
**CITY OF ELKO
STATE OF NEVADA**

**FISCAL YEAR ENDED
JUNE 30, 2010**

CITY OF ELKO
JUNE 30, 2010
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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, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of 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, 2010, and the respective changes in financial position, and cash flows, where applicable, 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 December 22, 2010, 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 schedule of funding progress – 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 inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of 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), the Schedule of Expenditures of Federal Awards (as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*) and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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
December 22, 2010

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**City of Elko
Management's Discussion and Analysis
June 30, 2010**

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

	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 \$91,210,967 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 \$163,320. 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 \$16,626,282, 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, 2010 with comparisons for June 30, 2009. These are derived from the government-wide Statement of Net Assets.

**Table 2: Condensed Statement of Net Assets
As of June 30, 2010 and 2009**

	2010 Governmental Activities	2009 Governmental Activities	2010 Business- type Activities	2009 Business- type Activities	Total Primary Government 2010	Total Primary Government 2009
Current and other assets	\$ 6,359,024	\$ 7,382,915	\$16,178,164	\$15,624,728	\$ 22,537,188	\$ 23,007,643
Capital assets	28,532,963	27,834,926	70,025,921	70,461,198	98,558,884	98,296,124
Total assets	34,891,987	35,217,841	86,204,085	86,085,926	121,096,072	121,303,767
Other liabilities	1,773,395	1,573,591	703,197	1,514,801	2,476,592	3,088,392
Long-term liabilities	4,296,837	3,880,813	6,322,074	7,274,507	10,618,911	11,155,320
Total liabilities	6,070,232	5,454,404	7,025,271	8,789,308	13,095,503	14,243,712
Net Assets:						
Invested in capital assets, net of related debt	26,867,963	25,833,426	64,343,004	63,646,974	91,210,967	89,480,400
Restricted	-	-	163,320	108,491	163,320	108,491
Unrestricted	1,953,792	3,930,011	14,672,490	13,541,153	16,626,282	17,471,164
Total net assets	<u>\$28,821,755</u>	<u>\$29,763,437</u>	<u>\$79,178,814</u>	<u>\$77,296,618</u>	<u>\$108,000,569</u>	<u>\$107,060,055</u>

Condensed Statement of Activities

Table 3 presents the City’s condensed statement of activities for the fiscal year ended June 30, 2010, 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 \$941,682, or by 4.4 percent, and the net assets of the business-type activities increased by \$1,882,196, or by 2.4 percent.

Table 3: Condensed Statement of Activities
For Fiscal Year Ended June 30, 2010 and 2009

	2010 Governmental Activities	2009 Governmental Activities	2010 Business - type Activities	2009 Business- type Activities	Total Primary Government 2010	Total Primary Government 2009
Revenues						
Program revenues						
Charges for services	\$ 1,644,285	\$ 1,659,765	\$11,071,823	\$11,274,346	\$12,716,108	\$ 12,934,111
Operating grants	333,780	247,437	-	-	333,780	247,437
Capital grants	1,037,528	21,621	1,572,860	4,061,481	2,610,388	4,083,102
Total program revenues	3,015,593	1,928,823	12,644,683	15,335,827	15,660,276	17,264,650
General revenues						
Taxes						
Ad valorem tax	3,664,871	3,595,134	-	-	3,664,871	3,595,134
Consolidated tax	9,088,548	10,027,260	-	-	9,088,548	10,027,260
Room tax	2,413,931	2,448,273	-	-	2,413,931	2,448,273
Gas tax	483,800	485,058	-	-	483,800	485,058
Other	99,029	103,169	-	-	99,029	103,169
Gaming licenses	141,208	94,741	-	-	141,208	94,741
Franchise fees	796,642	812,807	-	-	796,642	812,807
Investment earnings	(5,308)	116,388	74,397	371,275	69,089	487,663
Gain on sale of capital asset	-	-	2,850	403	2,850	403
Miscellaneous revenues	269,003	427,602	-	-	269,003	427,602
Total general revenues	16,951,724	18,110,432	77,247	371,678	17,028,971	18,482,110
Total revenues	19,967,317	20,039,255	12,721,930	15,707,505	32,689,247	35,746,760
Program expenses						
General government	2,327,967	2,211,625	-	-	2,327,967	2,211,625
Judicial	389,347	388,522	-	-	389,347	388,522
Public safety	9,206,566	8,840,322	-	-	9,206,566	8,840,322
Public works	4,464,538	4,546,095	-	-	4,464,538	4,546,095
Health	571,959	567,896	-	-	571,959	567,896
Culture and recreation	2,987,106	2,826,829	-	-	2,987,106	2,826,829
Community support	32,000	36,000	-	-	32,000	36,000
Interest	67,399	90,381	-	-	67,399	90,381
Water	-	-	2,635,815	2,433,508	2,635,815	2,433,508
Sewer	-	-	3,644,243	4,054,790	3,644,243	4,054,790
Landfill	-	-	1,311,372	1,453,331	1,311,372	1,453,331
Airport	-	-	3,485,232	3,772,135	3,485,232	3,772,135
Golf	-	-	625,189	616,772	625,189	616,772
Total program expenses	20,046,882	19,507,670	11,701,851	12,330,536	31,748,733	31,838,206
Excess (deficiency)						
before transfers	(79,565)	531,585	1,020,079	3,376,969	940,514	3,908,554
Transfers	(862,117)	(710,535)	862,117	710,535	-	-
Change in net assets	(941,682)	(178,950)	1,882,196	4,087,504	940,514	3,908,554
Beginning net assets	29,763,437	29,942,387	77,296,618	73,209,114	107,060,055	103,151,501
Ending net assets	\$28,821,755	\$29,763,437	\$79,178,814	\$77,296,618	\$108,000,569	\$107,060,055

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, 2010 and 2009**

<u>City Programs</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Net Program Expenses (Revenues) (a) 2010</u>	<u>Net Program Expenses (Revenues) (a) 2009</u>
General Government	\$ 2,327,967	\$ 333,357	\$ 1,994,610	\$ 1,846,825
Judicial	389,347	227,597	161,750	103,586
Public Safety	9,206,566	1,001,170	8,205,396	8,501,496
Public Works	4,464,538	909,857	3,554,681	3,977,854
Health	571,959	68,038	503,921	481,582
Culture & Recreation	2,987,106	475,574	2,511,532	2,541,123
Interest	67,399	-	67,399	90,381
Community Support	32,000	-	32,000	36,000
Totals	<u>\$20,046,882</u>	<u>\$ 3,015,593</u>	<u>\$17,031,289</u>	<u>\$17,578,847</u>

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

Program Expenses and Revenues for Business-type Activities

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

**Table 5: Program Expenses and Revenues
For Business-type Activities
For the Fiscal Year Ended June 30, 2010 and 2009**

<u>City Programs</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Net Program Expenses (Revenues) 2010</u>	<u>Net Program Expenses (Revenues) 2009</u>
Water Enterprise	\$ 2,635,815	\$ 3,496,127	\$ (860,312)	\$ (966,799)
Sewer Enterprise	3,644,243	5,566,492	(1,922,249)	(1,426,253)
Landfill Enterprise	1,311,372	1,431,536	(120,164)	(104,286)
Airport Enterprise	3,485,232	1,584,157	1,901,075	(571,738)
Golf Enterprise	625,189	566,371	58,818	63,785
Totals	<u>\$11,701,851</u>	<u>\$12,644,683</u>	<u>\$ (942,832)</u>	<u>\$ (3,005,291)</u>

Overall Analysis

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

- The assets of the City exceeded its liabilities (net assets) at the close of the fiscal year by \$28.8 million for governmental activities and by \$79.2 million for business-type activities.
- The City's total net assets increased during the year by \$940,514 or by 0.8 percent. Net assets of governmental activities decreased by \$941,682 or by 3.2 percent, while net assets of business-type activities increased by \$1,882,196 or by 2.4 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, 2010, the City's governmental funds reported a combined ending fund balance of \$4,253,518, with \$4,236,273 reported as unreserved fund balance and the remaining amount of \$17,245 reserved for specific purposes. See Note 1 to the financial statements for an explanation of the different types of reserve categories.

Major Governmental Funds

General Fund

Fund balance at June 30, 2010 totaled \$1,748,609, which is a decrease of \$1,262,880 or 41.9 percent during the fiscal year. The decrease is due to a decrease in total revenues of 5.1 percent and an increase in expenditures for employee benefits related expenses of 13 percent from an increase in the Public Employees' Retirement System contributions and an increase in the cost of health insurance coverage of 18.8 percent. There was a transfer of \$375,000 to the Airport Fund and a transfer of \$23,715 to the Golf Enterprise Fund with transfers out totaling \$398,715.

Recreation Fund

Fund balance at June 30, 2010 totaled \$432,012, which is a decrease of \$70,446 or 14.0 percent during the fiscal year. The decrease is due to a decrease of 3.5 percent in transient lodging tax revenues the primary revenue source for the fund, expenditures for capital projects in the fund decreased by 32.8 percent to help offset the reduction in revenues.

Capital Construction Fund

Fund balance at June 30, 2010 totaled \$408,472, which is an increase of \$208,243 or 104.0 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. There were several small street construction projects budgeted for fiscal year 2009/2010 and one larger project to resurface Silver Street from 5th Street to the Mountain City Highway intersection. The City was awarded ARRA funds in the amount of \$485,609 to help fund the Silver Street project. The City anticipates the expenditures to increase substantially in fiscal year 2010/2011 and 2011/2012 as we have bonded for \$10,500,000 for the reconstruction of Idaho Street, the main street of the city, to be done in fiscal years 2011 and 2012. The City entered into an inter-local agreement with the Elko Regional Transportation Commission to use the City's portion of the RTC revenues to help pay for the annual debt requirements for the new bond.

Non-major Governmental Funds

Revenue Stabilization Fund

Fund balance at June 30, 2010 totaled \$461,047, which is an increase \$1,632 or 0.4 percent. There were no transfers in from the General Fund this fiscal year and the only revenue was interest. This is the seventh consecutive year that the City has not had to use this fund to stabilize the revenues of the General Fund.

Ad Valorem Capital Projects Fund

Fund balance at June 30, 2010 totaled \$326,503, which is an increase of \$200,198 or 159.5 percent during the fiscal year. The downtown corridor lighting project was the only project budgeted for this fiscal year, it totaled \$125,855 and was partially funded by a grant from the State Department of Transportation. The total revenue received from the 5 cents property tax for capital projects was \$215,628.

Capital Equipment Reserve Fund

Fund balance at June 30, 2010 totaled \$555,683, which is a decrease of \$123,744 or 18.2 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 2009/2010; equipment purchases for general government totaled \$50,946; equipment purchases for public safety departments totaled \$288,799; equipment purchases for public works departments totaled \$295,090; health equipment purchases totaled \$20,989; and culture and recreation equipment purchases totaled \$46,448. The City has made significant progress in the replacement of an aging fleet and equipment list.

Facility Reserve Fund

Fund balance at June 30, 2010 totaled \$0. There is not a dedicated revenue source for this fund, as such there were no revenues received in fiscal year 2009/2010. Expenses totaled \$63,948 of which \$19,244 was for new flooring for the fire department station; a salt dome was purchased for \$20,160 for the street department; the building department finished a lease purchase for their building in the amount of \$14,340; and the animal shelter had a remodel of their building in the amount of \$10,204.

Proprietary Funds

The City's proprietary funds reported net assets of \$79,178,814 for fiscal year ending June 30, 2010. Following is a list of the proprietary funds and their respective net assets at June 30, 2009 and 2010 with the percentage change.

<u>Fund</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>Change</u>	<u>%Change</u>
Water Enterprise	\$17,204,845	\$18,091,885	\$ 887,040	5.2%
Sewer Enterprise	25,882,253	27,849,986	1,967,733	7.6%
Airport Enterprise	30,592,340	29,436,395	(1,155,945)	(3.8%)
Landfill Enterprise	2,565,268	2,689,951	124,683	4.9%
Golf Enterprise	1,051,912	1,110,597	58,685	5.6%
Total Net Assets	\$77,296,618	\$79,178,814	\$1,882,196	2.4%

Capital Asset and Long-term Debt Activity

Capital Asset Activity

At June 30, 2010, the City reported \$28.5 million in capital assets for governmental activities and \$70.0 million in capital assets for business-type activities. Major capital asset additions for the governmental activities were \$134,005 for the final phase of the downtown corridor lighting project; \$638,679 for various street improvement projects; \$399,900 for the southside tennis and basketball court resurfacing project; \$298,350 in public safety vehicles and equipment; \$383,437 in bomb squad equipment for the Police Department; and \$271,150 in public works vehicles and equipment. Major capital additions for business type activities included \$523,777 for a water main extension to well #43, including pumping equipment and electrical hookup; \$262,647 to rehabilitate a concrete pipeline at the water reclamation facility; \$840,716 for the headworks upgrade project; \$319,3366 for the primary effluent emergency pond project; \$265,710 for the 13th Street sewer main replacement; \$47,950 for landfill fencing; \$69,602 for the Golf clubhouse renovation project; \$207,826 for Phase IV Taxiway Relocation project; \$323,959 for the airport concrete apron reconstruction project; and \$254,427 for the Runway 5/23 obstruction removal 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, 2010, excluding the annual required contribution for other post employment benefits, totaled \$8,893,565, a decrease of 13.6 percent when compared to the prior year. The City paid off the 1998 street improvement refunding bonds during fiscal year 2009/2010. In addition, the City paid off the 1994 Nevada Revolving Fund Sewer Bonds.

In 2009/2010 the City of Elko issued \$3,735,000 in Series 2009A and 2009B Airport Improvement Bonds the proceeds of which were used to currently refund \$3,765,000 in outstanding series 1999A and 1999B Airport Improvement Bonds.

As of June 30, 2010, the City of Elko had a bond rating of A+ from Standard & Poors on the Elko Regional Airport 2009 refunded bond issue as well as the 2005 Recreation Facilities bond issue.

As of June 30, 2010, the City of Elko had \$7,383,511 of general obligation debt outstanding, which is subject to the legal debt margin. This is well below the legal limit of \$109,349,403 by \$101,965,892. 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 2010/2011 from fiscal year 2009/2010 for the third 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, the Council implemented several increases to charges for services in fiscal year 2010/2011 such as business licenses, cemetery fees, the implementation of a storm water utility management fee, and the implementation of a right-of-way toll on the water and sewer funds to help pay for the cost of providing the required services to our citizens.

The consolidated tax revenues decreased 9.36 percent for fiscal year 2009/2010. 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. Although

for the fiscal year beginning July 1, 2010 we have seen a slight increase in consolidated tax revenues, we will continue to monitor them as we move forward. As consolidated tax revenues make up over 50 percent of the general fund revenues, any fluctuations either positive or negative can have significant impacts on the City's ability to provide the required services to its citizens. 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 2011 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, 2010

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Cash and investments	\$ 2,975,714	\$ 14,962,145	\$ 17,937,859
Restricted cash	-	163,320	163,320
Interest receivable	6,572	32,216	38,788
Accounts receivable	212,122	922,229	1,134,351
Room tax receivable	460,605	-	460,605
Taxes receivable, delinquent	133,990	-	133,990
Due from other governments	2,333,645	91,950	2,425,595
Inventory	14,167	142,110	156,277
Deferred charges - bond issue costs	-	86,403	86,403
Internal balances	222,209	(222,209)	-
Capital assets:			
Land and construction in progress	2,727,748	2,046,253	4,774,001
Other capital assets (net of accumulated depreciation)	25,805,215	67,979,668	93,784,883
Total Assets	<u>34,891,987</u>	<u>86,204,085</u>	<u>121,096,072</u>
LIABILITIES			
Accounts payable	722,532	511,189	1,233,721
Accrued salaries	531,146	138,429	669,575
Interest payable	5,731	43,320	49,051
Due to other governments	259,657	-	259,657
Unearned revenue	254,329	9,921	264,250
Other current liabilities	-	338	338
Noncurrent liabilities:			
Due within one year	718,188	526,623	1,244,811
Due in more than one year	3,578,649	5,795,451	9,374,100
Total Liabilities	<u>6,070,232</u>	<u>7,025,271</u>	<u>13,095,503</u>
NET ASSETS			
Invested in capital assets, net of related debt	26,867,963	64,343,004	91,210,967
Restricted for:			
Debt service	-	163,320	163,320
Unrestricted	1,953,792	14,672,490	16,626,282
Total Net Assets	<u>\$ 28,821,755</u>	<u>\$ 79,178,814</u>	<u>\$ 108,000,569</u>

See accompanying notes.

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

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary government:				
Governmental activities:				
General government	\$ 2,327,967	\$ 333,357	\$ -	\$ -
Judicial	389,347	227,597	-	-
Public safety	9,206,566	154,929	333,780	512,461
Public works	4,464,538	557,204	-	352,653
Health	571,959	68,038	-	-
Culture and recreation	2,987,106	303,160	-	172,414
Community support	32,000	-	-	-
Interest on long-term debt	67,399	-	-	-
Total governmental activities	<u>20,046,882</u>	<u>1,644,285</u>	<u>333,780</u>	<u>1,037,528</u>
Business-type activities:				
Water	2,635,815	3,109,053	-	387,074
Sewer	3,644,243	5,069,084	-	497,408
Landfill	1,311,372	1,431,536	-	-
Airport	3,485,232	895,779	-	688,378
Golf	625,189	566,371	-	-
Total business-type activities	<u>11,701,851</u>	<u>11,071,823</u>	<u>-</u>	<u>1,572,860</u>
Total primary government	<u>\$ 31,748,733</u>	<u>\$ 12,716,108</u>	<u>\$ 333,780</u>	<u>\$ 2,610,388</u>

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
\$ (1,994,610)	\$ -	\$ (1,994,610)
(161,750)	-	(161,750)
(8,205,396)	-	(8,205,396)
(3,554,681)	-	(3,554,681)
(503,921)	-	(503,921)
(2,511,532)	-	(2,511,532)
(32,000)	-	(32,000)
(67,399)	-	(67,399)
<u>(17,031,289)</u>	<u>-</u>	<u>(17,031,289)</u>
-	860,312	860,312
-	1,922,249	1,922,249
-	120,164	120,164
-	(1,901,075)	(1,901,075)
-	(58,818)	(58,818)
<u>-</u>	<u>942,832</u>	<u>942,832</u>
<u>(17,031,289)</u>	<u>942,832</u>	<u>(16,088,457)</u>
3,664,871	-	3,664,871
9,088,548	-	9,088,548
2,413,931	-	2,413,931
483,800	-	483,800
99,029	-	99,029
141,208	-	141,208
796,642	-	796,642
(5,308)	74,397	69,089
-	2,850	2,850
269,003	-	269,003
(862,117)	862,117	-
<u>16,089,607</u>	<u>939,364</u>	<u>17,028,971</u>
(941,682)	1,882,196	940,514
<u>29,763,437</u>	<u>77,296,618</u>	<u>107,060,055</u>
<u>\$ 28,821,755</u>	<u>\$ 79,178,814</u>	<u>\$ 108,000,569</u>

See accompanying notes.

