
**CITY OF ELKO
STATE OF NEVADA**

**FISCAL YEAR ENDED
JUNE 30, 2008**



CITY OF ELKO
JUNE 30, 2008
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FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council of Elko, Nevada

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Elko, State of Nevada, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Elko's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Elko as of June 30, 2008, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2008, on our consideration of the City of Elko's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 2 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Elko's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the Schedule of Passenger Facility Charges as required by the Federal Aviation Administration and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying 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 of the City of Elko. The combining and individual nonmajor fund financial statements and schedules, the Schedule of Expenditures of Federal Awards, and the Schedule of Passenger Facility Charges have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Kafoury, Armstrong & Co.

Elko, Nevada
November 24, 2008

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City of Elko
Management's Discussion and Analysis
June 30, 2008

The following discussion and analysis is presented to provide the reader with an overview of the financial activity and overall financial condition of the City of Elko.

The Management's Discussion and Analysis (MD&A) is a component of Other Required Supplementary Information (RSI) and introduces the basic financial statements and provides an analytical overview of the City's financial activities.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

Fund Financial Statements

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

Notes to the Financial Statements

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

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

Table 1: Major Features of the Basic Financial Statements

	Government-Wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary Funds)	Activities of the City that are not proprietary or fiduciary	Activities of the City that are operated similar to private businesses	Instances in which the City is the trustee agent for someone else's resources
Required Financial Statements	Statement of Net Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Assets Statement of Revenues, Expenses, and Changes in Net Assets Statement of Cash Flows	Statement of Fiduciary Net Assets Statement of Changes in Fiduciary Net Assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus

	Fund Financial Statements			
	Government-Wide Financial Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long- term
Type of Inflow/outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year Expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Condensed Statement of Net Assets

The largest component \$84,719,117 of the City's net assets reflects its investment in capital assets (i.e. land, infrastructure, buildings, equipment, and others), less any related debt outstanding that was needed to acquire or construct the assets. The City uses these capital assets to provide services to the citizens and businesses in the City; consequently, these net assets are not available for future spending. Restricted net assets are the next component, totaling \$107,297. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The remaining portion of net assets, totaling \$18,325,087, is unrestricted, which can be used to finance government operations.

Table 2 below presents the City's condensed statement of net assets as of June 30, 2008 with comparisons for June 30, 2007. These are derived from the government-wide Statement of Net Assets.

**Table 2: Condensed Statement of Net Assets
As of June 30, 2008**

	Governmental Activities	Business- type Activities	Total Primary Government 2008	Total Primary Government 2007
Current and other assets	\$ 9,740,730	\$15,057,803	\$ 24,798,533	\$ 22,999,668
Capital assets	26,559,278	67,926,375	94,485,653	90,509,028
Total assets	36,300,008	82,984,178	119,284,186	113,508,696
Other liabilities	2,680,648	2,148,214	4,828,862	4,326,865
Long-term liabilities	3,676,973	7,626,850	11,303,823	12,075,449
Total liabilities	6,357,621	9,775,064	16,132,685	16,402,314
Net Assets:				
Invested in capital assets, Net of related debt	24,204,778	60,514,339	84,719,117	79,875,018
Restricted	-	107,297	107,297	106,027
Unrestricted	5,737,609	12,587,478	18,325,087	17,125,337
Total net assets	<u>\$29,942,387</u>	<u>\$73,209,114</u>	<u>\$103,151,501</u>	<u>\$97,106,382</u>

Condensed Statement of Activities

Table 3 presents the City's condensed statement of activities for the fiscal year ended June 30, 2008, as derived from the government-wide Statement of Activities. Over time, increases and decreases in net assets measure whether the City's

financial position is improving or deteriorating. During the fiscal year, the net assets of the governmental activities increased by \$565,673, or by 2.0 percent, and the net assets of the business-type activities increased by \$4,924,135, or by 7.2 percent.

**Table 3: Condensed Statement of Activities
For Fiscal Year Ended June 30, 2008**

	Governmental Activities	Business - type Activities	Total Primary Government 2008	Total Primary Government 2007
Revenues				
Program revenues				
Charges for services	\$ 1,622,588	\$11,265,493	\$12,888,081	\$11,966,376
Operating grants	588,885	-	588,885	577,997
Capital grants	737,803	4,485,094	5,222,897	5,774,996
Total program revenues	2,949,276	15,750,587	18,699,863	18,319,369
General revenues				
Taxes				
Ad valorem tax	3,227,061	-	3,227,061	3,087,827
Consolidated tax	10,231,905	-	10,231,905	10,680,140
Room tax	2,646,834	-	2,646,834	2,434,480
Gas tax	503,305	-	503,305	528,457
Other	184,994	-	184,994	134,426
Gaming licenses	97,310	-	97,310	79,371
Franchise fees	789,381	-	789,381	773,066
Investment earnings	222,351	465,317	687,668	755,179
Miscellaneous revenues	309,486	22,835	332,321	1,016,350
Total general revenues	18,212,627	488,152	18,700,779	19,489,293
Total revenues	21,161,903	16,238,739	37,400,642	37,808,662
Program expenses				
General government	1,844,072	-	1,844,072	1,763,110
Judicial	302,665	-	302,665	239,112
Public safety	9,203,648	-	9,203,648	7,565,277
Public works	5,107,586	-	5,107,586	4,201,515
Health	511,866	-	511,866	455,212
Culture and recreation	2,737,328	-	2,737,328	2,417,377
Community support	36,000	-	36,000	28,000
Debt Service - interest	106,576	-	106,576	121,931
Water	-	2,336,458	2,336,458	2,372,049
Sewer	-	3,919,843	3,919,843	3,821,912
Landfill	-	1,212,137	1,212,137	1,238,179
Airport	-	4,005,604	4,005,604	2,710,938
Golf	-	587,051	587,051	543,251
Total program expenses	19,849,741	12,061,093	31,910,834	27,477,863
Excess (deficiency) before transfers				
	1,312,162	4,177,646	5,489,808	10,330,799
Transfers	(746,489)	746,489	-	-
Change in net assets	565,673	4,924,135	5,489,808	10,330,799
Beginning net assets	28,821,403	68,284,979	97,106,382	77,286,733
Prior period adjustment-	555,311	-	555,311	-
Ending net assets	\$29,942,387	\$73,209,114	\$103,151,501	\$97,106,382

Program Expenses and Revenues for Governmental Activities

Table 4 presents program expenses and revenues for governmental activities. Overall, program revenues were not sufficient to cover program expenses for governmental activities. The net program expenses of these governmental activities were, therefore, supported by general revenues mainly taxes.

**Table 4: Program Expenses and Revenues
For Governmental Activities
For the Fiscal Year Ended June 30, 2008**

<u>City Programs</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Net Program Expenses (Revenues) (a) 2008</u>	<u>Net Program Expenses (Revenues) (a) 2007</u>
General Government	\$ 1,844,072	\$ 587,625	\$ 1,256,447	\$ 1,388,172
Judicial	302,665	264,858	37,807	23,631
Public Safety	9,203,648	1,243,827	7,959,821	6,883,649
Public Works	5,107,586	613,979	4,493,607	3,600,945
Health	511,866	35,649	476,217	446,232
Culture & Recreation	2,737,328	203,338	2,533,990	2,209,761
Debt Service - interest	106,576	-	106,576	121,931
Community Support	36,000	-	36,000	28,000
Totals	<u>\$19,849,741</u>	<u>\$ 2,949,276</u>	<u>\$16,900,465</u>	<u>\$14,702,321</u>

(a) Net program expenses are mainly supported by taxes.

Program Expenses and Revenues for Business-type Activities

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

**Table 5: Program Expenses and Revenues
For Business-type Activities
For the Fiscal Year Ended June 30, 2008**

<u>City Programs</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Net Program Expenses (Revenues) 2008</u>	<u>Net Program Expenses (Revenues) 2007</u>
Water Enterprise	\$ 2,336,458	\$ 3,240,752	\$ (904,294)	\$ (533,989)
Sewer Enterprise	3,919,843	5,298,828	(1,378,985)	(1,343,728)
Landfill Enterprise	1,212,137	1,574,714	(362,577)	(268,434)
Airport Enterprise	4,005,604	5,106,758	(1,101,154)	(3,413,282)
Golf Enterprise	587,051	529,535	57,516	15,606
Totals	<u>\$12,061,093</u>	<u>\$15,750,587</u>	<u>\$ (3,689,494)</u>	<u>\$ (5,543,827)</u>

Overall Analysis

Financial highlights for the City, as a whole, during the fiscal year ended June 30, 2008, include the following:

- The assets of the City exceeded its liabilities (net assets) at the close of the fiscal year by \$29.9 million for governmental activities and by \$73.2 million for business-type activities.
- The City's total net assets increased during the year by \$5,489,808 or by 5.7 percent. Net assets of governmental activities increased by \$565,673 or by 2.0 percent, while net assets of business-type activities increased by \$4,924,135 or by 7.2 percent.

Fund Analysis

Funds that experienced significant changes during the year are as follows:

Governmental Funds

At the close of the fiscal year ending June 30, 2008, the City's governmental funds reported a combined ending fund balance of \$6,797,608, with \$6,754,725 reported as unreserved fund balance and the remaining amount of \$42,883 reserved for specific purposes. See Note 1 to the financial statements for an explanation of the different types of reserve categories.

General Fund

Fund balance at June 30, 2008 totaled \$3,548,933, which is a decrease of \$1,382,337 or 28.0 percent during the fiscal year. The decrease is due to increased expenditures for street maintenance projects as well as transfers out in the amount of \$1,138,357. Transfers totaling \$730,275 were made according to the City's revenue stabilization policy to the Capital Equipment Reserve, the Facility Reserve and the Revenue Stabilization Funds. There was a transfer of \$375,000 to the Airport Fund and a transfer of \$250,000 to the Capital Construction Fund.

Recreation Fund

Fund balance at June 30, 2008 totaled \$889,979, which is a decrease of \$7,003 or 0.8 percent during the fiscal year. The decrease is due additional capital projects expenditures in the fund.

Capital Construction Fund

Fund balance at June 30, 2008 totaled \$812,597, which is an increase of \$432,482 or 113.8 percent. This fund has a dedicated fifteen cent tax rate for new streets and street reconstruction projects. These monies are accumulated over several years until such time there are sufficient resources to fund major street construction or reconstruction projects. In the prior fiscal year there were several major projects completed decreasing the fund balance significantly. Once those projects were completed, the fund needed to be replenished with tax monies and a transfer from the General Fund in the amount of \$250,000. The current fund balance in addition to revenues for the next fiscal year have been reserved for another major street reconstruction project scheduled for fiscal year 2008/2009.

Revenue Stabilization Fund

Fund balance at June 30, 2008 totaled \$446,350, which is an increase \$199,666 or 80.9 percent. This is the fifth year that the City has not had to use this fund to stabilize the revenues of the General Fund. Revenues were sufficient in the General Fund not requiring a transfer of these funds.

Ad Valorem Capital Projects

Fund balance at June 30, 2008 totaled \$237,217, which is a decrease of \$669,547 or 73.8 percent during the fiscal year. The decrease is due to five major projects being funding during the fiscal year. The City received a grant to rebuild the City Hall parking lot as a pilot project for storm water management in the amount of \$253,028 over a two year period. The total cost of the project was \$550,470. In addition, the first phase of purposed new police department design was budgeted as well as a project to bring the current police department building into ADA compliance. There was an addition to the City's south side fire station to house additional fire equipment and the fleet maintenance shop facility had an upgrade to their facility this fiscal year. The total revenue received from the 5 cents property tax for capital projects was \$157,573.

Capital Equipment Reserve

Fund balance at June 30, 2008 totaled \$482,815, which is an increase of \$340,795 or 240.0 percent during the fiscal year. The City uses this fund for all major equipment purchases for governmental funds including fire trucks and police squad cars. The City made multiple purchases from this fund in fiscal year 2007/2008; total equipment purchases for the police department were \$211,483; total equipment purchases for the fire department were \$937,547; total equipment purchases for the public works departments were \$279,096; total health equipment purchases were \$74,079; and total culture and recreation purchases were \$51,098. This is a continuing effort by the City Council to update a very aging equipment and vehicle fleet.

Facility Reserve Fund

Fund balance at June 30, 2008 totaled \$149,755, which is an increase of \$148,244. The activity of the fund consisted of \$273,853 in revenues transferred from the General Fund, interest of \$8,884, and miscellaneous revenues in the amount of \$13,501. Expenses totaled \$147,994 for various public safety, public works, and health projects.

Proprietary Funds

The City's proprietary funds reported net assets of \$73,209,114 for fiscal year ending June 30, 2008. Following is a list of the proprietary funds and their respective net assets at June 30, 2007 and 2008 with the percentage change.

Fund	June 30, 2007	June 30, 2008	Change	%Change
Water Enterprise	\$15,048,428	\$16,111,557	\$1,063,129	7.1%
Sewer Enterprise	22,618,595	24,242,667	1,624,072	7.2%
Airport Enterprise	27,520,529	29,353,408	1,832,879	6.7%
Landfill Enterprise	2,017,397	2,432,499	415,102	20.6%
Golf Enterprise	1,080,030	1,068,983	(11,047)	(1.0)%
Totals	\$68,284,979	\$73,209,114	\$4,924,135	7.2%

Capital Asset and Long-term Debt Activity

Capital Asset Activity

At June 30, 2008, the City reported \$26.6 million in capital assets for governmental activities and \$67.9 million in capital assets for business-type activities. Major capital asset additions for the governmental activities were \$117,018 for the Police Department ADA Access project, \$140,209 for phase I design of the purposed new police station project, \$201,308 for the fire apparatus storage addition to southside fire station, \$336,757 for the 5th Street reconstruction project between Cedar and Willow Streets, \$92,772 for the fleet maintenance shop floor replacement project, \$258,673 for a rural interface fire apparatus and equipment, \$573,882 for the city hall parking lot reconstruction project; \$410,876 for the Mountain View Park Parking Lot construction project; \$323,730 in public safety vehicles and equipment; \$305,987 in public works vehicles and equipment; \$74,079 in health equipment; and \$51,098 in culture and recreation equipment. Major capital additions for business type activities included \$448,584 for a new pump house for well #42; \$542,237 for drilling and equipment for Well #43; \$132,749 to repaint three water tanks; \$225,212 for a water reclamation facility operator's change room; \$171,164 for the headworks grinder project; \$271,217 for the Primary Digester Roof Repair; \$129,389 for the landfill equipment maintenance building; \$4,249,741 for Phase III and IV Taxiway Relocation project; and \$181,171 for the airport parking revenue collection system. Refer to Note 8 to the financial statements for additional information on capital assets.

Long-term Debt Activity

Long-term debt outstanding at June 30, 2008 totaled \$11,303,823, a decrease of 6.4 percent when compared to the prior year. The City did not incur any additional debt during the year ending June 30, 2008.

As of June 30, 2008, the City of Elko had a bond rating of A- from Standard & Poors from the 1999 issue for the Elko Regional Airport bond issue as well as the 2005 Recreation Facilities bond issue. This rating was subsequently upgraded by Standard and Poors in September 2008 to an A+ bond rating.

As of June 30, 2008, the City of Elko had \$9,508,686 of general obligation debt outstanding, which is subject to the legal debt margin. This is well below the legal limit of \$101,206,022 by \$91,697,336.

Refer to Note 11 to the financial statements for additional information on the long-term debt activity of the City of Elko.

Economic Factors and Next Year's Budget and Rates

The user fees for water, sewer, and landfill remained unchanged in fiscal year 2008/2009 from fiscal year 2007/2008, however they will be reviewed to determine whether increases are required to properly fund operational expenses as well as capital projects for both replacement and new capital purchases. The City Council continues to be proactive in their approach to depreciation funding in the enterprise funds.

Although the City is in good financial condition, it will require monitoring of all revenue sources and economic conditions to determine whether increases in existing revenue sources will need to be implemented to pay for the cost of providing the required services to our citizens.

The consolidated tax revenues increased significantly for two of the last three years. In the most current fiscal year, we have seen somewhat of a stabilization of these revenues with a slight decrease over the previous year. We anticipate that this trend will continue until the national economy stabilizes. The increase in the consolidated tax revenues has allowed the City to make some much needed improvements in capital projects as well as equipment purchases in the last two fiscal years. We will monitor all economic situations to determine whether any adjustments need to be made in order to keep the City fiscally sound.

All of these factors were considered in preparing the City of Elko's budget for the 2009 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the financial activity of the City of Elko to all having an interest in the City of Elko. Questions concerning any of the information provided in this report or requests of additional financial information should be addressed to the City of Elko Finance Department, 1751 College Avenue, Elko, Nevada 89801.

CITY OF ELKO
STATEMENT OF NET ASSETS
JUNE 30, 2008

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and investments	\$ 6,564,907	\$ 12,839,522	\$ 19,404,429
Restricted cash	-	107,297	107,297
Interest receivable	31,080	67,278	98,358
Accounts receivable	472,574	1,033,626	1,506,200
Room tax receivable	371,841	-	371,841
Taxes receivable, delinquent	12,730	-	12,730
Due from other governments	2,260,284	859,752	3,120,036
Inventory	27,314	150,328	177,642
Capital assets:			
Land and construction in progress	2,076,680	3,729,231	5,805,911
Other capital assets (net of accumulated depreciation)	24,482,598	64,197,144	88,679,742
Total Assets	<u>36,300,008</u>	<u>82,984,178</u>	<u>119,284,186</u>
LIABILITIES			
Accounts payable	1,512,034	1,978,421	3,490,455
Accrued salaries	390,118	100,900	491,018
Interest payable	21,126	59,797	80,923
Due to other governments	410,835	-	410,835
Unearned revenue	346,535	9,096	355,631
Noncurrent liabilities:			
Due within one year	945,615	677,662	1,623,277
Due in more than one year	2,731,358	6,949,188	9,680,546
Total Liabilities	<u>6,357,621</u>	<u>9,775,064</u>	<u>16,132,685</u>
NET ASSETS			
Invested in capital assets, net of related debt	24,204,778	60,514,339	84,719,117
Restricted for:			
Debt service	-	107,297	107,297
Unrestricted	5,737,609	12,587,478	18,325,087
TOTAL NET ASSETS	<u>\$ 29,942,387</u>	<u>\$ 73,209,114</u>	<u>\$ 103,151,501</u>

See accompanying notes.

**CITY OF ELKO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary government:				
Governmental activities:				
General government	\$ 1,844,072	\$ 347,572	\$ 1,000	\$ 239,053
Judicial	302,665	264,858	-	-
Public safety	9,203,648	157,192	587,885	498,750
Public works	5,107,586	613,979	-	-
Health	511,866	35,649	-	-
Culture and recreation	2,737,328	203,338	-	-
Community support	36,000	-	-	-
Debt service:				
Interest on long-term debt	106,576	-	-	-
Total governmental activities	<u>19,849,741</u>	<u>1,622,588</u>	<u>588,885</u>	<u>737,803</u>
Business-type activities:				
Water	2,336,458	3,113,304	-	127,448
Sewer	3,919,843	5,098,955	-	199,873
Landfill	1,212,137	1,574,714	-	-
Airport	4,005,604	948,985	-	4,157,773
Golf	587,051	529,535	-	-
Total business-type activities	<u>12,061,093</u>	<u>11,265,493</u>	<u>-</u>	<u>4,485,094</u>
Total primary government	<u>\$ 31,910,834</u>	<u>\$ 12,888,081</u>	<u>\$ 588,885</u>	<u>\$ 5,222,897</u>

General revenues:

Taxes
 Ad valorem taxes
 Consolidated tax
 Room taxes
 Gas taxes
 Other
 Gaming licenses
 Franchise fees
 Investment earnings
 Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

NET ASSETS - BEGINNING OF YEAR, as originally reported

Prior period adjustments

NET ASSETS - BEGINNING OF YEAR, as restated

NET ASSETS - END OF YEAR

NET (EXPENSE) REVENUE AND
CHANGES IN NET ASSETS
PRIMARY GOVERNMENT

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (1,256,447)	\$ -	\$ (1,256,447)
(37,807)	-	(37,807)
(7,959,821)	-	(7,959,821)
(4,493,607)	-	(4,493,607)
(476,217)	-	(476,217)
(2,533,990)	-	(2,533,990)
(36,000)	-	(36,000)
(106,576)	-	(106,576)
(16,900,465)	-	(16,900,465)
-	904,294	904,294
-	1,378,985	1,378,985
-	362,577	362,577
-	1,101,154	1,101,154
-	(57,516)	(57,516)
-	3,689,494	3,689,494
(16,900,465)	3,689,494	(13,210,971)
3,227,061	-	3,227,061
10,231,905	-	10,231,905
2,646,834	-	2,646,834
503,305	-	503,305
184,994	-	184,994
97,310	-	97,310
789,381	-	789,381
222,351	465,317	687,668
309,486	22,835	332,321
(746,489)	746,489	-
17,466,138	1,234,641	18,700,779
565,673	4,924,135	5,489,808
28,821,403	68,284,979	97,106,382
555,311	-	555,311
29,376,714	68,284,979	97,661,693
\$ 29,942,387	\$ 73,209,114	\$ 103,151,501

See accompanying notes.

