investment in capital assets	4,877,507	4,848,316	2,969,807	2,766,435	7,847,314	7,614,751
Restricted	230,905	187,074	-	20,398	230,905	207,472
Unrestricted	3,801,050	3,485,350	1,528,587	1,736,078	5,329,637	5,221,428
Total net position	\$ 8,909,462	\$ 8,520,740	\$ 4,498,394	\$ 4,522,911	\$ 13,407,856	\$ 13,043,651

## 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 \$388,722 and the net position of the business-type activities decreased by \$24,517.

**Table 3: Change in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2018	2017 (as restated)	2018	2017 (as restated)	2018	2017 (as restated)
Program revenues						
Charges for services	\$ 207,395	\$ 255,116	\$ 1,013,914	\$ 1,040,122	\$ 1,221,309	\$ 1,295,238
Operating grants contributions	189,852	287,334	-	-	189,852	287,334
Capital grants and contributions	34,899	-	20,424	2,000	55,323	2,000
Total programs revenues	432,146	542,450	1,034,338	1,042,122	1,466,484	1,584,572
General revenues						
Taxes						
Property	453,899	422,936	-	-	453,899	422,936
Room	53,040	49,761	-	-	53,040	49,761
Fuel	53,376	48,891	-	-	53,376	48,891
Consolidated revenues	1,995,534	1,810,661	-	-	1,995,534	1,810,661
Interest and investment earnings	6,447	6,959	18,722	19,087	25,169	26,046
Miscellaneous	87,134	363,335	14,597	14,188	101,731	377,523
Total general revenues	2,649,430	2,702,543	33,319	33,275	2,682,749	2,735,818
Total revenues	3,081,576	3,244,993	1,067,657	1,075,397	4,149,233	4,320,390
Program expenses						
General government	1,085,524	872,599			1,085,524	872,599
Public safety	900,461	1,182,095	-	-	900,461	1,182,095
Judicial	66,939	56,748	-	-	66,939	56,748
Public works	240,489	366,176	-	-	240,489	366,176
Health and sanitation	100,048	90,362	-	-	100,048	90,362
Culture and recreation	292,890	310,563	-	-	292,890	310,563
Water	-	-	492,034	457,529	492,034	457,529
Garbage	-	-	155,078	147,838	155,078	147,838
Sewer	-	-	417,488	463,415	417,488	463,415
Street lights	-	-	27,574	27,853	27,574	27,853
Interest on long-term debt	6,503	6,500	-	-	6,503	6,500
Total expenses	2,692,854	2,885,043	1,092,174	1,096,635	3,785,028	3,981,678
Change in net position	388,722	359,950	(24,517)	(21,238)	364,205	338,712
Net position, beginning of year	8,520,740	8,160,790	4,522,911	4,544,149	13,043,651	12,704,939
Net position, end of year	\$ 8,909,462	\$ 8,520,740	\$ 4,498,394	\$ 4,522,911	\$ 13,407,856	\$ 13,043,651



**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, 2018**

<u>City Programs</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Net Program (Expenses) Revenues</u>
General Government	\$ 1,085,524	\$ 47,484	\$ (1,038,040)
Public Safety	900,461	90,389	(810,072)
Judicial	66,939	-	(66,939)
Public Works	240,489	86,026	(154,463)
Health and Sanitation	100,048	-	(100,048)
Culture and Recreation	292,890	208,247	(84,643)
Interest Long-term Debt	6,503	-	(6,503)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$ 2,692,854</u>	<u>\$ 432,146</u>	<u>\$ (2,260,708)</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 not sufficient to cover program expenses.

**Table 5: Program Expenses and Revenues  
for Business-type Activities  
For the Fiscal Year Ended June 30, 2018**

<u>City Programs</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Net Program (Expenses) Revenues</u>
Water	\$ 492,034	\$ 418,121	\$ (73,913)
Garbage	155,078	243,091	88,013
Sewer	417,488	345,552	(71,936)
Street Lights	27,574	27,574	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$ 1,092,174</u>	<u>\$ 1,034,338</u>	<u>\$ (57,836)</u>

Financial highlights for the City during the fiscal year ended June 30, 2018, include the following:

- The City's total Net Position for all activities increased from \$13,043,651 to \$13,407,856 an increase of \$364,205 (2.7%). 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 \$406,979 (15.7%). General Fund revenues were also better than projected by \$331,701 (14.3%) due to a conservative estimate of budget revenues during budgeting.
- Capital assets added during the year in the amount of \$704,852 include improvements to City buildings and facilities, the City Park, the Equestrian Park, one new police vehicle, a street sweeper, a street dura-patcher and a water tank surface coating was purchased and placed in service
- The City's Business-type Activities (Utility Fund) operating expenses exceeded operating revenues by \$77,393. 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) was completed and a refurbishment plan is underway using the PER. The costs associated with the PER resulted in expenses exceeding revenues in the current year.
- During the fiscal year the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this standard improves the usefulness of information and improves accounting and financial reporting for postemployment benefits other than pensions (OPEB). The standard resulted in a prior period adjustment as of July 1, 2017, refer to Note 14 in the financial statements.

## **Fund Analysis**

### **All Governmental Funds**

At the close of the fiscal year ending June 30, 2018, the City's governmental funds reported a combined ending fund balance of \$6,222,045, representing an increase of \$462,060 (8.0%) 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, 2018 totaled \$4,796,212 which is an increase of \$154,351 (3.3%) from the previous fiscal year. The increase is due to lower than budgeted expenses and an increase in revenues from taxes.

### **Capital Projects Fund**

Fund balance at June 30, 2018 totaled \$594,154 which is an increase of \$289,657 (95.1%) 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, 2018 totaled \$108,508 which is an increase of \$18,835 (21.0%) from the previous year. The increase is due to lower than budgeted expenses.

**Grants Fund**

Fund balance at June 30, 2018 totaled \$31,461 which is increase of \$40,333 (454.6%) from the previous year. The increase is due to the timing of when revenues are received and recognized in governmental funds and in addition to a transfer-in of \$27,000 from the general fund.

**Non-major Governmental Funds**

Fund balance at June 30, 2018 totaled \$691,710, which is a decrease of \$41,116 (5.6%) 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, 2018 and the increase/(decrease) from the previous fiscal year:

<u>Fund</u>	<u>Fund Balance June 30, 2018</u>	<u>Increase/ Decrease</u>
Non-Major Governmental Funds:		
Municipal Court Building Fund	12,380	(2,065)
Administrative Assessment Fund	7,884	1,008
Park and Recreation Fund	271,930	(13,794)
Parks and Recreation Fund #2	87,207	42,734
Equestrian Center Fund	50,474	(44,304)
Debt Service Fund	65,326	(12,100)
Police Forfeiture Fund	108,233	(15,749)
Perpetual Cemetery Care Fund	88,276	3,154
<b>Totals</b>	<b>\$ 691,710</b>	<b>\$ (41,116)</b>

**Proprietary Funds**

The City's sole Proprietary Fund, the Utility Fund, had a net position of \$4,498,394 as of June 30, 2018. Operating expenses exceeded operating revenues by \$77,393.

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

**Capital Asset Activity**

At June 30, 2018, the City reported \$5,014,877 in capital assets for governmental activities and \$2,969,807 in capital assets for business-type activities. Capital asset additions included one new police vehicle, a street sweeper, a street dura-patcher, a water tank surface coating and a concession stand trailer for the Equestrian Park.

**Long-term Debt Activity**

Long-term debt outstanding at June 30, 2018, excluding the annual required contribution for other postemployment benefits and the net pension liability, totaled \$137,370, which is entirely for the Senior Center. The other postemployment benefits liability decreased by \$9,196 to \$455,492, after the prior period adjustment. The City's net pension liability decreased by \$94,390 to \$2,586,084.

Additionally, the City estimates \$122,608 for compensated absences.

For additional information, refer to Notes 6, 7 and 11 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, 2018

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash	\$ 5,848,011	\$ 2,308,836	\$ 8,156,847
Accounts receivable, net	92,649	90,307	182,956
Due from other governments	395,852	-	395,852
Due from developers	97,380	-	97,380
Taxes receivable, delinquent	13,273	-	13,273
Prepaid expenses	13,904	3,999	17,903
Restricted cash and cash equivalents	45,104	-	45,104
Capital assets, net of accumulated depreciation	3,495,505	2,891,752	6,387,257
Capital assets, not being depreciated	1,519,372	78,055	1,597,427
Total assets	<u>11,521,050</u>	<u>5,372,949</u>	<u>16,893,999</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to other postemployment benefits	13,888	5,037	18,925
Deferred outflows related to pensions	275,053	89,323	364,376
Total deferred outflows of resources	<u>288,941</u>	<u>94,360</u>	<u>383,301</u>
<b>Liabilities</b>			
Accounts payable and other	50,492	134,459	184,951
Accrued salaries and related liabilities	34,476	-	34,476
Due to other governments	20,142	-	20,142
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	40,633	26,962	67,595
Notes payable	6,101	-	6,101
Noncurrent liabilities portion due or payable after one year			
Compensated absences	33,070	21,943	55,013
Notes payable	131,269	-	131,269
Total other postemployment benefits liability	359,386	96,106	455,492
Net pension liability	1,980,074	606,010	2,586,084
Total liabilities	<u>2,669,004</u>	<u>897,734</u>	<u>3,566,738</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to other postemployment benefits	2,436	884	3,320
Deferred inflows related to pensions	229,089	70,297	299,386
Total deferred inflows of resources	<u>231,525</u>	<u>71,181</u>	<u>302,706</u>
<b>Net Position</b>			
Net investment in capital assets	4,877,507	2,969,807	7,847,314
Restricted for			
Debt service	12,100	-	12,100
Nonspendable perpetual cemetery care	33,004	-	33,004
Perpetual cemetery care	55,272	-	55,272
Capital projects	107,707	-	107,707
Senior Center	2,558	-	2,558
Judicial fees (NRS 176)	20,264	-	20,264
Unrestricted	3,801,050	1,528,587	5,329,637
Total net position	<u>\$ 8,909,462</u>	<u>\$ 4,498,394</u>	<u>\$ 13,407,856</u>