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

	GENERAL	RECREATION FUND	CAPITAL CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and investments	\$ 283,727	\$ 428,993	\$ 632,739	\$ 1,629,087	\$ 2,974,546
Interest receivable	708	1,046	1,447	3,371	6,572
Accounts receivable	171,780	11,032	-	-	182,812
Room tax receivable	-	339,048	-	-	339,048
Taxes receivable, delinquent	85,578	-	24,889	23,523	133,990
Due from other funds	260,984	-	8,114	-	269,098
Due from other governments	1,890,687	-	265,013	177,945	2,333,645
Inventory	14,167	-	-	-	14,167
Total Assets	\$ 2,707,631	\$ 780,119	\$ 932,202	\$ 1,833,926	\$ 6,253,878
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 244,151	\$ 118,027	\$ 329,354	\$ 22,136	\$ 713,668
Accrued salaries	492,171	28,344	-	10,631	531,146
Due to other funds	-	38,775	-	8,114	46,889
Due to other governments	7,409	162,961	-	16,525	186,895
Deferred revenue	215,291	-	194,376	112,095	521,762
Total Liabilities	959,022	348,107	523,730	169,501	2,000,360
Fund Balances:					
Reserved for:					
Inventories	14,167	-	-	-	14,167
Capital projects	3,078	-	-	-	3,078
Unreserved, reported in:					
General fund	1,731,364	-	-	-	1,731,364
Special revenue funds	-	432,012	-	587,204	1,019,216
Debt service fund	-	-	-	(4,477)	(4,477)
Capital project funds	-	-	408,472	1,081,698	1,490,170
Total Fund Balances	1,748,609	432,012	408,472	1,664,425	4,253,518
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,707,631	\$ 780,119	\$ 932,202	\$ 1,833,926	\$ 6,253,878

See accompanying notes.

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

TOTAL FUND BALANCES FOR THE GOVERNMENTAL FUNDS AS SHOWN ON THE BALANCE SHEET	\$	4,253,518
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		28,532,963
Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the Governmental Funds.		267,433
Accounts receivable related to room tax penalties represents amounts that are not available to fund current expenditures and, therefore, are not reported in the Governmental Funds.		29,310
Accounts receivable relating to room taxes represents amounts that are not available to fund current expenditures and, therefore, are not reported in the Governmental Funds.		121,557
Accounts payable related to room tax penalties due to other entities represents amounts that are not paid until the room taxes are collected, therefore, are not reported in the Governmental Funds.		(8,864)
Due to other governments related to room taxes due to other entities represents amounts that are not paid until the room taxes are collected, therefore, are not reported in the Governmental Funds.		(72,762)
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.		1,168
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>(4,302,568)</u>
TOTAL NET ASSETS FOR GOVERNMENTAL ACTIVITIES AS SHOWN ON THE STATEMENT OF NET ASSETS	\$	<u><u>28,821,755</u></u>

See accompanying notes.

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

	GENERAL	RECREATION FUND	CAPITAL CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 2,239,938	\$ 2,327,983	\$ 738,733	\$ 676,233	\$ 5,982,887
Licenses and permits	1,491,501	-	-	-	1,491,501
Intergovernmental	9,868,372	185,639	116,364	573,044	10,743,419
Charges for services	575,031	19,420	-	170,760	765,211
Fines and forfeitures	199,207	-	-	-	199,207
Miscellaneous	86,388	41,679	2,125	31,365	161,557
Total Revenues	14,460,437	2,574,721	857,222	1,451,402	19,343,782
EXPENDITURES					
Current:					
General government	2,111,813	-	10,000	51,897	2,173,710
Judicial	387,548	-	-	640	388,188
Public safety	8,339,502	-	-	468,016	8,807,518
Public works	3,307,233	-	638,979	455,445	4,401,657
Health	525,384	-	-	31,193	556,577
Culture and recreation	1,027,251	1,840,941	-	229,168	3,097,360
Community support	32,000	-	-	-	32,000
Debt service:					
Principal	-	-	-	336,500	336,500
Interest	-	-	-	78,186	78,186
Total Expenditures	15,730,731	1,840,941	648,979	1,651,045	19,871,696
Excess (Deficiency) of Revenues Over Expenditures	(1,270,294)	733,780	208,243	(199,643)	(527,914)
OTHER FINANCING SOURCES (USES)					
Transfers in	406,136	-	-	177,804	583,940
Transfers out	(398,715)	(804,226)	-	(11,025)	(1,213,966)
Total Other Financing Sources (Uses)	7,421	(804,226)	-	166,779	(630,026)
Net Change in Fund Balances	(1,262,873)	(70,446)	208,243	(32,864)	(1,157,940)
FUND BALANCES, July 1	3,011,482	502,458	200,229	1,697,289	5,411,458
FUND BALANCES, June 30	\$ 1,748,609	\$ 432,012	\$ 408,472	\$ 1,664,425	\$ 4,253,518

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, 2010

NET CHANGE IN FUND BALANCES FOR GOVERNMENTAL FUNDS AS SHOWN ON THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	\$ (1,157,940)
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.	314,597
Capital assets received by the City through a grant are reported as capital grants in the statement of activities as a non-cash transaction.	383,437
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.	297,013
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.	158,475
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.	(702,249)
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>(235,015)</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES AS SHOWN ON THE STATEMENT OF ACTIVITIES	\$ <u><u>(941,682)</u></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, 2010

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 2,295,892	\$ 2,295,892	\$ 2,239,938	\$ (55,954)
Licenses and permits	1,478,905	1,478,905	1,491,501	12,596
Intergovernmental	10,151,166	10,310,193	9,868,372	(441,821)
Charges for services	593,754	593,754	575,031	(18,723)
Fines and forfeitures	289,000	289,000	199,207	(89,793)
Miscellaneous	127,680	127,680	86,388	(41,292)
Total Revenues	<u>14,936,397</u>	<u>15,095,424</u>	<u>14,460,437</u>	<u>(634,987)</u>
EXPENDITURES				
Current:				
General government	2,411,008	2,411,008	2,111,813	299,195
Judicial	407,000	407,000	387,548	19,452
Public safety	8,722,230	8,881,257	8,339,502	541,755
Public works	3,743,274	3,743,274	3,307,233	436,041
Health	558,440	558,440	525,384	33,056
Culture and recreation	1,084,975	1,084,975	1,027,251	57,724
Community support	36,000	36,000	32,000	4,000
Contingency	254,444	254,444	-	254,444
Total Expenditures	<u>17,217,371</u>	<u>17,376,398</u>	<u>15,730,731</u>	<u>1,645,667</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,280,974)</u>	<u>(2,280,974)</u>	<u>(1,270,294)</u>	<u>1,010,680</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	536,891	536,891	406,136	(130,755)
Transfers out	(399,800)	(399,800)	(398,715)	1,085
Total Other Financing Sources (Uses)	<u>137,091</u>	<u>137,091</u>	<u>7,421</u>	<u>(129,670)</u>
Net Change in Fund Balance	<u>(2,143,883)</u>	<u>(2,143,883)</u>	<u>(1,262,873)</u>	<u>881,010</u>
FUND BALANCE, July 1	<u>3,578,191</u>	<u>3,578,191</u>	<u>3,011,482</u>	<u>(566,709)</u>
FUND BALANCE, June 30	<u>\$ 1,434,308</u>	<u>\$ 1,434,308</u>	<u>\$ 1,748,609</u>	<u>\$ 314,301</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, 2010

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 2,339,452	\$ 2,339,452	\$ 2,327,983	\$ (11,469)
Intergovernmental	200,000	200,000	185,639	(14,361)
Charges for services	18,000	18,000	19,420	1,420
Miscellaneous	7,500	7,500	41,679	34,179
Total Revenues	<u>2,564,952</u>	<u>2,564,952</u>	<u>2,574,721</u>	<u>9,769</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>2,071,487</u>	<u>2,071,487</u>	<u>1,840,941</u>	<u>230,546</u>
Total Expenditures	<u>2,071,487</u>	<u>2,071,487</u>	<u>1,840,941</u>	<u>230,546</u>
Excess (Deficiency) of Revenues over Expenditures	<u>493,465</u>	<u>493,465</u>	<u>733,780</u>	<u>240,315</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(765,160)</u>	<u>(765,160)</u>	<u>(804,226)</u>	<u>(39,066)</u>
Total Other Financing Sources (Uses)	<u>(765,160)</u>	<u>(765,160)</u>	<u>(804,226)</u>	<u>(39,066)</u>
Net Change in Fund Balance	<u>(271,695)</u>	<u>(271,695)</u>	<u>(70,446)</u>	<u>201,249</u>
FUND BALANCE, July 1	<u>467,798</u>	<u>467,798</u>	<u>502,458</u>	<u>34,660</u>
FUND BALANCE, June 30	<u>\$ 196,103</u>	<u>\$ 196,103</u>	<u>\$ 432,012</u>	<u>\$ 235,909</u>

See accompanying notes.

CITY OF ELKO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010
(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	\$ 5,165,283	\$ 8,588,489	\$ -	\$ 1,053,053	\$ 155,320
Interest receivable	11,093	18,599	-	2,264	260
Accounts receivable	277,785	467,176	51,965	117,918	7,385
Due from other governments	-	-	91,950	-	-
Inventory	138,404	3,706	-	-	-
Deferred charges - bond issue costs	-	-	86,403	-	-
Due from other funds	-	-	38,775	-	-
Total Current Assets	5,592,565	9,077,970	269,093	1,173,235	162,965
Noncurrent assets:					
Restricted:					
Cash - Debt service	-	-	163,320	-	-
Capital assets:					
Land	289,608	71,653	884,269	2,467	9,045
Buildings	1,679,908	538,048	6,118,636	668,955	677,887
Improvements other than buildings	15,466,924	41,247,490	6,119	573,855	565,918
Machinery and equipment	1,505,735	2,526,186	3,385,303	1,860,939	546,062
Construction in progress	54,742	282,121	418,450	31,786	2,112
Infrastructure	-	-	40,981,208	-	-
Less accumulated depreciation	(6,143,331)	(23,519,926)	(18,575,045)	(1,412,945)	(718,258)
Total Capital Assets (Net of Accumulated Depreciation)	12,853,586	21,145,572	33,218,940	1,725,057	1,082,766
Total Noncurrent Assets	12,853,586	21,145,572	33,382,260	1,725,057	1,082,766
Total Assets	18,446,151	30,223,542	33,651,353	2,898,292	1,245,731
LIABILITIES					
Current liabilities:					
Accounts payable	165,645	170,039	107,466	43,619	24,420
Accrued salaries	39,638	39,064	19,313	22,523	17,891
Compensated absences	35,367	40,759	22,015	34,480	12,962
Interest payable	-	-	43,320	-	-
Current maturities of bonds payable	-	221,040	160,000	-	-
Due to other funds	-	-	260,984	-	-
Unearned revenue	-	-	9,921	-	-
Other current liabilities	-	-	-	-	338
Total Current Liabilities	240,650	470,902	623,019	100,622	55,611

TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
\$ 14,962,145	\$ 1,168
32,216	-
922,229	-
91,950	-
142,110	-
86,403	-
38,775	-
<u>16,275,828</u>	<u>1,168</u>
<u>163,320</u>	<u>-</u>
1,257,042	-
9,683,434	-
57,860,306	-
9,824,225	-
789,211	-
40,981,208	-
(50,369,505)	-
<u>70,025,921</u>	<u>-</u>
<u>70,189,241</u>	<u>-</u>
<u>86,465,069</u>	<u>1,168</u>
511,189	-
138,429	-
145,583	-
43,320	-
381,040	-
260,984	-
9,921	-
338	-
<u>1,490,804</u>	<u>-</u>

CITY OF ELKO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010
(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	\$ -	\$ 1,762,471	\$ 3,539,406	\$ -	\$ -
Annual required contribution	98,161	108,707	51,376	79,659	40,988
Compensated absences	15,455	31,476	1,157	28,060	38,535
Total Noncurrent Liabilities	113,616	1,902,654	3,591,939	107,719	79,523
Total Liabilities	354,266	2,373,556	4,214,958	208,341	135,134
NET ASSETS					
Invested in capital assets, net of related debt	12,853,586	19,162,061	29,519,534	1,725,057	1,082,766
Restricted for:					
Debt service	-	-	163,320	-	-
Unrestricted (deficit)	5,238,299	8,687,925	(246,459)	964,894	27,831
TOTAL NET ASSETS	\$ 18,091,885	\$ 27,849,986	\$ 29,436,395	\$ 2,689,951	\$ 1,110,597

TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
\$ 5,301,877	\$ -
378,891	-
<u>114,683</u>	<u>-</u>
5,795,451	-
<u>7,286,255</u>	<u>-</u>
64,343,004	-
163,320	-
<u>14,672,490</u>	<u>1,168</u>
<u>\$ 79,178,814</u>	<u>\$ 1,168</u>

See accompanying notes.

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

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER FUND	SEWER FUND	AIRPORT FUND	LANDFILL FUND	NONMAJOR FUND - GOLF
OPERATING REVENUES					
Intergovernmental	\$ -	\$ -	\$ 15,748	\$ -	\$ -
Charges for services	3,043,452	2,221,051	256,297	1,384,455	553,934
Other services	65,601	26,420	623,734	47,081	12,437
Total Operating Revenues	<u>3,109,053</u>	<u>2,247,471</u>	<u>895,779</u>	<u>1,431,536</u>	<u>566,371</u>
OPERATING EXPENSES					
Salaries and wages	601,550	632,622	289,504	413,425	235,304
Employee benefits	305,100	311,787	140,757	196,901	113,442
Services and supplies	1,361,965	1,304,865	351,362	605,922	229,019
Depreciation	367,200	1,320,048	2,297,421	94,485	47,348
Total Operating Expenses	<u>2,635,815</u>	<u>3,569,322</u>	<u>3,079,044</u>	<u>1,310,733</u>	<u>625,113</u>
Operating Income (Loss)	<u>473,238</u>	<u>(1,321,851)</u>	<u>(2,183,265)</u>	<u>120,803</u>	<u>(58,742)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	24,923	45,484	(134)	3,474	650
Gain (loss) on disposal of capital assets	1,805	-	-	1,045	-
Sewer improvement user fees	-	2,821,613	-	-	-
Apron failure expense	-	-	(201,091)	-	-
Amortization expense	-	-	(4,086)	-	-
Interest expense	-	(74,921)	(201,011)	(639)	(76)
Total Nonoperating Revenues (Expenses)	<u>26,728</u>	<u>2,792,176</u>	<u>(406,322)</u>	<u>3,880</u>	<u>574</u>
Income (Loss) Before Capital Contributions and Transfers	499,966	1,470,325	(2,589,587)	124,683	(58,168)
CAPITAL CONTRIBUTIONS	387,074	497,408	688,378	-	69,602
TRANSFERS OUT	-	-	-	-	-
TRANSFERS IN	-	-	745,264	-	47,251
Change in Net Assets	887,040	1,967,733	(1,155,945)	124,683	58,685
NET ASSETS, July 1	<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>
NET ASSETS, June 30	<u>\$ 18,091,885</u>	<u>\$ 27,849,986</u>	<u>\$ 29,436,395</u>	<u>\$ 2,689,951</u>	<u>\$ 1,110,597</u>

TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
\$ 15,748	\$ -
7,459,189	-
<u>775,273</u>	<u>-</u>
8,250,210	-
2,172,405	-
1,067,987	5,414
3,853,133	67,113
<u>4,126,502</u>	<u>-</u>
11,220,027	72,527
<u>(2,969,817)</u>	<u>(72,527)</u>
74,397	-
2,850	-
2,821,613	-
(201,091)	-
(4,086)	-
<u>(276,647)</u>	<u>-</u>
2,417,036	-
(552,781)	(72,527)
1,642,462	-
-	(162,489)
<u>792,515</u>	<u>-</u>
1,882,196	(235,016)
<u>77,296,618</u>	<u>236,184</u>
<u>\$ 79,178,814</u>	<u>\$ 1,168</u>

See accompanying notes.