**CITY OF ELKO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	GENERAL	RECREATION FUND	CAPITAL CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and investments	\$ 2,478,907	\$ 1,077,478	\$ 1,129,076	\$ 1,671,164	\$ 6,356,625
Interest receivable	11,649	6,002	5,841	7,588	31,080
Accounts receivable	190,880	12,370	-	-	203,250
Room tax receivable	-	371,841	-	-	371,841
Taxes receivable, delinquent	11,343	-	-	1,387	12,730
Due from other governments	2,110,055	-	9,501	140,728	2,260,284
Inventory	27,314	-	-	-	27,314
Total Assets	\$ 4,830,148	\$ 1,467,691	\$ 1,144,418	\$ 1,820,867	\$ 9,263,124
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 733,822	\$ 250,125	\$ 302,210	\$ 130,424	\$ 1,416,581
Accrued salaries	382,539	-	-	7,579	390,118
Due to other governments	44,920	327,587	-	38,328	410,835
Deferred revenue	119,934	-	29,611	98,437	247,982
Total Liabilities	1,281,215	577,712	331,821	274,768	2,465,516
Fund Balances:					
Reserved for:					
Inventories	27,314	-	-	-	27,314
Capital projects	5,958	-	9,611	-	15,569
Unreserved, reported in:					
General fund	3,515,661	-	-	-	3,515,661
Special revenue funds	-	889,979	-	530,782	1,420,761
Debt service fund	-	-	-	130,651	130,651
Capital project funds	-	-	802,986	884,666	1,687,652
Total Fund Balances	3,548,933	889,979	812,597	1,546,099	6,797,608
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,830,148	\$ 1,467,691	\$ 1,144,418	\$ 1,820,867	\$ 9,263,124

See accompanying notes.

CITY OF ELKO
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008

TOTAL FUND BALANCES FOR THE GOVERNMENTAL FUNDS AS SHOWN ON THE BALANCE SHEET	\$ 6,797,608
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	26,559,278
Deferred revenue represents amount that are not available to fund current expenditures and, therefore, are not reported in the Governmental Funds.	12,730
An Internal service fund is used by management to charge the costs of the self-funded health insurance program for City employees, dependents and retirees. The assets and liabilities of the internal service fund is included in Governmental Activities in the Statement of Net Assets.	270,870
Long-term liabilities and the related accrued interest payable are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.	<u>(3,698,099)</u>
TOTAL NET ASSETS FOR GOVERNMENTAL FUNDS AS SHOWN ON THE STATEMENT OF NET ASSETS	\$ <u>29,942,387</u>

See accompanying notes.

CITY OF ELKO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	GENERAL	RECREATION FUND	CAPITAL CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 2,053,557	\$ 2,646,834	\$ 498,749	\$ 674,755	\$ 5,873,895
Licenses and permits	1,517,248	-	-	-	1,517,248
Intergovernmental	10,822,650	-	-	1,490,479	12,313,129
Charges for services	619,864	19,700	-	82,950	722,514
Fines and forfeitures	225,240	-	-	-	225,240
Miscellaneous	287,861	73,937	34,891	111,602	508,291
Total Revenues	<u>15,526,420</u>	<u>2,740,471</u>	<u>533,640</u>	<u>2,359,786</u>	<u>21,160,317</u>
EXPENDITURES					
Current:					
General government	1,793,403	-	14,401	-	1,807,804
Judicial	301,401	-	-	-	301,401
Public safety	7,905,349	-	-	1,886,034	9,791,383
Public works	4,273,874	-	336,757	1,044,549	5,655,180
Health	507,835	-	-	97,158	604,993
Culture and recreation	952,538	2,000,534	-	146,180	3,099,252
Community support	36,000	-	-	-	36,000
Debt service:					
Principal	-	-	-	333,000	333,000
Interest	-	-	-	110,775	110,775
Total Expenditures	<u>15,770,400</u>	<u>2,000,534</u>	<u>351,158</u>	<u>3,617,696</u>	<u>21,739,788</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(243,980)</u>	<u>739,937</u>	<u>182,482</u>	<u>(1,257,910)</u>	<u>(579,471)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	234,298	-	250,000	964,983	1,449,281
Transfers out	<u>(1,372,655)</u>	<u>(746,940)</u>	<u>-</u>	<u>(76,175)</u>	<u>(2,195,770)</u>
Total Other Financing Sources (Uses)	<u>(1,138,357)</u>	<u>(746,940)</u>	<u>250,000</u>	<u>888,808</u>	<u>(746,489)</u>
Net Change in Fund Balances	<u>(1,382,337)</u>	<u>(7,003)</u>	<u>432,482</u>	<u>(369,102)</u>	<u>(1,325,960)</u>
FUND BALANCES, as previously reported, July 1	4,931,270	896,982	380,115	1,467,890	7,676,257
Prior Period Adjustment	-	-	-	447,311	447,311
FUND BALANCES, as restated, July 1	<u>4,931,270</u>	<u>896,982</u>	<u>380,115</u>	<u>1,915,201</u>	<u>8,123,568</u>
FUND BALANCES, June 30	<u>\$ 3,548,933</u>	<u>\$ 889,979</u>	<u>\$ 812,597</u>	<u>\$ 1,546,099</u>	<u>\$ 6,797,608</u>

See accompanying notes.

CITY OF ELKO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

NET CHANGE IN FUND BALANCES FOR GOVERNMENTAL FUNDS AS SHOWN ON THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	\$ (1,325,960)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>	1,336,195
<p>The issuance of long-term debt (e.g., bonds, leases) 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 assets. 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.</p>	254,441
<p>Internal service funds are used by management to charge the costs of the self-funded health insurance program for City employees, dependents and retirees to individual funds.</p>	<u>300,997</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES AS SHOWN ON THE STATEMENT OF ACTIVITIES	<u>\$ 565,673</u>

See accompanying notes.

CITY OF ELKO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 1,981,037	\$ 1,981,037	\$ 2,053,557	\$ 72,520
Licenses and permits	1,404,500	1,404,500	1,517,248	112,748
Intergovernmental	10,242,817	10,242,817	10,822,650	579,833
Charges for services	464,923	464,923	619,864	154,941
Fines and forfeitures	143,500	143,500	225,240	81,740
Miscellaneous	136,098	136,098	287,861	151,763
Total Revenues	<u>14,372,875</u>	<u>14,372,875</u>	<u>15,526,420</u>	<u>1,153,545</u>
EXPENDITURES				
Current:				
General government	2,005,537	1,991,037	1,793,403	197,634
Judicial	272,500	302,500	301,401	1,099
Public safety	7,725,982	7,995,982	7,905,349	90,633
Public works	5,308,646	4,760,146	4,273,874	486,272
Health	508,877	523,077	507,835	15,242
Culture and recreation	996,879	995,679	952,538	43,141
Community support	36,000	36,000	36,000	-
Contingency	237,816	237,816	-	237,816
Total Expenditures	<u>17,092,237</u>	<u>16,842,237</u>	<u>15,770,400</u>	<u>1,071,837</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,719,362)</u>	<u>(2,469,362)</u>	<u>(243,980)</u>	<u>2,225,382</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	234,298	234,298	234,298	-
Transfers out	(1,138,290)	(1,388,290)	(1,372,655)	15,635
Total Other Financing Sources (Uses)	<u>(903,992)</u>	<u>(1,153,992)</u>	<u>(1,138,357)</u>	<u>15,635</u>
Net Change in Fund Balance	<u>(3,623,354)</u>	<u>(3,623,354)</u>	<u>(1,382,337)</u>	<u>2,241,017</u>
FUND BALANCE, July 1	<u>4,964,373</u>	<u>4,964,373</u>	<u>4,931,270</u>	<u>(33,103)</u>
FUND BALANCE, June 30	<u>\$ 1,341,019</u>	<u>\$ 1,341,019</u>	<u>\$ 3,548,933</u>	<u>\$ 2,207,914</u>

See accompanying notes.

CITY OF ELKO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
MAJOR SPECIAL REVENUE FUND
RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2008

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 2,711,791	\$ 2,711,791	\$ 2,646,834	\$ (64,957)
Charges for services	30,445	30,445	19,700	(10,745)
Miscellaneous	30,000	30,000	73,937	43,937
Total Revenues	<u>2,772,236</u>	<u>2,772,236</u>	<u>2,740,471</u>	<u>(31,765)</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>2,373,090</u>	<u>2,457,590</u>	<u>2,000,534</u>	<u>457,056</u>
Total Expenditures	<u>2,373,090</u>	<u>2,457,590</u>	<u>2,000,534</u>	<u>457,056</u>
Excess (Deficiency) of Revenues over Expenditures	<u>399,146</u>	<u>314,646</u>	<u>739,937</u>	<u>425,291</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(866,919)</u>	<u>(782,419)</u>	<u>(746,940)</u>	<u>35,479</u>
Total Other Financing Sources (Uses)	<u>(866,919)</u>	<u>(782,419)</u>	<u>(746,940)</u>	<u>35,479</u>
Net Change in Fund Balance	<u>(467,773)</u>	<u>(467,773)</u>	<u>(7,003)</u>	<u>460,770</u>
FUND BALANCE, July 1	<u>776,053</u>	<u>776,053</u>	<u>896,982</u>	<u>120,929</u>
FUND BALANCE, June 30	<u>\$ 308,280</u>	<u>\$ 308,280</u>	<u>\$ 889,979</u>	<u>\$ 581,699</u>

See accompanying notes.

CITY OF ELKO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008
(Page 1 of 2)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER FUND	SEWER FUND	AIRPORT FUND	LANDFILL FUND	NONMAJOR FUND - GOLF
ASSETS					
Current assets:					
Cash and investments	\$ 4,300,667	\$ 6,991,595	\$ 213,506	\$ 1,281,184	\$ 52,570
Interest receivable	22,584	36,169	1,809	6,520	196
Accounts receivable	279,513	488,186	89,949	142,318	33,660
Due from other governments	-	-	859,752	-	-
Inventory	145,477	4,851	-	-	-
Total Current Assets	4,748,241	7,520,801	1,165,016	1,430,022	86,426
Noncurrent assets:					
Restricted:					
Cash - Debt service	-	-	107,297	-	-
Capital assets:					
Land	232,350	71,653	884,269	2,467	9,045
Buildings	1,024,931	538,048	5,184,943	95,116	617,123
Improvements other than buildings	14,927,694	37,703,684	6,119	417,227	565,918
Machinery and equipment	1,282,534	2,538,932	3,346,046	1,860,939	548,852
Construction in progress	-	329,779	1,974,112	225,556	-
Infrastructure	-	-	35,850,405	-	-
Less accumulated depreciation	(5,520,792)	(20,840,655)	(14,056,263)	(1,222,272)	(671,385)
Total Capital Assets (Net of Accumulated Depreciation)	11,946,717	20,341,441	33,189,631	1,379,033	1,069,553
Total Noncurrent Assets	11,946,717	20,341,441	33,296,928	1,379,033	1,069,553
Total Assets	16,694,958	27,862,242	34,461,944	2,809,055	1,155,979
LIABILITIES					
Current liabilities:					
Accounts payable	524,780	138,870	1,148,770	142,606	23,395
Accrued salaries	25,507	28,421	13,690	21,008	12,274
Compensated absences	33,114	33,179	17,072	31,387	11,048
Interest payable	-	-	59,797	-	-
Current maturities of Medium Term Obligation payable	-	-	-	91,900	7,000
Current maturities of bonds payable	-	357,962	95,000	-	-
Deferred revenue	-	-	9,096	-	-
Total Current Liabilities	583,401	558,432	1,343,425	286,901	53,717

TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
\$ 12,839,522	\$ 208,282
67,278	-
1,033,626	269,324
859,752	-
150,328	-
<u>14,950,506</u>	<u>477,606</u>
<u>107,297</u>	<u>-</u>
1,199,784	-
7,460,161	-
53,620,642	-
9,577,303	-
2,529,447	-
35,850,405	-
(42,311,367)	-
<u>67,926,375</u>	<u>-</u>
<u>68,033,672</u>	<u>-</u>
<u>82,984,178</u>	<u>477,606</u>
1,978,421	95,453
100,900	-
125,800	-
59,797	-
98,900	-
452,962	-
9,096	111,283
<u>2,825,876</u>	<u>206,736</u>

CITY OF ELKO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008
(Page 2 of 2)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER FUND	SEWER FUND	AIRPORT FUND	LANDFILL FUND	NONMAJOR FUND - GOLF
Noncurrent liabilities:					
General obligation bonds payable, net of unamortized discounts	-	3,045,724	3,765,000	-	-
Medium term obligations payable	-	-	-	45,950	3,500
Compensated absences	-	15,419	111	43,705	29,779
Total Noncurrent Liabilities	-	3,061,143	3,765,111	89,655	33,279
Total Liabilities	583,401	3,619,575	5,108,536	376,556	86,996
NET ASSETS					
Invested in capital assets, net of related debt	11,946,717	16,937,755	29,329,631	1,241,183	1,059,053
Restricted for:					
Debt service	-	-	107,297	-	-
Unrestricted (deficit)	4,164,840	7,304,912	(83,520)	1,191,316	9,930
TOTAL NET ASSETS	\$ 16,111,557	\$ 24,242,667	\$ 29,353,408	\$ 2,432,499	\$ 1,068,983

TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
6,810,724	-
49,450	-
89,014	-
<u>6,949,188</u>	<u>-</u>
<u>9,775,064</u>	<u>206,736</u>
60,514,339	-
107,297	-
<u>12,587,478</u>	<u>270,870</u>
<u>\$ 73,209,114</u>	<u>\$ 270,870</u>

See accompanying notes.

CITY OF ELKO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

	WATER FUND	SEWER FUND	AIRPORT FUND	LANDFILL FUND	NONMAJOR FUND - GOLF
OPERATING REVENUES					
Intergovernmental	\$ -	\$ -	\$ 23,535	\$ -	\$ -
Charges for services	3,045,932	2,224,575	288,300	1,517,005	514,098
Other services	67,372	28,129	637,150	57,709	15,437
Total Operating Revenues	<u>3,113,304</u>	<u>2,252,704</u>	<u>948,985</u>	<u>1,574,714</u>	<u>529,535</u>
OPERATING EXPENSES					
Salaries and wages	504,341	551,931	261,864	429,615	217,933
Employee benefits	212,946	219,287	106,635	161,267	75,663
Services and supplies	1,267,981	1,557,672	465,302	511,491	244,160
Depreciation	351,190	1,464,088	2,280,688	104,408	48,616
Total Operating Expenses	<u>2,336,458</u>	<u>3,792,978</u>	<u>3,114,489</u>	<u>1,206,781</u>	<u>586,372</u>
Operating Income (Loss)	<u>776,846</u>	<u>(1,540,274)</u>	<u>(2,165,504)</u>	<u>367,933</u>	<u>(56,837)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	158,811	245,087	16,313	43,869	1,237
Gain (loss) on disposal of capital assets	24	-	8,764	8,656	5,391
Sewer improvement user fees	-	2,846,251	-	-	-
Apron failure expense	-	-	(650,697)	-	-
Interest expense	-	(126,865)	(240,418)	(5,356)	(679)
Total Nonoperating Revenues (Expenses)	<u>158,835</u>	<u>2,964,473</u>	<u>(866,038)</u>	<u>47,169</u>	<u>5,949</u>
Income (Loss) Before Capital Contributions and Transfers	<u>935,681</u>	<u>1,424,199</u>	<u>(3,031,542)</u>	<u>415,102</u>	<u>(50,888)</u>
CAPITAL CONTRIBUTIONS	127,448	199,873	4,157,773	-	-
TRANSFERS IN	<u>-</u>	<u>-</u>	<u>706,648</u>	<u>-</u>	<u>39,841</u>
Change in Net Assets	<u>1,063,129</u>	<u>1,624,072</u>	<u>1,832,879</u>	<u>415,102</u>	<u>(11,047)</u>
TOTAL NET ASSETS, July 1	<u>15,048,428</u>	<u>22,618,595</u>	<u>27,520,529</u>	<u>2,017,397</u>	<u>1,080,030</u>
TOTAL NET ASSETS, June 30	<u>\$ 16,111,557</u>	<u>\$ 24,242,667</u>	<u>\$ 29,353,408</u>	<u>\$ 2,432,499</u>	<u>\$ 1,068,983</u>

TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
\$ 23,535	\$ -
7,589,910	2,308,085
805,797	152
<u>8,419,242</u>	<u>2,308,237</u>
1,965,684	-
775,798	2,008,828
4,046,606	-
4,248,990	-
<u>11,037,078</u>	<u>2,008,828</u>
<u>(2,617,836)</u>	<u>299,409</u>
465,317	1,588
22,835	-
2,846,251	-
(650,697)	-
(373,318)	-
<u>2,310,388</u>	<u>1,588</u>
(307,448)	300,997
4,485,094	-
746,489	-
<u>4,924,135</u>	<u>300,997</u>
<u>68,284,979</u>	<u>(30,127)</u>
<u>\$ 73,209,114</u>	<u>\$ 270,870</u>

See accompanying notes.

CITY OF ELKO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
(Page 1 of 2)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER FUND	SEWER FUND	AIRPORT FUND
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 3,076,009	\$ 2,238,813	\$ 964,455
Cash payments to suppliers for goods and services	(1,039,657)	(1,570,021)	(614,200)
Cash payments to employees for services and benefits	(718,810)	(761,238)	(363,974)
Cash received from group insurance premiums	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>1,317,542</u>	<u>(92,446)</u>	<u>(13,719)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	-	706,648
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(1,305,011)	(831,639)	(5,341,748)
Principal paid on debt	-	(345,574)	(90,000)
Interest paid on debt	-	(126,865)	(241,648)
Proceeds from sales of capital assets	24	-	8,764
Cash received from capital improvement user fees	-	2,846,251	-
Airport Apron failure	-	-	(427,535)
Proceeds from federal grants	-	-	5,047,132
Receipt of customer contributions	127,448	199,873	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,177,539)</u>	<u>1,742,046</u>	<u>(1,045,035)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	166,935	246,667	19,098
Net Cash Provided (Used) by Investing Activities	<u>166,935</u>	<u>246,667</u>	<u>19,098</u>
Net Increase (Decrease) in Cash and Cash Equivalents	306,938	1,896,267	(333,008)
CASH AND CASH EQUIVALENTS, July 1	<u>3,993,729</u>	<u>5,095,328</u>	<u>653,811</u>
CASH AND CASH EQUIVALENTS, June 30	<u>\$ 4,300,667</u>	<u>\$ 6,991,595</u>	<u>\$ 320,803</u>
CASH AND CASH EQUIVALENTS CONSIST OF:			
Restricted cash and cash equivalents	\$ -	\$ -	\$ 107,297
Unrestricted cash and cash equivalents	<u>4,300,667</u>	<u>6,991,595</u>	<u>213,506</u>
Total Cash and Cash Equivalents	<u>\$ 4,300,667</u>	<u>\$ 6,991,595</u>	<u>\$ 320,803</u>

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
LANDFILL FUND	NONMAJOR FUND - GOLF	TOTAL ENTERPRISE FUNDS	
\$ 1,570,665	\$ 504,780	\$ 8,354,722	\$ -
(400,466)	(247,081)	(3,871,425)	-
(578,393)	(290,556)	(2,712,971)	(2,008,828)
-	-	-	2,027,883
<u>591,806</u>	<u>(32,857)</u>	<u>1,770,326</u>	<u>19,055</u>
-	39,841	746,489	-
(228,075)	(46,684)	(7,753,157)	-
(91,900)	(7,000)	(534,474)	-
(5,356)	(679)	(374,548)	-
58,829	5,391	73,008	-
-	-	2,846,251	-
-	-	(427,535)	-
-	-	5,047,132	-
-	-	327,321	-
<u>(266,502)</u>	<u>(48,972)</u>	<u>(796,002)</u>	<u>-</u>
<u>44,177</u>	<u>1,681</u>	<u>478,558</u>	<u>1,588</u>
<u>44,177</u>	<u>1,681</u>	<u>478,558</u>	<u>1,588</u>
369,481	(40,307)	2,199,371	20,643
<u>911,703</u>	<u>92,877</u>	<u>10,747,448</u>	<u>187,639</u>
<u>\$ 1,281,184</u>	<u>\$ 52,570</u>	<u>\$ 12,946,819</u>	<u>\$ 208,282</u>
\$ -	\$ -	\$ 107,297	\$ -
<u>1,281,184</u>	<u>52,570</u>	<u>12,839,522</u>	<u>208,282</u>
<u>\$ 1,281,184</u>	<u>\$ 52,570</u>	<u>\$ 12,946,819</u>	<u>\$ 208,282</u>

CITY OF ELKO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
(Page 2 of 2)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER FUND	SEWER FUND	AIRPORT FUND
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 776,846	\$ (1,540,274)	\$ (2,165,504)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	351,190	1,464,088	2,280,688
(Increase) Decrease in:			
Accounts receivable	(37,296)	(13,891)	(15,183)
Due from other governments	-	-	-
Due from other funds	-	-	31,154
Inventory	(4,540)	1,271	-
Prepaid items	-	-	-
Increase (Decrease) in:			
Accounts payable	232,865	(13,620)	(148,897)
Accrued liabilities	4,009	3,963	1,215
Compensated absences	(5,532)	6,017	3,310
Deferred revenue	-	-	(502)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,317,542</u>	<u>\$ (92,446)</u>	<u>\$ (13,719)</u>

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
LANDFILL FUND	NONMAJOR FUND - GOLF	TOTAL ENTERPRISE FUNDS	
\$ 367,933	\$ (56,837)	\$ (2,617,836)	\$ 299,409
104,408	48,616	4,248,990	-
(4,051)	(24,756)	(95,177)	(229,583)
-	-	-	3,868
-	-	31,154	-
-	-	(3,269)	-
-	-	-	24,095
111,027	(2,920)	178,455	(74,911)
4,664	1,571	15,422	-
7,825	1,469	13,089	-
-	-	(502)	(3,823)
<u>\$ 591,806</u>	<u>\$ (32,857)</u>	<u>\$ 1,770,326</u>	<u>\$ 19,055</u>

See accompanying notes.