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General government	\$ 1,085,524	\$ -	\$ 47,484	\$ -
Public safety	900,461	36,202	19,288	34,899
Judicial	66,939	-	-	-
Public works	240,489	86,026	-	-
Health and sanitation	100,048	-	-	-
Culture and recreation	292,890	85,167	123,080	-
Interest on long-term debt	6,503	-	-	-
Total governmental activities	<u>2,692,854</u>	<u>207,395</u>	<u>189,852</u>	<u>34,899</u>
<b>Business-type Activities</b>				
Water	492,034	418,121	-	-
Garbage	155,078	243,091	-	-
Sewer	417,488	325,128	-	20,424
Street lights	27,574	27,574	-	-
Total business-type activities	<u>1,092,174</u>	<u>1,013,914</u>	<u>-</u>	<u>20,424</u>
Total primary government	<u>\$ 3,785,028</u>	<u>\$ 1,221,309</u>	<u>\$ 189,852</u>	<u>\$ 55,323</u>

Property taxes  
Room taxes  
Consolidated tax 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
\$ (1,038,040)	\$ -	\$ (1,038,040)
(810,072)	-	(810,072)
(66,939)	-	(66,939)
(154,463)	-	(154,463)
(100,048)	-	(100,048)
(84,643)	-	(84,643)
(6,503)	-	(6,503)
<u>(2,260,708)</u>	<u>-</u>	<u>(2,260,708)</u>
-	(73,913)	(73,913)
-	88,013	88,013
-	(71,936)	(71,936)
-	-	-
<u>-</u>	<u>(57,836)</u>	<u>(57,836)</u>
<u>(2,260,708)</u>	<u>(57,836)</u>	<u>(2,318,544)</u>
453,899	-	453,899
53,040	-	53,040
1,995,534	-	1,995,534
53,376	-	53,376
6,447	18,722	25,169
87,134	14,597	101,731
<u>2,649,430</u>	<u>33,319</u>	<u>2,682,749</u>
<u>388,722</u>	<u>(24,517)</u>	<u>364,205</u>
8,693,870	4,568,964	13,262,834
<u>(173,130)</u>	<u>(46,053)</u>	<u>(219,183)</u>
<u>8,520,740</u>	<u>4,522,911</u>	<u>13,043,651</u>
<u>\$ 8,909,462</u>	<u>\$ 4,498,394</u>	<u>\$ 13,407,856</u>

City of Carlin  
Balance Sheet – Governmental Funds  
June 30, 2018

	General	Open Door Senior Citizens Center Fund	Grants Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash	\$ 4,504,376	\$ 87,101	\$ 35,128	\$ 583,306	\$ 638,100	\$ 5,848,011
Receivables, net						
Accounts	81,627	-	-	-	11,022	92,649
Taxes	13,273	-	-	-	-	13,273
Due from developers	97,380	-	-	-	-	97,380
Due from other governments	353,716	23,288	8,000	10,848	-	395,852
Prepaid expenses	9,343	2,577	1,984	-	-	13,904
Restricted cash	-	-	-	-	45,104	45,104
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 5,059,715</u>	<u>\$ 112,966</u>	<u>\$ 45,112</u>	<u>\$ 594,154</u>	<u>\$ 694,226</u>	<u>\$ 6,506,173</u>
<b>Liabilities</b>						
Accounts payable	\$ 43,036	\$ 4,458	\$ 290	\$ -	\$ 2,516	\$ 50,300
Accrued salaries and related liabilities	34,476	-	-	-	-	34,476
Bail and fines held	192	-	-	-	-	192
Due to other governments	20,142	-	-	-	-	20,142
Unearned revenue - grants	-	-	13,361	-	-	13,361
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>97,846</u>	<u>4,458</u>	<u>13,651</u>	<u>-</u>	<u>2,516</u>	<u>118,471</u>
<b>Deferred Inflows of Resources</b>						
Unavailable property taxes	13,273	-	-	-	-	13,273
Unavailable infrastructure tax revenue	46,403	-	-	-	-	46,403
Unavailable due from developers	97,380	-	-	-	-	97,380
Unavailable ambulance fees	8,601	-	-	-	-	8,601
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total deferred inflows of resources	<u>165,657</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,657</u>
<b>Fund Balances</b>						
Nonspendable	9,343	2,577	1,984	-	33,004	46,908
Restricted for						
Debt service	-	-	-	-	12,100	12,100
Perpetual cemetery care	-	-	-	-	55,272	55,272
Capital projects	-	-	-	107,707	-	107,707
Senior Center	-	2,558	-	-	-	2,558
Judicial fees (NRS 176)	-	-	-	-	20,264	20,264
Committed for						
Future community development	-	-	-	-	48,835	48,835
Recreational activities	-	-	-	-	310,302	310,302
Public safety	-	-	-	-	108,233	108,233
Assigned						
Subsequent year operations	608,052	-	-	-	4,000	612,052
Other purposes	-	103,373	29,477	486,447	99,700	718,997
Unassigned	4,178,817	-	-	-	-	4,178,817
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>4,796,212</u>	<u>108,508</u>	<u>31,461</u>	<u>594,154</u>	<u>691,710</u>	<u>6,222,045</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 5,059,715</u>	<u>\$ 112,966</u>	<u>\$ 45,112</u>	<u>\$ 594,154</u>	<u>\$ 694,226</u>	<u>\$ 6,506,173</u>



City of Carlin  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
 June 30, 2018

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

Total fund balances - governmental funds	\$ 6,222,045	
<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	\$ 11,421,642	
Less accumulated depreciation	<u>(7,926,137)</u>	3,495,505
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>		
		165,657
<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	(1,980,074)	
Notes payable	(137,370)	
Other postemployment benefits	(359,386)	
Compensated absences	<u>(73,703)</u>	(2,550,533)
<p>Deferred outflows and inflows of resource related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the governmental funds.</p>		
Deferred outflows of resources related to pensions	275,053	
Deferred inflows of resources related to pensions	(229,089)	
Deferred outflows of resources related to other postemployment benefits	13,888	
Deferred inflows of resources related to other postemployment benefits	<u>(2,436)</u>	<u>57,416</u>
Net position of governmental activities		<u><u>\$ 8,909,462</u></u>

City of Carlin  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
Year Ended June 30, 2018

	General	Open Door Senior Citizens Center Fund	Grants Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 419,320	\$ -	\$ -	\$ 34,579	\$ 53,040	\$ 506,939
Licenses, permits and fees	86,026	-	-	-	-	86,026
Intergovernmental	2,057,776	159,140	84,417	-	-	2,301,333
Charges for services	1,057	22,244	-	-	-	23,301
Fines and forfeits	35,145	-	-	-	-	35,145
Miscellaneous	46,202	14,939	-	5,078	82,500	148,719
<b>Total revenues</b>	<b>2,645,526</b>	<b>196,323</b>	<b>84,417</b>	<b>39,657</b>	<b>135,540</b>	<b>3,101,463</b>
<b>Expenditures</b>						
<b>Current</b>						
General government	790,717	-	-	-	-	790,717
Public safety	774,239	-	36,185	-	9,463	819,887
Judicial	54,544	-	-	-	12,480	67,024
Public works	219,156	-	-	-	-	219,156
Health and sanitation	62,662	-	-	-	-	62,662
Culture and recreation	21,127	227,198	-	-	55,528	303,853
Capital outlay	257,020	-	34,899	-	72,085	364,004
Debt service						
Principal	-	-	-	-	5,597	5,597
Interest	-	-	-	-	6,503	6,503
<b>Total expenditures</b>	<b>2,179,465</b>	<b>227,198</b>	<b>71,084</b>	<b>-</b>	<b>161,656</b>	<b>2,639,403</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>466,061</b>	<b>(30,875)</b>	<b>13,333</b>	<b>39,657</b>	<b>(26,116)</b>	<b>462,060</b>
<b>Other Financing Source (Uses)</b>						
Transfer in	15,000	49,710	27,000	250,000	52,500	394,210
Transfer out	(326,710)	-	-	-	(67,500)	(394,210)
<b>Total other financing sources (uses)</b>	<b>(311,710)</b>	<b>49,710</b>	<b>27,000</b>	<b>250,000</b>	<b>(15,000)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>154,351</b>	<b>18,835</b>	<b>40,333</b>	<b>289,657</b>	<b>(41,116)</b>	<b>462,060</b>
<b>Fund Balances, Beginning of Year</b>	<b>4,641,861</b>	<b>89,673</b>	<b>(8,872)</b>	<b>304,497</b>	<b>732,826</b>	<b>5,759,985</b>
<b>Fund Balances, End of Year</b>	<b>\$ 4,796,212</b>	<b>\$ 108,508</b>	<b>\$ 31,461</b>	<b>\$ 594,154</b>	<b>\$ 691,710</b>	<b>\$ 6,222,045</b>

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, 2018

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

Net change in fund balances - total governmental funds	\$	462,060
<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	\$ 351,825	
Current depreciation expense	<u>(413,617)</u>	(61,792)
Disposal of capital assets and other adjustments		85,386
<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 amounts due from developers	(47,620)	
Change in unavailable ambulance fees	(27,427)	
Change in unavailable grant revenue	(66,290)	
Change in unavailable infrastructure tax revenue	<u>46,403</u>	(94,934)
<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		5,597
<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		(6,675)
<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	118,216	
City pension expense	<u>(125,325)</u>	(7,109)
<p>The liability for other postemployment benefits is not recorded in the governmental funds, but it is reported in the statement of net position. This is the current year change in the liability, reported as an expense in the statement of activities.</p>		
Other postemployment benefits contributions	13,888	
Other postemployment benefits expense	<u>(7,699)</u>	
		<u>6,189</u>
Change in net position of governmental activities	\$	<u><u>388,722</u></u>

City of Carlin  
Statement of Net Position – Proprietary Fund  
June 30, 2018

	Business-Type Activities Enterprise Fund Utility Fund
<b>Assets</b>	
<b>Current Assets</b>	
Cash	\$ 2,308,836
Accounts receivable, net	90,307
Prepaid expenses	3,999
Total current assets	2,403,142
<b>Noncurrent Assets</b>	
Capital assets, net of accumulated depreciation	2,891,752
Capital assets, not being depreciated	78,055
Total noncurrent assets	2,969,807
Total assets	5,372,949
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to other postemployment benefits	5,037
Deferred outflows related to pensions	89,323
Total deferred outflows of resources	94,360
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	134,459
Compensated absences, current portion	26,962
Customer meter deposits	12,254
Total current liabilities	173,675
<b>Noncurrent Liabilities</b>	
Compensated absences	21,943
Net pension liability	606,010
Total other postemployment benefits	96,106
Total noncurrent liabilities	724,059
Total liabilities	897,734
<b>Deferred Inflows of Resources</b>	
Deferred inflows related to other postemployment benefits	884
Deferred inflows related to pensions	70,297
Total deferred inflows of resources	71,181
<b>Net Position</b>	
Net investment in capital assets	2,969,807
Unrestricted	1,528,587
Total net position	\$ 4,498,394

