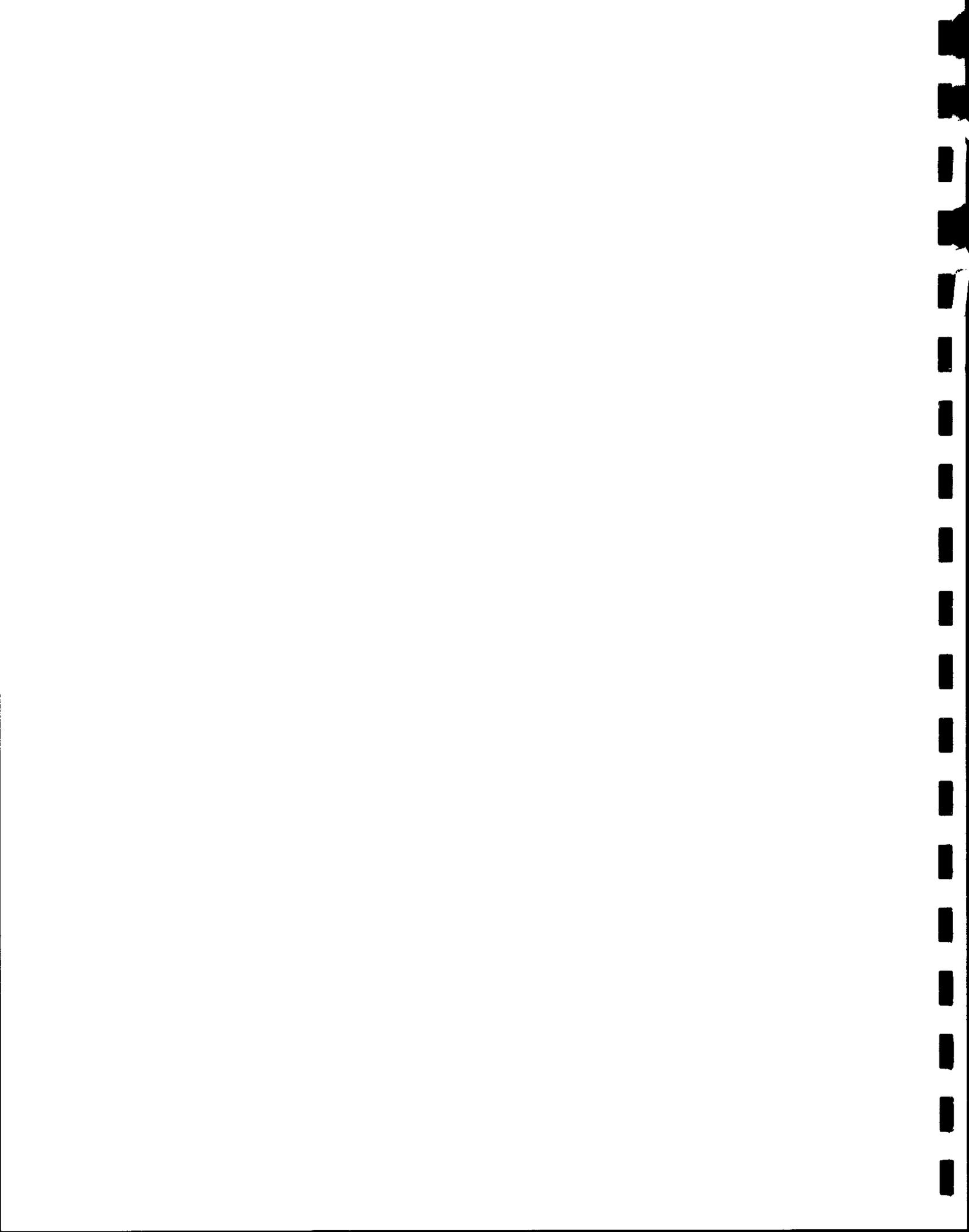

**CITY OF ELKO
STATE OF NEVADA**

**FISCAL YEAR ENDED
JUNE 30, 2009**



CITY OF ELKO
JUNE 30, 2009
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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, 2009, 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, 2009, 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 17, 2009, 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 and the schedules of funding progress and employer contributions – other postemployment benefits on pages 2 through 8 and 42, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of 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 fund 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 fund 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 17, 2009

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City of Elko
Management's Discussion and Analysis
June 30, 2009

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 MD&A is a component of Required Supplementary Information 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 \$89,480,400 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 \$108,491. 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 \$17,471,164, 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, 2009 with comparisons for June 30, 2008. These are derived from the government-wide Statement of Net Assets.

**Table 2: Condensed Statement of Net Assets
As of June 30, 2009 and 2008**

	2009 Governmental Activities	2008 Governmental Activities	2009 Business- type Activities	2008 Business- type Activities	Total Primary Government 2009	Total Primary Government 2008
Current and other assets	\$ 7,382,915	\$ 9,740,730	\$15,624,728	\$15,057,803	\$ 23,007,643	\$ 24,798,533
Capital assets	27,834,926	26,559,278	70,461,198	67,926,375	98,296,124	94,485,653
Total assets	35,217,841	36,300,008	86,085,926	82,984,178	121,303,767	119,284,186
Other liabilities	1,573,591	2,680,648	1,514,801	2,148,214	3,088,392	4,828,862
Long-term liabilities	3,880,813	3,676,973	7,274,507	7,626,850	11,155,320	11,303,823
Total liabilities	5,454,404	6,357,621	8,789,308	9,775,064	14,243,712	16,132,685
Net Assets:						
Invested in capital assets, net of related debt	25,833,426	24,204,778	63,646,974	60,514,339	89,480,400	84,719,117
Restricted	-	-	108,491	107,297	108,491	107,297
Unrestricted	3,930,011	5,737,609	13,541,153	12,587,478	17,471,164	18,325,087
Total net assets	<u>\$29,763,437</u>	<u>\$29,942,387</u>	<u>\$77,296,618</u>	<u>\$73,209,114</u>	<u>\$107,060,055</u>	<u>\$103,151,501</u>

Condensed Statement of Activities

Table 3 presents the City's condensed statement of activities for the fiscal year ended June 30, 2009, 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 decreased by \$178,950, or by 0.6 percent, and the net assets of the business-type activities increased by \$4,087,504, or by 5.6 percent.

**Table 3: Condensed Statement of Activities
For Fiscal Year Ended June 30, 2009 and 2008**

	2009 Governmental Activities	2008 Governmental Activities	2009 Business - type Activities	2008 Business- type Activities	Total Primary Government 2009	Total Primary Government 2008
Revenues						
Program revenues						
Charges for services	\$ 1,659,765	\$ 1,622,588	\$11,274,346	\$11,265,493	\$ 12,934,111	\$ 12,888,081
Operating grants	247,437	588,885	-	-	247,437	588,885
Capital grants	21,621	737,803	4,061,481	4,485,094	4,083,102	5,222,897
Total program revenues	1,928,823	2,949,276	15,335,827	15,750,587	17,264,650	18,699,863
General revenues						
Taxes						
Ad valorem tax	3,595,134	3,227,061	-	-	3,595,134	3,227,061
Consolidated tax	10,027,260	10,231,905	-	-	10,027,260	10,231,905
Room tax	2,448,273	2,646,834	-	-	2,448,273	2,646,834
Gas tax	485,058	503,305	-	-	485,058	503,305
Other	103,169	184,994	-	-	103,169	184,994
Gaming licenses	94,741	97,310	-	-	94,741	97,310
Franchise fees	812,807	789,381	-	-	812,807	789,381
Investment earnings	116,388	222,351	371,275	465,317	487,663	687,668
Gain on sale of capital asset	-	-	403	-	403	-
Miscellaneous revenues	427,602	309,486	-	22,835	427,602	332,321
Total general revenues	18,110,432	18,212,627	371,678	488,152	18,482,110	18,700,779
Total revenues	20,039,255	21,161,903	15,707,505	16,238,739	35,746,760	37,400,642
Program expenses						
General government	2,211,625	1,844,072	-	-	2,211,625	1,844,072
Judicial	388,522	602,665	-	-	388,522	302,665
Public safety	8,840,322	9,203,648	-	-	8,840,322	9,203,648
Public works	4,546,095	5,107,586	-	-	4,546,095	5,107,586
Health	567,896	511,866	-	-	567,896	511,866
Culture and recreation	2,826,829	2,737,328	-	-	2,826,829	2,737,328
Community support	36,000	36,000	-	-	36,000	36,000
Debt Service - interest	90,381	106,576	-	-	90,381	106,576
Water	-	-	2,433,508	2,336,458	2,433,508	2,336,458
Sewer	-	-	4,054,790	3,919,843	4,054,790	3,919,843
Landfill	-	-	1,453,331	1,212,137	1,453,331	1,212,137
Airport	-	-	3,772,135	4,005,604	3,772,135	4,005,604
Golf	-	-	616,772	587,051	616,772	587,051
Total program expenses	19,507,670	19,849,741	12,330,536	12,061,093	31,838,206	31,910,834
Excess (deficiency) before transfers						
	531,585	1,312,162	3,376,969	4,177,646	3,908,554	5,489,808
Transfers	(710,535)	(746,489)	710,535	746,489	-	-
Change in net assets	(178,950)	565,673	4,087,504	4,924,135	3,908,554	5,489,808
Beginning net assets	29,942,387	28,821,403	73,209,114	68,284,979	103,151,501	97,106,382
Prior period adjustments -	-	555,311	-	-	-	555,311
Ending net assets	\$29,763,437	\$29,942,387	\$77,296,618	\$73,209,114	\$107,060,055	\$103,151,501

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, 2009 and 2008**

City Programs	Program Expenses	Program Revenues	Net Program Expenses (Revenues) (a) 2009	Net Program Expenses (Revenues) (a) 2008
General Government	\$ 2,211,625	\$ 364,800	\$ 1,846,825	\$ 1,256,447
Judicial	388,522	284,936	103,586	37,807
Public Safety	8,840,322	338,826	8,501,496	7,989,821
Public Works	4,546,095	568,241	3,977,854	4,493,607
Health	567,896	86,314	481,582	476,217
Culture & Recreation	2,826,829	285,706	2,541,123	2,533,990
Debt Service - interest	90,381	-	90,381	106,576
Community Support	36,000	-	36,000	36,000
Totals	\$19,507,670	\$ 1,928,823	\$17,578,847	\$16,900,465

(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, 2009 and 2008**

City Programs	Program Expenses	Program Revenues	Net Program Expenses (Revenues) 2009	Net Program Expenses (Revenues) 2008
Water Enterprise	\$ 2,433,508	\$ 3,400,307	\$ (966,799)	\$ (904,294)
Sewer Enterprise	4,054,790	5,481,043	(1,426,253)	(1,378,985)
Landfill Enterprise	1,453,331	1,557,617	(104,286)	(362,577)
Airport Enterprise	3,772,135	4,343,873	(571,738)	(1,101,154)
Golf Enterprise	616,772	552,987	63,785	57,516
Totals	\$12,330,536	\$15,335,827	\$ (3,005,291)	\$ (3,689,494)

Overall Analysis

Financial highlights for the City, as a whole, during the fiscal year ended June 30, 2009, include the following:

- The assets of the City exceeded its liabilities (net assets) at the close of the fiscal year by \$29.8 million for governmental activities and by \$77.3 million for business-type activities.
- The City's total net assets increased during the year by \$3,908,554 or by 3.8 percent. Net assets of governmental activities decreased by \$178,950 or by 0.6 percent, while net assets of business-type activities increased by \$4,087,504 or by 5.6 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, 2009, the City's governmental funds reported a combined ending fund balance of \$5,411,459, with \$5,379,038 reported as unreserved fund balance and the remaining amount of \$32,421 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, 2009 totaled \$3,011,482, which is a decrease of \$537,451 or 15.1 percent during the fiscal year. The decrease is due to a slight decrease in total revenues of 2.3% and increased expenditures for employee related expenses due to an unusually large amount of retirements caused by changes in State legislation on health insurance benefits based on retirement date. There was a transfer of \$375,000 to the Airport Fund and a transfer of \$22,690 to the Golf Enterprise Fund with transfers out totaling \$397,690.

Recreation Fund

Fund balance at June 30, 2009 totaled \$502,459, which is a decrease of \$387,520 or 43.5 percent during the fiscal year. The decrease is due to a decrease of 8.8% in transient lodging tax revenues and an increase in expenditures of 53.3% for capital projects in the fund.

Capital Construction Fund

Fund balance at June 30, 2009 totaled \$200,229, which is a decrease of \$612,368 or 75.4 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. The prior fiscal year there were no major projects planned which helped to increase the fund balance significantly. In the current fiscal year, one major project was planned for the reconstruction of a portion of an arterial roadway. That project total cost was \$1,482,636 which caused the fund balance decline. The City anticipates, for fiscal year 2009/2010, to accumulate revenues in the fund for future projects.

Revenue Stabilization Fund

Fund balance at June 30, 2009 totaled \$459,415, which is an increase \$13,065 or 2.9 percent. There were no transfers in from the General Fund this fiscal year and the only revenue was interest. This is the sixth consecutive 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

Fund balance at June 30, 2009 totaled \$126,305, which is a decrease of \$110,912 or 46.8 percent during the fiscal year. The decrease is due to four projects being funded during the fiscal year. The projects consisted of the second and final phase of proposed new police department building design, completion of an addition to the City's south side fire station to house additional fire equipment, the erection and completion of a bomb containment building for our Police and Fire departments, and the start of the fourth phase of our downtown corridor lighting project. The total revenue received from the 5 cents property tax for capital projects was \$200,602.

Capital Equipment Reserve Fund

Fund balance at June 30, 2009 totaled \$679,427, which is an increase of \$196,612 or 40.7 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 2008/2009; equipment purchases for general government totaled \$55,934; equipment purchases for the police department totaled \$139,338; equipment purchases for the fire department totaled \$64,059; equipment purchases for the public works departments totaled \$101,506; health equipment purchases totaled \$31,039; and culture and recreation purchases totaled \$66,959. 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, 2009 totaled \$65,155, which is a decrease of \$84,600. The activities of the fund consisted of \$196,000 in donations for a new animal spay/neuter clinic and interest of \$3,654. Expenses totaled \$284,252 of which \$231,370 was for the animal spay/neuter clinic. There were a couple of other small maintenance projects for public safety and public works.

Proprietary Funds

The City's proprietary funds reported net assets of \$77,296,618 for fiscal year ending June 30, 2009. Following is a list of the proprietary funds and their respective net assets at June 30, 2008 and 2009 with the percentage change.

Fund	June 30, 2008	June 30, 2009	Change	%Change
Water Enterprise	\$16,111,557	\$17,204,845	\$1,093,288	6.8%
Sewer Enterprise	24,242,667	25,882,253	1,639,586	6.8%
Airport Enterprise	29,353,408	30,592,340	1,238,932	4.2%
Landfill Enterprise	2,432,499	2,565,268	132,769	5.5%
Golf Enterprise	1,068,983	1,051,912	(17,071)	(1.6)%
Total Net Assets	\$73,209,114	\$77,296,618	\$4,087,504	5.6%

Capital Asset and Long-term Debt Activity

Capital Asset Activity

At June 30, 2009, the City reported \$27.8 million in capital assets for governmental activities and \$70.5 million in capital assets for business-type activities. Major capital asset additions for the governmental activities were \$146,042 for phase II design of the proposed new police station project, \$183,463 for the bomb containment building for Police and Fire, \$1,145,879 for the 5th Street reconstruction project between Cedar and Willow Streets, \$328,811 for the reconstruction of Ernie Hall Ball Field parking lot, \$102,927 for the Peace Park improvement project, \$203,397 in public safety vehicles and equipment; \$80,515 in public works vehicles and equipment, \$132,389 for culture and recreation equipment, and \$258,781 for the new animal shelter spay/neuter clinic. Major capital additions for business type activities included \$704,083 for a pump house for well #43, including land and pump equipment; \$88,886 to rehabilitate Well #24; \$392,713 for the headworks grinder project; \$925,568 for the reuse pipeline replacement; \$85,651 for the secondary digester dome repair; \$61,911 for the 13th Street sewer main replacement; \$92,707 for the reuse site expansion project; \$444,451 for the landfill equipment maintenance building; \$833,938 for the ARFF equipment building; \$2,239,792 for Phase IV Taxiway Relocation project; and \$611,633 for the airport concrete apron reconstruction project. Refer to Note 10 to the financial statements for additional information on capital assets.

Long-term Debt Activity

Long-term debt outstanding at June 30, 2009 totaled \$10,290,279, a decrease of 9.0 percent when compared to the prior year. The City did not incur any additional debt during the year ending June 30, 2009.

As of June 30, 2009, 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.

As of June 30, 2009, the City of Elko had \$8,775,724 of general obligation debt outstanding, which is subject to the legal debt margin. This is well below the legal limit of \$109,071,499 by \$100,295,775. Refer to Note 11 of the financial statements for additional information on long-term debt.

Economic Factors and Next Year's Budget and Rates

The user fees for water, sewer, and landfill remained unchanged in fiscal year 2009/2010 from fiscal year 2008/2009 for the second year, 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 decreased slightly 2.0 percent for the second time in the last six years. Prior to fiscal year 2007/2008 the consolidated tax revenues had increased 74.3 percent from fiscal year 2001/2002 through fiscal year 2006/2007. We anticipate that consolidated tax revenues will continue to decline slightly each year until the national economy stabilizes. The increases in the consolidated tax revenues previously received were put into one time purchases for much needed improvements in capital projects as well as equipment purchases. This puts the City in a much better situation going forward as we have not increased staffing with the increased consolidated tax revenues that were received. 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 2010 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.