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CITY OF ELKO
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2008

	<u>AGENCY FUND</u>
ASSETS	
Cash and investments	\$ 134,817
Interest receivable	593
Room taxes receivable	<u>18,448</u>
Total Assets	<u>153,858</u>
LIABILITIES	
Accounts payable	54
Due to other governments	<u>153,804</u>
Total Current Liabilities	<u>153,858</u>
NET ASSETS	<u>\$ -</u>

See accompanying notes.

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the City of Elko, State of Nevada (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the more significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

REPORTING ENTITY:

The City of Elko was incorporated April 15, 1917. The City is a municipal corporation governed by an elected mayor and four members of the City Council. The City is fiscally independent of all other governmental entities and has no component units nor is it a component unit of another entity.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. Eliminations have been made to minimize the double-counting of internal activities. Services provided by the General Fund to other funds are reported as expenditures or expenses, as appropriate, in the funds receiving the services and as reductions of expenditures in the General Fund. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a function or business-type activity are offset by program revenues. Direct expenses are those that are associated with a specific function or business-type activity. 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 business-type activity and 2) grants, contributions and interest income that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary* and *fiduciary* – 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.

Proprietary fund operating revenues, such as charges for services and operating expenses, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings and nonoperating expenses result from nonexchange transactions or ancillary activities.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION:

The government-wide financial statements are reported using the *economic resources measurement focus*, and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when liabilities are 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Funds*, the City applies all applicable FASB Statements and Interpretations, APB Opinions and ARBs issued on or before November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The City elected not to apply

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

FASB pronouncements issued after November 30, 1989.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *measurable* when the amount of the transaction can be determined and *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when liabilities are incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, consolidated tax revenue (sales taxes, cigarette taxes, government services tax, liquor taxes), gaming taxes, gasoline taxes 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. Licenses and permits, franchise fees, charges for services and fines and forfeits are not susceptible to accrual because generally they are not measurable until received in cash.

Property tax revenue is recognized in the fiscal year in which the taxes become due to the extent they are collected during the fiscal year or soon enough thereafter that they can be used to finance current period expenditures.

The City reports deferred revenue in the fund financial statements balance sheets. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Expenses relating to the functional activities include allocated indirect expenses.

When both restricted and unrestricted resources are available for use it is the City's policy to use restricted resources first and then unrestricted resources as needed.

As a general rule, the effect of interfund activity has been eliminated from the government wide and proprietary fund financial statements. Exceptions to this general rule are charges between the government's proprietary funds for use of services. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The City reports the following major governmental funds:

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

The **Recreation Fund** is a special revenue fund used to account for room tax monies received for the purposes of providing recreation improvements.

The **Capital Construction Fund** is used to account for projects financed from property taxes, land sales, and operating transfers.

The City reports the following major enterprise funds:

The **Water Fund** accounts for the provision of water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to,

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

administration, operating, maintenance, and billing and collection.

The **Sewer Fund** accounts for the provision of sanitary sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services, and billing and collection.

The **Airport Fund** accounts for the operation of the Elko Regional Airport. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance and improvement, financing and related debt service, and billing and collection (including collection of passenger facility charges).

The **Landfill Fund** accounts for the operation of the regional landfill. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services, and billing and collection.

Additionally, the City reports the following fund types:

Internal Service Funds account for operations of providing health insurance to other departments on a cost-reimbursement basis.

Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the City holds for others in an agency capacity.

CASH, CASH EQUIVALENTS AND INVESTMENTS:

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 that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk in changes of value. Cash balances from all funds are combined and, to the extent practicable, invested by the City administration as permitted by law. Investments are recorded at fair value. The City of Elko invests in part of the State of Nevada Local Government Investment Pool, which has regulatory oversight from the Board of Finance for the State of Nevada. All interest earned on these investments is recognized in the General Fund, except for amounts credited to certain other funds in accordance with law, contract and City policy.

State statutes authorize the City to invest in obligations of the U.S. Treasury; certain farm loan bonds; certain securities issued by Nevada local governments and other state and local governments; certain obligations of an Agency of the United States or a corporation sponsored by the government; certain repurchase agreements; certain bankers acceptances; certain commercial paper; and certain negotiable certificates of deposits and money market mutual funds.

The following investments are allowed but must not exceed 20% of the total portfolio at the purchase date and 25% of such investments may not be in notes, bonds or unconditional obligations issued by any one corporation:

- Certain notes, bonds and other unconditional obligations for the payment of money issued by corporations organized and operating in the United States.
- Collateralized mortgage obligations "AAA" rated.
- Asset-backed securities "AAA" rated.

Bond covenants relating to debt in the Sewer and Airport Funds require resources be set aside to make future debt payments, these are reported as restricted cash.

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

RECEIVABLES AND PAYABLES:

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans). All such balances within the governmental activities or business-type activities are eliminated in the government-wide statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

No allowance for doubtful accounts receivable has been established since management does not anticipate any material collection loss with respect to the balances shown as accounts receivable.

PROPERTY TAXES:

All real property within the City of Elko is assigned a parcel number by the County Assessor in accordance with state law, with each parcel being subject to physical reappraisal every five years. A factoring system is used to adjust the appraised value during the years between physical appraisals. The property and its improvements are being assessed at 35% of "taxable value" as defined by statute. The amount of tax levied is developed by multiplying the assessed value by the tax rate applicable to the area in which the property is located. The maximum tax rate was established in the State Constitution at \$5 per \$100 of assessed valuation; however, as a result of legislative action, the tax rate was further limited to \$3.64 per \$100 of assessed valuation, except in cases of severe financial emergency as defined by NRS 354.705.

Taxes on real property are a lien on the property and attach on July 1 of the year for which the taxes are levied.

Taxes may be paid in four installments, the first installment is due on the third Monday of August and the remaining three installments are payable on the first Monday in October, January and March to the Treasurer of Elko County in which the City of Elko is located. Penalties are assessed if a taxpayer fails to pay an installment within ten days of the installment due date. After a two year waiting period, if the taxes remain unpaid, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by the owner or such persons as described by statute by paying all back taxes and accumulated penalties, interest and costs before sale.

Taxes on personal property are collected currently. Personal property declarations are mailed out annually by the County and the tax is computed using percentages of taxable values established by the Department of Taxation and the tax rates described above.

INVENTORIES AND PREPAID ITEMS:

Inventories for the government-wide financial statements are valued at cost on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CAPITAL ASSETS:

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as those assets with an initial cost of \$5,000 or more and an estimated useful life of more than three years. All purchased capital assets are valued at cost or estimated historical cost. Donated assets are recorded at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Capital assets are recorded at cost including capitalized interest incurred during the construction phase on debt-financed projects for business-type activities. Depreciation is computed using the straight-line method for all assets over the following estimated useful lives:

Buildings	8 to 100 years
Improvements other than buildings	8 to 100 years
Machinery and equipment	5 to 60 years
Infrastructure	10 to 100 years

COMPENSATED ABSENCES:

The liability for compensated absences is calculated under the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. All vacation time, sick leave benefits and compensatory time costs are accrued and recognized as expenses when earned, to the extent it is likely the City will ultimately pay those benefits. The costs of unused vacation and sick leave are not recorded in the governmental fund financial statements but are in the government-wide financial statements.

LONG-TERM DEBT:

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. For current and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related bond.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of bonds issued is reported as other financing sources, as are bond premiums. Bond discounts are recorded as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

FUND EQUITY:

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. **Invested in Capital Assets, Net of Related Debt** – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. **Restricted Net Assets** – Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or law or regulations of other governments; (2) law through constitutional provisions or enabling legislation.
- c. **Unrestricted Net Assets** – All other assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reservations of fund balance consist of amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Unreserved fund balance consists of amounts designated for future years operations, which is the budgeted fund balance for the forthcoming year; and undesignated which are amounts not specifically designated for future year operations.

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

USE OF ESTIMATES:

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

COMPARATIVE DATA/RECLASSIFICATIONS:

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS:

The governmental fund balance sheet includes a reconciliation between *total fund balances – governmental funds* and *total net assets of governmental activities*. One element of that reconciliation explains that long-term liabilities and the related accrued interest payable are not due and payable in the current period and, therefore, are not reported in the funds. The details of the net difference follows:

Bonds payable, net of bond premium and discount	\$	(2,245,000)
Medium Term Obligation		(109,500)
Accrued interest		(21,126)
Compensated absences		<u>(1,322,473)</u>
Net Difference in Reporting Long-Term Liabilities	\$	<u>(3,698,099)</u>

EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND 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 change in fund balances – governmental funds* and *change in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this difference follows:

Capital outlay	\$	2,734,277
Disposal of capital assets		(58,774)
Depreciation expense		<u>(1,339,308)</u>
Net Difference in Reporting Capital Asset Activity	\$	<u>1,336,195</u>

Another element of that reconciliation states the “the issuance of long-term debt (e.g., bonds, leases) 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 assets. 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.” The details of this difference follows:

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Net change in accrued interest	\$	4,199
Net change in compensated absences		(82,758)
Principal repayments:		
General obligation debt		260,000
Capital leases		73,000

Net Difference in Reporting Long-Term Debt Transactions	\$	254,441

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

BUDGETARY INFORMATION:

The City of Elko adheres to the Local Government Budget and Finance Act incorporated within state statutes, which includes the following major procedures to establish the budgetary data, which is reflected in these financial statements.

1. On or before April 15, the City Council files a tentative budget with the Nevada Department of Taxation for all funds other than Agency Funds, which are not required to be budgeted.
2. Public budget hearings on the tentative budget are held on the third Tuesday in May.
3. On or before June 1, at a public hearing, the Council indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the City Council. The final budget must then be forwarded to the Nevada Department of Taxation for review and approval.
4. Formal budgetary integration in the financial records of all funds is employed to enhance management control during the year.
5. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). All appropriations lapse at year end.
6. Budget amounts within funds, and between funds, may be transferred if amounts do not exceed the original budget. Such transfers must be approved by the budget officer and/or the City Council, depending on established criteria. Budget augmentations in excess of original budgetary amounts may not be made without prior approval of the City Council, following a scheduled and noticed public hearing for those funds which have ad valorem tax allocated as a source of revenue. For all other funds the City Council must approve the budget augmentation with a majority vote and adopt a resolution providing therefore.
7. The above dates may be adjusted as necessary during legislative years.
8. The budget amounts reflected in the financial statements have been amended from the original amounts in accordance with the above procedures.

In accordance with state statute, actual expenditures may not exceed budgeted appropriations of the various governmental functions (excluding the debt service function) of the General Fund, Special Revenue Funds and Capital Project Funds. Per NRS 354.626, expenditures over budgeted appropriations are allowed for bond repayments, medium term obligation repayments, and other long-term contracts expressly authorized by law. For Proprietary Funds, the sum of operating and nonoperating expenses may not exceed the sum of budgeted operating and nonoperating expenses.

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

EXCESS OF EXPENDITURES/EXPENSES OVER APPROPRIATIONS:

Total expenditures exceeded those budgeted for the year in the following funds:

Airport Fund	\$ 1,632,806
Golf Fund	13,908
Capital Equipment Reserve Fund – Public Safety	156,959
Health Insurance Fund	143,860

The above are potential violations of Nevada Revised Statute 354.626. The City plans to monitor expenditures/expenses in 2008-2009 to help prevent potential violations.

NOTE 4 - EQUITY IN POOLED CASH, DEPOSITS AND INVESTMENTS:

The City maintains a cash and investment pool that is available for use by all funds except for the Self-Insurance Trust Fund which is held separately from other City funds. A summary schedule of cash and investments for the City of Elko at June 30, 2008, is as follows:

Balances Classified by Depository and Category:

Cash on hand	\$	1,590
Deposits:		
Citibank:		
Demand deposit		2,100
Great Basin Bank:		
Demand deposit		1,000
U.S. Bank:		
Demand deposit		2,141,853
Certificate of Deposit		2,000,000
		<u>4,146,543</u>
Investments:		
Nevada State Treasurer:		
NVest		5,000,000
Local Government Pooled Investment Fund (LGIP)		10,500,000
		<u>19,646,543</u>
	\$	19,646,543
Governmental Activities – cash and investments	\$	6,564,907
Business-type Activities – cash and investments		12,839,522
Business-type Activities – restricted cash		107,297
Fiduciary Fund		134,817
	<u>\$</u>	<u>19,646,543</u>

As of June 30, 2008, the City of Elko had the following investment and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>
LGIP	\$ 10,500,000	\$ 10,500,000	\$ -
U.S. Treasury	5,000,000	-	5,000,000
	<u>\$ 15,500,000</u>	<u>\$ 10,500,000</u>	<u>\$ 5,000,000</u>

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

The City is a voluntary participant in the State of Nevada Local Government Investment Pool (LGIP), which has regulatory oversight from the Board of Finance of the State of Nevada. The City's investment in the LGIP is equal to its original investment plus monthly allocations of interest income, and realized and unrealized gains and losses, which is the same as the value of the pool shares. The City's investment in the LGIP is reported at fair value.

Nevada Revised Statutes (NRS 355.170) sets forth acceptable investments for Nevada local governments. The City has not adopted a formal investment policy that would further limit its investment choices nor further limit its exposure to certain risks as set forth below.

Interest rate risk – the risk of possible reduction in the value of a security, especially a bond, resulting from a rise in interest rates. As noted above, the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates beyond those specified in the statute.

Credit risk – the risk that an issuer or other counterparty to an investment will not fulfill its obligation and its function of the credit quality rating of its investments. The City's investment policy does not specify minimum acceptable credit rating further than those listed in state statutes. The LGIP is an unrated external investment pool that specifies minimum acceptable credit ratings for its investments.

Custodial Credit Risk – the risk that in the event of a bank failure, the City's deposits may not be returned. The City's bank deposits are covered by Federal Deposit Insurance Corporation (FDIC) and are collateralized by the office of the State Treasurer/Nevada Collateral Pool. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of outside parties.

NOTE 5 – INTERFUND BALANCES:

The composition of interfund balances as of June 30, 2008 is as follows:

<u>Fund</u>	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 1,372,655	\$ 234,298
Recreation Fund	746,940	-
Capital Construction Fund	-	250,000
Nonmajor Governmental Funds	76,175	964,983
Airport Fund	-	706,648
Nonmajor Enterprise Funds – Golf Fund	-	39,841
	<u>\$ 2,195,770</u>	<u>\$ 2,195,770</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 6 – AD VALOREM CAPITAL PROJECTS FUND:

Pursuant to NRS 354.598155, the City of Elko is required to provide a listing of the Ad Valorem Capital Projects Fund expended. For June 30, 2008, \$140,209 was expended for the Police Department new facility phase 1 design, \$542,995 was expended for the City Hall parking lot reconstruction, \$108,194 was expended for disability access at the Police Department, \$6,758 was expended for the new Police Department Bomb Threat Building, \$201,308 was expended for the Fire Station No. 3 Addition, \$3,827 was expended for the New Fire Station Assessment, and \$88,490 was expended for the fleet department floor replacement.

NOTE 7 – UNRESERVED, DESIGNATED FUND BALANCE OF MAJOR FUNDS:

The unreserved, designated fund balance of the City's major funds is as follows:

	General Fund	Recreation Fund	Capital Construction Fund
Designated for:			
Subsequence year's expenditures	\$ 3,515,661	\$ 889,979	\$ 765,285

NOTE 8 – PRIOR PERIOD ADJUSTMENT:

The beginning fund balance for the Capital Equipment Reserve Fund was increased by \$447,311 due to the purchase of aerial platform fire apparatus equipment. The equipment was recorded in the June 30, 2007 fiscal year when in fact the equipment was received in fiscal year ending June 30, 2008. The City placed a deposit for the entire purchase price of \$571,811, and received \$124,500 in grant funding for this equipment. Therefore, the difference of \$447,311 is recorded as a prior period adjustment.

In fiscal year June 30, 2007 the City of Elko purchased a modular office building for the Building Department for \$108,000, this capital asset was not included in the fiscal year ending June 30, 2007 capital asset additions, therefore beginning net assets for the Government-wide Governmental Activities net assets was increased by \$108,000. The asset was put into service in fiscal year ending June 30, 2008 therefore no accumulated depreciation was recorded.

NOTE 9 - LANDFILL FUND CLOSURE AND POSTCLOSURE CARE COSTS:

State and federal laws and regulations require the City of Elko to place a final cover and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. Each year the City reassesses the life of the landfill using an airspace volumetric topographical survey, which resulted in an expected landfill closure in the year 2027. Based on this survey, an estimate of 31% of the landfill has been used. The City purchased insurance to cover the costs of closure and post-closure of the landfill. The City is obligated under the insurance policy to pay an annual premium of \$91,227 over 15 years.

At June 30, 2008, financial assurance relative to costs of closure and post-closure of the landfill was fulfilled through insurance coverage (NAC 444.6855).

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	Balance July 1, 2007	Prior Period Adjustment	Revised July 1, 2007 Balance
Governmental Activities:			
Capital assets, not being depreciated:			
Land	\$ 1,261,998	\$ -	\$ 1,261,998
Construction in progress	372,274	-	372,274
Total capital assets, not being depreciated	<u>1,634,272</u>	<u>-</u>	<u>1,634,272</u>
Capital assets, being depreciated:			
Buildings	4,667,848	108,000	4,775,848
Improvements other than buildings	4,574,867	-	4,574,867
Equipment and motor vehicles	7,391,993	-	7,391,993
Infrastructure	20,238,212	-	20,238,212
Total capital assets, being depreciated	<u>36,872,920</u>	<u>108,000</u>	<u>36,980,920</u>
Less accumulated depreciation for:			
Buildings	1,491,576	-	1,491,576
Improvements other than buildings	1,131,310	-	1,131,310
Equipment and motor vehicles	3,110,734	-	3,110,734
Infrastructure	7,658,491	-	7,658,491
Total accumulated depreciation	<u>13,392,111</u>	<u>-</u>	<u>13,392,111</u>
Total capital assets, being depreciated, net	<u>23,480,809</u>	<u>108,000</u>	<u>23,588,809</u>
Governmental activities capital assets, net	<u>\$ 25,115,081</u>	<u>\$ 108,000</u>	<u>\$ 25,223,081</u>
Business-Type Activities:			
Capital assets, not being depreciated:			
Land and water rights	\$ 1,199,784	\$ -	\$ 1,199,784
Construction in progress	1,940,367	-	1,940,367
Total capital assets, not being depreciated	<u>3,140,151</u>	<u>-</u>	<u>3,140,151</u>
Capital assets, being depreciated:			
Buildings	6,774,104	-	6,774,104
Improvements other than buildings	52,407,739	-	52,407,739
Machinery and equipment	9,508,132	-	9,508,132
Infrastructure	31,917,865	-	31,917,865
Total capital assets, being depreciated	<u>100,607,840</u>	<u>-</u>	<u>100,607,840</u>
Less accumulated depreciation for:			
Buildings	1,012,846	-	1,012,846
Improvements other than buildings	23,403,488	-	23,403,488
Machinery and equipment	3,300,048	-	3,300,048
Infrastructure	10,637,662	-	10,637,662
Total accumulated depreciation	<u>38,354,044</u>	<u>-</u>	<u>38,354,044</u>
Total capital assets, being depreciated, net	<u>62,253,796</u>	<u>-</u>	<u>62,253,796</u>
Business-type activities capital assets, net	<u>\$ 65,393,947</u>	<u>\$ -</u>	<u>\$ 65,393,947</u>

<u>Additions and Transfers In</u>	<u>Deletions and Transfers Out</u>	<u>Completed Construction</u>	<u>Balance June 30, 2008</u>
\$ -	\$ -	\$ -	\$ 1,261,998
<u>742,919</u>	<u>-</u>	<u>(300,511)</u>	<u>814,682</u>
<u>742,919</u>	<u>-</u>	<u>(300,511)</u>	<u>2,076,680</u>
88,490	-	4,232	4,868,570
1,145,870	-	39,712	5,760,449
734,288	(429,004)	256,567	7,953,844
<u>22,712</u>	<u>-</u>	<u>-</u>	<u>20,260,924</u>
<u>1,991,360</u>	<u>(429,004)</u>	<u>300,511</u>	<u>38,843,787</u>
105,176	-	-	1,596,752
141,811	-	-	1,273,121
404,530	(370,230)	-	3,145,034
<u>687,791</u>	<u>-</u>	<u>-</u>	<u>8,346,282</u>
<u>1,339,308</u>	<u>(370,230)</u>	<u>-</u>	<u>14,361,189</u>
<u>652,052</u>	<u>(58,774)</u>	<u>300,511</u>	<u>24,482,598</u>
<u>\$ 1,394,971</u>	<u>\$ (58,774)</u>	<u>\$ -</u>	<u>\$ 26,559,278</u>
\$ -	\$ -	\$ -	\$ 1,199,784
<u>6,627,457</u>	<u>(126,047)</u>	<u>(5,912,329)</u>	<u>2,529,447</u>
<u>6,627,457</u>	<u>(126,047)</u>	<u>(5,912,329)</u>	<u>3,729,231</u>
61,882	(9,182)	633,356	7,460,160
33,026	-	1,179,877	53,620,642
210,829	(332,658)	191,001	9,577,303
<u>24,445</u>	<u>-</u>	<u>3,908,095</u>	<u>35,850,405</u>
<u>330,182</u>	<u>(341,840)</u>	<u>5,912,329</u>	<u>106,508,510</u>
594,872	(9,182)	-	1,598,536
1,652,456	-	-	25,055,944
426,655	(282,487)	-	3,444,216
<u>1,575,008</u>	<u>-</u>	<u>-</u>	<u>12,212,670</u>
<u>4,248,991</u>	<u>(291,669)</u>	<u>-</u>	<u>42,311,366</u>
<u>(3,918,809)</u>	<u>(50,171)</u>	<u>5,912,329</u>	<u>64,197,144</u>
<u>\$ 2,708,648</u>	<u>\$ (176,218)</u>	<u>\$ -</u>	<u>\$ 67,926,375</u>