City of Carlin  
Statement of Revenues, Expenses, and Changes in Net Position –  
Proprietary Fund  
Year Ended June 30, 2018

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	Business-Type Activities <u>Enterprise Fund</u> <u>Utility Fund</u>
Operating Revenues	
Charges for sales and services	
Water (pledged for revenue bond coverage)	\$ 418,121
Garbage	243,091
Sewer	325,128
Street lights	27,574
	1,013,914
Operating Expenses	
Salaries and wages	298,715
Employee benefits	120,183
Services and supplies	505,427
Depreciation	166,982
	1,091,307
Operating Income (Loss)	(77,393)
Nonoperating Revenues (Expenses)	
Interest and penalties earned	18,722
Miscellaneous revenues	14,597
Interest expense	(867)
	32,452
Income (Loss) Before Capital Contributions	(44,941)
Capital Contributions	20,424
Change in Net Position	(24,517)
Net Position, Beginning of Year, as Originally Reported	4,568,964
Prior period adjustment	(46,053)
Net Position, Beginning of Year, as Restated	4,522,911
Net Position, End of Year	\$ 4,498,394

City of Carlin  
Statement of Cash Flows – Proprietary Fund  
For the Year Ended June 30, 2018

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	Business-Type Activities Enterprise Fund Utility Fund
Operating Activities	
Cash received from customers	\$ 1,005,666
Cash payments to employees for services and benefits	(434,134)
Cash payments to suppliers for goods and services	(409,798)
	161,734
Net Cash from Operating Activities	
Capital and Related Financing Activities	
Acquisition of capital assets	(353,027)
Proceeds from other governmental units	14,597
Note payments	(17,327)
Interest expense	(867)
Connection fees	20,424
	(336,200)
Net Cash used for Capital and Related Financing Activities	
Investing Activity	
Interest on investments	18,722
	18,722
Net Change in Cash and Cash Equivalents	(155,744)
Cash and Cash Equivalents, Beginning of Year	2,464,580
Cash and Cash Equivalents, End of Year	\$ 2,308,836

City of Carlin  
Statement of Cash Flows – Proprietary Fund  
For the Year Ended June 30, 2018

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	Business-Type Activities Enterprise Fund	Utility Fund
Reconciliation of operating income to net cash from (used for) operating activities		
Operating income (loss)	\$	(77,393)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation		166,982
Pension expense		45,262
City pension contributions		(42,694)
Other postemployment benefits expense		(2,245)
Changes in		
Accounts receivable		(8,248)
Prepaid expenses		(3,999)
Accounts payable		84,069
Net Cash from Operating Activities	\$	161,734

## **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.

### **Implementation of GASB Statement No. 75**

As of July 1, 2017, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this standard improves the usefulness of information about and improves accounting and financial reporting for postemployment benefits other than pensions (other postemployment benefits or OPEB). The effect of the implementation of this standard on beginning net position is disclosed in Note 14 to the financial statements and the additional disclosures required by this standard are included in Note 11.

### **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 are 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 reported as unearned revenue if the 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.
- Open Door 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 \$578,861 are reported at \$81,627, net of a \$497,234 allowance for uncollectible ambulance billings and accounts receivable in the Utility Fund of \$92,059 are reported at \$90,307, net of a \$1,752 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, 2018, the City had one retiree utilizing the benefit. The City had \$945 associated with the above benefit for the year ended June 30, 2018.

### **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 other postemployment benefits resulting from the City's contributions subsequent to the measurement date of the net other postemployment liability. 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 and other taxes 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 other postemployment benefits resulting from changes in assumptions and other inputs. The City reported deferred inflows of resources related to pensions resulting from differences between expected and actual experience and the difference between the projected and actual earnings on pension plan investments in the Statement of Net Position.

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

Government-wide and Proprietary Fund Financial Statements:

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

Governmental Fund Financial Statements:

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

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

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

### **Risk Management**

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

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

### **Reclassifications**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform 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 exception:

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 by the City Council. The City did submit a corrective action approved by the City Council for violations of laws and regulations noted during DOT's review of the fiscal year 2017 audit; however, the corrective action was not submitted in a timely manner. The corrective action plan was not submitted to the DOT until December 14, 2018.

**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, 2018, 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, 2018 are allocated to the various funds as follows:

Major governmental funds	\$ 5,209,911
Nonmajor governmental funds	638,100
Business-type activities/proprietary fund	2,308,836
Restricted:	
Nonmajor governmental funds	45,104
	\$ 8,201,951



**Note 4 - Capital Assets**

The amounts recorded as capital assets are summarized as follows:

Governmental Activities

	Balance July 1, 2017	Additions	Deletions	Adjustments	Balance June 30, 2018
Capital Assets, Being Depreciated					
Buildings	\$ 2,400,519	\$ 67,488	\$ (32,185)	\$ -	\$ 2,435,822
Office equipment	161,076	8,124	(7,140)	-	162,060
Other equipment	2,037,736	202,919	-	-	2,240,655
Vehicles	2,074,366	59,333	-	-	2,133,699
Infrastructure	4,435,445	13,961	-	-	4,449,406
<b>Total capital assets, being depreciated</b>	<b>11,109,142</b>	<b>351,825</b>	<b>(39,325)</b>	<b>-</b>	<b>11,421,642</b>
Less Accumulated Depreciation for					
Buildings	(892,123)	(53,205)	6,290	-	(939,038)
Office equipment	(252,504)	(6,991)	4,084	114,337	(141,074)
Other equipment	(1,303,335)	(166,307)	-	-	(1,469,642)
Vehicles	(1,665,657)	(67,052)	-	-	(1,732,709)
Infrastructure	(3,523,612)	(120,062)	-	-	(3,643,674)
<b>Total accumulated depreciation</b>	<b>(7,637,231)</b>	<b>(413,617)</b>	<b>10,374</b>	<b>114,337</b>	<b>(7,926,137)</b>
<b>Total capital assets, being depreciated, net</b>	<b>3,471,911</b>	<b>(61,792)</b>	<b>(28,951)</b>	<b>114,337</b>	<b>3,495,505</b>
Capital Assets, not Being Depreciated					
Land	816,723	-	-	-	816,723
Construction in progress	702,649	-	-	-	702,649
<b>Total capital assets, not being depreciated</b>	<b>1,519,372</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,519,372</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 4,991,283</b>	<b>\$ (61,792)</b>	<b>\$ (28,951)</b>	<b>\$ 114,337</b>	<b>\$ 5,014,877</b>

City of Carlin  
Notes to Financial Statements  
June 30, 2018

Business-type Activities	Balance July 1, 2017	Additions	Deletions	Adjustments	Balance June 30, 2018
Capital Assets, Being Depreciated					
Buildings	\$ 292,162	\$ -	\$ -	\$ -	\$ 292,162
Office equipment	21,526	-	-	-	21,526
Other equipment	489,539	-	-	-	489,539
Vehicles	424,545	-	-	-	424,545
Infrastructure	<u>6,071,737</u>	<u>353,027</u>	<u>-</u>	<u>-</u>	<u>6,424,764</u>
Total capital assets, being depreciated	<u>7,299,509</u>	<u>353,027</u>	<u>-</u>	<u>-</u>	<u>7,652,536</u>
Less Accumulated Depreciation for					
Buildings	(73,261)	(2,409)	-	-	(75,670)
Office equipment	(17,961)	(811)	-	-	(18,772)
Other equipment	(321,196)	(19,123)	-	-	(340,319)
Vehicles	(424,545)	-	-	-	(424,545)
Infrastructure	<u>(3,756,839)</u>	<u>(144,639)</u>	<u>-</u>	<u>-</u>	<u>(3,901,478)</u>
Total accumulated depreciation	<u>(4,593,802)</u>	<u>(166,982)</u>	<u>-</u>	<u>-</u>	<u>(4,760,784)</u>
Total capital assets, being depreciated, net	<u>2,705,707</u>	<u>186,045</u>	<u>-</u>	<u>-</u>	<u>2,891,752</u>
Capital Assets, Not Being Depreciated					
Land	<u>78,055</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,055</u>
Business-type Activities Capital Assets, net	<u>\$ 2,783,762</u>	<u>\$ 186,045</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,969,807</u>

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

Governmental Activities	
General government	\$ 22,433
Public safety	113,728
Public works	135,720
Health and sanitation	77,140
Culture and recreation	<u>64,596</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 413,617</u>
Business-type Activities	
Water	\$ 63,479
Sewer	<u>103,503</u>
Total Depreciation Expense – Business-type Activities	<u>\$ 166,982</u>

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, 2018, 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 has received pledged revenues totaling \$80,716 since the cooperative agreement was put into place. Pledged revenues are a surcharge fee from every water user connecting to City water within the “UNR Fire Science Academy Water Extension Area”. There were no connections to this section of the City’s water system during the year ended June 30, 2018.

**Note 6 - Long-Term Liabilities**

Long-term debt as of June 30, 2018, consisted of the following:

	Balance June 30, 2018
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.	\$ 137,370

The governmental activities notes will be repaid by the Debt Service Fund. The maturity of the notes payable for the years after June 30, 2018, based upon present arrangements, is as follows:

Fiscal Year	Government-Type Activities	
	U.S. Department of Agriculture	
	Senior Citizens Facility	
	Principal	Interest
2019	\$ 6,101	\$ 5,999
2020	6,368	5,732
2021	6,646	5,454
2022	6,937	5,163
2023	7,241	4,859
2024-2028	41,242	19,258
2029-2033	51,088	9,412
2034	11,747	503
	\$ 137,370	\$ 56,380

Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 67,028	\$ 63,176	\$ 56,501	\$ 73,703	\$ 40,633
Notes payable	142,967	-	5,597	137,370	6,101
	\$ 209,995	\$ 63,176	\$ 62,098	\$ 211,073	\$ 46,734
Business-type activities					
Compensated absences	\$ 64,464	\$ 7,634	\$ 23,193	\$ 48,905	\$ 26,962
Notes payable	17,327	-	17,327	-	-
	\$ 81,791	\$ 7,634	\$ 40,520	\$ 48,905	\$ 26,962

The City was, in accordance with Nevada Revised Statutes, within the legal debt limit at June 30, 2018.

