

The logo for the City of Carlin, Nevada, is a circular emblem. It features a large, stylized letter 'C' on the left side. Inside the circle, there is a depiction of a landscape with a mountain range and a river. The word 'CARLIN' is written in a large, serif font across the middle of the circle. Below the circle, the text 'CITY OF CARLIN NEVADA' is written in a smaller, sans-serif font.

**CITY OF CARLIN
NEVADA**

ANNUAL FINANCIAL REPORT

JUNE 30, 2011

CITY OF CARLIN
JUNE 30, 2011
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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 (the City) as of and for the year ended June 30, 2011, 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, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof 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, 2011, 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.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, and Schedules of Funding Progress - Other Postemployment Benefits on pages 3 through 9 and on pages 39 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial

statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. We also have previously audited, in accordance with auditing standards generally accepted in the United States, the District's basic financial statements for the year ended June 30, 2010, which are not presented with the accompanying financial statements. In our report dated November 30, 2010, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. In our opinion, the 2010 Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual are fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2010, taken as a whole.

Kajury, Armstrong & Co.

Elko, Nevada
November 30, 2011

CITY OF CARLIN
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2011

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 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, 2011

	Government-wide Financial Statements	Fund Financial Statements		
		Government Funds	Proprietary Funds	Fiduciary Funds
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting 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, **\$7,478,611**, 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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current & Other Assets	\$ 3,812,747	\$ 3,356,385	\$ 1,306,602	\$ 1,085,905	\$ 5,119,349	\$ 4,442,290
Capital Assets	4,416,189	4,179,176	3,062,422	3,156,565	7,478,611	7,335,741
Total Assets	8,228,936	7,535,561	4,369,024	4,242,470	12,597,960	11,778,031
Other Liabilities	307,658	374,473	44,260	51,819	351,918	426,292
Long-term Liabilities						
Due w/in one-year	85,193	80,404	24,061	26,606	109,254	107,010
Due in more than one-year	385,283	412,928	128,532	125,267	513,815	538,195
Total Liabilities	778,134	867,805	196,853	203,692	974,987	1,071,497
Net Assets:						
Invested in capital assets, net of related debt	4,081,951	3,799,007	2,964,318	3,026,220	7,027,909	6,825,227
Restricted	82,494	129,689	18,360	16,320	102,026	146,009
Unrestricted	3,286,357	2,739,060	1,189,493	996,238	4,475,850	3,735,298
Total Net Assets	\$ 7,450,802	\$ 6,667,756	\$ 4,172,171	\$ 4,038,778	\$ 11,622,973	\$ 10,706,534

CITY OF CARLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

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 \$783,046 and the net assets of the business-type activities increased by \$133,393.

Table 3: Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Program Revenues						
Charges for Services	\$ 288,045	\$ 214,940	\$ 937,436	\$ 912,751	\$ 1,225,481	\$ 1,127,691
Operating Grants	218,081	285,338			218,081	285,338
Capital Grants and Contributions	408,751	171,779			408,751	171,779
<i>Total Program Revenues</i>	<i>914,877</i>	<i>672,057</i>	<i>937,436</i>	<i>912,751</i>	<i>1,852,313</i>	<i>1,584,808</i>
General Revenues						
Taxes						
Property	339,768	313,065			339,768	313,065
Room	103,533	81,276			103,533	81,276
Consolidated revenues	1,531,325	1,270,195			1,531,325	1,270,195
Interest/Investments	11,978	18,756	25,245	4,200	37,223	22,956
Gain on sale of assets	97,659				97,659	98,990
Miscellaneous	188,189	85,882	12,360	13,108	200,549	
Transfers		(70,000)		70,000		
<i>Total General Revenues</i>	<i>2,272,452</i>	<i>1,699,174</i>	<i>37,605</i>	<i>87,308</i>	<i>2,310,057</i>	<i>1,786,482</i>
Total Revenues	3,187,329	2,371,231	975,041	1,000,059	4,162,370	3,371,290
Program Expenses						
General Government	589,018	720,393			589,018	720,393
Public Safety	1,018,679	691,678			1,018,679	691,678
Judicial	52,831	57,271			52,831	57,271
Public Works	207,650	443,461			207,650	443,461
Health and Sanitation	89,241	43,214			89,241	43,214
Culture and Recreation	379,122	185,331			379,122	185,331
Community Support	51,435	50,514			51,435	50,514
Water			388,845	362,583	388,845	362,583
Garbage			109,926	106,184	109,926	106,184
Sewer			317,349	304,647	317,349	304,647
Street Lights			25,528	24,188	25,528	24,188
Interest on long-term debt	16,307	18,275			16,307	18,275
Total Program Expenses	2,404,283	2,210,137	841,648	797,602	3,245,931	3,007,739
Change in Net Assets	783,046	161,094	133,393	202,457	916,439	363,551
Beginning Net Assets (restated)	6,667,756	6,506,662	4,038,778	3,836,321	10,706,534	10,342,983
Ending Net Assets	\$ 7,450,802	\$ 6,667,756	\$ 4,172,171	\$ 4,038,778	\$ 11,622,973	\$ 10,706,534

CITY OF CARLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

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, 2011**

City Programs	Program Expenses	Program Revenues	Net Program Expenses (Revenues)
General Government	\$ 589,018	\$ -	\$ 589,018
Public Safety	1,018,679	546,737	471,942
Judicial	52,831	-	52,831
Public Works	207,650	135,718	71,932
Health and Sanitation	89,241	-	89,241
Culture and Recreation	379,122	232,422	146,700
Community Support	51,435	-	51,435
Interest Long-term Debt	16,307	-	16,307
Totals	\$ 2,404,283	\$ 914,877	\$ 1,489,406

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, 2011**

City Programs	Program Expenses	Program Revenues	Net Program Expenses (Revenues)
Water	\$ 388,845	\$ 403,122	\$ (14,277)
Garbage	109,926	204,909	(94,983)
Sewer	317,349	303,877	13,472
Street Lights	25,528	25,528	-
Totals	\$ 841,648	\$ 937,436	\$ (95,788)

Overall Analysis

Financial highlights for the City during the fiscal year ended June 30, 2011, include the following:

- The City's total Net Assets for all activities increased from \$10,706,534 to \$11,622,973, an increase of \$916,439 or eight point six percent (8.6%).
- This increase is largely attributable to aggressive expense control by all departments because of uncertain revenue projections. General Fund expenditures were lower than budgeted amounts by \$132,708. General Fund Revenues were also better than projected by \$336,729 due to a conservative estimate of budget revenues and an actual increase in Consolidated and Property Taxes.

CITY OF CARLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

- Capital assets added during the year include two Police Department vehicles, two Senior Center vans, an additional phase of construction at the library, improvements to the City Park and Equestrian Center, Fire Department equipment, property at 603 Main Street, and the installation of the solar panel arrays at three City facilities.
- The City's Business-type Activities (Utility Fund) operating revenues exceeded operating expenses by \$102,305. As an Enterprise Fund, the Utility Fund is required to generate operating revenues sufficient to offset operating expenses. The excess revenues year to year are used for maintenance and eventual replacement of older infrastructure.

Fund Analysis

Governmental Funds

At the close of the fiscal year ending June 30, 2011, the City's governmental funds reported a combined ending fund balance of \$3,491,150, representing an increase of \$527,681 from the previous fiscal year. The increase across all governmental funds is the result of three factors. These are:

- Aggressive expense control by all departments
- Increased revenues from Consolidated Taxes, Property Taxes and Lodging Tax
- Increased Building Permit Fees and Ambulance Services fee collections

General Fund

Fund balance at June 30, 2011 totaled \$2,529,224 which is an increase of \$525,024 from the previous fiscal year. As mentioned above, the increase is due to expense controls and increased revenues from taxes and fees. It is noteworthy that General Fund expenses and transfers out to cover other fund expenses decreased by \$455,606. This represents a significant effort by department heads and staff to ensure the stability of the City's General Fund and its ability to meet the operational needs of the City despite uncertain revenue streams.

Grants Fund

Fund balance at June 30, 2011 totaled (\$2,628) which is a decrease of \$25,951. The fund is used to account for federal, state and local grant proceeds that are restricted for specific uses. The deficit in this fund is the result of including in project engineering and administrative costs for record keeping purposes as part of the capital outlay expenses funded by Federal Grants.

Non-major Governmental Funds

Ending fund balance at June 30, 2011 totaled \$964,554, which is an increase of \$28,608 from the ending fund balance of the previous fiscal year. Most of this increase is from increased Lodging Tax revenue. Note that the Park and Recreation fund was reclassified as a Non-Major (Other) Governmental fund as is appropriate for a fund with minimal activity and single source revenues. The following table shows the fund balances that are included in the Non-major Governmental Funds, as of June 30, 2011 and the increase/(decrease) from the previous fiscal year:

CITY OF CARLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Fund	Fund Balance June 30, 2011	Increase/(Decrease)
Special Revenue Funds:		
Municipal Court Building Fund	\$ 14,315	\$ 2,225
Administrative Assessment Fund	1,667	1,192
Park and Recreation Fund #1 (Lodging Tax)	402,732	(34,907)
Parks and Recreation Fund #2	16,880	999
Equestrian Center Fund	10,640	4,139
Senior Citizens Center Fund	54,774	33,916
Debt Service Fund	53,634	1,762
Capital Projects Fund	319,897	3,103
Police Forfeiture Fund	11,901	11,901
Perpetual Cemetery Care (Permanent) Fund	78,114	4,278
Totals	\$ 964,554	\$ 28,608

Proprietary Funds

The City's sole Proprietary Fund, the Utility Fund, had net assets of \$4,172,171 as of June 30, 2011. Operating Revenues exceeded operating expenses by \$102,305.

