

CITY OF CALIENTE, NEVADA
REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTAL MATERIAL

JUNE 30, 2014

CITY OF CALIENTE, NEVADA
REPORT ON FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
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**CITY OF CALIENTE, NEVADA
ORGANIZATION**

CITY COUNCIL at June 30, 2014:

Mayor:

Stana Hurlburt

City Council Members:

Cody Christensen

Steve Rowe

Victor Jones

John Ahlstrom

DANIEL C. McARTHUR, LTD.
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Caliente, Nevada
Caliente, Nevada

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Uncertainties Regarding Violations of Grant Requirements

As discussed in Note D 11 to the financial statements, the City has expended certain federal grants funds in a manner that may have violated certain restrictive provisions of a federal grant. The possible outcome of these matters, which have been reported to appropriate federal officials, is uncertain at this time. Accordingly, no provision for any liability has been made in the financial statements for possible federal claims for refunds of those grant monies.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparisons information on pages 4-12 and 51-58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Comparative Prior Year Information

I also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City's basic financial statements for the year ended June 30, 2013, which are not presented with the accompanying financial statements and I expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The combining and individual fund financial statements and schedules for the year ended June 30, 2013, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the 2013 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 26, 2014 on my consideration of the City's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Las Vegas, Nevada
December 26, 2014

**CITY OF CALIENTE, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

The Management's Discussion and Analysis ("MD&A") introduces the financial reports for the City of Caliente, Nevada. The MD&A is designed to give the reader an easy-to-understand overview of the City's financial position and results of operations for the year.

FINANCIAL HIGHLIGHTS

The assets of the City exceeded its liabilities at the close of the 2014 fiscal year by \$16,983,531 (net position). The government-wide net position of the City decreased during the fiscal year 2014 from \$17,770,907 to \$16,983,531.

At the end of fiscal year 2014, the City's governmental funds reported combined fund balances of \$780,030, a decrease of \$187,634 when compared to the previous year.

The City's primary revenue sources for governmental activities were ad valorem (property) taxes of \$130,471, capital grants and contributions of \$329,990, charges for services of \$149,354, fuel tax of \$93,490, and consolidated taxes of \$133,116. These revenue sources comprised 12.33%, 31.19%, 14.12%, 8.84%, and 12.58% respectively, or 79.06%, of total governmental activities revenues. Business-type activities revenue from charges for services was \$1,876,045 and \$84,998 from capital grants for the sewer system.

The City's total expenses were \$3,822,986. The greatest expenses were in the Culture and Recreation \$829,030, Public Works \$589,052, General Government \$197,037, and Public Safety \$130,882 functions. Business-type activities contributed \$2,031,867 to total expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements which consists of government-wide financial statements, fund financial statements, and accompanying notes. This report also contains required supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

CITY OF CALIENTE, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The government-wide financial statements report two types of activities: governmental activities and business-type activities. The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, judicial, public safety, public works, health and sanitation, culture and recreation, and intergovernmental. The business-type activities include operations of the water, sewer, electric, waste collection and mosquito abatement utilities.

Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains individual governmental funds. Information is presented separately in the governmental balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Streets Special Revenue fund, and the Parks and Recreation Special Revenue Fund, each of which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the combining and individual fund financial statements and schedules.

The City adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement is provided for each of the City's governmental funds to demonstrate compliance with the budget. The budgetary comparison statements for the major governmental funds are presented as required supplementary information; the budgetary comparison statements for all other governmental funds are included in the fund financial statements accompanying information.

CITY OF CALIENTE, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Proprietary Funds. The City maintains one type of proprietary fund, the Enterprise Fund. The Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the Enterprise Funds to account for its various utility activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the utility funds.

Notes to Financial Statements. The notes to the financial statements provide additional information that is essential to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide other post-employment benefits to its employees.

The combining statements and individual fund schedules referred to earlier in connection with the nonmajor governmental funds are presented immediately following the required supplementary information.

City of Caliente, Nevada
Management's Discussion and Analysis
June 30, 2014

Government-wide Financial Analysis

Net position of the City is summarized below:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Assets:						
Current and other assets	\$ 978,632	\$ 1,285,960	\$ 505,357	\$ 551,007	\$ 1,483,989	\$ 1,836,967
Net capital assets	12,511,493	13,067,551	5,146,412	5,246,444	17,657,905	18,313,995
Total Assets	13,490,125	14,353,511	5,651,769	5,797,451	19,141,894	20,150,962
Liabilities						
Current liabilities	195,562	314,760	48,441	54,154	244,003	368,914
Long-term liabilities	111,111	122,256	1,803,249	1,888,885	1,914,360	2,011,141
Total Liabilities	306,673	437,016	1,851,690	1,943,039	2,158,363	2,380,055
Net Position:						
Invested in capital assets, net of related debt	12,408,939	12,956,432	3,421,434	3,438,861	15,830,373	16,395,293
Restricted	826,259	925,572	148,411	148,251	974,670	1,073,823
Unrestricted	(51,746)	34,491	230,234	267,300	178,488	301,791
Total Net Position	\$ 13,183,452	\$ 13,916,495	\$ 3,800,079	\$ 3,854,412	\$ 16,983,531	\$ 17,770,907

Net position may serve as a useful indicator of the City's financial position. Assets exceeded liabilities by \$16,983,531 as of June 30, 2014. Using the net position as an indicator, the City's financial position has declined 4.43%, or \$787,376, from 2013. The details of this change can be found on the Change in Net Position statement on page 8 of the MD&A.

The largest portion of the City's net assets, 93.21%, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, etc.), net of any related debt outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these 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 the debt.

The City's restricted net position (5.74%) represent resources that are subject to external restrictions on how they may be used. Of this restricted net position, 78.30% for public works, 3.16% is for construction of capital assets, 14.12% is for repayment of long-term debt, and the remaining 4.42% is restricted for other purposes.

The remaining portion of the City's net position (1.05%) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

City of Caliente, Nevada
Management's Discussion and Analysis
June 30, 2014

Changes in net position of the City are summarized as follows:

	Governmental Activities		Business-type Activities		Total Primary Governmental	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 149,354	\$ 160,436	\$ 1,876,045	\$ 1,778,891	\$ 2,025,399	\$ 1,939,327
Capital grants	329,990	464,829	84,998	-	414,988	464,829
General revenues:						
Ad valorem taxes	130,471	124,438	-	-	130,471	124,438
Consolidated tax	133,116	133,219	-	-	133,116	133,219
Fuel taxes	93,490	165,536	-	-	93,490	165,536
Room tax	60,367	80,417	-	-	60,367	80,417
Investment income	596	671	172	201	768	872
Miscellaneous	160,692	8,744	16,319	19,665	177,011	28,409
Total revenues	<u>1,058,076</u>	<u>1,138,290</u>	<u>1,977,534</u>	<u>1,798,757</u>	<u>3,035,610</u>	<u>2,937,047</u>
Expenses:						
General government	197,037	242,754	-	-	197,037	242,754
Judicial	37,374	55,807	-	-	37,374	55,807
Public safety	130,882	115,599	-	-	130,882	115,599
Public works	589,052	549,320	-	-	589,052	549,320
Health and sanitation	2,294	4,235	-	-	2,294	4,235
Culture and recreation	829,030	670,402	-	-	829,030	670,402
Intergovernmental	2,017	2,418	-	-	2,017	2,418
Interest	3,433	3,313	-	-	3,433	3,313
Utility operations	-	-	2,031,867	1,917,925	2,031,867	1,917,925
Total expenses	<u>1,791,119</u>	<u>1,643,848</u>	<u>2,031,867</u>	<u>1,917,925</u>	<u>3,822,986</u>	<u>3,561,773</u>
Change in net position	(733,043)	(505,558)	(54,333)	(119,168)	(787,376)	(624,726)
Net position - beginning	<u>13,916,495</u>	<u>14,422,053</u>	<u>3,854,412</u>	<u>3,973,580</u>	<u>17,770,907</u>	<u>18,395,633</u>
Net position - ending	<u>\$ 13,183,452</u>	<u>\$ 13,916,495</u>	<u>\$ 3,800,079</u>	<u>\$ 3,854,412</u>	<u>\$ 16,983,531</u>	<u>\$ 17,770,907</u>

Program revenues include charges for services, fines and forfeitures, certain licenses and permits, and capital grants. Program revenues from governmental activities decreased by \$145,921, or 23.34%, due to decreases in capital grants for culture and recreation projects and charges for services. Program revenues from business-type activities increased by \$182,152, or 10.24%, due to an increase in capital grant revenues and charges for utility services.

General revenues consist of taxes, miscellaneous, and interest not allocable to specific programs. For governmental activities, the largest changes included fuel tax, which decreased by \$72,046, or 43.52% and miscellaneous revenues which increased \$151,948. This decrease in fuel taxes was due mainly to decreases in tax collections from the County and the increase in miscellaneous revenues was due to insurance proceeds for the pool replacement. For business-type activities, miscellaneous revenues decreased \$3,346, or 17.02%, due to decreased penalties.

CITY OF CALIENTE, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

FUND FINANCIAL ANALYSIS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds:

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$780,030, a decrease of \$187,634, or 19.39%, from the prior year. Fund balance components have been classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed on the use of the resources of each fund. Restricted fund balance is constrained by externally imposed (statutory, bond covenant, contributors, or grantors) limitations on their use. The largest restricted fund balances include \$760,481 for public works, \$19,372 for capital projects, and \$39,478 for public safety.

Major Governmental Funds:

General Fund: The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$0. The General Fund revenues decreased by \$1,009, or .31%. Taxes increased by \$5,462, or 4.62%. Licenses and permits increased \$7,231 or 37.58%. Charges for services decreased \$1,295 or 51.17%. Fines and fees revenues decreased \$9,063 or 48.59%.

Expenditures decreased by \$52,903, or 15.45%. General government expenditures decreased by \$39,151 or 18.01% due to a decrease in grant administration expenditures and services and supplies for the city hall. Judicial expenditures decreased by \$14,558 or 29.19% due to a decrease in salaries and benefits expenditures for the court.

Streets Fund: The Streets Fund revenues increased \$44,485 due to grant revenue received for the Springs Heights Project. Expenditures decreased by \$18,227 or 5.53%. This decrease was due to a decrease in capital outlay expenditures.

Parks and Recreation Fund: The Parks and Recreation Fund revenues decreased by \$86,144, or 17.47%. This decrease was due a reduction of grant monies. Expenditures increased by \$47,573, or 9.27%, due to an increase in service and supplies expenses for the parks related to a lawsuit expenses.

Enterprise Funds:

Enterprise Funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the enterprise funds totaled \$230,234. Total net position for these funds decreased by \$54,333, or 1.41%, from the prior year.

Major Enterprise Funds:

Utility Enterprise-Water Fund: The Utility Enterprise Water Fund operating revenues increased \$14,917, or 6.81%. Operating expenditures increased by \$30,255, or 9.27%.

CITY OF CALIENTE, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Major Enterprise Funds (Continued)

Utility Enterprise-Sewer Fund: The Utility Enterprise Sewer Fund operating revenues decreased \$6,500, or 3.34%. Operating expenditures increased by \$27,757, or 12.31%. This increase is due to an increase in service and supplies.

Utility Enterprise-Electric Fund: The Utility Enterprise Electric Fund operating revenues increased \$92,883, or 7.82% due to a rate increase. Operating expenditures increased by \$72,253, or 6.43%. This increase is due to an increase in service and supplies for electricity costs.

General Fund Budgetary Highlights

The most significant differences between estimated revenues and actual revenues were as follows:

Overall the revenues received were less than budgeted by 2.86% or \$9,498. Fines were \$15,410 less than anticipated due to fewer officers issuing citations. License and permits were \$ 8,924 higher than anticipated due to an increase in building permits. Miscellaneous income was less than anticipated by \$4,916 due to lower than anticipated rental income.

A review of actual expenditures compared to the appropriations in the final budget shows expenditures were \$20,542 less than budgeted or 6.63%. The City has made an effort to cut costs and remain fiscally sound. Expenditures were under budget for functions of the General Fund including general government of \$3,044, health and sanitation of \$7,706 public works of \$1,110 and public safety of \$3,932. The judicial function was over budget \$4,269 due to city attorney fees being higher than anticipated due to some ongoing litigation.

CITY OF CALIENTE, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

Capital Assets

The City's investment in capital assets, net of accumulated depreciation at June 30, 2014, was \$12,511,493 in governmental activities and \$5,146,412 in business-type activities. A summary of changes in capital assets for the year ended June 30, 2014, follows:

<u>Governmental Activities:</u>	Balance June 30, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
Capital assets not being depreciated:					
Land	\$ 210,410	\$ 0	\$ 0	\$ 0	\$ 210,410
Construction in progress	424,429	395,344	0	(693,014)	126,759
Total capital assets not being depreciated	634,839	395,344	0	(693,014)	337,169
Capital assets being depreciated:					
Building	687,604	0	0	0	687,604
Improvements	12,744,395	32,309	0	693,014	13,469,718
Equipment	3,619,681	0	0	0	3,619,681
Infrastructure	297,121	26,734	0	0	323,855
Total capital assets being depreciated	17,348,801	59,043	0	693,014	18,100,858
Less accumulated depreciation for:					
Building	237,494	11,705	0	0	249,199
Improvements	1,930,631	652,215	0	0	2,582,846
Equipment	2,719,935	340,048	0	0	3,059,983
Infrastructure	28,029	6,477	0	0	34,506
Total accumulated depreciation	4,916,089	1,010,445	0	0	5,926,534
Total capital assets being depreciated, net	12,432,712	(951,402)	0	693,014	12,174,324
Governmental activities assets, net	\$ 13,067,551	\$ (556,058)	\$ 0	\$ 0	\$ 12,511,493
<u>Business-Type Activities:</u>	Balance June 30, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
Capital assets not being depreciated:					
Land	\$ 274,501	\$ 0	\$ 0	\$ 0	\$ 274,501
Construction in progress	279,533	150,719	0	(90,340)	339,912
Total capital assets not being depreciated	554,034	150,719	0	(90,340)	614,413
Capital assets being depreciated:					
Water	2,938,394	3,984	0	0	2,942,378
Sewer	4,389,287	25,336	0	90,340	4,504,963
Garbage	284,188	0	0	0	284,188
Electricity	2,018,613	108,568	0	0	2,127,181
Total capital assets being depreciated	9,630,482	137,888	0	90,340	9,858,710
Less accumulated depreciation for:					
Water	1,640,766	171,523	0	0	1,812,289
Sewer	2,030,362	135,389	0	0	2,165,751
Garbage	262,413	986	0	0	263,399
Electricity	1,004,531	80,741	0	0	1,085,272
Total accumulated depreciation	4,938,072	388,639	0	0	5,326,711
Total capital assets being depreciated, net	4,692,410	(250,751)	0	90,340	4,531,999
Business-type activities assets, net	\$ 5,246,444	\$ (100,032)	\$ 0	\$ 0	\$ 5,146,412

**CITY OF CALIENTE, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

Capital Assets (Continued)

Major capital asset events during the current fiscal year included the following:

- Governmental activities construction in progress on the Pool Complex and Spring Heights Projects, improvements for the Meadow Valley Industrial Park and infrastructure for the Clark Street Project.
- Business-type activities construction in progress for water rights and effluent screen project, equipment including two vehicles and pumps, and improvements for the electric utility.

Debt Administration

Changes in Long-term Debt: During the year ended June 30, 2014, the following changes occurred in long-term debt:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014	Due within one year
Governmental Activities:					
Notes payable	\$ 111,119	\$ 0	\$ 8,565	\$ 102,554	\$ 8,858
Compensated Absences	2,935	0	1,348	1,587	1,587
OPEB Obligation	8,202	0	1,232	6,970	0
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 122,256</u>	<u>\$ 0</u>	<u>\$ 11,145</u>	<u>\$ 111,111</u>	<u>\$ 10,445</u>
Business-Type Activities:					
Revenue Bonds	\$ 1,365,464	\$ 0	\$ 34,211	\$ 1,331,253	\$ 35,683
Notes Payable	442,119	0	48,394	393,725	49,979
Compensated Absences	63,307	0	2,096	61,211	27,628
OPEB Obligation	17,995	0	935	17,060	0
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 1,888,885</u>	<u>\$ 0</u>	<u>\$ 85,636</u>	<u>\$ 1,803,249</u>	<u>\$ 113,290</u>

The City's debt decreased, by \$11,145, for governmental activities during the current fiscal year. The reason for the decrease was a decrease in compensated absence due to employees taking more sick and vacation days and a reduction in outstanding debt due to principal payments.

The City's debt decreased, by \$85,636, for business-type activities during the current fiscal year. The principal reason for the decrease was a reduction in outstanding debt due to principal payments.

REQUESTS FOR INFORMATION

This financial report is designed to provide its users with a general overview of the City of Caliente, Nevada's finances and to demonstrate the City's accountability for the revenues it receives. Any comments, further questions, or requests for additional information should be addressed to:

City Clerk –
City of Caliente, Nevada
PO Box 1006
Caliente, Nevada 89008-1006

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BASIC FINANCIAL STATEMENTS

CITY OF CALIENTE, NEVADA
STATEMENT OF NET POSITION
June 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 754,187	\$ 139,990	\$ 894,177
Taxes receivable	11,242	-	11,242
Due from other governments	176,416	11,951	188,367
Prepaid expenses	31,735	42,451	74,186
Accounts receivable (net of allowance for uncollectibles)	5,052	147,339	152,391
Inventories	-	4,005	4,005
Restricted assets- cash	-	159,621	159,621
Capital assets, net of accumulated depreciation	12,511,493	5,146,412	17,657,905
Total assets	<u>13,490,125</u>	<u>5,651,769</u>	<u>19,141,894</u>
Liabilities:			
Accounts payable	170,065	6,382	176,447
Accrued payroll and benefits	24,020	5,342	29,362
Unearned revenue	900	-	900
Customer deposits payable from restricted cash	-	31,302	31,302
Accrued interest	577	5,415	5,992
Noncurrent liabilities:			
Due within one year:	10,445	113,290	123,735
Due in more than one year:	<u>100,666</u>	<u>1,689,959</u>	<u>1,790,625</u>
Total liabilities	<u>306,673</u>	<u>1,851,690</u>	<u>2,158,363</u>
Net Position:			
Invested in capital assets, net of related debt	12,408,939	3,421,434	15,830,373
Restricted for:			
General government	5,049	-	5,049
Judicial	1,260	-	1,260
Public safety	39,478	-	39,478
Public works	760,481	-	760,481
Culture and recreation	619	-	619
Capital projects	19,372	11,275	30,647
Debt service	-	137,136	137,136
Unrestricted	<u>(51,746)</u>	<u>230,234</u>	<u>178,488</u>
Total net position	<u>\$ 13,183,452</u>	<u>\$ 3,800,079</u>	<u>\$ 16,983,531</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CALIENTE, NEVADA

STATEMENT OF ACTIVITIES

June 30, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
General government	\$ (197,037)	\$ 57,549	\$ -	\$ (139,488)	\$ -	\$ (139,488)
Judicial	(37,374)	10,878	-	(26,496)	-	(26,496)
Public safety	(130,882)	37,674	-	(93,208)	-	(93,208)
Public works	(589,052)	-	116,531	(472,521)	-	(472,521)
Health and sanitation	(2,294)	1,236	-	(1,058)	-	(1,058)
Culture and recreation	(829,030)	42,017	213,459	(573,554)	-	(573,554)
Intergovernmental	(2,017)	-	-	(2,017)	-	(2,017)
Interest	(3,433)	-	-	(3,433)	-	(3,433)
Total governmental activities	<u>(1,791,119)</u>	<u>149,354</u>	<u>329,990</u>	<u>(1,311,775)</u>	<u>-</u>	<u>(1,311,775)</u>
Business-type activities:						
Water	(369,625)	234,006	-	-	(135,619)	(135,619)
Sewer	(304,474)	188,230	84,998	-	(31,246)	(31,246)
Electricity	(1,216,376)	1,280,415	-	-	64,039	64,039
Waste collection	(129,028)	158,232	-	-	29,204	29,204
Mosquito abatement	(12,364)	15,162	-	-	2,798	2,798
Total business-type activities	<u>(2,031,867)</u>	<u>1,876,045</u>	<u>84,998</u>	<u>-</u>	<u>(70,824)</u>	<u>(70,824)</u>
Total primary governments	<u>\$ (3,822,986)</u>	<u>\$ 2,025,399</u>	<u>\$ 414,988</u>	<u>(1,311,775)</u>	<u>(70,824)</u>	<u>(1,382,599)</u>
General Revenues:						
Ad valorem tax				130,471	-	130,471
Consolidated tax				133,116	-	133,116
Fuel tax				93,490	-	93,490
Room tax				60,367	-	60,367
Investment income				596	172	768
Miscellaneous				<u>160,692</u>	<u>16,319</u>	<u>177,011</u>
Total general revenues and transfers				<u>578,732</u>	<u>16,491</u>	<u>595,223</u>
Change in net position				(733,043)	(54,333)	(787,376)
Net position - beginning of year				<u>13,916,495</u>	<u>3,854,412</u>	<u>17,770,907</u>
Net position - end of year				<u>\$ 13,183,452</u>	<u>\$ 3,800,079</u>	<u>\$ 16,983,531</u>

The notes to the financial statements are an integral part of this statement

CITY OF CALIENTE, NEVADA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	Major Funds				
	General	Streets	Parks and	Other	
	Fund	Special	Recreation	Governmental	
		Revenue Fund	Special	Funds	Totals
			Revenue Fund		
<u>Assets</u>					
Pooled cash and investments	\$ 170,314	\$ 555,229	\$ -	\$ 28,644	\$ 754,187
Taxes receivable	4,657	-	-	6,585	11,242
Due from other governments	44,080	132,336	-	-	176,416
Prepaid expenses	12,209	19,526	-	-	31,735
Accounts receivable	-	-	-	5,052	5,052
Due from other funds	-	63,636	-	-	63,636
Total assets	<u>\$ 231,260</u>	<u>\$ 770,727</u>	<u>\$ -</u>	<u>\$ 40,281</u>	<u>\$ 1,042,268</u>
<u>Liabilities</u>					
Accounts payable	\$ 160,637	\$ 9,179	\$ 249	\$ -	\$ 170,065
Accrued payroll	20,639	1,067	2,282	32	24,020
Unearned revenue	-	-	-	900	900
Due to other funds	-	-	63,636	-	63,636
Total liabilities	<u>181,276</u>	<u>10,246</u>	<u>66,167</u>	<u>932</u>	<u>258,621</u>
<u>Deferred Inflows of Resources</u>					
Unavailable revenues - property taxes	<u>3,617</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,617</u>
<u>Fund Balance:</u>					
Nonspendable	12,209	-	-	-	12,209
Restricted for:					
General government	2,816	-	-	2,233	5,049
Judicial	-	-	-	1,260	1,260
Public safety	29,739	-	-	9,739	39,478
Public works	-	760,481	-	-	760,481
Culture and recreation	619	-	-	-	619
Capital projects	-	-	-	19,372	19,372
Committed for:					
General government	-	-	-	192	192
Culture and recreation	-	-	-	6,553	6,553
Assigned for subsequent year	984	-	-	-	984
Unassigned	<u>-</u>	<u>-</u>	<u>(66,167)</u>	<u>-</u>	<u>(66,167)</u>
Total fund balance	<u>46,367</u>	<u>760,481</u>	<u>(66,167)</u>	<u>39,349</u>	<u>780,030</u>
Total liabilities, deferred inflows of resources, and fund balances(deficits)	<u>\$ 231,260</u>	<u>\$ 770,727</u>	<u>\$ -</u>	<u>\$ 40,281</u>	<u>\$ 1,042,268</u>

The notes to the financial statements are an integral part of this statement

CITY OF CALIENTE, NEVADA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2014

Total fund balance - governmental funds **\$ 780,030**

Amounts reported for governmental activities in the statement of net position 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 position. 12,511,493

Certain liabilities (such as notes payable and capital leases payable) are not reported in the Governmental Funds financial statements because they are due and payable, but they are presented as liabilities in the statement of net position. (111,688)

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 3,617

Total net position - governmental activities **\$ 13,183,452**

The notes to the financial statements are an integral part of this statement.

CITY OF CALIENTE, NEVADA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	Major Funds				
	General	Streets	Parks and	Other	
	Fund	Special	Recreation	Governmental	
	Fund	Revenue Fund	Special Revenue Fund	Funds	Totals
Revenues:					
Taxes	\$ 123,731	\$ -	\$ -	\$ 60,367	\$ 184,098
Fines and fees	9,590	-	-	-	9,590
Licenses and permits	26,474	-	-	-	26,474
Intergovernmental	136,154	210,021	213,459	7,446	567,080
Charges for services	1,236	-	42,017	38,962	82,215
Miscellaneous	26,484	-	151,435	11,406	189,325
Total revenues	<u>323,669</u>	<u>210,021</u>	<u>406,911</u>	<u>118,181</u>	<u>1,058,782</u>
Expenditures:					
Current:					
General government	179,314	-	-	507	179,821
Judicial	35,309	-	-	662	35,971
Public safety	71,068	-	-	23,246	94,314
Public works	2,500	311,185	-	-	313,685
Health and sanitation	2,294	-	-	-	2,294
Culture and recreation	-	-	560,624	45,482	606,106
Intergovernmental	-	-	-	2,017	2,017
Debt service	-	-	-	12,208	12,208
Total expenditures	<u>290,485</u>	<u>311,185</u>	<u>560,624</u>	<u>84,122</u>	<u>1,246,416</u>
Excess (deficiency) of revenues over expenditures	<u>33,184</u>	<u>(101,164)</u>	<u>(153,713)</u>	<u>34,059</u>	<u>(187,634)</u>
Other financing sources (uses):					
Operating transfers in	1,170	-	86,148	-	87,318
Operating transfers out	<u>(29,000)</u>	<u>-</u>	<u>-</u>	<u>(58,318)</u>	<u>(87,318)</u>
Total other financing sources	<u>(27,830)</u>	<u>-</u>	<u>86,148</u>	<u>(58,318)</u>	<u>-</u>
Net change in fund balance	5,354	(101,164)	(67,565)	(24,259)	(187,634)
Fund balance:					
Beginning of year	<u>41,013</u>	<u>861,645</u>	<u>1,398</u>	<u>63,608</u>	<u>967,664</u>
End of year	<u>\$ 46,367</u>	<u>\$ 760,481</u>	<u>\$ (66,167)</u>	<u>\$ 39,349</u>	<u>\$ 780,030</u>

The notes to the financial statements are an integral part of this statement.

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

Net Change in Fund Balance - Governmental Funds	\$ (187,634)
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over the estimated useful lives as annual depreciation expense in the statement of activities.	(556,058)
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The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and any other similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment in long-term debt and related items.	8,775
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Generally, expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when incurred.	2,580
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Property taxes that are collected in time to pay obligations of the current period are reported as revenue in the fund statements. However, amounts that related to prior periods that first become available in the current period should not be reported as revenue in the statement of activities.	<u>(706)</u>
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Change in net position of governmental activities	<u>\$ (733,043)</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF CALIENTE, NEVADA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2014

Page 1 of 2

	Major Water	Major Sewer	Major Electric
<u>ASSETS</u>			
Current assets:			
Cash	\$ -	\$ -	\$ 29,224
Accounts receivable, net of allowance for uncollectible accounts (\$24,113)	18,378	14,783	100,560
Prepaid expenses	19,525	-	19,526
Due from governments	-	11,951	-
Due from other funds	-	-	111,530
Inventories	-	-	-
Total current assets	<u>37,903</u>	<u>26,734</u>	<u>260,840</u>
Restricted assets:			
Cash	<u>22,034</u>	<u>126,377</u>	<u>11,210</u>
Capital assets:			
Land	4,016	262,453	4,016
Buildings	31,807	38,473	40,304
Machinery, equipment, and plant	2,910,571	4,466,490	2,086,877
Work in progress	339,912	-	-
Accumulated depreciation	<u>(1,812,289)</u>	<u>(2,165,751)</u>	<u>(1,085,272)</u>
Capital assets, net of accumulated depreciation	<u>1,474,017</u>	<u>2,601,665</u>	<u>1,045,925</u>
Total assets	<u>\$ 1,533,954</u>	<u>\$ 2,754,776</u>	<u>\$ 1,317,975</u>

The notes to the financial statements are an integral part of this statement

<u>Non-Major</u>		<u>Total</u>	
<u>Enterprise Funds</u>		<u>Enterprise Funds</u>	
\$	110,766	\$	139,990
	13,618		147,339
	3,400		42,451
	-		11,951
	-		111,530
	4,005		4,005
	<u>131,789</u>		<u>457,266</u>
	-		<u>159,621</u>
	4,016		274,501
	26,906		137,490
	257,282		9,721,220
	-		339,912
	<u>(263,399)</u>		<u>(5,326,711)</u>
	<u>24,805</u>		<u>5,146,412</u>
\$	<u>156,594</u>	\$	<u>5,763,299</u>

CITY OF CALIENTE, NEVADA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2014

Page 2 of 2

	Major Water	Major Sewer	Major Electric
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 243	\$ 6,139	\$ -
Accrued payroll	1,056	782	2,739
Due to other funds	54,701	56,829	-
Accrued compensated absences	6,285	4,148	13,597
Accrued interest	177	5,238	-
Bonds payable - current	4,219	31,464	-
Note payable - current	18,180	-	31,799
Total current liabilities	<u>84,861</u>	<u>104,600</u>	<u>48,135</u>
Current liabilities payable from restricted cash:			
Customer deposits	<u>-</u>	<u>-</u>	<u>31,302</u>
Non-current liabilities:			
OPEB obligation payable	443	229	16,257
Accrued compensated absences	5,809	4,818	17,936
Revenue bond payable, net of current portion	267,705	1,027,865	-
Note payable, net of current portion	<u>-</u>	<u>-</u>	<u>343,746</u>
Total non-current liabilities	<u>273,957</u>	<u>1,032,912</u>	<u>377,939</u>
Total liabilities	<u>358,818</u>	<u>1,137,512</u>	<u>457,376</u>
Net position:			
Invested in capital assets, net of related debt	1,183,913	1,542,336	670,380
Restricted for debt service	21,968	115,168	-
Restricted for capital improvements	66	11,209	-
Unrestricted	<u>(30,811)</u>	<u>(51,449)</u>	<u>190,219</u>
Total net position	<u>\$ 1,175,136</u>	<u>\$ 1,617,264</u>	<u>\$ 860,599</u>

The notes to the financial statements are an integral part of this statement

<u>Non-Major</u>	<u>Total</u>
<u>Enterprise Funds</u>	<u>Enterprise Funds</u>

\$ -	\$ 6,382
765	5,342
-	111,530
3,598	27,628
-	5,415
-	35,683
-	49,979
<u>4,363</u>	<u>241,959</u>

<u>-</u>	<u>31,302</u>
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131	17,060
5,020	33,583
-	1,295,570
-	343,746
<u>5,151</u>	<u>1,689,959</u>

<u>9,514</u>	<u>1,963,220</u>
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24,805	3,421,434
-	137,136
-	11,275
<u>122,275</u>	<u>230,234</u>

<u>\$ 147,080</u>	<u>\$ 3,800,079</u>
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CITY OF CALIENTE, NEVADA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2014

	Major Water	Major Sewer	Major Electric
Operating revenues:			
Charges for services	\$ 234,006	\$ 188,230	\$ 1,280,415
Operating expenses:			
Salaries and wages	49,435	35,899	94,100
Employee benefits	26,522	21,209	62,004
Services and supplies	88,023	43,895	844,504
General administration	21,006	16,897	114,935
Depreciation	171,523	135,389	80,741
Total operating expenses	356,509	253,289	1,196,284
Operating income (loss)	(122,503)	(65,059)	84,131
Non-operating revenues (expenses):			
Investment income	8	145	17
Grant	-	84,998	-
Penalties	2,036	1,637	11,138
Interest expense	(13,116)	(51,185)	(20,092)
Total non-operating revenues (expenses)	(11,072)	35,595	(8,937)
Change in net position	(133,575)	(29,464)	75,194
Net position:			
Beginning of year	1,308,711	1,646,728	785,405
End of year	\$ 1,175,136	\$ 1,617,264	\$ 860,599

The notes to the financial statements are an integral part of this statement

<u>Non-Major</u> <u>Enterprise Funds</u>	<u>Total</u> <u>Enterprise Funds</u>
\$ 173,394	\$ 1,876,045
35,658	215,092
16,379	126,114
72,805	1,049,227
15,564	168,402
986	388,639
<u>141,392</u>	<u>1,947,474</u>
<u>32,002</u>	<u>(71,429)</u>
2	172
-	84,998
1,508	16,319
<u>-</u>	<u>(84,393)</u>
<u>1,510</u>	<u>17,096</u>
33,512	(54,333)
<u>113,568</u>	<u>3,854,412</u>
<u>\$ 147,080</u>	<u>\$ 3,800,079</u>

CITY OF CALIENTE, NEVADA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2014

	Major Water	Major Sewer
Cash flows from operating activities:		
Cash received from customers	\$ 231,043	\$ 187,148
Cash paid for salaries, wages and employee benefits	(85,911)	(66,773)
Cash paid for services and supplies	(91,507)	(44,714)
Net cash provided by operating activities	<u>53,625</u>	<u>75,661</u>
Cash flows from non-capital financing activities:		
Due to/from other funds	<u>54,701</u>	<u>33,009</u>
Cash flows from capital and related financing activities:		
Principal payments-bonds/notes payable	(22,214)	(30,177)
Grants and other	2,036	74,684
Interest paid	(13,226)	(51,326)
Purchase of capital assets	(78,185)	(101,854)
Net cash provided (used) by capital and related financing activities	<u>(111,589)</u>	<u>(108,673)</u>
Cash flows from investing activities:		
Investment income	<u>8</u>	<u>145</u>
Net increase (decrease) in cash and cash equivalents	(3,255)	142
Cash:		
Beginning of year	<u>25,289</u>	<u>126,235</u>
End of year	<u>\$ 22,034</u>	<u>\$ 126,377</u>
Reconciliation of operating (loss) to net cash provided by operating activities		
Operating income (loss)	\$ (122,503)	\$ (65,059)
Adjustments to reconcile operating (loss) to net cash provided by operating activities		
Depreciation and amortization	171,523	135,389
(Increase) decrease in inventory	-	-
(Increase) in prepaid expenses	4,923	-
(Increase) decrease in accounts receivable	(2,963)	(1,082)
Increase (decrease) in accounts payable	243	6,139
Increase (decrease) in accrued payroll	(406)	(508)
Increase (decrease) in customer deposits	-	-
Increase (decrease) in OPEB obligation payable	(117)	(94)
Increase (decrease) in accrued compensated absences	2,925	876
Total adjustments	<u>176,128</u>	<u>140,720</u>
Net cash provided by operating activities	<u>\$ 53,625</u>	<u>\$ 75,661</u>

The notes to the financial statements are an integral part of this statement

Major Electric	Non-Major Enterprise Funds	Total Enterprise Funds
\$ 1,256,320	\$ 172,267	\$ 1,846,778
(230,112)	(65,250)	(448,046)
(890,289)	(76,819)	(1,103,329)
135,919	30,198	295,403
(87,710)	-	-
(30,214)	-	(82,605)
11,138	1,508	89,366
(20,092)	-	(84,644)
(108,568)	-	(288,607)
(147,736)	1,508	(366,490)
17	2	172
(99,510)	31,708	(70,915)
139,944	79,058	370,526
\$ 40,434	\$ 110,766	\$ 299,611
\$ 84,131	\$ 32,002	\$ (71,429)
80,741	986	388,639
-	2,395	2,395
1,545	-	6,468
(17,005)	(1,127)	(22,177)
-	-	6,382
(2,743)	(1,097)	(4,754)
(7,090)	-	(7,090)
(645)	(79)	(935)
(3,015)	(2,882)	(2,096)
51,788	(1,804)	366,832
\$ 135,919	\$ 30,198	\$ 295,403

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

1. Reporting Entity

The City of Caliente, Nevada, is governed by an elected five member board. As required by generally accepted accounting principles, these financial statements present City of Caliente, Nevada (the primary government). The City has no component units.

2. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

3. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds (enterprise funds). As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The Statement of Net Position presents the consolidated financial position of the City at year-end, in separate columns, for both governmental and business-type activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are specifically associated with a program or service and are, therefore, clearly identifiable to a particular function. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues properly not included among program revenues are reported instead as general revenues. This statement provides a net cost or net revenue of specific programs and functions within the City. Those functions with a net cost are generally dependent on general-purpose tax revenues, such as property tax, to remain operational.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary (enterprise) – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general City, except those accounted for in another fund.

Streets Special Revenue Fund – The Streets Special Revenue Fund is used to account for fuel tax revenues allocated for highways and streets improvement and maintenance.

Parks and Recreation Special Revenue Fund – The Parks and Recreation Special Revenue Fund is used to account for pool and park fees collected and the related expenditures for pool and parks.

The City reports the following major enterprise funds:

Utility Enterprise Fund – Water – The Utility Enterprise Fund-Water accounts for the delivery of water services to City residents.

Utility Enterprise Fund – Sewer – The Utility Enterprise Fund-Sewer accounts for the delivery of sewer services to City residents.

Utility Enterprise Fund – Electricity– The Utility Enterprise Fund-Electricity accounts for the delivery of electricity services to City residents.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in the governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e. enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the 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 revenues 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.

The 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 governments and are then recognized as revenue. The government considers revenues to be "available" if they are collected within 60 days of 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. In general, expenditures are recorded when liabilities are incurred. The exception to this rule is that principal and interest on debt service, as well as liabilities related to compensated absences and claims and judgments, are recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The major revenue sources of the City include charges for services, capital grants, consolidated taxes (sales tax), ad valorem taxes, and fuel taxes.

Property taxes, sales 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Utility funds are customer charges. Expenses are those required to provide the service. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for governmental funds.

a. The statutes provide for the following timetable in adoption of budgets:

- (i) Before April 15, the City submits to the Nevada State Department of Taxation a tentative budget for the upcoming fiscal year. The tentative budget includes proposed expenditures and the means to finance them.
- (ii) Before the third Tuesday in May, a minimum of seven days' notice of public hearing on the final budget is published in a local newspaper.
- (iii) On or before June 1, the City Council must adopt a final budget.

b. NRS 354.598005 (1) - provides that the City Council may augment the budget at any time by a majority vote of the Council providing the Council a publish notice of its intention to act in a newspaper of general circulation in the City at least three days before the date set for adoption of the resolution.

c. Nevada Revised Statute 354.598005 (5) allows appropriations to be transferred between functions, funds or contingency accounts if such a transfer does not increase the total appropriation for any fiscal year and is not in conflict with other statutory provisions. The City Clerk may transfer appropriations within any function. The City may transfer appropriations between functions or programs within a fund, if the City Council takes action at next meeting; and the action is recorded in the official minutes of the meeting. The City Council may authorize the transfer of appropriations between funds or from the contingency account, if, the City Council announce the transfer of appropriations at a regularly scheduled meeting and sets forth the exact amounts to be transferred and the accounts, functions, programs and funds affected. The City Council must also set forth its reasons for the transfer; and the action must be recorded in the official minutes of the meeting.

d. Statutory regulations require budget control to be exercised at the function level within the funds.

e. The following funds were augmented during the year: Streets Fund, Parks and Recreation Fund, Room Tax Fund, Water Utility Fund, Sewer Utility Fund, Electric Utility Fund, and Waste Utility Fund

f. Generally, budgets for all funds are adopted in accordance with generally accepted accounting principles. Budgeted amounts reflected in the accompanying financial statements recognize amendments made during the year.

g. All appropriations lapse at the end of the fiscal year.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

a. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition.

Cash includes cash deposited in interest-bearing accounts at banks and cash in the custody of fiscal agents of the City.

b. Investments

Investments are stated at fair value on the Balance Sheet. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. Changes in the fair value of City investments are part of investment income which is included in revenue from local sources on the Statement of Activities and the Statement of Revenues, Expenditures, and Changes in Fund Balances of governmental funds. (See Note D1)

Nevada Revised Statutes authorize the City to invest in:

1. Obligations of the U.S. Treasury and U.S. Agencies in which the maturity dates do not exceed more than 10 years from the date of purchase.
2. Negotiable certificates of deposit issued by commercial banks or insured savings and loan associations (those over \$250,000 must be fully collateralized).
3. Negotiable notes or short-term negotiable bonds issued by local governments within Nevada.
4. Eligible bankers' acceptances that do not exceed 180 days maturity and do not exceed 20 percent of the portfolio.
5. Commercial paper with a rating of A-1 or P-1 that does not exceed 270 days maturity and does not exceed 20 percent of the portfolio.
6. The State of Nevada's Local Government Investment Pool.
7. Repurchase agreements that are collateralized at 102 percent of the repurchase price and do not exceed 90 days maturity. Securities used for collateral must meet the criteria listed above.
8. Money market mutual funds which are rated as "AAA" or its equivalent and invest only in securities issued by the Federal Government, U.S. Agencies, or repurchase agreements fully collateralized by such securities.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

c. Property Tax Receivables

Taxes on real property are levied on July 1st of each year and are due on the third Monday in July. They can be paid in quarterly installments in August, October, January and March. In the event of nonpayment, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties, and costs, together with interest at a rate of 10 percent 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 obtains a 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.

Article X, Section 2 of the Constitution of the State of Nevada limits the total taxes levied by all overlapping governmental units within the boundaries of any City (i.e., the County, the School District, the State and any other City, Town, or Special District) to an amount not to exceed \$5 per \$100 of assessed valuation of the property being taxed.

The Nevada Legislature enacted provisions whereby the combined overlapping tax rate was limited to \$3.64 per \$100 of assessed valuation (See Note D2).

d. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

e. Restricted Assets

Certain cash assets of the Enterprise Funds are from revenue for specific use by the Enterprise Funds and are classified as restricted assets because their use is restricted by agreement. (See Note D5)

f. Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year.

If purchased or constructed, capital assets are recorded at historical cost or estimated historical cost and updated for additions and retirements during the year. Donated capital assets are valued at their estimated value as of the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

f. Capital Assets (Continued)

Land and construction in progress are not depreciated. The other property, plant and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Capital Assets</u>	<u>Years</u>
Vehicles	8
Equipment	5-20
Buildings and Improvements	20-50
Infrastructure	25-50

The City is required to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The City is required to capitalize and report its major general infrastructure assets acquired in fiscal years ending after June 30, 1980. In addition, infrastructure assets acquired before June 30, 1980, that received significant reconstruction must be capitalized.

g. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

h. Governmental Fund Balances:

In the governmental fund financial statements, fund balances are classified as follows:

- (i) **Nonspendable** – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact, such as inventories and prepaids.
- (ii) **Restricted** – Amounts that can be spent only for a specific purpose because of the state or federal laws, or externally imposed conditions by grantors or creditors.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

h. Governmental Fund Balances (Continued):

- (iii) **Committed** – These amounts can only be used for specific purposes as set forth by the City Council. The Council must take formal action (vote approval by the majority), in order to establish an ending fund balance commitment for any specific purpose. Formal Council action is also required to modify or rescind an established commitment. To be reported as committed, amounts cannot be used for any other purpose unless the Council takes the same highest level action to remove or change the constraint.
- (iv) **Assigned** — Assignments are neither restrictions nor commitments and represent the City's intent to use funds for a specific purpose. These assignments, however, are not legally binding and are meant to reflect intended future use of the City's ending fund balance. Intent can be expressed by the City Council or by the City Clerk.
- (v) **Unassigned** – All amounts not included in other classifications.

i. Fund Balance Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance.) When fund balance resources are available for a specific purpose in more than one classification, it is the City's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

j. Net Position Policies

In the government-wide statements, net position on the Statement of Net Position includes the following:

(i) Invested in Capital Assets, net of Related Debt

This is the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction, or improvement of those assets.

(ii) Restricted Assets

This is the component of net position that reports the constraints placed on the use of assets by either external parties and/or enabling legislation.

(iii) Unrestricted

This is the component of net position that is the difference between the assets and liabilities not reported in Invested in Capital Assets, Net of Related Debt; and Restricted Assets.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

k. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

l. Comparative Data/Reclassifications

Comparative total data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the City's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

m. 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

n. Compensated Absences

Vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide financial statements. No expenditure is reported for these amounts in the fund financial statements. (See Note D6) Vacation leave and sick leave included in accrued liabilities and recorded as expenditures in governmental fund types is the amount normally liquidated from "available spendable resources."

In proprietary funds, compensated absences are recorded when the liabilities are incurred. In governmental funds, the current portion is recorded as a payroll expenditure. The estimated long-term liability for compensated absences is accounted for in the government-wide financial statements.

o. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Long-term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

c. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund, sewer fund, electricity fund, waste fund, and mosquito abatement fund, are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of certain differences between the governmental funds Balance Sheet and the government-wide Statement of Net Position

The governmental fund balance sheet include a reconciliation between fund balances - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of the reconciliation explains that "certain liabilities (such as notes payable and capital leases payable) are not reported in the Governmental Funds financial statements because they are due and payable, but they are presented as liabilities in the statement of net position." The details of this difference are as follows:

Interest payable	\$ (577)
Notes payable	(102,554)
Compensated absences	(1,587)
OPEB obligation	<u>(6,970)</u>
Net adjustment to reduce fund balance - total governmental funds	
to arrive at net position - governmental activities	<u>\$ (111,688)</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

2. Explanation of certain differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over the estimated useful lives as annual depreciation expense in the statement of activities." The details of this difference are as follows:

Capital outlay	\$ 454,387
Depreciation expense	<u>(1,010,445)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (556,058)</u>

Another element of that reconciliation states that, "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and any other similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment in long-term debt and related items." The details of this difference are as follows:

Accrued interest	\$ 210
General obligation debt principal payments	<u>8,565</u>
Net adjustment to increase net change in fund balances - governmental funds to arrive at change in net position of governmental activities	<u>\$ 8,775</u>

Another element of that reconciliation states that "Generally expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when incurred." The details of this difference are as follows:

Compensated absences	\$ 1,348
OPEB obligation payable	<u>1,232</u>
Net adjustment to increase net change in fund balances - governmental funds to arrive at change in net position of governmental activities	<u>\$ 2,580</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE C. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Compliance and Accountability

Per NRS 354.626, the City is required to report expenditures that exceeded budgeted appropriations at the function level for the General Fund, Special Revenue Funds, and Capital Project Funds. Enterprise funds may not exceed budget appropriations at the fund level. As of June 30, 2014, the City had the following expenditures over appropriations:

The following individual functions were over-expended in the General Fund:

Judicial	\$ 4,269
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The following individual fund functions were over-expended:

Parks and Recreation – Culture and Recreation	\$ 35,625
Room Tax – Culture and Recreation	\$ 9,821
Utility Enterprise Fund – Water	\$ 2,873

2. Deficit Fund Balance

The following funds had a deficit fund balance at June 30, 2014:

Parks and Recreation Special Revenue Fund	\$ 66,167
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The deficit fund balance in the Parks and Recreation Fund is due to unanticipated legal fees incurred related legal action against the City concerning construction of parks (See Note D11). The deficit in the fund will be corrected with revenues received in the following year along with a budgeted transfer from the Room Tax fund of \$60,000. In addition, the City retained new City Attorney with a fixed-fee contract, limiting the amount of legal fees the City may incur annually.

NOTE D. DETAILED NOTES ON ALL FUNDS

1. Pooled Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds. At June 30, 2014, this pool is displayed by the statement of net position and major and other governmental funds on the governmental funds balance sheet as “Pooled Cash and Investments.”

A reconciliation of cash and investments as shown in the Statement of Net Position is as follows:

Carrying amount of deposits	<u>\$ 1,053,798</u>
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A reconciliation of cash and investments as for the City is as follows:

Government-wide pooled cash and investments	\$ 894,177
Restricted cash	<u>159,621</u>
Total	<u>\$ 1,053,798</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

1. Pooled Cash and Investments (Continued)

The cash and investment pool is available for use by all funds of the City. The City may invest the money of the investment pool in investments which have been authorized as investments by Nevada Revised Statutes. (See Note A7b)

Investment income is apportioned to the funds within the pool monthly based on the average balance invested for the month.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Cash and investment are subject to the following risks:

Interest Rate Risk: Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from the rise in interest rates. Nevada Revised Statutes limits bankers' acceptances to 180 days of maturities, repurchase agreements to 90 days, U.S. Treasuries and Agencies to less than 10 years, and commercial paper to 270 days maturity. As of June 30, 2014, all investments are deemed liquid.

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 its investments. The Nevada Revised Statutes limits investment instruments by their credit risk (Note A7b).

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank or brokerage failure, the City's deposits may not be returned. The City's bank deposits are generally covered by FDIC insurance and are collateralized by the Office of the State Treasurer/Nevada Collateral Pool. At year-end, the City's carrying amount of deposits was \$1,053,798 and the bank balance was \$1,056,726. Of the bank balance, \$250,000 was covered by federal depository insurance. Of the remaining balance, \$806,726 was collateralized with securities held by the Nevada Pooled Collateral Program.

2. Receivables

Below is the detail of receivables for each major fund and the nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts:

	<u>General</u>	<u>Streets</u>	<u>Parks and Recreation</u>	<u>Other Governmental</u>	<u>Enterprise</u>	<u>Total</u>
Taxes receivable	\$ 4,657	\$ 0	\$ 0	\$ 6,585	\$ 0	\$ 11,242
Accounts receivable (net)	0	0	0	5,052	147,339	152,391
Due from other governments:						
Fuel taxes	0	15,805	0	0	0	15,805
Consolidated taxes	33,652	0	0	0	0	33,652
Grants	0	116,531	0	0	11,951	128,482
Property taxes	10,428	0	0	0	0	10,428
Net total receivables	<u>\$ 48,737</u>	<u>\$ 132,336</u>	<u>\$ 0</u>	<u>\$ 11,637</u>	<u>\$ 159,290</u>	<u>\$ 352,000</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

3. Capital Assets

Capital assets activity for the year ended June 30, 2014, was as follows:

<u>Governmental Activities:</u>	Balance June 30, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
Capital assets not being depreciated:					
Land	\$ 210,410	\$ 0	\$ 0	\$ 0	\$ 210,410
Construction in progress	424,429	395,344	0	(693,014)	126,759
Total capital assets not being depreciated	634,839	395,344	0	(693,014)	337,169
Capital assets being depreciated:					
Building	687,604	0	0	0	687,604
Improvements	12,744,395	32,309	0	693,014	13,469,718
Equipment	3,619,681	0	0	0	3,619,681
Infrastructure	297,121	26,734	0	0	323,855
Total capital assets being depreciated	17,348,801	59,043	0	693,014	18,100,858
Less accumulated depreciation for:					
Building	237,494	11,705	0	0	249,199
Improvements	1,930,631	652,215	0	0	2,582,846
Equipment	2,719,935	340,048	0	0	3,059,983
Infrastructure	28,029	6,477	0	0	34,506
Total accumulated depreciation	4,916,089	1,010,445	0	0	5,926,534
Total capital assets being depreciated, net	12,432,712	(951,402)	0	693,014	12,174,324
Governmental activities assets, net	\$ 13,067,551	\$ (556,058)	\$ 0	\$ 0	\$ 12,511,493
<u>Business-Type Activities:</u>	Balance June 30, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
Capital assets not being depreciated:					
Land	\$ 274,501	\$ 0	\$ 0	\$ 0	\$ 274,501
Construction in progress	279,533	150,719	0	(90,340)	339,912
Total capital assets not being depreciated	554,034	150,719	0	(90,340)	614,413
Capital assets being depreciated:					
Water	2,938,394	3,984	0	0	2,942,378
Sewer	4,389,287	25,336	0	90,340	4,504,963
Garbage	284,188	0	0	0	284,188
Electricity	2,018,613	108,568	0	0	2,127,181
Total capital assets being depreciated	9,630,482	137,888	0	90,340	9,858,710
Less accumulated depreciation for:					
Water	1,640,766	171,523	0	0	1,812,289
Sewer	2,030,362	135,389	0	0	2,165,751
Garbage	262,413	986	0	0	263,399
Electricity	1,004,531	80,741	0	0	1,085,272
Total accumulated depreciation	4,938,072	388,639	0	0	5,326,711
Total capital assets being depreciated, net	4,692,410	(250,751)	0	90,340	4,531,999
Business-type activities assets, net	\$ 5,246,444	\$ (100,032)	\$ 0	\$ 0	\$ 5,146,412

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

3. Capital Assets (Continued)

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

Governmental activities:

General government	\$ 19,796
Public safety	36,568
Public works	359,841
Judicial	1,403
Culture and recreation	592,837
	<u>\$1,010,445</u>

Business activities:

Water	\$ 171,523
Sewer	135,389
Garbage	986
Electricity	80,741
	<u>\$ 388,639</u>

4. Accrued Liabilities

Accrued liabilities reported by funds at June 30, 2014, were as follows:

Fund	Accrued Payroll and Benefits	Compensated Absences	Meter Deposits	Totals
General	\$ 20,639	\$ 1,587	\$ 0	\$ 22,226
Road	1,067	0	0	1,067
Parks and Recreation	2,282	0	0	2,282
Other Governmental	32	0	0	32
Water Utility	1,056	12,094	0	13,150
Sewer Utility	782	8,966	0	9,748
Electric Utility	2,739	31,533	31,302	65,574
Nonmajor Enterprise	765	8,618	0	9,383
Total Accrued Liabilities	<u>\$ 29,362</u>	<u>\$ 62,798</u>	<u>\$ 31,302</u>	<u>\$123,462</u>

5. Restricted Assets

The balances of the City's restricted asset accounts are as follows:

Cash – customer deposits	\$ 11,210
1993 – Sewer Revenue Bond	4,626
1993 – Sewer Revenue Bond Reserve	55,748
1999 – Sewer Revenue Bond	26,390
1999 – Sewer Revenue Bond Reserve	26,330
2003 – Sewer Revenue Bond Reserve	13,283
2005 – Water Revenue Bond Reserve	22,034
Total restricted assets	<u>\$ 159,621</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

6. Long-term Debt

Business-Type Activities:

- a. Revenue Bonds** The City issues revenue bonds to provide funds for the acquisition and construction of utility capital assets. Revenue bonds have been issued for the business-type activities. Revenue bonds are an obligation of the enterprise utility funds for which the capital assets were acquired or constructed. Revenue bonds outstanding at June 30, 2014, are as follows:

<u>Purpose</u>	<u>Interest</u>	<u>Amount</u>
1993 Sewer Revenue Bond	4.50%	\$ 592,475
1999 Sewer Revenue Bond	4.50%	362,541
2005 Water Revenue Bond	4.50%	271,924
2003 Sewer Revenue Bond	4.25%	104,313
		<u>\$1,331,253</u>

1993 Sewer Revenue Bonds: The 1993 Sewer Revenue Bond is payable to the Farmers Home Administration. The 1993 bond agreement requires the City to establish a Sewer Revenue Bond account in which the City must deposit an amount sufficient to pay the next maturing installment of principal and interest on the outstanding Bond. The deposit requirement is \$4,233. The balance in this account was \$4,626 at June 30, 2014. The agreement also requires the City to establish a Sewer Revenue Bond Reserve Fund in which the City must deposit on a monthly basis an amount equal to one hundred twentieth of the average annual loan installment until the average annual loan installment has been accumulated. The monthly deposit is \$422 and the average annual loan installment is \$50,796. The balance in this account at June 30, 2014, was \$55,748.

The balance at June 30, 2014, is \$592,475. Annual debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 21,464	\$ 29,332
2016	22,562	28,234
2017	23,716	27,080
2018	24,929	25,867
2019	26,205	24,591
2020-2024	152,560	101,420
2025-2029	195,789	58,191
2030-2032	125,250	9,271
	<u>\$592,475</u>	<u>\$303,986</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

6. Long-term Debt (Continued)

a. Revenue Bonds (Continued)

1999 Sewer Revenue Bonds: The 1999 Sewer Revenue Bond is payable to the Farmers Home Administration. The 1999 bond agreement requires the City to establish a Sewer Revenue Bond Account in which the City must deposit an amount sufficient to pay the next maturing installment of principal and interest. The deposit requirement is \$24,458. The balance in the account was \$26,390 at June 30, 2014. The agreement also requires the City to establish a Sewer Revenue Bond Reserve Account in which the City must deposit on an annual basis a deposit equal to one tenth of the average annual payment of principal and interest until the average annual payment of principal and interest has been accumulated. The average annual loan installment is \$24,458. The balance in the account was \$26,330 at June 30, 2014. These reserve accounts can only be used to pay for emergency maintenance of facilities, loan installments, extensions to facilities, and short-lived assets.

The balance at June 30, 2014, is \$362,541. Annual debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 8,144	\$ 16,314
2016	8,510	15,948
2017	8,893	15,565
2018	9,293	15,165
2019	9,711	14,747
2020-2024	55,519	66,771
2025-2029	69,187	53,103
2030-2034	86,220	36,070
2035-2039	107,064	14,843
	<u>\$362,541</u>	<u>\$248,526</u>

2005 Water Revenue Bond: The Caliente Water revenue bond is payable to the U.S. Department of Agriculture. Payments are due in monthly installments of \$1,364 including interest. The bond matures in 2045 at an interest rate of 4.5%. The bond covenants require the City accumulate an amount equal to one annual installment of principal and interest to be used only for loan installments. The deposit requirement to date would be \$16,368. The balance in the account was \$22,034 at June 30, 2014.

