



CPAs & BUSINESS ADVISORS

November 30, 2015

To the Honorable Mayor and City Council
City 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 City of Elko, Nevada (the City) for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 14, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 1, the City changed accounting policies related to accounting for pensions to adopt the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Accordingly, the accounting change has been retrospectively applied to the financial statements beginning July 1, 2014. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimate of the net other postemployment benefits obligation is based on calculations provided by a third party actuarial specialist. We evaluated the key factors and assumptions used to develop the net other postemployment benefits estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of health claims incurred but not reported is based on claims paid ten week subsequent to year-end. We evaluated the key factors and assumptions used to develop the health claims incurred but not reported estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability is based on calculations provided by a third party plan specialist. We evaluated key factors and assumptions used to develop the net pension liability estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

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Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were Note 7 and Note 8, which details the defined benefit pension plan and postemployment health benefits plan.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, wither individually or in aggregate to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 30, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, schedules of budgetary comparison, reconciliation information, the schedule of funding progress, schedule of City's share of net pension liability, schedule of City's contributions, and the related notes, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the nonmajor combining and individual fund statements and schedules including budgetary comparisons, and the schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the statistical section and the schedule of fees imposed subject to the provisions of NRS 354.5989 of the financial report, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

The City's basic financial statements include the financial statements of Elko Redevelopment Agency (the Agency), a blended component unit of the City, which for the purposes of our audit, we did not consider to be a significant component of the basic financial statements. Consistent with the audit of the basic financial statements as a whole, our audit included obtaining an understanding of the Agency and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements of the Agency and completion of further audit procedures, as determined to be necessary.

This information is intended solely for the use of the Honorable Mayor and City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Erik Bailly LLP". The signature is written in a cursive, flowing style.

Elko, Nevada



Financial Statements
June 30, 2015

City of Elko
State of Nevada

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Financial Section
June 30, 2015

City of Elko
State of Nevada



CPA's & BUSINESS ADVISORS

Independent Auditor's Report

To the Honorable Mayor and
City Council
City of Elko

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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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, as of June 30, 2015, and the respective changes in financial position and, where, applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter – Adoption of New Accounting Standard

As discussed in Notes 1 and 16 to the financial statements, the City has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of July 1, 2014. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 15, the Schedule of Funding Progress—Other Postemployment Benefits Plan on page 56, the City's share of net pension liability on page 57, the City's schedule of contributions on page 58, and the schedules of budgetary comparison and reconciliation information and related notes, on pages 59 through 68 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 the Management's Discussion and Analysis, the Schedule of Funding Progress, the City's share of net pension liability, and City's schedule of contributions 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 schedules of budgetary comparison and reconciliation information and related notes are the responsibility of management and were derived from and relate directly to underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison and reconciliation information and related notes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The combining and individual nonmajor fund financial statements, statistical section and schedule of fees imposed subject to the provision of NRS 354.5989 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*, and is also not a required part of the financial statements.

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

The statistical section and the schedule of fees imposed subject to the provision of NRS 354.5989 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.

Prior-Year Comparative Information

Certain supplementary information and required supplementary information includes partial summarized comparative information for the year ending June 30, 2014. The summarized comparative information was derived from the City's June 30, 2014 financial statements, which expressed an opinion that the accompanying supplementary information and certain required supplementary information as of and for the year ended June 30, 2014, was fairly stated in all material respects in relation to the 2014 financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2015, on our consideration of City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.



Elko, Nevada
November 30, 2015

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The following management's discussion and analysis (MD&A) is presented to provide the reader with an overview of the financial activity and overall financial condition of the City of Elko (the City).

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 Position. Information on how the City's net position 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	Proprietary	Fiduciary
Scope	Entire City government (except Fiduciary Funds)	Activities of the City that are not proprietary or Fiduciary	Activities of the City that are operated similar to private businesses	Instances in which the City is the trustee agent for someone else's resources
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position Statement of Cash Flows	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position

Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting No measurement focus
Types of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or or soon after the end of the year. Expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	Results of operations are not measured

Condensed Statement of Net Position

The largest component \$101,624,971 of the City's net position 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 capital assets are not available for future spending. Restricted net position is the next component, totaling \$2,071,245. Restricted net position represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. Unrestricted net position totals \$10,947,155 and is available for the City's operations.

Table 2, presents the City's condensed statement of net position as of June 30, 2015 with comparisons for June 30, 2014. These are derived from the government-wide statement of net position.

**Table 2: Condensed Statement of Net Position
As of June 30, 2015 and 2014**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015 (as restated)	2014*	2015 (as restated)	2014*	2015 (as restated)	2014*
Current and other assets	\$18,538,632	\$ 14,926,266	\$ 25,441,264	\$ 22,476,042	\$ 43,979,896	\$ 37,402,308
Capital assets	41,629,780	39,725,032	76,261,315	74,517,947	117,891,095	114,242,979
Total assets	60,168,412	54,651,298	101,702,579	96,993,989	161,870,991	151,645,287
Deferred outflows of resources	2,669,983	-	718,309	-	3,388,292	-
Current and other liabilities	2,644,630	2,244,154	515,538	1,738,861	3,160,168	3,983,015
Long-term liabilities	33,643,458	14,364,260	8,316,104	4,000,032	41,959,562	18,364,292
Total liabilities	36,288,088	16,608,414	8,831,642	5,738,893	45,119,730	22,347,307
Deferred inflows of resources	4,330,991	-	1,165,191	-	5,496,182	-
Net position						
Net investment in capital assets	28,257,434	28,832,859	73,367,537	71,442,944	101,624,971	100,275,803
Restricted	1,893,037	1,457,162	178,208	172,508	2,071,245	1,629,670
Unrestricted	(7,931,155)	7,752,863	18,878,310	19,639,644	10,947,155	27,392,507
Total net position	\$22,219,316	\$ 38,042,884	\$92,424,055	\$ 91,255,096	\$ 114,643,371	\$ 129,297,980

*The 2014 activity has not been restated to show the impact of GASB No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date*.

Condensed Statement of Activities

Table 3 presents the City's condensed statement of activities for the fiscal year ended June 30, 2015, as derived from the government-wide Statement of Activities.

**Table 3: Condensed Statement of Activities
For the Year Ended June 30, 2015 and 2014**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015 (as restated)	2014*	2015 (as restated)	2014*	2015 (as restated)	2014*
Revenues						
Program Revenues						
Charges for services	\$ 2,452,070	\$ 2,416,266	\$12,677,348	\$ 12,599,389	\$ 15,129,418	\$ 15,015,655
Operating grants and contributions	198,462	69,517	-	-	198,462	69,517
Capital grants and contributions	233,995	58,069	5,873,069	1,749,785	6,107,064	1,807,854
General Revenues						
Ad valorem taxes	4,483,068	4,390,520	-	-	4,483,068	4,390,520
Consolidated taxes	12,637,038	12,152,604	-	-	12,637,038	12,152,604
Motor vehicle fuel taxes	1,135,236	1,024,284	-	-	1,135,236	1,024,284
Room taxes	3,135,806	3,282,719	-	-	3,135,806	3,282,719
Other taxes	131,414	148,336	-	-	131,414	148,336
Gaming licenses	106,624	106,428	-	-	106,624	106,428
Franchise fees	890,506	860,990	-	-	890,506	860,990
Investment income	27,188	3,435	44,099	7,097	71,287	10,532
Gain (loss) on sale of fixed assets	(59,547)	(56,197)	(2,805)	8,424	(62,352)	(47,773)
Miscellaneous	835,070	1,299,574	-	-	835,070	1,299,574
Total revenues	26,206,930	25,756,545	18,591,711	14,364,695	44,798,641	40,121,240

*The 2014 activity has not been restated to show the impact of GASB No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date*.

City of Elko
Management's Discussion and Analysis
June 30, 2015

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015 (as restated)	2014*	2015 (as restated)	2014*	2015 (as restated)	2014*
Expenses						
Primary Government						
Governmental Activities						
General government	2,387,923	2,322,480	-	-	2,387,923	2,322,480
Judicial	271,025	310,058	-	-	271,025	310,058
Public safety	9,787,827	9,824,489	-	-	9,787,827	9,824,489
Public works	5,431,696	5,529,529	-	-	5,431,696	5,529,529
Health	709,619	705,289	-	-	709,619	705,289
Culture and recreation	3,506,572	3,589,496	-	-	3,506,572	3,589,496
Community support	53,827	57,000	-	-	53,827	57,000
Interest	426,668	382,772	-	-	426,668	382,772
Business-type Activities						
Water	-	-	2,972,847	2,923,656	2,972,847	2,923,656
Sewer	-	-	4,272,348	4,044,681	4,272,348	4,044,681
Landfill	-	-	1,597,067	1,547,610	1,597,067	1,547,610
Airport	-	-	3,517,701	3,245,356	3,517,701	3,245,356
Golf	-	-	726,831	736,118	726,831	736,118
Total expenses	22,575,157	22,721,113	13,086,794	12,497,421	35,661,951	35,218,534
Increase (decrease) in net position before transfers and special items	3,631,773	3,035,432	5,504,917	1,867,274	9,136,690	4,902,706
Transfers	(707,798)	(559,439)	707,798	559,439	-	-
Change in Net Position	2,923,975	2,475,993	6,212,715	2,426,713	9,136,690	4,902,706
Net Position - Beginning of Year, As Restated	19,295,341	35,566,891	86,211,340	88,828,383	105,506,681	124,395,274
Net Position-End of Year	\$22,219,316	\$38,042,884	\$92,424,055	\$ 91,255,096	\$114,643,371	\$129,297,980

*The 2014 activity has not been restated to show the impact of GASB No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date*.

Over time, increases and decreases in net position measure whether the City's financial position is improving or deteriorating. Overall the City's total net position increased by \$9,136,690 or 8 percent. The net position of the governmental activities increased by \$2,923,975 or by 13.2 percent, and the net position of the business-type activities increased by \$6,212,715, or by 7.2 percent. The following is a breakdown of the major changes that occurred during fiscal year 2015.

The City's general revenues increased by \$135,483 or 0.6 percent. The increase was a combination of increases in some revenues and decreases in others. Ad valorem taxes increased by \$92,548 or 2.1 percent and miscellaneous revenues decreased by \$464,504 or 35.7 percent. The majority of this decrease was the reduction of \$960,828 which was a donation from the Elko Peace Park Foundation for the development of the Peace Park in the prior fiscal year. Consolidated taxes increased by \$484,434 or 4.0 percent and transient lodging taxes decreased by \$146,913 or 4.5 percent. In the prior year transient lodging taxes had decreased by 10.6 percent.

The City received a total of \$6,107,064 in capital grants and capital contributions. The majority of the grant funds received was for the Elko Regional Airport and totaled \$3,253,170. The water fund received \$1,123,221 in connection fees and the sewer fund received \$1,496,678 in connection fees.

The City's general expenditures decreased slightly by \$145,956 or 0.6 percent. This was due to most departments reducing expenditures slightly.

The City's business-type activities expenditures increased \$589,373 or 4.7 percent due to general operating expenses increasing. Revenues for the business-type activities increased by 29.4 percent due to increased capital contributions from airport grants of \$2,406,561 or 284.3 percent; the water fund experienced an increase in connection fees of \$741,032 or 193.9 percent; and the sewer fund had an increase in connection fees of \$975,691 or 187.3 percent. The City had several large hotels pull permits for construction which generated an abnormally large amount of connection fees for both the water and sewer funds. Airport grant funding varies greatly from year to year based on federal funding as well as the type of projects the airport has in its capital improvement plan.

The City has been in litigation for several years over the premature failure of a concrete apron area at the City's municipal airport. Although the judgment was in favor of the City for \$952,000, the actual judgment amount is still in dispute and there may be additional legal costs associated with this case in future fiscal years.

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 Year Ended June 30, 2015 and 2014**

	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Net Program Expenses (Revenues) (a) 2015</u>	<u>Net Program Expenses (Revenues) (a) 2014</u>
General government	\$ 2,387,923	\$ 800,667	\$ 1,587,256	\$ 1,760,802
Judicial	271,025	186,178	84,847	121,913
Public safety	9,787,827	338,378	9,449,449	9,585,126
Public works	5,431,696	1,095,014	4,336,682	4,494,283
Health	709,619	114,483	595,136	608,202
Culture and recreation	3,506,572	349,807	3,156,765	3,167,163
Community support	53,827	-	53,827	57,000
Interest on long-term debt	426,668	-	426,668	382,772
	<u>\$ 22,575,157</u>	<u>\$ 2,884,527</u>	<u>\$ 19,690,630</u>	<u>\$ 20,177,261</u>

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

Program Expenses and Revenues for Business-type Activities

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

**Table 5: Program Expenses and Revenues for Business-type Activities
For the Year Ended June 30, 2015 and 2014**

	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Net Program Expenses (Revenues) 2015</u>	<u>Net Program Expenses (Revenues) 2014</u>
Water	\$ 2,972,847	\$ 4,499,349	\$ (1,526,502)	\$ (763,107)
Sewer	4,272,348	7,394,592	(3,122,244)	(2,333,018)
Landfill	1,597,067	1,713,913	(116,846)	(193,614)
Airport	3,517,701	4,163,560	(645,859)	1,484,914
Golf	726,831	779,003	(52,172)	(46,928)
	<u>\$ 13,086,794</u>	<u>\$ 18,550,417</u>	<u>\$ (5,463,623)</u>	<u>\$ (1,851,753)</u>

Overall Analysis

Financial highlights for the City, as a whole, during the fiscal year ended June 30, 2015, include the following:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources (net position) at the close of the fiscal year by \$22.2 million for governmental activities and by \$92.4 million for business-type activities.
- The City's total net position decreased during the year by \$14,654,609 or by 11.3 percent. Net position of governmental activities decreased by \$15,823,568 or by 41.6 percent. The decrease is primarily due to the implementation of GASB No. 68 and 71 in fiscal year 2015. The net position of business-type activities increased by \$1,168,959 or by 1.3 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, 2015, the City's governmental funds reported a combined ending fund balance of \$15,485,878, with \$1,617,812 reported as unassigned fund balance, \$1,896,311 reported as assigned for the next year's budget shortfall, \$1,734,735 reported as restricted, \$10,222,946 reported as committed, and the remaining amount of \$14,074 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, 2015 totaled 5,323,486, which includes \$1,740,739 from the Revenue Stabilization Fund. This represents an increase of \$338,502 for the general fund or 9.5 percent and a decrease of \$109,315 or 5.9 percent for the revenue stabilization fund during the fiscal year. The increase is due to consolidated taxes increasing \$298,934 or 2.5 percent over the prior fiscal year. There was a slight decrease in overall expenditures of \$65,749 or 0.4 percent, the City had anticipated revenues to remain relatively flat from the prior fiscal year and budgeted for flat expenditures as well. There was a \$317,026 transfer to the airport fund to pay for administrative and ARFF fire services to the Elko Regional Airport. These expenditures were previously tracked but not expensed to the airport fund. There was a transfer of \$39,880 to the Golf Enterprise Fund to pay for administrative services to that fund. That brought the total transfers out to \$1,187,606. In fiscal year 2015, the City budgeted an additional transfer out of the general fund to the facility reserve fund in the amount of \$830,700 to help fund the construction of a new police station.

The Revenue Stabilization Fund does not meet the definition of a special revenue fund therefore for it is combined with the General Fund for external reporting purposes. The fund balance at June 30, 2015 totaled \$1,740,739 which is a decrease of \$109,315 or 5.9 percent. There was a budgeted transfer to the General Fund for \$112,784. Pursuant NRS 354.6115 Section 4, the revenue stabilization fund balance must not exceed 10 percent of the expenditures from the general fund for the previous fiscal year. The balance of this fund was \$1,850,054 as of June 30, 2014 which was more than allowed 10 percent of general fund expenditures which required the transfer back to the general fund in fiscal year 2015. 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.

Recreation Fund

Fund balance at June 30, 2015 totaled \$655,855 of which \$151,768 is committed for the California Interpretive Center Bond payment for the following year. This is a decrease of \$577,258 or 46.8 percent during the fiscal year. Transient lodging tax revenues, the primary source of revenues, were down \$204,655 or 6.1 percent, expenditures were up \$439,297 or 17.6 percent. There were several major projects budgeted for this fiscal year; replacement of two tennis courts, re-plastering of the outdoor swimming pool, and continuing design of a new sports complex which the City anticipates bonding for in the next fiscal year.

Capital Construction Fund

Fund balance at June 30, 2015 totaled \$844,354, which is an increase of \$269,538 or 46.9 percent. The City had a couple of small projects in the Capital Construction fund for fiscal year 2015 which were the 9th Street pedestrian bridge rehabilitation project totaling \$186,190 and a new traffic signal at Silver Street and Errecart Blvd. totaling \$235,897 which was partially funded with a contribution from Elko County in the amount of \$117,774. In addition, there is a large project for Cedar Street Reconstruction that will be a multi-year project which had expenses of \$84,656 for design in FY 2015. 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. Currently the City is accumulating funds for the Cedar Street Reconstruction Project.

Nonmajor Funds:

Ad Valorem Capital Projects Fund

Fund balance at June 30, 2015 totaled \$613,747, which is an increase of \$66,519 or 12.2 percent during the fiscal year. The City had one major project related to a Community Development Block Grant in the amount of \$359,144 for construction of missing infrastructure on Silver Street. This project received CDBG grant funds in the amount of \$233,995 to help fund the project. There were some other minor expenses related to State grants for other missing infrastructure that will be completed in FY 2016. This fund is used to leverage grant funding for infrastructure projects in the City. The total revenue received from the \$0.05 cent property tax for capital projects was \$266,829.

Capital Equipment Reserve Fund

Fund balance at June 30, 2015 totaled \$1,063,429, which is a decrease of \$54,985 or 4.9 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 2014/2015; equipment purchases for general government totaled \$241,672 which was for the purchase of computer information systems equipment; equipment purchases for public safety departments totaled \$305,506; and equipment purchases for public works departments totaled \$452,966.

Facility Reserve Fund

Fund balance at June 30, 2015 totaled \$5,456,995 which is an increase of \$2,830,630 or 108.8 percent. There was a transfer in from the General Fund in the amount of \$830,000 to help fund the construction of the new police station. The City also acquired a medium-term obligation in the amount of \$3,000,000 to construct the police station. Completion of the police station is expected to be in the spring of 2016. There were some minor facility repairs and maintenance to various City facilities totaling \$29,865. Total expenditures for the fund were \$1,560,677.

Redevelopment Agency Fund

Fund balance at June 30, 2015 totaled \$424,468 which is an increase of 10,559 or 2.6 percent. The only expense was \$215,867 in consulting fees related to redevelopment of the downtown corridor. Total tax revenues for the fund for fiscal year 2015 were \$225,509.

Proprietary Funds

The City's proprietary funds reported net position of \$92,424,055 for fiscal year ending June 30, 2015. Following is a list of the proprietary funds and their respective net position at June 30, 2015 and 2014 with the percentage change.

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Change</u>	<u>% Change</u>
Water	\$ 22,872,794	\$ 22,598,284	\$ 274,510	1.2%
Sewer	38,102,902	36,266,522	1,836,380	5.1%
Landfill	2,825,975	3,633,808	(807,833)	-22.2%
Airport	27,514,197	27,365,929	148,268	0.5%
Golf	1,108,187	1,390,553	(282,366)	-20.3%
	<u>\$ 92,424,055</u>	<u>\$ 91,255,096</u>	<u>\$ 1,168,959</u>	<u>1.3%</u>

Capital Asset and Long-term Debt Activity

Capital Asset Activity

At June 30, 2015, the City reported \$41.6 million in capital assets for governmental activities and \$76.3 million in capital assets for business-type activities. Major capital asset additions for the governmental activities were \$174,193 for upgrades to information systems equipment and infrastructure; \$794,852 for the main city park tennis court project and re-plastering of the outdoor swimming pool; \$1,738,538 in public safety vehicles, equipment and facilities which included the new police station; \$1,464,407 in public works projects which included the Silver Street sidewalk, curb and gutter construction project; the 9th Street pedestrian bridge rehabilitation project; the Silver Street and Errecart Blvd. traffic signal; and various equipment purchases totaling \$452,966.