Capital Asset and Long-term Debt Activity

Capital Asset Activity

At June 30, 2011, the City reported \$4,416,189 capital assets for governmental activities and \$3,062,422 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 acquisition of vehicles for the Police Department and Senior Center. For additional detail, see Note 4 of the financial statements.

Long-term Debt Activity

Long-term debt outstanding at June 30, 2011 totaled \$450,702. The debt consists of \$161,000 – Police Vehicles, Ambulance, Backhoe; \$173,238 - Senior Center; \$116,464 – Water Line Extension (2/3 of this debt is paid by the City of Elko and Elko County);

Additionally, the City estimates \$92,395 for compensated absences.

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

Budgets and Approved Budget Augmentations

The City's General Fund Budget was augmented to reflect additional available resources, primarily revenues that exceeded original budgeted amounts. General Fund revenues were augmented by \$317,904 and General Fund operating and capital outlay expenditures increased by \$222,155.

**CITY OF CARLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Other Governmental Funds were augmented in total by \$230,206 to reflect additional available resources. Expenditures from these additional resources included improvements to the City Park and Equestrian Center and construction of the new Health Center.

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, 2011

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 3,384,476	\$ 1,210,096	\$ 4,594,572
Accounts receivable	74,258	78,146	152,404
Taxes receivable, delinquent	172,087	-	172,087
Due from other governments	173,456	-	173,456
Restricted cash and cash equivalents	8,470	18,360	26,830
Capital assets, net of accumulated depreciation	3,536,203	2,984,367	6,520,570
Capital assets, not being depreciated	879,986	78,055	958,041
Total Assets	8,228,936	4,369,024	12,597,960
LIABILITIES			
Accounts payable and other	187,708	18,215	205,923
Accrued salaries and related liabilities	58,306	13,520	71,826
Construction retention	7,415	-	7,415
Customer meter deposits	-	12,525	12,525
Unearned revenue	54,229	-	54,229
Current portion of long-term obligations	85,193	24,061	109,254
Noncurrent liabilities			
Compensated absences	74,182	18,213	92,395
Notes payable	334,238	116,464	450,702
Other postemployment benefits liability	62,056	17,916	79,972
Less: current portion of long-term obligations	(85,193)	(24,061)	(109,254)
Total Liabilities	778,134	196,853	974,987
NET ASSETS			
Invested in capital assets, net of related debt	4,081,951	2,964,318	7,046,269
Restricted for:			
Debt service	8,470	18,360	26,830
Perpetual cemetery care	74,024	-	74,024
Unrestricted	3,286,357	1,189,493	4,475,850
Total Net Assets	\$ 7,450,802	\$ 4,172,171	\$ 11,622,973

CITY OF CARLIN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

<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	\$ 589,018	\$ -	\$ -	\$ -
Public Safety	1,018,679	137,986	-	408,751
Judicial	52,831	-	-	-
Public Works	207,650	85,133	50,585	-
Health and Sanitation	89,241	-	-	-
Culture and Recreation	379,122	64,926	167,496	-
Community Support	51,435	-	-	-
Interest on long-term debt	16,307	-	-	-
Total Governmental Activities	2,404,283	288,045	218,081	408,751
Business-type Activities:				
Water	388,845	403,122	-	-
Garbage	109,926	204,909	-	-
Sewer	317,349	303,877	-	-
Street lights	25,528	25,528	-	-
Total Business-type Activities	841,648	937,436	-	-
Total Primary Government	\$ 3,245,931	\$ 1,225,481	\$ 218,081	\$ 408,751

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

Total General Revenues

Change in Net Assets

Net Assets, July 1 restated

Net Assets, June 30

NET (EXPENSE) REVENUE AND
CHANGES IN NET ASSETS

PRIMARY GOVERNMENT

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (589,018)	\$ -	\$ (589,018)
(471,942)	-	(471,942)
(52,831)	-	(52,831)
(71,932)	-	(71,932)
(89,241)	-	(89,241)
(146,700)	-	(146,700)
(51,435)	-	(51,435)
(16,307)	-	(16,307)
<u>(1,489,406)</u>	<u>-</u>	<u>(1,489,406)</u>
-	14,277	14,277
-	94,983	94,983
-	(13,472)	(13,472)
<u>-</u>	<u>-</u>	<u>-</u>
-	95,788	95,788
<u>(1,489,406)</u>	<u>95,788</u>	<u>(1,393,618)</u>
339,768	-	339,768
103,533	-	103,533
1,531,325	-	1,531,325
11,978	25,245	37,223
97,659	-	97,659
188,189	12,360	200,549
<u>2,272,452</u>	<u>37,605</u>	<u>2,310,057</u>
783,046	133,393	916,439
<u>6,667,756</u>	<u>4,038,778</u>	<u>10,706,534</u>
<u>\$ 7,450,802</u>	<u>\$ 4,172,171</u>	<u>\$ 11,622,973</u>

**CITY OF CARLIN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	GENERAL	GRANTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and investments	\$ 2,283,796	\$ 170,696	\$ 938,454	\$ 3,392,946
Receivables, net of allowances				
Accounts	62,006	-	12,252	74,258
Taxes	172,087	-	-	172,087
Due from other governments	149,440	-	24,016	173,456
	<u>2,667,329</u>	<u>170,696</u>	<u>974,722</u>	<u>3,812,747</u>
Total Assets	<u>\$ 2,667,329</u>	<u>\$ 170,696</u>	<u>\$ 974,722</u>	<u>\$ 3,812,747</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 71,525	\$ 111,680	\$ 3,855	\$ 187,060
Payroll accruals	51,993	-	6,313	58,306
Bail and fines held	648	-	-	648
Construction retention	-	7,415	-	7,415
Deferred revenue	13,939	54,229	-	68,168
	<u>138,105</u>	<u>173,324</u>	<u>10,168</u>	<u>321,597</u>
Total Liabilities	<u>138,105</u>	<u>173,324</u>	<u>10,168</u>	<u>321,597</u>
FUND BALANCES (DEFICIT)				
Nonspendable	-	-	33,004	33,004
Restricted for:				
Debt service	-	-	8,470	8,470
Perpetual cemetery care	-	-	41,020	41,020
Committed for:				
Future community development	-	-	42,192	42,192
Assigned:				
Subsequent year operations	-	-	241,590	241,590
Due to nature of fund	-	-	598,278	598,278
Unassigned	2,529,224	(2,628)	-	2,526,596
	<u>2,529,224</u>	<u>(2,628)</u>	<u>964,554</u>	<u>3,491,150</u>
Total Fund Balances (Deficit)	<u>2,529,224</u>	<u>(2,628)</u>	<u>964,554</u>	<u>3,491,150</u>
Total Liabilities and Fund Balances	<u>\$ 2,667,329</u>	<u>\$ 170,696</u>	<u>\$ 974,722</u>	<u>\$ 3,812,747</u>

CITY OF CARLIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Total fund balance, governmental funds \$ 3,491,150

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	9,377,421	
Less accumulated depreciation	<u>(5,841,218)</u>	
	3,536,203	
Capital assets, not being depreciated	<u>879,986</u>	4,416,189

Deferred revenue represents amounts that are not available to fund current expenditures, and therefore, are not reported in the governmental funds.		13,939
---	--	--------

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

Notes payable	(334,238)	
Other post employment benefits	(62,056)	
Compensated absences	<u>(74,182)</u>	<u>(470,476)</u>

Total net assets, governmental activities \$ 7,450,802

CITY OF CARLIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	GENERAL	GRANTS FUND
REVENUES		
Taxes	\$ 314,770	\$ -
Licenses, permits and fees	85,133	-
Intergovernmental	1,587,972	408,751
Charges for services	103,801	-
Fines and forfeits	34,070	-
Miscellaneous	35,233	-
Total Revenues	2,160,979	408,751
EXPENDITURES		
Current:		
General government	604,925	-
Public safety	676,995	179,380
Judicial	52,269	-
Public works	97,220	-
Health and sanitation	86,338	-
Culture and recreation	69,064	-
Community support	50,887	-
Capital Outlay	90,400	210,322
Debt service		
Principal	-	-
Interest	-	-
Total Expenditures	1,728,098	389,702
Excess (Deficiency) of Revenues Over Expenditures	432,881	19,049
OTHER FINANCING SOURCE (USES)		
Sale of fixed assets	100,000	-
Transfer in	133,143	-
Transfer out	(141,000)	(45,000)
Total Other Financing Sources (Uses)	92,143	(45,000)
Net Change in Fund Balance	525,024	(25,951)
FUND BALANCES (DEFICIT), July 1	2,004,200	23,323
FUND BALANCES (DEFICIT), June 30	\$ 2,529,224	\$ (2,628)

