



**CITY OF CARLIN
NEVADA
ANNUAL FINANCIAL REPORT
JUNE 30, 2010**

CITY OF CARLIN
JUNE 30, 2010
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FINANCIAL SECTION



KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Carlin, State of Nevada as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Carlin, State of Nevada's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Carlin, State of Nevada, as of June 30, 2010, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Parks and Recreation Fund, and Grants Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2010, on our consideration of the Authority'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 2 through 8 and schedule of funding progress – other postemployment benefits on page 41, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Carlin's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kafoury, Armstrong & Co.

Elko, Nevada
November 30, 2010

**CITY OF CARLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

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 components of the basic financial statements 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 Assets. Information on how the City's net assets 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 Assets, Statement of Activities	Balance Sheet, Statement of Revenues, Expenditures & Changes in Fund Balances	Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, Statement of Cash Flow	Statement of Fiduciary Net Assets, Statement of Changes in Fiduciary Net Assets

CITY OF CARLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

	Government-wide Financial Statements	Fund Financial Statements		
		Government Funds	Proprietary Funds	Fiduciary Funds
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modifies accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Types of Asset/Liability Information	All assets and liabilities both financial and capital and short-term and long-term	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	All assets and liabilities both short-term and long-term
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	All revenues and expenses during the year, regardless of when cash is received or paid

Condensed Statement of Net Assets

The largest component, **\$6,771,037**, of the City's net assets reflects its investment in capital assets (i.e. land, infrastructure, buildings, equipment and others) less any related debt outstanding that was needed to acquire or construct the assets. The City uses these capital assets to provide services to the citizens and businesses in the City; consequently, these net 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 assets. These are derived from the government-wide Statement of Net Assets.

Table 2: Condensed Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current & Other Assets	\$ 3,356,385	\$ 3,262,348	\$ 1,085,905	\$ 1,057,667	\$ 4,442,290	\$ 4,320,015
Capital Assets	4,124,986	3,869,438	3,156,565	3,015,453	7,281,551	6,884,891
Total Assets	7,481,371	7,131,786	4,242,470	4,073,120	11,723,841	11,204,906
Other Liabilities	374,473	138,470	51,819	73,506	426,292	211,976
Long-term Liabilities						
Due w/in one-year	80,404	78,491	26,606	25,949	107,010	104,440
Due in more than one-year	412,928	408,163	125,267	137,344	538,195	545,507
Total Liabilities	867,805	625,124	203,692	236,799	1,071,497	861,923
Net Assets:						
Invested in capital assets, net of related debt	3,744,817	3,445,319	3,026,220	2,872,056	6,771,037	6,317,375
Restricted	129,689	113,558	16,320	14,280	146,009	127,838
Unrestricted	2,739,060	2,947,785	996,238	949,985	3,735,298	3,897,770
Total Net Assets	\$ 6,613,566	\$ 6,506,662	\$ 4,038,778	\$ 3,836,321	\$ 10,652,344	\$ 10,342,983

CITY OF CARLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

Changes in Net Assets

Table 3 presents the City's Changes in Net Assets, as derived from the government-wide Statement of Activities. Over time, increases and decreases in net assets measure whether the City's financial position is improving or deteriorating. During the fiscal year, the net assets of the governmental activities increased by \$103,320 and the net assets of the business-type activities increased by \$202,457.

Table 3: Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Program Revenues						
Charges for Services	\$ 214,940	\$ 316,870	\$ 912,751	\$ 853,496	\$ 1,127,691	\$ 1,170,366
Operating Grants	285,338	188,566			285,338	188,566
Capital Grants and Contributions	117,589	76,542			117,589	76,542
<i>Total Program Revenues</i>	<u>617,867</u>	<u>581,978</u>	<u>912,751</u>	<u>853,496</u>	<u>1,530,618</u>	<u>1,435,474</u>
General Revenues						
Taxes						
Property	313,065	317,512			313,065	317,512
Room	81,276	87,542			81,276	87,542
Consolidated revenues	1,270,195	1,518,636			1,270,195	1,518,636
Interest/Investments	18,756	71,385	4,200	26,288	22,956	97,673
Miscellaneous	85,882	67,462	13,108	63,599	98,990	131,061
Transfers	(70,000)	(200,000)	70,000	200,000		
Gain on sale of assets		104,981				104,981
<i>Total General Revenues</i>	<u>1,699,174</u>	<u>1,967,518</u>	<u>87,308</u>	<u>289,887</u>	<u>1,786,482</u>	<u>2,257,405</u>
Total Revenues	<u>2,317,041</u>	<u>2,549,496</u>	<u>1,000,059</u>	<u>1,143,383</u>	<u>3,317,100</u>	<u>3,692,879</u>
Program Expenses						
General Government	720,393	1,484,146			720,393	1,484,146
Public Safety	691,678	622,151			691,678	622,151
Judicial	57,271	57,812			57,271	57,812
Public Works	443,461	469,515			443,461	469,515
Health and Sanitation	43,214	85,099			43,214	85,099
Culture and Recreation	185,331	339,447			185,331	339,447
Community Support	50,514	47,075			50,514	47,075
Water			362,583	209,506	362,583	209,506
Garbage			106,184	116,039	106,184	116,039
Sewer			304,647	250,823	304,647	250,823
Street Lights			24,188	23,602	24,188	23,602
Interest on long-term debt	18,275	20,012			18,275	20,012
Total Program Expenses	<u>2,210,137</u>	<u>3,125,257</u>	<u>797,602</u>	<u>599,970</u>	<u>3,007,739</u>	<u>3,725,227</u>
Change in Net Assets	106,904	(575,761)	202,457	543,413	309,361	(32,348)
Beginning Net Assets	6,506,662	7,082,423	3,836,321	3,292,908	10,342,983	10,375,331
Ending Net Assets	<u>\$ 6,613,566</u>	<u>\$ 6,506,662</u>	<u>\$ 4,038,778</u>	<u>\$ 3,836,321</u>	<u>\$ 10,652,344</u>	<u>\$ 10,342,983</u>

CITY OF CARLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

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, 2010**

City Programs	Program Expenses	Program Revenues	Net Program Expenses (Revenues)
General Government	\$ 720,393	\$ -	\$ 720,393
Public Safety	691,678	212,500	479,178
Judicial	57,271	-	57,271
Public Works	443,461	74,242	369,219
Health and Sanitation	43,214	-	43,214
Culture and Recreation	185,331	331,125	(145,794)
Community Support	50,514	-	50,514
Interest Long-term Debt	18,275	-	18,275
Totals	\$ 2,210,137	\$ 617,867	\$ 1,592,270

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, 2010**

City Programs	Program Expenses	Program Revenues	Net Program Expenses (Revenues)
Water	\$ 362,583	\$ 395,004	\$ (32,421)
Garbage	106,184	203,162	(96,978)
Sewer	304,647	290,397	14,250
Street Lights	24,188	24,188	-
Totals	\$ 797,602	\$ 912,751	\$ (115,149)

Overall Analysis

Financial highlights for the City during the fiscal year ended June 30, 2010, include the following:

- The City's total Net Assets for all activities increased from \$10,342,983 to \$10,648,760, an increase of \$305,777, or three point seven percent (3.0%).
- This increase is partially attributable to aggressive expense control by all departments. General Fund expenditures were lower than budgeted amounts by \$116,222. General Fund Revenues were also slightly better than projected by \$29,897.

**CITY OF CARLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

- The City also added some infrastructure assets during the year. These include the completion of the new Water Reservoir building, Fourth Street Paving and the Sewer Lift Station on Griffin Street.
- The City's Business-type Activities (Utility Fund) revenues exceeded expenses by \$202,457. This is important as the Utility Fund is an Enterprise Fund that is required to be self sustaining. The Excess revenue allows for maintenance and eventual replacement of older infrastructure.

Fund Analysis

Governmental Funds

At the close of the fiscal year ending June 30, 2010, the City's governmental funds reported a combined ending fund balance of \$2,963,469, representing a decrease of \$51,921 from the previous fiscal year. The decrease across all governmental funds is primarily the result of Capital Outlay expenditures in a number of funds including the Streets, Parks, Equestrian Center and the new Library.

General Fund

Fund balance at June 30, 2010 totaled \$2,004,200 which is a decrease of \$330,054 from the previous fiscal year. Note that this decrease includes the following transfers to other funds:

- \$63,000 to the Open Door Senior Center Fund. This transfer amount was down significantly from the previous year.
- \$64,000 to Debt Service
- \$70,000 to the Utility Fund to offset Capital Outlay for the Water Reservoir
- \$4,000 to the Unemployment Liability Fund to offset unemployment claims
- \$190,000 to Capital Projects as part of the City's plan to pay for needed capital improvements and acquisitions without incurring excessive debt.

Had these transfers remained in the General Fund, they would have increased its ending balance by \$60,946 over the previous Fiscal Year.

Parks & Recreation Fund

Fund balance at June 30, 2010 totaled \$437,639, which is an increase of \$43,276. This fund receives Lodging Tax revenues which have decreased over the last two fiscal years. Use of these funds is controlled by Statute and City Ordinance.

Grants Fund

Fund balance at June 30, 2010 totaled \$23,323 which is an increase of \$22,660. The fund is used to account for federal, state and local grant proceeds. At year end, a federal grant of \$255,000 had been received for energy improvements, but had not yet been spent resulting in deferred revenue.

Non-major Governmental Funds

Beginning fund balance at June 30, 2010 totaled \$286,110, which is a decrease of \$398,289 from the ending fund balance of the previous fiscal year. This decrease is the result of moving the Park and Recreation and Grants Funds to Major Governmental Fund status and moving the Senior Center Fund to Non-Major status. After these changes, the revised list of Non-major Funds increased by \$212,197 to \$498,307. The following table shows the funds that are included in the Nonmajor Governmental Funds, fund balance as of June 30, 2010 and increase/(decrease) from previous fiscal year:

**CITY OF CARLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Fund	Fund Balance June 30, 2010	Increase/(Decrease)
Special Revenue Funds:		
Municipal Court Building Fund	\$ 12,090	\$ (12,684)
Administrative Assessment Fund	475	11,784
Parks and Recreation Fund #2	15,881	(4,705)
Equestrian Center Fund	6,501	(4,370)
Senior Citizens Center Fund	20,858	24,122
Debt Service Fund	51,872	1,775
Capital Projects Fund	316,794	201,055
Perpetual Cemetery Care (Permanent) Fund	73,836	(4,780)
Totals	\$ 498,307	\$ 212,197

Proprietary Funds

Following is a list of the proprietary funds and their respective net assets at June 30, 2010.

Fund	Net Assets at June 30, 2010
Utility	\$ 4,038,778
Unemployment Liability Insurance (Internal Service)	2,287

Capital Asset and Long-term Debt Activity

Capital Asset Activity

At June 30, 2010, the City reported \$4,124,986 in capital assets for governmental activities and \$3,156,565 in capital assets for business-type activities. Increases in Capital assets were the result of Governmental and Utility Fund projects. These include Park improvements, Library, Street Paving, Equestrian Center, Water Reservoir and Sewer Lift Station. For additional detail, see Note 4 of the financial statements.