Major capital additions for business-type activities for projects included \$678,376 for improvements to Manzanita Lane in the water fund; \$155,345 for the completion of the multi-year water reclamation facility biological upgrade, \$93,619 for the drying beds project, and \$247,537 for the Golf Course Road effluent line replacement in the sewer fund; \$176,900 for a new water wagon, \$49,900 for litter fence panels and \$182,246 for new scales in the landfill fund; \$2,926,929 for runway 5/23 rehabilitation and \$1,068,963 for the concrete apron replacement in the airport fund; and \$23,131 for cultivation equipment for the golf course. Refer to Note 5 to the financial statements for additional information on capital assets.

Long-term Debt Activity

Long-term debt outstanding at June 30, 2015, excluding the annual required contribution for other post-employment benefits and the net pension liability, totaled \$17,823,713. This is an increase of 14.8 percent when compared to the prior year. The City issued \$3 million in medium term obligation bonds in the current year to help fund the cost of the new police station.

As of June 30, 2015, the City of Elko had a bond rating of AA- from Standard & Poors Rating Services on the Airport Improvement Bonds, Series 2009A and Series 2009B as well as the 2005 Limited Tax Facilities Recreational Bonds and the 2010 Limited Tax Street Bonds.

As of June 30, 2015, the City of Elko had \$16,025,000 of general obligation debt outstanding, which is subject to the legal debt margin. This is well below the legal limit of \$123,672,032 by \$107,647,032. Refer to Note 10 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 users remained unchanged in fiscal year 2015/2016; there has been no change for the last eight years. The last sewer and landfill user increase was in fiscal year 2012/2013 to help fund minor shortfalls in required resources. 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 consolidated tax revenues increased \$423,412 or 3.5 percent for fiscal year 2014/2015. In fiscal year 2015/2016 we have seen a slight decrease of .8 percent in the consolidated tax revenues and the first three months but the revenues are still \$346,932 above the budget for the same period. As consolidated tax revenues make up over 64 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 2016 fiscal year.

Requests for Information

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

City of Elko
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 14,234,588	\$ 23,848,280	\$ 38,082,868
Restricted cash	557,899	178,208	736,107
Interest receivable	4,185	6,964	11,149
Accounts receivable	205,502	1,039,402	1,244,904
Room taxes receivable	380,302	-	380,302
Taxes receivable, delinquent	74,817	-	74,817
Due from other governments	3,067,265	260,311	3,327,576
Inventories	14,074	108,099	122,173
Capital assets			
Land and construction in progress	3,615,158	2,191,403	5,806,561
Other capital assets (net of accumulated depreciation)	38,014,622	74,069,912	112,084,534
Total Assets	60,168,412	101,702,579	161,870,991
Deferred Outflow of Resources			
Deferred outflows related to pensions	2,669,983	718,309	3,388,292
Total Assets and Deferred Outflows of Resources	62,838,395	102,420,888	165,259,283
Liabilities			
Accounts payable	1,435,647	378,782	1,814,429
Due to other governments	225,963	-	225,963
Accrued salaries	320,946	88,504	409,450
Accrued interest	108,941	35,708	144,649
Deposits payable	333,244	2,623	335,867
Unearned revenue	219,889	9,921	229,810
Noncurrent liabilities			
Net OPEB obligation	2,212,941	611,323	2,824,264
Net pension liability	16,793,531	4,518,054	21,311,585
Due within one year	1,568,355	331,319	1,899,674
Due in more than one year	13,068,631	2,855,408	15,924,039
Total liabilities	36,288,088	8,831,642	45,119,730
Deferred Inflows of Resources			
Deferred inflows related to pensions	4,330,991	1,165,191	5,496,182
Total Liabilities and Deferred Inflows of Resources	40,619,079	9,996,833	50,615,912
Net Position			
Net investment in capital assets	28,257,434	73,367,537	101,624,971
Restricted			
Debt service	557,899	178,208	736,107
Capital projects	629,201	-	629,201
Public safety	123,167	-	123,167
Elko Redevelopment Agency	424,468	-	424,468
Health insurance claims	158,302	-	158,302
Unrestricted	(7,931,155)	18,878,310	10,947,155
Total Net Position	\$ 22,219,316	\$ 92,424,055	\$ 114,643,371

See Notes to Financial Statements

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 2,387,923	\$ 499,193	\$ 67,479	\$ 233,995
Judicial	271,025	186,178	-	-
Public safety	9,787,827	207,395	130,983	-
Public works	5,431,696	1,095,014	-	-
Health	709,619	114,483	-	-
Culture and recreation	3,506,572	349,807	-	-
Community support	53,827	-	-	-
Interest on long-term debt	426,668	-	-	-
Total governmental activities	22,575,157	2,452,070	198,462	233,995
Business-type activities				
Water	2,972,847	3,376,128	-	1,123,221
Sewer	4,272,348	5,897,914	-	1,496,678
Landfill	1,597,067	1,713,913	-	-
Airport	3,517,701	910,390	-	3,253,170
Golf	726,831	779,003	-	-
Total business-type activities	13,086,794	12,677,348	-	5,873,069
Total primary government	\$ 35,661,951	\$ 15,129,418	\$ 198,462	\$ 6,107,064

General Revenues and Transfers

General Revenues

Taxes

Ad valorem taxes

Consolidated tax

Motor vehicle fuel taxes

Room tax

Other

Gaming licenses

Franchise fees

Investment earnings

Loss on sale of capital assets

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net Position, Beginning of Year, as previously reported

Restatement

Net Pension, Beginning of Year, as restated

Net Position, End of Year

See Notes to Financial Statements

City of Elko
Statement of Activities
For the Year Ended June 30, 2015

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (1,587,256)	\$ -	\$ (1,587,256)
(84,847)	-	(84,847)
(9,449,449)	-	(9,449,449)
(4,336,682)	-	(4,336,682)
(595,136)	-	(595,136)
(3,156,765)	-	(3,156,765)
(53,827)	-	(53,827)
(426,668)	-	(426,668)
<u>(19,690,630)</u>	<u>-</u>	<u>(19,690,630)</u>
-	1,526,502	1,526,502
-	3,122,244	3,122,244
-	116,846	116,846
-	645,859	645,859
-	52,172	52,172
<u>-</u>	<u>5,463,623</u>	<u>5,463,623</u>
<u>(19,690,630)</u>	<u>5,463,623</u>	<u>(14,227,007)</u>
4,483,068	-	4,483,068
12,637,038	-	12,637,038
1,135,236	-	1,135,236
3,135,806	-	3,135,806
131,414	-	131,414
106,624	-	106,624
890,506	-	890,506
27,188	44,099	71,287
(59,547)	(2,805)	(62,352)
835,070	-	835,070
(707,798)	707,798	-
<u>22,614,605</u>	<u>749,092</u>	<u>23,363,697</u>
<u>2,923,975</u>	<u>6,212,715</u>	<u>9,136,690</u>
38,042,884	91,255,096	129,297,980
<u>(18,747,543)</u>	<u>(5,043,756)</u>	<u>(23,791,299)</u>
<u>19,295,341</u>	<u>86,211,340</u>	<u>105,506,681</u>
<u>\$ 22,219,316</u>	<u>\$ 92,424,055</u>	<u>\$ 114,643,371</u>

City of Elko
Balance Sheet – Governmental Funds
June 30, 2015

	General	Recreation	Capital Construction	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 3,697,563	\$ 493,356	\$ 1,313,572	\$ 8,400,464	\$ 13,904,955
Restricted cash	-	12,647	-	545,252	557,899
Interest receivable	1,045	152	382	2,606	4,185
Accounts receivable	204,072	-	-	675	204,747
Room taxes receivable	-	380,302	-	-	380,302
Taxes receivable, delinquent	43,652	-	10,839	20,326	74,817
Due from other governments	2,344,302	-	38,490	684,473	3,067,265
Due from other funds	-	48,400	-	-	48,400
Inventories	14,074	-	-	-	14,074
Total assets	\$ 6,304,708	\$ 934,857	\$ 1,363,283	\$ 9,653,796	\$ 18,256,644
Liabilities					
Accounts payable	\$ 393,327	\$ 53,039	164,897	\$ 652,298	\$ 1,263,561
Due to other governments	-	225,963	-	-	225,963
Due to other funds	-	-	-	48,400	48,400
Accrued liabilities	315,828	-	-	5,118	320,946
Customer deposits	18,941	-	314,303	-	333,244
Unearned revenue	112,934	-	-	106,955	219,889
Total liabilities	841,030	279,002	479,200	812,771	2,412,003
Deferred Inflows of Resources					
Unavailable revenues - fuel taxes	39,656	-	-	125,478	165,134
Unavailable revenues - property taxes	100,536	-	39,729	53,364	193,629
Total deferred inflows of resources	140,192	-	39,729	178,842	358,763

City of Elko
Balance Sheet – Governmental Funds
June 30, 2015

	<u>General</u>	<u>Recreation</u>	<u>Capital Construction</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
Fund Balances					
Nonspendable					
Inventories	14,074	-	-	-	14,074
Restricted					
Debt service	-	12,647	-	545,252	557,899
Capital projects	-	-	-	629,201	629,201
Public safety	-	-	-	123,167	123,167
Elko Redevelopment Agency	-	-	-	424,468	424,468
Committed					
Revenue stabilization	1,740,739	-	-	-	1,740,739
Parks and recreation	-	491,440	-	-	491,440
Capital projects	-	-	844,354	1,063,429	1,907,783
Facility improvements	-	-	-	5,456,995	5,456,995
Debt service	-	151,768	-	474,221	625,989
Assigned					
Next year budget shortfall	1,896,311	-	-	-	1,896,311
Unassigned	1,672,362	-	-	(54,550)	1,617,812
Total Fund Balances	<u>5,323,486</u>	<u>655,855</u>	<u>844,354</u>	<u>8,662,183</u>	<u>15,485,878</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,304,708</u>	<u>\$ 934,857</u>	<u>\$ 1,363,283</u>	<u>\$ 9,653,796</u>	<u>\$ 18,256,644</u>

City of Elko
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2015

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

Total fund balances - governmental funds	\$	15,485,878
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		41,629,780
Deferred inflows of resources represent amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.		358,763
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred outflows of resources related to pensions		2,669,983
Deferred inflows of resources related to pensions		<u>(4,330,991)</u>
		(1,661,008)
An internal service fund is used by management to charge the costs of the self-funded health insurance program for City employees, dependents and retirees. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		158,302
Long-term liabilities, the related accrued interest payable and the net OPEB obligation for postemployment healthcare are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(33,752,399)</u>
Net position of governmental activities	\$	<u><u>22,219,316</u></u>

City of Elko
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2015

	General	Recreation	Capital Construction	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 2,666,813	\$ 3,135,806	\$ 674,951	\$ 1,141,304	\$ 7,618,874
Licenses and permits	2,087,384	-	-	-	2,087,384
Intergovernmental	12,633,948	-	-	1,734,549	14,368,497
Charges for services	943,598	-	-	196,986	1,140,584
Fines and forfeitures	169,913	-	-	-	169,913
Miscellaneous	126,012	16,167	139,707	580,372	862,258
Total revenues	18,627,668	3,151,973	814,658	3,653,211	26,247,510
Expenditures					
Current					
General government	2,110,308	-	3,708	214,091	2,328,107
Judicial	271,025	-	-	-	271,025
Public safety	9,388,271	-	-	124,705	9,512,976
Public works	3,705,883	-	-	212,867	3,918,750
Health	664,070	-	-	-	664,070
Culture and recreation	1,131,856	1,892,279	-	271,626	3,295,761
Community support	53,827	-	-	-	53,827
Capital outlay	148,282	1,048,383	541,412	2,713,869	4,451,946
Debt service					
Principal	-	-	-	505,000	505,000
Interest	-	-	-	421,362	421,362
Total expenditures	17,473,522	2,940,662	545,120	4,463,520	25,422,824
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,154,146	211,311	269,538	(810,309)	824,686
Other Financing Sources (Uses)					
Proceeds from debt issuance	-	-	-	3,000,000	3,000,000
Transfers in	262,647	-	-	1,005,730	1,268,377
Transfers out	(1,187,606)	(788,569)	-	-	(1,976,175)
Total other financing sources (uses)	(924,959)	(788,569)	-	4,005,730	2,292,202
Net Change in Fund Balances	229,187	(577,258)	269,538	3,195,421	3,116,888
Fund Balances, Beginning of Year	5,094,299	1,233,113	574,816	5,466,762	12,368,990
Fund Balances, End of Year	\$ 5,323,486	\$ 655,855	\$ 844,354	\$ 8,662,183	\$ 15,485,878

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City of Elko

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2015

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

Net change in fund balances for governmental funds	\$	3,116,888
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 outlay, donations of capital assets and sales of assets exceeded depreciation in the current period.		1,904,748
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		18,967
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This transaction, however, has no effect on net position. Also, governmental funds report the effect of premiums and discounts 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.		482,258
The proceeds of debt issuances are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities.		(3,000,000)
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.		11,942
Governmental funds report City pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned is reported as pension expense.		
City pension contributions		2,518,925
City pension expense		(2,225,921)
		293,004
Internal service funds are used by management to charge the costs of the self-funded health insurance program for City employees, dependents and retirees to individual funds.		96,168
Change in net position for governmental activities	\$	2,923,975

	Business-type Activities		
	Water Fund	Sewer Fund	Airport Fund
Assets			
Current Assets			
Cash and investments	\$ 8,742,817	\$ 13,044,257	\$ 71,842
Interest receivable	2,535	3,768	82
Accounts receivable	337,474	527,799	42,782
Due from other governments	-	-	260,311
Inventories	108,099	-	-
Total current assets	9,190,925	13,575,824	375,017
Noncurrent assets			
Restricted			
Cash restricted for debt service	-	-	178,208
Capital assets, net			
Land	573,740	207,668	884,269
Buildings	1,669,866	538,048	6,105,883
Improvements other than buildings	18,527,704	45,890,106	118,341
Machinery and equipment	1,919,260	2,569,880	3,429,667
Construction in progress	42,286	194,214	247,745
Infrastructure	681,773	-	45,985,108
Less accumulated depreciation	(8,171,073)	(23,207,028)	(25,485,138)
Total noncurrent assets	15,243,556	26,192,888	31,464,083
Total assets	24,434,481	39,768,712	31,839,100
Deferred Outflows of Resources			
Deferred outflows related to pensions	179,996	186,482	162,428
Total Assets and Deferred Outflows of Resources	24,614,477	39,955,194	32,001,528

See Notes to Financial Statements

City of Elko
Statement of Net Position – Proprietary Funds
June 30, 2015

Business-type Activities			Governmental Activities - Internal Service Fund
Landfill Fund	Nonmajor Fund - Golf	Total Enterprise Funds	
\$ 1,429,106	\$ 560,258	\$ 23,848,280	\$ 329,633
422	157	6,964	86
129,054	2,293	1,039,402	669
-	-	260,311	-
-	-	108,099	-
<u>1,558,582</u>	<u>562,708</u>	<u>25,263,056</u>	<u>330,388</u>
-	-	178,208	-
2,467	9,045	1,677,189	-
668,955	782,983	9,765,735	-
915,612	565,918	66,017,681	-
2,353,498	666,683	10,938,988	-
-	29,969	514,214	-
-	-	46,666,881	-
(1,516,469)	(939,665)	(59,319,373)	-
<u>2,424,063</u>	<u>1,114,933</u>	<u>76,439,523</u>	<u>-</u>
<u>3,982,645</u>	<u>1,677,641</u>	<u>101,702,579</u>	<u>330,388</u>
<u>132,450</u>	<u>56,953</u>	<u>718,309</u>	<u>-</u>
<u>4,115,095</u>	<u>1,734,594</u>	<u>102,420,888</u>	<u>330,388</u>

	<u>Business-type Activities</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Airport Fund</u>
Liabilities			
Current liabilities			
Accounts payable	92,862	83,704	143,536
Accrued interest	-	-	35,708
Accrued liabilities	24,910	23,534	13,556
Compensated absences	32,649	94,997	22,836
Customer deposits	-	-	706
Unearned revenue	-	-	9,921
Current maturities of revenue bonds payable	-	-	190,000
Total current liabilities	<u>150,421</u>	<u>202,235</u>	<u>416,263</u>
Noncurrent liabilities			
Net OPEB Obligation	162,409	175,631	83,197
Net pension liability	1,135,906	1,172,136	1,020,826
Revenue bond payable	-	-	2,703,778
Total noncurrent liabilities	<u>1,298,315</u>	<u>1,347,767</u>	<u>3,807,801</u>
Total liabilities	<u>1,448,736</u>	<u>1,550,002</u>	<u>4,224,064</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	292,947	302,290	263,267
Total Liabilities and Deferred Inflows of Resources	<u>1,741,683</u>	<u>1,852,292</u>	<u>4,487,331</u>
Net Position			
Net investment in capital assets	15,243,556	26,192,888	28,392,097
Restricted for group health insurance claims	-	-	-
Restricted for debt service	-	-	178,208
Unrestricted (deficit)	7,629,238	11,910,014	(1,056,108)
Total net position	<u>\$ 22,872,794</u>	<u>\$ 38,102,902</u>	<u>\$ 27,514,197</u>

See Notes to Financial Statements

City of Elko
Statement of Net Position – Proprietary Funds
June 30, 2015

Business-type Activities			Governmental Activities - Internal Service Fund
Landfill Fund	Nonmajor Fund - Golf	Total Enterprise Funds	
32,691	25,989	378,782	172,086
-	-	35,708	-
16,861	9,643	88,504	-
69,200	73,267	292,949	-
1,029	888	2,623	-
-	-	9,921	-
-	-	190,000	-
<u>119,781</u>	<u>109,787</u>	<u>998,487</u>	<u>172,086</u>
123,836	66,250	611,323	-
831,152	358,034	4,518,054	-
-	-	2,703,778	-
<u>954,988</u>	<u>424,284</u>	<u>7,833,155</u>	<u>-</u>
<u>1,074,769</u>	<u>534,071</u>	<u>8,831,642</u>	<u>172,086</u>
<u>214,351</u>	<u>92,336</u>	<u>1,165,191</u>	<u>-</u>
<u>1,289,120</u>	<u>626,407</u>	<u>9,996,833</u>	<u>172,086</u>
2,424,063	1,114,933	73,367,537	-
-	-	-	158,302
-	-	178,208	-
401,912	(6,746)	18,878,310	-
<u>\$ 2,825,975</u>	<u>\$ 1,108,187</u>	<u>\$ 92,424,055</u>	<u>\$ 158,302</u>

	Business-type Activities		
	Water Fund	Sewer Fund	Airport Fund
Operating Revenues			
Intergovernmental	\$ -	\$ -	\$ 20,402
Charges for services	3,247,158	2,918,050	227,170
Miscellaneous	128,970	19,230	662,818
Total operating revenues	<u>3,376,128</u>	<u>2,937,280</u>	<u>910,390</u>
Operating Expenses			
Salaries and wages	741,453	707,212	531,331
Employee benefits	325,769	296,064	236,686
Services and supplies	1,410,253	1,881,282	478,666
Depreciation	495,372	1,387,790	2,126,533
Total operating expenses	<u>2,972,847</u>	<u>4,272,348</u>	<u>3,373,216</u>
Operating Income (Loss)	<u>403,281</u>	<u>(1,335,068)</u>	<u>(2,462,826)</u>
Nonoperating Revenues (Expenses)			
Investment earnings	16,084	22,657	1,362
Gain (loss) on disposal of capital assets	-	-	(2,805)
Sewer improvement user fees	-	2,960,634	-
Apron failure expense	-	-	(1,080)
Interest expense	-	-	(143,405)
Total nonoperating revenues (expenses)	<u>16,084</u>	<u>2,983,291</u>	<u>(145,928)</u>
Income (Loss) Before Capital Contributions and Transfers	<u>419,365</u>	<u>1,648,223</u>	<u>(2,608,754)</u>
Capital Contributions	1,123,221	1,496,678	3,253,170
Transfers in	-	-	643,456
Change in Net Position	<u>1,542,586</u>	<u>3,144,901</u>	<u>1,287,872</u>
Total Net Position, Beginning of Year, as Previously Reported	22,598,284	36,266,522	27,365,929
Restatement	(1,268,076)	(1,308,521)	(1,139,604)
Net Position, Beginning of Year, as Restated	<u>21,330,208</u>	<u>34,958,001</u>	<u>26,226,325</u>
Total Net Position, End of Year	<u>\$ 22,872,794</u>	<u>\$ 38,102,902</u>	<u>\$ 27,514,197</u>