See accompanying notes

OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 130,748	\$ 445,518
-	85,133
166,496	2,163,219
19,488	123,289
95,063	129,133
110,362	145,595
<u>522,157</u>	<u>3,091,887</u>
-	604,925
92,250	948,625
-	52,269
-	97,220
450	86,788
260,968	330,032
-	50,887
132,587	433,309
45,931	45,931
16,307	16,307
<u>548,493</u>	<u>2,666,293</u>
<u>(26,336)</u>	<u>425,594</u>
-	100,000
85,104	218,247
<u>(30,160)</u>	<u>(216,160)</u>
<u>54,944</u>	<u>102,087</u>
28,608	527,681
<u>935,946</u>	<u>2,963,469</u>
<u>\$ 964,554</u>	<u>\$ 3,491,150</u>

CITY OF CARLIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Net change in fund balances, governmental funds	\$	527,681
<p>Amounts reported for governmental activities in the statements of activities are different because:</p>		
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are shown in the statement of net 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.</p>		
Capital outlay to purchase capital assets	483,001	
Current depreciation expense	<u>(243,647)</u>	239,354
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.</p>		
		(2,341)
<p>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.</p>		
		(2,287)
<p>Certain governmental revenues will not be collected for several months after the fiscal year and are deferred in the governmental funds</p>		
		(2,217)
<p>Long-term liabilities, include notes payable, that are not due and payable in current period and therefore are not reported in the governmental funds.</p>		
Note payable - principal payments		45,931
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Current year change in compensated absences	(1,428)	
Current year change in other post employment benefits	<u>(21,647)</u>	<u>(23,075)</u>
Change in net assets of governmental activities	\$	<u><u>783,046</u></u>

CITY OF CARLIN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	BUSINESS-TYPE ACTIVITIES
	ENTERPRISE FUND
	UTILITY FUND
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,210,096
Receivables	78,146
	1,288,242
NONCURRENT ASSETS	
Restricted cash and cash equivalents	18,360
Capital assets, net of accumulated depreciation	2,984,367
Capital assets, not being depreciated	78,055
	3,080,782
Total Assets	4,369,024
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	18,215
Accrued expenses	13,520
Compensated absences	9,486
Customer meter deposits	12,525
Note payable, current portion	14,575
	68,321
NONCURRENT LIABILITIES	
Compensated absences, net of current portion	8,727
Note payable, net of current portion	101,889
Other post employment benefits	17,916
	128,532
Total Liabilities	196,853
NET ASSETS	
Invested in capital assets, net of related debt	2,964,318
Restricted for debt service	18,360
Unrestricted	1,189,493
	4,172,171
Total Net Assets	\$ 4,172,171

See accompanying notes.

CITY OF CARLIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	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	\$ 403,122	\$ -
Garbage	204,909	-
Sewer	303,877	-
Street lights	25,528	-
	<u>937,436</u>	<u>-</u>
Total Operating Revenues		
OPERATING EXPENSES		
Salaries and wages	231,395	-
Employee benefits	113,884	200
Services and supplies	174,302	-
General services and supplies	200,954	-
Depreciation	114,596	-
	<u>835,131</u>	<u>200</u>
Total Operating Expenses		
Operating Income (Loss)	<u>102,305</u>	<u>(200)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest and penalties earned	25,245	-
Miscellaneous revenues	12,360	-
Interest expense	(6,517)	-
	<u>31,088</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)		
Net Income (Loss) before Transfers	133,393	(200)
TRANSFERS IN (OUT)		
General Fund	-	(2,087)
	<u>133,393</u>	<u>(2,287)</u>
Change in Net Assets		
NET ASSETS, July 1	<u>4,038,778</u>	<u>2,287</u>
NET ASSETS, June 30	<u>\$ 4,172,171</u>	<u>\$ -</u>

See accompanying notes

CITY OF CARLIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
(Page 1 of 2)

	BUSINESS-TYPE ACTIVITIES	GOVERNMENTAL ACTIVITIES
	ENTERPRISE FUND	INTERNAL SERVICE FUND
	UTILITY FUND	UNEMPLOYMENT LIABILITY INSURANCE FUND
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 935,995	\$ -
Cash payments to employees for services and benefits	(327,532)	-
Cash payments to suppliers for goods and services	(382,383)	(200)
Net Cash Provided (Used) by Operating Activities	226,080	(200)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer to General Fund	-	(2,087)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(20,453)	-
Proceeds from other governmental units	12,360	-
Loan payments	(13,881)	-
Interest expense	(6,517)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(28,491)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	25,245	-
Net Increase (Decrease) in Cash	222,834	(2,287)
CASH AND CASH EQUIVALENTS, July 1	1,005,622	2,287
CASH AND CASH EQUIVALENTS, June 30	\$ 1,228,456	\$ -

CITY OF CARLIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
(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>102,305</u>	\$ <u>(200)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	114,596	-
Change in assets and liabilities:		
(Increase) decrease in		
Accounts receivable	2,137	-
Increase (decrease) in		
Accounts payable	(10,442)	-
Accrued expenses	3,146	-
Meter deposits	(3,578)	-
Other post employment benefits liability	<u>17,916</u>	<u>-</u>
Total Adjustments	<u>123,775</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	\$ <u><u>226,080</u></u>	\$ <u><u>(200)</u></u>

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

**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 and Proprietary Fund 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 proprietary 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

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

reported instead as *general revenues*. Those programs or functions with a net cost not supported by program revenues are generally dependent on general-purpose revenues, such as taxes and unrestricted interest earnings, to remain operational. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 governmental funds if they are not available to finance the activities of the current period.

The City's financial records are organized on the basis of funds, which are independent fiscal and accounting entities with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

The City reports the following major governmental funds:

- **General Fund** is the primary operating fund of the City. It accounts for all financial resources and costs of operations traditionally associated with governments, which are not required to be accounted for in another fund.
- **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 current internal service fund was closed during the year to expedite operations.

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, 2011

**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 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

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

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.
- 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.

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

Accounts Receivable

Accounts receivable as stated in the balance sheet are reported net of allowance of uncollectible accounts as follows: ambulance billings \$40,005, utility billings \$2,912.

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.

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.

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

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, 2011, three retirees are utilizing the benefit. The City's cost associated with the above benefit for the year ending June 30, 2011 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.

Fund Balance/Net Assets

Government-wide Financial Statements:

The government-wide Statement of Net Assets utilizes a net asset presentation. Net assets are categorized as investment in capital assets, net of related debt, restricted and unrestricted. Related debt is the debt outstanding that relates to the acquisition, construction, or improvement of capital assets.

Fund Financial Statements:

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in the year ended June 30, 2011, which redefined how fund balances of the governmental funds are presented in the financial statements. In the governmental fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable – Amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the law or regulations of other governments.
- Committed – Amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the City Council, the City's highest level of decision making authority. Committed amounts may only be established, amended, or rescinded pursuant to Council resolution.
- Assigned – Amounts that the City intends to use for a specific purpose, but do not meet the definitions of restricted or committed fund balance. Under the City's adopted policy, amounts may be assigned by the City Manager or City Clerk under the authorization of the City Council.
- Unassigned – Amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available, the City considers restricted funds to have been

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. Summary of Significant Accounting Policies (Continued)

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

Risk Management

The City, like any governmental entity, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries of employees; and natural disasters. The City assesses these risks and utilizes risk management provided through the Nevada Public Agency Insurance Pool (POOL) created through an inter-local cooperative agreement by participating Nevada governments. The City participated in Agency programs designed to reduce risk loss by governments. Members pay an annual premium and specific deductibles, as necessary, to POOL for its general insurance coverage. POOL is considered a self-sustaining risk pool that will provide coverage for its members for up to \$10,000,000 per event and a \$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:

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	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

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

3. Cash and Investments (Continued)

have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from the increasing interest rates beyond those specified in the Statute.

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

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City's bank deposits are covered by Federal Deposit Insurance Corporation (FDIC) and collateralized by the Office of the State Treasurer/Nevada Collateral Pool. At year-end, the City's carrying amount of deposits was \$4,620,652 and the bank balance was \$4,659,019. The difference between the carrying amount and bank balance results from outstanding checks and deposits not yet reflected in the banks' records. Petty cash of \$750 is not included in the carrying amount.