Long-term Debt Activity

Long-term debt outstanding at June 30, 2010 totaled \$510,514. The debt consists of \$202,600 – Police Vehicles, Ambulance, Backhoe; \$177,569 - Senior Center; \$130,345 – Water Line Extension (2/3 of this debt is paid by the City of Elko and Elko County);

Additionally, the City estimates \$97,866 for compensated absences.

For additional information, refer to Note 7 in the financial statements.

**CITY OF CARLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

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 ASSETS
JUNE 30, 2010

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 2,992,233	\$ 1,005,622	\$ 3,997,855
Accounts receivable	63,959	80,283	144,242
Taxes receivable, delinquent	19,179	-	19,179
Due from other governments	265,572	-	265,572
Notes receivable	10,442	-	10,442
Deposits	5,000	-	5,000
Capital assets, net of accumulated depreciation	3,296,571	3,078,510	6,375,081
Capital assets, not being depreciated	828,415	78,055	906,470
Total Assets	7,481,371	4,242,470	11,723,841
LIABILITIES			
Accounts payable and other	60,704	25,342	86,046
Accrued salaries and related liabilities	48,327	10,374	58,701
Customer meter deposits	-	16,103	16,103
Unearned revenue	265,442	-	265,442
Noncurrent liabilities			
Due within one year	80,404	26,606	107,010
Due in more than one year	412,928	125,267	538,195
Total Liabilities	867,805	203,692	1,071,497
NET ASSETS			
Invested in capital assets, net of related debt	3,744,817	3,026,220	6,771,037
Restricted for:			
Debt service	7,260	16,320	23,580
Future community development	89,425	-	89,425
Perpetual cemetery care	33,004	-	33,004
Unrestricted	2,739,060	996,238	3,735,298
Total Net Assets	\$ 6,613,566	\$ 4,038,778	\$ 10,652,344

CITY OF CARLIN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

<u>Functions/Programs</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
Governmental Activities:				
General Government	\$ 720,393	\$ -	\$ -	\$ -
Public Safety	691,678	94,911	-	117,589
Judicial	57,271	-	-	-
Public Works	443,461	74,242	-	-
Health and Sanitation	43,214	-	-	-
Culture and Recreation	185,331	45,787	285,338	-
Community Support	50,514	-	-	-
Interest on long-term debt	18,275	-	-	-
Total Governmental Activities	<u>2,210,137</u>	<u>214,940</u>	<u>285,338</u>	<u>117,589</u>
Business-type Activities:				
Water	362,583	395,004	-	-
Garbage	106,184	203,162	-	-
Sewer	304,647	290,397	-	-
Street lights	24,188	24,188	-	-
Total Business-type Activities	<u>797,602</u>	<u>912,751</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 3,007,739</u>	<u>\$ 1,127,691</u>	<u>\$ 285,338</u>	<u>\$ 117,589</u>

General revenues:

Property Taxes
Room Taxes
Consolidated Revenues
Interest and Investment Earnings
Miscellaneous Revenue

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets, July 1

Net Assets, June 30

See accompanying notes.

NET (EXPENSE) REVENUE AND
CHANGES IN NET ASSETS

PRIMARY GOVERNMENT

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (720,393)	\$ -	\$ (720,393)
(479,178)	-	(479,178)
(57,271)	-	(57,271)
(369,219)	-	(369,219)
(43,214)	-	(43,214)
145,794	-	145,794
(50,514)	-	(50,514)
(18,275)	-	(18,275)
<u>(1,592,270)</u>	<u>-</u>	<u>(1,592,270)</u>
-	32,421	32,421
-	96,978	96,978
-	(14,250)	(14,250)
<u>-</u>	<u>-</u>	<u>-</u>
-	115,149	115,149
<u>(1,592,270)</u>	<u>115,149</u>	<u>(1,477,121)</u>
313,065	-	313,065
81,276	-	81,276
1,270,195	-	1,270,195
18,756	4,200	22,956
85,882	13,108	98,990
(70,000)	70,000	-
<u>1,699,174</u>	<u>87,308</u>	<u>1,786,482</u>
106,904	202,457	309,361
<u>6,506,662</u>	<u>3,836,321</u>	<u>10,342,983</u>
<u>\$ 6,613,566</u>	<u>\$ 4,038,778</u>	<u>\$ 10,652,344</u>

**CITY OF CARLIN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	GENERAL	PARKS AND RECREATION FUND	GRANTS FUND
ASSETS			
Cash and investments	\$ 1,798,063	\$ 427,290	\$ 280,823
Receivables, net of allowances			
Accounts	52,220	11,332	-
Note	10,442	-	-
Taxes	19,179	-	-
Due from other governments	242,531	-	-
Deposits	5,000	-	-
Total Assets	\$ 2,127,435	\$ 438,622	\$ 280,823
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 53,623	\$ 983	\$ 2,500
Payroll accruals	42,617	-	-
Bail and fines held	397	-	-
Deferred revenue	26,598	-	255,000
Total Liabilities	123,235	983	257,500
FUND BALANCES (DEFICIT)			
Reserved for:			
Debt service	-	-	-
Perpetual cemetery care	-	-	-
Future community development	-	89,425	-
Unreserved, reported in:			
General fund	2,004,200	-	-
Special revenue funds	-	348,214	23,323
Debt service fund	-	-	-
Capital projects fund	-	-	-
Permanent fund	-	-	-
Total Fund Balances (Deficit)	2,004,200	437,639	23,323
Total Liabilities and Fund Balances	\$ 2,127,435	\$ 438,622	\$ 280,823

See accompanying notes

OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 483,770	\$ 2,989,946
407	63,959
-	10,442
-	19,179
23,041	265,572
-	5,000
<u>507,218</u>	<u>3,354,098</u>
\$ 3,201	\$ 60,307
5,710	48,327
-	397
-	281,598
<u>8,911</u>	<u>390,629</u>
7,260	7,260
33,004	33,004
-	89,425
-	2,004,200
22,801	394,338
44,612	44,612
316,794	316,794
73,836	73,836
<u>498,307</u>	<u>2,963,469</u>
<u>\$ 507,218</u>	<u>\$ 3,354,098</u>

CITY OF CARLIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

Total fund balance, governmental funds \$ 2,963,469

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

Capital assets net of the related depreciation are not reported in the Governmental Funds financial statements because they are not current financial resources, but they are reported in the statement of net assets.

Capital assets	8,963,869	
Less accumulated depreciation	<u>(5,667,298)</u>	
	3,296,571	
Capital assets, not being depreciated	<u>828,415</u>	4,124,986

Assets and liabilities of the internal service fund are not reported in the fund financial statements because they are presented on a different accounting basis, but are presented as assets and liabilities in the government-wide statements. 2,287

Deferred revenue represents amounts that are not available to fund current expenditures, and therefore, are not reported in the governmental funds. 16,156

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

Notes payable	(380,169)	
Other post employment benefits	(40,409)	
Compensated absences	<u>(72,754)</u>	<u>(493,332)</u>

Total net assets, governmental activities \$ 6,613,566

CITY OF CARLIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	GENERAL	PARKS AND RECREATION FUND
REVENUES		
Taxes	\$ 293,553	\$ 81,276
Licenses, permits and fees	74,242	-
Intergovernmental	1,424,887	-
Charges for services	79,100	-
Fines and forfeits	15,811	-
Miscellaneous	59,057	-
	1,946,650	81,276
Total Revenues		
EXPENDITURES		
Current:		
General government	652,130	-
Public safety	552,910	-
Judicial	55,608	-
Public works	110,893	-
Health and sanitation	79,481	-
Culture and recreation	61,500	-
Community support	49,047	-
Capital Outlay	372,135	-
Debt service		
Principal	-	-
Interest	-	-
	1,933,704	-
Total Expenditures		
Excess (Deficiency) of Revenues Over Expenditures	12,946	81,276
OTHER FINANCING SOURCE (USES)		
Transfer in	48,000	(38,000)
Transfer out	(391,000)	-
	(343,000)	(38,000)
Total Other Financing Sources (Uses)		
Net Change in Fund Balance	(330,054)	43,276
FUND BALANCES (DEFICIT), July 1	2,334,254	394,363
FUND BALANCES (DEFICIT), June 30	\$ 2,004,200	\$ 437,639

See accompanying notes

GRANTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 15,757	\$ 390,586
-	-	74,242
66,947	187,138	1,678,972
-	-	79,100
-	-	15,811
-	85,518	144,575
<u>66,947</u>	<u>288,413</u>	<u>2,383,286</u>
-	-	652,130
26,287	7,430	586,627
-	-	55,608
-	-	110,893
-	-	79,481
-	235,143	296,643
-	-	49,047
-	96,418	468,553
-	43,950	43,950
-	18,275	18,275
<u>26,287</u>	<u>401,216</u>	<u>2,361,207</u>
<u>40,660</u>	<u>(112,803)</u>	<u>22,079</u>
-	338,756	348,756
<u>(18,000)</u>	<u>(13,756)</u>	<u>(422,756)</u>
<u>(18,000)</u>	<u>325,000</u>	<u>(74,000)</u>
22,660	212,197	(51,921)
<u>663</u>	<u>286,110</u>	<u>3,015,390</u>
<u>\$ 23,323</u>	<u>\$ 498,307</u>	<u>\$ 2,963,469</u>

CITY OF CARLIN
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Net change in fund balances, governmental funds \$ (51,921)

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 assets 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	529,714	
Current depreciation expense	<u>(274,166)</u>	255,548

The net revenue or loss of the City's internal service fund is not reported in the fund financial statements because they are presented on a different accounting basis, but they are included in the statement of activities. (92)

Loss from repossession of property not recognized in governmental funds due to offsetting deferred revenue. (93,708)

Certain governmental revenues will not be collected for several months after the fiscal year and are deferred in the governmental funds 3,755

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		43,950
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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	(10,219)	
Current year change in other post employment benefits	<u>(40,409)</u>	<u>(50,628)</u>

Change in net assets of governmental activities **\$ 106,904**

CITY OF CARLIN
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	BUDGETED AMOUNTS		ACTUAL	FINAL BUDGET VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 291,859	\$ 299,359	\$ 293,553	\$ (5,806)
Licenses, Permits and Fees	60,700	85,700	74,242	(11,458)
Intergovernmental	1,363,994	1,410,994	1,424,887	13,893
Charges for Services	67,100	56,000	79,100	23,100
Fines and Forfeits	19,050	14,000	15,811	1,811
Miscellaneous	83,000	50,700	59,057	8,357
Total Revenues	<u>1,885,703</u>	<u>1,916,753</u>	<u>1,946,650</u>	<u>29,897</u>
EXPENDITURES				
Current:				
General Government	631,989	680,264	652,130	28,134
Public Safety	555,142	575,192	552,910	22,282
Judicial	55,000	60,708	55,608	5,100
Public Works	107,831	123,431	110,893	12,538
Health and Sanitation	74,785	78,585	79,481	(896)
Culture and Recreation	61,460	63,460	61,500	1,960
Community Support	52,850	52,850	49,047	3,803
Contingency	50,000	50,000	-	50,000
Capital Outlay	133,000	365,500	372,135	(6,635)
Total Expenditures	<u>1,722,057</u>	<u>2,049,990</u>	<u>1,933,704</u>	<u>116,286</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>163,646</u>	<u>(133,237)</u>	<u>12,946</u>	<u>146,183</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	48,000	48,000	-
Transfers out	<u>(359,000)</u>	<u>(411,000)</u>	<u>(391,000)</u>	<u>20,000</u>
Total Other Financing Sources (Uses)	<u>(359,000)</u>	<u>(363,000)</u>	<u>(343,000)</u>	<u>20,000</u>
Net Change in Fund Balance	(195,354)	(496,237)	(330,054)	166,183
FUND BALANCE, July 1	<u>2,017,339</u>	<u>2,334,254</u>	<u>2,334,254</u>	<u>-</u>
FUND BALANCE, June 30	<u>\$ 1,821,985</u>	<u>\$ 1,838,017</u>	<u>\$ 2,004,200</u>	<u>\$ 166,183</u>

