

**CITY OF CARLIN
NEVADA
ANNUAL FINANCIAL REPORT
JUNE 30, 2014**



CITY OF CARLIN
JUNE 30, 2014
TABLE OF CONTENTS

	<u>PAGE NO.</u>
<u>FINANCIAL SECTION</u>	
<u>INDEPENDENT AUDITOR’S REPORT</u>	1 - 3
<u>MANAGEMENT’S DISCUSSION AND ANALYSIS</u>	4 - 10
<u>BASIC FINANCIAL STATEMENTS:</u>	
Government-Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	16
Proprietary Fund:	
Statement of Fund Net Position	17
Statement of Revenues, Expenses and Changes in Fund Net Position	18
Statement of Cash Flows	19 - 20
Notes to Financial Statements	21 - 42
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
General Fund	43 - 47
Schedules of Funding Progress – Other Postemployment Benefit Plans	48
<u>SUPPLEMENTARY INFORMATION</u>	
Major Funds:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	
Capital Projects Fund	49
Nonmajor Governmental Funds:	
Combining Balance Sheet	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	51
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Special Revenue Funds:	
Grants Fund	52
Parks and Recreation Fund	53
Municipal Court Building Fund	54
Administrative Assessment Fund	55
Parks and Recreation Fund #2	56
Equestrian Center Fund	57
Police Forfeiture Fund	58
Open Door Senior Citizens Center Fund	59
Debt Service Fund	60
Perpetual Cemetery Care Fund	61

CITY OF CARLIN
JUNE 30, 2014
TABLE OF CONTENTS

PAGE NO.

Proprietary Fund:

Schedule of Revenues, Expenses and Changes in Fund Net Position –

Budget and Actual:

Utility Fund

62 - 63

COMPLIANCE SECTION

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

64 – 65

Schedule of Findings and Responses

66 - 69

AUDITOR'S COMMENTS

Schedule of Fees Imposed Subject to the Provisions of NRS 354.5989

70

Statute Compliance

71

Progress on Prior Year Statute Compliance

71

Prior Year Recommendations

71

Current Year Recommendations

71

FINANCIAL SECTION

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Carlin, State of Nevada (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2014, 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.

Emphasis of Matters

As described in Note 1 to the financial statements, the City adopted the provision of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The adoption of this statement resulted in the reclassification of items previously reported in liabilities to be reported in deferred inflows of resources as unavailable revenues. Our opinion is not modified with respect to this matter.

As described in Note 13 of the financial statements, a prior period adjustment was made to correct misstatements in prior year financial statements. Our opinion is 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 4–10, budgetary comparison information on pages 43–47, and Schedules of Funding Progress – Other Postemployment Benefits Plans on page 48 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 Management's Discussion and Analysis and Schedules of Funding Progress–Other Postemployment Benefits Plans 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 were derived from and relate directly to underlying accounting and other records used to prepare the basic financial statements. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the budgetary comparison is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

The 2013 basic financial statements of the City were audited by Kafoury, Armstrong & Co., who joined Eide Bailly, LLP on December 15, 2014, in accordance with auditing standards generally accepted in the United States of America, as of and for the year ended June 30, 2013 (not presented herein), whose reported dated November 27, 2013, expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The 2013 individual fund financial statements and schedules related to the 2013 basic financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 2013 individual nonmajor fund financial statements and budgetary comparisons are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the 2013 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2013 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 those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the individual fund financial statements and schedules for 2013 are fairly stated in all material respects in relation to the 2013 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 March 20, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Eide Bailly LLP

Elko, Nevada
March 20, 2015

CITY OF CARLIN

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

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

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

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

Overview of the Financial Statements

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

Government-wide Financial Statements

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

Fund Financial Statements

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

Notes to the Financial Statements

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

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

Table 1: Major Features of the Basic Financial Statements

	Government-wide Financial Statements	Fund Financial Statements		
		Government Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City Government (except fiduciary funds)	Activities of the City that are not proprietary or fiduciary	Activities of the City that are operated similar to private businesses	Instances in which the City is the trustee agent for someone else's resources
Required Financial Statements	Statement of Net Position, Statement of Activities	Balance Sheet, Statement of Revenues, Expenditures & 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

CITY OF CARLIN

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

	Government-wide Financial Statements	Fund Financial Statements		
		Government Funds	Proprietary Funds	Fiduciary Funds
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting
Types of Asset/Liability/Deferred Inflow/Information	All assets and liabilities both financial and capital and short-term and long-term, deferred inflows/outflows of resources	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital and short-term and long-term	Assets and liabilities held in fiduciary capacity
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; Expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues and expenses during the year, regardless of when cash is received or paid

Condensed Statement of Net Position

The largest component, \$8,343,723, of the City's net position (formerly identified as net assets) 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 56% 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.

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current & Other Assets	\$ 5,010,134	\$ 5,176,014	\$2,114,637	\$1,815,940	\$ 7,124,711	\$ 6,991,954
Capital Assets	5,699,143	4,861,117	2,898,670	2,961,970	8,597,813	7,823,087
Total Assets	10,709,277	10,037,131	5,013,307	4,777,910	15,722,584	14,815,041
Other Liabilities	137,808	131,583	31,035	50,880	168,843	182,463
Long-term Liabilities						
Due w/in one-year	95,283	113,488	33,616	28,618	128,899	142,106
Due in more than one-year	325,798	335,474	96,423	106,871	422,221	442,345
Total Liabilities	558,889	580,545	161,074	186,369	719,963	766,914
Net Position:						
Net Investment in Capital Assets						
Assets	5,515,570	4,625,119	2,828,153	2,875,384	8,343,723	7,500,503
Restricted	297,380	274,755	20,398	20,398	317,778	295,153
Unrestricted	4,337,438	4,556,712	2,003,682	1,695,759	6,341,120	6,252,471
Total Net Position	\$ 10,150,388	\$ 9,456,586	\$4,852,233	\$4,591,541	\$15,002,621	\$ 14,048,127

CITY OF CARLIN

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

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 \$683,018 and the net position of the business-type activities increased by \$260,692.

Table 3: Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Program Revenues						
Charges for Services	\$ 291,239	\$ 460,170	\$ 1,077,448	\$ 1,117,331	\$ 1,368,687	\$ 1,577,501
Operating Grants	193,416	160,838	-	-	193,416	160,838
Capital Grants and Contributions	194,479	88,849	-	-	194,479	88,849
<i>Total Program Revenues</i>	<i>679,134</i>	<i>709,857</i>	<i>1,077,448</i>	<i>1,117,331</i>	<i>1,368,687</i>	<i>1,712,275</i>
General Revenues						
Taxes						
Property	368,452	321,943	-	-	368,452	321,943
Room	62,551	80,159	-	-	62,551	80,159
Fuel	219,380	50,848	-	-	219,380	50,848
Consolidated revenues	1,684,429	1,888,631	-	-	1,684,429	1,888,631
Interest/Investments	6,858	4,660	20,290	26,571	27,148	31,231
Gain on sale of assets	289,574	331,518			289,574	331,518
Miscellaneous	161,649	66,494	13,599	9,877	175,248	76,371
<i>Total General Revenues</i>	<i>2,792,893</i>	<i>2,744,253</i>	<i>33,889</i>	<i>36,448</i>	<i>2,826,782</i>	<i>2,780,701</i>
Total Revenues	3,472,027	3,454,110	1,111,337	1,153,779	4,583,364	4,607,889
Program Expenses						
General Government	770,615	735,736	-	-	770,615	735,736
Public Safety	1,155,116	941,291	-	-	1,155,116	941,291
Judicial	60,311	53,561	-	-	60,311	53,561
Public Works	242,703	202,543	-	-	242,703	202,543
Health and Sanitation	118,158	82,796	-	-	118,158	82,796
Culture and Recreation	432,256	463,787	-	-	432,256	463,787
Community Support	-	52,809	-	-	-	52,809
Water	-	-	392,378	439,538	392,378	439,538
Garbage	-	-	112,356	111,957	112,356	111,957
Sewer	-	-	317,053	317,244	317,053	317,244
Street Lights	-	-	28,858	28,268	28,858	28,268
Interest on long-term debt	9,850	12,099	-	-	9,850	12,099
Total Program Expenses	2,789,009	2,546,773	850,645	897,007	3,639,654	3,441,629

CITY OF CARLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Change in Net Position	683,018	909,488	260,692	256,772	943,710	1,166,260
Beginning Net Position, as originally reported	9,618,083	8,557,882	4,591,541	4,334,769	14,209,624	13,043,364
Prior Period Adjustment	(150,713)	-	-	-	(150,713)	-
Beginning Net Position, as restated	9,467,370	8,557,882	4,591,541	4,334,769	14,058,911	13,043,364
Ending Net Position	<u>\$10,150,388</u>	<u>\$ 9,456,586</u>	<u>\$ 4,852,233</u>	<u>\$ 4,591,541</u>	<u>\$15,002,621</u>	<u>\$14,209,624</u>

Program Expenses and Revenues for Governmental Activities

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

**Table 4: Program Expenses and Revenues
For Governmental Activities
For the Fiscal Year Ended June 30, 2014**

City Programs	Program Expenses	Program Revenues	Net Program (Expenses) Revenues
General Government	\$ 770,615	\$ -	\$ (770,615)
Public Safety	1,155,116	295,489	(859,627)
Judicial	60,311	-	(60,311)
Public Works	242,703	88,095	154,608
Health and Sanitation	118,158	-	(118,158)
Culture and Recreation	432,256	295,550	(136,706)
Interest Long-term Debt	9,850	-	(9,850)
Totals	<u>\$ 2,789,009</u>	<u>\$ 679,134</u>	<u>\$ (2,109,875)</u>

Program Expenses and Revenues for Business-type Activities

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

**Table 5: Program Expenses and Revenues
For Business-type Activities
For the Fiscal Year Ended June 30, 2014**

City Programs	Program Expenses	Program Revenues	Net Program (Expenses) Revenues
Water	\$ 392,378	\$ 477,506	\$ 85,128
Garbage	112,356	229,057	116,701
Sewer	317,053	342,027	24,974
Street Lights	28,858	28,858	-
Totals	<u>\$ 850,645</u>	<u>\$ 1,077,448</u>	<u>\$ 226,803</u>

CITY OF CARLIN

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

Financial highlights for the City during the fiscal year ended June 30, 2014, include the following:

- The City's total Net Position for all activities increased from \$14,058,911 to \$15,002,621, an increase of \$943,710 or nine percent (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 \$635,907 (23.8%). General Fund revenues were also better than projected by \$111,909 (4.7%) due to a conservative estimate of budget revenues during budgeting and an actual increase in Consolidated and Property Taxes. Additionally, sale of land in the industrial park resulted in unbudgeted revenues of \$135,109.
- Capital assets added during the year include improvements to City buildings and facilities, the City Park and the Equestrian Center. Public Safety added a Fire Engine (Pumper) and a command vehicle, as well as Phase I and II for the new firehouse. The Administration Department upgraded all of the desktop computers, and the server, with an addition backup server.
- The City's Business-type Activities (Utility Fund) operating revenues exceeded operating expenses by \$231,132. As an Enterprise Fund, the Utility Fund is required to generate operating revenues sufficient to offset operating expenses. The excess revenues year to year are used for maintenance and eventual replacement of older infrastructure.

Fund Analysis

All Governmental Funds

At the close of the fiscal year ending June 30, 2014, the City's governmental funds reported a combined ending fund balance of \$4,507,033, representing a decrease of (\$362,755) (7.4%) from the previous fiscal year. The decrease across all governmental funds is the result of the following factors:

- Sale of the property to the North of Carlin was delayed.
- The delay of the sale of the property was a contributing factor, creating a shortfall of funding for the construction of the new Firehouse.