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CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

Governmental Activities:

General government	\$ 71,677
Judicial	1,264
Public Safety	225,109
Public works	849,347
Culture and recreation	176,798
Health	15,113

Total depreciation expense - governmental activities \$ 1,339,308

Business-Type Activities:

Water Fund	\$ 351,190
Sewer Fund	1,464,088
Airport Fund	2,280,688
Landfill Fund	104,408
Golf Fund	48,616

Total depreciation expense - business-type activities \$ 4,248,990

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 11 - CHANGES IN LONG-TERM DEBT:

	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE AMOUNT</u>	<u>INTEREST RATE</u>
<u>Governmental Activities:</u>			
General Obligation Bonds:			
General Government:			
1998 Street Improvement Refunding Bonds	3/14/1997	\$ 1,900,000	4.61%
2005 Limited Tax Facilities Recreational Bonds (secured by pledged revenues)	8/25/2005	<u>2,000,000</u>	4.00%
		<u>3,900,000</u>	
Medium Term Obligation (Limited Tax)	6/30/2004	<u>365,000</u>	4.25%
Compensated absences	N/A	<u>N/A</u>	N/A
		<u>4,265,000</u>	
<u>Business-Type Activities:</u>			
General Obligation (Limited Tax) Bonds:			
Airport Fund:			
Airport Improvement Bonds, Series 1999A and Series 1999B	10/28/1999	4,275,000	6.00%
Sewer Fund:			
1994 Sewer Fund	6/22/1994	2,500,000	4.00%
General Obligation (Limited Tax) Revenue Bonds:			
Sewer Fund:			
Sewer Fund, Series 1998	8/14/1998	<u>4,000,000</u>	3.23%
		<u>10,775,000</u>	
Medium Term Obligation (Limited Tax):			
Golf Fund	6/30/2004	35,000	4.25%
Landfill Fund	11/1/2004	<u>459,500</u>	2.54%
		<u>494,500</u>	
Compensated absences	N/A	<u>N/A</u>	N/A
		<u>11,269,500</u>	
		<u>\$ 15,534,500</u>	

<u>FINAL MATURITY DATE</u>	<u>PRINCIPAL OUTSTANDING JULY 1, 2007</u>	<u>ISSUED DURING PERIOD</u>	<u>PRINCIPAL PAID DURING PERIOD</u>	<u>PRINCIPAL OUTSTANDING JULY 1, 2008</u>	<u>PRINCIPAL DUE IN 2008 - 2009</u>
8/1/2009	\$ 630,000	\$ -	\$ 195,000	\$ 435,000	\$ 210,000
6/1/2025	1,875,000	-	65,000	1,810,000	70,000
	2,505,000	-	260,000	2,245,000	280,000
7/31/2009	182,500	-	73,000	109,500	73,000
N/A	1,239,714	832,595	749,836	1,322,473	592,615
	3,927,214	-	333,000	3,676,973	945,615
10/1/2029	3,950,000	-	90,000	3,860,000	95,000
7/1/2014	1,143,579	-	144,793	998,786	150,643
7/1/2018	2,605,681	-	200,781	2,404,900	207,319
	7,699,260	-	435,574	7,263,686	452,962
7/31/2009	17,500	-	7,000	10,500	7,000
12/15/2009	229,750	-	91,900	137,850	91,900
	247,250	-	98,900	148,350	98,900
N/A	201,724	154,986	141,896	214,814	125,800
	8,148,234	-	534,474	7,626,850	677,662
	<u>\$ 12,075,448</u>	<u>\$ -</u>	<u>\$ 867,474</u>	<u>\$ 11,303,823</u>	<u>\$ 1,623,277</u>

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

The annual requirements to amortize all debt outstanding as of June 30, 2008, are as follows:

Year Ended June 30,	General Obligation Ad Valorem Debt		General Obligation (Limited Tax) Supported by Specific Revenues	
	Principal	Interest	Principal	Interest
Governmental Activities:				
2009	210,000	16,500	70,000	74,568
2010	225,000	5,625	75,000	71,768
2011	-	-	75,000	68,768
2012	-	-	80,000	65,768
2013	-	-	85,000	62,568
2014-2018	-	-	500,000	257,840
2019-2023	-	-	630,000	145,853
2024-2028	-	-	295,000	19,135
2029-2033	-	-	-	-
	<u>435,000</u>	<u>22,125</u>	<u>1,810,000</u>	<u>766,268</u>
Business-type Activities:				
2009	-	-	452,962	804,015
2010	-	-	470,798	803,636
2011	-	-	489,101	802,880
2012	-	-	507,885	801,756
2013	-	-	527,170	800,359
2014-2018	-	-	2,160,770	3,238,635
2019-2023	-	-	895,000	1,614,726
2024-2028	-	-	1,185,000	1,576,303
2029-2033	-	-	575,000	613,306
	<u>-</u>	<u>-</u>	<u>7,263,686</u>	<u>11,055,616</u>
	<u>\$ 435,000</u>	<u>\$ 22,125</u>	<u>\$ 9,073,686</u>	<u>\$ 11,821,884</u>

Compensated absences typically have been liquidated by the General and Enterprise Funds.

The City is in compliance with all significant limitations and restrictions contained in the various bond indentures.

The City was, in accordance with Nevada Revised Statutes, within the legal debt limit at June 30, 2008.

General Obligation (Limited Tax) Medium Term Note		Total Debt	
Principal	Interest	Principal	Interest
73,000	14,039	353,000	105,107
36,500	7,019	336,500	84,412
-	-	75,000	68,768
-	-	80,000	65,768
-	-	85,000	62,568
-	-	500,000	257,840
-	-	630,000	145,853
-	-	295,000	19,135
-	-	-	-
<u>109,500</u>	<u>21,058</u>	<u>2,354,500</u>	<u>809,451</u>
98,900	4,264	551,862	808,279
49,450	1,257	520,248	804,893
-	-	489,101	802,880
-	-	507,885	801,756
-	-	527,170	800,359
-	-	2,160,770	3,238,635
-	-	895,000	1,614,726
-	-	1,185,000	1,576,303
-	-	575,000	613,306
<u>148,350</u>	<u>5,521</u>	<u>7,412,036</u>	<u>11,061,137</u>
<u>\$ 257,850</u>	<u>\$ 26,579</u>	<u>\$ 9,766,536</u>	<u>\$ 11,870,588</u>

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 12 - RETIREMENT PLAN:

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

Funding Policy - Plan members' benefits are funded under the employer pay contribution plan, where the City is required to contribute all amounts due under the plan. The contribution requirements of plan members and the City are established by Chapter 286 of the Nevada Revised Statutes. Funding requirements may only be amended through legislation. The City's contribution rates and amounts contributed, which equaled required contributions, for the last three years are as follows:

Fiscal Year	Regular Members	Police and Fireman	Total Contribution
2007-08	20.50%	33.50%	\$ 2,236,847
2006-07	19.75%	32.00%	1,972,896
2005-06	19.75%	32.00%	1,795,806

NOTE 13 - POST RETIREMENT HEALTH INSURANCE BENEFITS:

In addition to the pension benefits described in Note 12, the City provides a subsidy for postretirement health care benefit, in accordance with NRS 287.023, to all retired employees who enroll with the Nevada Public Employees' Benefits Program. As of June 30, 2008, there were fifty-one retirees belonging to this program. Enrolled retirees pay monthly premiums for health insurance benefits directly to the program, while the City is required to subsidize the partial or total cost of the premium based incrementally on a retiree's number of years of service with the City. Expenditures for post retirement health care benefits are recognized on a monthly basis and totaled \$152,648 for the 2007-08 fiscal year.

NOTE 14 - DEFERRED COMPENSATION PLAN:

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Investments are managed by the plan's trustee under one of five investment options, or a combination thereof. The choice of the investment option is made by the participants. The assets of the plan are held in trust and for the exclusive benefits of plan participants and their beneficiaries. Therefore, in accordance with GASB 32, the assets are not recorded as an Agency Fund of the City.

NOTE 15 - RISK MANAGEMENT:

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, as are all entities.

The City has joined together with similar public agencies (cities, counties and special districts) throughout the State of Nevada to create a pool under the Nevada Interlocal Cooperation Act. The Nevada Public Agency Insurance Pool (Pool) is a public entity risk pool currently operating as a common risk management and insurance program for its members.

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

The City pays an annual premium and specific deductibles, as necessary, to the Pool for its general insurance coverage. The Pool is considered a self-sustaining risk pool that will provide liability coverage for its members up to \$10,000,000 per event and a \$13,000,000 general aggregate per member. Property, crime and equipment breakdown is provided to its members up to \$300,000,000 per loss with various sublimits established for earthquake, flood, equipment breakdown and money and securities.

In addition, the City carries an airport liability policy through and a workers compensation policy through a third party carrier.

Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

The City has chosen to establish a risk financing fund for risks associated with the employee's health insurance plan. The risk financing fund is accounted for as an internal service fund where assets are set aside for claim settlements. A premium is charged to each function which accounts for part-time and/or full-time employees.

Liabilities of the funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	Unpaid Claims, Beginning of Fiscal Year	Incurred Claims (Including IBNRs)	Claim Payments	Unpaid Claims, End of Fiscal Year
Self-Insurance Health				
2007-08	\$ 170,364	\$ 1,743,011	\$(2,008,828)	\$ 95,453
2006-07	208,305	1,385,556	(1,764,225)	170,364

NOTE 16 - COMMITMENTS AND CONTINGENT LIABILITIES:

There are several lawsuits filed against the City at June 30, 2008. These lawsuits are not anticipated to materially affect the City of Elko if an unfavorable outcome is received or the entity's legal counsel cannot reasonably estimate them.

On January 9, 2002 the City of Carlin, the City of Elko and Elko County entered into a cooperative agreement to provide financial resources for the water-line extension for the University of Nevada-Reno Fire Academy located on the outskirts of the City of Carlin. The project was deemed beneficial to the economy of the three governmental entities. The water line was complete in the June 30, 2003 fiscal year and is property of the City of Carlin. The project was funded by a federal grant of up to \$1,000,000 obtained by the City of Carlin. This grant required matching funds of 25%. Therefore, a loan of \$350,000 was obtained by the City of Carlin from the U.S. Department of Agriculture, Rural Development Agency. The cooperative agreement provides that the City of Elko and Elko County will each reimburse the City of Carlin one-third of the annual loan payment. This loan carries a maximum interest rate of 5 1/8% per year, payable over a period of 40 years in annual payments of \$20,748. The City of Elko and Elko County have each agreed to pay the City of Carlin the maximum sum of \$6,916 per year until the loan is paid in full or for a maximum of 40 years. A surcharge fee will be charged by the City of Carlin for every water user who connects to the new water line within a period of 40 years. The proceeds collected from this fee will be used to equally reimburse the City of Elko and Elko County for any payments made by them. The surcharge fee collected by the City of Carlin for 2007-2008 was insufficient to pay the City's portion of the loan. The City paid \$6,800 to the City of Carlin.

The City has a commitment on an approved contract for the Well 43 Water Project. The total contract amount was \$649,410 and \$433,502 has been spent as of June 30, 2008, leaving \$215,908 remaining on the contract. The project will be paid for with funds available in the Water Fund.

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

The City has a commitment on an approved construction contract for the 5th Street Capital Construction Project. The total contract amount was \$1,397,639 and \$254,044 has been spent as of June 30, 2008, leaving \$1,143,595 remaining on the contract. The project will be paid for with funds available in the Capital Construction Fund.

The City has a commitment on an approved contract for the chlorine generation system at the Elko Municipal Swimming Pool for \$56,445. This will be paid for with funds available in the Recreation Fund.

The City has a commitment on an approved contract for a Trimble NETR5 GNSS Base Kit for \$50,458. This will be paid for with funds available in the Capital Equipment Fund.

The City has a commitment on an approved contract for the restoration of the Ernie Hall Field Parking Lot Facility for \$278,125. This will be paid for with funds available in the Recreation Fund.

The City has a commitment on an approved contract for the Bomb Threat Equipment Containment Building for \$128,938. This will be paid for with funds available in the Ad Valorem Capital Projects Fund.

The City has a commitment on an approved construction contract for Phase 4 of the Taxiway Relocation Project. The total contract amount was \$3,888,777 and \$1,639,398 has been spent as of June 30, 2008, leaving \$2,249,379 remaining on the project. The project will be paid for with \$3,694,338 in federal grants and funds available in the Airport Fund.

The City has a commitment on an approved contract for a Solid Waste Facility Equipment Building. The total contract amount was \$549,684 and \$114,419 has been spent as of June 30, 2008, leaving \$435,265 remaining on the project. The project will be paid for with funds available in the Landfill Fund.

NOTE 17 – SUBSEQUENT EVENTS:

The City approved the termination of their existing self insured health insurance plan effective July 1, 2008 and enrolled active employees, retired employees, and their dependents in the Public Employees Benefit Program with the State of Nevada.

The City approved a contract to construct the Terminal Apron Reconstruction Project for \$680,000. The project will be paid for with federal grants and funds available in the Airport Fund.

The City approved a contract for the Wastewater Reclamation Facility Headworks Screen Upgrade and Odor Control System Equipment Procurement Project for \$148,440. The project will be paid for with funds from the Sewer Fund.

The City approved a contract for the Wastewater Reclamation Facility Scarification of the Rapid Infiltration Basins for \$55,715. The project will be paid for with funds from the Sewer Fund.

The City approved a contract for the Wastewater Reclamation Facility Headworks Pipeline Valve and Fittings Project for \$57,922. The project will be paid for with funds from the Sewer Fund.

The City approved a contract for the Wastewater Reclamation Facility Pipeline Materials for the Effluent Line Replacement Project for \$698,056. The project will be paid for with funds from the Sewer Fund.

The City approved a contract to construct the Aircraft Rescue Fire Fighter Building for \$608,429. The project will be paid for with funds with funds from a federal grant and funds from the Airport Fund.

The City approved a contract for engineering for the Wastewater Reclamation Facility Reuse Site Land Expansion Project for \$104,232. The project will be paid for with funds from the Sewer Fund.

The City approved a contract for the Elko Municipal Swimming Pool replaster project for \$89,600. The equipment will be paid for with funds from the Recreation Fund.

The City approved a contract for the three fully equipped patrol cars and one animal control car for \$132,226. This project will be paid for with funds from the Capital Equipment Fund.

The City awarded an engineering contract for the Wastewater Reclamation Facility 10 Year Master Plan not to exceed \$105,000. The project will be paid for with funds available in the Sewer Fund.

MAJOR GOVERNMENTAL FUNDS

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.

The Recreation Fund derives revenue from room tax monies and expenditures are used for recreation improvements.

The Capital Construction Fund is used to account for projects financed from property taxes, land sales, and operating transfers.

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)
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REVENUES	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2007
Taxes:				
Ad valorem	\$ 1,981,037	\$ 2,053,557	\$ 72,520	\$ 1,954,914
Licenses and permits:				
Business licenses:				
Business licenses	300,000	347,572	47,572	332,420
Liquor licenses	54,000	54,717	717	53,751
Gambling licenses	77,000	97,310	20,310	79,371
Other licenses:				
Animal licenses	4,200	4,241	41	4,629
Bicycle licenses	50	8	(42)	11
Franchise fees:				
Television/Cable	118,500	90,315	(28,185)	71,084
Natural gas	225,000	220,613	(4,387)	226,205
Electricity	410,000	414,320	4,320	409,289
Geothermal	3,250	3,259	9	3,602
Telephone	62,500	60,874	(1,626)	62,886
Permits:				
Building permits	150,000	224,019	74,019	221,418
	<u>1,404,500</u>	<u>1,517,248</u>	<u>112,748</u>	<u>1,464,666</u>
Intergovernmental:				
Grants:				
Juvenile justice and delinquency prevention grant	-	155,398	155,398	64,508
Bulletproof vest partnership program	-	2,848	2,848	2,623
Traffic safety enforcement	-	16,269	16,269	22,885
Enforcement of Underage Drinking laws	-	2,101	2,101	1,120
Radio Equipment Grant	-	11,477	11,477	-
Emergency Management Plan Grant	-	30,669	30,669	-
Assistance to Firefighters Grant	-	-	-	56,048
Nevada Shade Tree Council	-	1,000	1,000	-
State shared revenues:				
Fuel tax - county option	107,131	103,651	(3,480)	112,132
Fuel tax - 1.75	156,260	151,593	(4,667)	168,289
Fuel tax - 2.35	252,241	248,061	(4,180)	248,036
Cigarette tax	111,406	104,923	(6,483)	109,372
Liquor tax	23,191	22,002	(1,189)	22,031
Basic city / county relief tax	1,550,457	1,820,642	270,185	1,956,039
Supplemental city / county relief tax	6,410,905	6,374,669	(36,236)	6,888,561
Government services tax	1,327,091	1,380,255	53,164	1,289,220
SIIS	-	30,894	30,894	7,447
County shared revenues:				
Gaming tax	120,000	184,994	64,994	134,426
Real property transfer tax	146,373	98,082	(48,291)	141,373
Other:				
Court administrative assessments	10,000	13,588	3,588	12,891
Local Law Enforcement Reimbursements	27,762	69,534	41,772	110,439
	<u>10,242,817</u>	<u>10,822,650</u>	<u>579,833</u>	<u>11,347,440</u>