**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, 2018 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, 2018, was 28.00% for Regular and 40.50% for Police/Fire.

The City's contributions were \$161,000 for the year ended June 30, 2018.

### **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, 2017:

<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, 2017, PERS' long-term inflation assumption was 2.75%.

### **Net Pension Liability**

At June 30, 2018, the City reported a liability for its proportionate share of the net pension liability of \$2,586,084. The net pension liability was measured as of June 30, 2017, 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, 2017, the City's proportion was 0.01944 percent, which is a decrease of 0.00048 from its proportion measured as of June 30, 2016 of 0.01992 percent.

**Pension Liability Discount Rate Sensitivity**

The following presents the net pension liability of the City as of June 30, 2017, calculated using the discount rate of 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current discount rate.

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Net Pension Liability	\$ 3,909,435	\$ 2,586,084	\$ 1,487,018

**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, 2017, 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	2.75%
Payroll Growth	5.00% including inflation
Investment Rate of Return	7.50%
Productivity Pay Increase	0.50%
Projected Salary Increases	Regular: 4.25% to 9.15%, depending on service Police/Fire: 4.55% to 13.90%, depending on service Rates include inflation and productivity increases
Consumer Price Index	2.75%
Other Assumptions	Same as those used in the June 30, 2017 funding actuarial valuation

Mortality rates for healthy members were based on the Headcount-Weighted RP-2014 Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. For ages less than 50, mortality rates are based on the Headcount-Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for healthy annuitants at age 50 to the mortality rate for employees at age 50. The mortality rates are then projected to 2020 with Scale MP-2016. Mortality rates for disabled were based on the Headcount-Weighted RP-2014 Disabled Retiree Table, set forward four years. Mortality rates for pre-retirement were based on Headcount-Weighted RP-2014 Employee Table, projected to 2020 with Scale MP-2016. The additional projection of 6 years is a provision made for future mortality improvement.

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of the experience review completed in 2017.

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2017. 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, 2017, 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, 2017.

Changes in assumptions include changes in the inflation rate and consumer price index from 3.50% to 2.75%, changes in the investment rate of return from 8.00% to 7.50%, changes in the productivity pay increase from 0.75% to 0.50%, and changes in the projected salary increases. In addition, the mortality rates are now based on the Headcount-Weighed RP-2014 Mortality Tables rather than the RP-2000 Mortality Tables.

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

For the year ended June 30, 2018, the City recognized pension expense of \$125,325. At June 30, 2018, 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	\$ -	\$ 169,699
Net difference between projected and actual earnings on pension plan investments	16,791	-
Changes in assumptions	171,562	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	15,023	129,687
City contributions subsequent to the measurement date	161,000	-
Total	\$ 364,376	\$ 299,386

The \$161,000 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, 2019.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined is 6.39 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		
2019	\$	(69,118)
2020		37,294
2021		(7,237)
2022		(66,920)
2023		3,855
Thereafter		6,116



## **Additional Information**

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

### **Note 8 - Fund Equity**

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

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

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

Restricted for Debt Service – In accordance with the agreement from the USDA Rural Development for 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 requirement for the year ended June 30, 2018 for the Carlin Senior Center in the Debt Service Fund is currently \$12,100.

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 Statute 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, 2017	Net Change	Balance June 30, 2018
Water System	\$ 312,015	\$ -	\$ 312,015
Water Capital Improvement	54,666	-	54,666
Sewer Capital Improvement	230,396	-	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, 2018 are as follows:

	Transfer In	Transfer Out	Net
General Fund	\$ 15,000	\$ (326,710)	\$ (311,710)
Open Door Senior Citizens Center Fund	49,710	-	49,710
Grants Funds	27,000	-	27,000
Capital Projects Fund	250,000	-	250,000
Nonmajor Governmental Funds			-
Parks and Recreation Fund	-	(62,500)	(62,500)
Municipal Court Building Fund	-	(5,000)	(5,000)
Parks and Recreation Fund #2	37,500	-	37,500
Equestrian Center Fund	15,000	-	15,000
	<u>\$ 394,210</u>	<u>\$ (394,210)</u>	<u>\$ -</u>

The General Fund subsidized the Open Door 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 General Fund transferred monies to the Capital Projects Fund to fund future capital projects. The Parks and Recreation Fund transferred monies to the Parks and Recreation Fund #2, Equestrian Center Fund, and General Fund to reimburse for certain park improvement costs. The Municipal Court Building Fund transferred monies to the General Fund to reimburse for certain municipal court building 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, 2018 is provided for the water service as follows:

*Condensed Statement of Net Position*

Assets	
Current assets	\$ 396,550
Capital assets, net of accumulated depreciation	<u>1,969,624</u>
Total assets	<u>2,366,174</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	2,926
Deferred inflows of resources related to other postemployment benefits	<u>54,436</u>
Total deferred inflows of resources	<u>57,362</u>
Liabilities	
Current liabilities	47,125
Noncurrent liabilities	<u>355,817</u>
Total liabilities	<u>402,942</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	513
Deferred outflows of resources related to other postemployment benefits	<u>66,941</u>
Total deferred outflows of resources	<u>67,454</u>
Net Position	
Net investment in capital assets	1,969,624
Unrestricted	<u>(16,485)</u>
Total net position	<u>\$ 1,953,139</u>
<i>Condensed Statement of Activities</i>	
Operating Revenues	
Charges for services	<u>\$ 418,121</u>
Operating Expenses	
Depreciation	63,478
Other operating expenses	<u>436,465</u>
Total operating expenses	<u>499,943</u>
Operating Income	<u>(81,822)</u>
Nonoperating Revenue (Expense)	
Interest income	7,796
Miscellaneous income	13,600
Interest expense	<u>(867)</u>
Total nonoperating revenue/(expense)	<u>20,529</u>
Change in Net Position	<u>(61,293)</u>
Net Position, Beginning of Year, as Originally Reported	2,042,148
Prior period adjustment	<u>(27,716)</u>
Net Position, Beginning of Year, as Restated	<u>2,014,432</u>
Net Position, End of Year	<u>\$ 1,953,139</u>

*Condensed Statement of Cash Flows*

Net cash from (used for)	
Operating activities	\$ (26,888)
Capital and related financing activities	(340,294)
Investing activities	7,796
	(359,386)
Net Decrease in Cash	(359,386)
Cash, Beginning of Year	720,154
	360,768
Cash, End of Year	\$ 360,768

**Note 11 - Postemployment Healthcare Plan**

The City provides other postemployment benefits (OPEB) for eligible retired employees through either participation in the City’s health insurance program or the Nevada Public Employees’ Benefits Plan (PEBP) under NRS 287.023.

Plan Descriptions – The City’s defined benefit OPEB plan, City of Carlin Employee Health Benefits Plan (CCEHBP), provides OPEB for all eligible employees on retirement from the City. Additionally, the City contributes to the defined OPEB plan, Public Employees’ Benefits Plan (PEBP).

CCEHBP is a single employer defined benefit OPEB plan administered by the City. In accordance with Nevada Revised Statute 287.010, the CCEHBP was adopted to provide postemployment benefits to full-time employees on retirement. Eligibility requirements, benefit levels, employee contributions, and employer contributions are governed by the City and can only be amended by the City. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75; no separate financial reports are issued.

PEBP is an agent multiple-employer defined benefit OPEB plan administered by a nine-member governing board. Nevada Revised Statute 287.023 allows certain retired employees of governmental entities within the State of Nevada to join the State’s Public Employee Benefits Program. Nevada Revised Statute 287.023 sunsetted the option to join PEBP for City employees who retired from the City after September 1, 2008. Eligibility and subsidy requirements are governed by statutes of the State of Nevada and can only be amended through legislation. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75; no separate financial reports are issued.

Benefits Provided - CCEHBP provides medical, vision, dental and life insurance for eligible retirees and their dependents. Employees retiring from the City under PERS are allowed to continue participation in the City’s group health insurance program (medical, dental, vision and life insurance). Retirees are responsible for the payment of their premiums, as well as, premium for eligible dependents.

PEBP provides medical, prescription, vision, life and accident insurance, and dental for retirees. Retirees can choose between a self-funded preferred provider organization (PPO) and a health maintenance organization (HMO) plan. Retirees are responsible for payment of unsubsidized premiums. The City is required to provide a subsidy for their retirees who have elected to join PEBP. Contribution requirements for plan members and the participating employers are assessed by the PEBP Board annually. The contributions required for PEBP subsidies depend on the date of retirement and years of PERS service former employees earned in total and while working

for the City. The subsidy ranges from a minimum of \$3 to a maximum of \$876 per month. Subsidies for retiree premiums participating in the PEBP are paid directly to the State when due. The City's obligation for subsidies is limited to payment of the statutorily required contribution. The statutes were revised with an effective date of November 30, 2008, to create new participation limitations so that only active members of PEBP can elect coverage after retirement. Based on the statute revision, former City employees and retirees must have retired and joined PEBP by September 1, 2008 to elect PEBP membership. Consequently, no employees retiring from the City on or after September 1, 2008 will be eligible to participate in the PEBP plan as a retiree at the City's expense.

Employee Covered by Benefit Terms – At June 30, 2016 the following employees were covered by the benefit terms:

	CCEHBP	PEBP	Total
Inactive employees or beneficiaries currently receiving benefits	-	11	11
Active employees	21	-	21
	<u>21</u>	<u>11</u>	<u>32</u>

Total OPEB Liability - The City's total OPEB liability of \$445,492 was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

	CCEHBP	PEBP	Total
Total OPEB Liability	\$ 114,727	\$ 340,765	\$ 455,492

Assumptions and Other Inputs - The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs for CCEHBP and PEBP, applied to all periods included in the measurement, unless otherwise specified:

	CCEHBP	PEBP
General inflation	2.75%	2.75%
Salary increases	4.00% per year	N/A
Assumed wage inflation	3.00% per year	N/A
Discount rate	3.13%	3.13%
Health care trend rates	6.50% for 2018, decreasing 0.25% to 0.50% per year to an ultimate rate of 5.0% for 2023 and later years	6.50% for 2018, decreasing 0.25% to 0.50% per year to an ultimate rate of 5.0% for 2023 and later years
Retirees' share of benefit - related costs	100% of premium	0% to 100% of premium amounts based on years of service

The discount rate for CCEHBP and PEBP was based on the S & P General Obligation Municipal Bond 20 Year High Grade Index.