General Fund

Fund balance at June 30, 2014 totaled \$3,862,916, which is an increase of \$241,544 (6.7%) from the previous fiscal year. Increase is due to lower than budgeted expenses and increased in expected revenues.

Capital Projects Fund

Fund balance at June 30, 2014 totaled (\$171,361), which is a decrease of (\$614,091) (144.8%) from the previous year. As mentioned above, the decrease is due to construction expenses and the delay of a property sale North of Carlin.

Non-major Governmental Funds

Fund balance at June 30, 2014 totaled \$815,478, which is a increase of (\$992) (0.01%) 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, 2014 and the increase/(decrease) from the previous fiscal year:

CITY OF CARLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

Fund	Fund Balance June 30, 2014	Increase/(Decrease)
Special Revenue Funds:		
Grants Fund	\$ 13,461	\$(2,044)
Municipal Court Building Fund	14,565	1,285
Administrative Assessment Fund	3,544	(4,107)
Park and Recreation Fund #1 (Lodging Tax)	349,937	22,479
Parks and Recreation Fund #2	28,718	(37,169)
Equestrian Center Fund	40,732	3,705
Senior Citizens Center Fund	37,370	(12,313)
Debt Service Fund	58,770	1,725
Police Forfeiture Fund	188,985	24,250
Perpetual Cemetery Care (Permanent) Fund	79,396	1,197
Totals	\$ 815,478	\$ (992)

Proprietary Funds

The City's sole Proprietary Fund, the Utility Fund, had a net position of \$4,852,233 as of June 30, 2014. Operating Revenues exceeded operating expenses by \$231,132.

Deferred Inflows of Resources

The City implemented Governmental Accounting Standards Board Statements 65 related to deferred inflows/outflows of resources during the current fiscal year. Property taxes levied, consideration due for the sale of land and ambulance fees considered collectable but not received within 60 days of year end are considered unavailable in the current year. These are labeled as deferred inflows of resources that will not be recognized as revenue until they are available in future periods.

Capital Asset and Long-term Debt Activity

Capital Asset Activity

At June 30, 2014, the City reported \$ 5,699,143 capital assets for governmental activities and \$2,820,615 in capital assets for business-type activities. Increases in capital assets were the result of improvements to City buildings and facilities, the City Park, Equestrian Center. Public Safety added a Fire Apparatus (Pumper) and a command vehicle, as well as Phase I and II for the new firehouse. The Administration Department upgraded all of the desktop computers, and the servers, with an additional backup server, see Note 4 of the financial statements.

Long-term Debt Activity

Long-term debt outstanding at June 30, 2014 totaled \$254,090. The debt consists of \$24,500 – Police Vehicles, Ambulance, Backhoe; \$159,073 - Senior Center; \$70,517 – Water Line Extension (2/3 of this debt is paid by the City of Elko and Elko County);

Additionally, the City estimates \$130,539 for compensated absences.

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

CITY OF CARLIN

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

Budgets and Approved Budget Augmentations

The City's General Fund Budget was augmented to reflect additional available resources, primarily opening fund balance that exceeded original budgeted amounts. General Fund revenues and available resources were augmented by \$764,242 and General Fund current operating and capital outlay expenditures increased by \$642,072.

Other Governmental Funds revenues were augmented in total by \$46,763 to reflect additional available resources. Budgeted expenditures increased by \$24,034.

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, PO Box 787, Carlin, Nevada 89822.

CITY OF CARLIN
STATEMENT OF NET POSITION
JUNE 30, 2014

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 4,237,480	\$ 1,999,293	\$ 6,236,773
Accounts receivable, net	186,014	94,946	280,960
Due from other governments	336,411	-	336,411
Due from developers	200,000	-	200,000
Taxes receivable, delinquent	39,339	-	39,339
Restricted cash and cash equivalents	10,890	20,398	31,288
Capital assets, net of accumulated depreciation	4,252,610	2,820,615	7,073,225
Capital assets, not being depreciated	1,446,533	78,055	1,524,588
Total Assets	10,709,277	5,013,307	15,722,584
LIABILITIES			
Accounts payable and other	69,544	5,005	74,549
Accrued salaries and related liabilities	68,264	13,776	82,040
Customer meter deposits	-	12,254	12,254
Noncurrent liabilities portion due or payable within one year:			
Compensated absences	65,642	16,744	82,386
Notes payable	29,641	16,872	46,513
Noncurrent liabilities portion due or payable after one year:			
Compensated absences	38,366	9,787	48,153
Notes payable	153,932	53,645	207,577
Other postemployment benefits liability	133,500	32,991	166,491
Total Liabilities	558,889	161,074	719,963
NET POSITION			
Net investment in capital assets	5,515,570	2,828,153	8,343,723
Restricted for:			
Debt service	10,890	20,398	31,288
Nonspendable perpetual cemetery care	33,004	-	33,004
Perpetual cemetery care	46,392	-	46,392
Administrative court fees (NRS 176)	18,109	-	18,109
Public safety	188,985	-	188,985
Unrestricted	4,337,438	2,003,682	6,341,120
Total Net Position	\$ 10,150,388	\$ 4,852,233	\$ 15,002,621

CITY OF CARLIN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR	OPERATING	CAPITAL
		SERVICES	GRANTS AND	GRANTS AND
			CONTRIBUTIONS	CONTRIBUTIONS
Governmental Activities:				
General Government	\$ 770,615	\$ -	\$ -	\$ -
Public Safety	1,155,116	101,010	-	194,479
Judicial	60,311	-	-	-
Public Works	242,703	88,095	-	-
Health and Sanitation	118,158	-	-	-
Culture and Recreation	432,256	102,134	193,416	-
Community Support	-	-	-	-
Interest on long-term debt	9,850	-	-	-
Total Governmental Activities	2,789,009	291,239	193,416	194,479
Business-type Activities:				
Water	392,378	477,506	-	-
Garbage	112,356	229,057	-	-
Sewer	317,053	342,027	-	-
Street lights	28,858	28,858	-	-
Total Business-type Activities	850,645	1,077,448	-	-
Total Primary Government	\$ 3,639,654	\$ 1,368,687	\$ 193,416	\$ 194,479

General Revenues:
Property Taxes
Room Taxes
Consolidated Revenues
Fuel Taxes
Interest and Investment Earnings
Gain on Sale of Capital Assets
Miscellaneous Revenue

Total General Revenues

Change in Net Position

Net Position, July 1, as originally reported

Prior Period Adjustment

Net Position, July 1, as restated

Net Position, June 30

See accompanying notes.

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
PRIMARY GOVERNMENT		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (770,615)	\$ -	\$ (770,615)
(859,627)	-	(859,627)
(60,311)	-	(60,311)
(154,608)	-	(154,608)
(118,158)	-	(118,158)
(136,706)	-	(136,706)
-	-	-
(9,850)	-	(9,850)
(2,109,875)	-	(2,109,875)
-	85,128	85,128
-	116,701	116,701
-	24,974	24,974
-	-	-
-	226,803	226,803
(2,109,875)	226,803	(1,883,072)
368,452	-	368,452
62,551	-	62,551
1,684,429	-	1,684,429
219,380	-	219,380
6,858	20,290	27,148
289,574	-	289,574
161,649	13,599	175,248
2,792,893	33,889	2,826,782
683,018	260,692	943,710
9,618,083	4,591,541	14,209,624
(150,713)	-	(150,713)
9,467,370	4,591,541	14,058,911
\$ 10,150,388	\$ 4,852,233	\$ 15,002,621

**CITY OF CARLIN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	GENERAL	CAPITAL PROJECTS FUNDS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and investments	\$ 3,458,154	\$ -	\$ 779,326	\$ 4,237,480
Receivables, net of allowances:				
Accounts	151,766	-	34,248	186,014
Taxes	39,339	-	-	39,339
Due from Developers	200,000	-	-	200,000
Due from other governments	310,059	7,312	19,040	336,411
Due from other funds	178,673	-	-	178,673
Restricted Cash	-	-	10,890	10,890
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ 4,337,991	\$ 7,312	\$ 843,504	\$ 5,188,807
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 48,036	\$ -	\$ 21,316	\$ 69,352
Payroll accruals	61,554	-	6,710	68,264
Bail and fines held	192	-	-	192
Due to Other Funds	-	178,673	-	178,673
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	109,782	178,673	28,026	316,481
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue, property taxes	16,326	-	-	16,326
Unavailable revenue, due from developers	200,000	-	-	200,000
Unavailable revenue, ambulance fees	148,967	-	-	148,967
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	365,293	-	-	365,293
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES (DEFICIT)				
Nonspendable	-	-	33,004	33,004
Restricted for:				
Debt service	-	-	10,890	10,890
Perpetual cemetery care	-	-	46,392	46,392
Judicial Fees (NRS 176)	-	-	18,109	18,109
Public safety	-	-	188,985	188,985
Committed for:				
Future community development	-	-	15,885	15,885
Recreational activities	-	-	362,770	362,770
Assigned:				
Subsequent year operations	113,861	-	17,942	131,803
Other purposes	-	-	121,501	121,501
Unassigned	3,749,055	(171,361)	-	3,577,694
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	3,862,916	(171,361)	815,478	4,507,033
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,337,991	\$ 7,312	\$ 843,504	\$ 5,188,807
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

CITY OF CARLIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total fund balance, governmental funds \$ 4,507,033

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

The net investment in capital assets is not reported in the Governmental Funds financial statements because they are not current financial resources, but they are reported in the statement of net position.

Capital assets	10,844,580	
Less accumulated depreciation	<u>(6,591,970)</u>	
	4,252,610	
Capital assets, not being depreciated	<u>1,446,533</u>	5,699,143

Deferred inflows of resources represents amounts that are not available to fund current expenditures, and therefore, are not reported in the governmental funds. 365,293

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Notes payable	(183,573)	
Other post employment benefits	(133,500)	
Compensated absences	<u>(104,008)</u>	<u>(421,081)</u>

Total net position, governmental activities \$ 10,150,388

CITY OF CARLIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	GENERAL	CAPITAL PROJECTS FUNDS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 339,023	\$ 26,249	\$ 62,551	\$ 427,823
Licenses, permits and fees	88,095	-	-	88,095
Intergovernmental	1,912,592	-	315,895	2,228,487
Charges for services	88,091	-	54,317	142,408
Fines and forfeits	25,449	-	-	25,449
Other	22,525	100,525	84,492	207,542
Total Revenues	2,475,775	126,774	517,255	3,119,804
EXPENDITURES				
Current:				
General government	740,778	-	-	740,778
Public safety	951,683	-	98,384	1,050,067
Judicial	59,565	-	-	59,565
Public works	98,227	-	-	98,227
Health and sanitation	86,836	-	-	86,836
Culture and recreation	63,902	-	319,883	383,785
Community support	-	-	-	-
Capital outlay	31,279	974,435	141,205	1,146,919
Debt service:				
Principal	-	-	52,425	52,425
Interest	-	-	9,850	9,850
Total Expenditures	2,032,270	974,435	621,747	3,628,452
Excess (Deficiency) of Revenues Over Expenditures	443,505	(847,661)	(104,492)	(508,648)
OTHER FINANCING SOURCE (USES)				
Sale of fixed assets	135,109	-	-	135,109
Transfer in	500	233,570	139,000	373,070
Transfer out	(337,570)	-	(35,500)	(373,070)
Total Other Financing Sources (Uses)	(201,961)	233,570	103,500	135,109
Net Change in Fund Balance	241,544	(614,091)	(992)	(373,539)
FUND BALANCE AT July 1, as previously reported	3,782,869	442,730	805,686	5,031,285
Prior period adjustment	(161,497)	-	10,784	(150,713)
FUND BALANCE AT July 1, as adjusted	3,621,372	442,730	816,470	4,880,572
FUND BALANCES, June 30	<u>\$ 3,862,916</u>	<u>\$ (171,361)</u>	<u>\$ 815,478</u>	<u>\$ 4,507,033</u>

CITY OF CARLIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Net change in fund balances, governmental funds \$ (373,539)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are shown in the statement of net position and allocated over their estimated useful lives as depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay to purchase capital assets	1,209,506	
Current depreciation expense	<u>(325,945)</u>	883,561

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (45,535)

Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 190,650

Long-term liabilities, include notes payable, that are not due and payable in current period and therefore are not reported in the governmental funds.