CITY OF CARLIN
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PARKS AND RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2010

	BUDGET AMOUNTS		ACTUAL	FINAL BUDGET VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Taxes				
Room Tax Revenue	\$ 39,100	73,100	\$ 81,276	8,176
EXPENDITURES				
Current:				
Culture and Recreation	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	39,100	73,100	81,276	8,176
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(38,000)	(38,000)	-
Net Change in Fund Balance	39,100	35,100	43,276	8,176
FUND BALANCE, July 1	381,821	394,363	394,363	-
FUND BALANCE, June 30	\$ 420,921	\$ 429,463	\$ 437,639	\$ 8,176

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GRANTS FUND
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	BUDGET AMOUNTS		ACTUAL	FINAL BUDGET VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental:				
Federal Grants	\$ -	\$ 255,000	\$ -	\$ (255,000)
State Grants	3,000	63,500	66,947	3,447
Total Revenues	<u>3,000</u>	<u>318,500</u>	<u>66,947</u>	<u>(251,553)</u>
EXPENDITURES				
Current:				
Public Safety:				
Services and supplies	-	29,000	26,287	2,713
Excess (Deficiency) of Revenues Over Expenditures	3,000	289,500	40,660	(248,840)
OTHER FINANCING SOURCES (USES)				
Transfers in/out	-	(18,000)	(18,000)	-
Net Change in Fund Balance	3,000	271,500	22,660	(248,840)
FUND BALANCE, July 1	<u>1,352</u>	<u>(663)</u>	<u>663</u>	<u>1,326</u>
FUND BALANCE, June 30	<u>\$ 4,352</u>	<u>\$ 270,837</u>	<u>\$ 23,323</u>	<u>\$ (247,514)</u>

CITY OF CARLIN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND UNEMPLOYMENT LIABILITY INSURANCE FUND
	UTILITY FUND	
ASSETS		
CURRENT ASSETS		
Cash and investments	\$ 1,005,622	\$ 2,287
Receivables	80,283	-
	1,085,905	2,287
NONCURRENT ASSETS		
Capital assets, net of accumulated depreciation	3,078,510	-
Capital assets, not being depreciated	78,055	-
	3,156,565	-
Total Assets	4,242,470	2,287
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	25,342	-
Accrued expenses	10,374	-
Compensated absences	12,890	-
Customer meter deposits	16,103	-
Note payable, current portion	13,716	-
	78,425	-
NONCURRENT LIABILITIES		
Compensated absences	8,638	-
Note payable, net of current portion	116,629	-
	125,267	-
Total Liabilities	203,692	-
NET ASSETS		
Invested in capital assets, net of related debt	3,026,220	-
Restricted for debt service	16,320	-
Unrestricted	996,238	2,287
Total Net Assets	\$ 4,038,778	\$ 2,287

See accompanying notes.

CITY OF CARLIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	BUSINESS-TYPE ACTIVITIES <u>ENTERPRISE FUND</u>	GOVERNMENTAL ACTIVITIES <u>INTERNAL SERVICE FUND</u> UNEMPLOYMENT LIABILITY INSURANCE FUND
	<u>UTILITY FUND</u>	
OPERATING REVENUES		
Charges for sales and services:		
Water	\$ 395,004	\$ -
Garbage	203,162	-
Sewer	290,397	-
Street lights	24,188	-
	<u>912,751</u>	<u>-</u>
Total Operating Revenues		
OPERATING EXPENSES		
Salaries and wages	228,479	-
Employee benefits	95,816	4,092
Services and supplies	166,706	-
General services and supplies	180,233	-
Depreciation	119,022	-
	<u>790,256</u>	<u>4,092</u>
Total Operating Expenses		
Operating Income (Loss)	<u>122,495</u>	<u>(4,092)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest and penalties earned	4,200	-
Miscellaneous revenues	13,108	-
Interest expense	(7,346)	-
	<u>9,962</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)		
Net Income (Loss) before Transfers	132,457	(4,092)
TRANSFERS IN (OUT)		
General Fund	70,000	4,000
	<u>202,457</u>	<u>(92)</u>
Change in Net Assets		
NET ASSETS, July 1	<u>3,836,321</u>	<u>2,379</u>
NET ASSETS, June 30	<u>\$ 4,038,778</u>	<u>\$ 2,287</u>

CITY OF CARLIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010
(Page 1 of 2)

	BUSINESS-TYPE ACTIVITIES	GOVERNMENTAL ACTIVITIES
	ENTERPRISE FUND	INTERNAL SERVICE FUND
	UTILITY FUND	UNEMPLOYMENT LIABILITY INSURANCE FUND
CASH FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 912,810	\$ -
Cash payments to employees for services and benefits	(319,954)	-
Cash payments to suppliers for goods and services	(371,657)	(4,092)
Net Cash Provided (Used) by Operating Activities	221,199	(4,092)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer in from General Fund	70,000	4,000
Net Cash Provided (Used) by Noncapital and Financing Activities	70,000	4,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(260,134)	-
Proceeds from other governmental units	13,108	-
Loan payments	(13,052)	-
Interest expense	(7,346)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(267,424)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	4,200	-
Net Increase (Decrease) in Cash	27,975	(92)
CASH AND CASH EQUIVALENTS, July 1	977,647	2,379
CASH AND CASH EQUIVALENTS, June 30	\$ 1,005,622	\$ 2,287

CITY OF CARLIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010
(Page 2 of 2)

	BUSINESS-TYPE ACTIVITIES	GOVERNMENTAL ACTIVITIES
	ENTERPRISE FUND	INTERNAL SERVICE FUND
	UTILITY FUND	UNEMPLOYMENT LIABILITY INSURANCE FUND
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ <u>122,495</u>	\$ <u>(4,092)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	119,022	-
Change in assets and liabilities:		
(Increase) decrease in		
Accounts receivable	(263)	-
Increase (decrease) in		
Accounts payable	(22,969)	-
Accrued expenses	2,709	-
Due to other funds	(117)	-
Meter deposits	<u>322</u>	<u>-</u>
Total Adjustments	<u>98,704</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	\$ <u><u>221,199</u></u>	\$ <u><u>(4,092)</u></u>

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

**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. In the government-wide Statement of Net Assets and Statement of Activities Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued before November 30, 1989, have been applied to the extent that those pronouncements do not conflict with or contradict GASB pronouncements. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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 assets 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 assets 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

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

not supported by program revenues are generally dependent on general-purpose revenues, such as taxes, 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 are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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.

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.

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 individual 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.

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

The City reports the following major governmental funds:

- **General Fund** is the primary operating fund of the City. It accounts for all financial resources and costs of operations traditionally associated with governments, which are not required to be accounted for in another fund.
- **Parks and Recreation Center Fund** accounts for room tax collections and expenditures used for recreation improvements.
- **Grants Fund** accounts for receipt and disbursement of specific federal, state or local grants. The grants may vary from year to year depending upon successful grant applications.

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 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.

Capital Projects Funds account for financial resources used for the acquisition or construction of major capital assets.

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

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

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 individual funds, except for bond repayments, short-term financing repayment and any other long-term contract expressly authorized by law, and certain other items specified in NRS 354.626. For proprietary funds the sum of operating and nonoperating expenses may not exceed the sum of budgeted operating and nonoperating expenses.

Property Taxes

Taxes on real property are levied and the lien attached on July 1 (the levy date) of the year for which the taxes are levied. Taxes are due on the third Monday of August, however they may be paid in quarterly installments payable on the third Monday of August and the first Mondays in October, January and March. Any tax paid more than ten days late is assessed a penalty. In the event of nonpayment, a tax

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

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.
- 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.

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

- 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 \$22,050, utility billings \$1,933.

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 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 Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

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

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

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

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 been typically paid from the General Fund.

Other Post-Employment Benefits

In addition to pension benefits (Public Employees Retirement System) described in Note 5, 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, 2010, three retirees are utilizing the benefit. The City's cost associated with the above benefit for the year ending June 30, 2010 was \$815.

In-kind Revenues and Expenses

In-kind revenue and expenses are recorded at fair market value of the property contributed or services rendered. The fair market value has been determined by the organization or company providing the property or service according to the normal charges for such property or service. The volunteer services are valued at the same rate as paid employees for a similar service.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by an outside party for a specific purpose. The designated fund balance represents that portion of the ending fund balance that has been obligated in the subsequent year's budget.

Comparative Data

Comparative total data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. This comparability is not considered full disclosure of transactions for the prior year. Such information can only be obtained by referring to the audited financial statements for that year.

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-

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

1. Summary of Significant Accounting Policies (Continued)

sustaining risk pool that will provide coverage for its members for up to \$10,000,000 per event and a \$13,000,000 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 Statutes and Administrative Code

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

Budget augmentation for Municipal Building Fund utilized \$13,588 of previously budgeted ending fund balance which may not be in accordance with NAC 354.410.

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>
General Fund	Health and Sanitation
Administrative Assessment	Public Safety
Parks and Recreation #2	Culture and Recreation
Internal Service	General Government

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

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

3. Cash and Investments (Continued)

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 \$3,997,855 and the bank balance was \$4,045,229. The difference between the carrying amount and bank balance results from outstanding checks and deposits not yet reflected in the banks' records.

Cash and investments held by the City as of June 30, 2010 are allocated to the various funds as follows:

Cash Balances Held By:

Major governmental funds	\$ 2,225,353
Nonmajor governmental funds	764,593
Business-type activities	1,005,622
Internal service fund	<u>2,287</u>
Total Cash and Investments	<u>\$ 3,997,855</u>

As of June 30, 2010 the City had no investments.