The balance at June 30, 2014, is \$271,926. Annual debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 4,219	\$ 12,149
2016	4,413	11,955
2017	4,616	11,752
2018	4,828	11,540
2019	5,050	11,318
2020-2024	28,949	52,891
2025-2029	36,239	45,601
2030-2034	45,364	36,476
2035-2039	56,786	25,054
2040-2044	71,084	10,756
2045	10,376	170
	<u>\$271,924</u>	<u>\$229,662</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

6. Long-term Debt (Continued)

a. Revenue Bonds (Continued)

2003 Sewer Bond: The Sewer revenue bond is payable to the U.S. Department of Agriculture. The bond is payable in monthly payments of \$520.80 including interest at 4.25%. The bond covenants require the City to accumulate an amount equal to one annual installment of principal and interest to be used only for loan installments. The deposit requirement would be \$6,250; the balance in the account was \$13,283 at June 30, 2014.

The balance at June 30, 2014, is \$104,314. Annual debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,856	\$ 4,393
2016	1,937	4,313
2017	2,021	4,229
2018	2,108	4,141
2019	2,200	4,050
2020-2024	12,513	18,735
2025-2029	15,471	15,777
2030-2034	19,126	12,122
2035-2039	23,645	7,603
2040-2044	23,436	2,121
	<u>\$104,313</u>	<u>\$ 77,484</u>

b. Note Payable

Electric Distribution Line Assessment: An electric distribution line was placed in service in 1995 which services the City. The electrical distributor assessed the City \$765,400 for their share of the cost. Payments are due in monthly installments of \$4,192 with interest at 5.125 percent.

The balance at June 30, 2014, is \$375,545. Annual debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 31,799	\$ 18,505
2016	33,468	16,836
2017	35,224	15,080
2018	37,072	13,232
2019	39,017	11,287
2020-2023	198,965	23,585
	<u>\$375,545</u>	<u>\$ 98,525</u>

Medium Term Note – 2005: The City entered into a water medium-term note with Nevada Bank & Trust to borrow an original principal of \$181,800. The note is payable in semi-annual interest payments and annual principal payments of \$18,180 with an interest rate of 5%.

The balance at June 30, 2014, is \$18,180. Annual debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 18,180	\$ 458

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

6. Long-term Debt (Continued)

b. Note Payable (Continued)

Governmental Activities:

Note payable: The City entered into a note with United States Department of Agriculture Rural Development to borrow an original principal of \$120,000 for the purchase of a fire truck. The note is payable in quarterly payments of \$3,052 including interest at a rate of 3.375%.

The balance at June 30, 2014, is \$102,554. Annual debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 8,858	\$ 3,350
2016	9,161	3,048
2017	9,474	2,734
2018	9,798	2,410
2019	10,133	2,075
2020-2024	55,130	4,937
	<u>\$102,554</u>	<u>\$ 18,554</u>

Changes in Long-term Debt: During the year ended June 30, 2014, the following changes occurred in long-term debt:

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>	<u>Due within one year</u>
Governmental Activities:					
Notes payable	\$ 111,119	\$ 0	\$ 8,565	\$ 102,554	\$ 8,858
Compensated Absences	2,935	0	1,348	1,587	1,587
OPEB Obligation	8,202	0	1,232	6,970	0
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 122,256</u>	<u>\$ 0</u>	<u>\$ 11,145</u>	<u>\$ 111,111</u>	<u>\$ 10,445</u>
Business-Type Activities:					
Revenue Bonds	\$ 1,365,464	\$ 0	\$ 34,211	\$ 1,331,253	\$ 35,683
Notes Payable	442,119	0	48,394	393,725	49,979
Compensated Absences	63,307	0	2,096	61,211	27,628
OPEB Obligation	17,995	0	935	17,060	0
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 1,888,885</u>	<u>\$ 0</u>	<u>\$ 85,636</u>	<u>\$ 1,803,249</u>	<u>\$ 113,290</u>

For the governmental activities, the compensated absences liability and OPEB obligations will be liquidated primarily by the General Fund, and the notes payable will be paid by the Fire Fund. For the business-type activities, the obligations will be paid by the water, sewer, electric, and waste utility funds.

Per Nevada Revised Statute Chapter 266.600(4), the debt limitation for the City is equal to 20 percent of the assessed valuation of property, excluding motor vehicles for the current year. The debt limitation currently applicable at June 30, 2014 was \$2,780,680.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

7. Interfund Transfers

Interfund operating transfers are made from one fund to another fund to support expenditures in accordance with the authority established for the individual funds. Transfers between fund types during the year ended June 30, 2014, were as follows:

The Parks and Recreation Fund received \$86,148 from the General Fund (\$29,000), Room Tax Fund (\$27,238), and Meadow Valley Industrial Park Fund (\$29,910). These transfers were made to help cover legal costs related to litigation concerning the construction of parks in the City. (See Note D11)

The Planning Fund received money from the Room Tax Fund of \$1,170 to cover the negative fund balance.

8. Unavailable Revenue

Delinquent taxes receivable not collected within sixty days after year-end are recorded as deferred inflows of resources as they are not available to pay liabilities of the current period. At June 30, 2014, the City had \$3,617 of unavailable revenue in the General Fund.

9. Due to / Due from Other Funds

The composition of interfund balances as of June 30, 2014, is as follows:

<u>Due to</u>	<u>Due from</u>	<u>Amount</u>
Streets Special Revenue Fund	Parks and Recreation Fund	<u>\$ 63,636</u>
Utility Enterprise Fund – Electricity	Utility Enterprise Fund – Water	<u>\$ 54,701</u>
Utility Enterprise Fund – Electricity	Utility Enterprise Fund – Sewer	<u>\$ 56,829</u>

10. Risk Management

Property, Casualty, Crime and Machinery Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City joined together with other local governments throughout the State of Nevada to create a pool under the Nevada Interlocal Cooperation Act. The Nevada Public Agency Insurance Pool (NPAIP) is a public entity risk pool currently operating as a common risk management and insurance program for members. The City pays an annual premium and specific deductibles, as necessary, to NPAIP for its general insurance coverage. NPAIP is considered a self-sustaining risk pool that will provide liability coverage for its members up to \$10,000,000 per event and a \$10,000,000 annual aggregate per member. Property, crime and equipment breakdown coverage is provided to its members up to \$300,000,000 per loss with various sub-limits established for earthquake, flood, equipment breakdown and money and securities. As a participatory member the maintenance deductible is \$500 for each insured event.

The City participates in the Public Agency Compensation Trust (PACT). Premiums paid to PACT cover workers' compensation claims against the City. Premiums are based on a percentage of wages paid.

The City carries commercial insurance for all other risks of loss including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

11. Contingent Liabilities

Grants

The City has been the recipient of a number of grants during the current and prior years. Most of these grants are subject to audit. Therefore, the amount of the grants ultimately to be retained by the City may vary from that currently or previously reported if it were determined that they had not been expended in accordance with the grantor's stipulations. A prior year audit reported questioned grant expenditures of \$530,762. The City is working with the granting agency to correct the prior findings. The City may be required to reimburse a portion or all of the questioned costs. If the City is required to reimburse the grant monies, the City will refund up to \$295,000 from the Streets Special Revenue Fund, and obtain medium-term financing, using equipment as security, to repay any remaining questioned costs necessary.

Litigation

The City is a defendant in a lawsuit. The lawsuit is based on construction of parks in the City supported by SNPLMA (Federal) grants sub-granted to the City by Lincoln County, Nevada. The action is for breach of contract and equitable claims. The matter has gone through arbitration where an award was made to the contractor. The City retained a new City Attorney. The City has filed with District Court to vacate the arbitrator's award. The outcome is uncertain. No provision has been made in the financial statements for possible losses.

The City is a defendant in a civil case involving unlawful termination of an employee. The outcome of this case is uncertain at this time. No provision has been made in the financial statements for possible losses.

Construction commitments

The following schedule outlines the construction commitments as of June 30, 2014.

<u>Projects</u>	<u>Description of work</u>	<u>Contract Amount</u>	<u>Remaining Commitment</u>
Springs Heights Project	Flood Control Project	\$ 974,219	\$ 844,740

The City has obtained a federal grant award in the amount of \$763,470 to help offset the costs of this project.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

12. Defined Benefit Pension Plan

Plan Description. The City 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. Nevada Revised Statutes (NRS) Chapter 286 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. Contribution rates are established by NRS 286.410. The City's contributions are based on the actuarially determined statutory rate. Contributions to the plan are made by the City and some employees who have so elected. Certain employees who were not vested (10 years of service) in 1985 made a decision to pay one half of their retirement contribution. The City's contributions to PERS for the years ended June 30, 2014, 2013, and 2012, were equal to the required contributions for each year, at the actuarially determined statutory rates.

The City's contribution rates and amounts contributed for the current and preceding two years are as follows:

Fiscal Year	Contribution Rates		
	Employer/ Employee Paid	Regular Members	Total Contribution
2013-2014	13.25%	25.75%	\$ 91,946
2012-2013	12.25%	23.75%	95,431
2011-2012	12.25%	23.75%	84,244

13. Post-Employment Healthcare Plan

Plan Description: The City subsidizes eligible retirees' contributions to the Public Employee Benefits Plan (PEBP), an agent multiple-employer defined benefit postemployment health care plan administered by the State of Nevada. This plan provides medical, vision, dental, and life insurance benefits to eligible retired City employees and beneficiaries. NRS 287.041 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. The plan is now closed to current City retirees, however, City employees who previously met the eligibility requirement for retirement within the Nevada Public Employee Retirement System had the option upon retirement to enroll in coverage under the PEBP and the subsidy provided by the City was determined by their number of years of service. 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 Benefits Program, 901 S. Stewart Street, Suite 1001, Carson City, NV 89701, by calling (775) 684-7000, or by accessing the website at www.pebp.state.nv.us/informed/financial.htm.

Public Employee Benefit Plan (PEBP): NRS 287.046 establishes the subsidies to be contributed toward the premium costs of the eligible retired City employees. Plan members receiving benefits have their monthly contributions deducted from their pension checks based on the health plan chosen by the retiree as reduced by the amount of the subsidy. Pre-Medicare retirees qualify for a subsidy of \$114.05 at five years of service and \$627.28 at 20 years of service with incremental increases for each year of service between.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

13. Post-Employment Healthcare Plan (Continued)

As of July 1, 2011, PEBP introduced significant plan design changes for retirees participating in their program. As a result of these changes, pre-Medicare and non-eligible Medicare retirees participate in a Consumer Driven Healthcare Plan (CDHP) in which PEBP provides \$700 to a Health Reimbursement Account (HRA) per year for the retiree and \$200 for each dependent (up to a maximum of \$600). In fiscal year 2013, an additional \$400 HRA contribution is provided to all retirees and \$100 per dependent. Also, for those CDHP retirees with 20 or more years of service as of June 30, 2012, an additional \$200 allocation is provided. Medicare retirees participate in a Medicare Exchange provided Extend Health with PEBP providing a service related contribution to a HRA equal to \$11 per month per year of service (maximum of \$220 per month).

The contribution requirements of plan members and the City are established and amended by the PEBP board of trustees. As a participating employer, the City is billed for the subsidy on a monthly basis and is legally required under NRS 287.023 to provide for it.

For fiscal year 2014, the City contributed \$11,861 to the plan for current premiums. The City did not prefund any future benefits.

Annual OPEB Cost and Net OPEB Obligation The City's annual other postemployment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB statement 45 for employers in plans with fewer than one hundred total plan members. 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 following table shows the components of the City's annual OPEB costs for the year, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation to the plan:

	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012
Annual Required Contribution	\$ 9,321	\$ 7,048	\$ 13,183
Interest on net OPEB obligation	373	0	0
Adjustment to annual required contribution	0	0	0
Annual OPEB cost (expense)	9,694	7,048	13,183
Contributions made	11,861	13,576	14,943
Increase (decrease) in net OPEB	(2,167)	(6,528)	(1,760)
Net OPEB obligation - beginning of the year	26,197	32,725	34,485
Net OPEB obligation - end of year	<u>\$ 24,030</u>	<u>\$ 26,197</u>	<u>\$ 32,725</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2014 and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost Contributed	Employer Contributions	% of Annual OPEB Expense Contributed	Net OPEB Obligation
6/30/2012	\$ 13,183	\$ 14,943	113%	\$ 32,725
6/30/2013	\$ 7,048	\$ 13,576	193%	\$ 26,197
6/30/2014	\$ 9,694	\$ 11,861	122%	\$ 24,030

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

13. Post-Employment Healthcare Plan (Continued)

Funded Status and Funding Progress As of June, 30, 2014, the actuarial accrued liability (AAL) for benefits was \$167,631, all of which was unfunded. Because of this, the unfunded actuarial accrued liability (UAAL) is equal to the AAL. The covered payroll (annual payroll of active employees covered by the plan) was \$0 and the ratio of the UAAL to the covered payroll was 0%. PEBP is closed to new City participants as of November 1, 2008; therefore, covered payroll is zero.

Actuarial valuations of an ongoing plan 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 schedule 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.

Methods and Assumptions Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees-Retirement age was not considered, as the City has terminated the benefit for future retirees.

Mortality- Life expectancies were based on mortality tables from the Period Life Table published by the Social Security Administration.

Turnover-The turnover of active employees was not addressed due to the City's policy change, eliminating the benefit for future retirees.

Healthcare cost trend rate- The expected rate of increase in healthcare insurance premiums as based on an initial rate of 8%, reduced to an ultimate rate of 5% after seven years.

Health insurance premiums-The insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Based on the historical and expected returns, a discount rate of 4 percent was used.

Because of changes to state law, as of September 1, 2008, the plan was no longer available to those actively employed past that date. As a result, the City expects the liability to begin to decrease and eventually disappear over the life of the amortization period. The unfunded actuarial accrued liability arising from PEBP subsidies is being amortized over an open 30 year period with level dollar payments. As of June 30, 2014, there were twenty-five years remaining.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF CALIENTE, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
MAJOR FUND - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (BUDGETARY BASIS) AND ACTUAL
Year Ended June 30, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes:				
Property taxes	\$ 121,843	\$ 121,843	\$ 123,731	\$ 1,888
Fines and fees:				
Municipal court fines	25,000	25,000	9,590	(15,410)
Licenses and permits:				
Business licenses	9,000	9,000	6,845	(2,155)
City gaming licenses	1,800	1,800	1,728	(72)
Liquor licenses	3,000	3,000	3,440	440
Dog licenses	50	50	123	73
Building permits	2,000	2,000	14,338	12,338
Building Inspection Fees	1,000	1,000	-	(1,000)
Franchise fees	700	700	-	(700)
Total licenses and permits	17,550	17,550	26,474	8,924
Intergovernmental:				
County gaming tax	4,500	4,500	3,038	(1,462)
Consolidated tax	131,324	131,324	133,116	1,792
Total intergovernmental	135,824	135,824	136,154	330
Charges for services:				
Cemetery fees	1,500	1,500	825	(675)
Park fees	50	50	-	(50)
Impound fees	-	-	411	411
Total charges for services	1,550	1,550	1,236	(314)
Miscellaneous:				
Investment income	900	900	585	(315)
Rent	27,000	27,000	18,775	(8,225)
Donations	-	-	558	558
Other	2,000	2,000	5,066	3,066
Total miscellaneous	29,900	29,900	24,984	(4,916)
Total revenues	331,667	331,667	322,169	(9,498)

See accompanying notes to required supplementary information.

CITY OF CALIENTE, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
MAJOR FUND - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (BUDGETARY BASIS) AND ACTUAL (CONTINUED)
Year Ended June 30, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget Positive (Negative)
Expenditures:				
General Government:				
Mayor and City Council:				
Salaries and wages	\$ 9,600	\$ 9,600	\$ 9,450	\$ 150
Employee benefits	988	988	2,523	(1,535)
Services and supplies	3,500	3,500	4,098	(598)
Total Mayor and City Council	14,088	14,088	16,071	(1,983)
City Clerk and Treasurer:				
Services and supplies	7,200	7,200	307	6,893
City Hall General Administration:				
Salaries and wages	62,034	62,034	57,967	4,067
Employee benefits	27,012	27,012	29,763	(2,751)
Services and supplies	67,000	67,000	70,261	(3,261)
Total City Hall General Administration	156,046	156,046	157,991	(1,945)
Grant Administrator:				
Services and supplies	4,000	4,000	3,921	79
Total general government	181,334	181,334	178,290	3,044
Judicial:				
City Attorney:				
Services and supplies	21,000	21,000	25,275	(4,275)
Municipal Court:				
Salaries and wages	6,126	6,126	6,436	(310)
Employee benefits	714	714	772	(58)
Services and supplies	3,200	3,200	2,826	374
Total Municipal Court	10,040	10,040	10,034	6
Total judicial	31,040	31,040	35,309	(4,269)
Public Safety:				
Police Department:				
Services and supplies	75,000	75,000	71,068	3,932

See accompanying notes to required supplementary information.

CITY OF CALIENTE, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
MAJOR FUND - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (BUDGETARY BASIS) AND ACTUAL (CONTINUED)
Year Ended June 30, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget Positive (Negative)
Expenditures: (Continued)				
Public Works				
Services and supplies	\$ 3,600	\$ 3,600	\$ 2,500	\$ 1,100
Health and Sanitation:				
Cemetery:				
Salaries and wages	\$ 2,500	\$ 2,500	\$ 799	\$ 1,701
Employee benefits	1,500	1,500	293	1,207
Services and supplies	800	800	132	668
Total cemetery	4,800	4,800	1,224	3,576
Animal Control:				
Salaries and wages	2,800	2,800	48	2,752
Employee benefits	1,000	1,000	22	978
Services and supplies	1,400	1,400	1,000	400
Total animal control	5,200	5,200	1,070	4,130
Total health and sanitation	10,000	10,000	2,294	7,706
Contingency	9,029	9,029	-	9,029
 Total expenditures	 310,003	 310,003	 289,461	 20,542
 Excess (deficiency) of revenues over expenditures	 21,664	 21,664	 32,708	 11,044
Other financing sources (uses):				
Operating transfers out	-	-	(29,000)	(29,000)
 Change in fund balance	 21,664	 21,664	 3,708	 (17,956)
Fund balance:				
Beginning of year	56,067	56,067	39,224	(16,843)
 End of year	 \$ 77,731	 \$ 77,731	 \$ 42,932	 \$ (34,799)

See accompanying notes to required supplementary information.

CITY OF CALIENTE, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
MAJOR FUND - STREETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2014

	<u>Budget</u>			Variance With
	Original	Final	Actual	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental:				
Grants	\$ -	\$ 116,531	\$ 116,531	\$ -
Gas tax \$1.75	2,477	2,477	2,241	(236)
Gas tax \$2.35	86,208	86,208	85,857	(351)
Optional \$0.01 gas tax	5,965	5,965	5,392	(573)
Other	<u>93,000</u>	<u>93,000</u>	<u>-</u>	<u>(93,000)</u>
Total revenues	<u>187,650</u>	<u>304,181</u>	<u>210,021</u>	<u>(94,160)</u>
Expenditures:				
Public works:				
Salaries and wages	49,025	49,025	62,609	(13,584)
Employee benefits	23,204	23,204	32,957	(9,753)
Services and supplies	458,008	574,539	131,145	443,394
Capital outlay	<u>545,000</u>	<u>545,000</u>	<u>84,474</u>	<u>460,526</u>
Total expenditures	<u>1,075,237</u>	<u>1,191,768</u>	<u>311,185</u>	<u>880,583</u>
Excess (deficiency) of revenues over expenditures	(887,587)	(887,587)	(101,164)	786,423
Fund balance:				
Beginning of year	<u>1,015,847</u>	<u>1,015,847</u>	<u>861,645</u>	<u>(154,202)</u>
End of year	<u>\$ 128,260</u>	<u>\$ 128,260</u>	<u>\$ 760,481</u>	<u>\$ 632,221</u>

See accompanying notes to required supplementary information.

CITY OF CALIENTE, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
MAJOR FUND - PARKS AND RECREATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2014

	Budget			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
Grant	\$ -	\$ 213,459	\$ 213,459	\$ -
Charges for services:				
Swimming pool	8,000	8,000	3,779	(4,221)
Park fees	28,000	28,000	38,238	10,238
Park user fees	19,500	19,500	-	(19,500)
Total charges for services	55,500	55,500	42,017	(13,483)
Miscellaneous:				
Other	-	151,435	151,435	-
Total revenues	55,500	420,394	406,911	(13,483)
Expenditures:				
Culture and recreation:				
Pool:				
Salaries and wages	34,224	4,224	4,473	(249)
Employee benefits	4,381	3,097	700	2,397
Services and supplies	11,750	22,148	23,623	(1,475)
Capital outlay	-	327,166	337,605	(10,439)
Total pool expenditures	50,355	356,635	366,401	(9,766)
Park:				
Salaries and wages	15,432	27,701	32,478	(4,777)
Employee benefits	4,716	10,066	11,911	(1,845)
Services and supplies	20,494	89,488	117,359	(27,871)
Capital outlay	8,700	41,009	32,308	8,701
Total park expenditures	49,342	168,264	194,056	(25,792)
Rodeo:				
Services and supplies	100	100	167	(67)
Total expenditures	99,797	524,999	560,624	(35,625)
Excess (deficiency) of revenues over expenditures	(44,297)	(104,605)	(153,713)	(49,108)
Other financing sources (uses):				
Operating transfers in	50,000	108,910	86,148	(22,762)
Net change in fund balance	5,703	4,305	(67,565)	(71,870)
Fund balance:				
Beginning of year	-	1,398	1,398	-
End of year	\$ 5,703	\$ 5,703	\$ (66,167)	\$ (71,870)

See accompanying notes to required supplementary information.

CITY OF CALIENTE, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
RECONCILIATION OF THE GENERAL FUND (BUDGETARY BASIS)
TO THE GENERAL FUND (GAAP BASIS)
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2014

	General Fund Budgetary Basis	Internally Reported Funds	Eliminations	General Fund GAAP Basis
Revenues:				
Taxes	\$ 123,731	\$ -	\$ -	\$ 123,731
Fines and fees	9,590	-	-	9,590
Licenses and permits	26,474	-	-	26,474
Intergovernmental	136,154	-	-	136,154
Charges for services	1,236	-	-	1,236
Miscellaneous	24,984	1,500	-	26,484
Total revenues	<u>322,169</u>	<u>1,500</u>	<u>-</u>	<u>323,669</u>
Expenditures:				
Current:				
General government	178,290	1,024	-	179,314
Judicial	35,309	-	-	35,309
Public safety	71,068	-	-	71,068
Public works	2,500	-	-	2,500
Health and sanitation	2,294	-	-	2,294
Total expenditures	<u>289,461</u>	<u>1,024</u>	<u>-</u>	<u>290,485</u>
Excess (deficiency) of revenues over expenditures	<u>32,708</u>	<u>476</u>	<u>-</u>	<u>33,184</u>
Other financing sources (uses):				
Operating transfers in	-	1,170	-	1,170
Operating transfers out	<u>(29,000)</u>	<u>-</u>	<u>-</u>	<u>(29,000)</u>
Total other financing sources (uses)	<u>(29,000)</u>	<u>1,170</u>	<u>-</u>	<u>(27,830)</u>
Net change in fund balance	3,708	1,646	-	5,354
Fund balance:				
Beginning of year	<u>39,224</u>	<u>1,789</u>	<u>-</u>	<u>41,013</u>
End of year	<u>\$ 42,932</u>	<u>\$ 3,435</u>	<u>\$ -</u>	<u>\$ 46,367</u>

See accompanying notes to required supplementary information.

CITY OF CALIENTE, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2014

Valuation Date	Value of Assets (a)	Accrued Liability (AAL) Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2014	\$ -	\$ 167,631	\$ 167,631	0.00%	\$ -	0.00%
6/30/2013	\$ -	\$ 121,876	\$ 121,876	0.00%	\$ -	0.00%
6/30/2012	\$ -	\$ 227,958	\$ 227,958	0.00%	\$ -	0.00%

See accompanying notes to required supplementary information.

CITY OF CALIENTE, NEVADA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014

Note 1 – Explanation of Differences between General Fund (Budgetary Basis) and General Fund (GAAP Basis)

The accompanying Reconciliation of the General Fund (Budgetary Basis) to the General Fund (GAAP Basis) presents balances combined for external financial reporting purposes.

With the implementation of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the budgetary basis of accounting for the General Fund differs from generally accepted accounting principles (GAAP).

Guidance in GASB Statement 54 changed the definition of Special Revenue Funds for financial reporting purposes. Pursuant to statute, budget comparisons are required using the budget adopted. Four internally reported special revenue funds of the City (Planning, Caliente Centennial, Communications Tower, and Tree Board) are combined with the General Fund for external reporting purposes to conform to generally accepted accounting principles.

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SUPPLEMENTARY INFORMATION

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NON MAJOR GOVERNMENTAL FUNDS

**Combining statements of all nonmajor
governmental activity.**

**CITY OF CALIENTE, NEVADA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
June 30, 2014**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Totals
<u>Assets</u>			
Pooled cash and investments	\$ 9,272	\$ 19,372	\$ 28,644
Taxes receivable	6,585	-	6,585
Accounts receivable	<u>5,052</u>	<u>-</u>	<u>5,052</u>
Total assets	<u>\$ 20,909</u>	<u>\$ 19,372</u>	<u>\$ 40,281</u>
<u>Liabilities</u>			
Accrued payroll	\$ 32	\$ -	\$ 32
Unearned revenue	<u>900</u>	<u>-</u>	<u>900</u>
Total liabilities	<u>932</u>	<u>-</u>	<u>932</u>
<u>Fund Balance</u>			
Restricted:			
General government	2,233	-	2,233
Judicial	1,260	-	1,260
Public safety	9,739	-	9,739
Capital projects	-	19,372	19,372
Committed:			
General government	192	-	192
Culture and recreation	<u>6,553</u>	<u>-</u>	<u>6,553</u>
Total fund balance	<u>19,977</u>	<u>19,372</u>	<u>39,349</u>
Total liabilities and fund balance	<u>\$ 20,909</u>	<u>\$ 19,372</u>	<u>\$ 40,281</u>

CITY OF CALIENTE, NEVADA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year Ended June 30, 2014

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Totals
Revenues:			
Taxes	\$ 60,367	\$ -	\$ 60,367
Intergovernmental	-	7,446	7,446
Charges for services	38,962	-	38,962
Miscellaneous	<u>11,406</u>	<u>-</u>	<u>11,406</u>
Total revenues	<u>110,735</u>	<u>7,446</u>	<u>118,181</u>
Expenditures:			
Current:			
General government	507	-	507
Judicial	662	-	662
Public safety	23,246	-	23,246
Culture and recreation	45,482	-	45,482
Intergovernmental	2,017	-	2,017
Debt service	<u>12,208</u>	<u>-</u>	<u>12,208</u>
Total expenditures	<u>84,122</u>	<u>-</u>	<u>84,122</u>
Excess (deficiency) of revenues over expenditures	26,613	7,446	34,059
Other financing sources (uses):			
Operating transfers out	<u>(58,318)</u>	<u>-</u>	<u>(58,318)</u>
Net change in fund balance	(31,705)	7,446	(24,259)
Fund balance:			
Beginning of year	<u>51,682</u>	<u>11,926</u>	<u>63,608</u>
End of year	<u>\$ 19,977</u>	<u>\$ 19,372</u>	<u>\$ 39,349</u>

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MAJOR FUNDS

GENERAL FUND

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

STREETS FUND

Streets Fund is used to account for gas tax revenues and expenditures utilized to maintain City roads.

PARKS AND RECREATION SPECIAL REVENUE FUND

The Parks and Recreation Fund is used to account for pool and park fees collected and expenditures for the pool and parks.

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CITY OF CALIENTE, NEVADA
RECONCILIATION OF THE GENERAL FUND (BUDGETARY BASIS)
TO THE GENERAL FUND (GAAP BASIS)
BALANCE SHEET
June 30, 2014

	General Fund Budgetary Basis	Internally Reported Funds	General Fund GAAP Basis
<u>ASSETS</u>			
Pooled cash and investments	\$ 166,879	\$ 3,435	\$ 170,314
Taxes receivable	4,657	-	4,657
Due from other governments	44,080	-	44,080
Prepaid expense	12,209	-	12,209
Total assets	<u>\$ 227,825</u>	<u>\$ 3,435</u>	<u>\$ 231,260</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 160,637	\$ -	\$ 160,637
Accrued payroll	20,639	-	20,639
Total liabilities	<u>181,276</u>	<u>-</u>	<u>181,276</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue - property taxes	<u>3,617</u>	<u>-</u>	<u>3,617</u>
<u>FUND BALANCE</u>			
Nonspendable	12,209	-	12,209
Restricted for:			
Public safety	29,739	-	29,739
General government	-	2,816	2,816
Culture and recreation	-	619	619
Assigned for:			
Subsequent year	984	-	984
Total fund balance	<u>42,932</u>	<u>3,435</u>	<u>46,367</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 227,825</u>	<u>\$ 3,435</u>	<u>\$ 231,260</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - GENERAL FUND (BUDGETARY BASIS)
COMPARATIVE BALANCE SHEETS
June 30, 2014 and 2013

	2014	2013
<u>ASSETS</u>		
Pooled cash and investments	\$ 166,879	\$ 157,539
Taxes receivable	4,657	4,846
Due from other governments	44,080	29,078
Prepaid expenses	<u>12,209</u>	<u>8,024</u>
Total assets	<u>\$ 227,825</u>	<u>\$ 199,487</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 160,637	\$ 96,262
Accrued payroll	<u>20,639</u>	<u>59,678</u>
Total liabilities	<u>181,276</u>	<u>155,940</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable revenue - property taxes	<u>3,617</u>	<u>4,323</u>
<u>FUND BALANCE</u>		
Nonspendable	12,209	8,024
Restricted for public safety	29,739	41,392
Assigned for subsequent year	984	-
Unassigned	<u>-</u>	<u>(10,192)</u>
Total fund balance	<u>42,932</u>	<u>39,224</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 227,825</u>	<u>\$ 199,487</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (BUDGETARY BASIS) AND ACTUAL
Year Ended June 30, 2014
(With Comparative Actual Amounts for Year Ended June 30, 2013)

	2014		Variance -	2013
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Taxes	\$ 121,843	\$ 123,731	\$ 1,888	\$ 118,269
Fines and fees	25,000	9,590	(15,410)	18,653
Licenses and permits	17,550	26,474	8,924	19,243
Intergovernmental	135,824	136,154	330	137,472
Charges for services	1,550	1,236	(314)	2,531
Miscellaneous	29,900	24,984	(4,916)	27,010
Total revenues	<u>331,667</u>	<u>322,169</u>	<u>(9,498)</u>	<u>323,178</u>
Expenditures:				
General government	181,334	178,290	3,044	217,441
Judicial	31,040	35,309	(4,269)	49,867
Public safety	75,000	71,068	3,932	70,921
Public works	3,600	2,500	1,100	-
Health and sanitation	10,000	2,294	7,706	4,135
Contingency	9,029	-	9,029	-
Total expenditures	<u>310,003</u>	<u>289,461</u>	<u>20,542</u>	<u>342,364</u>
Excess (deficiency) of revenues over expenditures	<u>21,664</u>	<u>32,708</u>	<u>11,044</u>	<u>(19,186)</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	30,000
Operating transfers out	-	(29,000)	(29,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(29,000)</u>	<u>(29,000)</u>	<u>30,000</u>
Net change in fund balance	21,664	3,708	(17,956)	10,814
Fund balance:				
Beginning of year	<u>56,067</u>	<u>39,224</u>	<u>(16,843)</u>	<u>28,410</u>
End of year	<u>\$ 77,731</u>	<u>\$ 42,932</u>	<u>\$ (34,799)</u>	<u>\$ 39,224</u>

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GENERAL FUND
MAJOR FUND - GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET (BUDGETARY BASIS)
Year Ended June 30, 2014
(With Comparative Actual Amounts for Year Ended June 30, 2013)

	2014		Variance -	2013
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Taxes:				
Property taxes	\$ 121,843	\$ 123,731	\$ 1,888	\$ 118,269
Fines and fees:				
Municipal court fines	25,000	9,590	(15,410)	18,653
Licenses and permits:				
Business licenses	9,000	6,845	(2,155)	9,895
City gaming licenses	1,800	1,728	(72)	1,576
Liquor licenses	3,000	3,440	440	900
Dog licenses	50	123	73	83
Building permits	2,000	14,338	12,338	6,789
Building Inspection Fees	1,000	-	(1,000)	-
Franchise fees	700	-	(700)	-
Total licenses and permits	17,550	26,474	8,924	19,243
Intergovernmental:				
County gaming tax	4,500	3,038	(1,462)	4,253
Consolidated tax	131,324	133,116	1,792	133,219
Total intergovernmental	135,824	136,154	330	137,472
Charges for services:				
Cemetery fees	1,500	825	(675)	1,760
Park fees	50	-	(50)	-
Impound fees	-	411	411	771
Total charges for services	1,550	1,236	(314)	2,531
Miscellaneous:				
Investment income	900	585	(315)	661
Rent	27,000	18,775	(8,225)	23,166
Donations	-	558	558	453
Other	2,000	5,066	3,066	2,730
Total miscellaneous	29,900	24,984	(4,916)	27,010
Total revenues	\$ 331,667	\$ 322,169	\$ (9,498)	\$ 323,178

CITY OF CALIENTE, NEVADA
MAJOR FUND - GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (BUDGETARY BASIS)
Year Ended June 30, 2014
(With Comparative Actual Amounts for Year Ended June 30, 2013)

	2014		Variance -	
	Budget	Actual	Positive (Negative)	2013 Actual
Expenditures:				
General Government:				
Mayor and City Council:				
Salaries and wages	\$ 9,600	\$ 9,450	\$ 150	\$ 9,465
Employee benefits	988	2,523	(1,535)	2,260
Services and supplies	3,500	4,098	(598)	4,194
Total Mayor and City Council	14,088	16,071	(1,983)	15,919
City Clerk and Treasurer:				
Services and supplies	7,200	307	6,893	4,300
City Hall General Administration:				
Salaries and wages	62,034	57,967	4,067	67,686
Employee benefits	27,012	29,763	(2,751)	25,308
Services and supplies	67,000	70,261	(3,261)	83,322
Total City Hall General Administration	156,046	157,991	(1,945)	176,316
Grant Administrator:				
Salaries and wages	-	-	-	13,512
Employee benefits	-	-	-	4,789
Services and supplies	4,000	3,921	79	2,605
Total Grant Administrator	4,000	3,921	79	20,906
Total general government	181,334	178,290	3,044	217,441
Judicial:				
City Attorney:				
Services and supplies	21,000	25,275	(4,275)	27,786
Municipal Court:				
Salaries and wages	6,126	6,436	(310)	11,193
Employee benefits	714	772	(58)	1,640
Services and supplies	3,200	2,826	374	9,248
Total Municipal Court	10,040	10,034	6	22,081
Total judicial	31,040	35,309	(4,269)	49,867
Public Safety:				
Police Department:				
Services and supplies	75,000	71,068	3,932	70,921

CITY OF CALIENTE, NEVADA
MAJOR FUND - GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (BUDGETARY BASIS) (CONTINUED)
Year Ended June 30, 2014
(With Comparative Actual Amounts for Year Ended June 30, 2013)

	2014		Variance -	
	Budget	Actual	Positive (Negative)	2013 Actual
Expenditures:				
Public Works				
Services and supplies	\$ 3,600	\$ 2,500	\$ 1,100	\$ -
Health and Sanitation:				
Cemetery:				
Salaries and wages	2,500	799	1,701	1,785
Employee benefits	1,500	293	1,207	209
Services and supplies	800	132	668	656
Total cemetery	<u>4,800</u>	<u>1,224</u>	<u>3,576</u>	<u>2,650</u>
Animal Control:				
Salaries and wages	2,800	48	2,752	699
Employee benefits	1,000	22	978	180
Services and supplies	<u>1,400</u>	<u>1,000</u>	<u>400</u>	<u>606</u>
Total animal control	<u>5,200</u>	<u>1,070</u>	<u>4,130</u>	<u>1,485</u>
Total health and sanitation	<u>10,000</u>	<u>2,294</u>	<u>7,706</u>	<u>4,135</u>
Contingency	<u>9,029</u>	<u>-</u>	<u>9,029</u>	<u>-</u>
Total expenditures	<u>\$ 310,003</u>	<u>\$ 289,461</u>	<u>\$ 20,542</u>	<u>\$ 342,364</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - STREETS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2014 and 2013

	2014	2013
<u>ASSETS</u>		
Pooled cash and investments	\$ 555,229	\$ 826,821
Due from other governments	132,336	15,929
Prepaid expense	19,526	21,071
Due from other funds	<u>63,636</u>	<u>1,320</u>
Total assets	<u>\$ 770,727</u>	<u>\$ 865,141</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 9,179	\$ -
Accrued payroll	<u>1,067</u>	<u>3,496</u>
Total liabilities	10,246	3,496
<u>FUND BALANCE</u>		
Restricted for public works	<u>760,481</u>	<u>861,645</u>
Total liabilities and fund balance	<u>\$ 770,727</u>	<u>\$ 865,141</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - STREETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2014
(With Comparative Actual Amounts for Year Ended June 30, 2013)

	2014		Variance -	2013
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Intergovernmental:				
Grants	\$ 116,531	\$ 116,531	\$ -	\$ -
Gas tax 1.75	2,477	2,241	(236)	2,651
Gas tax 2.35	86,208	85,857	(351)	85,857
Optional .01 gas tax	5,965	5,392	(573)	5,197
Other	<u>93,000</u>	<u>-</u>	<u>(93,000)</u>	<u>71,831</u>
Total revenues	<u>304,181</u>	<u>210,021</u>	<u>(94,160)</u>	<u>165,536</u>
Expenditures:				
Public works:				
Salaries and wages	49,025	62,609	(13,584)	59,804
Employee benefits	23,204	32,957	(9,753)	25,282
Services and supplies	574,539	131,145	443,394	98,624
Capital outlay	<u>545,000</u>	<u>84,474</u>	<u>460,526</u>	<u>145,702</u>
Total expenditures	<u>1,191,768</u>	<u>311,185</u>	<u>880,583</u>	<u>329,412</u>
Excess (deficiency) of revenues over expenditures	(887,587)	(101,164)	786,423	(163,876)
Fund balance:				
Beginning of year	<u>1,015,847</u>	<u>861,645</u>	<u>(154,202)</u>	<u>1,025,521</u>
End of year	<u>\$ 128,260</u>	<u>\$ 760,481</u>	<u>\$ 632,221</u>	<u>\$ 861,645</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - PARKS AND RECREATION SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2014 and 2013

	2014	2013
ASSETS		
Pooled cash and investments	\$ <u>-</u>	\$ <u>154,269</u>
LIABILITIES		
Accounts payable	\$ 249	\$ -
Accrued payroll	2,282	1,436
Unearned revenue	-	151,435
Due to other funds	<u>63,636</u>	<u>-</u>
Total liabilities	66,167	152,871
FUND BALANCE		
Unassigned	<u>(66,167)</u>	<u>1,398</u>
Total liabilities and fund balance	\$ <u>-</u>	\$ <u>154,269</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - PARKS AND RECREATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2014
(With Comparative Actual Amounts for Year Ended June 30, 2013)

	2014		Variance -	2013
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Intergovernmental:				
Grant	\$ 213,459	\$ 213,459	\$ -	\$ 449,829
Charges for services:				
Swimming pool	8,000	3,779	(4,221)	2,919
Park fees	28,000	38,238	10,238	38,435
Park user fees	19,500	-	(19,500)	1,500
Total charges for services	55,500	42,017	(13,483)	42,854
Miscellaneous:				
Other	151,435	151,435	-	372
Total revenues	420,394	406,911	(13,483)	493,055
Expenditures:				
Culture and recreation:				
Pool:				
Salaries and wages	4,224	4,473	(249)	12,328
Employee benefits	3,097	700	2,397	2,277
Services and supplies	22,148	23,623	(1,475)	12,376
Capital outlay	327,166	337,605	(10,439)	424,429
Total pool expenditures	356,635	366,401	(9,766)	451,410
Park:				
Salaries and wages	27,701	32,478	(4,777)	15,874
Employee benefits	10,066	11,911	(1,845)	5,673
Services and supplies	89,488	117,359	(27,871)	12,084
Capital outlay	41,009	32,308	8,701	28,010
Total park expenditures	168,264	194,056	(25,792)	61,641
Rodeo:				
Services and supplies	100	167	(67)	-
Total expenditures	524,999	560,624	(35,625)	513,051
Excess (deficiency) of revenues over expenditures	(104,605)	(153,713)	(49,108)	(19,996)
Other financing sources (uses):				
Operating transfers in	108,910	86,148	(22,762)	30,000
Net change in fund balance	4,305	(67,565)	(71,870)	10,004
Fund balance:				
Beginning of year	1,398	1,398	-	(8,606)
End of year	\$ 5,703	\$ (66,167)	\$ (71,870)	\$ 1,398

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MAJOR ENTERPRISE FUNDS

The Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the City's management is that the costs of providing goods or services be financed or recovered primarily through user charges.

Utility enterprise funds are used to account for revenues and expenses of the water, sewer and electricity utility services provided for the residents of Caliente City, Nevada.

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-WATER
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2014 and 2013

	2014	2013
<u>ASSETS</u>		
Current assets:		
Cash	\$ -	\$ 3,273
Accounts receivable, net of allowance for uncollectible accounts (\$2,970)	18,378	15,415
Prepaid expenses	19,525	24,448
Total current assets	<u>37,903</u>	<u>43,136</u>
Restricted assets:		
Cash	<u>22,034</u>	<u>22,016</u>
Capital assets:		
Land	4,016	4,016
Buildings	31,807	31,807
Machinery, equipment, and plant	2,910,571	2,906,587
Work in progress	339,912	265,711
Accumulated depreciation	<u>(1,812,289)</u>	<u>(1,640,766)</u>
Capital assets, net of accumulated depreciation	<u>1,474,017</u>	<u>1,567,355</u>
Total assets	<u>1,533,954</u>	<u>1,632,507</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	243	-
Accrued payroll	1,056	1,462
Due to other funds	54,701	-
Accrued compensated absences	6,285	4,765
Accrued interest	177	287
Bonds payable - current	4,219	4,034
Notes payable - current	18,180	18,180
Total current liabilities	<u>84,861</u>	<u>28,728</u>
Non-current liabilities:		
OPEB obligation payable	443	560
Accrued compensated absences	5,809	4,404
Revenue bond payable, net of current portion	267,705	271,924
Note payable, net of current portion	-	18,180
Total non-current liabilities	<u>273,957</u>	<u>295,068</u>
Total liabilities	<u>358,818</u>	<u>323,796</u>
Net position:		
Invested in capital assets, net of related debt	1,183,913	1,255,037
Restricted for debt service	21,968	21,968
Restricted for capital improvements	66	48
Unrestricted	<u>(30,811)</u>	<u>31,658</u>
Total net position	<u>\$ 1,175,136</u>	<u>\$ 1,308,711</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-WATER
SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2014
(With Comparative Actual Amounts for Year Ended June 30, 2013)

	2014		Variance -	2013
	Budget	Actual	Positive (Negative)	Actual
Operating revenues:				
Charges for services	\$ 260,000	\$ 234,006	\$ (25,994)	\$ 219,089
Operating expenses:				
Water				
Salaries and wages	52,294	49,435	2,859	38,410
Employee benefits	26,231	26,522	(291)	19,364
Services and supplies	72,273	88,023	(15,750)	72,259
General administration	32,491	21,006	11,485	26,596
Depreciation	170,347	171,523	(1,176)	169,625
Total operating expenses	353,636	356,509	(2,873)	326,254
Operating income (loss)	(93,636)	(122,503)	(28,867)	(107,165)
Non-operating revenues (expenses):				
Investment income	22	8	(14)	25
Penalties	1,575	2,036	461	2,068
Miscellaneous	19,418	-	(19,418)	354
Impact fees	7,500	-	(7,500)	-
Interest expense	(13,697)	(13,116)	581	(13,930)
Total non-operating revenues (expenses)	14,818	(11,072)	(25,890)	(11,483)
Change in net position	\$ (78,818)	(133,575)	\$ (54,757)	(118,648)
Net position:				
Beginning of year		1,308,711		1,427,359
End of year		\$ 1,175,136		\$ 1,308,711

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CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-WATER
COMPARATIVE SCHEDULE OF CASH FLOWS
For the Years Ended June 30, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Cash received from customers	\$ 231,043	\$ 224,144
Cash paid for salaries, wages, and employee benefits	(85,911)	(78,482)
Cash paid for services and supplies	(91,507)	(106,708)
Net cash provided by operating activities	<u>53,625</u>	<u>38,954</u>
Cash flows from non-capital financing activities:		
Due to/from other funds	<u>54,701</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Principal payments - bonds/notes payable	(22,214)	(22,034)
Grants and other	2,036	2,422
Interest paid	(13,226)	(13,996)
Purchase of capital assets	(78,185)	(60,809)
Net cash provided (used) by capital and related financing activities	<u>(111,589)</u>	<u>(94,417)</u>
Cash flows from investing activities:		
Investment income	<u>8</u>	<u>25</u>
Net increase (decrease) in cash and cash equivalents	(3,255)	(55,438)
Cash:		
Beginning of year	<u>25,289</u>	<u>80,727</u>
End of year	<u>\$ 22,034</u>	<u>\$ 25,289</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	<u>\$ (122,503)</u>	<u>\$ (107,165)</u>
Adjustments to reconcile operating income (loss) with net cash provided by operating activities:		
Depreciation and amortization	171,523	169,625
(Increase) decrease in inventory	-	1,263
(Increase) decrease in prepaid expenses	4,923	(24,448)
(Increase) decrease in accounts receivable	(2,963)	5,055
Increase (decrease) in accounts payable	243	(3,326)
Increase (decrease) in accrued payroll	(406)	(45)
Increase (decrease) in OPEB obligation payable	(117)	(647)
Increase (decrease) in accrued compensated absences	<u>2,925</u>	<u>(1,358)</u>
Total adjustments	<u>176,128</u>	<u>146,119</u>
Net cash provided by operating activities	<u>\$ 53,625</u>	<u>\$ 38,954</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-SEWER
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2014 and 2013

	2014	2013
<u>ASSETS</u>		
Current assets:		
Accounts receivable, net of allowance for uncollectible accounts (\$2,640)	\$ 14,783	\$ 13,701
Due from other governments	11,951	-
Total current assets	<u>26,734</u>	<u>13,701</u>
Restricted assets:		
Cash	<u>126,377</u>	<u>126,235</u>
Capital assets:		
Land	262,453	262,453
Buildings	38,473	38,473
Machinery, equipment, and plant	4,466,490	4,350,814
Work in progress	-	13,822
Accumulated depreciation	<u>(2,165,751)</u>	<u>(2,030,362)</u>
Capital assets, net of accumulated depreciation	<u>2,601,665</u>	<u>2,635,200</u>
Total assets	<u>2,754,776</u>	<u>2,775,136</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	6,139	-
Accrued payroll	782	1,290
Due to other funds	56,829	23,820
Accrued compensated absences	4,148	3,743
Accrued interest	5,238	5,379
Bonds payable - current	<u>31,464</u>	<u>29,991</u>
Total current liabilities	<u>104,600</u>	<u>64,223</u>
Non-current liabilities:		
OPEB obligation payable	229	323
Accrued compensated absences	4,818	4,347
Revenue bond payable, net of current portion	<u>1,027,865</u>	<u>1,059,515</u>
Total non-current liabilities	<u>1,032,912</u>	<u>1,064,185</u>
Total liabilities	<u>1,137,512</u>	<u>1,128,408</u>
Net position:		
Invested in capital assets, net of related debt	1,542,336	1,545,694
Restricted for debt service	115,168	115,026
Restricted for capital improvements	11,209	11,209
Unrestricted	<u>(51,449)</u>	<u>(25,201)</u>
Total net position	<u>\$ 1,617,264</u>	<u>\$ 1,646,728</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-SEWER
SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2014
(With Comparative Actual Amounts for Year Ended June 30, 2013)

	2014		Variance -	2013
	Budget	Actual	Positive (Negative)	Actual
Operating revenues:				
Charges for services	\$ 195,000	\$ 188,230	\$ (6,770)	\$ 194,730
Operating expenses:				
Sewer				
Salaries and wages	52,294	35,899	16,395	35,006
Employee benefits	26,231	21,209	5,022	16,922
Services and supplies	49,630	43,895	5,735	15,641
General administration	20,319	16,897	3,422	23,639
Depreciation	140,500	135,389	5,111	134,324
Total operating expenses	288,974	253,289	35,685	225,532
Operating income (loss)	(93,974)	(65,059)	28,915	(30,802)
Non-operating revenues (expenses):				
Investment income	844	145	(699)	22
Grant	26,681	84,998	58,317	-
Penalties	1,320	1,637	317	1,838
Miscellaneous	351	-	(351)	315
Impact fees	7,500	-	(7,500)	-
Interest expense	(51,512)	(51,185)	327	(52,307)
Total non-operating revenues (expenses)	(14,816)	35,595	50,411	(50,132)
Change in net position	\$ (108,790)	(29,464)	\$ 79,326	(80,934)
Net position:				
Beginning of year		1,646,728		1,727,662
End of year		\$ 1,617,264		\$ 1,646,728

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CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-SEWER
COMPARATIVE SCHEDULE OF CASH FLOWS
For the Years Ended June 30, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Cash received from customers	\$ 187,148	\$ 196,010
Cash paid for salaries, wages, and employee benefits	(66,773)	(69,162)
Cash paid for services and supplies	(44,714)	(22,727)
Net cash provided by operating activities	<u>75,661</u>	<u>104,121</u>
Cash flows from non-capital financing activities:		
Due to/from other funds	<u>33,009</u>	<u>(2,216)</u>
Cash flows from capital and related financing activities:		
Principal payments - bonds payable	(30,177)	(28,763)
Grants and other	74,684	2,153
Interest paid	(51,326)	(52,740)
Purchase of capital assets	(101,854)	(22,404)
Net cash (used) by capital and related financing activities	<u>(108,673)</u>	<u>(101,754)</u>
Cash flows from investing activities:		
Investment income	<u>145</u>	<u>22</u>
Net increase in cash and cash equivalents	142	173
Cash:		
Beginning of year	126,235	126,062
End of year	<u>\$ 126,377</u>	<u>\$ 126,235</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	<u>\$ (65,059)</u>	<u>\$ (30,802)</u>
Adjustments to reconcile operating income (loss) with net cash provided by operating activities:		
Depreciation and amortization	135,389	134,324
(Increase) decrease in accounts receivable	(1,082)	1,280
Increase (decrease) in accounts payable	6,139	(31)
Increase (decrease) in accrued payroll	(508)	106
Increase (decrease) in OPEB obligation payable	(94)	(575)
Increase (decrease) in accrued compensated absences	876	(181)
Total adjustments	<u>140,720</u>	<u>134,923</u>
Net cash provided by operating activities	<u>\$ 75,661</u>	<u>\$ 104,121</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-ELECTRICITY
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2014 and 2013

	2014	2013
<u>ASSETS</u>		
Current assets:		
Cash	\$ 29,224	\$ 128,745
Accounts receivable, net of allowance for uncollectible accounts (\$16,097)	100,560	83,555
Prepaid expenses	19,526	21,071
Due from other funds	111,530	23,820
Total current assets	<u>260,840</u>	<u>257,191</u>
Restricted assets:		
Cash	<u>11,210</u>	<u>11,199</u>
Capital assets:		
Land	4,016	4,016
Buildings	40,304	40,304
Machinery, equipment, and plant	2,086,877	1,978,309
Accumulated depreciation	<u>(1,085,272)</u>	<u>(1,004,531)</u>
Capital assets, net of accumulated depreciation	<u>1,045,925</u>	<u>1,018,098</u>
Total assets	<u>1,317,975</u>	<u>1,286,488</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accrued payroll	2,739	5,482
Accrued compensated absences	13,597	14,897
Notes payable - current	31,799	30,214
Total current liabilities	<u>48,135</u>	<u>50,593</u>
Current liabilities payable from restricted cash:		
Customer deposits	<u>31,302</u>	<u>38,392</u>
Non-current liabilities:		
OPEB obligation payable	16,257	16,902
Accrued compensated absences	17,936	19,651
Note payable, net of current portion	343,746	375,545
Total non-current liabilities	<u>377,939</u>	<u>412,098</u>
Total liabilities	<u>457,376</u>	<u>501,083</u>
Net position:		
Invested in capital assets, net of related debt	670,380	612,339
Unrestricted	190,219	173,066
Total net position	<u>\$ 860,599</u>	<u>\$ 785,405</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-ELECTRICITY
SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2014
(With Comparative Actual Amounts for Year Ended June 30, 2013)

	2014		Variance -	2013
	Budget	Actual	Positive (Negative)	Actual
Operating revenues:				
Charges for services	\$ 1,288,106	\$ 1,280,415	\$ (7,691)	\$ 1,187,532
Operating expenses:				
Electrical				
Salaries and wages	89,862	94,100	(4,238)	92,793
Employee benefits	44,290	62,004	(17,714)	55,305
Services and supplies	906,724	844,504	62,220	756,717
General administration	80,189	114,935	(34,746)	144,157
Depreciation	77,451	80,741	(3,290)	75,059
Total operating expenses	1,198,516	1,196,284	2,232	1,124,031
Operating income (loss)	89,590	84,131	(5,459)	63,501
Non-operating revenues (expenses):				
Investment income	120	17	(103)	134
Penalties	9,565	11,138	1,573	11,207
Miscellaneous	2,542	-	(2,542)	1,921
Impact fees	7,500	-	(7,500)	-
Interest expense	(20,090)	(20,092)	(2)	(21,599)
Total non-operating revenues (expenses)	(363)	(8,937)	(8,574)	(8,337)
Change in net position	\$ 89,227	75,194	\$ (14,033)	55,164
Net position:				
Beginning of year		785,405		730,241
End of year		\$ 860,599		\$ 785,405

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CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND UTILITY ENTERPRISE FUND-ELECTRICITY
COMPARATIVE SCHEDULE OF CASH FLOWS
For the Years Ended June 30, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Cash received from customers	\$ 1,256,320	\$ 1,189,254
Cash paid for salaries, wages, and employee benefits	(230,112)	(250,340)
Cash paid for services and supplies	(890,289)	(817,511)
Net cash provided by operating activities	<u>135,919</u>	<u>121,403</u>
Cash flows from non-capital financing activities:		
Due to/from other funds	(87,710)	2,216
Cash flows from capital and related financing activities:		
Principal payments - notes payable	(30,214)	(28,707)
Grants and other	11,138	13,128
Interest paid	(20,092)	(21,599)
Purchase of capital assets	(108,568)	(116,175)
Net cash (used) by capital and related financing activities	<u>(147,736)</u>	<u>(153,353)</u>
Cash flows from investing activities:		
Investment income	<u>17</u>	<u>134</u>
Net increase (decrease) in cash and cash equivalents	(99,510)	(29,600)
Cash:		
Beginning of year	<u>139,944</u>	<u>169,544</u>
End of year	<u>\$ 40,434</u>	<u>\$ 139,944</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	<u>\$ 84,131</u>	<u>\$ 63,501</u>
Adjustments to reconcile operating income (loss) with net cash provided by operating activities:		
Depreciation and amortization	80,741	75,059
(Increase) decrease in inventory	-	3,304
(Increase) decrease in prepaid expenses	1,545	(21,071)
(Increase) decrease in accounts receivable	(17,005)	3,743
Increase (decrease) in accrued payroll	(2,743)	801
Increase (decrease) in customer deposits	(7,090)	(2,021)
Increase (decrease) in OPEB obligation payable	(645)	(3,549)
Increase (decrease) in accrued compensated absences	(3,015)	1,636
Total adjustments	<u>51,788</u>	<u>57,902</u>
Net cash provided by operating activities	<u>\$ 135,919</u>	<u>\$ 121,403</u>

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NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Room Tax Fund is used to account for room taxes collected to be spent on the promotion of tourism for the City.

Municipal Court AA Fees Fund is used to account for revenue from Administrative Assessments as required by NRS 176.059 (b) and expenses associated with those fees.

Meadow Valley Industrial Park Fund is used to account for grant revenues received for development of the Meadow Valley Industrial Park.

Heritage Museum Board Fund is used to account for donation revenues received for museum restoration.

Fire Fund is used to account for fire fees collected and expenditures for the fire department.