Note payable - principal payments		52,425
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Current year change in compensated absences	(7,498)	
Current year change in other post employment benefits	<u>(17,046)</u>	<u>(24,544)</u>

Change in net position of governmental activities \$ 683,018

CITY OF CARLIN
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND
	UTILITY FUND
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,999,293
Accounts receivable	94,946
	<u>2,094,239</u>
NONCURRENT ASSETS	
Restricted cash and cash equivalents	20,398
Capital assets, net of accumulated depreciation	2,820,615
Capital assets, not being depreciated	78,055
	<u>2,919,068</u>
Total Assets	<u>5,013,307</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	5,005
Accrued expenses	13,776
Compensated absences, current portion	16,744
Customer meter deposits	12,254
Note payable, current portion	16,872
	<u>64,651</u>
NONCURRENT LIABILITIES	
Compensated absences, net of current portion	9,787
Note payable, net of current portion	53,645
Other post employment benefits	32,991
	<u>96,423</u>
Total Liabilities	<u>161,074</u>
NET POSITION	
Net investment in capital assets	2,828,153
Restricted for debt service	20,398
Unrestricted	2,003,682
Total Net Position	<u>\$ 4,852,233</u>

CITY OF CARLIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES <u>ENTERPRISE FUND</u>
	<u>UTILITY FUND</u>
OPERATING REVENUES	
Charges for sales and services:	
Water (pledged for revenue bond coverage)	\$ 477,506
Garbage	229,057
Sewer	342,026
Street lights	<u>28,858</u>
Total Operating Revenues	<u>1,077,447</u>
OPERATING EXPENSES	
Salaries and wages	225,367
Employee benefits	124,084
Services and supplies	164,724
General services and supplies	212,085
Depreciation	<u>120,055</u>
Total Operating Expenses	<u>846,315</u>
Operating Income (Loss)	<u>231,132</u>
NONOPERATING REVENUES (EXPENSES)	
Interest and penalties earned	20,290
Miscellaneous revenues	13,599
Interest expense	<u>(4,329)</u>
Total Nonoperating Revenues (Expenses)	<u>29,560</u>
Change in Net Position	260,692
NET POSITION, July 1	<u>4,591,541</u>
NET POSITION, June 30	<u><u>\$ 4,852,233</u></u>

CITY OF CARLIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014
(Page 1 of 2)

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND</u>
	<u>UTILITY FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,072,877
Cash payments to employees for services and benefits	(340,150)
Cash payments to suppliers for goods and services	<u>(397,801)</u>
Net Cash Provided (Used) by Operating Activities	<u>334,926</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(56,755)
Proceeds from other governmental units	13,599
Loan payments	(16,069)
Interest expense	<u>(4,329)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(63,554)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>20,290</u>
Net Increase (Decrease) in Cash and Cash Equivalents	291,662
CASH AND CASH EQUIVALENTS, July 1	<u>1,728,029</u>
CASH AND CASH EQUIVALENTS, June 30	\$ <u><u>2,019,691</u></u>
 CASH AND CASH EQUIVALENTS CONSIST OF:	
Restricted cash and cash equivalents	\$ 20,398
Unrestricted cash and cash equivalents	<u>1,999,293</u>
	\$ <u><u>2,019,691</u></u>

CITY OF CARLIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014
(Page 2 of 2)

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND</u>
	<u>UTILITY FUND</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ <u>231,132</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation	120,055
Change in assets and liabilities:	
(Increase) decrease in	
Accounts receivable	(7,035)
Increase (decrease) in	
Accounts payable	(14,321)
Accrued expenses	(1,318)
Meter deposits	2,465
Other post employment benefits liability	<u>3,948</u>
Total Adjustments	<u>103,794</u>
Net Cash Provided (Used) by Operating Activities	\$ <u><u>334,926</u></u>

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

**1. Summary of
Significant
Accounting
Policies**

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

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

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

Reporting Entity

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

Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds and major individual enterprise funds

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

**1. Summary of
Significant
Accounting
Policies
(Continued)**

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

Adoption of Accounting Pronouncement

In fiscal year 2014, the city implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65), which required governments to adopt provisions of GASB Concepts Statements No. 4, *Elements of Financial Statements*. GASB Concepts Statement No. 4 specifies that recognition of deferred inflows/outflows of resources be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in Concepts Statement No. 4. Based on those definitions, GASB 65 reclassifies certain items previously reported as assets and liabilities to deferred outflows or resources and deferred inflows of resources. As such, the fiscal year 2014 governmental funds balance sheet reflect reclassifications of liabilities to deferred inflows of resources for unavailable revenues in the fund financial statements (delinquency property taxes, due from developers and ambulance fees).

Government-Wide Financial Statements

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Gross receipts and sales taxes 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.

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

**1. Summary of
Significant
Accounting
Policies
(Continued)**

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 fund:

- **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.

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.

Enterprise funds are used to report activities for which a fee is charged to external users for goods or services. Internal service funds are used to report such activity when the primary users are within the governmental entity. The residual balances of the internal service fund (after consolidation) is normally included in the governmental activities column of the government-wide financial statements rather than in the business-type activities column since the major purpose for the fund is to support the activities of the governmental funds.

Internal service funds are used when a fund primarily provides benefits to other funds, departments, or agencies of the primary government. The City currently has no internal service funds.

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

**1. Summary of
Significant
Accounting
Policies
(Continued)**

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 of Carlin 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.

- a. On or before April 15, the Carlin 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.
- b. Public budget hearings on the tentative budget are held on the third Tuesday in May prior to the adoption of the budget to obtain taxpayer comments.
- c. 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.
- d. 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.
- e. 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.
- f. 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.
- g. 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

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

**1. Summary of
Significant
Accounting
Policies
(Continued)**

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 and Investments

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. Short-term investments are stated at cost, which is or approximates fair market value. Interest earned on the cash balances is generally recognized in the fund holding the 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.

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

**1. Summary of
Significant
Accounting
Policies
(Continued)**

- 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 as stated in the balance sheet are reported net of allowance of uncollectible accounts as follows: ambulance billings \$217,811, utility billings \$1,681.

Inventories

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

Capital Assets

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the 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

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

**1. Summary of
Significant
Accounting
Policies
(Continued)**

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.

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, 2014, the City had no retirees utilizing the benefit. The City had no cost associated with the above benefit for the year ending June 30, 2014.

Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position/Governmental Funds Balance Sheet may report a separate section for deferred outflows of resources. This separate statement element represents the consumption of net position/fund balance that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any deferred outflows of resources at June 30, 2014.

In addition to liabilities, the Statement of Net Position/Governmental Funds Balance Sheet may report a separate section for deferred inflows of resources. This separate statement element represents an acquisition of net position/fund balance that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reflects deferred inflows of resources which are unavailable revenue reported in the governmental fund balance sheet for delinquent property taxes and uncollected ambulance fees under the modified accrual basis of accounting. The City entered into an agreement during the 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.

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

**1. Summary of
Significant
Accounting
Policies
(Continued)**

Impact of Issued Accounting Standards

In June 2012, the GASB issued Statement No. 68, *Accounting and financial Reporting for Pensions – an amendment of GASB Statement 27*. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement is effective for fiscal year beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this Statement of the City's financial statements.

Fund Balance/Net Position

Government-wide Financial Statements:

The government-wide 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.

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.

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.

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

**1. Summary of
Significant
Accounting
Policies
(Continued)**

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.

Use of Estimates

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

**2. Compliance with
Nevada Revised
Statutes and
Nevada
Administrative
Code**

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

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

<u>Fund</u>	<u>Function</u>	<u>Amount of Over Expenditure</u>
Grants Fund	Public Safety	\$ 2,523
Capital Projects Fund	Public Safety	\$ 379,251

NRS 354.624 requires local governments to provide audited financial statements to the Nevada Department of Taxation (DOT) no later than five months after the close of the fiscal year under audit. The DOT granted an extension until February 28, 2015, however the extension date was not met. This is an apparent potential violation of NRS 354.624.

There was an interfund loan to the Capital Projects Fund which did not include the public hearing required by NRS 354.6118, nor was a resolution adopted under NAC 354.290 for a temporary interfund loan

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

3. Cash and Investments

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.

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

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality ratings of investments. The City does not have a formal investment policy that specifies minimum acceptable credit ratings further than those listed in state statutes.

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. The City's bank deposits are covered by Federal Deposit Insurance Corporation (FDIC) and collateralized by the Office of the State Treasurer/Nevada Collateral Pool. At year-end, the City's carrying amount of deposits was \$6,268,061 and the bank balance was \$6,465,722. The difference between the carrying amount and bank balance results from outstanding checks and deposits not yet reflected in the banks' records. Petty cash of \$750 is included in the carrying amount.

Cash held by the City as of June 30, 2014 are allocated to the various funds as follows:

Major governmental funds	\$ 3,458,154
Nonmajor governmental funds	790,216
Business-type activities	<u>2,019,691</u>
Total Cash and Investments	<u>\$ 6,268,061</u>

4. Capital Assets

The amounts recorded as capital assets are summarized as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Governmental Activities				
Capital assets, being depreciated:				
Buildings	\$ 2,450,284	\$ 7,290	\$ -	\$ 2,457,574
Office equipment	120,735	40,341	-	161,076
Other equipment	1,827,154	61,567	-	1,888,721
Vehicles	1,819,555	111,398	-	1,930,953
Infrastructure	4,055,598	350,658	-	4,406,256
	<u>10,273,326</u>	<u>571,254</u>	<u>-</u>	<u>10,844,580</u>

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
4. Capital Assets (Continued)				
Less: Accumulated Depreciation for:				
Buildings	(678,962)	(52,859)	-	(731,821)
Office equipment	(100,644)	(7,835)	-	(108,479)
Other equipment	(1,058,443)	(79,181)	-	(1,137,624)
Vehicles	(1,337,521)	(75,141)	-	(1,412,662)
Infrastructure	(3,090,455)	(110,929)	-	(3,201,384)
	<u>(6,266,025)</u>	<u>(325,945)</u>	<u>-</u>	<u>(6,591,970)</u>
Total capital assets, being depreciated, net	<u>4,007,301</u>	<u>245,309</u>	<u>-</u>	<u>4,252,610</u>
Capital assets, not being depreciated:				
Land	853,816	8,442	(45,535)	816,723
Construction in Progress	<u>-</u>	<u>629,810</u>	<u>-</u>	<u>629,810</u>
Total capital assets, not being depreciated	<u>853,816</u>	<u>638,252</u>	<u>(45,535)</u>	<u>1,446,533</u>
Governmental activities capital assets, net	<u>\$ 4,861,117</u>	<u>\$ 883,561</u>	<u>\$ (45,535)</u>	<u>\$ 5,699,143</u>
Business-type Activities				
Capital assets, being depreciated:				
Buildings	\$ 292,162	\$ -	\$ -	\$ 292,162
Office equipment	19,472	2,054	-	21,526
Other equipment	334,566	5,572	-	340,138
Vehicles	424,545	-	-	424,545
Infrastructure	<u>5,912,203</u>	<u>49,129</u>	<u>-</u>	<u>5,961,332</u>
	<u>6,982,948</u>	<u>56,755</u>	<u>-</u>	<u>7,039,703</u>
Less: Accumulated Depreciation for:				
Buildings	(44,951)	(5,928)	-	(50,879)
Office equipment	(16,749)	(303)	-	(17,052)
Other equipment	(301,085)	(3,482)	-	(304,567)
Vehicles	(424,545)	-	-	(424,545)
Infrastructure	<u>(3,311,703)</u>	<u>(110,342)</u>	<u>-</u>	<u>(3,422,045)</u>
	<u>(4,099,033)</u>	<u>(120,055)</u>	<u>-</u>	<u>(4,219,088)</u>
Total capital assets, being depreciated, net	<u>2,883,915</u>	<u>(63,300)</u>	<u>-</u>	<u>2,820,615</u>