Cash held by the City as of June 30, 2011 are allocated to the various funds as follows:

Major governmental funds	\$ 2,454,492
Nonmajor governmental funds	938,454
Business-type activities	<u>1,228,456</u>
Total Cash and Investments	<u>\$ 4,621,402</u>

4. Capital Assets

The amounts recorded as capital assets are summarized as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Governmental Activities				
Capital assets, being depreciated:				
Buildings	\$ 1,865,110	\$ 123,668	\$ -	\$ 1,988,778
Office equipment	112,567	-	(5,668)	106,899
Other equipment	1,272,748	245,732	-	1,518,480
Vehicles	1,898,747	62,030	(66,400)	1,894,377
Infrastructure	<u>3,868,887</u>	<u>-</u>	<u>-</u>	<u>3,868,887</u>
	<u>9,018,059</u>	<u>431,430</u>	<u>(72,068)</u>	<u>9,377,421</u>
Less: Accumulated Depreciation for:				
Buildings	(546,190)	(40,672)	-	(586,862)
Office equipment	(99,537)	(2,079)	3,327	(98,289)
Other equipment	(889,026)	(51,558)	-	(940,584)
Vehicles	(1,278,906)	(71,521)	66,400	(1,284,027)
Infrastructure	<u>(2,853,639)</u>	<u>(77,817)</u>	<u>-</u>	<u>(2,931,456)</u>
	<u>(5,667,298)</u>	<u>(243,647)</u>	<u>69,727</u>	<u>(5,841,218)</u>

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

4. Capital Assets (Continued)	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Total capital assets, being depreciated, net	3,350,761	187,783	(2,341)	3,536,203
Capital assets, not being depreciated:				
Land	828,415	51,571	-	879,986
Governmental activities capital assets, net	<u>\$ 4,179,176</u>	<u>\$ 239,354</u>	<u>\$ -</u>	<u>\$ 4,416,189</u>
Business-type Activities				
Capital assets, being depreciated:				
Buildings	\$ 270,774	\$ -	\$ -	\$ 270,774
Office equipment	16,444	-	-	16,444
Other equipment	293,923	17,775	-	311,698
Vehicles	428,372	-	-	428,372
Infrastructure	5,816,993	2,678	-	5,819,671
	<u>6,826,506</u>	<u>20,453</u>	<u>-</u>	<u>6,846,959</u>
Less: Accumulated Depreciation for:				
Buildings	(24,855)	(6,251)	-	(31,106)
Office equipment	(16,444)	-	-	(16,444)
Other equipment	(291,517)	(1,950)	-	(293,467)
Vehicles	(428,372)	-	-	(428,372)
Infrastructure	(2,986,808)	(106,395)	-	(3,093,203)
	<u>(3,747,996)</u>	<u>(114,596)</u>	<u>-</u>	<u>(3,862,592)</u>
Total capital assets, being depreciated, net	3,078,510	(94,143)	-	2,984,367
Capital assets, not being depreciated:				
Land	78,055	-	-	78,055
Business-type activities capital assets, net	<u>\$ 3,156,565</u>	<u>\$ (94,143)</u>	<u>\$ -</u>	<u>\$ 3,062,422</u>
Depreciation expense was charged to functions/programs of the City as follows:				
Governmental activities:				
General government:				\$ 6,234
Public safety				68,309
Public works				109,385
Health and sanitation				1,520
Culture and recreation				58,199
				<u>243,647</u>
Total depreciation expense – governmental activities				<u>\$ 243,647</u>

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

4. Capital Assets (Continued)	Business-type activities:	
	Water	\$ 52,366
	Sewer	<u>62,230</u>
	Total depreciation expense – business-type activities	<u>\$ 114,596</u>

5. Cooperative Agreement

On January 9, 2002 the City of Carlin, City of Elko, and Elko County entered into a cooperative agreement to provide financial resources for a water-line extension project. The water line 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.

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.

6. Long-Term Liabilities

Long-term debt as of June 30, 2011, consisted of the following:

Governmental Activities:	<u>Amount</u>
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.	\$ 161,000
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.	<u>173,238</u>
	334,238
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).	<u>116,464</u>

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

6. Long-Term Liabilities
(Continued)

Total Notes Payable \$ 450,702

The governmental activities notes will be repaid by the Debt Service Fund. The maturity of the notes payable for the years after June 30, 2011, 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
2012	\$ 43,581	\$ 6,733	\$ 4,521	\$ 7,579
2013	45,523	4,791	4,719	7,381
2014	47,579	2,736	4,925	7,175
2015	24,317	558	5,141	6,959
2016	-	-	5,365	6,735
2017-2021	-	-	30,561	29,939
2022-2026	-	-	37,857	22,643
2027-2031	-	-	46,895	13,605
2032-2034	-	-	33,254	2,947
Total	\$ 161,000	\$ 14,818	\$ 173,238	\$ 104,963

Changes in Long-Term Liabilities:

	Balance July 1	Additions
Governmental Activities:		
Compensated absences	\$ 72,754	\$ 37,805
Notes payable	380,169	-
Total	\$ 452,923	\$ 37,805
Business-Type Activities:		
Compensated absences	\$ 20,985	\$ 7,758
Notes payable	130,345	-
Total	\$ 151,330	\$ 7,758

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 2010-2011 of \$26,840,273 the City's debt limit would be \$5,368,055. As of June 30, 2011, the City's has \$450,702 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
\$ 14,575	\$ 5,823	\$ 62,677	\$ 20,135
15,304	5,094	65,546	17,266
16,069	4,329	68,573	14,240
16,872	3,526	46,330	11,043
17,716	2,682	23,081	9,417
35,928	2,663	66,489	32,602
-	-	37,857	22,643
-	-	46,895	13,605
-	-	33,254	2,947
<u>\$ 116,464</u>	<u>\$ 24,117</u>	<u>\$ 450,702</u>	<u>\$ 143,898</u>

Reductions	Balance June 30	Amount Due Within One Year
\$ 36,377	\$ 74,182	\$ 37,092
45,931	334,238	48,102
<u>\$ 82,308</u>	<u>\$ 408,420</u>	<u>\$ 85,194</u>
\$ 10,530	\$ 18,213	\$ 9,486
13,881	116,464	14,575
<u>\$ 24,411</u>	<u>\$ 134,677</u>	<u>\$ 24,061</u>

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

7. Defined Benefit Pension Plan

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

Funding Policy – Benefits for plan members are funded under one of two methods. Under the employer pay contribution plan, the City is required to contribute all amounts due under the plan. The second funding mechanism for providing benefits is the employer/employee paid contribution plan. Under this method, employees are required to contribute a percentage of their compensation to the plan, while the city is required to match that contribution. The contribution requirements of plan members and the City are established by Chapter 286 of the Nevada Revised Statutes. The funding mechanism may only be amended through legislation. The City's contribution to PERS for the years ended June 30, 2011, 2010, and 2009, were \$218,355, \$214,271, and \$188,157, respectively, equal to the required contributions for the each year. The contributions rate for the years ended June 2011, 2010 and 2009 were 21.50%, 21.50% and 20.50%, respectively, for regular employees, 37.00% 37.00% and 33.50%, respectively, for police and fire employees under the employer paid plan, 22.50% for volunteer fire fighters, and 11.25% for 2011 and 2010 10.50% for 2009 for regular employees under the employer/employee paid plan for the specified years.

8. Fund Equity

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

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, 2011 for the water line extension and Carlin Senior Center are currently \$18,360 and \$8,470, respectively.

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

Committed for Future Community Development: In accordance with a revised ordinance enacted by the City of Carlin on December 11, 2008, this represents the

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

**8. Fund Equity
(Continued)**

amount the city council has specifically designated (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.

Commitments 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. These amounts are not included in the financial statements.

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

	Balance July 1, 2010	Net Change	Balance June 30, 2011
Water system	\$ 285,411	\$ 3,300	\$ 285,411
Water capital improvement	14,736	2,000	14,736
Sewer capital improvement	199,176	4,000	199,176

**9. Restatement of
Beginning Net
Assets**

The net assets of the governmental activities reported on the government-wide financial statements were restated from the prior year balance due to omission of donated vehicles received from Nevada Department of Transportation in late June 2010

	Governmental Activities	Total Government -Wide
Net assets, beginning of year, as previously stated:	\$ 6,613,566	\$ 10,652,344
Increase due to receipt of donated vehicles	54,190	54,190
Net assets, beginning of year, as restated	\$ 6,667,756	\$ 10,706,534

**10. 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, 2011 are as follows:

	Transfer Out		Net
Transfer In:			
General	\$ 137,247	\$ (141,000)	\$ (3,753)
Grants	-	(45,000)	(45,000)
Nonmajor Funds:			
Parks and Recreation	-	(135,000)	(135,000)
Parks and Recreation #2	15,000	-	15,000
Equestrian Center	30,000	-	30,000
Ambulance Membership	-	(160)	(160)
Open Door Senior Citizens Center	57,000	-	57,000
Debt Service	64,000	-	64,000
Capital Projects	50,000	(30,000)	20,000
Internal Service	-	(2,087)	(2,087)
Total	\$ 353,247	\$ (353,247)	\$ -

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

10. Interfund Items (Continued) The General Fund, Grants, and Parks and Recreation subsidized certain non-major funds whose funding sources were not large enough to support the entire cost of their programs in accordance with budgetary authority. The Internal Service Fund and Ambulance Membership funds transferred their assets to the General Fund to close the funds to comply with GASB Statement No. 54.

11. 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, 2011 is provided for the water service as follows:

	<u>Water Operations</u>
Condensed Statement of Net Assets:	
Current assets	\$ 594,987
Capital assets, net of accumulated depreciation	<u>1,610,627</u>
Total assets	<u>2,205,614</u>
Current liabilities	41,370
Noncurrent liabilities	<u>116,330</u>
Total liabilities	<u>157,700</u>
Net assets:	
Invested in capital assets, net of related debt	1,494,163
Restricted for debt services	18,360
Unrestricted	<u>535,391</u>
Total Net assets	<u><u>\$ 2,047,914</u></u>
Condensed Statement of Activities:	
Operating revenues:	
Charges for services	<u>\$ 403,122</u>
Operating expenses:	
Depreciation	52,366
Other operating expenses	<u>338,828</u>
Total operating expenses	<u>391,194</u>
Operating income	<u>11,928</u>
Nonoperating revenues:	
Interest income	6,537
Interest expense	<u>(6,517)</u>
Total nonoperating revenue/(expense)	<u>20</u>
Change in net assets	11,948
Beginning net assets	<u>2,035,966</u>
Ending net assets	<u><u>\$ 2,047,914</u></u>

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

Condensed Statement of Cash Flows:	
Net cash provided by:	
Operating activities:	\$ 186,373
Capital and related financing activities	(20,453)
Investing activities	<u>6,537</u>
Net Decrease in Cash	(172,457)
Beginning Cash	<u>422,530</u>
Ending Cash	<u><u>\$ 594,987</u></u>

**12. 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, 2011, 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, 2011, ten city retirees were utilizing this benefit. The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employee's Benefits Program, 901 S. Stewart Street, Suite 1001, Carson City, Nevada 89701, by calling (775)684-70000, or by accessing the website at www.pebp.state.nv.us/informed/financial.htm.