See Notes to Financial Statements

City of Elko
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
For the Year Ended June 30, 2015

Business-type Activities			Governmental Activities - Internal Service Fund
Landfill Fund	Nonmajor Fund - Golf	Total Enterprise Funds	
\$ -	\$ -	\$ 20,402	\$ -
1,659,429	768,359	8,820,166	1,956,153
54,484	10,644	876,146	-
<u>1,713,913</u>	<u>779,003</u>	<u>9,716,714</u>	<u>1,956,153</u>
533,100	250,356	2,763,452	-
220,946	97,675	1,177,140	1,860,301
719,669	316,075	4,805,945	-
123,352	62,725	4,195,772	-
<u>1,597,067</u>	<u>726,831</u>	<u>12,942,309</u>	<u>1,860,301</u>
<u>116,846</u>	<u>52,172</u>	<u>(3,225,595)</u>	<u>95,852</u>
3,182	814	44,099	316
-	-	(2,805)	-
-	-	2,960,634	-
-	-	(1,080)	-
-	-	(143,405)	-
<u>3,182</u>	<u>814</u>	<u>2,857,443</u>	<u>316</u>
<u>120,028</u>	<u>52,986</u>	<u>(368,152)</u>	<u>96,168</u>
-	-	5,873,069	-
-	64,342	707,798	-
<u>120,028</u>	<u>117,328</u>	<u>6,212,715</u>	<u>96,168</u>
3,633,808	1,390,553	91,255,096	62,134
(927,861)	(399,694)	(5,043,756)	-
<u>2,705,947</u>	<u>990,859</u>	<u>86,211,340</u>	<u>62,134</u>
<u>\$ 2,825,975</u>	<u>\$ 1,108,187</u>	<u>\$ 92,424,055</u>	<u>\$ 158,302</u>

	Business-type Activities		
	Water Fund	Sewer Fund	Airport Fund
Operating Activities			
Cash received from customers	\$ 3,384,009	\$ 2,962,235	\$ 925,652
Cash payments to suppliers for goods and services	(1,625,983)	(2,226,249)	(1,151,835)
Cash payments to employees for services and benefits	(1,102,101)	(1,014,198)	(784,397)
Cash received from group insurance premiums	-	-	-
Net Cash from (used for) Operating Activities	655,925	(278,212)	(1,010,580)
Noncapital Financing Activities			
Transfer in	-	-	643,456
Net Cash from Non-Capital Financing Activities	-	-	642,376
Capital and Related Financing Activities			
Acquisition of capital assets	(558,040)	(754,922)	(4,126,988)
Proceeds from sale of capital assets	-	-	(2,805)
Cash received from customer contributions	1,123,221	1,496,678	-
Cash received for capital improvement user fees	-	2,960,634	-
Cash received from capital grants	-	-	3,682,746
Principal payments on debt	-	-	(180,000)
Interest payments on debt	-	-	(146,430)
Net Cash from (used for) Capital and Related Financing Activities	565,181	3,702,390	(773,477)
Investing Activities			
Investment earnings	15,817	21,768	1,666
Net Cash from Investing Activities	15,817	21,768	1,666
Net Change in Cash and Cash Equivalents	1,236,923	3,445,946	(1,140,015)
Cash and Cash Equivalents, Beginning of Year	7,505,894	9,598,311	1,390,065
Cash and Cash Equivalents, End of Year	\$ 8,742,817	\$ 13,044,257	\$ 250,050
Cash and Cash Equivalents Consists of the Following			
Unrestricted cash and cash equivalents	\$ 8,742,817	\$ 13,044,257	\$ 71,842
Restricted cash and cash equivalents	-	-	178,208
Total Cash and Cash Equivalents	\$ 8,742,817	\$ 13,044,257	\$ 250,050

See Notes to Financial Statements

City of Elko
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2015

Business-type Activities			Governmental Activities - Internal Service Fund
Landfill Fund	Nonmajor Fund - Golf	Total Enterprise Funds	
\$ 1,737,021	\$ 778,760	\$ 9,787,677	\$ -
(715,407)	(316,731)	(6,036,205)	(1,913,444)
(773,985)	(350,669)	(4,025,350)	-
-	-	-	1,982,550
<u>247,629</u>	<u>111,360</u>	<u>(273,878)</u>	<u>69,106</u>
-	64,342	707,798	-
-	64,342	706,718	-
(451,356)	(47,834)	(5,939,140)	-
-	-	(2,805)	-
-	-	2,619,899	-
-	-	2,960,634	-
-	-	3,682,746	-
-	-	(180,000)	-
-	-	(146,430)	-
<u>(451,356)</u>	<u>(47,834)</u>	<u>2,994,904</u>	<u>-</u>
3,242	774	43,267	297
<u>3,242</u>	<u>774</u>	<u>43,267</u>	<u>297</u>
(200,485)	128,642	3,471,011	69,403
<u>1,629,591</u>	<u>431,616</u>	<u>20,555,477</u>	<u>260,230</u>
<u>\$ 1,429,106</u>	<u>\$ 560,258</u>	<u>\$ 24,026,488</u>	<u>\$ 329,633</u>
\$ 1,429,106	\$ 560,258	\$ 23,848,280	\$ 329,633
-	-	178,208	-
<u>\$ 1,429,106</u>	<u>\$ 560,258</u>	<u>\$ 24,026,488</u>	<u>\$ 329,633</u>

City of Elko
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2015

	Business-type Activities		
	Water Fund	Sewer Fund	Airport Fund
Reconciliation of Operating Income (Loss) to Net Cash from (used for) operating activities			
Operating income (loss)	\$ 403,281	\$ (1,335,068)	\$ (2,462,826)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities			
Depreciation	495,372	1,387,790	2,126,533
Pension expense	150,560	155,362	135,307
City pension contributions	(169,779)	(175,939)	(153,246)
Change in			
Accounts receivable	7,881	24,955	10,787
Due from other governments	-	-	7,411
Inventories	4,224	-	-
Accounts payable	(219,954)	(344,967)	(673,169)
Accrued liabilities	3,838	3,339	5,090
Compensated absences	(18,468)	7,308	(3,183)
Customer deposits	-	-	-
Net OPEB obligation	(1,030)	(992)	(348)
Unearned revenue	-	-	(2,936)
Net Cash from (used for) Operating Activities	<u>\$ 655,925</u>	<u>\$ (278,212)</u>	<u>\$ (1,010,580)</u>

See Notes to Financial Statements

City of Elko
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2015

Business-type Activities			Governmental Activities - Internal Service Fund
Landfill Fund	Nonmajor Fund - Golf	Total Enterprise Funds	
\$ 116,846	\$ 52,172	\$ (3,225,595)	\$ 95,852
123,352	62,725	4,195,772	-
110,166	47,456	598,851	-
(124,974)	(53,733)	(677,671)	-
22,580	(793)	65,410	26,397
-	-	7,411	-
-	-	4,224	-
4,262	(656)	(1,234,484)	(53,143)
2,645	(93)	14,819	-
(7,034)	4,471	(16,906)	-
528	550	1,078	-
(742)	(739)	(3,851)	-
-	-	(2,936)	-
<u>\$ 247,629</u>	<u>\$ 111,360</u>	<u>\$ (273,878)</u>	<u>\$ 69,106</u>

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 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.

The financial statements present the reporting entity, which consists of the City and its blended component unit, an entity for which the City is considered to be financially accountable. The blended component unit is, in substance, part of the City's operations, even though it is a separate legal entity. Thus the following blended component unit is appropriately presented as a fund of the primary government.

Accounting Changes

As of July 1, 2014, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the Public Employees' Retirement System of the State of Nevada (PERS) which include the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The effect of the implementation of these standards on beginning net position is disclosed in Note 16 and the additional disclosures required by these standards are included in Note 7.

The Elko Redevelopment Agency

Although legally separate from the City, the Elko Redevelopment Agency is governed by a Board comprised of the City Council and Mayor.

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. Separate statements for governmental and proprietary 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.

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.

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 unearned revenue in the fund financial statements balance sheets. Unearned revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned 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 unearned 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, except the Airport Fund, 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.

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 type:

- The Internal Service Fund accounts for operations of providing health insurance to City employees, retirees and their dependents on a cost reimbursement basis.

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.

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.

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 (the 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 2012-13 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.

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	10 to 100 years
Improvements other than buildings	8 to 100 years
Machinery and equipment	3 to 50 years
Infrastructure	15 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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. For current and advance refunding's resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow (inflow) of resources as appropriate and amortized using the straight-line method.

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.

Equity Classifications

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

- **Net Investment in Capital Assets** – 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 Position** – Consists of net position with constraints placed on its 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.
- **Unrestricted Net Position** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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 rescinded or 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.

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employees’ Retirement System of the State of Nevada (PERS) Base Plan (Base Plan) and additions to/deduction from Base Plan’s fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position/Governmental Funds Balance Sheet may report a separate section for deferred outflows of resources. This separate statement element represents the consumption of net position/fund balance that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The City reported deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date of the net pension liability and change in the City’s proportion and difference between the City’s contributions and the City’s proportionate contribution in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position/Governmental Funds Balance Sheet may report a separate section for deferred inflows of resources. This separate statement element represents an acquisition of net position/fund balance that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reflects deferred inflows of resources which are unavailable revenue reported in the government fund balance sheet for delinquent property taxes, and for revenue received beyond 60 days of the year end, under the modified accrual basis of accounting. The City reported deferred inflows of resources related to pensions resulting from differences between expected and actual experience and the difference between the projected and actual earnings on pension plan investments in the Statement of Net Position.

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.

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 Position

The governmental fund balance sheet includes a reconciliation between total fund balances – governmental funds and total net position 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 are as follows:

Bonds payable, inclusive of bond premium	\$ 13,372,346
Accrued interest	108,941
Compensated absences	1,264,640
Net Pension liability	16,793,531
Net OPEB liability	2,212,941
	22,652,399
Net difference in reporting long-term liabilities	\$ 33,752,399

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 position 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 follow:

Capital outlay	\$ 4,451,945
Depreciation expense	(2,487,650)
Loss on disposal of capital assets	(59,547)
	<u> </u>
Net difference in reporting capital asset activity	<u>\$ 1,904,748</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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas premiums and discounts are deferred and amortized. The details of this difference follow:

Accrued interest	\$ (20,133)
Change in compensated absences	(17,436)
Amortization of bond premiums	14,827
Principal repayments	
General obligation bonds	505,000
	<u> </u>
Net difference in reporting long-term debt transactions	<u>\$ 482,258</u>

Note 3 - Stewardship, Compliance and Accountability

Budgetary Information

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

- 1) On or before April 15, the City Council files a tentative budget with the Nevada Department of Taxation for all funds other than Agency Funds, which are not required to be budgeted.
- 2) Public budget hearings on the tentative budget are held on the third Tuesday in May.
- 3) On or before June 1, at a public hearing, the Council indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the City Council. The final budget must then be forwarded to the Nevada Department of Taxation for review and approval.
- 4) Formal budgetary integration in the financial records of all funds is employed to enhance management control during the year.
- 5) Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). All appropriations lapse at year end.

- 6) Budget amounts within funds, and between funds, may be transferred if amounts do not exceed the original budget. Such transfers must be approved by the budget officer and/or the City Council, depending on established criteria. Budget augmentations in excess of original budgetary amounts may not be made without prior approval of the City Council, following a scheduled and noticed public hearing for those funds which have ad valorem tax allocated as a source of revenue. For all other funds the City Council must approve the budget augmentation with a majority vote and adopt a resolution providing therefore.
- 7) The above dates may be adjusted as necessary during legislative years.
- 8) The budget amounts reflected in the financial statements have been amended from the original amounts in accordance with the above procedures.

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.

Deficit Fund Balances

As of June 30, 2015 the following funds have deficit fund balances:

Deficit Fund Balances	
Youth recreation fund	\$ (53,567)
Narcotics task force fund	(983)

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 of cash and investments for the City at June 30, 2015, is as follows:

Insured (FDIC)	\$ 250,100
Collateral held by Nevada State Treasurer and in the City's name	11,683,842
Held on hand	<u>7,990</u>
 Total	 <u>\$ 11,941,932</u>
 Carrying value	 <u>\$ 11,968,550</u>

As of June 30, 2015, the City of Elko had the following investment and maturities:

Investment Type	Rating	Fair Value	Less Than 1 Year	1 - 5 Years
LGIP	N/A	\$ 22,000,000	\$ 22,000,000 *	\$ -
Federal Home Loan Bank	AAA	500,314	-	500,314
Federal Farm Credit Bank	AAA	485,233	-	485,233
Federal National Mortgage	AAA	973,664	-	973,664
U.S. Treasury Notes	AAA	2,891,214	-	2,891,214
		<u>\$ 26,850,425</u>	<u>\$ 22,000,000</u>	<u>\$ 4,850,425</u>

*Average weighted maturity - 80 days.

The City's cash and investments are included in the following statement of net position captions:

Cash and investments	\$ 38,082,868
Restricted cash	<u>736,107</u>
Total	<u>\$ 38,818,975</u>

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

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

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

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

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, 2015, the City investment in Federal Home Loan Bank Notes and the U.S. Treasury 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 - Capital Assets

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

	Balance June 30, 2014	Additions	Transfers	Deletions	Balance June 30, 2015
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 116,133	\$ 301,871	\$ 15,000	\$ (92)	\$ 432,912
Construction in progress	651,847	2,597,152	(66,753)	-	3,182,246
Total capital assets, not being depreciated	767,980	2,899,023	(51,753)	(92)	3,615,158
Capital assets, being depreciated					
Buildings	5,405,381	-	-	-	5,405,381
Improvements	8,616,719	358,524	-	-	8,975,243
Machinery and equipment	11,279,303	778,560	-	(165,423)	11,892,440
Infrastructure	36,677,173	415,838	51,753	-	37,144,764
Total capital assets, being depreciated	61,978,576	1,552,922	51,753	(165,423)	63,417,828
Total accumulated depreciation					
Buildings	2,036,268	80,200	-	-	2,116,468
Improvements	2,257,980	307,898	-	-	2,565,878
Machinery and equipment	4,558,788	790,641	-	(105,968)	5,243,461
Infrastructure	14,168,488	1,308,911	-	-	15,477,399
Total accumulated depreciation	23,021,524	2,487,650	-	(105,968)	25,403,206
Total capital assets, being depreciated, net	38,957,052	(934,728)	51,753	(59,455)	38,014,622
Total governmental activities capital assets, net	\$ 39,725,032	\$ 1,964,295	\$ -	\$ (59,547)	\$ 41,629,780

City of Elko
Notes to Financial Statements
June 30, 2015

	Balance June 30, 2014	Additions	Transfers	Deletions	Balance June 30, 2015
Business-type Activities					
Capital assets, not being depreciated					
Land	\$ 1,677,189	\$ -	\$ -	\$ -	\$ 1,677,189
Construction in progress	10,191,423	429,306	(10,106,515)		514,214
Total capital assets, not being depreciated	11,868,612	429,306	(10,106,515)	-	2,191,403
Capital assets, being depreciated					
Buildings	9,778,488	-	-	(12,753)	9,765,735
Improvements	56,215,202	811,447	8,991,032	-	66,017,681
Machinery and equipment	10,800,809	264,895	-	(126,716)	10,938,988
Infrastructure	41,115,099	4,436,299	1,115,483	-	46,666,881
Total capital assets, being depreciated	117,909,598	5,512,641	10,106,515	(139,469)	133,389,285
Total accumulated depreciation					
Buildings	4,067,688	108,310	-	(9,947)	4,166,051
Improvements	27,652,595	1,693,529	-	-	29,346,124
Machinery and equipment	5,123,944	486,123	-	(126,715)	5,483,352
Infrastructure	18,416,036	1,907,810	-	-	20,323,846
Total accumulated depreciation	55,260,263	4,195,772	-	(136,662)	59,319,373
Total capital assets, being depreciated, net	62,649,335	1,316,869	10,106,515	(2,807)	74,069,912
Total business-type activities capital assets, net	\$ 74,517,947	\$ 1,746,175	\$ -	\$ (2,807)	\$ 76,261,315

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

Governmental Activities	
General government	\$ 101,104
Public safety	503,820
Public works	1,589,071
Health	52,053
Culture and recreation	<u>241,602</u>
Total governmental activities depreciation expense	<u><u>\$ 2,487,650</u></u>
 Business-type Activities	
Water	\$ 495,372
Sewer	1,387,790
Airport	2,126,533
Landfill	123,352
Golf	<u>62,725</u>
Total business-type activities depreciation expense	<u><u>\$ 4,195,772</u></u>

Note 6 - Landfill Fund Closure and Postclosure Care Costs

State and federal laws and regulations require the City 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, in the current year an analysis was obtained based on the September 2015 airspace volumetric topographical survey. This assessment resulted in an expected landfill closure in the year 2112, with the available soil being depleted by the year 2045. Based on this survey, an estimate of 1.13% of the landfill has been used. The City purchased insurance to cover the costs of closure and post-closure of the landfill. The City was obligated under the insurance policy to pay 15 annual installments of \$91,139; the last payment was paid in 2014. The City of Elko has no further payments to cover closure and post-closure accosts as long as the City does not experience exponential growth or expansion in the landfill. At June 30, 2015, financial assurance relative to costs of closure and post-closure of the landfill was fulfilled through insurance coverage (NAC 444.6855).

Note 7 - Defined Benefit Pension Plan

Plan Description

The City of Elko contributes to the Public Employees' Retirement System of the State of Nevada (PERS). PERS administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both regular and police/fire members. PERS was established by the Nevada Legislature in 1947, effective July 1, 1948. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits Provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering PERS on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering PERS on or after January 1, 2010, there is a 2.5% multiplier. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - .579.

Vesting

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

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

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

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

PERS' basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund PERS on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

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

For the fiscal year ended June 30, 2014 and June 30, 2015 the Statutory Employer/employee matching rate was 13.25% for Regular and 20.75% for Police/Fire. The Employer-pay contribution (EPC) rate was 25.75% for Regular and 40.50% for Police/Fire.

The City's contributions were \$3,098,382 for the year ended June 30, 2014 and \$3,196,597 for the year ended June 30, 2015.

PERS Investment Policy

PERS' policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

The following was the PERS Board adopted policy target asset allocation as of June 30, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Geometric Expected Real Rate of Return</u>
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%

As of June 30, 2014, PERS' long-term inflation assumption was 3.5%.

Net Pension Liability

At June 30, 2015,, the City reported a liability \$21,311,585 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in PERS pension plan relative to the total contributions of all participating PERS employers and members. At June 30, 2014, the City's proportion was 0.20449 percent.

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the City as of June 30, 2014, calculated using the discount rate of 8.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current discount rate:

	1% Decrease in Discount Rate (7.00%)	Discount Rate (8%)	1% Increase in Discount Rate (9.00%)
Net Pension Liability	\$33,141,845	\$21,311,585	\$11,477,626

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website.