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CITY OF ELKO
STATEMENT OF NET ASSETS
JUNE 30, 2009

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and investments	\$ 4,500,466	\$ 14,163,457	\$ 18,663,923
Restricted cash	-	108,491	108,491
Interest receivable	15,028	49,270	64,298
Accounts receivable	259,269	948,485	1,207,754
Room tax receivable	312,285	-	312,285
Taxes receivable, delinquent	124,024	-	124,024
Due from other governments	2,001,186	353,080	2,354,266
Inventory	17,411	155,191	172,602
Internal balances	153,246	(153,246)	-
Capital assets:			
Land and construction in progress	1,805,570	7,059,128	8,864,698
Other capital assets (net of accumulated depreciation)	26,029,356	63,402,070	89,431,426
Total Assets	<u>35,217,841</u>	<u>86,085,926</u>	<u>121,303,767</u>
LIABILITIES			
Accounts payable	506,320	1,321,172	1,827,492
Accrued salaries	486,879	128,004	614,883
Interest payable	16,518	56,491	73,009
Due to other governments	256,157	-	256,157
Unearned revenue	307,717	8,796	316,513
Other current liabilities	-	338	338
Noncurrent liabilities:			
Annual required contribution	679,801	185,240	865,041
Due within one year	833,245	627,410	1,460,655
Due in more than one year	2,367,767	6,461,857	8,829,624
Total Liabilities	<u>5,454,404</u>	<u>8,789,308</u>	<u>14,243,712</u>
NET ASSETS			
Invested in capital assets, net of related debt	25,833,426	63,646,974	89,480,400
Restricted for:			
Debt service	-	108,491	108,491
Unrestricted	3,930,011	13,541,153	17,471,164
Total Net Assets	<u>\$ 29,763,437</u>	<u>\$ 77,296,618</u>	<u>\$ 107,060,055</u>

See accompanying notes.

**CITY OF ELKO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary government:				
Governmental activities:				
General government	\$ 2,211,625	\$ 362,187	\$ 2,613	\$ -
Judicial	388,522	284,936	-	-
Public safety	8,840,322	100,002	238,824	-
Public works	4,546,095	568,241	-	-
Health	567,896	86,314	-	-
Culture and recreation	2,826,829	258,085	6,000	21,621
Community support	36,000	-	-	-
Debt service:				
Interest on long-term debt	90,381	-	-	-
Total governmental activities	19,507,670	1,659,765	247,437	21,621
Business-type activities:				
Water	2,433,508	3,135,927	-	264,380
Sewer	4,054,790	5,104,575	-	376,468
Landfill	1,453,331	1,557,617	-	-
Airport	3,772,135	923,240	-	3,420,633
Golf	616,772	552,987	-	-
Total business-type activities	12,330,536	11,274,346	-	4,061,481
Total primary government	\$ 31,838,206	\$ 12,934,111	\$ 247,437	\$ 4,083,102

General revenues:

Taxes
 Ad valorem taxes
 Consolidated tax
 Room taxes
 Gas taxes
 Other
Gaming licenses
Franchise fees
Investment earnings
Gain on sale of capital asset
Miscellaneous
Transfers

Total general revenues and transfers

Change in net assets

NET ASSETS - BEGINNING OF YEAR

NET ASSETS - END OF YEAR

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

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (1,846,825)	\$ -	\$ (1,846,825)
(103,586)	-	(103,586)
(8,501,496)	-	(8,501,496)
(3,977,854)	-	(3,977,854)
(481,582)	-	(481,582)
(2,541,123)	-	(2,541,123)
(36,000)	-	(36,000)
<u>(90,381)</u>	<u>-</u>	<u>(90,381)</u>
<u>(17,578,847)</u>	<u>-</u>	<u>(17,578,847)</u>
-	966,799	966,799
-	1,426,253	1,426,253
-	104,286	104,286
-	571,738	571,738
-	(63,785)	(63,785)
<u>-</u>	<u>3,005,291</u>	<u>3,005,291</u>
<u>(17,578,847)</u>	<u>3,005,291</u>	<u>(14,573,556)</u>
3,595,134	-	3,595,134
10,027,260	-	10,027,260
2,448,273	-	2,448,273
485,058	-	485,058
103,169	-	103,169
94,741	-	94,741
812,807	-	812,807
116,388	371,275	487,663
-	403	403
427,602	-	427,602
<u>(710,535)</u>	<u>710,535</u>	<u>-</u>
<u>17,399,897</u>	<u>1,082,213</u>	<u>18,482,110</u>
(178,950)	4,087,504	3,908,554
<u>29,942,387</u>	<u>73,209,114</u>	<u>103,151,501</u>
\$ <u>29,763,437</u>	\$ <u>77,296,618</u>	\$ <u>107,060,055</u>

See accompanying notes.

**CITY OF ELKO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	GENERAL	RECREATION FUND	CAPITAL CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and investments	\$ 1,916,063	\$ 476,920	\$ 239,650	\$ 1,698,763	\$ 4,331,396
Interest receivable	6,821	1,906	775	5,526	15,028
Accounts receivable	183,703	8,452	-	-	192,155
Room tax receivable	-	312,285	-	-	312,285
Taxes receivable, delinquent	78,849	-	19,226	25,949	124,024
Due from other funds	153,246	-	-	-	153,246
Due from other governments	1,804,631	21,720	9,765	165,070	2,001,186
Inventory	17,411	-	-	-	17,411
Total Assets	\$ 4,160,724	\$ 821,283	\$ 269,416	\$ 1,895,308	\$ 7,146,731
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 378,745	\$ 43,390	\$ 350	\$ 83,835	\$ 506,320
Accrued salaries	446,702	32,459	-	7,718	486,879
Due to other governments	67,457	188,700	-	-	256,157
Deferred revenue	256,338	54,275	68,837	106,466	485,916
Total Liabilities	1,149,242	318,824	69,187	198,019	1,735,272
Fund Balances:					
Reserved for:					
Inventories	17,411	-	-	-	17,411
Capital projects	5,399	-	9,611	-	15,010
Unreserved, reported in:					
General fund	2,988,672	-	-	-	2,988,672
Special revenue funds	-	502,459	-	554,033	1,056,492
Debt service fund	-	-	-	168,166	168,166
Capital project funds	-	-	190,618	975,090	1,165,708
Total Fund Balances	3,011,482	502,459	200,229	1,697,289	5,411,459
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,160,724	\$ 821,283	\$ 269,416	\$ 1,895,308	\$ 7,146,731

See accompanying notes.

CITY OF ELKO
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

TOTAL FUND BALANCES FOR THE GOVERNMENTAL FUNDS AS SHOWN ON THE BALANCE SHEET	\$ 5,411,459
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	27,834,926
Deferred revenue represents amount that are not available to fund current expenditures and, therefore, are not reported in the Governmental Funds.	178,199
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 are included in Governmental Activities in the Statement of Net Assets.	236,184
Long-term liabilities, the related accrued interest payable and the annual required contribution for post employment healthcare costs are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.	<u>(3,897,331)</u>
TOTAL NET ASSETS FOR GOVERNMENTAL FUNDS AS SHOWN ON THE STATEMENT OF NET ASSETS	<u>\$ 29,763,437</u>

See accompanying notes.

CITY OF ELKO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	GENERAL	RECREATION FUND	CAPITAL CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 2,138,384	\$ 2,412,664	\$ 518,253	\$ 827,203	\$ 5,896,504
Licenses and permits	1,555,808	-	-	-	1,555,808
Intergovernmental	10,483,689	8,396	-	446,178	10,938,263
Charges for services	577,488	11,640	-	137,441	726,569
Fines and forfeitures	250,115	-	-	-	250,115
Miscellaneous	171,484	54,975	17,975	262,039	506,473
Total Revenues	15,176,968	2,487,675	536,228	1,672,861	19,873,732
EXPENDITURES					
Current:					
General government	2,108,515	-	2,717	55,934	2,167,166
Judicial	386,154	-	-	1,104	387,258
Public safety	8,116,542	-	-	635,800	8,752,342
Public works	3,362,015	-	1,145,879	158,913	4,666,807
Health	525,658	-	-	262,409	788,067
Culture and recreation	1,028,101	2,106,190	-	202,570	3,336,861
Community support	36,000	-	-	-	36,000
Debt service:					
Principal	-	-	-	353,000	353,000
Interest	-	-	-	94,989	94,989
Total Expenditures	15,562,985	2,106,190	1,148,596	1,764,719	20,582,490
Excess (Deficiency) of Revenues Over Expenditures	<u>(386,017)</u>	<u>381,485</u>	<u>(612,368)</u>	<u>(91,858)</u>	<u>(708,758)</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	-	75,000	75,000
Transfers in	246,256	-	-	241,614	487,870
Transfers out	<u>(397,690)</u>	<u>(769,005)</u>	<u>-</u>	<u>(73,565)</u>	<u>(1,240,260)</u>
Total Other Financing Sources (Uses)	<u>(151,434)</u>	<u>(769,005)</u>	<u>-</u>	<u>243,049</u>	<u>(677,390)</u>
Net Change in Fund Balances	(537,451)	(387,520)	(612,368)	151,191	(1,386,148)
FUND BALANCES, July 1	<u>3,548,933</u>	<u>889,979</u>	<u>812,597</u>	<u>1,546,098</u>	<u>6,797,607</u>
FUND BALANCES, June 30	<u>\$ 3,011,482</u>	<u>\$ 502,459</u>	<u>\$ 200,229</u>	<u>\$ 1,697,289</u>	<u>\$ 5,411,459</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, 2009

NET CHANGE IN FUND BALANCES FOR GOVERNMENTAL FUNDS AS SHOWN ON THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	\$ (1,386,148)
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.	1,275,647
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.	480,569
Property taxes and other revenue that are collected in time to pay obligations of the current period are reported as revenue in the fund statements. However, the amounts that relate to prior periods that first become available in the current period should not be reported as revenue in the statement of activities.	165,469
Long-term liabilities are not due and payable in the current period, therefore they are not reported in governmental funds. This amount is related to the current year change in the annual required contribution for postemployment healthcare costs.	(679,801)
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. The net revenue of internal service funds is reported with governmental activities.	<u>(34,686)</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES AS SHOWN ON THE STATEMENT OF ACTIVITIES	<u>\$ (178,950)</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, 2009

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 2,148,618	\$ 2,148,618	\$ 2,138,384	\$ (10,234)
Licenses and permits	1,651,175	1,651,175	1,555,808	(95,367)
Intergovernmental	9,674,828	9,777,558	10,483,689	706,131
Charges for services	639,750	639,750	577,488	(62,262)
Fines and forfeitures	212,625	212,625	250,115	37,490
Miscellaneous	181,750	217,585	171,484	(46,101)
Total Revenues	<u>14,508,746</u>	<u>14,647,311</u>	<u>15,176,968</u>	<u>529,657</u>
EXPENDITURES				
Current:				
General government	2,197,652	2,169,765	2,108,515	61,250
Judicial	302,500	387,500	386,154	1,346
Public safety	8,380,928	8,427,380	8,116,542	310,838
Public works	3,680,030	3,680,030	3,362,015	318,015
Health	511,670	539,670	525,658	14,012
Culture and recreation	1,050,026	1,057,026	1,028,101	28,925
Community support	36,000	36,000	36,000	-
Contingency	457,514	457,514	-	457,514
Total Expenditures	<u>16,616,320</u>	<u>16,754,885</u>	<u>15,562,985</u>	<u>1,191,900</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,107,574)</u>	<u>(2,107,574)</u>	<u>(386,017)</u>	<u>1,721,557</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	246,256	246,256	246,256	-
Transfers out	(400,200)	(400,200)	(397,690)	2,510
Total Other Financing Sources (Uses)	<u>(153,944)</u>	<u>(153,944)</u>	<u>(151,434)</u>	<u>2,510</u>
Net Change in Fund Balance	(2,261,518)	(2,261,518)	(537,451)	1,724,067
FUND BALANCE, July 1	<u>3,646,208</u>	<u>3,646,208</u>	<u>3,548,933</u>	<u>(97,275)</u>
FUND BALANCE, June 30	<u>\$ 1,384,690</u>	<u>\$ 1,384,690</u>	<u>\$ 3,011,482</u>	<u>\$ 1,626,792</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, 2009

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 2,533,735	\$ 2,533,735	\$ 2,412,664	\$ (121,071)
Intergovernmental	226,000	234,396	8,396	(226,000)
Charges for services	30,445	30,445	11,640	(18,805)
Miscellaneous	30,000	30,000	54,975	24,975
Total Revenues	<u>2,820,180</u>	<u>2,828,576</u>	<u>2,487,675</u>	<u>(340,901)</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>2,803,652</u>	<u>2,812,048</u>	<u>2,106,190</u>	<u>705,858</u>
Total Expenditures	<u>2,803,652</u>	<u>2,812,048</u>	<u>2,106,190</u>	<u>705,858</u>
Excess (Deficiency) of Revenues over Expenditures	<u>16,528</u>	<u>16,528</u>	<u>381,485</u>	<u>364,957</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(768,998)</u>	<u>(768,998)</u>	<u>(769,005)</u>	<u>(7)</u>
Total Other Financing Sources (Uses)	<u>(768,998)</u>	<u>(768,998)</u>	<u>(769,005)</u>	<u>(7)</u>
Net Change in Fund Balance	<u>(752,470)</u>	<u>(752,470)</u>	<u>(387,520)</u>	<u>364,950</u>
FUND BALANCE, July 1	<u>899,470</u>	<u>899,470</u>	<u>889,979</u>	<u>(9,491)</u>
FUND BALANCE, June 30	<u>\$ 147,000</u>	<u>\$ 147,000</u>	<u>\$ 502,459</u>	<u>\$ 355,459</u>

See accompanying notes.

CITY OF ELKO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009
(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	\$ 4,778,052	\$ 8,386,053	\$ 377	\$ 902,215	\$ 96,760
Interest receivable	16,915	29,017	-	3,126	212
Accounts receivable	268,846	449,100	70,737	139,083	20,719
Due from other governments	-	-	353,080	-	-
Inventory	151,209	3,982	-	-	-
Total Current Assets	5,215,022	8,868,152	424,194	1,044,424	117,691
Noncurrent assets:					
Restricted:					
Cash - Debt service	-	-	108,491	-	-
Capital assets:					
Land	289,608	71,653	884,269	2,467	9,045
Buildings	1,015,017	538,048	6,118,636	668,955	617,123
Improvements other than buildings	15,094,570	39,222,873	6,119	429,737	565,918
Machinery and equipment	1,323,117	2,538,932	3,360,193	1,860,939	519,999
Construction in progress	598,385	400,886	4,704,535	96,168	2,112
Infrastructure	-	-	35,850,405	-	-
Less accumulated depreciation	(5,816,168)	(22,236,512)	(16,277,624)	(1,318,459)	(679,748)
Total Capital Assets (Net of Accumulated Depreciation)	12,504,529	20,535,880	34,646,533	1,739,807	1,034,449
Total Noncurrent Assets	12,504,529	20,535,880	34,755,024	1,739,807	1,034,449
Total Assets	17,719,551	29,404,032	35,179,218	2,784,231	1,152,140
LIABILITIES					
Current liabilities:					
Accounts payable	395,595	318,345	537,310	53,634	16,288
Accrued salaries	27,811	42,244	16,144	26,537	15,268
Compensated absences	29,727	27,262	13,782	26,920	9,471
Interest payable	-	-	56,491	-	-
Current maturities of Medium Term Obligation payable	-	-	-	45,950	3,500
Current maturities of bonds payable	-	370,798	100,000	-	-
Due to other funds	-	-	153,246	-	-
Unearned revenue	-	-	8,796	-	-
Other current liabilities	-	-	-	-	338
Total Current Liabilities	453,133	758,649	885,769	153,041	44,865

TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
\$ 14,163,457	\$ 169,070
49,270	-
948,485	67,114
353,080	-
155,191	-
<u>15,669,483</u>	<u>236,184</u>
<u>108,491</u>	<u>-</u>
1,257,042	-
8,957,779	-
55,319,217	-
9,603,180	-
5,802,086	-
35,850,405	-
(46,328,511)	-
<u>70,461,198</u>	<u>-</u>
<u>70,569,689</u>	<u>-</u>
<u>86,239,172</u>	<u>236,184</u>
1,321,172	-
128,004	-
107,162	-
56,491	-
49,450	-
470,798	-
153,246	-
8,796	-
338	-
<u>2,295,457</u>	<u>-</u>

CITY OF ELKO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009
(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	\$ -	\$ 2,674,926	\$ 3,665,000	\$ -	\$ -
Annual required contribution	44,538	52,314	25,569	42,806	20,013
Compensated absences	17,035	35,890	10,540	23,116	35,350
Total Noncurrent Liabilities	<u>61,573</u>	<u>2,763,130</u>	<u>3,701,109</u>	<u>65,922</u>	<u>55,363</u>
Total Liabilities	<u>514,706</u>	<u>3,521,779</u>	<u>4,586,878</u>	<u>218,963</u>	<u>100,228</u>
NET ASSETS					
Invested in capital assets, net of related debt	12,504,529	17,490,156	30,881,533	1,739,807	1,030,949
Restricted for:					
Debt service	-	-	108,491	-	-
Unrestricted (deficit)	<u>4,700,316</u>	<u>8,392,097</u>	<u>(397,684)</u>	<u>825,461</u>	<u>20,963</u>
TOTAL NET ASSETS	<u>\$ 17,204,845</u>	<u>\$ 25,882,253</u>	<u>\$ 30,592,340</u>	<u>\$ 2,565,268</u>	<u>\$ 1,051,912</u>

TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
\$ 6,339,926	\$ -
185,240	-
121,931	-
<u>6,647,097</u>	<u>-</u>
8,942,554	-
63,646,974	-
108,491	-
<u>13,541,153</u>	<u>236,184</u>
<u>\$ 77,296,618</u>	<u>\$ 236,184</u>

See accompanying notes.