CITY OF ELKO
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2008
 (With Comparative Actual Amounts for the Year Ended June 30, 2007)
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	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2007
Charges for services:				
Community development fees:				
Zoning fees	5,000	14,873	9,873	17,567
Plan checking fees	30,000	146,535	116,535	136,318
Other fees	-	-	-	180
Public works fees:				
Street lighting fees	219,000	223,893	4,893	217,284
Public safety fees:				
Fingerprinting fees	6,000	6,488	488	6,312
Other fees	77,563	95,987	18,424	83,809
Recreation fees:				
Swimming pool fees	101,000	88,963	(12,037)	102,009
Park concession fees	1,060	910	(150)	910
Park use fees	8,800	10,815	2,015	7,112
Health fees:				
Cemetery sales	6,000	13,200	7,200	4,080
Grave openings	8,000	15,700	7,700	2,400
Cemetery summer care	2,500	2,500	-	2,500
	<u>464,923</u>	<u>619,864</u>	<u>154,941</u>	<u>580,481</u>
Fines and forfeitures:				
Forensic service fines	5,500	6,452	952	4,187
Municipal court fines	135,000	213,484	78,484	171,426
Bail bond fees and other	3,000	5,304	2,304	2,090
	<u>143,500</u>	<u>225,240</u>	<u>81,740</u>	<u>177,703</u>
Miscellaneous:				
Investment earnings	100,000	86,585	(13,415)	112,563
Rent - general	-	1,329	1,329	-
Public defender reimbursements	5,000	4,275	(725)	5,185
Street cut revenue	2,500	4,659	2,159	7,803
Private donations	-	500	500	2,933
Other	28,598	190,513	161,915	73,096
	<u>136,098</u>	<u>287,861</u>	<u>151,763</u>	<u>201,580</u>
Total Revenues	<u>14,372,875</u>	<u>15,526,420</u>	<u>1,153,545</u>	<u>15,726,784</u>
EXPENDITURES				
General government:				
Administration:				
Salaries and wages	157,475	154,906	2,569	149,528
Employee benefits	78,550	77,865	685	78,846
Services and supplies	132,692	132,425	267	104,579
	<u>368,717</u>	<u>365,196</u>	<u>3,521</u>	<u>332,953</u>
Central Services - Insurance:				
Employee benefits	242,000	226,072	15,928	202,851
Services and supplies	370,885	321,590	49,295	338,444
	<u>612,885</u>	<u>547,662</u>	<u>65,223</u>	<u>541,295</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
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	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2007
Clerk:				
Salaries and wages	102,600	101,386	1,214	94,476
Employee benefits	42,550	41,820	730	37,468
Services and supplies	34,490	28,094	6,396	45,365
	<u>179,640</u>	<u>171,300</u>	<u>8,340</u>	<u>177,309</u>
Information systems:				
Salaries and wages	38,070	36,877	1,193	36,772
Employee benefits	15,650	13,408	2,242	13,285
Services and supplies	108,684	107,500	1,184	87,435
	<u>162,404</u>	<u>157,785</u>	<u>4,619</u>	<u>137,492</u>
Personnel:				
Salaries and wages	53,200	52,374	826	51,033
Employee benefits	21,500	18,232	3,268	16,807
Services and supplies	60,548	37,927	22,621	43,737
	<u>135,248</u>	<u>108,533</u>	<u>26,715</u>	<u>111,577</u>
Finance:				
Salaries and wages	119,325	104,767	14,558	94,757
Employee benefits	47,350	41,319	6,031	35,968
Services and supplies	45,718	41,929	3,789	27,858
	<u>212,393</u>	<u>188,015</u>	<u>24,378</u>	<u>158,583</u>
Planning / zoning:				
Salaries and wages	176,475	135,776	40,699	113,049
Employee benefits	63,225	42,280	20,945	39,922
Services and supplies	60,250	57,820	2,430	9,958
	<u>299,950</u>	<u>235,876</u>	<u>64,074</u>	<u>162,929</u>
Economic development:				
Services and supplies	19,800	19,036	764	18,808
Total General Government	<u>1,991,037</u>	<u>1,793,403</u>	<u>197,634</u>	<u>1,640,946</u>
Judicial:				
Municipal court:				
Services and supplies	302,500	301,401	1,099	237,848
Total Judicial	<u>302,500</u>	<u>301,401</u>	<u>1,099</u>	<u>237,848</u>
Public safety:				
Police:				
Salaries and wages	2,917,245	2,894,307	22,938	2,615,837
Employee benefits	1,395,400	1,389,554	5,846	1,214,071
Services and supplies	834,222	824,442	9,780	677,408
	<u>5,146,867</u>	<u>5,108,303</u>	<u>38,564</u>	<u>4,507,316</u>
Fire:				
Salaries and wages	13,800	12,705	1,095	18,705
Employee benefits	600	378	222	383
Services and supplies	31,090	24,021	7,069	23,217
	<u>45,490</u>	<u>37,104</u>	<u>8,386</u>	<u>42,305</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
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	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2007
ARFF facility:				
Salaries and wages	1,655,675	1,635,643	20,032	1,537,526
Employee benefits	755,400	740,984	14,416	731,414
Services and supplies	377,500	375,022	2,478	394,696
	<u>2,788,575</u>	<u>2,751,649</u>	<u>36,926</u>	<u>2,663,636</u>
Southside fire station:				
Services and supplies	15,050	8,293	6,757	8,574
Total Public Safety	<u>7,995,982</u>	<u>7,905,349</u>	<u>90,633</u>	<u>7,221,831</u>
Public works:				
Highways / streets:				
Salaries and wages	734,275	723,597	10,678	640,475
Employee benefits	279,750	277,159	2,591	235,601
Services and supplies	1,838,487	1,580,028	258,459	1,038,658
Capital outlay	25,000	22,712	2,288	-
	<u>2,877,512</u>	<u>2,603,496</u>	<u>274,016</u>	<u>1,914,734</u>
Engineering:				
Salaries and wages	47,000	46,049	951	106,124
Employee benefits	15,900	15,570	330	37,044
Services and supplies	70,902	70,305	597	58,694
	<u>133,802</u>	<u>131,924</u>	<u>1,878</u>	<u>201,862</u>
Fleet maintenance:				
Salaries and wages	284,500	279,222	5,278	271,685
Employee benefits	109,150	106,778	2,372	103,399
Services and supplies	71,700	58,159	13,541	49,642
	<u>465,350</u>	<u>444,159</u>	<u>21,191</u>	<u>424,726</u>
Facilities:				
Salaries and wages	238,430	208,542	29,888	169,966
Employee benefits	97,400	87,092	10,308	70,041
Services and supplies	334,650	319,800	14,850	299,067
	<u>670,480</u>	<u>615,434</u>	<u>55,046</u>	<u>539,074</u>
Building inspection:				
Salaries and wages	159,370	154,474	4,896	113,953
Employee benefits	59,282	58,691	591	39,261
Services and supplies	112,450	49,688	62,762	52,925
	<u>331,102</u>	<u>262,853</u>	<u>68,249</u>	<u>206,139</u>
Community Development				
Salaries and wages	142,500	136,960	5,540	-
Employee benefits	52,800	49,261	3,539	-
Services and supplies	86,600	29,787	56,813	-
	<u>281,900</u>	<u>216,008</u>	<u>65,892</u>	<u>-</u>
Total Public Works	<u>4,760,146</u>	<u>4,273,874</u>	<u>486,272</u>	<u>3,286,535</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
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GENERAL FUND
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	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2007</u>
Health:				
Animal shelter:				
Salaries and wages	177,650	177,556	94	137,303
Employee benefits	82,750	82,575	175	62,152
Services and supplies	98,200	83,909	14,291	106,443
	<u>358,600</u>	<u>344,040</u>	<u>14,560</u>	<u>305,898</u>
Cemetery:				
Salaries and wages	82,225	82,147	78	75,799
Employee benefits	35,300	34,981	319	32,753
Services and supplies	46,952	46,667	285	27,463
	<u>164,477</u>	<u>163,795</u>	<u>682</u>	<u>136,015</u>
Total Health	<u>523,077</u>	<u>507,835</u>	<u>15,242</u>	<u>441,913</u>
Culture and recreation:				
Parks / recreation facilities:				
Salaries and wages	310,884	296,795	14,089	247,747
Employee benefits	124,450	122,133	2,317	91,963
Services and supplies	170,518	168,052	2,466	142,301
	<u>605,852</u>	<u>586,980</u>	<u>18,872</u>	<u>482,011</u>
Swimming pool:				
Salaries and wages	207,127	193,204	13,923	204,022
Employee benefits	50,000	49,909	91	46,457
Services and supplies	132,700	122,445	10,255	85,300
	<u>389,827</u>	<u>365,558</u>	<u>24,269</u>	<u>335,779</u>
Total Culture and Recreation:	<u>995,679</u>	<u>952,538</u>	<u>43,141</u>	<u>817,790</u>
Community support:				
Community service:				
Services and supplies:				
Senior Citizens Center	10,000	10,000	-	10,000
CADV	8,000	8,000	-	8,000
Vitality Center	4,000	4,000	-	4,000
Ruby Mountain Resource Center	4,000	4,000	-	2,000
FISH	8,000	8,000	-	4,000
Nevada Rural County RSVP	2,000	2,000	-	-
	<u>36,000</u>	<u>36,000</u>	<u>-</u>	<u>28,000</u>
Total Community Support	<u>36,000</u>	<u>36,000</u>	<u>-</u>	<u>28,000</u>
Contingency	<u>237,816</u>	<u>-</u>	<u>237,816</u>	<u>-</u>
Total Expenditures	<u>16,842,237</u>	<u>15,770,400</u>	<u>1,071,837</u>	<u>13,674,863</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,469,362)</u>	<u>(243,980)</u>	<u>2,225,382</u>	<u>2,051,921</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
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	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2007</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Recreation Fund	224,298	224,298	-	181,581
Municipal Court Administrative Assessment Fund	10,000	10,000	-	10,000
Transfers out:				
Airport Fund	(375,000)	(375,000)	-	(364,230)
Health Insurance Fund	-	-	-	(75,400)
Golf Fund	(21,015)	(17,380)	3,635	(17,014)
Youth Recreation Fund	(12,000)	-	12,000	-
Facility Reserve Fund	(273,853)	(273,853)	-	(100,000)
Capital Equipment Reserve Fund	(273,853)	(273,853)	-	(551,000)
Revenue Stabilization Fund	(182,569)	(182,569)	-	-
Capital Construction Fund	(250,000)	(250,000)	-	-
Total Other Financing Sources (Uses)	<u>(1,153,992)</u>	<u>(1,138,357)</u>	<u>15,635</u>	<u>(916,063)</u>
Net Change in Fund Balance	(3,623,354)	(1,382,337)	2,241,017	1,135,858
FUND BALANCE, July 1	<u>4,964,373</u>	<u>4,931,270</u>	<u>(33,103)</u>	<u>3,795,412</u>
FUND BALANCE, June 30	<u>\$ 1,341,019</u>	<u>\$ 3,548,933</u>	<u>\$ 2,207,914</u>	<u>\$ 4,931,270</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2008
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	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2007</u>
REVENUES				
Taxes:				
Room taxes	\$ 2,711,791	\$ 2,646,834	\$ (64,957)	\$ 2,434,480
Charges for services:				
Sport league fees	30,445	19,700	(10,745)	17,985
Miscellaneous:				
Investment earnings	30,000	41,295	11,295	38,350
Private donations	-	240	240	117,707
Other	-	32,402	32,402	15,506
	<u>30,000</u>	<u>73,937</u>	<u>43,937</u>	<u>171,563</u>
Total Revenues	<u>2,772,236</u>	<u>2,740,471</u>	<u>(31,765)</u>	<u>2,624,028</u>
EXPENDITURES				
Culture and Recreation:				
Services and supplies	93,945	94,363	(418)	66,629
Capital outlay:				
New Park Development	205,000	-	205,000	-
Mitty Park	96,250	16,642	79,608	24,818
Mountain View Park	450,000	410,877	39,123	-
Riverview Park	23,000	22,708	292	-
Swimming Pool	100,000	3,386	96,614	59,834
Main Park	35,000	18,165	16,835	156,700
	<u>909,250</u>	<u>471,778</u>	<u>437,472</u>	<u>241,352</u>
Other recreation:				
Elko County Recreation Board	151,239	149,186	2,053	148,333
Western Folklife Center	56,496	55,675	821	55,338
Elko Snowbowl Foundation	28,248	27,837	411	27,657
Elko County Fair Board	112,991	111,349	1,642	110,652
Elko Convention Center	625,209	617,112	8,097	525,652
State Tourism	84,743	83,512	1,231	82,995
Convention Center Marketing	395,469	389,722	5,747	327,318
	<u>1,454,395</u>	<u>1,434,393</u>	<u>20,002</u>	<u>1,277,945</u>
Total Expenditures	<u>2,457,590</u>	<u>2,000,534</u>	<u>457,056</u>	<u>1,585,926</u>
Excess (Deficiency) of Revenues over Expenditures	<u>314,646</u>	<u>739,937</u>	<u>425,291</u>	<u>1,038,102</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)
(Page 2 of 2)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2007</u>
OTHER FINANCING SOURCES (USES)				
Transfers out:				
General Fund	(224,298)	(224,298)	-	(181,581)
Debt Service Fund	(156,233)	(156,072)	161	(159,223)
Airport Fund	(366,966)	(331,648)	35,318	(377,578)
Youth Recreation Fund	(12,461)	(12,461)	-	(10,088)
Golf Fund	(22,461)	(22,461)	-	(20,088)
Total Other Financing Sources (Uses)	<u>(782,419)</u>	<u>(746,940)</u>	<u>35,479</u>	<u>(748,558)</u>
Net Change in Fund Balance	(467,773)	(7,003)	460,770	289,544
FUND BALANCE, July 1	<u>776,053</u>	<u>896,982</u>	<u>120,929</u>	<u>607,438</u>
FUND BALANCE, June 30	<u>\$ 308,280</u>	<u>\$ 889,979</u>	<u>\$ 581,699</u>	<u>\$ 896,982</u>

CITY OF ELKO
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 CAPITAL CONSTRUCTION FUND
 FOR THE YEAR ENDED JUNE 30, 2008
 (With Comparative Actual Amounts for the Year Ended June 30, 2007)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2007
REVENUES				
Taxes:				
Ad Valorem	\$ 463,805	\$ 498,749	\$ 34,944	\$ 475,483
Miscellaneous:				
Investment earnings	25,000	31,866	6,866	25,138
Land sales	-	-	-	24,690
Contributions	-	-	-	439,950
Other	15,000	3,025	(11,975)	295
	<u>40,000</u>	<u>34,891</u>	<u>(5,109)</u>	<u>490,073</u>
Total Revenues	<u>503,805</u>	<u>533,640</u>	<u>29,835</u>	<u>965,556</u>
EXPENDITURES				
General government:				
Planning / zoning:				
Services and supplies	30,000	14,401	15,599	26,919
Public works:				
Highways / streets:				
Capital outlay	906,535	336,757	569,778	2,017,952
Total Expenditures	<u>936,535</u>	<u>351,158</u>	<u>585,377</u>	<u>2,044,871</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(432,730)</u>	<u>182,482</u>	<u>615,212</u>	<u>(1,079,315)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Fund	-	250,000	250,000	-
Net Change in Fund Balance	<u>(432,730)</u>	<u>432,482</u>	<u>865,212</u>	<u>(1,079,315)</u>
FUND BALANCE, July 1	<u>432,730</u>	<u>380,115</u>	<u>(52,615)</u>	<u>1,459,430</u>
FUND BALANCE, June 30	<u>\$ -</u>	<u>\$ 812,597</u>	<u>\$ 812,597</u>	<u>\$ 380,115</u>

NONMAJOR GOVERNMENTAL FUNDS

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CITY OF ELKO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008
(With Comparative Totals at June 30, 2007)

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL	2007
ASSETS					
Cash and investments	\$ 641,823	\$ 125,420	\$ 903,921	\$ 1,671,164	\$ 1,348,549
Interest receivable	2,367	494	4,727	7,588	10,366
Taxes receivable, delinquent	-	1,387	-	1,387	1,387
Prepays	-	-	-	-	200,000
Due from other governments	33,885	4,738	102,105	140,728	126,996
Total Assets	\$ 678,075	\$ 132,039	\$ 1,010,753	\$ 1,820,867	\$ 1,687,298
LIABILITIES					
Accounts payable	\$ 4,337	\$ -	\$ 126,087	\$ 130,424	\$ 175,315
Accrued salaries	7,579	-	-	7,579	7,529
Due to other governments	38,328	-	-	38,328	35,176
Deferred revenue	97,049	1,388	-	98,437	1,388
Total Liabilities	147,293	1,388	126,087	274,768	219,408
FUND BALANCES					
Reserved:					
Prepays	-	-	-	-	200,000
Unreserved:					
Designated for future year operations	504,524	82,135	851,700	1,438,359	1,114,956
Undesignated	26,258	48,516	32,966	107,740	152,934
Total Fund Balances	530,782	130,651	884,666	1,546,099	1,467,890
TOTAL LIABILITIES AND FUND BALANCES	\$ 678,075	\$ 132,039	\$ 1,010,753	\$ 1,820,867	\$ 1,687,298

CITY OF ELKO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Totals for the Year Ended June 30, 2007)

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL	2007
REVENUES					
Taxes	\$ -	\$ 251,183	\$ 423,572	\$ 674,755	\$ 657,427
Intergovernmental	321,344	-	1,169,135	1,490,479	740,397
Charges for services	82,950	-	-	82,950	79,600
Miscellaneous	18,319	1,226	92,057	111,602	287,751
Total Revenues	<u>422,613</u>	<u>252,409</u>	<u>1,684,764</u>	<u>2,359,786</u>	<u>1,765,175</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	65,676
Public safety	260,877	-	1,625,157	1,886,034	1,457,135
Public works	-	-	1,044,549	1,044,549	605,843
Health	-	-	97,158	97,158	11,212
Culture and recreation	95,082	-	51,098	146,180	141,220
Debt service:					
Principal	-	333,000	-	333,000	353,107
Interest	-	110,775	-	110,775	125,946
Total Expenditures	<u>355,959</u>	<u>443,775</u>	<u>2,817,962</u>	<u>3,617,696</u>	<u>2,760,139</u>
Excess (Deficiency) of Revenues over Expenditures	<u>66,654</u>	<u>(191,366)</u>	<u>(1,133,198)</u>	<u>(1,257,910)</u>	<u>(994,964)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	195,030	222,247	547,706	964,983	914,726
Transfers out	(10,000)	-	(66,175)	(76,175)	(104,415)
Total Other Financing Sources (Uses)	<u>185,030</u>	<u>222,247</u>	<u>481,531</u>	<u>888,808</u>	<u>810,311</u>
Net Change in Fund Balances	<u>251,684</u>	<u>30,881</u>	<u>(651,667)</u>	<u>(369,102)</u>	<u>(184,653)</u>
FUND BALANCES, as previously reported, July 1	279,098	99,770	1,089,022	1,467,890	1,652,543
Prior Period Adjustment	-	-	447,311	447,311	-
FUND BALANCES, as restated, July 1	<u>279,098</u>	<u>99,770</u>	<u>1,536,333</u>	<u>1,915,201</u>	<u>1,652,543</u>
FUND BALANCES, June 30	<u>\$ 530,782</u>	<u>\$ 130,651</u>	<u>\$ 884,666</u>	<u>\$ 1,546,099</u>	<u>\$ 1,467,890</u>

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues which are legally restricted to expenditures for a particular purpose. Special Revenue Funds are comprised of the following:

Youth Recreation Fund – revenues include state grants and charges for participation in the “latchkey” program with expenditures related to providing these after school services for youth.

Municipal Court Administrative Assessment Fund – revenues are derived from additional ticketed fines and are to be used to improve the court premises and equipment.

Narcotics Task Force Fund – revenues include state grants and monies collected from other local governments to be used for narcotics enforcement.

Revenue Stabilization Fund – accounts for the collection and disbursement of funds solely for the purpose of stabilizing revenues in those years that anticipated revenues do not meet original projections. The revenues will be derived from excess fund balance of the General Fund as determined by the Sustained Service and Revenue Policy.

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CITY OF ELKO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008
(With Comparative Totals at June 30, 2007)

	YOUTH RECREATION FUND	MUNICIPAL COURT ADMINISTRATIVE ASSESSMENT FUND	NARCOTICS TASK FORCE FUND	REVENUE STABILIZATION FUND	TOTAL	2007
ASSETS						
Cash and investments	\$ 18,774	\$ 43,310	\$ 135,674	\$ 444,065	\$ 641,823	\$ 315,897
Interest receivable	82	-	-	2,285	2,367	1,925
Due from other governments	-	1,498	32,387	-	33,885	8,089
Total Assets	\$ 18,856	\$ 44,808	\$ 168,061	\$ 446,350	\$ 678,075	\$ 325,911
LIABILITIES						
Accounts payable	\$ 1,132	\$ -	\$ 3,205	\$ -	\$ 4,337	\$ 4,108
Accrued salaries	4,261	-	3,318	-	7,579	7,529
Due to other governments	-	-	38,328	-	38,328	35,176
Deferred revenue	-	-	97,049	-	97,049	-
Total Liabilities	5,393	-	141,900	-	147,293	46,813
FUND BALANCES						
Unreserved:						
Designated for future year operations	13,463	44,808	-	446,253	504,524	276,773
Undesignated	-	-	26,161	97	26,258	2,325
Total Fund Balances	13,463	44,808	26,161	446,350	530,782	279,098
TOTAL LIABILITIES AND FUND BALANCES	\$ 18,856	\$ 44,808	\$ 168,061	\$ 446,350	\$ 678,075	\$ 325,911

CITY OF ELKO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Totals for the Year Ended June 30, 2007)

	YOUTH RECREATION FUND	MUNICIPAL COURT ADMINISTRATIVE ASSESSMENT FUND	NARCOTICS TASK FORCE FUND	REVENUE STABILIZATION FUND
REVENUES				
Intergovernmental	\$ -	\$ 21,755	\$ 299,589	\$ -
Charges for services	82,950	-	-	-
Miscellaneous	1,222	-	-	17,097
Total Revenues	<u>84,172</u>	<u>21,755</u>	<u>299,589</u>	<u>17,097</u>
EXPENDITURES				
Public safety	-	-	260,877	-
Culture and recreation	95,082	-	-	-
Total Expenditures	<u>95,082</u>	<u>-</u>	<u>260,877</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(10,910)</u>	<u>21,755</u>	<u>38,712</u>	<u>17,097</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	12,461	-	-	182,569
Transfers out	-	(10,000)	-	-
Total Other Financing Sources (Uses)	<u>12,461</u>	<u>(10,000)</u>	<u>-</u>	<u>182,569</u>
Net Change in Fund Balances	<u>1,551</u>	<u>11,755</u>	<u>38,712</u>	<u>199,666</u>
FUND BALANCES (DEFICIT), July 1	<u>11,912</u>	<u>33,053</u>	<u>(12,551)</u>	<u>246,684</u>
FUND BALANCES, June 30	<u>\$ 13,463</u>	<u>\$ 44,808</u>	<u>\$ 26,161</u>	<u>\$ 446,350</u>

<u>TOTAL</u>	<u>2007</u>
\$ 321,344	\$ 299,835
82,950	79,600
<u>18,319</u>	<u>21,238</u>
422,613	400,673
260,877	295,654
<u>95,082</u>	<u>83,479</u>
355,959	379,133
66,654	21,540
195,030	10,088
<u>(10,000)</u>	<u>(10,000)</u>
185,030	88
251,684	21,628
<u>279,098</u>	<u>257,470</u>
<u>\$ 530,782</u>	<u>\$ 279,098</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
YOUTH RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2007</u>
REVENUES				
Charges for services:				
Fun factory fees	\$ 74,668	\$ 82,950	\$ 8,282	\$ 79,600
Miscellaneous:				
Donations	-	500	500	-
Investment earnings	2,500	722	(1,778)	689
	<u>2,500</u>	<u>1,222</u>	<u>(1,278)</u>	<u>689</u>
Total Revenues	<u>77,168</u>	<u>84,172</u>	<u>7,004</u>	<u>80,289</u>
EXPENDITURES				
Culture and recreation:				
Latchkey program:				
Salaries and wages	64,863	57,717	7,146	50,707
Employee benefits	14,475	13,856	619	12,131
Services and supplies	34,800	23,509	11,291	20,641
Total Expenditures	<u>114,138</u>	<u>95,082</u>	<u>19,056</u>	<u>83,479</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(36,970)</u>	<u>(10,910)</u>	<u>26,060</u>	<u>(3,190)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Fund	12,000	-	(12,000)	-
Recreation Fund	12,461	12,461	-	10,088
Total Other Financing Sources (Uses)	<u>24,461</u>	<u>12,461</u>	<u>(12,000)</u>	<u>10,088</u>
Net Change in Fund Balance	<u>(12,509)</u>	<u>1,551</u>	<u>14,060</u>	<u>6,898</u>
FUND BALANCE, July 1	<u>14,714</u>	<u>11,912</u>	<u>(2,802)</u>	<u>5,014</u>
FUND BALANCE, June 30	<u>\$ 2,205</u>	<u>\$ 13,463</u>	<u>\$ 11,258</u>	<u>\$ 11,912</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
MUNICIPAL COURT ADMINISTRATIVE ASSESSMENT FUND
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2007</u>
REVENUES				
Intergovernmental:				
Administrative assessments	\$ 18,025	\$ 21,755	\$ 3,730	\$ 19,702
EXPENDITURES				
Judicial:				
Municipal court:				
Services and supplies	38,876	-	38,876	-
Excess (Deficiency) of Revenues over Expenditures	(20,851)	21,755	42,606	19,702
OTHER FINANCING SOURCES (USES)				
Transfers out:				
General Fund	(10,000)	(10,000)	-	(10,000)
Net Change in Fund Balance	(30,851)	11,755	42,606	9,702
FUND BALANCE, July 1	30,851	33,053	2,202	23,351
FUND BALANCE, June 30	<u>\$ -</u>	<u>\$ 44,808</u>	<u>\$ 44,808</u>	<u>\$ 33,053</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NARCOTICS TASK FORCE FUND
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2007
REVENUES				
Intergovernmental:				
Combined narcotics task force grant	\$ 224,532	\$ 236,352	\$ 11,820	\$ 205,309
Local government match	74,844	63,237	(11,607)	74,824
Total Revenues	<u>299,376</u>	<u>299,589</u>	<u>213</u>	<u>280,133</u>
EXPENDITURES				
Public safety:				
Salaries and wages	164,850	141,126	23,724	175,337
Employee benefits	98,900	77,175	21,725	92,241
Services and supplies	35,626	42,576	(6,950)	27,021
Capital outlay	-	-	-	1,055
Total Expenditures	<u>299,376</u>	<u>260,877</u>	<u>38,499</u>	<u>295,654</u>
Net Change in Fund Balance	-	38,712	38,712	(15,521)
FUND BALANCE (DEFICIT), July 1	-	(12,551)	(12,551)	2,970
FUND BALANCE (DEFICIT), June 30	<u>\$ -</u>	<u>\$ 26,161</u>	<u>\$ 26,161</u>	<u>\$ (12,551)</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
REVENUE STABILIZATION FUND
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2007
REVENUES				
Miscellaneous:				
Investment earnings	\$ 8,000	\$ 17,097	\$ 9,097	\$ 20,549
EXPENDITURES	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	8,000	17,097	9,097	20,549
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Fund	182,569	182,569	-	-
Net Change in Fund Balance	190,569	199,666	9,097	20,549
FUND BALANCE, July 1	234,010	246,684	12,674	226,135
FUND BALANCE, June 30	<u>\$ 424,579</u>	<u>\$ 446,350</u>	<u>\$ 21,771</u>	<u>\$ 246,684</u>

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NONMAJOR DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources when the government is obligated in some manner for the payment.