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

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER FUND	SEWER FUND	AIRPORT FUND
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 3,100,114	\$ 2,229,395	\$ 871,304
Cash payments to suppliers for goods and services	(1,579,110)	(1,452,895)	(338,511)
Cash payments to employees for services and benefits	(837,140)	(882,113)	(402,435)
Cash payments for airport apron failure litigation expenses	-	-	(268,998)
Net Cash Provided (Used) by Operating Activities	<u>683,864</u>	<u>(105,613)</u>	<u>(138,640)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	-	745,264
Transfers out	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>745,264</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(716,257)	(1,929,740)	(1,212,152)
Principal paid on debt	-	(1,062,213)	(3,765,000)
Interest paid on debt	-	(74,921)	(214,182)
Bond issue costs	-	-	(86,403)
Unamortized bond discount/premium	-	-	35,594
Proceeds from issuance of debt	-	-	3,735,000
Proceeds from sales of capital assets	1,805	-	-
Cash received from capital improvement user fees	-	2,821,613	-
Proceeds from federal grants	-	-	955,105
Receipt of customer contributions	387,074	497,408	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(327,378)</u>	<u>252,147</u>	<u>(552,038)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	30,745	55,902	(134)
Net Cash Provided (Used) by Investing Activities	<u>30,745</u>	<u>55,902</u>	<u>(134)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	387,231	202,436	54,452
CASH AND CASH EQUIVALENTS, July 1	<u>4,778,052</u>	<u>8,386,053</u>	<u>108,868</u>
CASH AND CASH EQUIVALENTS, June 30	<u>\$ 5,165,283</u>	<u>\$ 8,588,489</u>	<u>\$ 163,320</u>
CASH AND CASH EQUIVALENTS CONSIST OF:			
Restricted cash and cash equivalents	\$ -	\$ -	\$ 163,320
Unrestricted cash and cash equivalents	<u>5,165,283</u>	<u>8,588,489</u>	<u>-</u>
Total Cash and Cash Equivalents	<u>\$ 5,165,283</u>	<u>\$ 8,588,489</u>	<u>\$ 163,320</u>

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL
LANDFILL	NONMAJOR	TOTAL ENTERPRISE	ACTIVITIES -
FUND	FUND - GOLF	FUNDS	INTERNAL
			SERVICE
			FUND
\$ 1,452,701	\$ 579,705	\$ 8,233,219	\$ -
(615,937)	(220,887)	(4,207,340)	-
(564,983)	(318,472)	(3,005,143)	(5,413)
-	-	(268,998)	-
<u>271,781</u>	<u>40,346</u>	<u>751,738</u>	<u>(5,413)</u>
-	47,251	792,515	-
-	-	-	(162,489)
-	<u>47,251</u>	<u>792,515</u>	<u>(162,489)</u>
(79,735)	(26,063)	(3,963,947)	-
(45,950)	(3,500)	(4,876,663)	-
(639)	(76)	(289,818)	-
-	-	(86,403)	-
-	-	35,594	-
-	-	3,735,000	-
1,045	-	2,850	-
-	-	2,821,613	-
-	-	955,105	-
-	-	884,482	-
<u>(125,279)</u>	<u>(29,639)</u>	<u>(782,187)</u>	<u>-</u>
4,336	602	91,451	-
<u>4,336</u>	<u>602</u>	<u>91,451</u>	<u>-</u>
150,838	58,560	853,517	(167,902)
<u>902,215</u>	<u>96,760</u>	<u>14,271,948</u>	<u>169,070</u>
\$ <u>1,053,053</u>	\$ <u>155,320</u>	\$ <u>15,125,465</u>	\$ <u>1,168</u>
\$ -	\$ -	\$ 163,320	\$ -
<u>1,053,053</u>	<u>155,320</u>	<u>14,962,145</u>	<u>1,168</u>
\$ <u>1,053,053</u>	\$ <u>155,320</u>	\$ <u>15,125,465</u>	\$ <u>1,168</u>

CITY OF ELKO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010
(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)	\$ 473,238	\$ (1,321,851)	\$ (2,183,265)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	367,200	1,320,048	2,297,421
Annual required contribution	53,623	56,393	25,807
Apron failure litigation expenses	-	-	(268,998)
(Increase) Decrease in:			
Accounts receivable	(8,939)	(18,076)	18,772
Due from other governments	-	-	(5,597)
Due from other funds	-	-	(38,775)
Inventory	12,805	276	-
Increase (Decrease) in:			
Accounts payable	(229,950)	(148,306)	(94,887)
Accrued liabilities	11,827	(3,180)	3,169
Compensated absences	4,060	9,083	(1,150)
Due to other funds	-	-	107,738
Unearned revenue	-	-	1,125
Net Cash Provided (Used) by Operating Activities	<u>\$ 683,864</u>	<u>\$ (105,613)</u>	<u>\$ (138,640)</u>
Noncash Capital Activities:			
The Golf Fund received a donation of fixed assets from the governmental funds for golfcourse clubhouse renovations.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL
LANDFILL	NONMAJOR	TOTAL ENTERPRISE	ACTIVITIES -
FUND	FUND - GOLF	FUNDS	INTERNAL
			SERVICE
			FUND
\$ 120,803	\$ (58,742)	\$ (2,969,817)	\$ (72,527)
94,485	47,348	4,126,502	-
36,853	20,975	193,651	-
-	-	(268,998)	-
21,165	13,334	26,256	67,114
-	-	(5,597)	-
-	-	(38,775)	-
-	-	13,081	-
(10,015)	8,132	(475,026)	-
(4,014)	2,623	10,425	-
12,504	6,676	31,173	-
-	-	107,738	-
-	-	1,125	-
<u>\$ 271,781</u>	<u>\$ 40,346</u>	<u>\$ 751,738</u>	<u>\$ (5,413)</u>
<u>-</u>	<u>\$ 69,602</u>	<u>\$ 69,602</u>	<u>\$ -</u>

See accompanying notes.

CITY OF ELKO
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2010

	AGENCY FUND
ASSETS	
Cash and investments	\$ 174,221
Interest receivable	366
Room taxes receivable	17,659
	<hr/>
Total Assets	192,246
	<hr/> <hr/>
LIABILITIES	
Accounts payable	67
Due to other governments	192,179
	<hr/>
Total Liabilities	\$ 192,246
	<hr/> <hr/>

See accompanying notes.

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2010

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, 2010

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, 2010

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. In 2005 the Nevada State Legislature passed Assembly Bill 489 which provides for a partial abatement of the ad valorem taxes levied on qualified property. For qualified property, the abatement will limit the increase of property taxes based on the previous year's assessed value.

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. As such, real property taxes receivable reflect only those taxes receivable from the delinquent roll years, and current taxes collected within 60 days of year end and delinquent taxes from all roll years to 2008-09 have been written off. No provision for uncollectable accounts has been established, as management does not anticipate any material collection losses with respect to the remaining balances.

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.

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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.

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 and proprietary fund 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

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accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- b. **Restricted Net Assets** – Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or law or regulations of other governments; (2) law through constitutional provisions or enabling legislation.
- c. **Unrestricted Net Assets** – All other assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

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	\$	(1,665,000)
Accrued interest		(5,731)
Compensated absences		(1,249,787)
Net OPEB liability		(1,382,050)
		(4,302,568)
Net Difference in Reporting Long-Term Liabilities	\$	(4,302,568)

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

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reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this difference follows:

Capital outlay	\$	2,025,792
Disposal of capital assets		(135)
Capital asset transferred to Proprietary Fund		(69,602)
Depreciation expense		(1,641,458)
		(1,641,458)
Net Difference in Reporting Capital Asset Activity	\$	314,597

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	\$	10,787
Net change in compensated absences		(50,274)
Principal repayments:		
General obligation debt		300,000
Capital leases		36,500
		36,500
Net Difference in Reporting Long-Term Debt Transactions	\$	297,013

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.

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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:

Revenue Stabilization Fund (general government function)	\$ 575
Internal Service Fund	72,527

The above are potential violations of Nevada Revised Statute 354.626. The City plans to monitor expenditures/expenses in 2010-2011 to help prevent potential violations.

DEFICIT FUND BALANCES:

As of June 30, 2010 the Debt Service Fund has a deficit fund balance of \$4,477.

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, 2010, is as follows:

Balances Classified by Depository and Category:

Cash on hand	\$ 1,890
Deposits:	
Citibank:	
Demand deposit	2,100
Nevada State Bank:	
Demand deposit	1,000
U.S. Bank:	
Demand deposit	4,227,923
	<u>4,232,913</u>
Investments:	
Nevada State Treasurer:	
NVest	5,042,487
Local Government Pooled Investment Fund (LGIP)	9,000,000
	<u>\$ 18,275,400</u>
Governmental Activities – cash and investments	\$ 2,975,714
Business-type Activities – cash and investments	14,962,145
Business-type Activities – restricted cash	163,320
Fiduciary Funds	174,221
	<u>\$ 18,275,400</u>

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As of June 30, 2010, the City of Elko had the following investment and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1-5 Years</u>
LGIP	\$ 9,000,000	\$ 9,000,000	\$ -
U.S. Agencies	3,020,222	-	3,020,222
U.S. Treasury Notes	2,022,265	-	2,022,265
	<u>\$ 14,042,487</u>	<u>\$ 9,000,000</u>	<u>\$ 5,042,487</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, 2010 is as follows:

<u>Fund</u>	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 398,715	\$ 406,136
Recreation Fund	804,226	-
Nonmajor Governmental Funds	11,025	246,866
Airport Fund	-	745,264
Nonmajor Enterprise Funds – Golf Fund	-	47,251
Internal Service Fund	162,489	-
	<u>\$ 1,376,455</u>	<u>\$ 1,445,517</u>

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CITY OF ELKO
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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 major Recreation Fund includes a \$69,602 donation of capital assets to the nonmajor golf fund.

Interfund receivable and payable balances at June 30, 2010, by fund are as follows:

Fund	Due From Other Funds	Due to Other Funds	Total
General Fund	\$ 260,984	\$ -	\$ 260,984
Nonmajor governmental funds	-	(38,775)	(38,775)
Airport Fund	38,775	(260,984)	(222,209)
	<u>\$ 299,759</u>	<u>\$ (299,759)</u>	<u>-</u>

Interfund balances outstanding at June 30, 2010 in the General Fund and the Airport Fund represent amounts owed to the General Fund for services provided and room taxes due to the Airport Fund from the Recreation Fund.

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, 2010, \$258,855 was expended for the Downtown Corridor Lighting Project.

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>\$ 1,534,753</u>	<u>\$ 357,623</u>	<u>\$ 200,021</u>	<u>\$1,582,507</u>

The designated fund balance in the Public Improvement Development Fund and Debt Service Fund is \$18 and \$4,477, respectively, less than the 2010/2011 budgeted opening fund balance.

NOTE 8 - 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 2092. Based on this survey, an estimate of 16.3% 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 through 2011. At June 30, 2010, 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, 2010

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance June 30, 2009	Additions and Transfers In
Governmental Activities:		
Capital assets, not being depreciated:		
Land	\$ 1,261,998	\$ -
Construction in progress	543,572	965,204
Total capital assets, not being depreciated	1,805,570	965,204
Capital assets, being depreciated:		
Buildings	5,547,165	51,362
Improvements other than buildings	6,260,718	66,044
Equipment and motor vehicles	7,949,457	879,069
Infrastructure	21,743,560	377,951
Total capital assets, being depreciated	41,500,900	1,374,426
Less accumulated depreciation for:		
Buildings	1,704,820	117,821
Improvements other than buildings	1,424,725	228,669
Equipment and motor vehicles	3,248,190	538,450
Infrastructure	9,093,809	756,518
Total accumulated depreciation	15,471,544	1,641,458
Total capital assets, being depreciated, net	26,029,356	(267,032)
Governmental activities capital assets, net	\$ 27,834,926	\$ 698,172
Business-Type Activities:		
Capital assets, not being depreciated:		
Land and water rights	\$ 1,257,042	\$ -
Construction in progress	5,802,086	3,434,778
Total capital assets, not being depreciated	7,059,128	3,434,778
Capital assets, being depreciated:		
Buildings	8,957,779	69,602
Improvements other than buildings	55,319,217	93,122
Machinery and equipment	9,603,180	93,726
Infrastructure	35,850,405	-
Total capital assets, being depreciated	109,730,581	256,450
Less accumulated depreciation for:		
Buildings	2,186,208	610,820
Improvements other than buildings	26,622,241	1,495,966
Machinery and equipment	3,778,431	433,579
Infrastructure	13,741,634	1,586,137
Total accumulated depreciation	46,328,514	4,126,502
Total capital assets, being depreciated, net	63,402,067	(3,870,052)
Business-type activities capital assets, net	\$ 70,461,195	\$ (435,274)

Deletions and Transfers Out	Completed Construction	Balance June 30, 2010
\$ -	\$ -	\$ 1,261,998
<u>-</u>	<u>(43,026)</u>	<u>1,465,750</u>
<u>-</u>	<u>(43,026)</u>	<u>2,727,748</u>
-	34,876	5,633,403
-	8,150	6,334,912
(283,641)	-	8,544,885
<u>-</u>	<u>-</u>	<u>22,121,511</u>
<u>(283,641)</u>	<u>43,026</u>	<u>42,634,711</u>
-	-	1,822,641
-	-	1,653,394
(283,506)	-	3,503,134
<u>-</u>	<u>-</u>	<u>9,850,327</u>
<u>(283,506)</u>	<u>-</u>	<u>16,829,496</u>
<u>(135)</u>	<u>43,026</u>	<u>25,805,215</u>
<u>\$ (135)</u>	<u>\$ -</u>	<u>\$ 28,532,963</u>
\$ -	\$ -	\$ 1,257,042
<u>-</u>	<u>(8,447,653)</u>	<u>789,211</u>
<u>-</u>	<u>(8,447,653)</u>	<u>2,046,253</u>
(16,233)	672,287	9,683,435
-	2,447,967	57,860,306
(69,276)	196,596	9,824,226
<u>-</u>	<u>5,130,803</u>	<u>40,981,208</u>
<u>(85,509)</u>	<u>8,447,653</u>	<u>118,349,175</u>
(16,233)	-	2,780,795
-	-	28,118,207
(69,276)	-	4,142,734
<u>-</u>	<u>-</u>	<u>15,327,771</u>
<u>(85,509)</u>	<u>-</u>	<u>50,369,507</u>
<u>-</u>	<u>8,447,653</u>	<u>67,979,668</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,025,921</u>

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

Governmental Activities:

General government	\$ 104,276
Judicial	1,159
Public Safety	267,708
Public works	968,755
Culture and recreation	280,539
Health	19,021
	<u>1,641,458</u>

Total depreciation expense - governmental activities \$ 1,641,458

Business-Type Activities:

Water Fund	\$ 367,200
Sewer Fund	1,320,048
Airport Fund	2,297,421
Landfill Fund	94,485
Golf Fund	47,348
	<u>4,126,502</u>

Total depreciation expense - business-type activities \$ 4,126,502

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 - 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%
Net OPEB liability	N/A	N/A	N/A
Compensated absences	N/A	<u>N/A</u>	N/A
		<u>4,265,000</u>	
Total Governmental Activities			
<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%
Airport Improvement Bonds, Series 2009A and Series 2009B	12/1/2009	3,735,000	2.00% to 5.50%
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>14,510,000</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>	
Net OPEB liability	N/A	N/A	N/A
Compensated absences	N/A	<u>N/A</u>	N/A
		<u>15,004,500</u>	
Total Business-Type Activities			
		<u>\$ 19,269,500</u>	
Total Debt		<u>\$ 19,269,500</u>	

<u>FINAL MATURITY DATE</u>	<u>PRINCIPAL OUTSTANDING JULY 1, 2009</u>	<u>ISSUED DURING PERIOD</u>	<u>PRINCIPAL PAID DURING PERIOD</u>	<u>PRINCIPAL OUTSTANDING JULY 1, 2010</u>	<u>PRINCIPAL DUE IN 2010 - 2011</u>
8/1/2009	\$ 225,000	\$ -	\$ 225,000	\$ -	\$ -
6/1/2025	<u>1,740,000</u>	<u>-</u>	<u>75,000</u>	<u>1,665,000</u>	<u>75,000</u>
	<u>1,965,000</u>	<u>-</u>	<u>300,000</u>	<u>1,665,000</u>	<u>75,000</u>
7/31/2009	<u>36,500</u>	<u>-</u>	<u>36,500</u>	<u>-</u>	<u>-</u>
N/A	679,801	702,249	-	1,382,050	-
N/A	<u>1,199,512</u>	<u>911,569</u>	<u>861,294</u>	<u>1,249,787</u>	<u>643,188</u>
	<u>3,880,813</u>	<u>1,613,819</u>	<u>1,197,794</u>	<u>4,296,837</u>	<u>718,188</u>
10/1/2029	3,765,000	-	3,765,000	-	-
10/1/2026	-	3,735,000	-	3,735,000	160,000
7/1/2014	848,144	-	848,144	-	-
7/1/2018	<u>2,197,580</u>	<u>-</u>	<u>214,069</u>	<u>1,983,511</u>	<u>221,040</u>
	<u>6,810,724</u>	<u>3,735,000</u>	<u>4,827,213</u>	<u>5,718,511</u>	<u>381,040</u>
7/31/2009	3,500	-	3,500	-	-
12/15/2009	<u>45,950</u>	<u>-</u>	<u>45,950</u>	<u>-</u>	<u>-</u>
	<u>49,450</u>	<u>-</u>	<u>49,450</u>	<u>-</u>	<u>-</u>
N/A	185,240	193,651	-	378,891	-
N/A	<u>229,093</u>	<u>179,115</u>	<u>147,941</u>	<u>260,267</u>	<u>145,583</u>
	<u>7,274,507</u>	<u>4,107,766</u>	<u>5,024,604</u>	<u>6,357,669</u>	<u>526,623</u>
	<u>\$ 11,155,320</u>	<u>\$ 5,721,584</u>	<u>\$ 6,222,398</u>	<u>\$ 10,654,506</u>	<u>\$ 1,244,811</u>

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On December 1, 2009, the City issued \$1,830,000 in General Obligation (Limited Tax) Airport Refunding Bonds, Series 2009A, with an interest rate ranging from 2.00 to 4.75 percent and \$1,905,000 in General Obligation (Limited Tax) Airport Refunding Bonds, Series 2009B, with an interest rate ranging from 4.00 to 5.50 percent. Final payments for Series 2009A and Series 2009B Bonds are due on October 1, 2026. A portion of the proceeds, together with other available funds, will be used to currently refund the \$2,490,000 aggregate principal amount of the General Obligation (Limited Tax) Airport Improvement Bonds, Series 1999A and \$1,175,000 aggregate principal amount of the General Obligation (Limited Tax) Airport Improvement Bonds, Series 1999B. The Refunded Bonds include the following maturities: 1999A Bonds maturing on October 1, 2010 through October 1, 2029 and the 1999B Bonds maturing on October 1, 2010 through October 1, 2029. The City is undertaking the Refunding for savings and to restructure debt service. The refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$890,900.