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

4. Capital Assets (Continued)	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Capital assets, not being depreciated:				
Land	78,055	-	-	78,055
Business-type activities capital assets, net	\$ 2,961,970	\$ (63,300)	\$ -	\$ 2,898,670

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

Governmental activities:	
General government:	\$ 16,556
Public safety	91,510
Public works	141,408
Health and sanitation	30,465
Culture and recreation	46,006
Total depreciation expense – governmental activities	\$ 325,945
Business-type activities:	
Water	\$ 54,324
Sewer	65,731
Total depreciation expense – business-type activities	\$ 120,055

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

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

5. Cooperative Agreement (Continued)

agrees the proceeds collected from this water extension connection fee will be used to reimburse equally the City of Elko and Elko County for the payments made by them prior to the collection of any connection extension fees. Any excess funds collected will be used to reduce debt incurred for the project.

The City of Carlin received pledged revenues totaling \$80,716 since the cooperative agreement was put into place. The City received no pledged revenues in the year ended June 30, 2014.

6. Long-Term Liabilities

Long-term debt as of June 30, 2014, consisted of the following:

	Balance, June 30
Governmental Activities:	
Note payable Nevada Bank and Trust, \$25,157 semi-annual including interest at 4.44% compounded quarterly, maturing June 30, 2015. The note is for short-term financing of police vehicles, backhoe and ambulance.	\$ 24,500
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 senior citizens facility.	159,073
	<u>183,573</u>
Business-Type Activities (Enterprise Fund):	
Note payable United States Department of Agriculture, Rural Development, \$20,398 annually including interest at 5.0%, maturing on or before April 1, 2018. The note provides matching funds for construction of the water line extension.	70,517
Total Notes Payable	<u>\$ 254,090</u>

The governmental activities notes will be repaid by the Debt Service Fund. The maturity of the notes payable for the years after June 30, 2014, based upon present arrangements, is as follows:

Year Ended June 30,	Governmental Activities			
	Nevada Bank & Trust Police Vehicles, Backhoe & Ambulance		U.S. Department of Agriculture, Senior Citizens Facility	
	Principal	Interest	Principal	Interest
2015	\$ 24,500	\$ 554	\$ 5,141	\$ 6,959
2016	-	-	5,365	6,735
2017	-	-	5,600	6,500
2018	-	-	5,845	6,255
2019	-	-	6,101	5,999
2020-2024	-	-	34,750	25,750
2025-2029	-	-	43,046	17,454
2030-2034	-	-	53,225	7,177
Total	<u>\$ 24,500</u>	<u>\$ 554</u>	<u>\$ 159,073</u>	<u>\$ 82,829</u>

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Business-Type Activities

U.S. Department of Agriculture, Water Line Extension		Total Notes Payable	
Principal	Interest	Principal	Interest
\$ 16,872	\$ 3,526	\$ 46,513	\$ 11,039
17,716	2,682	23,081	9,417
18,602	1,796	24,202	8,296
17,327	866	23,172	7,121
-	-	6,101	5,999
-	-	34,750	25,750
-	-	43,046	17,454
-	-	53,225	7,177
<u>\$ 70,517</u>	<u>\$ 8,870</u>	<u>\$ 254,090</u>	<u>\$ 92,253</u>

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

6. Long-Term Liabilities
(Continued)

Changes in Long-Term Liabilities:

	Balance July 1	Additions
Governmental Activities:		
Compensated absences	\$ 96,510	\$ 81,458
Notes payable	235,998	-
Total	<u>\$ 96,510</u>	<u>\$ 81,458</u>
Business-Type Activities:		
Compensated absences	\$ 19,860	\$ 20,674
Notes payable	86,586	-
Total	<u>\$ 19,860</u>	<u>\$ 20,674</u>

Nevada State Statue 266.600 limits the aggregate principal amount of the City's nonbonded debt to 20% of the City's total reported assessed valuation. Based upon the assessed valuation for 2013-2014 of \$29,134,382 the City's debt limit would be \$5,826,876. As of June 30, 2014, the City has \$254,090 total debt outstanding, thus leaving excess debt capacity.

7. Defined Benefit Pension Plan

Plan Description – The City of Carlin contributes to the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing multiple employer, defined benefit plan administered by the Public Employees Retirement System of the State of Nevada. PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. The Public Employees Retirement System of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

Funding Policy – Benefits for plan members are funded under one of two methods. Under the employer pay contribution plan, the City is required to contribute all amounts due under the plan. The second funding mechanism for providing benefits is the employer/employee paid contribution plan. Under this method, employees are required to contribute a percentage of their compensation to the plan, while the city is required to match that contribution. The contribution requirements of plan members and the City are established by Chapter 286 of the Nevada Revised Statutes. The funding mechanism may only be amended through legislation. The City's contribution to PERS for the years ended June 30, 2014, 2013, and 2012, were \$309,718, \$273,666, and \$255,428, respectively, equal to the required contributions for the each year. The contribution rates for the years ended June 2014, 2013 and 2012 were 25.75%, 23.75%, and 23.75%, respectively, for regular employees; 40.50%, 39.75%, and 39.75%, respectively, for police and fire employees under the employer paid plan; 26.5% for 2014 and 24.5% for 2013 and 2012 for volunteer fire fighters; and 13.25% for 2014 and 12.25% for 2013 and 2012 for regular employees under the employer/employee paid plan for the specified years.

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

<u>Reductions</u>	<u>Balance June 30</u>	<u>Amount Due Within One Year</u>
\$ 73,960	\$ 104,008	\$ 65,642
52,425	183,573	29,641
<u>\$ 126,385</u>	<u>\$ 287,581</u>	<u>\$ 95,283</u>
\$ 14,003	\$ 26,531	\$ 16,744
16,069	70,517	16,872
<u>\$ 30,072</u>	<u>\$ 97,048</u>	<u>\$ 33,616</u>

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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 for General Use: 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 unrestricted fund balance for the General Fund of not less than 75% of the previous year's unrestricted general fund expenditures.

Restricted for Debt Service: In accordance with agreements from the USDA Rural Development for the revenue bond water line extension and the loan for the Carlin Senior Center, the City is required to set-aside fund balance/net position of one-tenth of the annual payment amount for each loan until one full payment has been set-aside. The restricted debt service requirements for the year ended June 30, 2014 for the water line extension and Carlin Senior Center are currently \$20,398 and \$10,890, respectively.

Restricted for Perpetual Cemetery Care: In accordance with an ordinance enacted by the City of Carlin 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.

Committed for Future Community Development: In accordance with a revised ordinance enacted by the City of Carlin 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.

Commitments of net position of Enterprise Funds are created by increases in assets to be held for capital improvements. Some increases result from specific user charges imposed by the City. These amounts are not included in the financial statements.

Commitment for Water System, Water Capital Improvement and Sewer Capital Improvement: These amounts are user charges set aside for major capital improvements such as water wells and sewer improvements.

	Balance July 1, 2013	Net Change	Balance June 30, 2014
Water system	\$ 297,138	\$ 9,275	\$ 306,413
Water capital improvement	28,136	7,850	35,986
Sewer capital improvement	211,576	4,125	215,701

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

9. Interfund Items

The interfund balance between the General Fund and the Capital Projects Fund represent an advance from the General Fund to the Capital Projects Fund to cover a cash deficit.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	
		\$178,673

Interfund transfers are shown as other financing sources or uses in all governmental funds. Transfers between funds during the year ended June 30, 2014 are as follows:

Transfers:	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Net</u>
General	\$ 500	\$ (337,570)	\$ (337,070)
Capital Projects	233,570	-	233,570
Nonmajor Governmental Funds:			
Parks and Recreation	-	(35,000)	(35,000)
Administrative Assessment	-	(500)	(500)
Equestrian Center	35,000	-	35,000
Open Door Senior Citizens Center	40,000	-	40,000
Debt Service	64,000	-	64,000
Total	<u>\$ 373,070</u>	<u>\$ (373,070)</u>	<u>\$ -</u>

The General Fund subsidized certain non-major funds whose funding sources were not large enough to support the entire cost of their programs in accordance with budgetary authority. The Administrative Assessments Fund transferred monies to the General Fund for court expenses. The Parks and Recreation Fund transferred monies to the General Fund to reimburse for certain park improvement costs.

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, 2014 is provided for the water service as follows:

Condensed Statement of Net Position:

Current assets	\$ 842,007
Capital assets, net of accumulated depreciation	<u>1,548,905</u>
Total assets	<u>2,390,912</u>
Current liabilities	40,470
Noncurrent liabilities	<u>78,096</u>
Total liabilities	<u>118,566</u>
Net position:	
Net investment in capital assets	1,478,388
Restricted for debt service	20,398
Unrestricted	<u>773,560</u>
Total net position	<u>\$ 2,272,346</u>

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

**10. Enterprise Fund
Revenue-
Supported Debt
Information
(Continued)**

Condensed Statement of Activities:

Operating revenues:	
Charges for services	\$ 477,606
Operating expenses:	
Depreciation	54,324
Other operating expenses	344,298
Total operating expenses	398,622
Operating income	78,984
Nonoperating revenue (expense):	
Interest income	9,110
Miscellaneous income	13,599
Interest expense	(4,329)
Total nonoperating revenue/(expense)	18,380
Change in net position	97,364
Beginning net position	2,174,982
Ending net position	\$ 2,272,346

Condensed Statement of Cash Flows:

Net cash provided (used) by:	
Operating activities	\$ 130,762
Capital and related financing activities	(55,929)
Investing activities	9,110
Net Increase in Cash	83,943
Beginning Cash	715,977
Ending Cash	\$ 799,920

**11. Post
Employment
Healthcare Plan**

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

Benefit provisions for CEHBP are established pursuant to NRS 287.023 and amended through negotiations between the City and its employees. NRS 288.150 assigns the authority to establish benefit provisions to the City Council. The plan provides healthcare insurance for eligible retirees and their beneficiaries through the City's group health insurance plan, which covers both active and retired members. Under NRS 287.023, eligible retirees are able to participate in the plan with blended rates, thereby benefitting from an implicit subsidy. Retirees are required to pay 100% of their premiums under the plan. As of June 30, 2014, no retirees were using this plan. CEHBP does not issue a publicly available financial report.

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

**11. Post
Employment
Healthcare Plan
(Continued)**

Benefit provisions for the PEBP are administered by the State of Nevada. NRS 287.043 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. City employees who met the eligibility requirements effective September 1, 2008 for retirement within the Nevada Public Employee Retirement System had the option upon retirement to enroll in coverage under the PEBP. NRS 287.023 discontinued the option to join PEBP for City employees who retired after November 29, 2008. Local governments are required to pay the same portion of the cost of coverage for their retirees joining PEBP that the State of Nevada pays for state retirees participating in their plan. As of June 30, 2014, twelve city retirees were utilizing this benefit. PEBP does not issue a publicly available financial report.