Actuarial Assumptions

The City's net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	3.50%
Payroll Growth	5.00% including inflation
Investment Rate of Return	8.00%
Productivity Pay Increase	0.75%
Projected Salary Increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.5%, depending on service Rates include inflation and productivity increases
Consumer Price Index	3.50%
Other Assumptions	Same as those used in the June 30, 2014 funding actuarial valuation

Mortality rates for non-disabled male regular members were based on the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA. Mortality rates for non-disabled female regular members were based on the RP-2000 Combined Healthy Mortality Table, projected to 2013 with Scale AA, set back one year. Mortality rates for all non-disabled police/fire members were based on the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set forward one year. The mortality table used in the actuarial valuation to project mortality rates for all disabled regular members and all disabled police/fire members is the RP-2000 Disabled Retiree Mortality Table projected to 2013 with Scale AA, set forward three years.

Actuarial assumptions used in the June 30, 2014 valuation were based on the results of the experience review completed in 2013.

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2014 and June 30, 2013. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2014, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2014 and June 30, 2013.

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

For the year ended June 30, 2015, the City recognized pension expense of \$2,824,772. At June 30, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,019,877
Net difference between projected and actual earnings on pension plan investments	-	4,476,305
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	191,695	-
City contributions subsequent to the measurement date	3,196,597	-
Total	\$ 3,388,292	\$ 5,496,182

Deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date in the amount of \$3,196,597 will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined at July 1, 2013 (the beginning of the measurement period ended June 30, 2014) is 6.7 years.

Other estimated amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (1,264,371)
2017	(1,264,371)
2018	(1,264,371)
2019	(1,264,372)
2020	(145,295)
Thereafter	(101,706)

Reconciliation of Net Pension Liability

Beginning Net Pension Liability	\$ 26,889,681
Pension Expense	2,824,772
Employer Contributions	(3,098,382)
New Net Deferred Inflows/Outflows	(5,304,486)
	\$ 21,311,585
Ending Net Pension Liability	\$ 21,311,585

Note 8 - Postemployment Healthcare Plans

Plan Description

The City administers a self-insured healthcare plan with Anthem Blue Cross. Additionally the City contributes to an agent multiple-employer defined benefit postemployment healthcare plan, Public Employees' Benefits Plan (PEBP). Each plan provides medical, vision, dental, and life insurance benefits to eligible retired City employees and beneficiaries.

Benefit provisions for the City's self-insured plan are established pursuant to NRS 287.023 and can be amended between the City and the respective associations. The plan provides healthcare insurance for eligible retirees and their beneficiaries through the City's group health insurance plan. Retirees are required to pay 100% of the premiums under the plan. Since retiree premium rates are the same as active retirees (blended) and implicit subsidy exists. As of June 30, 2015, five retirees were using the plan. The plan does not issue publicly available financial reports.

Benefit provisions for the PEBP are administered by the State of Nevada. NRS 287.041 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. City employees who met the eligibility requirements effective September 1, 2008 for retirement within the Nevada Public Employee Retirement System had the option upon retirement to enroll in coverage under PEBP. NRS 287.023 sunsetted the option to join PEBP for retirees who retired from the City after November 28, 2008. Local governments are required to pay the same portion of the cost of coverage for their retirees joining PEBP that the State of Nevada pays for state retirees participating in the Plan. As of June 30, 2015, 67 City retirees were utilizing this benefit. The PEBP issues a publicly available financial report that includes financial statements. That report may be obtained by writing to Public Employee's Benefits Program, 901 S. Stewart Street, Suite 1001, Carson City, NV 89701, by calling (775) 684-7000, or by accessing the website at www.pebp.state.nv.us/informed/financial.htm.

Funding Policy

For the City's self insured plan, contribution requirements of the plan members and the City are established and may be amended through negotiations between the City and the associations. Retirees pay 100% of the premium. The City did not prefund any future benefits. The City's self insured plan began July 1, 2012.

For PEBP 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 \$672 to \$1,040, depending on the plan chosen. Retirees qualify for a subsidy of \$116 at five years of service and \$635 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 2015, the City contributed \$221,852 to the PEBP plan for 67 retired employees, and \$19,642 to the City's self insured plan, 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 2015 the City's annual OPEB cost (expense) of \$87,619 for the PEBP and \$138,081 for the City's self insured plan, 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 2015, 2014, and 2013 are as follows:

	Fiscal Year End	Annual OPEB Cost (Projected Unit Credit Cost Method)	Employer Contributions	Percentage of Annual OPEB Contributed	Net OPEB Obligation
PEBP	June 30, 2015	\$ 87,619	\$ 221,852	253.20%	\$ 2,552,355
PEBP	June 30, 2014	169,702	227,758	134.21%	2,686,587
PEBP	June 30, 2013	168,262	261,267	155.27%	2,744,643
City's Plan	June 30, 2015	138,081	19,642	14.22%	271,909
City's Plan	June 30, 2014	82,229	9,649	11.73%	153,470
City's Plan	June 30, 2013	83,446	2,556	3.06%	80,890

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:

	<u>PEBP</u>	<u>City's Plan</u>	<u>Total</u>
Annual required contribution (ARC)	\$ 135,523	\$ 140,817	\$ 276,340
Interest on net OPEB obligation	107,463	6,139	113,602
Amortization adjustment to ARC	<u>(155,366)</u>	<u>(8,875)</u>	<u>(164,241)</u>
Annual OPEB cost (expense)	87,620	138,081	225,701
Contributions made	<u>(221,852)</u>	<u>(19,642)</u>	<u>(241,494)</u>
Increase in net OPEB obligation	(134,232)	118,439	(15,793)
Net OPEB obligation, beginning of the year	<u>2,686,587</u>	<u>153,470</u>	<u>2,840,057</u>
Net OPEB obligation, end of year	<u>\$ 2,552,355</u>	<u>\$ 271,909</u>	<u>\$ 2,824,264</u>

Funded Status and Funding Progress

The City's most recent actuarial valuation was as of July 1, 2014, 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 decreased to \$3,255,355, down from \$3,770,070. The portion attributable to PEBP was \$2,566,101 and the portion attributable to the City's plan was \$689,254. 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 \$12 million and the ratio of the UAAL to the covered payroll was 27.12%.

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.

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, 2014 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4% discount rate, which is a standard rate for unfunded plans such as the City's. The healthcare trend rate used for 2014 was 7%, declining 1% per year through 2016. After 2016, the rate used was 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 9 - 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.

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

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

Fiscal Year End	Unpaid Claims Beginning of Fiscal Year	Incurred Claims (Including IBNRs)	Claim Payments	Unpaid Claims End of Fiscal Year
2014-15	\$ 225,229	\$ 1,860,301	\$ (1,913,444)	\$ 172,086
2013-14	162,523	1,743,894	(1,681,188)	225,229
2012-13	-	1,452,519	(1,289,996)	162,523

Note 10 - Long-Term Liabilities

Bonds Payable

The City has issued general obligation bonds for both governmental and business-type activities, to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These are serial bonds with original terms ranging from 10 years to 25 years with increasing amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

	Date of Issue	Original Issue Amount	Interest Rate	Year of Final Payment	Outstanding Balance 6/30/2015
Governmental Activities					
General obligation bonds					
2005 Limited Tax Facilities					
Recreational Bonds (secured by pledged revenues)					
	8/25/2005	\$ 2,000,000	4.00%	6/1/2025	\$ 1,240,000
2010 Limited Tax Street Bonds (secured by pledged revenues)					
	10/5/2010	10,500,000	3.70%	10/1/2030	8,905,000
2014 Limited Tax Medium-Term Public Safety Bonds (secured by pledged revenues)					
	9/4/2014	3,000,000	2.25%	9/1/2024	<u>3,000,000</u>
					<u>\$ 13,145,000</u>
Business-type Activities					
General obligation (limited tax) bonds					
Airport fund					
Airport Improvement Bonds, Series 2009A and Series 2009 B					
	12/1/2009	\$ 3,735,000	2.00% - 5.50%	10/1/2026	<u>\$ 2,880,000</u>

Changes in Long-Term Liabilities

Changes in long-term obligations for the year ended June 30, 2015, are as follows:

	Principal Outstanding July 1, 2014	Issued During Period	Principal Paid During Period	Principal Outstanding June 30, 2015	Principal Due in 2015-2016
Governmental Activities					
General obligation bonds					
2005 Limited Tax Facilities					
Recreation Bonds	\$ 1,335,000	\$ -	\$ 95,000	\$ 1,240,000	\$ 100,000
2010 Limited Tax Street					
Bonds	9,315,000	-	410,000	8,905,000	420,000
2014 Limited Tax Medium-Term					
Public Safety Bonds	-	3,000,000	-	3,000,000	270,000
Bond premium - 2010 Limited Tax Street					
Bonds	242,173	-	14,827	227,346	14,827
Compensated Absences	1,247,204	543,783	526,347	1,264,640	763,528
	<u>\$ 12,139,377</u>	<u>\$ 3,543,783</u>	<u>\$ 1,046,174</u>	<u>\$ 14,636,986</u>	<u>\$ 1,568,355</u>
Business-type Activities					
General obligation (limited tax) bonds					
Airport fund					
Airport Improvement					
Bonds, Series 2009A					
and Series 2009 B	\$ 3,060,000	\$ -	\$ 180,000	\$ 2,880,000	\$ 190,000
Bond premium - Airport Improvement					
Bonds, Series 2009A and 2009B	15,003	-	1,225	13,778	1,225
Compensated Absences	309,855	127,877	144,783	292,949	140,094
	<u>\$ 3,384,858</u>	<u>\$ 127,877</u>	<u>\$ 326,008</u>	<u>\$ 3,186,727</u>	<u>\$ 331,319</u>

On September 4, 2014 the City of Elko issues \$3 million in medium-term obligation general obligation bonds. These bonds mature in 2024.

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.

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.

Debt Service Requirements

The annual requirements to amortize all debt outstanding as of June 30, 2015, are as follows:

Year Ended June 30	General Obligation (Limited Tax) Supported by Specific Revenues		
	Principal	Interest	Total
Governmental Activities			
2016	\$ 790,000	\$ 440,275	\$ 1,230,275
2017	810,000	419,230	1,229,230
2018	840,000	393,380	1,233,380
2019	870,000	364,257	1,234,257
2020	900,000	334,017	1,234,017
2021 - 2025	4,970,000	1,206,923	6,176,923
2026 - 2030	3,235,000	480,100	3,715,100
2031	730,000	14,600	744,600
	<u>\$ 13,145,000</u>	<u>\$ 3,652,782</u>	<u>\$ 16,797,782</u>
Business Type Activites			
2016	\$ 190,000	\$ 138,911	\$ 328,911
2017	190,000	130,836	320,836
2018	205,000	122,055	327,055
2019	215,000	112,475	327,475
2020	225,000	102,166	327,166
2021 - 2025	1,260,000	330,819	1,590,819
2026 - 2027	595,000	32,645	627,645
	<u>2,880,000</u>	<u>969,907</u>	<u>3,849,907</u>
	<u>\$ 16,025,000</u>	<u>\$ 4,622,689</u>	<u>\$ 20,647,689</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, 2015.

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 \$1,548,090, payable through June 2025. For the current year, principal and interest paid and total incremental room tax revenues were \$150,568 and \$1,035,688, 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 \$3,849,907, payable through October 2026. For the current year, principal and interest paid and total incremental room tax revenues were \$326,430 and \$517,844, 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 \$11,899,700, payable through October 2030. For the current year, principal and interest paid and total incremental 15% of consolidated tax revenues were \$742,606 and \$1,895,556, respectively.

To provide for the next year payment of principal and interest for the Series 2014 Limited Tax Medium Term Public Safety Bonds, the City has pledged their full faith and can use any legally available funds. The proceeds from this bond were used to acquire, improve, construct, and equip building projects to accommodate public safety facilities in the City. Specifically to construct a new police headquarters. Total principal and interest remaining on the bonds is \$3,349,988, payable through September 2024. For the current year, principal and interest paid was \$33,188, respectively.

Note 11 - Stabilization Arrangement

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 12 - 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, 2015, \$359,144 was expended for the Silver Street sidewalk, curb and gutter project and \$81,020 was expended for the Flagview sidewalk project.

Note 13 - Interfund Transfers

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

Transfers Out	Transfers In				Total
	Governmental Funds		Enterprise Funds		
	General	Nonmajor Governmental	Airport	Golf	
Governmental Funds					
General	\$ -	\$ 830,700	\$ 317,026	\$ 39,880	\$ 1,187,606
Recreation	262,647	175,030	326,430	24,462	788,569
	\$ 262,647	\$ 1,005,730	\$ 643,456	\$ 64,342	\$ 1,976,175

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.

Note 14 - Commitments and Contingent Liabilities

On February 24, 2015 the City approved a construction contract for the new City of Elko Police Station, the total amounts awarded was \$5,377,979. The total project cost is expected to be approximately \$5.8 million, and \$1,431,601 was spent as of June 30, 2015. This project will be paid for with \$3 million in bond proceeds and funds available in the Facilities Reserve Fund.

On February 24, 2015 the City approved a contact for the Silver Street CDBG Project totaling \$365,062. As of June 30, 2105 \$359,123 was spent on this project. This project will be paid for with a CDBG grant and funds available in the Ad Valorem Capital Projects Fund.

On April 28, 2015 the City awarded a contract for the WRF West Secondary Clarifier Mechanism Replacement Project for \$187,100. As of June 30, 2105 no funds were spent on this project. This project will be paid for with funds available in the Sewer Fund.

On May 26, 2015 the City approved a contract for the Elko Regional Airport Runway 5/23 Rehabilitation Project for \$7,797,767. As of June 30, 2015 no funds were spent on this project. The FAA grant portion is 93.75%, the remaining portion of the project will be paid for with funds available in the Airport Fund.

On January 9, 2002 the City of Carlin, the City of Elko and Elko County entered into a cooperative agreement to provide financial resources for the water-line extension for the University of Nevada-Reno Fire Academy located on the outskirts of the City of Carlin. The project was deemed beneficial to the economy of the three governmental entities. The water line was completed in the June 30, 2003 fiscal year and is property of the City of Carlin. The project was funded by a federal grant of up to \$1,000,000 obtained by the City of Carlin. This grant required matching funds of 25%. Therefore, a loan of \$350,000 was obtained by the City of Carlin from the U.S. Department of Agriculture, Rural Development Agency. The cooperative agreement provides that the City of Elko and Elko County will each reimburse the City of Carlin one-third of the annual loan payment. This loan carries a maximum interest rate of 5 1/8% per year, payable over a period of 40 years in annual payments of \$20,748. The City of Elko and Elko County have each agreed to pay the City of Carlin the maximum sum of \$6,916 per year until the loan is paid in full or for a maximum of 40 years. A surcharge fee will be charged by the City of Carlin for every water user who connects to the new water line within a period of 40 years. The proceeds collected from this fee will be used to equally reimburse the City of Elko and Elko County for any payments made by them. The surcharge fee collected by the City of Carlin for 2014-2015 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 contested 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. The District Court denied the appeal for both parties. In March 2013 both parties appealed the District Court's denial of their claims for attorney's fees to the Nevada Supreme Court. The Nevada Supreme Court denied Canyon Construction's appeal, granted the City of Elko's appeal, and remanded the case back to the Elko County District Court. The City of Elko's total attorney's fees and other costs such as consultants since the lawsuit began in 2007 is approximately \$3.6 million.

On February 12, 2013 the City approved a contract for the design of the Sports Complex Project. As of June 30, 2015 \$566,256 was spent on the project, the total estimated design fees are approximately \$600,000. The project will be paid for with funds available in the Recreation Fund.

Note 15 - Subsequent Events

On July 14, 2015, the City approved Resolution 19-15 to issue general obligation recreational facility bonds secured by pledged revenues up to \$8 million to acquire, construct, improve and equip recreational projects. This bond closed on November 12, 2015 for \$7,212,650.

On July 14, 2015, the City approved a \$95,000 10 year master plan professional services agreement for the WRF Master Plan.

On August 11, 2015, the City awarded the Silver Street Improvement Project for \$284,788.

On August 25, 2015, the City approved the purchase of a 2016 international 7500 cab and chassis for \$100,575 and a High Dump Truck for \$237,000.

On September 22, 2015, the City awarded the Jennings Way Sidewalk Project for \$317,771.

On October 27, 2015, the City awarded the WRF Reuse Pipe Replacement Project for \$162,065.

Note 16 - Adoption of a New Standard

As of July 1, 2014, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments calculate and report the cost and obligations associated with pensions in their financial statements, including additional note disclosures and required supplementary information. Beginning net position was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date as follows:

	<u>Governmental Activities</u>	<u>Major Business-type Activities</u>	<u>Non-Major Business-type Activities</u>	<u>Total</u>
Net Position at June 30, 2014, as previously reported	\$ 38,042,884	\$ 89,864,543	\$ 1,390,553	\$ 129,297,980
Net Pension Liability at June 30, 2013	(21,189,068)	(5,248,866)	(451,747)	(26,889,681)
Deferred outflows of resources related to contributions made during the year ended June 30, 2014	<u>2,441,525</u>	<u>604,804</u>	<u>52,053</u>	<u>3,098,382</u>
Net Position at July 1, 2014, as restated	<u>\$ 19,295,341</u>	<u>\$ 85,220,481</u>	<u>\$ 990,859</u>	<u>\$ 105,506,681</u>

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Required Supplementary Information
June 30, 2015

City of Elko
State of Nevada

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City of Elko
Schedule of Funding Progress – Other Postemployment Benefits
June 30, 2015

Plan	Actuarial Valuation Date	Actuarial value of Plan Assets (a)	Actuarial accrued Liability (AAL)- Project 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)
PEBP	7/1/2009	\$ -	\$ 10,927,597	\$ 10,927,597	0.00%	\$ 10,100,000	108.19%
PEBP	7/1/2011	-	5,562,427	5,562,427	0.00%	9,900,000	56.19%
PEBP	7/1/2012	-	3,243,801	3,243,801	0.00%	9,900,000	32.77%
City's Plan	7/1/2012	-	526,269	526,269	0.00%	9,900,000	5.32%
PEBP	7/1/2014	-	2,566,101	2,566,101	0.00%	10,862,000	23.62%
City's Plan	7/1/2014	-	689,254	689,254	0.00%	10,862,000	6.35%

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

Trend Data:

Change 2012 to 2014 valuation (AAL):

In 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 2012 to 2014 valuation (AAL):

As of July 1, 2014, the City's AAL has decreased to \$3,255,355, down from \$3,770,070 in 2012. 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.