CITY OF ELKO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER FUND	SEWER FUND	AIRPORT FUND	LANDFILL FUND	NONMAJOR FUND - GOLF
OPERATING REVENUES					
Intergovernmental	\$ -	\$ -	\$ 17,735	\$ -	\$ -
Charges for services	3,070,431	2,212,105	246,180	1,516,425	539,034
Other services	65,496	40,110	659,325	41,192	13,953
Total Operating Revenues	<u>3,135,927</u>	<u>2,252,215</u>	<u>923,240</u>	<u>1,557,617</u>	<u>552,987</u>
OPERATING EXPENSES					
Salaries and wages	526,438	618,349	302,232	505,974	236,565
Employee benefits	251,300	277,149	139,319	197,904	99,684
Services and supplies	1,293,601	1,560,212	376,441	650,306	231,276
Depreciation	362,169	1,484,602	2,239,450	96,187	48,871
Total Operating Expenses	<u>2,433,508</u>	<u>3,940,312</u>	<u>3,057,442</u>	<u>1,450,371</u>	<u>616,396</u>
Operating Income (Loss)	<u>702,419</u>	<u>(1,688,097)</u>	<u>(2,134,202)</u>	<u>107,246</u>	<u>(63,409)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	126,489	213,333	2,474	28,483	496
Gain (loss) on disposal of capital assets	-	-	(624)	-	403
Sewer improvement user fees	-	2,852,360	-	-	-
Apron failure expense	-	-	(480,800)	-	-
Interest expense	-	(114,478)	(233,269)	(2,960)	(376)
Total Nonoperating Revenues (Expenses)	<u>126,489</u>	<u>2,951,215</u>	<u>(712,219)</u>	<u>25,523</u>	<u>523</u>
Income (Loss) Before Capital Contributions and Transfers	<u>828,908</u>	<u>1,263,118</u>	<u>(2,846,421)</u>	<u>132,769</u>	<u>(62,886)</u>
CAPITAL CONTRIBUTIONS	264,380	376,468	3,420,633	-	-
TRANSFERS OUT	-	-	(41,855)	-	-
TRANSFERS IN	-	-	706,575	-	45,815
Change in Net Assets	<u>1,093,288</u>	<u>1,639,586</u>	<u>1,238,932</u>	<u>132,769</u>	<u>(17,071)</u>
TOTAL NET ASSETS,	<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 NET ASSETS, June 30	<u>\$ 17,204,845</u>	<u>\$ 25,882,253</u>	<u>\$ 30,592,340</u>	<u>\$ 2,565,268</u>	<u>\$ 1,051,912</u>

TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
\$ 17,735	\$ -
7,584,175	20,000
<u>820,076</u>	<u>7,923</u>
8,421,986	27,923
2,189,558	-
965,356	62,664
4,111,836	-
<u>4,231,279</u>	<u>-</u>
11,498,029	62,664
<u>(3,076,043)</u>	<u>(34,741)</u>
371,275	55
(221)	-
2,852,360	-
(480,800)	-
<u>(351,083)</u>	<u>-</u>
2,391,531	55
(684,512)	(34,686)
4,061,481	-
(41,855)	-
<u>752,390</u>	<u>-</u>
4,087,504	(34,686)
<u>73,209,114</u>	<u>270,870</u>
\$ <u>77,296,618</u>	\$ <u>236,184</u>

See accompanying notes.

CITY OF ELKO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009
(Page 1 of 2)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER FUND	SEWER FUND	AIRPORT FUND
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 3,146,592	\$ 2,291,301	\$ 944,077
Cash payments to suppliers for goods and services	(1,428,518)	(1,379,869)	(315,102)
Cash payments to employees for services and benefits	(717,248)	(814,807)	(406,389)
Cash payments for airport apron failure litigation expenses	-	-	(667,959)
Cash received from group insurance premiums	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>1,000,826</u>	<u>96,625</u>	<u>(445,373)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	-	706,575
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(919,979)	(1,679,040)	(4,071,226)
Principal paid on debt	-	(357,962)	(95,000)
Interest paid on debt	-	(114,478)	(236,575)
Proceeds from sales of capital assets	-	-	-
Cash received from capital improvement user fees	-	2,852,360	-
Proceeds from federal grants	-	-	3,925,381
Receipt of customer contributions	264,380	376,468	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(655,599)</u>	<u>1,077,348</u>	<u>(477,420)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	132,158	220,485	4,283
Net Cash Provided (Used) by Investing Activities	<u>132,158</u>	<u>220,485</u>	<u>4,283</u>
Net Increase (Decrease) in Cash and Cash Equivalents	477,385	1,394,458	(211,935)
CASH AND CASH EQUIVALENTS, July 1	<u>4,300,667</u>	<u>6,991,595</u>	<u>320,803</u>
CASH AND CASH EQUIVALENTS, June 30	<u>\$ 4,778,052</u>	<u>\$ 8,386,053</u>	<u>\$ 108,868</u>
CASH AND CASH EQUIVALENTS CONSIST OF:			
Restricted cash and cash equivalents	\$ -	\$ -	\$ 108,491
Unrestricted cash and cash equivalents	<u>4,778,052</u>	<u>8,386,053</u>	<u>377</u>
Total Cash and Cash Equivalents	<u>\$ 4,778,052</u>	<u>\$ 8,386,053</u>	<u>\$ 108,868</u>

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL
LANDFILL	NONMAJOR	TOTAL ENTERPRISE	ACTIVITIES -
FUND	FUND - GOLF	FUNDS	INTERNAL
			SERVICE
			FUND
\$ 1,560,853	\$ 565,929	\$ 8,508,752	\$ -
(739,279)	(238,045)	(4,100,813)	-
(680,599)	(309,248)	(2,928,291)	(62,664)
-	-	(667,959)	-
-	-	-	23,397
<u>140,975</u>	<u>18,636</u>	<u>811,689</u>	<u>(39,267)</u>
-	45,815	752,390	-
(456,961)	(13,768)	(7,140,974)	-
(91,900)	(7,000)	(551,862)	-
(2,960)	(376)	(354,389)	-
-	403	403	-
-	-	2,852,360	-
-	-	3,925,381	-
-	-	640,848	-
<u>(551,821)</u>	<u>(20,741)</u>	<u>(628,233)</u>	<u>-</u>
<u>31,877</u>	<u>480</u>	<u>389,283</u>	<u>55</u>
<u>31,877</u>	<u>480</u>	<u>389,283</u>	<u>55</u>
(378,969)	44,190	1,325,129	(39,212)
<u>1,281,184</u>	<u>52,570</u>	<u>12,946,819</u>	<u>208,282</u>
\$ <u>902,215</u>	\$ <u>96,760</u>	\$ <u>14,271,948</u>	\$ <u>169,070</u>
\$ -	\$ -	\$ 108,491	\$ -
<u>902,215</u>	<u>96,760</u>	<u>14,163,457</u>	<u>169,070</u>
\$ <u>902,215</u>	\$ <u>96,760</u>	\$ <u>14,271,948</u>	\$ <u>169,070</u>

CITY OF ELKO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009
(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)	\$ 702,419	\$ (1,688,097)	\$ (2,134,202)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	362,169	1,484,602	2,239,450
Annual required contribution	44,538	52,314	25,569
Apron failure litigation expenses	-	-	(667,959)
(Increase) Decrease in:			
Accounts receivable	10,667	39,086	19,212
Due from other funds	-	-	1,924
Inventory	(5,732)	869	-
Increase (Decrease) in:			
Accounts payable	(129,187)	179,474	61,340
Accrued liabilities	2,304	13,823	2,454
Compensated absences	13,648	14,554	7,139
Unearned revenue	-	-	(300)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,000,826</u>	<u>\$ 96,625</u>	<u>\$ (445,373)</u>

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES -
LANDFILL FUND	NONMAJOR FUND - GOLF	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUND
\$ 107,246	\$ (63,409)	\$ (3,076,043)	\$ (34,741)
96,187	48,871	4,231,279	-
42,806	20,013	185,240	-
-	-	(667,959)	-
3,235	12,942	85,142	202,210
-	-	1,924	-
-	-	(4,863)	-
(88,972)	(6,769)	15,886	(95,453)
5,529	2,994	27,104	-
(25,056)	3,994	14,279	-
-	-	(300)	(111,283)
<u>\$ 140,975</u>	<u>\$ 18,636</u>	<u>\$ 811,689</u>	<u>\$ (39,267)</u>

See accompanying notes.

CITY OF ELKO
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2009

	AGENCY FUND
ASSETS	
Cash and investments	\$ 163,814
Interest receivable	541
Room taxes receivable	<u>14,410</u>
Total Assets	<u>178,765</u>
LIABILITIES	
Accounts payable	67
Due to other governments	<u>178,698</u>
Total Liabilities	<u>\$ 178,765</u>

See accompanying notes.

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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 is not a component unit of another entity.

In accordance with GASB Statement No. 14, "The Financial Reporting Entity", as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14" the financial statements present the reporting entity, which consists of the primary government and organizations for which the primary government is financially accountable.

The following component unit has been presented as a blended component unit because the component units governing body is substantially the same as the governing body of the City:

The Elko Redevelopment Agency

Although legally separate from the City of Elko, the Elko Redevelopment Agency is included in the City's reporting entity because of the significance of its operational and financial relationship to the City.

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.

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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 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, postemployment benefits and claims and judgments, are recorded only when payment is due.

Property taxes, consolidated tax revenue (sales taxes, cigarette taxes, government services tax, and 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:

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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, 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 Fund accounts 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 agent 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.

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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 Airport Fund requires resources be set aside to make future debt payments, these are reported as restricted cash.

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 Proprietary Funds and the General Fund are valued at cost on a first-in, first-out basis. Inventories of all other governmental funds are recorded as expenditures when consumed rather than purchased.

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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.

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.

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

- 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.

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	\$	(1,965,000)
Medium Term Obligation		(36,500)
Accrued interest		(16,518)
Compensated absences		(1,199,512)
Annual required contribution		(679,801)
		(679,801)
Net Difference in Reporting Long-Term Liabilities	\$	(3,897,331)

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

CITY OF ELKO
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as depreciation expense. The details of this difference follows:

Capital outlay	\$	2,876,801
Disposal of capital assets		(205,195)
Capital asset transferred from Proprietary Fund		41,855
Depreciation expense		<u>(1,437,814)</u>
Net Difference in Reporting Capital Asset Activity	\$	<u>1,275,647</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:

Net change in accrued interest	\$	4,608
Net change in compensated absences		122,961
Principal repayments:		
General obligation debt		280,000
Capital leases		<u>73,000</u>
Net Difference in Reporting Long-Term Debt Transactions	\$	<u>480,569</u>

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.

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
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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.

EXCESS OF EXPENDITURES/EXPENSES OVER APPROPRIATIONS:

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

Airport Fund	\$ 832,726
Golf Fund	2,577
Narcotics Task Force Fund	26,161

The above are potential violations of Nevada Revised Statute 354.626. The City plans to monitor expenditures/expenses in 2009-2010 to help prevent potential violations.

CAPITAL ASSET INVENTORY

In accordance with Nevada Administrative Code (NAC) 354.750 an inventory of capital assets shall be taken at least once every 2 years. The City has not performed this inventory count in the last 2 years, which is an apparent violation of NAC 354.750.

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, 2009, is as follows:

Balances Classified by Depository and Category:

Cash on hand	\$ 1,740
Deposits:	
Citibank:	
Demand deposit	2,100
Nevada State Bank:	
Demand deposit	1,000
U.S. Bank:	
Demand deposit	1,320,950
	1,325,790
Investments:	
Nevada State Treasurer:	
NVest	5,110,438
Local Government Pooled Investment Fund (LGIP)	12,500,000
	\$ 18,936,228
Governmental Activities – cash and investments	\$ 4,500,466
Business-type Activities – cash and investments	14,163,457
Business-type Activities – restricted cash	108,491
Fiduciary Funds	163,814
	\$ 18,936,228

CITY OF ELKO
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As of June 30, 2009, 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	\$ 12,500,000	\$ 12,500,000	\$ -
U.S. Treasury	5,110,438	5,110,438	-
	<u>\$ 17,610,438</u>	<u>\$ 17,610,438</u>	<u>\$ -</u>

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 either covered by Federal Deposit Insurance Corporation (FDIC) or 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, 2009 is as follows:

<u>Fund</u>	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 397,690	\$ 246,256
Recreation Fund	769,005	-
Nonmajor Governmental Funds	73,565	241,614
Airport Fund	41,855	706,575
Nonmajor Enterprise Funds – Golf Fund	-	45,815
	<u>\$ 1,282,115</u>	<u>\$ 1,240,260</u>

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CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
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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. The transfers out in the Airport Fund for \$41,855 was a donation of a capital asset to the governmental funds.

Interfund receivable and payable balances at June 30, 2009, by fund are as follows:

Fund	Due From Other Funds	Due to Other Funds
General Fund	\$ 153,246	\$ -
Airport Fund	-	153,246
	<u>\$ 153,246</u>	<u>\$ 153,246</u>

Interfund balances outstanding at June 30, 2009 in the General Fund and the Airport Fund represent amounts owed to the General Fund for services provided.

NOTE 6 – AD VALOREM CAPITAL PROJECTS FUND:

Pursuant to NRS 354.598155, the City of Elko is required to provide the Ad Valorem Capital Projects Fund expenditures. For June 30, 2009, \$146,041 was expended for the Police Department new facility phase 1 design, \$134,851 was expended for the new Police Department Bomb Threat Building, \$35,042 was expended for the Fire Station No. 3 Addition and \$8,150 was expended for street and traffic lights.

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	Other Governmental Funds
Designated for: Subsequent year's expenditures	<u>\$ 2,988,672</u>	<u>\$ 467,798</u>	<u>\$ 188,904</u>	<u>\$1,438,359</u>

The designated fund balance in the General Fund is \$566,709 less than the 2009/2010 budgeted opening fund balance.

NOTE 8 – NEW FUNDS:

On June 23, 2009, the Council adopted a resolution establishing the Elko Redevelopment Agency Capital Projects Fund, for improvements and/or new construction of facilities or infrastructure for all activities associated within the Elko Redevelopment Agency area.

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 35% 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, 2009, 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, 2009

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance June 30, 2008	Additions and Transfers In
Governmental Activities:		
Capital assets, not being depreciated:		
Land	\$ 1,261,998	\$ -
Construction in progress	814,682	319,290
Total capital assets, not being depreciated	2,076,680	319,290
Capital assets, being depreciated:		
Buildings	4,868,570	443,117
Improvements other than buildings	5,760,449	182,875
Equipment and motor vehicles	7,953,844	490,738
Infrastructure	20,260,924	1,482,636
Total capital assets, being depreciated	38,843,787	2,599,366
Less accumulated depreciation for:		
Buildings	1,596,752	108,069
Improvements other than buildings	1,273,121	180,687
Equipment and motor vehicles	3,145,034	401,531
Infrastructure	8,346,282	747,527
Total accumulated depreciation	14,361,189	1,437,814
Total capital assets, being depreciated, net	24,482,598	1,161,552
Governmental activities capital assets, net	\$ 26,559,278	\$ 1,480,842
Business-Type Activities:		
Capital assets, not being depreciated:		
Land and water rights	\$ 1,199,784	\$ 57,259
Construction in progress	2,529,447	5,631,455
Total capital assets, not being depreciated	3,729,231	5,688,714
Capital assets, being depreciated:		
Buildings	7,460,160	792,083
Improvements other than buildings	53,620,642	158,173
Machinery and equipment	9,577,303	128,254
Infrastructure	35,850,405	-
Total capital assets, being depreciated	106,508,510	1,078,510
Less accumulated depreciation for:		
Buildings	1,598,536	597,586
Improvements other than buildings	25,055,944	1,669,260
Machinery and equipment	3,444,216	435,469
Infrastructure	12,212,670	1,528,964
Total accumulated depreciation	42,311,366	4,231,279
Total capital assets, being depreciated, net	64,197,144	(3,152,769)
Business-type activities capital assets, net	\$ 67,926,375	\$ 2,535,945

Deletions and Transfers Out	Completed Construction	Balance June 30, 2009
\$ -	\$ -	\$ 1,261,998
-	(590,399)	543,572
-	(590,399)	1,805,570
-	235,477	5,547,165
(37,527)	354,922	6,260,718
(495,124)	-	7,949,457
-	-	21,743,560
(532,651)	590,399	41,500,900
-	-	1,704,820
(29,083)	-	1,424,725
(298,376)	-	3,248,190
-	-	9,093,809
(327,459)	-	15,471,544
(205,192)	590,399	26,029,356
\$ (205,192)	\$ -	\$ 27,834,926
\$ -	\$ -	\$ 1,257,042
-	(2,358,818)	5,802,086
-	(2,358,818)	7,059,128
(9,914)	715,449	8,957,779
(102,966)	1,643,369	55,319,217
(102,377)	-	9,603,180
-	-	35,850,405
(215,257)	2,358,818	109,730,581
(9,915)	-	2,186,208
(102,966)	-	26,622,238
(101,254)	-	3,778,431
-	-	13,741,634
(214,135)	-	46,328,511
(1,122)	2,358,818	63,402,070
\$ (1,122)	\$ -	\$ 70,461,198

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

Governmental Activities:

General government	\$ 69,774
Judicial	1,264
Public Safety	220,385
Public works	916,209
Culture and recreation	213,353
Health	16,829

Total depreciation expense - governmental activities \$ 1,437,814

Business-Type Activities:

Water Fund	\$ 362,169
Sewer Fund	1,484,602
Airport Fund	2,239,850
Landfill Fund	96,187
Golf Fund	48,471

Total depreciation expense - business-type activities \$ 4,231,279

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
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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%
Annual required contribution	N/A	N/A	N/A
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 Bond	6/22/1994	2,500,000	4.00%
General Obligation (Limited Tax) Revenue Bonds:			
Sewer Fund:			
Sewer Bond, 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>	
Annual required contribution	N/A	N/A	N/A
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, 2008</u>	<u>ISSUED DURING PERIOD</u>	<u>PRINCIPAL PAID DURING PERIOD</u>	<u>PRINCIPAL OUTSTANDING JULY 1, 2009</u>	<u>PRINCIPAL DUE IN 2009 - 2010</u>
8/1/2009	\$ 435,000	\$ -	\$ 210,000	\$ 225,000	\$ 225,000
6/1/2025	<u>1,810,000</u>	<u>-</u>	<u>70,000</u>	<u>1,740,000</u>	<u>75,000</u>
	<u>2,245,000</u>	<u>-</u>	<u>280,000</u>	<u>1,965,000</u>	<u>300,000</u>
7/31/2009	<u>109,500</u>	<u>-</u>	<u>73,000</u>	<u>36,500</u>	<u>36,500</u>
N/A	-	679,801	-	679,801	-
N/A	<u>1,322,473</u>	<u>688,217</u>	<u>811,178</u>	<u>1,199,512</u>	<u>496,745</u>
	<u>3,676,973</u>	<u>1,368,018</u>	<u>1,164,178</u>	<u>3,880,813</u>	<u>833,245</u>
10/1/2029	3,860,000	-	95,000	3,765,000	100,000
7/1/2014	998,786	-	150,642	848,144	156,729
7/1/2018	<u>2,404,900</u>	<u>-</u>	<u>207,320</u>	<u>2,197,580</u>	<u>214,069</u>
	<u>7,263,686</u>	<u>-</u>	<u>452,962</u>	<u>6,810,724</u>	<u>470,798</u>
7/31/2009	10,500	-	7,000	3,500	3,500
12/15/2009	<u>137,850</u>	<u>-</u>	<u>91,900</u>	<u>45,950</u>	<u>45,950</u>
	<u>148,350</u>	<u>-</u>	<u>98,900</u>	<u>49,450</u>	<u>49,450</u>
N/A	-	185,240	-	185,240	-
N/A	<u>214,814</u>	<u>127,494</u>	<u>113,215</u>	<u>229,093</u>	<u>107,162</u>
	<u>7,626,850</u>	<u>312,734</u>	<u>665,077</u>	<u>7,274,507</u>	<u>627,410</u>
	<u>\$ 11,303,823</u>	<u>\$ 1,680,752</u>	<u>\$ 1,829,255</u>	<u>\$ 11,155,320</u>	<u>\$ 1,460,655</u>

CITY OF ELKO
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The annual requirements to amortize all debt outstanding as of June 30, 2009, 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:				
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	-	-	90,000	59,168
2015-2019	-	-	525,000	237,785
2020-2024	-	-	660,000	119,425
2025-2029	-	-	150,000	6,450
	<u>\$ 225,000</u>	<u>\$ 5,625</u>	<u>\$ 1,740,000</u>	<u>\$ 691,700</u>
Business-type Activities:				
2010	\$ -	\$ -	\$ 470,798	\$ 332,838
2011	-	-	489,101	313,779
2012	-	-	507,885	293,871
2013	-	-	527,170	273,189
2014	-	-	550,546	251,559
2015-2019	-	-	1,770,224	991,496
2020-2024	-	-	950,000	662,377
2025-2029	-	-	1,250,000	312,068
2030-2034	-	-	295,000	9,700
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,810,724</u>	<u>\$ 3,440,877</u>
	<u>\$ 225,000</u>	<u>\$ 5,625</u>	<u>\$ 8,550,724</u>	<u>\$ 4,132,577</u>

Compensated absences and postemployment benefits 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, 2009.