For the CCEHBP and PEBP Plans, mortality rates for male regular and public safety members were based on the RP-2000 Combined Healthy Table. Mortality rates for female regular and public safety members were based on the RP-2000 Combined Healthy Table set back one year. Adjustments for mortality improvements were based on applying the MacLeod Watts Scale 2016 on a generational basis from 2015 forward, based on data from the Society of Actuaries Mortality Improvement Scale MP-2016 Report and the demographic assumptions used in the 2016 Annual Report of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds.

Changes in the Total OPEB Liability –

	CCEHBP	PEBP	Total
Balance at June 30, 2017, as restated	\$ 97,683	\$ 367,005	\$ 464,688
Changes for the year:			
Service cost	18,849	-	18,849
Interest	3,106	9,634	12,740
Changes in assumptions or other inputs	(3,629)	(20,789)	(24,418)
Benefit payments	(1,282)	(15,085)	(16,367)
Net changes	17,044	(26,240)	(9,196)
Balance at June 30, 2018	\$ 114,727	\$ 340,765	\$ 455,492

Changes in Assumptions - CCEHBP and PEBP changes in assumptions and other inputs reflect a change in discount rate from 2.68% to 3.13%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the City, as well as what the City's Total OPEB liability would be if it were calculated using a discount rate that is 1-percentage lower (2.13%) or 1-percentage-point higher (4.13%) than the current discount rate:

	1% Decrease in Discount Rate (2.13%)	Discount Rate (3.13%)	1% Increase in Discount Rate (4.13%)
CCEHBP OPEB Liability	\$ 126,884	\$ 114,727	\$ 104,042
PEBP OPEB Liability	390,010	340,765	301,227
	\$ 516,894	\$ 455,492	\$ 405,269

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease in Healthcare Cost Trend Rate	Healthcare Cost Trend Rate (6.50%)	1% Increase in Healthcare Cost Trend Rate
CCEHBP OPEB Liability	\$ 97,858	\$ 114,727	\$ 135,835
PEBP OPEB Liability	300,033	340,765	390,491
<b>Total OPEB Liability</b>	<b>\$ 397,891</b>	<b>\$ 455,492</b>	<b>\$ 526,326</b>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2018, the City recognized OPEB expense (negative OPEB expense) of \$10,491:

CCEHBP	\$ 21,646
PEBP	<u>(11,155)</u>
	<u>\$ 10,491</u>

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	CCEHBP		PEBP		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions and other inputs	\$ -	\$ (3,320)	\$ -	\$ -	\$ -	\$ (3,320)
Contributions Subsequent to the Measurement Date	2,756	-	16,169	-	18,925	-
<b>Total</b>	<u>\$ 2,756</u>	<u>\$ (3,320)</u>	<u>\$ 16,169</u>	<u>\$ -</u>	<u>\$ 18,925</u>	<u>\$ (3,320)</u>

The \$18,925 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2019.

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30:</u>	<u>CCEHBP</u>	<u>PEBP</u>	<u>Total</u>
2019	\$ 309	\$ -	\$ 309
2020	309	-	309
2021	309	-	309
2022	309	-	309
2023	309	-	309
Thereafter	1,775	-	1,775

**Note 12 - Subsequent Events**

On September 28, 2018, the City entered into a development agreement with a third party to construct and operate a grocery store in the City. The agreement requires the City to make annual payments of \$10,000 for the next five years to the owner of the grocery store as long as the grocery store continues to operate during this time period.

On August 22, 2018, the City approved the sale agreement for the property located at 617 Main Street for \$10,000 and the buyer will construct an office building on the site within eighteen months.

On December 12, 2018, the City awarded two contracts, one for the Spring to Booster Pump Water Replacement Project in the amount of \$65,000 and the second for engineering fees for the 2019 chip and seal project in the amount of \$28,400.

**Note 13 - Commitments and Contingent Liabilities**

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

**Note 14 - Adoption of New Standards**

As of July 1, 2017, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report the cost and obligations associated with other postemployment benefits other than pensions in their financial statements, including additional note disclosures and required supplementary information. Beginning net position was restated to retroactively remove the prior OPEB liability reported under GASB Statement No. 45 and adopt the provisions of GASB Statement No. 75 to report the beginning total OPEB liability and deferred outflows of resources related to contributions made after the measurement date.

The changes to beginning net position are as follows:

	Governmental Activities	Business-Type Activities	Total
Net Position at June 30, 2017, as Originally Reported	\$ 8,693,870	\$ 4,568,964	\$ 13,262,834
Remove previously reported OPEB Liability previously reported under GASB Statement No. 45	180,993	48,145	229,138
Add Total OPEB Liability under GASB Statement No. 75 at June 30, 2017	(367,051)	(97,637)	(464,688)
Deferred outflows of resources related to contributions made during the year ended June 30, 2017 (the period following the measurement date)	12,928	3,439	16,367
Net Position at July 1, 2017, as Restated	\$ 8,520,740	\$ 4,522,911	\$ 13,043,651





Required Supplementary Information  
June 30, 2018

**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, 2018  
 (With Comparative Actual Amounts for the Year Ended June 30, 2017)

	Budgeted Amounts		Actual	Final Budget Variance	2017
	Original	Final			
Revenues					
Taxes					
Ad valorem taxes	\$ 425,691	\$ 425,691	\$ 419,320	\$ (6,371)	\$ 401,742
Licenses, Permits and Fees					
Franchise fees	14,000	14,000	13,718	(282)	13,566
Business licenses	25,000	25,000	18,924	(6,076)	22,577
Liquor licenses	4,800	4,800	5,085	285	4,880
Local gaming licenses	8,500	8,500	8,210	(290)	5,930
Animal licenses	1,600	1,600	2,117	517	2,264
Building permits	12,000	12,000	34,785	22,785	18,124
Other permits and fees	2,000	2,000	3,187	1,187	2,365
	67,900	67,900	86,026	18,126	69,706
Intergovernmental					
Consolidated tax revenues	1,652,734	1,652,734	1,902,728	249,994	1,810,661
Motor vehicle fuel tax	51,000	51,000	53,376	2,376	48,891
Share of county gaming license	7,000	7,000	7,785	785	9,300
Infrastructure tax	-	-	46,403	46,403	-
Federal grants	-	-	47,484	47,484	-
	1,710,734	1,710,734	2,057,776	347,042	1,868,852
Charges for Services					
Ambulance charges	40,000	40,000	1,057	(38,943)	13,761
Ambulance supplies	6,500	6,500	-	(6,500)	3,681
Facility Use Fees	-	-	-	-	393
	46,500	46,500	1,057	(45,443)	17,835
Fines and Forfeits					
Court fines and fees	17,000	17,000	16,387	(613)	21,571
Animal fines and fees	3,000	3,000	4,713	1,713	2,905
Other	-	-	14,045	14,045	310
	20,000	20,000	35,145	15,145	24,786
Miscellaneous					
Interest income	4,500	4,500	6,343	1,843	6,881
Other income	7,500	7,500	28,524	21,024	37,681
Developer reimbursement	-	-	-	-	258,839
Sales and rentals	-	-	385	385	226
Leases and contracts	18,000	18,000	10,950	(7,050)	14,678
Local grants	13,000	13,000	-	(13,000)	-
	43,000	43,000	46,202	3,202	318,305
Total revenues	2,313,825	2,313,825	2,645,526	331,701	2,701,226

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund  
Year Ended June 30, 2018  
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	Budgeted Amounts		Actual	Final Budget Variance	2017
	Original	Final			
Expenditures					
Current					
General Government					
Finance Administration					
Salaries and wages	\$ 138,057	\$ 138,057	\$ 137,621	\$ 436	\$ 133,437
Employee benefits	74,031	74,031	70,112	3,919	73,160
Services and supplies	22,950	22,950	17,731	5,219	19,039
Capital outlay	10,000	10,000	8,124	1,876	3,300
	<u>245,038</u>	<u>245,038</u>	<u>233,588</u>	<u>11,450</u>	<u>228,936</u>
Legislative					
Salaries and wages	13,270	13,270	13,090	180	12,833
Employee benefits	4,164	4,164	4,033	131	3,490
Services and supplies	4,500	4,500	2,706	1,794	4,512
Capital Outlay	100	100	-	100	-
	<u>22,034</u>	<u>22,034</u>	<u>19,829</u>	<u>2,205</u>	<u>20,835</u>
Other					
Services and supplies	<u>605,970</u>	<u>605,970</u>	<u>459,541</u>	<u>146,429</u>	<u>374,039</u>
City Manager					
Salaries and wages	77,875	77,875	66,278	11,597	72,913
Employee benefits	33,113	33,113	17,914	15,199	24,593
Services and supplies	5,000	5,000	1,691	3,309	1,699
	<u>115,988</u>	<u>115,988</u>	<u>85,883</u>	<u>30,105</u>	<u>99,205</u>
Total general government	<u>989,030</u>	<u>989,030</u>	<u>798,841</u>	<u>190,189</u>	<u>723,015</u>
Public Safety					
Police					
Salaries and wages	370,840	370,840	349,551	21,289	374,400
Employee benefits	254,267	254,267	177,831	76,436	230,831
Services and supplies	112,066	112,066	115,448	(3,382)	123,953
Capital outlay	35,000	35,000	28,326	6,674	57,017
	<u>772,173</u>	<u>772,173</u>	<u>671,156</u>	<u>101,017</u>	<u>786,201</u>
Animal Control					
Salaries	31,380	31,380	30,985	395	30,992
Employee benefits	20,000	20,000	18,574	1,426	22,611
Services and supplies	3,250	3,250	436	2,814	1,020
Capital outlay	500	500	291	209	1,000
	<u>55,130</u>	<u>55,130</u>	<u>50,286</u>	<u>4,844</u>	<u>55,623</u>

