

**CITY OF ELKO  
STATE OF NEVADA**

**FISCAL YEAR ENDED  
June 30, 2012**





---

**CITY OF ELKO**  
**JUNE 30, 2012**  
**TABLE OF CONTENTS**

---

	<u>PAGE NO.</u>
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	1 – 2
Management's Discussion and Analysis (required supplementary information)	3 – 9
<b><u>Basic Financial Statements:</u></b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Assets	10
Statement of Activities	11
<b>Fund Financial Statements:</b>	
Governmental Funds:	
Balance Sheet	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	13
Statement of Revenues, Expenditures, and Changes in Fund Balances	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Proprietary Funds:	
Statement of Net Assets	16 – 17
Statement of Revenues, Expenses and Changes in Net Assets	18
Statement of Cash Flows	19 – 20
Fiduciary Fund:	
Statement of Fiduciary Net Assets	21
<b>Notes to Financial Statements</b>	22 – 41
<b><u>Required Supplementary Information:</u></b>	
Schedule of Funding Progress – Other Postemployment Benefits	42
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget (Budgetary Basis) and Actual – General Fund	43 – 48
Reconciliation of the General Fund (Budgetary Basis) to the Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund (GAAP Basis)	49
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual: Major Special Revenue Fund:	
Recreation Fund	50 – 51
Notes to Required Supplementary Information	52
<b><u>Supplementary Information:</u></b>	
<b>Combining and Individual Fund Statements and Schedules:</b>	
Reconciliation of the General Fund (Budgetary Basis) to the General Fund (GAAP Basis) – Combining Balance Sheet	53
<b>Governmental Funds:</b>	
Major Governmental Funds:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual: Capital Construction Fund	54
Nonmajor Governmental Funds:	
Combining Balance Sheet	55
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	56

---

---

THIS PAGE LEFT INTENTIONALLY BLANK.

---

**CITY OF ELKO**  
**JUNE 30, 2012**  
**TABLE OF CONTENTS**

---

	<u>PAGE NO.</u>
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	57
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	58
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Youth Recreation Fund	59
Municipal Court Administrative Assessment Fund	60
Narcotics Task Force Fund	61
Nonmajor Debt Service Fund:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	62
Nonmajor Capital Projects Funds:	
Combining Balance Sheet	63
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	64
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Ad Valorem Capital Projects Fund	65
Public Improvement Development Fund	66
Capital Equipment Reserve Fund	67 – 68
Facility Reserve Fund	69
Elko Redevelopment Agency Fund	70
Internally Reported (Budgetary Basis) Fund Reported as part of the General Fund for External Reporting Purposes:	
Revenue Stabilization Fund	71
<b>Enterprise Funds:</b>	
Major Enterprise Funds:	
Schedule of Revenues, Expenses and Changes in Net Assets – Budget and Actual:	
Water Fund	72
Sewer Fund	73 – 74
Airport Fund	75 – 76
Landfill Fund	77
Nonmajor Enterprise Funds:	
Schedule of Net Assets – Golf Fund	78
Schedule of Revenues, Expenses and Changes in Net Assets – Budget and Actual:	
Golf Fund	79
<b>Internal Service Fund:</b>	
Schedule of Revenues, Expenses and Changes in Net Assets – Budget and Actual – Health Insurance Fund	80
<b>Fiduciary Fund:</b>	
Agency Fund:	
Statement of Changes in Assets and Liabilities	81

---

---

THIS PAGE LEFT INTENTIONALLY BLANK.

---

**CITY OF ELKO**  
**JUNE 30, 2012**  
**TABLE OF CONTENTS**

---

	<u>PAGE NO.</u>
<b>STATISTICAL SECTION (UNAUDITED)</b>	
Schedule of Revenues and Related Capital Expenditures – Cash Basis	82
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balances – General Fund – Budgetary Basis	83
Assessed Valuation – Secured and Unsecured Property	84
Countywide Secured Tax Levies, Collections and Delinquencies	85
Ten Largest Property Owners	86
Statewide Average and Overlapping Tax Rates	87
Statutory Debt Limitation	88
Outstanding Bonded Indebtedness	89
Annual General Obligation Debt Service Requirements	90
Total and Unfunded Accrued Liabilities	91
ARFF Facility Expenses Related to the Elko Regional Airport	92
<b>COMPLIANCE SECTION</b>	
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 <i>Government Auditing Standards</i>	93
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	94 – 95
Schedule of Expenditures of Federal Awards	96
Schedule of Findings and Questioned Costs	97 – 98
Summary Schedule of Prior Year Audit Findings	99
Schedule of Passenger Facility Charges	100
<b>AUDITOR’S COMMENTS</b>	
Current Year Statute Compliance	101
Progress on Prior Year Statute Compliance	101
Disposition of Prior Year Recommendations	101
Current Year Audit Recommendations	101
Schedule of Fees Imposed Subject to the Provision of NRS 354.5989	102

---

---

**FINANCIAL SECTION**

---



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 (the City), as of and for the year ended June 30, 2012, 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 18, 2012, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 9, the Schedule of Funding Progress on page 42, the Schedules of Budgetary Comparison Information and Reconciliation and related notes, on pages 43 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to Management's Discussion and Analysis and the schedule of funding progress in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information, the reconciliation of the General Fund (budgetary basis) to the General Fund (GAAP basis) and the notes to the required supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements as a whole.

---

THIS PAGE LEFT INTENTIONALLY BLANK.

---

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 as a whole. The combining and individual fund statements and schedules including budgetary comparisons, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Passenger Facility Charges and the accompanying Schedule of Expenditures of Federal Awards are presented for purposes of additional analysis as required by the Federal Aviation Administration and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and are also not required parts of the financial statements. The 2012 combining and individual fund statements and schedules including budgetary comparisons, the Schedule of Passenger Facility Charges, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. We also have previously audited, in accordance with auditing standards generally accepted in the United States, the City of Elko's basic financial statements for the year ended June 30, 2011, which are not presented with the accompanying financial statements. In our report dated January 5, 2012, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. In our opinion, the 2011 accompanying combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2011, 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 do not express an opinion or provide any assurance on it.

*Kapoury, Armstrong & Co.*

Elko, Nevada  
December 18, 2012

---

THIS PAGE LEFT INTENTIONALLY BLANK.

---

**City of Elko  
Management's Discussion and Analysis  
June 30, 2012**

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
<b>Scope</b>	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
<b>Required Financial Statements</b>	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
<b>Accounting Basis and Measurement Focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting No measurement focus

	Government-Wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
<b>Type of Asset/Liability Information</b>	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
<b>Type of Inflow/Outflow Information</b>	All revenues and expenses during the year, regardless of when	Revenues for which cash is received during or soon after the end of 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 or paid	Results of operations are not measured

### Condensed Statement of Net Assets

The largest component \$93,126,978 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 \$1,454,129. 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 \$21,225,884, 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, 2012 with comparisons for June 30, 2011. These are derived from the government-wide Statement of Net Assets.

**Table 2: Condensed Statement of Net Assets  
As of June 30, 2012 and 2011**

	2012 Governmental Activities	2011 Governmental Activities	2012 Business- type Activities	2011 Business- type Activities	Total Primary Government 2012	Total Primary Government 2011
Current and other assets	\$11,303,432	\$19,308,255	\$18,378,352	\$18,227,727	\$ 29,681,784	\$ 37,535,982
Capital assets	39,172,103	30,683,636	68,812,929	69,592,167	107,985,032	100,275,803
Total assets	50,475,535	49,991,891	87,191,281	87,819,894	137,666,816	137,811,785
Other liabilities	1,314,180	2,665,303	916,219	943,568	2,230,399	3,608,871
Long-term liabilities	15,335,858	15,650,641	4,293,568	6,150,274	19,629,426	21,800,915
Total liabilities	16,650,038	18,315,944	5,209,787	7,093,842	21,859,825	25,409,786
Net Assets:						
Invested in capital assets, net of related debt	27,692,542	26,990,471	65,434,436	64,288,246	93,126,978	91,278,717
Restricted	1,285,946	1,110,286	168,183	165,870	1,454,129	1,276,156
Unrestricted	4,847,009	3,575,190	16,378,875	16,271,936	21,225,884	19,847,126
Total net assets	<b>\$33,825,497</b>	<b>\$31,675,947</b>	<b>\$81,981,494</b>	<b>\$80,726,052</b>	<b>\$115,806,991</b>	<b>\$112,401,999</b>

### Condensed Statement of Activities

Table 3 presents the City's condensed statement of activities for the fiscal year ended June 30, 2012, as derived from the government-wide Statement of Activities.

**Table 3: Condensed Statement of Activities**  
For Fiscal Years Ended June 30, 2012 and 2011

	Governmental Activities		Business-Type Activities		Totals		Amount Change	% Change
	2012	2011	2012	2011	2012	2011		
Revenues:								
Program revenues:								
Charges for Services	\$2,354,146	\$2,045,119	\$11,871,123	\$11,516,624	\$14,225,269	\$13,561,743	\$663,526	4.89
Operating Grants and Contributions	245,824	386,574	17,834	75,156	263,658	461,730	(198,072)	-42.90
Capital Grants and Contributions	58	1,634,355	2,092,400	1,806,370	2,092,458	3,440,725	(1,348,267)	-39.19
General Revenues:								
Ad Valorem Taxes	3,907,600	3,709,778	-	-	3,907,600	3,709,778	197,822	5.33
Consolidated Taxes	13,106,740	11,015,990	-	-	13,106,740	11,015,990	2,090,750	18.98
Motor Vehicle Fuel Taxes	996,556	492,018	-	-	996,556	492,018	504,538	102.54
Room Taxes	3,325,202	2,787,376	-	-	3,325,202	2,787,376	537,826	19.30
Gaming Licenses	106,538	109,919	-	-	106,538	109,919	(3,381)	-3.08
Franchise Fees	816,259	895,135	-	-	816,259	895,135	(78,876)	-8.81
Interest Income	10,497	43,397	18,974	30,020	29,471	73,417	(43,946)	-59.86
Gain on Sale of Assets	-	1,482	-	935	-	2,417	(2,417)	-100.00
Other Taxes	146,903	118,631	-	-	146,903	118,631	28,272	100.00
Miscellaneous Revenues	178,424	153,543	-	-	178,424	153,543	24,881	16.20
<b>Total Revenues</b>	<b>25,194,747</b>	<b>23,393,317</b>	<b>14,000,331</b>	<b>13,429,105</b>	<b>39,195,078</b>	<b>36,822,422</b>	<b>2,372,656</b>	<b>6.44</b>
Expenses:								
General government	2,162,412	2,294,253	-	-	2,162,412	2,294,253	(131,841)	-5.75
Judicial	335,305	364,974	-	-	335,305	364,974	(29,669)	-8.13
Public safety	9,019,082	9,191,951	-	-	9,019,082	9,191,951	(172,869)	-1.88
Public works	4,715,183	4,168,995	-	-	4,715,183	4,168,995	546,188	13.10
Health and sanitation	549,618	569,617	-	-	549,618	569,617	(19,999)	-3.51
Culture and recreation	3,580,024	3,142,078	-	-	3,580,024	3,142,078	437,946	13.94
Community support	29,500	21,000	-	-	29,500	21,000	8,500	40.48
Interest on long-term debt	433,353	334,819	-	-	433,353	334,819	98,534	29.43
Water	-	-	2,704,928	2,578,053	2,704,928	2,578,053	126,875	4.92
Sewer	-	-	5,117,806	3,908,472	5,117,806	3,908,472	1,209,334	30.94
Landfill	-	-	1,412,091	1,486,604	1,412,091	1,486,604	(74,513)	-5.01
Airport	-	-	5,063,074	3,687,392	5,063,074	3,687,392	1,375,682	37.31
Golf	-	-	667,710	624,169	667,710	624,169	43,541	6.98
<b>Total Expenses</b>	<b>20,824,477</b>	<b>20,087,687</b>	<b>14,965,609</b>	<b>12,284,690</b>	<b>35,790,086</b>	<b>32,372,377</b>	<b>3,417,709</b>	<b>10.56</b>
Increase(decrease) in net assets before transfers	4,370,270	3,305,630	(965,278)	1,144,415	3,404,992	4,450,045	(1,045,053)	-23.48
Transfers	(2,220,720)	(451,438)	2,220,720	451,438	-	-	-	0.00
Change in net assets	2,149,550	2,854,192	1,255,442	1,595,853	3,404,992	4,450,045	(1,045,053)	-23.48
Beginning net assets	31,675,947	28,821,755	80,726,052	79,178,814	112,401,999	108,000,569	4,401,430	4.08
Prior period adjustment	-	-	-	(48,615)	-	(48,615)	48,615	100.00
Ending net assets	<b>\$33,825,497</b>	<b>\$31,675,947</b>	<b>\$81,981,494</b>	<b>\$80,726,052</b>	<b>\$115,806,991</b>	<b>\$112,401,999</b>	<b>\$3,404,992</b>	<b>3.03</b>

Over time, increases and decreases in net assets measure whether the City's financial position is improving or deteriorating. Overall the City's total net assets increased by \$3,404,992 or 3.0 percent. The net assets of the governmental activities increased by \$2,149,550, or by 6.8 percent, and the net assets of the business-type activities increased by \$1,255,442, or by 1.6 percent. The following is a breakdown of the major changes that occurred during fiscal year 2012:

The City's consolidated taxes increased by \$2,090,750 or 18.98 percent. These funds are deposited to both the City's general fund and the capital equipment fund. In the prior year the consolidated taxes had increased by \$1,927,441 or 21.21 percent, this following three years of single digit decreases.

The City received a total of \$2,356,116 in grants and capital contributions. The majority of the grant funds received were for the airport and totaled \$792,616. The water fund received \$566,624 in connection fees and the sewer fund received \$750,994 in connection fees.

The sewer fund experienced an increase in the water reclamation facility expenditures of about 10 percent. This was caused by several maintenance projects that were required on the clarifier, digester and percolation ponds of the plant facilities.

The City recently began receiving Regional Transportation Commission fuel taxes to help with the repayment of the 2010 Idaho Street Rehabilitation bonds. The total received for fiscal year 2012 was \$552,603.

The City has been in litigation for several years over premature failure of a concrete apron area at the City's municipal airport. There was a \$1,843,783 transfer to the Airport Fund from the General Fund to pay for litigation expenses associated with the premature failure of the concrete apron area. As these expenditures were very large, it required an augmentation of both the general and airport funds of the City.

The recreation fund received 15 percent more transient lodging taxes than originally anticipated which resulted in the City making an augmentation to the recreation fund in the amount of \$930,243 to offset both the revenues and related expenditures.

**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, 2012 and 2011**

<b>City Programs</b>	<b>Program Expenses</b>	<b>Program Revenues</b>	<b>Net Program Expenses (Revenues) (a) 2012</b>	<b>Net Program Expenses (Revenues) (a) 2011</b>
General Government	\$ 2,162,412	\$ 516,454	\$ 1,645,958	\$ 1,547,643
Judicial	335,305	202,951	132,354	123,077
Public Safety	9,019,082	456,914	8,562,168	8,246,201
Public Works	4,715,183	967,160	3,748,023	2,512,417
Health	549,618	99,398	450,220	465,351
Culture & Recreation	3,580,024	357,151	3,222,873	2,771,131
Debt Service - interest	433,353	-	433,353	334,819
Community Support	29,500	-	29,500	21,000
<b>Totals</b>	<b>\$20,824,477</b>	<b>\$ 2,600,028</b>	<b>\$18,224,449</b>	<b>\$16,021,639</b>

(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, 2012 and 2011**

<b>City Programs</b>	<b>Program Expenses</b>	<b>Program Revenues</b>	<b>Net Program Expenses (Revenues) 2012</b>	<b>Net Program Expenses (Revenues) 2011</b>
Water Enterprise	\$ 2,704,928	\$ 3,803,558	\$ (1,098,630)	\$ (1,052,782)
Sewer Enterprise	5,117,806	5,998,427	(880,621)	(1,832,369)
Landfill Enterprise	1,412,091	1,709,240	(297,149)	(122,653)
Airport Enterprise	5,063,074	1,844,348	3,218,726	1,859,654
Golf Enterprise	667,710	625,784	41,926	34,690
<b>Totals</b>	<b>\$14,965,609</b>	<b>\$13,981,357</b>	<b>\$ (984,252)</b>	<b>\$ (1,113,460)</b>

---

## Overall Analysis

Financial highlights for the City, as a whole, during the fiscal year ended June 30, 2012, include the following:

- The assets of the City exceeded its liabilities (net assets) at the close of the fiscal year by \$33.8 million for governmental activities and by \$82.0 million for business-type activities.
- The City's total net assets increased during the year by \$3,404,992 or by 3.0 percent. Net assets of governmental activities increased by \$2,149,550 or by 6.8 percent, while net assets of business-type activities increased by \$1,255,442 or by 1.6 percent.

## Fund Analysis

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

### Governmental Funds

At the close of the fiscal year ending June 30, 2012, the City's governmental funds reported a combined ending fund balance of \$9,439,953, with \$2,285,947 reported as unassigned fund balance, \$2,123,445 reported as assigned for the next year's budget shortfall, \$1,275,714 reported as restricted, \$3,522,839 reported as committed, and the remaining amount of \$232,008 as non-spendable. See Note 1 to the financial statements for an explanation of the different types of fund balance categories.

### MAJOR FUNDS:

#### General Fund

Fund balance at June 30, 2012 totaled \$6,152,286, which includes \$1,260,532 from the revenue stabilization fund. This represents an increase of \$1,880,191 for the general fund or 62.4 percent and an increase of \$54,875 or 4.6 percent for the revenue stabilization fund during the fiscal year. The increase is due to an increase in total revenues of 13.2 percent, the majority of which came from increases in the consolidated taxes of 19.0%. There was a decrease in overall expenditures of 1.5% which consisted mostly of a decrease in health insurance costs of approximately 13 percent due to reductions in benefits and increased deductibles through the Nevada State Public Employees' Benefits Program which the City participates in for health insurance benefits. There was a \$1,843,783 transfer to the Airport Fund to pay for litigation expenses associated with the premature failure of the concrete apron area at the Elko Regional Airport. Although the judgment was in favor of the City, the actual judgment amount is still in dispute and there may be additional legal costs associated with this case in future fiscal years. There was a transfer of \$23,915 to the Golf Enterprise Fund and transfers to the Revenue Stabilization Fund, the Capital Equipment Fund and the Facility Reserve Fund of \$53,464, \$80,196 and \$80,196 respectively pursuant to the City's Revenue Stabilization Policy. That brought the total transfers out to \$2,081,554.

The General Fund amended their budget by \$2 million to record a transfer to the Airport Fund to pay for the litigation expenses for the concrete apron failure. The total transfer was less than the \$2 million budgeted and was recorded at \$1,843,783, which were the litigation expenses for 2011/2012.

#### Recreation Fund

Fund balance at June 30, 2012 totaled \$929,326 of which \$147,000 is committed for the California Interpretive Center Bond payment for the following year. This is an increase of \$254,498 or 37.7 percent during the fiscal year. The increase is due to an unexpected increase of 15.0 percent in transient lodging tax revenues the primary revenue source for the fund. There were capital expenditures of \$388,471 during the fiscal year.

The room tax revenues were originally budgeted at approximately \$2,500,000 and were estimated to be around \$3,400,000 by year end. This required a budget augmentation as there are various entities that receive portions of the room taxes based on percentages. In order to not be in violation of over expenditures, the City did a budget augmentation for \$930,243.

#### Capital Construction Fund

Fund balance at June 30, 2012 totaled \$592,665, which is a decrease of \$8,887,549. This was a result of the completion of the rehabilitation of Idaho Street the main street in the City of Elko. The City had bonded in the prior fiscal year for this project which was completed in November 2011. This fund has a dedicated fifteen cent tax rate for new streets and street reconstruction projects. These monies are accumulated over several years until such time there are sufficient resources to fund major street construction or reconstruction projects. The 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 2010 Idaho Street Rehabilitation bond.

**NONMAJOR FUNDS:**

**Revenue Stabilization Fund**

Fund balance at June 30, 2012 totaled \$1,260,532 which is an increase \$54,875 or 4.6 percent. There was a budgeted transfer in from the General Fund for \$53,464 pursuant to the City’s Revenue Stabilization Policy. This fund was established in 2003 by Elko City Code to help stabilize the revenues of the General Fund in those years when revenues are not received at the anticipated levels.

**Ad Valorem Capital Projects Fund**

Fund balance at June 30, 2012 totaled \$287,685, which is a decrease of \$103,983 or 26.5 percent during the fiscal year. The traffic signal portion of the Idaho Street Rehabilitation project was the only project budgeted for this fiscal year, it totaled \$506,628. The total revenue received from the 5 cents property tax for capital projects was \$263,227.