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

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

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 \$7,590. The City did not prefund any future benefits.

For PEBP, NRS 287.046 establishes the subsidies to be contributed toward the premium costs of the eligible retired City employees. The contribution requirements of plan members and the City may be amended by the PEBP board. Premium rates determined by PEBP are the same for all participating members. Plan members receiving benefits have their monthly contribution deducted from their pension checks based on the health plan chosen by the retiree as reduced by the amount of the subsidy therefore, their contributions are not available. For the plan year ended June 30, 2011, retirees qualified for a subsidy of \$86 at five years of service and \$473 at twenty years of service, with incremental increases for years of service between. As a participating employer, the City is billed for the subsidy on a monthly basis and is legally required to provide for it. For fiscal year 2011, the City contributed \$12,034 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.

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	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
CEHBP	6/30/11	\$ 34,403	\$ 7,590	22.06%	\$ 52,425
CEHBP	6/30/10	32,159	6,547	20.36%	25,612
PEBP	6/30/11	24,784	12,034	48.56%	27,547
PEBP	6/30/10	24,171	9,374	38.78%	14,797
Combined	6/30/11	59,187	19,624		79,972
Combined	6/30/10	56,330	15,921		40,409

Fiscal year 2010 was 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, 2011, was calculated as follows:

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

12. Post Employment Healthcare Plan (Continued)	CEHBP	PEBP	Total
Annual required contribution	\$ 34,427	\$ 25,063	\$ 59,490
Interest on net OPEB obligation	1,024	592	1,616
Adjustment to annual required contribution	(1,048)	(871)	(1,919)
Annual OPEB cost (expense)	34,403	24,784	59,187
Contributions made	7,590	12,034	19,624
Change in net OPEB obligation	26,813	12,750	39,563
Net OPEB obligation, beginning of year	25,612	14,797	40,409
Net OPEB obligation, end of year	<u>\$ 52,425</u>	<u>\$ 27,547</u>	<u>\$ 79,972</u>

Funded Status and Funding Progress: The funded status of the plans as of June 30, 2011 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)	<u>\$ 199,145</u>	<u>\$ 434,682</u>	<u>\$ 633,827</u>
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, 2011 actuarial valuation were as follows:

CITY OF CARLIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

12. Post Employment Healthcare Plan (Continued)		CEHBP	PEBP
	Actuarial valuation date	6/30/10	6/30/10
	Actuarial cost method	Entry age normal cost	Entry age normal cost
	Amortization method	Level % of payroll	Level dollar
	Amortization period	30 years (open)	30 years (closed)
	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		

13. Fund Changes The City added the Police Forfeiture Fund to account for monies received from seized or forfeited assets. The funds are to be used for public safety activities.

14. Subsequent Events After year end, the City approved sale of City-owned land for \$158,560 plus improvements. Land to be developed into commercial property.

Approved exchange of land within the City limits with Barrick Mining.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)
(Page 1 of 5)

	BUDGETED AMOUNTS		ACTUAL	FINAL BUDGET	2010
	ORIGINAL	FINAL		VARIANCE	
REVENUES					
Taxes:					
Ad valorem taxes	\$ 292,500	\$ 300,000	\$ 314,770	\$ 14,770	\$ 293,553
Licenses, Permits and Fees:					
Franchise fees	13,400	20,000	20,005	5	21,750
Business licenses	20,400	16,000	16,187	187	16,444
Liquor licenses	2,300	4,200	4,865	665	3,104
Local gaming licenses	2,400	6,300	6,920	620	6,620
Animal licenses	800	800	804	4	2,683
Building permits	14,000	28,000	31,347	3,347	16,327
Other permits and fees	1,350	4,350	5,005	655	7,314
	<u>54,650</u>	<u>79,650</u>	<u>85,133</u>	<u>5,483</u>	<u>74,242</u>
Intergovernmental:					
Consolidated revenues	1,295,000	1,250,000	1,531,325	281,325	1,270,195
Motor vehicle fuel tax	46,000	46,000	50,585	4,585	50,642
Share of county gaming license	10,500	4,500	5,062	562	5,850
Grants	-	-	1,000	1,000	98,200
	<u>1,351,500</u>	<u>1,300,500</u>	<u>1,587,972</u>	<u>287,472</u>	<u>1,424,887</u>
Charges for Services:					
Ambulance charges	80,000	80,000	91,724	11,724	73,625
Ambulance supplies	11,000	10,000	12,077	2,077	5,475
Other	10,100	-	-	-	-
	<u>101,100</u>	<u>90,000</u>	<u>103,801</u>	<u>13,801</u>	<u>79,100</u>
Fines and Forfeits:					
Court fines and fees	21,800	15,000	21,759	6,759	8,720
Animal fines and fees	4,700	3,700	4,467	767	1,643
Other	2,050	4,800	7,844	3,044	5,448
	<u>28,550</u>	<u>23,500</u>	<u>34,070</u>	<u>10,570</u>	<u>15,811</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)
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	BUDGETED AMOUNTS		ACTUAL	FINAL BUDGET	2010
	ORIGINAL	FINAL		VARIANCE	
Miscellaneous:					
Interest income	56,100	10,000	11,845	1,845	18,593
Other income	(7,100)	6,200	6,730	530	23,336
Sales and rentals	9,100	2,400	2,527	127	313
Leases and contracts	4,800	12,000	14,131	2,131	16,815
	<u>62,900</u>	<u>30,600</u>	<u>35,233</u>	<u>4,633</u>	<u>59,057</u>
Total Revenues	<u>1,891,200</u>	<u>1,824,250</u>	<u>2,160,979</u>	<u>336,729</u>	<u>1,946,650</u>
EXPENDITURES					
Current:					
General Government:					
Finance Administration					
Salaries and wages	83,000	87,000	84,495	2,505	83,350
Employee benefits	24,000	21,000	22,991	(1,991)	18,420
Services and supplies	17,060	11,260	9,316	1,944	10,331
Capital outlay	24,000	24,000	22,058	1,942	-
	<u>148,060</u>	<u>143,260</u>	<u>138,860</u>	<u>4,400</u>	<u>112,101</u>
Legislative					
Salaries and wages	9,500	10,500	9,537	963	10,145
Employee benefits	1,000	6,000	5,684	316	4,956
Services and supplies	3,049	2,150	1,634	516	2,707
	<u>13,549</u>	<u>18,650</u>	<u>16,855</u>	<u>1,795</u>	<u>17,808</u>
Other					
Services and supplies	<u>347,129</u>	<u>394,839</u>	<u>350,547</u>	<u>44,292</u>	<u>434,223</u>
City Manager					
Salaries and wages	61,740	67,875	70,224	(2,349)	61,704
Employee benefits	20,460	24,838	28,827	(3,989)	23,117
Services and supplies	8,500	2,000	1,554	446	3,177
	<u>90,700</u>	<u>94,713</u>	<u>100,605</u>	<u>(5,892)</u>	<u>87,998</u>
Total General Government	<u>599,438</u>	<u>651,462</u>	<u>606,867</u>	<u>44,595</u>	<u>652,130</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)
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	BUDGETED AMOUNTS		ACTUAL	FINAL BUDGET	2010
	ORIGINAL	FINAL		VARIANCE	
Public Safety:					
Police					
Salaries and wages	313,000	332,000	319,370	12,630	287,710
Employee benefits	165,000	183,000	172,287	10,713	137,598
Services and supplies	83,005	74,555	66,602	7,953	32,177
	<u>561,005</u>	<u>589,555</u>	<u>558,259</u>	<u>31,296</u>	<u>457,485</u>
Fire and Ambulance					
Salaries	40,000	37,000	35,854	1,146	34,440
Employee benefits	26,774	25,274	21,465	3,809	17,449
Services and supplies	74,000	70,000	61,417	8,583	43,536
Capital outlay	(5,000)	-	-	-	4,607
	<u>135,774</u>	<u>132,274</u>	<u>118,736</u>	<u>13,538</u>	<u>100,032</u>
Total Public Safety	<u>696,779</u>	<u>721,829</u>	<u>676,995</u>	<u>44,834</u>	<u>557,517</u>
Judicial:					
Municipal Court					
Salaries and wages	37,000	37,000	36,348	652	34,233
Employee benefits	18,200	22,000	15,349	6,651	20,193
Services and supplies	(1,229)	679	572	107	1,182
Total Judicial	<u>53,971</u>	<u>59,679</u>	<u>52,269</u>	<u>7,410</u>	<u>55,608</u>
Public Works:					
Highways and Streets					
Salaries and wages	35,000	35,000	27,917	7,083	34,906
Employee benefits	20,603	19,103	16,790	2,313	16,780
Services and supplies	53,156	57,055	52,513	4,542	59,207
Capital outlay	113,000	-	-	-	248,960
Total Public Works	<u>221,759</u>	<u>111,158</u>	<u>97,220</u>	<u>13,938</u>	<u>359,853</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)
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	BUDGETED AMOUNTS		ACTUAL	FINAL BUDGET	
	ORIGINAL	FINAL		VARIANCE	2010
Health and Sanitation:					
Public Health Administration					
Services and supplies	14,384	14,384	14,040	344	10,530
Cemetery					
Salaries and wages	44,000	47,000	46,218	782	45,143
Employee benefits	20,745	21,045	21,348	(303)	18,791
Services and supplies	4,500	5,000	4,732	268	5,017
Capital Outlay	(3,000)	-	-	-	22,655
	<u>66,245</u>	<u>73,045</u>	<u>72,298</u>	<u>747</u>	<u>91,606</u>
Total Health and Sanitation	<u>80,629</u>	<u>87,429</u>	<u>86,338</u>	<u>1,091</u>	<u>102,136</u>
Culture and Recreation:					
Parks					
Salaries and wages	44,600	46,600	46,126	474	45,160
Employee benefits	12,413	10,913	13,378	(2,465)	10,371
Services and supplies	7,000	8,000	8,288	(288)	4,849
Capital outlay	(2,400)	2,600	2,562	38	4,500
	<u>61,613</u>	<u>68,113</u>	<u>70,354</u>	<u>(2,241)</u>	<u>64,880</u>
Library					
Services and supplies	1,136	1,636	1,272	364	1,120
Capital outlay	6,500	86,000	85,896	104	91,413
	<u>7,636</u>	<u>87,636</u>	<u>87,168</u>	<u>468</u>	<u>92,533</u>
Total Culture and Recreation	<u>69,249</u>	<u>155,749</u>	<u>157,522</u>	<u>(1,773)</u>	<u>157,413</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)
(Page 5 of 5)