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund  
Year Ended June 30, 2018  
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	Budgeted Amounts		Actual	Final Budget Variance	2017
	Original	Final			
Fire and Ambulance					
Salaries	\$ 52,606	\$ 22,606	\$ 16,417	\$ 6,189	\$ 30,447
Employee benefits	31,850	11,850	5,968	5,882	13,515
Services and supplies	104,980	104,980	59,029	45,951	80,119
Capital outlay	15,000	15,000	17,635	(2,635)	39,942
	<u>204,436</u>	<u>154,436</u>	<u>99,049</u>	<u>55,387</u>	<u>164,023</u>
Total public safety	<u>1,031,739</u>	<u>981,739</u>	<u>820,491</u>	<u>161,248</u>	<u>1,005,847</u>
Judicial					
Municipal Court					
Salaries and wages	36,550	36,550	37,198	(648)	35,145
Employee benefits	15,000	15,000	14,644	356	7,591
Services and supplies	3,900	3,900	2,702	1,198	1,911
Total judicial	<u>55,450</u>	<u>55,450</u>	<u>54,544</u>	<u>906</u>	<u>44,647</u>
Public Works					
Highways and Streets					
Salaries and wages	38,500	38,500	39,248	(748)	36,407
Employee benefits	22,000	22,000	23,300	(1,300)	22,284
Services and supplies	171,375	171,375	156,608	14,767	164,067
Capital outlay	164,000	214,000	202,644	11,356	-
Total public works	<u>395,875</u>	<u>445,875</u>	<u>421,800</u>	<u>24,075</u>	<u>222,758</u>
Health and Sanitation					
Public Health Administration					
Services and supplies	15,000	15,000	5,292	9,708	4,704
Cemetery					
Salaries and wages	34,000	34,000	32,292	1,708	31,324
Employee benefits	20,000	20,000	19,777	223	20,668
Services and supplies	8,175	8,175	5,301	2,874	4,243
	<u>62,175</u>	<u>62,175</u>	<u>57,370</u>	<u>4,805</u>	<u>56,235</u>
Total health and sanitation	<u>77,175</u>	<u>77,175</u>	<u>62,662</u>	<u>14,513</u>	<u>60,939</u>

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund  
 Year Ended June 30, 2018  
 (With Comparative Actual Amounts for the Year Ended June 30, 2017)

	Budgeted Amounts		Actual	Final Budget Variance	2017
	Original	Final			
Culture and Recreation					
Parks					
Salaries and wages	\$ 1,000	\$ 1,000	\$ -	\$ 1,000	\$ -
Employee Benefits	500	500	-	500	-
Services and supplies	23,175	23,175	18,442	4,733	17,031
Capital outlay	10,000	10,000	-	10,000	3,060
	<u>34,675</u>	<u>34,675</u>	<u>18,442</u>	<u>16,233</u>	<u>20,091</u>
Library					
Services and supplies	2,500	2,500	2,685	(185)	2,644
Total culture and recreation	<u>37,175</u>	<u>37,175</u>	<u>21,127</u>	<u>16,048</u>	<u>22,735</u>
Total expenditures	<u>2,586,444</u>	<u>2,586,444</u>	<u>2,179,465</u>	<u>406,979</u>	<u>2,079,941</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(272,619)</u>	<u>(272,619)</u>	<u>466,061</u>	<u>738,680</u>	<u>621,285</u>
Other Financing Sources (Uses)					
Transfers in	15,000	15,000	15,000	-	-
Transfers out	(299,710)	(326,710)	(326,710)	-	(80,150)
Contingency	<u>(73,288)</u>	<u>(46,288)</u>	<u>-</u>	<u>46,288</u>	<u>-</u>
Total other financing sources (uses)	<u>(357,998)</u>	<u>(357,998)</u>	<u>(311,710)</u>	<u>46,288</u>	<u>(80,150)</u>
Net Change in Fund Balance	(630,617)	(630,617)	154,351	784,968	541,135
Fund Balance, Beginning of Year	<u>3,352,581</u>	<u>3,352,581</u>	<u>4,641,861</u>	<u>1,289,280</u>	<u>4,100,726</u>
Fund Balance, End of Year	<u>\$ 2,721,964</u>	<u>\$ 2,721,964</u>	<u>\$ 4,796,212</u>	<u>\$ 2,074,248</u>	<u>\$ 4,641,861</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, 2018  
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	Budget Amounts		Actual	Variance	2017
	Original	Final			
<b>Revenues</b>					
Intergovernmental					
Federal grants	\$ 75,000	\$ 75,000	\$ 51,577	\$ (23,423)	\$ 55,000
Cash match	112,068	112,068	100,795	(11,273)	87,213
USDA	8,500	8,500	6,768	(1,732)	6,175
	<u>195,568</u>	<u>195,568</u>	<u>159,140</u>	<u>(36,428)</u>	<u>148,388</u>
Charges for services	<u>15,200</u>	<u>15,200</u>	<u>22,244</u>	<u>7,044</u>	<u>20,025</u>
Miscellaneous					
Contributions	500	500	12,862	12,362	14,731
In-kind revenue	500	500	2,077	1,577	1,235
	<u>1,000</u>	<u>1,000</u>	<u>14,939</u>	<u>13,939</u>	<u>15,966</u>
Total revenues	<u>211,768</u>	<u>211,768</u>	<u>196,323</u>	<u>(15,445)</u>	<u>184,379</u>
<b>Expenditures</b>					
Current					
Culture and Recreation					
Salaries and wages	108,000	108,000	100,980	7,020	82,828
Employee benefits	81,328	81,328	51,794	29,534	47,839
Services and supplies	71,650	71,650	74,424	(2,774)	75,309
Capital outlay	-	-	-	-	7,987
Total expenditures	<u>260,978</u>	<u>260,978</u>	<u>227,198</u>	<u>33,780</u>	<u>213,963</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(49,210)</u>	<u>(49,210)</u>	<u>(30,875)</u>	<u>18,335</u>	<u>(29,584)</u>
Other Financing Sources (Uses)					
Transfers in	<u>49,710</u>	<u>49,710</u>	<u>49,710</u>	<u>-</u>	<u>80,150</u>
Net Change in Fund Balance	500	500	18,835	18,335	50,566
Fund Balance, Beginning of Year	<u>2,722</u>	<u>2,722</u>	<u>89,673</u>	<u>86,951</u>	<u>39,107</u>
Fund Balance, End of Year	<u>\$ 3,222</u>	<u>\$ 3,222</u>	<u>\$ 108,508</u>	<u>\$ 105,286</u>	<u>\$ 89,673</u>

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –  
Grants Fund  
Year Ended June 30, 2018  
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	Budget Amounts		Actual	Variance	2017
	Original	Final			
Revenues					
Intergovernmental					
Grants	\$ 1,058,000	\$ 1,058,000	\$ 84,417	\$ (973,583)	\$ 72,656
Expenditures					
Current					
Public Safety					
Services and supplies	258,000	258,000	36,185	221,815	95,175
Capital outlay	800,000	800,000	34,899	765,101	-
Total expenditures	1,058,000	1,058,000	71,084	986,916	95,175
Excess (Deficiency) of Revenues over Expenditures	-	-	13,333	13,333	(22,519)
Other Financing Sources (Uses)					
Transfers in	-	-	27,000	27,000	-
Net Change in Fund Balance	-	-	40,333	40,333	(22,519)
Fund Balance (Deficit), Beginning of Year	18,522	18,522	(8,872)	(27,394)	13,647
Fund Balance (Deficit), End of Year	\$ 18,522	\$ 18,522	\$ 31,461	\$ 12,939	\$ (8,872)



City of Carlin  
 Schedule of Changes in the City's Total OPEB Liability and Related Ratios – City of Carlin Employee Health  
 Benefit Plan (CCEHBP)  
 June 30, 2018

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	2018
Total OPEB Liability	
Service Cost	\$ 18,849
Interest	3,106
Changes of Assumptions or Other Inputs	(3,629)
Benefit Payments	(1,282)
Net Change in Total OPEB Liability	17,044
Total OPEB Liability, July 1	97,683
Total OPEB Liability, June 30	\$ 114,727
Covered Payroll	\$ 897,280
Total OPEB Liability as a Percentage of Covered Payroll	12.79%

Notes to Schedule:

Changes of Assumptions: Changes of assumptions and other inputs reflect updated changes in the discount rate from 2.68% to 3.13%.

The City adopted GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2018. GASB Statement No. 75 requires ten years of information to be presented in this table. However, until ten years of data is available, the City will present information only for those years for which information is available.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

City of Carlin  
 Schedule of Changes in the City’s Total OPEB Liability and Related Ratios – State of Nevada Public Employees’  
 Benefit Plan (PEBP)  
 June 30, 2018

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	2018
Total OPEB Liability	
Interest	\$ 9,634
Changes of Assumptions or Other Inputs	(20,789)
Benefit Payments	(15,085)
Net Change in Total OPEB Liability	(26,240)
Total OPEB Liability, July 1	367,005
Total OPEB Liability, June 30	\$ 340,765
Covered Payroll	N/A
Total OPEB Liability as a Percentage of Covered Payroll	N/A

Notes to Schedule:

Changes of Assumptions: Changes of assumptions and other inputs reflect updated changes in the discount rate from 2.68% to 3.13%.

The City adopted GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2018. GASB Statement No. 75 requires ten years of information to be presented in this table. However, until ten years of data is available, the City will present information only for those years for which information is available.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

<u>Fiscal Year Ending</u>	<u>City's Portion of the Net Pension Liability</u>	<u>City's Proportionate Share of the Net Pension Liability</u>	<u>City's Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2014	0.02057%	\$ 2,143,875	\$1,061,682	201.93%	76.30%
2015	0.02078%	2,381,517	1,141,555	208.62%	75.13%
2016	0.01992%	2,680,474	1,013,684	264.43%	72.23%
2017	0.01944%	2,586,083	1,125,719	229.73%	74.42%

\* 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 Employees' Retirement System of Nevada (PERS)  
 Last Ten Fiscal Years\*

Fiscal Year Ending	Statutorily Required Contribution **	Contributions in Relation to the Statutorily Required Contribution**	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 160,391	\$ 160,391	\$ -	\$ 1,141,555	14.05%
2016	168,881	168,881	-	1,013,684	16.66%
2017	174,622	174,622	-	1,125,719	15.51%
2018	161,000	161,000	-	1,063,064	15.14%

\* 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.

\*\* All contributions shown reflect employer-paid contributions only. Member contributions are excluded.