**Capital Equipment Reserve Fund**

Fund balance at June 30, 2012 totaled \$612,007, which is an increase of \$217,654 or 55.2 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 2011/2012; equipment purchases for general government totaled \$74,219; equipment purchases for public safety departments totaled \$189,510; equipment purchases for public works departments totaled \$364,978; for health the total was \$45,203; and for culture and recreation the total was \$113,404. The City continues to make progress in the replacement of an aging fleet and equipment list.

**Facility Reserve Fund**

Fund balance at June 30, 2012 totaled \$36,483 compared to \$0 in 2011. There was a transfer in from the General Fund in the amount of \$80,196 pursuant to the City’s Revenue Stabilization Policy that states that any excess revenues received over the budgeted ending fund balance shall be distributed to the revenue stabilization fund, capital equipment fund and the facility reserve fund in the respective amounts of 25%, 37.5% and 37.5%. There were two projects in this fund, one was the demolition of a condemned City building in the amount of \$39,828 and the other was the City Hall parking lot lighting project.

**Proprietary Funds**

The City’s proprietary funds reported net assets of \$81,981,494 for fiscal year ending June 30, 2012. Following is a list of the proprietary funds and their respective net assets at June 30, 2011 and 2012 with the percentage change.

<b>Fund</b>	<b>June 30, 2011</b>	<b>June 30, 2012</b>	<b>Change</b>	<b>%Change</b>
Water Enterprise	\$19,155,170	\$20,260,874	\$1,105,704	5.8%
Sewer Enterprise	29,700,265	30,591,402	891,137	3.0%
Airport Enterprise	27,934,188	26,889,914	(1,044,274)	(3.7%)
Landfill Enterprise	2,814,106	3,112,385	298,279	10.6%
Golf Enterprise	1,122,323	1,126,919	4,596	0.4%
<b>Total Net Assets</b>	<b>\$80,726,052</b>	<b>\$81,981,494</b>	<b>\$1,255,442</b>	<b>1.6%</b>

**Capital Asset and Long-term Debt Activity**

**Capital Asset Activity**

At June 30, 2012, the City reported \$39.2 million in capital assets for governmental activities and \$68.8 million in capital assets for business-type activities. Major capital asset additions for the governmental activities were \$9,144,943 for the Idaho Street Reconstruction project, the total project cost was \$11,423,366, the project also had \$506,628 in traffic signals; \$184,659 in public safety vehicles and equipment; \$299,135 in park improvements and equipment; and \$339,310 in public works equipment. The Idaho Street Reconstruction project was started in fiscal year 2010/11. Major capital additions for business-type activities for projects put into service included \$1,979,504 for various water main improvements; \$530,171 for water storage tank painting projects; \$128,588 for the purchase of a buffer zone around the Powder House water storage tank; \$136,015 for purchase of a buffer zone at the water reclamation facility (WRF); \$662,657 for the biosolids drying beds project at the WRF; \$579,588 for the Elko Regional Airport Movement Area Pavement Maintenance; and \$76,189 for various cultivation equipment for the golf course. The Elko Regional Airport also has a project in progress for the Runway 523 Rehabilitation Project totaling \$425,243. Refer to Note 9 to the financial statements for additional information on capital assets.

---

### **Long-term Debt Activity**

Long-term debt outstanding at June 30, 2012 excluding the annual required contribution for other post-employment benefits, totaled \$16,791,780 a decrease of 12.5 percent when compared to the prior year.

In 2011/2012 the City of Elko paid in full the 1998 Sewer Revenue bond totaling \$1,762,471. This pays the sewer fund debt in full.

As of June 30, 2012, 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 and the 2010 Street Rehabilitation bond issue.

As of June 30, 2012, the City of Elko had \$15,035,000 of general obligation debt outstanding, which is subject to the legal debt margin. This is well below the legal limit of \$115,892,716 by \$100,857,716. Refer to Note 9 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 remained unchanged in fiscal year 2012/2013 from fiscal year 2011/2012 for the fifth year. That portion of the sewer fees associated with the operation of the sewer fund was increased by \$5.50 per month beginning in October 2012 due to a slight shortfall in the required resources. In addition, the minimum tipping fee charged at the landfill was increased from \$3.00 to \$5.00 as this fee has not been increased in over ten years. All fees are reviewed annually 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.

The consolidated tax revenues increased 19.0 percent for fiscal year 2011/2012. This is the second year the City has experienced double digit increases in the consolidated tax revenues. In fiscal year 2012/2013 we have experienced two months of 9.6 percent increases in consolidated tax revenues, so it appears that they will remain strong for at least another year. 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. It is the City's policy to put most of the excess revenues 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 don't increase staffing with the increased consolidated tax revenues. 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 2013 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.

---

THIS PAGE LEFT INTENTIONALLY BLANK.

---

**CITY OF ELKO**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash and investments	\$ 6,771,345	\$ 17,038,379	\$ 23,809,724
Restricted cash	297,985	168,183	466,168
Interest receivable	7,075	17,443	24,518
Accounts receivable	178,031	963,399	1,141,430
Room tax receivable	403,725	-	403,725
Taxes receivable, delinquent	68,390	-	68,390
Due from other governments	2,927,607	7,985	2,935,592
Inventory	29,608	106,482	136,090
Prepaid items	202,400	-	202,400
Deferred charges - bond issue costs	417,266	76,481	493,747
Capital assets:			
Land and construction in progress	1,803,904	2,560,189	4,364,093
Other capital assets (net of accumulated depreciation)	37,368,199	66,252,740	103,620,939
Total Assets	<u>50,475,535</u>	<u>87,191,281</u>	<u>137,666,816</u>
<b>LIABILITIES</b>			
Accounts payable	446,037	803,846	1,249,883
Accrued salaries	203,537	56,800	260,337
Interest payable	93,391	40,683	134,074
Due to other governments	246,284	-	246,284
Unearned revenue	324,929	14,552	339,481
Other current liabilities	-	338	338
Noncurrent liabilities:			
Due within one year	1,162,920	325,142	1,488,062
Due in more than one year	11,949,910	3,353,808	15,303,718
Net OPEB Liability	2,223,030	614,618	2,837,648
Total Liabilities	<u>16,650,038</u>	<u>5,209,787</u>	<u>21,859,825</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	27,692,542	65,434,436	93,126,978
Restricted for:			
Debt service	297,985	168,183	466,168
Capital projects	303,085	-	303,085
Public safety	155,052	-	155,052
Public works	113,902	-	113,902
Redevelopment Agency	415,922	-	415,922
Unrestricted	4,847,009	16,378,875	21,225,884
Total Net Assets	<u>\$ 33,825,497</u>	<u>\$ 81,981,494</u>	<u>\$ 115,806,991</u>

See accompanying notes.

**CITY OF ELKO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary government:				
Governmental activities:				
General government	\$ 2,162,412	\$ 516,396	\$ -	\$ 58
Judicial	335,305	202,951	-	-
Public safety	9,019,082	211,090	245,824	-
Public works	4,715,183	967,160	-	-
Health	549,618	99,398	-	-
Culture and recreation	3,580,024	357,151	-	-
Community support	29,500	-	-	-
Interest on long-term debt	433,353	-	-	-
Total governmental activities	20,824,477	2,354,146	245,824	58
Business-type activities:				
Water	2,704,928	3,236,934	-	566,624
Sewer	5,117,806	5,247,433	-	750,994
Landfill	1,412,091	1,709,240	-	-
Airport	5,063,074	1,051,732	17,834	774,782
Golf	667,710	625,784	-	-
Total business-type activities	14,965,609	11,871,123	17,834	2,092,400
Total primary government	\$ 35,790,086	\$ 14,225,269	\$ 263,658	\$ 2,092,458

General revenues:

Taxes

Ad valorem taxes

Consolidated tax

Room taxes

Gas taxes

Other

Gaming licenses

Franchise fees

Investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

NET ASSETS - BEGINNING OF YEAR

NET ASSETS - END OF YEAR

NET (EXPENSE) REVENUE AND  
CHANGES IN NET ASSETS

PRIMARY GOVERNMENT		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (1,645,958)	\$ -	\$ (1,645,958)
(132,354)	-	(132,354)
(8,562,168)	-	(8,562,168)
(3,748,023)	-	(3,748,023)
(450,220)	-	(450,220)
(3,222,873)	-	(3,222,873)
(29,500)	-	(29,500)
(433,353)	-	(433,353)
<u>(18,224,449)</u>	<u>-</u>	<u>(18,224,449)</u>
-	1,098,630	1,098,630
-	880,621	880,621
-	297,149	297,149
-	(3,218,726)	(3,218,726)
-	(41,926)	(41,926)
<u>-</u>	<u>(984,252)</u>	<u>(984,252)</u>
<u>(18,224,449)</u>	<u>(984,252)</u>	<u>(19,208,701)</u>
3,907,600	-	3,907,600
13,106,740	-	13,106,740
3,325,202	-	3,325,202
996,556	-	996,556
146,903	-	146,903
106,538	-	106,538
816,259	-	816,259
10,497	18,974	29,471
178,424	-	178,424
<u>(2,220,720)</u>	<u>2,220,720</u>	<u>-</u>
<u>20,373,999</u>	<u>2,239,694</u>	<u>22,613,693</u>
2,149,550	1,255,442	3,404,992
<u>31,675,947</u>	<u>80,726,052</u>	<u>112,401,999</u>
<u>\$ 33,825,497</u>	<u>\$ 81,981,494</u>	<u>\$ 115,806,991</u>

See accompanying notes.

**CITY OF ELKO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	GENERAL	RECREATION FUND	CAPITAL CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>					
Cash and investments	\$ 3,833,775	\$ 786,240	\$ 679,395	\$ 1,471,935	\$ 6,771,345
Restricted cash	150,565	12,308	-	135,112	297,985
Interest receivable	4,088	819	690	1,478	7,075
Accounts receivable	171,034	-	-	6,997	178,031
Room tax receivable	-	403,725	-	-	403,725
Taxes receivable, delinquent	36,661	-	12,179	19,550	68,390
Prepaid items	202,400	-	-	-	202,400
Due from other governments	2,483,681	-	2,839	441,087	2,927,607
Inventory	29,608	-	-	-	29,608
<b>Total Assets</b>	<b>\$ 6,911,812</b>	<b>\$ 1,203,092</b>	<b>\$ 695,103</b>	<b>\$ 2,076,159</b>	<b>\$ 10,886,166</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 359,167	\$ 34,054	\$ 15,015	\$ 37,801	\$ 446,037
Accrued salaries	198,469	-	-	5,068	203,537
Due to other governments	6,572	239,712	-	-	246,284
Deferred revenue	195,318	-	87,423	267,614	550,355
<b>Total Liabilities</b>	<b>759,526</b>	<b>273,766</b>	<b>102,438</b>	<b>310,483</b>	<b>1,446,213</b>
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Inventory	29,608	-	-	-	29,608
Prepaid expenses	202,400	-	-	-	202,400
<b>Restricted:</b>					
Debt service	150,565	12,308	-	135,112	297,985
Seizure funds - public safety	58,225	-	-	-	58,225
Redevelopment Agency	-	-	-	405,690	405,690
Capital projects	-	-	-	303,085	303,085
Public works	38,658	-	75,244	-	113,902
Public safety	-	-	-	96,827	96,827
<b>Committed:</b>					
Parks and recreation	-	770,018	-	61,624	831,642
Capital projects	-	-	517,421	612,007	1,129,428
Facility improvements	-	-	-	36,483	36,483
Debt service	-	147,000	-	117,754	264,754
Revenue stabilization	1,260,532	-	-	-	1,260,532
Assigned - next year budget shortfall	2,123,445	-	-	-	2,123,445
Unassigned	2,288,853	-	-	(2,906)	2,285,947
<b>Total Fund Balances</b>	<b>6,152,286</b>	<b>929,326</b>	<b>592,665</b>	<b>1,765,676</b>	<b>9,439,953</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,911,812</b>	<b>\$ 1,203,092</b>	<b>\$ 695,103</b>	<b>\$ 2,076,159</b>	<b>\$ 10,886,166</b>

See accompanying notes.

---

**CITY OF ELKO**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

---

TOTAL FUND BALANCES FOR THE GOVERNMENTAL FUNDS AS SHOWN ON THE BALANCE SHEET	\$ 9,439,953
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	39,172,103
Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the Governmental Funds.	225,426
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>(15,011,985)</u>
TOTAL NET ASSETS FOR GOVERNMENTAL ACTIVITIES AS SHOWN ON THE STATEMENT OF NET ASSETS	<u>\$ 33,825,497</u>

See accompanying notes.

**CITY OF ELKO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	GENERAL	RECREATION FUND	CAPITAL CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>					
Taxes	\$ 2,373,842	\$ 3,344,254	\$ 605,095	\$ 990,563	\$ 7,313,754
Licenses and permits	1,913,770	-	-	-	1,913,770
Intergovernmental	13,399,230	-	-	1,403,780	14,803,010
Charges for services	876,366	-	-	221,904	1,098,270
Fines and forfeitures	185,480	-	-	-	185,480
Miscellaneous	103,184	15,893	27,036	31,387	177,500
<b>Total Revenues</b>	<b>18,851,872</b>	<b>3,360,147</b>	<b>632,131</b>	<b>2,647,634</b>	<b>25,491,784</b>
<b>EXPENDITURES</b>					
Current:					
General government	1,896,063	-	116,084	1,169	2,013,316
Judicial	335,305	-	-	-	335,305
Public safety	8,423,606	-	-	133,245	8,556,851
Public works	3,008,660	-	242,055	7,630	3,258,345
Health	518,702	-	-	-	518,702
Culture and recreation	900,388	1,982,463	-	268,411	3,151,262
Community support	29,500	-	-	-	29,500
Capital outlay	-	388,471	9,161,541	1,337,656	10,887,668
Debt service:					
Principal	-	-	-	465,000	465,000
Interest	-	-	-	422,324	422,324
<b>Total Expenditures</b>	<b>15,112,224</b>	<b>2,370,934</b>	<b>9,519,680</b>	<b>2,635,435</b>	<b>29,638,273</b>
Excess (Deficiency) of					
Revenues Over Expenditures	3,739,648	989,213	(8,887,549)	12,199	(4,146,489)
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets	-	-	-	33,500	33,500
Transfers in	223,508	-	-	318,577	542,085
Transfers out	(2,028,090)	(734,715)	-	-	(2,762,805)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,804,582)</b>	<b>(734,715)</b>	<b>-</b>	<b>352,077</b>	<b>(2,187,220)</b>
<b>Net Change in Fund Balances</b>	<b>1,935,066</b>	<b>254,498</b>	<b>(8,887,549)</b>	<b>364,276</b>	<b>(6,333,709)</b>
<b>FUND BALANCES, July 1</b>	<b>4,217,220</b>	<b>674,828</b>	<b>9,480,214</b>	<b>1,401,400</b>	<b>15,773,662</b>
<b>FUND BALANCES, June 30</b>	<b>\$ 6,152,286</b>	<b>\$ 929,326</b>	<b>\$ 592,665</b>	<b>\$ 1,765,676</b>	<b>\$ 9,439,953</b>

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, 2012**

---

NET CHANGE IN FUND BALANCES FOR GOVERNMENTAL FUNDS AS SHOWN ON THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	\$ (6,333,709)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>	8,488,467
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	455,365
<p>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.</p>	(284,248)
<p>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.</p>	<u>(176,325)</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES AS SHOWN ON THE STATEMENT OF ACTIVITIES	<u>\$ 2,149,550</u>

See accompanying notes.

**CITY OF ELKO**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2012**  
*(Page 1 of 2)*

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

	WATER FUND	SEWER FUND	AIRPORT FUND	LANDFILL FUND	NONMAJOR FUND - GOLF
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 5,034,478	\$ 10,326,461	\$ 254,132	\$ 1,210,181	\$ 213,127
Interest receivable	5,385	10,308	298	1,207	245
Accounts receivable	277,101	478,705	51,785	154,609	1,199
Due from other governments	-	-	7,985	-	-
Inventory	106,482	-	-	-	-
Deferred charges - bond issue costs	-	-	76,481	-	-
<b>Total Current Assets</b>	<b>5,423,446</b>	<b>10,815,474</b>	<b>390,681</b>	<b>1,365,997</b>	<b>214,571</b>
Noncurrent assets:					
Restricted:					
Cash - Debt service	-	-	168,183	-	-
Capital assets:					
Land	418,196	207,668	884,269	2,467	9,045
Buildings	1,669,866	538,048	6,118,636	668,955	677,887
Improvements other than buildings	18,390,327	35,760,209	-	616,212	565,918
Machinery and equipment	1,726,511	2,419,052	3,404,267	2,116,412	592,926
Construction in progress	-	526,280	510,152	-	2,112
Infrastructure	-	-	42,429,240	-	-
Less accumulated depreciation	(6,763,945)	(19,106,912)	(23,373,363)	(1,414,104)	(783,402)
<b>Total Capital Assets (Net of Accumulated Depreciation)</b>	<b>15,440,955</b>	<b>20,344,345</b>	<b>29,973,201</b>	<b>1,989,942</b>	<b>1,064,486</b>
<b>Total Noncurrent Assets</b>	<b>15,440,955</b>	<b>20,344,345</b>	<b>30,141,384</b>	<b>1,989,942</b>	<b>1,064,486</b>
<b>Total Assets</b>	<b>20,864,401</b>	<b>31,159,819</b>	<b>30,532,065</b>	<b>3,355,939</b>	<b>1,279,057</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	369,805	290,680	90,783	34,743	17,835
Accrued salaries	14,543	16,892	7,210	10,773	7,382
Compensated absences	33,177	47,805	27,766	31,822	14,572
Interest payable	-	-	40,683	-	-
Current maturities of bonds payable	-	-	170,000	-	-
Unearned revenue	800	-	13,752	-	-
Other current liabilities	-	-	-	-	338
<b>Total Current Liabilities</b>	<b>418,325</b>	<b>355,377</b>	<b>350,194</b>	<b>77,338</b>	<b>40,127</b>

---

---

TOTAL  
ENTERPRISE  
FUNDS

\$ 17,038,379  
17,443  
963,399  
7,985  
106,482  
76,481  
18,210,169

168,183

1,521,645  
9,673,392  
55,332,666  
10,259,168  
1,038,544  
42,429,240  
(51,441,726)

68,812,929

68,981,112

87,191,281

803,846  
56,800  
155,142  
40,683  
170,000  
14,552  
338

1,241,361

---

**CITY OF ELKO**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2012**  
*(Page 2 of 2)*

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER FUND	SEWER FUND	AIRPORT FUND	LANDFILL FUND	NONMAJOR FUND - GOLF
Noncurrent liabilities:					
General obligation bonds payable, net of unamortized discounts	\$ -	\$ -	\$ 3,208,493	\$ -	\$ -
Net OPEB liability	163,263	176,463	83,464	124,492	66,936
Compensated absences	21,939	36,577	-	41,724	45,075
Total Noncurrent Liabilities	<u>185,202</u>	<u>213,040</u>	<u>3,291,957</u>	<u>166,216</u>	<u>112,011</u>
Total Liabilities	<u>603,527</u>	<u>568,417</u>	<u>3,642,151</u>	<u>243,554</u>	<u>152,138</u>
NET ASSETS					
Invested in capital assets, net of related debt	15,440,955	20,344,345	26,594,708	1,989,942	1,064,486
Restricted for:					
Debt service	-	-	168,183	-	-
Unrestricted	4,819,919	10,247,057	127,023	1,122,443	62,433
TOTAL NET ASSETS	<u>\$ 20,260,874</u>	<u>\$ 30,591,402</u>	<u>\$ 26,889,914</u>	<u>\$ 3,112,385</u>	<u>\$ 1,126,919</u>

---

---

TOTAL  
ENTERPRISE  
FUNDS

\$ 3,208,493  
614,618  
145,315

3,968,426

5,209,787

65,434,436

168,183  
16,378,875

\$ 81,981,494

See accompanying notes.