	BUDGETED AMOUNTS		ACTUAL	FINAL BUDGET	
	ORIGINAL	FINAL		VARIANCE	2010
Community Support:					
Economic Development					
Salaries and wages	34,500	34,500	32,613	1,887	32,853
Employee benefits	17,000	17,000	17,729	(729)	15,692
Services and supplies	2,000	2,000	545	1,455	502
Total Community Support	<u>53,500</u>	<u>53,500</u>	<u>50,887</u>	<u>2,613</u>	<u>49,047</u>
Contingency	<u>20,000</u>	<u>20,000</u>	-	<u>20,000</u>	-
Total Expenditures	<u>1,795,325</u>	<u>1,860,806</u>	<u>1,728,098</u>	<u>132,708</u>	<u>1,933,704</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>95,875</u>	<u>(36,556)</u>	<u>432,881</u>	<u>469,437</u>	<u>12,946</u>
OTHER FINANCING SOURCES (USES)					
Sale of fixed assets	-	100,000	100,000	-	-
Transfers in	-	135,000	133,143	(1,857)	48,000
Transfers out	<u>(359,000)</u>	<u>(141,000)</u>	<u>(141,000)</u>	-	<u>(391,000)</u>
Total Other Financing Sources (Uses)	<u>(359,000)</u>	<u>94,000</u>	<u>92,143</u>	<u>(1,857)</u>	<u>(343,000)</u>
Net Change in Fund Balance	(263,125)	57,444	525,024	467,580	(330,054)
FUND BALANCE, July 1	<u>2,017,339</u>	<u>2,004,200</u>	<u>2,004,200</u>	-	<u>2,334,254</u>
FUND BALANCE, June 30	<u>\$ 1,754,214</u>	<u>\$ 2,061,644</u>	<u>\$ 2,529,224</u>	<u>\$ 467,580</u>	<u>\$ 2,004,200</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GRANTS FUND (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	BUDGETED AMOUNTS		ACTUAL	FINAL BUDGET	2010
	ORIGINAL	FINAL		VARIANCE	
REVENUES					
Intergovernmental:					
Federal Grants	\$	\$ 255,000	\$ -	\$ (255,000)	\$ 66,947
State Grants		183,134	408,751	225,617	-
Total Revenues	-	438,134	408,751	(29,383)	66,947
EXPENDITURES					
Current:					
Public Safety:					
Services and supplies		157,134	179,380	(22,246)	26,287
Capital outlay		250,000	210,322	39,678	-
Total Expenditures	-	407,134	389,702	17,432	26,287
Excess (Deficiency) of Revenues Over Expenditures	-	31,000	19,049	(11,951)	40,660
OTHER FINANCING SOURCES (USES)					
Transfers in/out		(45,000)	(45,000)	-	(18,000)
Net Change in Fund Balance	-	(14,000)	(25,951)	(11,951)	22,660
FUND BALANCE, July 1		23,323	23,323	-	663
FUND BALANCE, June 30	\$ -	\$ 9,323	\$ (2,628)	\$ (11,951)	\$ 23,323

CITY OF CARLIN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2011

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age Normal Cost (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
CEHBP	6/30/10	\$ -	\$ 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

CITY OF CARLIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	SPECIAL REVENUE FUNDS			
	PARKS AND RECREATION FUND	MUNICIPAL COURT BUILDING FUND	ADMINISTRATIVE ASSESSMENT FUND	PARKS AND RECREATION FUND #2
ASSETS				
Cash and investments	\$ 390,908	\$ 14,200	\$ 1,485	\$ 17,191
Accounts receivable	11,824	115	208	-
Due from other governments	-	-	-	-
Total Assets	<u>\$ 402,732</u>	<u>\$ 14,315</u>	<u>\$ 1,693</u>	<u>\$ 17,191</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 26	\$ 311
Payroll accruals	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>26</u>	<u>311</u>
FUND BALANCE				
Nonspendable	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Perpetual cemetery care	-	-	-	-
Committed for:				
Future community development	42,192	-	-	-
Assigned:				
Subsequent year operations	27,000	-	300	-
Due to nature of fund	333,540	14,315	1,367	16,880
Total Fund Balance	<u>402,732</u>	<u>14,315</u>	<u>1,667</u>	<u>16,880</u>
Total Liabilities and Fund Balance	<u>\$ 402,732</u>	<u>\$ 14,315</u>	<u>\$ 1,693</u>	<u>\$ 17,191</u>

SPECIAL REVENUE FUNDS					PERMANENT FUND	TOTAL
EQUESTRIAN CENTER FUND	POLICE FORFEITURE	SENIOR CITIZENS CENTER FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	PERPETUAL CEMETERY CARE FUND	2011
\$ 10,640	\$ 11,901	\$ 46,988	\$ 53,634	\$ 313,498	\$ 78,009	\$ 938,454
-	-	-	-	-	105	12,252
-	-	17,617	-	6,399	-	24,016
<u>\$ 10,640</u>	<u>\$ 11,901</u>	<u>\$ 64,605</u>	<u>\$ 53,634</u>	<u>\$ 319,897</u>	<u>\$ 78,114</u>	<u>\$ 974,722</u>
\$ -	\$ -	\$ 3,518	\$ -	\$ -	\$ -	\$ 3,855
-	-	6,313	-	-	-	6,313
-	-	9,831	-	-	-	10,168
-	-	-	-	-	33,004	33,004
-	-	-	8,470	-	-	8,470
-	-	-	-	-	41,020	41,020
-	-	-	-	-	-	42,192
-	8,500	32,700	-	169,000	4,090	241,590
<u>10,640</u>	<u>3,401</u>	<u>22,074</u>	<u>45,164</u>	<u>150,897</u>	<u>-</u>	<u>598,278</u>
<u>10,640</u>	<u>11,901</u>	<u>54,774</u>	<u>53,634</u>	<u>319,897</u>	<u>78,114</u>	<u>964,554</u>
<u>\$ 10,640</u>	<u>\$ 11,901</u>	<u>\$ 64,605</u>	<u>\$ 53,634</u>	<u>\$ 319,897</u>	<u>\$ 78,114</u>	<u>\$ 974,722</u>

CITY OF CARLIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

SPECIAL REVENUE FUNDS

	MUNICIPAL				
	PARKS AND RECREATION FUND	COURT BUILDING FUND	ADMINISTRATIVE ASSESSMENT FUND	PARKS AND RECREATION FUND #2	EQUESTRIAN CENTER FUND
REVENUES					
Taxes	\$ 103,533	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	3,000
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Miscellaneous	-	2,225	10,280	16,579	28,974
Total Revenues	103,533	2,225	10,280	16,579	31,974
EXPENDITURES					
Current:					
Public safety	-	-	9,088	-	-
Health and sanitation	-	-	-	-	-
Culture and recreation	7,544	-	-	8,823	37,818
Capital Outlay	-	-	-	21,757	20,017
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	7,544	-	9,088	30,580	57,835
Excess (Deficiency) of Revenues Over Expenditures	95,989	2,225	1,192	(14,001)	(25,861)
OTHER FINANCING SOURCES (USES)					
Transfers in	(130,896)	-	-	15,000	30,000
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	(130,896)	-	-	15,000	30,000
Net Change in Fund Balance	(34,907)	2,225	1,192	999	4,139
FUND BALANCES, July 1	437,639	12,090	475	15,881	6,501
FUND BALANCES, June 30	\$ 402,732	\$ 14,315	\$ 1,667	\$ 16,880	\$ 10,640