To provide for the next year payment of principal and interest for the \$2,000,000 2005 Limited Tax Facilities Recreational Bond, the City has pledged their room tax monies. The proceeds from this bond were used to help cover capital costs at the California Trails Interpretive Center. The bonds are payable solely from the City of Elko's 4% portion of the room tax revenue. The room tax funds were projected to produce 494% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$2,431,700, payable through June 2025. For the current year, principal and interest paid and total incremental room tax revenues were \$144,567 and \$804,221, respectively.

General Obligation (Limited Tax) Medium Term Note		Total Debt	
Principal	Interest	Principal	Interest
\$ 36,500	\$ 7,019	\$ 336,500	\$ 84,412
-	-	75,000	68,768
-	-	80,000	65,768
-	-	85,000	62,568
-	-	90,000	59,168
-	-	525,000	237,785
-	-	660,000	119,425
-	-	150,000	6,450
<u>\$ 36,500</u>	<u>\$ 7,019</u>	<u>\$ 2,001,500</u>	<u>\$ 704,344</u>
\$ 49,450	\$ 1,257	\$ 520,248	\$ 334,095
-	-	489,101	313,779
-	-	507,885	293,871
-	-	527,170	273,189
-	-	550,546	251,559
-	-	1,770,224	991,496
-	-	950,000	662,377
-	-	1,250,000	312,068
-	-	295,000	9,700
<u>\$ 49,450</u>	<u>\$ 1,257</u>	<u>\$ 6,860,174</u>	<u>\$ 3,442,134</u>
<u>\$ 85,950</u>	<u>\$ 8,276</u>	<u>\$ 8,861,674</u>	<u>\$ 4,146,478</u>

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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
2008-09	20.50%	33.50%	\$ 2,228,048
2007-08	20.50%	33.50%	2,236,847
2006-07	19.75%	32.00%	1,972,896

NOTE 13 - 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 13 - 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.

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 and a workers compensation policy through a third party carrier.

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

On July 1, 2008, the City began using the State of Nevada Public Employee's benefits program and is no longer self insured for employee's health insurance plan

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				
2008-09	\$ 95,453	\$ -	\$ (95,453)	\$ -
2007-08	70,364	1,743,011	(2,008,828)	95,453

NOTE 15 – POSTEMPLOYMENT HEALTHCARE PLANS:

Plan Description: During the current fiscal year, the City discontinued its self-funded health insurance plan and elected to join the State of Nevada Public Employees Benefit Plan for both active and retired City employees. The City subsidizes eligible retirees' contributions to the Public Employees' Benefits Plan (PEBP), an agent multiple-employer defined benefit postemployment healthcare plan administered by the State of Nevada. NRS 287.041 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. City employees who meet the eligibility requirements for retirement within the Nevada Public Employee Retirement System have the option upon retirement to enroll in coverage under the PEBP and the subsidy provided by the City is determined by their number of years of service.

The PEBP issues a publicly available financial report that includes financial statements. That report may be obtained by writing to Public Employee's Benefits Program, 901 S. Stewart Street, Suite 1001, Carson City, NV 89701, by calling (775)684-7000, or by accessing the website at www.pebp.state.nv.us/informed/financial.htm.

Funding Policy: NRS 287.046 established the subsidies to be contributed toward the premium costs of eligible retired district employees. Plan members receiving benefits have their monthly contributions deducted from their pension checks based on the health plan chosen by the retiree as reduced by the amount of the subsidy. The unsubsidized premiums for retirees range from \$138 to \$736 depending on the plan chosen. Retirees qualify for a subsidy of \$103 at five years of service and \$564 at 20 years of service with increases for five year increments of additional service. The contribution requirements of plan members and the City are established and may be amended by the PEBP board of trustees. As a participating employer, the City is billed for the subsidy on a monthly basis and is legally required under NRS 287.023 to provide for it. For fiscal year 2009, the City contributed \$318,923 to the PEBP plan for the retired employees. The City did not prefund any future benefits.

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

For fiscal year 2009 the City's annual OPEB cost (expense) of \$1,183,964 for the PEBP was equal to the ARC. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (Entry Age Normal Cost Method)</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$1,183,964	26.9%	\$865,041

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the City's net OPEB obligation to the PEBP:

Annual required contribution	\$ 1,183,964
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	1,183,964
Contribution made	318,923
Increase in net OPEB obligations	865,041
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	\$ 865,041

This is the City's first year of prospectively implementing GASB Statement 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, requiring the above mentioned information, and as such, there is not comparative data for past years.

Funded Status and Funding Progress: The City's most recent actuarial valuation was as of July 1, 2009 and as of the end of the fiscal year the City has not prefunded any portion of the plan. The actuarial accrued liability (AAL) for benefits was \$10,927,597 and having not funded the obligation the City currently has no associated assets to offset this liability. Because of this, the unfunded actuarial accrued liability (UAAL) is equal to the AAL. The covered payroll (annual payroll of active employees covered by the plan) was \$10.2 million and the ratio of the UAAL to the covered payroll was 107%.

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

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial

CITY OF ELKO
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methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2009 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 5 percent investment return which is the target rate of return for the Nevada Public Employees Retirement System. An annual healthcare cost trend of 7.0 percent is used initially, reduced by decrements to an ultimate rate of 5 percent after three years. A standard 3.0 percent inflation rate was used throughout including for projected benefit increases.

The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 is 30 years.

NOTE 17 - COMMITMENTS AND CONTINGENT LIABILITIES:

There are several lawsuits filed against the City at June 30, 2009. 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 completed 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 2008-2009 was insufficient to pay the City's portion of the loan, therefore the City paid \$6,800 to the City of Carlin.

The City has a commitment on an approved contract for the Airport Terminal Ramp Reconstruction. The total contract amount was \$680,000 and \$425,794 has been spent as of June 30, 2009, leaving \$254,206 remaining on the contract. The project will be paid for with funds available in the Airport Fund and federal grant monies.

The City has a commitment on an approved construction contract for the Headworks Upgrade Project. The total contract amount was \$786,300 and \$52,290 has been spent as of June 30, 2009, leaving \$734,010 remaining on the contract. The project will be paid for with funds available in the Sewer Fund.

The City has a commitment on an approved contract for the line shaft vertical turbine pump and inverter duty electric motor for Well No. 43 for \$178,000. This will be paid for with funds available in the Water 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 the 13th Street Sewer Improvement Project. The total contract amount was \$199,000 and \$18,388 has been spent as of June 30, 2009, leaving \$180,612 remaining on the project. The project will be paid for with funds available in the Sewer Fund.

The City has a commitment on an approved contract for a Solid Waste Facility Concrete Pipe Rehabilitation Project for \$289,629. The project will be paid for with funds available in the Landfill Fund.

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
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NOTE 18 – SUBSEQUENT EVENTS:

The City approved a contract for the installation of a 24" waterline to interconnect Well No. 43 with the existing distribution system for \$274,274. The project will be paid for with funds available in the Water Fund.

The City approved a contract for the Emergency Effluent Reservoir at the Wastewater Reclamation Facility for \$239,612. The project will be paid for with funds from the Sewer Fund.

The City approved a contract for the College Parkway Capital Construction Project for \$86,789. The project will be paid for with funds from the Capital Construction Fund.

The City approved a contract for the Southside Park Sport Court Rehabilitation Project for \$353,742. The project will be paid for with funds from the Recreation Fund.

The City approved a contract for the Downtown Corridor Lighting Project at 10th and 11th Streets for \$111,544. The project will be paid for with funds from the Ad Valorem Capital Projects Fund.

The City approved a contract for a new cab and chassis with dump body for the City of Elko Street Department for \$122,884. The project will be paid for with funds from the Capital Equipment Fund.

The City approved a contract for a Runway Safety Area Obstruction Removal Project at the Elko Regional Airport for \$239,845. The project will be paid for with federal grants and from funds from the Airport Fund.

On September 1, 2009 the 1994 Sewer Bond was paid in full, the principal balance outstanding at June 30, 2009 was \$848,144.

The City approved the issuance of refunding bonds to refund the Series 1999A and Series 1999B Airport Improvement Bonds, which had a principal balance outstanding of \$3,765,000 at June 30, 2009.

The City approved a local public agency agreement with the Nevada Department of Transportation to perform a pavement resurfacing project on a section of Silver Street for \$952,672, to be paid for with funds from the Capital Construction fund and from federal grants totaling \$485,609.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ELKO
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2009

Schedules of Funding Progress - Other Postemployment Benefits

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Normal Age Entry (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a) / c]
June 30, 2009	7/1/2009	\$ -	\$ 10,927,597	\$ 10,927,597	0.00%	\$ 10,230,000	106.82%

Schedules of Employer Contributions - Other Postemployment Benefits

	Year Ended June 30,	Annual Required Contribution	Percentage Contributed	Employer Contributed
City of Elko/PEBP	2009	\$ 1,183,964	26.94%	\$ 318,923

Note: GASB 45 was prospectively implemented FYE June 30, 2009; therefore prior year information is not available.

See accompanying notes.

SUPPLEMENTARY INFORMATION

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.

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
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REVENUES	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2008
Taxes:				
Ad valorem	\$ 2,148,618	\$ 2,138,384	\$ (10,234)	\$ 2,053,557
Licenses and permits:				
Business licenses:				
Business licenses	375,000	362,187	(12,813)	347,572
Liquor licenses	57,000	58,299	1,299	54,717
Gambling licenses	100,000	94,741	(5,259)	97,310
Other licenses:				
Animal licenses	4,900	4,166	(734)	4,241
Bicycle licenses	50	16	(34)	8
Franchise fees:				
Television/Cable	118,500	117,032	(1,468)	90,315
Natural gas	255,000	198,435	(56,565)	220,613
Electricity	470,000	437,018	(32,982)	414,320
Geothermal	4,000	3,702	(298)	3,259
Telephone	66,725	56,620	(10,105)	60,874
Permits:				
Building permits	200,000	223,592	23,592	224,019
	<u>1,651,175</u>	<u>1,555,808</u>	<u>(95,367)</u>	<u>1,517,248</u>
Intergovernmental:				
Grants:				
Juvenile justice and delinquency prevention grant	73,982	73,982	-	155,398
Bulletproof vest partnership program	2,298	2,298	-	2,848
Traffic safety enforcement	17,000	19,530	2,530	16,269
Enforcement of Underage Drinking laws	837	837	-	2,101
Radio Equipment Grant	-	-	-	11,477
Emergency Management Plan Grant	-	-	-	30,669
Nevada Shade Tree Council	1,000	1,000	-	1,000
Records Management Grant	2,613	2,613	-	-
NRCS Grant	5,000	5,000	-	-
State shared revenues:				
Fuel tax - county option	110,881	101,802	(9,079)	103,651
Fuel tax - 1.75	155,665	139,653	(16,012)	151,593
Fuel tax - 2.35	252,241	243,603	(8,638)	248,061
Cigarette tax	106,316	92,036	(14,280)	104,923
Liquor tax	22,770	20,239	(2,531)	22,002
Basic city / county relief tax	1,527,630	1,800,927	273,297	1,820,642
Supplemental city / county relief tax	5,676,121	6,331,028	654,907	6,374,669
Government services tax	1,474,720	1,365,035	(109,685)	1,380,255
SIIS	-	32,122	32,122	30,894
County shared revenues:				
Gaming tax	175,000	103,169	(71,831)	184,994
Real property transfer tax	112,960	79,163	(33,797)	98,082
Other:				
Court administrative assessments	12,000	14,158	2,158	13,588
Local Law Enforcement Reimbursements	48,524	55,494	6,970	69,534
	<u>9,777,558</u>	<u>10,483,689</u>	<u>706,131</u>	<u>10,822,650</u>

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
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	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2008
Charges for services:				
Community development fees:				
Zoning fees	16,200	9,867	(6,333)	14,873
Plan checking fees	150,000	107,715	(42,285)	146,535
Other fees	150	160	10	-
Public works fees:				
Street lighting fees	230,300	226,907	(3,393)	223,893
Public safety fees:				
Fingerprinting fees	9,000	6,084	(2,916)	6,488
Other fees	43,950	35,603	(8,347)	49,677
Recreation fees:				
Swimming pool fees	108,500	98,395	(10,105)	88,963
Park concession fees	1,000	1,010	10	910
Park use fees	7,550	9,599	2,049	10,815
Health fees:				
Animal shelter fees	52,650	46,188	(6,462)	46,310
Cemetery sales	12,750	15,210	2,460	13,200
Grave openings	5,200	18,250	13,050	15,700
Cemetery summer care	2,500	2,500	-	2,500
	<u>639,750</u>	<u>577,488</u>	<u>(62,262)</u>	<u>619,864</u>
Fines and forfeitures:				
Forensic service fines	5,725	9,028	3,303	6,452
Municipal court fines	201,500	235,627	34,127	213,484
Bail bond fees and other	5,400	5,460	60	5,304
	<u>212,625</u>	<u>250,115</u>	<u>37,490</u>	<u>225,240</u>
Miscellaneous:				
Investment earnings	100,000	46,467	(53,533)	86,585
Rent - general	-	851	851	1,329
Public defender reimbursements	5,000	3,987	(1,013)	4,275
Street cut revenue	7,500	5,163	(2,337)	4,659
Private donations	3,500	1,000	(2,500)	500
Other	101,585	114,016	12,431	190,513
	<u>217,585</u>	<u>171,484</u>	<u>(46,101)</u>	<u>287,861</u>
Total Revenues	<u>14,647,311</u>	<u>15,176,968</u>	<u>529,657</u>	<u>15,526,420</u>
EXPENDITURES				
General government:				
Administration:				
Salaries and wages	335,250	333,869	1,381	154,906
Employee benefits	119,850	117,844	2,006	77,865
Services and supplies	112,636	107,052	5,584	132,425
	<u>567,736</u>	<u>558,765</u>	<u>8,971</u>	<u>365,196</u>
Central Services - Insurance:				
Employee benefits	326,600	326,574	26	226,072
Services and supplies	360,500	353,903	6,597	321,590
	<u>687,100</u>	<u>680,477</u>	<u>6,623</u>	<u>547,662</u>

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	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2008
Clerk:				
Salaries and wages	120,225	119,749	476	101,386
Employee benefits	48,300	46,369	1,931	41,820
Services and supplies	52,349	32,006	20,343	28,094
	<u>220,874</u>	<u>198,124</u>	<u>22,750</u>	<u>171,300</u>
Information systems:				
Salaries and wages	39,000	38,907	93	36,877
Employee benefits	15,225	14,856	369	13,408
Services and supplies	81,111	75,620	5,491	107,500
	<u>135,336</u>	<u>129,383</u>	<u>5,953</u>	<u>157,785</u>
Personnel:				
Salaries and wages	50,250	49,773	477	52,374
Employee benefits	16,125	15,845	280	18,232
Services and supplies	109,925	108,271	1,654	37,927
	<u>176,300</u>	<u>173,889</u>	<u>2,411</u>	<u>108,533</u>
Finance:				
Salaries and wages	90,175	89,665	510	104,767
Employee benefits	38,850	35,531	3,319	41,319
Services and supplies	44,346	41,367	2,979	41,929
	<u>173,371</u>	<u>166,563</u>	<u>6,808</u>	<u>188,015</u>
Planning / zoning:				
Salaries and wages	128,400	128,039	361	135,776
Employee benefits	46,598	43,739	2,859	42,280
Services and supplies	14,750	10,244	4,506	57,820
	<u>189,748</u>	<u>182,022</u>	<u>7,726</u>	<u>235,876</u>
Economic development:				
Services and supplies	19,300	19,292	8	19,036
Total General Government	<u>2,169,765</u>	<u>2,108,515</u>	<u>61,250</u>	<u>1,793,403</u>
Judicial:				
Municipal court:				
Services and supplies	387,500	386,154	1,346	301,401
Total Judicial	<u>387,500</u>	<u>386,154</u>	<u>1,346</u>	<u>301,401</u>
Public safety:				
Police:				
Salaries and wages	3,119,806	2,994,980	124,826	2,894,307
Employee benefits	1,448,423	1,364,642	83,781	1,389,554
Services and supplies	873,981	818,923	55,058	824,442
	<u>5,442,210</u>	<u>5,178,545</u>	<u>263,665</u>	<u>5,108,303</u>
Fire:				
Salaries and wages	13,800	13,019	781	12,705
Employee benefits	600	381	219	378
Services and supplies	33,875	30,230	3,645	24,021
	<u>48,275</u>	<u>43,630</u>	<u>4,645</u>	<u>37,104</u>