---

**CITY OF ELKO**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER FUND	SEWER FUND	AIRPORT FUND	LANDFILL FUND	NONMAJOR FUND - GOLF
<b>OPERATING REVENUES</b>					
Intergovernmental	\$ -	\$ -	\$ 38,160	\$ -	\$ -
Charges for services	3,164,487	2,325,876	305,564	1,595,543	616,504
Other services	72,447	20,701	725,842	113,697	9,280
<b>Total Operating Revenues</b>	<b>3,236,934</b>	<b>2,346,577</b>	<b>1,069,566</b>	<b>1,709,240</b>	<b>625,784</b>
<b>OPERATING EXPENSES</b>					
Salaries and wages	549,688	631,406	303,413	431,327	241,496
Employee benefits	239,055	279,617	124,985	174,827	98,291
Services and supplies	1,422,835	1,939,785	287,094	697,209	272,731
Depreciation	446,643	1,392,223	2,329,375	106,548	51,906
<b>Total Operating Expenses</b>	<b>2,658,221</b>	<b>4,243,031</b>	<b>3,044,867</b>	<b>1,409,911</b>	<b>664,424</b>
<b>Operating Income (Loss)</b>	<b>578,713</b>	<b>(1,896,454)</b>	<b>(1,975,301)</b>	<b>299,329</b>	<b>(38,640)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment earnings	7,074	10,516	64	1,130	190
Gain (loss) from disposal of capital assets	(46,707)	(870,031)	(3,251)	(2,180)	(3,286)
Sewer improvement user fees	-	2,900,856	-	-	-
Apron failure expense	-	-	(1,843,783)	-	-
Amortization expense	-	-	(7,005)	-	-
Interest expense	-	(4,744)	(164,168)	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(39,633)</b>	<b>2,036,597</b>	<b>(2,018,143)</b>	<b>(1,050)</b>	<b>(3,096)</b>
<b>Income (Loss) Before Capital Contributions and Transfers</b>	<b>539,080</b>	<b>140,143</b>	<b>(3,993,444)</b>	<b>298,279</b>	<b>(41,736)</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>566,624</b>	<b>750,994</b>	<b>774,782</b>	<b>-</b>	<b>-</b>
<b>TRANSFERS IN</b>	<b>-</b>	<b>-</b>	<b>2,174,388</b>	<b>-</b>	<b>46,332</b>
<b>Change in Net Assets</b>	<b>1,105,704</b>	<b>891,137</b>	<b>(1,044,274)</b>	<b>298,279</b>	<b>4,596</b>
<b>TOTAL NET ASSETS, July 1</b>	<b>19,155,170</b>	<b>29,700,265</b>	<b>27,934,188</b>	<b>2,814,106</b>	<b>1,122,323</b>
<b>NET ASSETS, June 30</b>	<b>\$ 20,260,874</b>	<b>\$ 30,591,402</b>	<b>\$ 26,889,914</b>	<b>\$ 3,112,385</b>	<b>\$ 1,126,919</b>

---

---

TOTAL  
ENTERPRISE  
FUNDS

\$ 38,160  
8,007,974  
941,967  
8,988,101

2,157,330  
916,775  
4,619,654  
4,326,695

12,020,454

(3,032,353)

18,974  
(925,455)  
2,900,856  
(1,843,783)  
(7,005)  
(168,912)

(25,325)

(3,057,678)

2,092,400  
2,220,720

1,255,442

80,726,052

\$ 81,981,494

---

See accompanying notes.

CITY OF ELKO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012  
(Page 1 of 2)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER FUND	SEWER FUND	AIRPORT FUND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 3,215,539	\$ 2,312,174	\$ 1,071,743
Cash received from interfund services provided	20,698	33,122	-
Cash payments to suppliers for goods and services	(1,422,805)	(1,786,584)	(648,903)
Cash payments to employees for services and benefits	(715,466)	(1,138,744)	(432,018)
Cash payments for airport apron failure litigation expenses	-	-	(1,599,122)
Net Cash Provided (Used) by Operating Activities	<u>1,097,966</u>	<u>(580,032)</u>	<u>(1,608,300)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	-	-	2,174,388
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(2,434,856)	(912,919)	(819,959)
Principal paid on debt	-	(1,762,471)	(162,957)
Interest paid on debt	-	(4,744)	(165,605)
Cash received from capital improvement user fees	-	2,900,856	-
Proceeds from federal grants	-	-	814,943
Receipt of customer contributions	566,624	750,994	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,868,232)</u>	<u>971,716</u>	<u>(333,578)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	5,846	7,389	(137)
Net Increase (Decrease) in Cash and Cash Equivalents	(764,420)	399,073	232,373
CASH AND CASH EQUIVALENTS, July 1	<u>5,798,898</u>	<u>9,927,388</u>	<u>189,942</u>
CASH AND CASH EQUIVALENTS, June 30	<u>\$ 5,034,478</u>	<u>\$ 10,326,461</u>	<u>\$ 422,315</u>
<b>CASH AND CASH EQUIVALENTS CONSIST OF:</b>			
Restricted cash and cash equivalents	\$ -	\$ -	\$ 168,183
Unrestricted cash and cash equivalents	<u>5,034,478</u>	<u>10,326,461</u>	<u>254,132</u>
Total Cash and Cash Equivalents	<u>\$ 5,034,478</u>	<u>\$ 10,326,461</u>	<u>\$ 422,315</u>

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
LANDFILL FUND	NONMAJOR FUND - GOLF	TOTAL ENTERPRISE FUNDS
\$ 1,649,237	\$ 646,234	\$ 8,894,927
46,158	-	99,978
(692,439)	(332,718)	(4,883,449)
(598,619)	(270,390)	(3,155,237)
-	-	(1,599,122)
<u>404,337</u>	<u>43,126</u>	<u>(642,903)</u>
-	46,332	2,220,720
(74,605)	(76,186)	(4,318,525)
-	-	(1,925,428)
-	-	(170,349)
-	-	2,900,856
-	-	814,943
-	-	1,317,618
<u>(74,605)</u>	<u>(76,186)</u>	<u>(1,380,885)</u>
525	58	13,681
330,257	13,330	210,613
<u>879,924</u>	<u>199,797</u>	<u>16,995,949</u>
\$ <u>1,210,181</u>	\$ <u>213,127</u>	\$ <u>17,206,562</u>
\$ -	\$ -	\$ 168,183
<u>1,210,181</u>	<u>213,127</u>	<u>17,038,379</u>
\$ <u>1,210,181</u>	\$ <u>213,127</u>	\$ <u>17,206,562</u>

CITY OF ELKO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012  
(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)	\$ 578,713	\$ (1,896,454)	\$ (1,975,301)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	446,643	1,392,223	2,329,375
Net OPEB liability	12,522	14,383	6,912
Apron failure litigation expenses	-	-	(1,599,122)
(Increase) Decrease in:			
Accounts receivable	(1,497)	(1,281)	9
Due from other governments	-	-	(403)
Inventory	18,814	-	-
Increase (Decrease) in:			
Accounts payable	56,275	(80,380)	(361,809)
Accrued liabilities	(17,652)	(15,258)	(7,340)
Compensated absences	3,348	6,735	(3,192)
Unearned revenue	800	-	2,571
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,097,966</u>	<u>\$ (580,032)</u>	<u>\$ (1,608,300)</u>

---



---

<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>		
<u>LANDFILL</u>	<u>NONMAJOR</u>	<u>TOTAL ENTERPRISE</u>
<u>FUND</u>	<u>FUND - GOLF</u>	<u>FUNDS</u>
\$ 299,329	\$ (38,640)	\$ (3,032,353)
106,548	51,906	4,326,695
9,826	5,501	49,144
-	-	(1,599,122)
(13,845)	20,450	3,836
-	-	(403)
-	-	18,814
4,770	2,341	(378,803)
(8,773)	(4,640)	(53,663)
6,482	6,208	19,581
-	-	3,371
<u>\$ 404,337</u>	<u>\$ 43,126</u>	<u>\$ (642,903)</u>

See accompanying notes.

---

---

**CITY OF ELKO**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**JUNE 30, 2012**

---

	<u>AGENCY FUND</u>
ASSETS	
Cash and investments	\$ 282,617
Interest receivable	276
Room taxes receivable	<u>21,027</u>
Total Assets	<u>\$ 303,920</u>
LIABILITIES	
Accounts payable	\$ 69
Due to other governments	<u>303,851</u>
Total Liabilities	<u>\$ 303,920</u>

See accompanying notes.

---

**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

---

**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 unit's 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 activities of the primary government. 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 *governmental*, *proprietary* and *fiduciary* fund categories are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental and proprietary 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, 2012**

---

**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. The City allocates indirect costs of general and administrative departments to the Proprietary Funds based on 5 year averages of expenditures and time studies.

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 and indirect cost allocations. Eliminations of these charges would distort the direct costs and program revenues, and costs of operations reported for the various functions and programs concerned.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then the unrestricted as they are needed. The City uses a five year average of audited expenses to allocate general and administrative salaries.

---

**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

---

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise funds:

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

**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 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, as well as the State of Nevada Local Government Investment Pool.

---

**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

---

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

**INTERFUND 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."

**ACCOUNTS RECEIVABLE:**

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 2009-10 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, 2012**

---

**INVENTORIES AND PREPAID ITEMS:**

Inventories for the Proprietary Funds and certain governmental funds are valued at cost on a first-in, first-out basis. Inventories of 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 as well as the proprietary fund 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.

---

**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

---

**EQUITY CLASSIFICATIONS:**

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

- **Invested in Capital Assets, Net of Related Debt** – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **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. Net assets restricted for capital projects consists of the ending fund balance in the Ad Valorem Capital Projects Fund.
- **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 governmental fund financial statements, fund equity is classified as fund balance. Fund balance components are based primarily on a hierarchy designed to reflect constraints on the use of those amounts. Fund balance is classified into the following components:

- **Nonspendable** – Amounts that cannot be spent because they are not spendable in form or are legally or contractually required to be maintained intact.
- **Restricted** – Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the law or regulations of other governments.
- **Committed** – Amounts that can only be used for specific purposes. Committed fund balance is established and may only be changed pursuant to ordinances passed by the City Council, which is the City of Elko’s highest level of decision making authority.
- **Assigned** – Amounts that the City of Elko intends to use for a specific purpose, that do not meet the definition of restricted or committed fund balance. Under the City’s adopted policy, amounts may be assigned by the Director of Administrative Services and reviewed and approved by the City Manager. Any funds assigned must be reported to the City Council at their next regular meeting.
- **Unassigned** – all other spendable amounts in the General Fund.

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

**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.

---

**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

---

**COMPARATIVE DATA/RECLASSIFICATIONS:**

Comparative total data for the prior year have been presented only for individual fund budgetary schedules in order to provide an understanding of the changes in 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, inclusive of bond premium	\$ (11,896,827)
Accrued interest	(93,391)
Bond issuance costs	417,266
Compensated absences	(1,216,003)
Net OPEB liability	<u>(2,223,030)</u>
Net Difference in Reporting Long-Term Liabilities	<u>\$ (15,011,985)</u>

**EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES:**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – governmental funds* and *change in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this difference follows:

Capital outlay	\$ 10,521,702
Gain (loss) on disposition of capital assets	(294,918)
Depreciation expense	<u>(1,738,317)</u>
Net Difference in Reporting Capital Asset Activity	<u>\$ 8,488,467</u>

Another element of that reconciliation states the “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this difference follows:

**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

Net change in accrued interest	\$	(2,192)
Net change in compensated absences		(1,394)
Amortization of bond issuance costs and bond premium		13,221
Principal repayments:		
General obligation debt		(465,000)
Net Difference in Reporting Long-Term Debt Transactions	\$	(455,365)

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:**

**BUDGETARY INFORMATION:**

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

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

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

**EXCESS OF EXPENDITURES/EXPENSES OVER APPROPRIATIONS:**

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

Revenue Stabilization Fund (general government function)	\$	311
Youth Recreation Fund		5,371
Golf Fund		20,413

The above are potential violations of Nevada Revised Statue 354.626. The City plans to monitor expenditures/expenses in 2012-2013 to help prevent potential violations.

**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**DEFICIT FUND BALANCES:**

As of June 30, 2012 the Narcotics Task Force Fund has a deficit fund balance of \$2,906.

**NAC 354.290 TEMPORARY INTERFUND LOANS:**

The Debt Service Fund had a deficit cash balance for approximately 5 months in 2011/12 and the Council did not adopt a resolution approving an interfund loan. The deficit cash balance was a result of funds due from Elko County for RTC taxes to help offset the debt payments on the 2010 Street Bonds. The agreement between the City of Elko and Elko County states funds are to be received monthly and they are not being received timely. This is an apparent violation of NAC 354.290, since no resolution was adopted. At June 30, 2012 the Debt Service Fund had a positive cash balance.

**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. A summary schedule of cash and investments for the City of Elko at June 30, 2012, is as follows:

Balances Classified by Depository and Category:

Cash on hand	\$	2,890
Deposits:		
U.S. Bank:		
Demand deposit		10,599,575
NVEST:		
Demand deposit		520,454
		11,122,919
Investments:		
Nevada State Treasurer:		
NVEST		4,435,590
Local Government Pooled Investment Fund (LGIP)		9,000,000
		\$ 24,558,509
Governmental Activities – cash and investments	\$	6,771,345
Business-type Activities – cash and investments		17,038,379
Business-type Activities – restricted cash		168,183
Governmental Activities – restricted cash		297,985
Fiduciary Funds		282,617
		\$ 24,558,509

As of June 30, 2012, the City of Elko had the following investment and maturities:

Investment Type	Fair Value	Less than 1 Year*	1-5 Years
LGIP	\$ 9,000,000	\$ 9,000,000	\$ -
Federal Home Loan Bank	3,449,264	493,269	2,955,995
Federal Farm Credit Bank	485,955	485,955	-
U.S. Treasury Notes	500,371	500,371	-
	\$ 13,435,590	\$ 10,479,595	\$ 2,955,995

\*Average weighted maturity  
– 114 days.

**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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.

*Concentration of credit risk* – the risk of loss attributed to the magnitude of a government's investment in a single issuer. Securities held by the City or by the City's custodians are diversified to eliminate risk of loss from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. At June 30, 2012, the City investment in Federal Home Loan Bank Notes exceeded 5% of the City's total 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 transfers as of June 30, 2012 is as follows:

<u>Fund</u>	<u>Transfers Out</u>	<u>Transfers In</u>
Major Governmental Funds:		
General Fund	\$ 2,028,090	\$ 223,508
Recreation Fund	734,715	-
Nonmajor Governmental Funds	-	318,577
Major Proprietary Funds:		
Airport Fund	-	2,174,388
Nonmajor Proprietary Funds:		
Golf Fund	-	46,332
	<u>\$ 2,762,805</u>	<u>\$ 2,762,805</u>

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

---

**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

---

**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, 2012, \$506,628 was expended for traffic signal upgrades.

**NOTE 7 - 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 2098. Based on this survey, an estimate of 19% 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 15 annual installments of \$91,139, the last payment is due in 2014. At June 30, 2012, 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, 2012**

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance June 30, 2011	Reclassification
<b>Governmental Activities:</b>		
Capital assets, not being depreciated:		
Land	\$ 1,261,998	\$ -
Construction in progress	<u>2,779,850</u>	<u>-</u>
Total capital assets, not being depreciated	<u>4,041,848</u>	<u>-</u>
Capital assets, being depreciated:		
Buildings	5,633,403	-
Improvements other than buildings	6,781,906	-
Equipment and motor vehicles	8,932,461	-
Infrastructure	<u>23,299,467</u>	<u>-</u>
Total capital assets, being depreciated	<u>44,647,237</u>	<u>-</u>
Less accumulated depreciation for:		
Buildings	1,922,295	-
Improvements other than buildings	1,751,437	-
Equipment and motor vehicles	3,681,175	-
Infrastructure	<u>10,650,542</u>	<u>-</u>
Total accumulated depreciation	<u>18,005,449</u>	<u>-</u>
Total capital assets, being depreciated, net	<u>26,641,788</u>	<u>-</u>
Governmental activities capital assets, net	<u>\$ 30,683,636</u>	<u>\$ -</u>
<b>Business-Type Activities:</b>		
Capital assets, not being depreciated:		
Land and water rights	\$ 1,257,042	\$ -
Construction in progress	<u>919,668</u>	<u>-</u>
Total capital assets, not being depreciated	<u>2,176,710</u>	<u>-</u>
Capital assets, being depreciated:		
Buildings	9,683,435	-
Improvements other than buildings	53,726,708	-
Machinery and equipment	10,445,513	-
Infrastructure	<u>41,849,651</u>	<u>-</u>
Total capital assets, being depreciated	<u>115,705,307</u>	<u>-</u>
Less accumulated depreciation for:		
Buildings	3,397,200	-
Improvements other than buildings	23,407,174	26,442
Machinery and equipment	4,394,559	-
Infrastructure	<u>17,090,917</u>	<u>(26,442)</u>
Total accumulated depreciation	<u>48,289,850</u>	<u>-</u>
Total capital assets, being depreciated, net	<u>67,415,457</u>	<u>-</u>
Business-type activities capital assets, net	<u>\$ 69,592,167</u>	<u>\$ -</u>

<u>Additions and Transfers In</u>	<u>Deletions and Transfers Out</u>	<u>Completed Construction</u>	<u>Balance June 30, 2012</u>
\$ -	\$ -	\$ -	\$ 1,261,998
23,881	-	(2,261,825)	541,906
<u>23,881</u>	<u>-</u>	<u>(2,261,825)</u>	<u>1,803,904</u>
-	(280,039)	-	5,353,364
104,626	(15,460)	-	6,871,072
1,248,252	(436,412)	-	9,744,301
9,144,943	(45,528)	2,261,825	34,660,707
<u>10,497,821</u>	<u>(777,439)</u>	<u>2,261,825</u>	<u>56,629,444</u>
83,933	(114,096)	-	1,892,132
210,772	(5,720)	-	1,956,489
511,079	(324,766)	-	3,867,488
932,533	(37,939)	-	11,545,136
<u>1,738,317</u>	<u>(482,521)</u>	<u>-</u>	<u>19,261,245</u>
<u>8,759,504</u>	<u>(294,918)</u>	<u>2,261,825</u>	<u>37,368,199</u>
<u>\$ 8,783,385</u>	<u>\$ (294,918)</u>	<u>\$ -</u>	<u>\$ 39,172,103</u>
\$ 128,588	\$ -	\$ 136,015	\$ 1,521,645
3,505,337	-	(3,386,461)	1,038,544
<u>3,633,925</u>	<u>-</u>	<u>(3,250,446)</u>	<u>2,560,189</u>
-	(10,043)	-	9,673,392
-	(1,644,488)	3,250,446	55,332,666
259,397	(445,742)	-	10,259,168
579,589	-	-	42,429,240
<u>838,986</u>	<u>(2,100,273)</u>	<u>3,250,446</u>	<u>117,694,466</u>
470,075	(10,043)	-	3,857,232
1,659,801	(724,499)	-	24,368,918
440,544	(440,277)	-	4,394,826
1,756,275	-	-	18,820,750
<u>4,326,695</u>	<u>(1,174,819)</u>	<u>-</u>	<u>51,441,726</u>
<u>(3,487,709)</u>	<u>(925,454)</u>	<u>3,250,446</u>	<u>66,252,740</u>
<u>\$ 146,216</u>	<u>\$ (925,454)</u>	<u>\$ -</u>	<u>\$ 68,812,929</u>

---

THIS PAGE LEFT INTENTIONALLY BLANK.

---

---

**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

---

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

**Governmental Activities:**

General government	\$	68,019
Judicial		-
Public safety		335,453
Public works		1,099,290
Culture and recreation		215,599
Health		<u>19,956</u>

Total depreciation expense-governmental activities \$ 1,738,317

**Business-Type Activities:**

Water Fund	\$	446,643
Sewer Fund		1,392,223
Airport Fund		2,329,375
Landfill Fund		106,548
Golf Fund		<u>51,906</u>

Total depreciation expense-business-type activities \$ 4,326,695

**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 9 - 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:			
2005 Limited Tax Facilities Recreational Bonds (secured by pledged revenues)	8/25/2005	2,000,000	4.00%
2010 Limited Tax Street Bonds (secured by pledged revenues)	10/5/2010	<u>10,500,000</u>	3.70%
		<u>12,500,000</u>	
Bond premium - 2010 Limited Tax Street Bonds	N/A	N/A	N/A
Compensated absences	N/A	N/A	N/A
Total Governmental Activities		<u>12,500,000</u>	
<u>Business-Type Activities:</u>			
General Obligation (Limited Tax) Bonds:			
Airport Fund:			
Airport Improvement Bonds, Series 2009A and Series 2009B	12/1/2009	3,735,000	2.00% to 5.50%
General Obligation (Limited Tax) Revenue Bonds:			
Sewer Fund:			
Sewer Bond, Series 1998	8/14/1998	<u>4,000,000</u>	3.23%
		<u>7,735,000</u>	
Bond discount - Airport Improvement Bonds	N/A	N/A	N/A
Compensated absences	N/A	N/A	N/A
Total Business-Type Activities		<u>7,735,000</u>	
Total Debt		<u><u>\$ 20,235,000</u></u>	

<u>FINAL MATURITY DATE</u>	<u>PRINCIPAL OUTSTANDING JUNE 30, 2011</u>	<u>ISSUED DURING PERIOD</u>	<u>PRINCIPAL PAID DURING PERIOD</u>	<u>PRINCIPAL OUTSTANDING JULY 1, 2012</u>	<u>PRINCIPAL DUE IN 2012 - 2013</u>
6/1/2025	1,590,000	-	80,000	1,510,000	85,000
10/1/2030	<u>10,500,000</u>	<u>-</u>	<u>385,000</u>	<u>10,115,000</u>	<u>395,000</u>
	<u>12,090,000</u>	<u>-</u>	<u>465,000</u>	<u>11,625,000</u>	<u>480,000</u>
N/A	296,539	-	24,712	271,827	-
N/A	<u>1,217,397</u>	<u>829,427</u>	<u>830,821</u>	<u>1,216,003</u>	<u>682,920</u>
	<u>13,603,936</u>	<u>829,427</u>	<u>1,320,533</u>	<u>13,112,830</u>	<u>1,162,920</u>
10/1/2026	3,575,000	-	165,000	3,410,000	170,000
7/1/2018	<u>1,762,471</u>	<u>-</u>	<u>1,762,471</u>	<u>-</u>	<u>-</u>
	<u>5,337,471</u>	<u>-</u>	<u>1,927,471</u>	<u>3,410,000</u>	<u>170,000</u>
N/A	(33,550)	-	(2,043)	(31,507)	-
N/A	<u>280,879</u>	<u>198,051</u>	<u>178,473</u>	<u>300,457</u>	<u>155,142</u>
	<u>5,584,800</u>	<u>198,051</u>	<u>2,103,901</u>	<u>3,678,950</u>	<u>325,142</u>
	<u>\$ 19,188,736</u>	<u>\$ 1,027,478</u>	<u>\$ 3,424,434</u>	<u>\$ 16,791,780</u>	<u>\$ 1,488,062</u>

---

CITY OF ELKO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

---

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, were 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 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, 2012</u>
Original	\$ 89,297
Less: Accumulated amortization	<u>12,816</u>
Net	<u>\$ 76,481</u>

On October 5, 2010 the City issued \$10,500,000 in General Obligation (Limited Tax) Street Bonds, Series 2010, with an interest rate of 3.7%. Final payments for Series 2010 Street Bonds are due in October 2030. The bonds are to be used for the Idaho and 12th Street Road Improvement Project. The bond issuance resulted in a bond premium of \$296,539 which the City is amortizing over the life of the bonds on a straight-line basis. The City has a Cooperative Agreement with the Elko County Regional Transportation Commission to receive the City's allocation of the 6.5 cent motor vehicle fuel tax to go towards the principal and interest payments on this bond.