**CITY OF CALIENTE, NEVADA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET**

June 30, 2014

(With Comparative Totals for June 30, 2013)

	Room Tax	Municipal Court AA Fees	Meadow Valley Industrial Park	Heritage Museum Board	Fire
<u>ASSETS</u>					
Pooled cash and investments	\$ -	\$ 1,260	\$ 1,092	\$ 2,233	\$ 4,687
Taxes receivable	6,585	-	-	-	-
Accounts receivable	-	-	-	-	5,052
Total assets	<u>\$ 6,585</u>	<u>\$ 1,260</u>	<u>\$ 1,092</u>	<u>\$ 2,233</u>	<u>\$ 9,739</u>
<u>LIABILITIES</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	32	-	-	-	-
Unearned revenue	-	-	900	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>32</u>	<u>-</u>	<u>900</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCE</u>					
Restricted:					
General government	-	-	-	2,233	-
Judicial	-	1,260	-	-	-
Public safety	-	-	-	-	9,739
Committed:					
General government	-	-	192	-	-
Culture and recreation	<u>6,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>6,553</u>	<u>1,260</u>	<u>192</u>	<u>2,233</u>	<u>9,739</u>
Total liabilities and fund balance	<u>\$ 6,585</u>	<u>\$ 1,260</u>	<u>\$ 1,092</u>	<u>\$ 2,233</u>	<u>\$ 9,739</u>

Totals	
2014	2013

\$	9,272	\$	41,921
	6,585		6,758
	<u>5,052</u>		<u>4,669</u>

\$	<u>20,909</u>	\$	<u>53,348</u>
----	---------------	----	---------------

\$	-	\$	766
	32		-
	900		900
	<u>-</u>		<u>-</u>

	<u>932</u>		<u>1,666</u>
--	------------	--	--------------

2,233	1,837
1,260	634
9,739	7,519

192	19,610
<u>6,553</u>	<u>22,082</u>

<u>19,977</u>	<u>51,682</u>
---------------	---------------

\$	<u>20,909</u>	\$	<u>53,348</u>
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CITY OF CALIENTE, NEVADA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year Ended June 30, 2014
(With Comparative Totals for Year Ended June 30, 2013)

	Room Tax	Municipal Court AA Fees	Meadow Valley Industrial Park	Heritage Museum Board	Fire
Revenues:					
Taxes	\$ 60,367	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for services	-	1,288	-	-	37,674
Miscellaneous	11	-	10,800	595	-
Total revenues	60,378	1,288	10,800	595	37,674
Expenditures:					
General government	-	-	308	199	-
Judicial	-	662	-	-	-
Public safety	-	-	-	-	23,246
Public works	-	-	-	-	-
Culture and recreation	45,482	-	-	-	-
Intergovernmental	2,017	-	-	-	-
Debt service	-	-	-	-	12,208
Total expenditures	47,499	662	308	199	35,454
Excess (deficiency) of revenues over expenditures	12,879	626	10,492	396	2,220
Other financing sources (uses):					
Operating transfers out	(28,408)	-	(29,910)	-	-
Proceeds of long term debt	-	-	-	-	-
Total other financing sources (uses):	(28,408)	-	(29,910)	-	-
Net change in fund balance	(15,529)	626	(19,418)	396	2,220
Fund balance:					
Beginning of year	22,082	634	19,610	1,837	7,519
End of year	\$ 6,553	\$ 1,260	\$ 192	\$ 2,233	\$ 9,739

Totals	
2014	2013
\$ 60,367	\$ 80,417
-	15,125
38,962	41,689
<u>11,406</u>	<u>11,371</u>
<u>110,735</u>	<u>148,602</u>
507	4,837
662	3,430
23,246	47,954
-	5,582
45,482	55,964
2,017	2,418
<u>12,208</u>	<u>12,208</u>
<u>84,122</u>	<u>132,393</u>
<u>26,613</u>	<u>16,209</u>
(58,318)	(60,000)
<u>-</u>	<u>18,125</u>
<u>(58,318)</u>	<u>(41,875)</u>
(31,705)	(25,666)
<u>51,682</u>	<u>77,348</u>
<u>\$ 19,977</u>	<u>\$ 51,682</u>

CITY OF CALIENTE, NEVADA
ROOM TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2014 and 2013

	2014	2013
<u>ASSETS</u>		
Pooled cash and investments	\$ -	\$ 16,090
Taxes receivable	<u>6,585</u>	<u>6,758</u>
Total assets	<u>\$ 6,585</u>	<u>\$ 22,848</u>
<u>LIABILITIES</u>		
Accounts payable	\$ -	\$ 766
Accrued payroll	<u>32</u>	<u>-</u>
Total liabilities	32	766
<u>FUND BALANCE</u>		
Committed for culture and recreation	<u>6,553</u>	<u>22,082</u>
Total liabilities and fund balance	<u>\$ 6,585</u>	<u>\$ 22,848</u>

CITY OF CALIENTE, NEVADA
ROOM TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2014
(With Comparative Actual Amounts for Year Ended June 30, 2013)

	2014		Variance -	
	Budget	Actual	Positive (Negative)	2013 Actual
Revenues:				
Taxes:				
Room tax	\$ 90,000	\$ 60,367	\$ (29,633)	\$ 80,417
Miscellaneous:				
Investment income	-	11	11	8
Total revenues	90,000	60,378	(29,622)	80,425
Expenditures:				
Culture and recreation:				
Salaries and wages	-	282	(282)	11,744
Benefits	-	87	(87)	4,110
Services and supplies	35,661	45,113	(9,452)	40,110
Total culture and recreation	35,661	45,482	(9,821)	55,964
Intergovernmental:				
Payment to the state	3,000	2,017	983	2,418
Total expenditures	38,661	47,499	(8,838)	58,382
Excess (deficiency) of revenues over expenditures	51,339	12,879	(38,460)	22,043
Other financing sources (uses):				
Operating transfers out	(50,000)	(28,408)	21,592	(60,000)
Net change in fund balance	1,339	(15,529)	(16,868)	(37,957)
Fund balance:				
Beginning of year	22,082	22,082	-	60,039
End of year	\$ 23,421	\$ 6,553	\$ (16,868)	\$ 22,082

CITY OF CALIENTE, NEVADA
MUNICIPAL COURT AA FEES SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2014 and 2013

	2014	2013
<u>ASSETS</u>		
Pooled cash and investments	<u>\$ 1,260</u>	<u>\$ 634</u>
<u>LIABILITIES</u>		
Accounts payable	\$ -	\$ -
<u>FUND BALANCE</u>		
Restricted for judicial	<u>1,260</u>	<u>634</u>
Total liabilities and fund balance	<u>\$ 1,260</u>	<u>\$ 634</u>

CITY OF CALIENTE, NEVADA
MUNICIPAL COURT AA FEES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2014
(With Comparative Actual Amounts for Year Ended June 30, 2013)

	2014		Variance -	2013
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Charges for services:				
Administrative assessments	\$ 2,000	\$ 1,288	\$ (712)	\$ 2,272
Miscellaneous:				
Investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
Total revenues	2,000	1,288	(712)	2,274
Expenditures:				
Judicial:				
Services and supplies	<u>3,500</u>	<u>662</u>	<u>2,838</u>	<u>3,430</u>
Excess (deficiency) of revenues over expenditures	(1,500)	626	2,126	(1,156)
Fund balance:				
Beginning of year	<u>1,790</u>	<u>634</u>	<u>(1,156)</u>	<u>1,790</u>
End of year	<u>\$ 290</u>	<u>\$ 1,260</u>	<u>\$ 970</u>	<u>\$ 634</u>

CITY OF CALIENTE, NEVADA
MEADOW VALLEY INDUSTRIAL PARK SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2014 and 2013

	2014	2013
<hr/>		
<u>ASSETS</u>		
Pooled cash and investments	\$ 1,092	\$ 20,510
<u>LIABILITIES</u>		
Unearned revenue	\$ 900	\$ 900
<u>FUND BALANCE</u>		
Committed for general government	192	19,610
Total liabilities and fund balance	\$ 1,092	\$ 20,510

CITY OF CALIENTE, NEVADA
MEADOW VALLEY INDUSTRIAL PARK SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2014
(With Comparative Actual Amounts for Year Ended June 30, 2013)

	2014		Variance -	2013
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Miscellaneous:				
Rents	\$ 10,800	\$ 10,800	\$ -	\$ 10,800
Expenditures:				
General government:				
Salaries and wages	-	-	-	1,159
Employee benefits	-	-	-	508
Services and supplies	11,600	308	11,292	3,068
Total expenditures	11,600	308	11,292	4,735
Excess (deficiency) of revenues over expenditures	(800)	10,492	11,292	6,065
Other financing sources (uses):				
Operating transfers out	-	(29,910)	(29,910)	-
Net change in fund balance	(800)	(19,418)	(18,618)	6,065
Fund balance:				
Beginning of year	12,745	19,610	6,865	13,545
End of year	\$ 11,945	\$ 192	\$ (11,753)	\$ 19,610

CITY OF CALIENTE, NEVADA
HERITAGE MUSEUM BOARD SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2014 and 2013

	2014	2013
<hr/>		
<u>ASSETS</u>		
Pooled cash and investments	<u>\$ 2,233</u>	<u>\$ 1,837</u>
<u>LIABILITIES</u>		
Accounts payable	\$ -	\$ -
<u>FUND BALANCE</u>		
Restricted for general government	<u>2,233</u>	<u>1,837</u>
Total liabilities and fund balance	<u>\$ 2,233</u>	<u>\$ 1,837</u>

CITY OF CALIENTE, NEVADA
HERITAGE MUSEUM BOARD SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2014
(With Comparative Actual Amounts for Year Ended June 30, 2013)

	2014		Variance -	2013
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Miscellaneous:				
Donations	\$ -	\$ 595	\$ 595	\$ 561
Expenditures:				
General government:				
Services and supplies	<u>1,378</u>	<u>199</u>	<u>1,179</u>	<u>102</u>
Excess (deficiency) of revenues over expenditures	(1,378)	396	1,774	459
Fund balance:				
Beginning of year	<u>1,378</u>	<u>1,837</u>	<u>459</u>	<u>1,378</u>
End of year	<u>\$ -</u>	<u>\$ 2,233</u>	<u>\$ 2,233</u>	<u>\$ 1,837</u>

**CITY OF CALIENTE, NEVADA
FIRE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2014 and 2013**

	2014	2013
ASSETS		
Pooled cash and investments	\$ 4,687	\$ 2,850
Accounts receivable	<u>5,052</u>	<u>4,669</u>
Total assets	<u>\$ 9,739</u>	<u>\$ 7,519</u>
LIABILITIES		
Due to other funds	\$ -	\$ -
FUND BALANCE		
Restricted for public safety	<u>9,739</u>	<u>7,519</u>
Total liabilities and fund balance	<u>\$ 9,739</u>	<u>\$ 7,519</u>

CITY OF CALIENTE, NEVADA
FIRE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2014
(With Comparative Actual Amounts for Year Ended June 30, 2013)

	2014		Variance -	2013
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Intergovernmental:				
Grant revenue	\$ -	\$ -	\$ -	\$ 15,000
Charges for services:				
Fire department fees	<u>40,000</u>	<u>37,674</u>	<u>(2,326)</u>	<u>39,417</u>
Total revenues	<u>40,000</u>	<u>37,674</u>	<u>(2,326)</u>	<u>54,417</u>
Expenditures:				
Public safety:				
Salaries and wages	500	-	500	-
Employee benefits	100	-	100	-
Services and supplies	1,000	23,246	(22,246)	8,110
Capital outlay	<u>30,123</u>	<u>-</u>	<u>30,123</u>	<u>39,844</u>
Total public safety	<u>31,723</u>	<u>23,246</u>	<u>8,477</u>	<u>47,954</u>
Debt service:				
Principal	8,544	8,565	(21)	8,881
Interest	<u>3,664</u>	<u>3,643</u>	<u>21</u>	<u>3,327</u>
Total debt service	<u>12,208</u>	<u>12,208</u>	<u>-</u>	<u>12,208</u>
Total expenditures	<u>43,931</u>	<u>35,454</u>	<u>8,477</u>	<u>60,162</u>
Excess (deficiency) of revenues over expenditures	(3,931)	2,220	6,151	(5,745)
Other financing sources (uses):				
Proceeds of long term debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,125</u>
Net change in fund balance	(3,931)	2,220	6,151	12,380
Fund balance:				
Beginning of year	<u>10,633</u>	<u>7,519</u>	<u>(3,114)</u>	<u>(4,861)</u>
End of year	<u>\$ 6,702</u>	<u>\$ 9,739</u>	<u>\$ 3,037</u>	<u>\$ 7,519</u>

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INTERNALLY REPORTED SPECIAL REVENUE FUNDS

The Planning Fund is used to account for grants revenue and expenditures for City planning projects.

Caliente Centennial Fund is used to account for revenue and expenditures for planning and celebrating the City's centennial.

Communications Tower Fund is used to account for rent revenues received or communication tower rental and related expenditures.

Tree Board Fund is used to account for revenues and expenses related to the tree board.

CITY OF CALIENTE, NEVADA
INTERNALLY REPORTED (BUDGETARY BASIS) FUNDS REPORTED AS PART OF THE
GENERAL FUND FOR EXTERNAL REPORTING PURPOSES
COMBINING BALANCE SHEET
JUNE 30, 2014
(With Comparative Actual Amounts for 2013)

	Caliente Centennial	Communications Tower	Tree Board	Totals	
				2014	2013
<u>ASSETS</u>					
Pooled cash and investments	\$ 610	\$ 2,816	\$ 9	\$ 3,435	\$ 3,109
<u>LIABILITIES</u>					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 1,320
<u>FUND BALANCE</u>					
Restricted for:					
General government	-	2,816	-	2,816	2,340
Culture and recreation	610	-	9	619	619
Unassigned	-	-	-	-	(1,170)
Total fund balance	610	2,816	9	3,435	1,789
Total liabilities and fund balance	\$ 610	\$ 2,816	\$ 9	\$ 3,435	\$ 3,109

CITY OF CALIENTE, NEVADA
INTERNALLY REPORTED (BUDGETARY BASIS) FUNDS REPORTED AS PART OF THE
GENERAL FUND FOR EXTERNAL REPORTING PURPOSES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended June 30, 2014
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	Planning	Caliente Centennial	Communications Tower	Tree Board	Totals	
					2014	2013
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150
Miscellaneous	-	-	1,500	-	1,500	1,600
Total revenues	-	-	1,500	-	1,500	1,750
Expenditures:						
General government	-	-	1,024	-	1,024	1,089
Culture and recreation	-	-	-	-	-	140
Total expenditures	-	-	1,024	-	1,024	1,229
Excess (deficiency) of revenues over expenditures	-	-	476	-	476	521
Other financing sources (uses):						
Operating transfers in	1,170	-	-	-	1,170	-
Net change in fund balance	1,170	-	476	-	1,646	521
Fund balance:						
Beginning of year	(1,170)	610	2,340	9	1,789	1,268
End of year	\$ -	\$ 610	\$ 2,816	\$ 9	\$ 3,435	\$ 1,789

**CITY OF CALIENTE, NEVADA
PLANNING
INTERNALLY REPORTED (BUDGETARY BASIS) FUND REPORTED
AS PART OF THE GENERAL FUND FOR EXTERNAL REPORTING PURPOSES
COMPARATIVE BALANCE SHEETS
June 30, 2014 and 2013**

	2014	2013
<hr/>		
<u>ASSETS</u>		
Pooled cash and investments	\$ -	\$ 150
<u>LIABILITIES</u>		
Due to other funds	\$ -	\$ 1,320
<u>FUND BALANCE</u>		
Unassigned	-	(1,170)
Total liabilities and fund balance	\$ -	\$ 150

CITY OF CALIENTE, NEVADA
 PLANNING
 INTERNALLY REPORTED (BUDGETARY BASIS) FUND REPORTED
 AS PART OF THE GENERAL FUND FOR EXTERNAL REPORTING PURPOSES
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL
 Year Ended June 30, 2014
 (With Comparative Actual Amounts for Year Ended June 30, 2013)

	2014		Variance -	2013
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Intergovernmental:				
Miscellaneous	\$ -	\$ -	\$ -	\$ 150
Expenditures:				
General government:				
Services and supplies	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	150
Other financing sources (uses):				
Operating transfers in	-	1,170	1,170	-
Net change in fund balance	-	1,170	1,170	150
Fund balance:				
Beginning of year	-	(1,170)	(1,170)	(1,320)
End of year	\$ -	\$ -	\$ -	\$ (1,170)

CITY OF CALIENTE, NEVADA
CALIENTE CENTENNIAL
INTERNALLY REPORTED (BUDGETARY BASIS) FUND REPORTED
AS PART OF THE GENERAL FUND FOR EXTERNAL REPORTING PURPOSES
COMPARATIVE BALANCE SHEETS
June 30, 2014 and 2013

	2014	2013
<hr/>		
<u>ASSETS</u>		
Pooled cash and investments	\$ 610	\$ 610
	<u>610</u>	<u>610</u>
 <u>LIABILITIES</u>		
Accounts payable	\$ -	\$ -
	<u>-</u>	<u>-</u>
 <u>FUND BALANCE</u>		
Restricted for culture and recreation	610	610
	<u>610</u>	<u>610</u>
Total liabilities and fund balance	\$ 610	\$ 610
	<u>610</u>	<u>610</u>

CITY OF CALIENTE, NEVADA
 CALIENTE CENTENNIAL
 INTERNALLY REPORTED (BUDGETARY BASIS) FUND REPORTED
 AS PART OF THE GENERAL FUND FOR EXTERNAL REPORTING PURPOSES
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL

Year Ended June 30, 2014

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

	2014		Variance -	2013
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Miscellaneous:				
Donations	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Culture and recreation:				
Services and supplies	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Fund balance:				
Beginning of year	-	610	610	610
End of year	<u>\$ -</u>	<u>\$ 610</u>	<u>\$ 610</u>	<u>\$ 610</u>

CITY OF CALIENTE, NEVADA
COMMUNICATIONS TOWER
INTERNALLY REPORTED (BUDGETARY BASIS) FUND REPORTED
AS PART OF THE GENERAL FUND FOR EXTERNAL REPORTING PURPOSES
COMPARATIVE BALANCE SHEETS
June 30, 2014 and 2013

	2014	2013
<u>ASSETS</u>		
Pooled cash and investments	\$ 2,816	\$ 2,340
<u>LIABILITIES</u>		
Accounts payable	\$ -	\$ -
<u>FUND BALANCE</u>		
Restricted for general government	2,816	2,340
Total liabilities and fund balance	\$ 2,816	\$ 2,340

CITY OF CALIENTE, NEVADA
COMMUNICATIONS TOWER
INTERNALLY REPORTED (BUDGETARY BASIS) FUND REPORTED
AS PART OF THE GENERAL FUND FOR EXTERNAL REPORTING PURPOSES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2014
(With Comparative Actual Amounts for Year Ended June 30, 2013)

	2014		Variance -	2013
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Miscellaneous:				
Rent	\$ 2,500	\$ 1,500	\$ (1,000)	\$ 1,500
Expenditures:				
General government:				
Services and supplies	<u>3,179</u>	<u>1,024</u>	<u>2,155</u>	<u>1,089</u>
Excess (deficiency) of revenues over expenditures	(679)	476	1,155	411
Fund balance:				
Beginning of year	<u>679</u>	<u>2,340</u>	<u>1,661</u>	<u>1,929</u>
End of year	<u>\$ -</u>	<u>\$ 2,816</u>	<u>\$ 2,816</u>	<u>\$ 2,340</u>

**CITY OF CALIENTE, NEVADA
TREE BOARD
INTERNALLY REPORTED (BUDGETARY BASIS) FUND REPORTED
AS PART OF THE GENERAL FUND FOR EXTERNAL REPORTING PURPOSES
COMPARATIVE BALANCE SHEETS
June 30, 2014 and 2013**

	2014	2013
ASSETS		
Pooled cash and investments	<u>\$ 9</u>	<u>\$ 9</u>
LIABILITIES		
Due to other funds	\$ -	\$ -
FUND BALANCE		
Restricted for culture and recreation	<u>9</u>	<u>9</u>
Total liabilities and fund balance	<u>\$ 9</u>	<u>\$ 9</u>

CITY OF CALIENTE, NEVADA
 TREE BOARD
 INTERNALLY REPORTED (BUDGETARY BASIS) FUND REPORTED
 AS PART OF THE GENERAL FUND FOR EXTERNAL REPORTING PURPOSES
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL
 Year Ended June 30, 2014
 (With Comparative Actual Amounts for Year Ended June 30, 2013)

	2014		Variance -	2013
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Miscellaneous:				
Donations	\$ -	\$ -	\$ -	\$ 100
Expenditures:				
Culture and recreation:				
Services and supplies	-	-	-	140
Excess (deficiency) of revenues over expenditures	-	-	-	(40)
Fund balance:				
Beginning of year	-	9	9	49
End of year	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ 9</u>	<u>\$ 9</u>

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NONMAJOR CAPITAL PROJECTS FUND

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Special Ad Valorem Fund accounts for taxes levied for capital improvement.

CITY OF CALIENTE, NEVADA
SPECIAL AD VALOREM CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2014 and 2013

	2014	2013
ASSETS		
Pooled cash and investments	<u>\$ 19,372</u>	<u>\$ 11,926</u>
LIABILITIES		
Accounts payable	\$ -	\$ -
FUND BALANCE		
Restricted for capital projects	<u>19,372</u>	<u>11,926</u>
Total liabilities and fund balance	<u>\$ 19,372</u>	<u>\$ 11,926</u>

CITY OF CALIENTE, NEVADA
SPECIAL AD VALOREM CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2014
(With Comparative Actual Amounts for Year Ended June 30, 2013)

	2014		Variance -	2013
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Intergovernmental:				
Other	\$ 6,644	\$ 7,446	\$ 802	\$ 6,248
Expenditures:				
Capital projects	<u>34,640</u>	<u>-</u>	<u>34,640</u>	<u>22,318</u>
Excess (deficiency) of revenues over expenditures	(27,996)	7,446	35,442	(16,070)
Fund balance:				
Beginning of year	<u>27,996</u>	<u>11,926</u>	<u>(16,070)</u>	<u>27,996</u>
End of year	<u>\$ -</u>	<u>\$ 19,372</u>	<u>\$ 19,372</u>	<u>\$ 11,926</u>

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NONMAJOR ENTERPRISE FUNDS

The Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the City's management is that the costs of providing goods or services be financed or recovered primarily through user charges.

Utility enterprise funds are used to account for revenues and expenses of the waste collection and mosquito abatement utility services provided for the residents of Caliente City, Nevada.

CITY OF CALIENTE, NEVADA
NONMAJOR UTILITY ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2014
(With Comparative Totals for June 30, 2013)

	Waste Collection	Mosquito Abatement	Totals	
			2014	2013
<u>ASSETS</u>				
Current assets:				
Cash	\$ 56,720	\$ 54,046	\$ 110,766	\$ 79,058
Accounts receivable, net of allowance for uncollectible accounts (\$2,406)	12,427	1,191	13,618	12,491
Prepaid expenses	3,400	-	3,400	3,400
Inventories	-	4,005	4,005	6,400
Total current assets	<u>72,547</u>	<u>59,242</u>	<u>131,789</u>	<u>101,349</u>
Capital assets:				
Land	4,016	-	4,016	4,016
Buildings	26,906	-	26,906	26,906
Machinery, equipment, and plant	257,282	-	257,282	257,282
Accumulated depreciation	<u>(263,399)</u>	<u>-</u>	<u>(263,399)</u>	<u>(262,413)</u>
Capital assets, net of accumulated depreciation	<u>24,805</u>	<u>-</u>	<u>24,805</u>	<u>25,791</u>
Total assets	<u>97,352</u>	<u>59,242</u>	<u>156,594</u>	<u>127,140</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accrued payroll	752	13	765	1,862
Accrued compensated absences	<u>3,598</u>	<u>-</u>	<u>3,598</u>	<u>4,801</u>
Total current liabilities	<u>4,350</u>	<u>13</u>	<u>4,363</u>	<u>6,663</u>
Non-current liabilities:				
OPEB obligation payable	131	-	131	210
Accrued compensated absences	<u>5,020</u>	<u>-</u>	<u>5,020</u>	<u>6,699</u>
Total non-current liabilities	<u>5,151</u>	<u>-</u>	<u>5,151</u>	<u>6,909</u>
Total liabilities	<u>9,501</u>	<u>13</u>	<u>9,514</u>	<u>13,572</u>
Net position:				
Invested in capital assets, net of related debt	24,805	-	24,805	25,791
Unrestricted	<u>63,046</u>	<u>59,229</u>	<u>122,275</u>	<u>87,777</u>
Total net position	<u>\$ 87,851</u>	<u>\$ 59,229</u>	<u>\$ 147,080</u>	<u>\$ 113,568</u>

CITY OF CALIENTE, NEVADA
NONMAJOR UTILITY ENTERPRISE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
Year Ended June 30, 2014
(With Comparative Totals for June 30, 2013)

	Waste Collection	Mosquito Abatement	Totals	
			2014	2013
Operating revenues:				
Charges for services	\$ 158,232	\$ 15,162	\$ 173,394	\$ 177,540
Operating expenses:				
Salaries and wages	35,658	-	35,658	40,155
Employee benefits	16,379	-	16,379	14,907
Services and supplies	61,802	11,003	72,805	76,673
General administration	14,203	1,361	15,564	21,551
Depreciation	986	-	986	986
Total operating expenses	129,028	12,364	141,392	154,272
Operating income (loss)	29,204	2,798	32,002	23,268
Non-operating revenues (expenses):				
Investment income	2	-	2	20
Penalties	1,376	132	1,508	1,675
Miscellaneous	-	-	-	287
Total non-operating revenues (expenses)	1,378	132	1,510	1,982
Change in net position	30,582	2,930	33,512	25,250
Net position:				
Beginning of year	57,269	56,299	113,568	88,318
End of year	\$ 87,851	\$ 59,229	\$ 147,080	\$ 113,568

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CITY OF CALIENTE, NEVADA
NONMAJOR UTILITY ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
Year Ended June 30, 2014
(With Comparative Totals for June 30, 2013)

	Waste Collection	Mosquito Abatement	Totals	
			2014	2013
Cash flows from operating activities:				
Cash received from customers	\$ 157,214	\$ 15,053	\$ 172,267	\$ 178,172
Cash paid for salaries, wages, and employee benefits	(64,434)	(816)	(65,250)	(69,457)
Cash paid for services and supplies	(67,651)	(9,168)	(76,819)	(116,409)
Net cash provided by operating activities	<u>25,129</u>	<u>5,069</u>	<u>30,198</u>	<u>(7,694)</u>
Cash flows from capital and related financing activities:				
Grants and other	1,376	132	1,508	1,962
Purchase of capital assets	-	-	-	(1,213)
Net cash (used) by capital and related financing activities	<u>1,376</u>	<u>132</u>	<u>1,508</u>	<u>749</u>
Cash flows from investing activities:				
Investment income	<u>2</u>	<u>-</u>	<u>2</u>	<u>20</u>
Net increase (decrease) in cash and cash equivalents	26,507	5,201	31,708	(6,925)
Cash:				
Beginning of year	<u>30,213</u>	<u>48,845</u>	<u>79,058</u>	<u>85,983</u>
End of year	<u>\$ 56,720</u>	<u>\$ 54,046</u>	<u>\$ 110,766</u>	<u>\$ 79,058</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	<u>\$ 29,204</u>	<u>\$ 2,798</u>	<u>\$ 32,002</u>	<u>\$ 23,268</u>
Adjustments to reconcile operating income (loss) with net cash provided by operating activities:				
Depreciation and amortization	986	-	986	986
(Increase) decrease in inventory	-	2,395	2,395	(2,901)
(Increase) decrease in prepaid expenses	-	-	-	(3,400)
(Increase) decrease in accounts receivable	(1,018)	(109)	(1,127)	632
Increase (decrease) in accounts payable	-	-	-	(27,003)
Increase (decrease) in accrued payroll	(1,082)	(15)	(1,097)	311
Increase (decrease) in OPEB obligation payable	(79)	-	(79)	(479)
Increase (decrease) in accrued compensated absences	(2,882)	-	(2,882)	892
Total adjustments	<u>(4,075)</u>	<u>2,271</u>	<u>(1,804)</u>	<u>(30,962)</u>
Net cash provided by operating activities	<u>\$ 25,129</u>	<u>\$ 5,069</u>	<u>\$ 30,198</u>	<u>\$ (7,694)</u>

CITY OF CALIENTE, NEVADA
NON-MAJOR UTILITY ENTERPRISE FUND - WASTE COLLECTION
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2014 and 2013

	2014	2013
<u>ASSETS</u>		
Current assets:		
Cash	\$ 56,720	\$ 30,213
Accounts receivable, net of allowance for uncollectible accounts (\$2,198)	12,427	11,409
Prepaid expenses	3,400	3,400
Total current assets	<u>72,547</u>	<u>45,022</u>
Capital assets:		
Land	4,016	4,016
Buildings	26,906	26,906
Machinery, equipment, and plant	257,282	257,282
Accumulated depreciation	<u>(263,399)</u>	<u>(262,413)</u>
Capital assets, net of accumulated depreciation	<u>24,805</u>	<u>25,791</u>
Total assets	<u>97,352</u>	<u>70,813</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accrued payroll	752	1,834
Accrued compensated absences	3,598	4,801
Total current liabilities	<u>4,350</u>	<u>6,635</u>
Non-current liabilities:		
OPEB obligation payable	131	210
Accrued compensated absences	5,020	6,699
Total non-current liabilities	<u>5,151</u>	<u>6,909</u>
Total liabilities	<u>9,501</u>	<u>13,544</u>
Net position:		
Invested in capital assets, net of related debt	24,805	25,791
Unrestricted	<u>63,046</u>	<u>31,478</u>
Total net position	<u>\$ 87,851</u>	<u>\$ 57,269</u>

CITY OF CALIENTE, NEVADA
NON-MAJOR UTILITY ENTERPRISE FUND - WASTE COLLECTION
SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2014
(With Comparative Actual Amounts for Year Ended June 30, 2013)

	2014		Variance -	2013
	Budget	Actual	Positive (Negative)	Actual
Operating revenues:				
Charges for services	\$ 157,000	\$ 158,232	\$ 1,232	\$ 162,158
Operating expenses:				
Waste collection				
Salaries and wages	28,404	35,658	(7,254)	40,046
Employee benefits	11,707	16,379	(4,672)	14,848
Services and supplies	73,000	61,802	11,198	69,395
General administration	15,653	14,203	1,450	19,684
Depreciation	5,000	986	4,014	986
Total operating expenses	133,764	129,028	4,736	144,959
Operating income (loss)	23,236	29,204	5,968	17,199
Non-operating revenues (expenses):				
Investment income	11	2	(9)	18
Penalties	838	1,376	538	1,530
Miscellaneous	223	-	(223)	262
Total non-operating revenues (expenses)	1,072	1,378	306	1,810
Change in net position	\$ 24,308	30,582	\$ 6,274	19,009
Net position:				
Beginning of year		57,269		38,260
End of year		\$ 87,851		\$ 57,269

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CITY OF CALIENTE, NEVADA
NON-MAJOR UTILITY ENTERPRISE FUND - WASTE COLLECTION
COMPARATIVE SCHEDULE OF CASH FLOWS
For the Years Ended June 30, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Cash received from customers	\$ 157,214	\$ 162,665
Cash paid for salaries, wages, and employee benefits	(64,434)	(67,975)
Cash paid for services and supplies	(67,651)	(105,673)
Net cash provided (used) by operating activities	<u>25,129</u>	<u>(10,983)</u>
Cash flows from capital and related financing activities:		
Grants and other	1,376	1,792
Purchase of capital assets	-	(1,213)
Net cash provided (used) by capital and related financing activities	<u>1,376</u>	<u>579</u>
Cash flows from investing activities:		
Investment income	<u>2</u>	<u>18</u>
Net increase (decrease) in cash and cash equivalents	26,507	(10,386)
Cash:		
Beginning of year	<u>30,213</u>	<u>40,599</u>
End of year	<u>\$ 56,720</u>	<u>\$ 30,213</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	<u>\$ 29,204</u>	<u>\$ 17,199</u>
Adjustments to reconcile operating income (loss) with net cash provided by operating activities:		
Depreciation and amortization	986	986
(Increase) decrease in prepaid expenses	-	(3,400)
(Increase) decrease in accounts receivable	(1,018)	507
Increase (decrease) in accounts payable	-	(27,003)
Increase (decrease) in accrued payroll	(1,082)	315
Increase (decrease) in OPEB obligation payable	(79)	(479)
Increase (decrease) in accrued compensated absences	(2,882)	892
Total adjustments	<u>(4,075)</u>	<u>(28,182)</u>
Net cash provided (used) by operating activities	<u>\$ 25,129</u>	<u>\$ (10,983)</u>

CITY OF CALIENTE, NEVADA
NON-MAJOR UTILITY ENTERPRISE FUND - MOSQUITO ABATEMENT
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2014 and 2013

	2014	2013
<u>ASSETS</u>		
Current assets:		
Cash	\$ 54,046	\$ 48,845
Accounts receivable, net of allowance for uncollectible accounts (\$208)	1,191	1,082
Inventories	<u>4,005</u>	<u>6,400</u>
 Total assets	 59,242	 56,327
<u>LIABILITIES</u>		
Current liabilities:		
Accrued payroll	<u>13</u>	<u>28</u>
 Net position:		
Unrestricted	<u>\$ 59,229</u>	<u>\$ 56,299</u>

CITY OF CALIENTE, NEVADA
NON-MAJOR UTILITY ENTERPRISE FUND - MOSQUITO ABATEMENT
SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2014
(With Comparative Actual Amounts for Year Ended June 30, 2013)

	2014		Variance -	2013
	Budget	Actual	Positive (Negative)	Actual
Operating revenues:				
Charges for services	\$ 15,200	\$ 15,162	\$ (38)	\$ 15,382
Operating expenses:				
Mosquito abatement				
Salaries and wages	400	-	400	109
Employee benefits	120	-	120	59
Services and supplies	19,000	11,003	7,997	7,278
General administration	1,988	1,361	627	1,867
Depreciation	148	-	148	-
Total operating expenses	21,656	12,364	9,292	9,313
Operating income (loss)	(6,456)	2,798	9,254	6,069
Non-operating revenues (expenses):				
Investment income	-	-	-	2
Penalties	133	132	(1)	145
Miscellaneous	35	-	(35)	25
Total non-operating revenues (expenses)	168	132	(36)	172
Change in net position	\$ (6,288)	2,930	\$ 9,218	6,241
Net position:				
Beginning of year		56,299		50,058
End of year		\$ 59,229		\$ 56,299

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CITY OF CALIENTE, NEVADA
NON-MAJOR UTILITY ENTERPRISE FUND - MOSQUITO ABATEMENT
COMPARATIVE SCHEDULE OF CASH FLOWS
For the Years Ended June 30, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Cash received from customers	\$ 15,053	\$ 15,507
Cash paid for salaries, wages, and employee benefits	(816)	(1,482)
Cash paid for services and supplies	<u>(9,168)</u>	<u>(10,736)</u>
Net cash provided by operating activities	5,069	3,289
Cash flows from capital and related financing activities:		
Grants and other	132	170
Cash flows from investing activities:		
Investment income	<u>-</u>	<u>2</u>
Net increase in cash and cash equivalents	5,201	3,461
Cash:		
Beginning of year	<u>48,845</u>	<u>45,384</u>
End of year	<u>\$ 54,046</u>	<u>\$ 48,845</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	<u>\$ 2,798</u>	<u>\$ 6,069</u>
Adjustments to reconcile operating income (loss) with net cash provided by operating activities:		
(Increase) decrease in inventory	2,395	(2,901)
(Increase) decrease in accounts receivable	(109)	125
Increase (decrease) in accrued payroll	<u>(15)</u>	<u>(4)</u>
Total adjustments	<u>2,271</u>	<u>(2,780)</u>
Net cash provided by operating activities	<u>\$ 5,069</u>	<u>\$ 3,289</u>

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DANIEL C. McARTHUR, LTD.
Certified Public Accountant

Quail Park III • 501 So. Rancho Dr., Ste. E-30 • Las Vegas, NV 89106 • (702) 385-1899 • FAX (702) 385-9619

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

Honorable Mayor and Members of the City Council
City of Caliente, Nevada
Caliente, Nevada

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Caliente, Nevada (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued my report thereon dated December 26, 2014.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, I do not express an opinion on the effectiveness of the City's internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that I consider to be significant deficiencies. Findings 2014-01 and 2014-02.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Caliente's Response to Findings

The City's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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



Las Vegas, Nevada
December 26, 2014

CITY OF CALIENTE, NEVADA
SCHEDULE OF INTERNAL CONTROL FINDINGS

Financial Statement Findings

2014-01 Capital assets

Condition: A physical inventory of capital assets has not been taken and a reconciliation of additions and deletions of capital assets to the detail capital asset listing was not completed.

Criteria: An adequate internal control structure requires accountability for capital assets.

Effect: Accounting information may be inaccurate, causing financial statements to include misstatements. Errors or irregularities may not be detected in a timely manner.

Recommendation: A system of controls for capital assets should include the following attributes:

- A complete listing of assets that includes asset numbers and detailed descriptions.
- Asset labels attached to each asset indicating the City's name and asset number.
- A written policy regarding capitalization of assets and expensing of asset purchases.
- Bi-annual physical inventory of all capital assets and reconciliation of the physical inventory to the asset listing.
- Council approval for asset disposals.
- Reconciliation of general ledger capital outlay expenditures to the asset additions for each accounting period.

City Response: The City is in agreement with the recommendation.

2014-02 Timely bank account and investment reconciliation to the general ledger

Condition: Bank accounts are not reconciled timely to the general ledger.

Criteria: Bank accounts should be reconciled promptly after the end of each month to the general ledger. Unusual reconciling items should be investigated and corrected with adjustments made to the general ledger. Completed reconciliations should be reviewed and approved by appropriate officials.

Effect: General ledger information may be inaccurate, causing financial statements to include misstatements. Errors or irregularities may not be detected in a timely manner.

Recommendation: Bank accounts should be reconciled to the general ledger promptly after the end of the month. All reconciling items should be investigated and corrections made as needed in the general ledger. The bank reconciliation and a listing of cash balances for each fund should be presented to the City Council monthly.

City Response: The City is aware of the condition. The City has been in consultation with the software provider concerning corrections to be made to the system. The City will provide additional training to City staff on bank reconciliation procedures and will have a reconciled cash report submitted to the City Council monthly.

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Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

Honorable Mayor and Members of the City Council
City of Caliente, Nevada
Caliente, Nevada

I have audited in accordance with auditing standards generally accepted in the United States of America the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Caliente, Nevada (the City), as of and for the year ended June 30, 2014, and the notes to the financial statement which collectively comprise the City's basic financial statements and have issued my report thereon dated December 26, 2014.

In connection with my audit, nothing came to my attention that caused me to believe that the funds established by the City as listed in Nevada Revised Statutes (NRS) 354.624 Sec 5 (a)(1) through (5)(II) failed to comply with the express purposes required by NRS 354.6241 Sec 1 (a), (b), (c), (d), (e), and (f). Nothing came to my attention that caused me to believe there were instances of noncompliance that are required to be reported under Nevada Revised Statutes (NRS) 354.624 Sec 4, except as listed in Appendix C.

As required by NRS 3624. Sec 4(a), a schedule of business licenses is included in Appendix A.

As required by NRS 354.598155 Sec 4, a schedule of capital projects activity is included in Appendix B.

This report is intended solely for the information of the Honorable Mayor and Members of the City Council, management, others within the City, and the Nevada Department of Taxation, and is not intended to be and should not be used by anyone other than those specified parties.



Las Vegas, Nevada
December 26, 2014

CITY OF CALIENTE, NEVADA
SCHEDULE OF BUSINESS LICENSE FEES
APPENDIX A
JUNE 30, 2014

Nevada Revised Statutes 354.624.4 (a) requires a schedule of all fees imposed by the City which are subject to the provisions of NRS 354.5989. During the year ended June 30, 2014, the City did not raise fees on business licenses subject to the limitations of NRS 354.5989. The City business license fees are as follows:

<u>Classification</u>	<u>Fee</u>	<u>Additional Fee</u>
Class A: Utilities	\$80.00	None
Class B: Major Retail	80.00	\$2.00 each employee
Class C: Food Establishments	60.00	\$5.00 each employee
Class D: Retail Stores	60.00	\$2.00 each employee
Class E: Eating Establishments	40.00	\$2.00 each employee
Class F: Housing Establishments	20.00	\$1.00 each unit
Class G: Tradesmen	40.00	\$4.00 each employee in excess of 3
Class H: Transportation Facilities	40.00	\$4.00 for each employee in excess of 2
Class I: Reserved		
Class J: Industrial	100.00	\$20.00 for each associate plus \$4.00 for employee
Class K: Professionals	60.00	\$20.00 for each associate or employee
Class L: Amusement Establishments	40.00	\$4.00 for each employee in excess of 5
Class M: Resale Establishments	20.00	\$4.00 each employee
Class N: Repair Services	20.00	\$2.00 for each employee in excess of 1
Class O: General Service Facilities	40.00	\$8.00 for each employee in excess of 1
Class P: Coin-Operated Devices	(Must be on licensed premises)	\$10.00 each device
Class Q: Table Games (Non-Gambling)	(Must be on licensed premises)	\$40.00 each table
Class R: Temporary Services	10.00	None
Class S: Miscellaneous and Unclassified	40.00	None

CITY OF CALIENTE, NEVADA
SCHEDULE OF CAPITAL PROJECTS ACTIVITY
APPENDIX B
JUNE 30, 2014

The following are responses to requirements of NRS 354.598155:

NRS 354.598155 requires that the audit specifically identify the fund and:

Indicate in detail the projects that have been funded with money from the fund.

There were no projects purchased, constructed, or under construction in the Special Ad Valorem Capital Projects Fund.

The proposed capital projects that will be constructed with money from the fund during the next fiscal year.

Renovation of City buildings	\$ 13,244
------------------------------	-----------

Planned accumulation of the money in the fund.

The City plans no accumulation of fund balance for future projects.

**CITY OF CALIENTE, NEVADA
COMPLIANCE WITH LAWS AND REGULATIONS
APPENDIX C
JUNE 30, 2014**

Expenditures in Excess of Appropriations

Chapter 354.626 of the Nevada Revised Statutes provides that no governing body or officer or department thereof shall expend or contract to expend any money or incur any liability in excess of the amounts appropriated for that function or fund for any fiscal year.

The following individual functions were over-expended in the General Fund:

Judicial	\$ 4,269
----------	----------

The following individual funds were over-expended:

Parks and Recreation Special Revenue Fund	\$ 35,625
Room Tax Special Revenue Fund	\$ 9,821
Utility Enterprise Fund – Water	\$ 2,873

Capital Asset Inventory

Chapter 354.625 of the Nevada Revised Statutes and Chapter 354.750 of the Nevada Administrative Code require the City to designate a capital asset manager and inventory City equipment at least every two years. Each asset of the City is to be assigned an identifying number and be labeled as belonging to the City.

1. A physical inventory of capital assets has not been conducted during the past two years.
2. Identifying numbers and labels have not been timely assigned and attached to asset additions.

Quarterly Financial Reports

Chapter 354.6015 of the Nevada Revised Statutes requires the City to file a quarterly financial report with the Nevada Department of Taxation. Documentation at the City indicates the reports were not timely filed.

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CITY OF CALIENTE, NEVADA

**REPORT ON FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
AND INFORMATION PERTAINING TO
FEDERAL FINANCIAL ASSISTANCE**

YEAR ENDED JUNE 30, 2015

CITY OF CALIENTE, NEVADA
REPORT ON FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
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**CITY OF CALIENTE, NEVADA
ORGANIZATION**

CITY COUNCIL at June 30, 2015:

Mayor:

Stana Hurlburt

City Council Members:

Cody Christensen

Steve Rowe

Victor Jones

John Ahlstrom

DANIEL C. McARTHUR, LTD.
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Caliente, Nevada

Report on the Financial Statements

I 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 Caliente, Nevada (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Caliente, Nevada, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Change in Accounting Principle

As described in Note D-14 to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. My opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-13, budgetary comparisons information 55-59 Schedule of Funding Progress on page 60, Schedule of the City's Contributions to the Public Employees Retirement System of the State of Nevada on Page 61, and Schedule of the City's Proportionate Share of the Net Pension Liability Public Employees Retirement System of the State of Nevada on page 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual fund financial statements and schedules and Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

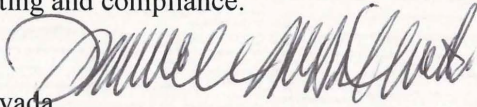
Comparative Prior Year Information

I also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City's basic financial statements for the year ended June 30, 2014, which are not presented with the accompanying financial statements and I expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The combining and individual fund financial statements and schedules, for the year ended June 30, 2014, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the 2014 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated December 21, 2015 on my consideration of the City's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Las Vegas, Nevada
December 21, 2015



**CITY OF CALIENTE, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

As management of the City of Caliente, Nevada we offer readers of the City of Caliente, Nevada's financial statements this narrative overview and analysis of the financial activities of the City of Caliente, Nevada for the fiscal year end June 30, 2015. The Management's Discussion and Analysis ("MD&A") introduces the financial reports for the City of Caliente, Nevada. The MD&A is designed to give the reader an easy-to-understand overview of the City's financial position and results of operations for the year. The MD&A is separated into Financial Highlights, an Overview of the Financial Statements, and a Government-Wide Financial Analysis.

FINANCIAL HIGHLIGHTS

The City adopted new accounting guidance, GASB Statement No. 68 Accounting and Financial Report for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. These statements require the City to recognize its proportionate share of the net pension liability, deferred outflows and deferred inflows of resources, and related expenses from the City's participation in the Public Employees' System of the State of Nevada (PERS). The effect of implementing these statements resulted in a restatement of beginning net position.

The assets of the City exceeded its liabilities at the close of the 2015 fiscal year by \$15,824,489 (net position). The government-wide net position of the City decreased during the fiscal year 2015 from \$16,983,531 to \$15,824,489.

The City's government-wide primary revenue sources for governmental activities were ad valorem (property) taxes of \$135,892, capital grants and contributions of \$717,139, charges for services of \$151,011, fuel tax of \$93,420, and consolidated taxes of \$138,074. These revenue sources comprised 10.13%, 53.44%, 11.25%, 6.96%, and 10.29% respectively, or 92.07%, of total governmental activities revenues. Business-type activities revenue from charges for services was \$1,745,449.

The City's total government-wide expenses were \$3,495,254. The greatest expenses for governmental activities were in the culture and recreation \$686,644, public works \$366,385, general government \$208,371, and public safety \$132,935 functions. Business-type activities contributed \$2,058,555 to total expenses.

At the end of fiscal year 2015, the City's governmental funds reported combined fund balances of \$635,761, a decrease of \$144,269 when compared to the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements which consists of government-wide financial statements, fund financial statements, and accompanying notes. This report also contains required supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

**CITY OF CALIENTE, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The government-wide financial statements report two types of activities: governmental activities and business-type activities. The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, judicial, public safety, public works, health and sanitation, culture and recreation, and intergovernmental. The business-type activities include operations of the water, sewer, electric, waste collection and mosquito abatement utilities.

Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains individual governmental funds. Information is presented separately in the governmental balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Streets Special Revenue Fund, each of which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the combining and individual fund financial statements and schedules.

The City adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement is provided for each of the City's governmental funds to demonstrate compliance with the budget. The budgetary comparison statements for the major governmental funds are presented as required supplementary information; the budgetary comparison statements for all other governmental funds are included in the fund financial statements accompanying information.

**CITY OF CALIENTE, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Proprietary Funds. The City maintains one type of proprietary fund, the Enterprise Fund. The Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the Enterprise Funds to account for its various utility activities.

Proprietary funds provide the same type of information as the government-wide financial statements. The proprietary fund financial statements provide separate information for the utility funds.

Notes to Financial Statements. The notes to the financial statements provide additional information that is essential to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide other post-employment benefits to its employees; schedules of budgetary comparisons for both the original and final budgets of the General Fund and the various other major City funds; schedules of the City's contributions and share of liability relating to the public employee's retirement system.

The combining statements and individual fund schedules referred to earlier in connection with the nonmajor governmental funds are presented immediately following the required supplementary information.

CITY OF CALIENTE, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

Government-wide Financial Analysis

Net position of the City is summarized below:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Assets:						
Current and other assets	\$ 713,522	\$ 978,632	\$ 554,325	\$ 505,357	\$ 1,267,847	\$ 1,483,989
Net capital assets	12,554,540	12,511,493	4,770,126	5,146,412	17,324,666	17,657,905
Total Assets	13,268,062	13,490,125	5,324,451	5,651,769	18,592,513	19,141,894
Deferred Outflows of Resources:						
Pension charge	21,219	-	82,499	-	103,718	-
Liabilities						
Current liabilities	74,196	195,562	116,269	48,441	190,465	244,003
Long-term liabilities	269,771	111,111	2,229,425	1,803,249	2,499,196	1,914,360
Total Liabilities	343,967	306,673	2,345,694	1,851,690	2,689,661	2,158,363
Deferred Inflows of Resources:						
Pension charge	43,440	-	138,641	-	182,081	-
Net Position:						
Invested in capital assets, net of related debt	12,460,941	12,408,939	3,131,000	3,421,434	15,591,941	15,830,373
Restricted	582,253	826,259	148,570	148,411	730,823	974,670
Unrestricted	(141,320)	(51,746)	(356,955)	230,234	(498,275)	178,488
Total Net Position	\$ 12,901,874	\$ 13,183,452	\$ 2,922,615	\$ 3,800,079	\$ 15,824,489	\$ 16,983,531

Net position may serve as a useful indicator of the City's financial position. Assets exceeded liabilities by \$15,824,489 as of June 30, 2015. Using the net position as an indicator, the City's financial position has declined 6.82%, or \$1,159,042, from 2014. The details of this change can be found on the Change in Net Position statement on page 9 of the MD&A.

The largest portion of the City's net assets, 98.53%, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, etc.), net of any related debt outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these 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 the debt.

The City's restricted net position, 4.62%, represent resources that are subject to external restrictions on how they may be used. Of this restricted net position, 71.97% is for public works, 18.78% is for debt service, and the remaining 9.25% is restricted for other purposes.

The unrestricted portion of the City's net position (3.15%). This amount is negative in the current year due to GASB 68 restatement relating to pension liabilities.

CITY OF CALIENTE, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

Changes in net position of the City are summarized as follows:

	Governmental Activities		Business-type Activities		Total Primary Governmental	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 151,011	\$ 149,354	\$ 1,745,449	\$ 1,876,045	\$ 1,896,460	\$ 2,025,399
Capital grants	717,139	329,990	10,253	84,998	727,392	414,988
General revenues:						-
Ad valorem taxes	135,892	130,471	-	-	135,892	130,471
Consolidated tax	138,074	133,116	-	-	138,074	133,116
Fuel taxes	93,420	93,490	-	-	93,420	93,490
Room tax	74,895	60,367	-	-	74,895	60,367
Investment income	679	596	159	172	838	768
Miscellaneous	30,865	160,692	21,580	16,319	52,445	177,011
Total revenues	<u>1,341,975</u>	<u>1,058,076</u>	<u>1,777,441</u>	<u>1,977,534</u>	<u>3,119,416</u>	<u>3,035,610</u>
Expenses:						
General government	208,371	197,037	-	-	208,371	197,037
Judicial	31,368	37,374	-	-	31,368	37,374
Public safety	132,935	130,882	-	-	132,935	130,882
Public works	366,385	589,052	-	-	366,385	589,052
Health and sanitation	6,017	2,294	-	-	6,017	2,294
Culture and recreation	686,644	829,030	-	-	686,644	829,030
Intergovernmental	2,095	2,017	-	-	2,095	2,017
Interest	2,884	3,433	-	-	2,884	3,433
Utility operations	-	-	2,058,555	2,031,867	2,058,555	2,031,867
Total expenses	<u>1,436,699</u>	<u>1,791,119</u>	<u>2,058,555</u>	<u>2,031,867</u>	<u>3,495,254</u>	<u>3,822,986</u>
Change in net position	<u>(94,724)</u>	<u>(733,043)</u>	<u>(281,114)</u>	<u>(54,333)</u>	<u>(375,838)</u>	<u>(787,376)</u>
Net position - beginning	13,183,452	13,916,495	3,800,079	3,854,412	16,983,531	17,770,907
Restatement per GASB 68	<u>(186,854)</u>	<u>-</u>	<u>(596,350)</u>	<u>-</u>	<u>(783,204)</u>	<u>-</u>
Beginning of year as restated	<u>12,996,598</u>	<u>13,916,495</u>	<u>3,203,729</u>	<u>3,854,412</u>	<u>16,200,327</u>	<u>17,770,907</u>
Net position - ending	<u>\$ 12,901,874</u>	<u>\$ 13,183,452</u>	<u>\$ 2,922,615</u>	<u>\$ 3,800,079</u>	<u>\$ 15,824,489</u>	<u>\$ 16,983,531</u>

Program revenues include charges for services, fines and forfeitures, certain licenses and permits, and capital grants. Program revenues from governmental activities increased by \$388,806, or 81.11%, due to increases in capital grants for public works projects. Program revenues from business-type activities decreased by \$205,341, or 10.47%, due to a decrease in capital grant revenues and charges for utility services relating to a decrease in customer usage.

General revenues consist of taxes, miscellaneous, and interest not allocable to specific programs. For governmental activities, the largest changes was miscellaneous revenues which decreased \$129,827, or 80.79% due to insurance proceeds for the pool replacement in the prior year. For business-type activities, miscellaneous revenues increased \$5,261, or 32.24%, due to increased penalties and impact fees.

**CITY OF CALIENTE, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

FUND FINANCIAL ANALYSIS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds:

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$635,761, a decrease of \$144,269, or 18.50%, from the prior year. Fund balance components have been classified as restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed on the use of the resources of each fund. Restricted fund balance is constrained by externally imposed (statutory, bond covenant, contributors, or grantors) limitations on their use. The largest restricted fund balances include \$525,941 for public works, \$19,241 for capital projects, and \$33,770 for public safety.

Major Governmental Funds:

General Fund: The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$45,510. The General Fund revenues increased by \$10,334, or 3.21%. Taxes increased by \$3,181, or 2.57%. Licenses and permits decreased \$3,504, or 13.24%. Charges for services increased \$1,432, or 115.86%. Fines and fees revenues increased \$3,128, or 32.62%.

Expenditures decreased by \$1,502, or 0.52%. General government expenditures decreased by \$1,048, or 0.59% due to a decrease in grant administration expenditures and mayor and city council expenditures. Judicial expenditures decreased \$6,305 due to a decrease in City Attorney fees and service and supplies expenditures. Health and sanitation expenditures increased by \$3,678, or 160.33% due to an increase in salaries and benefits expenditures for the cemetery.

Streets Fund: The Streets Fund revenues increased \$600,538, or 285.94%, due to grant revenue received for the Springs Heights Project for reconstruction of City roads to help with flooding. Expenditures increased by \$733,914, or 235.84%. This increase was due to capital outlay expenditures relating to the Springs Heights Project.

Enterprise Funds:

Enterprise Funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the enterprise funds totaled \$2,922,615. Total net position for these funds decreased by \$281,114 from the prior year plus an additional \$596,350 due to a restatement per GASB 68.

Major Enterprise Funds:

Utility Enterprise-Water Fund: The Utility Enterprise Water Fund operating revenues decreased \$19,771, or 8.45% due to a decline in customer usage. Operating expenditures decreased by \$17,504, or 4.91% due to a decrease in service and supplies expenses.

**CITY OF CALIENTE, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Major Enterprise Funds (Continued)

Utility Enterprise-Sewer Fund: The Utility Enterprise Sewer Fund operating revenues decreased \$6,277, or 3.33%. Operating expenditures increased by \$466, or 0.18%. This increase is due to an increase in general administration expenses.

Utility Enterprise-Electric Fund: The Utility Enterprise Electric Fund operating revenues decreased \$99,329, or 7.76% due to usage decreases. Operating expenditures increased by \$42,622, or 3.56%. This increase is due to an increase in general administration expenses.

General Fund Budgetary Highlights

The most significant differences between estimated revenues and actual revenues were as follows:

Overall the revenues received were more than budgeted by 4.44% or \$14,124. License and permits were \$5,420 higher than anticipated due to an increase in building permits and inspections. Intergovernmental income was more than anticipated by \$8,999 due to an increase in consolidated tax collections.

A review of actual expenditures compared to the appropriations in the final budget shows expenditures were \$26,966 less than budgeted, or 8.56%. The City has made an effort to cut costs and remain fiscally sound. Expenditures were under budget for all functions of the General Fund including general government of \$1,884, health and sanitation of \$3,305 judicial of \$9,123, public safety of \$2,259, and public works of \$600.

CITY OF CALIENTE, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

Capital Assets

The City's investment in capital assets, net of accumulated depreciation at June 30, 2015, was \$12,554,540 in governmental activities and \$4,770,126 in business-type activities. A summary of changes in capital assets for the year ended June 30, 2015, follows:

<u>Governmental Activities:</u>	Balance June 30, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Capital assets not being depreciated:					
Land	\$ 210,410	\$ 0	\$ 0	\$ 0	\$ 210,410
Construction in progress	126,759	804,904	0	(931,663)	0
Total capital assets not being depreciated	337,169	804,904	0	(931,663)	210,410
Capital assets being depreciated:					
Building	687,604	0	0	0	687,604
Improvements	13,469,718	0	0	931,663	14,401,381
Equipment	3,619,681	7,855	0	0	3,627,536
Infrastructure	323,855	49,999	0	0	373,854
Total capital assets being depreciated	18,100,858	57,854	0	931,663	19,090,375
Less accumulated depreciation for:					
Building	249,199	11,705	0	0	260,904
Improvements	2,582,846	698,781	0	0	3,281,627
Equipment	3,059,983	101,748	0	0	3,161,731
Infrastructure	34,506	7,477	0	0	41,983
Total accumulated depreciation	5,926,534	819,711	0	0	6,746,245
Total capital assets being depreciated, net	12,174,324	(761,857)	0	931,663	12,344,130
Governmental activities assets, net	\$ 12,511,493	\$ 43,047	\$ 0	\$ 0	\$ 12,554,540
<u>Business-Type Activities:</u>	Balance June 30, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Capital assets not being depreciated:					
Land	\$ 274,501	\$ 0	\$ 0	\$ 0	\$ 274,501
Water rights	0	0	0	195,745	195,745
Construction in progress	339,912	0	0	(339,912)	0
Total capital assets not being depreciated	614,413	0	0	(144,167)	470,246
Capital assets being depreciated:					
Water	2,942,378	0	0	144,167	3,086,545
Sewer	4,504,963	0	0	0	4,504,963
Garbage	284,188	0	0	0	284,188
Electricity	2,127,181	0	0	0	2,127,181
Total capital assets being depreciated	9,858,710	0	0	144,167	10,002,877
Less accumulated depreciation for:					
Water	1,812,289	168,429	0	0	1,980,718
Sewer	2,165,751	134,608	0	0	2,300,359
Garbage	263,399	950	0	0	264,349
Electricity	1,085,272	72,299	0	0	1,157,571
Total accumulated depreciation	5,326,711	376,286	0	0	5,702,997
Total capital assets being depreciated, net	4,531,999	(376,286)	0	144,167	4,299,880
Business-type activities assets, net	\$ 5,146,412	\$ (376,286)	\$ 0	\$ 0	\$ 4,770,126

**CITY OF CALIENTE, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

Capital Assets (Continued)

Major capital asset events during the current fiscal year included the following:

- Governmental activities construction in progress on the Spring Heights Projects to reconstruct the roadway to help with flooding and infrastructure for roads.