City of Elko
Schedule of City's Share of Net Pension Liability
Public Employees' Retirement System of Nevada (PERS)
Last Ten Fiscal Years*

	2014
City's portion of net the pension liability	0.20449%
City's proportionate share of the net pension liability	\$ 21,311,585
City's covered-employee payroll	\$ 11,866,230
City's proportional share of the net pension liability as a percentage of its covered-employee payroll	179.60%
Plan fiduciary net position as a percentage of the total pension liability	76.30%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

City of Elko
Schedule of City's Contributions
Public Employees' Retirement System of Nevada (PERS)
Last Ten Fiscal Years*

	2015
Statutorily required contribution	\$ 3,196,597
Contributions in relation to the statutorily required contribution	\$ 3,196,597
Contribution (deficiency) excess	\$ -
Employer's covered-employee payroll	\$ 12,085,378
Contributions as a percentage of covered-employee payroll	378.07%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

City of Elko

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –
General Fund
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Budget		Actual	Variance with Final Budget	2014
	Original	Final			
Revenues					
Taxes					
Ad valorem	\$ 2,766,193	\$ 2,766,193	\$ 2,666,813	\$ (99,380)	\$ 2,509,838
Licenses and permits					
Business licenses					
Business licenses	525,000	525,000	499,193	(25,807)	503,609
Liquor licenses	69,640	69,640	77,435	7,795	64,855
Gambling licenses	107,500	107,500	106,624	(876)	106,428
Other licenses					
Dog licenses	5,550	5,550	4,953	(597)	3,909
Bicycle licenses	10	10	-	(10)	8
Franchise fees					
Television	30,000	30,000	22,279	(7,721)	27,600
Natural gas	155,000	155,000	181,236	26,236	174,126
Electricity	380,000	380,000	360,193	(19,807)	377,991
Geothermal	4,840	4,840	3,944	(896)	3,917
Water and sewer	237,000	237,000	223,259	(13,741)	221,868
Telephone	38,000	38,000	99,554	61,554	55,488
Beehive Broadband	-	-	41	41	-
Permits					
Building permits	225,000	225,000	508,673	283,673	482,804
	<u>1,777,540</u>	<u>1,777,540</u>	<u>2,087,384</u>	<u>309,844</u>	<u>2,022,603</u>
Intergovernmental					
Grants					
Juvenile task force grant	10,000	10,000	-	(10,000)	942
Law enforcement grants	60,000	60,000	82,403	22,403	40,524
Fuel taxes					
Local fuel tax county option	121,891	121,891	106,646	(15,245)	117,723
Fuel tax - 1.75	135,778	135,778	113,627	(22,151)	123,895
Fuel tax - 2.35	252,250	252,250	230,743	(21,507)	242,542
Consolidated revenue					
Cigarette tax	64,131	64,131	89,184	25,053	75,866
Liquor tax	18,201	18,201	25,752	7,551	25,109
Sales tax	9,578,988	9,578,988	10,161,798	582,810	9,962,769
Government services tax	1,068,641	1,068,641	1,541,632	472,991	1,461,631
Real property transfer tax	88,810	88,810	108,815	20,005	102,872

City of Elko

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –
General Fund
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Budget		Actual	Variance with Final Budget	2014
	Original	Final			
County shared revenues					
Gaming tax	125,000	125,000	131,414	6,414	148,336
Other intergovernmental					
Court administrative assessments	7,500	7,500	6,880	(620)	6,888
LEO reimbursements	25,000	25,000	21,900	(3,100)	21,900
Narcotics seizure revenue	-	-	13,154	13,154	3,545
	<u>11,556,190</u>	<u>11,556,190</u>	<u>12,633,948</u>	<u>1,077,758</u>	<u>12,334,542</u>
Charges for services					
Community development fees					
Zoning fees	10,000	10,000	25,150	15,150	27,875
Plan check fees	150,000	150,000	184,263	34,263	156,661
Public works fees					
Street lighting fees	246,000	246,000	256,926	10,926	250,841
Storm water management fees	115,500	115,500	120,002	4,502	117,065
Public safety fees					
Fingerprinting fees	9,200	9,200	6,503	(2,697)	8,409
Other fees	64,400	64,400	88,403	24,003	71,137
Culture and recreation fees					
Park concession fees	1,000	1,000	1,300	300	1,850
Park use fees	16,500	16,500	22,300	5,800	18,225
Swimming pool fees	135,000	135,000	130,542	(4,458)	135,062
Other fees	-	-	(1,321)	(1,321)	3,119
Health fees					
Animal shelter fees	72,350	72,350	74,505	2,155	74,053
Grave openings	9,200	9,200	14,425	5,225	6,900
Cemetery sales	14,775	14,775	20,600	5,825	12,225
	<u>843,925</u>	<u>843,925</u>	<u>943,598</u>	<u>99,673</u>	<u>883,422</u>
Fines and forfeitures					
Forensic service fees	5,000	5,000	4,178	(822)	4,461
Municipal court fees	175,000	175,000	162,935	(12,065)	164,336
Bail bond fees	2,000	2,000	2,800	800	2,640
	<u>182,000</u>	<u>182,000</u>	<u>169,913</u>	<u>(12,087)</u>	<u>171,437</u>

City of Elko

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –
General Fund
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Budget		Actual	Variance with Final Budget	2014
	Original	Final			
Miscellaneous					
Investment earnings	2,500	2,500	3,902	1,402	390
Rent	850	850	779	(71)	850
Public defender reimbursements	2,500	2,500	3,028	528	3,542
Street cut revenue	6,500	6,500	2,775	(3,725)	2,486
Private donations	10,000	10,000	13,421	3,421	12,148
Other	86,742	86,742	98,638	11,896	91,199
	<u>109,092</u>	<u>109,092</u>	<u>122,543</u>	<u>13,451</u>	<u>110,615</u>
Total revenues	<u>17,234,940</u>	<u>17,234,940</u>	<u>18,624,199</u>	<u>1,389,259</u>	<u>18,032,457</u>
Expenditures					
General Government					
Administration					
Salaries and wages	402,425	362,425	358,516	3,909	368,725
Employee benefits	150,000	150,000	145,275	4,725	159,375
Services and supplies	176,872	176,872	175,983	889	140,983
	<u>729,297</u>	<u>689,297</u>	<u>679,774</u>	<u>9,523</u>	<u>669,083</u>
Clerk					
Salaries and wages	125,235	126,235	125,118	1,117	131,406
Employee benefits	64,065	63,065	60,801	2,264	63,119
Services and supplies	36,630	36,630	23,905	12,725	21,755
	<u>225,930</u>	<u>225,930</u>	<u>209,824</u>	<u>16,106</u>	<u>216,280</u>
Personnel					
Salaries and wages	52,000	57,000	55,892	1,108	56,579
Employee benefits	22,605	24,605	22,952	1,653	23,482
Services and supplies	35,546	28,046	22,391	5,655	25,577
	<u>110,151</u>	<u>109,651</u>	<u>101,235</u>	<u>8,416</u>	<u>105,638</u>
Information systems					
Salaries and wages	86,750	87,750	86,597	1,153	93,243
Employee benefits	40,810	40,810	39,423	1,387	42,461
Services and supplies	143,356	155,856	149,290	6,566	162,833
	<u>270,916</u>	<u>284,416</u>	<u>275,310</u>	<u>9,106</u>	<u>298,537</u>
Finance					
Salaries and wages	115,450	121,950	121,652	298	104,621
Employee benefits	60,875	62,875	59,581	3,294	54,315
Services and supplies	41,165	51,165	40,630	10,535	39,298
	<u>217,490</u>	<u>235,990</u>	<u>221,863</u>	<u>14,127</u>	<u>198,234</u>

See Notes to Required Supplementary Information

City of Elko

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –
General Fund
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Budget		Actual	Variance with Final Budget	2014
	Original	Final			
Planning and zoning					
Salaries and wages	125,250	126,250	125,296	954	119,509
Employee benefits	59,155	59,155	55,790	3,365	53,728
Services and supplies	45,300	45,300	11,901	33,399	13,372
	<u>229,705</u>	<u>230,705</u>	<u>192,987</u>	<u>37,718</u>	<u>186,609</u>
Central services					
Employee benefits	300,000	265,000	257,005	7,995	294,219
Services and supplies	124,600	147,100	129,084	18,016	135,388
	<u>424,600</u>	<u>412,100</u>	<u>386,089</u>	<u>26,011</u>	<u>429,607</u>
Economic development					
Services and supplies	43,300	43,300	43,226	74	43,225
	<u>2,251,389</u>	<u>2,231,389</u>	<u>2,110,308</u>	<u>121,081</u>	<u>2,147,213</u>
Judicial					
Municipal court					
Services and supplies	326,000	308,500	271,025	37,475	306,058
Public safety					
Police					
Salaries and wages	3,473,825	3,448,825	3,446,593	2,232	3,342,288
Employee benefits	1,996,775	1,966,775	1,963,791	2,984	1,857,467
Services and supplies	926,810	926,810	922,388	4,422	872,354
	<u>6,397,410</u>	<u>6,342,410</u>	<u>6,332,772</u>	<u>9,638</u>	<u>6,072,109</u>
Fire - Main Station / ARFF					
Salaries and wages	1,618,225	1,673,225	1,648,657	24,568	1,828,512
Employee benefits	952,550	937,550	922,812	14,738	960,578
Services and supplies	437,375	452,375	441,489	10,886	460,780
	<u>3,008,150</u>	<u>3,063,150</u>	<u>3,012,958</u>	<u>50,192</u>	<u>3,249,870</u>
Fire - Southside Station					
Services and supplies	8,250	8,250	6,514	1,736	6,352

City of Elko

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –
General Fund
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Budget		Actual	Variance with Final Budget	2014
	Original	Final			
Fire - Downtown Station					
Salaries and wages	19,000	17,900	13,117	4,783	15,127
Employee benefits	450	550	479	71	477
Services and supplies	22,100	23,100	22,431	669	21,627
	<u>41,550</u>	<u>41,550</u>	<u>36,027</u>	<u>5,523</u>	<u>37,231</u>
	<u>9,455,360</u>	<u>9,455,360</u>	<u>9,388,271</u>	<u>67,089</u>	<u>9,365,562</u>
Public works					
Public works					
Salaries and wages	669,700	618,700	604,872	13,828	678,079
Employee benefits	335,375	289,875	270,619	19,256	302,615
Services and supplies	1,025,900	900,900	861,499	39,401	1,021,871
Capital outlay	-	151,000	148,282	2,718	-
	<u>2,030,975</u>	<u>1,960,475</u>	<u>1,885,272</u>	<u>75,203</u>	<u>2,002,565</u>
Fleet maintenance					
Salaries and wages	269,150	279,150	276,199	2,951	269,148
Employee benefits	131,250	131,250	126,037	5,213	124,676
Services and supplies	64,850	64,850	47,456	17,394	49,538
	<u>465,250</u>	<u>475,250</u>	<u>449,692</u>	<u>25,558</u>	<u>443,362</u>
Engineering					
Salaries and wages	74,335	74,335	66,437	7,898	76,281
Employee benefits	35,120	35,120	29,502	5,618	32,890
Services and supplies	86,174	86,174	65,873	20,301	64,742
Capital outlay	-	-	-	-	5,197
	<u>195,629</u>	<u>195,629</u>	<u>161,812</u>	<u>33,817</u>	<u>179,110</u>
Building inspection					
Salaries and wages	263,275	265,275	262,585	2,690	252,330
Employee benefits	115,970	118,970	117,372	1,598	112,470
Services and supplies	99,225	157,225	154,293	2,932	137,889
	<u>478,470</u>	<u>541,470</u>	<u>534,250</u>	<u>7,220</u>	<u>502,689</u>
Facilities maintenance					
Salaries and wages	204,345	207,345	208,492	(1,147)	197,433
Employee benefits	103,550	100,550	96,228	4,322	94,688
Services and supplies	326,900	346,900	325,403	21,497	323,675
	<u>634,795</u>	<u>654,795</u>	<u>630,123</u>	<u>24,672</u>	<u>615,796</u>

City of Elko

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –
General Fund
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Budget		Actual	Variance with Final Budget	2014
	Original	Final			
Community development					
Salaries and wages	103,875	103,875	102,217	1,658	97,239
Employee benefits	44,825	44,825	42,447	2,378	40,067
Services and supplies	87,250	87,250	48,352	38,898	33,337
	<u>235,950</u>	<u>235,950</u>	<u>193,016</u>	<u>42,934</u>	<u>170,643</u>
	<u>4,041,069</u>	<u>4,063,569</u>	<u>3,854,165</u>	<u>209,404</u>	<u>3,914,165</u>
Health					
Animal shelter					
Salaries and wages	241,995	241,995	240,193	1,802	229,481
Employee benefits	124,515	124,515	117,951	6,564	113,561
Services and supplies	118,500	118,500	117,636	864	133,316
	<u>485,010</u>	<u>485,010</u>	<u>475,780</u>	<u>9,230</u>	<u>476,358</u>
Cemetery					
Salaries and wages	118,250	118,250	113,860	4,390	107,881
Employee benefits	64,190	64,190	58,966	5,224	55,421
Services and supplies	23,050	23,050	15,464	7,586	35,008
	<u>205,490</u>	<u>205,490</u>	<u>188,290</u>	<u>17,200</u>	<u>198,310</u>
	<u>690,500</u>	<u>690,500</u>	<u>664,070</u>	<u>26,430</u>	<u>674,668</u>
Culture and recreation					
Parks					
Salaries and wages	378,550	377,550	374,485	3,065	343,169
Employee benefits	170,325	170,325	161,534	8,791	154,623
Services and supplies	143,510	143,510	125,317	18,193	138,355
	<u>692,385</u>	<u>691,385</u>	<u>661,336</u>	<u>30,049</u>	<u>636,147</u>
Swimming pool					
Salaries and wages	251,400	232,400	231,909	491	224,493
Employee benefits	71,185	71,185	66,155	5,030	64,411
Services and supplies	152,350	187,350	172,456	14,894	149,554
	<u>474,935</u>	<u>490,935</u>	<u>470,520</u>	<u>20,415</u>	<u>438,458</u>
	<u>1,167,320</u>	<u>1,182,320</u>	<u>1,131,856</u>	<u>50,464</u>	<u>1,074,605</u>
Community support					
Services and supplies	53,827	53,827	53,827	-	57,000
Contingency	269,782	269,782	-	269,782	-
Total expenditures	<u>18,255,247</u>	<u>18,255,247</u>	<u>17,473,522</u>	<u>781,725</u>	<u>17,539,271</u>

City of Elko

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –
General Fund
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Budget		Actual	Variance with Final Budget	2014
	Original	Final			
Excess of Revenues Over Expenditures	(1,020,307)	(1,020,307)	1,150,677	2,170,984	493,186
Other Financing Sources (Uses)					
Transfers in					
Revenue stabilization	112,784	112,784	112,784	-	-
Recreation	262,647	262,647	262,647	-	243,582
	375,431	375,431	375,431	-	243,582
Transfers Out					
Revenue stabilization	-	-	-	-	(319,689)
Facility reserve	(830,700)	(830,700)	(830,700)	-	(2,479,533)
Capital equipment reserve	-	-	-	-	(479,533)
Golf	(39,300)	(39,300)	(39,880)	(580)	(37,502)
Airport	(343,825)	(343,825)	(317,026)	26,799	(165,000)
	(1,213,825)	(1,213,825)	(1,187,606)	26,219	(3,481,257)
Total other financing sources (uses)	(838,394)	(838,394)	(812,175)	26,219	(3,237,675)
Net Change in Fund Balance	(1,858,701)	(1,858,701)	338,502	2,197,203	(2,744,489)
Fund Balance, Beginning of Year	3,373,887	3,373,887	3,244,245	(129,642)	5,988,734
Fund Balance, End of Year	<u>\$ 1,515,186</u>	<u>\$ 1,515,186</u>	<u>\$ 3,582,747</u>	<u>\$ 2,067,561</u>	<u>\$ 3,244,245</u>

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, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	General (Budgetary Basis)	Revenue Stabilization	Eliminations	General (GAAP Basis)	2014
Revenues					
Taxes	\$ 2,666,813	\$ -	\$ -	\$ 2,666,813	\$ 2,509,838
Licenses and permits	2,087,384	-	-	2,087,384	2,022,603
Intergovernmental	12,633,948	-	-	12,633,948	12,334,542
Charges for services	943,598	-	-	943,598	883,422
Fines and forfeitures	169,913	-	-	169,913	171,437
Miscellaneous	122,543	3,469	-	126,012	111,307
Total revenues	18,624,199	3,469	-	18,627,668	18,033,149
Expenditures					
General government	2,110,308	-	-	2,110,308	2,147,213
Judicial	271,025	-	-	271,025	306,058
Public safety	9,388,271	-	-	9,388,271	9,365,562
Public works	3,854,165	-	-	3,854,165	3,914,165
Health	664,070	-	-	664,070	674,668
Culture and recreation	1,131,856	-	-	1,131,856	1,074,605
Community support	53,827	-	-	53,827	57,000
Total expenditures	17,473,522	-	-	17,473,522	17,539,271
Excess of Revenues Over Expenditures	1,150,677	3,469	-	1,154,146	493,878
Other Financing Sources (Uses)					
Transfers in	375,431	-	(112,784)	262,647	243,582
Transfers out	(1,187,606)	(112,784)	112,784	(1,187,606)	(3,161,568)
Total Other Financing Sources (Uses)	(812,175)	(112,784)	-	(924,959)	(2,917,986)
Net Change in Fund Balances	338,502	(109,315)	-	229,187	(2,424,108)
Fund Balances, Beginning of Year	3,244,245	1,850,054	-	5,094,299	7,518,407
Fund Balances, End of Year	\$ 3,582,747	\$ 1,740,739	\$ -	\$ 5,323,486	\$ 5,094,299

City of Elko

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Recreation Fund
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Budget		Actual	Variance with Final Budget	2014
	Original	Final			
Revenues					
Taxes					
Room taxes	\$ 3,100,000	\$ 3,100,000	\$ 3,135,806	\$ 35,806	\$ 3,340,461
Intergovernmental					
Grants	-	-	-	-	47,943
Miscellaneous					
Investment earnings	2,500	2,500	1,363	(1,137)	306
Private donations	-	-	1,460	1,460	-
Other miscellaneous	-	-	13,344	13,344	11,339
	2,500	2,500	16,167	13,667	11,645
Total revenues	3,102,500	3,102,500	3,151,973	49,473	3,400,049
Expenditures					
Culture and recreation					
Parks and recreation					
Services and supplies	40,000	120,000	110,501	9,499	42,196
Capital outlay	1,659,403	1,496,303	1,048,383	447,920	557,123
	1,699,403	1,616,303	1,158,884	457,419	599,319
Other recreation					
Elko Convention Center	1,255,862	1,303,862	1,276,532	27,330	1,370,199
Elko County Fairboard	129,167	133,667	130,854	2,813	139,070
Elko County Recreation Fairboard	175,591	199,091	177,701	21,390	183,837
Elko Snobowl Foundation	32,292	33,392	32,714	678	34,768
NV State Tourism	96,875	100,375	98,550	1,825	104,637
Western Folklife Center	64,583	67,083	65,427	1,656	69,535
	1,754,370	1,837,470	1,781,778	55,692	1,902,046
Total expenditures	3,453,773	3,453,773	2,940,662	513,111	2,501,365
Excess of Revenues Over Expenditures	(351,273)	(351,273)	211,311	562,584	898,684
Other Financing Uses					
Transfers out					
General	(262,647)	(262,647)	(262,647)	-	(243,582)
Youth recreation	(24,462)	(24,462)	(24,462)	-	(13,532)
Debt service	(150,568)	(150,568)	(150,568)	-	(149,168)
Golf	(24,462)	(24,462)	(24,462)	-	(23,532)
Airport	(326,430)	(326,430)	(326,430)	-	(333,405)
Total other financing uses	(788,569)	(788,569)	(788,569)	-	(763,219)
Net Change in Fund Balance	(1,139,842)	(1,139,842)	(577,258)	562,584	135,465
Fund Balance, Beginning of Year	1,291,610	1,291,610	1,233,113	(58,497)	1,097,648
Fund Balance, End of Year	\$ 151,768	\$ 151,768	\$ 655,855	\$ 504,087	\$ 1,233,113

See Notes to Required Supplementary Information

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, 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 is combined with the General Fund for external reporting purposes.