The City is amortizing the Series 2010 Street Bond costs on a straight-line basis over the life of the bonds. Amortization of bond costs follow:

	<u>June 30, 2012</u>
Original	\$ 455,199
Less: Accumulated amortization	<u>37,933</u>
Net	<u>\$ 417,266</u>

**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

The annual requirements to amortize all debt outstanding as of June 30, 2012, are as follows:

Year Ended June 30,	General Obligation (Limited Tax) Supported by Specific Revenues	
	Principal	Interest
Governmental Activities:		
2013	480,000	411,324
2014	495,000	399,924
2015	505,000	388,174
2016	520,000	375,812
2017	535,000	360,899
2018-2022	3,020,000	1,471,997
2023-2027	3,320,000	868,487
2028-2031	2,750,000	225,600
	<u>\$ 11,625,000</u>	<u>\$ 4,502,217</u>
Business-type Activities:		
2013	170,000	159,755
2014	180,000	153,405
2015	180,000	146,430
2016	190,000	138,911
2017	190,000	130,836
2018-2022	1,115,000	507,557
2023-2027	1,385,000	192,803
	<u>\$ 3,410,000</u>	<u>\$ 1,429,697</u>
	<u>\$ 15,035,000</u>	<u>\$ 5,931,914</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, 2012.

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 \$1,995,396, payable through June 2025. For the current year, principal and interest paid and total incremental room tax revenues were \$145,768 and \$1,114,751, 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 \$4,839,697, payable through October 2026. For the current year, principal and interest paid and total incremental room tax revenues were \$330,605 and \$557,376, respectively.

To provide for the next year payment of principal and interest for the Series 2010 Limited Tax Street Bonds, the City has pledged 15% of consolidated tax monies. The proceeds from this bond were used to cover the costs of the Idaho and 5th Street Reconstruction costs. The consolidated tax funds were projected to produce 1.76% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$14,131,821, payable through October 2030. For the current year, principal and interest paid and total incremental 15% of consolidated tax revenues were \$741,556 and \$1,966,011, respectively.

**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 10 - 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
2011-12	23.75%	39.75%	\$ 2,714,565
2010-11	21.50%	37.00%	2,494,124
2009-10	21.50%	37.00%	2,512,120

**NOTE 11 - 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 12 – 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 \$10,000,000 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.

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

**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 13 – POSTEMPLOYMENT HEALTHCARE PLANS:**

Plan Description: The City of Elko has 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, prescription 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](http://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 \$495 to \$751, depending on the plan chosen. Retirees qualify for a subsidy of \$105 at five years of service and \$575 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 2012, the City contributed \$292,882 to the PEBP plan for 75 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.

For fiscal year 2012 the City's annual OPEB cost (expense) of \$518,351 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 2012, 2011, and 2010 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (Projected Unit Credit Cost Method)</u>	<u>Employer Contributions</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 518,351	\$292,882	56.51%	\$2,837,648
June 30, 2011	\$1,157,460	\$306,222	26.46%	\$2,612,179
June 30, 2010	\$1,181,575	\$285,675	24.18%	\$1,760,941

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	\$ 557,668
Interest on net OPEB obligation	130,609
Adjustment to annual required contribution	(169,926)
Annual OPEB cost (expense)	518,351
Contribution made	(292,882)
Increase in net OPEB obligations	225,469
Net OPEB obligation, beginning of year	2,612,179
Net OPEB obligation, end of year	<u>\$ 2,837,648</u>

---

**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

---

Funded Status and Funding Progress: The City's most recent actuarial valuation was as of July 1, 2011 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 \$5,562,427 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 \$9.9 million and the ratio of the UAAL to the covered payroll was 56%. Subsequent to the fiscal year end the City of Elko terminated its participation from PEBP for active employees and became partially self-insured. The valuation for the upcoming fiscal year, as of July 1, 2012, shows that the City's AAL has decreased to \$3,370,070, mainly as a result of the withdrawal from PEBP for active employees.

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, 2011 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 5 percent discount rate which is a standard rate for unfunded plans such as the City's. The initial healthcare trend rate for 2011 was 10%, graded down to 1% for years beginning in 2012 until 2016 and the rate used thereafter is 5%. The assumptions reflect an implicit rate of general inflation of 5% per year.

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

**NOTE 14 – STABILIZATION ARRANGEMENTS:**

On May 14, 2002 the City Council adopted a Revenue Stabilization Fund Policy under NRS 354.6115. A fund was established to stabilize the operations of the City and mitigate the effects of natural disasters. The monies in the fund must be used only if the total actual revenues of the City falls short of the total anticipated revenue in the General Fund for the fiscal year in which the City uses the money, or to pay expenses incurred by the City to mitigate the effects of a natural disaster. Under GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Revenue Stabilization Fund no longer meets the definition of a Special Revenue Fund and it has been combined with the General Fund.

**NOTE 15 - COMMITMENTS AND CONTINGENT LIABILITIES:**

There are several lawsuits filed against the City at June 30, 2012. 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

---

**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

---

\$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 2011-2012 was insufficient to pay the City's portion of the loan, therefore the City paid \$6,800 to the City of Carlin.

On May 9, 2012 the City was awarded by arbitration \$702,000 for breach of contract and \$250,000 for negligence concerning a defective apron construction project at the Elko Regional Airport. Arbitration also ruled that neither party was entitled to arbitration costs or attorney fees. Both parties in the arbitration are contesting the Arbitration Panel's denial of their claims for an award of attorney's fees and costs, and both parties have filed motions with the Elko County District Court to vacate the portion of the award denying such fees and costs. Due to these circumstances the total award of \$952,000 has not yet been paid. The total attorney's fees and other costs such as consultants since lawsuit began in 2007 is approximately \$3.4 million.

On May 8, 2012 the City approved a contract for \$476,007 for the Public Works Preventive Maintenance Project for 2012. The project will be paid for with funds available in the Capital Construction and General Funds.

On May 22, 2012 the City approved an agreement with New World Systems to provide a new financial software package totaling \$520,000. The project will be paid for with funds available in the Capital Equipment Fund.

On May 22, 2012 the City approved an agreement with New World Systems to provide a new fire records management software package totaling \$120,465. The project will be paid for with funds available in the Capital Equipment Fund.

On June 12, 2012 the City approved a contract for the AIP 41, Rehabilitative Runway 5/23 Phase I Project for \$1,948,041, dependent upon funding from the FAA. The FAA portion is 93.75%, the remaining portion of the project will be paid for with funds available in the Airport Fund.

**NOTE 16 – SUBSEQUENT EVENTS:**

The City of Elko explored its options for group health insurance for active employees and future retirees. The City determined it could provide a better and more effective program by becoming partially self-insured for group health insurance, effective July 1, 2012. As such the PEBP program is closed to all active employees of the City of Elko.

On July 10, 2012 the City approved a contract for the West Main Street Reconstruction Project totaling \$803,459. The Project will be paid for with funds available in the Capital Construction Fund.

On July 10, 2012 the City approved a contract for a Golf Course Storage Building for \$94,000. The Project will be paid for with funds available in the Recreation Fund.

On July 12, 2012 the City sold 1.74 acres of land located at the corner of Silver and Main Street for \$295,491. These funds will be included in the Capital Construction Fund in the fiscal year ending June 30, 2013.

On August 14, 2012 the City approved a contract for the Wastewater Reclamation Facility Gas Pipeline Replacement Project totaling \$214,361. The project will be paid for with funds available in the Sewer Fund.

On August 14, 2012 the City approved a contract for the Public Works Department Preventative Maintenance Project for \$660,781. The project will be paid for with funds available in the General and Capital Construction Funds.

On September 25, 2012 the City approved a contract for a new 56,000 GCW truck and hoist system for the Street Department totaling \$156,746. The truck will be paid for with funds available in the Capital Equipment Fund.

On September 25, 2012 the City approved a construction contract for the Wastewater Reclamation Facility Plan Upgrade Project totaling \$5,666,000; the City is anticipating the total project including construction, engineering, design and project oversight to be approximately \$8 million. The project will be paid for with funds available in the Sewer Fund.

---

**REQUIRED SUPPLEMENTARY INFORMATION**

---

**CITY OF ELKO**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS**  
**JUNE 30, 2012**

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%
7/1/2011	-	5,562,427	5,562,427	0.00%	9,900,000	56.19%
7/1/2012	-	3,370,070	3,370,070	0.00%	10,800,000	31.20%

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

Trend Data:

Change - 2009 to 2011 valuation (AAL):

In 2011/2012 the City was notified of a significant drop in subsidies to be paid to PEBP. Therefore the City had an actuarial valuation performed for July 1, 2011, which shows the City's AAL decreased to \$5,562,427, partly as a result of this reduced subsidy amount.

Change 2011 to 2012 valuation (AAL):

The City has chosen to disclose the valuation for the upcoming fiscal year, as of July 1, 2012, which shows that the City's AAL has decreased to \$3,370,070. This is mainly due to the City's decision to withdraw from PEPB for active employees and become partially self-insured. As such the PEBP program is closed to all active employees of the City of Elko.

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET (BUDGETARY BASIS) AND ACTUAL**  
**GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2012**

*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*

*(Page 1 of 6)*

REVENUES	BUDGET		ACTUAL
	ORIGINAL	FINAL	
Taxes:			
Ad valorem	\$ 2,308,256	\$ 2,308,256	\$ 2,373,842
Licenses and permits:			
Business licenses:			
Business licenses	421,500	421,500	516,396
Liquor licenses	73,500	73,500	75,362
Gambling licenses	106,400	106,400	106,538
Other licenses:			
Animal licenses	4,050	4,050	4,089
Bicycle licenses	16	16	6
Franchise fees:			
Television/Cable	104,000	104,000	48,390
Natural gas	200,000	200,000	164,430
Water and sewer right of way	205,000	205,000	204,581
Electricity	400,000	400,000	350,526
Geothermal	5,000	5,000	4,164
Telephone	48,000	48,000	44,168
Permits:			
Building permits	225,000	225,000	395,120
	<u>1,792,466</u>	<u>1,792,466</u>	<u>1,913,770</u>
Intergovernmental:			
Grants:			
Juvenile justice and delinquency prevention grant	80,000	80,000	65,546
Bulletproof vest partnership program	-	-	4,650
Traffic safety enforcement	25,000	25,000	10,132
Enforcement of Underage Drinking laws	-	-	1,980
Bomb squad grant	-	-	939
Emergency Management Planning Grant	-	-	25,657
State shared revenues:			
Fuel tax - county option	108,898	108,898	108,868
Fuel tax - 1.75	143,898	143,898	134,993
Fuel tax - 2.35	252,258	252,258	243,068
Cigarette tax	80,708	80,708	80,297
Liquor tax	22,521	22,521	24,527
Basic city / county relief tax	73,685	1,672,532	2,371,208
Supplemental city / county relief tax	7,595,045	7,922,513	8,556,386
Government services tax	1,284,059	1,284,059	1,395,163
SIIS	-	-	11,421
County shared revenues:			
Gaming tax	130,000	130,000	146,903
Real property transfer tax	-	73,685	104,023
Other:			
Court administrative assessments	10,000	10,000	7,676
Narcotics seizure revenue	-	14,349	14,349
Local Law Enforcement Reimbursements	55,647	55,647	91,444
	<u>9,861,719</u>	<u>11,876,068</u>	<u>13,399,230</u>

<u>VARIANCE TO FINAL BUDGET</u>	<u>2011</u>
\$ <u>65,586</u>	\$ <u>2,253,941</u>
94,896	389,685
1,862	74,675
138	109,919
39	4,045
(10)	4
(55,610)	104,040
(35,570)	187,889
(419)	184,480
(49,474)	365,511
(836)	4,980
(3,832)	48,235
<u>170,120</u>	<u>291,626</u>
<u>121,304</u>	<u>1,765,089</u>
(14,454)	79,937
4,650	4,738
(14,868)	16,874
1,980	1,652
939	32,226
25,657	8,456
(30)	108,319
(8,905)	141,644
(9,190)	242,055
(411)	83,012
2,006	23,272
698,676	2,015,325
633,873	7,204,041
111,104	1,324,393
11,421	7,832
16,903	118,631
30,338	80,812
(2,324)	15,237
-	20,546
<u>35,797</u>	<u>14,026</u>
<u>1,523,162</u>	<u>11,543,028</u>

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET (BUDGETARY BASIS) AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*  
*(Page 2 of 6)*

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
Charges for services:			
Community development fees:			
Zoning fees	12,000	12,000	26,840
Plan checking fees	100,000	100,000	198,181
Other fees	500	5,500	-
Public works fees:			
Street lighting fees	230,500	230,500	236,471
Storm water management fees	108,000	108,000	110,548
Public safety fees:			
Fingerprinting fees	12,650	12,650	9,226
Other fees	98,110	92,500	64,550
Recreation fees:			
Swimming pool fees	100,360	100,970	115,326
Park concession fees	500	500	200
Park use fees	19,500	19,500	19,715
Health fees:			
Animal shelter fees	70,875	70,875	71,334
Cemetery sales	7,200	7,200	9,200
Grave openings	14,000	14,000	14,775
Cemetery summer care	2,500	2,500	-
	776,695	776,695	876,366
Fines and forfeitures:			
Forensic service fines	3,900	3,900	5,451
Municipal court fines	180,500	180,500	178,009
Bail bond fees and other	4,700	4,700	2,020
	189,100	189,100	185,480
Miscellaneous:			
Investment earnings	1,500	1,500	2,157
Rent - general	500	500	850
Public defender reimbursements	1,500	1,500	2,676
Street cut revenue	24,000	24,000	6,714
Private donations	7,500	7,500	827
Other	75,242	75,242	88,238
	110,242	110,242	101,462
Total Revenues	15,038,478	17,052,827	18,850,150
<b>EXPENDITURES</b>			
General government:			
Administration:			
Salaries and wages	343,925	344,425	343,659
Employee benefits	147,885	135,885	134,812
Services and supplies	107,361	485,261	150,962
	599,171	965,571	629,433
Central Services - Insurance:			
Employee benefits	400,000	308,000	304,444
Services and supplies	173,000	173,000	171,872
	573,000	481,000	476,316

VARIANCE TO FINAL BUDGET	2011
14,840	16,985
98,181	106,371
(5,500)	500
5,971	231,307
2,548	81,265
(3,424)	11,840
(27,950)	95,731
14,356	108,330
(300)	250
215	16,862
459	66,040
2,000	12,300
775	19,381
(2,500)	2,500
<u>99,671</u>	<u>769,662</u>
1,551	4,708
(2,491)	203,172
(2,680)	2,060
<u>(3,620)</u>	<u>209,940</u>
657	3,484
350	779
1,176	750
(17,286)	16,769
(6,673)	5,552
12,996	78,139
<u>(8,780)</u>	<u>105,473</u>
<u>1,797,323</u>	<u>16,647,133</u>
766	342,092
1,073	143,411
334,299	162,009
<u>336,138</u>	<u>647,512</u>
3,556	323,908
1,128	353,720
<u>4,684</u>	<u>677,628</u>

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET (BUDGETARY BASIS) AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*  
*(Page 3 of 6)*

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
Clerk:			
Salaries and wages	127,210	125,210	125,185
Employee benefits	58,060	55,060	54,421
Services and supplies	21,586	21,586	17,756
	<u>206,856</u>	<u>201,856</u>	<u>197,362</u>
Information systems:			
Salaries and wages	44,200	45,050	44,974
Employee benefits	18,785	19,035	18,838
Services and supplies	98,861	110,861	110,561
	<u>161,846</u>	<u>174,946</u>	<u>174,373</u>
Personnel:			
Salaries and wages	49,000	42,000	41,997
Employee benefits	20,100	17,100	15,834
Services and supplies	15,111	59,111	58,494
	<u>84,211</u>	<u>118,211</u>	<u>116,325</u>
Finance:			
Salaries and wages	94,500	96,500	96,444
Employee benefits	45,175	44,175	43,837
Services and supplies	36,828	36,828	33,113
	<u>176,503</u>	<u>177,503</u>	<u>173,394</u>
Planning / zoning:			
Salaries and wages	89,070	50,570	50,022
Employee benefits	31,625	17,125	16,194
Services and supplies	8,575	42,575	42,413
	<u>129,270</u>	<u>110,270</u>	<u>108,629</u>
Economic development:			
Services and supplies	20,300	20,300	19,920
Total General Government	<u>1,951,157</u>	<u>2,249,657</u>	<u>1,895,752</u>
Judicial:			
Municipal court:			
Services and supplies	386,500	340,500	335,305
Total Judicial	<u>386,500</u>	<u>340,500</u>	<u>335,305</u>
Public safety:			
Police:			
Salaries and wages	2,919,015	3,032,515	3,032,351
Employee benefits	1,713,475	1,643,475	1,633,176
Services and supplies	753,800	836,149	834,647
	<u>5,386,290</u>	<u>5,512,139</u>	<u>5,500,174</u>

VARIANCE TO FINAL BUDGET	2011
25	126,453
639	57,719
<u>3,830</u>	<u>37,942</u>
<u>4,494</u>	<u>222,114</u>
76	43,223
197	18,706
<u>300</u>	<u>96,000</u>
<u>573</u>	<u>157,929</u>
3	7,290
1,266	2,814
<u>617</u>	<u>10,661</u>
<u>1,886</u>	<u>20,765</u>
56	93,222
338	43,210
<u>3,715</u>	<u>41,144</u>
<u>4,109</u>	<u>177,576</u>
548	89,634
931	29,876
<u>162</u>	<u>56,780</u>
<u>1,641</u>	<u>176,290</u>
<u>380</u>	<u>19,920</u>
<u>353,905</u>	<u>2,099,734</u>
<u>5,195</u>	<u>364,974</u>
<u>5,195</u>	<u>364,974</u>
164	2,945,436
10,299	1,649,494
<u>1,502</u>	<u>810,297</u>
<u>11,965</u>	<u>5,405,227</u>

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET (BUDGETARY BASIS) AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*  
*(Page 4 of 6)*

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
Fire:			
Salaries and wages	14,000	21,000	20,695
Employee benefits	430	480	437
Services and supplies	22,475	22,475	14,059
	<u>36,905</u>	<u>43,955</u>	<u>35,191</u>
ARFF facility:			
Salaries and wages	1,621,050	1,681,050	1,679,743
Employee benefits	938,400	875,400	864,606
Services and supplies	327,675	339,675	337,165
	<u>2,887,125</u>	<u>2,896,125</u>	<u>2,881,514</u>
Southside fire station:			
Services and supplies	9,470	9,470	6,727
Total Public Safety	<u>8,319,790</u>	<u>8,461,689</u>	<u>8,423,606</u>
Public works:			
Highways / streets:			
Salaries and wages	658,925	588,925	587,750
Employee benefits	290,860	240,860	238,196
Services and supplies	596,975	646,975	619,642
	<u>1,546,760</u>	<u>1,476,760</u>	<u>1,445,588</u>
Engineering:			
Salaries and wages	67,100	68,300	68,278
Employee benefits	27,575	27,825	27,411
Services and supplies	45,280	55,280	47,433
	<u>139,955</u>	<u>151,405</u>	<u>143,122</u>
Fleet maintenance:			
Salaries and wages	257,750	272,750	270,525
Employee benefits	110,020	99,020	98,630
Services and supplies	60,190	60,190	42,873
	<u>427,960</u>	<u>431,960</u>	<u>412,028</u>
Facilities:			
Salaries and wages	251,880	173,880	172,264
Employee benefits	114,750	70,750	69,752
Services and supplies	281,850	281,850	280,041
	<u>648,480</u>	<u>526,480</u>	<u>522,057</u>
Building inspection:			
Salaries and wages	176,980	172,980	172,527
Employee benefits	73,775	73,775	72,876
Services and supplies	46,360	96,360	95,230
	<u>297,115</u>	<u>343,115</u>	<u>340,633</u>