Debt Administration

Changes in Long-term Debt: During the year ended June 30, 2015, the following changes occurred in long-term debt:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Due within one year
Governmental Activities:					
Notes Payable	\$ 102,554	\$ 0	\$ 8,955	\$ 93,599	\$ 9,161
Compensated Absences	1,587	1,560	0	3,147	2,293
OPEB Obligation	6,970	0	1,118	5,852	0
Pension Obligation (restated)	210,929	0	43,756	167,173	0
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 322,040</u>	<u>\$ 1,560</u>	<u>\$ 53,829</u>	<u>\$ 269,771</u>	<u>\$ 11,454</u>
Business-Type Activities:					
Revenue Bonds	\$ 1,331,253	\$ 0	\$ 35,873	\$ 1,295,380	\$ 37,422
Notes Payable	393,725	0	49,979	343,746	33,468
Compensated Absences	61,211	0	21,007	40,204	32,237
OPEB Obligation	17,060	0	503	16,557	0
Pension Obligation (restated)	673,188	0	139,650	533,538	0
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 2,476,437</u>	<u>\$ 0</u>	<u>\$247,012</u>	<u>\$ 2,229,425</u>	<u>\$ 103,127</u>

The City's debt decreased, by \$52,269, for governmental activities during the current fiscal year. The reason for the decrease was a reduction in outstanding debt due to principal payments and a reduction in OPEB and pension obligations.

The City's debt decreased, by \$247,012, for business-type activities during the current fiscal year. The principal reason for the decrease was a reduction in outstanding debt due to principal payments and a reduction in OPEB and pension obligations.

REQUESTS FOR INFORMATION

This financial report is designed to provide its users with a general overview of the City of Caliente, Nevada's finances and to demonstrate the City's accountability for the revenues it receives. Any comments, further questions, or requests for additional information should be addressed to:

City Clerk –
City of Caliente, Nevada
PO Box 1006
Caliente, Nevada 89008-1006

CITY OF CALIENTE, NEVADA
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 646,699	\$ 258,333	\$ 905,032
Taxes receivable	4,467	-	4,467
Due from other governments	53,937	-	53,937
Accounts receivable (net of allowance for uncollectables)	8,419	132,595	141,014
Inventories	-	3,660	3,660
Restricted assets- cash	-	159,737	159,737
Capital assets, net of accumulated depreciation	12,554,540	4,770,126	17,324,666
Total assets	<u>13,268,062</u>	<u>5,324,451</u>	<u>18,592,513</u>
<u>DEFERRED OUTLOWS OF RESOURCES</u>			
Pension charge	<u>21,219</u>	<u>82,499</u>	<u>103,718</u>
<u>LIABILITIES</u>			
Accounts payable	43,147	65,376	108,523
Accrued payroll and benefits	29,941	13,524	43,465
Unearned revenue	900	-	900
Customer deposits payable from restricted cash	-	32,031	32,031
Accrued interest	208	5,338	5,546
Noncurrent liabilities:			
Due within one year:	11,454	103,127	114,581
Due in more than one year:	<u>258,317</u>	<u>2,126,298</u>	<u>2,384,615</u>
Total liabilities	<u>343,967</u>	<u>2,345,694</u>	<u>2,689,661</u>
<u>DEFERRED INLOWS OF RESOURCES</u>			
Pension charge	<u>43,440</u>	<u>138,641</u>	<u>182,081</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	12,460,941	3,131,000	15,591,941
Restricted for:			
General government	1,836	-	1,836
Judicial	1,465	-	1,465
Public safety	33,770	-	33,770
Public works	525,941	-	525,941
Capital projects	19,241	11,293	30,534
Debt service	-	137,277	137,277
Unrestricted	<u>(141,320)</u>	<u>(356,955)</u>	<u>(498,275)</u>
Total net position	<u>\$ 12,901,874</u>	<u>\$ 2,922,615</u>	<u>\$ 15,824,489</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CALIENTE, NEVADA

STATEMENT OF ACTIVITIES

June 30, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
General government	\$ (208,371)	\$ 49,213	\$ -	\$ (159,158)	\$ -	\$ (159,158)
Judicial	(31,368)	13,789	-	(17,579)	-	(17,579)
Public safety	(132,935)	38,371	-	(94,564)	-	(94,564)
Public works	(366,385)	-	717,139	350,754	-	350,754
Health and sanitation	(6,017)	2,668	-	(3,349)	-	(3,349)
Culture and recreation	(686,644)	46,970	-	(639,674)	-	(639,674)
Intergovernmental	(2,095)	-	-	(2,095)	-	(2,095)
Interest	(2,884)	-	-	(2,884)	-	(2,884)
Total governmental activities	<u>(1,436,699)</u>	<u>151,011</u>	<u>717,139</u>	<u>(568,549)</u>	<u>-</u>	<u>(568,549)</u>
Business-type activities:						
Water	(351,343)	214,235	1,258	-	(135,850)	(135,850)
Sewer	(303,637)	181,953	1,069	-	(120,615)	(120,615)
Electricity	(1,257,412)	1,181,086	6,939	-	(69,387)	(69,387)
Waste collection	(135,282)	153,299	900	-	18,917	18,917
Mosquito abatement	(10,881)	14,876	87	-	4,082	4,082
Total business-type activities	<u>(2,058,555)</u>	<u>1,745,449</u>	<u>10,253</u>	<u>-</u>	<u>(302,853)</u>	<u>(302,853)</u>
Total primary governments	<u>\$ (3,495,254)</u>	<u>\$ 1,896,460</u>	<u>\$ 727,392</u>	<u>(568,549)</u>	<u>(302,853)</u>	<u>(871,402)</u>
General Revenues:						
Ad valorem tax				135,892	-	135,892
Consolidated tax				138,074	-	138,074
Fuel tax				93,420	-	93,420
Room tax				74,895	-	74,895
Investment income				679	159	838
Miscellaneous				30,865	21,580	52,445
Total general revenues and transfers				<u>473,825</u>	<u>21,739</u>	<u>495,564</u>
Change in net position				(94,724)	(281,114)	(375,838)
Net position - beginning of year as restated				<u>12,996,598</u>	<u>3,203,729</u>	<u>16,200,327</u>
Net position - end of year				<u>\$ 12,901,874</u>	<u>\$ 2,922,615</u>	<u>\$ 15,824,489</u>

The notes to the financial statements are an integral part of this statement

CITY OF CALIENTE, NEVADA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	Major Funds			
	General Fund	Streets Special Revenue Fund	Other Governmental Funds	Totals
<u>ASSETS</u>				
Pooled cash and investments	\$ 53,022	\$ 513,611	\$ 80,066	\$ 646,699
Taxes receivable	4,467	-	-	4,467
Due from other governments	38,256	15,681	-	53,937
Accounts receivable	-	-	8,419	8,419
Due from other funds	34,548	-	-	34,548
Total assets	<u>\$ 130,293</u>	<u>\$ 529,292</u>	<u>\$ 88,485</u>	<u>\$ 748,070</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 43,113	\$ -	\$ 34	\$ 43,147
Accrued payroll	22,854	3,351	3,736	29,941
Unearned revenue	-	-	900	900
Due to other funds	-	-	34,548	34,548
Total liabilities	<u>65,967</u>	<u>3,351</u>	<u>39,218</u>	<u>108,536</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenues - property taxes	<u>3,773</u>	<u>-</u>	<u>-</u>	<u>3,773</u>
<u>FUND BALANCE</u>				
Restricted for:				
General government	-	-	1,836	1,836
Judicial	-	-	1,465	1,465
Public safety	-	-	33,770	33,770
Public works	-	525,941	-	525,941
Capital projects	-	-	19,241	19,241
Committed for:				
General government	-	-	10,547	10,547
Culture and recreation	-	-	17,483	17,483
Assigned for subsequent year	15,043	-	-	15,043
Unassigned	<u>45,510</u>	<u>-</u>	<u>(35,075)</u>	<u>10,435</u>
Total fund balance	<u>60,553</u>	<u>525,941</u>	<u>49,267</u>	<u>635,761</u>
Total liabilities, deferred inflows of resources, and fund balances(deficits)	<u>\$ 130,293</u>	<u>\$ 529,292</u>	<u>\$ 88,485</u>	<u>\$ 748,070</u>

The notes to the financial statements are an integral part of this statement

CITY OF CALIENTE, NEVADA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2015

Total fund balance - governmental funds	\$ 635,761
Amounts reported for governmental activities in the statement of net position 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 position.	12,554,540
Certain liabilities (such as notes payable and capital leases payable) are not reported in the Governmental Funds financial statements because they are not due and payable, but they are presented as liabilities in the statement of net position.	(102,806)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	3,773
The City's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:	
Deferred outflows from pension activity.	21,219
Net pension liability	(167,173)
Deferred inflows from pension activity.	<u>(43,440)</u>
Total net position - governmental activities	<u>\$ 12,901,874</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CALIENTE, NEVADA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	Major Funds			
	General Fund	Streets Special Revenue Fund	Other Governmental Funds	Totals
Revenues:				
Taxes	\$ 126,912	\$ -	\$ 74,895	\$ 201,807
Fines and fees	12,718	-	-	12,718
Licenses and permits	22,970	-	-	22,970
Intergovernmental	143,136	810,559	23,824	977,519
Charges for services	2,668	-	86,412	89,080
Miscellaneous	24,099	-	13,626	37,725
Total revenues	<u>332,503</u>	<u>810,559</u>	<u>198,757</u>	<u>1,341,819</u>
Expenditures:				
Current:				
General government	177,242	-	1,156	178,398
Judicial	29,004	-	867	29,871
Public safety	72,741	-	31,871	104,612
Public works	3,000	1,045,099	-	1,048,099
Health and sanitation	5,972	-	-	5,972
Culture and recreation	-	-	95,878	95,878
Intergovernmental	-	-	2,095	2,095
Debt service	-	-	12,208	12,208
Capital projects	-	-	8,955	8,955
Total expenditures	<u>287,959</u>	<u>1,045,099</u>	<u>153,030</u>	<u>1,486,088</u>
Excess (deficiency) of revenues over expenditures	<u>44,544</u>	<u>(234,540)</u>	<u>45,727</u>	<u>(144,269)</u>
Other financing sources (uses):				
Operating transfers in	-	-	90,358	90,358
Operating transfers out	<u>(30,358)</u>	<u>-</u>	<u>(60,000)</u>	<u>(90,358)</u>
Total other financing sources	<u>(30,358)</u>	<u>-</u>	<u>30,358</u>	<u>-</u>
Net change in fund balance	14,186	(234,540)	76,085	(144,269)
Fund balance:				
Beginning of year	<u>46,367</u>	<u>760,481</u>	<u>(26,818)</u>	<u>780,030</u>
End of year	<u>\$ 60,553</u>	<u>\$ 525,941</u>	<u>\$ 49,267</u>	<u>\$ 635,761</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CALIENTE, NEVADA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Net Change in Fund Balance - Governmental Funds **\$ (144,269)**

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. 43,047

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 9,324

Generally, expenditures recognized in fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when incurred. (442)

Property taxes and services that are collected in the time to pay obligations of the current period are reported as revenue in the fund statements. However, amounts that related to prior periods that first become available in the current period should not be reported as revenue in the statement of activities. 156

Net differences between pension system contributions recognized in the fund statement of revenues, expenditures, and changes in fund balances and the statement of activities.

Pension contributions made after measurement date (2015 contributions). 21,219

Net pension expense. (23,759)

Change in net position of governmental activities **\$ (94,724)**

The notes to the financial statements are an integral part of this statement.

CITY OF CALIENTE, NEVADA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015
Page 1 of 2

	Major Water	Major Sewer	Major Electric
<u>ASSETS</u>			
Current assets:			
Cash	\$ -	\$ -	\$ 117,821
Accounts receivable, net of allowance for uncollectible accounts (\$24,113)	16,539	13,304	90,497
Due from other funds	-	-	90,992
Inventories	-	-	-
Total current assets	<u>16,539</u>	<u>13,304</u>	<u>299,310</u>
Restricted assets:			
Cash	<u>22,052</u>	<u>126,518</u>	<u>11,167</u>
Capital assets:			
Land	4,016	262,453	4,016
Buildings	31,807	38,473	40,304
Machinery, equipment, and plant	2,910,571	4,466,490	2,086,877
Work in progress	339,912	-	-
Accumulated depreciation	<u>(1,980,718)</u>	<u>(2,300,359)</u>	<u>(1,157,571)</u>
Capital assets, net of accumulated depreciation	<u>1,305,588</u>	<u>2,467,057</u>	<u>973,626</u>
Total assets	<u>\$ 1,344,179</u>	<u>\$ 2,606,879</u>	<u>\$ 1,284,103</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension charge	<u>16,262</u>	<u>\$ 11,240</u>	<u>45,704</u>

The notes to the financial statements are an integral part of this statement

Non-Major		Total	
Enterprise Funds		Enterprise Funds	
\$	140,512	\$	258,333
	12,255		132,595
	-		90,992
	<u>3,660</u>		<u>3,660</u>
	<u>156,427</u>		<u>485,580</u>
	<u>-</u>		<u>159,737</u>
	4,016		274,501
	26,906		137,490
	257,282		9,721,220
	-		339,912
	<u>(264,349)</u>		<u>(5,702,997)</u>
	<u>23,855</u>		<u>4,770,126</u>
\$	<u>180,282</u>	\$	<u>5,415,443</u>
	<u>9,293</u>		<u>82,499</u>

CITY OF CALIENTE, NEVADA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2015

Page 2 of 2

	Major Water	Major Sewer	Major Electric
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ -	\$ 1,162	\$ 60,814
Accrued payroll	2,080	1,724	7,946
Due to other funds	25,328	65,664	-
Accrued compensated absences	6,355	4,392	17,926
Accrued interest	66	5,272	-
Bonds payable - current	4,413	33,009	-
Note payable - current	-	-	33,468
Total current liabilities	<u>38,242</u>	<u>111,223</u>	<u>120,154</u>
Current liabilities payable from restricted cash:			
Customer deposits	-	-	32,031
Non-current liabilities:			
OPEB obligation payable	381	177	15,912
Accrued compensated absences	1,570	1,086	4,430
Revenue bond payable, net of current portion	263,296	994,662	-
Note payable, net of current portion	-	-	310,278
Net pension liability	105,167	72,691	295,579
Total non-current liabilities	<u>370,414</u>	<u>1,068,616</u>	<u>626,199</u>
Total liabilities	<u>408,656</u>	<u>1,179,839</u>	<u>778,384</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension charge	<u>27,328</u>	<u>18,889</u>	<u>76,806</u>
<u>NET PENSION</u>			
Invested in capital assets, net of related debt	1,037,879	1,439,386	629,880
Restricted for debt service	21,968	115,309	-
Restricted for capital improvements	84	11,209	-
Unrestricted	<u>(135,474)</u>	<u>(146,513)</u>	<u>(155,263)</u>
Total net position	<u>\$ 924,457</u>	<u>\$ 1,419,391</u>	<u>\$ 474,617</u>

The notes to the financial statements are an integral part of this statement

Non-Major		Total	
Enterprise Funds		Enterprise Funds	
\$	3,400	\$	65,376
	1,774		13,524
	-		90,992
	3,564		32,237
	-		5,338
	-		37,422
	-		33,468
	<u>8,738</u>		<u>278,357</u>
	<u>-</u>		<u>32,031</u>
	87		16,557
	881		7,967
	-		1,257,958
	-		310,278
	<u>60,101</u>		<u>533,538</u>
	<u>61,069</u>		<u>2,126,298</u>
	<u>69,807</u>		<u>2,436,686</u>
	<u>15,618</u>		<u>138,641</u>
	23,855		3,131,000
	-		137,277
	-		11,293
	<u>80,295</u>		<u>(356,955)</u>
\$	<u>104,150</u>	\$	<u>2,922,615</u>

CITY OF CALIENTE, NEVADA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Major Water	Major Sewer	Major Electric
Operating revenues:			
Charges for services	\$ 214,235	\$ 181,953	\$ 1,181,086
Operating expenses:			
Salaries and wages	50,874	34,077	124,408
Employee benefits	28,375	20,776	86,001
Services and supplies	63,621	40,763	803,449
General administration	27,667	23,498	152,528
Depreciation	168,429	134,608	72,299
Bad debt expense	39	33	221
Total operating expenses	339,005	253,755	1,238,906
Operating income (loss)	(124,770)	(71,802)	(57,820)
Non-operating revenues (expenses):			
Investment income	4	141	14
Penalties	1,590	1,350	8,767
Grant	1,258	1,069	6,939
Impact fees	1,125	2,500	5,000
Interest expense	(12,338)	(49,882)	(18,506)
Total non-operating revenues (expenses)	(8,361)	(44,822)	2,214
Change in net position	(133,131)	(116,624)	(55,606)
Net position:			
Beginning of year	1,175,136	1,617,264	860,599
Restatement per GASB 68	(117,548)	(81,249)	(330,376)
Beginning of year as restated	1,057,588	1,536,015	530,223
End of year	\$ 924,457	\$ 1,419,391	\$ 474,617

The notes to the financial statements are an integral part of this statement

Non-Major Enterprise Funds	Total Enterprise Funds
\$ 168,175	\$ 1,745,449
28,287	237,646
13,859	149,011
81,320	989,153
21,719	225,412
950	376,286
28	321
146,163	1,977,829
22,012	(232,380)
-	159
1,248	12,955
987	10,253
-	8,625
-	(80,726)
2,235	(48,734)
24,247	(281,114)
147,080	3,800,079
(67,177)	(596,350)
79,903	3,203,729
\$ 104,150	\$ 2,922,615

CITY OF CALIENTE, NEVADA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2015

	Major Water	Major Sewer	Major Electric
Cash flows from operating activities:			
Cash received from customers	\$ 216,035	\$ 183,399	\$ 1,191,657
Cash paid for salaries, wages and employee benefits	(94,637)	(67,589)	(278,323)
Cash paid for services and supplies	(61,140)	(60,009)	(815,733)
Net cash provided by operating activities	60,258	55,801	97,601
Cash flows from non-capital financing activities:			
Due to/from other funds	(29,373)	8,835	20,538
Cash flows from capital and related financing activities:			
Principal payments-bonds/notes payable	(22,395)	(31,658)	(31,799)
Grants and other	3,973	16,870	20,706
Interest paid	(12,449)	(49,848)	(18,506)
Net cash provided (used) by capital and related financing activities	(30,871)	(64,636)	(29,599)
Cash flows from investing activities:			
Investment income	4	141	14
Net increase (decrease) in cash and cash equivalents	18	141	88,554
Cash:			
Beginning of year	22,034	126,377	40,434
End of year	\$ 22,052	\$ 126,518	\$ 128,988
Reconciliation of operating (loss) to net cash provided by operating activities			
Operating income (loss)	\$ (124,770)	\$ (71,802)	\$ (57,820)
Adjustments to reconcile operating (loss) to net cash provided by operating activities			
Depreciation and amortization	168,429	134,608	72,299
(Increase) decrease in inventory	-	-	-
(Increase) in prepaid expenses	19,525	-	19,526
(Increase) decrease in accounts receivable	1,839	1,479	10,063
Increase (decrease) in accounts payable	(243)	(4,977)	60,814
Increase (decrease) in accrued payroll	1,024	942	5,207
Increase (decrease) in customer deposits	-	-	729
Increase (decrease) in OPEB obligation payable	(62)	(52)	(345)
Increase (decrease) in accrued compensated absences	(4,169)	(3,488)	(9,177)
Increase (decrease) in net pension liability	(27,527)	(19,027)	(77,365)
Increase (decrease) in pension expenses	26,212	18,118	73,670
Total adjustments	185,028	127,603	155,421
Net cash provided by operating activities	\$ 60,258	\$ 55,801	\$ 97,601

The notes to the financial statements are an integral part of this statement

Non-Major Enterprise Funds	Total Enterprise Funds
\$ 169,510	\$ 1,760,601
(54,635)	(495,184)
<u>(87,364)</u>	<u>(1,024,246)</u>
<u>27,511</u>	<u>241,171</u>
<u>-</u>	<u>-</u>
-	(85,852)
2,235	43,784
<u>-</u>	<u>(80,803)</u>
<u>2,235</u>	<u>(122,871)</u>
<u>-</u>	<u>159</u>
29,746	118,459
<u>110,766</u>	<u>299,611</u>
<u>\$ 140,512</u>	<u>\$ 418,070</u>
<u>\$ 22,012</u>	<u>\$ (232,380)</u>
950	376,286
345	345
3,400	42,451
1,363	14,744
3,400	58,994
1,009	8,182
-	729
(44)	(503)
(4,173)	(21,007)
(15,732)	(139,651)
<u>14,981</u>	<u>132,981</u>
<u>5,499</u>	<u>473,551</u>
<u>\$ 27,511</u>	<u>\$ 241,171</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

1. Reporting Entity

The City of Caliente, Nevada, is governed by an elected five member board. As required by generally accepted accounting principles, these financial statements present City of Caliente, Nevada (the primary government). The City has no component units.

2. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

3. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds (enterprise funds). As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The Statement of Net Position presents the consolidated financial position of the City at year-end, in separate columns, for both governmental and business-type activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are specifically associated with a program or service and are, therefore, clearly identifiable to a particular function. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues properly not included among program revenues are reported instead as general revenues. This statement provides a net cost or net revenue of specific programs and functions within the City. Those functions with a net cost are generally dependent on general-purpose tax revenues, such as property tax, to remain operational.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary (enterprise) – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general City, except those accounted for in another fund.

Streets Special Revenue Fund – The Streets Special Revenue Fund is used to account for fuel tax revenues allocated for highways and streets improvement and maintenance.

The City reports the following major enterprise funds:

Utility Enterprise Fund – Water – The Utility Enterprise Fund-Water accounts for the delivery of water services to City residents.

Utility Enterprise Fund – Sewer – The Utility Enterprise Fund-Sewer accounts for the delivery of sewer services to City residents.

Utility Enterprise Fund – Electricity– The Utility Enterprise Fund-Electricity accounts for the delivery of electricity services to City residents.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in the governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e. enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the 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 revenues 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.

The 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 governments and are then recognized as revenue. The government considers revenues to be “available” if they are collected within 60 days of 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. In general, expenditures are recorded when liabilities are incurred. The exception to this rule is that principal and interest on debt service, as well as liabilities related to compensated absences and claims and judgments, are recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The major revenue sources of the City include charges for services, capital grants, consolidated taxes (sales tax), ad valorem taxes, and fuel taxes.

Property taxes, sales 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Enterprise Utility funds are customer charges. Expenses are those required to provide the service. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for governmental funds.

a. The statutes provide for the following timetable in adoption of budgets:

- (i) Before April 15, the City submits to the Nevada State Department of Taxation a tentative budget for the upcoming fiscal year. The tentative budget includes proposed expenditures and the means to finance them.
- (ii) Before the third Tuesday in May, a minimum of seven days' notice of public hearing on the final budget is published in a local newspaper.
- (iii) On or before June 1, the City Council must adopt a final budget.

b. NRS 354.598005 (1) - provides that the City Council may augment the budget at any time by a majority vote of the Council providing the Council a publish notice of its intention to act in a newspaper of general circulation in the City at least three days before the date set for adoption of the resolution.

c. Nevada Revised Statute 354.598005 (5) allows appropriations to be transferred between functions, funds or contingency accounts if such a transfer does not increase the total appropriation for any fiscal year and is not in conflict with other statutory provisions. The City Clerk may transfer appropriations within any function. The City may transfer appropriations between functions or programs within a fund, if the City Council takes action at next meeting; and the action is recorded in the official minutes of the meeting. The City Council may authorize the transfer of appropriations between funds or from the contingency account, if, the City Council announce the transfer of appropriations at a regularly scheduled meeting and sets forth the exact amounts to be transferred and the accounts, functions, programs and funds affected. The City Council must also set forth its reasons for the transfer; and the action must be recorded in the official minutes of the meeting.

d. Statutory regulations require budget control to be exercised at the function level within the funds.

e. The following funds were augmented automatically due to grants and donations during the year: Streets Fund, Room Tax Fund, and Heritage Museum Board Fund.

f. Generally, budgets for all funds are adopted in accordance with generally accepted accounting principles. Budgeted amounts reflected in the accompanying financial statements recognize amendments made during the year.

g. All appropriations lapse at the end of the fiscal year.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

a. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition.

Cash includes cash deposited in interest-bearing accounts at banks and cash in the custody of fiscal agents of the City.

b. Investments

Investments are stated at fair value on the Balance Sheet. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. Changes in the fair value of City investments are part of investment income which is included in revenue from local sources on the Statement of Activities and the Statement of Revenues, Expenditures, and Changes in Fund Balances of governmental funds. **(See Note D1)**

Nevada Revised Statutes authorize the City to invest in:

1. Obligations of the U.S. Treasury and U.S. Agencies in which the maturity dates do not exceed more than 10 years from the date of purchase.
2. Negotiable certificates of deposit issued by commercial banks or insured savings and loan associations (those over \$250,000 must be fully collateralized).
3. Negotiable notes or short-term negotiable bonds issued by local governments within Nevada.
4. Eligible bankers' acceptances that do not exceed 180 days maturity and do not exceed 20 percent of the portfolio.
5. Commercial paper with a rating of A-1 or P-1 that does not exceed 270 days maturity and does not exceed 20 percent of the portfolio.
6. The State of Nevada's Local Government Investment Pool.
7. Repurchase agreements that are collateralized at 102 percent of the repurchase price and do not exceed 90 days maturity. Securities used for collateral must meet the criteria listed above.
8. Money market mutual funds which are rated as "AAA" or its equivalent and invest only in securities issued by the Federal Government, U.S. Agencies, or repurchase agreements fully collateralized by such securities.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

c. Property Tax

Taxes on real property are levied on July 1st of each year and are due on the third Monday in July. They can be paid in quarterly installments in August, October, January and March. In the event of nonpayment, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties, and costs, together with interest at a rate of 10 percent 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 obtains a 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.

Article X, Section 2 of the Constitution of the State of Nevada limits the total taxes levied by all overlapping governmental units within the boundaries of any City (i.e., the County, the School District, the State and any other City, Town, or Special District) to an amount not to exceed \$5 per \$100 of assessed valuation of the property being taxed.

The Nevada Legislature enacted provisions whereby the combined overlapping tax rate was limited to \$3.64 per \$100 of assessed valuation (**See Note D2**).

d. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

e. Restricted Assets

Certain cash assets of the Enterprise Funds are from revenue for specific use by the Enterprise Funds and are classified as restricted assets because their use is restricted by agreement. (**See Note D5**)

f. Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year.

If purchased or constructed, capital assets are recorded at historical cost or estimated historical cost and updated for additions and retirements during the year. Donated capital assets are valued at their estimated value as of the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

f. Capital Assets (Continued)

Land and construction in progress are not depreciated. The other property, plant and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Capital Assets</u>	<u>Years</u>
Vehicles	8
Equipment	5-20
Buildings and Improvements	20-50
Infrastructure	25-50

The City is required to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The City is required to capitalize and report its major general infrastructure assets acquired in fiscal years ending after June 30, 1980. In addition, infrastructure assets acquired before June 30, 1980, that received significant reconstruction must be capitalized.

g. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows include the City's pension related contributions subsequent to the measurement date but before the end of the fiscal year and changes in proportion of the City's contributions to the City's proportionate contributions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, property taxes. This amount is deferred and recognized as an inflow or resources in the period that the amounts become available.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The difference between projected and actual experience and investment earnings are related to the deferred inflows of pensions and the calculation of net pension liability reported on the statement of net position.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement System of Nevada (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

h. Governmental Fund Balances:

In the governmental fund financial statements, fund balances are classified as follows:

- (i) **Nonspendable** – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact, such as inventories and prepaids.
- (ii) **Restricted** – Amounts that can be spent only for a specific purpose because of the state or federal laws, or externally imposed conditions by grantors or creditors.
- (iii) **Committed** – These amounts can only be used for specific purposes as set forth by the City Council. The Council must take formal action (vote approval by the majority), in order to establish an ending fund balance commitment for any specific purpose. Formal Council action is also required to modify or rescind an established commitment. To be reported as committed, amounts cannot be used for any other purpose unless the Council takes the same highest level action to remove or change the constraint.
- (iv) **Assigned** – Assignments are neither restrictions nor commitments and represent the City's intent to use funds for a specific purpose. These assignments, however, are not legally binding and are meant to reflect intended future use of the City's ending fund balance. Intent can be expressed by the City Council or by the City Clerk.
- (v) **Unassigned** – All amounts not included in other classifications.

i. Fund Balance Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance.) When fund balance resources are available for a specific purpose in more than one classification, it is the City's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

j. Net Position Policies

In the government-wide statements, net position on the Statement of Net Position includes the following:

(i) Invested in Capital Assets, net of Related Debt

This is the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction, or improvement of those assets.

(ii) Restricted Assets

This is the component of net position that reports the constraints placed on the use of assets by either external parties and/or enabling legislation.

(iii) Unrestricted

This is the component of net position that is the difference between the assets and liabilities not reported in Invested in Capital Assets, Net of Related Debt; and Restricted Assets.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

k. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

l. Comparative Data/Reclassifications

Comparative total data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the City’s financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

m. 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

n. Compensated Absences

Vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide financial statements. No expenditure is reported for these amounts in the fund financial statements. **(See Note D6)** Vacation leave and sick leave included in accrued liabilities and recorded as expenditures in governmental fund types is the amount normally liquidated from “available spendable resources.”

In proprietary funds, compensated absences are recorded when the liabilities are incurred. In governmental funds, the current portion is recorded as a payroll expenditure. The estimated long-term liability for compensated absences is accounted for in the government-wide financial statements.

o. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Long-term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

p. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund, sewer fund, electricity fund, waste fund, and mosquito abatement fund, are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of certain differences between the governmental funds Balance Sheet and the government-wide Statement of Net Position

The governmental fund balance sheet include a reconciliation between fund balances - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of the reconciliation explains that "certain liabilities (such as notes payable and capital leases payable) are not reported in the Governmental Funds financial statements because they are due and payable, but they are presented as liabilities in the statement of net position." The details of this difference are as follows:

Interest payable	\$ (208)
Notes payable	(93,599)
Compensated absences	(3,147)
OPEB obligation	<u>(5,852)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (102,806)</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(Continued)

2. Explanation of certain differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over the estimated useful lives as annual depreciation expense in the statement of activities." The details of this difference are as follows:

Capital outlay	\$ 862,758
Depreciation expense	<u>(819,711)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 43,047</u>

Another element of that reconciliation states that, "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and any other similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment in long-term debt and related items." The details of this difference are as follows:

Accrued interest	\$ 369
General obligation debt principal payments	<u>8,955</u>
Net adjustment to increase net change in fund balances – governmental funds to arrive at change in net position of governmental activities	<u>\$ 9,324</u>

Another element of that reconciliation states that "Generally expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when incurred." The details of this difference are as follows:

Compensated absences	\$ (1,560)
OPEB obligation payable	<u>1,118</u>
Net adjustment to increase net change in fund balances – governmental funds to arrive at change in net position of governmental activities	<u>\$ (442)</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE C. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Compliance and Accountability

Per NRS 354.626, the City is required to report expenditures that exceeded budgeted appropriations at the function level for the General Fund, Special Revenue Funds, and Capital Project Funds. Enterprise funds may not exceed budget appropriations at the fund level. As of June 30, 2015, the City had the following expenditures over appropriations:

The following individual fund functions were over-expended:

Room Tax – Culture and Recreation	\$ 2,500
Utility Enterprise Fund – Water	\$ 15,733
Utility Enterprise Fund – Sewer	\$ 24,644

2. Deficit Fund Balance

The following funds had a deficit fund balance at June 30, 2015:

Parks and Recreation Special Revenue Fund	\$ 35,075
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The deficit fund balance in the Parks and Recreation Fund is due to unanticipated legal fees incurred related to legal action against the City concerning construction of parks in the prior year (**See Note D11**). The deficit in the fund will be corrected with revenues received in the following year along with a budgeted transfer from the Room Tax Fund of \$50,000.

NOTE D. DETAILED NOTES ON ALL FUNDS

1. Pooled Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds. At June 30, 2015, this pool is displayed by the statement of net position and major and other governmental funds on the governmental funds balance sheet as “Pooled Cash and Investments.”

A reconciliation of cash and investments as shown in the Statement of Net Position is as follows:

Carrying amount of deposits	<u>\$ 1,064,769</u>
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A reconciliation of cash and investments as for the City is as follows:

Government-wide pooled cash and investments	\$ 905,032
Restricted cash	<u>159,737</u>
Total	<u>\$ 1,064,769</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

1. Pooled Cash and Investments (Continued)

The cash and investment pool is available for use by all funds of the City. The City may invest the money of the investment pool in investments which have been authorized as investments by Nevada Revised Statutes. (See Note A7b)

Investment income is apportioned to the funds within the pool monthly based on the average balance invested for the month.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Cash and investment are subject to the following risks:

Interest Rate Risk: Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from the rise in interest rates. Nevada Revised Statutes limits bankers' acceptances to 180 days of maturities, repurchase agreements to 90 days, U.S. Treasuries and Agencies to less than 10 years, and commercial paper to 270 days maturity. As of June 30, 2015, all investments are deemed liquid.

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 its investments. The Nevada Revised Statutes limits investment instruments by their credit risk (Note A7b).

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank or brokerage failure, the City's deposits may not be returned. The City's bank deposits are generally covered by FDIC insurance and are collateralized by the Office of the State Treasurer/Nevada Collateral Pool. At year-end, the City's carrying amount of deposits was \$1,064,769 and the bank balance was \$1,028,030. Of the bank balance, \$250,000 was covered by federal depository insurance. Of the remaining balance, \$814,769 was collateralized with securities held by the Nevada Pooled Collateral Program.

2. Receivables

Below is the detail of receivables for each major fund and the nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts:

	General	Streets	Other Governmental	Enterprise	Total
Taxes receivable	\$ 4,467	\$ 0	\$ 0	\$ 0	\$ 4,467
Accounts receivable, (net)	0	0	8,419	132,595	141,014
Due from other governments:					
Fuel taxes	0	15,681	0	0	15,681
Consolidated taxes	25,247	0	0	0	25,247
Property taxes	13,009	0	0	0	13,009
Net total receivables	<u>\$ 42,723</u>	<u>\$ 15,681</u>	<u>\$ 8,419</u>	<u>\$ 132,595</u>	<u>\$ 199,418</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

3. Capital Assets

Capital assets activity for the year ended June 30, 2015, was as follows:

<u>Governmental Activities:</u>	Balance June 30, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Capital assets not being depreciated:					
Land	\$ 210,410	\$ 0	\$ 0	\$ 0	\$ 210,410
Construction in progress	126,759	804,904	0	(931,663)	0
Total capital assets not being depreciated	337,169	804,904	0	(931,663)	210,410
Capital assets being depreciated:					
Building	687,604	0	0	0	687,604
Improvements	13,469,718	0	0	931,663	14,401,381
Equipment	3,619,681	7,855	0	0	3,627,536
Infrastructure	323,855	49,999	0	0	373,854
Total capital assets being depreciated	18,100,858	57,854	0	931,663	19,090,375
Less accumulated depreciation for:					
Building	249,199	11,705	0	0	260,904
Improvements	2,582,846	698,781	0	0	3,281,627
Equipment	3,059,983	101,748	0	0	3,161,731
Infrastructure	34,506	7,477	0	0	41,983
Total accumulated depreciation	5,926,534	819,711	0	0	6,746,245
Total capital assets being depreciated, net	12,174,324	(761,857)	0	931,663	12,344,130
Governmental activities assets, net	\$ 12,511,493	\$ 43,047	\$ 0	\$ 0	\$ 12,554,540
<u>Business-Type Activities:</u>	Balance June 30, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Capital assets not being depreciated:					
Land	\$ 274,501	\$ 0	\$ 0	\$ 0	\$ 274,501
Water rights	0	0	0	195,745	195,745
Construction in progress	339,912	0	0	(339,912)	0
Total capital assets not being depreciated	614,413	0	0	(144,167)	470,246
Capital assets being depreciated:					
Water	2,942,378	0	0	144,167	3,086,545
Sewer	4,504,963	0	0	0	4,504,963
Garbage	284,188	0	0	0	284,188
Electricity	2,127,181	0	0	0	2,127,181
Total capital assets being depreciated	9,858,710	0	0	144,167	10,002,877
Less accumulated depreciation for:					
Water	1,812,289	168,429	0	0	1,980,718
Sewer	2,165,751	134,608	0	0	2,300,359
Garbage	263,399	950	0	0	264,349
Electricity	1,085,272	72,299	0	0	1,157,571
Total accumulated depreciation	5,326,711	376,286	0	0	5,702,997
Total capital assets being depreciated, net	4,531,999	(376,286)	0	144,167	4,299,880
Business-type activities assets, net	\$ 5,146,412	\$ (376,286)	\$ 0	\$ 0	\$ 4,770,126

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

3. Capital Assets (Continued)

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

Governmental activities:

General government	\$ 19,690
Public safety	36,178
Public works	172,273
Judicial	1,403
Culture and recreation	<u>590,167</u>
	<u>\$ 819,711</u>

Business activities:

Water	\$ 168,429
Sewer	134,608
Garbage	950
Electricity	<u>72,299</u>
	<u>\$ 376,286</u>

4. Accrued Liabilities

Accrued liabilities reported by funds at June 30, 2015, were as follows:

Fund	Accrued Payroll and Benefits	Compensated Absences	Meter Deposits	Totals
General	\$ 22,854	\$ 3,147	\$ 0	\$ 26,001
Streets	3,351	0	0	3,351
Other Governmental	3,736	0	0	3,736
Water Utility	2,080	7,925	0	10,005
Sewer Utility	1,724	5,478	0	7,202
Electric Utility	7,946	22,356	32,031	62,333
Nonmajor Enterprise	<u>1,774</u>	<u>4,445</u>	<u>0</u>	<u>6,219</u>
Total Accrued Liabilities	<u>\$ 43,465</u>	<u>\$ 43,351</u>	<u>\$ 32,031</u>	<u>\$118,847</u>

5. Restricted Assets

The balances of the City's restricted asset accounts are as follows:

Cash – customer deposits	\$ 11,167
1993 – Sewer Revenue Bond	4,628
1993 – Sewer Revenue Bond Reserve	55,832
1999 – Sewer Revenue Bond	26,416
1999 – Sewer Revenue Bond Reserve	26,357
2003 – Sewer Revenue Bond Reserve	13,285
2005 – Water Revenue Bond Reserve	<u>22,052</u>
Total restricted assets	<u>\$ 159,737</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

6. Long-term Debt

Business-Type Activities:

- a. Revenue Bonds** The City issues revenue bonds to provide funds for the acquisition and construction of utility capital assets. Revenue bonds have been issued for the business-type activities. Revenue bonds are an obligation of the enterprise utility funds for which the capital assets were acquired or constructed. Revenue bonds outstanding at June 30, 2015, are as follows:

<u>Purpose</u>	<u>Interest</u>	<u>Amount</u>
1993 Sewer Revenue Bond	4.50%	\$ 570,813
1999 Sewer Revenue Bond	4.50%	354,397
2005 Water Revenue Bond	4.50%	267,709
2003 Sewer Revenue Bond	4.25%	102,461
		<u>\$1,295,380</u>

1993 Sewer Revenue Bonds: The 1993 Sewer Revenue Bond is payable to the Farmers Home Administration. The 1993 bond agreement requires the City to establish a Sewer Revenue Bond account in which the City must deposit an amount sufficient to pay the next maturing installment of principal and interest on the outstanding Bond. The deposit requirement is \$4,233. The balance in this account was \$4,628 at June 30, 2015. The agreement also requires the City to establish a Sewer Revenue Bond Reserve Fund in which the City must deposit on a monthly basis an amount equal to one hundred twentieth of the average annual loan installment until the average annual loan installment has been accumulated. The monthly deposit is \$422 and the average annual loan installment is \$50,796. The balance in this account at June 30, 2015, was \$55,832.

The balance at June 30, 2015, is \$570,813. Annual debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 22,562	\$ 28,234
2017	23,716	27,080
2018	24,929	25,867
2019	26,205	24,591
2020	27,545	23,250
2021-2025	160,365	93,615
2026-2030	205,806	48,174
2031-2032	79,685	3,843
	<u>\$570,813</u>	<u>\$274,654</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

6. Long-term Debt (Continued)

a. Revenue Bonds (Continued)

1999 Sewer Revenue Bonds: The 1999 Sewer Revenue Bond is payable to the Farmers Home Administration. The 1999 bond agreement requires the City to establish a Sewer Revenue Bond Account in which the City must deposit an amount sufficient to pay the next maturing installment of principal and interest. The deposit requirement is \$24,458. The balance in the account was \$26,416 at June 30, 2015. The agreement also requires the City to establish a Sewer Revenue Bond Reserve Account in which the City must deposit on an annual basis a deposit equal to one tenth of the average annual payment of principal and interest until the average annual payment of principal and interest has been accumulated. The average annual loan installment is \$24,458. The balance in the account was \$26,357 at June 30, 2015. These reserve accounts can only be used to pay for emergency maintenance of facilities, loan installments, extensions to facilities, and short-lived assets.

The balance at June 30, 2015, is \$354,397. Annual debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 8,510	\$ 15,948
2017	8,893	15,565
2018	9,293	15,165
2019	9,711	14,747
2020	10,148	14,310
2021-2025	58,018	64,272
2026-2030	72,301	49,989
2031-2035	90,100	32,190
2036-2039	87,423	10,026
	<u>\$354,397</u>	<u>\$232,212</u>

2005 Water Revenue Bond: The Caliente Water revenue bond is payable to the U.S. Department of Agriculture. Payments are due in monthly installments of \$1,364 including interest. The bond matures in 2045 at an interest rate of 4.5%. The bond covenants require the City accumulate an amount equal to one annual installment of principal and interest to be used only for loan installments. The deposit requirement to date would be \$16,368. The balance in the account was \$22,052 at June 30, 2015.

The balance at June 30, 2015, is \$267,709. Annual debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 4,413	\$ 11,955
2017	4,616	11,752
2018	4,828	11,540
2019	5,050	11,318
2020	5,282	11,086
2021-2025	30,279	51,561
2026-2030	37,904	43,936
2031-2035	47,448	34,392
2036-2040	59,395	22,445
2041-2045	68,494	7,527
	<u>\$267,709</u>	<u>\$217,512</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

6. Long-term Debt (Continued)

a. Revenue Bonds (Continued)

2003 Sewer Bond: The Sewer revenue bond is payable to the U.S. Department of Agriculture. The bond is payable in monthly payments of \$520.80 including interest at 4.25%. The bond covenants require the City to accumulate an amount equal to one annual installment of principal and interest to be used only for loan installments. The deposit requirement would be \$6,250; the balance in the account was \$13,285 at June 30, 2015.

The balance at June 30, 2015, is \$102,461. Annual debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,937	\$ 4,313
2017	2,021	4,229
2018	2,108	4,141
2019	2,200	4,050
2020	2,295	3,955
2021-2025	13,055	18,193
2026-2030	16,140	15,108
2031-2035	19,954	11,294
2036-2040	24,669	6,579
2041-2044	18,082	1,233
	<u>\$102,461</u>	<u>\$ 73,095</u>

b. Note Payable

Electric Distribution Line Assessment: An electric distribution line was placed in service in 1995 which services the City. The electrical distributor assessed the City \$765,400 for their share of the cost. Payments are due in monthly installments of \$4,192 with interest at 5.125 percent.

The balance at June 30, 2015, is \$343,746. Annual debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 33,468	\$ 16,836
2017	35,224	15,080
2018	37,072	13,232
2019	39,017	11,287
2020	41,064	9,240
2021-2023	157,901	14,345
	<u>\$343,746</u>	<u>\$ 80,020</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

6. Long-term Debt (Continued)

b. Note Payable (Continued)

Governmental Activities:

Note payable: The City entered into a note with United States Department of Agriculture Rural Development to borrow an original principal of \$120,000 for the purchase of a fire truck. The note is payable in quarterly payments of \$3,052 including interest at a rate of 3.375%.

The balance at June 30, 2015, is \$93,599. Annual debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 9,161	\$ 3,048
2017	9,474	2,734
2018	9,798	2,410
2019	10,133	2,075
2020	10,479	1,729
2021-2024	44,554	3,208
	<u>\$93,599</u>	<u>\$ 15,204</u>

Changes in Long-term Debt: During the year ended June 30, 2015, the following changes occurred in long-term debt:

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>	<u>Due within one year</u>
Governmental Activities:					
Notes Payable	\$ 102,554	\$ 0	\$ 8,955	\$ 93,599	\$ 9,161
Compensated Absences	1,587	1,560	0	3,147	2,293
OPEB Obligation	6,970	0	1,118	5,852	0
Pension Obligation (restated)	210,929	0	43,756	167,173	0
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 322,040</u>	<u>\$ 1,560</u>	<u>\$ 53,829</u>	<u>\$ 269,771</u>	<u>\$ 11,454</u>
Business-Type Activities:					
Revenue Bonds	\$ 1,331,253	\$ 0	\$ 35,873	\$ 1,295,380	\$ 37,422
Notes Payable	393,725	0	49,979	343,746	33,468
Compensated Absences	61,211	0	21,007	40,204	32,237
OPEB Obligation	17,060	0	503	16,557	0
Pension Obligation (restated)	673,188	0	139,650	533,538	0
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 2,476,437</u>	<u>\$ 0</u>	<u>\$247,012</u>	<u>\$ 2,229,425</u>	<u>\$ 103,127</u>

For the governmental activities, the compensated absences liability and OPEB obligations will be liquidated primarily by the General Fund, and the notes payable will be paid by the Fire Fund. For the business-type activities, the obligations will be paid by the water, sewer, electric, and waste utility funds.

Per Nevada Revised Statute Chapter 266.600(4), the debt limitation for the City is equal to 20 percent of the assessed valuation of property, excluding motor vehicles for the current year. The debt limitation currently applicable at June 30, 2015 was \$2,895,343. This does not include revenue bonds which are exempt from this statute.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

7. Interfund Transfers

Interfund operating transfers are made from one fund to another fund to support expenditures in accordance with the authority established for the individual funds. Transfers between fund types during the year ended June 30, 2015, were as follows:

	Total	<u>Transfers Out</u>	
	<u>Transfers In</u>	<u>General</u>	<u>Nonmajor Special Revenue</u>
Nonmajor Special Revenue Funds	\$ 90,358	\$ 30,358	\$ 60,000

The Parks and Recreation Special Revenue Fund received \$60,000 from the Room Tax Fund. This transfer was made to help cover prior year legal costs related to litigation concerning the construction of parks in the City. **(See Note D11).**

The Fire Special Revenue Fund received \$29,739 from the General Fund. This transfer was budgeted to move funds previously collected in the General Fund that were intended for the Fire Special Revenue Fund. The Room Tax Fund received \$619 from the General Fund. The \$619 includes transfers from internally reported funds that are combined with the General Fund for reporting purposes. The internally reported funds were the Caliente Centennial Fund (\$610) and Tree Board Fund (\$9). These transfers closed the internally reported funds.

8. Unavailable Revenue

Delinquent taxes receivable not collected within sixty days after year-end are recorded as deferred inflows of resources as they are not available to pay liabilities of the current period. At June 30, 2015, the City had \$3,773 of unavailable revenue in the General Fund.

9. Due to / Due from Other Funds

The composition of interfund balances as of June 30, 2015, is as follows:

<u>Due to</u>	<u>Due from</u>	<u>Amount</u>
General Fund	Parks and Recreation Fund	<u>\$ 34,548</u>
Utility Enterprise Fund – Electricity	Utility Enterprise Fund – Water	\$ 25,328
Utility Enterprise Fund – Electricity	Utility Enterprise Fund – Sewer	<u>65,664</u>
		<u>\$ 90,992</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

10. Risk Management

Property, Casualty, Crime and Machinery Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City joined together with other local governments throughout the State of Nevada to create a pool under the Nevada Interlocal Cooperation Act. The Nevada Public Agency Insurance Pool (NPAIP) is a public entity risk pool currently operating as a common risk management and insurance program for members. The City pays an annual premium and specific deductibles, as necessary, to NPAIP for its general insurance coverage. NPAIP is considered a self-sustaining risk pool that will provide liability coverage for its members up to \$10,000,000 per event and a \$10,000,000 annual aggregate per member. Property, crime and equipment breakdown coverage is provided to its members up to \$300,000,000 per loss with various sub-limits established for earthquake, flood, equipment breakdown and money and securities. As a participatory member the maintenance deductible is \$500 for each insured event.

The City participates in the Public Agency Compensation Trust (PACT). Premiums paid to PACT cover workers' compensation claims against the City. Premiums are based on a percentage of wages paid.

The City carries commercial insurance for all other risks of loss including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

11. Contingent Liabilities

The City is a defendant in a lawsuit. The lawsuit is based on construction of parks in the City supported by SNPLMA (Federal) grants sub-granted to the City by Lincoln County, Nevada. The action is for breach of contract and equitable claims. The matter has gone through arbitration where an award was made to the contractor. The City has filed with District Court to vacate the arbitrator's award. The outcome is uncertain. No provision has been made in the financial statements for possible losses.

Construction commitments

The City has no significant construction commitments as of June 30, 2015.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

12. Defined Benefit Pension Plan

Plan Description. All half time and greater City employees are provided pension benefits through 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. NRS Chapter 286 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 can be obtained at www.nvpers.org under Quick Links — Publications.

Benefits Provided. Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits. Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death. Post-retirement increases are provided by authority of NRS 286.575 - .579.

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service.

Police/Fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service. Police/Fire members entering the System on or after January 1, 2010, are eligible for retirement at 65 with five years of service, or age 60 with ten years of service, or age 50 with twenty years of service, or at any age with thirty years of service. Only service performed in a position as a police officer or firefighter may be counted towards to eligibility for retirement as Police/Fire accredited service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both Regular and Police/Fire members become fully vested as to benefits upon completion of five years of service.

Contributions: Benefits for plan members are funded under the employer pay contribution plan. The City is required to contribute all amounts due under the plan. PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450. The City's required contribution rates for the year ending June 30, 2015 were 40.50% for police and fire members; 25.75% for regular members; and 13.25% for employer/employee match. The City has fully funded the amounts due for the year ending June 30, 2015 of \$103,718.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contribution requirement as a percentage of salary.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

12. Defined Benefit Pension Plan (Continued)

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

At June 30, 2015, the City reported a liability of \$700,711 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2014. At June 30, 2014, the City's proportion was 0.00672 percent.

For the year ended June 30, 2015, the City recognized pension expense of \$99,587. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 0	\$ 33,534
Net difference between projected and actual earnings on pension plan investments	0	147,178
Changes in proportion and differences between City contributions and proportionate share of contributions	0	1,369
City Contributions subsequent to measurement date	<u>103,718</u>	<u>0</u>
Total	<u>\$ 103,718</u>	<u>\$ 182,081</u>

\$103,718 was reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 42,918
2017	42,918
2018	42,918
2019	42,918
2020	6,123
2021	<u>4,286</u>
	<u>\$ 182,081</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

12. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions: The System's net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.50%
Payroll Growth	5.00%, including inflation
Investment Rate of Return	8.00%
Productivity pay increase	0.75%
Projected Salary increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.5%, depending on service Rates include inflation and productivity increases
Consumer Price Index	3.50%

Mortality rates were based on the RP-2000 Combined Healthy Table for Males and Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Actuarial assumptions used in the June 30, 2014 valuation were based on the results of the experience review completed in 2013. The System's policies which determine the investment portfolio target asset allocation are established by the Public Employees' Retirement Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

The following was the Board adopted policy target asset allocation as of June 30, 2014:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return*
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed	30%	0.25%
Private Markets	10%	6.80%

*As of June 30, 2014, PERS' long-term inflation assumption was 3.5%

Discount Rate. The discount rate used to measure the total pension liability was 8.00% as of June 30, 2014. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2014, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2014.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

12. Defined Benefit Pension Plan (Continued)

Sensitivity of the City's proportionate share of the net pension liability to change in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percent higher or lower than the current rate.

	1.0% Decrease (7.0%)	Discount Rate (8.0%)	1.0% Increase (9.0%)
City's proportionate share of the net pension liability	\$ 1,089,132	\$ 700,711	\$ 377,186

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website.

Pension contributions payable. The City's accrued contributions payable at June 30, 2015 were \$7,638.

13. Post-Employment Healthcare Plan

Plan Description: The City subsidizes eligible retirees' contributions to the Public Employee Benefits Plan (PEBP), an agent multiple-employer defined benefit postemployment health care plan administered by the State of Nevada. This plan provides medical, vision, dental, and life insurance benefits to eligible retired City employees and beneficiaries. NRS 287.041 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. The plan is now closed to current City retirees, however, City employees who previously met the eligibility requirement for retirement within the Nevada Public Employee Retirement System had the option upon retirement to enroll in coverage under the PEBP and the subsidy provided by the City was determined by their number of years of service. 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 Benefits Program, 901 S. Stewart Street, Suite 1001, Carson City, NV 89701, by calling (775) 684-7000, or by accessing the website at www.pebp.state.nv.us/informed/financial.htm.

Public Employee Benefit Plan (PEBP): NRS 287.046 establishes the subsidies to be contributed toward the premium costs of the eligible retired City employees. Plan members receiving benefits have their monthly contributions deducted from their pension checks based on the health plan chosen by the retiree as reduced by the amount of the subsidy. Pre-Medicare retirees qualify for a subsidy of \$115.55 at five years of service and \$635.53 at 20 years of service with incremental increases for each year of service between.

As of July 1, 2011, PEBP introduced significant plan design changes for retirees participating in their program. As a result of these changes, pre-Medicare and non-eligible Medicare retirees participate in a Consumer Driven Healthcare Plan (CDHP) in which PEBP provides \$700 to a Health Reimbursement Account (HRA) per year for the retiree and \$200 for each dependent (up to a maximum of \$600). In fiscal year 2014, an additional \$400 HRA contribution is provided to all retirees and \$100 per dependent. Also, for those CDHP retirees with 20 or more years of service as of June 30, 2012, an additional \$200 allocation is provided. Medicare retirees participate in a Medicare Exchange provided Extend Health with PEBP providing a service related contribution to a HRA equal to \$11 per month per year of service (maximum of \$220 per month).

The contribution requirements of plan members and the City are established and amended by the PEBP board of trustees. As a participating employer, the City is billed for the subsidy on a monthly basis and is legally required under NRS 287.023 to provide for it.

For fiscal year 2015, the City contributed \$10,456 to the plan for current premiums. The City did not prefund any future benefits.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

13. Post-Employment Healthcare Plan (Continued)

Annual OPEB Cost and Net OPEB Obligation The City's annual other postemployment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB statement 45 for employers in plans with fewer than one hundred total plan members. 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 following table shows the components of the City's annual OPEB costs for the year, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation to the plan:

	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013
Annual Required Contribution	\$ 8,495	\$ 9,321	\$ 7,048
Interest on net OPEB obligation	340	373	0
Adjustment to annual required contribution	<u>0</u>	<u>0</u>	<u>0</u>
Annual OPEB cost (expense)	8,835	9,694	7,048
Contributions made	<u>(10,456)</u>	<u>(11,861)</u>	<u>(13,576)</u>
Increase (decrease) in net OPEB	(1,621)	(2,167)	(6,528)
Net OPEB obligation - beginning of the year	<u>24,030</u>	<u>26,197</u>	<u>32,725</u>
Net OPEB obligation - end of year	<u>\$ 22,409</u>	<u>\$ 24,030</u>	<u>\$ 26,197</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2015 and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost Contributed	Employer Contributions	% of Annual OPEB Expense Contributed	Net OPEB Obligation
6/30/2013	\$ 7,048	\$ 13,576	193%	\$ 26,197
6/30/2014	\$ 9,694	\$ 11,861	122%	\$ 24,030
6/30/2015	\$ 8,835	\$ 10,456	118%	\$ 22,409

Funded Status and Funding Progress As of June, 30, 2015, the actuarial accrued liability (AAL) for benefits was \$152,771, all of which was unfunded. Because of this, the unfunded actuarial accrued liability (UAAL) is equal to the AAL. The covered payroll (annual payroll of active employees covered by the plan) was \$0 and the ratio of the UAAL to the covered payroll was 0%. PEBP is closed to new City participants as of November 1, 2008; therefore, covered payroll is zero.

Actuarial valuations of an ongoing plan 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 schedule 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.

CITY OF CALIENTE, NEVADA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

13. Post-Employment Healthcare Plan (Continued)

Methods and Assumptions Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees-Retirement age was not considered, as the City has terminated the benefit for future retirees.

Mortality- Life expectancies were based on mortality tables from the Period Life Table published by the Social Security Administration.

Turnover-The turnover of active employees was not addressed due to the City's policy change, eliminating the benefit for future retirees.