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

For PEBP, NRS 287.046 establishes the subsidies to be contributed toward the premium costs of the eligible retired City employees. The contribution requirements of plan members and the City may be amended by the PEBP board. Premium rates determined by PEBP are the same for all participating members. Plan members receiving benefits have their monthly contribution deducted from their pension checks based on the health plan chosen by the retiree as reduced by the amount of the subsidy therefore, their contributions are not available. For the plan year ended June 30, 2014, retirees qualified for a subsidy of \$114 at five years of service and \$627 at twenty years of service, with incremental increases for years of service between. As a participating employer, the City is billed for the subsidy on a monthly basis and is legally required to provide for it. For fiscal year 2014, the City contributed \$14,530 to the plan for current premiums.

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

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

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

**11. Post
Employment
Healthcare Plan
(Continued)**

	Fiscal Year End	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
CEHBP	6/30/14	\$ 10,287	\$ -	0.00%	\$ 105,459
CEHBP	6/30/13	9,639	-	0.00%	95,172
CEHBP	6/30/12	36,745	3,637	9.87%	85,533
PEBP	6/30/14	25,237	14,530	57.57%	61,032
PEBP	6/30/13	24,809	14,601	58.86%	50,325
PEBP	6/30/12	25,322	12,752	49.29%	40,117
Combined	6/30/14	35,524	14,530	40.90%	166,491
Combined	6/30/13	34,448	14,601	42.39%	145,497
Combined	6/30/12	62,067	16,389	26.13%	125,650

The net OPEB obligation (NOPEBO) as of June 30, 2014, was calculated as follows:

	CEHBP	PEBP	Total
Annual required contribution	\$ 10,764	\$ 26,364	\$ 37,128
Interest on net OPEB obligation	3,807	1,997	5,804
Adjustment to annual required contribution	(4,284)	(3,124)	(7,408)
Annual OPEB cost (expense)	10,287	25,237	35,524
Contributions made	-	14,530	14,530
Change in net OPEB obligation	10,287	10,707	20,994
Net OPEB obligation, beginning of year	95,172	50,325	145,497
Net OPEB obligation, end of year	\$ 105,459	\$ 61,032	\$ 166,491

Funded Status and Funding Progress: The funded status of the plans as of the latest actuarial valuation date (June 30, 2013) were as follows:

	CEHBP	PEBP	Totals
Accrued actuarial liability (a)	\$ 56,959	\$ 435,794	\$ 492,753
Actuarial value of plan assets (b)	-	-	-
Unfunded Actuarial Accrued Liability			
(a) – (b)	\$ 56,959	\$ 435,794	\$ 492,753
Funded Ratio (b) / (a)	0.00%	0.00%	0.00%
Covered payroll (c)	\$ 974,577	N/A	
Unfunded Actuarial Accrued Liability as a			
Percentage of Covered Payroll			
[(a) – (b)] / (c)	5.84%	N/A	

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

**11. Post
Employment
Healthcare Plan
(Continued)**

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

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

Significant methods and assumptions used in the June 30, 2013 actuarial valuation were as follows:

	CEHP	PEBP
Actuarial valuation date	6/30/13	6/30/13
Actuarial cost method	Entry age normal cost	Entry age normal cost
Amortization cost method	Level % of payroll	Level dollar
Amortization period	27 years (closed)	27 years (closed)
Asset valuation method	Market value	Market value
Actuarial assumptions:		
Projected general inflation rate	3%	3%
Investment rate of return	4%	4%
Projected salary increases	4%	4%
Healthcare inflation rate*	9%	9%

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

**12. Deficit Fund
Balance**

The Capital Projects Fund has a deficit fund balance in the amount of \$171,361 as of June 30, 2014.

**13. Prior Period
Adjustment**

During the year, it was determined that ambulance fees billed and expected to be collected but were not collected during the year or within 60 days of year end should have been reported as accounts receivable and unavailable revenue – ambulance fees. They were reported as ambulance fee revenue in prior years. Therefore a prior period adjustment in the General Fund was recorded which results in a reduction of beginning fund balance by \$161,497.

It was also determined that grant revenue that had been earned in prior years had not been recognized. Therefore a prior period adjustment in the Grant Fund was recorded which results in an increase of beginning fund balance by \$10,784.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2014

(With Comparative Actual Amounts for the Year Ended June 30, 2013)

(Page 1 of 5)

	BUDGETED AMOUNTS			FINAL BUDGET	
	ORIGINAL	FINAL	ACTUAL	VARIANCE	2013
REVENUES					
Taxes:					
Ad valorem taxes	\$ 325,481	\$ 314,000	\$ 339,023	\$ 25,023	\$ 297,013
Licenses, Permits and Fees:					
Franchise fees	15,000	15,000	15,496	496	14,191
Business licenses	15,000	15,000	21,831	6,831	21,184
Liquor licenses	4,000	4,000	5,010	1,010	5,010
Local gaming licenses	6,000	6,000	9,213	3,213	10,080
Animal licenses	1,500	1,500	2,738	1,238	2,516
Building permits	55,000	36,400	25,532	(10,868)	98,199
Other permits and fees	2,000	2,000	8,275	6,275	9,120
	98,500	79,900	88,095	8,195	160,300
Intergovernmental:					
Consolidated revenues	1,700,000	1,600,000	1,684,429	84,429	1,888,631
Motor vehicle fuel tax	50,000	50,000	49,380	(620)	50,848
Share of county gaming license	5,000	9,000	8,783	(217)	7,560
Regional street and highway	170,000	170,000	170,000	-	-
	1,925,000	1,829,000	1,912,592	83,592	1,947,039
Charges for Services:					
Ambulance charges	90,000	58,398	78,867	20,469	153,263
Ambulance supplies	10,000	10,000	9,224	(776)	11,624
	100,000	68,398	88,091	19,693	164,887
Fines and Forfeits:					
Court fines and fees	12,000	17,970	17,802	(168)	14,684
Animal fines and fees	2,000	2,000	3,634	1,634	4,953
Other	-	-	4,013	4,013	2,956
	14,000	19,970	25,449	5,479	22,593

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Amounts for the Year Ended June 30, 2013)
(Page 2 of 5)

	BUDGETED AMOUNTS			FINAL BUDGET	
	ORIGINAL	FINAL	ACTUAL	VARIANCE	2013
Other:					
Interest income	8,000	8,000	6,811	(1,189)	4,613
Other income	5,000	28,224	1,754	(26,470)	19,766
Sales and rentals	-	-	2,197	2,197	1,766
Leases and contracts	15,000	15,000	9,931	(5,069)	15,769
Local grants	-	1,374	1,832	458	6,000
	<u>28,000</u>	<u>52,598</u>	<u>22,525</u>	<u>(30,073)</u>	<u>47,914</u>
Total Revenues	<u>2,490,981</u>	<u>2,363,866</u>	<u>2,475,775</u>	<u>111,909</u>	<u>2,639,746</u>
EXPENDITURES					
Current:					
General Government:					
Finance Administration					
Salaries and wages	124,430	130,430	124,534	5,896	88,558
Employee benefits	61,312	61,312	55,205	6,107	32,927
Services and supplies	17,750	17,750	11,461	6,289	10,197
Capital outlay	-	-	8,442	(8,442)	7,347
	<u>203,492</u>	<u>209,492</u>	<u>199,642</u>	<u>9,850</u>	<u>139,029</u>
Legislative					
Salaries and wages	10,500	15,000	9,603	5,397	9,478
Employee benefits	7,000	7,000	5,175	1,825	7,186
Services and supplies	6,000	6,000	2,177	3,823	2,331
	<u>23,500</u>	<u>28,000</u>	<u>16,955</u>	<u>11,045</u>	<u>18,995</u>
Other					
Services and supplies	445,300	487,899	413,293	74,606	451,301
Capital outlay	-	-	-	-	9,558
	<u>445,300</u>	<u>487,899</u>	<u>413,293</u>	<u>74,606</u>	<u>460,859</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2014

(With Comparative Actual Amounts for the Year Ended June 30, 2013)

(Page 3 of 5)

	BUDGETED AMOUNTS			FINAL BUDGET	
	ORIGINAL	FINAL	ACTUAL	VARIANCE	2013
City Manager					
Salaries and wages	77,000	90,000	86,302	3,698	72,876
Employee benefits	35,000	35,000	32,586	2,414	34,983
Services and supplies	2,000	2,000	442	1,558	1,487
Capital Outlay	1,500	1,500	-	1,500	2,458
	<u>115,500</u>	<u>128,500</u>	<u>119,330</u>	<u>9,170</u>	<u>111,804</u>
Total General Government	<u>787,792</u>	<u>853,891</u>	<u>749,220</u>	<u>104,671</u>	<u>730,687</u>
Public Safety:					
Police					
Salaries and wages	321,124	384,124	378,262	5,862	354,772
Employee benefits	98,330	215,330	208,741	6,589	183,196
Services and supplies	104,745	104,745	82,867	21,878	81,395
Capital outlay	-	5,000	4,727	273	15,698
	<u>524,199</u>	<u>709,199</u>	<u>674,597</u>	<u>34,602</u>	<u>635,061</u>
Animal Control					
Salaries	31,136	31,136	31,127	9	21,903
Employee benefits	16,480	20,480	18,725	1,755	14,181
Services and supplies	2,900	2,900	2,002	898	328
	<u>50,516</u>	<u>54,516</u>	<u>51,854</u>	<u>2,662</u>	<u>36,412</u>
Fire and Ambulance					
Salaries	92,213	92,213	77,647	14,566	52,451
Employee benefits	60,772	65,772	74,947	(9,175)	32,078
Services and supplies	98,000	98,000	77,365	20,635	74,664
Capital outlay	2,000	416,846	-	416,846	4,252
	<u>252,985</u>	<u>672,831</u>	<u>229,959</u>	<u>442,872</u>	<u>163,445</u>
Total Public Safety	<u>827,700</u>	<u>1,436,546</u>	<u>956,410</u>	<u>480,136</u>	<u>834,918</u>
Judicial:					
Municipal Court					
Salaries and wages	42,000	42,000	40,107	1,893	35,843
Employee benefits	25,000	17,850	17,733	117	15,113
Services and supplies	5,100	5,100	1,725	3,375	1,955
Capital outlay	8,000	8,000	1,485	6,515	3,058
	<u>80,100</u>	<u>72,950</u>	<u>61,050</u>	<u>11,900</u>	<u>55,969</u>
Total Judicial	<u>80,100</u>	<u>72,950</u>	<u>61,050</u>	<u>11,900</u>	<u>55,969</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2014

(With Comparative Actual Amounts for the Year Ended June 30, 2013)

(Page 4 of 5)