The current refunding resulted in a bond discount of \$36,786 which the City is amortizing over the life of the bonds on a straight-line basis. The total annual amortized discount is \$2,043. The refunded bonds are considered defeased and the liability has been removed from the financial statements. Bonds payable are as follows:

	<u>June 30, 2010</u>
Bond principal outstanding	\$ 3,735,000
Less: Issuance discount on refunding	<u>35,595</u>
Bonds payable - net	\$ 3,699,405
Less: Current maturities	<u>160,000</u>
Long-term balance, June 30	<u><u>\$ 3,539,405</u></u>

Additionally, the City is amortizing the Series 2009A and Series 2009B bond costs on a straight-line basis over the life of the bonds. Amortization of bond costs follow:

	<u>June 30, 2010</u>
Original amount	\$ 89,297
Less: Accumulated amortization	<u>2,894</u>
Net	<u><u>\$ 86,403</u></u>

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The annual requirements to amortize all debt outstanding as of June 30, 2010, are as follows:

Year Ended June 30,	General Obligation (Limited Tax) Supported by Specific Revenues		Total Debt	
	Principal	Interest	Principal	Interest
Governmental Activities:				
2011	75,000	68,768	75,000	68,768
2012	80,000	65,768	80,000	65,768
2013	85,000	62,568	85,000	62,568
2014	90,000	59,168	90,000	59,168
2015-2019	525,000	237,785	525,000	237,785
2020-2024	660,000	119,425	660,000	119,425
2025-2029	150,000	6,450	150,000	6,450
	<u>\$ 1,665,000</u>	<u>\$ 619,932</u>	<u>\$ 1,665,000</u>	<u>\$ 619,932</u>
Business-type Activities:				
2011	381,040	233,177	381,040	233,177
2012	393,237	220,705	393,237	220,705
2013	405,668	207,423	405,668	207,423
2014	423,342	193,399	423,342	193,399
2015-2019	2,035,224	728,829	2,035,224	728,829
2020-2024	1,215,000	393,785	1,215,000	393,785
2025-2029	865,000	72,045	865,000	72,045
	<u>\$ 5,718,511</u>	<u>\$ 2,049,363</u>	<u>\$ 5,718,511</u>	<u>\$ 2,049,363</u>
	<u>\$ 7,383,511</u>	<u>\$ 2,669,295</u>	<u>\$ 7,383,511</u>	<u>\$ 2,669,295</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, 2010.

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 529% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$2,284,932, payable through June 2025. For the current year, principal and interest paid and total incremental room tax revenues were \$146,768 and \$775,994, respectively.

To provide for the next year payment of principal and interest for the Series 2009A and 2009B \$3,735,000 Airport Improvement Bonds, the City has pledged their room tax monies. The bonds are payable from the City of Elko's 2% portion of the room tax revenue. The 2% room tax is in addition to the 4% room tax for the California Trail Interpretive Center Facilities Recreational Bond. The room tax funds were projected to produce 121% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$5,501,182, payable through October 2026. For the current year, principal and interest paid and total incremental room tax revenues were \$139,787 and \$370,264, respectively.

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 - 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
2009-10	21.50%	37.00%	\$ 2,512,120
2008-09	20.50%	33.50%	2,228,048
2007-08	20.50%	33.50%	2,236,847

NOTE 12 - 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
NOTES TO FINANCIAL STATEMENTS
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Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Prior to July 1, 2008, The City established 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. 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.

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				
2009-10	\$ -	\$ -	\$ -	\$ -
2008-09	95,453	-	(95,453)	-

NOTE 14 – POSTEMPLOYMENT HEALTHCARE PLANS:

Plan Description: During the prior 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. Participants may choose between PPO and HMO plans. Current benefits include health, vision, dental, and life insurance. 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 City 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 establishes the subsidies to be contributed toward the premium costs of eligible retired City employees. Plan members receiving benefits have their monthly contributions deducted from their pension checks based on the health plan chosen by the retiree as reduced by the amount of the subsidy. The unsubsidized premiums for retirees range from \$98 to \$701 depending on the plan chosen. Retirees qualify for a subsidy of \$86 at five years of service and \$471 at 20 years of service with incremental increases for years in between. 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 2010, the City contributed \$285,675 to the PEBP plan for the retired employees, equal to its required contributions. The City did not prefund any future benefits.

Annual OPEB Cost and Net OPEB Obligation: The City's annual other postemployment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), 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 costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
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For fiscal year 2010 the City's annual OPEB cost (expense) of \$1,181,575 for the PEBP was equal to the ARC plus interest and ARC adjustments. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and 2010 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (Entry Age Normal Cost Method)</u>	<u>Employer Contributions</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$1,181,575	\$285,675	24.18%	\$1,760,941
June 30, 2009	1,183,964	318,923	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	7,937
Adjustment to annual required contribution	<u>(10,326)</u>
Annual OPEB cost (expense)	1,181,575
Contribution made	<u>285,675</u>
Increase in net OPEB obligations	895,900
Net OPEB obligation, beginning of year	<u>865,041</u>
Net OPEB obligation, end of year	<u>\$ 1,760,941</u>

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 current 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 approximately \$10.1 million and the ratio of the UAAL to the covered payroll was 108%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. 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 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 projected unit credit 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 was used initially, reduced by decrements to an ultimate rate of 5 percent after three years. The 2010 rate is 6%. 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 amortization period is 30 years.

CITY OF ELKO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 15 - COMMITMENTS AND CONTINGENT LIABILITIES:

There are several lawsuits filed against the City at June 30, 2010. 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 2009-2010 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 Wildlife Hazard Assessment Project. The total contract amount was \$77,500 and \$15,115 has been spent as of June 30, 2010, leaving \$62,385 remaining on the contract. The project will be paid for with funds available in the Airport Fund and grant monies.

The City has a commitment on an approved contract for the Ruby Vista Water Storage Tank Exterior Coating Project. The total contract amount was \$64,400 and \$12,100 has been spent as of June 30, 2010, leaving \$52,300 remaining on the contract. The project will be paid for with funds available in the Water Fund and \$10,000 donation from a local government donation.

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, to be paid for with funds from the Capital Construction fund and from federal grants totaling \$485,609. The City has a commitment on a contract for this project totaling \$877,891, and \$287,293 has been spent as of June 30, 2010, leaving \$589,967 remaining on the contract.

NOTE 16 – SUBSEQUENT EVENTS:

The City approved a contract for the Wastewater Reclamation Facility Equalization Basin Sealing Project for \$443,956. The project will be paid for with funds available in the Sewer Fund.

The City approved a contract for the Wastewater Reclamation Facility Reuse RIB Expansion Project for \$995,210. The project will be paid for with funds from the Sewer Fund.

The City approved the issuance of a \$10,500,000 general obligation (limited Tax) Street Bonds secured by pledged revenues, the proceeds will be used for the reconstruction of Idaho Street.

The City approved a contract for AIP 38 – Runway Safety Area Obstruction Removal Project for \$448,602. The project will be paid for with funds available in the Airport Fund and grant monies.

The City approved a contract for the College Way Water Main Extension for \$99,999. The project will be paid for with funds available in the Water Fund.

The City approved a contract for a self loading elevating scraper for \$520,823, which includes a trade in allowance. This equipment will be paid for with funds available in the Sewer Fund.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ELKO
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2010

Schedule of Funding Progress - Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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)
7/1/2009	\$ -	\$ 10,927,597	\$ 10,927,597	0.00%	\$ 10,100,000	108.19%

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

MAJOR GOVERNMENTAL FUNDS

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

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

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

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
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(With Comparative Actual Amounts for the Year Ended June 30, 2009)
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REVENUES	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2009
Taxes:				
Ad valorem	\$ 2,295,892	\$ 2,239,938	\$ (55,954)	\$ 2,138,384
Licenses and permits:				
Business licenses:				
Business licenses	345,000	333,357	(11,643)	362,187
Liquor licenses	60,500	59,370	(1,130)	58,299
Gambling licenses	93,855	99,029	5,174	94,741
Other licenses:				
Animal licenses	4,500	3,545	(955)	4,166
Bicycle licenses	50	10	(40)	16
Franchise fees:				
Television/Cable	118,500	112,526	(5,974)	117,032
Natural gas	210,000	220,543	10,543	198,435
Electricity	433,000	409,517	(23,483)	437,018
Geothermal	3,500	1,276	(2,224)	3,702
Telephone	60,000	52,780	(7,220)	56,620
Permits:				
Building permits	150,000	199,548	49,548	223,592
	<u>1,478,905</u>	<u>1,491,501</u>	<u>12,596</u>	<u>1,555,808</u>
Intergovernmental:				
Grants:				
Juvenile justice and delinquency prevention grant	85,060	84,571	(489)	73,982
Bulletproof vest partnership program	-	37,321	37,321	2,298
Traffic safety enforcement	-	22,682	22,682	19,530
Enforcement of Underage Drinking laws	-	2,201	2,201	837
Bomb squad grant	-	68,531	68,531	-
Emergency Management Plan Grant	-	22,442	22,442	-
Nevada Shade Tree Council	-	-	-	1,000
Records Management Grant	-	-	-	2,613
NRCS Grant	-	-	-	5,000
State shared revenues:				
Fuel tax - county option	97,701	104,532	6,831	101,802
Fuel tax - 1.75	140,980	139,568	(1,412)	139,653
Fuel tax - 2.35	252,241	239,700	(12,541)	243,603
Cigarette tax	95,740	83,435	(12,305)	92,036
Liquor tax	21,940	21,757	(183)	20,239
Basic city / county relief tax	1,769,848	1,648,417	(121,431)	1,800,927
Supplemental city / county relief tax	6,109,345	5,741,548	(367,797)	6,331,028
Government services tax	1,352,159	1,292,726	(59,433)	1,365,035
SIIS	-	4,205	4,205	32,122
County shared revenues:				
Gaming tax	150,000	141,208	(8,792)	103,169
Real property transfer tax	87,737	72,109	(15,628)	79,163
Other:				
Court administrative assessments	15,000	11,805	(3,195)	14,158
Narcotics seizure revenue	73,967	73,967	-	-
Local Law Enforcement Reimbursements	58,475	55,647	(2,828)	55,494
	<u>10,310,193</u>	<u>9,868,372</u>	<u>(441,821)</u>	<u>10,483,689</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010
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	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2009
Charges for services:				
Community development fees:				
Zoning fees	8,000	7,760	(240)	9,867
Plan checking fees	120,000	121,493	1,493	107,715
Other fees	200	-	(200)	160
Public works fees:				
Street lighting fees	226,874	228,403	1,529	226,907
Public safety fees:				
Fingerprinting fees	6,300	7,060	760	6,084
Other fees	37,800	32,842	(4,958)	35,603
Recreation fees:				
Swimming pool fees	116,800	100,462	(16,338)	98,395
Park concession fees	910	1,010	100	1,010
Park use fees	8,000	11,508	3,508	9,599
Health fees:				
Animal shelter fees	44,370	44,163	(207)	46,188
Cemetery sales	12,000	8,625	(3,375)	15,210
Grave openings	10,000	9,205	(795)	18,250
Cemetery summer care	2,500	2,500	-	2,500
	<u>593,754</u>	<u>575,031</u>	<u>(18,723)</u>	<u>577,488</u>
Fines and forfeitures:				
Forensic service fines	7,900	8,050	150	9,028
Municipal court fines	275,000	186,857	(88,143)	235,627
Bail bond fees and other	6,100	4,300	(1,800)	5,460
	<u>289,000</u>	<u>199,207</u>	<u>(89,793)</u>	<u>250,115</u>
Miscellaneous:				
Investment earnings	25,000	(9,657)	(34,657)	46,467
Rent - general	-	850	850	851
Public defender reimbursements	3,580	1,705	(1,875)	3,987
Street cut revenue	4,500	4,869	369	5,163
Private donations	25,000	480	(24,520)	1,000
Other	69,600	88,141	18,541	114,016
	<u>127,680</u>	<u>86,388</u>	<u>(41,292)</u>	<u>171,484</u>
Total Revenues	<u>15,095,424</u>	<u>14,460,437</u>	<u>(634,987)</u>	<u>15,176,968</u>
EXPENDITURES				
General government:				
Administration:				
Salaries and wages	348,055	342,433	5,622	333,869
Employee benefits	148,605	135,056	13,549	117,844
Services and supplies	120,775	99,239	21,536	107,052
	<u>617,435</u>	<u>576,728</u>	<u>40,707</u>	<u>558,765</u>
Central Services - Insurance:				
Employee benefits	399,000	319,325	79,675	326,574
Services and supplies	398,500	380,406	18,094	353,903
	<u>797,500</u>	<u>699,731</u>	<u>97,769</u>	<u>680,477</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)
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	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2009
Clerk:				
Salaries and wages	126,460	124,275	2,185	119,749
Employee benefits	54,375	53,394	981	46,369
Services and supplies	36,193	22,042	14,151	32,006
	<u>217,028</u>	<u>199,711</u>	<u>17,317</u>	<u>198,124</u>
Information systems:				
Salaries and wages	42,500	40,940	1,560	38,907
Employee benefits	18,125	16,934	1,191	14,856
Services and supplies	107,613	93,109	14,504	75,620
	<u>168,238</u>	<u>150,983</u>	<u>17,255</u>	<u>129,383</u>
Personnel:				
Salaries and wages	55,750	50,287	5,463	49,773
Employee benefits	21,310	18,135	3,175	15,845
Services and supplies	33,556	13,430	20,126	108,271
	<u>110,616</u>	<u>81,852</u>	<u>28,764</u>	<u>173,889</u>
Finance:				
Salaries and wages	93,800	91,818	1,982	89,665
Employee benefits	44,550	40,532	4,018	35,531
Services and supplies	41,306	32,001	9,305	41,367
	<u>179,656</u>	<u>164,351</u>	<u>15,305</u>	<u>166,563</u>
Planning / zoning:				
Salaries and wages	133,900	115,513	18,387	128,039
Employee benefits	51,960	42,085	9,875	43,739
Services and supplies	115,375	61,568	53,807	10,244
	<u>301,235</u>	<u>219,166</u>	<u>82,069</u>	<u>182,022</u>
Economic development:				
Services and supplies	19,300	19,291	9	19,292
Total General Government	<u>2,411,008</u>	<u>2,111,813</u>	<u>299,195</u>	<u>2,108,515</u>
Judicial:				
Municipal court:				
Services and supplies	407,000	387,548	19,452	386,154
Total Judicial	<u>407,000</u>	<u>387,548</u>	<u>19,452</u>	<u>386,154</u>
Public safety:				
Police:				
Salaries and wages	3,106,223	3,031,506	74,717	2,994,980
Employee benefits	1,793,286	1,531,745	261,541	1,364,642
Services and supplies	969,753	918,552	51,201	818,923
Capital outlay	-	51,367	(51,367)	-
	<u>5,869,262</u>	<u>5,533,170</u>	<u>336,092</u>	<u>5,178,545</u>
Fire:				
Salaries and wages	20,300	18,907	1,393	13,019
Employee benefits	400	405	(5)	381
Services and supplies	36,375	20,455	15,920	30,230
	<u>57,075</u>	<u>39,767</u>	<u>17,308</u>	<u>43,630</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
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(With Comparative Actual Amounts for the Year Ended June 30, 2009)
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	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2009
ARFF facility:				
Salaries and wages	1,622,400	1,576,338	46,062	1,836,575
Employee benefits	928,050	827,153	100,897	687,819
Services and supplies	390,900	353,491	37,409	360,414
	<u>2,941,350</u>	<u>2,756,982</u>	<u>184,368</u>	<u>2,884,808</u>
Southside fire station:				
Services and supplies	13,570	9,583	3,987	9,559
Total Public Safety	<u>8,881,257</u>	<u>8,339,502</u>	<u>541,755</u>	<u>8,116,542</u>
Public works:				
Highways / streets:				
Salaries and wages	653,875	645,049	8,826	613,031
Employee benefits	274,050	263,797	10,253	223,242
Services and supplies	943,775	765,909	177,866	851,142
	<u>1,871,700</u>	<u>1,674,755</u>	<u>196,945</u>	<u>1,687,415</u>
Engineering:				
Salaries and wages	63,750	62,583	1,167	55,014
Employee benefits	26,135	24,058	2,077	19,200
Services and supplies	59,704	8,224	51,480	29,734
	<u>149,589</u>	<u>94,865</u>	<u>54,724</u>	<u>103,948</u>
Fleet maintenance:				
Salaries and wages	264,600	261,792	2,808	280,182
Employee benefits	110,150	105,933	4,217	90,005
Services and supplies	84,940	67,272	17,668	64,920
	<u>459,690</u>	<u>434,997</u>	<u>24,693</u>	<u>435,107</u>
Facilities:				
Salaries and wages	251,805	241,306	10,499	214,190
Employee benefits	112,550	101,102	11,448	83,983
Services and supplies	325,250	309,252	15,998	333,202
	<u>689,605</u>	<u>651,660</u>	<u>37,945</u>	<u>631,375</u>
Building inspection:				
Salaries and wages	170,430	169,031	1,399	159,234
Employee benefits	70,800	66,154	4,646	55,701
Services and supplies	68,910	52,477	16,433	69,607
	<u>310,140</u>	<u>287,662</u>	<u>22,478</u>	<u>284,542</u>
Community Development				
Salaries and wages	154,000	114,449	39,551	146,812
Employee benefits	59,800	35,206	24,594	49,158
Services and supplies	48,750	13,639	35,111	23,658
	<u>262,550</u>	<u>163,294</u>	<u>99,256</u>	<u>219,628</u>
Total Public Works	<u>3,743,274</u>	<u>3,307,233</u>	<u>436,041</u>	<u>3,362,015</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)
(Page 5 of 6)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2009
Health:				
Animal shelter:				
Salaries and wages	190,500	189,016	1,484	190,369
Employee benefits	99,750	93,513	6,237	80,111
Services and supplies	97,500	90,062	7,438	88,223
	<u>387,750</u>	<u>372,591</u>	<u>15,159</u>	<u>358,703</u>
Cemetery:				
Salaries and wages	92,035	89,985	2,050	94,770
Employee benefits	41,710	39,473	2,237	33,383
Services and supplies	36,945	23,335	13,610	38,802
	<u>170,690</u>	<u>152,793</u>	<u>17,897</u>	<u>166,955</u>
Total Health	<u>558,440</u>	<u>525,384</u>	<u>33,056</u>	<u>525,658</u>
Culture and recreation:				
Parks / recreation facilities:				
Salaries and wages	341,960	333,781	8,179	335,104
Employee benefits	144,150	137,799	6,351	116,556
Services and supplies	173,615	156,838	16,777	164,699
	<u>659,725</u>	<u>628,418</u>	<u>31,307</u>	<u>616,359</u>
Swimming pool:				
Salaries and wages	214,750	208,902	5,848	205,100
Employee benefits	74,425	66,953	7,472	62,464
Services and supplies	136,075	122,978	13,097	144,178
	<u>425,250</u>	<u>398,833</u>	<u>26,417</u>	<u>411,742</u>
Total Culture and Recreation:	<u>1,084,975</u>	<u>1,027,251</u>	<u>57,724</u>	<u>1,028,101</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
	<u>36,000</u>	<u>32,000</u>	<u>4,000</u>	<u>36,000</u>
Total Community Support	<u>36,000</u>	<u>32,000</u>	<u>4,000</u>	<u>36,000</u>
Contingency	<u>254,444</u>	<u>-</u>	<u>254,444</u>	<u>-</u>
Total Expenditures	<u>17,376,398</u>	<u>15,730,731</u>	<u>1,645,667</u>	<u>15,562,985</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,280,974)</u>	<u>(1,270,294)</u>	<u>1,010,680</u>	<u>(386,017)</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)
(Page 6 of 6)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2009</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Recreation Fund	243,647	243,647	-	236,256
Health Insurance Fund	250,000	162,489	(87,511)	-
Municipal Court Administrative Assessment Fund	43,244	-	(43,244)	10,000
Transfers out:				
Airport Fund	(375,000)	(375,000)	-	(375,000)
Golf Fund	(24,800)	(23,715)	1,085	(22,690)
Total Other Financing Sources (Uses)	<u>137,091</u>	<u>7,421</u>	<u>(129,670)</u>	<u>(151,434)</u>
Net Change in Fund Balance	(2,143,883)	(1,262,873)	881,010	(537,451)
FUND BALANCE, July 1	<u>3,578,191</u>	<u>3,011,482</u>	<u>(566,709)</u>	<u>3,548,933</u>
FUND BALANCE, June 30	<u>\$ 1,434,308</u>	<u>\$ 1,748,609</u>	<u>\$ 314,301</u>	<u>\$ 3,011,482</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)
(Page 1 of 2)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2009
REVENUES				
Taxes:				
Room taxes	\$ 2,339,452	\$ 2,327,983	\$ (11,469)	\$ 2,412,664
Intergovernmental:				
Grants	200,000	185,639	(14,361)	8,396
Charges for services:				
Sport league fees	18,000	19,420	1,420	11,640
Miscellaneous:				
Investment earnings	7,500	(2,371)	(9,871)	18,979
Private donations	-	100	100	1,486
Other	-	43,950	43,950	34,510
	7,500	41,679	34,179	54,975
Total Revenues	2,564,952	2,574,721	9,769	2,487,675
EXPENDITURES				
Culture and Recreation:				
Services and supplies	118,500	162,219	(43,719)	95,968
Capital outlay:				
Tennis/Basketball Court	400,000	399,900	100	27,295
New Park Development	-	-	-	-
Mittry Park	30,000	15,206	14,794	102,927
Golf Clubhouse Renovations	100,000	69,062	30,938	-
Mountain View Park	-	-	-	31,399
Swimming Pool	-	-	-	155,906
Main Park	185,000	-	185,000	357,993
Machinery	-	-	-	12,957
Cemetery	-	1,754	(1,754)	34,876
	715,000	485,922	229,078	723,353
Other recreation:				
Elko County Recreation Board	131,846	131,249	597	135,660
Western Folklife Center	48,739	48,500	239	50,264
Elko Snowbowl Foundation	24,369	24,250	119	25,132
Elko County Fair Board	97,477	96,999	478	100,528
Elko Convention Center	521,278	478,479	42,799	548,042
State Tourism	73,108	73,825	(717)	75,396
Convention Center Marketing	341,170	339,498	1,672	351,847
	1,237,987	1,192,800	45,187	1,286,869
Total Expenditures	2,071,487	1,840,941	230,546	2,106,190
Excess (Deficiency) of Revenues over Expenditures	493,465	733,780	240,315	381,485