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CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2007</u>
REVENUES				
Taxes:				
Ad valorem	\$ 242,288	\$ 251,183	\$ 8,895	\$ 239,888
Miscellaneous:				
Investment earnings	800	1,226	426	189
Total Revenues	<u>243,088</u>	<u>252,409</u>	<u>9,321</u>	<u>240,077</u>
EXPENDITURES				
Debt service:				
Principal:				
GO bonds-street improvements	195,000	195,000	-	190,000
Capital leases:				
Street sweeper	-	-	-	11,576
Quick Attack Rescue pumper	-	-	-	13,531
2003/2004 equipment	73,000	73,000	-	73,000
Interpretive Center	65,000	65,000	-	65,000
	<u>333,000</u>	<u>333,000</u>	<u>-</u>	<u>353,107</u>
Interest:				
GO bonds-street improvements	26,528	26,528	-	35,415
Capital leases:				
Street sweeper	-	-	-	236
Quick Attack Rescue pumper	-	-	-	276
2003/2004 equipment	5,119	7,080	(1,961)	10,251
Interpretive Center	77,168	77,167	1	79,768
	<u>108,815</u>	<u>110,775</u>	<u>(1,960)</u>	<u>125,946</u>
Total Expenditures	<u>441,815</u>	<u>443,775</u>	<u>(1,960)</u>	<u>479,053</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(198,727)</u>	<u>(191,366)</u>	<u>7,361</u>	<u>(238,976)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Recreation Fund	155,733	156,072	339	159,223
Capital Equipment Reserve Fund	64,555	66,175	1,620	94,415
Total Other Financing Sources (Uses)	<u>220,288</u>	<u>222,247</u>	<u>1,959</u>	<u>253,638</u>
Net Change in Fund Balance	<u>21,561</u>	<u>30,881</u>	<u>9,320</u>	<u>14,662</u>
FUND BALANCE, July 1	<u>82,475</u>	<u>99,770</u>	<u>17,295</u>	<u>85,108</u>
FUND BALANCE, June 30	<u>\$ 104,036</u>	<u>\$ 130,651</u>	<u>\$ 26,615</u>	<u>\$ 99,770</u>

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NONMAJOR CAPITAL PROJECTS FUNDS

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. Capital Projects Funds are comprised of the following:

Ad Valorem Capital Projects Fund – accounts for projects funded by capital projects ad valorem tax revenues.

Public Improvement Development Fund – revenues include collections from developers for costs relating to public capital improvements and development programs.

Capital Equipment Reserve Fund - accounts for the collection and disbursement of funds solely for the purpose of purchasing capital equipment or replacement of existing capital equipment.

Facility Reserve Fund – accounts for the collection and disbursement of funds solely for the purpose of improving existing facilities or constructing new facilities. The revenues will be derived from facility user fees, investment earnings and approved transfers.

CITY OF ELKO
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2008
(With Comparative Totals at June 30, 2007)

	AD VALOREM CAPITAL PROJECTS FUND	PUBLIC IMPROVEMENT DEVELOPMENT FUND	CAPITAL EQUIPMENT RESERVE FUND	FACILITY RESERVE FUND
ASSETS				
Cash and investments	\$ 296,462	\$ 14,803	\$ 404,944	\$ 187,712
Interest receivable	1,532	76	2,128	991
Prepays	-	-	-	-
Due from other governments	19,472	-	82,631	2
Total Assets	\$ 317,466	\$ 14,879	\$ 489,703	\$ 188,705
LIABILITIES				
Accounts payable	\$ 80,249	\$ -	\$ 6,888	\$ 38,950
Deferred revenue	-	-	-	-
Total Liabilities	80,249	-	6,888	38,950
FUND BALANCES				
Reserved:				
Prepays	-	-	-	-
Unreserved:				
Designated for future year operations	226,863	14,843	460,239	149,755
Undesignated (deficit)	10,354	36	22,576	-
Total Fund Balances	237,217	14,879	482,815	149,755
TOTAL LIABILITIES AND FUND BALANCES	\$ 317,466	\$ 14,879	\$ 489,703	\$ 188,705

TOTAL	2007
\$ 903,921	\$ 946,987
4,727	7,803
-	771,811
<u>102,105</u>	<u>105,439</u>
<u>\$ 1,010,753</u>	<u>\$ 1,832,040</u>
\$ 126,087	\$ 171,207
-	124,500
<u>126,087</u>	<u>295,707</u>
-	771,811
851,700	755,708
32,966	8,814
<u>884,666</u>	<u>1,536,333</u>
<u>\$ 1,010,753</u>	<u>\$ 1,832,040</u>

CITY OF ELKO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Totals for the Year Ended June 30, 2007)

	AD VALOREM CAPITAL PROJECTS FUND	PUBLIC IMPROVEMENT DEVELOPMENT FUND	CAPITAL EQUIPMENT RESERVE FUND	FACILITY RESERVE FUND
REVENUES				
Taxes	\$ 157,573	\$ -	\$ 265,999	\$ -
Intergovernmental	239,053	-	930,082	-
Miscellaneous	25,608	1,036	43,028	22,385
Total Revenues	422,234	1,036	1,239,109	22,385
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	460,296	-	1,149,030	15,831
Public works	631,485	24,884	279,096	109,084
Health	-	-	74,079	23,079
Culture and recreation	-	-	51,098	-
Total Expenditures	1,091,781	24,884	1,553,303	147,994
Excess (Deficiency) of Revenues over Expenditures	(669,547)	(23,848)	(314,194)	(125,609)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	273,853	273,853
Transfers out	-	-	(66,175)	-
Total Other Financing Sources (Uses)	-	-	207,678	273,853
Net Change in Fund Balances	(669,547)	(23,848)	(106,516)	148,244
FUND BALANCES, as previously reported, July 1	906,764	38,727	142,020	1,511
Prior Period Adjustment	-	-	447,311	-
FUND BALANCES, as restated, July 1	906,764	38,727	589,331	1,511
FUND BALANCES, June 30	\$ 237,217	\$ 14,879	\$ 482,815	\$ 149,755

TOTAL	2007
\$ 423,572	\$ 417,539
1,169,135	316,062
92,057	266,324
<u>1,684,764</u>	<u>999,925</u>
-	65,676
1,625,157	589,670
1,044,549	605,843
97,158	11,212
51,098	57,741
<u>2,817,962</u>	<u>1,330,142</u>
<u>(1,133,198)</u>	<u>(330,217)</u>
547,706	651,000
(66,175)	(94,415)
<u>481,531</u>	<u>556,585</u>
<u>(651,667)</u>	<u>226,368</u>
1,089,022	1,309,965
447,311	-
<u>1,536,333</u>	<u>1,309,965</u>
<u>\$ 884,666</u>	<u>\$ 1,536,333</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
AD VALOREM CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2007</u>
REVENUES				
Taxes:				
Ad valorem	\$ 161,129	\$ 157,573	\$ (3,556)	\$ 163,948
Intergovernmental:				
City Hall parking lot grant	250,000	239,053	(10,947)	13,975
Miscellaneous:				
Investment earnings	35,000	25,608	(9,392)	45,036
Total Revenues	<u>446,129</u>	<u>422,234</u>	<u>(23,895)</u>	<u>222,959</u>
EXPENDITURES				
Public safety:				
Police:				
Capital Outlay	286,000	255,161	30,839	-
Fire:				
Capital outlay	240,000	205,135	34,865	-
Public works:				
Highways / streets:				
Capital outlay	93,003	81,015	11,988	41,113
Facilities:				
Capital outlay	543,000	550,470	(7,470)	-
Total Expenditures	<u>1,162,003</u>	<u>1,091,781</u>	<u>70,222</u>	<u>41,113</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(715.874)</u>	<u>(669,547)</u>	<u>46,327</u>	<u>181,846</u>
Net Change in Fund Balance	(715.874)	(669,547)	46,327	181,846
FUND BALANCE, July 1	<u>715.874</u>	<u>906,764</u>	<u>190,890</u>	<u>724,918</u>
FUND BALANCE, June 30	<u>\$ -</u>	<u>\$ 237,217</u>	<u>\$ 237,217</u>	<u>\$ 906,764</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
PUBLIC IMPROVEMENT DEVELOPMENT FUND
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2007</u>
REVENUES				
Miscellaneous:				
Investment earnings	\$ 2,000	\$ 1,036	\$ (964)	\$ 1,957
Other	10,000	-	(10,000)	7,199
	<u>12,000</u>	<u>1,036</u>	<u>(10,964)</u>	<u>9,156</u>
EXPENDITURES				
Public Works:				
Capital outlay	50,323	24,884	25,439	-
	<u>(38,323)</u>	<u>(23,848)</u>	<u>14,475</u>	<u>9,156</u>
Net Change in Fund Balance				
	<u>38,323</u>	<u>38,727</u>	<u>404</u>	<u>29,571</u>
FUND BALANCE, July 1				
	<u>\$ -</u>	<u>\$ 14,879</u>	<u>\$ 14,879</u>	<u>\$ 38,727</u>
FUND BALANCE, June 30				

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
CAPITAL EQUIPMENT RESERVE FUND
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)
(Page 1 of 2)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2007
REVENUES				
Taxes:				
Ad valorem	\$ 257,945	\$ 265,999	\$ 8,054	\$ 253,591
Intergovernmental:				
Assistance to firefighters grant	498,750	498,750	-	28,543
Basic city / county relief tax	81,635	95,823	14,188	60,496
Supplemental city / county relief tax	284,784	335,509	50,725	213,048
	<u>865,169</u>	<u>930,082</u>	<u>64,913</u>	<u>302,087</u>
Miscellaneous:				
Investment earnings	25,000	6,446	(18,554)	14,772
Other	16,000	36,582	20,582	164,948
	<u>41,000</u>	<u>43,028</u>	<u>2,028</u>	<u>179,720</u>
Total Revenues	<u>1,164,114</u>	<u>1,239,109</u>	<u>66,941</u>	<u>735,398</u>
EXPENDITURES				
General government:				
Administration:				
Capital outlay	-	-	-	12,967
Information systems:				
Capital outlay	-	-	-	52,709
	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,676</u>
Public safety:				
Police:				
Capital outlay	237,905	211,483	26,422	85,592
Fire:				
Capital outlay	754,166	937,547	(183,381)	449,741
	<u>992,071</u>	<u>1,149,030</u>	<u>(156,959)</u>	<u>535,333</u>
Public works:				
Highways / streets:				
Capital outlay	143,000	142,080	920	335,818
Engineering:				
Capital outlay	32,000	24,870	7,130	-
Fleet maintenance:				
Capital outlay	118,200	112,146	6,054	75,375
Buildings:				
Capital outlay	-	-	-	20,909
	<u>293,200</u>	<u>279,096</u>	<u>14,104</u>	<u>432,102</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
CAPITAL EQUIPMENT RESERVE FUND
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)
(Page 2 of 2)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2007
Health:				
Cemetery:				
Capital outlay	96,000	74,079	21,921	6,879
Culture and recreation:				
Parks / recreation facilities:				
Capital outlay	83,250	51,098	32,152	57,741
Total Expenditures	1,464,521	1,553,303	(88,782)	1,097,731
Excess (Deficiency) of Revenues over Expenditures	(300,407)	(314,194)	155,723	(362,333)
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Fund	273,853	273,853	-	551,000
Transfers out:				
Debt Service Fund	(64,555)	(66,175)	1,620	(94,415)
Total Other Financing Sources (Uses)	209,298	207,678	1,620	456,585
Net Change in Fund Balance	(91,109)	(106,516)	(15,407)	94,252
FUND BALANCE, as previously reported, July 1	437,455	142,020	(295,435)	495,079
Prior Period Adjustment	-	447,311	447,311	-
FUND BALANCE, as restated, July 1	437,455	589,331	151,876	495,079
FUND BALANCE, June 30	\$ 346,346	\$ 482,815	\$ 136,469	\$ 589,331

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FACILITY RESERVE FUND
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2007</u>
REVENUES				
Miscellaneous:				
Investment earnings	\$ 2,500	\$ 8,884	\$ 6,384	\$ 3,024
Other	120,000	13,501	(106,499)	29,388
Total Revenues	<u>122,500</u>	<u>22,385</u>	<u>(100,115)</u>	<u>32,412</u>
EXPENDITURES				
Public safety:				
Police:				
Capital outlay	-	-	-	54,337
Fire:				
Capital outlay	16,000	15,831	169	-
	<u>16,000</u>	<u>15,831</u>	<u>169</u>	<u>54,337</u>
Public works:				
Facilities:				
Capital outlay	157,366	66,064	91,302	103,948
Engineering:				
Capital outlay	43,020	43,020	-	28,680
	<u>200,386</u>	<u>109,084</u>	<u>91,302</u>	<u>132,628</u>
Health:				
Animal shelter:				
Capital outlay	182,000	23,079	158,921	4,333
Total Expenditures	<u>398,386</u>	<u>147,994</u>	<u>250,392</u>	<u>191,298</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(275,886)</u>	<u>(125,609)</u>	<u>150,277</u>	<u>(158,886)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Fund	273,853	273,853	-	100,000
Net Change in Fund Balance	(2,033)	148,244	150,277	(58,886)
FUND BALANCE, July 1	<u>2,033</u>	<u>1,511</u>	<u>(522)</u>	<u>60,397</u>
FUND BALANCE, June 30	<u>\$ -</u>	<u>\$ 149,755</u>	<u>\$ 149,755</u>	<u>\$ 1,511</u>

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations which are financed and operated in a manner similar to private business enterprises – where the intent of the City Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City Council has decided that periodic determination of net income is appropriate for accountability purposes. The Enterprise Funds consist of the following:

Major Enterprise Funds

Water Fund – accounts for municipal water service.

Sewer Fund – accounts for municipal sewer service and improvements to sewer facilities.

Airport Fund – accounts for the Elko Regional Airport and associated costs.

Landfill Fund – accounts for regional landfill and associated costs.

Nonmajor Enterprise Funds

Golf Fund – accounts for the Elko Municipal Golf Course and associated costs.

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CITY OF ELKO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
WATER FUND
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2007
Operating Revenues:				
Charges for services:				
Water user fees	\$ 3,041,742	\$ 3,045,932	\$ 4,190	\$ 2,623,875
Miscellaneous:				
Other	25,000	67,372	42,372	59,131
Total Operating Revenues	<u>3,066,742</u>	<u>3,113,304</u>	<u>46,562</u>	<u>2,683,006</u>
Operating Expenses:				
Administration:				
Salaries and wages	114,800	114,323	477	93,757
Employee benefits	47,575	46,876	699	36,750
Services and supplies	153,450	134,149	19,301	165,032
	<u>315,825</u>	<u>295,348</u>	<u>20,477</u>	<u>295,539</u>
Operating:				
Salaries and wages	327,500	323,094	4,406	339,217
Employee benefits	137,000	134,881	2,119	138,741
Services and supplies	325,145	324,634	511	262,119
	<u>789,645</u>	<u>782,609</u>	<u>7,036</u>	<u>740,077</u>
Plant and facilities:				
Salaries and wages	72,940	66,924	6,016	53,185
Employee benefits	35,900	31,189	4,711	22,803
Services and supplies	851,550	809,198	42,352	926,296
	<u>960,390</u>	<u>907,311</u>	<u>53,079</u>	<u>1,002,284</u>
Depreciation	<u>363,376</u>	<u>351,190</u>	<u>12,186</u>	<u>334,149</u>
Total Operating Expenses	<u>2,429,236</u>	<u>2,336,458</u>	<u>92,778</u>	<u>2,372,049</u>
Operating Income (Loss)	<u>637,506</u>	<u>776,846</u>	<u>139,340</u>	<u>310,957</u>
Nonoperating Revenues:				
Investment earnings	150,000	158,811	8,811	203,741
Gain (loss) from disposal of capital assets	-	24	24	-
Total Nonoperating Revenues	<u>150,000</u>	<u>158,835</u>	<u>8,835</u>	<u>203,741</u>
Income Before Capital Contributions and Transfers	<u>787,506</u>	<u>935,681</u>	<u>148,175</u>	<u>514,698</u>
Capital Contributions In:				
Connection fees	250,000	127,448	(122,552)	223,032
Change in Net Assets	<u>\$ 1,037,506</u>	1,063,129	<u>\$ 25,623</u>	737,730
Net Assets, Beginning of Year		<u>15,048,428</u>		<u>14,310,698</u>
Net Assets, End of Year		<u>\$ 16,111,557</u>		<u>\$ 15,048,428</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)
(Page 1 of 2)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2007
Operating Revenues:				
Charges for services:				
Sewer user fees	\$ 2,530,000	\$ 2,122,746	\$ (407,254)	\$ 2,277,647
Septic tank receiving fees	89,738	101,829	12,091	70,184
	<u>2,619,738</u>	<u>2,224,575</u>	<u>(395,163)</u>	<u>2,347,831</u>
Miscellaneous:				
Plumbing permits	10,000	9,696	(304)	16,161
Other	34,500	18,433	(16,067)	30,463
	<u>44,500</u>	<u>28,129</u>	<u>(16,371)</u>	<u>46,624</u>
Total Operating Revenues	<u>2,664,238</u>	<u>2,252,704</u>	<u>(411,534)</u>	<u>2,394,455</u>
Operating Expenses:				
Administration:				
Salaries and wages	138,500	136,944	1,556	110,737
Employee benefits	56,725	56,370	355	43,802
Services and supplies	176,429	160,268	16,161	174,160
	<u>371,654</u>	<u>353,582</u>	<u>18,072</u>	<u>328,699</u>
Operating:				
Salaries and wages	11,160	9,747	1,413	6,764
Employee benefits	5,700	4,914	786	3,617
Services and supplies	65,445	65,427	18	44,504
	<u>82,305</u>	<u>80,088</u>	<u>2,217</u>	<u>54,885</u>
Plant and facilities:				
Salaries and wages	393,450	358,886	34,564	331,547
Employee benefits	171,300	139,514	31,786	125,144
Services and supplies	1,336,603	1,301,084	35,519	1,340,196
	<u>1,901,353</u>	<u>1,799,484</u>	<u>101,869</u>	<u>1,796,887</u>
Laboratory:				
Salaries and wages	62,700	46,354	16,346	57,274
Employee benefits	25,125	18,489	6,636	20,991
Services and supplies	43,925	30,893	13,032	21,354
	<u>131,750</u>	<u>95,736</u>	<u>36,014</u>	<u>99,619</u>
Depreciation	<u>1,544,807</u>	<u>1,464,088</u>	<u>80,719</u>	<u>1,403,003</u>
Total Operating Expenses	<u>4,031,869</u>	<u>3,792,978</u>	<u>238,891</u>	<u>3,683,093</u>
Operating Income (Loss)	<u>(1,367,631)</u>	<u>(1,540,274)</u>	<u>(172,643)</u>	<u>(1,288,638)</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)
(Page 2 of 2)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2007</u>
Nonoperating Revenues (Expenses):				
Sewer improvement user fees	3,316,758	2,846,251	(470,507)	2,442,305
Investment earnings	125,000	245,087	120,087	222,534
Interest expense	(126,865)	(126,865)	-	(138,819)
Total Nonoperating Revenues (Expenses)	<u>3,314,893</u>	<u>2,964,473</u>	<u>(350,420)</u>	<u>2,526,020</u>
Income (Loss) Before Capital Contributions and Transfers	<u>1,947,262</u>	<u>1,424,199</u>	<u>(523,063)</u>	<u>1,237,382</u>
Capital Contributions In:				
Connection fees	<u>250,000</u>	<u>199,873</u>	<u>(50,127)</u>	<u>328,880</u>
Change in Net Assets	<u>\$ 2,197,262</u>	<u>1,624,072</u>	<u>\$ (573,190)</u>	<u>1,566,262</u>
Net Assets, Beginning of Year		<u>22,618,595</u>		<u>21,052,333</u>
Net Assets, End of Year		<u>\$ 24,242,667</u>		<u>\$ 22,618,595</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
AIRPORT FUND
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)
(Page 1 of 2)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2007
Operating Revenues:				
Intergovernmental:				
State fuel tax	\$ 2,500	\$ 3,418	\$ 918	\$ 4,164
Local fuel tax	20,145	20,117	(28)	23,188
	<u>22,645</u>	<u>23,535</u>	<u>890</u>	<u>27,352</u>
Charges for services:				
Landing fees	54,200	77,020	22,820	68,301
Weather service data	3,000	3,000	-	3,000
Parking fees	110,000	101,423	(8,577)	53,599
Other	-	3,879	3,879	2,324
Passenger Facility Charges	114,000	102,978	(11,022)	116,700
	<u>281,200</u>	<u>288,300</u>	<u>7,100</u>	<u>243,924</u>
Miscellaneous:				
Rent - hanger	22,500	34,122	11,622	22,478
Rent - tie-downs	1,500	5,149	3,649	1,493
Rent - terminal	128,200	129,459	1,259	139,023
Terminal advertising fee	13,000	8,599	(4,401)	9,013
Rent - airport	61,175	105,393	44,218	71,490
Old terminal leases	57,872	62,571	4,699	58,067
Rental car leases	200,000	259,418	59,418	218,370
Concession rental	1,000	1,547	547	5,437
Nonsignatory fees	-	59	59	6,191
Miscellaneous	10,000	30,833	20,833	100,575
	<u>495,247</u>	<u>637,150</u>	<u>141,903</u>	<u>632,137</u>
Total Operating Revenues	<u>799,092</u>	<u>948,985</u>	<u>149,893</u>	<u>903,413</u>
Operating Expenses:				
Public works:				
Airport operations:				
Salaries and wages	262,000	261,864	136	248,454
Employee benefits	103,300	106,635	(3,335)	102,670
Services and supplies	315,150	317,863	(2,713)	260,787
	<u>680,450</u>	<u>686,362</u>	<u>(5,912)</u>	<u>611,911</u>
Airport terminal operations:				
Services and supplies	143,100	147,439	(4,339)	117,862
Depreciation - City funded	160,817	269,304	(108,487)	166,373
Depreciation - Federal portion unfunded	1,146,783	2,011,384	(864,601)	1,569,462
	<u>1,307,600</u>	<u>2,280,688</u>	<u>(973,088)</u>	<u>1,735,835</u>
Total Operating Expenses	<u>2,131,150</u>	<u>3,114,489</u>	<u>(983,339)</u>	<u>2,465,608</u>
Operating Income (Loss)	<u>(1,332,058)</u>	<u>(2,165,504)</u>	<u>(833,446)</u>	<u>(1,562,195)</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
AIRPORT FUND
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)
(Page 2 of 2)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2007
Nonoperating Revenues (Expenses):				
Investment earnings	20,000	16,313	(3,687)	23,147
Grants	-	-	-	40,241
Gain (loss) on disposal of capital assets	-	8,764	8,764	-
Apron failure expenses	-	(650,697)	(650,697)	-
Interest expense	(241,648)	(240,418)	1,230	(245,330)
Total Nonoperating Revenues (Expenses)	(221,648)	(866,038)	(644,390)	(181,942)
Income (Loss) Before Capital Contributions and Transfers	(1,553,706)	(3,031,542)	(1,477,836)	(1,744,137)
Capital Contributions In:				
Federal Grant AIP 25	-	-	-	40,627
Federal Grant AIP 27	-	-	-	29,090
Federal Grant AIP 28	-	-	-	200,434
Federal Grant AIP 29	-	-	-	2,976,641
Federal Grant AIP 30	-	80,237	80,237	616,601
Federal Grant AIP 32	-	1,623,928	1,623,928	-
Federal Grant AIP 33	-	46,075	46,075	-
Federal Grant AIP 31	3,230,250	2,407,533	(822,717)	1,317,173
	3,230,250	4,157,773	927,523	5,180,566
Transfers In:				
General Fund	375,000	375,000	-	364,230
Recreation Fund	451,966	331,648	(120,318)	377,578
	826,966	706,648	(120,318)	741,808
Change in Net Assets	\$ 2,503,510	1,832,879	(670,631)	4,178,237
Net Assets, Beginning of Year		27,520,529		23,342,292
Net Assets, End of Year		\$ 29,353,408		\$ 27,520,529