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	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2008
ARFF facility:				
Salaries and wages	1,850,600	1,836,575	14,025	1,635,643
Employee benefits	694,500	687,819	6,681	740,984
Services and supplies	381,725	360,414	21,311	375,022
	<u>2,926,825</u>	<u>2,884,808</u>	<u>42,017</u>	<u>2,751,649</u>
Southside fire station:				
Services and supplies	10,070	9,559	511	8,293
Total Public Safety	<u>8,427,380</u>	<u>8,116,542</u>	<u>310,838</u>	<u>7,905,349</u>
Public works:				
Highways / streets:				
Salaries and wages	628,350	613,031	15,319	723,597
Employee benefits	232,250	223,242	9,008	277,159
Services and supplies	943,560	851,142	92,418	1,580,028
Capital outlay	-	-	-	22,712
	<u>1,804,160</u>	<u>1,687,415</u>	<u>116,745</u>	<u>2,603,496</u>
Engineering:				
Salaries and wages	61,250	55,014	6,236	46,049
Employee benefits	22,850	19,200	3,650	15,570
Services and supplies	61,045	29,734	31,311	70,305
	<u>145,145</u>	<u>103,948</u>	<u>41,197</u>	<u>131,924</u>
Fleet maintenance:				
Salaries and wages	301,100	280,182	20,918	279,222
Employee benefits	113,200	90,005	23,195	106,778
Services and supplies	81,140	64,920	16,220	58,159
	<u>495,440</u>	<u>435,107</u>	<u>60,333</u>	<u>444,159</u>
Facilities:				
Salaries and wages	219,630	214,190	5,440	208,542
Employee benefits	98,500	83,983	14,517	87,092
Services and supplies	355,750	333,202	22,548	319,800
	<u>673,880</u>	<u>631,375</u>	<u>42,505</u>	<u>615,434</u>
Building inspection:				
Salaries and wages	164,370	159,234	5,136	154,474
Employee benefits	64,150	55,701	8,449	58,691
Services and supplies	76,410	69,607	6,803	49,688
	<u>304,930</u>	<u>284,542</u>	<u>20,388</u>	<u>262,853</u>
Community Development				
Salaries and wages	149,950	146,812	3,138	136,960
Employee benefits	54,775	49,158	5,617	49,261
Services and supplies	51,750	23,658	28,092	29,787
	<u>256,475</u>	<u>219,628</u>	<u>36,847</u>	<u>216,008</u>
Total Public Works	<u>3,680,030</u>	<u>3,362,015</u>	<u>318,015</u>	<u>4,273,874</u>

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
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	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2008
Health:				
Animal shelter:				
Salaries and wages	190,500	190,369	131	177,556
Employee benefits	80,750	80,111	639	82,575
Services and supplies	91,500	88,223	3,277	83,909
	<u>362,750</u>	<u>358,703</u>	<u>4,047</u>	<u>344,040</u>
Cemetery:				
Salaries and wages	95,725	94,770	955	82,147
Employee benefits	35,750	33,383	2,367	34,981
Services and supplies	45,445	38,802	6,643	46,667
	<u>176,920</u>	<u>166,955</u>	<u>9,965</u>	<u>163,795</u>
Total Health	<u>539,670</u>	<u>525,658</u>	<u>14,012</u>	<u>507,835</u>
Culture and recreation:				
Parks / recreation facilities:				
Salaries and wages	337,359	335,104	2,255	296,795
Employee benefits	119,275	116,556	2,719	122,133
Services and supplies	180,615	164,699	15,916	168,052
	<u>637,249</u>	<u>616,359</u>	<u>20,890</u>	<u>586,980</u>
Swimming pool:				
Salaries and wages	209,627	205,100	4,527	193,204
Employee benefits	62,550	62,464	86	49,909
Services and supplies	147,600	144,178	3,422	122,445
	<u>419,777</u>	<u>411,742</u>	<u>8,035</u>	<u>365,558</u>
Total Culture and Recreation:	<u>1,057,026</u>	<u>1,028,101</u>	<u>28,925</u>	<u>952,538</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	-	4,000
FISH	8,000	8,000	-	8,000
Nevada Rural County RSVP	2,000	2,000	-	2,000
Total Community Support	<u>36,000</u>	<u>36,000</u>	<u>-</u>	<u>36,000</u>
Contingency	<u>457,514</u>	<u>-</u>	<u>457,514</u>	<u>-</u>
Total Expenditures	<u>16,754,885</u>	<u>15,562,985</u>	<u>1,191,900</u>	<u>15,770,400</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,107,574)</u>	<u>(386,017)</u>	<u>1,721,557</u>	<u>(243,980)</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009
(With Comparative Actual Amounts for the Year Ended June 30, 2008)
(Page 6 of 6)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2008</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Recreation Fund	236,256	236,256	-	224,298
Municipal Court Administrative Assessment Fund	10,000	10,000	-	10,000
Transfers out:				
Airport Fund	(375,000)	(375,000)	-	(375,000)
Golf Fund	(25,200)	(22,690)	2,510	(17,380)
Facility Reserve Fund	-	-	-	(273,853)
Capital Equipment Reserve Fund	-	-	-	(273,853)
Revenue Stabilization Fund	-	-	-	(182,569)
Capital Construction Fund	-	-	-	(250,000)
Total Other Financing Sources (Uses)	<u>(153,944)</u>	<u>(151,434)</u>	<u>2,510</u>	<u>(1,138,357)</u>
Net Change in Fund Balance	(2,261,518)	(537,451)	1,724,067	(1,382,337)
FUND BALANCE, July 1	<u>3,646,208</u>	<u>3,548,933</u>	<u>(97,275)</u>	<u>4,931,270</u>
FUND BALANCE, June 30	<u>\$ 1,384,690</u>	<u>\$ 3,011,482</u>	<u>\$ 1,626,792</u>	<u>\$ 3,548,933</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2009
(With Comparative Actual Amounts for the Year Ended June 30, 2008)
(Page 1 of 2)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2008
REVENUES				
Taxes:				
Room taxes	\$ 2,533,735	\$ 2,412,664	\$ (121,071)	\$ 2,646,834
Intergovernmental:				
Grants	234,396	8,396	(226,000)	-
Charges for services:				
Sport league fees	30,445	11,640	(18,805)	19,700
Miscellaneous:				
Investment earnings	30,000	18,979	(11,021)	41,295
Private donations	-	1,486	1,486	240
Other	-	34,510	34,510	32,402
	30,000	54,975	24,975	73,937
Total Revenues	2,828,576	2,487,675	(340,901)	2,740,471
EXPENDITURES				
Culture and Recreation:				
Services and supplies	109,341	95,968	13,373	94,363
Capital outlay:				
Tennis/Basketball Court	452,000	27,295	424,705	-
New Park Development	129,125	-	129,125	-
Mittry Park	150,000	102,927	47,073	16,642
Mountain View Park	30,000	31,399	(1,399)	410,877
Riverview Park	-	-	-	22,708
Swimming Pool	170,000	155,906	14,094	3,386
Main Park	361,000	357,993	3,007	18,165
Machinery	13,000	12,957	43	-
Cemetery	35,000	34,876	124	-
	1,340,125	723,353	616,772	471,778
Other recreation:				
Elko County Recreation Board	136,965	135,660	1,305	149,186
Western Folklife Center	52,785	50,264	2,521	55,675
Elko Snowbowl Foundation	26,394	25,132	1,262	27,837
Elko County Fair Board	105,573	100,528	5,045	111,349
Elko Convention Center	592,184	548,042	44,142	617,112
State Tourism	79,179	75,396	3,783	83,512
Convention Center Marketing	369,502	351,847	17,655	389,722
	1,362,582	1,286,869	75,713	1,434,393
Total Expenditures	2,812,048	2,106,190	705,858	2,000,534
Excess (Deficiency) of Revenues over Expenditures	16,528	381,485	364,957	739,937

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2009
(With Comparative Actual Amounts for the Year Ended June 30, 2008)
(Page 2 of 2)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2008</u>
OTHER FINANCING SOURCES (USES)				
Transfers out:				
General Fund	(236,256)	(236,256)	-	(224,298)
Debt Service Fund	(157,917)	(157,924)	(7)	(156,072)
Airport Fund	(331,575)	(331,575)	-	(331,648)
Youth Recreation Fund	(20,125)	(20,125)	-	(12,461)
Golf Fund	(23,125)	(23,125)	-	(22,461)
Total Other Financing Sources (Uses)	<u>(768,998)</u>	<u>(769,005)</u>	<u>(7)</u>	<u>(746,940)</u>
Net Change in Fund Balance	(752,470)	(387,520)	364,950	(7,003)
FUND BALANCE, July 1	<u>899,470</u>	<u>889,979</u>	<u>(9,491)</u>	<u>896,982</u>
FUND BALANCE, June 30	<u>\$ 147,000</u>	<u>\$ 502,459</u>	<u>\$ 355,459</u>	<u>\$ 889,979</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, 2009
(With Comparative Actual Amounts for the Year Ended June 30, 2008)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2008
REVENUES				
Taxes:				
Ad Valorem	\$ 524,224	\$ 518,253	\$ (5,971)	\$ 498,749
Miscellaneous:				
Investment earnings	5,000	10,075	5,075	31,866
Land sales	-	7,500	7,500	-
Other	-	400	400	3,025
	5,000	17,975	12,975	34,891
Total Revenues	529,224	536,228	7,004	533,640
EXPENDITURES				
General government:				
Planning / zoning:				
Services and supplies	30,000	2,717	27,283	14,401
Public works:				
Highways / streets:				
Capital outlay	1,264,509	1,145,879	118,630	336,757
Total Expenditures	1,294,509	1,148,596	145,913	351,158
Excess (Deficiency) of Revenues over Expenditures	(765,285)	(612,368)	152,917	182,482
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Fund	-	-	-	250,000
Net Change in Fund Balance	(765,285)	(612,368)	152,917	432,482
FUND BALANCE, July 1	765,285	812,597	47,312	380,115
FUND BALANCE, June 30	\$ -	\$ 200,229	\$ 200,229	\$ 812,597

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NONMAJOR GOVERNMENTAL FUNDS

CITY OF ELKO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009
(With Comparative Totals at June 30, 2008)

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL	2008
ASSETS					
Cash and investments	\$ 649,460	\$ 162,732	\$ 886,571	\$ 1,698,763	\$ 1,671,164
Interest receivable	1,701	570	3,255	5,526	7,588
Taxes receivable, delinquent	-	9,687	16,262	25,949	1,387
Prepays	-	-	-	-	-
Due from other governments	4,966	4,864	155,240	165,070	140,728
Total Assets	\$ 656,127	\$ 177,853	\$ 1,061,328	\$ 1,895,308	\$ 1,820,867
LIABILITIES					
Accounts payable	\$ 13,859	\$ -	\$ 69,976	\$ 83,835	\$ 130,424
Accrued salaries	7,718	-	-	7,718	7,579
Due to other governments	-	-	-	-	38,328
Deferred revenue	80,517	9,687	16,262	106,466	98,437
Total Liabilities	102,094	9,687	86,238	198,019	274,768
FUND BALANCES					
Unreserved:					
Designated for future year operations	531,915	82,135	761,840	1,375,890	1,438,359
Undesignated	22,118	86,031	213,250	321,399	107,740
Total Fund Balances	554,033	168,166	975,090	1,697,289	1,546,099
TOTAL LIABILITIES AND FUND BALANCES	\$ 656,127	\$ 177,853	\$ 1,061,328	\$ 1,895,308	\$ 1,820,867

CITY OF ELKO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009
(With Comparative Totals for the Year Ended June 30, 2008)

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL	2008
REVENUES					
Taxes	\$ -	\$ 261,558	\$ 565,645	\$ 827,203	\$ 674,755
Intergovernmental	107,346	-	338,832	446,178	1,490,479
Charges for services	137,441	-	-	137,441	82,950
Miscellaneous	17,898	2,458	241,683	262,039	111,602
Total Revenues	<u>262,685</u>	<u>264,016</u>	<u>1,146,160</u>	<u>1,672,861</u>	<u>2,359,786</u>
EXPENDITURES					
Current:					
General government	-	-	55,934	55,934	-
Judicial	1,104	-	-	1,104	-
Public safety	112,844	-	522,956	635,800	1,886,034
Public works	-	-	158,913	158,913	1,044,549
Health	-	-	262,409	262,409	97,158
Culture and recreation	135,611	-	66,959	202,570	146,180
Debt service:					
Principal	-	353,000	-	353,000	333,000
Interest	-	94,989	-	94,989	110,775
Total Expenditures	<u>249,559</u>	<u>447,989</u>	<u>1,067,171</u>	<u>1,764,719</u>	<u>3,617,696</u>
Excess (Deficiency) of Revenues over Expenditures	<u>13,126</u>	<u>(183,973)</u>	<u>78,989</u>	<u>(91,858)</u>	<u>(1,257,910)</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	75,000	75,000	-
Transfers in	20,125	221,489	-	241,614	964,983
Transfers out	(10,000)	-	(63,565)	(73,565)	(76,175)
Total Other Financing Sources (Uses)	<u>10,125</u>	<u>221,489</u>	<u>11,435</u>	<u>243,049</u>	<u>888,808</u>
Net Change in Fund Balances	<u>23,251</u>	<u>37,516</u>	<u>90,424</u>	<u>151,191</u>	<u>(369,102)</u>
FUND BALANCES, as previously reported, July 1	530,782	130,650	884,666	1,546,098	1,467,890
Prior Period Adjustment	-	-	-	-	447,311
FUND BALANCES, as restated, July 1	<u>530,782</u>	<u>130,650</u>	<u>884,666</u>	<u>1,546,098</u>	<u>1,915,201</u>
FUND BALANCES, June 30	<u>\$ 554,033</u>	<u>\$ 168,166</u>	<u>\$ 975,090</u>	<u>\$ 1,697,289</u>	<u>\$ 1,546,099</u>

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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, 2009
 (With Comparative Totals at June 30, 2008)

	YOUTH RECREATION FUND	MUNICIPAL COURT ADMINISTRATIVE ASSESSMENT FUND	NARCOTICS TASK FORCE FUND	REVENUE STABILIZATION FUND	TOTAL	2008
ASSETS						
Cash and investments	\$ 53,654	\$ 53,316	\$ 84,680	\$ 457,810	\$ 649,460	\$ 641,823
Interest receivable	96	-	-	1,605	1,701	2,367
Due from other governments	-	1,051	3,915	-	4,966	33,885
Total Assets	\$ 53,750	\$ 54,367	\$ 88,595	\$ 459,415	\$ 656,127	\$ 678,075
LIABILITIES						
Accounts payable	\$ 5,781	\$ -	\$ 8,078	\$ -	\$ 13,859	\$ 4,337
Accrued salaries	7,718	-	-	-	7,718	7,579
Due to other governments	-	-	-	-	-	38,328
Deferred revenue	-	-	80,517	-	80,517	97,049
Total Liabilities	13,499	-	88,595	-	102,094	147,293
FUND BALANCES						
Unreserved:						
Designated for future year operations	18,698	54,367	-	458,850	531,915	504,524
Undesignated	21,553	-	-	565	22,118	26,258
Total Fund Balances	40,251	54,367	-	459,415	554,033	530,782
TOTAL LIABILITIES AND FUND BALANCES	\$ 53,750	\$ 54,367	\$ 88,595	\$ 459,415	\$ 656,127	\$ 678,075

CITY OF ELKO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009
(With Comparative Totals for the Year Ended June 30, 2008)

	YOUTH RECREATION FUND	MUNICIPAL COURT ADMINISTRATIVE ASSESSMENT FUND	NARCOTICS TASK FORCE FUND	REVENUE STABILIZATION FUND
REVENUES				
Intergovernmental	\$ -	\$ 20,663	\$ 86,683	\$ -
Charges for services	137,441	-	-	-
Miscellaneous	4,833	-	-	13,065
Total Revenues	<u>142,274</u>	<u>20,663</u>	<u>86,683</u>	<u>13,065</u>
EXPENDITURES				
Current:				
Judicial	-	1,104	-	-
Public safety	-	-	112,844	-
Culture and recreation	135,611	-	-	-
Total Expenditures	<u>135,611</u>	<u>1,104</u>	<u>112,844</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>6,663</u>	<u>19,559</u>	<u>(26,161)</u>	<u>13,065</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	20,125	-	-	-
Transfers out	-	(10,000)	-	-
Total Other Financing Sources (Uses)	<u>20,125</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>26,788</u>	<u>9,559</u>	<u>(26,161)</u>	<u>13,065</u>
FUND BALANCES, July 1	<u>13,463</u>	<u>44,808</u>	<u>26,161</u>	<u>446,350</u>
FUND BALANCES, June 30	<u>\$ 40,251</u>	<u>\$ 54,367</u>	<u>\$ -</u>	<u>\$ 459,415</u>