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Supplementary Information
June 30, 2015

City of Elko
State of Nevada

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Combining and Individual Major Governmental Funds
Schedules

June 30, 2015

City of Elko

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City of Elko
Combining Balance Sheet – Reconciliation of the General Fund (Budgetary Basis) to the General Fund (GAAP Basis)
June 30, 2015
(With Comparative Totals at June 30, 2014)

	General Fund (Budgetary Basis)	Revenue Stabilization	General Fund (GAAP Basis)	2014
Assets				
Cash and investments	\$ 1,957,331	\$ 1,740,232	\$ 3,697,563	\$ 3,529,066
Interest receivable	538	507	1,045	1,148
Accounts receivable	204,072	-	204,072	241,653
Taxes receivable, delinquent	43,652	-	43,652	108,770
Due from other governments	2,344,302	-	2,344,302	2,164,228
Inventories	14,074	-	14,074	31,357
Total assets	\$ 4,563,969	\$ 1,740,739	\$ 6,304,708	\$ 6,076,222
Liabilities				
Accounts payable	\$ 393,327	\$ -	\$ 393,327	\$ 432,196
Accrued Liabilities	315,828	-	315,828	314,382
Customer deposits	18,941	-	18,941	18,081
Unearned revenue	112,934	-	112,934	108,494
Total liabilities	841,030	-	841,030	873,153
Deferred Inflows of Resources				
Unavailable revenues - fuel taxes	39,656	-	39,656	-
Unavailable revenue - property taxes	100,536	-	100,536	108,770
Total deferred inflows of resources	140,192	-	140,192	108,770
Fund Balances				
Nonspendable				
Inventories	14,074	-	14,074	31,357
Committed				
Revenue stabilization policy	-	1,740,739	1,740,739	1,850,054
Assigned				
Next year budget shortfall	1,896,311	-	1,896,311	1,858,701
Unassigned	1,672,362	-	1,672,362	1,354,187
Total Fund Balances	3,582,747	1,740,739	5,323,486	5,094,299
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 4,563,969	\$ 1,740,739	\$ 6,304,708	\$ 6,076,222

City of Elko
 Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Construction
 Fund
 June 30, 2015
 (With Comparative Totals at June 30, 2014)

	Budget		Actual	Variance with Final Budget	2014
	Original	Final			
Revenues					
Taxes					
Ad valorem	\$ 698,214	\$ 698,214	\$ 674,951	\$ (23,263)	\$ 634,700
Miscellaneous					
Investment earnings	2,500	2,500	2,228	(272)	(69)
Contributions and donations	137,000	137,000	125,479	(11,521)	172,619
Other miscellaneous	-	-	12,000	12,000	5,150
	<u>139,500</u>	<u>139,500</u>	<u>139,707</u>	<u>207</u>	<u>177,700</u>
Total revenues	<u>837,714</u>	<u>837,714</u>	<u>814,658</u>	<u>(23,056)</u>	<u>812,400</u>
Expenditures					
General Government					
Planning / zoning					
Services and supplies	15,000	15,000	3,708	11,292	9,531
Public works					
Highways / streets					
Services and supplies	-	-	-	-	29,828
Capital outlay	1,398,152	1,398,152	541,412	856,740	608,821
	<u>1,398,152</u>	<u>1,398,152</u>	<u>541,412</u>	<u>856,740</u>	<u>638,649</u>
Total expenditures	<u>1,413,152</u>	<u>1,413,152</u>	<u>545,120</u>	<u>868,032</u>	<u>648,180</u>
Excess of Revenues Over Expenditures	<u>(575,438)</u>	<u>(575,438)</u>	<u>269,538</u>	<u>844,976</u>	<u>164,220</u>
Net Change in Fund Balance	<u>(575,438)</u>	<u>(575,438)</u>	<u>269,538</u>	<u>844,976</u>	<u>164,220</u>
Fund Balance, Beginning of Year	<u>575,438</u>	<u>575,438</u>	<u>574,816</u>	<u>(622)</u>	<u>410,596</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 844,354</u>	<u>\$ 844,354</u>	<u>\$ 574,816</u>



Combining and Individual Nonmajor Governmental
Funds Schedules
June 30, 2015

City of Elko
State of Nevada

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City of Elko
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2015
(With Comparative Totals at June 30, 2014)

	Special Revenue	Debt Service	Capital Projects	Total	2014
Assets					
Cash and investments	\$ 661,771	\$ 414,467	\$ 7,324,226	\$ 8,400,464	\$ 5,229,487
Restricted cash	-	545,252	-	545,252	292,122
Interest receivable	134	260	2,212	2,606	1,602
Accounts receivable	675	-	-	675	10,104
Taxes receivable, delinquent	9,517	4,973	5,836	20,326	27,740
Due from other governments	7,261	202,453	474,759	684,473	389,394
Total Assets	\$ 679,358	\$ 1,167,405	\$ 7,807,033	\$ 9,653,796	\$ 5,950,449
Liabilities					
Accounts payable	\$ 16,283	\$ -	\$ 636,015	\$ 652,298	\$ 153,761
Accrued liabilities	5,118	-	-	5,118	5,275
Due to other funds	48,400	-	-	48,400	-
Unearned revenue	106,955	-	-	106,955	129,376
Total liabilities	176,756	-	636,015	812,771	288,412
Deferred Inflows of Resources					
Unavailable revenues - fuel taxes	-	125,478	-	125,478	167,535
Unavailable revenue - property taxes	9,517	22,454	21,393	53,364	27,740
Total deferred inflows of resources	9,517	147,932	21,393	178,842	195,275
Fund Balances					
Restricted					
Debt service	-	545,252	-	545,252	292,122
Public safety	123,167	-	-	123,167	113,782
Capital projects	-	-	629,201	629,201	562,651
Redevelopment Agency	424,468	-	-	424,468	413,909
Committed					
Parks and recreation	-	-	-	-	-
Capital projects	-	-	1,063,429	1,063,429	1,118,414
Facility improvements	-	-	5,456,995	5,456,995	626,365
Debt service	-	474,221	-	474,221	343,829
Assigned					
Police department facility	-	-	-	-	2,000,000
Unassigned	(54,550)	-	-	(54,550)	(4,310)
Total fund balances	493,085	1,019,473	7,149,625	8,662,183	5,466,762
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 679,358	\$ 1,167,405	\$ 7,807,033	\$ 9,653,796	\$ 5,950,449

City of Elko

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	Special Revenue	Debt Service	Capital Projects	Total	2014
Revenues					
Taxes	\$ 225,509	\$ 431,530	\$ 484,265	\$ 1,141,304	\$ 1,046,909
Intergovernmental	57,965	726,277	950,307	1,734,549	1,112,478
Charges for services	196,986	-	-	196,986	264,069
Miscellaneous	955	1,509	577,908	580,372	53,660
Total revenues	481,415	1,159,316	2,012,480	3,653,211	2,477,116
Expenditures					
Current					
General government	-	-	316,672	316,672	199,644
Judicial	-	-	-	-	4,000
Public safety	48,680	-	1,761,318	1,809,998	645,834
Public works	215,867	-	922,995	1,138,862	775,863
Health	-	-	-	-	14,697
Culture and recreation	271,626	-	-	271,626	376,232
Debt service					
Principal	-	505,000	-	505,000	495,000
Interest	-	421,362	-	421,362	399,923
Total expenditures	536,173	926,362	3,000,985	4,463,520	2,911,193
Excess (Deficiency) of Revenues Over (Under) Expenditures	(54,758)	232,954	(988,505)	(810,309)	(434,077)
Other Financing Sources (Uses)					
Proceeds from debt issuance	-	-	3,000,000	3,000,000	-
Sale of capital assets	-	-	-	-	41,659
Transfers in	24,462	150,568	830,700	1,005,730	3,121,766
Total Other Financing Sources (Uses)	24,462	150,568	3,830,700	4,005,730	3,163,425
Net Change in Fund Balances	(30,296)	383,522	2,842,195	3,195,421	2,729,348
Fund Balances, Beginning of Year	523,381	635,951	4,307,430	5,466,762	2,737,414
Fund Balances, End of Year	\$ 493,085	\$ 1,019,473	\$ 7,149,625	\$ 8,662,183	\$ 5,466,762

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 revenues 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.
- **Elko Redevelopment Agency Fund:** Revenues include ad valorem taxes to be 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 Special Revenue Funds
June 30, 2015
(With Comparative Totals at June 30, 2014)

	Youth Recreation	Municipal Court Administrative Assessment	Narcotics Task Force	Elko Redevelopment Agency	Total	2014
Assets						
Cash and investments	\$ 7,436	\$ 122,492	\$ 102,040	\$ 429,803	\$ 661,771	\$ 645,849
Interest receivable	3	-	-	131	134	131
Accounts receivable	-	675	-	-	675	1,988
Taxes receivable, delinquent	-	-	-	9,517	9,517	9,517
Due from other governments	-	-	5,534	1,727	7,261	21,832
Total Assets	\$ 7,439	\$ 123,167	\$ 107,574	\$ 441,178	\$ 679,358	\$ 679,317
Liabilities						
Accounts payable	\$ 7,488	\$ -	\$ 1,602	\$ 7,193	\$ 16,283	\$ 16,651
Accrued liabilities	5,118	-	-	-	5,118	5,275
Due to other funds	48,400	-	-	-	48,400	-
Unearned revenue	-	-	106,955	-	106,955	124,493
Total liabilities	61,006	-	108,557	7,193	176,756	146,419
Deferred Inflows of Resources						
Unavailable revenue - property taxes	-	-	-	9,517	9,517	9,517
Fund Balance						
Restricted						
Public safety	-	123,167	-	-	123,167	113,782
Redevelopment Agency	-	-	-	424,468	424,468	413,909
Unassigned	(53,567)	-	(983)	-	(54,550)	(4,310)
Total fund balances (deficit)	(53,567)	123,167	(983)	424,468	493,085	523,381
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,439	\$ 123,167	\$ 107,574	\$ 441,178	\$ 679,358	\$ 679,317

City of Elko
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue
 Funds
 For the Year Ended June 30, 2015
 (With Comparative Totals for the Year June 30, 2014)

	Youth Recreation	Municipal Court Administrative Assessment	Narcotics Task Force	Elko Redevelopment Agency	Total	2014
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ 225,509	\$ 225,509	\$ 176,245
Intergovernmental	-	9,385	48,580	-	57,965	37,871
Charges for services	196,986	-	-	-	196,986	264,069
Miscellaneous	38	-	-	917	955	275
Total revenues	197,024	9,385	48,580	226,426	481,415	478,460
Expenditures						
Current						
Judicial	-	-	-	-	-	4,000
Public safety	-	-	48,680	-	48,680	28,478
Public works	-	-	-	215,867	215,867	475,396
Culture and recreation	271,626	-	-	-	271,626	336,236
Total expenditures	271,626	-	48,680	215,867	536,173	844,110
Excess (Deficiency) of Revenues Over (Under) Expenditures	(74,602)	9,385	(100)	10,559	(54,758)	(365,650)
Other Financing Sources Transfers in	24,462	-	-	-	24,462	13,532
Net Change in Fund Balances	(50,140)	9,385	(100)	10,559	(30,296)	(352,118)
Fund Balances (Deficit), Beginning of Year	(3,427)	113,782	(883)	413,909	523,381	875,499
Fund Balances (Deficit), End of Year	\$ (53,567)	\$ 123,167	\$ (983)	\$ 424,468	\$ 493,085	\$ 523,381

City of Elko

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Youth Recreation
Fund
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	<u>Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>	<u>2014</u>
Revenues				
Charges for Services				
Fun factory fees	\$ 100,000	\$ 59,682	\$ (40,318)	\$ 93,412
Other charges	<u>178,000</u>	<u>137,304</u>	<u>(40,696)</u>	<u>170,657</u>
	<u>278,000</u>	<u>196,986</u>	<u>(81,014)</u>	<u>264,069</u>
Miscellaneous				
Investment Earnings	<u>500</u>	<u>38</u>	<u>(462)</u>	<u>24</u>
Total revenues	<u>278,500</u>	<u>197,024</u>	<u>(81,476)</u>	<u>264,093</u>
Expenditures				
Culture and recreation				
Latchkey program				
Salaries and wages	142,005	119,047	22,958	141,850
Employee benefits	52,530	46,808	5,722	55,818
Services and supplies	<u>110,075</u>	<u>105,771</u>	<u>4,304</u>	<u>138,568</u>
Total expenditures	<u>304,610</u>	<u>271,626</u>	<u>32,984</u>	<u>336,236</u>
Deficiency of Revenues Under Expenditures	<u>(26,110)</u>	<u>(74,602)</u>	<u>(48,492)</u>	<u>(72,143)</u>
Other Financing Sources				
Transfers in				
Recreation	<u>24,462</u>	<u>24,462</u>	<u>-</u>	<u>13,532</u>
Net Change in Fund Balance	(1,648)	(50,140)	(48,492)	(58,611)
Fund (Deficit), Beginning of Year	<u>48,045</u>	<u>(3,427)</u>	<u>(51,472)</u>	<u>55,184</u>
Fund (Deficit), End of Year	<u>\$ 46,397</u>	<u>\$ (53,567)</u>	<u>\$ (99,964)</u>	<u>\$ (3,427)</u>

City of Elko

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Municipal Court
Administrative Assessments Fund
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Final Budget	Actual	Variance to Final Budget	2014
Revenues				
Intergovernmental				
Administrative assessments	\$ 15,000	\$ 9,385	\$ (5,615)	\$ 9,820
Expenditures				
Judicial				
Municipal court				
Services and supplies	-	-	-	4,000
Capital outlay	137,962	-	137,962	-
Total expenditures	137,962	-	137,962	4,000
Net Change in Fund Balance	(122,962)	9,385	132,347	5,820
Fund Balance, Beginning of Year	122,962	113,782	(9,180)	107,962
Fund Balance, End of Year	\$ -	\$ 123,167	\$ 123,167	\$ 113,782

City of Elko

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Narcotics Task Force
Fund
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Final Budget	Actual	Variance to Final Budget	2014
Revenues				
Intergovernmental				
State of Nevada criminal justice grant	\$ 40,000	\$ 25,800	\$ (14,200)	\$ 28,051
Seizure revenue	21,897	22,780	883	-
Total revenues	<u>61,897</u>	<u>48,580</u>	<u>(13,317)</u>	<u>28,051</u>
Expenditures				
Public safety				
Services and supplies	40,000	26,783	13,217	28,478
Capital outlay	21,897	21,897	-	-
Total expenditures	<u>61,897</u>	<u>48,680</u>	<u>13,217</u>	<u>28,478</u>
Net Change in Fund Balance	-	(100)	(100)	(427)
Fund Deficit, Beginning of Year	-	(883)	(883)	(456)
Fund Deficit, End of Year	<u>\$ -</u>	<u>\$ (983)</u>	<u>\$ (983)</u>	<u>\$ (883)</u>

City of Elko
 Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Elko Redevelopment
 Agency Fund
 For the Year Ended June 30, 2015
 (With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Budget	Actual	Variance to Final Budget	2014
Revenues				
Taxes				
Ad valorem	\$ 160,350	\$ 225,509	\$ 65,159	\$ 176,245
Miscellaneous				
Investment earnings	1,000	917	(83)	251
	1,000	917	(83)	251
Total revenues	161,350	226,426	65,076	176,496
Expenditures				
Public works				
Highways / streets				
Services and supplies	227,100	215,867	11,233	7,500
Capital outlay	340,513	-	340,513	467,896
	567,613	215,867	351,746	475,396
Total expenditures	567,613	215,867	351,746	475,396
Excess (Deficiency) of Revenues Over (Under) Expenditures	(406,263)	10,559	416,822	(298,900)
Net Change in Fund Balance	(406,263)	10,559	416,822	(298,900)
Fund Balance, Beginning of Year	406,263	413,909	7,646	712,809
Fund Balance, End of Year	\$ -	\$ 424,468	\$ 424,468	\$ 413,909

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 Balance – Budget and Actual – Debt Service Fund
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Final Budget	Actual	Variance to Final Budget	2014
Revenues				
Taxes				
Ad valorem	\$ 449,741	\$ 431,530	\$ (18,211)	\$ 284,353
Intergovernmental				
Regional Transportation Commission	701,726	726,277	24,551	540,124
Miscellaneous				
Investment earnings	500	1,509	1,009	231
Total revenues	<u>1,151,967</u>	<u>1,159,316</u>	<u>7,349</u>	<u>824,708</u>
Expenditures				
Debt service				
Principal				
General obligation street bonds	410,000	410,000	-	405,000
General obligation recreation bonds	95,000	95,000	-	90,000
General obligation medium-term public safety bonds	265,000	-	265,000	-
Interest				
General obligation street bonds	332,606	332,606	-	340,756
General obligation recreation bonds	55,568	55,568	-	59,167
General obligation medium-term public safety bonds	75,000	33,188	41,812	-
Total debt service	<u>1,233,174</u>	<u>926,362</u>	<u>306,812</u>	<u>894,923</u>
Total expenditures	<u>1,233,174</u>	<u>926,362</u>	<u>306,812</u>	<u>894,923</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(81,207)	232,954	314,161	(70,215)
Other Financing Sources				
Transfers in				
Recreation	150,568	150,568	-	149,168
Net Change in Fund Balance	69,361	383,522	314,161	78,953
Fund Balance, Beginning of Year	757,252	635,951	(121,301)	556,998
Fund Balance, End of Year	<u>\$ 826,613</u>	<u>\$ 1,019,473</u>	<u>\$ 192,860</u>	<u>\$ 635,951</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.

City of Elko
Combining Balance Sheet – Nonmajor Capital Projects Funds
June 30, 2015
(With Comparative Totals at June 30, 2014)

	Ad Valorem Capital Projects	Public Improvement Development	Capital Equipment Reserve	Facility Reserve	Total	2014
Assets						
Cash and investments	\$ 541,850	\$ 15,449	\$ 941,660	\$ 5,825,267	\$ 7,324,226	\$ 4,255,887
Interest receivable	172	5	291	1,744	2,212	1,300
Accounts receivable	-	-	-	-	-	8,116
Taxes receivable, delinquent	-	-	5,836	-	5,836	5,836
Due from other governments	276,339	-	198,420	-	474,759	184,120
Total Assets	\$ 818,361	\$ 15,454	\$ 1,146,207	\$ 5,827,011	\$ 7,807,033	\$ 4,455,259
Liabilities						
Accounts payable	\$ 204,614	\$ -	\$ 61,385	\$ 370,016	\$ 636,015	\$ 137,110
Unearned revenue	-	-	-	-	-	4,883
Total liabilities	204,614	-	61,385	370,016	636,015	141,993
Deferred Inflows of Resources						
Unavailable revenue - property taxes	-	-	21,393	-	21,393	5,836
Fund Balances						
Restricted						
Capital projects	613,747	15,454	-	-	629,201	562,651
Committed						
Facility improvements	-	-	-	5,456,995	5,456,995	626,365
Capital projects	-	-	1,063,429	-	1,063,429	1,118,414
Assigned						
Police department facility	-	-	-	-	-	2,000,000
Total fund balances	613,747	15,454	1,063,429	5,456,995	7,149,625	4,307,430
Total Liabilities, Deferred Inflows and Fund Balances	\$ 818,361	\$ 15,454	\$ 1,146,207	\$ 5,827,011	\$ 7,807,033	\$ 4,455,259

City of Elko

Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	Ad Valorem Capital Projects	Public Improvement Development	Capital Equipment Reserve	Facility Reserve	Total	2014
Revenues						
Taxes	\$ 266,829	\$ -	\$ 217,436	\$ -	\$ 484,265	\$ 586,311
Intergovernmental	233,995	-	716,312	-	950,307	534,483
Miscellaneous	5,859	31	11,411	560,607	577,908	53,154
Total revenues	506,683	31	945,159	560,607	2,012,480	1,173,948
Expenditures						
General government	-	-	241,672	75,000	316,672	199,644
Public safety	-	-	305,506	1,455,812	1,761,318	617,356
Public works	440,164	-	452,966	29,865	922,995	300,467
Health	-	-	-	-	-	14,697
Culture and recreation	-	-	-	-	-	39,996
Total expenditures	440,164	-	1,000,144	1,560,677	3,000,985	1,172,160
Excess (Deficiency) of Revenues over Expenditures	66,519	31	(54,985)	(1,000,070)	(988,505)	1,788
Other Financing Sources (Uses)						
Proceeds from debt issuance	-	-	-	3,000,000	3,000,000	-
Sale of capital assets	-	-	-	-	-	41,659
Transfers in	-	-	-	830,700	830,700	2,959,066
Total other financing sources (uses)	-	-	-	3,830,700	3,830,700	3,000,725
Net Change in Fund Balances	66,519	31	(54,985)	2,830,630	2,842,195	3,002,513
Fund Balance, Beginning of Year	547,228	15,423	1,118,414	2,626,365	4,307,430	1,304,917
Fund Balance, End of Year	\$ 613,747	\$ 15,454	\$ 1,063,429	\$ 5,456,995	\$ 7,149,625	\$ 4,307,430