SPECIAL REVENUE FUNDS					PERMANENT FUND	
POLICE FORFEITURE	AMBULANCE MEMBERSHIP PLAN	SENIOR CITIZENS CENTER FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	PERPETUAL CEMETERY CARE FUND	TOTAL 2011
\$ -	\$ -	\$ -	\$ -	\$ 27,215	\$ -	\$ 130,748
-	-	163,496	-	-	-	166,496
-	115	19,373	-	-	-	19,488
95,063	-	-	-	-	-	95,063
-	45	7,000	-	40,531	4,728	110,362
<u>95,063</u>	<u>160</u>	<u>189,869</u>	<u>-</u>	<u>67,746</u>	<u>4,728</u>	<u>522,157</u>
83,162	-	-	-	-	-	92,250
-	-	-	-	-	450	450
-	-	206,783	-	-	-	260,968
-	-	6,170	-	84,643	-	132,587
-	-	-	45,931	-	-	45,931
-	-	-	16,307	-	-	16,307
<u>83,162</u>	<u>-</u>	<u>212,953</u>	<u>62,238</u>	<u>84,643</u>	<u>450</u>	<u>548,493</u>
<u>11,901</u>	<u>160</u>	<u>(23,084)</u>	<u>(62,238)</u>	<u>(16,897)</u>	<u>4,278</u>	<u>(26,336)</u>
-	-	57,000	64,000	50,000	-	85,104
-	(160)	-	-	(30,000)	-	(30,160)
-	(160)	57,000	64,000	20,000	-	54,944
11,901	-	33,916	1,762	3,103	4,278	28,608
-	-	20,858	51,872	316,794	73,836	935,946
<u>\$ 11,901</u>	<u>\$ -</u>	<u>\$ 54,774</u>	<u>\$ 53,634</u>	<u>\$ 319,897</u>	<u>\$ 78,114</u>	<u>\$ 964,554</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PARKS AND RECREATION FUND (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2010</u>
REVENUES				
Taxes:				
Room tax revenues	\$ 95,800	\$ 103,533	\$ 7,733	\$ 89,558
EXPENDITURES				
Current:				
Culture and Recreation:				
Services and supplies	<u>9,500</u>	<u>7,544</u>	<u>1,956</u>	<u>8,282</u>
Excess (Deficiency) of Revenues Over Expenditures	86,300	95,989	9,689	81,276
OTHER FINANCING (USES)				
Transfers out	<u>(135,000)</u>	<u>(130,896)</u>	<u>4,104</u>	<u>(38,000)</u>
Net Change in Fund Balance	(48,700)	(34,907)	13,793	43,276
FUND BALANCE, July 1	<u>437,639</u>	<u>437,639</u>	<u>-</u>	<u>394,363</u>
FUND BALANCE, June 30	<u><u>\$ 388,939</u></u>	<u><u>\$ 402,732</u></u>	<u><u>\$ 13,793</u></u>	<u><u>\$ 437,639</u></u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MUNICIPAL COURT BUILDING FUND (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2010</u>
REVENUES				
Miscellaneous:				
Building Assessments	\$ 2,200	\$ 2,225	\$ 25	\$ 1,072
OTHER FINANCING SOURCES (USES)				
Transfer Out	-	-	-	(13,756)
Net Change in Fund Balance	2,200	2,225	25	(12,684)
FUND BALANCE, July 1	12,090	12,090	-	24,774
FUND BALANCE, June 30	\$ 14,290	\$ 14,315	\$ 25	\$ 12,090

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ADMINISTRATIVE ASSESSMENT FUND (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2010</u>
REVENUES				
Miscellaneous:				
Administrative assessments	\$ 11,045	\$ 10,280	\$ (765)	\$ 5,458
EXPENDITURES				
Current:				
Public Safety:				
Municipal Court	<u>9,700</u>	<u>9,088</u>	<u>612</u>	<u>7,430</u>
Excess (Deficiency)				
of Revenues				
Over Expenditures	1,345	1,192	(153)	(1,972)
OTHER FINANCING SOURCES				
Transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,756</u>
Net Change in Fund Balance	1,345	1,192	(153)	11,784
FUND BALANCE, July 1	<u>475</u>	<u>475</u>	<u>-</u>	<u>(11,309)</u>
FUND BALANCE, June 30	<u><u>\$ 1,820</u></u>	<u><u>\$ 1,667</u></u>	<u><u>\$ (153)</u></u>	<u><u>\$ 475</u></u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PARKS AND RECREATION FUND #2 (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	BUDGET	ACTUAL	VARIANCE	2010
REVENUES				
Miscellaneous:				
Other income	\$ 16,200	\$ 16,579	\$ 379	\$ 26,379
EXPENDITURES				
Current:				
Culture and Recreation:				
Parks				
Services and supplies	16,000	8,823	7,177	17,653
Capital Outlay	15,000	21,757	(6,757)	21,431
Total Expenditures	31,000	30,580	420	39,084
Excess (Deficiency) of Revenues Over Expenditures	(14,800)	(14,001)	799	(12,705)
OTHER FINANCING SOURCES				
Transfers in	15,000	15,000	-	8,000
Net Change in Fund Balance	200	999	799	(4,705)
FUND BALANCE, July 1	15,881	15,881	-	20,586
FUND BALANCE, June 30	\$ 16,081	\$ 16,880	\$ 799	\$ 15,881