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)
(Page 2 of 2)

OTHER FINANCING SOURCES (USES)	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2009</u>
Transfers out:				
General Fund	(243,647)	(243,647)	-	(236,256)
Debt Service Fund	(153,243)	(153,243)	-	(157,924)
Airport Fund	(331,198)	(370,264)	(39,066)	(331,575)
Youth Recreation Fund	(13,536)	(13,536)	-	(20,125)
Golf Fund	(23,536)	(23,536)	-	(23,125)
Total Other Financing Sources (Uses)	<u>(765,160)</u>	<u>(804,226)</u>	<u>(39,066)</u>	<u>(769,005)</u>
Net Change in Fund Balance	(271,695)	(70,446)	201,249	(387,520)
FUND BALANCE, July 1	<u>467,798</u>	<u>502,458</u>	<u>34,660</u>	<u>889,978</u>
FUND BALANCE, June 30	<u>\$ 196,103</u>	<u>\$ 432,012</u>	<u>\$ 235,909</u>	<u>\$ 502,458</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, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2009
REVENUES				
Taxes:				
Ad Valorem	\$ 766,226	\$ 738,733	\$ (27,493)	\$ 518,253
Intergovernmental:				
Silver street reconstruction project	245,850	116,364	(129,486)	-
Miscellaneous:				
Investment earnings	5,000	625	(4,375)	10,075
Land sales	-	-	-	7,500
Other	-	1,500	1,500	400
	5,000	2,125	(2,875)	17,975
Total Revenues	1,017,076	857,222	(159,854)	536,228
EXPENDITURES				
General government:				
Planning / zoning:				
Services and supplies	30,000	10,000	20,000	2,717
Public works:				
Highways / streets:				
Services and supplies	-	300	(300)	-
Capital outlay	1,175,980	638,679	537,301	1,145,879
	1,175,980	638,979	537,001	1,145,879
Total Expenditures	1,205,980	648,979	557,001	1,148,596
Excess (Deficiency) of Revenues over Expenditures	(188,904)	208,243	397,147	(612,368)
Net Change in Fund Balance	(188,904)	208,243	397,147	(612,368)
FUND BALANCE, July 1	188,904	200,229	11,325	812,597
FUND BALANCE, June 30	\$ -	\$ 408,472	\$ 408,472	\$ 200,229

NONMAJOR GOVERNMENTAL FUNDS

CITY OF ELKO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010
(With Comparative Totals at June 30, 2009)

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL	2009
ASSETS					
Cash and investments	\$ 654,237	-	\$ 974,850	\$ 1,629,087	\$ 1,698,763
Interest receivable	1,175	-	2,196	3,371	5,526
Taxes receivable, delinquent	-	4,744	18,779	23,523	25,949
Due from other governments	54,195	3,637	120,113	177,945	165,070
Total Assets	\$ 709,607	\$ 8,381	\$ 1,115,938	\$ 1,833,926	\$ 1,895,308
LIABILITIES					
Accounts payable	\$ 6,675	\$ -	\$ 15,461	\$ 22,136	\$ 83,835
Accrued salaries	10,631	-	-	10,631	7,718
Due to other funds	-	8,114	-	8,114	-
Due to other governments	16,525	-	-	16,525	-
Deferred revenue	88,572	4,744	18,779	112,095	106,466
Total Liabilities	122,403	12,858	34,240	169,501	198,019
FUND BALANCES					
Unreserved:					
Designated for future year operations	563,792	-	1,018,715	1,582,507	1,375,890
Undesignated (deficit)	23,412	(4,477)	62,983	81,918	321,399
Total Fund Balances	587,204	(4,477)	1,081,698	1,664,425	1,697,289
TOTAL LIABILITIES AND FUND BALANCES	\$ 709,607	\$ 8,381	\$ 1,115,938	\$ 1,833,926	\$ 1,895,308

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CITY OF ELKO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Totals for the Year Ended June 30, 2009)

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL	2009
REVENUES					
Taxes	\$ -	\$ 78,104	\$ 598,129	\$ 676,233	\$ 827,203
Intergovernmental	176,805	-	396,239	573,044	446,178
Charges for services	170,760	-	-	170,760	137,441
Miscellaneous	15,978	(262)	15,649	31,365	262,039
Total Revenues	<u>363,543</u>	<u>77,842</u>	<u>1,010,017</u>	<u>1,451,402</u>	<u>1,672,861</u>
EXPENDITURES					
Current:					
General government	575	67	51,255	51,897	55,934
Judicial	640	-	-	640	1,104
Public safety	159,973	-	308,043	468,016	635,800
Public works	-	-	455,445	455,445	158,913
Health	-	-	31,193	31,193	262,409
Culture and recreation	182,720	-	46,448	229,168	202,570
Debt service:					
Principal	-	336,500	-	336,500	353,000
Interest	-	78,186	-	78,186	94,989
Total Expenditures	<u>343,908</u>	<u>414,753</u>	<u>892,384</u>	<u>1,651,045</u>	<u>1,764,719</u>
Excess (Deficiency) of Revenues over Expenditures	<u>19,635</u>	<u>(336,911)</u>	<u>117,633</u>	<u>(199,643)</u>	<u>(91,858)</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	-	-	75,000
Transfers in	13,536	164,268	-	177,804	241,614
Transfers out	-	-	(11,025)	(11,025)	(73,565)
Total Other Financing Sources (Uses)	<u>13,536</u>	<u>164,268</u>	<u>(11,025)</u>	<u>166,779</u>	<u>243,049</u>
Net Change in Fund Balances	<u>33,171</u>	<u>(172,643)</u>	<u>106,608</u>	<u>(32,864)</u>	<u>151,191</u>
FUND BALANCES, as previously reported, July 1	554,033	168,166	975,090	1,697,289	1,467,890
Prior Period Adjustment	-	-	-	-	447,311
FUND BALANCES, as restated, July 1	<u>554,033</u>	<u>168,166</u>	<u>975,090</u>	<u>1,697,289</u>	<u>1,546,098</u>
FUND BALANCES, June 30	<u>\$ 587,204</u>	<u>\$ (4,477)</u>	<u>\$ 1,081,698</u>	<u>\$ 1,664,425</u>	<u>\$ 1,697,289</u>

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

CITY OF ELKO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010
(With Comparative Totals at June 30, 2009)

	YOUTH RECREATION FUND	MUNICIPAL COURT ADMINISTRATIVE ASSESSMENT FUND	NARCOTICS TASK FORCE FUND	REVENUE STABILIZATION FUND	TOTAL	2009
ASSETS						
Cash and investments	\$ 66,928	\$ 68,857	\$ 58,438	\$ 460,014	\$ 654,237	\$ 649,460
Interest receivable	142	-	-	1,033	1,175	1,701
Due from other governments	-	1,455	52,740	-	54,195	4,966
Total Assets	\$ 67,070	\$ 70,312	\$ 111,178	\$ 461,047	\$ 709,607	\$ 656,127
LIABILITIES						
Accounts payable	\$ 5,320	\$ -	\$ 1,355	\$ -	\$ 6,675	\$ 13,859
Accrued salaries	6,152	-	4,479	-	10,631	7,718
Due to other governments	-	-	16,525	-	16,525	-
Deferred revenue	-	-	88,572	-	88,572	80,517
Total Liabilities	11,472	-	110,931	-	122,403	102,094
FUND BALANCES						
Unreserved:						
Designated for future year operations	33,965	69,827	-	460,000	563,792	531,915
Undesignated	21,633	485	247	1,047	23,412	22,118
Total Fund Balances	55,598	70,312	247	461,047	587,204	554,033
TOTAL LIABILITIES AND FUND BALANCES	\$ 67,070	\$ 70,312	\$ 111,178	\$ 461,047	\$ 709,607	\$ 656,127

CITY OF ELKO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Totals for the Year Ended June 30, 2009)

	YOUTH RECREATION FUND	MUNICIPAL COURT ADMINISTRATIVE ASSESSMENT FUND	NARCOTICS TASK FORCE FUND	REVENUE STABILIZATION FUND
REVENUES				
Intergovernmental	\$ -	\$ 16,585	\$ 160,220	\$ -
Charges for services	170,760	-	-	-
Miscellaneous	13,771	-	-	2,207
Total Revenues	184,531	16,585	160,220	2,207
EXPENDITURES				
Current:				
General government	-	-	-	575
Judicial	-	640	-	-
Public safety	-	-	159,973	-
Culture and recreation	182,720	-	-	-
Total Expenditures	182,720	640	159,973	575
Excess (Deficiency) of Revenues over Expenditures	1,811	15,945	247	1,632
OTHER FINANCING SOURCES (USES)				
Transfers in	13,536	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	13,536	-	-	-
Net Change in Fund Balances	15,347	15,945	247	1,632
FUND BALANCES, July 1	40,251	54,367	-	459,415
FUND BALANCES, June 30	\$ 55,598	\$ 70,312	\$ 247	\$ 461,047

<u>TOTAL</u>	<u>2009</u>
\$ 176,805	\$ 107,346
170,760	137,441
<u>15,978</u>	<u>17,898</u>
363,543	262,685
575	-
640	1,104
159,973	112,844
<u>182,720</u>	<u>135,611</u>
343,908	249,559
19,635	13,126
13,536	20,125
-	<u>(10,000)</u>
<u>13,536</u>	<u>10,125</u>
33,171	23,251
554,033	530,782
<u>\$ 587,204</u>	<u>\$ 554,033</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, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2009
REVENUES				
Charges for services:				
Fun factory fees	\$ 176,650	\$ 170,760	\$ (5,890)	\$ 137,441
Miscellaneous:				
Investment earnings	500	400	(100)	828
Other	-	13,371	13,371	4,005
	500	13,771	13,271	4,833
Total Revenues	177,150	184,531	7,381	142,274
EXPENDITURES				
Culture and recreation:				
Latchkey program:				
Salaries and wages	89,980	83,650	6,330	71,339
Employee benefits	27,040	25,420	1,620	18,134
Services and supplies	72,560	73,650	(1,090)	46,138
Total Expenditures	189,580	182,720	6,860	135,611
Excess (Deficiency) of Revenues over Expenditures	(12,430)	1,811	14,241	6,663
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Recreation Fund	13,536	13,536	-	20,125
Net Change in Fund Balance	1,106	15,347	14,241	26,788
FUND BALANCE, July 1	18,698	40,251	21,553	13,463
FUND BALANCE, June 30	\$ 19,804	\$ 55,598	\$ 35,794	\$ 40,251

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, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2009
REVENUES				
Intergovernmental:				
Administrative assessments	\$ 24,250	\$ 16,585	\$ (7,665)	\$ 20,663
EXPENDITURES				
Judicial:				
Municipal court:				
Services and supplies	38,549	640	37,909	1,104
Excess (Deficiency) of Revenues over Expenditures	(14,299)	15,945	30,244	19,559
OTHER FINANCING SOURCES (USES)				
Transfers out:				
General Fund	(43,244)	-	43,244	(10,000)
Net Change in Fund Balance	(57,543)	15,945	73,488	9,559
FUND BALANCE, July 1	57,543	54,367	(3,176)	44,808
FUND BALANCE, June 30	\$ -	\$ 70,312	\$ 70,312	\$ 54,367

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, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2009
REVENUES				
Intergovernmental:				
Combined narcotics task force grant	\$ 181,913	\$ 160,220	\$ (21,693)	\$ 86,683
Total Revenues	181,913	160,220	(21,693)	86,683
EXPENDITURES				
Public safety:				
Salaries and wages	99,553	86,377	13,176	65,603
Employee benefits	59,435	49,856	9,579	34,259
Services and supplies	22,925	23,740	(815)	12,982
Total Expenditures	181,913	159,973	21,940	112,844
Net Change in Fund Balance	-	247	247	(26,161)
FUND BALANCE, July 1	-	-	-	26,161
FUND BALANCE, June 30	\$ -	\$ 247	\$ 247	\$ -

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

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2009</u>
REVENUES				
Miscellaneous:				
Investment earnings	\$ 10,000	\$ 2,207	\$ (7,793)	\$ 13,065
EXPENDITURES				
General Government:				
Services and supplies	-	575	(575)	-
Net Change in Fund Balance	10,000	1,632	(8,368)	13,065
FUND BALANCE, July 1	458,850	459,415	565	446,350
FUND BALANCE, June 30	<u>\$ 468,850</u>	<u>\$ 461,047</u>	<u>\$ (7,803)</u>	<u>\$ 459,415</u>

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, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2009
REVENUES				
Taxes:				
Ad valorem	\$ 74,681	\$ 78,104	\$ 3,423	\$ 261,558
Miscellaneous:				
Investment earnings	100	(262)	(362)	2,458
Total Revenues	74,781	77,842	3,061	264,016
EXPENDITURES				
General government:				
Services and supplies	-	67	(67)	-
Debt service:				
Principal:				
GO bonds-street improvements	225,000	225,000	-	210,000
Medium term obligations:				
2003/2004 equipment	36,500	36,500	-	73,000
Interpretive Center	75,000	75,000	-	70,000
	336,500	336,567	(67)	353,000
Interest:				
GO bonds-street improvements	5,625	5,625	-	16,500
Capital leases:				
2003/2004 equipment	776	793	(17)	3,921
Interpretive Center	71,768	71,768	-	74,568
	78,169	78,186	(17)	94,989
Total Expenditures	414,669	414,753	(84)	447,989
Excess (Deficiency) of Revenues over Expenditures	(339,888)	(336,911)	2,977	(183,973)
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Recreation Fund	153,243	153,243	-	157,924
Capital Equipment Reserve Fund	11,025	11,025	-	63,565
Total Other Financing Sources (Uses)	164,268	164,268	-	221,489
Net Change in Fund Balance	(175,620)	(172,643)	2,977	37,516
FUND BALANCE, July 1	181,288	168,166	(13,122)	130,650
FUND BALANCE, June 30	\$ 5,668	\$ (4,477)	\$ (10,145)	\$ 168,166