---

<u>VARIANCE TO FINAL BUDGET</u>	<u>2011</u>
305	16,969
43	407
<u>8,416</u>	<u>21,087</u>
<u>8,764</u>	<u>38,463</u>
1,307	1,629,167
10,794	912,242
<u>2,510</u>	<u>301,346</u>
<u>14,611</u>	<u>2,842,755</u>
<u>2,743</u>	<u>8,037</u>
<u>38,083</u>	<u>8,294,482</u>
1,175	642,821
2,664	261,364
<u>27,333</u>	<u>506,422</u>
<u>31,172</u>	<u>1,410,607</u>
22	65,699
414	28,514
<u>7,847</u>	<u>41,531</u>
<u>8,283</u>	<u>135,744</u>
2,225	264,907
390	112,504
<u>17,317</u>	<u>53,426</u>
<u>19,932</u>	<u>430,837</u>
1,616	235,348
998	106,514
<u>1,809</u>	<u>326,625</u>
<u>4,423</u>	<u>668,487</u>
453	172,955
899	71,267
<u>1,130</u>	<u>24,625</u>
<u>2,482</u>	<u>268,847</u>

---

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET (BUDGETARY BASIS) AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*  
*(Page 5 of 6)*

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
Community Development			
Salaries and wages	90,500	91,650	91,612
Employee benefits	36,100	36,300	34,982
Services and supplies	33,000	33,000	18,638
	<u>159,600</u>	<u>160,950</u>	<u>145,232</u>
Total Public Works	<u>3,219,870</u>	<u>3,090,670</u>	<u>3,008,660</u>
Health:			
Animal shelter:			
Salaries and wages	187,350	181,350	181,164
Employee benefits	99,725	85,225	84,067
Services and supplies	97,520	103,520	102,856
	<u>384,595</u>	<u>370,095</u>	<u>368,087</u>
Cemetery:			
Salaries and wages	94,750	96,250	95,811
Employee benefits	43,420	40,920	40,290
Services and supplies	16,100	16,100	14,514
	<u>154,270</u>	<u>153,270</u>	<u>150,615</u>
Total Health	<u>538,865</u>	<u>523,365</u>	<u>518,702</u>
Culture and recreation:			
Parks / recreation facilities:			
Salaries and wages	315,445	280,645	280,588
Employee benefits	142,650	107,650	106,550
Services and supplies	124,410	134,910	125,888
	<u>582,505</u>	<u>523,205</u>	<u>513,026</u>
Swimming pool:			
Salaries and wages	224,000	214,000	209,699
Employee benefits	60,890	60,890	58,751
Services and supplies	125,975	120,975	118,912
	<u>410,865</u>	<u>395,865</u>	<u>387,362</u>
Total Culture and Recreation:	<u>993,370</u>	<u>919,070</u>	<u>900,388</u>
Community support:			
Community service:			
Services and supplies:			
Senior Citizens Center	10,000	10,000	10,000
CADV	3,000	3,000	3,000
Vitality Center	1,500	1,500	1,500
FISH	3,000	3,000	3,000
Nevada Rural County RSVP	1,000	1,000	1,000
Elko Area Transit Authority	5,000	5,000	5,000
Elko Band of Indians	-	1,000	1,000
Family Resource Center	-	5,000	5,000
	<u>23,500</u>	<u>29,500</u>	<u>29,500</u>
Total Community Support	<u>23,500</u>	<u>29,500</u>	<u>29,500</u>

VARIANCE TO FINAL BUDGET	2011
38	89,812
1,318	35,048
<u>14,362</u>	<u>19,877</u>
15,718	144,737
<u>82,010</u>	<u>3,059,259</u>
186	182,971
1,158	86,736
<u>664</u>	<u>104,724</u>
2,008	374,431
439	93,544
630	43,281
<u>1,586</u>	<u>15,352</u>
2,655	152,177
<u>4,663</u>	<u>526,608</u>
57	328,853
1,100	145,118
<u>9,022</u>	<u>144,110</u>
10,179	618,081
4,301	202,357
2,139	39,589
<u>2,063</u>	<u>117,632</u>
8,503	359,578
<u>18,682</u>	<u>977,659</u>
-	10,000
-	4,000
-	2,000
-	4,000
-	1,000
-	-
-	-
-	-
<u>-</u>	<u>21,000</u>

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET (BUDGETARY BASIS) AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*  
*(Page 6 of 6)*

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
Contingency	231,496	64,446	-
Total Expenditures	15,664,548	15,678,897	15,111,913
Excess (Deficiency) of Revenues over Expenditures	(626,070)	1,373,930	3,738,237
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in:			
Recreation Fund	223,508	223,508	223,508
Health Insurance Fund	-	-	-
Revenue Stabilization Fund	-	-	-
Capital Equipment Reserve Fund	-	-	-
Transfers out:			
Airport Fund	-	(2,000,000)	(1,843,783)
Health Insurance Fund	-	-	-
Capital Equipment Reserve Fund	(80,196)	(80,196)	(80,196)
Facility Reserve Fund	(80,196)	(80,196)	(80,196)
Golf Fund	(24,570)	(24,570)	(23,915)
Revenue Stabilization Fund	(53,464)	(53,464)	(53,464)
Total Other Financing Sources (Uses)	(14,918)	(2,014,918)	(1,858,046)
Net Change in Fund Balance	(640,988)	(640,988)	1,880,191
FUND BALANCE, July 1	1,941,146	1,941,146	3,011,563
FUND BALANCE, June 30	\$ 1,300,158	\$ 1,300,158	\$ 4,891,754

See accompanying notes to required supplementary information.

---

<u>VARIANCE TO FINAL BUDGET</u>	<u>2011</u>
<u>64,446</u>	<u>-</u>
<u>566,984</u>	<u>15,343,716</u>
<u>2,364,307</u>	<u>1,303,417</u>
-	232,685
-	1,168
-	220,000
-	567,315
156,217	(75,000)
-	-
-	-
-	-
655	(22,631)
<u>-</u>	<u>(964,000)</u>
<u>156,872</u>	<u>(40,463)</u>
2,521,179	1,262,954
<u>1,070,417</u>	<u>1,748,609</u>
<u>\$ 3,591,596</u>	<u>\$ 3,011,563</u>

---

---

THIS PAGE LEFT INTENTIONALLY BLANK.

---

**CITY OF ELKO**  
**RECONCILIATION OF THE GENERAL FUND (BUDGETARY BASIS) TO THE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - GENERAL FUND (GAAP BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
*(With Comparative Amounts for the Year Ended June 30, 2011)*

	GENERAL FUND (BUDGET BASIS)	REVENUE STABILIZATION FUND	ELIMINATIONS	2012 GENERAL FUND (GAAP BASIS)	2011
<b>REVENUES</b>					
Taxes	\$ 2,373,842	\$ -	\$ -	\$ 2,373,842	\$ 2,253,941
Licenses and permits	1,913,770	-	-	1,913,770	1,765,089
Intergovernmental	13,399,230	-	-	13,399,230	11,543,028
Charges for services	876,366	-	-	876,366	769,662
Fines and forfeitures	185,480	-	-	185,480	209,940
Miscellaneous	101,462	1,722	-	103,184	106,501
<b>Total Revenues</b>	<b>18,850,150</b>	<b>1,722</b>	<b>-</b>	<b>18,851,872</b>	<b>16,648,161</b>
<b>EXPENDITURES</b>					
Current:					
General government	1,895,752	311	-	1,896,063	2,100,152
Judicial	335,305	-	-	335,305	364,974
Public safety	8,423,606	-	-	8,423,606	8,294,482
Public works	3,008,660	-	-	3,008,660	3,059,259
Health	518,702	-	-	518,702	526,608
Culture and recreation	900,388	-	-	900,388	977,659
Community support	29,500	-	-	29,500	21,000
<b>Total Expenditures</b>	<b>15,111,913</b>	<b>311</b>	<b>-</b>	<b>15,112,224</b>	<b>15,344,134</b>
Excess (Deficiency) of Revenues Over Expenditures	3,738,237	1,411	-	3,739,648	1,304,027
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	223,508	53,464	(53,464)	223,508	801,168
Transfers out	(2,081,554)	-	53,464	(2,028,090)	(97,631)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,858,046)</b>	<b>53,464</b>	<b>-</b>	<b>(1,804,582)</b>	<b>703,537</b>
<b>Net Change in Fund Balances</b>	<b>1,880,191</b>	<b>54,875</b>	<b>-</b>	<b>1,935,066</b>	<b>2,007,564</b>
<b>FUND BALANCES, July 1</b>	<b>3,011,563</b>	<b>1,205,657</b>	<b>-</b>	<b>4,217,220</b>	<b>2,209,656</b>
<b>FUND BALANCES, June 30</b>	<b>\$ 4,891,754</b>	<b>\$ 1,260,532</b>	<b>\$ -</b>	<b>\$ 6,152,286</b>	<b>4,217,220</b>

See accompanying notes to required supplementary information.

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**RECREATION FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*  
*(Page 1 of 2)*

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
<b>REVENUES</b>			
Taxes:			
Room taxes	\$ 2,469,757	\$ 3,400,000	\$ 3,344,254
Intergovernmental:			
Grants	-	-	-
Miscellaneous:			
Investment earnings	2,500	2,500	799
Private donations	-	-	11,066
Other	-	-	4,028
	<u>2,500</u>	<u>2,500</u>	<u>15,893</u>
Total Revenues	<u>2,472,257</u>	<u>3,402,500</u>	<u>3,360,147</u>
<b>EXPENDITURES</b>			
Culture and Recreation:			
Services and supplies	46,500	76,500	73,474
Capital outlay:			
Tennis/Basketball Court	-	-	-
Mittry Park	-	-	1,598
Swimming Pool	-	-	-
Main Park	1,006,278	776,278	193,903
Machinery	-	200,000	192,970
	<u>1,006,278</u>	<u>976,278</u>	<u>388,471</u>
Other recreation:			
Elko County Recreation Board	138,633	211,308	184,180
Western Folklife Center	51,453	80,523	69,672
Elko Snowbowl Foundation	25,727	40,262	34,836
Elko County Fair Board	102,907	161,047	139,344
Elko Convention Center	569,827	1,078,554	888,654
State Tourism	77,180	120,785	104,599
Convention Center Marketing	360,173	563,664	487,704
	<u>1,325,900</u>	<u>2,256,143</u>	<u>1,908,989</u>
Total Expenditures	<u>2,378,678</u>	<u>3,308,921</u>	<u>2,370,934</u>
Excess (Deficiency) of Revenues over Expenditures	<u>93,579</u>	<u>93,579</u>	<u>989,213</u>

<u>VARIANCE TO FINAL BUDGET</u>	<u>2011</u>
\$ <u>(55,746)</u>	\$ <u>2,908,933</u>
<u>-</u>	<u>29,847</u>
(1,701)	891
11,066	13,029
<u>4,028</u>	<u>14,670</u>
<u>13,393</u>	<u>28,590</u>
<u>(42,353)</u>	<u>2,967,370</u>
<u>3,026</u>	<u>136,014</u>
-	24,567
(1,598)	29,567
-	45,846
582,375	96,030
<u>7,030</u>	<u>30,442</u>
<u>587,807</u>	<u>226,452</u>
27,128	161,507
10,851	60,603
5,426	30,301
21,703	121,206
189,900	729,669
16,186	91,396
<u>75,960</u>	<u>424,219</u>
<u>347,154</u>	<u>1,618,901</u>
<u>937,987</u>	<u>1,981,367</u>
<u>895,634</u>	<u>986,003</u>

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**RECREATION FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*  
*(Page 2 of 2)*

	BUDGET		ACTUAL
	ORIGINAL	BUDGET	
OTHER FINANCING SOURCES (USES)			
Transfers out:			
General Fund	(223,508)	(223,508)	(223,508)
Debt Service Fund	(145,768)	(145,768)	(145,768)
Airport Fund	(330,605)	(330,605)	(330,605)
Youth Recreation Fund	(12,417)	(12,417)	(12,417)
Golf Fund	(22,417)	(22,417)	(22,417)
Total Other Financing Sources (Uses)	(734,715)	(734,715)	(734,715)
Net Change in Fund Balance	(641,136)	(641,136)	254,498
FUND BALANCE, July 1	788,136	788,136	674,828
FUND BALANCE, June 30	\$ 147,000	\$ 147,000	\$ 929,326

See accompanying notes to required supplementary information.

---

  

---

<u>VARIANCE TO FINAL BUDGET</u>	<u>2011</u>
-	(232,685)
-	(143,768)
-	(330,880)
-	(12,927)
-	(22,927)
<hr/>	<hr/>
-	(743,187)
895,634	242,816
<hr/>	<hr/>
(113,308)	432,012
<hr/>	<hr/>
\$ <u>782,326</u>	\$ <u>674,828</u>

---

---

**CITY OF ELKO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2012**

---

Note 1 – Budgetary Reconciliations:

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

Budget to actual comparisons are presented for all funds of the City as required by Nevada Revised Statutes. Such budget comparisons are required to be presented using the budget as adopted, and approved by the State of Nevada Department of Taxation. However, guidance provided in governmental accounting standards specify that one of these internally reported funds of the City of Elko, does not meet the definition of special revenue funds, and therefore does not qualify to be separately presented for external reporting purposes.

The Revenue Stabilization Fund for the City of Elko is combined with the General Fund for external reporting purposes.

Total expenditures exceeded those budgeted in the general government function of the Revenue Stabilization Fund by \$311.

---

**SUPPLEMENTARY INFORMATION**

---

**CITY OF ELKO**  
**COMBINING BALANCE SHEET**  
**RECONCILIATION OF THE GENERAL FUND (BUDGETARY BASIS) TO THE**  
**GENERAL FUND (GAAP BASIS)**  
**JUNE 30, 2012**  
*(With Comparative Amounts at June 30, 2011)*

	GENERAL FUND (BUDGETARY BASIS)	REVENUE STABILIZATION FUND	2012 GENERAL FUND (GAAP BASIS)	2011
<b>ASSETS</b>				
Cash and investments	\$ 2,574,537	\$ 1,259,238	\$ 3,833,775	\$ 2,763,551
Restricted cash	150,565	-	150,565	103,798
Interest receivable	2,794	1,294	4,088	2,070
Accounts receivable	171,034	-	171,034	187,721
Taxes receivable, delinquent	36,661	-	36,661	82,336
Prepaid Expenses	202,400	-	202,400	-
Due from other governments	2,483,681	-	2,483,681	2,231,084
Inventory	29,608	-	29,608	29,877
<b>Total Assets</b>	<b>\$ 5,651,280</b>	<b>\$ 1,260,532</b>	<b>\$ 6,911,812</b>	<b>\$ 5,400,437</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 359,167	\$ -	\$ 359,167	\$ 518,362
Accrued salaries	198,469	-	198,469	383,246
Due to other governments	6,572	-	6,572	7,181
Deferred revenue	195,318	-	195,318	274,427
<b>Total Liabilities</b>	<b>759,526</b>	<b>-</b>	<b>759,526</b>	<b>1,183,216</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory	29,608	-	29,608	29,877
Prepaid expenses	202,400	-	202,400	-
<b>Restricted:</b>				
Debt service	150,565	-	150,565	103,798
Seizure funds - public safety	58,225	-	58,225	26,532
Public works	38,658	-	38,658	38,658
<b>Committed:</b>				
Revenue Stabilization Policy	-	1,260,532	1,260,532	1,205,657
<b>Assigned:</b>				
Next year budget shortfall	2,123,445	-	2,123,445	640,988
Unassigned	2,288,853	-	2,288,853	2,171,711
<b>Total Fund Balances</b>	<b>4,891,754</b>	<b>1,260,532</b>	<b>6,152,286</b>	<b>4,217,221</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,651,280</b>	<b>\$ 1,260,532</b>	<b>\$ 6,911,812</b>	<b>\$ 5,400,437</b>

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**CAPITAL CONSTRUCTION FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2011
<b>REVENUES</b>				
Taxes:				
Ad Valorem	\$ 582,716	\$ 605,095	\$ 22,379	\$ 829,682
Intergovernmental:				
Silver street reconstruction project grant	-	-	-	748,598
Miscellaneous:				
Investment earnings	2,500	4,473	1,973	35,980
Land sales	-	-	-	900
Other	-	22,563	22,563	18,875
	2,500	27,036	24,536	55,755
Total Revenues	585,216	632,131	46,915	1,634,035
<b>EXPENDITURES</b>				
General government:				
Planning / zoning:				
Services and supplies	118,000	116,084	1,916	4,930
Public works:				
Highways / streets:				
Services and supplies	1,810	242,055	(240,245)	2,523
Capital outlay	11,229,989	9,161,541	2,068,448	2,896,180
	11,231,799	9,403,596	1,828,203	2,898,703
Debt Service:				
Bond issuance costs	-	-	-	455,199
Total Expenditures	11,349,799	9,519,680	1,830,119	3,358,832
Excess (Deficiency) of Revenues over Expenditures	(10,764,583)	(8,887,549)	1,877,034	(1,724,797)
<b>OTHER FINANCING SOURCES (USES)</b>				
General obligation bond issued	-	-	-	10,500,000
Bond premium	-	-	-	296,539
Total Other Financing Sources (Uses)	-	-	-	10,796,539
Net Change in Fund Balance	(10,764,583)	(8,887,549)	1,877,034	9,071,742
FUND BALANCE, July 1	10,764,583	9,480,214	(1,284,369)	408,472
FUND BALANCE, June 30	\$ -	\$ 592,665	\$ 592,665	\$ 9,480,214

---

THIS PAGE LEFT INTENTIONALLY BLANK.