4. Capital Assets

The amounts recorded as capital assets are summarized as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Governmental Activities				
Capital assets, being depreciated:				
Buildings	\$ 1,773,697	\$ 91,413	\$ -	\$ 1,865,110
Office equipment	112,567	-	-	112,567
Other equipment	1,239,610	33,138	-	1,272,748
Vehicles	1,760,708	83,849	-	1,844,557
Infrastructure	<u>3,604,117</u>	<u>264,770</u>	-	<u>3,868,887</u>
	<u>8,490,699</u>	<u>473,170</u>	-	<u>8,963,869</u>
Less: Accumulated Depreciation for:				
Buildings	(509,240)	(36,950)	-	(546,190)
Office equipment	(91,754)	(7,783)	-	(99,537)
Other equipment	(836,072)	(52,954)	-	(889,026)
Vehicles	(1,177,621)	(101,285)	-	(1,278,906)
Infrastructure	<u>(2,778,445)</u>	<u>(75,194)</u>	-	<u>(2,853,639)</u>
	<u>(5,393,132)</u>	<u>(274,166)</u>	-	<u>(5,667,298)</u>
Total capital assets, being depreciated, net	<u>3,097,567</u>	<u>199,004</u>	-	<u>3,296,571</u>
Capital assets, not being depreciated:				
Land	<u>771,871</u>	<u>56,544</u>	-	<u>828,415</u>
Governmental activities capital assets, net	<u>\$ 3,869,438</u>	<u>\$ 255,548</u>	<u>\$ -</u>	<u>\$ 4,124,986</u>

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

4. Capital Assets (Continued)	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Business-type Activities				
Capital assets, being depreciated:				
Buildings	\$ 38,522	\$ 232,252	\$ -	\$ 270,774
Office equipment	16,444	-	-	16,444
Other equipment	293,923	-	-	293,923
Vehicles	428,372	-	-	428,372
Infrastructure	5,789,111	27,882	-	5,816,993
	<u>6,566,372</u>	<u>260,134</u>	<u>-</u>	<u>6,826,506</u>
Less: Accumulated Depreciation for:				
Buildings	(22,624)	(2,231)	-	(24,855)
Office equipment	(16,444)	-	-	(16,444)
Other equipment	(288,733)	(2,784)	-	(291,517)
Vehicles	(420,616)	(7,756)	-	(428,372)
Infrastructure	(2,880,557)	(106,251)	-	(2,986,808)
	<u>(3,628,974)</u>	<u>(119,022)</u>	<u>-</u>	<u>(3,747,996)</u>
Total capital assets, being depreciated, net	<u>2,937,398</u>	<u>141,112</u>	<u>-</u>	<u>3,078,510</u>
Capital assets, not being depreciated:				
Land	<u>78,055</u>	<u>-</u>	<u>-</u>	<u>78,055</u>
Business-type activities capital assets, net	<u>\$ 3,015,453</u>	<u>\$ 141,112</u>	<u>\$ -</u>	<u>\$ 3,156,565</u>

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

Governmental activities:	
General government:	\$ 11,593
Public safety	103,263
Public works	109,659
Health and sanitation	953
Culture and recreation	<u>48,698</u>
Total depreciation expense – governmental activities	<u>\$ 274,166</u>
Business-type activities:	
Water	\$ 55,795
Sewer	<u>63,227</u>
Total depreciation expense – business-type activities	<u>\$ 119,022</u>

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

**5. 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 rate for those contributions was 21.50% in 2009-10 and 20.50% for regular members in the prior years, and 33.50% for police and fire employee members on all covered payroll. 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 rate for regular employees under this plan was 10.75%. 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, 2010, 2009, and 2008, were \$214,271, \$188,157, and \$186,367, respectively, equal to the required contributions for the each year. The contributions rate for the years ended June 2010, 2009 and 2008 were 21.50%, 20.50% and 20.50%, respectively, for regular employees, 37.00% 33.50% and 32.00%, respectively, for police and fire employees under the employer paid plan, 22.50% for volunteer fire fighters, and 11.25% for 2010 and 10.50% for 2009 and 2008 for regular employees under the employer/employee paid plan for the specified years.

**6. 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 will initially serve the University of Nevada-Reno Fire Science Academy that has been 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.

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

6. Cooperative Agreement (Continued)

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

7. Long-Term Liabilities

Long-term debt as of June 30, 2010, consisted of the following:

Governmental Activities:	Amount
Note payable Nevada Bank and Trust, \$25,157 semi-annual including interest at 4.44% compounded quarterly. The note is for short-term financing of police vehicles, backhoe and ambulance.	\$ 202,600
Note payable United States Department of Agriculture, Rural Development, \$12,100 annually including interest at 4.38%. The note is for construction of senior citizens facility.	177,569
	380,169
Business-Type Activities (Enterprise Fund):	
Note payable United States Department of Agriculture, Rural Development, \$20,398 annually including interest at 5.0%. The note provides matching funds for construction of the water line extension (see Note 6).	130,345
Total Notes Payable	\$ 510,514

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

7. Long-Term Liabilities
(Continued)

The governmental activities notes will be repaid by the Debt Service Fund. The maturity of the notes payable for the years after June 30, 2010, 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
2011	\$ 41,745	\$ 8,570	\$ 4,159	\$ 7,941
2012	43,581	6,733	4,344	7,756
2013	45,523	4,791	4,538	7,562
2014	47,579	2,736	4,741	7,359
2015	24,172	558	4,953	7,147
2016-2020	-	-	28,283	32,217
2021-2025	-	-	35,185	25,315
2026-2030	-	-	43,771	16,729
2031-2035	-	-	47,595	6,048
Total	\$ 202,600	\$ 23,388	\$ 177,569	\$ 118,074

Changes in Long-Term Liabilities:

	Balance July 1	Additions
Governmental Activities:		
Compensated absences	\$ 62,835	\$ 45,411
Other postemployment benefits	-	40,409
Notes payable	424,119	-
Total	\$ 486,954	\$ 85,820
Business-Type Activities:		
Compensated absences	\$ 19,896	\$ 19,896
Notes payable	143,397	-
Total	\$ 163,293	\$ 19,896

Nevada State Statutes limit the aggregate principal amount of the City's bonded debt to 20% of the City's total reported assessed valuation. Based upon the assessed valuation for 2009-2010 of \$26,008,738 the City's debt limit would be \$5,201,748. As of June 30, 2010, the City's has \$510,514 total debt outstanding, thus leaving excess debt capacity.

Business-Type Activities

U.S. Department of Agriculture, Water Line Extension		Total Notes Payable	
Principal	Interest	Principal	Interest
\$ 13,716	\$ 6,682	\$ 59,620	\$ 23,193
14,418	5,980	62,343	20,469
15,156	5,242	65,217	17,595
15,931	4,232	68,251	14,327
16,746	3,652	45,871	11,357
54,378	5,638	82,661	37,855
-	-	35,185	25,315
-	-	43,771	16,729
-	-	47,595	6,048
<u>\$ 130,345</u>	<u>\$ 31,426</u>	<u>\$ 510,514</u>	<u>\$ 172,888</u>

Reductions	Balance June 30	Amount Due Within One Year
\$ 35,492	\$ 72,754	\$ 34,500
-	40,409	-
<u>43,950</u>	<u>380,169</u>	<u>45,904</u>
<u>\$ 79,442</u>	<u>\$ 493,332</u>	<u>\$ 80,404</u>
\$ 13,005	\$ 20,985	\$ 12,890
<u>13,052</u>	<u>130,345</u>	<u>13,716</u>
<u>\$ 26,057</u>	<u>\$ 151,330</u>	<u>\$ 26,606</u>

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

8. Fund Equity

Reservations and restrictions of fund balances of governmental funds are created to either satisfy legal covenants that require a portion of the fund balance be segregated or to identify the portion of the fund balance that is not available for appropriation for future expenditures. Specific reservations and/or restrictions of the fund balance accounts are summarized below:

Reserved/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 assets 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, 2010 for the water line extension and Carlin Senior Center are currently \$16,320 and \$7,260, respectively.

Reserved/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 shall 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.

Reserved/Restricted 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 restricted (two percent of room tax collected starting December 11, 2008, and one percent prior to December 11, 2008) for future projects that will enhance the community.

Unreserved: This represents that portion of fund equity that is not segregated for a specific future use and is available for the following year's operations. Unreserved fund equity is comprised of the following two categories:

Designated for future year operations – represents the budgeted opening fund balance for the forthcoming year.

Undesignated – represents the remainder of fund equity not specifically reserved or designated for future years' operations.

The fund balance available to begin the 2010-2011 fiscal year is less than the amount budgeted to open the fiscal year as follows:

	Budget	Actual	Difference
Administrative Assessment Fund	\$ 3,571	\$ 475	\$ 3,096
Grants Fund	256,312	23,323	232,989
Capital Projects Fund	330,740	316,794	13,946
Perpetual Cemetery Fund	80,917	73,836	7,081

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

**8. Fund Equity
(Continued)**

Restricted for Water Line Extension Repayment: These restricted net assets are used to account for connection fees to the University of Nevada-Reno Fire Science Academy extension set aside for repayment of USDA loans utilized in connection with building the water line extension.

Reservations of net assets 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. Since the City has the ability to remove this reserve at a future date, they do not meet the criteria for restricted net assets and are not reported on the face of the financial statements. Specific reservations of retained earnings are summarized below:

Reserve for Water System, Water Capital Improvement and Sewer Capital Improvement: These reserves are used to account for user charges set aside for major capital improvements such as water wells and sewer improvements.

	Balance July 1, 2009	Net Change	Balance June 30, 2010
Restricted for Water line extension repayment	\$ 14,280	\$ 2,040	\$ 16,320
Reserve for:			
Water system	285,304	107	285,411
Water capital improvement	14,736	-	14,736
Sewer capital improvement	197,951	1,225	199,176

**9. Interfund
Items**

Interfund transfers are shown as other financing sources or uses in all governmental funds. Transfers between funds during the year ended June 30, 2010 are as follows:

	Transfer Out:		
	General Fund	Nonmajor Governmental Funds	Total
Transfer In:			
General	\$ 48,000	\$ (391,000)	\$ (343,000)
Parks and Recreation	-	(38,000)	(38,000)
Nonmajor Funds:			
Municipal Court Building	-	(13,756)	(13,756)
Administrative Assessment	13,756	-	13,756
Grants	-	(18,000)	(18,000)
Parks and Recreation #2	8,000	-	8,000
Open Door Senior Citizens Center	63,000	-	63,000
Debt Service	64,000	-	64,000
Capital Projects	190,000	-	190,000
Enterprise	70,000	-	70,000
Internal Service	4,000	-	4,000
Total	\$ 460,756	\$ (460,756)	\$ -

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

9. Interfund Items (Continued) The General Fund and Parks and Recreation subsidized certain non-major funds and the Internal Service Fund whose funding sources were not large enough to support the entire cost of their programs. In addition the General Fund assisted with the installation of the sewer and water lines in the Enterprise Fund.

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, 2010 is provided for the water service as follows:

	Water Operations
Condensed Statement of Net Assets:	
Current assets	\$ 422,530
Capital assets, net of accumulated depreciation	1,410,287
Total assets	1,832,817
Current liabilities	78,425
Noncurrent liabilities	124,724
Total liabilities	203,149
Net assets:	
Invested in capital assets, net of related debt	1,279,942
Restricted for debt services	13,716
Unrestricted	742,308
Total Net assets	\$ 2,035,966
Condensed Statement of Activities:	
Operating revenues:	
Charges for services	\$ 395,004
Operating expenses:	
Depreciation	55,795
Other operating expenses	299,442
Total operating expenses	355,237
Operating income	39,767
Nonoperating revenues:	
Interest income	4,200
Interest expense	(7,346)
Total nonoperating revenue/(expense)	(3,146)
Change in net assets	36,621
Beginning net assets	1,999,345
Ending net assets	\$ 2,035,966

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

Condensed Statement of Cash Flows:	
Net cash provided by:	
Operating activities:	\$ 267,962
Capital and related financing activities	-
Investing activities	<u>4,200</u>
Net Decrease in Cash	\$ (272,162)
Beginning Cash	<u>694,692</u>
Ending Cash	<u>\$ 422,530</u>

**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 retired City employees 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, 2010, two retirees were using this plan. CEHBP does not issue a publicly available financial report.