Healthcare cost trend rate- The expected rate of increase in healthcare insurance premiums as based on an initial rate of 7.5%, reduced to an ultimate rate of 5% after seven years.

Health insurance premiums-The insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Based on the historical and expected returns, a discount rate of 4 percent was used.

Because of changes to state law, as of September 1, 2008, the plan was no longer available to those actively employed past that date. As a result, the City expects the liability to begin to decrease and eventually disappear over the life of the amortization period. The unfunded actuarial accrued liability arising from PEBP subsidies is being amortized over an open 30 year period with level dollar payments. As of June 30, 2015, there were twenty-four years remaining.

14. Change in Accounting Principle

Effective July 1, 2014, the City adopted GASB 68, *Accounting and Financial Reporting for Pensions* and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements address accounting and financial reporting for pensions provided to the City employees that are administered by the Public Employees Retirement System of the State of Nevada (PERS). The statements also require various note disclosures and required supplementary information. As a result, beginning of year net position has been restated as follows:

	<u>Governmental</u>	<u>Business-Type</u>
Net position previously reported, July 1, 2014	\$ 13,183,452	\$ 3,800,079
Net pension liability	(210,929)	(673,188)
Deferred outflows of resources for contributions made subsequent to the measurement date	<u>24,075</u>	<u>76,838</u>
Net position as restated	<u>\$ 12,996,598</u>	<u>\$ 3,203,729</u>

CITY OF CALIENTE, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
MAJOR FUND - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (BUDGETARY BASIS) AND ACTUAL
Year Ended June 30, 2015

	Budget			Variance With
	Original	Final	Actual	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes:				
Property taxes	\$ 126,742	\$ 126,742	\$ 126,912	\$ 170
Fines and fees:				
Municipal court fines	12,000	12,000	12,718	718
Licenses and permits:				
Business licenses	9,000	9,000	9,386	386
City gaming licenses	1,800	1,800	1,620	(180)
Liquor licenses	3,000	3,000	3,520	520
Dog licenses	50	50	21	(29)
Building permits	2,000	2,000	3,230	1,230
Building Inspection Fees	1,000	1,000	5,193	4,193
Franchise fees	700	700	-	(700)
Total licenses and permits	17,550	17,550	22,970	5,420
Intergovernmental:				
County gaming tax	4,500	4,500	5,062	562
Consolidated tax	129,637	129,637	138,074	8,437
Total intergovernmental	134,137	134,137	143,136	8,999
Charges for services:				
Cemetery fees	1,500	1,500	2,425	925
Park fees	-	-	-	-
Impound fees	50	50	243	193
Total charges for services	1,550	1,550	2,668	1,118
Miscellaneous:				
Investment income	900	900	667	(233)
Rent	21,000	21,000	14,433	(6,567)
Rent - communications tower	2,500	2,500	1,500	(1,000)
Donations	-	-	-	-
Other	2,000	2,000	7,499	5,499
Total miscellaneous	26,400	26,400	24,099	(2,301)
Total revenues	318,379	318,379	332,503	14,124

See accompanying notes to required supplementary information.

CITY OF CALIENTE, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
MAJOR FUND - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (BUDGETARY BASIS) AND ACTUAL (CONTINUED)
Year Ended June 30, 2015

	<u>Budget</u>			Variance With
	Original	Final	Actual	Final Budget
				Positive
				(Negative)
Expenditures:				
General Government:				
Mayor and City Council:				
Salaries and wages	\$ 9,600	\$ 9,600	\$ 9,450	\$ 150
Employee benefits	3,035	3,035	1,227	1,808
Services and supplies	<u>3,500</u>	<u>3,500</u>	<u>5,101</u>	<u>(1,601)</u>
Total Mayor and City Council	<u>16,135</u>	<u>16,135</u>	<u>15,778</u>	<u>357</u>
City Hall General Administration:				
Salaries and wages	52,209	52,209	52,110	99
Employee benefits	28,421	28,421	30,563	(2,142)
Services and supplies	<u>74,200</u>	<u>74,200</u>	<u>76,448</u>	<u>(2,248)</u>
Total City Hall General Administration	<u>154,830</u>	<u>154,830</u>	<u>159,121</u>	<u>(4,291)</u>
Grant Administrator:				
Services and supplies	<u>4,000</u>	<u>4,000</u>	<u>2,043</u>	<u>1,957</u>
Communications tower:				
Services and supplies	<u>4,161</u>	<u>4,161</u>	<u>300</u>	<u>3,861</u>
Total general government	<u>179,126</u>	<u>179,126</u>	<u>177,242</u>	<u>1,884</u>
Judicial:				
City Attorney:				
Services and supplies	<u>21,000</u>	<u>21,000</u>	<u>21,000</u>	<u>-</u>
Municipal Court:				
Salaries and wages	6,360	6,360	6,532	(172)
Employee benefits	767	767	922	(155)
Services and supplies	<u>10,000</u>	<u>10,000</u>	<u>550</u>	<u>9,450</u>
Total Municipal Court	<u>17,127</u>	<u>17,127</u>	<u>8,004</u>	<u>9,123</u>
Total judicial	<u>38,127</u>	<u>38,127</u>	<u>29,004</u>	<u>9,123</u>
Public Safety:				
Police Department:				
Services and supplies	<u>75,000</u>	<u>75,000</u>	<u>72,741</u>	<u>2,259</u>

See accompanying notes to required supplementary information.

CITY OF CALIENTE, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
MAJOR FUND - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (BUDGETARY BASIS) AND ACTUAL (CONTINUED)
Year Ended June 30, 2015

	Budget			Variance With
	Original	Final	Actual	Final Budget
				Positive
				(Negative)
Expenditures: (Continued)				
Public Works				
Services and supplies	\$ 3,600	\$ 3,600	\$ 3,000	\$ 600
Health and Sanitation:				
Cemetery:				
Salaries and wages	\$ 1,113	\$ 1,113	\$ 2,792	\$ (1,679)
Employee benefits	625	625	1,496	(871)
Services and supplies	800	800	876	(76)
Total cemetery	2,538	2,538	5,164	(2,626)
Animal Control:				
Salaries and wages	3,069	3,069	412	2,657
Employee benefits	1,532	1,532	136	1,396
Services and supplies	2,138	2,138	260	1,878
Total animal control	6,739	6,739	808	5,931
Total health and sanitation	9,277	9,277	5,972	3,305
Contingency	9,795	9,795	-	9,795
Total expenditures	314,925	314,925	287,959	26,966
Excess (deficiency) of revenues over expenditures	3,454	3,454	44,544	41,090
Other financing sources (uses):				
Operating transfers in	22,340	22,340	2,816	(19,524)
Operating transfers out	(29,739)	(29,739)	(29,739)	-
Total other financing sources (uses)	(7,399)	(7,399)	(26,923)	(19,524)
Change in fund balance	(3,945)	(3,945)	17,621	21,566
Fund balance:				
Beginning of year	18,209	18,209	42,932	24,723
End of year	\$ 14,264	\$ 14,264	\$ 60,553	\$ 46,289

See accompanying notes to required supplementary information.

CITY OF CALIENTE, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
MAJOR FUND - STREETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2015

	<u>Budget</u>			Variance With
	Original	Final	Actual	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental:				
Grants	\$ -	\$ 646,939	\$ 646,939	\$ -
Gas tax \$1.75	1,769	1,769	1,855	86
Gas tax \$2.35	86,208	86,208	86,044	(164)
Optional \$0.01 gas tax	5,272	5,272	5,521	249
Other - RTC	<u>70,200</u>	<u>70,200</u>	<u>70,200</u>	<u>-</u>
 Total revenues	 <u>163,449</u>	 <u>810,388</u>	 <u>810,559</u>	 <u>171</u>
Expenditures:				
Public works:				
Salaries and wages	52,184	52,184	63,711	(11,527)
Employee benefits	31,352	31,352	36,896	(5,544)
Services and supplies	455,980	526,180	89,589	436,591
Capital outlay	<u>881,769</u>	<u>881,769</u>	<u>854,903</u>	<u>26,866</u>
 Total expenditures	 <u>1,421,285</u>	 <u>1,491,485</u>	 <u>1,045,099</u>	 <u>446,386</u>
 Excess (deficiency) of revenues over expenditures	 (1,257,836)	 (681,097)	 (234,540)	 446,557
Fund balance:				
Beginning of year	<u>789,000</u>	<u>789,000</u>	<u>760,481</u>	<u>(28,519)</u>
 End of year	 <u>\$ (468,836)</u>	 <u>\$ 107,903</u>	 <u>\$ 525,941</u>	 <u>\$ 418,038</u>

See accompanying notes to required supplementary information.

CITY OF CALIENTE, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
RECONCILIATION OF THE GENERAL FUND (BUDGETARY BASIS)
TO THE GENERAL FUND (GAAP BASIS)
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2015

	General Fund Budgetary Basis	Internally Reported Funds	Eliminations	General Fund GAAP Basis
Revenues:				
Taxes	\$ 126,912	\$ -	\$ -	\$ 126,912
Fines and fees	12,718	-	-	12,718
Licenses and permits	22,970	-	-	22,970
Intergovernmental	143,136	-	-	143,136
Charges for services	2,668	-	-	2,668
Miscellaneous	24,099	-	-	24,099
Total revenues	<u>332,503</u>	<u>-</u>	<u>-</u>	<u>332,503</u>
Expenditures:				
General government	177,242	-	-	177,242
Judicial	29,004	-	-	29,004
Public safety	72,741	-	-	72,741
Public works	3,000	-	-	3,000
Health and sanitation	5,972	-	-	5,972
Total expenditures	<u>287,959</u>	<u>-</u>	<u>-</u>	<u>287,959</u>
Excess (deficiency) of revenues over expenditures	<u>44,544</u>	<u>-</u>	<u>-</u>	<u>44,544</u>
Other financing sources (uses):				
Operating transfers in	2,816	-	(2,816)	-
Operating transfers out	<u>(29,739)</u>	<u>(3,435)</u>	<u>2,816</u>	<u>(30,358)</u>
Total other financing sources (uses)	<u>(26,923)</u>	<u>(3,435)</u>	<u>-</u>	<u>(30,358)</u>
Net change in fund balance	17,621	(3,435)	-	14,186
Fund balance:				
Beginning of year	<u>42,932</u>	<u>3,435</u>	<u>-</u>	<u>46,367</u>
End of year	<u>\$ 60,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,553</u>

See accompanying notes to required supplementary information.

CITY OF CALIENTE, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2015

Valuation Date	Value of Assets (a)	Accrued Liability (AAL) Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2015	\$ -	\$ 152,771	\$ 152,771	0.00%	\$ -	0.00%
6/30/2014	\$ -	\$ 167,631	\$ 167,631	0.00%	\$ -	0.00%
6/30/2013	\$ -	\$ 121,876	\$ 121,876	0.00%	\$ -	0.00%

See accompanying notes to required supplementary information.

CITY OF CALIENTE, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S CONTRIBUTIONS TO THE
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF NEVADA
JUNE 30, 2015

June 30,	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 103,718	\$ 100,913	\$ 103,439
Contributions in relation to the contractually required contribution	<u>103,718</u>	<u>100,913</u>	<u>103,439</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 405,212	\$ 402,979	\$ 465,001
Contributions as a percentage of covered-employee payroll	25.60%	25.04%	22.24%

Information for 2006 through 2012 is not available.

CITY OF CALIENTE, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF NEVADA
JUNE 30, 2015

Reporting Year Ended June 30:	2015
Measurement Date June 30:	2014
City's proportion of the net pension liability	0.00672%
City's proportionate share of the net pension liability	700,711
City's covered-employee payroll	402,979
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	173.88%
Plan fiduciary net position as a percentage of the total pension liability	76.31%

Information for 2006 through 2014 is not available.

CITY OF CALIENTE, NEVADA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015

Note 1 – Explanation of Differences between General Fund (Budgetary Basis) and General Fund (GAAP Basis)

The accompanying Reconciliation of the General Fund (Budgetary Basis) to the General Fund (GAAP Basis) presents balances combined for external financial reporting purposes.

With the implementation of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the budgetary basis of accounting for the General Fund differs from generally accepted accounting principles (GAAP).

Guidance in GASB Statement 54 changed the definition of Special Revenue Funds for financial reporting purposes. Pursuant to statute, budget comparisons are required using the budget adopted. Four internally reported special revenue funds of the City (Planning, Caliente Centennial, Communications Tower, and Tree Board) are combined with the General Fund for external reporting purposes to conform to generally accepted accounting principles.

**CITY OF CALIENTE, NEVADA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS**

June 30, 2015

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Totals
<u>ASSETS</u>			
Pooled cash and investments	\$ 60,825	\$ 19,241	\$ 80,066
Accounts receivable	<u>8,419</u>	<u>-</u>	<u>8,419</u>
Total assets	<u>\$ 69,244</u>	<u>\$ 19,241</u>	<u>\$ 88,485</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 34	\$ -	\$ 34
Accrued payroll	3,736	-	3,736
Unearned revenue	900	-	900
Due to other funds	<u>34,548</u>	<u>-</u>	<u>34,548</u>
Total liabilities	<u>39,218</u>	<u>-</u>	<u>39,218</u>
<u>FUND BALANCE</u>			
Restricted for:			
General government	1,836	-	1,836
Judicial	1,465	-	1,465
Public safety	33,770	-	33,770
Capital projects	-	19,241	19,241
Committed for:			
General government	10,547	-	10,547
Culture and recreation	17,483	-	17,483
Unassigned	<u>(35,075)</u>	<u>-</u>	<u>(35,075)</u>
Total fund balance	<u>30,026</u>	<u>19,241</u>	<u>49,267</u>
Total liabilities and fund balance	<u>\$ 69,244</u>	<u>\$ 19,241</u>	<u>\$ 88,485</u>

CITY OF CALIENTE, NEVADA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year Ended June 30, 2015

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Totals
Revenues:			
Taxes	\$ 74,895	\$ -	\$ 74,895
Intergovernmental	15,000	8,824	23,824
Charges for services	86,412	-	86,412
Miscellaneous	<u>13,626</u>	<u>-</u>	<u>13,626</u>
Total revenues	<u>189,933</u>	<u>8,824</u>	<u>198,757</u>
Expenditures:			
Current:			
General government	1,156	-	1,156
Judicial	867	-	867
Public safety	31,871	-	31,871
Culture and recreation	95,878	-	95,878
Intergovernmental	2,095	-	2,095
Debt service	12,208	-	12,208
Capital projects	<u>-</u>	<u>8,955</u>	<u>8,955</u>
Total expenditures	<u>144,075</u>	<u>8,955</u>	<u>153,030</u>
Excess (deficiency) of revenues over expenditures	45,858	(131)	45,727
Other financing sources (uses):			
Operating transfers in	90,358	-	90,358
Operating transfers out	<u>(60,000)</u>	<u>-</u>	<u>(60,000)</u>
Total other financing sources (uses):	<u>30,358</u>	<u>-</u>	<u>30,358</u>
Net change in fund balance	76,216	(131)	76,085
Fund balance:			
Beginning of year	<u>(46,190)</u>	<u>19,372</u>	<u>(26,818)</u>
End of year	<u>\$ 30,026</u>	<u>\$ 19,241</u>	<u>\$ 49,267</u>

CITY OF CALIENTE, NEVADA
RECONCILIATION OF THE GENERAL FUND (BUDGETARY BASIS)
TO THE GENERAL FUND (GAAP BASIS)
BALANCE SHEET
June 30, 2015

	General Fund Budgetary Basis	Internally Reported Funds	General Fund GAAP Basis
<u>ASSETS</u>			
Pooled cash and investments	\$ 53,022	\$ -	\$ 53,022
Taxes receivable	4,467	-	4,467
Due from other governments	38,256	-	38,256
Due from other funds	<u>34,548</u>	<u>-</u>	<u>34,548</u>
Total assets	<u>\$ 130,293</u>	<u>\$ -</u>	<u>\$ 130,293</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 43,113	\$ -	\$ 43,113
Accrued payroll	<u>22,854</u>	<u>-</u>	<u>22,854</u>
Total liabilities	<u>65,967</u>	<u>-</u>	<u>65,967</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue - property taxes	<u>3,773</u>	<u>-</u>	<u>3,773</u>
<u>FUND BALANCE</u>			
Assigned for:			
Subsequent year	15,043	-	15,043
Unassigned	<u>45,510</u>	<u>-</u>	<u>45,510</u>
Total fund balance	<u>60,553</u>	<u>-</u>	<u>60,553</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 130,293</u>	<u>\$ -</u>	<u>\$ 130,293</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - GENERAL FUND (BUDGETARY BASIS)
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	2015	2014
<u>ASSETS</u>		
Pooled cash and investments	\$ 53,022	\$ 166,879
Taxes receivable	4,467	4,657
Due from other governments	38,256	44,080
Prepaid expenses	-	12,209
Due from other funds	<u>34,548</u>	<u>-</u>
Total assets	<u>\$ 130,293</u>	<u>\$ 227,825</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 43,113	\$ 160,637
Accrued payroll	<u>22,854</u>	<u>20,639</u>
Total liabilities	<u>65,967</u>	<u>181,276</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable revenue - property taxes	<u>3,773</u>	<u>3,617</u>
<u>FUND BALANCE</u>		
Nonspendable	-	12,209
Restricted for public safety	-	29,739
Assigned for subsequent year	15,043	984
Unassigned	<u>45,510</u>	<u>-</u>
Total fund balance	<u>60,553</u>	<u>42,932</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 130,293</u>	<u>\$ 227,825</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (BUDGETARY BASIS) AND ACTUAL
Year Ended June 30, 2015
(With Comparative Actual Amounts for Year Ended June 30, 2014)

	2015		Variance -	2014
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Taxes	\$ 126,742	\$ 126,912	\$ 170	\$ 123,731
Fines and fees	12,000	12,718	718	9,590
Licenses and permits	17,550	22,970	5,420	26,474
Intergovernmental	134,137	143,136	8,999	136,154
Charges for services	1,550	2,668	1,118	1,236
Miscellaneous	26,400	24,099	(2,301)	24,984
Total revenues	<u>318,379</u>	<u>332,503</u>	<u>14,124</u>	<u>322,169</u>
Expenditures:				
General government	179,126	177,242	1,884	178,290
Judicial	38,127	29,004	9,123	35,309
Public safety	75,000	72,741	2,259	71,068
Public works	3,600	3,000	600	2,500
Health and sanitation	9,277	5,972	3,305	2,294
Contingency	9,795	-	9,795	-
Total expenditures	<u>314,925</u>	<u>287,959</u>	<u>26,966</u>	<u>289,461</u>
Excess (deficiency) of revenues over expenditures	<u>3,454</u>	<u>44,544</u>	<u>41,090</u>	<u>32,708</u>
Other financing sources (uses):				
Operating transfers in	22,340	2,816	(19,524)	-
Operating transfers out	<u>(29,739)</u>	<u>(29,739)</u>	<u>-</u>	<u>(29,000)</u>
Total other financing sources (uses)	<u>(7,399)</u>	<u>(26,923)</u>	<u>(19,524)</u>	<u>(29,000)</u>
Net change in fund balance	(3,945)	17,621	21,566	3,708
Fund balance:				
Beginning of year	<u>18,209</u>	<u>42,932</u>	<u>24,723</u>	<u>39,224</u>
End of year	<u>\$ 14,264</u>	<u>\$ 60,553</u>	<u>\$ 46,289</u>	<u>\$ 42,932</u>

GENERAL FUND
MAJOR FUND - GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET (BUDGETARY BASIS)
Year Ended June 30, 2015
(With Comparative Actual Amounts for Year Ended June 30, 2014)

	2015		Variance -	2014
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Taxes:				
Property taxes	\$ 126,742	\$ 126,912	\$ 170	\$ 123,731
Fines and fees:				
Municipal court fines	12,000	12,718	718	9,590
Licenses and permits:				
Business licenses	9,000	9,386	386	6,845
City gaming licenses	1,800	1,620	(180)	1,728
Liquor licenses	3,000	3,520	520	3,440
Dog licenses	50	21	(29)	123
Building permits	2,000	3,230	1,230	14,338
Building inspection fees	1,000	5,193	4,193	-
Franchise fees	700	-	(700)	-
Total licenses and permits	17,550	22,970	5,420	26,474
Intergovernmental:				
County gaming tax	4,500	5,062	562	3,038
Consolidated tax	129,637	138,074	8,437	133,116
Total intergovernmental	134,137	143,136	8,999	136,154
Charges for services:				
Cemetery fees	1,500	2,425	925	825
Impound fees	50	243	193	411
Total charges for services	1,550	2,668	1,118	1,236
Miscellaneous:				
Investment income	900	667	(233)	585
Rent	21,000	14,433	(6,567)	18,775
Rent - communications tower	2,500	1,500	(1,000)	-
Donations	-	-	-	558
Other	2,000	7,499	5,499	5,066
Total miscellaneous	26,400	24,099	(2,301)	24,984
Total revenues	\$ 318,379	\$ 332,503	\$ 14,124	\$ 322,169

CITY OF CALIENTE, NEVADA
MAJOR FUND - GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (BUDGETARY BASIS)
Year Ended June 30, 2015
(With Comparative Actual Amounts for Year Ended June 30, 2014)

	2015		Variance -	
	Budget	Actual	Positive (Negative)	2014 Actual
Expenditures:				
General Government:				
Mayor and City Council:				
Salaries and wages	\$ 9,600	\$ 9,450	\$ 150	\$ 9,450
Employee benefits	3,035	1,227	1,808	2,523
Services and supplies	3,500	5,101	(1,601)	4,098
Total Mayor and City Council	16,135	15,778	357	16,071
City Hall General Administration:				
Salaries and wages	52,209	52,110	99	57,967
Employee benefits	28,421	30,563	(2,142)	29,763
Services and supplies	74,200	76,448	(2,248)	70,568
Total City Hall General Administration	154,830	159,121	(4,291)	158,298
Grant Administrator:				
Services and supplies	4,000	2,043	1,957	3,921
Communications tower:				
Services and supplies	4,161	300	3,861	-
Total general government	179,126	177,242	1,884	178,290
Judicial:				
City Attorney:				
Services and supplies	21,000	21,000	-	25,275
Municipal Court:				
Salaries and wages	6,360	6,532	(172)	6,436
Employee benefits	767	922	(155)	772
Services and supplies	10,000	550	9,450	2,826
Total Municipal Court	17,127	8,004	9,123	10,034
Total judicial	38,127	29,004	9,123	35,309
Public Safety:				
Police Department:				
Services and supplies	75,000	72,741	2,259	71,068

CITY OF CALIENTE, NEVADA
MAJOR FUND - GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (BUDGETARY BASIS) (CONTINUED)
Year Ended June 30, 2015
(With Comparative Actual Amounts for Year Ended June 30, 2014)

		2015	Variance -	2014
	Budget	Actual	Positive (Negative)	Actual
Expenditures:				
Public Works:				
Services and supplies	\$ 3,600	\$ 3,000	\$ 600	\$ 2,500
Health and Sanitation:				
Cemetery:				
Salaries and wages	1,113	2,792	(1,679)	799
Employee benefits	625	1,496	(871)	293
Services and supplies	800	876	(76)	132
Total cemetery	2,538	5,164	(2,626)	1,224
Animal Control:				
Salaries and wages	3,069	412	2,657	48
Employee benefits	1,532	136	1,396	22
Services and supplies	2,138	260	1,878	1,000
Total animal control	6,739	808	5,931	1,070
Total health and sanitation	9,277	5,972	3,305	2,294
Contingency	9,795	-	9,795	-
Total expenditures	\$ 314,925	\$ 287,959	\$ 26,966	\$ 289,461

CITY OF CALIENTE, NEVADA
MAJOR FUND - STREETS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	2015	2014
<u>ASSETS</u>		
Pooled cash and investments	\$ 513,611	\$ 555,229
Due from other governments	15,681	132,336
Prepaid expense	-	19,526
Due from other funds	<u>-</u>	<u>63,636</u>
Total assets	<u>\$ 529,292</u>	<u>\$ 770,727</u>
<u>LIABILITIES</u>		
Accounts payable	\$ -	\$ 9,179
Accrued payroll	<u>3,351</u>	<u>1,067</u>
Total liabilities	3,351	10,246
<u>FUND BALANCE</u>		
Restricted for public works	<u>525,941</u>	<u>760,481</u>
Total liabilities and fund balance	<u>\$ 529,292</u>	<u>\$ 770,727</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - STREETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015
(With Comparative Actual Amounts for Year Ended June 30, 2014)

	2015		Variance -	
	Budget	Actual	Positive (Negative)	2014 Actual
Revenues:				
Intergovernmental:				
Grants	\$ 646,939	\$ 646,939	\$ -	\$ 116,531
Gas tax 1.75	1,769	1,855	86	2,241
Gas tax 2.35	86,208	86,044	(164)	85,857
Optional .01 gas tax	5,272	5,521	249	5,392
Other - RTC	<u>70,200</u>	<u>70,200</u>	<u>-</u>	<u>-</u>
Total revenues	<u>810,388</u>	<u>810,559</u>	<u>171</u>	<u>210,021</u>
Expenditures:				
Public works:				
Salaries and wages	52,184	63,711	(11,527)	62,609
Employee benefits	31,352	36,896	(5,544)	32,957
Services and supplies	526,180	89,589	436,591	131,145
Capital outlay	<u>881,769</u>	<u>854,903</u>	<u>26,866</u>	<u>84,474</u>
Total expenditures	<u>1,491,485</u>	<u>1,045,099</u>	<u>446,386</u>	<u>311,185</u>
Excess (deficiency) of revenues over expenditures	(681,097)	(234,540)	446,557	(101,164)
Fund balance:				
Beginning of year	<u>789,000</u>	<u>760,481</u>	<u>(28,519)</u>	<u>861,645</u>
End of year	<u>\$ 107,903</u>	<u>\$ 525,941</u>	<u>\$ 418,038</u>	<u>\$ 760,481</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-WATER
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2015 and 2014

	2015	2014
<u>ASSETS</u>		
Current assets:		
Accounts receivable, net of allowance for uncollectible accounts (\$3,008)	\$ 16,539	\$ 18,378
Prepaid expenses	<u>-</u>	<u>19,525</u>
Total current assets	<u>16,539</u>	<u>37,903</u>
Restricted assets:		
Cash	<u>22,052</u>	<u>22,034</u>
Capital assets:		
Land	4,016	4,016
Buildings	31,807	31,807
Machinery, equipment, and plant	2,910,571	2,910,571
Work in progress	339,912	339,912
Accumulated depreciation	<u>(1,980,718)</u>	<u>(1,812,289)</u>
Capital assets, net of accumulated depreciation	<u>1,305,588</u>	<u>1,474,017</u>
Total assets	<u>1,344,179</u>	<u>1,533,954</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension charge	<u>16,262</u>	<u>-</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-WATER
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2015 and 2014

	2015	2014
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ -	\$ 243
Accrued payroll	2,080	1,056
Due to other funds	25,328	54,701
Accrued compensated absences	6,355	6,285
Accrued interest	66	177
Bonds payable - current	4,413	4,219
Notes payable - current	<u>-</u>	<u>18,180</u>
Total current liabilities	<u>38,242</u>	<u>84,861</u>
Non-current liabilities:		
OPEB obligation payable	381	443
Accrued compensated absences	1,570	5,809
Revenue bond payable, net of current portion	263,296	267,705
Net pension liability	<u>105,167</u>	<u>-</u>
Total non-current liabilities	<u>370,414</u>	<u>273,957</u>
Total liabilities	<u>408,656</u>	<u>358,818</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension charge	<u>27,328</u>	<u>-</u>
<u>NET POSITION</u>		
Invested in capital assets, net of related debt	1,037,879	1,183,913
Restricted for debt service	21,968	21,968
Restricted for capital improvements	84	66
Unrestricted	<u>(135,474)</u>	<u>(30,811)</u>
Total net position	<u>\$ 924,457</u>	<u>\$ 1,175,136</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-WATER
SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015
(With Comparative Actual Amounts for Year Ended June 30, 2014)

	2015		Variance -	2014
	Budget	Actual	Positive (Negative)	Actual
Operating revenues:				
Charges for services	\$ 231,000	\$ 214,235	\$ (16,765)	\$ 234,006
Operating expenses:				
Water				
Salaries and wages	21,613	50,874	(29,261)	49,435
Employee benefits	14,001	28,375	(14,374)	26,522
Services and supplies	87,219	63,621	23,598	88,023
General administration	29,439	27,667	1,772	21,006
Depreciation	171,000	168,429	2,571	171,523
Bad debt expense	-	39	(39)	-
Total operating expenses	323,272	339,005	(15,733)	356,509
Operating income (loss)	(92,272)	(124,770)	(32,498)	(122,503)
Non-operating revenues (expenses):				
Investment income	25	4	(21)	8
Penalties	1,575	1,590	15	2,036
Grant	400	1,258	858	-
Impact fees	7,500	1,125	(6,375)	-
Interest expense	(12,607)	(12,338)	269	(13,116)
Total non-operating revenues (expenses)	(3,107)	(8,361)	(5,254)	(11,072)
Change in net position	\$ (95,379)	(133,131)	\$ (37,752)	(133,575)
Net position:				
Beginning of year		1,175,136		1,308,711
Restatement per GASB 68		(117,548)		-
Beginning of year as restated		1,057,588		1,308,711
End of year		\$ 924,457		\$ 1,175,136

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-WATER
COMPARATIVE SCHEDULE OF CASH FLOWS
For the Years Ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Cash received from customers	\$ 216,035	\$ 231,043
Cash paid for salaries, wages, and employee benefits	(94,637)	(85,911)
Cash paid for services and supplies	(61,140)	(91,507)
Net cash provided by operating activities	<u>60,258</u>	<u>53,625</u>
Cash flows from non-capital financing activities:		
Due to/from other funds	(29,373)	54,701
Cash flows from capital and related financing activities:		
Principal payments - bonds/notes payable	(22,395)	(22,214)
Grants and other	3,973	2,036
Interest paid	(12,449)	(13,226)
Purchase of capital assets	-	(78,185)
Net cash provided (used) by capital and related financing activities	<u>(30,871)</u>	<u>(111,589)</u>
Cash flows from investing activities:		
Investment income	4	8
Net increase (decrease) in cash and cash equivalents	18	(3,255)
Cash:		
Beginning of year	22,034	25,289
End of year	<u>\$ 22,052</u>	<u>\$ 22,034</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ (124,770)	\$ (122,503)
Adjustments to reconcile operating income (loss) with net cash provided by operating activities:		
Depreciation and amortization	168,429	171,523
(Increase) decrease in prepaid expenses	19,525	4,923
(Increase) decrease in accounts receivable	1,839	(2,963)
Increase (decrease) in accounts payable	(243)	243
Increase (decrease) in accrued payroll	1,024	(406)
Increase (decrease) in OPEB obligation payable	(62)	(117)
Increase (decrease) in accrued compensated absences	(4,169)	2,925
Increase (decrease) in net pension liability	(27,527)	-
Increase (decrease) in pension expenses	26,212	-
Total adjustments	<u>185,028</u>	<u>176,128</u>
Net cash provided by operating activities	<u>\$ 60,258</u>	<u>\$ 53,625</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-SEWER
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2015 and 2014

	2015	2014
<u>ASSETS</u>		
Current assets:		
Accounts receivable, net of allowance for uncollectible accounts (\$2,419)	\$ 13,304	\$ 14,783
Due from other governments	<u>-</u>	<u>11,951</u>
Total current assets	<u>13,304</u>	<u>26,734</u>
Restricted assets:		
Cash	<u>126,518</u>	<u>126,377</u>
Capital assets:		
Land	262,453	262,453
Buildings	38,473	38,473
Machinery, equipment, and plant	4,466,490	4,466,490
Accumulated depreciation	<u>(2,300,359)</u>	<u>(2,165,751)</u>
Capital assets, net of accumulated depreciation	<u>2,467,057</u>	<u>2,601,665</u>
Total assets	<u>2,606,879</u>	<u>2,754,776</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension charge	<u>11,240</u>	<u>-</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-SEWER
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2015 and 2014

	2015	2014
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 1,162	\$ 6,139
Accrued payroll	1,724	782
Due to other funds	65,664	56,829
Accrued compensated absences	4,392	4,148
Accrued interest	5,272	5,238
Bonds payable - current	33,009	31,464
Total current liabilities	<u>111,223</u>	<u>104,600</u>
Non-current liabilities:		
OPEB obligation payable	177	229
Accrued compensated absences	1,086	4,818
Revenue bond payable, net of current portion	994,662	1,027,865
Net pension liability	<u>72,691</u>	<u>-</u>
Total non-current liabilities	<u>1,068,616</u>	<u>1,032,912</u>
Total liabilities	<u>1,179,839</u>	<u>1,137,512</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension charge	<u>18,889</u>	<u>-</u>
<u>NET POSITION</u>		
Invested in capital assets, net of related debt	1,439,386	1,542,336
Restricted for debt service	115,309	115,168
Restricted for capital improvements	11,209	11,209
Unrestricted	<u>(146,513)</u>	<u>(51,449)</u>
Total net position	<u>\$ 1,419,391</u>	<u>\$ 1,617,264</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-SEWER
SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015
(With Comparative Actual Amounts for Year Ended June 30, 2014)

	2015		Variance -	2014
	Budget	Actual	Positive (Negative)	Actual
Operating revenues:				
Charges for services	\$ 195,000	\$ 181,953	\$ (13,047)	\$ 188,230
Operating expenses:				
Sewer				
Salaries and wages	26,755	34,077	(7,322)	35,899
Employee benefits	17,124	20,776	(3,652)	21,209
Services and supplies	33,144	40,763	(7,619)	43,895
General administration	11,588	23,498	(11,910)	16,897
Depreciation	140,500	134,608	5,892	135,389
Bad debt expense	-	33	(33)	-
Total operating expenses	229,111	253,755	(24,644)	253,289
Operating income (loss)	(34,111)	(71,802)	(37,691)	(65,059)
Non-operating revenues (expenses):				
Investment income	-	141	141	145
Grant	-	-	-	84,998
Penalties	1,500	1,350	(150)	1,637
Grant	-	1,069	1,069	-
Impact fees	7,500	2,500	(5,000)	-
Interest expense	(50,040)	(49,882)	158	(51,185)
Total non-operating revenues (expenses)	(41,040)	(44,822)	(3,782)	35,595
Change in net position	\$ (75,151)	(116,624)	\$ (41,473)	(29,464)
Net position:				
Beginning of year		1,617,264		1,646,728
Restatement per GASB 68		(81,249)		-
Beginning of year as restated		1,536,015		1,646,728
End of year		\$ 1,419,391		\$ 1,617,264

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-SEWER
COMPARATIVE SCHEDULE OF CASH FLOWS
For the Years Ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Cash received from customers	\$ 183,399	\$ 187,148
Cash paid for salaries, wages, and employee benefits	(67,589)	(66,773)
Cash paid for services and supplies	(60,009)	(44,714)
Net cash provided by operating activities	<u>55,801</u>	<u>75,661</u>
Cash flows from non-capital financing activities:		
Due to/from other funds	<u>8,835</u>	<u>33,009</u>
Cash flows from capital and related financing activities:		
Principal payments - bonds payable	(31,658)	(30,177)
Grants and other	16,870	74,684
Interest paid	(49,848)	(51,326)
Purchase of capital assets	<u>-</u>	<u>(101,854)</u>
Net cash (used) by capital and related financing activities	<u>(64,636)</u>	<u>(108,673)</u>
Cash flows from investing activities:		
Investment income	<u>141</u>	<u>145</u>
Net increase in cash and cash equivalents	141	142
Cash:		
Beginning of year	<u>126,377</u>	<u>126,235</u>
End of year	<u><u>\$ 126,518</u></u>	<u><u>\$ 126,377</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	<u>\$ (71,802)</u>	<u>\$ (65,059)</u>
Adjustments to reconcile operating income (loss) with net cash provided by operating activities:		
Depreciation and amortization	134,608	135,389
(Increase) decrease in accounts receivable	1,479	(1,082)
Increase (decrease) in accounts payable	(4,977)	6,139
Increase (decrease) in accrued payroll	942	(508)
Increase (decrease) in OPEB obligation payable	(52)	(94)
Increase (decrease) in accrued compensated absences	(3,488)	876
Increase (decrease) in net pension liability	(19,027)	-
Increase (decrease) in pension expenses	<u>18,118</u>	<u>-</u>
Total adjustments	<u>127,603</u>	<u>140,720</u>
Net cash provided by operating activities	<u><u>\$ 55,801</u></u>	<u><u>\$ 75,661</u></u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-ELECTRICITY
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2015 and 2014

	2015	2014
<u>ASSETS</u>		
Current assets:		
Cash	\$ 117,821	\$ 29,224
Accounts receivable, net of allowance for uncollectible accounts (\$16,457)	90,497	100,560
Prepaid expenses	-	19,526
Due from other funds	<u>90,992</u>	<u>111,530</u>
 Total current assets	 <u>299,310</u>	 <u>260,840</u>
Restricted assets:		
Cash	<u>11,167</u>	<u>11,210</u>
 Capital assets:		
Land	4,016	4,016
Buildings	40,304	40,304
Machinery, equipment, and plant	2,086,877	2,086,877
Accumulated depreciation	<u>(1,157,571)</u>	<u>(1,085,272)</u>
Capital assets, net of accumulated depreciation	<u>973,626</u>	<u>1,045,925</u>
 Total assets	 <u>1,284,103</u>	 <u>1,317,975</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension charge	<u>45,704</u>	<u>-</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-ELECTRICITY
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2015 and 2014

	2015	2014
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 60,814	\$ -
Accrued payroll	7,946	2,739
Accrued compensated absences	17,926	13,597
Notes payable - current	<u>33,468</u>	<u>31,799</u>
Total current liabilities	<u>120,154</u>	<u>48,135</u>
Current liabilities payable from restricted cash:		
Customer deposits	<u>32,031</u>	<u>31,302</u>
Non-current liabilities:		
OPEB obligation payable	15,912	16,257
Accrued compensated absences	4,430	17,936
Note payable, net of current portion	310,278	343,746
Net pension liability	<u>295,579</u>	<u>-</u>
Total non-current liabilities	<u>626,199</u>	<u>377,939</u>
Total liabilities	<u>778,384</u>	<u>457,376</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension charge	<u>76,806</u>	<u>-</u>
<u>NET POSITION</u>		
Invested in capital assets, net of related debt	629,880	670,380
Unrestricted	<u>(155,263)</u>	<u>190,219</u>
Total net position	<u>\$ 474,617</u>	<u>\$ 860,599</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-ELECTRICITY
SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015
(With Comparative Actual Amounts for Year Ended June 30, 2014)

	2015		Variance -	2014
	Budget	Actual	Positive (Negative)	Actual
Operating revenues:				
Charges for services	\$ 1,383,177	\$ 1,181,086	\$ (202,091)	\$ 1,280,415
Operating expenses:				
Electrical				
Salaries and wages	155,355	124,408	30,947	94,100
Employee benefits	100,366	86,001	14,365	62,004
Services and supplies	902,118	803,449	98,669	844,504
General administration	79,693	152,528	(72,835)	114,935
Depreciation	78,000	72,299	5,701	80,741
Bad debt expense	-	221	(221)	-
Total operating expenses	1,315,532	1,238,906	76,626	1,196,284
Operating income (loss)	67,645	(57,820)	(125,465)	84,131
Non-operating revenues (expenses):				
Investment income	120	14	(106)	17
Penalties	9,565	8,767	(798)	11,138
Grant	-	6,939	6,939	-
Impact fees	7,500	5,000	(2,500)	-
Interest expense	(18,505)	(18,506)	(1)	(20,092)
Total non-operating revenues (expenses)	(1,320)	2,214	3,534	(8,937)
Change in net position	\$ 66,325	(55,606)	\$ (121,931)	75,194
Net position:				
Beginning of year		860,599		785,405
Restatement per GASB 68		(330,376)		-
Beginning of year as restated		530,223		785,405
End of year		\$ 474,617		\$ 860,599

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND UTILITY ENTERPRISE FUND-ELECTRICITY
COMPARATIVE SCHEDULE OF CASH FLOWS
For the Years Ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Cash received from customers	\$ 1,191,657	\$ 1,256,320
Cash paid for salaries, wages, and employee benefits	(278,323)	(230,112)
Cash paid for services and supplies	(815,733)	(890,289)
Net cash provided by operating activities	<u>97,601</u>	<u>135,919</u>
Cash flows from non-capital financing activities:		
Due to/from other funds	<u>20,538</u>	<u>(87,710)</u>
Cash flows from capital and related financing activities:		
Principal payments - notes payable	(31,799)	(30,214)
Grants and other	20,706	11,138
Interest paid	(18,506)	(20,092)
Purchase of capital assets	-	(108,568)
Net cash (used) by capital and related financing activities	<u>(29,599)</u>	<u>(147,736)</u>
Cash flows from investing activities:		
Investment income	<u>14</u>	<u>17</u>
Net increase (decrease) in cash and cash equivalents	88,554	(99,510)
Cash:		
Beginning of year	<u>40,434</u>	<u>139,944</u>
End of year	<u>\$ 128,988</u>	<u>\$ 40,434</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	<u>\$ (57,820)</u>	<u>\$ 84,131</u>
Adjustments to reconcile operating income (loss) with net cash provided by operating activities:		
Depreciation and amortization	72,299	80,741
(Increase) decrease in prepaid expenses	19,526	1,545
(Increase) decrease in accounts receivable	10,063	(17,005)
Increase (decrease) in accounts payable	60,814	-
Increase (decrease) in accrued payroll	5,207	(2,743)
Increase (decrease) in customer deposits	729	(7,090)
Increase (decrease) in OPEB obligation payable	(345)	(645)
Increase (decrease) in accrued compensated absences	(9,177)	(3,015)
Increase (decrease) in net pension liability	(77,365)	-
Increase (decrease) in pension expenses	<u>73,670</u>	<u>-</u>
Total adjustments	<u>155,421</u>	<u>51,788</u>
Net cash provided by operating activities	<u>\$ 97,601</u>	<u>\$ 135,919</u>

CITY OF CALIENTE, NEVADA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2015
(With Comparative Totals for June 30, 2014)

	Parks and Recreation	Room Tax	Municipal Court AA Fees	Meadow Valley Industrial Park	Heritage Museum Board
<u>ASSETS</u>					
Pooled cash and investments	\$ -	\$ 17,483	\$ 1,465	\$ 11,481	\$ 1,836
Taxes receivable	-	-	-	-	-
Accounts receivable	<u>3,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 3,209</u>	<u>\$ 17,483</u>	<u>\$ 1,465</u>	<u>\$ 11,481</u>	<u>\$ 1,836</u>
<u>LIABILITIES</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ 34	\$ -
Accrued payroll	3,736	-	-	-	-
Unearned revenue	-	-	-	900	-
Due to other funds	<u>34,548</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>38,284</u>	<u>-</u>	<u>-</u>	<u>934</u>	<u>-</u>
<u>FUND BALANCE</u>					
Restricted:					
General government	-	-	-	-	1,836
Judicial	-	-	1,465	-	-
Public safety	-	-	-	-	-
Committed:					
General government	-	-	-	10,547	-
Culture and recreation	-	17,483	-	-	-
Unassigned	<u>(35,075)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>(35,075)</u>	<u>17,483</u>	<u>1,465</u>	<u>10,547</u>	<u>1,836</u>
Total liabilities and fund balance	<u>\$ 3,209</u>	<u>\$ 17,483</u>	<u>\$ 1,465</u>	<u>\$ 11,481</u>	<u>\$ 1,836</u>

Fire	Totals	
	2015	2014
\$ 28,560	\$ 60,825	\$ 9,272
-	-	6,585
<u>5,210</u>	<u>8,419</u>	<u>5,052</u>
<u>\$ 33,770</u>	<u>\$ 69,244</u>	<u>\$ 20,909</u>
\$ -	\$ 34	\$ 249
-	3,736	2,314
-	900	900
<u>-</u>	<u>34,548</u>	<u>63,636</u>
<u>-</u>	<u>39,218</u>	<u>67,099</u>
-	1,836	2,233
-	1,465	1,260
33,770	33,770	9,739
-	10,547	192
-	17,483	6,553
<u>-</u>	<u>(35,075)</u>	<u>(66,167)</u>
<u>33,770</u>	<u>30,026</u>	<u>(46,190)</u>
<u>\$ 33,770</u>	<u>\$ 69,244</u>	<u>\$ 20,909</u>

CITY OF CALIENTE, NEVADA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year Ended June 30, 2015
(With Comparative Totals for Year Ended June 30, 2014)

	Parks and Recreation	Room Tax	Municipal Court AA Fees	Meadow Valley Industrial Park	Heritage Museum Board
Revenues:					
Taxes	\$ -	\$ 74,895	\$ -	\$ -	\$ -
Intergovernmental	-	15,000	-	-	-
Charges for services	46,970	-	1,071	-	-
Miscellaneous	-	2,511	1	10,850	264
	<u>-</u>	<u>2,511</u>	<u>1</u>	<u>10,850</u>	<u>264</u>
Total revenues	<u>46,970</u>	<u>92,406</u>	<u>1,072</u>	<u>10,850</u>	<u>264</u>
Expenditures:					
General government	-	-	-	495	661
Judicial	-	-	867	-	-
Public safety	-	-	-	-	-
Culture and recreation	75,878	20,000	-	-	-
Intergovernmental	-	2,095	-	-	-
Debt service	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>75,878</u>	<u>22,095</u>	<u>867</u>	<u>495</u>	<u>661</u>
Excess (deficiency) of revenues over expenditures	<u>(28,908)</u>	<u>70,311</u>	<u>205</u>	<u>10,355</u>	<u>(397)</u>
Other financing sources (uses):					
Operating transfers in	60,000	619	-	-	-
Operating transfers out	-	(60,000)	-	-	-
Total other financing sources (uses):	<u>60,000</u>	<u>(59,381)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	31,092	10,930	205	10,355	(397)
Fund balance:					
Beginning of year	<u>(66,167)</u>	<u>6,553</u>	<u>1,260</u>	<u>192</u>	<u>2,233</u>
End of year	<u>\$ (35,075)</u>	<u>\$ 17,483</u>	<u>\$ 1,465</u>	<u>\$ 10,547</u>	<u>\$ 1,836</u>

Fire	Totals	
	2015	2014
\$ -	\$ 74,895	\$ 60,367
-	15,000	213,459
38,371	86,412	80,979
-	13,626	162,841
<u>38,371</u>	<u>189,933</u>	<u>517,646</u>
-	1,156	507
-	867	662
31,871	31,871	23,246
-	95,878	606,106
-	2,095	2,017
<u>12,208</u>	<u>12,208</u>	<u>12,208</u>
<u>44,079</u>	<u>144,075</u>	<u>644,746</u>
<u>(5,708)</u>	<u>45,858</u>	<u>(127,100)</u>
29,739	90,358	86,148
-	(60,000)	(58,318)
<u>29,739</u>	<u>30,358</u>	<u>27,830</u>
24,031	76,216	(99,270)
<u>9,739</u>	<u>(46,190)</u>	<u>53,080</u>
<u>\$ 33,770</u>	<u>\$ 30,026</u>	<u>\$ (46,190)</u>

CITY OF CALIENTE, NEVADA
NONMAJOR FUND - PARKS AND RECREATION SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	2015	2014
ASSETS		
Accounts receivable	\$ <u>3,209</u>	\$ <u>-</u>
LIABILITIES		
Accounts payable	\$ -	\$ 249
Accrued payroll	3,736	2,282
Due to other funds	<u>34,548</u>	<u>63,636</u>
Total liabilities	38,284	66,167
FUND BALANCE		
Unassigned	<u>(35,075)</u>	<u>(66,167)</u>
Total liabilities and fund balance	\$ <u>3,209</u>	\$ <u>-</u>

CITY OF CALIENTE, NEVADA
NONMAJOR FUND - MAJOR FUND - PARKS AND RECREATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015
(With Comparative Actual Amounts for Year Ended June 30, 2014)

	2015		Variance -	2014
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Intergovernmental:				
Grant	\$ -	\$ -	\$ -	\$ 213,459
Charges for services:				
Swimming pool	8,000	6,184	(1,816)	3,779
Park fees	38,000	40,786	2,786	38,238
Total charges for services	46,000	46,970	970	42,017
Miscellaneous:				
Other	-	-	-	151,435
Total revenues	46,000	46,970	970	406,911
Expenditures:				
Culture and recreation:				
Pool:				
Salaries and wages	26,316	14,441	11,875	4,473
Employee benefits	3,505	2,782	723	700
Services and supplies	7,850	10,413	(2,563)	23,623
Capital outlay	-	-	-	337,605
Total pool expenditures	37,671	27,636	10,035	366,401
Park:				
Salaries and wages	19,880	26,642	(6,762)	32,478
Employee benefits	5,768	8,483	(2,715)	11,911
Services and supplies	15,495	13,117	2,378	117,359
Capital outlay	8,500	-	8,500	32,308
Total park expenditures	49,643	48,242	1,401	194,056
Rodeo:				
Services and supplies	100	-	100	167
Total expenditures	87,414	75,878	11,536	560,624
Excess (deficiency) of revenues over expenditures	(41,414)	(28,908)	12,506	(153,713)
Other financing sources (uses):				
Operating transfers in	60,000	60,000	-	86,148
Net change in fund balance	18,586	31,092	12,506	(67,565)
Fund balance:				
Beginning of year	1,000	(66,167)	(67,167)	1,398
End of year	\$ 19,586	\$ (35,075)	\$ (54,661)	\$ (66,167)

CITY OF CALIENTE, NEVADA
NONMAJOR FUND - ROOM TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

2015

2014

ASSETS

Pooled cash and investments	\$ 17,483	\$ -
Taxes receivable	<u>-</u>	<u>6,585</u>
 Total assets	 <u><u>\$ 17,483</u></u>	 <u><u>\$ 6,585</u></u>

LIABILITIES

Accrued payroll	\$ -	\$ 32
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FUND BALANCE

Committed for culture and recreation	<u>17,483</u>	<u>6,553</u>
 Total liabilities and fund balance	 <u><u>\$ 17,483</u></u>	 <u><u>\$ 6,585</u></u>

CITY OF CALIENTE, NEVADA
NONMAJOR FUND - ROOM TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015
(With Comparative Actual Amounts for Year Ended June 30, 2014)

	2015		Variance -	
	Budget	Actual	Positive (Negative)	2014 Actual
Revenues:				
Taxes:				
Room tax	\$ 83,000	\$ 74,895	\$ (8,105)	\$ 60,367
Intergovernmental:				
Other	15,000	15,000	-	-
Miscellaneous:				
Donations	2,500	2,500	-	-
Investment income	-	11	11	11
Total miscellaneous revenue	2,500	2,511	11	11
Total revenues	100,500	92,406	(8,094)	60,378
Expenditures:				
Culture and recreation:				
Salaries and wages	-	-	-	282
Benefits	-	-	-	87
Services and supplies	17,500	20,000	(2,500)	45,113
Total culture and recreation	17,500	20,000	(2,500)	45,482
Intergovernmental:				
Payment to the state	3,000	2,095	905	2,017
Total expenditures	20,500	22,095	(1,595)	47,499
Excess (deficiency) of revenues over expenditures	80,000	70,311	(9,689)	12,879
Other financing sources (uses):				
Operating transfers in	619	619	-	-
Operating transfers out	(80,000)	(60,000)	20,000	(28,408)
Total other financing sources (uses)	(79,381)	(59,381)	20,000	(28,408)
Net change in fund balance	619	10,930	10,311	(15,529)
Fund balance:				
Beginning of year	924	6,553	5,629	22,082
End of year	\$ 1,543	\$ 17,483	\$ 15,940	\$ 6,553

CITY OF CALIENTE, NEVADA
NONMAJOR FUND - MUNICIPAL COURT AA FEES SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

2015

2014

ASSETS

Pooled cash and investments	<u>\$ 1,465</u>	<u>\$ 1,260</u>
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LIABILITIES

Accounts payable	\$ -	\$ -
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FUND BALANCE

Restricted for judicial	<u>1,465</u>	<u>1,260</u>
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Total liabilities and fund balance	<u>\$ 1,465</u>	<u>\$ 1,260</u>
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CITY OF CALIENTE, NEVADA
NONMAJOR FUND - MUNICIPAL COURT AA FEES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015
(With Comparative Actual Amounts for Year Ended June 30, 2014)

	2015		Variance -	2014
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Charges for services:				
Administrative assessments	\$ 2,000	\$ 1,071	\$ (929)	\$ 1,288
Miscellaneous:				
Investment income	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Total revenues	2,000	1,072	(928)	1,288
Expenditures:				
Judicial:				
Services and supplies	<u>2,000</u>	<u>867</u>	<u>1,133</u>	<u>662</u>
Excess (deficiency) of revenues over expenditures	-	205	205	626
Fund balance:				
Beginning of year	<u>-</u>	<u>1,260</u>	<u>1,260</u>	<u>634</u>
End of year	<u>\$ -</u>	<u>\$ 1,465</u>	<u>\$ 1,465</u>	<u>\$ 1,260</u>

CITY OF CALIENTE, NEVADA
NONMAJOR FUND - MEADOW VALLEY INDUSTRIAL PARK SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	2015	2014
<u>ASSETS</u>		
Pooled cash and investments	\$ 11,481	\$ 1,092
<u>LIABILITIES</u>		
Accounts payable	\$ 34	\$ -
Unearned revenue	900	900
Total liabilities	934	900
<u>FUND BALANCE</u>		
Committed for general government	10,547	192
Total liabilities and fund balance	\$ 11,481	\$ 1,092

CITY OF CALIENTE, NEVADA
NONMAJOR FUND - MEADOW VALLEY INDUSTRIAL PARK SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015
(With Comparative Actual Amounts for Year Ended June 30, 2014)

	2015		Variance -	2014
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Miscellaneous:				
Rents	\$ 10,800	\$ 10,850	\$ 50	\$ 10,800
Expenditures:				
General government:				
Services and supplies	<u>10,800</u>	<u>495</u>	<u>10,305</u>	<u>308</u>
Excess (deficiency) of revenues over expenditures	-	10,355	10,355	10,492
Other financing sources (uses):				
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,910)</u>
Net change in fund balance	-	10,355	10,355	(19,418)
Fund balance:				
Beginning of year	<u>-</u>	<u>192</u>	<u>192</u>	<u>19,610</u>
End of year	<u>\$ -</u>	<u>\$ 10,547</u>	<u>\$ 10,547</u>	<u>\$ 192</u>

CITY OF CALIENTE, NEVADA
NONMAJOR FUND - HERITAGE MUSEUM BOARD SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

2015

2014

ASSETS

Pooled cash and investments	\$ 1,836	\$ 2,233
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LIABILITIES

Accounts payable	\$ -	\$ -
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FUND BALANCE

Restricted for general government	1,836	2,233
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Total liabilities and fund balance	\$ 1,836	\$ 2,233
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CITY OF CALIENTE, NEVADA
NONMAJOR FUND - HERITAGE MUSEUM BOARD SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015
(With Comparative Actual Amounts for Year Ended June 30, 2014)

	2015		Variance -	2014
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Miscellaneous:				
Donations	\$ 264	\$ 264	\$ -	\$ 595
Expenditures:				
General government:				
Services and supplies	<u>723</u>	<u>661</u>	<u>62</u>	<u>199</u>
Excess (deficiency) of revenues over expenditures	(459)	(397)	62	396
Fund balance:				
Beginning of year	<u>459</u>	<u>2,233</u>	<u>1,774</u>	<u>1,837</u>
End of year	<u>\$ -</u>	<u>\$ 1,836</u>	<u>\$ 1,836</u>	<u>\$ 2,233</u>

CITY OF CALIENTE, NEVADA
NONMAJOR FUND - FIRE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

2015

2014

ASSETS

Pooled cash and investments	\$ 28,560	\$ 4,687
Accounts receivable	<u>5,210</u>	<u>5,052</u>
 Total assets	 <u>\$ 33,770</u>	 <u>\$ 9,739</u>

LIABILITIES

Due to other funds	\$ -	\$ -
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FUND BALANCE

Restricted for public safety	<u>33,770</u>	<u>9,739</u>
 Total liabilities and fund balance	 <u>\$ 33,770</u>	 <u>\$ 9,739</u>

CITY OF CALIENTE, NEVADA
NONMAJOR FUND - FIRE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015
(With Comparative Actual Amounts for Year Ended June 30, 2014)

	2015		Variance -	
	Budget	Actual	Positive (Negative)	2014 Actual
Revenues:				
Charges for services:				
Fire department fees	\$ 40,000	\$ 38,371	\$ (1,629)	\$ 37,674
Expenditures:				
Public safety:				
Salaries and wages	500	64	436	-
Employee benefits	100	9,747	(9,647)	-
Services and supplies	60,519	14,205	46,314	23,246
Capital outlay	-	7,855	(7,855)	-
Total public safety	61,119	31,871	29,248	23,246
Debt service:				
Principal	8,858	8,955	(97)	8,565
Interest	3,350	3,253	97	3,643
Total debt service	12,208	12,208	-	12,208
Total expenditures	73,327	44,079	29,248	35,454
Excess (deficiency) of revenues over expenditures	(33,327)	(5,708)	27,619	2,220
Other financing sources (uses):				
Operating transfer in	29,739	29,739	-	-
Net change in fund balance	(3,588)	24,031	27,619	2,220
Fund balance:				
Beginning of year	3,588	9,739	6,151	7,519
End of year	\$ -	\$ 33,770	\$ 33,770	\$ 9,739