City of Elko

Schedule of Revenues, Expenditures and Changes in Fund Balances – Ad Valorem Capital Projects Fund
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	<u>Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>	<u>2014</u>
Revenues				
Taxes				
Ad valorem	\$ 232,819	\$ 266,829	\$ 34,010	\$ 259,155
Intergovernmental				
Grants	1,159,211	233,995	(925,216)	10,126
Miscellaneous				
Investment earnings	1,000	1,194	194	118
Other miscellaneous	4,300	4,665	365	4,309
	<u>5,300</u>	<u>5,859</u>	<u>559</u>	<u>4,427</u>
Total revenues	<u>1,397,330</u>	<u>506,683</u>	<u>(890,647)</u>	<u>273,708</u>
Expenditures				
Public works				
Highways / streets				
Capital outlay	1,920,050	440,164	1,479,886	30,018
Total expenditures	<u>1,920,050</u>	<u>440,164</u>	<u>1,479,886</u>	<u>30,018</u>
Net Change in Fund Balance	(522,720)	66,519	589,239	243,690
Fund Balance, Beginning of Year	<u>522,720</u>	<u>547,228</u>	<u>24,508</u>	<u>303,538</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 613,747</u>	<u>\$ 613,747</u>	<u>\$ 547,228</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances – Public Improvement Development Fund
 For the Year Ended June 30, 2015
 (With Comparative Actual Amounts for the Year Ended June 30, 2014)

	<u>Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>	<u>2014</u>
Revenues				
Miscellaneous				
Investment earnings	<u>\$ 100</u>	<u>\$ 31</u>	<u>\$ (69)</u>	<u>\$ 7</u>
Expenditures				
Public works				
Services and supplies	<u>15,616</u>	<u>-</u>	<u>15,616</u>	<u>-</u>
Net Change in Fund Balance	(15,516)	31	15,547	7
Fund Balance, Beginning of Year	<u>15,516</u>	<u>15,423</u>	<u>(93)</u>	<u>15,416</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ 15,454</u></u>	<u><u>\$ 15,454</u></u>	<u><u>\$ 15,423</u></u>

City of Elko

Schedule of Revenues, Expenditures and Changes in Fund Balances – Capital Equipment Reserve Fund
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	<u>Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>	<u>2014</u>
Revenues				
Taxes				
Ad valorem	\$ 224,940	\$ 217,436	\$ (7,504)	\$ 327,156
Intergovernmental				
CDBG grant	-	67,479	67,479	-
Consolidated tax revenue	709,520	648,833	(60,687)	524,357
	<u>709,520</u>	<u>716,312</u>	<u>6,792</u>	<u>524,357</u>
Miscellaneous				
Investment earnings	750	1,929	1,179	425
Other miscellaneous	6,000	9,482	3,482	47,235
	<u>6,750</u>	<u>11,411</u>	<u>4,661</u>	<u>47,660</u>
Total revenues	<u>941,210</u>	<u>945,159</u>	<u>3,949</u>	<u>899,173</u>
Expenditures				
General government				
Administration				
Capital outlay	67,500	67,479	21	18,007
Information systems				
Services and supplies	140,000	139,091	909	52,938
Capital outlay	35,500	35,102	398	26,606
	<u>243,000</u>	<u>241,672</u>	<u>1,328</u>	<u>97,551</u>
Public safety				
Police				
Capital outlay	272,000	249,829	22,171	325,176
Fire				
Capital outlay	35,000	32,897	2,103	187,146
Animal shelter				
Capital outlay	23,000	22,780	220	-
	<u>330,000</u>	<u>305,506</u>	<u>24,494</u>	<u>512,322</u>
Public works				
Highways / streets				
Capital outlay	387,000	305,446	81,554	127,974
Fleet maintenance				
Services and supplies	-	-	-	3,102
Capital outlay	72,500	62,587	9,913	14,522
Facilities				
Capital outlay	93,000	84,933	8,067	108,661
	<u>552,500</u>	<u>452,966</u>	<u>99,534</u>	<u>254,259</u>

City of Elko

Schedule of Revenues, Expenditures and Changes in Fund Balances – Capital Equipment Reserve Fund
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	<u>Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>	<u>2014</u>
Culture and recreation				
Parks / recreation				
Capital outlay	-	-	-	23,009
Swimming pool				
Capital outlay	-	-	-	16,987
	-	-	-	39,996
Total expenditures	1,125,500	1,000,144	125,356	904,128
Deficiency of Revenue under Expenditures	(184,290)	(54,985)	129,305	(4,955)
Other Financing Sources				
Sale of capital assets	-	-	-	41,659
Transfers in General	-	-	-	479,533
Total other financing sources	-	-	-	521,192
Net Change in Fund Balance	(184,290)	(54,985)	129,305	516,237
Fund Balance, Beginning of Year	1,112,923	1,118,414	5,491	602,177
Fund Balance, End of Year	<u>\$ 928,633</u>	<u>\$ 1,063,429</u>	<u>\$ 134,796</u>	<u>\$ 1,118,414</u>

City of Elko

Schedule of Revenues, Expenditures and Changes in Fund Balances – Facility Reserve Fund
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Budget	Actual	Variance to Final Budget	2014
Revenues				
Miscellaneous				
Investment earnings	\$ 1,000	\$ 10,607	\$ 9,607	\$ 1,060
Land sales	-	550,000	550,000	-
Total revenues	1,000	560,607	559,607	1,060
Expenditures				
General government				
Administration				
Services and supplies	75,000	75,000	-	-
Capital outlay	-	-	-	73,518
Information systems				
Capital outlay	-	-	-	28,575
	75,000	75,000	-	102,093
Public safety				
Police				
Services and supplies	98,000	97,922	78	-
Capital outlay	6,301,172	1,357,890	4,943,282	73,712
Fire				
Capital outlay	-	-	-	31,322
	6,399,172	1,455,812	4,943,360	105,034
Public works				
Facilities				
Services and supplies	-	-	-	3,180
Capital outlay	35,000	29,865	5,135	-
Engineering				
Capital outlay	-	-	-	13,010
	35,000	29,865	5,135	16,190
Health				
Cemetery				
Capital outlay	-	-	-	14,697
	-	-	-	14,697
Total expenditures	6,509,172	1,560,677	4,948,495	238,014
Deficiency of Revenues under Expenditures	(6,508,172)	(1,000,070)	5,508,102	(236,954)

City of Elko

Schedule of Revenues, Expenditures and Changes in Fund Balances – Facility Reserve Fund
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	<u>Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>	<u>2014</u>
Other Financing Sources				
Proceeds from debt issuance	3,000,000	3,000,000	-	-
Transfers in				
General	830,700	830,700	-	2,479,533
Net Change in Fund Balance	(2,677,472)	2,830,630	5,508,102	2,242,579
Fund Balance, Beginning of Year	2,677,472	2,626,365	(51,107)	383,786
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ 5,456,995</u>	<u>\$ 5,456,995</u>	<u>\$ 2,626,365</u>

Internally Reported (Budgetary Basis) Fund Reported as Part of the General Fund for External Reporting Purposes

Revenue Stabilization Fund – Budgetary Basis

The revenue stabilization fund is used to account 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 – Revenue Stabilization Fund
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>	<u>2014</u>
Revenues				
Miscellaneous				
Investment earnings	\$ 5,000	\$ 3,469	\$ (1,531)	\$ 692
Other Financing Sources (Uses)				
Transfers in				
General	-	-	-	319,689
Transfers out				
General	(112,784)	(112,784)	-	-
Total other financing sources (uses)	(112,784)	(112,784)	-	319,689
Net Change in Fund Balance	(107,784)	(109,315)	(1,531)	320,381
Fund Balance, Beginning of Year	1,854,362	1,850,054	(4,308)	1,529,673
Fund Balance, End of Year	<u>\$ 1,746,578</u>	<u>\$ 1,740,739</u>	<u>\$ (5,839)</u>	<u>\$ 1,850,054</u>



**Individual Major and Nonmajor Enterprise Funds
Schedules**

June 30, 2015

City of Elko

State of Nevada

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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 Fund

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

City of Elko
Schedule of Revenues, Expenses and Changes in Fund Balances – Water Fund
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Final Budget	Actual	Variance with Final Budget	2014
Operating Revenues				
Charges for Services				
Water user fees	\$ 3,381,609	\$ 3,247,158	\$ (134,451)	\$ 3,200,602
Miscellaneous				
Other	75,000	128,970	53,970	103,972
Total operating revenues	<u>3,456,609</u>	<u>3,376,128</u>	<u>(80,481)</u>	<u>3,304,574</u>
Operating Expenses				
Administration				
Salaries and wages	136,250	132,611	3,639	136,470
Employee benefits	56,850	56,406	444	57,934
Services and supplies	129,027	106,451	22,576	136,384
	<u>322,127</u>	<u>295,468</u>	<u>26,659</u>	<u>330,788</u>
Operations				
Salaries and wages	563,775	539,236	24,539	459,636
Employee benefits	284,050	247,721	36,329	225,608
Services and supplies	731,418	656,434	74,984	598,417
	<u>1,579,243</u>	<u>1,443,391</u>	<u>135,852</u>	<u>1,283,661</u>
Plant and facilities				
Salaries and wages	120,000	69,606	50,394	93,151
Employee benefits	57,000	21,642	35,358	37,670
Services and supplies	800,500	647,368	153,132	694,647
	<u>977,500</u>	<u>738,616</u>	<u>238,884</u>	<u>825,468</u>
Depreciation	506,839	495,372	11,467	483,739
Total operating expenses	<u>3,385,709</u>	<u>2,972,847</u>	<u>412,862</u>	<u>2,923,656</u>
Operating Income	<u>70,900</u>	<u>403,281</u>	<u>332,381</u>	<u>380,918</u>
Nonoperating Revenues				
Investment earnings	25,000	16,084	(8,916)	2,528
Gain on disposal of capital assets	-	-	-	7,125
Total nonoperating revenues	<u>25,000</u>	<u>16,084</u>	<u>(8,916)</u>	<u>9,653</u>
Income Before Capital Contributions	<u>95,900</u>	<u>419,365</u>	<u>323,465</u>	<u>390,571</u>
Capital Contributions				
Connection fees	300,000	1,123,221	823,221	382,189
Change in Net Position	<u>\$ 395,900</u>	<u>1,542,586</u>	<u>\$ 1,146,686</u>	<u>772,760</u>
Net Position, Beginning of Year, as Previously Reported		22,598,284		21,825,524
Restatement		<u>(1,268,076)</u>		<u>-</u>
Net Position, Beginning of the Year, as Restated		<u>21,330,208</u>		<u>21,825,524</u>
Net Position, End of Year		<u>\$ 22,872,794</u>		<u>\$ 22,598,284</u>

City of Elko
Schedule of Revenues, Expenses and Changes in Fund Balances – Sewer Fund
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Final Budget	Actual	Variance with Final Budget	2014
Operating Revenues				
Charges for Services				
Sewer user fees	\$ 2,799,273	\$ 2,750,526	\$ (48,747)	\$ 2,743,351
Septic tank receiving fees	165,000	167,524	2,524	146,644
	<u>2,964,273</u>	<u>2,918,050</u>	<u>(46,223)</u>	<u>2,889,995</u>
Miscellaneous				
Other	32,000	19,230	(12,770)	20,216
Total operating revenues	<u>2,996,273</u>	<u>2,937,280</u>	<u>(58,993)</u>	<u>2,910,211</u>
Operating Expenses				
Administration				
Salaries and wages	169,250	169,223	27	163,216
Employee benefits	70,700	70,122	578	68,894
Services and supplies	156,124	154,474	1,650	173,991
	<u>396,074</u>	<u>393,819</u>	<u>2,255</u>	<u>406,101</u>
Operations				
Salaries and wages	30,000	24,590	5,410	32,144
Employee benefits	9,800	14,101	(4,301)	12,257
Services and supplies	229,250	212,770	16,480	226,001
	<u>269,050</u>	<u>251,461</u>	<u>17,589</u>	<u>270,402</u>
Plant and facilities				
Salaries and wages	446,875	445,156	1,719	425,363
Employee benefits	212,250	180,312	31,938	195,015
Services and supplies	1,570,138	1,467,792	102,346	1,210,302
	<u>2,229,263</u>	<u>2,093,260</u>	<u>136,003</u>	<u>1,830,680</u>
Laboratory				
Salaries and wages	68,500	68,243	257	66,337
Employee benefits	32,425	31,529	896	30,726
Services and supplies	72,725	46,246	26,479	85,323
	<u>173,650</u>	<u>146,018</u>	<u>27,632</u>	<u>182,386</u>
Depreciation	<u>1,593,985</u>	<u>1,387,790</u>	<u>206,195</u>	<u>1,355,112</u>
Total operating expenses	<u>4,662,022</u>	<u>4,272,348</u>	<u>389,674</u>	<u>4,044,681</u>
Operating Loss	<u>(1,665,749)</u>	<u>(1,335,068)</u>	<u>330,681</u>	<u>(1,134,470)</u>

City of Elko
 Schedule of Revenues, Expenses and Changes in Fund Balances – Sewer Fund
 For the Year Ended June 30, 2015
 (With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Final Budget	Actual	Variance with Final Budget	2014
Nonoperating revenues				
Investment earnings	50,000	22,657	(27,343)	3,407
Gain on disposal of capital assets	-	-	-	855
Sewer improvement fees	3,007,108	2,960,634	(46,474)	2,946,501
Total nonoperating revenues	<u>3,057,108</u>	<u>2,983,291</u>	<u>(73,817)</u>	<u>2,950,763</u>
Income Before Capital Contributions	<u>1,391,359</u>	<u>1,648,223</u>	<u>256,864</u>	<u>1,816,293</u>
Capital Contributions				
Connection fees	<u>300,000</u>	<u>1,496,678</u>	<u>1,196,678</u>	<u>520,987</u>
Change in Net Position	<u>\$ 1,691,359</u>	<u>3,144,901</u>	<u>\$ 1,453,542</u>	<u>2,337,280</u>
Net Position, Beginning of Year, as Previously Reported		36,266,522		33,929,242
Restatement		<u>(1,308,521)</u>		<u>-</u>
Net Position, Beginning of Year, as Restated		<u>34,958,001</u>		<u>33,929,242</u>
Net Position, End of Year		<u>\$ 38,102,902</u>		<u>\$ 36,266,522</u>

City of Elko
Schedule of Revenues, Expenses and Changes in Fund Balances – Airport Fund
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Original Budget	Actual	Variance with Final Budget	2014
Operating Revenues				
Intergovernmental				
State fuel tax	\$ 3,000	\$ 3,079	\$ 79	\$ 2,391
Local fuel tax	20,000	17,323	(2,677)	14,686
	<u>23,000</u>	<u>20,402</u>	<u>(2,598)</u>	<u>17,077</u>
Charges for services				
Landing fees	63,000	50,082	(12,918)	48,245
Weather services data	3,000	3,000	-	3,000
Parking fees	150,000	109,172	(40,828)	104,557
Passenger facility charges	87,500	64,916	(22,584)	72,295
	<u>303,500</u>	<u>227,170</u>	<u>(76,330)</u>	<u>228,097</u>
Miscellaneous				
Rent - hanger	32,100	35,364	3,264	32,069
Rent - tie-downs	4,500	4,442	(58)	4,109
Rent - terminal	133,025	139,753	6,728	139,754
Rent - airport	271,850	192,392	(79,458)	202,644
Terminal advertising fee	25,000	19,360	(5,640)	17,638
Rental car leases	270,000	230,777	(39,223)	238,151
Concession rental	1,200	1,358	158	354
Other	26,424	39,372	12,948	33,940
	<u>764,099</u>	<u>662,818</u>	<u>(101,281)</u>	<u>668,659</u>
Total operating revenues	<u>1,090,599</u>	<u>910,390</u>	<u>(180,209)</u>	<u>913,833</u>
Operating Expenses				
Airport administration				
Salaries and wages	77,100	77,069	31	-
Employee benefits	31,400	31,313	87	-
	<u>108,500</u>	<u>108,382</u>	<u>118</u>	<u>-</u>
Airport operations				
Salaries and wages	325,775	325,352	423	323,808
Employee benefits	145,700	125,549	20,151	141,037
Services and supplies	429,280	368,028	61,252	115,566
	<u>900,755</u>	<u>818,929</u>	<u>81,826</u>	<u>580,411</u>
Public safety				
Salaries and wages	141,000	128,910	12,090	-
Employee benefits	91,825	79,824	12,001	-
	<u>232,825</u>	<u>208,734</u>	<u>24,091</u>	<u>-</u>

City of Elko
Schedule of Revenues, Expenses and Changes in Fund Balances – Airport Fund
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Original Budget	Actual	Variance with Final Budget	2014
Airport terminal operations				
Services and supplies	136,950	110,638	26,312	129,582
Depreciation				
City funded	296,320	225,756	70,564	189,120
Federal unfunded	2,255,220	1,900,777	354,443	1,855,633
	<u>2,551,540</u>	<u>2,126,533</u>	<u>425,007</u>	<u>2,044,753</u>
Total operating expenses	<u>3,930,570</u>	<u>3,373,216</u>	<u>557,354</u>	<u>2,754,746</u>
Operating Loss	<u>(2,839,971)</u>	<u>(2,462,826)</u>	<u>377,145</u>	<u>(1,840,913)</u>
Nonoperating Revenues (Expenses)				
Investment earnings	500	1,362	862	529
Gain (loss) on disposal of capital assets	-	(2,805)	(2,805)	668
Apron failure expense	-	(1,080)	(1,080)	(167,226)
Interest expense	(154,220)	(143,405)	10,815	(150,493)
Total nonoperating revenues (expenses)	<u>(153,720)</u>	<u>(145,928)</u>	<u>7,792</u>	<u>(316,522)</u>
Loss Before Capital Contributions, Special Item and Transfers	<u>(2,993,691)</u>	<u>(2,608,754)</u>	<u>384,937</u>	<u>(2,157,435)</u>
Capital Contributions				
Federal grant AIP 42	-	357,256	357,256	832,546
Federal grant AIP 43	1,705,867	1,628,913	(76,954)	14,063
Federal grant AIP 44	261,858	1,101,021	839,163	-
Federal grant AIP 45	-	155,980	155,980	-
Marketing / tourism grant	-	10,000	10,000	-
Total capital contributions	<u>1,967,725</u>	<u>3,253,170</u>	<u>1,285,445</u>	<u>846,609</u>
Transfers in				
General	343,825	317,026	(26,799)	165,000
Recreation	326,430	326,430	-	333,405
Total transfers in	<u>670,255</u>	<u>643,456</u>	<u>(26,799)</u>	<u>498,405</u>
Change in Net Position	<u>\$ (355,711)</u>	<u>1,287,872</u>	<u>\$ 1,643,583</u>	<u>(812,421)</u>
Net Position, Beginning of Year, as Previously Reported		27,365,929		28,178,350
Restatement		<u>(1,139,604)</u>		<u>-</u>
Net Position, Beginning of Year, as Restated		<u>26,226,325</u>		<u>28,178,350</u>
Net Position, End of Year		<u>\$ 27,514,197</u>		<u>\$ 27,365,929</u>