Benefit provisions for the PEBP are administered by the State of Nevada. NRS 287.043 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. City employees who met the eligibility requirements effective September 1, 2008 for retirement within the Nevada Public Employee Retirement System had the option upon retirement to enroll in coverage under the PEBP. NRS 287.023 discontinued the option to join PEBP for District 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, 2010, ten city retirees were utilizing this benefit.

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 \$6,547. The City did not prefund any future benefits.

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

For PEBP, NRS 287.046 establishes the subsidies to be contributed toward the premium costs of the eligible retired City employees. Eligible retirees for both plans are those receiving public employees retirement benefits (PERS). 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. The unsubsidized non-state retiree plan premiums in effect for fiscal year 2010 ranged from \$323 to \$736, depending on the type of plan chosen. 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, 2010, retirees qualified for a subsidy of \$79 at five years of service and \$436 at twenty years of service, with incremental increases for each year 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 2010, the City contributed \$9,374 to the plan.

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.

For fiscal year 2010, the City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation, by plan were as follows:

	Fiscal Year End	Annual OPEB Cost (Entry Age Normal Cost Method)	Employer Contribution	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
CEHBP	6/30/10	\$ 32,159	\$ 6,547	20.36%	\$ 25,612
PEBP	6/30/10	24,171	9,374	38.78%	14,797
		<u>\$ 56,330</u>	<u>\$ 15,921</u>		<u>\$ 40,409</u>

Fiscal year 2010 is the City's first year of prospective implementation of GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans*; therefore, prior year information is unavailable.

The net OPEB obligation (NOPEBO) as of June 30, 2010, was calculated as follows:

	CEHBP	PEBP	Total
Annual required contribution	\$ 32,159	\$ 24,171	\$ 56,330
Interest on net OPEB obligation	-	-	-
Adjustment to annual required contribution	-	-	-
Annual OPEB cost (expense)	<u>32,159</u>	<u>24,171</u>	<u>56,330</u>

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

11. Post Employment Healthcare Plan (Continued)	CEHBP	PEBP	Total
Contributions made	6,547	9,374	15,921
Increase in net OPEB obligation	25,612	14,797	40,409
Net OPEB obligation, beginning of year	-	-	-
Net OPEB obligation, end of year	\$ 25,612	\$ 14,797	\$ 40,409

Funded Status and Funding Progress: The funded status of the plans as of June 30, 2010 was as follows:

	CEHBP	PEBP	Total
Accrued actuarial liability (a)	\$ 199,145	\$ 434,682	\$ 633,827
Actuarial value of plan assets (b)	-	-	-
Unfunded Actuarial Accrued Liability (a) – (b)	\$ 199,145	\$ 434,682	\$ 633,287
Funded Ratio (b) / (a)	0.00%	0.00%	
Covered payroll (c)	895,024	N/A	
Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll ((a) – (b)] / (c))	22.25%	\$ N/A	

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. 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 District 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, 2010 actuarial valuation were as follows:

	CEHBP	PEBP
Actuarial valuation date	6/30/10	6/30/10
Actuarial cost method	Entry age normal cost	Entry age normal cost

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

11. Post Employment Healthcare Plan (Continued)		CEHBP	PEBP
	Amortization method	Level % of payroll	Level dollar
	Amortization period (closed)	30 years	30 years
	Asset valuation method	Market value	Market value
	Actuarial Assumptions:		
	Investment rate of return	4%	4%
	Projected salary increase	4%	4%
	Healthcare inflation rate*	8.5%	8.5%
	PEBP subsidy inflation rate**		8.5%
	* Decreasing 1% each year until ultimate trend rate of 5% is reached in 2014		
	**Declining annually until ultimate trend rate of 5% is reached in 2014		

12. Subsequent Events

After year end, the City approved sale of City-owned land for \$100,000 plus improvements including water storage tank. Land to be developed into commercial property and residential subdivision.

Awarded construction of new Carlin Community Health Center \$895,352 which includes in-kind and other federal revenue. The City's portion should approximate \$250,000.

Awarded bid for installation of solar panel arrays and lighting retrofits on City facilities funded by a previously received energy grant. Grant award \$255,000.

Approved purchase of two new police vehicles.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CARLIN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2010

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

Note - The information provided above is shown prospectively as of June 30, 2010. Multiyear trend information will be provided as it becomes available in future periods.

SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUNDS

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)
(Page 1 of 5)

	BUDGETED AMOUNTS		ACTUAL	FINAL BUDGET	2009
	ORIGINAL	FINAL		VARIANCE	
REVENUES					
Taxes:					
Ad valorem taxes	\$ 291,859	\$ 299,359	\$ 293,553	\$ (5,806)	\$ 293,507
Licenses, Permits and Fees:					
Franchise fees	15,000	21,600	21,750	150	21,659
Business licenses	20,000	15,600	16,444	844	14,821
Liquor licenses	1,200	3,100	3,104	4	3,104
Local gaming licenses	2,500	6,400	6,620	220	9,200
Animal licenses	3,000	3,000	2,683	(317)	2,618
Building permits	15,000	29,000	16,327	(12,673)	60,207
Other permits and fees	4,000	7,000	7,314	314	5,880
	<u>60,700</u>	<u>85,700</u>	<u>74,242</u>	<u>(11,458)</u>	<u>117,489</u>
Intergovernmental:					
Consolidated revenues	1,308,994	1,263,994	1,270,195	6,201	1,393,636
Motor vehicle fuel tax	45,000	45,000	50,642	5,642	49,284
Share of county gaming license	10,000	4,000	5,850	1,850	11,723
Regional street and highway tax	-	-	-	-	125,000
Grants	-	98,000	98,200	200	-
	<u>1,363,994</u>	<u>1,410,994</u>	<u>1,424,887</u>	<u>13,893</u>	<u>1,579,643</u>
Charges for Services:					
Ambulance charges	50,000	50,000	73,625	23,625	60,890
Ambulance supplies	7,000	6,000	5,475	(525)	9,217
Other	10,100	-	-	-	-
	<u>67,100</u>	<u>56,000</u>	<u>79,100</u>	<u>23,100</u>	<u>70,107</u>
Fines and Forfeits:					
Court fines and fees	15,000	8,200	8,720	520	13,568
Animal fines and fees	2,500	1,500	1,643	143	2,292
Other	1,550	4,300	5,448	1,148	59,477
	<u>19,050</u>	<u>14,000</u>	<u>15,811</u>	<u>1,811</u>	<u>75,337</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)
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	BUDGETED AMOUNTS		ACTUAL	FINAL BUDGET	2009
	ORIGINAL	FINAL		VARIANCE	
Miscellaneous:					
Interest income	65,000	18,900	18,593	(307)	70,532
Other income	2,000	15,300	23,336	8,036	13,271
Sales and rentals	7,000	300	313	13	572
Leases and contracts	9,000	16,200	16,815	615	10,312
	<u>83,000</u>	<u>50,700</u>	<u>59,057</u>	<u>8,357</u>	<u>94,687</u>
Total Revenues	<u>1,885,703</u>	<u>1,916,753</u>	<u>1,946,650</u>	<u>29,897</u>	<u>2,230,770</u>
EXPENDITURES					
Current:					
General Government:					
Finance Administration					
Salaries and wages	79,539	83,539	83,350	189	81,893
Employee benefits	25,900	22,900	18,420	4,480	18,689
Services and supplies	17,900	12,100	10,331	1,769	12,812
	<u>123,339</u>	<u>118,539</u>	<u>112,101</u>	<u>6,438</u>	<u>113,394</u>
Legislative					
Salaries and wages	9,300	10,300	10,145	155	10,120
Employee benefits	5,000	10,000	4,956	5,044	6,066
Services and supplies	4,300	3,401	2,707	694	4,375
	<u>18,600</u>	<u>23,701</u>	<u>17,808</u>	<u>5,893</u>	<u>20,561</u>
Other					
Services and supplies	<u>399,350</u>	<u>447,060</u>	<u>434,223</u>	<u>12,837</u>	<u>449,129</u>
City Manager					
Salaries and wages	61,740	61,704	61,704	-	61,448
Employee benefits	20,460	23,560	23,117	443	20,335
Services and supplies	8,500	5,700	3,177	2,523	5,239
	<u>90,700</u>	<u>90,964</u>	<u>87,998</u>	<u>2,966</u>	<u>87,022</u>
Total General Government	<u>631,989</u>	<u>680,264</u>	<u>652,130</u>	<u>28,134</u>	<u>670,106</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)
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	BUDGETED AMOUNTS		ACTUAL	FINAL BUDGET	2009
	ORIGINAL	FINAL		VARIANCE	
Public Safety:					
Police					
Salaries and wages	269,000	288,000	287,710	290	263,231
Employee benefits	124,200	142,200	137,598	4,602	123,579
Services and supplies	49,300	40,850	32,177	8,673	31,854
	<u>442,500</u>	<u>471,050</u>	<u>457,485</u>	<u>13,565</u>	<u>418,664</u>
Fire and Ambulance					
Salaries	37,700	34,700	34,440	260	31,518
Employee benefits	21,842	20,342	17,449	2,893	15,341
Services and supplies	53,100	49,100	43,536	5,564	253,260
Capital outlay	-	5,000	4,607	393	9,110
	<u>112,642</u>	<u>109,142</u>	<u>100,032</u>	<u>9,110</u>	<u>309,229</u>
Total Public Safety	<u>555,142</u>	<u>580,192</u>	<u>557,517</u>	<u>22,675</u>	<u>727,893</u>
Judicial:					
Municipal Court					
Salaries and wages	35,100	35,100	34,233	867	38,214
Employee benefits	17,100	20,900	20,193	707	18,207
Services and supplies	2,800	4,708	1,182	3,526	1,156
Total Judicial	<u>55,000</u>	<u>60,708</u>	<u>55,608</u>	<u>5,100</u>	<u>57,577</u>
Public Works:					
Highways and Streets					
Salaries and wages	35,000	35,000	34,906	94	176,158
Employee benefits	19,675	18,175	16,780	1,395	74,615
Services and supplies	53,156	70,256	59,207	11,049	152,777
Capital outlay	113,000	253,000	248,960	4,040	8,832
Total Public Works	<u>220,831</u>	<u>376,431</u>	<u>359,853</u>	<u>16,578</u>	<u>412,382</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)
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	BUDGETED AMOUNTS		ACTUAL	FINAL BUDGET	2009
	ORIGINAL	FINAL		VARIANCE	
Health and Sanitation:					
Public Health Administration					
Salaries and wages	-	-	-	-	450
Services and supplies	8,000	8,000	10,530	(2,530)	18,207
	<u>8,000</u>	<u>8,000</u>	<u>10,530</u>	<u>(2,530)</u>	<u>18,657</u>
Cemetery					
Salaries and wages	42,450	45,450	45,143	307	42,868
Employee benefits	18,835	19,135	18,791	344	17,415
Services and supplies	5,500	6,000	5,017	983	3,901
Capital Outlay	-	3,000	22,655	(19,655)	-
	<u>66,785</u>	<u>73,585</u>	<u>91,606</u>	<u>(18,021)</u>	<u>64,184</u>
Total Health and Sanitation	<u>74,785</u>	<u>81,585</u>	<u>102,136</u>	<u>(20,551)</u>	<u>82,841</u>
Culture and Recreation:					
Parks					
Salaries and wages	43,100	45,100	45,160	(60)	47,747
Employee benefits	12,360	10,860	10,371	489	10,025
Services and supplies	5,000	6,000	4,849	1,151	5,549
Capital outlay	-	5,000	4,500	500	-
	<u>60,460</u>	<u>66,960</u>	<u>64,880</u>	<u>2,080</u>	<u>63,321</u>
Library					
Services and supplies	1,000	1,500	1,120	380	1,026
Capital outlay	20,000	99,500	91,413	8,087	24,353
	<u>21,000</u>	<u>101,000</u>	<u>92,533</u>	<u>8,467</u>	<u>25,379</u>
Total Culture and Recreation	<u>81,460</u>	<u>167,960</u>	<u>157,413</u>	<u>10,547</u>	<u>88,700</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)
(Page 5 of 5)