---

---

**NONMAJOR GOVERNMENTAL FUNDS**

---

**CITY OF ELKO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2012**  
*(With Comparative Totals at June 30, 2011)*

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL	2011
<b>ASSETS</b>					
Cash and investments	\$ 269,138	\$ -	\$ 1,202,797	\$ 1,471,935	\$ 1,193,017
Restricted cash	-	135,112	-	135,112	178,084
Interest receivable	72	135	1,271	1,478	875
Accounts receivable	997	-	6,000	6,997	1,355
Taxes receivable, delinquent	-	2,760	16,790	19,550	21,896
Due from other governments	9,247	249,056	182,784	441,087	455,427
Total Assets	<u>\$ 279,454</u>	<u>\$ 387,063</u>	<u>\$ 1,409,642</u>	<u>\$ 2,076,159</u>	<u>\$ 1,850,654</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 12,065	\$ -	\$ 25,736	\$ 37,801	\$ 18,432
Accrued salaries	4,701	-	367	5,068	6,073
Due to other governments	-	-	-	-	2,135
Deferred revenue	107,143	134,197	26,274	267,614	422,614
Total Liabilities	<u>123,909</u>	<u>134,197</u>	<u>52,377</u>	<u>310,483</u>	<u>449,254</u>
<b>FUND BALANCES</b>					
Restricted:					
Debt service	-	135,112	-	135,112	178,084
Redevelopment Agency	-	-	405,690	405,690	251,257
Capital projects	-	-	303,085	303,085	391,668
Public safety	96,827	-	-	96,827	87,032
Committed:					
Parks and recreation	61,624	-	-	61,624	83,890
Capital projects	-	-	612,007	612,007	409,737
Facility improvements	-	-	36,483	36,483	-
Debt service	-	117,754	-	117,754	581
Unassigned	(2,906)	-	-	(2,906)	(849)
Total Fund Balances	<u>155,545</u>	<u>252,866</u>	<u>1,357,265</u>	<u>1,765,676</u>	<u>1,401,400</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 279,454</u>	<u>\$ 387,063</u>	<u>\$ 1,409,642</u>	<u>\$ 2,076,159</u>	<u>\$ 1,850,654</u>

**CITY OF ELKO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
*(With Comparative Totals for the Year Ended June 30, 2011)*

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL	2011
<b>REVENUES</b>					
Taxes	\$ -	\$ 263,200	\$ 727,363	\$ 990,563	\$ 610,804
Intergovernmental	140,983	552,603	710,194	1,403,780	861,060
Charges for services	221,904	-	-	221,904	215,658
Miscellaneous	11,824	(21)	19,584	31,387	27,572
<b>Total Revenues</b>	<b>374,711</b>	<b>815,782</b>	<b>1,457,141</b>	<b>2,647,634</b>	<b>1,715,094</b>
<b>EXPENDITURES</b>					
Current:					
General government	-	25	75,265	75,290	105,400
Public safety	133,245	-	189,510	322,755	253,531
Public works	-	-	923,048	923,048	217,321
Culture and recreation	268,411	-	113,404	381,815	211,715
Debt service:					
Principal	-	465,000	-	465,000	75,000
Interest	-	422,324	-	422,324	244,967
<b>Total Expenditures</b>	<b>401,656</b>	<b>887,349</b>	<b>1,346,430</b>	<b>2,635,435</b>	<b>1,107,934</b>
Excess (Deficiency) of Revenues over Expenditures	(26,945)	(71,567)	110,711	12,199	607,160
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets	-	-	33,500	33,500	1,482
Transfers in	12,417	145,768	160,392	318,577	156,695
Transfers out	-	-	-	-	(567,315)
<b>Total Other Financing Sources (Uses)</b>	<b>12,417</b>	<b>145,768</b>	<b>193,892</b>	<b>352,077</b>	<b>(409,138)</b>
<b>Net Change in Fund Balances</b>	<b>(14,528)</b>	<b>74,201</b>	<b>304,603</b>	<b>364,276</b>	<b>198,022</b>
<b>FUND BALANCES, July 1</b>	<b>170,073</b>	<b>178,665</b>	<b>1,052,662</b>	<b>1,401,400</b>	<b>1,203,378</b>
<b>FUND BALANCES, June 30</b>	<b>\$ 155,545</b>	<b>\$ 252,866</b>	<b>\$ 1,357,265</b>	<b>\$ 1,765,676</b>	<b>\$ 1,401,400</b>

---

### **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.

**CITY OF ELKO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2012**  
*(With Comparative Totals at June 30, 2011)*

	YOUTH RECREATION FUND	MUNICIPAL COURT ADMINISTRATIVE ASSESSMENT FUND	NARCOTICS TASK FORCE FUND	TOTAL	2011
<b>ASSETS</b>					
Cash and investments	\$ 74,076	\$ 95,842	\$ 99,220	\$ 269,138	\$ 258,301
Interest receivable	72	-	-	72	61
Accounts receivable	-	985	12	997	1,355
Due from other governments	-	-	9,247	9,247	25,145
<b>Total Assets</b>	<b>\$ 74,148</b>	<b>\$ 96,827</b>	<b>\$ 108,479</b>	<b>\$ 279,454</b>	<b>\$ 284,862</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 9,628	\$ -	\$ 2,437	\$ 12,065	\$ 15,276
Accrued salaries	2,896	-	1,805	4,701	6,073
Due to other governments	-	-	-	-	2,135
Deferred revenue	-	-	107,143	107,143	91,305
<b>Total Liabilities</b>	<b>12,524</b>	<b>-</b>	<b>111,385</b>	<b>123,909</b>	<b>114,789</b>
<b>FUND BALANCES (DEFICIT)</b>					
Restricted:					
Public safety	-	96,827	-	96,827	87,032
Committed:					
Parks and recreation	61,624	-	-	61,624	83,890
Unassigned	-	-	(2,906)	(2,906)	(849)
<b>Total Fund Balances (deficit)</b>	<b>61,624</b>	<b>96,827</b>	<b>(2,906)</b>	<b>155,545</b>	<b>170,073</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 74,148</b>	<b>\$ 96,827</b>	<b>\$ 108,479</b>	<b>\$ 279,454</b>	<b>\$ 284,862</b>

**CITY OF ELKO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
*(With Comparative Totals for the Year Ended June 30, 2011)*

	YOUTH RECREATION FUND	MUNICIPAL COURT ADMINISTRATIVE ASSESSMENT FUND	NARCOTICS TASK FORCE FUND
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 9,795	\$ 131,188
Charges for services	221,904	-	-
Miscellaneous	11,824	-	-
Total Revenues	<u>233,728</u>	<u>9,795</u>	<u>131,188</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	-	-	133,245
Culture and recreation	268,411	-	-
Total Expenditures	<u>268,411</u>	<u>-</u>	<u>133,245</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(34,683)</u>	<u>9,795</u>	<u>(2,057)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	12,417	-	-
Net Change in Fund Balances	(22,266)	9,795	(2,057)
FUND BALANCES (DEFICIT), July 1	<u>83,890</u>	<u>87,032</u>	<u>(849)</u>
FUND BALANCES (DEFICIT), June 30	<u>\$ 61,624</u>	<u>\$ 96,827</u>	<u>\$ (2,906)</u>

---

---

<u>TOTAL</u>	<u>2011</u>
\$ 140,983	\$ 179,963
221,904	215,658
<u>11,824</u>	<u>11,422</u>
<u>374,711</u>	<u>407,043</u>
133,245	164,339
<u>268,411</u>	<u>211,715</u>
<u>401,656</u>	<u>376,054</u>
<u>(26,945)</u>	<u>30,989</u>
<u>12,417</u>	<u>12,927</u>
(14,528)	43,916
<u>170,073</u>	<u>126,157</u>
<u>\$ 155,545</u>	<u>\$ 170,073</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, 2012**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2011</u>
REVENUES				
Charges for services:				
Fun factory fees	\$ 231,940	\$ 221,904	\$ (10,036)	\$ 215,658
Miscellaneous:				
Donations	-	70	70	23
Investment earnings	500	84	(416)	111
Other	10,625	11,670	1,045	11,288
	<u>11,125</u>	<u>11,824</u>	<u>699</u>	<u>11,422</u>
Total Revenues	<u>243,065</u>	<u>233,728</u>	<u>(9,337)</u>	<u>227,080</u>
EXPENDITURES				
Culture and recreation:				
Latchkey program:				
Salaries and wages	116,525	118,806	(2,281)	80,628
Employee benefits	34,260	34,392	(132)	16,803
Services and supplies	112,255	115,213	(2,958)	114,284
Total Expenditures	<u>263,040</u>	<u>268,411</u>	<u>(5,371)</u>	<u>211,715</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(19,975)</u>	<u>(34,683)</u>	<u>(14,708)</u>	<u>15,365</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Recreation Fund	12,417	12,417	-	12,927
Net Change in Fund Balance	(7,558)	(22,266)	(14,708)	28,292
FUND BALANCE, July 1	<u>83,770</u>	<u>83,890</u>	<u>120</u>	<u>55,598</u>
FUND BALANCE, June 30	<u>\$ 76,212</u>	<u>\$ 61,624</u>	<u>\$ (14,588)</u>	<u>\$ 83,890</u>

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**MUNICIPAL COURT ADMINISTRATIVE ASSESSMENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2011</u>
REVENUES				
Intergovernmental:				
Administrative assessments	\$ 15,000	\$ 9,795	\$ (5,205)	\$ 16,720
EXPENDITURES				
Judicial:				
Municipal court:				
Services and supplies	102,812	-	102,812	-
Net Change in Fund Balance	(87,812)	9,795	97,607	16,720
FUND BALANCE, July 1	87,812	87,032	(780)	70,312
FUND BALANCE, June 30	<u>\$ -</u>	<u>\$ 96,827</u>	<u>\$ 96,827</u>	<u>\$ 87,032</u>

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**NARCOTICS TASK FORCE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2011</u>
REVENUES				
Intergovernmental:				
Combined narcotics task force grant	\$ 159,950	\$ 131,188	\$ (28,762)	\$ 158,243
Seizure revenue	-	-	-	5,000
Total Revenues	<u>159,950</u>	<u>131,188</u>	<u>(28,762)</u>	<u>163,243</u>
EXPENDITURES				
Public safety:				
Salaries and wages	65,432	55,903	9,529	91,822
Employee benefits	47,888	30,502	17,386	59,694
Services and supplies	46,877	46,840	37	9,924
Capital outlay	-	-	-	2,899
Total Expenditures	<u>160,197</u>	<u>133,245</u>	<u>26,952</u>	<u>164,339</u>
Net Change in Fund Balance	(247)	(2,057)	(1,810)	(1,096)
FUND BALANCE (DEFICIT), July 1	<u>247</u>	<u>(849)</u>	<u>(1,096)</u>	<u>247</u>
FUND BALANCES (DEFICIT), June 30	<u>\$ -</u>	<u>\$ (2,906)</u>	<u>\$ (2,906)</u>	<u>\$ (849)</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, 2012**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2011</u>
REVENUES				
Taxes:				
Ad valorem	\$ 262,823	\$ 263,200	\$ 377	\$ 2,155
Intergovernmental:				
Regional Transportation Commission	534,397	552,603	18,206	356,925
Miscellaneous:				
Investment earnings	500	(21)	(521)	261
Total Revenues	<u>797,720</u>	<u>815,782</u>	<u>18,062</u>	<u>359,341</u>
EXPENDITURES				
General government:				
Services and supplies	-	25	(25)	-
Debt service:				
Principal:				
General obligation street bonds	385,000	385,000	-	-
Medium term obligations:				
Interpretive Center	80,000	80,000	-	75,000
	<u>465,000</u>	<u>465,000</u>	<u>-</u>	<u>75,000</u>
Interest:				
General obligation street bonds	356,556	356,556	-	176,199
Medium term obligations:				
Interpretive Center	65,768	65,768	-	68,768
	<u>422,324</u>	<u>422,324</u>	<u>-</u>	<u>244,967</u>
Total Expenditures	<u>887,324</u>	<u>887,349</u>	<u>(25)</u>	<u>319,967</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(89,604)</u>	<u>(71,567)</u>	<u>18,037</u>	<u>39,374</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Recreation Fund	145,768	145,768	-	143,768
Net Change in Fund Balance	56,164	74,201	18,037	183,142
FUND BALANCE, July 1	<u>348,431</u>	<u>178,665</u>	<u>(169,766)</u>	<u>(4,477)</u>
FUND BALANCE, June 30	<u>\$ 404,595</u>	<u>\$ 252,866</u>	<u>(151,729)</u>	<u>\$ 178,665</u>

---

## **NONMAJOR CAPITAL PROJECTS FUNDS**

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

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

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

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

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

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

---

**CITY OF ELKO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2012**  
*(With Comparative Totals at June 30, 2011)*

	AD VALOREM CAPITAL PROJECTS FUND	PUBLIC IMPROVEMENT DEVELOPMENT FUND	CAPITAL EQUIPMENT RESERVE FUND	FACILITY RESERVE FUND
<b>ASSETS</b>				
Cash and investments	\$ 210,010	\$ 15,384	\$ 531,836	\$ 40,425
Interest receivable	216	16	587	42
Accounts receivable	-	-	6,000	-
Taxes receivable, delinquent	-	-	6,558	-
Due from other governments	77,459	-	104,820	-
Total Assets	<u>\$ 287,685</u>	<u>\$ 15,400</u>	<u>\$ 649,801</u>	<u>\$ 40,467</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 21,752	\$ 3,984
Accrued Salaries	-	-	-	-
Deferred revenue	-	-	16,042	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>37,794</u>	<u>3,984</u>
<b>FUND BALANCES</b>				
Restricted:				
Capital projects	287,685	15,400	-	-
Redevelopment Agency	-	-	-	-
Committed:				
Facility improvements	-	-	-	36,483
Capital projects	-	-	612,007	-
Total Fund Balances	<u>287,685</u>	<u>15,400</u>	<u>612,007</u>	<u>36,483</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 287,685</u>	<u>\$ 15,400</u>	<u>\$ 649,801</u>	<u>\$ 40,467</u>

ELKO REDEVELOPMENT AGENCY FUND			TOTAL	2011	
\$	405,142	\$	1,202,797	\$	934,716
	410		1,271		719
	-		6,000		-
	10,232		16,790		21,125
	505		182,784		255,383
<u>\$</u>	<u>416,289</u>	<u>\$</u>	<u>1,409,642</u>	<u>\$</u>	<u>1,211,943</u>
\$	-	\$	25,736	\$	3,156
	367		367		-
	10,232		26,274		156,125
	10,599		52,377		159,281
	-		303,085		391,668
	405,690		405,690		251,257
	-		36,483		-
	-		612,007		409,737
	405,690		1,357,265		1,052,662
<u>\$</u>	<u>416,289</u>	<u>\$</u>	<u>1,409,642</u>	<u>\$</u>	<u>1,211,943</u>

**CITY OF ELKO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
*(With Comparative Totals for the Year Ended June 30, 2011)*

	AD VALOREM CAPITAL PROJECTS FUND	PUBLIC IMPROVEMENT DEVELOPMENT FUND	CAPITAL EQUIPMENT RESERVE FUND	FACILITY RESERVE FUND
<b>REVENUES</b>				
Taxes	\$ 263,227	\$ -	\$ 309,425	\$ -
Intergovernmental	135,058	-	575,136	-
Miscellaneous	4,426	20	6,711	111
<b>Total Revenues</b>	<b>402,711</b>	<b>20</b>	<b>891,272</b>	<b>111</b>
<b>EXPENDITURES</b>				
Current:				
General government	66	4	74,219	12
Public safety	-	-	189,510	-
Public works	506,628	-	364,978	43,812
Health	-	-	45,203	-
Culture and recreation	-	-	113,404	-
<b>Total Expenditures</b>	<b>506,694</b>	<b>4</b>	<b>787,314</b>	<b>43,824</b>
Excess (Deficiency) of Revenues over Expenditures	(103,983)	16	103,958	(43,713)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale capital assets	-	-	33,500	-
Transfers in	-	-	80,196	80,196
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>113,696</b>	<b>80,196</b>
Net Change in Fund Balances	(103,983)	16	217,654	36,483
<b>FUND BALANCES, July 1</b>	<b>391,668</b>	<b>15,384</b>	<b>394,353</b>	<b>-</b>
<b>FUND BALANCES, June 30</b>	<b>\$ 287,685</b>	<b>\$ 15,400</b>	<b>\$ 612,007</b>	<b>\$ 36,483</b>

---

ELKO REDEVELOPMENT AGENCY FUND		
	TOTAL	2011
\$ 154,711	\$ 727,363	\$ 608,649
-	710,194	324,172
8,316	19,584	15,889
<u>163,027</u>	<u>1,457,141</u>	<u>948,710</u>
964	75,265	57,696
-	189,510	89,192
7,630	923,048	265,025
-	45,203	-
-	113,404	-
<u>8,594</u>	<u>1,346,430</u>	<u>411,913</u>
<u>154,433</u>	<u>110,711</u>	<u>536,797</u>
-	33,500	1,482
-	160,392	-
-	-	(567,315)
<u>-</u>	<u>193,892</u>	<u>(565,833)</u>
154,433	304,603	(29,036)
<u>251,257</u>	<u>1,052,662</u>	<u>1,081,698</u>
<u>\$ 405,690</u>	<u>\$ 1,357,265</u>	<u>\$ 1,052,662</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, 2012**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2011
REVENUES				
Taxes:				
Ad valorem	\$ 193,139	\$ 263,227	\$ 70,088	\$ 208,633
Intergovernmental:				
Downtown lighting project	-	135,058	135,058	-
Miscellaneous:				
Other	4,300	4,299	(1)	4,749
Investment earnings	1,000	127	(873)	949
	<u>5,300</u>	<u>4,426</u>	<u>(874)</u>	<u>5,698</u>
Total Revenues	<u>198,439</u>	<u>402,711</u>	<u>204,272</u>	<u>214,331</u>
EXPENDITURES				
General government:				
Services and supplies	75	66	9	298
Public works:				
Highways / streets:				
Capital outlay	<u>705,684</u>	<u>506,628</u>	<u>199,056</u>	<u>148,868</u>
Total Expenditures	<u>705,759</u>	<u>506,694</u>	<u>199,065</u>	<u>149,166</u>
Net Change in Fund Balance	(507,320)	(103,983)	403,337	65,165
FUND BALANCE, July 1	<u>507,320</u>	<u>391,668</u>	<u>(115,652)</u>	<u>326,503</u>
FUND BALANCE, June 30	<u>\$ -</u>	<u>\$ 287,685</u>	<u>\$ 287,685</u>	<u>\$ 391,668</u>

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**PUBLIC IMPROVEMENT DEVELOPMENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2011</u>
REVENUES				
Miscellaneous:				
Investment earnings	\$ 100	\$ 20	\$ (80)	\$ 29
Other	1,000	-	(1,000)	-
Total Revenues	<u>1,100</u>	<u>20</u>	<u>(1,080)</u>	<u>29</u>
EXPENDITURES				
General government:				
Services and supplies	10	4	6	18
Public Works:				
Capital outlay	<u>17,563</u>	<u>-</u>	<u>17,563</u>	<u>-</u>
Total Expenditures	<u>17,573</u>	<u>4</u>	<u>17,569</u>	<u>18</u>
Net Change in Fund Balance	(16,473)	16	16,489	11
FUND BALANCE, July 1	<u>16,473</u>	<u>15,384</u>	<u>(1,089)</u>	<u>15,373</u>
FUND BALANCE, June 30	<u>\$ -</u>	<u>\$ 15,400</u>	<u>\$ 15,400</u>	<u>\$ 15,384</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, 2012**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*  
*(Page 1 of 2)*

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2011</u>
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 300,369	\$ 309,425	\$ 9,056	\$ 285,732
Intergovernmental:				
Mobile Computing Technology - Police Grant	-	-	-	39,037
Basic city / county relief tax	106,229	124,800	18,571	62,330
Supplemental city / county relief tax	376,158	450,336	74,178	222,805
	<u>482,387</u>	<u>575,136</u>	<u>92,749</u>	<u>324,172</u>
Miscellaneous:				
Investment earnings	2,500	709	(1,791)	126
Other	6,000	6,002	2	9,498
	<u>8,500</u>	<u>6,711</u>	<u>(1,789)</u>	<u>9,624</u>
Total Revenues	<u>791,256</u>	<u>891,272</u>	<u>100,016</u>	<u>619,528</u>
<b>EXPENDITURES</b>				
General government:				
Administration:				
Services and supplies	100	98	2	501
Capital outlay	7,900	6,868	1,032	-
Clerk:				
Capital outlay	21,395	17,829	3,566	-
Information systems:				
Capital outlay	50,000	49,424	576	56,879
	<u>79,395</u>	<u>74,219</u>	<u>5,176</u>	<u>57,380</u>
Public safety:				
Police:				
Capital outlay	152,500	150,571	1,929	89,192
Fire:				
Capital outlay	63,000	38,939	24,061	-
	<u>215,500</u>	<u>189,510</u>	<u>25,990</u>	<u>89,192</u>
Public works:				
Highways / streets:				
Capital outlay	310,000	272,101	37,899	44,513
Engineering:				
Capital outlay	13,545	13,545	-	-
Facilities:				
Capital outlay	136,000	59,343	76,657	23,940
Fleet maintenance:				
Capital outlay	22,000	19,989	2,011	-
	<u>481,545</u>	<u>364,978</u>	<u>116,567</u>	<u>68,453</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, 2012**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*  
*(Page 2 of 2)*

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2011</u>
Health:				
Cemetery:				
Capital outlay	55,000	45,203	9,797	-
Culture and recreation:				
Parks / recreation facilities:				
Capital outlay	140,000	113,404	26,596	-
Total Expenditures	<u>979,027</u>	<u>787,314</u>	<u>191,713</u>	<u>215,025</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(187,771)</u>	<u>103,958</u>	<u>291,729</u>	<u>404,503</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	33,500	33,500	1,482
Transfers in:				
General Fund	80,196	80,196	-	-
Transfers out:				
General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>(567,315)</u>
Total Other Financing Sources (Uses)	<u>80,196</u>	<u>113,696</u>	<u>33,500</u>	<u>(565,833)</u>
Net Change in Fund Balance	(107,575)	217,654	325,229	(161,330)
FUND BALANCE, July 1	<u>409,235</u>	<u>394,353</u>	<u>(14,882)</u>	<u>555,683</u>
FUND BALANCE, June 30	<u>\$ 301,660</u>	<u>\$ 612,007</u>	<u>\$ 310,347</u>	<u>\$ 394,353</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, 2012**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2011</u>
REVENUES				
Miscellaneous:				
Investment earnings	\$ -	\$ 111	\$ 111	\$ -
EXPENDITURES				
General government:				
Finance:				
Services and supplies	-	12	(12)	-
Public works:				
Facilities:				
Capital outlay	80,196	43,812	36,384	-
Total Expenditures	80,196	43,824	36,372	-
Excess (Deficiency) of Revenues over Expenditures	(80,196)	(43,713)	36,483	-
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Fund	80,196	80,196	-	-
Net Change in Fund Balance	-	36,483	36,483	-
FUND BALANCE, July 1	-	-	-	-
FUND BALANCE, June 30	\$ -	\$ 36,483	\$ 36,483	\$ -

**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, 2012**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2011
<b>REVENUES</b>				
Taxes				
Ad valorem	123,008	154,711	31,703	114,284
Miscellaneous:				
Other	-	8,000	8,000	-
Investment earnings	100	316	216	538
Total Revenues	<u>123,108</u>	<u>163,027</u>	<u>39,919</u>	<u>114,822</u>
<b>EXPENDITURES</b>				
General government:				
Planning and zoning:				
Services and supplies	1,000	964	36	-
Public works:				
Highways / streets				
Salaries and wages	3,140	1,128	2,012	-
Employee benefits	865	136	729	-
Services and supplies	6,600	6,366	234	47,704
Capital outlay	354,892	-	354,892	-
Total Expenditures	<u>366,497</u>	<u>8,594</u>	<u>357,903</u>	<u>47,704</u>
Net Change in Fund Balance	(243,389)	154,433	397,822	67,118
FUND BALANCE, July 1	<u>243,389</u>	<u>251,257</u>	<u>7,868</u>	<u>184,139</u>
FUND BALANCE, June 30	<u>\$ -</u>	<u>\$ 405,690</u>	<u>\$ 405,690</u>	<u>\$ 251,257</u>

---

THIS PAGE LEFT INTENTIONALLY BLANK.