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
LANDFILL FUND
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2007
Operating Revenues:				
Charges for services:				
Landfill user fees	\$ 1,505,924	\$ 1,517,005	\$ 11,081	\$ 1,485,685
Miscellaneous:				
Franchise fees	14,500	21,425	6,925	16,500
Other	9,000	36,284	27,284	4,428
	<u>23,500</u>	<u>57,709</u>	<u>34,209</u>	<u>20,928</u>
Total Operating Revenues	<u>1,529,424</u>	<u>1,574,714</u>	<u>45,290</u>	<u>1,506,613</u>
Operating Expenses:				
Administration:				
Salaries and wages	59,950	58,877	1,073	42,893
Employee benefits	24,925	24,154	771	17,374
Services and supplies	73,539	73,956	(417)	64,509
	<u>158,414</u>	<u>156,987</u>	<u>1,427</u>	<u>124,776</u>
Operating:				
Salaries and wages	401,100	370,738	30,362	369,893
Employee benefits	143,850	137,113	6,737	131,586
Services and supplies	517,650	437,535	80,115	494,073
	<u>1,062,600</u>	<u>945,386</u>	<u>117,214</u>	<u>995,552</u>
Depreciation	<u>123,089</u>	<u>104,408</u>	<u>18,681</u>	<u>109,803</u>
Total Operating Expenses	<u>1,344,103</u>	<u>1,206,781</u>	<u>137,322</u>	<u>1,230,131</u>
Operating Income (Loss)	<u>185,321</u>	<u>367,933</u>	<u>182,612</u>	<u>276,482</u>
Nonoperating Revenues (Expenses):				
Investment earnings	25,000	43,869	18,869	39,349
Gain (loss) on disposal of capital assets	-	8,656	8,656	-
Interest expense	(26,502)	(5,356)	21,146	(8,048)
Total Nonoperating Revenues (Expenses)	<u>(1,502)</u>	<u>47,169</u>	<u>48,671</u>	<u>31,301</u>
Net Income (Loss)	<u>\$ 183,819</u>	415,102	<u>\$ 231,283</u>	307,783
Net Assets, Beginning of Year		<u>2,017,397</u>		<u>1,709,614</u>
Net Assets, End of Year		<u>\$ 2,432,499</u>		<u>\$ 2,017,397</u>

**CITY OF ELKO
SCHEDULE OF NET ASSETS
NONMAJOR ENTERPRISE FUND
GOLF FUND
JUNE 30, 2008**

(With Comparative Actual Amounts at June 30, 2007)

	<u>GOLF FUND</u>	<u>2007</u>
ASSETS		
Current assets:		
Cash and investments	\$ 52,570	\$ 92,877
Interest receivable	196	640
Accounts receivable	33,660	8,902
Total Current Assets	<u>86,426</u>	<u>102,419</u>
Noncurrent assets:		
Capital assets - land	9,045	9,045
Capital assets being depreciated:		
Buildings	617,123	617,123
Improvements other than buildings	565,918	565,918
Machinery and equipment	548,852	502,168
Less accumulated depreciation	<u>(671,385)</u>	<u>(622,769)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>1,060,508</u>	<u>1,062,440</u>
Total Assets	<u>1,155,979</u>	<u>1,173,904</u>
LIABILITIES		
Current liabilities:		
Accounts payable	23,395	26,313
Accrued salaries	12,274	10,703
Compensated absences	11,048	9,139
Current maturities of medium term obligation payable	<u>7,000</u>	<u>7,000</u>
Total Current Liabilities	<u>53,717</u>	<u>53,155</u>
Noncurrent liabilities:		
Compensated absences	29,779	30,219
Medium term obligation payable	<u>3,500</u>	<u>10,500</u>
Total Long-Term Liabilities	<u>33,279</u>	<u>40,719</u>
Total Liabilities	<u>86,996</u>	<u>93,874</u>
NET ASSETS		
Invested in capital assets, net of related debt	1,059,053	1,053,985
Unrestricted	<u>9,930</u>	<u>26,045</u>
TOTAL NET ASSETS	<u>\$ 1,068,983</u>	<u>\$ 1,080,030</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
GOLF FUND
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2007
Operating Revenues:				
Charges for services:				
Green fees	\$ 219,450	\$ 167,756	\$ (51,694)	\$ 182,701
Membership fees	233,895	237,955	4,060	237,707
Tournament fees	33,000	42,917	9,917	46,292
Cart path fees	15,000	29,728	14,728	15,153
Golf cart shed rentals	28,500	29,542	1,042	28,746
Golf concession rentals	5,974	6,200	226	5,800
	<u>535,819</u>	<u>514,098</u>	<u>(21,721)</u>	<u>516,399</u>
Miscellaneous:				
Other	9,500	15,437	5,937	11,246
	<u>545,319</u>	<u>529,535</u>	<u>(15,784)</u>	<u>527,645</u>
Total Operating Revenues				
Operating Expenses:				
Culture and recreation:				
Administration:				
Salaries and wages	12,500	12,236	264	12,092
Employee benefits	10,165	6,612	3,553	8,404
	<u>22,665</u>	<u>18,848</u>	<u>3,817</u>	<u>20,496</u>
Operations:				
Salaries and wages	205,700	205,697	3	176,071
Employee benefits	70,300	69,051	1,249	61,451
Services and supplies	224,800	244,160	(19,360)	232,847
	<u>500,800</u>	<u>518,908</u>	<u>(18,108)</u>	<u>470,369</u>
Depreciation	48,999	48,616	383	51,403
	<u>572,464</u>	<u>586,372</u>	<u>(13,908)</u>	<u>542,268</u>
Total Operating Expenses				
Operating Income (Loss)	<u>(27,145)</u>	<u>(56,837)</u>	<u>(29,692)</u>	<u>(14,623)</u>
Nonoperating Revenues:				
Investment earnings	1,100	1,237	137	2,096
Gain (loss) on disposal of capital assets	-	5,391	5,391	4,050
Interest expense	(491)	(679)	(188)	(983)
	<u>609</u>	<u>5,949</u>	<u>5,340</u>	<u>5,163</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(26,536)</u>	<u>(50,888)</u>	<u>(24,352)</u>	<u>(9,460)</u>
Transfers in:				
General Fund	21,015	17,380	(3,635)	17,014
Recreation Fund	22,461	22,461	-	20,088
	<u>43,476</u>	<u>39,841</u>	<u>(3,635)</u>	<u>37,102</u>
Change in Net Assets	<u>\$ 16,940</u>	<u>(11,047)</u>	<u>\$ (27,987)</u>	<u>27,642</u>
Net Assets, Beginning of Year		<u>1,080,030</u>		<u>1,052,388</u>
Net Assets, End of Year		<u>\$ 1,068,983</u>		<u>\$ 1,080,030</u>

INTERNAL SERVICE FUND

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Health Insurance Fund – is a self-funded health insurance program for City employees, dependents and retirees. Revenues include City contributions, employee/retiree contributions, interest and individual stop loss recovery.

**CITY OF ELKO
SCHEDULE OF NET ASSETS
HEALTH INSURANCE FUND
JUNE 30, 2008**

(With Comparative Actual Amounts at June 30, 2007)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and investments	\$ 208,282	187,639
Accounts receivable	269,324	39,741
Due from other governments	-	3,868
Prepaid insurance	-	24,095
Total Assets	<u>477,606</u>	<u>255,343</u>
LIABILITIES		
Current liabilities:		
Accounts payable	95,453	170,364
Deferred revenue	111,283	115,106
Total Liabilities	<u>206,736</u>	<u>285,470</u>
NET ASSETS		
Unrestricted (deficit)	<u>270,870</u>	<u>(30,127)</u>
TOTAL NET ASSETS	<u>\$ 270,870</u>	<u>\$ (30,127)</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
HEALTH INSURANCE FUND
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2007</u>
Operating Revenues:				
Charges for services:				
Health insurance contributions	\$ 1,553,713	\$ 1,574,341	\$ 20,628	\$ 1,429,465
Provider reimbursements	470,000	482,600	12,600	57,627
Employee dependent contributions	247,609	251,144	3,535	223,760
	<u>2,271,322</u>	<u>2,308,085</u>	<u>36,763</u>	<u>1,710,852</u>
Miscellaneous:				
Other	-	152	152	4,662
Total Operating Revenues	<u>2,271,322</u>	<u>2,308,237</u>	<u>36,915</u>	<u>1,715,514</u>
Operating Expenses:				
Administration:				
Employee benefits	1,865,156	2,008,828	(143,672)	1,764,225
Operating Income (Loss)	<u>406,166</u>	<u>299,409</u>	<u>(106,757)</u>	<u>(48,711)</u>
Nonoperating Revenues (Expenses):				
Investment earnings	2,000	1,588	(412)	2,045
Transfers In:				
General Fund	-	-	-	75,400
Change in Net Assets	<u>\$ 408,166</u>	<u>300,997</u>	<u>\$ (107,169)</u>	<u>28,734</u>
Net Assets (deficit), beginning of year		<u>(30,127)</u>		<u>(58,861)</u>
Net Assets (deficit), end of year		<u>\$ 270,870</u>		<u>\$ (30,127)</u>

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FIDUCIARY FUNDS

Agency Funds are custodial in nature and do not present results of operations or have measurement focus. They are assets held by the government as an agent.

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CITY OF ELKO
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2008

	<u>BALANCE</u> <u>JUNE 30, 2007</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2008</u>
Elko County Recreation Board:				
Assets:				
Cash and investments	\$ 97,615	\$ 140,346	\$ 103,144	\$ 134,817
Interest receivable	666	593	666	593
Room tax receivable	16,347	18,448	16,347	18,448
Total Assets	<u>\$ 114,628</u>	<u>\$ 159,387</u>	<u>\$ 120,157</u>	<u>\$ 153,858</u>
Liabilities:				
Accounts payable	\$ 72	\$ 54	\$ 72	\$ 54
Due to other governments	114,556	159,333	120,085	153,804
Total Liabilities	<u>\$ 114,628</u>	<u>\$ 159,387</u>	<u>\$ 120,157</u>	<u>\$ 153,858</u>

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STATISTICAL SECTION

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CITY OF ELKO
SCHEDULE OF REVENUE AND RELATED
CAPITAL EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2008
(UNAUDITED)

		Activity for the period July 1, 2007 through June 30, 2008
Capital Construction Fund:		
Beginning Balance July 1, 2007	\$	(683,093)
Additions:		
Revenue from Ad Valorem Taxes		498,749
Deletions:		
5th Street Reconstruction		(336,757)
Funds remaining to be spent on Street Projects based on Monies Collected from Ad Valorem Taxes	\$	(521,101)
Water Fund:		
Beginning Balance July 1, 2007	\$	(573,311)
Additions:		
Revenue from Connection Fees		127,448
Deletions:		
Capital Expenses for Projects relating to Growth:		
Well #42 Well House		(448,584)
Well #43 Drilling		(542,237)
Funds remaining to be spent on Growth based on Monies Collected from Connection Fees	\$	(1,436,684)
Sewer Fund:		
Beginning Balance July 1, 2007	\$	4,816,617
Additions:		
Revenue from Sewer Improvement Fees		2,846,251
Deletions:		
Capital Expenses for Projects or Replacement		
SCADA		(42,801)
WRF Operator's Change Room		(225,212)
Headworks Grinder Project		(171,164)
Reuse Pipeline Replacement		(41,176)
Primary Digester Roof Repair		(271,217)
Collection Main Improvements		(12,718)
Funds remaining to be spent on Growth or Replacement based on Monies Collected from Sewer Improvement Fees	\$	6,898,580
Sewer Fund:		
Beginning Balance July 1, 2007	\$	(1,049,202)
Additions:		
Revenue from Connection Fees		199,873
Deletions:		
Capital Expenses for Projects relating to Growth:		
Reuse Site Additional Land Purchase		(16,711)
Effluent Reuse Site Expansion		(50,640)
Funds remaining to be spent on Growth based on Monies Collected from Connection Fees	\$	(916,680)

CITY OF ELKO
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUND
FOR YEARS ENDED JUNE 30
(UNAUDITED)

	ACTUAL 2000	ACTUAL 2001	ACTUAL 2002
Revenues:			
Taxes	\$ 1,266,916	\$ 1,348,928	\$ 1,511,776
Licenses and permits	983,780	1,114,875	1,100,609
Intergovernmental	7,158,116	7,153,559	6,574,722
Charges for services	717,155	361,314	517,264
Fines and forfeitures	126,094	130,686	115,863
Miscellaneous	221,757	140,666	62,649
Total Revenues	<u>10,473,818</u>	<u>10,250,028</u>	<u>9,882,883</u>
Expenditures:			
General government	1,094,039	994,130	1,022,900
Judicial	123,194	129,987	144,022
Public safety	4,868,785	4,876,041	4,824,818
Public works	2,262,125	2,840,141	2,525,008
Health	266,315	279,428	269,782
Culture and recreation	981,239	521,737	530,462
Community support	30,500	26,000	28,000
Contingency	-	-	-
Intergovernmental	-	-	-
Total Expenditures	<u>9,626,197</u>	<u>9,667,464</u>	<u>9,344,992</u>
Excess (Deficiency) of Revenues over Expenditures	<u>847,621</u>	<u>582,564</u>	<u>537,891</u>
Other Financing Sources (Uses):			
Transfers in	200,745	117,834	129,382
Transfers out	(955,936)	(531,455)	(329,927)
Proceeds from issuance of bonds/notes/leases	136,136	-	-
Total Other Financing Sources (Uses)	<u>(619,055)</u>	<u>(413,621)</u>	<u>(200,545)</u>
Net Change in Fund Balance	228,566	168,943	337,346
Fund Balance, July 1	<u>987,081</u>	<u>1,215,647</u>	<u>1,384,590</u>
Fund Balance, June 30	<u>\$ 1,215,647</u>	<u>\$ 1,384,590</u>	<u>\$ 1,721,936</u>

ACTUAL 2003	ACTUAL 2004	ACTUAL 2005	ACTUAL 2006	ACTUAL 2007	ACTUAL 2008	BUDGETED 2009
\$ 1,794,349	\$ 1,820,085	\$ 1,820,694	\$ 1,861,647	\$ 1,954,914	\$ 2,053,557	\$ 2,148,618
1,070,134	1,068,772	1,226,545	1,312,525	1,464,666	1,517,248	1,651,175
6,922,968	7,211,043	7,922,879	10,236,294	11,347,440	10,822,650	9,674,828
498,133	526,188	465,420	558,329	580,481	619,864	639,750
118,022	121,311	130,049	161,363	177,703	225,240	212,625
134,481	213,309	119,161	263,047	201,580	287,861	181,750
<u>10,538,087</u>	<u>10,960,708</u>	<u>11,684,748</u>	<u>14,393,205</u>	<u>15,726,784</u>	<u>15,526,420</u>	<u>14,508,746</u>
1,049,437	1,157,007	1,428,754	1,342,145	1,640,946	1,793,403	2,197,652
149,315	159,464	146,878	222,543	237,848	301,401	302,500
4,963,815	5,332,140	5,550,738	6,345,554	7,221,831	7,905,349	8,380,928
2,635,950	2,505,096	2,858,478	3,056,446	3,235,170	4,273,874	3,680,030
260,359	276,938	357,308	408,536	441,913	507,835	511,670
624,716	696,735	690,329	733,833	817,790	952,538	1,050,026
28,000	28,000	28,000	28,000	28,000	36,000	36,000
-	-	-	-	-	-	457,514
-	-	157,181	12,946	51,365	-	-
<u>9,711,592</u>	<u>10,155,380</u>	<u>11,217,666</u>	<u>12,150,003</u>	<u>13,674,863</u>	<u>15,770,400</u>	<u>16,616,320</u>
826,495	805,328	467,082	2,243,202	2,051,921	(243,980)	(2,107,574)
206,410	184,220	220,106	173,475	191,581	234,298	246,256
(688,752)	(602,282)	(1,023,443)	(738,365)	(1,107,644)	(1,372,655)	(400,200)
-	-	-	-	-	-	-
(482,342)	(418,062)	(803,337)	(564,890)	(916,063)	(1,138,357)	(153,944)
344,153	387,266	(336,255)	1,678,312	1,135,858	(1,382,337)	(2,261,518)
1,721,936	2,066,089	2,453,355	2,117,100	3,795,412	4,931,270	3,646,208
<u>\$ 2,066,089</u>	<u>\$ 2,453,355</u>	<u>\$ 2,117,100</u>	<u>\$ 3,795,412</u>	<u>4,931,270</u>	<u>3,548,933</u>	<u>\$ 1,384,690</u>

**CITY OF ELKO
ASSESSED VALUATION
SECURED AND UNSECURED PROPERTY
FOR YEAR ENDED JUNE 30
(UNAUDITED)**

<u>FISCAL YEAR</u>	<u>ASSESSED VALUATION</u>	<u>PERCENT CHANGE</u>
1995	\$ 202,479,335	2.74%
1996	218,662,312	7.99%
1997	231,485,367	5.86%
1998	247,881,803	7.08%
1999	263,888,126	6.46%
2000	272,263,390	3.17%
2001	291,389,822	7.02%
2002	295,123,546	1.28%
2003	288,766,550	-2.15%
2004	297,619,553	3.07%
2005	296,187,696	-0.48%
2006	296,750,239	0.19%
2007	312,805,735	5.41%
2008	337,353,408	7.85%
2009	363,571,663	7.77%

CITY OF ELKO
COUNTYWIDE TAX LEVIES, COLLECTIONS AND DELINQUENCIES
FOR YEAR ENDED JUNE 30
(UNAUDITED)

FISCAL YEAR	NET LEVY ROLL	TOTAL TAXES COLLECTED	COLLECTED AS A % OF TAXES LEVIED
1994	\$ 4,932,429	\$ 4,856,243	98.5%
1995	5,046,187	5,000,696	99.1%
1996	5,653,208	5,430,161	96.1%
1997	5,848,794	5,777,337	98.8%
1998	6,184,268	6,091,667	98.5%
1999	6,557,417	6,422,643	97.9%
2000	6,916,989	6,769,209	97.9%
2001	7,223,108	7,145,453	98.9%
2002	7,515,678	7,352,732	97.8%
2003	7,913,598	7,773,886	98.2%
2004	8,168,939	8,089,734	99.0%
2005	8,450,691	8,391,493	99.3%
2006	8,853,030	8,764,671	99.0%
2007	9,450,715	9,357,982	99.0%
2008	9,914,138	9,285,228	93.7%

**CITY OF ELKO
TEN LARGEST PROPERTY OWNERS
FOR THE YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

TAXPAYER	TYPE OF BUSINESS	ASSESSED VALUE	% OF CITY ASSESSED VALUE
1. PHC Elko, Inc.	Hospital	\$ 11,665,601	3.21%
2. Elko Acquisitions	Gaming	9,241,790	2.54%
3. PK Sales	Business Communications	4,667,623	1.28%
4. Wal-Mart Stores, Inc.	Retail	4,545,214	1.25%
5. Ablah Elko	Commercial	3,780,701	1.04%
6. Monte Carlo	Apartments	3,136,551	0.86%
7. Sagecrest	Apartments	3,105,638	0.85%
8. Home Depot	Retail	2,880,661	0.79%
9. Edwin Enterprise	Ret Home/Hosp	1,996,792	0.55%
10. Foothill Develop	Motel	1,940,155	0.53%
		\$ 46,960,726	12.92%

Based on Fiscal Year 2008-2009 total City assessed valuation of \$363,571,663.