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NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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

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

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

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, 2010
(With Comparative Totals at June 30, 2009)

	AD VALOREM CAPITAL PROJECTS FUND	PUBLIC IMPROVEMENT DEVELOPMENT FUND	CAPITAL EQUIPMENT RESERVE FUND	FACILITY RESERVE FUND
ASSETS				
Cash and investments	\$ 265,846	\$ 15,338	\$ 519,703	\$ -
Interest receivable	597	35	1,175	-
Taxes receivable	-	-	13,402	-
Due from other governments	60,060	-	50,266	-
Total Assets	\$ 326,503	\$ 15,373	\$ 584,546	\$ -
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 15,461	\$ -
Deferred revenue	-	-	13,402	-
Total Liabilities	-	-	28,863	-
FUND BALANCES				
Unreserved:				
Designated for future year operations	297,390	15,373	552,584	-
Undesignated (deficit)	29,113	-	3,099	-
Total Fund Balances	326,503	15,373	555,683	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 326,503	\$ 15,373	\$ 584,546	\$ -

ELKO REDEVELOPMENT AGENCY FUND			TOTAL	2009	
\$	173,963	\$	974,850	\$	886,571
	389		2,196		3,255
	5,377		18,779		16,262
	9,787		120,113		155,240
<u>\$</u>	<u>189,516</u>	<u>\$</u>	<u>1,115,938</u>	<u>\$</u>	<u>1,061,328</u>
\$	-	\$	15,461	\$	69,976
	5,377		18,779		16,262
	5,377		34,240		86,238
	153,368		1,018,715		761,840
	30,771		62,983		213,250
	184,139		1,081,698		975,090
<u>\$</u>	<u>189,516</u>	<u>\$</u>	<u>1,115,938</u>	<u>\$</u>	<u>1,061,328</u>

CITY OF ELKO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Totals for the Year Ended June 30, 2009)

	AD VALOREM CAPITAL PROJECTS FUND	PUBLIC IMPROVEMENT DEVELOPMENT FUND	CAPITAL EQUIPMENT RESERVE FUND	FACILITY RESERVE FUND
REVENUES				
Taxes	\$ 215,628	\$ -	\$ 288,578	\$ -
Intergovernmental	106,802	-	289,437	-
Miscellaneous	3,822	1	11,538	(1,207)
Total Revenues	326,252	1	589,553	(1,207)
EXPENDITURES				
Current:				
General government	199	19	50,946	-
Public safety	-	-	288,799	19,244
Public works	125,855	-	295,090	34,500
Health	-	-	20,989	10,204
Culture and recreation	-	-	46,448	-
Total Expenditures	126,054	19	702,272	63,948
Excess (Deficiency) of Revenues over Expenditures	200,198	(18)	(112,719)	(65,155)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(11,025)	-
Total Other Financing Sources (Uses)	-	-	(11,025)	-
Net Change in Fund Balances	200,198	(18)	(123,744)	(65,155)
FUND BALANCES, July 1	126,305	15,391	679,427	65,155
FUND BALANCES, June 30	\$ 326,503	\$ 15,373	\$ 555,683	\$ -

ELKO REDEVELOPMENT AGENCY FUND		TOTAL	2009
\$	93,923	\$ 598,129	\$ 565,645
	-	396,239	338,832
	1,495	15,649	241,683
	<u>95,418</u>	<u>1,010,017</u>	<u>1,146,160</u>
	91	51,255	55,934
	-	308,043	522,956
	-	455,445	158,913
	-	31,193	262,409
	-	46,448	66,959
	<u>91</u>	<u>892,384</u>	<u>1,067,171</u>
	<u>95,327</u>	<u>117,633</u>	<u>78,989</u>
	-	-	75,000
	-	(11,025)	(63,565)
	-	(11,025)	11,435
	95,327	106,608	90,424
	88,812	975,090	884,666
\$	<u>184,139</u>	<u>\$ 1,081,698</u>	<u>\$ 975,090</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, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2009
REVENUES				
Taxes:				
Ad valorem	\$ 162,300	\$ 215,628	\$ 53,328	\$ 200,602
Intergovernmental:				
Downtown lighting project	150,000	106,802	(43,198)	-
Miscellaneous:				
Other	-	4,899	4,899	4,299
Investment earnings	5,000	(1,077)	(6,077)	8,269
	5,000	3,822	(1,178)	12,568
Total Revenues	317,300	326,252	8,952	213,170
EXPENDITURES				
General government:				
Services and supplies	200	199	(1)	-
Public safety:				
Police:				
Capital Outlay	-	-	-	280,892
Fire:				
Capital outlay	-	-	-	35,042
Public works:				
Highways / streets:				
Capital outlay	397,895	125,855	272,040	8,150
Total Expenditures	398,095	126,054	272,039	324,084
Excess (Deficiency) of Revenues over Expenditures	(80,795)	200,198	280,991	(110,914)
Net Change in Fund Balance	(80,795)	200,198	280,993	(110,914)
FUND BALANCE, July 1	80,795	126,305	45,510	237,219
FUND BALANCE, June 30	\$ -	\$ 326,503	\$ 326,503	\$ 126,305

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, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2009
REVENUES				
Miscellaneous:				
Investment earnings	\$ 100	\$ 1	\$ (99)	\$ 512
Other	10,000	-	(10,000)	-
Total Revenue	10,100	1	(10,099)	512
EXPENDITURES				
General government:				
Services and supplies	-	19	(19)	-
Public Works:				
Capital outlay	25,329	-	25,329	-
Total Expenditures	25,329	19	25,310	-
Net Change in Fund Balance	(15,229)	(18)	15,211	512
FUND BALANCE, July 1	15,229	15,391	162	14,879
FUND BALANCE, June 30	\$ -	\$ 15,373	\$ 15,373	\$ 15,391

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, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)
(Page 1 of 2)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2009
REVENUES				
Taxes:				
Ad valorem	\$ 298,723	\$ 288,578	\$ (10,145)	\$ 276,402
Intergovernmental:				
Mobile Computing Technology - Police Grant	60,881	60,881	-	-
Basic city / county relief tax	41,382	50,982	9,600	75,039
Supplemental city / county relief tax	145,051	177,574	32,523	263,793
	<u>247,314</u>	<u>289,437</u>	<u>42,123</u>	<u>338,832</u>
Miscellaneous:				
Investment earnings	10,000	4,538	(5,462)	11,853
Other	6,000	7,000	1,000	16,925
	<u>16,000</u>	<u>11,538</u>	<u>(4,462)</u>	<u>28,778</u>
Total Revenues	<u>562,037</u>	<u>589,553</u>	<u>27,516</u>	<u>644,012</u>
EXPENDITURES				
General government:				
Administration:				
Services and supplies	700	693	7	6,063
Information systems:				
Capital outlay	50,300	50,253	47	49,871
	<u>51,000</u>	<u>50,946</u>	<u>54</u>	<u>55,934</u>
Public safety:				
Police:				
Services and supplies	-	27,755	(27,755)	-
Capital outlay	285,481	246,983	38,498	139,338
Fire:				
Capital outlay	19,000	14,061	4,939	64,059
	<u>304,481</u>	<u>288,799</u>	<u>15,682</u>	<u>203,397</u>
Public works:				
Highways / streets:				
Capital outlay	250,000	228,393	21,607	-
Engineering:				
Capital outlay	-	-	-	50,459
Facilities:				
Capital outlay	65,000	52,702	12,298	20,991
Fleet maintenance:				
Capital outlay	20,000	13,995	6,005	30,056
	<u>335,000</u>	<u>295,090</u>	<u>39,910</u>	<u>101,506</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, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)
(Page 2 of 2)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2009</u>
Health:				
Cemetery:				
Capital outlay	-	-	-	16,139
Animal shelter:				
Capital outlay	<u>21,000</u>	<u>20,989</u>	<u>11</u>	<u>14,900</u>
	<u>21,000</u>	<u>20,989</u>	<u>11</u>	<u>31,039</u>
Culture and recreation:				
Parks / recreation facilities:				
Capital outlay	<u>50,000</u>	<u>46,448</u>	<u>3,552</u>	<u>66,959</u>
Total Expenditures	<u>761,481</u>	<u>702,272</u>	<u>59,209</u>	<u>458,835</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(199,444)</u>	<u>(112,719)</u>	<u>86,725</u>	<u>185,177</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	75,000
Transfers out:				
Debt Service Fund	<u>(11,025)</u>	<u>(11,025)</u>	<u>-</u>	<u>(63,565)</u>
Total Other Financing Sources (Uses)	<u>(11,025)</u>	<u>(11,025)</u>	<u>-</u>	<u>11,435</u>
Net Change in Fund Balance	<u>(210,469)</u>	<u>(123,744)</u>	<u>86,725</u>	<u>196,612</u>
FUND BALANCE, July 1	<u>554,566</u>	<u>679,427</u>	<u>124,861</u>	<u>482,815</u>
FUND BALANCE, June 30	<u>\$ 344,097</u>	<u>\$ 555,683</u>	<u>\$ 211,586</u>	<u>\$ 679,427</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, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2009
REVENUES				
Miscellaneous:				
Investment earnings	\$ 250	\$ (1,207)	\$ (1,457)	\$ 3,654
Other	-	-	-	195,998
Total Revenues	<u>250</u>	<u>(1,207)</u>	<u>(1,457)</u>	<u>199,652</u>
EXPENDITURES				
Public safety:				
Fire:				
Capital outlay	19,244	19,244	-	3,625
Public works:				
Facilities:				
Capital outlay	20,160	20,160	-	6,237
Engineering:				
Services and supplies	14,340	14,340	-	43,020
	<u>34,500</u>	<u>34,500</u>	<u>-</u>	<u>49,257</u>
Health:				
Animal shelter:				
Capital outlay	11,661	10,204	1,457	231,370
Total Expenditures	<u>65,405</u>	<u>63,948</u>	<u>1,457</u>	<u>284,252</u>
Excess (Deficiency) of Revenues over Expenditures	(65,155)	(65,155)	-	(84,600)
FUND BALANCE, July 1	<u>65,155</u>	<u>65,155</u>	<u>-</u>	<u>149,755</u>
FUND BALANCE, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,155</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, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2009
REVENUES				
Taxes				
Ad valorem	54,695	93,923	39,228	88,641
Miscellaneous:				
Investment earnings	-	1,495	1,495	171
Total Revenues	54,695	95,418	40,723	88,812
EXPENDITURES				
General government:				
Services and supplies	-	91	(91)	-
Capital Outlay	107,797	-	107,797	-
Total Expenditures	107,797	91	107,706	-
Net Change in Fund Balance	(53,102)	95,327	148,429	88,812
FUND BALANCE, July 1	53,102	88,812	35,710	-
FUND BALANCE, June 30	\$ -	\$ 184,139	\$ 184,139	\$ 88,812

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, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2009
Operating Revenues:				
Charges for services:				
Water user fees	\$ 3,082,893	\$ 3,043,452	\$ (39,441)	\$ 3,070,431
Miscellaneous:				
Other	75,000	65,601	(9,399)	65,496
Total Operating Revenues	<u>3,157,893</u>	<u>3,109,053</u>	<u>(48,840)</u>	<u>3,135,927</u>
Operating Expenses:				
Administration:				
Salaries and wages	123,250	121,607	1,643	120,307
Employee benefits	53,635	62,199	(8,564)	55,582
Services and supplies	172,314	159,442	12,872	154,859
	<u>349,199</u>	<u>343,248</u>	<u>5,951</u>	<u>330,748</u>
Operating:				
Salaries and wages	428,485	423,257	5,228	361,243
Employee benefits	177,350	212,304	(34,954)	171,412
Services and supplies	431,103	436,884	(5,781)	312,580
	<u>1,036,938</u>	<u>1,072,445</u>	<u>(35,507)</u>	<u>845,235</u>
Plant and facilities:				
Salaries and wages	70,750	56,686	14,064	44,888
Employee benefits	38,500	30,597	7,903	24,306
Services and supplies	859,600	765,639	93,961	826,162
	<u>968,850</u>	<u>852,922</u>	<u>115,928</u>	<u>895,356</u>
Depreciation	<u>394,134</u>	<u>367,200</u>	<u>26,934</u>	<u>362,169</u>
Total Operating Expenses	<u>2,749,121</u>	<u>2,635,815</u>	<u>113,306</u>	<u>2,433,508</u>
Operating Income (Loss)	<u>408,772</u>	<u>473,238</u>	<u>64,466</u>	<u>702,419</u>
Nonoperating Revenues:				
Investment earnings	75,000	24,923	(50,077)	126,489
Gain (loss) from disposal of capital assets	-	1,805	1,805	-
Total Nonoperating Revenues	<u>75,000</u>	<u>26,728</u>	<u>(48,272)</u>	<u>126,489</u>
Income Before Capital Contributions	<u>483,772</u>	<u>499,966</u>	<u>16,194</u>	<u>828,908</u>
Capital Contributions:				
Connection fees	100,000	387,074	287,074	264,380
Change in Net Assets	<u>\$ 583,772</u>	<u>887,040</u>	<u>\$ 303,268</u>	<u>1,093,288</u>
Net Assets, Beginning of Year		<u>17,204,845</u>		<u>16,111,557</u>
Net Assets, End of Year		<u>\$ 18,091,885</u>		<u>\$ 17,204,845</u>

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

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2009
Operating Revenues:				
Charges for services:				
Sewer user fees	\$ 2,168,500	\$ 2,107,339	\$ (61,161)	\$ 2,130,062
Septic tank receiving fees	100,000	113,712	13,712	82,043
	<u>2,268,500</u>	<u>2,221,051</u>	<u>(47,449)</u>	<u>2,212,105</u>
Miscellaneous:				
Plumbing permits	10,500	-	(10,500)	12,647
Other	25,000	26,420	1,420	27,463
	<u>35,500</u>	<u>26,420</u>	<u>(9,080)</u>	<u>40,110</u>
Total Operating Revenues	<u>2,304,000</u>	<u>2,247,471</u>	<u>(56,529)</u>	<u>2,252,215</u>
Operating Expenses:				
Administration:				
Salaries and wages	132,100	130,567	1,533	135,868
Employee benefits	57,950	66,717	(8,767)	62,480
Services and supplies	164,863	162,198	2,665	168,908
	<u>354,913</u>	<u>359,482</u>	<u>(4,569)</u>	<u>367,256</u>
Operating:				
Salaries and wages	23,710	21,347	2,363	21,147
Employee benefits	9,250	10,893	(1,643)	8,678
Services and supplies	74,445	47,571	26,874	50,527
	<u>107,405</u>	<u>79,811</u>	<u>27,594</u>	<u>80,352</u>
Plant and facilities:				
Salaries and wages	449,500	419,941	29,559	401,172
Employee benefits	196,450	204,682	(8,232)	178,293
Services and supplies	1,085,253	1,068,406	16,847	1,302,691
	<u>1,731,203</u>	<u>1,693,029</u>	<u>38,174</u>	<u>1,882,156</u>
Laboratory:				
Salaries and wages	61,700	60,767	933	60,162
Employee benefits	27,300	29,495	(2,195)	27,698
Services and supplies	46,925	26,690	20,235	38,086
	<u>135,925</u>	<u>116,952</u>	<u>18,973</u>	<u>125,946</u>
Depreciation	<u>1,588,056</u>	<u>1,320,048</u>	<u>268,008</u>	<u>1,484,602</u>
Total Operating Expenses	<u>3,917,502</u>	<u>3,569,322</u>	<u>348,180</u>	<u>3,940,312</u>
Operating Income (Loss)	<u>(1,613,502)</u>	<u>(1,321,851)</u>	<u>291,651</u>	<u>(1,688,097)</u>

CITY OF ELKO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)
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	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2009</u>
Nonoperating Revenues (Expenses):				
Sewer improvement user fees	2,903,346	2,821,613	(81,733)	2,852,360
Investment earnings	100,000	45,484	(54,516)	213,333
Interest expense	(101,641)	(74,921)	26,720	(114,478)
Total Nonoperating Revenues (Expenses)	<u>2,901,705</u>	<u>2,792,176</u>	<u>(109,529)</u>	<u>2,951,215</u>
Income (Loss) Before Capital Contributions	<u>1,288,203</u>	<u>1,470,325</u>	<u>182,122</u>	<u>1,263,118</u>
Capital Contributions In:				
Connection fees	150,000	497,408	347,408	376,468
Change in Net Assets	<u>\$ 1,438,203</u>	1,967,733	<u>\$ 529,530</u>	1,639,586
Net Assets, Beginning of Year		<u>25,882,253</u>		<u>24,242,667</u>
Net Assets, End of Year		<u>\$ 27,849,986</u>		<u>\$ 25,882,253</u>

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

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2009
Operating Revenues:				
Intergovernmental:				
State fuel tax	\$ 2,412	\$ 2,164	\$ (248)	\$ 2,088
Local fuel tax	21,650	13,584	(8,066)	15,647
	<u>24,062</u>	<u>15,748</u>	<u>(8,314)</u>	<u>17,735</u>
Charges for services:				
Landing fees	56,800	62,788	5,988	55,345
Weather service data	3,000	3,000	-	2,750
Parking fees	108,000	109,146	1,146	103,231
Other	-	2,530	2,530	1,911
Passenger Facility Charges	88,500	78,833	(9,667)	82,943
	<u>256,300</u>	<u>256,297</u>	<u>(3)</u>	<u>246,180</u>
Miscellaneous:				
Rent - hanger	34,238	34,166	(72)	34,122
Rent - tie-downs	6,402	5,093	(1,309)	6,092
Rent - terminal	131,238	128,893	(2,345)	131,356
Terminal advertising fee	7,500	6,376	(1,124)	7,201
Rent - airport	200,000	167,443	(32,557)	171,477
Old terminal leases	62,810	62,808	(2)	62,288
Rental car leases	247,200	195,787	(51,413)	222,869
Concession rental	1,000	-	(1,000)	185
Nonsignatory fees	-	-	-	698
Miscellaneous	23,145	23,168	23	23,037
	<u>713,533</u>	<u>623,734</u>	<u>(89,799)</u>	<u>659,325</u>
Total Operating Revenues	<u>993,895</u>	<u>895,779</u>	<u>(98,116)</u>	<u>923,240</u>
Operating Expenses:				
Airport operations:				
Salaries and wages	287,985	289,504	(1,519)	302,232
Employee benefits	121,100	140,757	(19,657)	139,319
Services and supplies	298,420	229,594	68,826	237,988
	<u>707,505</u>	<u>659,855</u>	<u>47,650</u>	<u>679,539</u>
Airport terminal operations:				
Services and supplies	132,000	121,768	10,232	138,453
Depreciation - City funded	285,705	273,699	12,006	268,960
Depreciation - Federal portion unfunded	2,133,877	2,023,722	110,155	1,970,490
	<u>2,419,582</u>	<u>2,297,421</u>	<u>122,161</u>	<u>2,239,450</u>
Total Operating Expenses	<u>3,259,087</u>	<u>3,079,044</u>	<u>180,043</u>	<u>3,057,442</u>
Operating Income (Loss)	<u>(2,265,192)</u>	<u>(2,183,265)</u>	<u>81,927</u>	<u>(2,134,202)</u>