---

---

**INTERNALLY REPORTED (BUDGETARY BASIS) FUND REPORTED AS PART  
OF THE GENERAL FUND FOR EXTERNAL REPORTING PURPOSES –**

**REVENUE STABILIZATION FUND – BUDGETARY BASIS**

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**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**REVENUE STABILIZATION FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2011</u>
REVENUES				
Miscellaneous:				
Investment earnings	\$ 1,000	\$ 1,722	\$ 722	\$ 1,028
EXPENDITURES				
General Government:				
Services and supplies	-	311	(311)	418
Excess (Deficiency) of Revenues over Expenditures	1,000	1,411	411	610
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Fund	53,464	53,464	-	964,000
Transfers out:				
General Fund	-	-	-	(220,000)
Total Other Financing Sources (Uses)	53,464	53,464	-	744,000
Net Change in Fund Balance	54,464	54,875	411	744,610
FUND BALANCE, July 1	825,047	1,205,657	380,610	461,047
FUND BALANCE, June 30	<u>\$ 879,511</u>	<u>\$ 1,260,532</u>	<u>\$ 381,021</u>	<u>\$ 1,205,657</u>

---

## **ENTERPRISE FUNDS**

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

### **Major Enterprise Funds**

Water Fund – accounts for municipal water service.

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

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

Landfill Fund – accounts for regional landfill and associated costs.

### **Nonmajor Enterprise Funds**

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

---

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS - BUDGET AND ACTUAL**  
**WATER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2011
Operating Revenues:				
Charges for services:				
Water user fees	\$ 3,124,625	\$ 3,164,487	\$ 39,862	\$ 3,088,946
Miscellaneous:				
Other	55,000	72,447	17,447	97,682
Total Operating Revenues	<u>3,179,625</u>	<u>3,236,934</u>	<u>57,309</u>	<u>3,186,628</u>
Operating Expenses:				
Administration:				
Salaries and wages	124,575	124,373	202	116,721
Employee benefits	56,825	57,047	(222)	63,320
Services and supplies	202,451	187,931	14,520	151,909
	<u>383,851</u>	<u>369,351</u>	<u>14,500</u>	<u>331,950</u>
Operating:				
Salaries and wages	467,625	394,463	73,162	415,332
Employee benefits	215,600	166,216	49,384	213,816
Services and supplies	521,720	568,403	(46,683)	446,025
	<u>1,204,945</u>	<u>1,129,082</u>	<u>75,863</u>	<u>1,075,173</u>
Plant and facilities:				
Salaries and wages	92,200	30,852	61,348	80,323
Employee benefits	44,910	15,792	29,118	44,487
Services and supplies	856,500	666,501	189,999	645,829
	<u>993,610</u>	<u>713,145</u>	<u>280,465</u>	<u>770,639</u>
Depreciation	<u>415,876</u>	<u>446,643</u>	<u>(30,767)</u>	<u>400,291</u>
Total Operating Expenses	<u>2,998,282</u>	<u>2,658,221</u>	<u>340,061</u>	<u>2,578,053</u>
Operating Income (Loss)	<u>181,343</u>	<u>578,713</u>	<u>397,370</u>	<u>608,575</u>
Nonoperating Revenues (Expenses):				
Investment earnings	25,000	7,074	(17,926)	10,503
Gain (loss) from disposal of capital assets	-	(46,707)	(46,707)	-
Total Nonoperating Revenues (Expenses)	<u>25,000</u>	<u>(39,633)</u>	<u>(64,633)</u>	<u>10,503</u>
Income Before Capital Contributions	<u>206,343</u>	<u>539,080</u>	<u>332,737</u>	<u>619,078</u>
Capital Contributions:				
Connection fees	250,000	566,624	316,624	444,207
Change in Net Assets	<u>\$ 456,343</u>	1,105,704	<u>\$ 649,361</u>	1,063,285
Net Assets, Beginning of Year		<u>19,155,170</u>		<u>18,091,885</u>
Net Assets, End of Year		<u>\$ 20,260,874</u>		<u>\$ 19,155,170</u>

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS - BUDGET AND ACTUAL**  
**SEWER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*  
*(Page 1 of 2)*

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2011
Operating Revenues:				
Charges for services:				
Sewer user fees	\$ 2,149,370	\$ 2,171,245	\$ 21,875	\$ 2,129,305
Septic tank receiving fees	110,000	154,631	44,631	124,703
	<u>2,259,370</u>	<u>2,325,876</u>	<u>66,506</u>	<u>2,254,008</u>
Miscellaneous:				
Other	20,000	20,701	701	33,669
Total Operating Revenues	<u>2,279,370</u>	<u>2,346,577</u>	<u>67,207</u>	<u>2,287,677</u>
Operating Expenses:				
Administration:				
Salaries and wages	140,900	140,515	385	125,284
Employee benefits	63,625	63,993	(368)	67,846
Services and supplies	343,176	326,246	16,930	176,049
	<u>547,701</u>	<u>530,754</u>	<u>16,947</u>	<u>369,179</u>
Operating:				
Salaries and wages	23,700	23,580	120	26,512
Employee benefits	10,650	10,363	287	15,460
Services and supplies	213,550	208,800	4,750	174,598
	<u>247,900</u>	<u>242,743</u>	<u>5,157</u>	<u>216,570</u>
Plant and facilities:				
Salaries and wages	430,325	405,105	25,220	409,655
Employee benefits	203,360	179,265	24,095	209,096
Services and supplies	1,371,140	1,362,072	9,068	1,151,355
	<u>2,004,825</u>	<u>1,946,442</u>	<u>58,383</u>	<u>1,770,106</u>
Laboratory:				
Salaries and wages	62,240	62,206	34	60,165
Employee benefits	27,795	25,996	1,799	31,278
Services and supplies	47,425	42,667	4,758	36,891
	<u>137,460</u>	<u>130,869</u>	<u>6,591</u>	<u>128,334</u>
Depreciation	<u>1,517,967</u>	<u>1,392,223</u>	<u>125,744</u>	<u>1,361,986</u>
Total Operating Expenses	<u>4,455,853</u>	<u>4,243,031</u>	<u>212,822</u>	<u>3,846,175</u>
Operating Income (Loss)	<u>(2,176,483)</u>	<u>(1,896,454)</u>	<u>280,029</u>	<u>(1,558,498)</u>

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS - BUDGET AND ACTUAL**  
**SEWER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*  
*(Page 2 of 2)*

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2011</u>
Nonoperating Revenues (Expenses):				
Sewer improvement user fees	2,876,208	2,900,856	24,648	2,848,904
Investment earnings	50,000	10,516	(39,484)	17,910
Interest expense	(6,500)	(4,744)	1,756	(62,297)
Gain (loss) from disposal of capital assets	-	(870,031)	(870,031)	-
	<u>2,919,708</u>	<u>2,036,597</u>	<u>(883,111)</u>	<u>2,804,517</u>
Total Nonoperating Revenues (Expenses)				
	<u>2,919,708</u>	<u>2,036,597</u>	<u>(883,111)</u>	<u>2,804,517</u>
Income (Loss) Before Capital Contributions	<u>743,225</u>	<u>140,143</u>	<u>(603,082)</u>	<u>1,246,019</u>
Capital Contributions:				
Connection fees	<u>350,000</u>	<u>750,994</u>	<u>400,994</u>	<u>604,260</u>
Change in Net Assets	<u>\$ 1,093,225</u>	<u>891,137</u>	<u>\$ (202,088)</u>	<u>1,850,279</u>
Net Assets, Beginning of Year		<u>29,700,265</u>		<u>27,849,986</u>
Net Assets, End of Year		<u>\$ 30,591,402</u>		<u>\$ 29,700,265</u>

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS - BUDGET AND ACTUAL**  
**AIRPORT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*  
*(Page 1 of 2)*

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2011
Operating Revenues:				
Intergovernmental:				
State fuel tax	\$ 2,200	\$ 2,950	\$ 750	\$ 2,510
Federal grant AIP 36	-	5,225	5,225	28,500
Federal grant AIP 37	-	12,609	12,609	46,656
Local fuel tax	17,675	17,376	(299)	16,079
	<u>19,875</u>	<u>38,160</u>	<u>18,285</u>	<u>93,745</u>
Charges for services:				
Landing fees	62,900	56,006	(6,894)	64,513
Weather service data	3,000	3,000	-	3,000
Parking fees	125,000	157,148	32,148	130,494
Other	-	177	177	383
Passenger Facility Charges	85,500	89,233	3,733	87,730
	<u>276,400</u>	<u>305,564</u>	<u>29,164</u>	<u>286,120</u>
Miscellaneous:				
Rent - hanger	35,000	31,322	(3,678)	34,397
Rent - tie-downs	5,250	3,767	(1,483)	4,013
Rent - terminal	128,893	128,892	(1)	128,892
Terminal advertising fee	6,376	11,797	5,421	4,288
Rent - airport	189,100	185,186	(3,914)	172,757
Old terminal leases	62,810	68,341	5,531	67,187
Rental car leases	225,000	271,082	46,082	251,581
Concession rental	2,700	1,872	(828)	2,182
Miscellaneous	24,455	23,583	(872)	24,673
	<u>679,584</u>	<u>725,842</u>	<u>46,258</u>	<u>689,970</u>
Total Operating Revenues	<u>975,859</u>	<u>1,069,566</u>	<u>93,707</u>	<u>1,069,835</u>
Airport operations:				
Salaries and wages	304,025	303,413	612	293,213
Employee benefits	127,195	124,985	2,210	154,768
Services and supplies	220,650	162,685	57,965	243,045
	<u>651,870</u>	<u>591,083</u>	<u>60,787</u>	<u>691,026</u>
Airport terminal operations:				
Services and supplies	148,420	124,409	24,011	119,953
Depreciation - City funded	286,800	255,973	30,827	287,338
Depreciation - Federal portion unfunded	2,140,700	2,073,402	67,298	2,190,470
	<u>2,427,500</u>	<u>2,329,375</u>	<u>98,125</u>	<u>2,477,808</u>
Total Operating Expenses	<u>3,227,790</u>	<u>3,044,867</u>	<u>182,923</u>	<u>3,288,787</u>
Operating Income (Loss)	<u>(2,251,931)</u>	<u>(1,975,301)</u>	<u>276,630</u>	<u>(2,218,952)</u>

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS - BUDGET AND ACTUAL**  
**AIRPORT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*  
*(Page 2 of 2)*

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2011</u>
Nonoperating Revenues (Expenses):				
Investment earnings	100	64	(36)	182
Gain (loss) on disposal of capital assets	-	(3,251)	(3,251)	-
Apron failure expenses	(2,000,000)	(1,843,783)	156,217	(221,920)
Amortization expense	-	(7,005)	(7,005)	(7,005)
Interest expense	(165,605)	(164,168)	1,437	(169,680)
	<u>(2,165,505)</u>	<u>(2,018,143)</u>	<u>147,362</u>	<u>(398,423)</u>
Total Nonoperating Revenues (Expenses)				
Income (Loss) Before Capital Contributions and Transfers	<u>(4,417,436)</u>	<u>(3,993,444)</u>	<u>423,992</u>	<u>(2,617,375)</u>
Capital Contributions:				
Federal Grant AIP 33	-	-	-	3,325
Federal Grant AIP 35	-	-	-	2,418
Federal Grant AIP 38	-	-	-	572,610
Federal Grant AIP 39	698,250	224,200	(474,050)	179,550
Federal grant AIP 40	-	550,582	550,582	-
	<u>698,250</u>	<u>774,782</u>	<u>76,532</u>	<u>757,903</u>
Total Contributions				
Transfers In:				
General Fund	2,000,000	1,843,783	(156,217)	75,000
Recreation Fund	330,605	330,605	-	330,880
	<u>2,330,605</u>	<u>2,174,388</u>	<u>(156,217)</u>	<u>405,880</u>
Total Transfers				
Change in Net Assets	<u>\$ (1,388,581)</u>	<u>(1,044,274)</u>	<u>344,307</u>	<u>(1,453,592)</u>
Net Assets, Beginning of Year, as originally reported		27,934,188		29,436,395
Prior period adjustment		<u>-</u>		<u>(48,615)</u>
Net Assets, Beginning of Year, as restated		<u>27,934,188</u>		<u>29,387,780</u>
Net Assets, End of Year		<u>\$ 26,889,914</u>		<u>\$ 27,934,188</u>

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS - BUDGET AND ACTUAL**  
**LANDFILL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2011
Operating Revenues:				
Charges for services:				
Landfill user fees	\$ 1,528,758	\$ 1,595,543	\$ 66,785	\$ 1,556,831
Miscellaneous:				
Franchise fees	27,500	27,851	351	28,490
Other	22,500	85,846	63,346	23,936
	<u>50,000</u>	<u>113,697</u>	<u>63,697</u>	<u>52,426</u>
Total Operating Revenues	<u>1,578,758</u>	<u>1,709,240</u>	<u>130,482</u>	<u>1,609,257</u>
Operating Expenses:				
Administration:				
Salaries and wages	50,925	48,878	2,047	45,829
Employee benefits	22,400	21,397	1,003	24,014
Services and supplies	58,276	47,362	10,914	62,737
	<u>131,601</u>	<u>117,637</u>	<u>13,964</u>	<u>132,580</u>
Operating:				
Salaries and wages	390,275	382,449	7,826	361,887
Employee benefits	163,925	153,430	10,495	178,745
Services and supplies	676,650	649,847	26,803	581,011
	<u>1,230,850</u>	<u>1,185,726</u>	<u>45,124</u>	<u>1,121,643</u>
Depreciation	<u>103,300</u>	<u>106,548</u>	<u>(3,248)</u>	<u>94,547</u>
Total Operating Expenses	<u>1,465,751</u>	<u>1,409,911</u>	<u>55,840</u>	<u>1,348,770</u>
Operating Income (Loss)	<u>113,007</u>	<u>299,329</u>	<u>186,322</u>	<u>260,487</u>
Nonoperating Revenues (Expenses):				
Investment earnings	4,000	1,130	(2,870)	1,502
Gain (loss) on disposal of capital assets	-	(2,180)	(2,180)	(137,834)
Total Nonoperating Revenues (Expenses)	<u>4,000</u>	<u>(1,050)</u>	<u>(5,050)</u>	<u>(136,332)</u>
Change in Net Assets	<u>\$ 117,007</u>	298,279	<u>\$ 181,272</u>	124,155
Net Assets, Beginning of Year		<u>2,814,106</u>		<u>2,689,951</u>
Net Assets, End of Year		<u>\$ 3,112,385</u>		<u>\$ 2,814,106</u>

**CITY OF ELKO**  
**SCHEDULE OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUND**  
**GOLF FUND**  
**JUNE 30, 2012**

*(With Comparative Actual Amounts at June 30, 2011)*

	GOLF FUND	2011
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 213,127	\$ 199,797
Interest receivable	245	113
Accounts receivable	1,199	21,653
Total Current Assets	<u>214,571</u>	<u>221,563</u>
Noncurrent assets:		
Capital assets - land	9,045	9,045
Capital assets being depreciated:		
Buildings	677,887	677,887
Improvements other than buildings	565,918	565,918
Machinery and equipment	592,926	559,062
Construction in progress	2,112	2,112
Less accumulated depreciation	<u>(783,402)</u>	<u>(770,535)</u>
Total Noncurrent Assets	<u>1,064,486</u>	<u>1,043,489</u>
Total Assets	<u>1,279,057</u>	<u>1,265,052</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	17,835	15,494
Accrued salaries	7,382	12,022
Compensated absences	14,572	14,391
Other current liabilities	338	338
Total Current Liabilities	<u>40,127</u>	<u>42,245</u>
Noncurrent liabilities:		
Compensated absences	45,075	39,049
Net OPEB obligation	66,936	61,435
Total Noncurrent Liabilities	<u>112,011</u>	<u>100,484</u>
Total Liabilities	<u>152,138</u>	<u>142,729</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	1,064,486	1,043,489
Unrestricted	62,433	78,834
TOTAL NET ASSETS	<u>\$ 1,126,919</u>	<u>\$ 1,122,323</u>

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS - BUDGET AND ACTUAL**  
**GOLF FUND**

**FOR THE YEAR ENDED JUNE 30, 2012**

*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*

	BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET	2011
Operating Revenues:				
Charges for services:				
Green fees	\$ 215,000	\$ 200,105	\$ (14,895)	\$ 205,951
Membership fees	257,550	233,413	(24,137)	256,999
Tournament fees	40,000	46,775	6,775	35,950
Cart path fees	41,000	42,789	1,789	40,274
Golf cart rental fees	-	50,522	50,522	-
Golf cart shed rentals	32,500	34,300	1,800	32,463
Golf concession rentals	7,800	8,600	800	7,400
	<u>593,850</u>	<u>616,504</u>	<u>22,654</u>	<u>579,037</u>
Miscellaneous:				
Other	12,500	9,280	(3,220)	10,442
	<u>606,350</u>	<u>625,784</u>	<u>19,434</u>	<u>589,479</u>
Total Operating Revenues				
Operating Expenses:				
Administration:				
Salaries and wages	17,100	17,018	82	15,827
Employee benefits	14,970	13,105	1,865	8,746
	<u>32,070</u>	<u>30,123</u>	<u>1,947</u>	<u>24,573</u>
Operations:				
Salaries and wages	222,750	224,478	(1,728)	222,306
Employee benefits	79,695	85,186	(5,491)	102,001
Services and supplies	259,266	272,731	(13,465)	223,012
	<u>561,711</u>	<u>582,395</u>	<u>(20,684)</u>	<u>547,319</u>
Depreciation	50,230	51,906	(1,676)	52,277
	<u>644,011</u>	<u>664,424</u>	<u>(20,413)</u>	<u>624,169</u>
Total Operating Expenses				
Operating Income (Loss)	<u>(37,661)</u>	<u>(38,640)</u>	<u>(979)</u>	<u>(34,690)</u>
Nonoperating Revenues (Expenses):				
Investment earnings	50	190	140	(77)
Gain (loss) on disposal of capital assets	-	(3,286)	(3,286)	935
	<u>50</u>	<u>(3,096)</u>	<u>(3,146)</u>	<u>858</u>
Total Nonoperating Revenues (Expenses)				
Income (Loss) Before Transfers	<u>(37,611)</u>	<u>(41,736)</u>	<u>(4,125)</u>	<u>(33,832)</u>
Transfers in:				
General Fund	24,570	23,915	(655)	22,631
Recreation Fund	22,417	22,417	-	22,927
	<u>46,987</u>	<u>46,332</u>	<u>(655)</u>	<u>45,558</u>
Total Transfers				
Change in Net Assets	<u>\$ 9,376</u>	<u>4,596</u>	<u>\$ (4,780)</u>	<u>11,726</u>
Net Assets, Beginning of Year		<u>1,122,323</u>		<u>1,110,597</u>
Net Assets, End of Year		<u>\$ 1,126,919</u>		<u>\$ 1,122,323</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's activity in this fund ended in the fiscal year ending June 30, 2011, due to the City joining the Nevada Public Employer's Benefit Program.