TOTAL	2008
\$ 107,346	\$ 321,344
137,441	82,950
17,898	18,319
<u>262,685</u>	<u>422,613</u>
1,104	-
112,844	260,877
135,611	95,082
<u>249,559</u>	<u>355,959</u>
13,126	66,654
20,125	195,030
(10,000)	(10,000)
<u>10,125</u>	<u>185,030</u>
23,251	251,684
<u>530,782</u>	<u>279,098</u>
<u>\$ 554,033</u>	<u>\$ 530,782</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, 2009
(With Comparative Actual Amounts for the Year Ended June 30, 2008)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2008
REVENUES				
Charges for services:				
Fun factory fees	\$ 107,977	\$ 137,441	\$ 29,464	\$ 82,950
Miscellaneous:				
Donations	-	-	-	500
Investment earnings	1,000	828	(172)	722
Other	5,000	4,005	(995)	-
	<u>6,000</u>	<u>4,833</u>	<u>(1,167)</u>	<u>1,222</u>
Total Revenues	<u>113,977</u>	<u>142,274</u>	<u>28,297</u>	<u>84,172</u>
EXPENDITURES				
Culture and recreation:				
Latchkey program:				
Salaries and wages	79,606	71,339	8,267	57,717
Employee benefits	20,595	18,134	2,461	13,856
Services and supplies	47,450	46,138	1,312	23,509
	<u>147,651</u>	<u>135,611</u>	<u>12,040</u>	<u>95,082</u>
Total Expenditures	<u>147,651</u>	<u>135,611</u>	<u>12,040</u>	<u>95,082</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(33,674)</u>	<u>6,663</u>	<u>40,337</u>	<u>(10,910)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Recreation Fund	20,125	20,125	-	12,461
Net Change in Fund Balance	(13,549)	26,788	40,337	1,551
FUND BALANCE, July 1	<u>17,828</u>	<u>13,463</u>	<u>(4,365)</u>	<u>11,912</u>
FUND BALANCE, June 30	<u>\$ 4,279</u>	<u>\$ 40,251</u>	<u>\$ 35,972</u>	<u>\$ 13,463</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, 2009
(With Comparative Actual Amounts for the Year Ended June 30, 2008)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2008</u>
REVENUES				
Intergovernmental:				
Administrative assessments	\$ 23,175	\$ 20,663	\$ (2,512)	\$ 21,755
EXPENDITURES				
Judicial:				
Municipal court:				
Services and supplies	58,728	1,104	57,624	-
Excess (Deficiency) of Revenues over Expenditures	(35,553)	19,559	55,112	21,755
OTHER FINANCING SOURCES (USES)				
Transfers out:				
General Fund	(10,000)	(10,000)	-	(10,000)
Net Change in Fund Balance	(45,553)	9,559	55,112	11,755
FUND BALANCE, July 1	45,553	44,808	(745)	33,053
FUND BALANCE, June 30	<u>\$ -</u>	<u>\$ 54,367</u>	<u>\$ 54,367</u>	<u>\$ 44,808</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, 2009
(With Comparative Actual Amounts for the Year Ended June 30, 2008)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2008
REVENUES				
Intergovernmental:				
Combined narcotics task force grant	\$ 86,683	\$ 86,683	\$ -	\$ 236,352
Local government match	-	-	-	63,237
Total Revenues	<u>86,683</u>	<u>86,683</u>	<u>-</u>	<u>299,589</u>
EXPENDITURES				
Public safety:				
Salaries and wages	49,649	65,603	(15,954)	141,126
Employee benefits	24,052	34,259	(10,207)	77,175
Services and supplies	12,982	12,982	-	42,576
Total Expenditures	<u>86,683</u>	<u>112,844</u>	<u>(26,161)</u>	<u>260,877</u>
Net Change in Fund Balance	-	(26,161)	(26,161)	38,712
FUND BALANCE (DEFICIT), July 1	-	26,161	26,161	(12,551)
FUND BALANCE, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,161</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, 2009
(With Comparative Actual Amounts for the Year Ended June 30, 2008)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2008</u>
REVENUES				
Miscellaneous:				
Investment earnings	\$ 17,000	\$ 13,065	\$ (3,935)	\$ 17,097
EXPENDITURES	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	17,000	13,065	(3,935)	17,097
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Fund	-	-	-	182,569
Net Change in Fund Balance	17,000	13,065	(3,935)	199,666
FUND BALANCE, July 1	446,253	446,350	97	246,684
FUND BALANCE, June 30	<u>\$ 463,253</u>	<u>\$ 459,415</u>	<u>\$ (3,838)</u>	<u>\$ 446,350</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.

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2009
(With Comparative Actual Amounts for the Year Ended June 30, 2008)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2008</u>
REVENUES				
Taxes:				
Ad valorem	\$ 262,810	\$ 261,558	\$ (1,252)	\$ 251,183
Miscellaneous:				
Investment earnings	800	2,458	1,658	1,226
Total Revenues	<u>263,610</u>	<u>264,016</u>	<u>406</u>	<u>252,409</u>
EXPENDITURES				
Debt service:				
Principal:				
GO bonds-street improvements	210,000	210,000	-	195,000
Medium term obligations:				
2003/2004 equipment	73,000	73,000	-	73,000
Interpretive Center	70,000	70,000	-	65,000
	<u>353,000</u>	<u>353,000</u>	<u>-</u>	<u>333,000</u>
Interest:				
GO bonds-street improvements	16,500	16,500	-	26,528
Capital leases:				
2003/2004 equipment	3,878	3,921	(43)	7,080
Interpretive Center	74,568	74,568	-	77,168
	<u>94,946</u>	<u>94,989</u>	<u>(43)</u>	<u>110,776</u>
Total Expenditures	<u>447,946</u>	<u>447,989</u>	<u>(43)</u>	<u>443,776</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(184,336)</u>	<u>(183,973)</u>	<u>363</u>	<u>(191,367)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Recreation Fund	157,917	157,924	7	156,072
Capital Equipment Reserve Fund	63,529	63,565	36	66,175
Total Other Financing Sources (Uses)	<u>221,446</u>	<u>221,489</u>	<u>43</u>	<u>222,247</u>
Net Change in Fund Balance	<u>37,110</u>	<u>37,516</u>	<u>406</u>	<u>30,880</u>
FUND BALANCE, July 1	<u>111,333</u>	<u>130,650</u>	<u>19,317</u>	<u>99,770</u>
FUND BALANCE, June 30	<u>\$ 148,443</u>	<u>\$ 168,166</u>	<u>\$ 19,723</u>	<u>\$ 130,650</u>

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.

Elko Redevelopment Agency Fund – accounts for the resources used for improvements and/or new construction of facilities and infrastructure for all activities associated with the Elko Redevelopment Agency area.

CITY OF ELKO
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2009
 (With Comparative Totals at June 30, 2008)

	AD VALOREM CAPITAL PROJECTS FUND	PUBLIC IMPROVEMENT DEVELOPMENT FUND	CAPITAL EQUIPMENT RESERVE FUND	FACILITY RESERVE FUND
ASSETS				
Cash and investments	\$ 115,375	\$ 15,337	\$ 645,664	\$ 70,257
Interest receivable	585	54	2,224	251
Taxes receivable	-	-	10,352	-
Due from other governments	45,553	-	60,954	-
Total Assets	\$ 161,513	\$ 15,391	\$ 719,194	\$ 70,508
LIABILITIES				
Accounts payable	\$ 35,208	\$ -	\$ 29,415	\$ 5,353
Deferred revenue	-	-	10,352	-
Total Liabilities	35,208	-	39,767	5,353
FUND BALANCES				
Unreserved:				
Designated for future year operations	80,795	15,229	554,566	58,148
Undesignated (deficit)	45,510	162	124,861	7,007
Total Fund Balances	126,305	15,391	679,427	65,155
TOTAL LIABILITIES AND FUND BALANCES	\$ 161,513	\$ 15,391	\$ 719,194	\$ 70,508

ELKO REDEVELOPMENT AGENCY FUND	TOTAL	2008
\$ 39,938	\$ 886,571	\$ 903,921
141	3,255	4,727
5,910	16,262	-
48,733	155,240	102,105
<u>\$ 94,722</u>	<u>\$ 1,061,328</u>	<u>\$ 1,010,753</u>
\$ -	\$ 69,976	\$ 126,087
5,910	16,262	-
<u>5,910</u>	<u>86,238</u>	<u>126,087</u>
53,102	761,840	851,700
35,710	213,250	32,966
<u>88,812</u>	<u>975,090</u>	<u>884,666</u>
<u>\$ 94,722</u>	<u>\$ 1,061,328</u>	<u>\$ 1,010,753</u>

CITY OF ELKO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2009
(With Comparative Totals for the Year Ended June 30, 2008)

	AD VALOREM CAPITAL PROJECTS FUND	PUBLIC IMPROVEMENT DEVELOPMENT FUND	CAPITAL EQUIPMENT RESERVE FUND	FACILITY RESERVE FUND
REVENUES				
Taxes	\$ 200,602	\$ -	\$ 276,402	\$ -
Intergovernmental	-	-	338,832	-
Miscellaneous	12,570	512	28,778	199,652
Total Revenues	<u>213,172</u>	<u>512</u>	<u>644,012</u>	<u>199,652</u>
EXPENDITURES				
Current:				
General government	-	-	55,934	-
Public safety	315,934	-	203,397	3,625
Public works	8,150	-	101,506	49,257
Health	-	-	31,039	231,370
Culture and recreation	-	-	66,959	-
Total Expenditures	<u>324,084</u>	<u>-</u>	<u>458,835</u>	<u>284,252</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(110,912)</u>	<u>512</u>	<u>185,177</u>	<u>(84,600)</u>
OTHER FINANCING SOURCES (USES)				
Sale capital assets	-	-	75,000	-
Transfers in	-	-	-	-
Transfers out	-	-	(63,565)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>11,435</u>	<u>-</u>
Net Change in Fund Balances	<u>(110,912)</u>	<u>512</u>	<u>196,612</u>	<u>(84,600)</u>
FUND BALANCES, as previously reported, July 1	237,217	14,879	482,815	149,755
Prior Period Adjustment	-	-	-	-
FUND BALANCES, as restated, July 1	<u>237,217</u>	<u>14,879</u>	<u>482,815</u>	<u>149,755</u>
FUND BALANCES, June 30	<u>\$ 126,305</u>	<u>\$ 15,391</u>	<u>\$ 679,427</u>	<u>\$ 65,155</u>

ELKO REDEVELOPMENT AGENCY FUND	TOTAL	2008
\$ 88,641	\$ 565,645	\$ 423,572
-	338,832	1,169,135
171	241,683	92,057
<u>88,812</u>	<u>1,146,160</u>	<u>1,684,764</u>
-	55,934	-
-	522,956	1,625,157
-	158,913	1,044,549
-	262,409	97,158
-	66,959	51,098
-	<u>1,067,171</u>	<u>2,817,962</u>
<u>88,812</u>	<u>78,989</u>	<u>(1,133,198)</u>
-	75,000	-
-	-	547,706
-	(63,565)	(66,175)
-	<u>11,435</u>	<u>481,531</u>
<u>88,812</u>	<u>90,424</u>	<u>(651,667)</u>
-	884,666	1,089,022
-	-	447,311
-	<u>884,666</u>	<u>1,536,333</u>
<u>\$ 88,812</u>	<u>\$ 975,090</u>	<u>\$ 884,666</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, 2009
(With Comparative Actual Amounts for the Year Ended June 30, 2008)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2008</u>
REVENUES				
Taxes:				
Ad valorem	\$ 173,932	\$ 200,602	\$ 26,670	\$ 157,573
Intergovernmental:				
Downtown lighting projet	150,000	-	(150,000)	-
City Hall parking lot grant	-	-	-	239,053
	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>	<u>239,053</u>
Miscellaneous:				
Other	-	4,299	4,299	6,474
Investment earnings	15,000	8,271	(6,729)	19,134
	<u>15,000</u>	<u>12,570</u>	<u>(2,430)</u>	<u>25,608</u>
Total Revenues	<u>338,932</u>	<u>213,172</u>	<u>(125,760)</u>	<u>422,234</u>
EXPENDITURES				
Public safety:				
Police:				
Capital Outlay	294,000	280,892	13,108	255,161
Fire:				
Capital outlay	35,100	35,042	58	205,135
Public works:				
Highways / streets:				
Capital outlay	236,695	8,150	228,545	81,015
Facilities:				
Capital outlay	-	-	-	550,470
Total Expenditures	<u>565,795</u>	<u>324,084</u>	<u>241,711</u>	<u>1,091,781</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(226,863)</u>	<u>(110,912)</u>	<u>115,951</u>	<u>(669,547)</u>
Net Change in Fund Balance	<u>(226,863)</u>	<u>(110,912)</u>	<u>115,951</u>	<u>(669,547)</u>
FUND BALANCE, July 1	<u>226,863</u>	<u>237,217</u>	<u>10,354</u>	<u>906,764</u>
FUND BALANCE, June 30	<u>\$ -</u>	<u>\$ 126,305</u>	<u>\$ 126,305</u>	<u>\$ 237,217</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, 2009
(With Comparative Actual Amounts for the Year Ended June 30, 2008)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2008
REVENUES				
Miscellaneous:				
Investment earnings	\$ 1,000	\$ 512	\$ (488)	\$ 1,036
Other	10,000	-	(10,000)	-
Total Revenue	11,000	512	(10,488)	1,036
EXPENDITURES				
Public Works:				
Capital outlay	25,843	-	25,843	24,884
Net Change in Fund Balance	(14,843)	512	15,355	(23,848)
FUND BALANCE, July 1	14,843	14,879	36	38,727
FUND BALANCE, June 30	\$ -	\$ 15,391	\$ 15,391	\$ 14,879

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, 2009
 (With Comparative Actual Amounts for the Year Ended June 30, 2008)
 (Page 1 of 2)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2008
REVENUES				
Taxes:				
Ad valorem	\$ 279,586	\$ 276,402	\$ (3,184)	\$ 265,999
Intergovernmental:				
Assistance to firefighters grant	-	-	-	498,750
Basic city / county relief tax	53,043	75,039	21,996	95,823
Supplemental city / county relief tax	179,073	263,793	84,720	335,509
	<u>232,116</u>	<u>338,832</u>	<u>106,716</u>	<u>930,082</u>
Miscellaneous:				
Investment earnings	10,000	11,853	1,853	6,446
Other	16,925	16,925	-	36,582
	<u>26,925</u>	<u>28,778</u>	<u>1,853</u>	<u>43,028</u>
Total Revenues	<u>538,627</u>	<u>644,012</u>	<u>105,385</u>	<u>1,239,109</u>
EXPENDITURES				
General government:				
Administration:				
Capital outlay	6,064	6,063	1	-
Information systems:				
Capital outlay	50,000	49,871	129	-
	<u>56,064</u>	<u>55,934</u>	<u>130</u>	<u>-</u>
Public safety:				
Police:				
Capital outlay	154,925	139,338	15,587	211,483
Fire:				
Capital outlay	72,000	64,059	7,941	937,547
	<u>226,925</u>	<u>203,397</u>	<u>23,528</u>	<u>1,149,030</u>
Public works:				
Highways / streets:				
Capital outlay	184,450	-	184,450	142,080
Engineering:				
Capital outlay	50,500	50,459	41	24,870
Fleet maintenance:				
Capital outlay	68,500	51,047	17,453	112,146
	<u>303,450</u>	<u>101,506</u>	<u>201,944</u>	<u>279,096</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, 2009
(With Comparative Actual Amounts for the Year Ended June 30, 2008)
(Page 2 of 2)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2008
Health:				
Cemetery:				
Capital outlay	16,890	16,139	751	74,079
Animal shelter:				
Capital outlay	20,000	14,900	5,100	-
	<u>36,890</u>	<u>31,039</u>	<u>5,851</u>	<u>74,079</u>
Culture and recreation:				
Parks / recreation facilities:				
Capital outlay	67,300	66,959	341	51,098
Total Expenditures	<u>690,629</u>	<u>458,835</u>	<u>231,794</u>	<u>1,553,303</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(152,002)</u>	<u>185,177</u>	<u>337,179</u>	<u>(314,194)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	75,000	75,000	-
Transfers in:				
General Fund	-	-	-	273,853
Transfers out:				
Debt Service Fund	(63,579)	(63,565)	14	(66,175)
Total Other Financing Sources (Uses)	<u>(63,579)</u>	<u>11,435</u>	<u>75,014</u>	<u>207,678</u>
Net Change in Fund Balance	<u>(215,581)</u>	<u>196,612</u>	<u>412,193</u>	<u>(106,516)</u>
FUND BALANCE, as previously reported, July 1	460,239	482,815	22,576	142,020
Prior Period Adjustment	-	-	-	447,311
FUND BALANCE, as restated, July 1	<u>460,239</u>	<u>482,815</u>	<u>22,576</u>	<u>589,331</u>
FUND BALANCE, June 30	<u>\$ 244,658</u>	<u>\$ 679,427</u>	<u>\$ 434,769</u>	<u>\$ 482,815</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FACILITY RESERVE FUND
FOR THE YEAR ENDED JUNE 30, 2009
(With Comparative Actual Amounts for the Year Ended June 30, 2008)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2008</u>
REVENUES				
Miscellaneous:				
Investment earnings	\$ 250	\$ 3,654	\$ 3,404	\$ 8,884
Other	186,000	195,998	9,998	13,501
Total Revenues	<u>186,250</u>	<u>199,652</u>	<u>13,402</u>	<u>22,385</u>
EXPENDITURES				
Public safety:				
Fire:				
Capital outlay	14,000	3,625	10,375	15,831
Public works:				
Facilities:				
Capital outlay	50,743	6,237	44,506	66,064
Engineering:				
Services and supplies	43,020	43,020	-	43,020
Total Expenditures	<u>93,763</u>	<u>49,257</u>	<u>44,506</u>	<u>109,084</u>
Health:				
Animal shelter:				
Capital outlay	232,000	231,370	630	23,079
Total Expenditures	<u>339,763</u>	<u>284,252</u>	<u>55,511</u>	<u>147,994</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(153,513)</u>	<u>(84,600)</u>	<u>68,913</u>	<u>(125,609)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Fund	-	-	-	273,853
Net Change in Fund Balance	(153,513)	(84,600)	68,913	148,244
FUND BALANCE, July 1	<u>153,513</u>	<u>149,755</u>	<u>(3,758)</u>	<u>1,511</u>
FUND BALANCE, June 30	<u>\$ -</u>	<u>\$ 65,155</u>	<u>\$ 65,155</u>	<u>\$ 149,755</u>

CITY OF ELKO
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 ELKO REDEVELOPMENT AGENCY FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES			
Taxes			
Ad valorem	-	88,641	88,641
Miscellaneous:			
Investment earnings	-	171	171
Total Revenues	-	88,812	88,812
EXPENDITURES	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	88,812	88,812
OTHER FINANCING SOURCES (USES)			
Transfers in:			
General Fund	-	-	-
Net Change in Fund Balance	-	88,812	88,812
FUND BALANCE, July 1	-	-	-
FUND BALANCE, June 30	<u>\$ -</u>	<u>\$ 88,812</u>	<u>\$ 88,812</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.