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

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2009
Nonoperating Revenues (Expenses):				
Investment earnings	2,500	(134)	(2,634)	2,474
Gain (loss) on disposal of capital assets	-	-	-	(624)
Apron failure expenses	(23,000)	(201,091)	(178,091)	(480,800)
Amortization expense	-	(4,086)	(4,086)	-
Interest expense	(231,198)	(201,011)	30,187	(233,269)
Total Nonoperating Revenues (Expenses)	(251,698)	(406,322)	(154,624)	(712,219)
Income (Loss) Before Capital Contributions and Transfers	(2,516,890)	(2,589,587)	(72,697)	(2,846,421)
Capital Contributions:				
Federal Grant AIP 30	-	-	-	573,945
Federal Grant AIP 32	-	197,530	197,530	2,126,287
Federal Grant AIP 33	-	202,958	202,958	477,676
Federal Grant AIP 34	-	-	-	213,750
Federal Grant AIP 35	950,000	241,705	(708,295)	28,975
Federal Grant AIP 36	-	31,825	31,825	-
Federal Grant AIP 37	-	14,360	14,360	-
Total Contributions	950,000	688,378	(261,622)	3,420,633
Transfers Out:				
Capital Equipment Fund - bomb building capital asset	-	-	-	(41,855)
Transfers In:				
General Fund	375,000	375,000	-	375,000
Recreation Fund	331,198	370,264	39,066	331,575
Total Transfers	706,198	745,264	39,066	664,720
Change in Net Assets	<u>\$ (860,692)</u>	<u>(1,155,945)</u>	<u>(295,253)</u>	<u>1,238,932</u>
Net Assets, Beginning of Year		<u>30,592,340</u>		<u>29,353,408</u>
Net Assets, End of Year		<u>\$ 29,436,395</u>		<u>\$ 30,592,340</u>

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

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2009
Operating Revenues:				
Charges for services:				
Landfill user fees	\$ 1,628,505	\$ 1,384,455	\$ (244,050)	\$ 1,516,425
Miscellaneous:				
Franchise fees	22,291	24,920	2,629	24,262
Other	6,000	22,161	16,161	16,930
	<u>28,291</u>	<u>47,081</u>	<u>18,790</u>	<u>41,192</u>
Total Operating Revenues	<u>1,656,796</u>	<u>1,431,536</u>	<u>(225,260)</u>	<u>1,557,617</u>
Operating Expenses:				
Administration:				
Salaries and wages	48,950	48,261	689	47,413
Employee benefits	20,775	24,045	(3,270)	21,407
Services and supplies	63,040	63,900	(860)	29,888
	<u>132,765</u>	<u>136,206</u>	<u>(3,441)</u>	<u>98,708</u>
Operating:				
Salaries and wages	437,365	365,164	72,201	458,561
Employee benefits	178,000	172,856	5,144	176,497
Services and supplies	665,550	542,022	123,528	620,418
	<u>1,280,915</u>	<u>1,080,042</u>	<u>200,873</u>	<u>1,255,476</u>
Depreciation	<u>109,159</u>	<u>94,485</u>	<u>14,674</u>	<u>96,187</u>
Total Operating Expenses	<u>1,522,839</u>	<u>1,310,733</u>	<u>212,106</u>	<u>1,450,371</u>
Operating Income (Loss)	<u>133,957</u>	<u>120,803</u>	<u>(13,154)</u>	<u>107,246</u>
Nonoperating Revenues (Expenses):				
Investment earnings	15,000	3,474	(11,526)	28,483
Gain (loss) on disposal of capital assets	-	1,045	1,045	-
Interest expense	(584)	(639)	(55)	(2,960)
Total Nonoperating Revenues (Expenses)	<u>14,416</u>	<u>3,880</u>	<u>(10,536)</u>	<u>25,523</u>
Change in Net Assets	<u>\$ 148,373</u>	<u>124,683</u>	<u>\$ (23,690)</u>	<u>132,769</u>
Net Assets, Beginning of Year		<u>2,565,268</u>		<u>2,432,499</u>
Net Assets, End of Year		<u>\$ 2,689,951</u>		<u>\$ 2,565,268</u>

**CITY OF ELKO
SCHEDULE OF NET ASSETS
NONMAJOR ENTERPRISE FUND
GOLF FUND
JUNE 30, 2010**

(With Comparative Actual Amounts at June 30, 2009)

	GOLF FUND	2009
ASSETS		
Current assets:		
Cash and investments	\$ 155,320	\$ 96,760
Interest receivable	260	212
Accounts receivable	7,385	20,719
Total Current Assets	162,965	117,691
Noncurrent assets:		
Capital assets - land	9,045	9,045
Capital assets being depreciated:		
Buildings	677,887	617,123
Improvements other than buildings	565,918	565,918
Machinery and equipment	546,062	519,999
Construction in progress	2,112	2,112
Less accumulated depreciation	(718,258)	(679,748)
Total Capital Assets (Net of Accumulated Depreciation)	1,073,721	1,025,404
Total Noncurrent Assets	1,082,766	1,034,449
Total Assets	1,245,731	1,152,140
LIABILITIES		
Current liabilities:		
Accounts payable	24,420	16,288
Accrued salaries	17,891	15,268
Compensated absences	12,962	9,471
Current maturities of medium term obligation payable	-	3,500
Other current liabilities	338	338
Total Current Liabilities	55,611	44,865
Noncurrent liabilities:		
Compensated absences	38,535	35,350
Net OPEB obligation	40,988	20,013
Total Noncurrent Liabilities	79,523	55,363
Total Liabilities	135,134	100,228
NET ASSETS		
Invested in capital assets, net of related debt	1,082,766	1,030,949
Unrestricted	27,831	20,963
TOTAL NET ASSETS	\$ 1,110,597	\$ 1,051,912

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

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2009
Operating Revenues:				
Charges for services:				
Green fees	\$ 177,938	\$ 180,231	\$ 2,293	\$ 181,916
Membership fees	260,000	254,990	(5,010)	254,708
Tournament fees	45,000	41,426	(3,574)	31,539
Cart path fees	30,000	35,680	5,680	31,919
Golf cart shed rentals	33,000	34,607	1,607	32,352
Golf concession rentals	7,400	7,000	(400)	6,600
	<u>553,338</u>	<u>553,934</u>	<u>596</u>	<u>539,034</u>
Miscellaneous:				
Other	16,000	12,437	(3,563)	13,953
Total Operating Revenues	<u>569,338</u>	<u>566,371</u>	<u>(2,967)</u>	<u>552,987</u>
Operating Expenses:				
Culture and recreation:				
Administration:				
Salaries and wages	17,250	16,866	384	16,612
Employee benefits	12,550	13,449	(899)	10,072
	<u>29,800</u>	<u>30,315</u>	<u>(515)</u>	<u>26,684</u>
Operations:				
Salaries and wages	225,215	218,438	6,777	219,953
Employee benefits	87,500	99,993	(12,493)	89,612
Services and supplies	233,550	229,019	4,531	231,276
	<u>546,265</u>	<u>547,450</u>	<u>(1,185)</u>	<u>540,841</u>
Depreciation	<u>51,577</u>	<u>47,348</u>	<u>4,229</u>	<u>48,871</u>
Total Operating Expenses	<u>627,642</u>	<u>625,113</u>	<u>2,529</u>	<u>616,396</u>
Operating Income (Loss)	<u>(58,304)</u>	<u>(58,742)</u>	<u>(438)</u>	<u>(63,409)</u>
Nonoperating Revenues (Expenses):				
Investment earnings	150	650	500	496
Gain (loss) on disposal of capital assets	-	-	-	403
Interest expense	(75)	(76)	(1)	(376)
Total Nonoperating Revenues (Expenses)	<u>75</u>	<u>574</u>	<u>499</u>	<u>523</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(58,229)</u>	<u>(58,168)</u>	<u>61</u>	<u>(62,886)</u>
Capital Contributions:				
Golf course clubhouse renovations	-	69,602	69,602	-
Transfers in:				
General Fund	24,800	23,715	(1,085)	22,690
Recreation Fund	23,536	23,536	-	23,125
Total Transfers	<u>48,336</u>	<u>47,251</u>	<u>(1,085)</u>	<u>45,815</u>
Change in Net Assets	<u>\$ (9,893)</u>	<u>58,685</u>	<u>\$ 68,578</u>	<u>(17,071)</u>
Net Assets, Beginning of Year		<u>1,051,912</u>		<u>1,068,983</u>
Net Assets, End of Year		<u>\$ 1,110,597</u>		<u>\$ 1,051,912</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 – Prior to July 1, 2008, the City had a self-funded health insurance program for City employees, dependents and retirees. Revenues included City contributions, employee/retiree contributions, interest and individual stop loss recovery. The City is in the process of closing this fund due to their joining the Nevada Public Employer's Benefit Program.

**CITY OF ELKO
SCHEDULE OF NET ASSETS
HEALTH INSURANCE FUND
JUNE 30, 2010**

(With Comparative Actual Amounts at June 30, 2009)

	<u>2010</u>	<u>2009</u>
ASSETS		
Current assets:		
Cash and investments	\$ 1,168	169,070
Accounts receivable	<u>-</u>	<u>67,114</u>
Total Assets	<u>1,168</u>	<u>236,184</u>
NET ASSETS		
Unrestricted	<u>1,168</u>	<u>236,184</u>
TOTAL NET ASSETS	<u>\$ 1,168</u>	<u>\$ 236,184</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, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2009
Operating Revenues:				
Charges for services:				
Provider reimbursements	\$ -	\$ -	\$ -	\$ 20,000
Miscellaneous:				
Other	-	-	-	7,923
Total Operating Revenues	-	-	-	27,923
Operating Expenses:				
Administration:				
Employee benefits	-	5,414	(5,414)	62,664
Services and supplies	-	67,113	(67,113)	-
Total Operating Expenses	-	72,527	(72,527)	62,664
Operating Income (Loss)	-	(72,527)	(72,527)	(34,741)
Nonoperating Revenues (Expenses):				
Investment earnings	-	-	-	55
Transfers Out:				
General Fund	(250,000)	(162,489)	87,511	-
Change in Net Assets	<u>\$ (250,000)</u>	<u>(235,016)</u>	<u>\$ 14,984</u>	<u>(34,686)</u>
Net Assets beginning of year		236,184		270,870
Net Assets, end of year		<u>\$ 1,168</u>		<u>\$ 236,184</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, 2010

	<u>BALANCE</u> <u>JUNE 30, 2009</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2010</u>
Elko County Recreation Board:				
Assets:				
Cash and investments	\$ 163,814	\$ 119,783	\$ 109,376	\$ 174,221
Interest receivable	541	366	541	366
Room tax receivable	14,410	17,659	14,410	17,659
Total Assets	<u>\$ 178,765</u>	<u>\$ 137,808</u>	<u>\$ 124,327</u>	<u>\$ 192,246</u>
Liabilities:				
Accounts payable	\$ 67	\$ 67	\$ 67	\$ 67
Due to other governments	178,698	137,741	124,260	192,179
Total Liabilities	<u>\$ 178,765</u>	<u>\$ 137,808</u>	<u>\$ 124,327</u>	<u>\$ 192,246</u>

STATISTICAL SECTION

CITY OF ELKO
SCHEDULE OF REVENUE AND RELATED
CAPITAL EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010
(UNAUDITED)

		Activity for the period July 1, 2009 through June 30, 2010
Capital Construction Fund:		
Beginning Balance July 1, 2009	\$	(1,148,727)
Additions:		
Revenue from Ad Valorem Taxes and grants		738,733
Revenue from ARRA Grants		116,364
Deletions:		
Silver Street Reconstruction - 5th Street to Mountain City Highway		(394,733)
College Parkway Improvements		(95,747)
Spruce Road Sidewalk - Curb and Gutter Improvements		(83,669)
Railroad Street Improvements		(64,530)
		(932,309)
Funds remaining to be spent on Street Projects based on Monies Collected from Ad Valorem Taxes	\$	(932,309)
Water Fund:		
Beginning Balance July 1, 2009	\$	(1,892,516)
Additions:		
Revenue from Connection Fees		387,074
Deletions:		
Capital Expenses for Projects relating to Growth:		
Well #43 Pump House		(73,902)
Well #43 Water Main Extension		(327,181)
Well #43 Pump and Motor		(196,596)
		(597,679)
Funds remaining to be spent on Growth based on Monies Collected from Connection Fees	\$	(2,103,121)
Sewer Fund:		
Beginning Balance July 1, 2009	\$	8,217,995
Additions:		
Revenue from Sewer Improvement Fees		2,821,613
Deletions:		
Capital Expenses for Projects or Replacement		
Equipment Replacement		(23,888)
Concrete Pipe Rehabilitation		(262,647)
Emergency Effluent Pond Improvements		(319,336)
Headworks Grinder Project		(56,806)
Biosolids Drying Bed Design Engineering		(1,985)
Headworks Upgrade		(783,910)
13th Street Sewer Main Replacement		(265,710)
East Primary Clarifier Rehabilitation		(42,276)
Secondary Digester Dome Repair		(2,466)
		(2,466)
Funds remaining to be spent on Growth or Replacement based on Monies Collected from Sewer Improvement Fees	\$	9,280,584
Sewer Fund:		
Beginning Balance July 1, 2009	\$	(734,037)
Additions:		
Revenue from Connection Fees		497,408
Deletions:		
Capital Expenses for Projects relating to Growth:		
Reuse Site Additional Land Purchase		(16,023)
Construt Additional RIB's (10 Acres)		(77,355)
		(93,378)
Funds remaining to be spent on Growth based on Monies Collected from Connection Fees	\$	(330,007)

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

	ACTUAL 2002	ACTUAL 2003	ACTUAL 2004
Revenues:			
Taxes	\$ 1,511,776	\$ 1,794,349	\$ 1,820,085
Licenses and permits	1,100,609	1,070,134	1,068,772
Intergovernmental	6,574,722	6,922,968	7,211,043
Charges for services	517,264	498,133	526,188
Fines and forfeitures	115,863	118,022	121,311
Miscellaneous	62,649	134,481	213,309
Total Revenues	<u>9,882,883</u>	<u>10,538,087</u>	<u>10,960,708</u>
Expenditures:			
General government	1,022,900	1,049,437	1,157,007
Judicial	144,022	149,315	159,464
Public safety	4,824,818	4,963,815	5,332,140
Public works	2,525,008	2,635,950	2,505,096
Health	269,782	260,359	276,938
Culture and recreation	530,462	624,716	696,735
Community support	28,000	28,000	28,000
Contingency	-	-	-
Intergovernmental	-	-	-
Total Expenditures	<u>9,344,992</u>	<u>9,711,592</u>	<u>10,155,380</u>
Excess (Deficiency) of Revenues over Expenditures	<u>537,891</u>	<u>826,495</u>	<u>805,328</u>
Other Financing Sources (Uses):			
Transfers in	129,382	206,410	184,220
Transfers out	<u>(329,927)</u>	<u>(688,752)</u>	<u>(602,282)</u>
Total Other Financing Sources (Uses)	<u>(200,545)</u>	<u>(482,342)</u>	<u>(418,062)</u>
Net Change in Fund Balance	337,346	344,153	387,266
Fund Balance, July 1	<u>1,384,590</u>	<u>1,721,936</u>	<u>2,066,089</u>
Fund Balance, June 30	<u>\$ 1,721,936</u>	<u>\$ 2,066,089</u>	<u>\$ 2,453,355</u>

	ACTUAL 2005	ACTUAL 2006	ACTUAL 2007	ACTUAL 2008	ACTUAL 2009	ACTUAL 2010	BUDGETED 2011
\$	1,820,694	\$ 1,861,647	\$ 1,954,914	\$ 2,053,557	\$ 2,138,384	2,239,938	\$ 2,332,259
	1,226,545	1,312,525	1,464,666	1,517,248	1,555,808	1,491,501	1,715,653
	7,922,879	10,236,294	11,347,440	10,822,650	10,483,689	9,804,184	9,344,985
	465,420	558,329	580,481	619,864	577,488	575,031	756,538
	130,049	161,363	177,703	225,240	250,115	199,207	208,715
	119,161	263,047	201,580	287,861	171,484	86,388	130,303
	<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>14,396,249</u>	<u>14,488,453</u>
	1,428,754	1,342,145	1,640,946	1,793,403	2,108,515	2,111,813	2,138,849
	146,878	222,543	237,848	301,401	386,154	387,548	416,500
	5,550,738	6,345,554	7,221,831	7,905,349	8,116,542	8,275,314	8,133,625
	2,858,478	3,056,446	3,235,170	4,273,874	3,362,015	3,307,233	3,213,890
	357,308	408,536	441,913	507,835	525,658	525,384	521,900
	690,329	733,833	817,790	952,538	1,028,101	1,027,258	1,034,155
	28,000	28,000	28,000	36,000	36,000	32,000	23,000
	-	-	-	-	-	-	232,229
	<u>157,181</u>	<u>12,946</u>	<u>51,365</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>15,666,550</u>	<u>15,714,148</u>
	467,082	2,243,202	2,051,921	(243,980)	(386,017)	(1,270,301)	(1,225,695)
	220,106	173,475	191,581	234,298	246,256	406,136	1,020,000
	<u>(1,023,443)</u>	<u>(738,365)</u>	<u>(1,107,644)</u>	<u>(1,372,655)</u>	<u>(397,690)</u>	<u>(398,715)</u>	<u>(24,785)</u>
	<u>(803,337)</u>	<u>(564,890)</u>	<u>(916,063)</u>	<u>(1,138,357)</u>	<u>(151,434)</u>	<u>7,421</u>	<u>995,215</u>
	<u>(336,255)</u>	<u>1,678,312</u>	<u>1,135,858</u>	<u>(1,382,337)</u>	<u>(537,451)</u>	<u>(1,262,880)</u>	<u>(230,480)</u>
	<u>2,453,355</u>	<u>2,117,100</u>	<u>3,795,412</u>	<u>4,931,270</u>	<u>3,548,933</u>	<u>3,011,489</u>	<u>1,534,753</u>
\$	<u><u>2,117,100</u></u>	<u><u>3,795,412</u></u>	<u><u>4,931,270</u></u>	<u><u>3,548,933</u></u>	<u><u>3,011,482</u></u>	<u><u>1,748,609</u></u>	<u><u>1,304,273</u></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%
2011	390,921,792	0.47%