CITY OF CALIENTE, NEVADA
INTERNALLY REPORTED (BUDGETARY BASIS) FUNDS REPORTED AS PART OF THE
GENERAL FUND FOR EXTERNAL REPORTING PURPOSES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Caliente Centennial	Communications Tower	Tree Board	Totals	
				2015	2014
Revenues:					
Miscellaneous	-	-	-	-	\$ 1,500
Expenditures:					
General government	-	-	-	-	1,024
Excess (deficiency) of revenues over expenditures	-	-	-	-	476
Other financing sources (uses):					
Operating transfers in	-	-	-	-	1,170
Operating transfers out	(610)	(2,816)	(9)	(3,435)	-
Total other financing sources (uses):	(610)	(2,816)	(9)	(3,435)	1,170
Net change in fund balance	(610)	(2,816)	(9)	(3,435)	1,646
Fund balance:					
Beginning of year	610	2,816	9	3,435	1,789
End of year	\$ -	\$ -	\$ -	\$ -	\$ 3,435

CITY OF CALIENTE, NEVADA
CALIENTE CENTENNIAL
INTERNALLY REPORTED (BUDGETARY BASIS) FUND REPORTED
AS PART OF THE GENERAL FUND FOR EXTERNAL REPORTING PURPOSES
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	2015	2014
<u>ASSETS</u>		
Pooled cash and investments	\$ <u> -</u>	\$ <u> 610</u>
<u>LIABILITIES</u>		
Accounts payable	\$ -	\$ -
<u>FUND BALANCE</u>		
Restricted for culture and recreation	<u> -</u>	<u> 610</u>
Total liabilities and fund balance	\$ <u> -</u>	\$ <u> 610</u>

CITY OF CALIENTE, NEVADA
CALIENTE CENTENNIAL
INTERNALLY REPORTED (BUDGETARY BASIS) FUND REPORTED
AS PART OF THE GENERAL FUND FOR EXTERNAL REPORTING PURPOSES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015
(With Comparative Actual Amounts for Year Ended June 30, 2014)

	Budget	2015 Actual	Variance - Positive (Negative)	2014 Actual
Revenues:				
Miscellaneous:				
Donations	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Culture and recreation:				
Services and supplies	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses):				
Operating transfers out	(610)	(610)	-	-
Net change in fund balance	(610)	(610)	-	-
Fund balance:				
Beginning of year	610	610	-	610
End of year	\$ -	\$ -	\$ -	\$ 610

**CITY OF CALIENTE, NEVADA
COMMUNICATIONS TOWER
INTERNALLY REPORTED (BUDGETARY BASIS) FUND REPORTED
AS PART OF THE GENERAL FUND FOR EXTERNAL REPORTING PURPOSES
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014**

	2015	2014
<u>ASSETS</u>		
Pooled cash and investments	\$ -	\$ 2,816
<u>LIABILITIES</u>		
Accounts payable	\$ -	\$ -
<u>FUND BALANCE</u>		
Restricted for general government	-	2,816
Total liabilities and fund balance	\$ -	\$ 2,816

**CITY OF CALIENTE, NEVADA
COMMUNICATIONS TOWER
INTERNALLY REPORTED (BUDGETARY BASIS) FUND REPORTED
AS PART OF THE GENERAL FUND FOR EXTERNAL REPORTING PURPOSES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015
(With Comparative Actual Amounts for Year Ended June 30, 2014)**

	Budget	2015 Actual	Variance - Positive (Negative)	2014 Actual
Revenues:				
Miscellaneous:				
Rent	\$ -	\$ -	\$ -	\$ 1,500
Expenditures:				
General government:				
Services and supplies	-	-	-	1,024
Excess (deficiency) of revenues over expenditures	-	-	-	476
Other financing sources (uses):				
Operating transfers out	(2,340)	(2,816)	(476)	-
Net change in fund balance	(2,340)	(2,816)	(476)	476
Fund balance:				
Beginning of year	2,340	2,816	476	2,340
End of year	\$ -	\$ -	\$ -	\$ 2,816

CITY OF CALIENTE, NEVADA
TREE BOARD
INTERNALLY REPORTED (BUDGETARY BASIS) FUND REPORTED
AS PART OF THE GENERAL FUND FOR EXTERNAL REPORTING PURPOSES
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	2015	2014
<u>ASSETS</u>		
Pooled cash and investments	\$ -	\$ 9
<u>LIABILITIES</u>		
Due to other funds	\$ -	\$ -
<u>FUND BALANCE</u>		
Restricted for culture and recreation	-	9
Total liabilities and fund balance	\$ -	\$ 9

CITY OF CALIENTE, NEVADA
TREE BOARD
INTERNALLY REPORTED (BUDGETARY BASIS) FUND REPORTED
AS PART OF THE GENERAL FUND FOR EXTERNAL REPORTING PURPOSES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015
(With Comparative Actual Amounts for Year Ended June 30, 2014)

	2015		Variance -	2014
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Miscellaneous:				
Donations	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Culture and recreation:				
Services and supplies	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses):				
Operating transfers out	(9)	(9)	-	-
Net change in fund balance	(9)	(9)	-	-
Fund balance:				
Beginning of year	9	9	-	9
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9</u>

CITY OF CALIENTE, NEVADA
NONMAJOR FUND - SPECIAL AD VALOREM CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	2015	2014
<hr/>		
<u>ASSETS</u>		
Pooled cash and investments	\$ 19,241	\$ 19,372
	<u>19,241</u>	<u>19,372</u>
 <u>LIABILITIES</u>		
Accounts payable	\$ -	\$ -
 <u>FUND BALANCE</u>		
Restricted for capital projects	<u>19,241</u>	<u>19,372</u>
Total liabilities and fund balance	\$ 19,241	\$ 19,372
	<u>19,241</u>	<u>19,372</u>

CITY OF CALIENTE, NEVADA
NONMAJOR FUND - SPECIAL AD VALOREM CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015
(With Comparative Actual Amounts for Year Ended June 30, 2014)

		2015	Variance -	2014
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Intergovernmental:				
Other	\$ 8,438	\$ 8,824	\$ 386	\$ 7,446
Expenditures:				
Capital projects	<u>13,244</u>	<u>8,955</u>	<u>4,289</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(4,806)	(131)	4,675	7,446
Fund balance:				
Beginning of year	<u>4,806</u>	<u>19,372</u>	<u>14,566</u>	<u>11,926</u>
End of year	<u>\$ -</u>	<u>\$ 19,241</u>	<u>\$ 19,241</u>	<u>\$ 19,372</u>

CITY OF CALIENTE, NEVADA
NONMAJOR UTILITY ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2015
(With Comparative Totals for June 30, 2014)

	Waste Collection	Mosquito Abatement	Totals	
			2015	2014
<u>ASSETS</u>				
Current assets:				
Cash	\$ 81,674	\$ 58,838	\$ 140,512	\$ 110,766
Accounts receivable, net of allowance for uncollectible accounts (\$2,229)	11,183	1,072	12,255	13,618
Prepaid expenses	-	-	-	3,400
Inventories	-	3,660	3,660	4,005
Total current assets	92,857	63,570	156,427	131,789
Capital assets:				
Land	4,016	-	4,016	4,016
Buildings	26,906	-	26,906	26,906
Machinery, equipment, and plant	257,282	-	257,282	257,282
Accumulated depreciation	(264,349)	-	(264,349)	(263,399)
Capital assets, net of accumulated depreciation	23,855	-	23,855	24,805
Total assets	116,712	63,570	180,282	156,594
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension charge	9,121	172	9,293	-
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	3,400	-	3,400	-
Accrued payroll	1,612	162	1,774	765
Accrued compensated absences	3,564	-	3,564	3,598
Total current liabilities	8,576	162	8,738	4,363
Non-current liabilities:				
OPEB obligation payable	87	-	87	131
Accrued compensated absences	881	-	881	5,020
Net pension liability	58,986	1,115	60,101	-
Total non-current liabilities	59,954	1,115	61,069	5,151
Total liabilities	68,530	1,277	69,807	9,514
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension charge	15,328	290	15,618	-
<u>NET POSITION</u>				
Invested in capital assets, net of related debt	23,855	-	23,855	24,805
Unrestricted	18,120	62,175	80,295	122,275
Total net position	\$ 41,975	\$ 62,175	\$ 104,150	\$ 147,080

CITY OF CALIENTE, NEVADA
NONMAJOR UTILITY ENTERPRISE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
Year Ended June 30, 2015
(With Comparative Totals for June 30, 2014)

	Waste Collection	Mosquito Abatement	Totals	
			2015	2014
Operating revenues:				
Charges for services	\$ 153,299	\$ 14,876	\$ 168,175	\$ 173,394
Operating expenses:				
Salaries and wages	27,471	816	28,287	35,658
Employee benefits	13,647	212	13,859	16,379
Services and supplies	73,388	7,932	81,320	72,805
General administration	19,798	1,921	21,719	15,564
Depreciation	950	-	950	986
Bad debt expense	28	-	28	-
Total operating expenses	135,282	10,881	146,163	141,392
Operating income (loss)	18,017	3,995	22,012	32,002
Non-operating revenues (expenses):				
Investment income	-	-	-	2
Penalties	1,138	110	1,248	1,508
Grant	900	87	987	-
Total non-operating revenues (expenses)	2,038	197	2,235	1,510
Change in net position	20,055	4,192	24,247	33,512
Net position:				
Beginning of year	87,851	59,229	147,080	113,568
Restatement per GASB 68	(65,931)	(1,246)	(67,177)	-
Beginning of year as restated	21,920	57,983	79,903	113,568
End of year	\$ 41,975	\$ 62,175	\$ 104,150	\$ 147,080

CITY OF CALIENTE, NEVADA
NONMAJOR UTILITY ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
Year Ended June 30, 2015
(With Comparative Totals for June 30, 2014)

	Waste Collection	Mosquito Abatement	Totals	
			2015	2014
Cash flows from operating activities:				
Cash received from customers	\$ 154,515	\$ 14,995	\$ 169,510	\$ 172,267
Cash paid for salaries, wages, and employee benefits	(52,989)	(1,646)	(54,635)	(65,250)
Cash paid for services and supplies	<u>(78,610)</u>	<u>(8,754)</u>	<u>(87,364)</u>	<u>(76,819)</u>
Net cash provided by operating activities	22,916	4,595	27,511	30,198
Cash flows from capital and related financing activities:				
Grants and other	2,038	197	2,235	1,508
Cash flows from investing activities:				
Investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
Net increase (decrease) in cash and cash equivalents	24,954	4,792	29,746	31,708
Cash:				
Beginning of year	<u>56,720</u>	<u>54,046</u>	<u>110,766</u>	<u>79,058</u>
End of year	<u>\$ 81,674</u>	<u>\$ 58,838</u>	<u>\$ 140,512</u>	<u>\$ 110,766</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	<u>\$ 18,017</u>	<u>\$ 3,995</u>	<u>\$ 22,012</u>	<u>\$ 32,002</u>
Adjustments to reconcile operating income (loss) with net cash provided by operating activities:				
Depreciation and amortization	950	-	950	986
(Increase) decrease in inventory	-	345	345	2,395
(Increase) decrease in prepaid expenses	3,400	-	3,400	-
(Increase) decrease in accounts receivable	1,244	119	1,363	(1,127)
Increase (decrease) in accounts payable	3,400	-	3,400	-
Increase (decrease) in accrued payroll	860	149	1,009	(1,097)
Increase (decrease) in OPEB obligation payable	(44)	-	(44)	(79)
Increase (decrease) in accrued compensated absences	(4,173)	-	(4,173)	(2,882)
Increase (decrease) in net pension liability	(15,440)	(292)	(15,732)	-
Increase (decrease) in pension expenses	<u>14,702</u>	<u>279</u>	<u>14,981</u>	<u>-</u>
Total adjustments	<u>4,899</u>	<u>600</u>	<u>5,499</u>	<u>(1,804)</u>
Net cash provided by operating activities	<u>\$ 22,916</u>	<u>\$ 4,595</u>	<u>\$ 27,511</u>	<u>\$ 30,198</u>

CITY OF CALIENTE, NEVADA
NON-MAJOR UTILITY ENTERPRISE FUND - WASTE COLLECTION
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2015 and 2014

	2015	2014
<u>ASSETS</u>		
Current assets:		
Cash	\$ 81,674	\$ 56,720
Accounts receivable, net of allowance for uncollectible accounts (\$2,034)	11,183	12,427
Prepaid expenses	-	3,400
Total current assets	<u>92,857</u>	<u>72,547</u>
Capital assets:		
Land	4,016	4,016
Buildings	26,906	26,906
Machinery, equipment, and plant	257,282	257,282
Accumulated depreciation	<u>(264,349)</u>	<u>(263,399)</u>
Capital assets, net of accumulated depreciation	<u>23,855</u>	<u>24,805</u>
Total assets	<u>116,712</u>	<u>97,352</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension charge	<u>9,121</u>	<u>-</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	3,400	-
Accrued payroll	1,612	752
Accrued compensated absences	<u>3,564</u>	<u>3,598</u>
Total current liabilities	<u>8,576</u>	<u>4,350</u>
Non-current liabilities:		
OPEB obligation payable	87	131
Accrued compensated absences	881	5,020
Net pension liability	<u>58,986</u>	<u>-</u>
Total non-current liabilities	<u>59,954</u>	<u>5,151</u>
Total liabilities	<u>68,530</u>	<u>9,501</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension charge	<u>15,328</u>	<u>-</u>
<u>NET POSITION</u>		
Invested in capital assets, net of related debt	23,855	24,805
Unrestricted	<u>18,120</u>	<u>63,046</u>
Total net position	<u>\$ 41,975</u>	<u>\$ 87,851</u>

CITY OF CALIENTE, NEVADA
NON-MAJOR UTILITY ENTERPRISE FUND - WASTE COLLECTION
SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015
(With Comparative Actual Amounts for Year Ended June 30, 2014)

	2015		Variance -	2014
	Budget	Actual	Positive (Negative)	Actual
Operating revenues:				
Charges for services	\$ 160,000	\$ 153,299	\$ (6,701)	\$ 158,232
Operating expenses:				
Waste collection				
Salaries and wages	44,289	27,471	16,818	35,658
Employee benefits	23,197	13,647	9,550	16,379
Services and supplies	87,489	73,388	14,101	61,802
General administration	9,700	19,798	(10,098)	14,203
Depreciation	5,000	950	4,050	986
Bad debt expense	-	28	(28)	-
Total operating expenses	169,675	135,282	34,393	129,028
Operating income (loss)	(9,675)	18,017	27,692	29,204
Non-operating revenues (expenses):				
Investment income	-	-	-	2
Penalties	1,000	1,138	138	1,376
Grant	-	900	900	-
Total non-operating revenues (expenses)	1,000	2,038	1,038	1,378
Change in net position	\$ (8,675)	20,055	\$ 28,730	30,582
Net position:				
Beginning of year		87,851		57,269
Restatement per GASB 68		(65,931)		-
Beginning of year as restated		21,920		57,269
End of year		\$ 41,975		\$ 87,851

CITY OF CALIENTE, NEVADA
NON-MAJOR UTILITY ENTERPRISE FUND - WASTE COLLECTION
COMPARATIVE SCHEDULE OF CASH FLOWS
For the Years Ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Cash received from customers	\$ 154,515	\$ 157,214
Cash paid for salaries, wages, and employee benefits	(52,989)	(64,434)
Cash paid for services and supplies	<u>(78,610)</u>	<u>(67,651)</u>
Net cash provided (used) by operating activities	22,916	25,129
Cash flows from capital and related financing activities:		
Grants and other	2,038	1,376
Cash flows from investing activities:		
Investment income	<u>-</u>	<u>2</u>
Net increase (decrease) in cash and cash equivalents	24,954	26,507
Cash:		
Beginning of year	<u>56,720</u>	<u>30,213</u>
End of year	<u><u>\$ 81,674</u></u>	<u><u>\$ 56,720</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	<u>\$ 18,017</u>	<u>\$ 29,204</u>
Adjustments to reconcile operating income (loss) with net cash provided by operating activities:		
Depreciation and amortization	950	986
(Increase) decrease in prepaid expenses	3,400	-
(Increase) decrease in accounts receivable	1,244	(1,018)
Increase (decrease) in accounts payable	3,400	-
Increase (decrease) in accrued payroll	860	(1,082)
Increase (decrease) in OPEB obligation payable	(44)	(79)
Increase (decrease) in accrued compensated absences	(4,173)	(2,882)
Increase (decrease) in net pension liability	(15,440)	-
Increase (decrease) in pension expenses	<u>14,702</u>	<u>-</u>
Total adjustments	<u>4,899</u>	<u>(4,075)</u>
Net cash provided (used) by operating activities	<u><u>\$ 22,916</u></u>	<u><u>\$ 25,129</u></u>

CITY OF CALIENTE, NEVADA
NON-MAJOR UTILITY ENTERPRISE FUND - MOSQUITO ABATEMENT
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2015 and 2014

	2015	2014
<u>ASSETS</u>		
Current assets:		
Cash	\$ 58,838	\$ 54,046
Accounts receivable, net of allowance for uncollectible accounts (\$195)	1,072	1,191
Inventories	<u>3,660</u>	<u>4,005</u>
 Total assets	 63,570	 59,242
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension charge	<u>172</u>	<u>-</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accrued payroll	162	13
Non-current liabilities:		
Net pension liability	<u>1,115</u>	<u>-</u>
 Total liabilities	<u>1,277</u>	<u>13</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension charge	<u>290</u>	<u>-</u>
<u>NET POSITION</u>		
Unrestricted	<u><u>\$ 62,175</u></u>	<u><u>\$ 59,229</u></u>

CITY OF CALIENTE, NEVADA
NON-MAJOR UTILITY ENTERPRISE FUND - MOSQUITO ABATEMENT
SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015
(With Comparative Actual Amounts for Year Ended June 30, 2014)

	2015		Variance -	2014
	Budget	Actual	Positive (Negative)	Actual
Operating revenues:				
Charges for services	\$ 15,200	\$ 14,876	\$ (324)	\$ 15,162
Operating expenses:				
Mosquito abatement				
Salaries and wages	556	816	(260)	-
Employee benefits	201	212	(11)	-
Services and supplies	12,350	7,932	4,418	11,003
General administration	966	1,921	(955)	1,361
Depreciation	200	-	200	-
Total operating expenses	14,273	10,881	3,392	12,364
Operating income (loss)	927	3,995	3,068	2,798
Non-operating revenues (expenses):				
Penalties	133	110	(23)	132
Grant	35	87	52	-
Total non-operating revenues (expenses)	168	197	29	132
Change in net position	\$ 1,095	4,192	\$ 3,097	2,930
Net position:				
Beginning of year		59,229		56,299
Restatement per GASB 68		(1,246)		-
Beginning of year as restated		57,983		56,299
End of year		\$ 62,175		\$ 59,229

CITY OF CALIENTE, NEVADA
NON-MAJOR UTILITY ENTERPRISE FUND - MOSQUITO ABATEMENT
COMPARATIVE SCHEDULE OF CASH FLOWS
For the Years Ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Cash received from customers	\$ 14,995	\$ 15,053
Cash paid for salaries, wages, and employee benefits	(1,646)	(816)
Cash paid for services and supplies	<u>(8,754)</u>	<u>(9,168)</u>
Net cash provided by operating activities	4,595	5,069
Cash flows from capital and related financing activities:		
Grants and other	<u>197</u>	<u>132</u>
Net increase in cash and cash equivalents	4,792	5,201
Cash:		
Beginning of year	<u>54,046</u>	<u>48,845</u>
End of year	<u><u>\$ 58,838</u></u>	<u><u>\$ 54,046</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	<u>\$ 3,995</u>	<u>\$ 2,798</u>
Adjustments to reconcile operating income (loss) with net cash provided by operating activities:		
(Increase) decrease in inventory	345	2,395
(Increase) decrease in accounts receivable	119	(109)
Increase (decrease) in accrued payroll	149	(15)
Increase (decrease) in net pension liability	(292)	-
Increase (decrease) in pension expenses	<u>279</u>	<u>-</u>
Total adjustments	<u>600</u>	<u>2,271</u>
Net cash provided by operating activities	<u><u>\$ 4,595</u></u>	<u><u>\$ 5,069</u></u>

CITY OF CALIENTE, NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Federal CFDA Number</u>	<u>Agency or Federal Pass Through Number</u>	<u>Expenditures</u>
<u>U.S Department of Homeland Security</u>			
Passed through State of Nevada Department of Public Safety			
Division of Emergency Management:			
Pre-Disaster Mitigation	97.047	97047P11-3200	<u>\$ 638,957</u>
 Total Expenditures of Federal Awards			 <u><u>\$ 638,957</u></u>

CITY OF CALIENTE, NEVADA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Caliente, Nevada for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Caliente, Nevada.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES

- (A) Expenditures reported on the Schedule are reported on the modified accrual basis of accounting.
- (B) Pass-through entity identifying numbers are presented where available.

NOTE 3 - U.S. DEPARTMENT OF AGRICULTURE

The City issued a single registered Water Revenue bond purchased by the U.S. Department of Agriculture (CFDA 10.760). The following is a summary of activity for the year:

<u>Balance at July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2015</u>
\$ 271,924	\$ 0	\$ 4,215	\$ 267,709

The City issued a single registered Sewer Revenue bond purchased by the U.S. Department of Agriculture (CFDA 10.760). The following is a summary of activity for the year:

<u>Balance at July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2015</u>
\$ 104,313	\$ 0	\$ 1,852	\$ 102,461

The 1993 Sewer Revenue Bond is payable to the Farmer's Home Administration. (CFDA 10.Unknown). The following is a summary of activity for the year:

<u>Balance at July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2015</u>
\$ 592,475	\$ 0	\$ 21,662	\$ 570,813

The 1999 Sewer Revenue Bond is payable to the Farmer's Home Administration. (CFDA 10.Unknown). The following is a summary of activity for the year:

<u>Balance at July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2015</u>
\$ 362,541	\$ 0	\$ 8,144	\$ 354,397

**CITY OF CALIENTE, NEVADA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015**

FINDINGS - FINANCIAL STATEMENTS AUDIT

2014-01 Capital assets

Condition: A physical inventory of capital assets has not been taken and a reconciliation of additions and deletions of capital assets to the detail capital asset listing was not completed.

Recommendation: A system of controls for capital assets should include the following attributes:

- A complete listing of assets that includes asset numbers and detailed descriptions.
- Asset labels attached to each asset indicating the City's name and asset number.
- A written policy regarding capitalization of assets and expensing of asset purchases.
- Bi-annual physical inventory of all capital assets and reconciliation of the physical inventory to the asset listing.
- Council approval for asset disposals.
- Reconciliation of general ledger capital outlay expenditures to the asset additions for each accounting period.

Current Status: The City is in agreement with the recommendation; however the condition continues to exist. Similar findings were noted in the 2015 audit.

2014-02 Timely bank account and investment reconciliation to the general ledger

Condition: Bank accounts are not reconciled timely to the general ledger.

Recommendation: Bank accounts should be reconciled to the general ledger promptly after the end of the month. All reconciling items should be investigated and corrections made as needed in the general ledger. The bank reconciliation and a listing of cash balances for each fund should be presented to the City Council monthly.

Current Status: Recommended procedures have been implemented.

FINDINGS AND QUESTIONED COSTS- MAJOR FEDERAL AWARD PROGRAM

A single audit was not required in the prior year.

DANIEL C. McARTHUR, LTD.
Certified Public Accountant

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and Members of the City Council
City of Caliente, Nevada

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Caliente, Nevada (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued my report thereon dated December 21, 2015.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, I do not express an opinion on the effectiveness of the City's internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that I consider to be significant deficiencies. Findings 2015-01.

Compliance and Other Matters

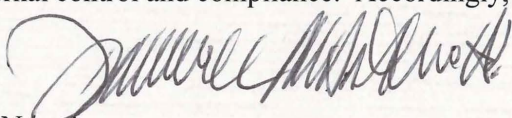
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Caliente, Nevada's Response to Findings

The City's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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

A handwritten signature in dark ink, appearing to read "D. Miller", is written over the text of the "Purpose of this Report" section.

Las Vegas, Nevada
December 21, 2015

DANIEL C. McARTHUR, LTD.

Certified Public Accountant

Quail Park III • 501 So. Rancho Dr., Ste. E-30 • Las Vegas, NV 89106 • (702) 385-1899 • FAX (702) 385-9619

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Honorable Mayor and Members of the City Council
City of Caliente, Nevada

Report on Compliance for Each Major Federal Program

I have audited City of Caliente, Nevada's (the City), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the City's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In my opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

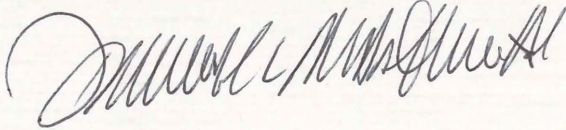
Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in dark ink, appearing to be "Michael J. [unclear]", is written over the printed name and date.

Las Vegas, Nevada
December 21, 2015

CITY OF CALIENTE, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015
Page 1 of 2

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Caliente, Nevada.
2. One significant deficiency was disclosed during the audit of the financial statements that was reported in the auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of City of Caliente, Nevada, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the independent auditor's report on compliance for each major program and on internal control over compliance required by OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the City of Caliente, Nevada expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that were required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs include:

Pre-Disaster Mitigation	CFDA # 97.047
-------------------------	---------------
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. City of Caliente, Nevada, did not qualify as a low risk auditee.

CITY OF CALIENTE, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015
Page 2 of 2

FINDINGS - FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCY

2015-01 Capital assets

Condition: A physical inventory of capital assets has not been taken and a reconciliation of additions and deletions of capital assets to the detail capital asset listing was not completed.

Criteria: An adequate internal control structure requires accountability for capital assets.

Effect: Accounting information may be inaccurate, causing financial statements to include misstatements. Errors or irregularities may not be detected in a timely manner.

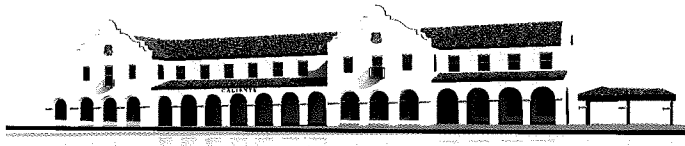
Recommendation: A system of controls for capital assets should include the following attributes:

- A complete listing of assets that includes asset numbers and detailed descriptions.
- Asset labels attached to each asset indicating the City's name and asset number.
- A written policy regarding capitalization of assets and expensing of asset purchases.
- Bi-annual physical inventory of all capital assets and reconciliation of the physical inventory to the asset listing.
- Council approval for asset disposals.
- Reconciliation of general ledger capital outlay expenditures to the asset additions for each accounting period.

Views of Responsible Officials and Planned Corrective Actions: The City is in agreement with the recommendation. This was a finding in the prior year. The City has been working on the capital asset project, but has not completed it.

FINDINGS AND QUESTIONED COSTS- MAJOR FEDERAL AWARD PROGRAM

NONE



CITY OF CALIENTE

One Hundred Depot Avenue
P. O. Box 1006 - Caliente, NV 89008
Phone: 775-726-3131
Fax: 775-726-3370
email: cityhall@cityofcaliente.com

CORRECTIVE ACTION PLAN

U.S. Department of Homeland Security

The City of Caliente, Nevada respectfully submits the following corrective action plan for the year ended June 30, 2015.

Name and Address of independent public accounting firm: Daniel C. McArthur Ltd. Certified Public Accountant, 501 South Rancho Drive, Suite E-30, Las Vegas, Nevada 89106

Audit Period: June 30, 2015.

The findings from the June, 30, 2015 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS-FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

2015-01 Capital assets

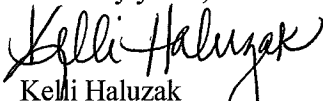
Recommendation: A system of controls for capital assets should include the following attributes:

- A complete listing of assets that includes asset numbers and detailed descriptions.
- Asset labels attached to each asset indicating the City's name and asset number.
- A written policy regarding capitalization of assets and expensing of asset purchases.
- Bi-annual physical inventory of all capital assets and reconciliation of the physical inventory to the asset listing.
- Council approval for asset disposals.
- Reconciliation of general ledger capital outlay expenditures to the asset additions for each accounting period.

Action Taken: The City is in agreement with the recommendation. This was a finding in the prior year. The City has been working on the capital asset project, but has not completed it.

If the U.S. Department of Homeland Security has questions regarding this plan, please call Kelli Haluzak at (775) 726-3131.

Sincerely yours,


Kelli Haluzak
Caliente City Clerk

CITY OF CALIENTE, NEVADA

**REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2016

CITY OF CALIENTE, NEVADA
REPORT ON FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
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**CITY OF CALIENTE, NEVADA
ORGANIZATION**

CITY COUNCIL at June 30, 2016:

Mayor: Stana Hurlburt

City Council Members:

Cody Christensen

Steve Rowe

Victor Jones

John Ahlstrom

DANIEL C. McARTHUR, LTD.

Certified Public Accountant

Quail Park III • 501 So. Rancho Dr., Ste. E-30 • Las Vegas, NV 89106 • (702) 385-1899 • FAX (702) 385-9619

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Caliente, Nevada
Caliente, Nevada

Report on the Financial Statements

I 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 Caliente, Nevada (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Caliente, Nevada, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5-13, Schedule of Funding Progress on page 59, Schedule of the City's Contributions to the Public Employees' Retirement System of the State of Nevada on Page 60, and Schedule of the City's Proportionate Share of the Net Pension Liability Public Employees' Retirement System of the State of Nevada on page 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

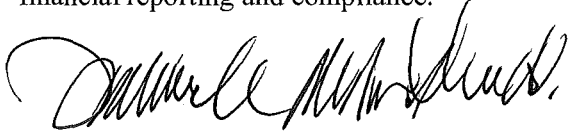
The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Comparative Prior Year Information

I also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City's basic financial statements for the year ended June 30, 2015, which are not presented with the accompanying financial statements and I expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The combining and individual fund financial statements and schedules, for the year ended June 30, 2015, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2015 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the 2015 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated December 21, 2016 on my consideration of the City's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "D. M. Smith", is written over the end of the paragraph.

Las Vegas, Nevada
December 21, 2016

**CITY OF CALIENTE, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

As management of the City of Caliente, Nevada we offer readers of the City of Caliente, Nevada's financial statements this narrative overview and analysis of the financial activities of the City of Caliente, Nevada for the fiscal year end June 30, 2016. The Management's Discussion and Analysis ("MD&A") introduces the financial reports for the City of Caliente, Nevada. The MD&A is designed to give the reader an easy-to-understand overview of the City's financial position and results of operations for the year. The MD&A is separated into Financial Highlights, an Overview of the Financial Statements, and a Government-Wide Financial Analysis.

FINANCIAL HIGHLIGHTS

The assets of the City exceeded its liabilities at the close of the 2016 fiscal year by \$14,795,327 (net position). The government-wide net position of the City decreased during the fiscal year 2016 from \$15,824,489 to \$14,795,327.

The City's government-wide primary revenue sources for governmental activities were ad valorem (property) taxes of \$138,805, charges for services of \$131,037, fuel tax of \$94,190, and consolidated taxes of \$139,879. These revenue sources comprised 22.90%, 21.62%, 15.54%, and 23.08% respectively, or 83.14%, of total governmental activities revenues. Business-type activities revenue from charges for services was \$1,848,232.

The City's total government-wide expenses were \$3,525,764. The greatest expenses for governmental activities were in the culture and recreation \$660,689, public works \$447,832, general government \$203,817, and public safety \$142,560 functions. Business-type activities contributed \$2,018,914 to total expenses.

At the end of fiscal year 2016, the City's governmental funds reported combined fund balances of \$533,698, a decrease of \$102,063 when compared to the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements which consists of government-wide financial statements, fund financial statements, and accompanying notes. This report also contains required supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

**CITY OF CALIENTE, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The government-wide financial statements report two types of activities: governmental activities and business-type activities. The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, judicial, public safety, public works, health and sanitation, culture and recreation, and intergovernmental. The business-type activities include operations of the water, sewer, electric, waste collection and mosquito abatement utilities.

Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains individual governmental funds. Information is presented separately in the governmental balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Streets Special Revenue Fund, each of which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the combining and individual fund financial statements and schedules.

The City adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement is provided for each of the City's governmental funds to demonstrate compliance with the budget. The budgetary comparison statements for the major governmental funds are presented as required supplementary information; the budgetary comparison statements for all other governmental funds are included in the fund financial statements accompanying information.

**CITY OF CALIENTE, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Proprietary Funds. The City maintains one type of proprietary fund, the Enterprise Fund. The Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the Enterprise Funds to account for its various utility activities.

Proprietary funds provide the same type of information as the government-wide financial statements. The proprietary fund financial statements provide separate information for the utility funds.

Notes to Financial Statements. The notes to the financial statements provide additional information that is essential to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide other post-employment benefits to its employees; schedules of budgetary comparisons for both the original and final budgets of the General Fund and the various other major City funds; schedules of the City's contributions and share of liability relating to the public employee's retirement system.

The combining statements and individual fund schedules referred to earlier in connection with the nonmajor governmental funds are presented immediately following the required supplementary information.

CITY OF CALIENTE, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016

Government-Wide Financial Analysis

Net position of the City is summarized below:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	\$ 572,447	\$ 713,522	\$ 591,401	\$ 554,325	\$ 1,163,848	\$ 1,267,847
Net capital assets	11,739,194	12,554,540	4,455,105	4,770,126	16,194,299	17,324,666
Total Assets	12,311,641	13,268,062	5,046,506	5,324,451	17,358,147	18,592,513
Deferred Outflows of Resources:						
Pension charge	34,989	21,219	86,655	82,499	121,644	103,718
Liabilities:						
Current liabilities	35,129	74,196	43,782	116,269	78,911	190,465
Long-term liabilities	289,611	269,771	2,214,268	2,229,425	2,503,879	2,499,196
Total Liabilities	324,740	343,967	2,258,050	2,345,694	2,582,790	2,689,661
Deferred Inflows of Resources:						
Pension charge	20,801	43,440	80,873	138,641	101,674	182,081
Net Position:						
Invested in capital assets, net of related debt	11,654,759	12,460,941	2,887,070	3,131,000	14,541,829	15,591,941
Restricted	397,454	582,253	148,730	148,570	546,184	730,823
Unrestricted	(51,124)	(141,320)	(241,562)	(356,955)	(292,686)	(498,275)
Total Net Position	\$ 12,001,089	\$ 12,901,874	\$ 2,794,238	\$ 2,922,615	\$ 14,795,327	\$ 15,824,489

Net position may serve as a useful indicator of the City's financial position. Assets exceeded liabilities by \$14,795,327 as of June 30, 2016. Using the net position as an indicator, the City's financial position has declined 6.50%, or \$1,029,162, from 2015. The details of this change can be found on the Changes in Net Position statement on page 9 of the MD&A.

The largest portion of the City's net assets, 98.29%, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, etc.), net of any related debt outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these 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 the debt.

The City's restricted net position, 3.69%, represents resources that are subject to external restrictions on how they may be used. Of this restricted net position, 64.41% is for public works, 25.71% is for debt service, and the remaining 9.88% is restricted for other purposes.

The unrestricted portion of the City's net position is (1.98%). This amount is negative in the current year due to pension liabilities.

CITY OF CALIENTE, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016

Changes in net position of the City are summarized as follows:

	Governmental Activities		Business-type Activities		Total Primary Governmental	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 131,037	\$ 151,011	\$ 1,848,232	\$ 1,745,449	\$ 1,979,269	\$ 1,896,460
Capital grants	-	717,139	23,212	10,253	23,212	727,392
General revenues:						
Ad valorem tax	138,805	135,892	-	-	138,805	135,892
Consolidated tax	139,879	138,074	-	-	139,879	138,074
Fuel tax	94,190	93,420	-	-	94,190	93,420
Room tax	77,088	74,895	-	-	77,088	74,895
Investment income	436	679	175	159	611	838
Miscellaneous	24,630	30,865	18,918	21,580	43,548	52,445
Total revenues	606,065	1,341,975	1,890,537	1,777,441	2,496,602	3,119,416
Expenses:						
General government	203,817	208,371	-	-	203,817	208,371
Judicial	35,841	31,368	-	-	35,841	31,368
Public safety	142,560	132,935	-	-	142,560	132,935
Public works	447,832	366,385	-	-	447,832	366,385
Health and sanitation	10,537	6,017	-	-	10,537	6,017
Culture and recreation	660,689	686,644	-	-	660,689	686,644
Intergovernmental	2,551	2,095	-	-	2,551	2,095
Interest	3,023	2,884	-	-	3,023	2,884
Utility operations	-	-	2,018,914	2,058,555	2,018,914	2,058,555
Total expenses	1,506,850	1,436,699	2,018,914	2,058,555	3,525,764	3,495,254
Change in net position	(900,785)	(94,724)	(128,377)	(281,114)	(1,029,162)	(375,838)
Net position - beginning	12,901,874	12,996,598	2,922,615	3,203,729	15,824,489	16,200,327
Net position - ending	<u>\$ 12,001,089</u>	<u>\$ 12,901,874</u>	<u>\$ 2,794,238</u>	<u>\$ 2,922,615</u>	<u>\$ 14,795,327</u>	<u>\$ 15,824,489</u>

Program revenues include charges for services, fines and forfeitures, certain licenses and permits, and capital grants. Program revenues from governmental activities decreased by \$737,113, or 84.91%, due to a decrease in capital grants for public works projects. Program revenues from business-type activities increased by \$115,742, or 6.59%, due to an increase in capital grant revenues and charges for utility services relating to an increase in customer charges.

General revenues consist of taxes, miscellaneous, and interest not allocable to specific programs. For governmental activities, the largest revenues are consolidated taxes of \$139,879, or 23.08%, and ad valorem taxes of \$138,805, or 22.90%. For business-type activities, miscellaneous revenues decreased \$2,662, or 12.34%, due to decreased penalties and impact fees.

**CITY OF CALIENTE, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

FUND FINANCIAL ANALYSIS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds:

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$533,698, a decrease of \$102,063, or 16.05%, from the prior year. Fund balance components have been classified as restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed on the use of the resources of each fund. Restricted fund balance is constrained by externally imposed (statutory, bond covenant, contributors, or grantors) limitations on their use. The largest restricted fund balances include \$351,812 for public works, \$20,686 for capital projects, and \$21,189 for public safety.

Major Governmental Funds:

General Fund: The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$22,404. The General Fund revenues decreased by \$417, or 0.13%. Taxes increased by \$3,669, or 2.89%. Licenses and permits increased \$1,439, or 6.26%. Fines and fees revenues decreased \$12,718, or 100.00% due to the City having the County take over the City Courts.

Expenditures increased by \$15,119, or 5.25%. General government expenditures increased by \$4,557, or 2.57%, due to an increase in mayor and city council expenditures. Judicial expenditures increased \$4,647, or 16.02%, due to an increase in City Attorney fees. Health and sanitation expenditures increased by \$4,993, or 83.61% due to repairs and improvements to the cemetery.

Streets Fund: The Streets Fund revenues decreased \$716,369, or 88.38%, due to grant revenue received for the Springs Heights Project and RTC revenues in the prior year. Expenditures decreased by \$776,780, or 74.33%. This decrease was due to capital outlay expenditures relating to the Springs Heights Project in the prior year.

Enterprise Funds:

Enterprise Funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the enterprise funds totaled \$2,794,238. Total net position for these funds decreased by \$128,377 from the prior year.

Major Enterprise Funds:

Utility Enterprise-Water Fund: The Utility Enterprise Water Fund operating revenues decreased \$5,025, or 2.35% due to a decline in customer usage. Operating expenditures decreased by \$27,461 or 8.10% due to a decrease in salaries expenses.

**CITY OF CALIENTE, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Major Enterprise Funds (Continued)

Utility Enterprise-Sewer Fund: The Utility Enterprise Sewer Fund operating revenues decreased \$8,935, or 4.91%. Operating expenditures decreased by \$17,365, or 6.84%. This decrease is due to a decrease in all operating costs.

Utility Enterprise-Electric Fund: The Utility Enterprise Electric Fund operating revenues increased \$121,391, or 10.28% due to an increase in rates and usage. Operating expenditures decreased by \$371, or 0.03%.

General Fund Budgetary Highlights

The most significant differences between estimated revenues and actual revenues were as follows:

Overall the revenues received were more than budgeted by 6.11%, or \$19,108. Licenses and permits were \$8,859 higher than anticipated due to an increase in building permits and inspections. Miscellaneous revenues were \$7,884 higher than anticipated due to an increase in other revenues.

A review of actual expenditures compared to the appropriations in the final budget shows expenditures were \$5,558 less than budgeted, or 1.80%. The City has made an effort to cut costs and remain fiscally sound. Expenditures were under budget for all functions of the General Fund except general government of \$13,090 and public works of \$1,991.

CITY OF CALIENTE, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016

Capital Assets

The City's investment in capital assets, net of accumulated depreciation at June 30, 2016, was \$11,739,194 in governmental activities and \$4,455,105 in business-type activities. A summary of changes in capital assets for the year ended June 30, 2016, follows:

Governmental Activities:	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 210,410	\$ -	\$ -	\$ 210,410
Capital assets being depreciated:				
Building	687,604	-	-	687,604
Improvements	14,401,381	-	-	14,401,381
Equipment	3,627,536	-	-	3,627,536
Infrastructure	373,854	-	-	373,854
Total capital assets being depreciated	19,090,375	-	-	19,090,375
Less accumulated depreciation for:				
Building	260,904	11,706	-	272,610
Improvements	3,281,627	698,781	-	3,980,408
Equipment	3,161,731	96,981	-	3,258,712
Infrastructure	41,983	7,878	-	49,861
Total accumulated depreciation	6,746,245	815,346	-	7,561,591
Total capital assets being depreciated, net	12,344,130	(815,346)	-	11,528,784
Governmental activities, net	\$ 12,554,540	\$ (815,346)	\$ -	\$ 11,739,194
Business-Type Activities:	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 274,501	\$ -	\$ -	\$ 274,501
Water rights	195,745	-	-	195,745
Total capital assets not being depreciated	470,246	-	-	470,246
Capital assets being depreciated:				
Water	3,086,545	4,736	-	3,091,281
Sewer	4,504,963	-	-	4,504,963
Garbage	284,188	-	-	284,188
Electricity	2,127,181	60,397	-	2,187,578
Total capital assets being depreciated	10,002,877	65,133	-	10,068,010
Less accumulated depreciation for:				
Water	1,980,718	169,065	-	2,149,783
Sewer	2,300,359	134,324	-	2,434,683
Garbage	264,349	749	-	265,098
Electricity	1,157,571	76,016	-	1,233,587
Total accumulated depreciation	5,702,997	380,154	-	6,083,151
Total capital assets being depreciated, net	4,299,880	(315,021)	-	3,984,859
Business-type activities, net	\$ 4,770,126	\$ (315,021)	\$ -	\$ 4,455,105

**CITY OF CALIENTE, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Capital Assets (Continued)

Major capital asset events during the current fiscal year included the following:

- Business-types activities included equipment for the various systems.

Debt Administration

Changes in Long-term Debt: During the year ended June 30, 2016, the following changes occurred in long-term debt:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due within one year
Governmental Activities:					
Notes Payable	\$ 93,599	\$ 0	\$ 9,164	\$ 84,435	\$ 9,474
Compensated Absences	3,147	9,503	0	12,650	3,196
OPEB Obligation	5,852	0	1,302	4,550	0
Pension Obligation	167,173	20,803	0	187,976	0
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 269,771</u>	<u>\$ 30,306</u>	<u>\$ 10,466</u>	<u>\$ 289,611</u>	<u>\$ 12,670</u>
Business-Type Activities:					
Revenue Bonds	\$ 1,295,380	\$ 0	\$ 37,623	\$ 1,257,757	\$ 39,246
Notes Payable	343,746	0	33,468	310,278	35,224
Compensated Absences	40,204	9,955	0	50,159	39,156
OPEB Obligation	16,557	0	1,948	14,609	0
Pension Obligation	533,538	47,927	0	581,465	0
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 2,229,425</u>	<u>\$ 57,882</u>	<u>\$ 73,039</u>	<u>\$ 2,214,268</u>	<u>\$ 113,626</u>

The City's debt increased, by \$19,840, for governmental activities during the current fiscal year. The reason for the increase was an increase in pension obligations and compensated absences.

The City's debt decreased, by \$15,157, for business-type activities during the current fiscal year. The reduction in outstanding debt due to principal payments and a reduction in OPEB and was offset by an increase in pension obligations and compensated absences.

REQUESTS FOR INFORMATION

This financial report is designed to provide its users with a general overview of the City of Caliente, Nevada's finances and to demonstrate the City's accountability for the revenues it receives. Any comments, further questions, or requests for additional information should be addressed to:

City Clerk –
City of Caliente, Nevada
PO Box 1006
Caliente, Nevada 89008-1006

CITY OF CALIENTE, NEVADA
STATEMENT OF NET POSITION
June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 502,935	\$ 278,022	\$ 780,957
Taxes receivable	11,416	-	11,416
Due from other governments	47,016	-	47,016
Accounts receivable (net of allowance for uncollectibles)	11,080	153,824	164,904
Inventories	-	4,068	4,068
Restricted assets- cash	-	155,487	155,487
Capital assets, net of accumulated depreciation	11,739,194	4,455,105	16,194,299
Total assets	<u>12,311,641</u>	<u>5,046,506</u>	<u>17,358,147</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension charge	<u>34,989</u>	<u>86,655</u>	<u>121,644</u>
<u>LIABILITIES</u>			
Accounts payable	6,816	8,020	14,836
Accrued payroll and benefits	27,226	8,547	35,773
Unearned revenue	900	-	900
Customer deposits payable from restricted cash	-	22,039	22,039
Accrued interest	187	5,176	5,363
Noncurrent liabilities:			
Due within one year:	12,670	113,626	126,296
Due in more than one year:	<u>276,941</u>	<u>2,100,642</u>	<u>2,377,583</u>
Total liabilities	<u>324,740</u>	<u>2,258,050</u>	<u>2,582,790</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension charge	<u>20,801</u>	<u>80,873</u>	<u>101,674</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	11,654,759	2,887,070	14,541,829
Restricted for:			
General government	1,955	-	1,955
Judicial	1,812	-	1,812
Public safety	21,189	-	21,189
Public works	351,812	-	351,812
Capital projects	20,686	8,311	28,997
Debt service	-	140,419	140,419
Unrestricted	<u>(51,124)</u>	<u>(241,562)</u>	<u>(292,686)</u>
Total net position	<u>\$ 12,001,089</u>	<u>\$ 2,794,238</u>	<u>\$ 14,795,327</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CALIENTE, NEVADA

STATEMENT OF ACTIVITIES

June 30, 2016

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
General government	\$ (203,817)	\$ 45,463	\$ -	\$ (158,354)	\$ -	\$ (158,354)
Judicial	(35,841)	1,160	-	(34,681)	-	(34,681)
Public safety	(142,560)	37,579	-	(104,981)	-	(104,981)
Public works	(447,832)	-	-	(447,832)	-	(447,832)
Health and sanitation	(10,537)	2,308	-	(8,229)	-	(8,229)
Culture and recreation	(660,689)	44,527	-	(616,162)	-	(616,162)
Intergovernmental	(2,551)	-	-	(2,551)	-	(2,551)
Interest	(3,023)	-	-	(3,023)	-	(3,023)
Total governmental activities	<u>(1,506,850)</u>	<u>131,037</u>	<u>-</u>	<u>(1,375,813)</u>	<u>-</u>	<u>(1,375,813)</u>
Business-type activities:						
Water	(323,500)	209,210	-	-	(114,290)	(114,290)
Sewer	(284,520)	173,018	-	-	(111,502)	(111,502)
Electricity	(1,255,373)	1,302,477	23,212	-	70,316	70,316
Waste collection	(140,881)	148,840	-	-	7,959	7,959
Mosquito abatement	(14,640)	14,687	-	-	47	47
Total business-type activities	<u>(2,018,914)</u>	<u>1,848,232</u>	<u>23,212</u>	<u>-</u>	<u>(147,470)</u>	<u>(147,470)</u>
Total primary governments	<u>\$ (3,525,764)</u>	<u>\$ 1,979,269</u>	<u>\$ 23,212</u>	<u>(1,375,813)</u>	<u>(147,470)</u>	<u>(1,523,283)</u>
General Revenues:						
Ad valorem tax				138,805	-	138,805
Consolidated tax				139,879	-	139,879
Fuel tax				94,190	-	94,190
Room tax				77,088	-	77,088
Investment income				436	175	611
Miscellaneous				<u>24,630</u>	<u>18,918</u>	<u>43,548</u>
Total general revenues and transfers				<u>475,028</u>	<u>19,093</u>	<u>494,121</u>
Change in net position				(900,785)	(128,377)	(1,029,162)
Net position - beginning of year				<u>12,901,874</u>	<u>2,922,615</u>	<u>15,824,489</u>
Net position - end of year				<u>\$ 12,001,089</u>	<u>\$ 2,794,238</u>	<u>\$ 14,795,327</u>

The notes to the financial statements are an integral part of this statement

CITY OF CALIENTE, NEVADA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	Major Funds			
	General Fund	Streets Special Revenue Fund	Other Governmental Funds	Totals
<u>ASSETS</u>				
Pooled cash	\$ 68,219	\$ 339,795	\$ 94,921	\$ 502,935
Taxes receivable	4,402	-	7,014	11,416
Due from other governments	31,183	15,833	-	47,016
Accounts receivable	-	-	11,080	11,080
Due from other funds	12,593	-	-	12,593
Total assets	<u>\$ 116,397</u>	<u>\$ 355,628</u>	<u>\$ 113,015</u>	<u>\$ 585,040</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 3,348	\$ 412	\$ 3,056	\$ 6,816
Accrued payroll	19,681	3,404	4,141	27,226
Unearned revenue	-	-	900	900
Due to other funds	-	-	12,593	12,593
Total liabilities	<u>23,029</u>	<u>3,816</u>	<u>20,690</u>	<u>47,535</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenues - property taxes	<u>3,807</u>	<u>-</u>	<u>-</u>	<u>3,807</u>
<u>FUND BALANCE</u>				
Restricted for:				
General government	-	-	1,955	1,955
Judicial	-	-	1,812	1,812
Public safety	-	-	21,189	21,189
Public works	-	351,812	-	351,812
Capital projects	-	-	20,686	20,686
Committed for:				
General government	-	-	20,941	20,941
Culture and recreation	-	-	40,740	40,740
Assigned for subsequent year	67,157	-	-	67,157
Unassigned	<u>22,404</u>	<u>-</u>	<u>(14,998)</u>	<u>7,406</u>
Total fund balance	<u>89,561</u>	<u>351,812</u>	<u>92,325</u>	<u>533,698</u>
Total liabilities, deferred inflows of resources, and fund balances(deficits)	<u>\$ 116,397</u>	<u>\$ 355,628</u>	<u>\$ 113,015</u>	<u>\$ 585,040</u>

The notes to the financial statements are an integral part of this statement

CITY OF CALIENTE, NEVADA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2016

Total fund balance - governmental funds	\$ 533,698
Amounts reported for governmental activities in the statement of net position 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 position.	11,739,194
Certain liabilities (such as notes payable and capital leases payable) are not reported in the Governmental Funds financial statements because they are not due and payable, but they are presented as liabilities in the statement of net position.	(101,822)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	3,807
The City's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:	
Deferred outflows from pension activity.	34,989
Net pension liability	(187,976)
Deferred inflows from pension activity.	<u>(20,801)</u>
Total net position - governmental activities	<u>\$ 12,001,089</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CALIENTE, NEVADA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	Major Funds			
	General Fund	Streets Special Revenue Fund	Other Governmental Funds	Totals
Revenues:				
Taxes	\$ 130,581	\$ -	\$ 77,088	\$ 207,669
Licenses and permits	24,409	-	-	24,409
Intergovernmental	142,804	94,190	8,190	245,184
Charges for services	2,308	-	83,266	85,574
Miscellaneous	31,984	-	11,211	43,195
Total revenues	<u>332,086</u>	<u>94,190</u>	<u>179,755</u>	<u>606,031</u>
Expenditures:				
Current:				
General government	181,799	-	687	182,486
Judicial	33,651	-	813	34,464
Public safety	71,072	-	37,952	109,024
Public works	5,591	268,319	-	273,910
Health and sanitation	10,965	-	-	10,965
Culture and recreation	-	-	75,741	75,741
Intergovernmental	-	-	2,551	2,551
Debt service	-	-	12,208	12,208
Capital projects	-	-	6,745	6,745
Total expenditures	<u>303,078</u>	<u>268,319</u>	<u>136,697</u>	<u>708,094</u>
Excess (deficiency) of revenues over expenditures	<u>29,008</u>	<u>(174,129)</u>	<u>43,058</u>	<u>(102,063)</u>
Other financing sources (uses):				
Operating transfers in	-	-	50,000	50,000
Operating transfers out	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	29,008	(174,129)	43,058	(102,063)
Fund balance:				
Beginning of year	<u>60,553</u>	<u>525,941</u>	<u>49,267</u>	<u>635,761</u>
End of year	<u>\$ 89,561</u>	<u>\$ 351,812</u>	<u>\$ 92,325</u>	<u>\$ 533,698</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CALIENTE, NEVADA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Net Change in Fund Balance - Governmental Funds **\$ (102,063)**

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. (815,346)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 9,185

Generally, expenditures recognized in fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when incurred. (8,201)

Property taxes and services that are collected in the time to pay obligations of the current period are reported as revenue in the fund statements. However, amounts that related to prior periods that first become available in the current period should not be reported as revenue in the statement of activities. 34

Net differences between pension system contributions recognized in the fund statement of revenues, expenditures, and changes in fund balances and the statement of activities.

Pension contributions made after measurement date (2016 contributions). 33,865

Net pension expense. (18,259)

Change in net position of governmental activities **\$ (900,785)**

The notes to the financial statements are an integral part of this statement.