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
WATER FUND
FOR THE YEAR ENDED JUNE 30, 2009
(With Comparative Actual Amounts for the Year Ended June 30, 2008)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2008
Operating Revenues:				
Charges for services:				
Water user fees	\$ 3,136,316	\$ 3,070,431	\$ (65,885)	\$ 3,045,932
Miscellaneous:				
Other	25,000	65,496	40,496	67,372
Total Operating Revenues	<u>3,161,316</u>	<u>3,135,927</u>	<u>(25,389)</u>	<u>3,113,304</u>
Operating Expenses:				
Administration:				
Salaries and wages	130,200	120,307	9,893	114,323
Employee benefits	51,200	55,582	(4,382)	46,876
Services and supplies	171,787	154,859	16,928	134,149
	<u>353,187</u>	<u>330,748</u>	<u>22,439</u>	<u>295,348</u>
Operating:				
Salaries and wages	401,425	361,243	40,182	323,094
Employee benefits	165,850	171,412	(5,562)	134,881
Services and supplies	311,134	312,580	(1,446)	324,634
	<u>878,409</u>	<u>845,235</u>	<u>33,174</u>	<u>782,609</u>
Plant and facilities:				
Salaries and wages	79,550	44,888	34,662	66,924
Employee benefits	36,100	24,306	11,794	31,189
Services and supplies	972,100	826,162	145,938	809,198
	<u>1,087,750</u>	<u>895,356</u>	<u>192,394</u>	<u>907,311</u>
Depreciation	<u>385,157</u>	<u>362,169</u>	<u>22,988</u>	<u>351,190</u>
Total Operating Expenses	<u>2,704,503</u>	<u>2,433,508</u>	<u>270,995</u>	<u>2,336,458</u>
Operating Income (Loss)	<u>456,813</u>	<u>702,419</u>	<u>245,606</u>	<u>776,846</u>
Nonoperating Revenues:				
Investment earnings	100,000	126,489	26,489	158,811
Gain (loss) from disposal of capital assets	-	-	-	24
Total Nonoperating Revenues	<u>100,000</u>	<u>126,489</u>	<u>26,489</u>	<u>158,835</u>
Income Before Capital Contributions and Transfers	<u>556,813</u>	<u>828,908</u>	<u>272,095</u>	<u>935,681</u>
Capital Contributions In:				
Connection fees	100,000	264,380	164,380	127,448
Change in Net Assets	<u>\$ 656,813</u>	1,093,288	<u>\$ 436,475</u>	1,063,129
Net Assets, Beginning of Year		<u>16,111,557</u>		<u>15,048,428</u>
Net Assets, End of Year		<u>\$ 17,204,845</u>		<u>\$ 16,111,557</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2009
(With Comparative Actual Amounts for the Year Ended June 30, 2008)
(Page 1 of 2)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2008
Operating Revenues:				
Charges for services:				
Sewer user fees	\$ 2,621,095	\$ 2,130,062	\$ (491,033)	\$ 2,122,746
Septic tank receiving fees	75,000	82,043	7,043	101,829
	<u>2,696,095</u>	<u>2,212,105</u>	<u>(483,990)</u>	<u>2,224,575</u>
Miscellaneous:				
Plumbing permits	10,500	12,647	2,147	9,696
Other	20,000	27,463	7,463	18,433
	<u>30,500</u>	<u>40,110</u>	<u>9,610</u>	<u>28,129</u>
Total Operating Revenues	<u>2,726,595</u>	<u>2,252,215</u>	<u>(474,380)</u>	<u>2,252,704</u>
Operating Expenses:				
Administration:				
Salaries and wages	147,600	135,868	11,732	136,944
Employee benefits	58,160	62,480	(4,320)	56,370
Services and supplies	185,912	168,908	17,004	160,268
	<u>391,672</u>	<u>367,256</u>	<u>24,416</u>	<u>353,582</u>
Operating:				
Salaries and wages	22,100	21,147	953	9,747
Employee benefits	7,825	8,678	(853)	4,914
Services and supplies	63,445	50,527	12,918	65,427
	<u>93,370</u>	<u>80,352</u>	<u>13,018</u>	<u>80,088</u>
Plant and facilities:				
Salaries and wages	422,800	401,172	21,628	358,886
Employee benefits	168,000	178,293	(10,293)	139,514
Services and supplies	1,378,231	1,302,691	75,540	1,301,084
	<u>1,969,031</u>	<u>1,882,156</u>	<u>86,875</u>	<u>1,799,484</u>
Laboratory:				
Salaries and wages	62,000	60,162	1,838	46,354
Employee benefits	24,100	27,698	(3,598)	18,489
Services and supplies	43,925	38,086	5,839	30,893
	<u>130,025</u>	<u>125,946</u>	<u>4,079</u>	<u>95,736</u>
Depreciation	<u>1,514,747</u>	<u>1,484,602</u>	<u>30,145</u>	<u>1,464,088</u>
Total Operating Expenses	<u>4,098,845</u>	<u>3,940,312</u>	<u>158,533</u>	<u>3,792,978</u>
Operating Income (Loss)	<u>(1,372,250)</u>	<u>(1,688,097)</u>	<u>(315,847)</u>	<u>(1,540,274)</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2009
(With Comparative Actual Amounts for the Year Ended June 30, 2008)
(Page 2 of 2)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2008</u>
Nonoperating Revenues (Expenses):				
Sewer improvement user fees	2,490,169	2,852,360	362,191	2,846,251
Investment earnings	100,000	213,333	113,333	245,087
Interest expense	(114,477)	(114,478)	(1)	(126,865)
Total Nonoperating Revenues (Expenses)	<u>2,475,692</u>	<u>2,951,215</u>	<u>475,523</u>	<u>2,964,473</u>
Income (Loss) Before Capital Contributions	<u>1,103,442</u>	<u>1,263,118</u>	<u>159,676</u>	<u>1,424,199</u>
Capital Contributions In:				
Connection fees	150,000	376,468	226,468	199,873
Change in Net Assets	<u>\$ 1,253,442</u>	1,639,586	<u>\$ 386,144</u>	1,624,072
Net Assets, Beginning of Year		<u>24,242,667</u>		<u>22,618,595</u>
Net Assets, End of Year		<u>\$ 25,882,253</u>		<u>\$ 24,242,667</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
AIRPORT FUND
FOR THE YEAR ENDED JUNE 30, 2009
(With Comparative Actual Amounts for the Year Ended June 30, 2008)
(Page 1 of 2)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2008
Operating Revenues:				
Intergovernmental:				
State fuel tax	\$ 4,000	\$ 2,088	\$ (1,912)	\$ 3,418
Local fuel tax	22,170	15,647	(6,523)	20,117
	<u>26,170</u>	<u>17,735</u>	<u>(8,435)</u>	<u>23,535</u>
Charges for services:				
Landing fees	80,266	55,345	(24,921)	77,020
Weather service data	3,000	2,750	(250)	3,000
Parking fees	125,000	103,231	(21,769)	101,423
Other	-	1,911	1,911	3,879
Passenger Facility Charges	107,429	82,943	(24,486)	102,978
	<u>315,695</u>	<u>246,180</u>	<u>(69,515)</u>	<u>288,300</u>
Miscellaneous:				
Rent - hanger	34,000	34,122	122	34,122
Rent - tie-downs	1,500	6,092	4,592	5,149
Rent - terminal	126,066	131,356	5,290	129,459
Terminal advertising fee	8,700	7,201	(1,499)	8,599
Rent - airport	136,805	171,477	34,672	105,393
Old terminal leases	65,425	62,288	(3,137)	62,571
Rental car leases	262,340	222,869	(39,471)	259,418
Concession rental	1,000	185	(815)	1,547
Nonsignatory fees	-	698	698	59
Miscellaneous	27,192	23,037	(4,155)	30,833
	<u>663,028</u>	<u>659,325</u>	<u>(3,703)</u>	<u>637,150</u>
Total Operating Revenues	<u>1,004,893</u>	<u>923,240</u>	<u>(81,653)</u>	<u>948,985</u>
Operating Expenses:				
Airport operations:				
Salaries and wages	303,485	302,232	1,253	261,864
Employee benefits	107,100	139,319	(32,219)	106,635
Services and supplies	355,160	237,988	117,172	317,863
	<u>765,745</u>	<u>679,539</u>	<u>86,206</u>	<u>686,362</u>
Airport terminal operations:				
Services and supplies	146,200	138,453	7,747	147,439
Depreciation - City funded	176,745	268,960	(92,215)	269,304
Depreciation - Federal portion unfunded	1,664,802	1,970,490	(305,688)	2,011,384
	<u>1,841,547</u>	<u>2,239,450</u>	<u>(397,903)</u>	<u>2,280,688</u>
Total Operating Expenses	<u>2,753,492</u>	<u>3,057,442</u>	<u>(303,950)</u>	<u>3,114,489</u>
Operating Income (Loss)	<u>(1,748,599)</u>	<u>(2,134,202)</u>	<u>(385,603)</u>	<u>(2,165,504)</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
AIRPORT FUND
FOR THE YEAR ENDED JUNE 30, 2009
(With Comparative Actual Amounts for the Year Ended June 30, 2008)
(Page 2 of 2)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2008
Nonoperating Revenues (Expenses):				
Investment earnings	20,000	2,474	(17,526)	16,313
Gain (loss) on disposal of capital assets	-	(624)	(624)	8,764
Apron failure expenses	-	(480,800)	(480,800)	(650,697)
Interest expense	(236,575)	(233,269)	3,306	(240,418)
Total Nonoperating Revenues (Expenses)	(216,575)	(712,219)	(495,644)	(866,038)
Income (Loss) Before Capital Contributions and Transfers	(1,965,174)	(2,846,421)	(881,247)	(3,031,542)
Capital Contributions In:				
Federal Grant AIP 30	573,945	573,945	-	80,237
Federal Grant AIP 32	3,097,330	2,126,287	(971,043)	1,623,928
Federal Grant AIP 33	741,001	477,676	(263,325)	46,075
Federal Grant AIP 31	-	-	-	2,407,533
Federal Grant AIP 34	213,750	213,750	-	-
Federal Grant AIP 35	28,975	28,975	-	-
	4,655,001	3,420,633	(1,234,368)	4,157,773
Transfers Out:				
Capital Equipment Fund - bomb building capital asset	-	(41,855)	(41,855)	-
Transfers In:				
General Fund	375,000	375,000	-	375,000
Recreation Fund	331,575	331,575	-	331,648
	706,575	664,720	(41,855)	706,648
Change in Net Assets	<u>\$ 3,396,402</u>	1,238,932	<u>(2,157,470)</u>	1,832,879
Net Assets, Beginning of Year		<u>29,353,408</u>		<u>27,520,529</u>
Net Assets, End of Year		<u>\$ 30,592,340</u>		<u>\$ 29,353,408</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
LANDFILL FUND
FOR THE YEAR ENDED JUNE 30, 2009
(With Comparative Actual Amounts for the Year Ended June 30, 2008)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2008</u>
Operating Revenues:				
Charges for services:				
Landfill user fees	\$ 1,581,073	\$ 1,516,425	\$ (64,648)	\$ 1,517,005
Miscellaneous:				
Franchise fees	21,630	24,262	2,632	21,425
Other	15,000	16,930	1,930	36,284
	<u>36,630</u>	<u>41,192</u>	<u>4,562</u>	<u>57,709</u>
Total Operating Revenues	<u>1,617,703</u>	<u>1,557,617</u>	<u>(60,086)</u>	<u>1,574,714</u>
Operating Expenses:				
Administration:				
Salaries and wages	52,400	47,413	4,987	58,877
Employee benefits	20,475	21,407	(932)	24,154
Services and supplies	64,297	29,888	34,409	73,956
	<u>137,172</u>	<u>98,708</u>	<u>38,464</u>	<u>156,987</u>
Operating:				
Salaries and wages	467,750	458,561	9,189	370,738
Employee benefits	140,600	176,497	(35,897)	137,113
Services and supplies	622,250	620,418	1,832	437,535
	<u>1,230,600</u>	<u>1,255,476</u>	<u>(24,876)</u>	<u>945,386</u>
Depreciation	<u>118,752</u>	<u>96,187</u>	<u>22,565</u>	<u>104,408</u>
Total Operating Expenses	<u>1,486,524</u>	<u>1,450,371</u>	<u>36,153</u>	<u>1,206,781</u>
Operating Income (Loss)	<u>131,179</u>	<u>107,246</u>	<u>(23,933)</u>	<u>367,933</u>
Nonoperating Revenues (Expenses):				
Investment earnings	25,000	28,483	3,483	43,869
Gain (loss) on disposal of capital assets	-	-	-	8,656
Interest expense	(29,191)	(2,960)	26,231	(5,356)
Total Nonoperating Revenues (Expenses)	<u>(4,191)</u>	<u>25,523</u>	<u>29,714</u>	<u>47,169</u>
Net Income (Loss)	<u>\$ 126,988</u>	<u>132,769</u>	<u>\$ 5,781</u>	<u>415,102</u>
Net Assets, Beginning of Year		<u>2,432,499</u>		<u>2,017,397</u>
Net Assets, End of Year		<u>\$ 2,565,268</u>		<u>\$ 2,432,499</u>

CITY OF ELKO
SCHEDULE OF NET ASSETS
NONMAJOR ENTERPRISE FUND
GOLF FUND
JUNE 30, 2009

(With Comparative Actual Amounts at June 30, 2008)

	GOLF FUND	2008
ASSETS		
Current assets:		
Cash and investments	\$ 96,760	\$ 52,570
Interest receivable	212	196
Accounts receivable	20,719	33,660
Total Current Assets	117,691	86,426
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	519,999	548,852
Construction in progress	2,112	-
Less accumulated depreciation	(679,748)	(671,385)
Total Capital Assets (Net of Accumulated Depreciation)	1,025,404	1,060,508
Total Assets	1,034,449	1,069,553
LIABILITIES		
Current liabilities:		
Accounts payable	16,288	23,395
Accrued salaries	15,268	12,274
Compensated absences	9,471	11,048
Current maturities of medium term obligation payable	3,500	7,000
Other current liabilities	338	-
Total Current Liabilities	44,865	53,717
Noncurrent liabilities:		
Compensated absences	35,350	29,779
Annual required contribution	20,013	-
Medium term obligation payable	-	3,500
Total Long-Term Liabilities	55,363	33,279
Total Liabilities	100,228	86,996
NET ASSETS		
Invested in capital assets, net of related debt	1,030,949	1,059,053
Unrestricted	20,963	9,930
TOTAL NET ASSETS	\$ 1,051,912	\$ 1,068,983

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
GOLF FUND
FOR THE YEAR ENDED JUNE 30, 2009
(With Comparative Actual Amounts for the Year Ended June 30, 2008)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2008
Operating Revenues:				
Charges for services:				
Green fees	\$ 195,200	\$ 181,916	\$ (13,284)	\$ 167,756
Membership fees	278,250	254,708	(23,542)	237,955
Tournament fees	45,000	31,539	(13,461)	42,917
Cart path fees	30,306	31,919	1,613	29,728
Golf cart shed rentals	28,750	32,352	3,602	29,542
Golf concession rentals	6,800	6,600	(200)	6,200
	<u>584,306</u>	<u>539,034</u>	<u>(45,272)</u>	<u>514,098</u>
Miscellaneous:				
Other	12,500	13,953	1,453	15,437
Total Operating Revenues	<u>596,806</u>	<u>552,987</u>	<u>(43,819)</u>	<u>529,535</u>
Operating Expenses:				
Culture and recreation:				
Administration:				
Salaries and wages	18,300	16,612	1,688	12,236
Employee benefits	12,200	10,072	2,128	6,612
	<u>30,500</u>	<u>26,684</u>	<u>3,816</u>	<u>18,848</u>
Operations:				
Salaries and wages	222,740	219,953	2,787	205,697
Employee benefits	73,400	89,612	(16,212)	69,051
Services and supplies	232,650	231,276	1,374	244,160
	<u>528,790</u>	<u>540,841</u>	<u>(12,051)</u>	<u>518,908</u>
Depreciation	54,533	48,871	5,662	48,616
Total Operating Expenses	<u>613,823</u>	<u>616,396</u>	<u>(2,573)</u>	<u>586,372</u>
Operating Income (Loss)	<u>(17,017)</u>	<u>(63,409)</u>	<u>(46,392)</u>	<u>(56,837)</u>
Nonoperating Revenues:				
Investment earnings	1,500	496	(1,004)	1,237
Gain (loss) on disposal of capital assets	-	403	403	5,391
Interest expense	(372)	(376)	(4)	(679)
	<u>1,128</u>	<u>523</u>	<u>(605)</u>	<u>5,949</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(15,889)</u>	<u>(62,886)</u>	<u>(46,997)</u>	<u>(50,888)</u>
Transfers in:				
General Fund	25,200	22,690	(2,510)	17,380
Recreation Fund	23,125	23,125	-	22,461
	<u>48,325</u>	<u>45,815</u>	<u>(2,510)</u>	<u>39,841</u>
Change in Net Assets	<u>\$ 32,436</u>	<u>(17,071)</u>	<u>\$ (49,507)</u>	<u>(11,047)</u>
Net Assets, Beginning of Year		1,068,983		1,080,030
Net Assets, End of Year		<u>\$ 1,051,912</u>		<u>\$ 1,068,983</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, 2009

(With Comparative Actual Amounts at June 30, 2008)

	<u>2009</u>	<u>2008</u>
ASSETS		
Current assets:		
Cash and investments	\$ 169,070	208,282
Accounts receivable	67,114	269,324
Total Assets	<u>236,184</u>	<u>477,606</u>
LIABILITIES		
Current liabilities:		
Accounts payable	-	95,453
Unearned revenue	-	111,283
Total Liabilities	<u>-</u>	<u>206,736</u>
NET ASSETS		
Unrestricted	<u>236,184</u>	<u>270,870</u>
TOTAL NET ASSETS	<u>\$ 236,184</u>	<u>\$ 270,870</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, 2009
(With Comparative Actual Amounts for the Year Ended June 30, 2008)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2008
Operating Revenues:				
Charges for services:				
Health insurance contributions	\$ -	\$ -	\$ -	\$ 1,574,341
Provider reimbursements	-	20,000	20,000	482,600
Employee dependent contributions	-	-	-	251,144
	-	20,000	20,000	2,308,085
Miscellaneous:				
Other	-	7,923	7,923	152
Total Operating Revenues	-	27,923	27,923	2,308,237
Operating Expenses:				
Administration:				
Employee benefits	736,858	62,664	674,194	2,008,828
Operating Income (Loss)	(736,858)	(34,741)	702,117	299,409
Nonoperating Revenues (Expenses):				
Investment earnings	-	55	55	1,588
Change in Net Assets	<u>\$ (736,858)</u>	<u>(34,686)</u>	<u>\$ 702,172</u>	300,997
Net Assets (deficit), beginning of year		<u>270,870</u>		<u>(30,127)</u>
Net Assets, end of year		<u>\$ 236,184</u>		<u>\$ 270,870</u>

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.