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

FISCAL YEAR	NET LEVY ROLL	TOTAL TAXES COLLECTED	COLLECTED AS A % OF TAXES LEVIED
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	10,572,851	10,270,543	97.1%
2010	10,983,383	10,580,559	96.3%

Beginning in Fiscal Year 2009 includes the Elko Redevelopment District

**CITY OF ELKO
TEN LARGEST PROPERTY OWNERS
FOR THE YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

TAXPAYER	TYPE OF BUSINESS	ASSESSED VALUE	% OF CITY ASSESSED VALUE
1. PHC Elko, Inc.	Hospital	\$ 11,354,576	2.90%
2. Elko Acquisitions	Gaming	11,490,680	2.94%
3. PK Sales	Business/Commercial	4,957,171	1.27%
4. Wal-Mart Stores, Inc.	Retail	4,664,180	1.19%
5. Ablah Elko	Commercial	3,850,801	0.99%
6. Holder Group LLC	Gaming	3,285,348	0.84%
7. Monte Carlo	Apartments	3,120,312	0.80%
8. Sagecrest	Apartments	3,058,057	0.78%
9. Home Depot	Retail	2,916,939	0.75%
10. Edwin Enterprise	Retirement Home/Hospital	2,168,127	0.55%
		\$ 50,866,191	13.01%

Based on Fiscal Year 2010-2011 total City assessed valuation of \$390,921,792.

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 (Budget)</u>
Average Statewide Rate	\$ 3.1115	\$ 3.1182	\$ 3.1124	\$ 3.1471	\$ 3.1526	\$ 3.1727	\$ 3.2162	\$ 3.1526
City of Elko	\$ 0.7200	\$ 0.8200	\$ 0.9200	\$ 0.9200	\$ 0.9200	\$ 0.9200	\$ 0.9200	\$ 0.9200
Elko County	0.8419	0.8419	0.8386	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	0.0643	0.0648	0.0661	0.0671	0.0681	0.0681	0.0681	0.0681
State of Nevada	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700
Total	\$ <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>	\$ <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	7,383,511	109,349,403
2011	390,921,792	117,276,538	N/A	N/A

Note: Legal debt limit per NRS 266.600.

CITY OF ELKO
OUTSTANDING BONDED INDEBTEDNESS
FOR THE YEAR ENDED JUNE 30, 2010
(UNAUDITED)

<u>Bonds Payable</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE AMOUNT</u>	<u>PRINCIPAL OUTSTANDING JUNE 30, 2010</u>
General Obligation Bonds:			
General Government:			
2005 Limited Tax Recreational Facilities Bonds	8/25/2005	2,000,000	1,665,000
General Obligation (Limited Tax) Bonds:			
Enterprise Fund:			
Airport Improvement Bonds Series 2009A and Series 2009B	12/1/2009	3,735,000	3,735,000
General Obligation (Limited Tax) Revenue Bond:			
Enterprise Fund:			
Sewer Bond, Series 1998	8/14/1998	4,000,000	1,983,511
Total Bonds Payable		\$ <u>9,735,000</u>	\$ <u>7,383,511</u>

CITY OF ELKO
ANNUAL GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(UNAUDITED)

FISCAL YEAR	2009 Airport Improvement Limited Tax Bond		1998 Sewer Bond	
	Principal	Interest	Principal	Interest
2011	160,000	170,880	221,040	62,297
2012	165,000	165,605	228,237	55,100
2013	170,000	159,755	235,668	47,668
2014	180,000	153,405	243,342	39,994
2015	180,000	146,430	251,265	32,071
2016	190,000	138,911	259,447	23,890
2017	190,000	130,836	267,895	15,442
2018	205,000	122,055	276,617	6,719
2019	215,000	112,475	-	-
2020	225,000	102,166	-	-
2021	225,000	91,290	-	-
2022	245,000	79,571	-	-
2023	250,000	66,980	-	-
2024	270,000	53,778	-	-
2025	270,000	39,400	-	-
2026	290,000	24,380	-	-
2027	305,000	8,265	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
TOTAL	\$ 3,735,000	\$ 1,766,182	\$ 1,983,511	\$ 283,181

2005 Limited Tax Recreational Facilities Bonds		
<u>Principal</u>	<u>Interest</u>	<u>Total</u>
75,000	68,768	757,985
80,000	65,768	759,710
85,000	62,568	760,659
90,000	59,168	765,909
95,000	55,568	760,334
100,000	51,768	764,016
105,000	47,768	756,941
110,000	43,568	763,959
115,000	39,113	481,588
120,000	34,455	481,621
125,000	29,415	470,705
130,000	24,165	478,736
140,000	18,705	475,685
145,000	12,685	481,463
150,000	6,450	465,850
-	-	314,380
-	-	313,265
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>\$ 1,665,000</u>	<u>\$ 619,932</u>	<u>\$ 10,052,806</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, 2009	June 30, 2008
Total Actuarial Accrued Liability	\$ 33,075,157,965	\$ 30,495,890,403
Net Assets at Actuarial Value	23,971,875,851	23,237,651,604
Unfunded Actuarial Accrued Liability	\$ 9,103,282,114	\$ 7,258,238,799
Assets as % of Total Accrued Liability	72.48%	76.20%

Source: June 30, 2009 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, 2010, which collectively comprise the City of Elko's basic financial statement and have issued our report thereon dated December 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses (item 10-1, 10-2 and 10-3).

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 December 22, 2010.

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.

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
December 22, 2010

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM 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 City of Elko, State of Nevada's (the City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's 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, 2010. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs and passenger facility charge program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; and the Guide. Those standards, OMB Circular A-133, and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and passenger facility charge program for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and the Guide and which are described in the accompanying Schedule of Findings and Questioned Costs as items 10-4, 10-5, 10-6, and 10-7.

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program or the passenger facility charge program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or the passenger facility charge program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Item 10-7 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or the passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 10-4, 10-5, and 10-6 to be significant deficiencies.

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 the responses.

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.

Kafoury, Armstrong & Co.

Elko, Nevada
December 22, 2010

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CITY OF ELKO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

(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 Housing and Urban Development:</u>			
Passed through State of Nevada Department of Commission on Economic Development: Community Development Block Grants/States Program: Administered Small Cities Program Cluster: Southside Park Basketball/Tennis Court Reconstruction			
	14.228	CDBG/08/PF/002	\$ 172,314
<u>U.S. Department of Justice:</u>			
Passed through Nevada Department of Public Safety: Edward Byrne Memorial Formula Grant Program: Juvenile Justice and Delinquency Prevention Grant			
	16.738	09-JAG-04	84,571
	16.738	09-JAG-10	160,220
			<u>244,791</u>
Passed through Partners Allied for Community Excellence: Enforcing Underage Drinking Laws Program			
	16.727	N/A	2,201
Passed through Nevada Office of Criminal Justice ARRA – ARRA - Assistance Recovery Act- Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories: Mobile Computing Technology – Police Grant			
	16.803	09-ARRA-14	60,881
Direct Programs:			
ARRA - Bulletproof Vest Partnership Program	16.607	2009-SB-B9-0079 (ARRA)	37,321
Total Department of Justice			<u>345,194</u>
<u>U.S. Department of Transportation:</u>			
Direct Program:			
Airport Improvement Program	20.106	3-32-0005-32	197,530
Airport Improvement Program	20.106	3-32-0005-33	202,958
Airport Improvement Program	20.106	3-32-0005-35	241,705
Airport Improvement Program	20.106	3-32-0005-36	31,825
Airport Improvement Program	20.106	3-32-0005-37	14,360
			<u>688,378</u>
Passed through State of Nevada Department of Transportation: Highway Planning and Construction Cluster: ARRA - Downtown Corridor Lighting Project			
	20.205	STP-0007(032)	106,802
ARRA - Highway Planning and Construction	20.205	ARRA-0007(033)	245,851
			<u>352,653</u>

CITY OF ELKO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010
(Page 2 of 2)

Passed through State of Nevada Department of Transportation
and Public Safety:

Highway Safety Cluster:

Traffic Safety Enforcement Grant	20.601	29-JF-1.05	5,461
Traffic Safety Enforcement Grant	20.602	29-JF-1.05	7,823
Traffic Safety Enforcement Grant	20.609	29-JF-1.05	9,398
			22,682

Total Department of Transportation

1,063,713

U.S. Department of Homeland Security:

Passed through State of Nevada Department of Public Safety:

Disaster Grants – Public Assistance

Emergency Management Planning Grant	97.042	9704210	22,442
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Passed through Elko County:

Homeland Security Cluster:

State Homeland Security Program	97.067	97067HL8	365,804
State Homeland Security Program	97.067	97067HL9	90,119
			455,923

Total Department of Homeland Security

478,365

Total Expenditures of Federal Awards

\$ 2,059,586

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 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 the City of Carlin, Nevada, as a subrecipient, as follows:

Program Title:	Federal CFDA Number:	Amount Provided:
Edward Byrne Memorial Justice Assistance Grant Program	16.738	\$29,002

CITY OF ELKO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010
(Page 1 of 5)

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified.

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes no

Federal Awards Program and Passenger Facility Charge Program:

Internal control over major programs and Passenger Facility Charge Program:

- 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 and Passenger Facility Charge Program: 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
20.205 – Highway Planning and Construction Cluster
97.067 – Homeland Security Cluster

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, 2010

(Page 2 of 5)

SECTION II – FINDINGS RELATIVE TO THE FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS (GAGAS).

Deficiency Considered a Material Weakness:

Finding 10-1
Capital Asset Recording:

Criteria:	Controls should be in place to ensure the proper value is recorded for capital assets. This will reduce the risk of misstatements in financial reporting.
Condition:	During our audit, we noted training costs totaling \$27,755 were included in the value of software costs purchased, instead of being expensed as per generally accepted accounting principles.
Effect:	Misstatement of the City of Elko financial statements.
Cause:	The accounting department was unaware of this requirement.
Recommendation:	We recommend management obtain training regarding the proper valuation of capital assets.
Management's Response:	Management will monitor all capital asset purchases of software to ensure that all costs are appropriate and don't include the cost of travel and training of software vendor employees.

Deficiency Considered a Material Weakness:

Finding 10-2
Recording of Payroll Accruals and
Accounts Payable:

Criteria:	Controls should be in place to ensure that payroll accruals and accounts payable are properly recorded in order to reduce the risk of misstatements in financial reporting.
Condition:	The City recorded several accounts payable transactions totaling \$8,711 in the wrong fiscal year, and an accounts payable totaling \$23,672 was recorded in the incorrect fund. In addition, accrued salaries were overstated by \$38,811 due to incorrectly recording July 2010 health insurance in the incorrect year.
Effect:	Misstatement of the City of Elko financial statements.
Cause:	No third party review of the transactions.
Recommendation:	Management should examine its controls over the recording of accounts payable and accruals to ensure that they are properly recorded.

CITY OF ELKO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

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Management's
Response:

Management will more closely monitor all year end accounts payables and payroll accruals to ensure that they are recorded in the correct fiscal year.

Deficiency Considered a Material Weakness:

Finding 10-3
Financial Reporting:

Criteria: Management is responsible for establishing and maintaining an effective system of internal controls over financial reporting. One of the components of an effective system of internal control over financial reporting is the preparation of full disclosure financial statements and the Schedule of Expenditures of Federal Awards that do not require adjustment as part of the audit process.

Condition: During our testing we noted that a grant was subawarded from Elko County for training and equipment totaling \$451,579. The City of Elko Police Department did not notify the accounting department concerning this grant and therefore due to the noncash nature of this grant, the grant was not originally included on the Schedule of Federal Expenditures. In addition, if this was not correct it would have resulted in unrecorded capital asset additions totaling \$383,437.

Effect: The City of Elko would have not reported a major federal program and material capital asset additions.

Cause: The City of Elko Police Department did not contact the accounting department regarding this grant nor did they update their fixed asset additions for the capital assets.

Recommendation: We recommend the City of Elko implement procedures to ensure all departments report all grants received to the accounting department and the City of Elko Police Department should be coached and counseled on the proper completion of capital assets inventories.

Management's
Response: Management will implement a new policy to be approved by the City Council which states that all grants of money, equipment, buildings or donation must be approved by the Council prior to any grant acceptance by staff to ensure that all grants are recorded correctly and not missed by financial staff.

SECTION III - FEDERAL AWARDS AND PASSENGER FACILITY CHARGE PROGRAM FINDINGS AND QUESTIONED COSTS:

Finding 10-4
Passenger Facility Charge Program -
Timeliness of Report Filing:

CITY OF ELKO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

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Criteria: Controls should be in place to ensure the timeliness of filing of the quarterly Passenger Facility Charge reports with the Federal Aviation Administration.

Condition: During our audit, we noted the March 2010 and the September 2009 quarterly reports were not filed within 30 days of the quarter ending date. The March 2010 report was filed May 3, 2010 and the September 2009 report was filed on November 16, 2010.

Effect: Untimely filing of reports.

Cause: The accounting department was not able to prepare the reports on time.

Recommendation: We recommend management file these reports within 30 days of the quarter end so that the reports are timely filed in accordance with the Passenger Facility Charge requirements.

Management's Response: Management will calendar the due dates of all quarterly reports to ensure that they are filed by the due date.

Finding 10-5

U.S. Department of Transportation:
Airport Improvement Program –
CFDA 20.106

Criteria: The Davis-Bacon Act requires contractors or subcontractors to submit weekly, for each week in which contract work is performed, a copy of the payroll and a statement of compliance (certified payroll).

Condition: The certified payrolls for one contractor were not received and monitored weekly for compliance with the Davis-Bacon Act.

Questioned Costs: None

Effect: Noncompliance with the Davis Bacon requirements could occur and not be detected by the County.

Cause: The contractor had marked final payroll and the compliance review assumed the project was complete and it was not, therefore additional payroll was not reviewed for compliance.

Recommendation: We recommend the City of Elko implement procedures to ensure certified payrolls are received and reviewed through the completion of the project, to ensure compliance with the requirements stated above.

Management's Response: Management will utilize log sheets that will reflect the date a project begins and the date of final completion to ensure all payroll weeks are received and reviewed through the completion of the project.

CITY OF ELKO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

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Finding 10-6

U.S. Department of Transportation:
Airport Improvement Program --
CFDA 20.106

Criteria: Per OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Effective November 26, 2003, when a non-federal entity enters into a covered transaction (over \$25,000) with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity.

Condition: During our testing we noted that an engineering and consultant contract did not include the necessary clause covering the suspension and debarment requirement nor was the EPLS website verified.

Questioned Costs: None

Effect: The City of Elko could contract with a suspended or debarred party.

Cause: The certification clause was included in construction contract but was erroneously noted included for the engineer and consultant.

Recommendation: We recommend the City of Elko implement procedures to ensure the suspended and debarred party certifications are obtained for all parties or verifications for checking the EPLS website should be maintained.

Management's Response: Management will utilize a check off list when preparing all bid documents to make sure the requirement for checking the debarred parties list is included in all documents. Prior to the award of any bids staff will check to ensure the debarred list has been reviewed per the bid documents.

Finding 10-7

U.S. Department of Homeland
Security: State Homeland
Security Program -- Passed
through Elko County -- CFDA
97.067

Finding: See Findings Relative to the Financial Statements Reported in Accordance with Generally Accepted Auditing Standards (GAGAS) Item 10-3 on page 97.

Management's Response: See Management's Response as Item 10-3 on page 97.

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CITY OF ELKO
SCHEDULE OF PASSENGER
FACILITY CHARGES COLLECTED AND EXPENDED
FOR THE YEAR ENDED JUNE 30, 2010

Balance July 1, 2009	\$ -
Collection of Passenger Facility Charges July 1, 2009 through June 30, 2010	78,803
Interest Earned	-
Proceeds expended for Passenger Facility Charge Projects July 1, 2009 through June 30, 2010	<u>(78,803)</u>
Balance June 30, 2010	<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, 2010**

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, 2010.

DISPOSITION OF PRIOR YEAR RECOMMENDATIONS

The prior year audit findings were implemented.

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, 2010

Flat Fixed Fees:

Business license revenue for the year ended June 30, 1991 (base year) adjusted through June 30, 2009 \$ 512,824

Adjustment to Base:

Base year adjusted percentage increase in population of the local government 1.35%

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% x 4.15%

21,282

Adjusted base at June 30, 2010 534,106

Actual revenue 333,357

Amount over (under) allowable amount \$ (200,749)

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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, 2010 (based on the interpretation of reasonable and necessary provided by the Legislative Counsel Bureau),
- The sources of revenues, including transfers, available for the funds are as noted in the financial statements,
- The funds conform to significant statutory and regulatory constraints on their financial administration during the year ended June 30, 2010 (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
December 22, 2010