	BUDGETED AMOUNTS		ACTUAL	FINAL BUDGET	
	ORIGINAL	FINAL		VARIANCE	2009
Community Support:					
Economic Development					
Salaries and wages	33,000	33,000	32,853	147	31,505
Employee benefits	16,350	16,350	15,692	658	14,778
Services and supplies	3,500	3,500	502	2,998	603
Total Community Support	<u>52,850</u>	<u>52,850</u>	<u>49,047</u>	<u>3,803</u>	<u>46,886</u>
Contingency	<u>50,000</u>	<u>50,000</u>	-	<u>50,000</u>	-
Total Expenditures	<u>1,722,057</u>	<u>2,049,990</u>	<u>1,933,704</u>	<u>116,286</u>	<u>2,086,385</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>163,646</u>	<u>(133,237)</u>	<u>12,946</u>	<u>146,183</u>	<u>144,385</u>
OTHER FINANCING SOURCES (USES)					
Sale of fixed assets	-	-	-	-	121,282
Transfers in	-	48,000	48,000	-	-
Transfers out	<u>(359,000)</u>	<u>(411,000)</u>	<u>(391,000)</u>	<u>20,000</u>	<u>(473,682)</u>
Total Other Financing Sources (Uses)	<u>(359,000)</u>	<u>(363,000)</u>	<u>(343,000)</u>	<u>20,000</u>	<u>(352,400)</u>
Net Change in Fund Balance	(195,354)	(496,237)	(330,054)	166,183	(208,015)
FUND BALANCE, July 1	<u>2,017,339</u>	<u>2,334,254</u>	<u>2,334,254</u>	-	<u>2,542,269</u>
FUND BALANCE, June 30	<u>\$ 1,821,985</u>	<u>\$ 1,838,017</u>	<u>\$ 2,004,200</u>	<u>\$ 166,183</u>	<u>\$ 2,334,254</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, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>FINAL BUDGET</u>	
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>VARIANCE</u>	<u>2009</u>
REVENUES					
Taxes:					
Room tax revenues	\$ 73,100	\$ 73,100	\$ 81,276	\$ 8,176	\$ 87,543
EXPENDITURES					
Current:					
Culture and Recreation:	-	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	73,100	73,100	81,276	8,176	87,543
OTHER FINANCING (USES)					
Transfers out	(38,000)	(38,000)	(38,000)	-	(5,000)
Net Change in Fund Balance	35,100	35,100	43,276	8,176	82,543
FUND BALANCE, July 1	394,363	394,363	394,363	-	311,820
FUND BALANCE, June 30	<u>\$ 429,463</u>	<u>\$ 429,463</u>	<u>\$ 437,639</u>	<u>\$ 8,176</u>	<u>\$ 394,363</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GRANTS FUND
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2009</u>
REVENUES				
Intergovernmental:				
Federal Grants	\$ 255,000	\$ -	\$ (255,000)	\$ 27,258
State Grants	<u>63,500</u>	<u>66,947</u>	<u>3,447</u>	<u>-</u>
Total Revenues	<u>318,500</u>	<u>66,947</u>	<u>(251,553)</u>	<u>27,258</u>
EXPENDITURES				
Current:				
Public Safety:				
Services and supplies	<u>29,000</u>	<u>26,287</u>	<u>2,713</u>	<u>24,834</u>
Excess (Deficiency) of Revenues Over Expenditures	289,500	40,660	(248,840)	2,424
OTHER FINANCING SOURCES (USES)				
Transfers in/out	<u>(18,000)</u>	<u>(18,000)</u>	<u>-</u>	<u>21,432</u>
Net Change in Fund Balance	271,500	22,660	(248,840)	23,856
FUND BALANCE, July 1	<u>(663)</u>	<u>663</u>	<u>1,326</u>	<u>(23,193)</u>
FUND BALANCE, June 30	<u>\$ 270,837</u>	<u>\$ 23,323</u>	<u>\$ (247,514)</u>	<u>\$ 663</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for specified purposes. Special Revenue Funds are comprised of the following:

MUNICIPAL COURT BUILDING – to account for additional assessments authorized by NRS 176.0611 imposed to build or renovate existing court facilities. Any funds not committed for expenditure after five years would revert to the general fund to maintain court facilities. The fee may not be imposed for longer than 25 years.

ADMINISTRATIVE ASSESSMENT – to account for funds mandated by NRS 176.059 to be levied on persons pleading guilty or found guilty of a misdemeanor in accordance with a schedule included in the statute. The funds must be used to improve the operations of the court, such as to acquire appropriate advanced technology or learn to use such technology, training, education of personnel, acquire capital goods, provide management or operational studies or bear the costs of audits.

PARKS AND RECREATION #2 – to account for expenditures and fundraising activities of City appointed parks and recreation board.

EQUESTRIAN CENTER – to account for expenditures and fundraising activities of City appointed equestrian center board.

OPEN DOOR SENIOR CITIZENS CENTER – to account for monies received from various sources to provide meeting space, social opportunities, meals and limited transportation to senior citizens.

DEBT SERVICE

DEBT SERVICE FUND - to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The City has a single Debt Service Fund.

CAPITAL PROJECTS

CAPITAL PROJECTS FUND - to account for the acquisition and construction of major capital facilities other than those financed by proprietary and trust funds. The City has a single Capital Projects Fund.

PERMANENT FUND

Permanent Funds are used to account for 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. The City has a single permanent fund.

PERPETUAL CEMETERY CARE – to account for proceeds from the sale of cemetery lots and interest earnings. Earnings may be transferred to the General Fund to maintain the cemetery. Principal of at least \$33,004 must be maintained intact in this fund.

CITY OF CARLIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	SPECIAL REVENUE FUNDS		
	MUNICIPAL COURT BUILDING FUND	ADMINISTRATIVE ASSESSMENT FUND	PARKS AND RECREATION FUND #2
ASSETS			
Cash and investments	\$ 11,990	\$ 936	\$ 16,172
Accounts receivable	100	57	-
Due from other governments	-	-	-
Total Assets	<u>\$ 12,090</u>	<u>\$ 993</u>	<u>\$ 16,172</u>
LIABILITIES			
Accounts payable	\$ -	\$ 518	\$ 291
Payroll accruals	-	-	-
Total Liabilities	<u>-</u>	<u>518</u>	<u>291</u>
FUND BALANCE			
Reserved for:			
Debt service	-	-	-
Perpetual cemetery care	-	-	-
Unreserved:			
Designated for future year operations	12,017	475	9,380
Undesignated	73	-	6,501
Total Fund Balance	<u>12,090</u>	<u>475</u>	<u>15,881</u>
Total Liabilities and Fund Balance	<u>\$ 12,090</u>	<u>\$ 993</u>	<u>\$ 16,172</u>

SPECIAL REVENUE FUNDS				PERMANENT FUND	TOTAL 2010
EQUESTRIAN CENTER FUND	SENIOR CITIZENS CENTER FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	PERPETUAL CEMETERY CARE FUND	
\$ 6,642	\$ 5,612	\$ 51,872	\$ 316,794	\$ 73,752	\$ 483,770
-	-	-	-	250	407
-	23,041	-	-	-	23,041
<u>\$ 6,642</u>	<u>\$ 28,653</u>	<u>\$ 51,872</u>	<u>\$ 316,794</u>	<u>\$ 74,002</u>	<u>\$ 507,218</u>
\$ 141	\$ 2,085	\$ -	\$ -	\$ 166	\$ 3,201
-	5,710	-	-	-	5,710
<u>141</u>	<u>7,795</u>	<u>-</u>	<u>-</u>	<u>166</u>	<u>8,911</u>
-	-	7,260	-	-	7,260
-	-	-	-	33,004	33,004
4,628	3,012	44,047	316,794	40,832	431,185
1,873	17,846	565	-	-	26,858
<u>6,501</u>	<u>20,858</u>	<u>51,872</u>	<u>316,794</u>	<u>73,836</u>	<u>498,307</u>
<u>\$ 6,642</u>	<u>\$ 28,653</u>	<u>\$ 51,872</u>	<u>\$ 316,794</u>	<u>\$ 74,002</u>	<u>\$ 507,218</u>

CITY OF CARLIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	SPECIAL REVENUE FUNDS		
	MUNICIPAL COURT BUILDING FUND	ADMINISTRATIVE ASSESSMENT FUND	PARKS AND RECREATION FUND #2
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Miscellaneous	1,072	5,458	26,379
Total Revenues	<u>1,072</u>	<u>5,458</u>	<u>26,379</u>
EXPENDITURES			
Current:			
Public safety	-	7,430	-
Culture and recreation	-	-	17,653
Capital Outlay			21,431
Debt service			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>-</u>	<u>7,430</u>	<u>39,084</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,072</u>	<u>(1,972)</u>	<u>(12,705)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	13,756	8,000
Transfers out	(13,756)	-	-
Total Other Financing Sources (Uses)	<u>(13,756)</u>	<u>13,756</u>	<u>8,000</u>
Net Change in Fund Balance	(12,684)	11,784	(4,705)
FUND BALANCES (DEFICIT), July 1	<u>24,774</u>	<u>(11,309)</u>	<u>20,586</u>
FUND BALANCES, June 30	<u>\$ 12,090</u>	<u>\$ 475</u>	<u>\$ 15,881</u>