CITY OF ELKO
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2009

	<u>BALANCE</u> <u>JUNE 30, 2008</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2009</u>
Elko County Recreation Board:				
Assets:				
Cash and investments	\$ 134,817	\$ 132,853	\$ 103,856	\$ 163,814
Interest receivable	593	541	593	541
Room tax receivable	18,448	14,410	18,448	14,410
Total Assets	<u>\$ 153,858</u>	<u>\$ 147,804</u>	<u>\$ 122,897</u>	<u>\$ 178,765</u>
Liabilities:				
Accounts payable	\$ 54	\$ 67	\$ 54	\$ 67
Due to other governments	153,804	147,737	122,843	178,698
Total Liabilities	<u>\$ 153,858</u>	<u>\$ 147,804</u>	<u>\$ 122,897</u>	<u>\$ 178,765</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, 2009
(UNAUDITED)

		Activity for the period July 1, 2008 through June 30, 2009
Capital Construction Fund:		
Beginning Balance July 1, 2008	\$	(521,101)
Additions:		
Revenue from Ad Valorem Taxes		518,253
Deletions:		
5th Street Reconstruction, Cedar to Willow		(1,145,879)
Funds remaining to be spent on Street Projects based on Monies Collected from Ad Valorem Taxes	\$	(1,148,727)
Water Fund:		
Beginning Balance July 1, 2008	\$	(1,436,684)
Additions:		
Revenue from Connection Fees		264,380
Deletions:		
Capital Expenses for Projects relating to Growth:		
Well #43 Land Purchase		(57,258)
Well #42 Fencing		(16,129)
Well #43 Motor Control Center		(48,440)
Well #43 Pump House		(598,385)
Funds remaining to be spent on Growth based on Monies Collected from Connection Fees	\$	(1,892,516)
Sewer Fund:		
Beginning Balance July 1, 2008	\$	6,898,580
Additions:		
Revenue from Sewer Improvement Fees		2,852,360
Deletions:		
Capital Expenses for Projects or Replacement		
SCADA		(51,891)
LDS Church Sewer Line Oversize		(31,694)
Emergency Effluent Pond Improvements		(35,686)
Headworks Grinder Project		(291,595)
WRD Road Reconstruction		(44,758)
13th Street Sewer Main Replacement		(61,911)
Reuse Pipeline Replacement		(925,568)
East Primary Clarifier Rehabilitation		(4,191)
Secondary Digester Dome Repair		(85,651)
Funds remaining to be spent on Growth or Replacement based on Monies Collected from Sewer Improvement Fees	\$	8,217,995
Sewer Fund:		
Beginning Balance July 1, 2008	\$	(916,680)
Additions:		
Revenue from Connection Fees		376,468
Deletions:		
Capital Expenses for Projects relating to Growth:		
Reuse Site Additional Land Purchase		(92,707)
Effluent Reuse Site Expansion		(101,118)
Funds remaining to be spent on Growth based on Monies Collected from Connection Fees	\$	(734,037)

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

	ACTUAL 2001	ACTUAL 2002	ACTUAL 2003
Revenues:			
Taxes	\$ 1,348,928	\$ 1,511,776	\$ 1,794,349
Licenses and permits	1,114,875	1,100,609	1,070,134
Intergovernmental	7,153,559	6,574,722	6,922,968
Charges for services	361,314	517,264	498,133
Fines and forfeitures	130,686	115,863	118,022
Miscellaneous	140,666	62,649	134,481
Total Revenues	<u>10,250,028</u>	<u>9,882,883</u>	<u>10,538,087</u>
Expenditures:			
General government	994,130	1,022,900	1,049,437
Judicial	129,987	144,022	149,315
Public safety	4,876,041	4,824,818	4,963,815
Public works	2,840,141	2,525,008	2,635,950
Health	279,428	269,782	260,359
Culture and recreation	521,737	530,462	624,716
Community support	26,000	28,000	28,000
Contingency	-	-	-
Intergovernmental	-	-	-
Total Expenditures	<u>9,667,464</u>	<u>9,344,992</u>	<u>9,711,592</u>
Excess (Deficiency) of Revenues over Expenditures	<u>582,564</u>	<u>537,891</u>	<u>826,495</u>
Other Financing Sources (Uses):			
Transfers in	117,834	129,382	206,410
Transfers out	<u>(531,455)</u>	<u>(329,927)</u>	<u>(688,752)</u>
Total Other Financing Sources (Uses)	<u>(413,621)</u>	<u>(200,545)</u>	<u>(482,342)</u>
Net Change in Fund Balance	168,943	337,346	344,153
Fund Balance, July 1	<u>1,215,647</u>	<u>1,384,590</u>	<u>1,721,936</u>
Fund Balance, June 30	<u>\$ 1,384,590</u>	<u>\$ 1,721,936</u>	<u>\$ 2,066,089</u>

	ACTUAL 2004	ACTUAL 2005	ACTUAL 2006	ACTUAL 2007	ACTUAL 2008	ACTUAL 2009	BUDGETED 2010
\$	1,820,085	\$ 1,820,694	\$ 1,861,647	\$ 1,954,914	\$ 2,053,557	\$ 2,138,384	\$ 2,295,892
	1,068,772	1,226,545	1,312,525	1,464,666	1,517,248	1,555,808	1,478,905
	7,211,043	7,922,879	10,236,294	11,347,440	10,822,650	10,483,689	10,151,166
	526,188	465,420	558,329	580,481	619,864	577,488	593,754
	121,311	130,049	161,363	177,703	225,240	250,115	289,000
	213,309	119,161	263,047	201,580	287,861	171,484	127,680
	<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>15,176,968</u>	<u>14,936,397</u>
	1,157,007	1,428,754	1,342,145	1,640,946	1,793,403	2,108,515	2,411,008
	159,464	146,878	222,543	237,848	301,401	386,154	407,000
	5,332,140	5,550,738	6,345,554	7,221,831	7,905,349	8,116,542	8,722,230
	2,505,096	2,858,478	3,056,446	3,235,170	4,273,874	3,362,015	3,743,274
	276,938	357,308	408,536	441,913	507,835	525,658	558,440
	696,735	690,329	733,833	817,790	952,538	1,028,101	1,084,975
	28,000	28,000	28,000	28,000	36,000	36,000	36,000
	-	-	-	-	-	-	254,444
	-	157,181	12,946	51,365	-	-	-
	<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>15,562,985</u>	<u>17,217,371</u>
	805,328	467,082	2,243,202	2,051,921	(243,980)	(386,017)	(2,280,974)
	184,220	220,106	173,475	191,581	234,298	246,256	536,891
	(602,282)	(1,023,443)	(738,365)	(1,107,644)	(1,372,655)	(397,690)	(399,800)
	(418,062)	(803,337)	(564,890)	(916,063)	(1,138,357)	(151,434)	137,091
	387,266	(336,255)	1,678,312	1,135,858	(1,382,337)	(537,451)	(2,143,883)
	2,066,089	2,453,355	2,117,100	3,795,412	4,931,270	3,548,933	3,578,191
\$	<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>3,011,482</u>	<u>1,434,308</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%
2010		389,109,714	7.02%

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

<u>FISCAL YEAR</u>	<u>NET LEVY ROLL</u>	<u>TOTAL TAXES COLLECTED</u>	<u>COLLECTED AS A % OF TAXES LEVIED</u>
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	8,806,052	8,764,671	99.5%
2007	9,414,388	9,357,982	99.4%
2008	9,416,173	9,285,228	98.6%
2009	9,416,808	9,245,406	98.2%

**CITY OF ELKO
TEN LARGEST PROPERTY OWNERS
FOR THE YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

TAXPAYER	TYPE OF BUSINESS	ASSESSED VALUE	% OF CITY ASSESSED VALUE
1. PHC Elko, Inc.	Hospital	\$ 11,907,139	3.28%
2. Elko Acquisitions	Gaming	10,259,567	2.82%
3. Wal-Mart Stores, Inc.	Retail	4,541,811	1.25%
4. Ablah Elko	Commercial	3,622,714	1.00%
5. Monte Carlo	Apartments	3,137,081	0.86%
6. Sagecrest	Apartments	3,105,638	0.85%
7. Home Depot	Retail	2,928,764	0.81%
8. Edwin Enterprise	Retirement Home/Hospital	1,996,792	0.55%
9. Foothill Develop	Motel	1,975,248	0.54%
10. K-Mart	Retail	1,928,119	0.53%
		\$ 45,402,873	12.49%

Based on Fiscal Year 2009-2010 total City assessed valuation of \$389,109,714.

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u> (Budget)
Average Statewide Rate	\$ 3.0758	\$ 3.1115	\$ 3.1182	\$ 3.1124	\$ 3.1471	\$ 3.1526	\$ 3.1727	\$ 3.2162
City of Elko	\$ 0.6900	\$ 0.7200	\$ 0.8200	\$ 0.9200	\$ 0.9200	\$ 0.9200	\$ 0.9200	\$ 0.9200
Elko County	0.8262	0.8419	0.8419	0.8386	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	0.0615	0.0643	0.0648	0.0661	0.0671	0.0681	0.0681	0.0681
State of Nevada	<u>0.1500</u>	<u>0.1700</u>						
Total	<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>	<u>\$ 3.4967</u>

Per \$100 of assessed valuation.

Source: Nevada Department of Taxation

**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
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	8,775,724	100,295,775
2010	389,109,714	116,732,914	N/A	N/A

Note: Legal debt limit per NRS 266.600.

**CITY OF ELKO
OUTSTANDING BONDED INDEBTEDNESS
FOR THE YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

<u>Bonds Payable</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE AMOUNT</u>	<u>PRINCIPAL OUTSTANDING JUNE 30, 2009</u>
General Obligation Bonds:			
General Government:			
1998 Street Improvement Refunding Bonds	3/14/1997	\$ 1,900,000	\$ 225,000
2005 Limited Tax Recreational Facilities Bonds	8/25/2005	2,000,000	1,740,000
General Obligation (Limited Tax) Bonds:			
Enterprise Fund:			
Airport Improvement Bonds Series 1999A and Series 1999B	10/28/1999	4,275,000	3,765,000
Enterprise Fund:			
1994 Sewer Bond	6/22/1994	2,500,000	848,144
General Obligation (Limited Tax) Revenue Bond:			
Enterprise Fund:			
Sewer Bond, Series 1998	8/14/1998	4,000,000	2,197,580
Total Bonds Payable		<u>\$ 14,675,000</u>	<u>\$ 8,775,724</u>

CITY OF ELKO
ANNUAL GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(UNAUDITED)

FISCAL YEAR	1999 Airport Improvement Limited Tax Bond		1994 Sewer Bond		1998 Sewer Bond	
	Principal	Interest	Principal	Interest	Principal	Interest
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	182,204	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	-	-	276,617	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	\$ 3,765,000	\$ 2,992,488	\$ 848,144	\$ 95,941	\$ 2,197,580	\$ 352,448

1998 Street Improvement Refunding Bond		2005 Limited Tax Recreational Facilities Bonds		Total
Principal	Interest	Principal	Interest	
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	951,273
-	-	95,000	55,568	757,884
-	-	100,000	51,768	761,523
-	-	105,000	47,768	759,370
-	-	110,000	43,568	766,425
-	-	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>\$ 225,000</u>	<u>\$ 5,625</u>	<u>\$ 1,740,000</u>	<u>\$ 691,700</u>	<u>\$ 12,913,926</u>

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

	All Members	
	June 30, 2008	June 30, 2007
Total Actuarial Accrued Liability	\$ 30,495,890,403	\$ 27,671,593,366
Net Assets at Actuarial Value	<u>23,237,651,604</u>	<u>21,359,026,885</u>
Unfunded Actuarial Accrued Liability	<u>\$ 7,258,238,799</u>	<u>\$ 6,312,566,481</u>
Assets as % of Total Accrued Liability	76.20%	77.19%

Source: June 30, 2008 Public Employees' Retirement System of Nevada
Comprehensive Annual Financial Report

COMPLIANCE SECTION

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

**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, 2009, which collectively comprise the City of Elko's basic financial statement and have issued our report thereon dated November 17, 2009. 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 preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting 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.

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 09-1 and 09-2) 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.

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 09-1 and 09-2 to be material weaknesses.

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 17, 2009.

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

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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.

Kafoury, Armstrong & Co.

Elko, Nevada
November 17, 2009

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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 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, 2009. The City's major federal program is 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 program 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 program and passenger facility charge program for the year ended June 30, 2009.

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.

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 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.

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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.

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 over compliance we consider to be material weaknesses as defined above.

The City's responses to the findings indentified 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 them.

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.

Kefauver, Armstrong & Co.

Elko, Nevada
November 17, 2009

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CITY OF ELKO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009
(Page 1 of 2)

<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 Agriculture:</u>			
Direct Program – Cooperative Forestry Assistance:			
Community Forestry Project	10.664	N/A	5,000
<u>U.S. Department of Housing and Urban Development:</u>			
Passed through State of Nevada Department of Commission on Economic Development:			
Community Development Block Grants – State Administered Small Cities Program Cluster: Southside Park Basketball/Tennis Court Reconstruction	14.228	CDBG/08/PF/002	\$13,325
<u>U.S. Department of Justice:</u>			
Passed through Nevada Department of Motor Vehicles and Public Safety Office of Narcotic Control Assistance:			
Edward Byrne Memorial Formula Grant Program:			
Juvenile Justice and Delinquency Prevention Grant	16.579	08-JAG-02	49,135
Juvenile Justice and Delinquency Prevention Grant	16.579	08-JAG-02S	24,847
Combined Narcotics Task Force Grant	16.579	08-JAG-06	86,683
Passed through Partners Allied for Community Excellence:			
Crime Victim's Rights Act			
Enforcing Underage Drinking Laws Program	16.727	N/A	837
Direct Programs:			
Bulletproof Vest Partnership Program	16.607	N/A	2,298
Total Department of Justice			163,800
<u>U.S. Department of Transportation:</u>			
Direct Program:			
Airport Improvement Program	20.106	3-32-0005-30	573,945
Airport Improvement Program	20.106	3-32-0005-32	2,126,287
Airport Improvement Program	20.106	3-32-0005-33	477,676
Airport Improvement Program	20.106	3-32-0005-34	213,750
Airport Improvement Program	20.106	3-32-0005-35	28,975
Passed through State of Nevada Department of Motor Vehicles and Public Safety – Highway Safety Cluster:			
Traffic Safety Enforcement Grant	20.600	29-JF-1.05	27,926
Total Department of Transportation			3,448,559
<u>National Archives and Research Administration:</u>			
Passed through State of Nevada Library and Archives – National Historical Publications and Records Grant:			
Records Management Program	89.003	99-3	2,613
Total Expenditures of Federal Awards			\$ 3,633,297

CITY OF ELKO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009
(Page 2 of 2)

Note 1 – BASIS OF PRESENTATION:

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.

Note 2 – SUBRECIPIENTS:

The City of Elko provided federal awards to Elko County, Nevada, as a subrecipient, as follows:

Program Title:	Federal CFDA Number:	Amount Provided:
Edward Byrne Formula Grant – Combined Narcotics Task Force Grant	16.579	\$43,457

CITY OF ELKO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009
(Page 1 of 3)

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 a material weakness? 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 a material weakness? 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:

20.106 – Airport Improvement Program

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, 2009

(Page 2 of 3)

SECTION II - FINANCIAL STATEMENT FINDINGS

Significant Deficiency Considered a Material Weakness:

Finding 09-1
Capital Asset Inventory and
Deletions of Capital Assets:

Criteria:	Controls should be in place to ensure a physical inventory of capital assets be taken at least every 2 years, to ensure all capital assets are appropriately accounted for and reconciled to the subsidiary capital asset ledger. In addition, controls should be in place to ensure when a capital asset is sold or disposed of, that the capital asset is correctly removed from the subsidiary ledger. This will reduce the risk of misstatements in financial reporting.
Condition:	During our audit, we noted a physical inventory of capital assets has not been performed in over two years. In addition, we noted a disposal of equipment, in which proceeds were received in an auction totaling \$75,000, and the capital asset was not removed from the subsidiary ledger.
Effect:	Misstatement of the City of Elko financial statements.
Cause:	The accounting department did not have the departments perform a capital asset inventory and the control in place of noting any auction revenue in the City Council minutes failed.
Recommendation:	We recommend that controls be strengthened in this area. Management should require a physical inventory of capital assets and review the system in place for the disposal of capital assets to ensure they are properly recorded.
Management's Response:	At the end of each fiscal year, the Finance Department will distribute to each department a list of capital assets for their department for verification. This should alleviate missing any additions or deletions of assets during the fiscal year.

Significant Deficiency Considered a Material Weakness:

Finding 09-2
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.
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CITY OF ELKO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009
(Page 3 of 3)

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 transactions; 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.
Recommendation:	Management should examine its controls over the recording of seizure revenues to ensure that they are properly recorded.
Management's Response:	The City will log all expenditures and associated revenues for seizure funds at the time of purchase using these funds so they don't get forgotten at year end.

CITY OF ELKO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009

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.

Recommendation:

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

Current Status:

Implemented

**CITY OF ELKO
SCHEDULE OF PASSENGER
FACILITY CHARGES COLLECTED AND EXPENDED
FOR THE YEAR ENDED JUNE 30, 2009**

Balance July 1, 2008	\$ -
Collection of Passenger Facility Charges July 1, 2008 through June 30, 2009	82,943
Interest Earned	-
Proceeds expended for Passenger Facility Charge Projects July 1, 2008 through June 30, 2009	<u>(82,943)</u>
Balance June 30, 2009	<u>\$ -</u>

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

AUDITOR'S COMMENTS

**CITY OF ELKO
AUDITOR'S COMMENTS
JUNE 30, 2009**

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 violations 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 overexpenditures at June 30, 2009.

DISPOSITION OF PRIOR YEAR RECOMMENDATIONS

See the Summary Schedule of Prior Year Findings on page 98.

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.

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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, 2009

Flat Fixed Fees:

Business license revenue for the year ended June 30, 1991 (base year) adjusted through June 30, 2008	\$ 512,824
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Adjustment to Base:

Base year adjusted percentage increase in population of the local government	1.87%	
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	2.8%	<u>x 4.67%</u>
		<u>23,949</u>

Adjusted base at June 30, 2009

536,773

Actual revenue

362,187

Amount over (under) allowable amount

\$ (174,586)

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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, 2009 (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 their financial administration during the year ended June 30, 2009 (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 17, 2009

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