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
EQUESTRIAN CENTER FUND (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2010</u>
REVENUES				
Intergovernmental:				
State Grants:				
Grant proceeds	\$ -	\$ 3,000	\$ 3,000	\$ 48,964
Miscellaneous:				
Other income	<u>28,500</u>	<u>28,974</u>	<u>474</u>	<u>19,408</u>
Total Revenues	<u>28,500</u>	<u>31,974</u>	<u>3,474</u>	<u>68,372</u>
EXPENDITURES				
Current:				
Culture and Recreation:				
Parks				
Services and supplies	38,000	37,818	182	20,300
Capital outlay	<u>21,000</u>	<u>20,017</u>	<u>983</u>	<u>52,442</u>
Total Expenditures	<u>59,000</u>	<u>57,835</u>	<u>1,165</u>	<u>72,742</u>
Excess (Deficiency) of Revenues Over Expenditures	(30,500)	(25,861)	4,639	(4,370)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(500)	4,139	4,639	(4,370)
FUND BALANCE, July 1	<u>6,501</u>	<u>6,501</u>	<u>-</u>	<u>10,871</u>
FUND BALANCE, June 30	<u><u>\$ 6,001</u></u>	<u><u>\$ 10,640</u></u>	<u><u>\$ 4,639</u></u>	<u><u>\$ 6,501</u></u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
POLICE FORFEITURE FUND (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Fines and Forfeits:			
Forfeitures	\$ 112,000	\$ 95,063	\$ (16,937)
EXPENDITURES			
Current:			
Public Safety:			
Police			
Services and supplies	72,000	72,872	(872)
Capital outlay	<u>30,000</u>	<u>10,290</u>	<u>19,710</u>
Total Expenditures	<u>102,000</u>	<u>83,162</u>	<u>18,838</u>
Net Change in Fund Balance	10,000	11,901	1,901
FUND BALANCE, July 1	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, June 30	<u>\$ 10,000</u>	<u>\$ 11,901</u>	<u>\$ 1,901</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
AMBULANCE MEMBERSHIP PLAN FUND (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Charges for services			
Other income	\$ -	\$ 115	\$ 115
Miscellaneous:			
Other income	<u>-</u>	<u>45</u>	<u>45</u>
Total Revenues	<u>-</u>	<u>160</u>	<u>160</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>-</u>	<u>(160)</u>	<u>(160)</u>
Net Change in Fund Balance	-	-	-
FUND BALANCE, July 1	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
OPEN DOOR SENIOR CITIZENS CENTER FUND (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2010</u>
REVENUES				
Intergovernmental				
Federal grants	\$ 54,690	\$ 54,479	\$ (211)	\$ 36,095
State grants	-	-	-	55,586
Cash match, not-match	101,530	102,271	741	90,137
USDA cash	5,590	4,683	(907)	8,674
USDA food	-	2,063	2,063	1,872
	<u>161,810</u>	<u>163,496</u>	<u>1,686</u>	<u>192,364</u>
Charges for Services	<u>18,150</u>	<u>19,373</u>	<u>1,223</u>	<u>21,038</u>
Miscellaneous	<u>7,000</u>	<u>7,000</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>186,960</u>	<u>189,869</u>	<u>2,909</u>	<u>213,402</u>
EXPENDITURES				
Current:				
Culture and Recreation				
Salaries and wages	116,000	95,506	20,494	89,498
Employee benefits	62,400	50,351	12,049	47,901
Services and supplies	67,638	60,926	6,712	59,791
Capital outlay	6,200	6,170	30	55,090
Total Expenditures	<u>252,238</u>	<u>212,953</u>	<u>39,285</u>	<u>252,280</u>
Excess (Deficiency) of Revenues Over Expenditures	(65,278)	(23,084)	42,194	(38,878)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>57,000</u>	<u>57,000</u>	<u>-</u>	<u>63,000</u>
Net Change in Fund Balance	(8,278)	33,916	42,194	24,122
FUND BALANCE (DEFICIT), July 1	<u>20,858</u>	<u>20,858</u>	<u>-</u>	<u>(3,264)</u>
FUND BALANCE, June 30	<u>\$ 12,580</u>	<u>\$ 54,774</u>	<u>\$ 42,194</u>	<u>\$ 20,858</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2010</u>
EXPENDITURES				
Debt service:				
Principal	\$ 45,901	\$ 45,931	\$ (30)	\$ 43,950
Interest	<u>16,511</u>	<u>16,307</u>	<u>204</u>	<u>18,275</u>
Total Expenditures	<u>62,412</u>	<u>62,238</u>	<u>174</u>	<u>62,225</u>
OTHER FINANCING SOURCES				
Transfers in	<u>64,000</u>	<u>64,000</u>	<u>-</u>	<u>64,000</u>
Net Change in Fund Balance	1,588	1,762	174	1,775
FUND BALANCE, July 1	<u>51,682</u>	<u>51,872</u>	<u>190</u>	<u>50,097</u>
FUND BALANCE, June 30	<u><u>\$ 53,270</u></u>	<u><u>\$ 53,634</u></u>	<u><u>\$ 364</u></u>	<u><u>\$ 51,872</u></u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2010</u>
REVENUES				
Taxes:				
Ad valorem taxes	\$ 20,000	\$ 27,215	\$ 7,215	\$ 15,757
Miscellaneous:				
Donations	<u>40,531</u>	<u>40,531</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>60,531</u>	<u>67,746</u>	<u>7,215</u>	<u>15,757</u>
EXPENDITURES				
Current:				
General Government:				
Finance Administration				
Capital Outlay	<u>30,000</u>	<u>29,521</u>	<u>479</u>	<u>-</u>
Public Safety:				
Police				
Capital Outlay	52,000	51,741	259	-
Fire and Ambulance				
Capital Outlay	<u>2,000</u>	<u>1,725</u>	<u>275</u>	<u>4,702</u>
	<u>54,000</u>	<u>53,466</u>	<u>534</u>	<u>4,702</u>
Public Works:				
Highway and Streets				
Capital Outlay	<u>5,000</u>	<u>1,656</u>	<u>3,344</u>	<u>-</u>
Total Expenditures	<u>89,000</u>	<u>84,643</u>	<u>4,357</u>	<u>4,702</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(28,469)</u>	<u>(16,897)</u>	<u>11,572</u>	<u>11,055</u>
OTHER FINANCING (USES)				
Transfers in	50,000	50,000	-	190,000
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>190,000</u>
Net Change in Fund Balance	(8,469)	3,103	11,572	201,055
FUND BALANCE, July 1	<u>316,794</u>	<u>316,794</u>	<u>-</u>	<u>115,739</u>
FUND BALANCE, June 30	<u>\$ 308,325</u>	<u>\$ 319,897</u>	<u>\$ 11,572</u>	<u>\$ 316,794</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PERPETUAL CEMETERY CARE FUND (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2010</u>
REVENUES				
Miscellaneous:				
Contributions from individuals	\$ 3,000	\$ 4,595	\$ 1,595	\$ 12,000
Interest income	<u>145</u>	<u>133</u>	<u>(12)</u>	<u>163</u>
Total Revenues	3,145	4,728	1,583	12,163
EXPENDITURES				
Health and Sanitation:				
Services and supplies	700	450	250	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,943</u>
Total Expenditures	<u>700</u>	<u>450</u>	<u>250</u>	<u>16,943</u>
Net Change in Fund Balance	2,445	4,278	1,833	(4,780)
FUND BALANCE, July 1	<u>(2,445)</u>	<u>73,836</u>	<u>76,281</u>	<u>78,616</u>
FUND BALANCE, June 30	<u>\$ -</u>	<u>\$ 78,114</u>	<u>\$ 78,114</u>	<u>\$ 73,836</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS - BUDGET AND ACTUAL
UTILITY FUND (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)
(Page 1 of 2)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2010</u>
OPERATING REVENUES				
Water				
Utility fees	\$ 365,000	\$ 403,122	\$ 38,122	\$ 374,954
Garbage				
Utility fees	206,000	204,909	(1,091)	203,162
Sewer				
Utility fees	286,000	303,877	17,877	290,397
Street lights				
Use fees	<u>25,000</u>	<u>25,528</u>	<u>528</u>	<u>24,188</u>
Total Operating Revenues	<u>882,000</u>	<u>937,436</u>	<u>55,436</u>	<u>892,701</u>
OPERATING EXPENSES				
Water				
Salaries and wages	159,600	125,423	34,177	126,521
Employee benefits	68,435	63,563	4,872	56,755
Services and supplies	<u>67,800</u>	<u>63,427</u>	<u>4,373</u>	<u>46,797</u>
	<u>295,835</u>	<u>252,413</u>	<u>43,422</u>	<u>230,073</u>
Garbage				
Services and supplies	<u>70,000</u>	<u>70,507</u>	<u>(507)</u>	<u>70,506</u>
Sewer				
Salaries and wages	103,200	105,972	(2,772)	101,958
Employee benefits	45,135	50,321	(5,186)	39,061
Services and supplies	<u>54,500</u>	<u>40,368</u>	<u>14,132</u>	<u>49,403</u>
	<u>202,835</u>	<u>196,661</u>	<u>6,174</u>	<u>190,422</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS - BUDGET AND ACTUAL
UTILITY FUND (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)
(Page 2 of 2)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2010</u>
General				
Services and supplies	194,200	200,954	(6,754)	180,233
Depreciation	<u>135,000</u>	<u>114,596</u>	<u>20,404</u>	<u>119,022</u>
	<u>329,200</u>	<u>315,550</u>	<u>13,650</u>	<u>299,255</u>
Total Operating Expenses	<u>897,870</u>	<u>835,131</u>	<u>62,739</u>	<u>790,256</u>
Operating Income (Loss)	<u>(15,870)</u>	<u>102,305</u>	<u>118,175</u>	<u>102,445</u>
NONOPERATING REVENUES (EXPENSES)				
Interest and penalties earned	16,000	25,245	9,245	24,250
Miscellaneous income	13,598	12,360	(1,238)	13,108
Interest expense	<u>(6,682)</u>	<u>(6,517)</u>	<u>165</u>	<u>(7,346)</u>
Total Nonoperating Revenues (Expenses)	<u>22,916</u>	<u>31,088</u>	<u>8,172</u>	<u>30,012</u>
Net Income (Loss) before Transfers	7,046	133,393	126,347	132,457
TRANSFER IN (OUT)				
General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,000</u>
Change in Net Assets	<u>\$ 7,046</u>	133,393	<u>\$ 126,347</u>	202,457
NET ASSETS, July 1		<u>4,038,778</u>		<u>3,836,321</u>
NET ASSETS, June 30		<u>\$ 4,172,171</u>		<u>\$ 4,038,778</u>

CITY OF CARLIN
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS - BUDGET AND ACTUAL
UNEMPLOYMENT LIABILITY INSURANCE FUND (BUDGETARY BASIS)
INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2010</u>
OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -
OPERATING EXPENSES				
General Government:				
Unemployment claims	-	200	(200)	4,092
Operating Income (Loss) before Transfers	-	(200)	(200)	(4,092)
TRANSFERS				
Transfer in	-	-	-	4,000
Transfer out	-	(2,087)	(2,087)	-
Total Transfers	-	(2,087)	(2,087)	4,000
Change in Net Assets	-	(2,287)	(2,287)	(92)
NET ASSETS, July 1	<u>2,079</u>	<u>2,287</u>	<u>208</u>	<u>2,379</u>
NET ASSETS, June 30	<u>\$ 2,079</u>	<u>\$ -</u>	<u>\$ (2,079)</u>	<u>\$ 2,287</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 governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Carlin, State of Nevada (the City) as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 30, 2011. 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

Management of the City is responsible for establishing and maintaining effective 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 (2011-1). 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, 2011.

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

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

Kajury, Armstrong & Co.

Elko, Nevada
November 30, 2011

**CITY OF CARLIN
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2011**

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

Finding 11-1 - 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.

CITY OF CARLIN
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2011
(Page 1 of 2)

Summary of Prior Audit Findings:

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.
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 11-1, however City staff continue to make improvements in gathering and reconciling information to the financial records.

CITY OF CARLIN
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2011
(Page 2 of 2)

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.

Current Status City Manager is reviewing journal entries on a regular basis.

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, 2011

Flat Fixed Fees:

Business license revenue for the year ended June 30, 1991 (base year) adjusted through June 30, 2010.	\$ <u>27,888</u>
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Adjustment of Base:

Base year			
1. Percentage increase in population of local government	1.0%		
2. Percentage increase in the Consumer Price Index for the year ending on December 31 next preceding the year for which the limit is being calculated	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="text-align: right;"><u>5.7%</u></td> <td style="text-align: right;"><u>6.7%</u></td> </tr> </table>	<u>5.7%</u>	<u>6.7%</u>
<u>5.7%</u>	<u>6.7%</u>		

1,868

Adjusted base at June 30, 2010	29,756
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Actual revenue	<u>16,187</u>
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Amount under allowable amount	\$ <u><u>13,569</u></u>
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**CITY OF CARLIN
AUDITOR'S COMMENTS
JUNE 30, 2011**

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 10-1 to 10-2.

CURRENT YEAR RECOMMENDATIONS

We indentified a financial weakness that has been reported as a significant deficiency. See finding 11-1 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 fund balances/net assets in the funds were reasonable and necessary to carry out the purposes of the funds at June 30, 2011 (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, 2011 (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, 2011