Changes in assumptions include changes in the inflation rate and consumer price index from 3.5% to 2.75%, changes in the investment rate of return from 8.00% to 7.50%, changes in the productivity pay increase from 0.75% to 0.50%, and changes in the projected salary increases. In addition, the mortality rates are now based on the Headcount-Weighted RP-2014 Mortality Tables rather than the RP-2000 Mortality Tables.



Supplementary Information  
June 30, 2018

**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, 2018  
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	<u>Budgeted</u>	<u>Amounts</u>		<u>Final Budget</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>	<u>2017</u>
Revenues					
Taxes					
Ad valorem taxes	\$ 28,000	\$ 28,000	\$ 34,579	\$ 6,579	\$ 29,785
Miscellaneous					
Donations	-	-	5,078	5,078	8,868
Total revenues	<u>28,000</u>	<u>28,000</u>	<u>39,657</u>	<u>11,657</u>	<u>38,653</u>
Expenditures					
Public Works					
Highway and Streets					
Capital outlay	<u>650,000</u>	<u>650,000</u>	<u>-</u>	<u>650,000</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(622,000)</u>	<u>(622,000)</u>	<u>39,657</u>	<u>661,657</u>	<u>38,653</u>
Other Financing (Uses)					
Transfers in	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(372,000)	(372,000)	289,657	661,657	38,653
Fund Balance, Beginning of Year	<u>382,070</u>	<u>382,070</u>	<u>304,497</u>	<u>(77,573)</u>	<u>265,844</u>
Fund Balance, End of Year	<u>\$ 10,070</u>	<u>\$ 10,070</u>	<u>\$ 594,154</u>	<u>\$ 584,084</u>	<u>\$ 304,497</u>

	Special Revenue Funds			
	Parks and Recreation Fund	Municipal Court Building Fund	Administrative Assessment Fund	Parks and Recreation Fund #2
<b>Assets</b>				
Cash	\$ 265,846	\$ 12,180	\$ 7,758	\$ 87,207
Accounts receivable, net	6,084	200	1,013	-
Restricted cash	-	-	-	-
<b>Total assets</b>	<b>\$ 271,930</b>	<b>\$ 12,380</b>	<b>\$ 8,771</b>	<b>\$ 87,207</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 887	\$ -
<b>Fund Balance</b>				
Nonspendable	-	-	-	-
Restricted for				
Debt service	-	-	-	-
Perpetual cemetery care	-	-	-	-
Court facilities fees (NRS 176.0611)	-	12,380	-	-
Judicial fees (NRS 176.059)	-	-	7,884	-
Committed for				
Future community development	48,835	-	-	-
Recreational activities	223,095	-	-	87,207
Public safety	-	-	-	-
Assigned				
Subsequent year operations	-	-	-	-
Other purposes	-	-	-	-
<b>Total fund balance</b>	<b>271,930</b>	<b>12,380</b>	<b>7,884</b>	<b>87,207</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 271,930</b>	<b>\$ 12,380</b>	<b>\$ 8,771</b>	<b>\$ 87,207</b>



City of Carlin  
Combining Balance Sheet – Nonmajor Governmental Funds  
June 30, 2018

<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>
\$ 48,378	\$ 108,233	\$ 53,226	\$ 55,272	\$ 638,100
3,725	-	-	-	11,022
-	-	12,100	33,004	45,104
<u>\$ 52,103</u>	<u>\$ 108,233</u>	<u>\$ 65,326</u>	<u>\$ 88,276</u>	<u>\$ 694,226</u>
<u>\$ 1,629</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,516</u>
-	-	-	33,004	33,004
-	-	12,100	-	12,100
-	-	-	55,272	55,272
-	-	-	-	12,380
-	-	-	-	7,884
-	-	-	-	48,835
-	-	-	-	310,302
-	108,233	-	-	108,233
4,000	-	-	-	4,000
46,474	-	53,226	-	99,700
<u>50,474</u>	<u>108,233</u>	<u>65,326</u>	<u>88,276</u>	<u>691,710</u>
<u>\$ 52,103</u>	<u>\$ 108,233</u>	<u>\$ 65,326</u>	<u>\$ 88,276</u>	<u>\$ 694,226</u>

	Special Revenue Funds			
	Parks and Recreation Fund	Municipal Court Building Fund	Administrative Assessment Fund	Parks and Recreation Fund #2
Revenues				
Taxes	\$ 53,040	\$ -	\$ -	\$ -
Miscellaneous	-	2,935	13,488	27,258
Total revenues	<u>53,040</u>	<u>2,935</u>	<u>13,488</u>	<u>27,258</u>
Expenditures				
Current				
Public safety	-	-	-	-
Judicial	-	-	12,480	-
Culture and recreation	4,334	-	-	12,666
Capital outlay	-	-	-	9,358
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>4,334</u>	<u>-</u>	<u>12,480</u>	<u>22,024</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>48,706</u>	<u>2,935</u>	<u>1,008</u>	<u>5,234</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	37,500
Transfers out	<u>(62,500)</u>	<u>(5,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(62,500)</u>	<u>(5,000)</u>	<u>-</u>	<u>37,500</u>
Net Change in Fund Balance	(13,794)	(2,065)	1,008	42,734
Fund Balances, Beginning of Year	<u>285,724</u>	<u>14,445</u>	<u>6,876</u>	<u>44,473</u>
Fund Balances, End of Year	<u>\$ 271,930</u>	<u>\$ 12,380</u>	<u>\$ 7,884</u>	<u>\$ 87,207</u>

City of Carlin  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –  
Nonmajor Governmental Funds  
Year Ended June 30, 2018

<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>
\$ -	\$ -	\$ -	\$ -	\$ 53,040
35,665	-	-	3,154	82,500
<u>35,665</u>	<u>-</u>	<u>-</u>	<u>3,154</u>	<u>135,540</u>
-	9,463	-	-	9,463
-	-	-	-	12,480
38,528	-	-	-	55,528
56,441	6,286	-	-	72,085
-	-	5,597	-	5,597
-	-	6,503	-	6,503
<u>94,969</u>	<u>15,749</u>	<u>12,100</u>	<u>-</u>	<u>161,656</u>
<u>(59,304)</u>	<u>(15,749)</u>	<u>(12,100)</u>	<u>3,154</u>	<u>(26,116)</u>
15,000	-	-	-	52,500
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(67,500)</u>
<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>
(44,304)	(15,749)	(12,100)	3,154	(41,116)
<u>94,778</u>	<u>123,982</u>	<u>77,426</u>	<u>85,122</u>	<u>732,826</u>
<u>\$ 50,474</u>	<u>\$ 108,233</u>	<u>\$ 65,326</u>	<u>\$ 88,276</u>	<u>\$ 691,710</u>

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –  
Parks and Recreation Fund  
Year Ended June 30, 2018  
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2017</u>
Revenues				
Taxes				
Room tax revenues	\$ 50,360	\$ 53,040	\$ 2,680	\$ 49,761
Expenditures				
Current				
Culture and Recreation				
Services and supplies	8,000	4,334	3,666	3,730
Excess (Deficiency) of Revenues over Expenditures	42,360	48,706	6,346	46,031
Other Financing Sources (Uses)				
Transfers out	(62,500)	(62,500)	-	(40,000)
Net Change in Fund Balance	(20,140)	(13,794)	6,346	6,031
Fund Balance, Beginning of Year	253,693	285,724	32,031	279,693
Fund Balance, End of Year	<u>\$ 233,553</u>	<u>\$ 271,930</u>	<u>\$ 38,377</u>	<u>\$ 285,724</u>

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –  
Municipal Court Building Fund  
Year Ended June 30, 2018  
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

---

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2017</u>
Revenues				
Miscellaneous				
Building Assessments	\$ 2,000	\$ 2,935	\$ 935	\$ 2,582
Other Financing Sources (Uses)				
Transfers Out	(5,000)	(5,000)	-	-
Net Change in Fund Balance	(3,000)	(2,065)	935	2,582
Fund Balance, Beginning of Year	8,563	14,445	5,882	11,863
Fund Balance, End of Year	<u>\$ 5,563</u>	<u>\$ 12,380</u>	<u>\$ 6,817</u>	<u>\$ 14,445</u>

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –  
Administrative Assessment Fund  
Year Ended June 30, 2018  
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2017</u>
Revenues				
Miscellaneous				
Administrative assessments	\$ 16,000	\$ 13,488	\$ (2,512)	\$ 12,695
Expenditures				
Current				
Judicial				
Services and supplies	16,000	12,480	3,520	11,374
Net Change in Fund Balance	-	1,008	1,008	1,321
Fund Balance, Beginning of Year	6,955	6,876	(79)	5,555
Fund Balance, End of Year	<u>\$ 6,955</u>	<u>\$ 7,884</u>	<u>\$ 929</u>	<u>\$ 6,876</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, 2018  
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2017</u>
Revenues				
Miscellaneous				
Other income	\$ 15,250	\$ 27,258	\$ 12,008	\$ 13,654
Expenditures				
Current				
Culture and Recreation				
Parks				
Services and supplies	13,000	12,666	334	11,818
Capital outlay	40,000	9,358	30,642	4,268
Total expenditures	53,000	22,024	30,976	16,086
Excess (Deficiency) of Revenues over Expenditures	(37,750)	5,234	42,984	(2,432)
Other Financing Sources				
Transfers in	37,500	37,500	-	5,000
Net Change in Fund Balance	(250)	42,734	42,984	2,568
Fund Balance, Beginning of Year	32,755	44,473	11,718	41,905
Fund Balance, End of Year	<u>\$ 32,505</u>	<u>\$ 87,207</u>	<u>\$ 54,702</u>	<u>\$ 44,473</u>

City of Carlin  
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –  
Equestrian Center Fund  
Year Ended June 30, 2018  
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2017</u>
Revenues				
Miscellaneous				
Other income	\$ 30,000	\$ 35,665	\$ 5,665	\$ 17,585
Expenditures				
Current				
Culture and Recreation				
Parks				
Services and supplies	42,000	38,528	3,472	36,536
Capital outlay	60,000	56,441	3,559	8,854
Total expenditures	102,000	94,969	7,031	45,390
Excess (Deficiency) of Revenues over Expenditures	(72,000)	(59,304)	12,696	(27,805)
Other Financing Sources				
Transfers in	15,000	15,000	-	35,000
Net Change in Fund Balance	(57,000)	(44,304)	12,696	7,195
Fund Balance, Beginning of Year	87,583	94,778	7,195	87,583
Fund Balance, End of Year	<u>\$ 30,583</u>	<u>\$ 50,474</u>	<u>\$ 19,891</u>	<u>\$ 94,778</u>