CITY OF ELKO
STATEWIDE AVERAGE AND OVERLAPPING TAX RATES
FOR YEARS ENDED JUNE 30
(UNAUDITED)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u> (Budget)
Average Statewide Rate	\$ <u>3.0563</u>	\$ <u>3.0758</u>	\$ <u>3.1115</u>	\$ <u>3.1182</u>	\$ <u>3.1124</u>	\$ <u>3.1471</u>	\$ <u>3.1526</u>	\$ <u>3.1727</u>
City of Elko	\$ 0.5888	\$ 0.6900	\$ 0.7200	\$ 0.8200	\$ 0.9200	\$ 0.9200	\$ 0.9200	\$ 0.9200
Elko County	0.7762	0.8262	0.8419	0.8419	0.8386	0.8386	0.8386	0.8386
Elko County School District	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000
Special Districts	0.0576	0.0615	0.0643	0.0648	0.0661	0.0671	0.0681	0.0681
State of Nevada	0.1500	0.1500	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700
Total	\$ <u>3.0726</u>	\$ <u>3.2277</u>	\$ <u>3.2962</u>	\$ <u>3.3967</u>	\$ <u>3.4947</u>	\$ <u>3.4957</u>	\$ <u>3.4967</u>	\$ <u>3.4967</u>

Per \$100 of assessed valuation.

**CITY OF ELKO
 STATUTORY DEBT LIMITATION
 FOR YEARS ENDED JUNE 30
 (UNAUDITED)**

FISCAL YEAR	TOTAL ASSESSED VALUATION	DEBT LIMIT	OUTSTANDING GENERAL OBLIGATION DEBT	ADDITIONAL STATUTORY DEBT CAPACITY
1994	\$ 197,073,622	\$ 59,122,087	\$ 3,190,453	\$ 55,931,634
1995	202,479,335	60,743,801	5,088,990	55,654,811
1996	218,662,312	65,598,694	5,035,966	60,562,728
1997	231,485,367	69,445,610	6,106,422	63,339,188
1998	247,881,803	74,364,541	5,854,044	68,510,497
1999	263,888,126	79,237,679	9,356,291	69,881,388
2000	272,263,390	81,679,017	12,009,569	69,669,448
2001	291,416,822	87,425,047	11,679,464	75,745,583
2002	295,138,546	88,541,563	11,055,964	77,485,599
2003	288,780,550	86,634,165	10,616,125	76,018,040
2004	297,631,533	89,290,059	10,080,917	79,209,142
2005	296,207,696	88,860,809	9,681,808	79,179,001
2006	296,770,239	89,031,072	10,882,881	78,148,191
2007	312,816,735	93,845,020	10,204,260	83,640,760
2008	337,353,408	101,206,022	9,508,686	91,697,336
2009	363,571,663	109,071,499	N/A	N/A

Note: Legal debt limit per NRS 266.600.

CITY OF ELKO
OUTSTANDING BONDED INDEBTEDNESS
FOR THE YEAR ENDED JUNE 30, 2008
(UNAUDITED)

<u>Bonds Payable</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE AMOUNT</u>	<u>PRINCIPAL OUTSTANDING JUNE 30, 2008</u>
General Obligation Bonds:			
General Government:			
1998 Street Improvement Refunding Bonds	3/14/1997	\$ 1,900,000	\$ 435,000
2005 Limited Tax Recreational Facilities Bonds	8/25/2005	2,000,000	1,810,000
General Obligation (Limited Tax) Bonds:			
Enterprise Fund:			
Airport Improvement Bonds Series 1999A and Series 1999B	10/28/1999	4,275,000	3,860,000
Enterprise Fund:			
1994 Sewer Bond	6/22/1994	2,500,000	998,786
General Obligation (Limited Tax) Revenue Bond:			
Enterprise Fund:			
Sewer Bond, Series 1998	8/14/1998	4,000,000	2,404,900
Total Bonds Payable		<u>\$ 14,675,000</u>	<u>\$ 9,508,686</u>

CITY OF ELKO
ANNUAL GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(UNAUDITED)

FISCAL YEAR	1999 Airport Improvement Limited Tax Bond		1994 Sewer Bond		1998 Sewer Bond	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	95,000	236,575	150,643	38,460	207,319	76,018
2010	100,000	231,197	156,729	32,374	214,069	69,267
2011	105,000	225,440	163,061	26,042	221,040	62,297
2012	110,000	219,317	169,648	19,454	228,237	55,100
2013	115,000	212,920	176,502	12,601	235,668	47,668
2014	125,000	206,095	182,203	5,470	243,342	39,994
2015	125,000	198,980	-	-	251,265	32,071
2016	135,000	191,418	-	-	259,447	23,890
2017	140,000	183,265	-	-	267,895	15,442
2018	155,000	174,521	-	-	276,618	6,719
2019	160,000	165,190	-	-	-	-
2020	170,000	155,414	-	-	-	-
2021	175,000	144,844	-	-	-	-
2022	190,000	133,306	-	-	-	-
2023	200,000	120,972	-	-	-	-
2024	215,000	107,841	-	-	-	-
2025	220,000	94,081	-	-	-	-
2026	235,000	79,400	-	-	-	-
2027	250,000	63,456	-	-	-	-
2028	265,000	46,525	-	-	-	-
2029	280,000	28,606	-	-	-	-
2030	295,000	9,700	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
TOTAL	<u>\$ 3,860,000</u>	<u>\$ 3,229,063</u>	<u>\$ 998,786</u>	<u>\$ 134,401</u>	<u>\$ 2,404,900</u>	<u>\$ 428,466</u>

1998 Street Improvement Refunding Bond		2005 Limited Tax Recreational Facilities Bonds		Total
Principal	Interest	Principal	Interest	
210,000	16,500	70,000	74,568	1,175,083
225,000	5,625	75,000	71,768	1,181,029
-	-	75,000	68,768	946,648
-	-	80,000	65,768	947,524
-	-	85,000	62,568	947,927
-	-	90,000	59,168	951,272
-	-	95,000	55,568	757,884
-	-	100,000	51,768	761,523
-	-	105,000	47,768	759,370
-	-	110,000	43,568	766,426
-	-	115,000	39,113	479,303
-	-	120,000	34,455	479,869
-	-	125,000	29,415	474,259
-	-	130,000	24,165	477,471
-	-	140,000	18,705	479,677
-	-	145,000	12,685	480,526
-	-	150,000	6,450	470,531
-	-	-	-	314,400
-	-	-	-	313,456
-	-	-	-	311,525
-	-	-	-	308,606
-	-	-	-	304,700
-	-	-	-	-
-	-	-	-	-
<u>\$ 435,000</u>	<u>\$ 22,125</u>	<u>\$ 1,810,000</u>	<u>\$ 766,268</u>	<u>\$ 14,089,009</u>

**CITY OF ELKO
TOTAL AND UNFUNDED ACCRUED LIABILITIES
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
STATE OF NEVADA
FOR THE YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

	<u>All Members</u>
	<u>June 30, 2007</u>
Total Accrued Liability	\$ 27,671,593.366
Net Assets	<u>21,359,026.885</u>
Unfunded Accrued Liability	\$ <u>6,312,566.481</u>
Assets as % of Total Accrued Liability	77.19%

Source: June 30, 2007 Public Employees' Retirement System of Nevada
Comprehensive Annual Financial Report

COMPLIANCE SECTION

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

To the Honorable Mayor and City Council of Elko, Nevada

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Elko, State of Nevada as of and for the year ended June 30, 2008, which collectively comprise the City of Elko's basic financial statement and have issued our report thereon dated November 24, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as described below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, of which three of the significant deficiencies we consider to be material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs (items 08-1, 08-2, 08-3, 08-4 and 08-5) to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Of the significant deficiencies described above, we consider items 08-3, 08-4 and 08-5 to be material weaknesses in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Elko's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Elko in a separate letter dated November 24, 2008.

This report is intended for the information and use of the Mayor, City Council, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Elko, Nevada
November 24, 2008

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR PROGRAMS AND THE PASSENGER FACILITY CHARGE PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND THE PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES**

To the Honorable Mayor and City Council of Elko, Nevada

Compliance

We have audited the compliance of the City of Elko, State of Nevada, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs and in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide) for its passenger facility charge program for the year ended June 30, 2008. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs and passenger facility charge program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our 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*; and the Guide. Those standards, OMB Circular A-133, and the Guide require that we 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 and the passenger facility charge 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 we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs and passenger facility charge program for the year ended June 30, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133, and which is described in the accompanying Schedule of Findings and Questioned Costs as item 08-6.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs and passenger facility charge program. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program and the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a

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type of compliance requirement of a federal program or the passenger facility charge program on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program and the passenger facility charge program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program and the passenger facility charge program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs (item 08-6) to be a significant deficiency.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program and the passenger facility charge program will not be prevented or detected by the entity's internal control. We did not consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

The City's responses to the finding identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor, City Council, management, others within the entity, federal awarding agencies, pass-through entities and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.

Kapoury, Armstrong & Co.

Elko, Nevada
November 24, 2008

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CITY OF ELKO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CDFDA NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. Department of Justice:</u>			
Passed through Nevada Department of Motor Vehicles and Public Safety			
Office of Narcotic Control Assistance:			
Byrne Formula Grant Program:			
Juvenile Justice and Delinquency Prevention Grant	16.579	07-JAG-05	155,398
Combined Narcotics Task Force Grant	16.579	06-JAG-05	15,250
Combined Narcotics Task Force Grant	16.579	07-JAG-10	221,102
Passed through Partners Allied for Community Excellence:			
Enforcement of Underage Drinking Laws	16.747	N/A	2,101
Direct Programs:			
Bulletproof Vest Partnership Program	16.607	N/A	2,848
Total Department of Justice			396,699
<u>U.S. Department of Transportation:</u>			
Direct Program:			
Airport Improvement Program	20.106	3-32-0005-30	80,237
Airport Improvement Program	20.106	3-32-0005-31	2,407,533
Airport Improvement Program	20.106	3-32-0005-32	1,623,928
Airport Improvement Program	20.106	3-32-0005-33	46,075
Passed through State of Nevada Department of Motor Vehicles and Public Safety:			
Radar Equipment Grant	20.600	28-PT-6	11,477
State and Community Highway Safety	20.600	27-JF-1.05	16,269
Total Department of Transportation			4,185,519
<u>U. S. Department of Environmental Protection:</u>			
Passed through State of Nevada Department of Conservation and Natural Resources:			
Nonpoint Source Implementation Grants	66.460	DEP 06-013-1	239,053
<u>U. S. Department of Homeland Security:</u>			
Direct:			
Office of Domestic Preparedness Assistance to Firefighters Grant:			
Fire Operations and Safety Equipment	97.044	EMW-20065-FG-10388	374,250
Passed through State of Nevada Department of Public Safety:			
Emergency Management Planning Grant	97.036	9704208	30,669
Total Department of Homeland Security			404,919
Total Expenditures of Federal Awards			\$ 5,226,190

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Elko and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, 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 financial statements.

CITY OF ELKO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008
(Page 1 of 5)

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified.

Internal control over financial reporting:

- Material weakness identified? yes no
- Significant deficiency identified that is not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness identified? yes no
- Significant deficiency identified that is not considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major programs: unqualified.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes no

Identification of major programs:

16.579 – Byrne Formula Grant Program
20.106 – Airport Improvement Program
97.044 – Assistance to Firefighters Grant

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee under Section 530 of OMB Circular A-133? yes no

CITY OF ELKO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008
(Page 2 of 5)

SECTION II - FINANCIAL STATEMENT FINDINGS

Significant Deficiency:

Finding 08-1

Billing of Commercial Water Meter Customers:

Criteria:	Controls should be in place to ensure commercial water meter customers are properly billed to reduce the risks of a customer being billed incorrectly and misstatements in financial reporting.
Condition:	In 2 of the 45 commercial water meter customers tested, the customers were charged the incorrect rate based on the type of meter installed.
Effect:	A customer could be charged the incorrect water meter rate and revenue could be misstated in the City of Elko financial statements.
Cause:	The incorrect meter size was input into the billing system.
Recommendation:	Management should examine its controls over the input of the type of meter per customer in the billing system and ensure once input the type of meter is reviewed for accuracy.
Management's Response:	The City will implement a policy that states a second person will review all new meter input into the Billing System for accuracy.

Significant Deficiency:

Finding 08-2

Street Light Revenue:

Criteria:	Controls should be in place to ensure street light customers are properly billed to reduce the risks of a customer being billed incorrectly and misstatements in financial reporting.
Condition:	In 3 of the 40 customers tested, the customers were charged the incorrect rate based on the numbers of units services were provided for.
Effect:	A customer could be charged the incorrect street light rate and revenue could be misstated in the City of Elko financial statements.
Cause:	The incorrect units were input into the billing system.
Recommendation:	Management should examine its controls over the input of units per customer in the billing system and ensure once input the units are reviewed for accuracy.
Management's Response:	The City will implement a policy that states a second person will review all new street light units input into the Billing System for accuracy.

CITY OF ELKO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008
(Page 4 of 5)

Significant Deficiency Considered a Material Weakness:

Finding 08-3
Purchase of Capital Assets:

Criteria:	Controls should be in place to ensure capital assets are recorded when received and not when a deposit is made upon ordering the capital asset. This will reduce the risk of misstatements in financial reporting.
Condition:	A piece of equipment was ordered and a deposit was made at that time, however, capital outlay was recorded instead of a prepaid expense. The equipment was ordered in the fiscal year ending June 30, 2007 and was received in the fiscal year ending June 30, 2008. Therefore capital outlay and prepaid expense were misstated in the prior fiscal year.
Effect:	Misstatement of the City of Elko financial statements.
Cause:	The accounting department thought the equipment was received when payment was due. The Purchase Order did not state the payment was a deposit.
Recommendation:	Management should examine its controls over the recording of capital assets to ensure capital assets are not recorded until the City takes delivery of the asset.
Management's Response:	The City will implement a policy in which purchase orders are more specific on the type of payment being made (i.e. deposit on capital asserts or full payment on capital asset), and expected date of delivery.

Significant Deficiency Considered a Material Weakness:

Finding 08-4
Seizure Revenue Procedures:

Criteria:	Controls should be in place to ensure that seizure forfeiture revenues and expenditures are properly recorded in order to reduce the risk of misstatements in financial reporting.
Condition:	The City records seizure revenues as unearned revenue until those monies are spent on their designated purpose. When these monies were spent, the City did not record revenues and expenditures for these transaction, they reduced unearned revenue.
Effect:	Misstatement of the City of Elko financial statements.
Cause:	The seizure funds are not spent on a normal basis, and can only be used for drug prevention enforcement. Because they are infrequent the proper recording was not performed.

CITY OF ELKO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008
(Page 4 of 5)

Recommendation: Management should examine its controls over the recording of seizure revenues to ensure that they are properly recorded.

Management's Response: In the future the City will review these accounts on a regular basis to ensure proper recording.

Significant Deficiency Considered a Material Weakness:

Finding 08-5
Recording of Capital Leases and
Related Capital Assets:

Criteria: Controls should be in place to ensure capital leases and the related capital assets are recorded in the accounting records to reduce the risk of misstatements in financial reporting.

Condition: The City entered into a 3 year capital lease for a modular office building for the Building Department and the corresponding capital lease and capital asset were not recorded.

Effect: Misstatement of the City of Elko financial statements.

Cause: The accounting department did not recognize that the transaction was a capital lease and therefore recorded the transaction incorrectly.

Recommendation: Management should examine its controls over the recording of capital leases and the related capital assets to ensure that these transactions are recorded properly.

Management's Response: In the future the City will keep all costs associated with building projects in the same budget line item to ensure the transaction is properly recorded.

CITY OF ELKO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008
(Page 5 of 5)

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 08-6

Department of Justice:

Byrne Formula Program 16.579

2006-1 Criteria and Condition: The pass-through entity is required to: (a) ensure that the subrecipient's audit was completed; (b) issue management decisions on audit findings within six months after receipt of the subrecipient's audit report and (c) ensure that the subrecipient took appropriate and timely corrective action on all audit findings. The subrecipient's audit was not requested nor reviewed.

Questioned Costs: None

Context: The condition noted above appears to be a systemic problem.

Effect: Subrecipients are not properly monitored.

Cause: The City did not have adequate procedures in place to ensure subrecipients were properly monitored.

Recommendation: We recommend that the City request and review the subrecipient's audit report to ensure compliance with the requirements stated above.

Management's Response: Management will request audits for all grant subrecipients in the future to ensure subrecipients are properly monitored.

**CITY OF ELKO
SCHEDULE OF PASSENGER
FACILITY CHARGES COLLECTED AND EXPENDED
FOR THE YEAR ENDED JUNE 30, 2008**

Balance July 1, 2007	\$ -
Collection of Passenger Facility Charges July 1, 2007 through June 30, 2008	102,978
Interest Earned	-
Proceeds expended for Passenger Facility Charge Projects July 1, 2007 through June 30, 2008	<u>(102,978)</u>
Balance June 30, 2008	<u>\$ -</u>

The Schedule of Passenger Facility Charges is presented on the modified accrual basis of accounting.

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AUDITOR'S COMMENTS

**CITY OF ELKO
AUDITOR'S COMMENTS
JUNE 30, 2008**

CURRENT YEAR STATUTE COMPLIANCE

The required disclosure on compliance with Nevada Revised Statutes and Nevada Administrative Code is contained in Note 3 to the financial statements.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

In the prior year, apparent overexpenditures of NRS 354.626 occurred in various funds. The City monitored expenditures during the current year in order to prevent overexpenditures, however, as reported in Note 3 to the financial statements, there were isolated instances of over expenditures at June 30, 2008.

DISPOSITION OF PRIOR YEAR RECOMMENDATIONS

During the audit of the June 30, 2008 financial statements of the City of Elko, no financial weaknesses were found to be of such magnitude to be included in our audit report.

CURRENT YEAR AUDIT RECOMMENDATIONS

Our recommendations for the current year are included in the Schedule of Findings and Questioned Costs. In addition, our audit identified recommendations to improve procedures and accountability that have been included in our current management letter.

CITY OF ELKO
SCHEDULE OF FEES IMPOSED SUBJECT TO THE
PROVISION OF NRS 354.5989
LIMITATION OF FEES FOR BUSINESS LICENSES
FOR THE YEAR ENDED JUNE 30, 2008

Flat Fixed Fees:

Business license revenue for the year ended June 30, 1991 (base year) adjusted through June 30, 2007	\$ 469,834
--	------------

Adjustment to Base:

Base year adjusted percentage increase in population of the local government	4.15%	
Percentage increase in the Consumer Price Index for the year ending on December 31 next preceding the year for which the limit is being calculated	5.0%	x 9.15 %
		42,990

Adjusted base at June 30, 2008	512,824
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Actual revenue	347,572
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Amount over (under) allowable amount	\$ (165,252)
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KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Mayor and City Council of Elko, Nevada

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

- The identified funds are being used expressly for the purposes for which they were created,
- The funds are administered in accordance with accounting principles generally accepted in the United States of America,
- The reserved fund balances/net assets in the funds were reasonable and necessary to carry out the purposes of the funds at June 30, 2008 (based on the interpretation of reasonable and necessary provided by the Legislative Counsel Bureau),
- The sources of revenues, including transfers, available for the funds are as noted in the financial statements,
- The funds conform to significant statutory and regulatory constraints on its financial administration during the year ended June 30, 2008 (except as previously noted under statute compliance),
- The balance and net assets of the funds are as noted in the financial statements.

These assertions are the responsibility of the management of the City of Elko.

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

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

Kafoury, Armstrong & Co.

Elko, Nevada
November 24, 2008

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