	BUDGETED AMOUNTS			FINAL BUDGET	
	ORIGINAL	FINAL	ACTUAL	VARIANCE	2013
Public Works:					
Highways and Streets					
Salaries and wages	38,150	38,150	32,373	5,777	30,667
Employee benefits	20,611	20,611	20,029	582	17,876
Services and supplies	72,000	63,914	45,825	18,089	43,449
Capital outlay	5,000	5,000	16,625	(11,625)	56,806
Total Public Works	135,761	127,675	114,852	12,823	148,798
Health and Sanitation:					
Public Health Administration					
Services and supplies	15,000	15,000	8,200	6,800	-
Cemetery					
Salaries and wages	62,700	54,000	48,876	5,124	52,390
Employee benefits	30,175	30,175	25,741	4,434	23,483
Services and supplies	8,000	8,000	4,019	3,981	4,154
Capital Outlay	2,000	2,000	-	2,000	764
	102,875	94,175	78,636	15,539	80,791
Total Health and Sanitation	117,875	109,175	86,836	22,339	80,791
Culture and Recreation:					
Parks					
Salaries and wages	35,202	35,202	31,958	3,244	49,651
Employee benefits	19,175	20,238	21,026	(788)	18,614
Services and supplies	10,000	10,000	8,696	1,304	6,518
Capital outlay	-	-	-	-	386
	64,377	65,440	61,680	3,760	75,169
Library					
Services and supplies	2,500	2,500	2,222	278	2,077
Capital outlay	-	-	-	-	81,330
	2,500	2,500	2,222	278	83,407
Total Culture and Recreation	66,877	67,940	63,902	4,038	158,576

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2014

(With Comparative Actual Amounts for the Year Ended June 30, 2013)

(Page 5 of 5)

	BUDGETED AMOUNTS			FINAL BUDGET	
	ORIGINAL	FINAL	ACTUAL	VARIANCE	2013
Community Support:					
Economic Development					
Salaries and wages	-	-	-	-	33,287
Employee benefits	-	-	-	-	18,710
Services and supplies	-	-	-	-	170
Total Community Support	-	-	-	-	52,167
Total Expenditures	2,016,105	2,668,177	2,032,270	635,907	2,061,906
Excess (Deficiency) of Revenues					
Over Expenditures	474,876	(304,311)	443,505	747,816	577,840
OTHER FINANCING SOURCES (USES)					
Sale of fixed assets	-	135,109	135,109	-	349,380
Transfers in	13,000	8,500	500	(8,000)	61,058
Transfers out	(344,000)	(334,000)	(337,570)	(3,570)	(509,000)
Contingency	(20,000)	(20,000)	-	(20,000)	-
Total Other Financing					
Sources (Uses)	(351,000)	(210,391)	(201,961)	8,430	(98,562)
Net Change in Fund Balance	123,876	(514,702)	241,544	756,246	479,278
FUND BALANCE AT July 1, as					
previously reported	3,022,121	3,782,869	3,782,869	-	3,303,591
Prior period adjustment	-	-	(161,497)	(161,497)	-
FUND BALANCE AT July 1, as adjusted	3,022,121	3,782,869	3,621,372	(161,497)	3,303,591
FUND BALANCE, June 30	\$ 3,145,997	\$ 3,268,167	\$ 3,862,916	\$ 594,749	\$ 3,782,869

CITY OF CARLIN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFIT PLANS
JUNE 30, 2014

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

Note - GASB 45 was implemented prospectively for the fiscal year ended June 30, 2010. Therefore, prior year information is not available.

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

Change 2010 to 2013 valuation (CEHBP AAL):

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

SUPPLEMENTARY INFORMATION

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	BUDGETED AMOUNTS			FINAL BUDGET	
	ORIGINAL	FINAL	ACTUAL	VARIANCE	2013
REVENUES					
Taxes:					
Ad valorem taxes	\$ 15,000	\$ 15,000	\$ 26,249	\$ 11,249	\$ 22,010
Miscellaneous:					
Donations	-	-	100,525	100,525	25
Total Revenues	15,000	15,000	126,774	111,774	22,035
EXPENDITURES					
Current:					
General Government:					
Finance Administration					
Capital Outlay	30,000	30,000	26,035	3,965	33
Public Safety:					
Police					
Capital Outlay	85,000	85,000	16,941	68,059	22,877
Fire and Ambulance					
Capital Outlay	182,500	182,500	629,810	(447,310)	150,062
Public Works:					
Highway and Streets					
Capital Outlay	425,000	425,000	301,649	123,351	75,181
Total Expenditures	722,500	722,500	974,435	(251,935)	248,153
Excess (Deficiency) of Revenues over Expenditures	(707,500)	(707,500)	(847,661)	(140,161)	(226,118)
OTHER FINANCING (USES)					
Transfers in	245,000	245,000	233,570	(11,430)	360,000
Net Change in Fund Balance	(462,500)	(462,500)	(614,091)	(151,591)	133,882
FUND BALANCE, July 1	997,848	997,848	442,730	(555,118)	308,848
FUND BALANCE, June 30	\$ 535,348	\$ 535,348	\$ (171,361)	\$ (706,709)	\$ 442,730

CITY OF CARLIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	SPECIAL REVENUE FUNDS				
	GRANTS FUND	PARKS AND RECREATION FUND	MUNICIPAL COURT BUILDING FUND	ADMINISTRATIVE ASSESSMENT FUND	PARKS AND RECREATION FUND #2
ASSETS					
Cash and investments	\$ 3,182	\$ 342,480	\$ 14,470	\$ 2,861	\$ 29,894
Accounts receivable, net	26,013	7,457	95	683	-
Due from other governments	-	-	-	-	-
Restricted Cash	-	-	-	-	-
Total Assets	<u>\$ 29,195</u>	<u>\$ 349,937</u>	<u>\$ 14,565</u>	<u>\$ 3,544</u>	<u>\$ 29,894</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$ 15,734	\$ -	\$ -	\$ -	\$ 1,176
Payroll accruals	-	-	-	-	-
Total Liabilities	<u>15,734</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,176</u>
FUND BALANCE (DEFICIT)					
Nonspendable	-	-	-	-	-
Restricted for:					
Debt service	-	-	-	-	-
Perpetual cemetery care	-	-	-	-	-
Cour Facilities Fees (NRS 176.0611)	-	-	14,565	-	-
Judical Fees (NRS 176.059)	-	-	-	3,544	-
Committed for:					
Future community development	-	15,885	-	-	-
Recreational activities	-	334,052	-	-	28,718
Public safety	-	-	-	-	-
Other purposes	-	-	-	-	-
Assigned:					
Subsequent year operations	-	-	-	-	-
Other purposes	<u>13,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>13,461</u>	<u>349,937</u>	<u>14,565</u>	<u>3,544</u>	<u>28,718</u>
Total Liabilities and Fund Balance	<u>\$ 29,195</u>	<u>\$ 349,937</u>	<u>\$ 14,565</u>	<u>\$ 3,544</u>	<u>\$ 29,894</u>

SPECIAL REVENUE FUNDS				PERMANENT FUND	
EQUESTRIAN CENTER FUND	POLICE FORFEITURE	SENIOR CITIZENS CENTER FUND	DEBT SERVICE FUND	PERPETUAL CEMETERY CARE FUND	TOTAL 2014
\$ 40,732	\$ 188,985	\$ 29,446	\$ 47,880	\$ 79,396	\$ 779,326
-	-	-	-	-	34,248
-	-	19,040	-	-	19,040
-	-	-	10,890	-	10,890
<u>\$ 40,732</u>	<u>\$ 188,985</u>	<u>\$ 48,486</u>	<u>\$ 58,770</u>	<u>\$ 79,396</u>	<u>\$ 843,504</u>
\$ -	\$ -	\$ 4,406	\$ -	\$ -	\$ 21,316
-	-	6,710	-	-	6,710
-	-	11,116	-	-	28,026
-	-	-	-	33,004	33,004
-	-	-	10,890	-	10,890
-	-	-	-	46,392	46,392
-	-	-	-	-	14,565
-	-	-	-	-	3,544
-	-	-	-	-	15,885
-	-	-	-	-	362,770
-	188,985	-	-	-	188,985
-	-	-	-	-	-
-	-	17,942	-	-	17,942
<u>40,732</u>	<u>-</u>	<u>19,428</u>	<u>47,880</u>	<u>-</u>	<u>121,501</u>
<u>40,732</u>	<u>188,985</u>	<u>37,370</u>	<u>58,770</u>	<u>79,396</u>	<u>815,478</u>
<u>\$ 40,732</u>	<u>\$ 188,985</u>	<u>\$ 48,486</u>	<u>\$ 58,770</u>	<u>\$ 79,396</u>	<u>\$ 843,504</u>

CITY OF CARLIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	SPECIAL REVENUE FUNDS				
	GRANTS FUND	PARKS AND RECREATION FUND	MUNICIPAL COURT BUILDING FUND	ADMINISTRATIVE ASSESSMENT FUND	PARKS AND RECREATION FUND #2
REVENUES					
Taxes	\$ -	\$ 62,551	\$ -	\$ -	\$ -
Intergovernmental	122,479	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	1,285	4,889	24,725
Total Revenues	122,479	62,551	1,285	4,889	24,725
EXPENDITURES					
Current:					
Public safety	85,000	-	-	8,496	-
Culture and recreation	-	5,072	-	-	18,066
Capital outlay	39,523	-	-	-	43,828
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	124,523	5,072	-	8,496	61,894
Excess (Deficiency) of Revenues Over Expenditures	(2,044)	57,479	1,285	(3,607)	(37,169)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	(35,000)	-	(500)	-
Total Other Financing Sources (Uses)	-	(35,000)	-	(500)	-
Net Change in Fund Balance	(2,044)	22,479	1,285	(4,107)	(37,169)
FUND BALANCES July 1, as previously reported	4,721	327,458	13,280	7,651	65,887
Prior period adjustment	10,784	-	-	-	-
FUND BALANCES July 1, as adjusted	15,505	327,458	13,280	7,651	65,887
FUND BALANCES, June 30	\$ 13,461	\$ 349,937	\$ 14,565	\$ 3,544	\$ 28,718

SPECIAL REVENUE FUNDS				PERMANENT FUND	TOTAL 2014
EQUESTRIAN CENTER FUND	POLICE FORFEITURE	SENIOR CITIZENS CENTER FUND	DEBT SERVICE FUND	PERPETUAL CEMETERY CARE FUND	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,551
17,450	-	175,966	-	-	315,895
-	29,138	25,179	-	-	54,317
52,231	-	165	-	1,197	84,492
69,681	29,138	201,310	-	1,197	517,255
-	4,888	-	-	-	98,384
48,092	-	248,653	-	-	319,883
52,884	-	4,970	-	-	141,205
-	-	-	52,425	-	52,425
-	-	-	9,850	-	9,850
100,976	4,888	253,623	62,275	-	621,747
(31,295)	24,250	(52,313)	(62,275)	1,197	(104,492)
35,000	-	40,000	64,000	-	139,000
-	-	-	-	-	(35,500)
35,000	-	40,000	64,000	-	103,500
3,705	24,250	(12,313)	1,725	1,197	(992)
37,027	164,735	49,683	57,045	78,199	805,686
-	-	-	-	-	10,784
37,027	164,735	49,683	57,045	78,199	816,470
\$ 40,732	\$ 188,985	\$ 37,370	\$ 58,770	\$ 79,396	\$ 815,478