City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –  
Police Forfeiture Fund  
Year Ended June 30, 2018  
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2017</u>
Expenditures				
Current				
Public Safety				
Police				
Services and supplies	\$ 8,000	\$ 9,463	\$ (1,463)	\$ 21,825
Capital outlay	<u>33,000</u>	<u>6,286</u>	<u>26,714</u>	<u>9,383</u>
Total expenditures	<u>41,000</u>	<u>15,749</u>	<u>25,251</u>	<u>31,208</u>
Net Change in Fund Balance	(41,000)	(15,749)	25,251	(31,208)
Fund Balance, Beginning of Year	<u>90,190</u>	<u>123,982</u>	<u>33,792</u>	<u>155,190</u>
Fund Balance, End of Year	<u>\$ 49,190</u>	<u>\$ 108,233</u>	<u>\$ 59,043</u>	<u>\$ 123,982</u>

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –  
Debt Service Fund  
Year Ended June 30, 2018  
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2017</u>
Expenditures				
Debt service				
Principal	\$ 5,845	\$ 5,597	\$ 248	\$ 5,129
Interest	6,255	6,503	(248)	6,971
Total expenditures	<u>12,100</u>	<u>12,100</u>	<u>-</u>	<u>12,100</u>
Other Financing Sources				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(12,100)	(12,100)	-	(12,100)
Fund Balance, Beginning of Year	<u>77,426</u>	<u>77,426</u>	<u>-</u>	<u>89,526</u>
Fund Balance, End of Year	<u>\$ 65,326</u>	<u>\$ 65,326</u>	<u>\$ -</u>	<u>\$ 77,426</u>

City of Carlin

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –  
 Perpetual Cemetery Care Fund  
 Year Ended June 30, 2018  
 (With Comparative Actual Amounts for the Year Ended June 30, 2017)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2017</u>
Revenues				
Miscellaneous				
Contributions from individuals	\$ 75	\$ 3,050	\$ 2,975	\$ 2,500
Interest income	30	104	74	78
Total revenues	<u>105</u>	<u>3,154</u>	<u>3,049</u>	<u>2,578</u>
Net change in Fund Balance	105	3,154	3,049	2,578
Fund Balance, Beginning of Year	<u>83,564</u>	<u>85,122</u>	<u>1,558</u>	<u>82,544</u>
Fund Balance, End of Year	<u><u>\$ 83,669</u></u>	<u><u>\$ 88,276</u></u>	<u><u>\$ 4,607</u></u>	<u><u>\$ 85,122</u></u>

City of Carlin  
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual –  
Utility Fund  
Year Ended June 30, 2018  
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	Budget	Actual	Variance	2017
Operating Revenues				
Utility Fees				
Water	\$ 365,040	\$ 418,121	\$ 53,081	\$ 461,310
Garbage	208,000	243,091	35,091	227,487
Sewer	292,932	325,128	32,196	323,472
Street lights				
Use fees	24,000	27,574	3,574	27,853
Total operating revenues	<u>889,972</u>	<u>1,013,914</u>	<u>123,942</u>	<u>1,040,122</u>
Operating Expenses				
Water				
Salaries and wages	181,970	173,529	8,441	166,125
Employee benefits	90,000	72,556	17,444	92,045
Services and supplies	218,300	86,223	132,077	68,649
	<u>490,270</u>	<u>332,308</u>	<u>157,962</u>	<u>326,819</u>
Garbage				
Services and supplies	80,500	99,625	(19,125)	93,940
Sewer				
Salaries and wages	139,247	125,186	14,061	130,104
Employee benefits	75,000	47,627	27,373	70,842
Services and supplies	71,400	67,005	4,395	79,440
	<u>285,647</u>	<u>239,818</u>	<u>45,829</u>	<u>280,386</u>
General				
Services and supplies	434,936	252,574	182,362	267,688
Depreciation	130,000	166,982	(36,982)	126,006
	<u>564,936</u>	<u>419,556</u>	<u>145,380</u>	<u>393,694</u>
Total operating expenses	<u>1,421,353</u>	<u>1,091,307</u>	<u>330,046</u>	<u>1,094,839</u>
Operating Income (Loss)	<u>(531,381)</u>	<u>(77,393)</u>	<u>453,988</u>	<u>(54,717)</u>
Nonoperating Revenues (Expenses)				
Interest and penalties earned	33,845	18,722	(15,123)	19,087
Miscellaneous income	13,598	14,597	999	14,188
Interest expense	(866)	(867)	(1)	(1,796)
Total nonoperating revenues (expenses)	<u>46,577</u>	<u>32,452</u>	<u>(14,125)</u>	<u>31,479</u>
Income (Loss) Before Capital Contributions	<u>(484,804)</u>	<u>(44,941)</u>	<u>439,863</u>	<u>(23,238)</u>
Capital contributions	-	20,424	20,424	2,000
Change in Net Position	<u>\$ (484,804)</u>	<u>(24,517)</u>	<u>\$ 460,287</u>	<u>(21,238)</u>
Net Position, Beginning of Year, as Originally Reported		4,568,964		4,632,643
Prior period adjustment		<u>(46,053)</u>		<u>(42,441)</u>
Net Position, Beginning of Year, as Restated		<u>4,522,911</u>		<u>4,590,202</u>
Net Position, End of Year		<u>\$ 4,498,394</u>		<u>\$ 4,568,964</u>

City of Carlin  
 Schedule of Fees Imposed Subject to the Provisions of NRS 354.5989  
 Year Ended June 30, 2018

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Flat Fixed Fees		
Business license revenue for the year ended June 30, 1991 (base year) adjusted through June 30, 2017	\$	<u>35,518</u>
Adjustment of Base		
Base year		
1. Percentage increase in population of local government	0.0%	
2. Percentage increase in the Consumer Price Index for the year ending on December 31 next preceding the year for which the limit is being calculated	<u>2.7%</u>	<u>2.7%</u>
		<u>959</u>
Adjusted base at June 30, 2018		36,477
Actual revenue		<u>18,924</u>
Amount under allowable amount	\$	<u><u>17,553</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, 2018, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated January 22, 2019.

**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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City’s 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 material weaknesses (2018-A, 2018-B and 2018-C).

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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.

### **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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Elko, Nevada  
January 22, 2019

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**2018-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, 2018, we proposed the following audit adjustments to properly state various account balances in order to fairly present the financial statements in accordance with generally accepted accounting principles:

- Ad valorem tax revenue was incorrectly recorded as a transfer into the Capital Projects Fund totaling \$8,338.
- Miscellaneous revenue totaling \$5,078 was incorrectly recorded as a transfer into the Capital Projects Fund.
- Contributions totaling \$12,862 were incorrectly recorded as intergovernmental matching grant revenue in the Open Door Senior Citizens Fund.
- An adjustment was made for \$8,000 to properly record accounts receivable and grant revenue in the Grants Fund.
- An adjustment of \$1,984 was made to properly record prepaid expenditures and service and supplies in the Grants Fund.
- An adjustment was made for \$46,403 to properly record accounts receivable and deferred inflows of resources for unavailable infrastructure tax revenue in the General Fund.
- Transfers out of the General Fund for \$27,000 were incorrectly recorded to the contingency expense account.

*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 perform a detailed review of all financial statements and fund trial balances throughout the year to ensure that all 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 has hired a CPA consultant who started working with the City in June 2018, he will help oversee the preparing of the city financial statements. In addition, management with the help of the CPA consultant, will perform year-end reconciliation procedures to ensure accounts are properly stated.

**2018-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, 2018, we noted billings for ambulance calls had not been processed for the period of October 2016 to May 2018. In May 2018, the City hired a third party to process their ambulance billings. The City has not implemented a system of controls to ensure that all billable ambulance calls are reported to the third party for billing and that receivables are reconciled to the records from the third party. As a result, \$178,915 in uncollected accounts receivable and allowance for doubtful accounts were recorded due to untimely bills that are no longer deemed collectable.

*Cause:* Internal controls in place were not sufficient to ensure that all billable ambulance calls are billed in a timely manner and that ambulance receivables were reconciled to the reports provided by the third party.

*Effect:* Improper reporting of ambulance revenue.

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

*Management's Response:* Management understands the importance of correcting this deficiency. Management has contracted with an outside third-party billing service provider to perform the billing function. The third party biller starting billing in May 2018. In addition, management with the help of the CPA consultant, will be reviewing the city's internal control procedures and will implement all needed procedures to ensure all billable ambulance calls are report to the third party biller and all revenue received by the city is reconciled to the third-party records.

**2018-C Expenses and Accounts Payable  
Material Weakness**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal controls over the recording of transactions to ensure that the City's accounting records accurately reflect the activities and transactions of the City.

*Condition:* During the performance of our procedures, we noted services and supplies received in fiscal year 2017-2018 were recorded as expenses in fiscal year 2018-2019 and the services and supplies received in 2018-2019 were recorded as expenses for 2017-2018. Services and supplies should be recorded as an expense in the fiscal year in which the supplies or the services are performed. An adjustment was made to increase accounts payable and expenditures/expense by \$20,142 in the General Fund and \$75,034 in the Utility Fund.

*Cause:* Internal controls in place were not sufficient to ensure that expenses are recorded in the correct period.

*Effect:* Expenses were not recorded in the correct period, which resulted in expenses and accounts payable being misstated.

*Recommendation:* We recommend that the City enhance internal controls to ensure that expenses are recorded in the period in which the services and supplies are received.

*Management's Response:* Management concurs with this finding. Management will provide staff additional training and familiarity with the accounting system and processes. Ledger account balances will be reviewed in detail this year to eliminate this concern.

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## 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, 2018, 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 354.6245, NRS 354.6015, NRS 268.030 and an apparent violation of NRS 354.626 occurred in General Fund. As noted in Note 2 of the financial statement, an apparent violation of NRS 354.6245 was once again noted.

### Disposition of Prior Year Recommendations

Prior year finding 2017-A is reported again this year as finding 2018-A and prior year finding 2017-B is reported again this year as finding 2018-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  
January 22, 2019

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