SPECIAL REVENUE FUNDS				PERMANENT FUND	TOTAL 2010
EQUESTRIAN CENTER FUND	SENIOR CITIZENS CENTER FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	PERPETUAL CEMETERY CARE FUND	
\$ -	\$ -	\$ -	\$ 15,757	\$ -	\$ 15,757
48,964	138,174	-	-	-	187,138
19,408	21,038	-	-	12,163	85,518
<u>68,372</u>	<u>159,212</u>	<u>-</u>	<u>15,757</u>	<u>12,163</u>	<u>288,413</u>
-	-	-	-	-	7,430
20,300	197,190	-	-	-	235,143
52,442	900	-	4,702	16,943	96,418
-	-	43,950	-	-	43,950
-	-	18,275	-	-	18,275
<u>72,742</u>	<u>198,090</u>	<u>62,225</u>	<u>4,702</u>	<u>16,943</u>	<u>401,216</u>
<u>(4,370)</u>	<u>(38,878)</u>	<u>(62,225)</u>	<u>11,055</u>	<u>(4,780)</u>	<u>(112,803)</u>
-	63,000	64,000	190,000	-	338,756
-	-	-	-	-	(13,756)
-	63,000	64,000	190,000	-	325,000
(4,370)	24,122	1,775	201,055	(4,780)	212,197
10,871	(3,264)	50,097	115,739	78,616	286,110
<u>\$ 6,501</u>	<u>\$ 20,858</u>	<u>\$ 51,872</u>	<u>\$ 316,794</u>	<u>\$ 73,836</u>	<u>\$ 498,307</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, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2009</u>
REVENUES				
Miscellaneous:				
Building Assessments	\$ 1,400	\$ 1,072	\$ (328)	\$ 1,568
OTHER FINANCING SOURCES (USES)				
Transfer Out	<u>(13,756)</u>	<u>(13,756)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(12,356)	(12,684)	(328)	1,568
FUND BALANCE, July 1	<u>24,774</u>	<u>24,774</u>	<u>-</u>	<u>23,206</u>
FUND BALANCE, June 30	<u>\$ 12,418</u>	<u>\$ 12,090</u>	<u>\$ (328)</u>	<u>\$ 24,774</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, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2009</u>
REVENUES				
Miscellaneous:				
Administrative assessments	\$ 4,550	\$ 5,458	\$ 908	\$ 7,216
EXPENDITURES				
Current:				
Public Safety:				
Municipal Court	<u>4,350</u>	<u>7,430</u>	<u>(3,080)</u>	<u>11,786</u>
Excess (Deficiency)				
of Revenues				
Over Expenditures	200	(1,972)	(2,172)	(4,570)
OTHER FINANCING SOURCES				
Transfer in	<u>13,756</u>	<u>13,756</u>	<u>-</u>	
Net Change in Fund Balance	13,956	11,784	(2,172)	(4,570)
FUND BALANCE, July 1	<u>(11,309)</u>	<u>(11,309)</u>	<u>-</u>	<u>(6,739)</u>
FUND BALANCE, June 30	<u>\$ 2,647</u>	<u>\$ 475</u>	<u>\$ (2,172)</u>	<u>\$ (11,309)</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, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2009</u>
REVENUES				
Miscellaneous:				
Other income	\$ 20,500	\$ 26,379	\$ 5,879	\$ 17,962
EXPENDITURES				
Current:				
Culture and Recreation:				
Parks				
Services and supplies	10,000	17,653	(7,653)	9,995
Capital Outlay	<u>20,500</u>	<u>21,431</u>	<u>(931)</u>	<u>-</u>
Total Expenditures	<u>30,500</u>	<u>39,084</u>	<u>(8,584)</u>	<u>9,995</u>
Excess (Deficiency) of Revenues Over Expenditures	(10,000)	(12,705)	(2,705)	7,967
OTHER FINANCING SOURCES				
Transfers in	<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>5,000</u>
Net Change in Fund Balance	(2,000)	(4,705)	(2,705)	12,967
FUND BALANCE, July 1	<u>20,585</u>	<u>20,586</u>	<u>1</u>	<u>7,619</u>
FUND BALANCE, June 30	<u>\$ 18,585</u>	<u>\$ 15,881</u>	<u>\$ (2,704)</u>	<u>\$ 20,586</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, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2009</u>
REVENUES				
Intergovernmental:				
State Grants:				
Grant proceeds	\$ 48,964	\$ 48,964	\$ -	\$ 58,721
Miscellaneous:				
Other income	<u>19,293</u>	<u>19,408</u>	<u>115</u>	<u>12,711</u>
Total Revenues	<u>68,257</u>	<u>68,372</u>	<u>115</u>	<u>71,432</u>
EXPENDITURES				
Current:				
Culture and Recreation:				
Parks				
Services and supplies	20,000	20,300	(300)	78,251
Capital outlay	<u>55,000</u>	<u>52,442</u>	<u>2,558</u>	<u>-</u>
Total Expenditures	<u>75,000</u>	<u>72,742</u>	<u>2,258</u>	<u>78,251</u>
Excess (Deficiency) of Revenues Over Expenditures	(6,743)	(4,370)	2,373	(6,819)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Net Change in Fund Balance	(6,743)	(4,370)	2,373	(1,819)
FUND BALANCE, July 1	<u>6,743</u>	<u>10,871</u>	<u>4,128</u>	<u>12,690</u>
FUND BALANCE, June 30	<u><u>\$ -</u></u>	<u><u>\$ 6,501</u></u>	<u><u>\$ 6,501</u></u>	<u><u>\$ 10,871</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, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2009</u>
REVENUES				
Intergovernmental				
Federal grants	\$ 30,651	\$ 36,095	\$ 5,444	\$ 43,279
State grants	1,400	1,396	(4)	-
Cash match, not-match	84,416	90,137	5,721	80,637
USDA cash	7,574	8,674	1,100	5,929
USDA food	-	1,872	1,872	-
	<u>124,041</u>	<u>138,174</u>	<u>14,133</u>	<u>129,845</u>
Charges for Services	<u>18,875</u>	<u>21,038</u>	<u>(39,913)</u>	<u>23,263</u>
Total Revenues	<u>142,916</u>	<u>159,212</u>	<u>(25,780)</u>	<u>153,108</u>
EXPENDITURES				
Current:				
Culture and Recreation				
Salaries and wages	91,500	89,498	2,002	85,734
Employee benefits	47,000	47,901	(901)	43,277
Services and supplies	61,975	59,791	2,184	70,340
Capital outlay	1,200	900	300	-
Total Expenditures	<u>201,675</u>	<u>198,090</u>	<u>3,585</u>	<u>199,351</u>
Excess (Deficiency) of Revenues Over Expenditures	(58,759)	(38,878)	(29,365)	(46,243)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>63,000</u>	<u>63,000</u>	<u>-</u>	<u>140,000</u>
Net Change in Fund Balance	4,241	24,122	(29,365)	93,757
FUND BALANCE (DEFICIT), July 1	<u>(3,264)</u>	<u>(3,264)</u>	<u>-</u>	<u>(97,021)</u>
FUND BALANCE (DEFICIT), June 30	<u>\$ 977</u>	<u>\$ 20,858</u>	<u>\$ 19,881</u>	<u>\$ (3,264)</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, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2009</u>
EXPENDITURES				
Debt service:				
Principal	\$ 43,957	\$ 43,950	\$ 7	\$ 48,456
Interest	<u>18,458</u>	<u>18,275</u>	<u>183</u>	<u>20,012</u>
Total Expenditures	<u>62,415</u>	<u>62,225</u>	<u>190</u>	<u>68,468</u>
OTHER FINANCING SOURCES				
Transfers in	<u>64,000</u>	<u>64,000</u>	<u>-</u>	<u>88,000</u>
Net Change in Fund Balance	1,585	1,775	190	19,532
FUND BALANCE, July 1	<u>30,124</u>	<u>50,097</u>	<u>19,973</u>	<u>30,565</u>
FUND BALANCE, June 30	<u><u>\$ 31,709</u></u>	<u><u>\$ 51,872</u></u>	<u><u>\$ 20,163</u></u>	<u><u>\$ 50,097</u></u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2009</u>
REVENUES				
Taxes:				
Ad valorem taxes	\$ 20,000	\$ 15,757	\$ (4,243)	\$ 20,318
EXPENDITURES				
Current:				
Public Safety:				
Capital Outlay	<u>5,000</u>	<u>4,702</u>	<u>298</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	15,000	11,055	(3,945)	20,318
OTHER FINANCING (USES)				
Transfers in	<u>190,000</u>	<u>190,000</u>	<u>-</u>	<u>15,000</u>
Net Change in Fund Balance	205,000	201,055	(3,945)	35,318
FUND BALANCE, July 1	<u>115,739</u>	<u>115,739</u>	<u>-</u>	<u>80,421</u>
FUND BALANCE, June 30	<u>\$ 320,739</u>	<u>\$ 316,794</u>	<u>\$ (3,945)</u>	<u>\$ 115,739</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PERPETUAL CEMETERY CARE FUND
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2009</u>
REVENUES				
Miscellaneous:				
Contributions from individuals	\$ 11,650	\$ 12,000	\$ 350	\$ 1,700
Interest income	<u>150</u>	<u>163</u>	<u>13</u>	<u>853</u>
Total Revenues	11,800	12,163	363	2,553
EXPENDITURES				
Health and Sanitation:				
Capital Outlay	<u>20,000</u>	<u>16,943</u>	<u>3,057</u>	<u>1,785</u>
Net Change in Fund Balance	(8,200)	(4,780)	3,420	768
FUND BALANCE, July 1	<u>8,200</u>	<u>78,616</u>	<u>70,416</u>	<u>77,848</u>
FUND BALANCE, June 30	<u>\$ -</u>	<u>\$ 73,836</u>	<u>\$ 73,836</u>	<u>\$ 78,616</u>

PROPRIETARY FUNDS

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the City council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

UTILITY FUND – to account for providing of water, sewer, streetlight and garbage services to City residents.

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government.

UNEMPLOYMENT LIABILITY INSURANCE FUND – to account for financing of unemployment benefits for all City departments.