---

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS - BUDGET AND ACTUAL**  
**HEALTH INSURANCE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2011)*

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>2011</u>
Operating Revenues:				
Charges for services:				
Provider reimbursements	\$ -	\$ -	\$ -	\$ -
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating Expenses:				
Administration:				
Employee benefits	-	-	-	-
Services and supplies	-	-	-	-
Total Operating Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating Income (Loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers Out:				
General Fund	-	-	-	(1,168)
Change in Net Assets	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>(1,168)</u>
Net Assets beginning of year		<u>-</u>		<u>1,168</u>
Net Assets, end of year		<u>\$ -</u>		<u>\$ -</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, 2012**

	<u>BALANCE</u> <u>JUNE 30, 2011</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2012</u>
Elko County Recreation Board:				
Assets:				
Cash and investments	\$ 216,016	\$ 172,603	\$ 106,002	\$ 282,617
Interest receivable	149	276	149	276
Room tax receivable	18,836	21,027	18,836	21,027
	<u>\$ 235,001</u>	<u>\$ 193,906</u>	<u>\$ 124,987</u>	<u>\$ 303,920</u>
Total Assets	<u>\$ 235,001</u>	<u>\$ 193,906</u>	<u>\$ 124,987</u>	<u>\$ 303,920</u>
Liabilities:				
Accounts payable	\$ 67	\$ 69	\$ 67	\$ 69
Due to other governments	234,934	193,837	124,920	303,851
	<u>\$ 235,001</u>	<u>\$ 193,906</u>	<u>\$ 124,987</u>	<u>\$ 303,920</u>
Total Liabilities	<u>\$ 235,001</u>	<u>\$ 193,906</u>	<u>\$ 124,987</u>	<u>\$ 303,920</u>

---

**STATISTICAL SECTION (UNAUDITED)**

---

**CITY OF ELKO**  
**SCHEDULE OF REVENUE AND RELATED**  
**CAPITAL EXPENDITURES - CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
**(UNAUDITED)**

		<u>Activity for the period</u> <u>July 1, 2011</u> <u>through June 30, 2012</u>
<b>Capital Construction Fund:</b>		
Beginning Balance July 1, 2011	\$	8,091,131
Additions:		
Revenue from Ad Valorem Taxes		605,095
Deletions:		
West Main Street Phase II		(16,598)
Corridor Maintenance		(20,125)
Microsurface Project		(220,121)
Idaho Street Reconstruction - 5th to East City Limits		(9,144,943)
Funds remaining to be spent on Street Projects based on Monies Collected from Ad Valorem Taxes	\$	<u>(705,561)</u>
<b>Water Fund:</b>		
Beginning Balance July 1, 2011	\$	(1,688,589)
Additions:		
Revenue from Connection Fees		566,624
Deletions:		
Capital Expenses for Projects relating to Growth: Exit 298 Test Hole		(78,114)
Funds remaining to be spent on Growth based on Monies Collected from Connection Fees	\$	<u>(1,200,079)</u>
<b>Sewer Fund:</b>		
Beginning Balance July 1, 2011	\$	11,521,045
Additions:		
Revenue from Sewer Improvement Fees		2,900,856
Deletions:		
Capital Expenses for Projects or Replacement		
Equipment Replacement		(82,608)
Equalization Basin Sealing		(5,528)
Biosolids Drying Bed		(539,753)
Country Club Sewer Line Reline		(80,869)
Digester Gas Pipeline		(22,886)
Funds remaining to be spent on Growth or Capital Projects Monies Collected from Improvement Fees	\$	<u>13,690,257</u>
<b>Sewer Fund:</b>		
Beginning Balance July 1, 2011	\$	(871,164)
Additions:		
Revenue from Connection Fees		750,994
Deletions:		
Capital Expenses for Projects relating to Growth: Reuse Site Additional Land Purchase		(1,923)
WRF Plant Expansion - Design		(412,926)
Funds remaining to be spent on Growth based on Monies Collected from Connection Fees	\$	<u>(535,019)</u>

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

	ACTUAL 2004	ACTUAL 2005	ACTUAL 2006
Revenues:			
Taxes	\$ 1,820,085	\$ 1,820,694	\$ 1,861,647
Licenses and permits	1,068,772	1,226,545	1,312,525
Intergovernmental	7,211,043	7,922,879	10,236,294
Charges for services	526,188	465,420	558,329
Fines and forfeitures	121,311	130,049	161,363
Miscellaneous	213,309	119,161	263,047
Total Revenues	<u>10,960,708</u>	<u>11,684,748</u>	<u>14,393,205</u>
Expenditures:			
General government	1,157,007	1,428,754	1,342,145
Judicial	159,464	146,878	222,543
Public safety	5,332,140	5,550,738	6,345,554
Public works	2,505,096	2,858,478	3,056,446
Health	276,938	357,308	408,536
Culture and recreation	696,735	690,329	733,833
Community support	28,000	28,000	28,000
Contingency	-	-	-
Intergovernmental	-	157,181	12,946
Total Expenditures	<u>10,155,380</u>	<u>11,217,666</u>	<u>12,150,003</u>
Excess (Deficiency) of Revenues over Expenditures	<u>805,328</u>	<u>467,082</u>	<u>2,243,202</u>
Other Financing Sources (Uses):			
Transfers in	184,220	220,106	173,475
Transfers out	(602,282)	(1,023,443)	(738,365)
Total Other Financing Sources (Uses)	<u>(418,062)</u>	<u>(803,337)</u>	<u>(564,890)</u>
Net Change in Fund Balance	387,266	(336,255)	1,678,312
Fund Balance, July 1	<u>2,066,089</u>	<u>2,453,355</u>	<u>2,117,100</u>
Fund Balance, June 30	<u>\$ 2,453,355</u>	<u>\$ 2,117,100</u>	<u>\$ 3,795,412</u>

	ACTUAL 2007	ACTUAL 2008	ACTUAL 2009	ACTUAL 2010	ACTUAL 2011	ACTUAL 2012	BUDGETED 2013
\$	1,954,914	\$ 2,053,557	\$ 2,138,384	2,239,938	\$ 2,253,941	\$ 2,373,842	\$ 2,457,126
	1,464,666	1,517,248	1,555,808	1,491,501	1,765,089	1,913,770	1,780,260
	11,347,440	10,822,650	10,483,689	9,804,184	11,543,028	13,399,230	11,328,348
	580,481	619,864	577,488	575,031	769,662	876,366	821,275
	177,703	225,240	250,115	199,207	209,940	185,480	203,250
	201,580	287,861	171,484	86,388	105,473	101,462	92,264
	<u>15,726,784</u>	<u>15,526,420</u>	<u>15,176,968</u>	<u>14,396,249</u>	<u>16,647,133</u>	<u>18,850,150</u>	<u>16,682,523</u>
	1,640,946	1,793,403	2,108,515	2,111,813	2,099,734	1,895,752	2,394,315
	237,848	301,401	386,154	387,548	364,974	335,305	391,000
	7,221,831	7,905,349	8,116,542	8,275,314	8,294,482	8,423,606	9,046,225
	3,235,170	4,273,874	3,362,015	3,307,233	3,059,259	3,008,660	4,160,380
	441,913	507,835	525,658	525,384	526,608	518,702	593,995
	817,790	952,538	1,028,101	1,027,251	977,659	900,388	1,065,285
	28,000	36,000	36,000	32,000	21,000	29,500	30,000
	-	-	-	-	-	-	265,218
	51,365	-	-	-	-	-	-
	<u>13,674,863</u>	<u>15,770,400</u>	<u>15,562,985</u>	<u>15,666,543</u>	<u>15,343,716</u>	<u>15,111,913</u>	<u>17,946,418</u>
	2,051,921	(243,980)	(386,017)	(1,270,294)	1,303,417	3,738,237	(1,263,895)
	191,581	234,298	246,256	406,136	1,021,168	223,508	239,464
	(1,107,644)	(1,372,655)	(397,690)	(398,715)	(1,061,631)	(2,081,554)	(1,099,014)
	(916,063)	(1,138,357)	(151,434)	7,421	(40,463)	(1,858,046)	(859,550)
	1,135,858	(1,382,337)	(537,451)	(1,262,873)	1,262,954	1,880,191	(2,123,445)
	3,795,412	4,931,270	3,548,933	3,011,482	1,748,609	3,011,563	3,612,999
\$	<u>4,931,270</u>	<u>\$ 3,548,933</u>	<u>\$ 3,011,482</u>	<u>1,748,609</u>	<u>\$ 3,011,563</u>	<u>\$ 4,891,754</u>	<u>\$ 1,489,554</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%
2012	386,309,054	-1.18%
2013	404,635,925	4.74%

---

**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%
2011	11,155,991	10,850,072	97.3%
2012	11,210,243	11,077,462	98.8%

Beginning in Fiscal Year 2009 includes the Elko Redevelopment District

**CITY OF ELKO  
TEN LARGEST PROPERTY OWNERS  
FOR THE YEAR ENDED JUNE 30, 2012  
(UNAUDITED)**

TAXPAYER	TYPE OF BUSINESS	ASSESSED VALUE	% OF CITY ASSESSED VALUE
1. Elko Acquisitions	Gaming	\$ 9,976,428	2.47%
2. PHC Elko, Inc.	Hospital	9,353,917	2.31%
3. Eklund Drilling	Drilling	6,483,754	1.60%
4. Wal-Mart	Retail	4,516,903	1.12%
5. Realty Income	Service/ Retail / Mining	3,506,860	0.87%
6. Newmont	Mining/Industrial	3,399,273	0.84%
7. Monte Carlo	Apartments	3,097,508	0.77%
8. Sagecrest Apartments	Apartments	2,964,822	0.73%
9. Home Depot	Retail	2,716,193	0.67%
10. Edwin Enterprises	Home / Hospital	2,549,188	0.63%
		\$ 48,564,846	12.00%

Based on Fiscal Year 2011-2012 total City assessed valuation of \$384,249,054.

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u> <u>(Budget)</u>
Average Statewide Rate	\$ <u>3.1124</u>	\$ <u>3.1471</u>	\$ <u>3.1526</u>	\$ <u>3.1727</u>	\$ <u>3.2162</u>	\$ <u>3.1320</u>	\$ <u>3.1171</u>	\$ <u>3.1304</u>
City of Elko	\$ 0.9200	\$ 0.9200	\$ 0.9200	\$ 0.9200	\$ 0.9200	\$ 0.9200	\$ 0.9200	\$ 0.9200
Elko County	0.8386	0.8386	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	0.0661	0.0671	0.0681	0.0681	0.0681	0.0681	0.0537	0.0537
State of Nevada	<u>0.1700</u>							
Total	\$ <u><u>3.4947</u></u>	\$ <u><u>3.4957</u></u>	\$ <u><u>3.4967</u></u>	\$ <u><u>3.4967</u></u>	\$ <u><u>3.4967</u></u>	\$ <u><u>3.4967</u></u>	\$ <u><u>3.4823</u></u>	\$ <u><u>3.4823</u></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	17,427,471	99,849,067
2012	386,309,054	115,892,716	15,035,000	100,857,716
2013	404,635,925	121,390,778	N/A	N/A

Note: Legal debt limit per NRS 266.600.

**CITY OF ELKO  
OUTSTANDING BONDED INDEBTEDNESS  
FOR THE YEAR ENDED JUNE 30, 2012  
(UNAUDITED)**

<u>Bonds Payable</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE AMOUNT</u>	<u>PRINCIPAL OUTSTANDING JUNE 30, 2011</u>
General Obligation Bonds:			
General Government:			
2005 Limited Tax Recreational Facilities Bonds	8/25/2005	2,000,000	1,510,000
2010 Limited Tax Street Bonds	10/5/2010	10,500,000	10,115,000
General Obligation (Limited Tax) Bonds:			
Enterprise Fund:			
Airport Improvement Bonds Series 2009A and Series 2009B	12/1/2009	<u>3,735,000</u>	<u>3,410,000</u>
Total Bonds Payable		<u>\$ 16,235,000</u>	<u>\$ 15,035,000</u>

**CITY OF ELKO**  
**ANNUAL GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
**(UNAUDITED)**

FISCAL YEAR	2009 Airport Improvement Limited Tax Bond		2005 Limited Tax Recreational Facilities Bonds	
	Principal	Interest	Principal	Interest
2013	170,000	159,755	85,000	62,568
2014	180,000	153,405	90,000	59,168
2015	180,000	146,430	95,000	55,568
2016	190,000	138,911	100,000	51,768
2017	190,000	130,836	105,000	47,768
2018	205,000	122,055	110,000	43,568
2019	215,000	112,475	115,000	39,113
2020	225,000	102,166	120,000	34,455
2021	225,000	91,290	125,000	29,415
2022	245,000	79,571	130,000	24,165
2023	250,000	66,980	140,000	18,705
2024	270,000	53,778	145,000	12,685
2025	270,000	39,400	150,000	6,450
2026	290,000	24,380	-	-
2027	305,000	8,265	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
TOTAL	<u>\$ 3,410,000</u>	<u>\$ 1,429,697</u>	<u>\$ 1,510,000</u>	<u>\$ 485,396</u>

---

---

2010 Street Bonds Limited Tax Bond		
<u>Principal</u>	<u>Interest</u>	<u>Total</u>
395,000	348,756	1,221,079
405,000	340,756	1,228,329
410,000	332,606	1,219,604
420,000	324,044	1,224,723
430,000	313,131	1,216,735
445,000	297,781	1,223,404
465,000	279,581	1,226,169
485,000	260,581	1,227,202
505,000	240,781	1,216,486
520,000	222,556	1,221,292
540,000	205,656	1,221,341
555,000	187,516	1,223,979
575,000	168,375	1,209,225
595,000	146,700	1,056,080
620,000	122,400	1,055,665
645,000	97,100	742,100
675,000	70,700	745,700
700,000	43,200	743,200
730,000	14,600	744,600
-	-	-
<u>\$ 10,115,000</u>	<u>\$ 4,016,821</u>	<u>\$ 20,966,914</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, 2011	June 30, 2010
Total Actuarial Accrued Liability	\$ 36,876,192,167	\$ 35,077,739,778
Net Assets at Actuarial Value	<u>25,871,139,710</u>	<u>24,725,464,709</u>
Unfunded Actuarial Accrued Liability	<u>\$ 11,005,052,457</u>	<u>\$ 10,352,275,069</u>
Assets as % of Total Accrued Liability	70.16%	70.49%

Source: June 30, 2011 Public Employees' Retirement System of Nevada  
Comprehensive Annual Financial Report

---

**CITY OF ELKO  
GENERAL FUND - PUBLIC SAFETY  
ARFF FACILITY EXPENSES RELATED TO ELKO REGIONAL AIRPORT  
FOR THE YEAR ENDED JUNE 30, 2012  
(UNAUDITED)**

---

The following are related to the ARFF Facility expenses attributable to the Elko Regional Airport. These expenses are included in the General Fund:

Drill Operator II:	
Salary	\$ 62,698
Benefits	41,770
	<u>104,468</u>
 Total Drill Operator II's needed for Elko Regional Airport	 <u>3</u>
 Total Expenses Related to the Elko Regional Airport	 <u>\$ 313,404</u>

---

**COMPLIANCE SECTION**

---



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, 2012, which collectively comprise the City of Elko's basic financial statements and have issued our report thereon dated December 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City of Elko, is responsible for establishing and maintaining effective 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.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency in internal control over financial reporting (item 12-1). A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City 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*.

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

This report is intended solely for the information and use of the 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 18, 2012

---

THIS PAGE LEFT INTENTIONALLY BLANK.

---



**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 on 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, 2012. 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, 2012.

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.

*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.

---

THIS PAGE LEFT INTENTIONALLY BLANK.

---

---

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as define above.

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 18, 2012

---

THIS PAGE LEFT INTENTIONALLY BLANK.

---

**CITY OF ELKO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

FEDERAL GRANTOR / PASS THROUGH GRANTOR / PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
<u>U.S. Department of Justice:</u>			
Passed through Nevada Department of Public Safety:			
JAG Program Cluster:			
Juvenile Justice and Delinquency Prevention Grant	16.738	10-JAG-11	65,546
Office of Narcotic Control Assistance	16.803	10-JAG-10	131,188
			<u>196,734</u>
Passed through Partners Allied for Community Excellence:			
Enforcing Underage Drinking Laws Program	16.727	N/A	1,980
Direct Programs:			
Bulletproof Vest Partnership Program	16.607	N/A	4,650
Total Department of Justice			<u>203,364</u>
<u>U.S. Department of Transportation:</u>			
Direct Programs:			
Airport Improvement Program	20.106	3-32-0005-36	5,225
Airport Improvement Program	20.106	3-32-0005-37	12,609
Airport Improvement Program	20.106	3-32-0005-39	224,200
Airport Improvement Program	20.106	3-32-0005-40	550,582
			<u>792,616</u>
Passed through State of Nevada Department of Transportation:			
Highway Planning and Construction Cluster:			
ARRA - Downtown Corridor Lighting Project	20.205	STP-0007(32)	58
Passed through State of Nevada Department of Transportation and Public Safety:			
Highway Safety Cluster:			
Traffic Safety Enforcement Grant	20.600	29-JF-1.06	3,165
Traffic Safety Enforcement Grant	20.601	29-JF-1.05	3,966
Traffic Safety Enforcement Grant	20.601	29-JF-1.06	2,410
Traffic Safety Enforcement Grant	20.602	29-JF-1.06	591
			<u>10,132</u>
Total Department of Transportation			<u>802,806</u>
<u>U.S. Department of Homeland Security:</u>			
Passed through State of Nevada Department of Public Safety:			
Disaster Grants- Public Assistance			
Emergency Management Planning Grant	97.042	9704210	25,657
Passed through Elko County:			
Homeland Security Grant Program:			
State Homeland Security Program	97.067	97067HL9	939
Total Department of Homeland Security			<u>26,596</u>
Total Expenditures of Federal Awards			<u>1,032,766</u>

**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.

CITY OF ELKO  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2012  
 (Page 1 of 2)

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   X   no
- Significant deficiencies identified that are not considered to be material weaknesses?   X   yes \_\_\_\_\_ none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes   X   no

Federal Awards and Passenger Facility Charge Program:

Internal control over major programs and the Passenger Facility Charge Program:

- Material weakness identified? \_\_\_\_\_ yes   X   no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes   X   none reported

Type of auditor's report issued on compliance for major programs and the 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   X   no

Any audit findings disclosed that are required to be reported in accordance with the *Passenger Facility Charge Audit Guide for Public Agencies*? \_\_\_\_\_ yes   X   no

Identification of major programs:

20.106 - Airport Improvement Program

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

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

---

**CITY OF ELKO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
*(Page 2 of 2)*

---

**SECTION II - FINANCIAL STATEMENT FINDINGS**

Significant Deficiency:

Finding 12-1  
Capital Assets:

Criteria:	Controls should be in place to ensure the proper recording of capital assets. This will reduce the risk of misstatements in financial reporting.
Condition:	During our audit, we noted a capital asset addition was accounted for twice totaling \$16,598.
Effect:	Misstatement of the City of Elko financial statements.
Cause:	There was a clerical error in the excel worksheet used to maintain capital assets.
Recommendation:	We recommend a software package for capital asset reporting be used to maintain the capital assets to help alleviate spreadsheet errors. We also recommend that all supporting schedules/ledgers be reconciled to the financial reports and all discrepancies resolved in a timely manner.
Management's Response:	The City is in the process of converting the capital assets to the new "HTE" software system.

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

There were no findings related to the federal awards and the Passenger Facility Charge Program for the year ended June 30, 2012.

---

**CITY OF ELKO**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Prior Audit Findings for Passenger Facility Charge Program:**

**Finding 11-3**

**Passenger Facility Charge Program – Timeliness of Report Filing:**

Criteria and Condition:

Controls should be in place to ensure the timeliness of filing of the quarterly Passenger Facility Charge Reports with the Federal Aviation Administration. During our audit, we noted the June 2011 quarterly report was not filed within 30 days of the quarter ending date. The report was filed on September 21, 2011.

Auditor's Recommendation:

We recommended management file these reports within 30 days of the quarter end in accordance with the Passenger Facility Charge requirements.

Current Status:

Recommendation was implemented.

---

**AUDITOR'S COMMENTS**

---

---

THIS PAGE LEFT INTENTIONALLY BLANK.

---

---

**CITY OF ELKO  
SCHEDULE OF PASSENGER  
FACILITY CHARGES COLLECTED AND EXPENDED  
FOR THE YEAR ENDED JUNE 30, June 30, 2012**

---

Balance July 1, 2011	\$ -
Collection of Passenger Facility Charges July 1, 2011 through June 30, 2012	89,233
Interest Earned	-
Proceeds expended for Passenger Facility Charge Projects July 1, 2011 through June 30, 2012	<u>(89,233)</u>
Balance June 30, 2012	<u><u>\$ -</u></u>

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

---

THIS PAGE LEFT INTENTIONALLY BLANK.

---

---

**CITY OF ELKO  
AUDITOR'S COMMENTS  
JUNE 30, 2012**

---

**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 over-expenditures at June 30, 2012.

**DISPOSITION OF PRIOR YEAR RECOMMENDATIONS**

The prior year audit findings were implemented.

**CURRENT YEAR AUDIT RECOMMENDATIONS**

Our recommendation for the current year is included in the Schedule of Findings and Questioned Costs.

---

THIS PAGE LEFT INTENTIONALLY BLANK.

---

**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, 2012**

Flat Fixed Fees:		
Business license revenue for the year ended June 30, 1991 (base year) adjusted through June 30, 2011		\$ 543,827
Adjustment to Base:		
Base year adjusted percentage increase in population of the local government	3.63%	
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	(1.60%)	<u>x 2.03%</u>
		<u>11,040</u>
Adjusted base at June 30, 2012		554,867
Actual revenue		<u>516,396</u>
Amount over (under) allowable amount		<u>\$ (38,471)</u>

---

THIS PAGE LEFT INTENTIONALLY BLANK.

---