CITY OF CALIENTE, NEVADA
MAJOR FUND - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016

	Budget			Variance With
	Original	Final	Actual	Final Budget Positive (Negative)
Revenues:				
Taxes:				
Property taxes	\$ 129,662	\$ 129,662	\$ 130,581	\$ 919
Licenses and permits:				
Business licenses	7,000	7,000	8,273	1,273
City gaming licenses	1,800	1,800	1,776	(24)
Liquor licenses	3,000	3,000	4,460	1,460
Dog licenses	50	50	34	(16)
Building permits and inspection fees	3,000	3,000	9,866	6,866
Franchise fees	700	700	-	(700)
Total licenses and permits	15,550	15,550	24,409	8,859
Intergovernmental:				
County gaming tax	3,500	3,500	2,925	(575)
Consolidated tax	138,666	138,666	139,879	1,213
Total intergovernmental	142,166	142,166	142,804	638
Charges for services:				
Cemetery fees	1,500	1,500	2,175	675
Impound fees	-	-	133	133
Total charges for services	1,500	1,500	2,308	808
Miscellaneous:				
Investment income	600	600	425	(175)
Rent	19,000	19,000	10,254	(8,746)
Rent - communications tower	2,500	2,500	-	(2,500)
Other	2,000	2,000	21,305	19,305
Total miscellaneous	24,100	24,100	31,984	7,884
Total revenues	312,978	312,978	332,086	19,108

The notes to the financial statements are an integral part of this statement

CITY OF CALIENTE, NEVADA
MAJOR FUND - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
Year Ended June 30, 2016

	Budget			Variance With
	Original	Final	Actual	Final Budget
				Positive
				(Negative)
Expenditures:				
General Government:				
Mayor and City Council:				
Salaries and wages	\$ 9,600	\$ 9,600	\$ 9,751	\$ (151)
Employee benefits	3,168	3,168	1,415	1,753
Services and supplies	23,800	23,800	5,737	18,063
Total Mayor and City Council	36,568	36,568	16,903	19,665
City Hall General Administration:				
Salaries and wages	52,192	52,192	52,361	(169)
Employee benefits	24,888	24,888	31,376	(6,488)
Services and supplies	47,400	47,400	79,178	(31,778)
Total City Hall General Administration	124,480	124,480	162,915	(38,435)
Grant Administrator:				
Services and supplies	3,500	3,500	1,981	1,519
Communications Tower:				
Services and supplies	4,161	4,161	-	4,161
Total general government	168,709	168,709	181,799	(13,090)
Judicial:				
City Attorney:				
Services and supplies	30,000	30,000	30,000	-
Municipal Court:				
Salaries and wages	-	-	317	(317)
Employee benefits	-	-	51	(51)
Services and supplies	10,000	10,000	3,283	6,717
Total Municipal Court	10,000	10,000	3,651	6,349
Total judicial	40,000	40,000	33,651	6,349
Public Safety:				
Police Department:				
Services and supplies	75,000	75,000	71,072	3,928

The notes to the financial statements are an integral part of this statement

CITY OF CALIENTE, NEVADA
MAJOR FUND - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
Year Ended June 30, 2016

	<u>Budget</u>			Variance With
	Original	Final	Actual	Final Budget Positive (Negative)
Expenditures: (Continued)				
Public Works:				
Services and supplies	\$ 3,600	\$ 3,600	\$ 5,591	\$ (1,991)
Health and Sanitation:				
Cemetery:				
Salaries and wages	\$ 3,000	\$ 3,000	\$ 4,759	\$ (1,759)
Employee benefits	1,500	1,500	2,544	(1,044)
Services and supplies	300	300	2,401	(2,101)
Capital outlay	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Total Cemetery	<u>8,800</u>	<u>8,800</u>	<u>9,704</u>	<u>(904)</u>
Animal Control:				
Salaries and wages	300	300	531	(231)
Employee benefits	100	100	300	(200)
Services and supplies	1,138	1,138	430	708
Capital outlay	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total Animal Control	<u>3,538</u>	<u>3,538</u>	<u>1,261</u>	<u>2,277</u>
Total Health and Sanitation	<u>12,338</u>	<u>12,338</u>	<u>10,965</u>	<u>1,373</u>
Contingency	<u>8,989</u>	<u>8,989</u>	<u>-</u>	<u>8,989</u>
Total expenditures	<u>308,636</u>	<u>308,636</u>	<u>303,078</u>	<u>5,558</u>
Excess (deficiency) of revenues over expenditures	<u>4,342</u>	<u>4,342</u>	<u>29,008</u>	<u>24,666</u>
Fund balance:				
Beginning of year	<u>15,043</u>	<u>15,043</u>	<u>60,553</u>	<u>45,510</u>
End of year	<u>\$ 19,385</u>	<u>\$ 19,385</u>	<u>\$ 89,561</u>	<u>\$ 70,176</u>

The notes to the financial statements are an integral part of this statement

CITY OF CALIENTE, NEVADA
MAJOR FUND - STREETS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016

	<u>Budget</u>			Variance With
	Original	Final	Actual	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental:				
Gas tax \$1.75	\$ 1,906	\$ 1,906	\$ 2,091	\$ 185
Gas tax \$2.35	86,208	86,208	86,208	-
Optional \$0.01 gas tax	<u>5,382</u>	<u>5,382</u>	<u>5,891</u>	<u>509</u>
Total revenues	<u>93,496</u>	<u>93,496</u>	<u>94,190</u>	<u>694</u>
Expenditures:				
Public works:				
Salaries and wages	58,000	58,000	93,638	(35,638)
Employee benefits	32,000	32,000	65,052	(33,052)
Services and supplies	156,300	156,300	89,629	66,671
Capital outlay	<u>136,000</u>	<u>136,000</u>	<u>20,000</u>	<u>116,000</u>
Total expenditures	<u>382,300</u>	<u>382,300</u>	<u>268,319</u>	<u>113,981</u>
Excess (deficiency) of revenues over expenditures	(288,804)	(288,804)	(174,129)	114,675
Fund balance:				
Beginning of year	<u>364,384</u>	<u>364,384</u>	<u>525,941</u>	<u>161,557</u>
End of year	<u>\$ 75,580</u>	<u>\$ 75,580</u>	<u>\$ 351,812</u>	<u>\$ 276,232</u>

The notes to the financial statements are an integral part of this statement

CITY OF CALIENTE, NEVADA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2016

Page 1 of 2

	Major Water	Major Sewer	Major Electric
<u>ASSETS</u>			
Current assets:			
Cash	\$ 13,751	\$ -	\$ 124,657
Accounts receivable, net of allowance for uncollectible accounts (\$9,058)	23,220	15,910	95,751
Due from other funds	-	-	75,751
Inventories	-	-	-
Total current assets	<u>36,971</u>	<u>15,910</u>	<u>296,159</u>
Restricted assets:			
Cash	<u>22,070</u>	<u>126,660</u>	<u>6,757</u>
Capital assets:			
Land	4,016	262,453	4,016
Buildings	31,807	38,473	40,304
Machinery, equipment, and plant	3,255,219	4,466,490	2,147,274
Accumulated depreciation	<u>(2,149,783)</u>	<u>(2,434,683)</u>	<u>(1,233,587)</u>
Capital assets, net of accumulated depreciation	<u>1,141,259</u>	<u>2,332,733</u>	<u>958,007</u>
Total assets	<u>1,200,300</u>	<u>2,475,303</u>	<u>1,260,923</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension charge	<u>\$ 16,938</u>	<u>\$ 11,740</u>	<u>\$ 48,224</u>

The notes to the financial statements are an integral part of this statement

Non-Major		Total	
Enterprise Funds		Enterprise Funds	
\$	139,614	\$	278,022
	18,943		153,824
	-		75,751
	4,068		4,068
	<u>162,625</u>		<u>511,665</u>
	<u>-</u>		<u>155,487</u>
	4,016		274,501
	26,906		137,490
	257,282		10,126,265
	(265,098)		(6,083,151)
	<u>23,106</u>		<u>4,455,105</u>
	<u>185,731</u>		<u>5,122,257</u>
\$	<u>9,753</u>	\$	<u>86,655</u>

**CITY OF CALIENTE, NEVADA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2016

Page 2 of 2

	Major Water	Major Sewer	Major Electric
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 351	\$ 4,169	\$ 2,735
Accrued payroll	1,865	1,198	4,679
Due to other funds	-	75,751	-
Accrued compensated absences	6,366	4,710	23,866
Accrued interest	65	5,111	-
Bonds payable - current	4,616	34,630	-
Note payable - current	-	-	35,224
Total current liabilities	<u>13,263</u>	<u>125,569</u>	<u>66,504</u>
Current liabilities payable from restricted cash:			
Customer deposits	<u>-</u>	<u>-</u>	<u>22,039</u>
Non-current liabilities:			
OPEB obligation payable	260	95	14,224
Accrued compensated absences	1,796	1,328	6,691
Revenue bond payable, net of current portion	258,680	959,831	-
Note payable, net of current portion	-	-	275,054
Net pension liability	<u>112,966</u>	<u>78,460</u>	<u>324,637</u>
Total non-current liabilities	<u>373,702</u>	<u>1,039,714</u>	<u>620,606</u>
Total liabilities	<u>386,965</u>	<u>1,165,283</u>	<u>709,149</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension charge	<u>17,961</u>	<u>11,959</u>	<u>41,702</u>
<u>NET PENSION</u>			
Invested in capital assets, net of related debt	877,963	1,338,272	647,729
Restricted for debt service	21,968	118,451	-
Restricted for capital improvements	102	8,209	-
Unrestricted	<u>(87,721)</u>	<u>(155,131)</u>	<u>(89,433)</u>
Total net position	<u>\$ 812,312</u>	<u>\$ 1,309,801</u>	<u>\$ 558,296</u>

The notes to the financial statements are an integral part of this statement

Non-Major		Total	
Enterprise Funds		Enterprise Funds	
\$	765	\$	8,020
	805		8,547
	-		75,751
	4,214		39,156
	-		5,176
	-		39,246
	-		35,224
	<u>5,784</u>		<u>211,120</u>
	<u>-</u>		<u>22,039</u>
	30		14,609
	1,188		11,003
	-		1,218,511
	-		275,054
	<u>65,402</u>		<u>581,465</u>
	<u>66,620</u>		<u>2,100,642</u>
	<u>72,404</u>		<u>2,333,801</u>
	<u>9,251</u>		<u>80,873</u>
	23,106		2,887,070
	-		140,419
	-		8,311
	<u>90,723</u>		<u>(241,562)</u>
\$	<u>113,829</u>	\$	<u>2,794,238</u>

CITY OF CALIENTE, NEVADA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2016

	Major Water	Major Sewer	Major Electric
Operating revenues:			
Charges for services	\$ 209,210	\$ 173,018	\$ 1,302,477
Operating expenses:			
Salaries and wages	39,218	28,376	127,869
Employee benefits	27,244	19,712	88,833
Services and supplies	52,493	34,524	799,369
General administration	23,524	19,454	146,448
Depreciation	169,065	134,324	76,016
Total operating expenses	311,544	236,390	1,238,535
Operating income (loss)	(102,334)	(63,372)	63,942
Non-operating revenues (expenses):			
Investment income	4	141	30
Penalties	2,141	1,771	13,333
Grant	-	-	23,212
Interest expense	(11,956)	(48,130)	(16,838)
Total non-operating revenues (expenses)	(9,811)	(46,218)	19,737
Change in net position	(112,145)	(109,590)	83,679
Net position:			
Beginning of year	924,457	1,419,391	474,617
End of year	\$ 812,312	\$ 1,309,801	\$ 558,296

The notes to the financial statements are an integral part of this statement

Non-Major Enterprise Funds	Total Enterprise Funds
\$ 163,527	\$ 1,848,232
26,061	221,524
17,998	153,787
92,325	978,711
18,388	207,814
749	380,154
<u>155,521</u>	<u>1,941,990</u>
<u>8,006</u>	<u>(93,758)</u>
-	175
1,673	18,918
-	23,212
-	(76,924)
<u>1,673</u>	<u>(34,619)</u>
9,679	(128,377)
<u>104,150</u>	<u>2,922,615</u>
\$ 113,829	\$ 2,794,238

CITY OF CALIENTE, NEVADA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2016

	Major Water	Major Sewer	Major Electric
Cash flows from operating activities:			
Cash received from customers	\$ 202,529	\$ 170,412	\$ 1,287,231
Cash paid for salaries, wages and employee benefits	(81,751)	(60,503)	(302,617)
Cash paid for services and supplies	(62,720)	(40,265)	(923,301)
Net cash provided (used) by operating activities	58,058	69,644	61,313
Cash flows from non-capital financing activities:			
Due to/from other funds	(25,328)	10,087	15,241
Cash flows from capital and related financing activities:			
Principal payments-bonds/notes payable	(4,413)	(33,210)	(33,468)
Grants and other	2,141	1,771	36,545
Interest paid	(11,957)	(48,291)	(16,838)
Purchase of capital assets	(4,736)	-	(60,397)
Net cash provided (used) by capital and related financing activities	(18,965)	(79,730)	(74,158)
Cash flows from investing activities:			
Investment income	4	141	30
Net increase (decrease) in cash and cash equivalents	13,769	142	2,426
Cash:			
Beginning of year	22,052	126,518	128,988
End of year	\$ 35,821	\$ 126,660	\$ 131,414
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ (102,334)	\$ (63,372)	\$ 63,942
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation and amortization	169,065	134,324	76,016
(Increase) decrease in inventory	-	-	-
(Increase) decrease in accounts receivable	(6,681)	(2,606)	(5,254)
Increase (decrease) in accounts payable	351	3,007	(58,079)
Increase (decrease) in accrued payroll	(215)	(526)	(3,267)
Increase (decrease) in customer deposits	-	-	(9,992)
Increase (decrease) in OPEB obligation payable	(121)	(82)	(1,688)
Increase (decrease) in accrued compensated absences	237	560	8,201
Increase (decrease) in net pension liability	7,799	5,769	29,058
Increase (decrease) in pension expenses	(10,043)	(7,430)	(37,624)
Total adjustments	160,392	133,016	(2,629)
Net cash provided (used) by operating activities	\$ 58,058	\$ 69,644	\$ 61,313

The notes to the financial statements are an integral part of this statement

Non-Major Enterprise Funds	Total Enterprise Funds
\$ 156,839	\$ 1,817,011
(55,773)	(500,644)
<u>(103,637)</u>	<u>(1,129,923)</u>
(2,571)	186,444
<u>-</u>	<u>-</u>
-	(71,091)
1,673	42,130
-	(77,086)
-	<u>(65,133)</u>
<u>1,673</u>	<u>(171,180)</u>
-	175
(898)	15,439
<u>140,512</u>	<u>418,070</u>
<u>\$ 139,614</u>	<u>\$ 433,509</u>
<u>\$ 8,006</u>	<u>\$ (93,758)</u>
749	380,154
(408)	(408)
(6,688)	(21,229)
(2,635)	(57,356)
(969)	(4,977)
-	(9,992)
(57)	(1,948)
957	9,955
5,301	47,927
<u>(6,827)</u>	<u>(61,924)</u>
<u>(10,577)</u>	<u>280,202</u>
<u>\$ (2,571)</u>	<u>\$ 186,444</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

1. Reporting Entity

The City of Caliente, Nevada, is governed by an elected five member board. As required by generally accepted accounting principles, these financial statements present City of Caliente, Nevada (the primary government). The City has no component units.

2. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

3. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds (enterprise funds). As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The Statement of Net Position presents the consolidated financial position of the City at year-end, in separate columns, for both governmental and business-type activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are specifically associated with a program or service and are, therefore, clearly identifiable to a particular function. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues properly not included among program revenues are reported instead as general revenues. This statement provides a net cost or net revenue of specific programs and functions within the City. Those functions with a net cost are generally dependent on general-purpose tax revenues, such as property tax, to remain operational.

CITY OF CALIENTE, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary (enterprise) – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general City, except those accounted for in another fund.

Streets Special Revenue Fund – The Streets Special Revenue Fund is used to account for fuel tax revenues allocated for highways and streets improvement and maintenance.

The City reports the following major enterprise funds:

Utility Enterprise Fund – Water – The Utility Enterprise Fund-Water accounts for the delivery of water services to City residents.

Utility Enterprise Fund – Sewer – The Utility Enterprise Fund-Sewer accounts for the delivery of sewer services to City residents.

Utility Enterprise Fund – Electricity– The Utility Enterprise Fund-Electricity accounts for the delivery of electricity services to City residents.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in the governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e. enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

CITY OF CALIENTE, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the 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 revenues 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.

The 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 governments and are then recognized as revenue. The government considers revenues to be “available” if they are collected within 60 days of 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. In general, expenditures are recorded when liabilities are incurred. The exception to this rule is that principal and interest on debt service, as well as liabilities related to compensated absences and claims and judgments, are recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The major revenue sources of the City include charges for services, capital grants, consolidated taxes (sales tax), ad valorem taxes, and fuel taxes.

Property taxes, sales 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Enterprise Utility funds are customer charges. Expenses are those required to provide the service. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF CALIENTE, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for governmental funds.

- a.** The statutes provide for the following timetable in adoption of budgets:
 - (i) Before April 15, the City submits to the Nevada State Department of Taxation a tentative budget for the upcoming fiscal year. The tentative budget includes proposed expenditures and the means to finance them.
 - (ii) Before the third Tuesday in May, a minimum of seven days' notice of public hearing on the final budget is published in a local newspaper.
 - (iii) On or before June 1, the City Council must adopt a final budget.
- b.** NRS 354.598005 (1) - provides that the City Council may augment the budget at any time by a majority vote of the Council providing the Council a publish notice of its intention to act in a newspaper of general circulation in the City at least three days before the date set for adoption of the resolution.
- c.** Nevada Revised Statute 354.598005 (5) allows appropriations to be transferred between functions, funds or contingency accounts if such a transfer does not increase the total appropriation for any fiscal year and is not in conflict with other statutory provisions. The City Clerk may transfer appropriations within any function. The City may transfer appropriations between functions or programs within a fund, if the City Council takes action at next meeting; and the action is recorded in the official minutes of the meeting. The City Council may authorize the transfer of appropriations between funds or from the contingency account, if, the City Council announce the transfer of appropriations at a regularly scheduled meeting and sets forth the exact amounts to be transferred and the accounts, functions, programs and funds affected. The City Council must also set forth its reasons for the transfer; and the action must be recorded in the official minutes of the meeting.
- d.** Statutory regulations require budget control to be exercised at the function level within the funds.
- e.** There were no budget augmentations during the year.
- f.** Generally, budgets for all funds are adopted in accordance with generally accepted accounting principles. Budgeted amounts reflected in the accompanying financial statements recognize amendments made during the year.
- g.** All appropriations lapse at the end of the fiscal year.

CITY OF CALIENTE, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

a. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition.

Cash includes cash deposited in interest-bearing accounts at banks and cash in the custody of fiscal agents of the City.

b. Investments

Investments are stated at fair value on the Balance Sheet. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. Changes in the fair value of City investments are part of investment income which is included in revenue from local sources on the Statement of Activities and the Statement of Revenues, Expenditures, and Changes in Fund Balances of governmental funds. **(See Note D1)**

Nevada Revised Statutes authorize the City to invest in:

1. Obligations of the U.S. Treasury and U.S. Agencies in which the maturity dates do not exceed more than 10 years from the date of purchase.
2. Negotiable certificates of deposit issued by commercial banks or insured savings and loan associations (those over \$250,000 must be fully collateralized).
3. Negotiable notes or short-term negotiable bonds issued by local governments within Nevada.
4. Eligible bankers' acceptances that do not exceed 180 days maturity and do not exceed 20 percent of the portfolio.
5. Commercial paper with a rating of A-1 or P-1 that does not exceed 270 days maturity and does not exceed 20 percent of the portfolio.
6. The State of Nevada's Local Government Investment Pool.
7. Repurchase agreements that are collateralized at 102 percent of the repurchase price and do not exceed 90 days maturity. Securities used for collateral must meet the criteria listed above.
8. Money market mutual funds which are rated as "AAA" or its equivalent and invest only in securities issued by the Federal Government, U.S. Agencies, or repurchase agreements fully collateralized by such securities.

CITY OF CALIENTE, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

c. Property Tax

Taxes on real property are levied on July 1st of each year and are due on the third Monday in July. They can be paid in quarterly installments in August, October, January and March. In the event of nonpayment, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties, and costs, together with interest at a rate of 10 percent 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 obtains a 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.

Article X, Section 2 of the Constitution of the State of Nevada limits the total taxes levied by all overlapping governmental units within the boundaries of any City (i.e., the County, the School District, the State and any other City, Town, or Special District) to an amount not to exceed \$5 per \$100 of assessed valuation of the property being taxed.

The Nevada Legislature enacted provisions whereby the combined overlapping tax rate was limited to \$3.64 per \$100 of assessed valuation (**See Note D2**).

d. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

e. Restricted Assets

Certain cash assets of the Enterprise Funds are from revenue for specific use by the Enterprise Funds and are classified as restricted assets because their use is restricted by agreement. (**See Note D5**)

f. Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year.

If purchased or constructed, capital assets are recorded at historical cost or estimated historical cost and updated for additions and retirements during the year. Donated capital assets are valued at their estimated value as of the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

CITY OF CALIENTE, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

f. Capital Assets (Continued)

Land and construction in progress are not depreciated. The other property, plant and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Capital Assets</u>	<u>Years</u>
Vehicles	8
Equipment	5-20
Buildings and Improvements	20-50
Infrastructure	25-50

The City is required to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The City is required to capitalize and report its major general infrastructure assets acquired in fiscal years ending after June 30, 1980. In addition, infrastructure assets acquired before June 30, 1980, that received significant reconstruction must be capitalized.

g. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows include the City's pension related contributions subsequent to the measurement date but before the end of the fiscal year and changes in proportion of the City's contributions to the City's proportionate contributions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, property taxes. This amount is deferred and recognized as an inflow or resources in the period that the amounts become available.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The difference between projected and actual experience and investment earnings are related to the deferred inflows of pensions and the calculation of net pension liability reported on the statement of net position.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement System of Nevada (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF CALIENTE, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

h. Governmental Fund Balances:

In the governmental fund financial statements, fund balances are classified as follows:

- (i) **Nonspendable** – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact, such as inventories and prepaids.
- (ii) **Restricted** – Amounts that can be spent only for a specific purpose because of the state or federal laws, or externally imposed conditions by grantors or creditors.
- (iii) **Committed** – These amounts can only be used for specific purposes as set forth by the City Council. The Council must take formal action (vote approval by the majority), in order to establish an ending fund balance commitment for any specific purpose. Formal Council action is also required to modify or rescind an established commitment. To be reported as committed, amounts cannot be used for any other purpose unless the Council takes the same highest level action to remove or change the constraint.
- (iv) **Assigned** – Assignments are neither restrictions nor commitments and represent the City's intent to use funds for a specific purpose. These assignments, however, are not legally binding and are meant to reflect intended future use of the City's ending fund balance. Intent can be expressed by the City Council or by the City Clerk.
- (v) **Unassigned** – All amounts not included in other classifications.

i. Fund Balance Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance.) When fund balance resources are available for a specific purpose in more than one classification, it is the City's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

j. Net Position Policies

In the government-wide statements, net position on the Statement of Net Position includes the following:

(i) Invested in Capital Assets, net of Related Debt

This is the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction, or improvement of those assets.

(ii) Restricted Assets

This is the component of net position that reports the constraints placed on the use of assets by either external parties and/or enabling legislation.

(iii) Unrestricted

This is the component of net position that is the difference between the assets and liabilities not reported in Invested in Capital Assets, Net of Related Debt; and Restricted Assets.

CITY OF CALIENTE, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

k. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

l. Comparative Data/Reclassifications

Comparative total data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the City’s financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

m. 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

n. Compensated Absences

Vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide financial statements. No expenditure is reported for these amounts in the fund financial statements. **(See Note D6)** Vacation leave and sick leave included in accrued liabilities and recorded as expenditures in governmental fund types is the amount normally liquidated from “available spendable resources.”

In proprietary funds, compensated absences are recorded when the liabilities are incurred. In governmental funds, the current portion is recorded as a payroll expenditure. The estimated long-term liability for compensated absences is accounted for in the government-wide financial statements.

o. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

CITY OF CALIENTE, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Long-term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

p. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund, sewer fund, electricity fund, waste fund, and mosquito abatement fund, are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of certain differences between the governmental funds Balance Sheet and the government-wide Statement of Net Position

The governmental fund balance sheet include a reconciliation between fund balances - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of the reconciliation explains that "certain liabilities (such as notes payable and capital leases payable) are not reported in the Governmental Funds financial statements because they are due and payable, but they are presented as liabilities in the statement of net position." The details of this difference are as follows:

Interest payable	\$ (187)
Notes payable	(84,435)
Compensated absences	(12,650)
OPEB obligation	<u>(4,550)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (101,822)</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(Continued)

2. Explanation of certain differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over the estimated useful lives as annual depreciation expense in the statement of activities." The details of this difference are as follows:

Capital outlay	\$ 0
Depreciation expense	<u>(815,346)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (815,346)</u>

Another element of that reconciliation states that, "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and any other similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment in long-term debt and related items." The details of this difference are as follows:

Accrued interest	\$ 21
General obligation debt principal payments	<u>9,164</u>
Net adjustment to increase net change in fund balances – governmental funds to arrive at change in net position of governmental activities	<u>\$ 9,185</u>

Another element of that reconciliation states that "Generally expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when incurred." The details of this difference are as follows:

Compensated absences	\$ (9,503)
OPEB obligation payable	<u>1,302</u>
Net adjustment to increase net change in fund balances – governmental funds to arrive at change in net position of governmental activities	<u>\$ (8,201)</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE C. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Compliance and Accountability

Per NRS 354.626, the City is required to report expenditures that exceeded budgeted appropriations at the function level for the General Fund, Special Revenue Funds, and Capital Project Funds. Enterprise funds may not exceed budget appropriations at the fund level. As of June 30, 2016, the City had the following expenditures over appropriations:

The following individual fund functions were over-expended:

General Fund – General Government	\$ 13,090
General Fund – Public Works	\$ 1,991
Fire Special Revenue Fund– Public Safety	\$ 11,852
Utility Enterprise Fund – Sewer	\$ 3,091
Utility Enterprise Fund – Waste Collection	\$ 5,706
Utility Enterprise Fund – Mosquito Abatement	\$ 484

The General Fund, general government function was over budget due to over-expenditures in City Hall General Administration. The General Fund public works function was over budget due to an over-expenditures of service and supplies. The Fire Special Revenue Fund public safety function was over budget due to over-expenditures in benefits and service and supplies.

The Utility Enterprise Fund – Sewer was over budget due to over-expenditures in service and supplies and general administration expenses. The Utility Enterprise Fund – Waste Collection was over budget due to over-expenditures in salaries and benefits and general administration expenses. The Utility Enterprise Fund – Mosquito Abatement was over budget due to over-expenditures in service and supplies and general administration expenses.

2. Deficit Fund Balance

The following funds had a deficit fund balance at June 30, 2016:

Parks and Recreation Special Revenue Fund	\$ 14,998
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The deficit fund balance in the Parks and Recreation Fund is due to unanticipated legal fees incurred related to legal action against the City concerning construction of parks in the prior years (**See Note D11**). The deficit in the fund will be corrected with revenues received in the following year along with budgeted transfers from the Room Tax Fund of \$10,000 and Mosquito Abatement of \$40,000.

NOTE D. DETAILED NOTES ON ALL FUNDS

1. Pooled Cash

The City maintains a cash pool that is available for use by all funds. At June 30, 2016, this pool is displayed by the statement of net position and major and other governmental funds on the governmental funds balance sheet as “Pooled Cash.”

A reconciliation of cash as shown in the Statement of Net Position is as follows:

Carrying amount of deposits	<u>\$ 936,444</u>
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A reconciliation of cash for the City is as follows:

Government-wide pooled cash	\$ 780,957
Restricted cash	<u>155,487</u>
Total	<u>\$ 936,444</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

1. Pooled Cash and Investments (Continued)

The cash and investment pool is available for use by all funds of the City. The City may invest the money of the investment pool in investments which have been authorized as investments by Nevada Revised Statutes. (See Note A7b)

Investment income is apportioned to the funds within the pool monthly based on the average balance invested for the month.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Cash and investment are subject to the following risks:

Interest Rate Risk: Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from the rise in interest rates. Nevada Revised Statutes limits bankers' acceptances to 180 days of maturities, repurchase agreements to 90 days, U.S. Treasuries and Agencies to less than 10 years, and commercial paper to 270 days maturity. As of June 30, 2016, all investments are deemed liquid.

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 its investments. The Nevada Revised Statutes limits investment instruments by their credit risk (Note A7b).

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank or brokerage failure, the City's deposits may not be returned. The City's bank deposits are generally covered by FDIC insurance and are collateralized by the Office of the State Treasurer/Nevada Collateral Pool. At year-end, the City's carrying amount of deposits was \$936,444 and the bank balance was \$1,055,758. Of the bank balance, \$250,000 was covered by federal depository insurance. Of the remaining balance, \$805,758 was collateralized with securities held by the Nevada Pooled Collateral Program.

The City implemented GASB Statement No. 72, Fair Value Measurement and Application, in 2016 to categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has no assets that require classification.

2. Receivables

Below is the detail of receivables for each major fund and the nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts:

	General	Streets	Other Governmental	Enterprise	Total
Taxes receivable	\$ 4,402	\$ 0	\$ 7,014	\$ 0	\$ 11,416
Accounts receivable, (net)	0	0	11,080	153,824	164,904
Due from other governments:					
Fuel taxes	0	15,833	0	0	15,833
Consolidated taxes	24,177	0	0	0	24,177
Property taxes	7,006	0	0	0	7,006
Net total receivables	<u>\$ 35,585</u>	<u>\$ 15,833</u>	<u>\$ 18,094</u>	<u>\$ 153,824</u>	<u>\$ 223,336</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

3. Capital Assets

Capital assets activity for the year ended June 30, 2016, was as follows:

Governmental Activities:	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 210,410	\$ -	\$ -	\$ 210,410
Capital assets being depreciated:				
Building	687,604	-	-	687,604
Improvements	14,401,381	-	-	14,401,381
Equipment	3,627,536	-	-	3,627,536
Infrastructure	373,854	-	-	373,854
Total capital assets being depreciated	19,090,375	-	-	19,090,375
Less accumulated depreciation for:				
Building	260,904	11,706	-	272,610
Improvements	3,281,627	698,781	-	3,980,408
Equipment	3,161,731	96,981	-	3,258,712
Infrastructure	41,983	7,878	-	49,861
Total accumulated depreciation	6,746,245	815,346	-	7,561,591
Total capital assets being depreciated, net	12,344,130	(815,346)	-	11,528,784
Governmental activities, net	\$ 12,554,540	\$ (815,346)	\$ -	\$ 11,739,194
Business-Type Activities:	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 274,501	\$ -	\$ -	\$ 274,501
Water rights	195,745	-	-	195,745
Total capital assets not being depreciated	470,246	-	-	470,246
Capital assets being depreciated:				
Water	3,086,545	4,736	-	3,091,281
Sewer	4,504,963	-	-	4,504,963
Garbage	284,188	-	-	284,188
Electricity	2,127,181	60,397	-	2,187,578
Total capital assets being depreciated	10,002,877	65,133	-	10,068,010
Less accumulated depreciation for:				
Water	1,980,718	169,065	-	2,149,783
Sewer	2,300,359	134,324	-	2,434,683
Garbage	264,349	749	-	265,098
Electricity	1,157,571	76,016	-	1,233,587
Total accumulated depreciation	5,702,997	380,154	-	6,083,151
Total capital assets being depreciated, net	4,299,880	(315,021)	-	3,984,859
Business-type activities, net	\$ 4,770,126	\$ (315,021)	\$ -	\$ 4,455,105

CITY OF CALIENTE, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

3. Capital Assets (Continued)

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

Governmental activities:

General government	\$ 19,691
Public safety	33,536
Public works	172,673
Judicial	1,403
Culture and recreation	<u>588,043</u>
	<u>\$ 815,346</u>

Business activities:

Water	\$ 169,065
Sewer	134,324
Garbage	749
Electricity	<u>76,016</u>
	<u>\$ 380,154</u>

4. Accrued Liabilities

Accrued liabilities reported by funds at June 30, 2016, were as follows:

Fund	Accrued Payroll and Benefits	Compensated Absences	Meter Deposits	Totals
General	\$ 19,681	\$ 0	\$ 0	\$ 19,681
Streets	3,404	0	0	3,404
Other Governmental	4,141	0	0	4,141
Water Utility	1,865	8,162	0	10,027
Sewer Utility	1,198	6,038	0	7,236
Electric Utility	4,679	30,557	22,039	57,275
Nonmajor Enterprise	<u>805</u>	<u>5,402</u>	<u>0</u>	<u>6,207</u>
Total Accrued Liabilities	<u>\$ 35,773</u>	<u>\$ 50,159</u>	<u>\$ 22,039</u>	<u>\$107,971</u>

5. Restricted Assets

The balances of the City's restricted asset accounts are as follows:

Cash – customer deposits	\$ 6,757
1993 – Sewer Revenue Bond	4,630
1993 – Sewer Revenue Bond Reserve	55,916
1999 – Sewer Revenue Bond	26,443
1999 – Sewer Revenue Bond Reserve	26,383
2003 – Sewer Revenue Bond Reserve	13,288
2005 – Water Revenue Bond Reserve	<u>22,070</u>
Total restricted assets	<u>\$ 155,487</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

6. Long-term Debt

Business-Type Activities:

- a. Revenue Bonds** The City issues revenue bonds to provide funds for the acquisition and construction of utility capital assets. Revenue bonds have been issued for the business-type activities. Revenue bonds are an obligation of the enterprise utility funds for which the capital assets were acquired or constructed. Revenue bonds outstanding at June 30, 2016, are as follows:

<u>Purpose</u>	<u>Interest</u>	<u>Amount</u>
1993 Sewer Revenue Bond	4.50%	\$ 548,051
1999 Sewer Revenue Bond	4.50%	345,887
2005 Water Revenue Bond	4.50%	263,296
2003 Sewer Revenue Bond	4.25%	100,523
		<u>\$1,257,757</u>

1993 Sewer Revenue Bonds: The 1993 Sewer Revenue Bond is payable to the Farmers Home Administration. The 1993 bond agreement requires the City to establish a Sewer Revenue Bond account in which the City must deposit an amount sufficient to pay the next maturing installment of principal and interest on the outstanding Bond. The deposit requirement is \$4,233. The balance in this account was \$4,630 at June 30, 2016. The agreement also requires the City to establish a Sewer Revenue Bond Reserve Fund in which the City must deposit on a monthly basis an amount equal to one hundred twentieth of the average annual loan installment until the average annual loan installment has been accumulated. The monthly deposit is \$422 and the average annual loan installment is \$50,796. The balance in this account at June 30, 2016, was \$55,916.

The balance at June 30, 2016, is \$548,251. Annual debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 23,716	\$ 27,080
2018	24,929	25,867
2019	26,205	24,591
2020	27,546	23,250
2021	28,955	21,841
2022-2026	168,570	85,410
2027-2031	216,336	37,644
2032	31,794	736
	<u>\$548,051</u>	<u>\$246,419</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

6. Long-term Debt (Continued)

a. Revenue Bonds (Continued)

1999 Sewer Revenue Bonds: The 1999 Sewer Revenue Bond is payable to the Farmers Home Administration. The 1999 bond agreement requires the City to establish a Sewer Revenue Bond Account in which the City must deposit an amount sufficient to pay the next maturing installment of principal and interest. The deposit requirement is \$24,458. The balance in the account was \$26,443 at June 30, 2016. The agreement also requires the City to establish a Sewer Revenue Bond Reserve Account in which the City must deposit on an annual basis a deposit equal to one tenth of the average annual payment of principal and interest until the average annual payment of principal and interest has been accumulated. The average annual loan installment is \$24,458. The balance in the account was \$26,383 at June 30, 2016. These reserve accounts can only be used to pay for emergency maintenance of facilities, loan installments, extensions to facilities, and short-lived assets.

The balance at June 30, 2016, is \$345,887. Annual debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 8,893	\$ 15,565
2018	9,293	15,165
2019	9,711	14,747
2020	10,148	14,310
2021	10,605	13,853
2022-2026	60,629	61,661
2027-2031	75,555	46,735
2032-2036	94,155	28,135
2037-2039	66,898	6,092
	<u>\$345,887</u>	<u>\$216,263</u>

2005 Water Revenue Bond: The Caliente Water revenue bond is payable to the U.S. Department of Agriculture. Payments are due in monthly installments of \$1,364 including interest. The bond matures in 2045 at an interest rate of 4.5%. The bond covenants require the City accumulate an amount equal to one annual installment of principal and interest to be used only for loan installments. The deposit requirement to date would be \$16,368. The balance in the account was \$22,070 at June 30, 2016.

The balance at June 30, 2016, is \$263,296. Annual debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 4,616	\$ 11,752
2018	4,828	11,540
2019	5,050	11,318
2020	5,282	11,086
2021	5,524	10,844
2022-2026	31,670	50,170
2027-2031	39,645	42,195
2032-2036	49,627	32,213
2037-2041	62,123	19,717
2042-2045	54,931	4,724
	<u>\$263,296</u>	<u>\$205,559</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

6. Long-term Debt (Continued)

a. Revenue Bonds (Continued)

2003 Sewer Bond: The Sewer revenue bond is payable to the U.S. Department of Agriculture. The bond is payable in monthly payments of \$520.80 including interest at 4.25%. The bond covenants require the City to accumulate an amount equal to one annual installment of principal and interest to be used only for loan installments. The deposit requirement would be \$6,250; the balance in the account was \$13,288 at June 30, 2016.

The balance at June 30, 2016, is \$100,523. Annual debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 2,021	\$ 4,229
2018	2,108	4,142
2019	2,200	4,050
2020	2,295	3,955
2021	2,395	3,855
2022-2026	13,620	17,630
2027-2031	16,838	14,412
2032-2036	20,819	10,431
2037-2041	25,738	5,512
2042-2044	12,489	567
	<u>\$100,523</u>	<u>\$ 68,783</u>

b. Note Payable

Electric Distribution Line Assessment: An electric distribution line was placed in service in 1995 which services the City. The electrical distributor assessed the City \$765,400 for their share of the cost. Payments are due in monthly installments of \$4,192 with interest at 5.125 percent.

The balance at June 30, 2016, is \$310,278. Annual debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 35,224	\$ 15,080
2018	37,072	13,232
2019	39,017	11,287
2020	41,064	9,240
2021	43,219	7,085
2022-2024	114,682	7,260
	<u>\$310,278</u>	<u>\$ 63,184</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

6. Long-term Debt (Continued)

b. Note Payable (Continued)

Governmental Activities:

Note payable: The City entered into a note with United States Department of Agriculture Rural Development to borrow an original principal of \$120,000 for the purchase of a fire truck. The note is payable in quarterly payments of \$3,052 including interest at a rate of 3.375%.

The balance at June 30, 2016, is \$84,435. Annual debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 9,474	\$ 2,734
2018	9,798	2,410
2019	10,133	2,075
2020	10,479	1,729
2021	10,837	1,371
2022-2024	33,714	1,837
	<u>\$84,435</u>	<u>\$ 12,156</u>

Changes in Long-term Debt: During the year ended June 30, 2016, the following changes occurred in long-term debt:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>	<u>Due within one year</u>
Governmental Activities:					
Notes Payable	\$ 93,599	\$ 0	\$ 9,164	\$ 84,435	\$ 9,474
Compensated Absences	3,147	9,503	0	12,650	3,196
OPEB Obligation	5,852	0	1,302	4,550	0
Pension Obligation	167,173	20,803	0	187,976	0
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 269,771</u>	<u>\$ 30,306</u>	<u>\$ 10,466</u>	<u>\$ 289,611</u>	<u>\$ 12,670</u>
Business-Type Activities:					
Revenue Bonds	\$ 1,295,380	\$ 0	\$ 37,623	\$ 1,257,757	\$ 39,246
Notes Payable	343,746	0	33,468	310,278	35,224
Compensated Absences	40,204	9,955	0	50,159	39,156
OPEB Obligation	16,557	0	1,948	14,609	0
Pension Obligation	533,538	47,927	0	581,465	0
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 2,229,425</u>	<u>\$ 57,882</u>	<u>\$ 73,039</u>	<u>\$ 2,214,268</u>	<u>\$ 113,626</u>

For the governmental activities, the compensated absences liability and OPEB obligations will be liquidated primarily by the General Fund, and the notes payable will be paid by the Fire Fund. For the business-type activities, the obligations will be paid by the water, sewer, electric, and waste utility funds.

Per Nevada Revised Statute Chapter 266.600(4), the debt limitation for the City is equal to 20 percent of the assessed valuation of property, excluding motor vehicles for the current year. The debt limitation currently applicable at June 30, 2016 was \$2,946,321. This does not include revenue bonds which are exempt from this statute.

CITY OF CALIENTE, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

7. Interfund Transfers

Interfund operating transfers are made from one fund to another fund to support expenditures in accordance with the authority established for the individual funds. Transfers between fund types during the year ended June 30, 2016, were as follows:

	<u>Total</u>	<u>Transfers Out</u>
	<u>Transfers In</u>	<u>Nonmajor Special Revenue</u>
Nonmajor Special Revenue Funds	\$ 50,000	\$ 50,000

The Parks and Recreation Special Revenue Fund received \$50,000 from the Room Tax Fund. This transfer was made to help cover prior year legal costs related to litigation concerning the construction of parks in the City. (See Note D11).

8. Unavailable Revenue

Delinquent taxes receivable not collected within sixty days after year-end are recorded as deferred inflows of resources as they are not available to pay liabilities of the current period. At June 30, 2016, the City had \$3,807 of unavailable revenue in the General Fund.

9. Due to / Due from Other Funds

The composition of interfund balances as of June 30, 2016, is as follows:

<u>Due to</u>	<u>Due from</u>	<u>Amount</u>
General Fund	Parks and Recreation Fund	<u>\$ 12,593</u>
Utility Enterprise Fund – Electricity	Utility Enterprise Fund – Sewer	<u>\$ 75,751</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

10. Risk Management

Property, Casualty, Crime and Machinery Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City joined together with other local governments throughout the State of Nevada to create a pool under the Nevada Interlocal Cooperation Act. The Nevada Public Agency Insurance Pool (NPAIP) is a public entity risk pool currently operating as a common risk management and insurance program for members. The City pays an annual premium and specific deductibles, as necessary, to NPAIP for its general insurance coverage. NPAIP is considered a self-sustaining risk pool that will provide liability coverage for its members up to \$10,000,000 per event and a \$10,000,000 annual aggregate per member. Property, crime and equipment breakdown coverage is provided to its members up to \$300,000,000 per loss with various sub-limits established for earthquake, flood, equipment breakdown and money and securities. As a participatory member the maintenance deductible is \$500 for each insured event.

The City participates in the Public Agency Compensation Trust (PACT). Premiums paid to PACT cover workers' compensation claims against the City. Premiums are based on a percentage of wages paid.

The City carries commercial insurance for all other risks of loss including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

11. Contingent Liabilities

The City is a defendant in a lawsuit. The lawsuit is based on construction of parks in the City supported by SNPLMA (Federal) grants sub-granted to the City by Lincoln County, Nevada. The action is for breach of contract and equitable claims. The matter has gone through arbitration where an award was made to the contractor. The City has filed with District Court to vacate the arbitrator's award. The outcome is uncertain. No provision has been made in the financial statements for possible losses.

Construction commitments

The City has no significant construction commitments as of June 30, 2016.

12. Defined Benefit Pension Plan

Plan Description. All half time and greater City employees are provided pension benefits through 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. NRS Chapter 286 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 can be obtained at www.nvpers.org under Quick Links — Publications.

CITY OF CALIENTE, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

12. Defined Benefit Pension Plan (Continued)

Benefits Provided. Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits. Vested members are entitled to a life-time monthly retirement benefit equal to the service time multiplier (STM) percentages listed below times the member's years of service to a maximum of 30 years. The schedule of Eligibility for Monthly Unreduced Retirement Benefits for regular members and police/fire members are as follows:

Eligibility for Regular Members:

Years of Service	Hired prior to 07/01/01		Hired between 07/01/01-12/31/09		Hired Between 12/31/09-07/01/15		Hired After 7/1/15	
	Age	STM%	Age	STM%	Age	STM%	Age	STM%
5 years	65	2.50%	65	2.67%	65	2.50%	65	2.25%
10 years	60	2.50%	60	2.67%	62	2.50%	62	2.25%
30 years	Any	2.50%	Any	2.67%	Any	2.50%	55	2.25%
33 1/3 years							Any	2.25%

Eligibility for Police and Fire Members:

Years of Service	Hired prior to 07/01/01		Hired between 07/01/01-12/31/09		Hired Between 12/31/09-07/01/15		Hired After 7/1/15	
	Age	STM%	Age	STM%	Age	STM%	Age	STM%
5 years	66	2.50%	66	2.67%	65	2.50%	65	2.50%
10 years	55	2.50%	55	2.67%	60	2.50%	60	2.50%
20 years	50	2.50%	50	2.67%	50	2.50%	50	2.50%
25 years	Any	2.50%	Any	2.67%				
30 years					Any	2.50%		

* Only service performed in a position as a police officer or firefighter may be counted towards eligibility for retirement as Police/Fire accredited service.

Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death. Post-retirement increases are provided by authority of NRS 286.575 - .579.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both Regular and Police/Fire members become fully vested as to benefits upon completion of five years of service.

Contributions: Benefits for plan members are funded under the employer pay contribution plan. The City is required to contribute all amounts due under the plan. PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450. The City's required contribution rates for the year ending June 30, 2016 were 40.50% for police and fire members; 28.00% for regular members; and 14.00% for employer/employee match. The City has fully funded the amounts due for the year ending June 30, 2016 of \$116,151.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contribution requirement as a percentage of salary.

CITY OF CALIENTE, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

12. Defined Benefit Pension Plan (Continued)

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

At June 30, 2016, the City reported a liability of \$769,441 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2015. At June 30, 2015, the City's proportion was 0.00671 percent.

For the year ended June 30, 2016, the City recognized pension expense of \$86,548. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 0	\$ 57,875
Net difference between projected and actual earnings on pension plan investments	0	41,678
Changes in proportion and differences between City contributions and proportionate share of contributions	5,493	2,121
City Contributions subsequent to measurement date	<u>116,151</u>	<u>0</u>
Total	<u>\$ 121,644</u>	<u>\$ 101,674</u>

\$116,151 was reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 30,254
2018	30,254
2019	30,254
2020	(6,540)
2021	8,799
2022	<u>3,160</u>
	<u>\$ 96,181</u>

CITY OF CALIENTE, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

12. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions: The System's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.50%
Payroll Growth	5.00%, including inflation
Investment Rate of Return	8.00%
Productivity pay increase	0.75%
Projected Salary increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.5%, depending on service Rates include inflation and productivity increases
Consumer Price Index	3.50%

Mortality rates were based on the RP-2000 Combined Healthy Table for Males and Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Actuarial assumptions used in the June 30, 2015 valuation were based on the results of the experience review completed in 2013. The System's policies which determine the investment portfolio target asset allocation are established by the Public Employees' Retirement Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

The following was the Board adopted policy target asset allocation as of June 30, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Geometric Expected Real Rate of Return*</u>
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed	30%	0.25%
Private Markets	10%	6.80%

*As of June 30, 2015, PERS' long-term inflation assumption was 3.5%

Discount Rate. The discount rate used to measure the total pension liability was 8.00% as of June 30, 2015. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2015, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2015.

CITY OF CALIENTE, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

12. Defined Benefit Pension Plan (Continued)

Sensitivity of the City's proportionate share of the net pension liability to change in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percent higher or lower than the current rate.

	1.0% Decrease (7.0%)	Discount Rate (8.0%)	1.0% Increase (9.0%)
City's proportionate share of the net pension liability	\$ 1,171,693	\$ 769,441	\$ 434,001

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website.

Pension contributions payable. The City's accrued contributions payable at June 30, 2016 were \$9,002.

13. Post-Employment Healthcare Plan

Plan Description: The City subsidizes eligible retirees' contributions to the Public Employee Benefits Plan (PEBP), an agent multiple-employer defined benefit postemployment health care plan administered by the State of Nevada. This plan provides medical, vision, dental, and life insurance benefits to eligible retired City employees and beneficiaries. NRS 287.041 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. The plan is now closed to current City retirees, however, City employees who previously met the eligibility requirement for retirement within the Nevada Public Employee Retirement System had the option upon retirement to enroll in coverage under the PEBP and the subsidy provided by the City was determined by their number of years of service. 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 Benefits Program, 901 S. Stewart Street, Suite 1001, Carson City, NV 89701, by calling (775) 684-7000, or by accessing the website at www.pebp.state.nv.us/informed/financial.htm.

Public Employee Benefit Plan (PEBP): NRS 287.046 establishes the subsidies to be contributed toward the premium costs of the eligible retired City employees. Plan members receiving benefits have their monthly contributions deducted from their pension checks based on the health plan chosen by the retiree as reduced by the amount of the subsidy. Effective July 2015, the subsidy provided to pre-Medicare retirees now varies based on the type of plan selected (PPO or HMO) and by the level of coverage taken (e.g., single, two party, family, etc.). The chart below shows our understanding of monthly amounts currently payable for those with 5 years and with 20 years of PERS service.

Coverage Level	PPO CDHP	HMO
5 Years of Service		
Retiree Only	\$293.35	\$ 61.90
Retiree + Spouse	670.10	278.38
Retiree + Child(ren)	620.47	170.60
Retiree + Family	996.85	387.07
20 Years of Service		
Retiree Only	\$772.11	540.66
Retiree + Spouse	1,148.86	757.14
Retiree + Child(ren)	1,099.23	649.36
Retiree + Family	1,475.61	865.83

CITY OF CALIENTE, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

13. Post-Employment Healthcare Plan (Continued)

Subsidy rates for retirees covered under the Medicare Exchange were \$11 per month per year of service (maximum \$220 per month). The contribution requirements of plan members and the City are established and amended by the PEBP board of trustees. As a participating employer, the City is billed for the subsidy on a monthly basis and is legally required under NRS 287.023 to provide for it.

For fiscal year 2016, the City contributed \$12,023 to the plan for current premiums. The City did not prefund any future benefits.

Annual OPEB Cost and Net OPEB Obligation The City's annual other postemployment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB statement 45 for employers in plans with fewer than one hundred total plan members. 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 following table shows the components of the City's annual OPEB costs for the year, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation to the plan:

	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2014</u>
Annual Required Contribution	\$ 8,436	\$ 8,495	\$ 9,321
Interest on net OPEB obligation	337	340	373
Adjustment to annual required contribution	<u>0</u>	<u>0</u>	<u>0</u>
Annual OPEB cost (expense)	8,773	8,835	9,694
Contributions made	<u>(12,023)</u>	<u>(10,456)</u>	<u>(11,861)</u>
Increase (decrease) in net OPEB	(3,250)	(1,621)	(2,167)
Net OPEB obligation - beginning of the year	<u>22,409</u>	<u>24,030</u>	<u>26,197</u>
Net OPEB obligation - end of year	<u>\$ 19,159</u>	<u>\$ 22,409</u>	<u>\$ 24,030</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016 and the two preceding fiscal years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost Contributed</u>	<u>Employer Contributions</u>	<u>% of Annual OPEB Expense Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2014	\$ 9,694	\$ 11,861	122%	\$ 24,030
6/30/2015	\$ 8,835	\$ 10,456	118%	\$ 22,409
6/30/2016	\$ 8,773	\$ 12,023	137%	\$ 19,159

Funded Status and Funding Progress As of June, 30, 2016, the actuarial accrued liability (AAL) for benefits was \$151,697, all of which was unfunded. Because of this, the unfunded actuarial accrued liability (UAAL) is equal to the AAL. The covered payroll (annual payroll of active employees covered by the plan) was \$0 and the ratio of the UAAL to the covered payroll was 0%. PEBP is closed to new City participants as of November 1, 2008; therefore, covered payroll is zero.

CITY OF CALIENTE, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE D. DETAILED NOTES ON ALL FUNDS (Continued)

13. Post-Employment Healthcare Plan (Continued)

Actuarial valuations of an ongoing plan 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 schedule 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.

Methods and Assumptions Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees-Retirement age was not considered, as the City has terminated the benefit for future retirees.

Mortality- Life expectancies were based on mortality tables from the Period Life Table published by the Social Security Administration.

Turnover-The turnover of active employees was not addressed due to the City's policy change, eliminating the benefit for future retirees.

Healthcare cost trend rate- The expected rate of increase in healthcare insurance premiums as based on an initial rate of 7.5%, reduced to an ultimate rate of 5% after seven years.

Health insurance premiums-The insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Based on the historical and expected returns, a discount rate of 4 percent was used.

Because of changes to state law, as of September 1, 2008, the plan was no longer available to those actively employed past that date. As a result, the City expects the liability to begin to decrease and eventually disappear over the life of the amortization period. The unfunded actuarial accrued liability arising from PEBP subsidies is being amortized over an open 30 year period with level dollar payments. As of June 30, 2016, there were twenty-four years remaining.

CITY OF CALIENTE, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2016

Valuation Date	Value of Assets (a)	Accrued Liability (AAL) Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2016	\$ -	\$ 151,697	\$ 151,697	0.00%	\$ -	0.00%
6/30/2015	\$ -	\$ 152,771	\$ 152,771	0.00%	\$ -	0.00%
6/30/2014	\$ -	\$ 167,631	\$ 167,631	0.00%	\$ -	0.00%
6/30/2013	\$ -	\$ 121,876	\$ 121,876	0.00%	\$ -	0.00%

See accompanying notes to required supplementary information.

CITY OF CALIENTE, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S CONTRIBUTIONS TO THE
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF NEVADA
JUNE 30, 2016

June 30,	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 116,151	\$ 103,718	\$ 100,913	\$ 103,439
Contributions in relation to the contractually required contribution	<u>116,151</u>	<u>103,718</u>	<u>100,913</u>	<u>103,439</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 414,825	\$ 405,212	\$ 402,979	\$ 465,001
Contributions as a percentage of covered- employee payroll	28.00%	25.60%	25.04%	22.24%

Information prior to 2013 is not available.

CITY OF CALIENTE, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF NEVADA
JUNE 30, 2016

Reporting Year Ended June 30:	2016	2015
Measurement Date June 30:	2015	2014
City's proportion of the net pension liability	0.00671%	0.00672%
City's proportionate share of the net pension liability	769,441	700,711
City's covered-employee payroll	405,212	402,979
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	189.89%	173.88%
Plan fiduciary net position as a percentage of the total pension liability	75.10%	76.31%

Information prior to 2015 is not available.