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS - BUDGET AND ACTUAL
UTILITY FUND
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)
(Page 1 of 2)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2009</u>
OPERATING REVENUES				
Water				
Utility fees	\$ 333,000	\$ 395,004	\$ 62,004	\$ 347,527
Garbage				
Utility fees	175,000	203,162	28,162	200,479
Sewer				
Utility fees	270,000	290,397	20,397	281,888
Street lights				
Use fees	<u>20,000</u>	<u>24,188</u>	<u>4,188</u>	<u>23,602</u>
Total Operating Revenues	<u>798,000</u>	<u>912,751</u>	<u>114,751</u>	<u>853,496</u>
OPERATING EXPENSES				
Water				
Salaries and wages	153,550	126,521	27,029	25,719
Employee benefits	62,135	56,755	5,380	1,258
Services and supplies	63,100	46,797	16,303	42,738
Capital Outlay	<u>69,000</u>	<u>-</u>	<u>69,000</u>	<u>-</u>
	<u>347,785</u>	<u>230,073</u>	<u>117,712</u>	<u>69,715</u>
Garbage				
Services and supplies	<u>75,000</u>	<u>70,506</u>	<u>4,494</u>	<u>80,742</u>
Sewer				
Salaries and wages	97,200	101,958	(4,758)	75,883
Employee benefits	39,015	39,061	(46)	23,070
Services and supplies	<u>56,500</u>	<u>49,403</u>	<u>7,097</u>	<u>47,718</u>
	<u>192,715</u>	<u>190,422</u>	<u>2,293</u>	<u>146,671</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS - BUDGET AND ACTUAL
UTILITY FUND
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)
(Page 2 of 2)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2009</u>
General				
Services and supplies	245,200	180,233	64,967	169,715
Depreciation	<u>118,959</u>	<u>119,022</u>	<u>(63)</u>	<u>127,318</u>
	<u>364,159</u>	<u>299,255</u>	<u>64,904</u>	<u>297,033</u>
Total Operating Expenses	<u>979,659</u>	<u>790,256</u>	<u>189,403</u>	<u>594,161</u>
Operating Income (Loss)	<u>(181,659)</u>	<u>122,495</u>	<u>304,154</u>	<u>259,335</u>
NONOPERATING REVENUES (EXPENSES)				
Interest and penalties earned	31,030	4,200	(26,830)	26,288
Miscellaneous income	3,000	13,108	10,108	63,599
Interest expense	<u>(7,098)</u>	<u>(7,346)</u>	<u>(248)</u>	<u>(5,808)</u>
Total Nonoperating Revenues (Expenses)	<u>26,932</u>	<u>9,962</u>	<u>(16,970)</u>	<u>84,079</u>
Net Income (Loss) before Transfers	(154,727)	132,457	287,184	343,414
TRANSFER IN (OUT)				
General Fund	<u>90,000</u>	<u>70,000</u>	<u>(20,000)</u>	<u>200,000</u>
Change in Net Assets	<u>\$ (64,727)</u>	202,457	<u>\$ 267,184</u>	543,414
NET ASSETS, July 1		<u>3,836,321</u>		<u>3,292,907</u>
NET ASSETS, June 30		<u>\$ 4,038,778</u>		<u>\$ 3,836,321</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS - BUDGET AND ACTUAL
UNEMPLOYMENT LIABILITY INSURANCE FUND
INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	BUDGET	ACTUAL	VARIANCE	2009
OPERATING REVENUES	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>
OPERATING EXPENSES				
General Government:				
Unemployment claims	<u> -</u>	<u> 4,092</u>	<u> (4,092)</u>	<u> 1,567</u>
Operating Income (Loss) before Transfers	<u> -</u>	<u> (4,092)</u>	<u> (4,092)</u>	<u> (1,567)</u>
TRANSFERS IN				
General fund	<u> 4,000</u>	<u> 4,000</u>	<u> -</u>	<u> 8,000</u>
Change in Net Assets	4,000	(92)	(4,092)	6,433
NET ASSETS, July 1	<u> 4,000</u>	<u> 2,379</u>	<u> (1,621)</u>	<u> (4,054)</u>
NET ASSETS, June 30	<u> 8,000</u>	<u> 2,287</u>	<u> (5,713)</u>	<u> 2,379</u>

COMPLIANCE SECTION



KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

**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 the accompanying financial statements of the City of Carlin, State of Nevada (the City) as of and for the year ended June 30, 2010, and have issued our report thereon dated November 30, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting (2010-1 and 2010-2). 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 of 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*.

We noted certain other matters that we reported to management of the City in a separate letter dated November 30, 2010.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the city council, and management and is not intended to be and should not be used by anyone other than these specified parties.

Kaufman, Armstrong & Co.

Elko, Nevada
November 30, 2010

CITY OF CARLIN
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2010

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

Finding 10-1 - Financial Statement Reporting

Condition/Cause: Personnel at the City do not have sufficient expertise in selecting and applying accounting principles to prepare financial statements in accordance with generally accepted accounting principles. They also have not been recording all material adjustments needed to prepare the referenced financial statements.

Criteria: Internal controls should be in place that provide reasonable assurance the City can prepare its financial statements in accordance with generally accepted accounting principles.

Effect: The City cannot complete its financial reporting in accordance with generally accepted accounting principles.

Recommendation: Personnel responsible for the accounting and reporting function should obtain the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.

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 budget and revenue constraints. Staff is working to correct this deficiency in-house by seeking additional training.

Finding 10-2- Journal Entry Review

Condition/Cause: Journal entries are prepared during the normal course of business. However, they are not being reviewed.

Criteria: Internal controls should be in place that provide adequate oversight for all adjustments to the financial records.

Effect: Financial statement may be materially misstated due to posting improper adjustments.

Recommendation: The City Manager should review all adjustments on a regular basis, such as weekly or monthly, then initial and date to provide evidence of the review.

Management's Response: Journal entries are reviewed periodically, but not on a regular basis. As a corrective action going forward, they will be reviewed by the City Manager on the day that they are entered by the City Clerk or within a week after that date.

As a note, while journal entries have not been regularly reviewed, the monthly checkout and closing includes a review of all journals, bank reconciliations, Detail Ledger, Accounts Receivable, Accounts Payable, Payrolls and a comparison of monthly expenses and revenues to budgets. The feeling has been that the monthly checkout would reveal discrepancies in Journal Entries.

CITY OF CARLIN
SCHEDULE OF PRIOR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2010
(Page 1 of 3)

Summary of Prior Audit Findings:

Finding 09-1 - Financial Statement Reporting

Condition/Cause: Personnel at the City do not have sufficient expertise in selecting and applying accounting principles to prepare financial statements in accordance with generally accepted accounting principles.

Criteria: Internal controls should be in place that provide reasonable assurance the City can prepare its financial statements in accordance with generally accepted accounting principles.

Effect: The City cannot complete its financial reporting in accordance with generally accepted accounting principles.

Recommendation: Personnel responsible for the accounting and reporting function should obtain the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.

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 budget and revenue constraints. Staff is working to correct this deficiency in-house by seeking training through the accounting software company and through upcoming college courses. Plans have been made for the City Clerk to attend training recommended by the Auditors at Great Basin College in the upcoming year.

Current Status: The item was again noted during the current audit period, see 10-1, however City staff have made improvements in gathering and reconciling information to the financial records.

Finding 09-2 – Fixed Assets

Condition/Cause: Not all purchased fixed assets were properly capitalized.

Criteria: Internal controls should be in place that provide reasonable assurance the City properly capitalizes all fixed assets over \$1,500.

Effect: Fixed assets could be under stated.

Recommendation: The City does not capitalize property and equipment acquisitions during the year; instead, the expenditures are recorded in various expense accounts and later capitalized when the annual financial statements are prepared. In order to identify those purchases that will be capitalized, we recommend all such purchases be coded to a separate expense account. This will later allow management to continue to assess current expenditures along with identifying significant assets that will later be capitalized.

Management's Response: This issue been largely corrected. Early in the fiscal year, shortly after the appointment of the new City Manager, there was some lack of continuity regarding projects in progress or begun during that time period. While project expenses were paid, they were not all paid from the

CITY OF CARLIN
SCHEDULE OF PRIOR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2010
(Page 2 of 3)

Finding 09-2 – Fixed Assets (Continued)

Management's Response: appropriate Capital Outlay accounts. We concur with the Recommendation that all expenses associated with capital projects should be paid from the corresponding Capital Outlay account and have taken measures to implement this action. Projects implemented in the second half of the fiscal year were more coordinated and expenses tended to be paid in the correct capital account.

Additionally, an Asset Verification project was undertaken during the year and it was discovered that a number of assets from previous years had not been recorded. While this verification was a corrective action in itself, the addition of these assets in this fiscal year contribute to the finding that assets may not have been recorded and properly capitalized in the past.

Current Status This problem was not noted during the current fiscal year.

Finding 09-3 – Accounts Receivable, Accounts Payable and Accrued Liabilities

Condition/Cause: Account balances are not reconciled monthly to supporting documents or subsidiary schedules.

Criteria: Internal controls should be in place that provide reasonable assurance all financial information is correctly inputted into the system and all errors discovered be corrected in a timely manner.

Effect: Account balances were not properly stated. Audit adjustments were recorded as part of the current year audit.

Recommendation: In order to make the financial reports generated by the accounting system as meaningful as possible, the City should reconcile the general ledger accounts for accounts receivable, accounts payable, and accrued liabilities to supporting documentation on a monthly basis. A benefit of monthly reconciliations is that errors do not accumulate but can be identified and attributed to a particular period, making it easier to perform future reconciliations.

Management's Response: Management concurs with this finding and associated recommendation. By way of explanation, Staff has been working to correct this issue and has made progress during the year. This finding is also related to Finding 1 in that Administrative Staff are seeking additional training and familiarity with the accounting system and processes. Ledger account balances will be reviewed in detail this year to eliminate this concern.

Current Status Management is currently reviewing subsidiary schedules and preparing reconciliations of various items at year end. Although not all material entries were recorded by client personnel, large improvements have been made.

CITY OF CARLIN
SCHEDULE OF PRIOR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2010
(Page 3 of 3)

Finding 09-4 – Information Technology

Condition/Cause: The accounting software program is not protected by individual passwords.

Criteria: Internal controls should be in place that would protect the City's accounting software from being accessed by unauthorized individuals.

Effect: Unauthorized users could make unauthorized entries or adjustments without proper approval.

Recommendation: We recommend that management adopt controls over computer access such as better changing factory default software settings pertaining to the use of passwords.

Management's Response: Management concurs with this finding and recommendation. Password controls have been implemented for access to the accounting software.

Current Status Passwords have been implemented.

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, 2010

Flat Fixed Fees:

Business license revenue for the year ended June 30, 1991 (base year) adjusted through June 30, 2009.	\$ <u>27,503</u>
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Adjustment of Base:

Base year	
1. Percentage increase in population of local government	1.2%
2. Percentage increase in the Consumer Price Index for the year ending on December 31 next preceding the year for which the limit is being calculated	<u>0.2%</u> <u>1.4%</u>

385

Adjusted base at June 30, 2010	27,888
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Actual revenue	<u>16,444</u>
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Amount under allowable amount	\$ <u><u>11,444</u></u>
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**CITY OF CARLIN
AUDITOR'S COMMENTS
JUNE 30, 2010**

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 and, as noted in Note 2 of the current year financial statements. Similar problems were again noted during the current year.

PRIOR YEAR RECOMMENDATIONS

The status of prior year audit recommendations are included in the schedule of prior findings and responses. See findings 09-1 to 09-4.

CURRENT YEAR RECOMMENDATIONS

We indentified financial weaknesses that have been reported as significant deficiencies. See findings 10-1 through 10-2 reported on the schedule of findings and responses.



KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT

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

We have reviewed the assertion provided by management in accordance with Nevada Revised Statute 354.624 (5) (a):

- The identified funds are being used expressly for the purposes for which they were created,
- The funds are administered in accordance with accounting principles generally accepted in the United States of America,
- The reserved fund balances/restricted net assets in the funds were reasonable and necessary to carry out the purposes of the funds at June 30, 2010 (based on the interpretation of reasonable and necessary provided by the Legislative Counsel Bureau),
- The sources of revenues, including transfers, available for the funds are as noted in the financial statements,
- The funds conform to significant statutory and regulatory constraints on its financial administration during the year ended June 30, 2010 (except as previously noted under statute compliance),
- The fund balance and net assets of the funds are as noted in the financial statements.

This assertion is the responsibility of the management of the City of Carlin.

Our review was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the assertion. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that the assertion provided by management referred to above is not fairly stated in all material respects.

Kafoury, Armstrong & Co.

Elko, Nevada
November 30, 2010

MANAGEMENT LETTER