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GRANTS FUND

FOR THE YEAR ENDED JUNE 30, 2014

(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2013</u>
REVENUES				
Intergovernmental:				
Grants	\$ <u>122,000</u>	\$ <u>122,479</u>	\$ <u>479</u>	\$ <u>88,849</u>
EXPENDITURES				
Current:				
Public Safety:				
Services and supplies	83,000	85,000	(2,000)	37,984
Capital outlay	<u>39,000</u>	<u>39,523</u>	<u>(523)</u>	<u>49,777</u>
Total Expenditures	<u>122,000</u>	<u>124,523</u>	<u>(2,523)</u>	<u>87,761</u>
Excess (Deficiency) of Revenues Over Expenditures	-	(2,044)	(2,044)	1,088
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Net Change in Fund Balance	<u>-</u>	<u>(2,044)</u>	<u>(2,044)</u>	<u>26,088</u>
FUND BALANCE July 1, as previously reported	4,721	4,721	-	(21,367)
Prior period adjustment	<u>-</u>	<u>10,784</u>	<u>10,784</u>	<u>-</u>
FUND BALANCE July 1, as adjusted	<u>4,721</u>	<u>15,505</u>	<u>10,784</u>	<u>(21,367)</u>
FUND BALANCE (DEFICIT), June 30	\$ <u><u>4,721</u></u>	\$ <u><u>13,461</u></u>	\$ <u><u>8,740</u></u>	\$ <u><u>4,721</u></u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PARKS AND RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2013</u>
REVENUES				
Taxes:				
Room tax revenues	\$ <u>100,000</u>	\$ <u>62,551</u>	\$ <u>(37,449)</u>	\$ <u>80,159</u>
EXPENDITURES				
Current:				
Culture and Recreation:				
Services and supplies	<u>9,000</u>	<u>5,072</u>	<u>3,928</u>	<u>6,966</u>
Excess (Deficiency) of Revenues Over Expenditures	91,000	57,479	(33,521)	73,193
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(100,000)</u>	<u>(35,000)</u>	<u>65,000</u>	<u>(132,000)</u>
Net Change in Fund Balance	(9,000)	22,479	31,479	(58,807)
FUND BALANCE, July 1	<u>346,265</u>	<u>327,458</u>	<u>(18,807)</u>	<u>386,265</u>
FUND BALANCE, June 30	\$ <u><u>337,265</u></u>	\$ <u><u>349,937</u></u>	\$ <u><u>12,672</u></u>	\$ <u><u>327,458</u></u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MUNICIPAL COURT BUILDING FUND
FOR THE YEAR ENDED JUNE 30, 2014

(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2013</u>
REVENUES				
Miscellaneous:				
Building Assessments	\$ <u>1,300</u>	\$ <u>1,285</u>	\$ <u>(15)</u>	\$ <u>1,912</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(8,000)</u>	<u>-</u>	<u>(8,000)</u>	<u>(4,058)</u>
Net Change in Fund Balance	(6,700)	1,285	(8,015)	(2,146)
FUND BALANCE, July 1	<u>13,668</u>	<u>13,280</u>	<u>(388)</u>	<u>15,426</u>
FUND BALANCE, June 30	\$ <u><u>6,968</u></u>	\$ <u><u>14,565</u></u>	\$ <u><u>7,597</u></u>	\$ <u><u>13,280</u></u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ADMINISTRATIVE ASSESSMENT FUND
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2013</u>
REVENUES				
Miscellaneous:				
Administrative assessments	\$ <u>8,443</u>	\$ <u>4,889</u>	\$ <u>(3,554)</u>	\$ <u>11,951</u>
EXPENDITURES				
Current:				
Public Safety:				
Municipal Court	<u>8,700</u>	<u>8,496</u>	<u>204</u>	<u>10,438</u>
Excess (Deficiency)				
of Revenues				
Over Expenditures	(257)	(3,607)	(3,350)	1,513
OTHER FINANCING SOURCES				
Transfers out	<u>(500)</u>	<u>(500)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(757)	(4,107)	(3,350)	1,513
FUND BALANCE, July 1	<u>7,651</u>	<u>7,651</u>	<u>-</u>	<u>6,138</u>
FUND BALANCE, June 30	<u>\$ 6,894</u>	<u>\$ 3,544</u>	<u>\$ (3,350)</u>	<u>\$ 7,651</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PARKS AND RECREATION FUND #2
FOR THE YEAR ENDED JUNE 30, 2014

(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2013</u>
REVENUES				
Miscellaneous:				
Other income	\$ <u>15,237</u>	\$ <u>24,725</u>	\$ <u>9,488</u>	\$ <u>18,376</u>
EXPENDITURES				
Current:				
Culture and Recreation:				
Parks				
Services and supplies	30,000	18,066	11,934	12,170
Capital Outlay	<u>50,000</u>	<u>43,828</u>	<u>6,172</u>	<u>7,859</u>
Total Expenditures	<u>80,000</u>	<u>61,894</u>	<u>18,106</u>	<u>20,029</u>
Excess (Deficiency) of Revenues Over Expenditures	(64,763)	(37,169)	27,594	(1,653)
OTHER FINANCING SOURCES				
Transfers in	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>	<u>40,000</u>
Net Change in Fund Balance	(14,763)	(37,169)	(22,406)	38,347
FUND BALANCE, July 1	<u>65,887</u>	<u>65,887</u>	<u>-</u>	<u>27,540</u>
FUND BALANCE, June 30	<u>\$ 51,124</u>	<u>\$ 28,718</u>	<u>\$ (22,406)</u>	<u>\$ 65,887</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
EQUESTRIAN CENTER FUND
FOR THE YEAR ENDED JUNE 30, 2014

(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2013</u>
REVENUES				
Intergovernmental:				
State Grants:				
Grant proceeds	\$ 6,000	\$ 17,450	\$ 11,450	\$ -
Miscellaneous:				
Other income	<u>44,575</u>	<u>52,231</u>	<u>7,656</u>	<u>73,038</u>
Total Revenues	<u>50,575</u>	<u>69,681</u>	<u>19,106</u>	<u>73,038</u>
EXPENDITURES				
Current:				
Culture and Recreation:				
Parks				
Services and supplies	50,000	48,092	1,908	53,461
Capital outlay	<u>55,000</u>	<u>52,884</u>	<u>2,116</u>	<u>54,039</u>
Total Expenditures	<u>105,000</u>	<u>100,976</u>	<u>4,024</u>	<u>107,500</u>
Excess (Deficiency) of Revenues Over Expenditures	(54,425)	(31,295)	23,130	(34,462)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Net Change in Fund Balance	(19,425)	3,705	23,130	538
FUND BALANCE, July 1	<u>37,027</u>	<u>37,027</u>	<u>-</u>	<u>36,489</u>
FUND BALANCE, June 30	<u>\$ 17,602</u>	<u>\$ 40,732</u>	<u>\$ 23,130</u>	<u>\$ 37,027</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
POLICE FORFEITURE FUND

FOR THE YEAR ENDED JUNE 30, 2014

(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2013</u>
REVENUES				
Fines and Forfeits:				
Forfeitures	\$ <u>29,138</u>	\$ <u>29,138</u>	\$ <u>-</u>	\$ <u>-</u>
EXPENDITURES				
Current:				
Public Safety:				
Police				
Services and supplies	10,000	4,888	5,112	453
Capital outlay	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>2,870</u>
Total Expenditures	<u>25,000</u>	<u>4,888</u>	<u>20,112</u>	<u>3,323</u>
Net Change in Fund Balance	4,138	24,250	20,112	(3,323)
FUND BALANCE, July 1	<u>164,735</u>	<u>164,735</u>	<u>-</u>	<u>168,058</u>
FUND BALANCE, June 30	<u><u>\$ 168,873</u></u>	<u><u>\$ 188,985</u></u>	<u><u>\$ 20,112</u></u>	<u><u>\$ 164,735</u></u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
OPEN DOOR SENIOR CITIZENS CENTER FUND
FOR THE YEAR ENDED JUNE 30, 2014

(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2013</u>
REVENUES				
Intergovernmental:				
Federal grants	\$ 170,100	\$ 62,713	\$ (107,387)	\$ 56,502
State grants	-	740	740	131
Cash match, not-match	-	106,587	106,587	102,334
USDA cash	5,000	5,926	926	553
USDA food	-	-	-	1,318
	<u>175,100</u>	<u>175,966</u>	<u>866</u>	<u>160,838</u>
Charges for Services	<u>22,700</u>	<u>25,179</u>	<u>2,479</u>	<u>20,976</u>
Miscellaneous:				
Contributions	990	-	(990)	250
In-Kind Revenue	-	165	165	-
	<u>990</u>	<u>165</u>	<u>(825)</u>	<u>250</u>
Total Revenues	<u>198,790</u>	<u>201,310</u>	<u>2,520</u>	<u>182,064</u>
EXPENDITURES				
Current:				
Culture and Recreation:				
Salaries and wages	122,000	108,591	13,409	108,216
Employee benefits	67,500	65,080	2,420	57,897
Services and supplies	78,050	74,982	3,068	74,587
Capital outlay	5,000	4,970	30	-
Total Expenditures	<u>272,550</u>	<u>253,623</u>	<u>18,927</u>	<u>240,700</u>
Excess (Deficiency) of Revenues Over Expenditures	(73,760)	(52,313)	21,447	(58,636)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>60,000</u>
Net Change in Fund Balance	(33,760)	(12,313)	21,447	1,364
FUND BALANCE, July 1	<u>49,683</u>	<u>49,683</u>	<u>-</u>	<u>48,319</u>
FUND BALANCE, June 30	<u>\$ 15,923</u>	<u>\$ 37,370</u>	<u>\$ 21,447</u>	<u>\$ 49,683</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2013</u>
EXPENDITURES				
Debt service:				
Principal	\$ 52,504	\$ 52,425	\$ 79	\$ 50,219
Interest	<u>9,911</u>	<u>9,850</u>	<u>61</u>	<u>12,099</u>
Total Expenditures	<u>62,415</u>	<u>62,275</u>	<u>140</u>	<u>62,318</u>
OTHER FINANCING SOURCES				
Transfers in	<u>64,000</u>	<u>64,000</u>	<u>-</u>	<u>64,000</u>
Net Change in Fund Balance	1,585	1,725	140	1,682
FUND BALANCE, July 1	<u>56,363</u>	<u>57,045</u>	<u>682</u>	<u>55,363</u>
FUND BALANCE, June 30	<u>\$ 57,948</u>	<u>\$ 58,770</u>	<u>\$ 822</u>	<u>\$ 57,045</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PERPETUAL CEMETERY CARE FUND
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2013</u>
REVENUES				
Miscellaneous:				
Contributions from individuals	\$ 1,000	\$ 1,150	\$ 150	\$ 1,495
Interest income	<u>75</u>	<u>47</u>	<u>(28)</u>	<u>47</u>
Total Revenues	<u>1,075</u>	<u>1,197</u>	<u>122</u>	<u>1,542</u>
EXPENDITURES				
Health and Sanitation:				
Services and supplies	<u>-</u>	<u>-</u>	<u>-</u>	<u>100</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>1,075</u>	<u>1,197</u>	<u>122</u>	<u>1,442</u>
FUND BALANCE, July 1	<u>76,757</u>	<u>78,199</u>	<u>1,442</u>	<u>76,757</u>
FUND BALANCE, June 30	<u>\$ 77,832</u>	<u>\$ 79,396</u>	<u>\$ 1,564</u>	<u>\$ 78,199</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
UTILITY FUND
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Amounts for the Year Ended June 30, 2013)
(Page 1 of 2)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2013</u>
OPERATING REVENUES				
Water:				
Utility fees	\$ 419,000	\$ 477,506	\$ 58,506	\$ 527,238
Garbage:				
Utility fees	208,000	229,057	21,057	221,954
Sewer:				
Utility fees	312,000	342,026	30,026	339,871
Street lights:				
Use fees	<u>26,000</u>	<u>28,858</u>	<u>2,858</u>	<u>28,268</u>
Total Operating Revenues	<u>965,000</u>	<u>1,077,447</u>	<u>112,447</u>	<u>1,117,331</u>
OPERATING EXPENSES				
Water:				
Salaries and wages	160,000	128,814	31,186	141,402
Employee benefits	75,000	73,863	1,137	71,295
Services and supplies	<u>65,000</u>	<u>47,609</u>	<u>17,391</u>	<u>67,898</u>
	<u>300,000</u>	<u>250,286</u>	<u>49,714</u>	<u>280,595</u>
Garbage:				
Services and supplies	<u>72,000</u>	<u>72,331</u>	<u>(331)</u>	<u>70,413</u>
Sewer:				
Salaries and wages	85,000	96,553	(11,553)	93,783
Employee benefits	64,000	50,221	13,779	39,240
Services and supplies	<u>60,500</u>	<u>44,784</u>	<u>15,716</u>	<u>54,876</u>
	<u>209,500</u>	<u>191,558</u>	<u>17,942</u>	<u>187,899</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
UTILITY FUND
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Amounts for the Year Ended June 30, 2013)
(Page 2 of 2)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2013</u>
General:				
Services and supplies	237,000	212,085	24,915	232,113
Depreciation	<u>120,000</u>	<u>120,055</u>	<u>(55)</u>	<u>120,892</u>
	<u>357,000</u>	<u>332,140</u>	<u>24,860</u>	<u>353,005</u>
Total Operating Expenses	<u>938,500</u>	<u>846,315</u>	<u>92,185</u>	<u>891,912</u>
Operating Income (Loss)	<u>26,500</u>	<u>231,132</u>	<u>204,632</u>	<u>225,419</u>
NONOPERATING REVENUES (EXPENSES)				
Interest and penalties earned	3,600	20,290	16,690	26,571
Miscellaneous income	13,598	13,599	1	9,877
Interest expense	<u>(4,329)</u>	<u>(4,329)</u>	<u>-</u>	<u>(5,095)</u>
Total Nonoperating Revenues (Expenses)	<u>12,869</u>	<u>29,560</u>	<u>16,691</u>	<u>31,353</u>
Change in Net Position	<u>\$ 39,369</u>	260,692	<u>\$ 221,323</u>	256,772
NET POSITION, July 1		<u>4,591,541</u>		<u>4,334,769</u>
NET POSITION, June 30		<u>\$ 4,852,233</u>		<u>\$ 4,591,541</u>