**CITY OF CALIENTE, NEVADA
MAJOR FUND - GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015**

	2016	2015
<u>ASSETS</u>		
Pooled cash	\$ 68,219	\$ 53,022
Taxes receivable	4,402	4,467
Due from other governments	31,183	38,256
Due from other funds	<u>12,593</u>	<u>34,548</u>
Total assets	<u>\$ 116,397</u>	<u>\$ 130,293</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 3,348	\$ 43,113
Accrued payroll	<u>19,681</u>	<u>22,854</u>
Total liabilities	<u>23,029</u>	<u>65,967</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable revenue - property taxes	<u>3,807</u>	<u>3,773</u>
<u>FUND BALANCE</u>		
Assigned for subsequent year	67,157	15,043
Unassigned	<u>22,404</u>	<u>45,510</u>
Total fund balance	<u>89,561</u>	<u>60,553</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 116,397</u>	<u>\$ 130,293</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016
(With Comparative Actual Amounts for Year Ended June 30, 2015)

	2016		Variance -	2015
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Taxes	\$ 129,662	\$ 130,581	\$ 919	\$ 126,912
Fines and fees	-	-	-	12,718
Licenses and permits	15,550	24,409	8,859	22,970
Intergovernmental	142,166	142,804	638	143,136
Charges for services	1,500	2,308	808	2,668
Miscellaneous	24,100	31,984	7,884	24,099
Total revenues	<u>312,978</u>	<u>332,086</u>	<u>19,108</u>	<u>332,503</u>
Expenditures:				
General government	168,709	181,799	(13,090)	177,242
Judicial	40,000	33,651	6,349	29,004
Public safety	75,000	71,072	3,928	72,741
Public works	3,600	5,591	(1,991)	3,000
Health and sanitation	12,338	10,965	1,373	5,972
Contingency	8,989	-	8,989	-
Total expenditures	<u>308,636</u>	<u>303,078</u>	<u>5,558</u>	<u>287,959</u>
Excess (deficiency) of revenues over expenditures	<u>4,342</u>	<u>29,008</u>	<u>24,666</u>	<u>44,544</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	2,816
Operating transfers out	-	-	-	(29,739)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,923)</u>
Net change in fund balance	4,342	29,008	24,666	17,621
Fund balance:				
Beginning of year	<u>15,043</u>	<u>60,553</u>	<u>45,510</u>	<u>42,932</u>
End of year	<u>\$ 19,385</u>	<u>\$ 89,561</u>	<u>\$ 70,176</u>	<u>\$ 60,553</u>

GENERAL FUND
MAJOR FUND - GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET (GAAP BASIS)
Year Ended June 30, 2016
(With Comparative Actual Amounts for Year Ended June 30, 2015)

	2016		Variance -	2015
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Taxes:				
Property taxes	\$ 129,662	\$ 130,581	\$ 919	\$ 126,912
Fines and fees:				
Municipal court fines	-	-	-	12,718
Licenses and permits:				
Business licenses	7,000	8,273	1,273	9,386
City gaming licenses	1,800	1,776	(24)	1,620
Liquor licenses	3,000	4,460	1,460	3,520
Dog licenses	50	34	(16)	21
Building permits and inspection fees	3,000	9,866	6,866	8,423
Franchise fees	700	-	(700)	-
Total licenses and permits	15,550	24,409	8,859	22,970
Intergovernmental:				
County gaming tax	3,500	2,925	(575)	5,062
Consolidated tax	138,666	139,879	1,213	138,074
Total intergovernmental	142,166	142,804	638	143,136
Charges for services:				
Cemetery fees	1,500	2,175	675	2,425
Impound fees	-	133	133	243
Total charges for services	1,500	2,308	808	2,668
Miscellaneous:				
Investment income	600	425	(175)	667
Rent	19,000	10,254	(8,746)	14,433
Rent - communications tower	2,500	-	(2,500)	1,500
Other	2,000	21,305	19,305	7,499
Total miscellaneous	24,100	31,984	7,884	24,099
Total revenues	\$ 312,978	\$ 332,086	\$ 19,108	\$ 332,503

CITY OF CALIENTE, NEVADA
MAJOR FUND - GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
Year Ended June 30, 2016
(With Comparative Actual Amounts for Year Ended June 30, 2015)

		2016	Variance -	2015
	Budget	Actual	Positive (Negative)	Actual
Expenditures:				
General Government:				
Mayor and City Council:				
Salaries and wages	\$ 9,600	\$ 9,751	\$ (151)	\$ 9,450
Employee benefits	3,168	1,415	1,753	1,227
Services and supplies	23,800	5,737	18,063	5,101
Total Mayor and City Council	36,568	16,903	19,665	15,778
City Hall General Administration:				
Salaries and wages	52,192	52,361	(169)	52,110
Employee benefits	24,888	31,376	(6,488)	30,563
Services and supplies	47,400	79,178	(31,778)	76,448
Total City Hall General Administration	124,480	162,915	(38,435)	159,121
Grant Administrator:				
Services and supplies	3,500	1,981	1,519	2,043
Communications tower:				
Services and supplies	4,161	-	4,161	300
Total general government	168,709	181,799	(13,090)	177,242
Judicial:				
City Attorney:				
Services and supplies	30,000	30,000	-	21,000
Municipal Court:				
Salaries and wages	-	317	(317)	6,532
Employee benefits	-	51	(51)	922
Services and supplies	10,000	3,283	6,717	550
Total Municipal Court	10,000	3,651	6,349	8,004
Total judicial	40,000	33,651	6,349	29,004
Public Safety:				
Police Department:				
Services and supplies	75,000	71,072	3,928	72,741

CITY OF CALIENTE, NEVADA
MAJOR FUND - GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS) (CONTINUED)
Year Ended June 30, 2016
(With Comparative Actual Amounts for Year Ended June 30, 2015)

	2016		Variance -	2015
	Budget	Actual	Positive (Negative)	Actual
Expenditures:				
Public Works:				
Services and supplies	\$ 3,600	\$ 5,591	\$ (1,991)	\$ 3,000
Health and Sanitation:				
Cemetery:				
Salaries and wages	3,000	4,759	(1,759)	2,792
Employee benefits	1,500	2,544	(1,044)	1,496
Services and supplies	300	2,401	(2,101)	876
Capital outlay	4,000	-	4,000	-
Total cemetery	8,800	9,704	(904)	5,164
Animal Control:				
Salaries and wages	300	531	(231)	412
Employee benefits	100	300	(200)	136
Services and supplies	1,138	430	708	260
Capital outlay	2,000	-	2,000	-
Total animal control	3,538	1,261	2,277	808
Total health and sanitation	12,338	10,965	1,373	5,972
Contingency	8,989	-	8,989	-
Total expenditures	\$ 308,636	\$ 303,078	\$ 5,558	\$ 287,959

CITY OF CALIENTE, NEVADA
MAJOR FUND - STREETS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	2016	2015
<u>ASSETS</u>		
Pooled cash	\$ 339,795	\$ 513,611
Due from other governments	<u>15,833</u>	<u>15,681</u>
Total assets	<u>\$ 355,628</u>	<u>\$ 529,292</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 412	\$ -
Accrued payroll	<u>3,404</u>	<u>3,351</u>
Total liabilities	3,816	3,351
<u>FUND BALANCE</u>		
Restricted for public works	<u>351,812</u>	<u>525,941</u>
Total liabilities and fund balance	<u>\$ 355,628</u>	<u>\$ 529,292</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - STREETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016
(With Comparative Actual Amounts for Year Ended June 30, 2015)

	2016		Variance -	2015
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Intergovernmental:				
Grants	\$ -	\$ -	\$ -	\$ 646,939
Gas tax \$1.75	1,906	2,091	185	1,855
Gas tax \$2.35	86,208	86,208	-	86,044
Optional \$.01 gas tax	5,382	5,891	509	5,521
Other - RTC	-	-	-	70,200
	<u>93,496</u>	<u>94,190</u>	<u>694</u>	<u>810,559</u>
Total revenues				
Expenditures:				
Public works:				
Salaries and wages	58,000	93,638	(35,638)	63,711
Employee benefits	32,000	65,052	(33,052)	36,896
Services and supplies	156,300	89,629	66,671	89,589
Capital outlay	136,000	20,000	116,000	854,903
	<u>382,300</u>	<u>268,319</u>	<u>113,981</u>	<u>1,045,099</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	(288,804)	(174,129)	114,675	(234,540)
Fund balance:				
Beginning of year	<u>364,384</u>	<u>525,941</u>	<u>161,557</u>	<u>760,481</u>
End of year	<u>\$ 75,580</u>	<u>\$ 351,812</u>	<u>\$ 276,232</u>	<u>\$ 525,941</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-WATER
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	2016	2015
<u>ASSETS</u>		
Current assets:		
Cash	\$ 13,751	\$ -
Accounts receivable, net of allowance for uncollectible accounts (\$2,035)	<u>23,220</u>	<u>16,539</u>
Total current assets	<u>36,971</u>	<u>16,539</u>
Restricted assets:		
Cash	<u>22,070</u>	<u>22,052</u>
Capital assets:		
Land	4,016	4,016
Buildings	31,807	31,807
Machinery, equipment, and plant	3,255,219	3,250,483
Accumulated depreciation	<u>(2,149,783)</u>	<u>(1,980,718)</u>
Capital assets, net of accumulated depreciation	<u>1,141,259</u>	<u>1,305,588</u>
Total assets	<u>1,200,300</u>	<u>1,344,179</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension charge	<u>16,938</u>	<u>16,262</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-WATER
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	2016	2015
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 351	\$ -
Accrued payroll	1,865	2,080
Due to other funds	-	25,328
Accrued compensated absences	6,366	6,355
Accrued interest	65	66
Bonds payable - current	<u>4,616</u>	<u>4,413</u>
 Total current liabilities	 <u>13,263</u>	 <u>38,242</u>
Non-current liabilities:		
OPEB obligation payable	260	381
Accrued compensated absences	1,796	1,570
Revenue bond payable, net of current portion	258,680	263,296
Net pension liability	<u>112,966</u>	<u>105,167</u>
 Total non-current liabilities	 <u>373,702</u>	 <u>370,414</u>
 Total liabilities	 <u>386,965</u>	 <u>408,656</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension charge	<u>17,961</u>	<u>27,328</u>
<u>NET POSITION</u>		
Invested in capital assets, net of related debt	877,963	1,037,879
Restricted for debt service	21,968	21,968
Restricted for capital improvements	102	84
Unrestricted	<u>(87,721)</u>	<u>(135,474)</u>
 Total net position	 <u>\$ 812,312</u>	 <u>\$ 924,457</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-WATER
SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016
(With Comparative Actual Amounts for Year Ended June 30, 2015)

	2016		Variance -	2015
	Budget	Actual	Positive (Negative)	Actual
Operating revenues:				
Charges for services	\$ 234,000	\$ 209,210	\$ (24,790)	\$ 214,235
Operating expenses:				
Water				
Salaries and wages	56,150	39,218	16,932	50,874
Employee benefits	37,071	27,244	9,827	28,375
Services and supplies	42,087	52,493	(10,406)	63,621
General administration	28,082	23,524	4,558	27,667
Depreciation	171,000	169,065	1,935	168,429
Bad debt expense	-	-	-	39
Total operating expenses	334,390	311,544	22,846	339,005
Operating income (loss)	(100,390)	(102,334)	(1,944)	(124,770)
Non-operating revenues (expenses):				
Investment income	25	4	(21)	4
Debt surcharge	16,925	-	(16,925)	-
Penalties	1,575	2,141	566	1,590
Grant	-	-	-	1,258
Other	400	-	(400)	-
Impact fees	7,500	-	(7,500)	1,125
Interest expense	(12,653)	(11,956)	697	(12,338)
Total non-operating revenues (expenses)	13,772	(9,811)	(23,583)	(8,361)
Change in net position	\$ (86,618)	(112,145)	\$ (25,527)	(133,131)
Net position:				
Beginning of year		924,457		1,057,588
End of year		\$ 812,312		\$ 924,457

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-WATER
COMPARATIVE SCHEDULE OF CASH FLOWS
For the Years Ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Cash received from customers	\$ 202,529	\$ 216,035
Cash paid for salaries, wages, and employee benefits	(81,751)	(94,637)
Cash paid for services and supplies	(62,720)	(61,140)
Net cash provided (used) by operating activities	<u>58,058</u>	<u>60,258</u>
Cash flows from non-capital financing activities:		
Due to/from other funds	<u>(25,328)</u>	<u>(29,373)</u>
Cash flows from capital and related financing activities:		
Principal payments - bonds/notes payable	(4,413)	(22,395)
Grants and other	2,141	3,973
Interest paid	(11,957)	(12,449)
Purchase of capital assets	(4,736)	-
Net cash provided (used) by capital and related financing activities	<u>(18,965)</u>	<u>(30,871)</u>
Cash flows from investing activities:		
Investment income	<u>4</u>	<u>4</u>
Net increase (decrease) in cash and cash equivalents	13,769	18
Cash:		
Beginning of year	<u>22,052</u>	<u>22,034</u>
End of year	<u>\$ 35,821</u>	<u>\$ 22,052</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	<u>\$ (102,334)</u>	<u>\$ (124,770)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	169,065	168,429
(Increase) decrease in prepaid expenses	-	19,525
(Increase) decrease in accounts receivable	(6,681)	1,839
Increase (decrease) in accounts payable	351	(243)
Increase (decrease) in accrued payroll	(215)	1,024
Increase (decrease) in OPEB obligation payable	(121)	(62)
Increase (decrease) in accrued compensated absences	237	(4,169)
Increase (decrease) in net pension liability	7,799	(27,527)
Increase (decrease) in pension expenses	(10,043)	26,212
Total adjustments	<u>160,392</u>	<u>185,028</u>
Net cash provided (used) by operating activities	<u>\$ 58,058</u>	<u>\$ 60,258</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-SEWER
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	2016	2015
<u>ASSETS</u>		
Current assets:		
Accounts receivable, net of allowance for uncollectible accounts (\$1,110)	\$ 15,910	\$ 13,304
Restricted assets:		
Cash	<u>126,660</u>	<u>126,518</u>
Capital assets:		
Land	262,453	262,453
Buildings	38,473	38,473
Machinery, equipment, and plant	4,466,490	4,466,490
Accumulated depreciation	<u>(2,434,683)</u>	<u>(2,300,359)</u>
Capital assets, net of accumulated depreciation	<u>2,332,733</u>	<u>2,467,057</u>
Total assets	<u>2,475,303</u>	<u>2,606,879</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension charge	<u>11,740</u>	<u>11,240</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-SEWER
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	2016	2015
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 4,169	\$ 1,162
Accrued payroll	1,198	1,724
Due to other funds	75,751	65,664
Accrued compensated absences	4,710	4,392
Accrued interest	5,111	5,272
Bonds payable - current	34,630	33,009
Total current liabilities	<u>125,569</u>	<u>111,223</u>
Non-current liabilities:		
OPEB obligation payable	95	177
Accrued compensated absences	1,328	1,086
Revenue bond payable, net of current portion	959,831	994,662
Net pension liability	<u>78,460</u>	<u>72,691</u>
Total non-current liabilities	<u>1,039,714</u>	<u>1,068,616</u>
Total liabilities	<u>1,165,283</u>	<u>1,179,839</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension charge	<u>11,959</u>	<u>18,889</u>
<u>NET POSITION</u>		
Invested in capital assets, net of related debt	1,338,272	1,439,386
Restricted for debt service	118,451	115,309
Restricted for capital improvements	8,209	11,209
Unrestricted	<u>(155,131)</u>	<u>(146,513)</u>
Total net position	<u>\$ 1,309,801</u>	<u>\$ 1,419,391</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-SEWER
SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016
(With Comparative Actual Amounts for Year Ended June 30, 2015)

	2016		Variance -	2015
	Budget	Actual	Positive (Negative)	Actual
Operating revenues:				
Charges for services	\$ 228,000	\$ 173,018	\$ (54,982)	\$ 181,953
Operating expenses:				
Sewer				
Salaries and wages	38,650	28,376	10,274	34,077
Employee benefits	25,471	19,712	5,759	20,776
Services and supplies	19,150	34,524	(15,374)	40,763
General administration	9,528	19,454	(9,926)	23,498
Depreciation	140,500	134,324	6,176	134,608
Bad debt expense	-	-	-	33
Total operating expenses	<u>233,299</u>	<u>236,390</u>	<u>(3,091)</u>	<u>253,755</u>
Operating income (loss)	<u>(5,299)</u>	<u>(63,372)</u>	<u>(58,073)</u>	<u>(71,802)</u>
Non-operating revenues (expenses):				
Investment income	-	141	141	141
Debt Surcharge	48,875	-	(48,875)	-
Penalties	1,500	1,771	271	1,350
Grant	-	-	-	1,069
Impact fees	7,500	-	(7,500)	2,500
Interest expense	<u>(48,801)</u>	<u>(48,130)</u>	<u>671</u>	<u>(49,882)</u>
Total non-operating revenues (expenses)	<u>9,074</u>	<u>(46,218)</u>	<u>(55,292)</u>	<u>(44,822)</u>
Change in net position	<u>\$ 3,775</u>	<u>(109,590)</u>	<u>\$ (113,365)</u>	<u>(116,624)</u>
Net position:				
Beginning of year		<u>1,419,391</u>		<u>1,536,015</u>
End of year		<u>\$ 1,309,801</u>		<u>\$ 1,419,391</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-SEWER
COMPARATIVE SCHEDULE OF CASH FLOWS
For the Years Ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Cash received from customers	\$ 170,412	\$ 183,399
Cash paid for salaries, wages, and employee benefits	(60,503)	(67,589)
Cash paid for services and supplies	(40,265)	(60,009)
Net cash provided (used) by operating activities	<u>69,644</u>	<u>55,801</u>
Cash flows from non-capital financing activities:		
Due to/from other funds	<u>10,087</u>	<u>8,835</u>
Cash flows from capital and related financing activities:		
Principal payments - bonds payable	(33,210)	(31,658)
Grants and other	1,771	16,870
Interest paid	(48,291)	(49,848)
Net cash (used) by capital and related financing activities	<u>(79,730)</u>	<u>(64,636)</u>
Cash flows from investing activities:		
Investment income	<u>141</u>	<u>141</u>
Net increase in cash and cash equivalents	142	141
Cash:		
Beginning of year	<u>126,518</u>	<u>126,377</u>
End of year	<u>\$ 126,660</u>	<u>\$ 126,518</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	<u>\$ (63,372)</u>	<u>\$ (71,802)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	134,324	134,608
(Increase) decrease in accounts receivable	(2,606)	1,479
Increase (decrease) in accounts payable	3,007	(4,977)
Increase (decrease) in accrued payroll	(526)	942
Increase (decrease) in OPEB obligation payable	(82)	(52)
Increase (decrease) in accrued compensated absences	560	(3,488)
Increase (decrease) in net pension liability	5,769	(19,027)
Increase (decrease) in pension expenses	(7,430)	18,118
Total adjustments	<u>133,016</u>	<u>127,603</u>
Net cash provided (used) by operating activities	<u>\$ 69,644</u>	<u>\$ 55,801</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-ELECTRICITY
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	2016	2015
<u>ASSETS</u>		
Current assets:		
Cash	\$ 124,657	\$ 117,821
Accounts receivable, net of allowance for uncollectible accounts (\$4,183)	95,751	90,497
Due from other funds	<u>75,751</u>	<u>90,992</u>
 Total current assets	 <u>296,159</u>	 <u>299,310</u>
Restricted assets:		
Cash	<u>6,757</u>	<u>11,167</u>
Capital assets:		
Land	4,016	4,016
Buildings	40,304	40,304
Machinery, equipment, and plant	2,147,274	2,086,877
Accumulated depreciation	<u>(1,233,587)</u>	<u>(1,157,571)</u>
Capital assets, net of accumulated depreciation	<u>958,007</u>	<u>973,626</u>
 Total assets	 <u>1,260,923</u>	 <u>1,284,103</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension charge	<u>48,224</u>	<u>45,704</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-ELECTRICITY
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	2016	2015
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 2,735	\$ 60,814
Accrued payroll	4,679	7,946
Accrued compensated absences	23,866	17,926
Note payable - current	<u>35,224</u>	<u>33,468</u>
Total current liabilities	<u>66,504</u>	<u>120,154</u>
Current liabilities payable from restricted cash:		
Customer deposits	<u>22,039</u>	<u>32,031</u>
Non-current liabilities:		
OPEB obligation payable	14,224	15,912
Accrued compensated absences	6,691	4,430
Note payable, net of current portion	275,054	310,278
Net pension liability	<u>324,637</u>	<u>295,579</u>
Total non-current liabilities	<u>620,606</u>	<u>626,199</u>
Total liabilities	<u>709,149</u>	<u>778,384</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension charge	<u>41,702</u>	<u>76,806</u>
<u>NET POSITION</u>		
Invested in capital assets, net of related debt	647,729	629,880
Unrestricted	<u>(89,433)</u>	<u>(155,263)</u>
Total net position	<u>\$ 558,296</u>	<u>\$ 474,617</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND - UTILITY ENTERPRISE FUND-ELECTRICITY
SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016
(With Comparative Actual Amounts for Year Ended June 30, 2015)

	2016		Variance -	2015
	Budget	Actual	Positive (Negative)	Actual
Operating revenues:				
Charges for services	\$ 1,424,025	\$ 1,302,477	\$ (121,548)	\$ 1,181,086
Operating expenses:				
Electrical				
Salaries and wages	131,300	127,869	3,431	124,408
Employee benefits	96,805	88,833	7,972	86,001
Services and supplies	882,195	799,369	82,826	803,449
General administration	72,861	146,448	(73,587)	152,528
Depreciation	78,000	76,016	1,984	72,299
Bad debt expense	-	-	-	221
Total operating expenses	<u>1,261,161</u>	<u>1,238,535</u>	<u>22,626</u>	<u>1,238,906</u>
Operating income (loss)	<u>162,864</u>	<u>63,942</u>	<u>(98,922)</u>	<u>(57,820)</u>
Non-operating revenues (expenses):				
Investment income	120	30	(90)	14
Penalties	9,565	13,333	3,768	8,767
Grant	-	23,212	23,212	6,939
Impact fees	7,500	-	(7,500)	5,000
Interest expense	<u>(16,836)</u>	<u>(16,838)</u>	<u>(2)</u>	<u>(18,506)</u>
Total non-operating revenues (expenses)	<u>349</u>	<u>19,737</u>	<u>19,388</u>	<u>2,214</u>
Change in net position	<u>\$ 163,213</u>	83,679	<u>\$ (79,534)</u>	(55,606)
Net position:				
Beginning of year		<u>474,617</u>		<u>530,223</u>
End of year		<u>\$ 558,296</u>		<u>\$ 474,617</u>

CITY OF CALIENTE, NEVADA
MAJOR FUND - PROPRIETARY FUND UTILITY ENTERPRISE FUND-ELECTRICITY
COMPARATIVE SCHEDULE OF CASH FLOWS
For the Years Ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Cash received from customers	\$ 1,287,231	\$ 1,191,657
Cash paid for salaries, wages, and employee benefits	(302,617)	(278,323)
Cash paid for services and supplies	(923,301)	(815,733)
Net cash provided (used) by operating activities	<u>61,313</u>	<u>97,601</u>
Cash flows from non-capital financing activities:		
Due to/from other funds	<u>15,241</u>	<u>20,538</u>
Cash flows from capital and related financing activities:		
Principal payments - notes payable	(33,468)	(31,799)
Grants and other	36,545	20,706
Interest paid	(16,838)	(18,506)
Purchase of capital assets	(60,397)	-
Net cash provided (used) by capital and related financing activities	<u>(74,158)</u>	<u>(29,599)</u>
Cash flows from investing activities:		
Investment income	<u>30</u>	<u>14</u>
Net increase (decrease) in cash and cash equivalents	2,426	88,554
Cash:		
Beginning of year	<u>128,988</u>	<u>40,434</u>
End of year	<u>\$ 131,414</u>	<u>\$ 128,988</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	<u>\$ 63,942</u>	<u>\$ (57,820)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	76,016	72,299
(Increase) decrease in prepaid expenses	-	19,526
(Increase) decrease in accounts receivable	(5,254)	10,063
Increase (decrease) in accounts payable	(58,079)	60,814
Increase (decrease) in accrued payroll	(3,267)	5,207
Increase (decrease) in customer deposits	(9,992)	729
Increase (decrease) in OPEB obligation payable	(1,688)	(345)
Increase (decrease) in accrued compensated absences	8,201	(9,177)
Increase (decrease) in net pension liability	29,058	(77,365)
Increase (decrease) in pension expenses	(37,624)	73,670
Total adjustments	<u>(2,629)</u>	<u>155,421</u>
Net cash provided (used) by operating activities	<u>\$ 61,313</u>	<u>\$ 97,601</u>

**CITY OF CALIENTE, NEVADA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS**

June 30, 2016

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Totals
<u>ASSETS</u>			
Pooled cash	\$ 74,235	\$ 20,686	\$ 94,921
Taxes receivable	7,014	-	7,014
Accounts receivable	<u>11,080</u>	<u>-</u>	<u>11,080</u>
Total assets	<u>\$ 92,329</u>	<u>\$ 20,686</u>	<u>\$ 113,015</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 3,056	\$ -	\$ 3,056
Accrued payroll	4,141	-	4,141
Unearned revenue	900	-	900
Due to other funds	<u>12,593</u>	<u>-</u>	<u>12,593</u>
Total liabilities	<u>20,690</u>	<u>-</u>	<u>20,690</u>
<u>FUND BALANCE</u>			
Restricted for:			
General government	1,955	-	1,955
Judicial	1,812	-	1,812
Public safety	21,189	-	21,189
Capital projects	-	20,686	20,686
Committed for:			
General government	20,941	-	20,941
Culture and recreation	40,740	-	40,740
Unassigned	<u>(14,998)</u>	<u>-</u>	<u>(14,998)</u>
Total fund balance	<u>71,639</u>	<u>20,686</u>	<u>92,325</u>
Total liabilities and fund balance	<u>\$ 92,329</u>	<u>\$ 20,686</u>	<u>\$ 113,015</u>

CITY OF CALIENTE, NEVADA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year Ended June 30, 2016

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Totals
Revenues:			
Taxes	\$ 77,088	\$ -	\$ 77,088
Intergovernmental	-	8,190	8,190
Charges for services	83,266	-	83,266
Miscellaneous	<u>11,211</u>	<u>-</u>	<u>11,211</u>
Total revenues	<u>171,565</u>	<u>8,190</u>	<u>179,755</u>
Expenditures:			
Current:			
General government	687	-	687
Judicial	813	-	813
Public safety	37,952	-	37,952
Culture and recreation	75,741	-	75,741
Intergovernmental	2,551	-	2,551
Debt service	12,208	-	12,208
Capital projects	<u>-</u>	<u>6,745</u>	<u>6,745</u>
Total expenditures	<u>129,952</u>	<u>6,745</u>	<u>136,697</u>
Excess (deficiency) of revenues over expenditures	<u>41,613</u>	<u>1,445</u>	<u>43,058</u>
Other financing sources (uses):			
Operating transfers in	50,000	-	50,000
Operating transfers out	<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	41,613	1,445	43,058
Fund balance:			
Beginning of year	<u>30,026</u>	<u>19,241</u>	<u>49,267</u>
End of year	<u>\$ 71,639</u>	<u>\$ 20,686</u>	<u>\$ 92,325</u>

CITY OF CALIENTE, NEVADA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
June 30, 2016
(With Comparative Totals for June 30, 2015)

	Parks and Recreation	Room Tax	Municipal Court AA Fees	Meadow Valley Industrial Park	Heritage Museum Board
<u>ASSETS</u>					
Pooled cash	\$ -	\$ 33,933	\$ 1,812	\$ 21,841	\$ 1,955
Taxes receivable	-	7,014	-	-	-
Accounts receivable	<u>4,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 4,559</u>	<u>\$ 40,947</u>	<u>\$ 1,812</u>	<u>\$ 21,841</u>	<u>\$ 1,955</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 2,823	\$ 207	\$ -	\$ -	\$ -
Accrued payroll	4,141	-	-	-	-
Unearned revenue	-	-	-	900	-
Due to other funds	<u>12,593</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>19,557</u>	<u>207</u>	<u>-</u>	<u>900</u>	<u>-</u>
<u>FUND BALANCE</u>					
Restricted:					
General government	-	-	-	-	1,955
Judicial	-	-	1,812	-	-
Public safety	-	-	-	-	-
Committed:					
General government	-	-	-	20,941	-
Culture and recreation	-	40,740	-	-	-
Unassigned	<u>(14,998)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>(14,998)</u>	<u>40,740</u>	<u>1,812</u>	<u>20,941</u>	<u>1,955</u>
Total liabilities and fund balance	<u>\$ 4,559</u>	<u>\$ 40,947</u>	<u>\$ 1,812</u>	<u>\$ 21,841</u>	<u>\$ 1,955</u>

Fire	Totals	
	2016	2015
\$ 14,694	\$ 74,235	\$ 60,825
-	7,014	-
<u>6,521</u>	<u>11,080</u>	<u>8,419</u>
<u>\$ 21,215</u>	<u>\$ 92,329</u>	<u>\$ 69,244</u>
\$ 26	\$ 3,056	\$ 34
-	4,141	3,736
-	900	900
<u>-</u>	<u>12,593</u>	<u>34,548</u>
<u>26</u>	<u>20,690</u>	<u>39,218</u>
-	1,955	1,836
-	1,812	1,465
21,189	21,189	33,770
-	20,941	10,547
-	40,740	17,483
<u>-</u>	<u>(14,998)</u>	<u>(35,075)</u>
<u>21,189</u>	<u>71,639</u>	<u>30,026</u>
<u>\$ 21,215</u>	<u>\$ 92,329</u>	<u>\$ 69,244</u>

CITY OF CALIENTE, NEVADA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year Ended June 30, 2016
(With Comparative Totals for Year Ended June 30, 2015)

	Parks and Recreation	Room Tax	Municipal Court AA Fees	Meadow Valley Industrial Park	Heritage Museum Board
Revenues:					
Taxes	\$ -	\$ 77,088	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for services	44,527	-	1,160	-	-
Miscellaneous	-	11	-	10,800	400
	<u>44,527</u>	<u>77,099</u>	<u>1,160</u>	<u>10,800</u>	<u>400</u>
Total revenues	<u>44,527</u>	<u>77,099</u>	<u>1,160</u>	<u>10,800</u>	<u>400</u>
Expenditures:					
General government	-	-	-	406	281
Judicial	-	-	813	-	-
Public safety	-	-	-	-	-
Culture and recreation	74,450	1,291	-	-	-
Intergovernmental	-	2,551	-	-	-
Debt service	-	-	-	-	-
	<u>74,450</u>	<u>3,842</u>	<u>813</u>	<u>406</u>	<u>281</u>
Total expenditures	<u>74,450</u>	<u>3,842</u>	<u>813</u>	<u>406</u>	<u>281</u>
Excess (deficiency) of revenues over expenditures	<u>(29,923)</u>	<u>73,257</u>	<u>347</u>	<u>10,394</u>	<u>119</u>
Other financing sources (uses):					
Operating transfers in	50,000	-	-	-	-
Operating transfers out	-	(50,000)	-	-	-
Total other financing sources (uses):	<u>50,000</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	20,077	23,257	347	10,394	119
Fund balance:					
Beginning of year	<u>(35,075)</u>	<u>17,483</u>	<u>1,465</u>	<u>10,547</u>	<u>1,836</u>
End of year	<u>\$ (14,998)</u>	<u>\$ 40,740</u>	<u>\$ 1,812</u>	<u>\$ 20,941</u>	<u>\$ 1,955</u>

Fire	Totals	
	2016	2015
\$ -	\$ 77,088	\$ 74,895
-	-	15,000
37,579	83,266	86,412
-	11,211	13,626
<u>37,579</u>	<u>171,565</u>	<u>189,933</u>
-	687	1,156
-	813	867
37,952	37,952	31,871
-	75,741	95,878
-	2,551	2,095
<u>12,208</u>	<u>12,208</u>	<u>12,208</u>
<u>50,160</u>	<u>129,952</u>	<u>144,075</u>
<u>(12,581)</u>	<u>41,613</u>	<u>45,858</u>
-	50,000	90,358
<u>-</u>	<u>(50,000)</u>	<u>(60,000)</u>
<u>-</u>	<u>-</u>	<u>30,358</u>
(12,581)	41,613	76,216
<u>33,770</u>	<u>30,026</u>	<u>(46,190)</u>
<u>\$ 21,189</u>	<u>\$ 71,639</u>	<u>\$ 30,026</u>

CITY OF CALIENTE, NEVADA
NONMAJOR FUND - PARKS AND RECREATION SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	2016	2015
ASSETS		
Accounts receivable	<u>\$ 4,559</u>	<u>\$ 3,209</u>
LIABILITIES		
Accounts payable	\$ 2,823	\$ -
Accrued payroll	4,141	3,736
Due to other funds	<u>12,593</u>	<u>34,548</u>
Total liabilities	19,557	38,284
FUND BALANCE		
Unassigned	<u>(14,998)</u>	<u>(35,075)</u>
Total liabilities and fund balance	<u>\$ 4,559</u>	<u>\$ 3,209</u>

CITY OF CALIENTE, NEVADA
NONMAJOR FUND - MAJOR FUND - PARKS AND RECREATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

Year Ended June 30, 2016

(With Comparative Actual Amounts for Year Ended June 30, 2015)

	2016		Variance -	2015
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Charges for services:				
Swimming pool	8,000	4,971	(3,029)	6,184
Park fees	<u>38,000</u>	<u>39,556</u>	<u>1,556</u>	<u>40,786</u>
Total charges for services	<u>46,000</u>	<u>44,527</u>	<u>(1,473)</u>	<u>46,970</u>
Expenditures:				
Culture and recreation:				
Pool:				
Salaries and wages	20,200	17,615	2,585	14,441
Employee benefits	2,466	3,841	(1,375)	2,782
Services and supplies	<u>9,000</u>	<u>9,751</u>	<u>(751)</u>	<u>10,413</u>
Total pool expenditures	<u>31,666</u>	<u>31,207</u>	<u>459</u>	<u>27,636</u>
Park:				
Salaries and wages	28,000	24,432	3,568	26,642
Employee benefits	6,710	8,509	(1,799)	8,483
Services and supplies	<u>14,500</u>	<u>10,302</u>	<u>4,198</u>	<u>13,117</u>
Total park expenditures	<u>49,210</u>	<u>43,243</u>	<u>5,967</u>	<u>48,242</u>
Rodeo:				
Services and supplies	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>
Total expenditures	<u>80,976</u>	<u>74,450</u>	<u>6,526</u>	<u>75,878</u>
Excess (deficiency) of revenues over expenditures	(34,976)	(29,923)	5,053	(28,908)
Other financing sources (uses):				
Operating transfers in	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>60,000</u>
Net change in fund balance	15,024	20,077	5,053	31,092
Fund balance:				
Beginning of year	<u>(13,231)</u>	<u>(35,075)</u>	<u>(21,844)</u>	<u>(66,167)</u>
End of year	<u>\$ 1,793</u>	<u>\$ (14,998)</u>	<u>\$ (16,791)</u>	<u>\$ (35,075)</u>

CITY OF CALIENTE, NEVADA
NONMAJOR FUND - ROOM TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	2016	2015
<u>ASSETS</u>		
Pooled cash	\$ 33,933	\$ 17,483
Taxes receivable	<u>7,014</u>	<u>-</u>
Total assets	<u><u>\$ 40,947</u></u>	<u><u>\$ 17,483</u></u>
<u>LIABILITIES</u>		
Accounts payable	\$ 207	\$ -
<u>FUND BALANCE</u>		
Committed for culture and recreation	<u>40,740</u>	<u>17,483</u>
Total liabilities and fund balance	<u><u>\$ 40,947</u></u>	<u><u>\$ 17,483</u></u>

CITY OF CALIENTE, NEVADA
NONMAJOR FUND - ROOM TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016
(With Comparative Actual Amounts for Year Ended June 30, 2015)

	2016		Variance -	2015
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Taxes:				
Room tax	\$ 80,000	\$ 77,088	\$ (2,912)	\$ 74,895
Intergovernmental:				
Other	-	-	-	15,000
Miscellaneous:				
Donations	-	-	-	2,500
Investment income	-	11	11	11
Total miscellaneous revenue	-	11	11	2,511
Total revenues	80,000	77,099	(2,901)	92,406
Expenditures:				
Culture and recreation:				
Salaries and wages	-	863	(863)	-
Benefits	-	428	(428)	-
Services and supplies	42,172	-	42,172	20,000
Total culture and recreation	42,172	1,291	40,881	20,000
Intergovernmental:				
Payment to the state	3,000	2,551	449	2,095
Total expenditures	45,172	3,842	41,330	22,095
Excess (deficiency) of revenues over expenditures	34,828	73,257	38,429	70,311
Other financing sources (uses):				
Operating transfers in	-	-	-	619
Operating transfers out	(50,000)	(50,000)	-	(60,000)
Total other financing sources (uses)	(50,000)	(50,000)	-	(59,381)
Net change in fund balance	(15,172)	23,257	38,429	10,930
Fund balance:				
Beginning of year	15,172	17,483	2,311	6,553
End of year	\$ -	\$ 40,740	\$ 40,740	\$ 17,483

CITY OF CALIENTE, NEVADA
NONMAJOR FUND - MUNICIPAL COURT AA FEES SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	2016	2015
<hr/>		
<u>ASSETS</u>		
Pooled cash	<u>\$ 1,812</u>	<u>\$ 1,465</u>
<u>LIABILITIES</u>		
Accounts payable	\$ -	\$ -
<u>FUND BALANCE</u>		
Restricted for judicial	<u>1,812</u>	<u>1,465</u>
 Total liabilities and fund balance	 <u>\$ 1,812</u>	 <u>\$ 1,465</u>

CITY OF CALIENTE, NEVADA
NONMAJOR FUND - MUNICIPAL COURT AA FEES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016
(With Comparative Actual Amounts for Year Ended June 30, 2015)

	2016		Variance -	2015
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Charges for services:				
Administrative assessments	\$ -	\$ 1,160	\$ 1,160	\$ 1,071
Miscellaneous:				
Investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
Total revenues	-	1,160	1,160	1,072
Expenditures:				
Judicial:				
Services and supplies	<u>1,260</u>	<u>813</u>	<u>447</u>	<u>867</u>
Excess (deficiency) of revenues over expenditures	(1,260)	347	1,607	205
Fund balance:				
Beginning of year	<u>1,260</u>	<u>1,465</u>	<u>205</u>	<u>1,260</u>
End of year	<u>\$ -</u>	<u>\$ 1,812</u>	<u>\$ 1,812</u>	<u>\$ 1,465</u>

CITY OF CALIENTE, NEVADA
NONMAJOR FUND - MEADOW VALLEY INDUSTRIAL PARK SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	2016	2015
<u>ASSETS</u>		
Pooled cash	\$ 21,841	\$ 11,481
<u>LIABILITIES</u>		
Accounts payable	\$ -	\$ 34
Unearned revenue	900	900
Total liabilities	900	934
<u>FUND BALANCE</u>		
Committed for general government	20,941	10,547
Total liabilities and fund balance	\$ 21,841	\$ 11,481

CITY OF CALIENTE, NEVADA
NONMAJOR FUND - MEADOW VALLEY INDUSTRIAL PARK SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016
(With Comparative Actual Amounts for Year Ended June 30, 2015)

	2016		Variance -	2015
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Miscellaneous:				
Rents	\$ 10,800	\$ 10,800	\$ -	\$ 10,850
Expenditures:				
General government:				
Services and supplies	<u>10,992</u>	<u>406</u>	<u>10,586</u>	<u>495</u>
Excess (deficiency) of revenues over expenditures	(192)	10,394	10,586	10,355
Fund balance:				
Beginning of year	<u>192</u>	<u>10,547</u>	<u>10,355</u>	<u>192</u>
End of year	<u>\$ -</u>	<u>\$ 20,941</u>	<u>\$ 20,941</u>	<u>\$ 10,547</u>

CITY OF CALIENTE, NEVADA
NONMAJOR FUND - HERITAGE MUSEUM BOARD SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

2016

2015

ASSETS

Pooled cash	\$ 1,955	\$ 1,836
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LIABILITIES

Accounts payable	\$ -	\$ -
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FUND BALANCE

Restricted for general government	1,955	1,836
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Total liabilities and fund balance	\$ 1,955	\$ 1,836
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CITY OF CALIENTE, NEVADA
NONMAJOR FUND - HERITAGE MUSEUM BOARD SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016
(With Comparative Actual Amounts for Year Ended June 30, 2015)

	2016		Variance -	2015
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Miscellaneous:				
Donations	\$ -	\$ 400	\$ 400	\$ 264
Expenditures:				
General government:				
Services and supplies	<u>1,774</u>	<u>281</u>	<u>1,493</u>	<u>661</u>
Excess (deficiency) of revenues over expenditures	(1,774)	119	1,893	(397)
Fund balance:				
Beginning of year	<u>1,774</u>	<u>1,836</u>	<u>62</u>	<u>2,233</u>
End of year	<u>\$ -</u>	<u>\$ 1,955</u>	<u>\$ 1,955</u>	<u>\$ 1,836</u>

CITY OF CALIENTE, NEVADA
NONMAJOR FUND - FIRE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	2016	2015
<u>ASSETS</u>		
Pooled cash	\$ 14,694	\$ 28,560
Accounts receivable	<u>6,521</u>	<u>5,210</u>
Total assets	<u>\$ 21,215</u>	<u>\$ 33,770</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 26	\$ -
<u>FUND BALANCE</u>		
Restricted for public safety	<u>21,189</u>	<u>33,770</u>
Total liabilities and fund balance	<u>\$ 21,215</u>	<u>\$ 33,770</u>

CITY OF CALIENTE, NEVADA
NONMAJOR FUND - FIRE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016
(With Comparative Actual Amounts for Year Ended June 30, 2015)

	2016		Variance -	
	Budget	Actual	Positive (Negative)	2015 Actual
Revenues:				
Charges for services:				
Fire department fees	\$ 38,000	\$ 37,579	\$ (421)	\$ 38,371
Expenditures:				
Public safety:				
Salaries and wages	500	-	500	64
Employee benefits	100	7,838	(7,738)	9,747
Services and supplies	25,500	30,114	(4,614)	14,205
Capital outlay	-	-	-	7,855
Total public safety	26,100	37,952	(11,852)	31,871
Debt service:				
Principal	9,161	9,164	(3)	8,955
Interest	3,048	3,044	4	3,253
Total debt service	12,209	12,208	1	12,208
Total expenditures	38,309	50,160	(11,851)	44,079
Excess (deficiency) of revenues over expenditures	(309)	(12,581)	(12,272)	(5,708)
Other financing sources (uses):				
Operating transfer in	-	-	-	29,739
Net change in fund balance	(309)	(12,581)	(12,272)	24,031
Fund balance:				
Beginning of year	7,469	33,770	26,301	9,739
End of year	\$ 7,160	\$ 21,189	\$ 14,029	\$ 33,770

CITY OF CALIENTE, NEVADA
NONMAJOR FUND - SPECIAL AD VALOREM CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	2016	2015
<hr/>		
<u>ASSETS</u>		
Pooled cash	<u>\$ 20,686</u>	<u>\$ 19,241</u>
<u>LIABILITIES</u>		
Accounts payable	\$ -	\$ -
<u>FUND BALANCE</u>		
Restricted for capital projects	<u>20,686</u>	<u>19,241</u>
Total liabilities and fund balance	<u>\$ 20,686</u>	<u>\$ 19,241</u>

CITY OF CALIENTE, NEVADA
NONMAJOR FUND - SPECIAL AD VALOREM CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016
(With Comparative Actual Amounts for Year Ended June 30, 2015)

	2016		Variance -	2015
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Intergovernmental:				
Other	\$ 8,661	\$ 8,190	\$ (471)	\$ 8,824
Expenditures:				
Capital projects	<u>31,228</u>	<u>6,745</u>	<u>24,483</u>	<u>8,955</u>
Excess (deficiency) of revenues over expenditures	(22,567)	1,445	24,012	(131)
Fund balance:				
Beginning of year	<u>22,567</u>	<u>19,241</u>	<u>(3,326)</u>	<u>19,372</u>
End of year	<u>\$ -</u>	<u>\$ 20,686</u>	<u>\$ 20,686</u>	<u>\$ 19,241</u>

CITY OF CALIENTE, NEVADA
NONMAJOR UTILITY ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2016
(With Comparative Totals for June 30, 2015)

	Waste Collection	Mosquito Abatement	Totals	
			2016	2015
<u>ASSETS</u>				
Current assets:				
Cash	\$ 82,240	\$ 57,374	\$ 139,614	\$ 140,512
Accounts receivable, net of allowance for uncollectible accounts (\$1,730)	16,650	2,293	18,943	12,255
Inventories	-	4,068	4,068	3,660
Total current assets	<u>98,890</u>	<u>63,735</u>	<u>162,625</u>	<u>156,427</u>
Capital assets:				
Land	4,016	-	4,016	4,016
Buildings	26,906	-	26,906	26,906
Machinery, equipment, and plant	257,282	-	257,282	257,282
Accumulated depreciation	<u>(265,098)</u>	<u>-</u>	<u>(265,098)</u>	<u>(264,349)</u>
Capital assets, net of accumulated depreciation	<u>23,106</u>	<u>-</u>	<u>23,106</u>	<u>23,855</u>
Total assets	<u>121,996</u>	<u>63,735</u>	<u>185,731</u>	<u>180,282</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension charge	<u>9,569</u>	<u>184</u>	<u>9,753</u>	<u>9,293</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	601	164	765	3,400
Accrued payroll	799	6	805	1,774
Accrued compensated absences	<u>4,214</u>	<u>-</u>	<u>4,214</u>	<u>3,564</u>
Total current liabilities	<u>5,614</u>	<u>170</u>	<u>5,784</u>	<u>8,738</u>
Non-current liabilities:				
OPEB obligation payable	30	-	30	87
Accrued compensated absences	1,188	-	1,188	881
Net pension liability	<u>64,148</u>	<u>1,254</u>	<u>65,402</u>	<u>60,101</u>
Total non-current liabilities	<u>65,366</u>	<u>1,254</u>	<u>66,620</u>	<u>61,069</u>
Total liabilities	<u>70,980</u>	<u>1,424</u>	<u>72,404</u>	<u>69,807</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension charge	<u>9,128</u>	<u>123</u>	<u>9,251</u>	<u>15,618</u>
<u>NET POSITION</u>				
Invested in capital assets, net of related debt	23,106	-	23,106	23,855
Unrestricted	<u>28,351</u>	<u>62,372</u>	<u>90,723</u>	<u>80,295</u>
Total net position	<u>\$ 51,457</u>	<u>\$ 62,372</u>	<u>\$ 113,829</u>	<u>\$ 104,150</u>

CITY OF CALIENTE, NEVADA
NONMAJOR UTILITY ENTERPRISE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
Year Ended June 30, 2016
(With Comparative Totals for June 30, 2015)

	Waste Collection	Mosquito Abatement	Totals	
			2016	2015
Operating revenues:				
Charges for services	\$ 148,840	\$ 14,687	\$ 163,527	\$ 168,175
Operating expenses:				
Salaries and wages	25,744	317	26,061	28,287
Employee benefits	17,780	218	17,998	13,859
Services and supplies	79,872	12,453	92,325	81,320
General administration	16,736	1,652	18,388	21,719
Depreciation	749	-	749	950
Bad debt expense	-	-	-	28
Total operating expenses	140,881	14,640	155,521	146,163
Operating income (loss)	7,959	47	8,006	22,012
Non-operating revenues (expenses):				
Penalties	1,523	150	1,673	1,248
Grant	-	-	-	987
Total non-operating revenues (expenses)	1,523	150	1,673	2,235
Change in net position	9,482	197	9,679	24,247
Net position:				
Beginning of year	41,975	62,175	104,150	79,903
End of year	\$ 51,457	\$ 62,372	\$ 113,829	\$ 104,150

CITY OF CALIENTE, NEVADA
NONMAJOR UTILITY ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
Year Ended June 30, 2016
(With Comparative Totals for June 30, 2015)

	Waste Collection	Mosquito Abatement	Totals	
			2016	2015
Cash flows from operating activities:				
Cash received from customers	\$ 143,373	\$ 13,466	\$ 156,839	\$ 169,510
Cash paid for salaries, wages, and employee benefits	(54,133)	(1,640)	(55,773)	(54,635)
Cash paid for services and supplies	<u>(90,197)</u>	<u>(13,440)</u>	<u>(103,637)</u>	<u>(87,364)</u>
Net cash provided (used) by operating activities	(957)	(1,614)	(2,571)	27,511
Cash flows from capital and related financing activities:				
Grants and other	<u>1,523</u>	<u>150</u>	<u>1,673</u>	<u>2,235</u>
Net increase (decrease) in cash and cash equivalents	566	(1,464)	(898)	29,746
Cash:				
Beginning of year	<u>81,674</u>	<u>58,838</u>	<u>140,512</u>	<u>110,766</u>
End of year	<u>\$ 82,240</u>	<u>\$ 57,374</u>	<u>\$ 139,614</u>	<u>\$ 140,512</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	<u>\$ 7,959</u>	<u>\$ 47</u>	<u>\$ 8,006</u>	<u>\$ 22,012</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	749	-	749	950
(Increase) decrease in inventory	-	(408)	(408)	345
(Increase) decrease in prepaid expenses	-	-	-	3,400
(Increase) decrease in accounts receivable	(5,467)	(1,221)	(6,688)	1,363
Increase (decrease) in accounts payable	(2,799)	164	(2,635)	3,400
Increase (decrease) in accrued payroll	(813)	(156)	(969)	1,009
Increase (decrease) in OPEB obligation payable	(57)	-	(57)	(44)
Increase (decrease) in accrued compensated absences	957	-	957	(4,173)
Increase (decrease) in net pension liability	5,162	139	5,301	(15,732)
Increase (decrease) in pension expenses	<u>(6,648)</u>	<u>(179)</u>	<u>(6,827)</u>	<u>14,981</u>
Total adjustments	<u>(8,916)</u>	<u>(1,661)</u>	<u>(10,577)</u>	<u>5,499</u>
Net cash provided (used) by operating activities	<u>\$ (957)</u>	<u>\$ (1,614)</u>	<u>\$ (2,571)</u>	<u>\$ 27,511</u>

CITY OF CALIENTE, NEVADA
NONMAJOR UTILITY ENTERPRISE FUND - WASTE COLLECTION
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	2016	2015
<u>ASSETS</u>		
Current assets:		
Cash	\$ 82,240	\$ 81,674
Accounts receivable, net of allowance for uncollectible accounts (\$1,471)	<u>16,650</u>	<u>11,183</u>
Total current assets	<u>98,890</u>	<u>92,857</u>
Capital assets:		
Land	4,016	4,016
Buildings	26,906	26,906
Machinery, equipment, and plant	257,282	257,282
Accumulated depreciation	<u>(265,098)</u>	<u>(264,349)</u>
Capital assets, net of accumulated depreciation	<u>23,106</u>	<u>23,855</u>
Total assets	<u>121,996</u>	<u>116,712</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension charge	<u>9,569</u>	<u>9,121</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	601	3,400
Accrued payroll	799	1,612
Accrued compensated absences	<u>4,214</u>	<u>3,564</u>
Total current liabilities	<u>5,614</u>	<u>8,576</u>
Non-current liabilities:		
OPEB obligation payable	30	87
Accrued compensated absences	1,188	881
Net pension liability	<u>64,148</u>	<u>58,986</u>
Total non-current liabilities	<u>65,366</u>	<u>59,954</u>
Total liabilities	<u>70,980</u>	<u>68,530</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension charge	<u>9,128</u>	<u>15,328</u>
<u>NET POSITION</u>		
Invested in capital assets, net of related debt	23,106	23,855
Unrestricted	<u>28,351</u>	<u>18,120</u>
Total net position	<u>\$ 51,457</u>	<u>\$ 41,975</u>

CITY OF CALIENTE, NEVADA
NONMAJOR UTILITY ENTERPRISE FUND - WASTE COLLECTION
SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016
(With Comparative Actual Amounts for Year Ended June 30, 2015)

	2016		Variance -	2015
	Budget	Actual	Positive (Negative)	Actual
Operating revenues:				
Charges for services	\$ 160,000	\$ 148,840	\$ (11,160)	\$ 153,299
Operating expenses:				
Waste collection				
Salaries and wages	25,150	25,744	(594)	27,471
Employee benefits	14,077	17,780	(3,703)	13,647
Services and supplies	82,900	79,872	3,028	73,388
General administration	8,048	16,736	(8,688)	19,798
Depreciation	5,000	749	4,251	950
Bad debt expense	-	-	-	28
Total operating expenses	135,175	140,881	(5,706)	135,282
Operating income (loss)	24,825	7,959	(16,866)	18,017
Non-operating revenues (expenses):				
Penalties	1,000	1,523	523	1,138
Grant	-	-	-	900
Total non-operating revenues (expenses)	1,000	1,523	523	2,038
Change in net position	\$ 25,825	9,482	\$ (16,343)	20,055
Net position:				
Beginning of year		41,975		21,920
End of year		\$ 51,457		\$ 41,975

CITY OF CALIENTE, NEVADA
NONMAJOR UTILITY ENTERPRISE FUND - WASTE COLLECTION
COMPARATIVE SCHEDULE OF CASH FLOWS
For the Years Ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Cash received from customers	\$ 143,373	\$ 154,515
Cash paid for salaries, wages, and employee benefits	(54,133)	(52,989)
Cash paid for services and supplies	<u>(90,197)</u>	<u>(78,610)</u>
Net cash provided (used) by operating activities	(957)	22,916
Cash flows from capital and related financing activities:		
Grants and other	<u>1,523</u>	<u>2,038</u>
Net increase (decrease) in cash and cash equivalents	566	24,954
Cash:		
Beginning of year	<u>81,674</u>	<u>56,720</u>
End of year	<u>\$ 82,240</u>	<u>\$ 81,674</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	<u>\$ 7,959</u>	<u>\$ 18,017</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	749	950
(Increase) decrease in prepaid expenses	-	3,400
(Increase) decrease in accounts receivable	(5,467)	1,244
Increase (decrease) in accounts payable	(2,799)	3,400
Increase (decrease) in accrued payroll	(813)	860
Increase (decrease) in OPEB obligation payable	(57)	(44)
Increase (decrease) in accrued compensated absences	957	(4,173)
Increase (decrease) in net pension liability	5,162	(15,440)
Increase (decrease) in pension expenses	<u>(6,648)</u>	<u>14,702</u>
Total adjustments	<u>(8,916)</u>	<u>4,899</u>
Net cash provided (used) by operating activities	<u>\$ (957)</u>	<u>\$ 22,916</u>

CITY OF CALIENTE, NEVADA
NONMAJOR UTILITY ENTERPRISE FUND - MOSQUITO ABATEMENT
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	2016	2015
<u>ASSETS</u>		
Current assets:		
Cash	\$ 57,374	\$ 58,838
Accounts receivable, net of allowance for uncollectible accounts (\$259)	2,293	1,072
Inventories	<u>4,068</u>	<u>3,660</u>
 Total assets	 63,735	 63,570
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension charge	<u>184</u>	<u>172</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	164	-
Accrued payroll	<u>6</u>	<u>162</u>
Total current liabilities	<u>170</u>	<u>162</u>
 Non-current liabilities:		
Net pension liability	<u>1,254</u>	<u>1,115</u>
 Total liabilities	 <u>1,424</u>	 <u>1,277</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension charge	<u>123</u>	<u>290</u>
<u>NET POSITION</u>		
Unrestricted	<u>\$ 62,372</u>	<u>\$ 62,175</u>

CITY OF CALIENTE, NEVADA
NONMAJOR UTILITY ENTERPRISE FUND - MOSQUITO ABATEMENT
SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016
(With Comparative Actual Amounts for Year Ended June 30, 2015)

	2016		Variance -	2015
	Budget	Actual	Positive (Negative)	Actual
Operating revenues:				
Charges for services	\$ 15,200	\$ 14,687	\$ (513)	\$ 14,876
Operating expenses:				
Mosquito abatement				
Salaries and wages	554	317	237	816
Employee benefits	236	218	18	212
Services and supplies	12,350	12,453	(103)	7,932
General administration	816	1,652	(836)	1,921
Depreciation	200	-	200	-
Total operating expenses	14,156	14,640	(484)	10,881
Operating income (loss)	1,044	47	(997)	3,995
Non-operating revenues (expenses):				
Penalties	133	150	17	110
Grant	35	-	(35)	87
Total non-operating revenues (expenses)	168	150	(18)	197
Change in net position	\$ 1,212	197	\$ (1,015)	4,192
Net position:				
Beginning of year		62,175		57,983
End of year		\$ 62,372		\$ 62,175

CITY OF CALIENTE, NEVADA
NONMAJOR UTILITY ENTERPRISE FUND - MOSQUITO ABATEMENT
COMPARATIVE SCHEDULE OF CASH FLOWS
For the Years Ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Cash received from customers	\$ 13,466	\$ 14,995
Cash paid for salaries, wages, and employee benefits	(1,640)	(1,646)
Cash paid for services and supplies	<u>(13,440)</u>	<u>(8,754)</u>
Net cash provided (used) by operating activities	(1,614)	4,595
Cash flows from capital and related financing activities:		
Grants and other	<u>150</u>	<u>197</u>
Net increase (decrease) in cash and cash equivalents	(1,464)	4,792
Cash:		
Beginning of year	<u>58,838</u>	<u>54,046</u>
End of year	<u><u>\$ 57,374</u></u>	<u><u>\$ 58,838</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	<u>\$ 47</u>	<u>\$ 3,995</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
(Increase) decrease in inventory	(408)	345
(Increase) decrease in accounts receivable	(1,221)	119
Increase (decrease) in accounts payable	164	-
Increase (decrease) in accrued payroll	(156)	149
Increase (decrease) in net pension liability	139	(292)
Increase (decrease) in pension expenses	<u>(179)</u>	<u>279</u>
Total adjustments	<u>(1,661)</u>	<u>600</u>
Net cash provided (used) by operating activities	<u><u>\$ (1,614)</u></u>	<u><u>\$ 4,595</u></u>

DANIEL C. McARTHUR, LTD.

Certified Public Accountant

Quail Park III • 501 So. Rancho Dr., Ste. E-30 • Las Vegas, NV 89106 • (702) 385-1899 • FAX (702) 385-9619

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

Honorable Mayor and Members of the City Council
City of Caliente, Nevada
Caliente, Nevada

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Caliente, Nevada (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued my report thereon dated December 21, 2016.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, I do not express an opinion on the effectiveness of the City's internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that I consider to be significant deficiencies. Findings 2016-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Caliente's Response to Findings

The City's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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



Las Vegas, Nevada
December 21, 2016

**CITY OF CALIENTE, NEVADA
SCHEDULE OF FINDINGS AND RESPONSES**

Financial Statement Findings

2016-01 Capital assets

Condition: A physical inventory of capital assets has not been taken and a reconciliation of additions and deletions of capital assets to the detail capital asset listing was not completed.

Criteria: An adequate internal control structure requires accountability for capital assets.

Effect: Accounting information may be inaccurate, causing financial statements to include misstatements. Errors or irregularities may not be detected in a timely manner.

Recommendation: A system of controls for capital assets should include the following attributes:

- A complete listing of assets that includes asset numbers and detailed descriptions.
- Asset labels attached to each asset indicating the City's name and asset number.
- A written policy regarding capitalization of assets and expensing of asset purchases.
- Bi-annual physical inventory of all capital assets and reconciliation of the physical inventory to the asset listing.
- Council approval for asset disposals.
- Reconciliation of general ledger capital outlay expenditures to the asset additions for each accounting period.

City Response: The City is in agreement with the recommendation. This was a finding in the prior year. The City has been working on the capital asset project, but has not completed it.

DANIEL C. McARTHUR, LTD.
Certified Public Accountant

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AUDITOR'S COMMENTS

Honorable Mayor and Members of the City Council
City of Caliente, Nevada
Caliente, Nevada

In connection with my audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Caliente, Nevada (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, nothing came to my attention that caused me to believe that the City failed to comply with the specific requirements of Nevada Revised Statutes referenced below insofar as they relate to accounting matters, except as listed below. However, my audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had I performed additional procedures, other matters may have come to my attention regarding the City's noncompliance with the requirements of Nevada Revised Statutes noted below, insofar as they relate to accounting matters.

CURRENT YEAR STATUTE COMPLIANCE

Expenditures in excess of appropriations

Chapter 354.626 of the Nevada Revised Statutes provides that no governing body or officer or department thereof shall expend or contract to expend any money or incur any liability in excess of the amounts appropriated for that function or fund for any fiscal year.

The following individual fund functions were over-expended:

General Fund – General Government	\$ 13,090
General Fund – Public Works	\$ 1,991
Fire – Public Safety	\$ 11,852
Utility Enterprise Fund – Sewer	\$ 3,091
Utility Enterprise Fund – Waste Collection	\$ 5,706
Utility Enterprise Fund – Mosquito Abatement	\$ 484

Capital Asset Inventory

Chapter 354.625 of the Nevada Revised Statutes and Chapter 354.750 of the Nevada Administrative Code require the City to designate a capital asset manager and inventory City equipment at least every two years. Each asset of the City is to be assigned an identifying number and be labeled as belonging to the City.

A physical inventory of capital assets has not been conducted during the past two years.

Identifying numbers and labels have not been timely assigned and attached to asset additions

CURRENT YEAR RECOMMENDATIONS

Recommendations for the current year are on page 112.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

Expenditures in excess of appropriations

Expenditures exceeded appropriations in several funds/functions in the prior year. Similar findings were noted in the current year as listed above.

Capital Asset Inventory

A capital asset inventory had not been taken and identifying numbers had not been timely assigned and attached to assets. Similar findings were noted in the current year as listed above. The City has been working remedy this finding, but has not completed the inventory.

PRIOR YEAR RECOMMENDATIONS

I noted no material weakness and reported one significant deficiencies in internal controls in the prior year concerning capital assets control/management. The capital asset finding has not been remedied and is a finding in the current year.

NEVADA REVISED STATUTE 354.5989 – BUSINESS LICENSES

Nevada Revised Statutes 354.624.4(a) requires a schedule of all fees imposed by the City which are subject to the provisions of NRS 354.5989 be addressed by the independent auditor. During the year ended June 30, 2016, the City did not raise fees on business licenses subject to the limitation of NRS 354.5989. The City business license fees are as follows:

<u>Classification</u>	<u>Fee</u>	<u>Additional Fee</u>
Class A: Utilities	\$80.00	None
Class B: Major Retail	80.00	\$2.00 each employee
Class C: Food Establishments	60.00	\$5.00 each employee
Class D: Retail Stores	60.00	\$2.00 each employee
Class E: Eating Establishments	40.00	\$2.00 each employee
Class F: Housing Establishments	20.00	\$1.00 each unit
Class G: Tradesmen	40.00	\$4.00 each employee in excess of 3
Class H: Transportation Facilities	40.00	\$4.00 for each employee in excess of 2
Class I: Reserved		
Class J: Industrial	100.00	\$20.00 for each associate plus \$4.00 for employee
Class K: Professionals	60.00	\$20.00 for each associate or employee
Class L: Amusement Establishments	40.00	\$4.00 for each employee in excess of 5
Class M: Resale Establishments	20.00	\$4.00 each employee
Class N: Repair Services	20.00	\$2.00 for each employee in excess of 1
Class O: General Service Facilities	40.00	\$8.00 for each employee in excess of 1
Class P: Coin-Operated Devices	(Must be on licensed premises)	\$10.00 each device
Class Q: Table Games (Non-Gambling)	(Must be on licensed premises)	\$40.00 each table
Class R: Temporary Services	10.00	None
Class S: Miscellaneous and Unclassified	40.00	None

NEVADA REVISED STATUTE 354.59815 – CAPITAL PROJECTS FUND

Special Ad Valorem Capital Projects Fund

The City established the Special Ad Valorem Capital Projects Fund in accordance with Nevada Revised Statutes 354.59815. Compliance with Nevada Revised Statutes is contained in Note C1 to the financial statements. The City does not plan to accumulate money in the fund. Projects funded during the year were as follows:

City Hall/Depot Restoration Project

\$ 6,745



Las Vegas, Nevada

December 21, 2016