COMPLIANCE SECTION

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 20, 2015.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weakness (2014-A, 2014-B, 2014-C and 2014-D).

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, State of Nevada'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 responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

Elko, Nevada
March 20, 2015

CITY OF CARLIN
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

Findings Related to the Financial Statement Audit Report in Accordance with Generally Accepted Governmental Auditing Standards (GAGAS):

Finding 2014-A – Report Preparation

Material Weakness

Condition:	As auditors, we were requested to prepare the financial statements and footnotes thereby resulting in non-compliance with audit standard requirements. This circumstance is not unusual in an organization of this size, due to time constraints of management and costs associated with compliance of the standard. Statements of Auditing Standard AU-C 265, <i>Communicating Internal Control Related Matters Identified in an Audit</i> , changed and expanded the definition of material weakness and significant deficiency. Due to these expanded definitions, management must be able to accurately prepare their own financial statements without assistance or adjustment by the auditor.
Criteria:	The internal control structure should include procedures to ensure management is able to prepare their own financial statements.
Cause:	The controls currently in place were not sufficient to ensure management is able to prepare their own financial statements.
Effect:	As auditors, we prepare the financial statements and footnotes.
Recommendation:	Management and those charged with governance should annually review whether to accept the degree of risk associated with this condition because of cost or other considerations.
Management's Response:	While management understands the importance of correcting this deficiency, the cost of correcting the deficiency by hiring independent or in-house accounting staff would be prohibitive, especially under current budgetary and revenue constraints. The City will continue to improve and resolve the weakness by seeking additional training in this area.

Finding 2014-B – Revenue Recognition and Accounts Receivable

Material Weakness

Condition:	<p>During the course of the audit, multiple material adjustments were proposed relating to revenue recognition, accounts receivable and the related allowance:</p> <ul style="list-style-type: none">• Current year revenue collected within 60 days of year end is considered to be available to pay current year liabilities and should be recognized as current year revenue. Current year revenue collected within 60 days of end year was not recorded as a receivable and revenue in the current year. An adjustment was made to increase accounts receivable and revenue by \$34,871 in the General Fund, and \$2,134 in the Capital Projects Fund, and to decrease accounts receivable and revenue by \$16,242 in the non-major governmental funds.• Grant revenue should be recognized at the time the grant revenue is earned. Grant revenue earned for which the reimbursement was not received until after year end was not recorded as a receivable and revenue. An adjustment to increase accounts
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CITY OF CARLIN
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

receivable and revenue by \$15,229 was made to recognize current year grant revenue in the Grant Fund and to increase accounts receivable and beginning fund balance by \$10,784 in the Grant Fund to recognize prior year grant revenue in the correct period.

- The accounts receivable balance for ambulance fees still outstanding was not reconciled to the subsidiary ledger and adjusted to the actual balance. An analysis of the collectability of the balance should be performed and an allowance for the amount deemed not likely to be collected should be recorded to offset the accounts receivable balance. The accounts receivable balance net of the allowance that is not collected within 60 days of the end of the year is unavailable revenue on the balance sheet. The unavailable revenue for ambulance fees had not been calculated or recorded. This resulted in recording accounts receivable totaling \$76,857, an allowance totaling \$89,367 and unearned revenue totaling \$12,530.
- Ambulance fees collected during the year and prior year ambulance fees collected within 60 days of year end should be recognized as ambulance fee revenue. Ambulance fees billed, but not collected and deemed to likely be collected should be recognized as a deferred inflow of resource. It was determined that in prior years, the ambulance fees billed but not collected and deemed to likely be collected were recognized as ambulance fee revenue, instead of unavailable revenue. This resulted in a prior period adjustment that decreased beginning fund balance in the General Fund by \$161,497.

Criteria:	Management is responsible for establishing and maintaining an effective system of internal controls over revenue recognition and the accurate recording of the related accounts receivable and allowance to ensure that all transactions are accurately reflected in the City's accounting records.
Effect:	Revenues were not recorded in the correct period and accounts receivable and the related allowance were misstated.
Recommendation:	We recommend that the City enhance internal controls over revenue recognition to ensure that revenue is recognized in the correct period and the related accounts receivable and allowance is accurately reported.
Management's Response:	Management understands the importance of correcting this deficiency. The City recently purchased an accounting software upgrade to enhance the ambulance billing process. This purchase coupled with additional training should eliminate this condition in the future.

Finding 2014-C – Capital Assets

Material Weakness

Condition:	<p>During the course of the audit, multiple material adjustments were proposed relating to capital asset additions, disposals and the related depreciation expense:</p> <ul style="list-style-type: none">• During the year the City sold land to different developers in which the City received both cash and noncash consideration for the land. The City recorded the receipt of the cash; however, the noncash consideration to be received had not been recorded in the City's records. The noncash consideration for the sale will not be received
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CITY OF CARLIN
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

until a future day and therefore, doesn't meet the criteria to be recognized as revenue in the current year, but should be recorded as unavailable revenue. The result of the adjustment to record this transaction was to increase both the accounts receivable, due from developers and unavailable revenue, due from developers by \$200,000.

- The acquisition of capital assets by a proprietary fund should be recorded as an addition to capital assets on the funds balance sheet. During the year, the acquisition of the capital assets by the Utility Fund, a proprietary fund, was recorded as expenses. An adjustment of to increase capital assets and decrease expenditures by \$56,755 was required.
- Depreciation expense for capital assets should be calculated and recorded annually for the City's depreciable capital assets. The depreciation expense for depreciable capital assets held by proprietary funds should be recorded as an expense and an increase to accumulated depreciation at least annually. The City had calculated the depreciation expense for the capital assets held by the Utility Fund but had not recorded the depreciation expense for the year. An adjustment to increase expenses and accumulated depreciation by \$120,055 was required.

Criteria:	Management is responsible for establishing and maintaining an effective system of internal controls over the recording and reporting the acquisition and disposal of capital assets and the related depreciation expense to ensure that all transactions are accurately reflected in the City's accounting records.
Effect:	The full value received for the disposal of capital assets was not reflected in the accounting records of the City and capital asset additions and depreciation expense had been inaccurately recorded resulting in capital assets being overstated while expenses were understated in the Utility Fund.
Recommendation:	We recommend that the City enhance internal controls over the recording over capital asset transactions to ensure that all capital asset transactions are recorded in the City's accounting records and that they are recorded accurately.
Management's Response:	The City is in the process of upgrading it's capital asset accounting software. This upgrade coupled with additional training will correct condition in the future.

Finding 2014-D – Material Audit Adjustments

Material Weakness

Condition:	<p>During the course of the audit, multiple material adjustments were proposed:</p> <ul style="list-style-type: none">• The transfer of cash into the Capital Projects Fund was recorded to expense accounts and various donations to the Capital Project Fund were recorded as transfers into the fund. The result was the City's accounting records understating revenue by \$54,094, understating expenditures by \$230,000 and understating transfers into the fund by \$175,906 in the Capital Projects Fund. An adjustment to correct these understatements was made.
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CITY OF CARLIN
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

- The Capital Projects Fund actual beginning fund balance was significantly lower than budgeted at the beginning of the year. The budget and spending in the Capital Projects Fund was not reduced for this reduction in available resources. This resulted in the Capital Projects Fund expenditures exceeding the available cash or other resources. The Capital Projects Fund required an interfund loan of \$178,673 to cover expenditures. This interfund loan was not recorded or approved by the City Council; resulting the Capital Projects Fund showing a negative cash balance at year end. An adjustment to record to the interfund loan between the General Fund and the Capital Projects Fund was made.
- The payment of debt by a governmental fund should be record as a principal and interest expense in the fund making the payment. The annual payment for the loan that was used to construct the senior citizens facility was recorded to accounts payable in the Senior Citizens Center Fund. An adjustment to increase accounts payable and expenditures by \$12,100 in the Senior Citizens Fund was made.

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.
Effect:	Various accounts were misstated on the trial balance presented for audit.
Recommendation:	We recommend that the City enhance internal controls over the recording and processing of transactions to ensure that transactions are recorded accurately and that year-end reconciling procedures be implement to ensure that balance sheet accounts are properly stated at year-end.
Management's Response:	The City recognizes the continued need for additional training and internal control improvements. These enhancements should correct this condition in the future.

AUDITOR'S COMMENTS

CITY OF CARLIN
SCHEDULE OF FEES IMPOSED SUBJECT TO THE
PROVISIONS OF NRS 354.5989
LIMITATION OF FEES FOR BUSINESS LICENSES
FOR THE YEAR ENDED JUNE 30, 2014

Flat Fixed Fees:

Business license revenue for the year ended June 30, 1991 (base year) adjusted through June 30, 2013	\$ <u>33,114</u>
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Adjustment of Base:

Base year

1. Percentage increase in population of local government	1.5%	
2. Percentage increase in the Consumer Price Index for the year ending on December 31 next preceding the year for which the limit is being calculated	<u>1.5%</u>	<u>3.0%</u>

985

Adjusted base at June 30, 2013	34,099
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Actual revenue	<u>21,831</u>
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Amount under allowable amount	\$ <u><u>12,268</u></u>
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**CITY OF CARLIN
AUDITOR'S COMMENTS
JUNE 30, 2014**

STATUTE COMPLIANCE

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

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

In the prior year the City expended amounts in excess of budgeted authority. As noted in Note 2 of the current year financial statements, similar problems were noted during the current year.

PRIOR YEAR RECOMMENDATIONS

The prior year audit recommendations were implemented, except for finding 2013-001 which is included in current year finding 2014-A.

CURRENT YEAR RECOMMENDATIONS

We identified internal control items that have been reported as Material Weakness. See findings 2014-A, 2014-B, 2014-C and 2014-D reported on the schedule of findings and responses.