City of Elko
Schedule of Revenues, Expenses and Changes in Fund Balances – Landfill Fund
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Final Budget	Actual	Variance with Final Budget	2014
Operating Revenues				
Charges for services				
Landfill user fees	\$ 1,686,918	\$ 1,659,429	\$ (27,489)	\$ 1,672,404
Miscellaneous				
Franchise fees	29,525	33,300	3,775	33,215
Other	37,500	21,184	(16,316)	35,605
	<u>67,025</u>	<u>54,484</u>	<u>(12,541)</u>	<u>68,820</u>
Total operating revenues	<u>1,753,943</u>	<u>1,713,913</u>	<u>(40,030)</u>	<u>1,741,224</u>
Operating Expenses				
Administration				
Salaries and wages	65,950	65,150	800	44,261
Employee benefits	28,625	28,185	440	19,208
Services and supplies	45,847	24,097	21,750	27,327
	<u>140,422</u>	<u>117,432</u>	<u>22,990</u>	<u>90,796</u>
Operations				
Salaries and wages	474,375	467,950	6,425	450,045
Employee benefits	212,300	192,761	19,539	198,684
Services and supplies	807,600	695,572	112,028	691,401
	<u>1,494,275</u>	<u>1,356,283</u>	<u>137,992</u>	<u>1,340,130</u>
Depreciation	<u>126,946</u>	<u>123,352</u>	<u>3,594</u>	<u>116,684</u>
Total operating expenses	<u>1,761,643</u>	<u>1,597,067</u>	<u>164,576</u>	<u>1,547,610</u>
Operating Income	<u>(7,700)</u>	<u>116,846</u>	<u>124,546</u>	<u>193,614</u>
Nonoperating Revenues				
Investment earnings	<u>3,500</u>	<u>3,182</u>	<u>(318)</u>	<u>547</u>
Change in Net Position	<u>\$ (4,200)</u>	<u>120,028</u>	<u>\$ 124,228</u>	<u>194,161</u>
Net Position, Beginning of Year, as Previously Reported		3,633,808		3,439,647
Restatement		<u>(927,861)</u>		<u>-</u>
Net Position, Beginning of Year, as Restated		<u>2,705,947</u>		<u>3,439,647</u>
Net Position, End of Year		<u>\$ 2,825,975</u>		<u>\$ 3,633,808</u>

City of Elko
Schedule of Revenues, Expenses and Changes in Fund Balances – Golf Fund
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Final Budget	Actual	Variance with Final Budget	2014
Operating Revenues				
Charges for services				
Green fees	\$ 245,000	\$ 210,829	\$ (34,171)	\$ 250,409
Membership fees	265,000	273,678	8,678	257,002
Tournament fees	40,000	52,497	12,497	26,674
Cart path fees	50,000	42,244	(7,756)	42,738
Golf cart rental fees	145,000	144,626	(374)	148,617
Golf cart shed rentals	34,000	34,149	149	35,583
Golf concession rentals	10,035	10,336	301	10,036
	<u>789,035</u>	<u>768,359</u>	<u>(20,676)</u>	<u>771,059</u>
Miscellaneous				
Other	<u>13,000</u>	<u>10,644</u>	<u>(2,356)</u>	<u>11,987</u>
Total operating revenues	<u>802,035</u>	<u>779,003</u>	<u>(23,032)</u>	<u>783,046</u>
Operating Expenses				
Administration				
Salaries and wages	22,750	22,325	425	20,355
Employee benefits	<u>9,250</u>	<u>9,055</u>	<u>195</u>	<u>8,172</u>
	<u>32,000</u>	<u>31,380</u>	<u>620</u>	<u>28,527</u>
Operations				
Salaries and wages	233,250	228,031	5,219	241,782
Employee benefits	102,250	88,620	13,630	94,407
Services and supplies	<u>344,350</u>	<u>316,075</u>	<u>28,275</u>	<u>310,346</u>
	<u>679,850</u>	<u>632,726</u>	<u>47,124</u>	<u>646,535</u>
Depreciation	<u>66,100</u>	<u>62,725</u>	<u>3,375</u>	<u>61,056</u>
Total operating expenses	<u>777,950</u>	<u>726,831</u>	<u>51,119</u>	<u>736,118</u>
Operating Income	<u>24,085</u>	<u>52,172</u>	<u>28,087</u>	<u>46,928</u>
Nonoperating Revenues (Expenses)				
Investment earnings	500	814	314	86
Loss on disposal of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(224)</u>
Total nonoperating revenues (expenses)	<u>500</u>	<u>814</u>	<u>314</u>	<u>(138)</u>
Income Before Transfers	<u>24,585</u>	<u>52,986</u>	<u>28,401</u>	<u>46,790</u>

City of Elko
 Schedule of Revenues, Expenses and Changes in Fund Balances – Golf Fund
 For the Year Ended June 30, 2015
 (With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Final Budget	Actual	Variance with Final Budget	2014
Transfers In				
General	39,300	39,880	580	37,502
Recreation	24,462	24,462	-	23,532
Total transfers in	63,762	64,342	580	61,034
Change in Net Position	\$ 88,347	117,328	\$ 28,981	107,824
Net Position, Beginning of Year, as Previously Reported		1,390,553		1,282,729
Restatement		(399,694)		-
Net Position, Beginning of Year, as Restated		990,859		1,282,729
Net Position, End of Year		\$ 1,108,187		\$ 1,390,553

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Internal Service Fund Schedules
June 30, 2015

City of Elko
State of Nevada

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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 – A partially self-insured health insurance program for City employees, dependents and retirees. Revenues include City contributions, employee/retiree contributions, and individual stop loss recovery.

City of Elko
Schedule of Net Position – Health Insurance Fund
June 30, 2015
(With Comparative Actual Amounts at June 30, 2014)

	2015	2014
Current Assets		
Cash and investments	\$ 329,633	\$ 260,230
Accounts receivable	669	27,066
Interest receivable	86	67
Total assets	330,388	287,363
Current Liabilities		
Accounts payable	172,086	225,229
Net Position		
Restricted for group health insurance claims	\$ 158,302	\$ 62,134

City of Elko

Schedule of Revenues, Expenses and Change in Net Position – Health Insurance Fund
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Final Budget	Actual	Variance with Final Budget	2014
Operating Revenues				
Charges for Services				
Health insurance contributions	\$ 1,606,110	\$ 1,379,205	\$ (226,905)	\$ 1,351,569
Employee dependent contributions	253,305	239,257	(14,048)	222,573
Health provider reimbursements	300,000	230,007	(69,993)	576,590
Retiree contributions	39,780	57,680	17,900	33,263
Subsidy / retirees and dependents	50,000	50,004	4	51,972
Total operating revenues	<u>2,249,195</u>	<u>1,956,153</u>	<u>(293,042)</u>	<u>2,235,967</u>
Operating Expenses				
Employee benefits	1,170,000	1,860,301	(690,301)	2,320,484
Services and supplies	877,650	-	877,650	-
Total operating expenses	<u>2,047,650</u>	<u>1,860,301</u>	<u>187,349</u>	<u>2,320,484</u>
Operating Income (Loss)	201,545	95,852	(105,693)	(84,517)
Nonoperating Revenues				
Investment earnings	-	316	316	67
Change in Net Position	<u>\$ 201,545</u>	96,168	<u>\$ (105,377)</u>	(84,450)
Net Position, Beginning of Year		<u>62,134</u>		<u>146,584</u>
Net Position, End of Year		<u>\$ 158,302</u>		<u>\$ 62,134</u>

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Statistical Section (Unaudited)
June 30, 2015

City of Elko
State of Nevada

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City of Elko
 Schedule of Revenues and Related Capital Expenditures – Cash Basis
 For the Year Ended June 30, 2015

Capital Construction Fund:	
Beginning Balance July 1, 2014	\$ (980,491)
Additions:	
Revenue from Ad Valorem Taxes	674,951
Deletions:	
Cedar Street Reconstruction	(87,666)
9th Street Pedestrian Bridge Rehab Project	(186,190)
Errecart/Silver Signal (1/2 the Cost)	(118,123)
Manzanita Lane Improvements	(31,659)
Total Deletions	<u>(423,638)</u>
Funds remaining to be spent on Street Projects based on Monies Collected from Ad Valorem Taxes	<u>\$ (729,178)</u>
Water Fund:	
Beginning Balance July 1, 2014	\$ 68,221
Additions:	
Revenue from Connection Fees	1,123,221
Deletions:	
Capital Expenses for Projects relating to Growth: Exit 298 Water Line	<u>(42,286)</u>
Funds remaining to be spent on Growth based on Monies Collected from Connection Fees	<u>\$ 1,149,156</u>
Sewer Fund:	
Beginning Balance July 1, 2014	\$ 10,023,185
Additions:	
Revenue from Sewer Improvement Fees	2,960,634
Deletions:	
Capital Expenses for Projects or Replacement: Reuse Pipe Replacement	(247,537)
Biosolids Drying Bed Design (Engineering)	(93,619)
Fence Project	(47,784)
Biologic WRF Plant Upgrade	(155,345)
Vac Truck Drying Bed	(15,209)
Total Deletions	<u>(559,494)</u>
Funds remaining to be spent on Capital Projects Monies Collected from Improvement Fees	<u>\$ 12,424,325</u>
Sewer Fund:	
Beginning Balance July 1, 2014	\$ 1,840,820
Additions:	
Revenue from Connection Fees	<u>1,496,678</u>
Funds remaining to be spent on Growth based on Monies Collected from Connection Fees	<u>\$ 3,337,498</u>

	ACTUAL 2006	ACTUAL 2007	ACTUAL 2008	ACTUAL 2009	ACTUAL 2010
Revenues:					
Taxes	1,861,647	1,954,914	2,053,557	2,138,384	2,239,938
Licenses and permits	1,312,525	1,464,666	1,517,248	1,555,808	1,491,501
Intergovernmental	10,236,294	11,347,440	10,822,650	10,483,689	9,804,184
Charges for services	558,329	580,481	619,864	577,488	575,031
Fines and forfeitures	161,363	177,703	225,240	250,115	199,207
Miscellaneous	263,047	201,580	287,861	171,484	86,388
Total Revenues	14,393,205	15,726,784	15,526,420	15,176,968	14,396,249
Expenditures:					
General government	1,342,145	1,640,946	1,793,403	2,108,515	2,111,813
Judicial	222,543	237,848	301,401	386,154	387,548
Public safety	6,345,554	7,221,831	7,905,349	8,116,542	8,275,314
Public works	3,056,446	3,235,170	4,273,874	3,362,015	3,307,233
Health	408,536	441,913	507,835	525,658	525,384
Culture and recreation	733,833	817,790	952,538	1,028,101	1,027,251
Community support	28,000	28,000	36,000	36,000	32,000
Contingency	-	-	-	-	-
Intergovernmental	12,946	51,365	-	-	-
Total Expenditures	12,150,003	13,674,863	15,770,400	15,562,985	15,666,543
Excess (Deficiency) of Revenues over Expenditures	2,243,202	2,051,921	(243,980)	(386,017)	(1,270,294)
Other Financing Sources (Uses):					
Transfers in	173,475	191,581	234,298	246,256	406,136
Transfers out	(738,365)	(1,107,644)	(1,372,655)	(397,690)	(398,715)
Total Other Financing Sources (Uses)	(564,890)	(916,063)	(1,138,357)	(151,434)	7,421
Net Change in Fund Balance	1,678,312	1,135,858	(1,382,337)	(537,451)	(1,262,873)
Fund Balance, July 1	2,117,100	3,795,412	4,931,270	3,548,933	3,011,482
Fund Balance, June 30	\$ 3,795,412	\$ 4,931,270	\$ 3,548,933	\$ 3,011,482	\$ 1,748,609

Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund – Budgetary Basis
For the Years Ended June 30

ACTUAL 2011	ACTUAL 2012	ACTUAL 2013	ACTUAL 2014	ACTUAL 2015	BUDGETED 2016
2,253,941	2,373,842	2,473,737	2,509,838	2,666,813	2,893,177
1,765,089	1,913,770	2,048,308	2,022,603	2,087,384	1,865,510
11,543,028	13,399,230	13,791,267	12,334,542	12,633,948	11,783,052
769,662	876,366	870,660	883,422	943,598	849,925
209,940	185,480	199,833	171,437	169,913	182,000
105,473	101,462	161,538	110,615	122,543	109,092
<u>16,647,133</u>	<u>18,850,150</u>	<u>19,545,343</u>	<u>18,032,457</u>	<u>18,624,199</u>	<u>17,682,756</u>
2,099,734	1,895,752	2,131,446	2,147,213	2,110,308	2,254,722
364,974	335,305	339,637	306,058	271,025	306,000
8,294,482	8,423,606	9,226,056	9,365,562	9,388,271	9,889,810
3,059,259	3,008,660	4,031,364	3,914,165	3,854,165	4,250,631
526,608	518,702	615,350	674,668	664,070	708,555
977,659	900,388	1,026,925	1,074,605	1,131,856	1,227,110
21,000	29,500	45,000	57,000	53,827	45,026
-	-	-	-	-	280,228
-	-	-	-	-	-
<u>15,343,716</u>	<u>15,111,913</u>	<u>17,415,778</u>	<u>17,539,271</u>	<u>17,473,522</u>	<u>18,962,082</u>
<u>1,303,417</u>	<u>3,738,237</u>	<u>2,129,565</u>	<u>493,186</u>	<u>1,150,677</u>	<u>(1,279,326)</u>
1,021,168	223,508	239,464	243,582	375,431	276,100
(1,061,631)	(2,081,554)	(1,272,049)	(3,481,257)	(1,187,606)	(893,085)
<u>(40,463)</u>	<u>(1,858,046)</u>	<u>(1,032,585)</u>	<u>(3,237,675)</u>	<u>(812,175)</u>	<u>(616,985)</u>
1,262,954	1,880,191	1,096,980	(2,744,489)	338,502	(1,896,311)
1,748,609	3,011,563	4,891,754	5,988,734	3,244,245	3,470,087
<u>\$ 3,011,563</u>	<u>\$ 4,891,754</u>	<u>\$ 5,988,734</u>	<u>\$ 3,244,245</u>	<u>\$ 3,582,747</u>	<u>\$ 1,573,776</u>

City of Elko
Assessed Valuation – Secured and Unsecured Property
For the Years Ended June 30

FISCAL YEAR	ASSESSED VALUATION	PERCENT CHANGE
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%
2014	427,797,045	5.72%
2015	465,656,772	8.85%
2016	482,389,245	3.59%

City of Elko
Countywide Secured Tax Levies, Collection and Delinquencies
For the Years Ended June 30

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%
2013	11,899,450	11,747,688	98.7%
2014	12,816,924	12,681,650	98.9%
2015	13,488,972	13,400,822	99.3%

Beginning in Fiscal Year 2009, the amounts include the Elko Redevelopment District.

City of Elko
Ten Largest Property Owners
For the Year Ended June 30, 2015

Taxpayer	Type of Business	Assessed Value	% of City Assessed Value
1. KLO Global LLC	Real Estate/Residential	\$ 13,858,437	2.98%
2. Elko Acquisitions	Gaming	11,536,534	2.48%
3. PHC Elko, Inc.	Community Healthcare	10,024,161	2.15%
4. MP Elko LLC	Real Estate/Commercial	8,089,397	1.74%
5. Wal-Mart Stores, Inc.	Grocery Retail	4,816,683	1.03%
6 Sonora LLC	Real Estate/Commercial	4,773,483	1.03%
7. Realty Income Properties 6 LLC	Real Estate/Commercial	4,024,147	0.86%
8. Northern NV Asset Holdings	Real Estate/Residential	3,692,948	0.79%
9. Riverside Villas	Real Estate/Residential	3,626,476	0.78%
10. United Rentals	Equipment Rental	3,607,976	0.77%
Total		\$ 68,050,242	14.61%

(1) Based on Fiscal Year 2014/2015 total City assessed valuation of \$465,656,772 (excluding the assessed valuation of the Redevelopment Agency).

City of Elko
Statewide Average and Overlapping Tax Rates
Years Ended June 30

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016 (Budget)</u>
Average Statewide Rate	<u>3.1727</u>	<u>3.2162</u>	<u>3.1320</u>	<u>3.1171</u>	<u>3.1304</u>	<u>3.1212</u>	<u>3.1232</u>	<u>3.1232</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	0.0681	0.0681	0.0681	0.0537	0.0537	0.0537	0.0537	0.0537
State of Nevada	<u>0.1700</u>							
Total	<u>3.4967</u>	<u>3.4967</u>	<u>3.4967</u>	<u>3.4823</u>	<u>3.4823</u>	<u>3.4823</u>	<u>3.4823</u>	<u>3.4823</u>

Per \$100 of assessed valuation.

Source: Nevada Department of Taxation

City of Elko
Statutory Debt Limitation
Years Ended June 30

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	14,385,000	107,005,778
2014	427,797,045	128,339,114	13,710,000	114,629,114
2015	465,656,772	139,697,032	16,025,000	123,672,032
2016	482,389,245	144,716,774	N/A	N/A

Note: Legal debt limit per NRS 266.600.

City of Elko
 Outstanding Bonded Indebtedness
 June 30, 2015

<u>Bonds Payable</u>	<u>Date of Issue</u>	<u>Original Issue Amount</u>	<u>Principal Outstanding June 30, 2015</u>
General Obligation Bonds			
General Government			
2005 Limited Tax Recreational Facilities Bonds	8/25/2005	\$ 2,000,000	\$ 1,240,000
2010 Limited Tax Street Bonds	10/5/2010	10,500,000	8,905,000
General Obligation (Limited Tax) Bonds:			
General Government			
Medium-Term Public Safety Bond Series 2014	7/30/2014	3,000,000	3,000,000
Enterprise Fund			
Airport Improvement Bonds Series 2009A and Series 2009B	12/1/2009	3,735,000	2,880,000
Total Bonds Payable		<u><u>\$ 19,235,000</u></u>	<u><u>\$ 16,025,000</u></u>

Fiscal Year	2009 Airport Improvement Limited Tax Bond		2005 Limited Tax Recreational Facilities Bond		2010 Street Bonds Limited Tax Bond	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 190,000	\$ 138,911	\$ 100,000	\$ 51,768	\$ 420,000	\$ 324,044
2017	190,000	130,836	105,000	47,768	430,000	313,131
2018	205,000	122,055	110,000	43,568	445,000	297,782
2019	215,000	112,475	115,000	39,113	465,000	279,581
2020	225,000	102,166	120,000	34,455	485,000	260,581
2021	225,000	91,290	125,000	29,415	505,000	240,781
2022	245,000	79,571	130,000	24,165	520,000	222,556
2023	250,000	66,980	140,000	18,705	540,000	205,656
2024	270,000	53,578	145,000	12,685	555,000	187,516
2025	270,000	39,400	150,000	6,450	575,000	168,375
2026	290,000	24,380	-	-	595,000	146,700
2027	305,000	8,265	-	-	620,000	122,400
2028	-	-	-	-	645,000	97,100
2029	-	-	-	-	675,000	70,700
2030	-	-	-	-	700,000	43,200
2031	-	-	-	-	730,000	14,600
	<u>\$ 2,880,000</u>	<u>\$ 969,907</u>	<u>\$ 1,240,000</u>	<u>\$ 308,092</u>	<u>\$ 8,905,000</u>	<u>\$ 2,994,703</u>

2014 Public Safety Bond Limited Tax Bond		
Principal	Interest	Total
\$ 270,000	\$ 64,462	\$ 1,559,185
275,000	58,331	1,550,066
285,000	52,031	1,560,436
290,000	45,562	1,561,731
295,000	38,982	1,561,184
305,000	32,231	1,553,717
310,000	25,312	1,556,604
315,000	18,281	1,554,622
325,000	11,081	1,559,860
330,000	3,713	1,542,938
-	-	1,056,080
-	-	1,055,665
-	-	742,100
-	-	745,700
-	-	743,200
-	-	744,600
\$ 3,000,000	\$ 349,986	\$ 20,647,688

City of Elko
Total and Unfunded Accrued Liabilities
For the Years Ended June 30, 2015 and June 30, 2014

	All Members	
	June 30, 2015	June 30, 2014
Total Actuarial Accrued Liability	\$43,997,060,180	\$41,984,481,544
Net Assets at Actuarial Value	33,575,081,157	29,108,541,364
Unfunded Actuarial Accrued Liability	\$10,421,979,023	\$12,875,940,180
Assets as % of Total Accrued Liability	76.31%	69.33%

Source: June 30, 2013 Public Employees' Retirement System of Nevada Comprehensive Annual Financial Report



Compliance Section
June 30, 2015

City of Elko
State of Nevada

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CPAs & BUSINESS ADVISORS

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
City of Elko
Elko, Nevada

We have audited, 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, 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, Nevada (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 30, 2015.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

- 2015 – A Report Preparation

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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's financial statements are free from 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 Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Elko, Nevada
November 30, 2015

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance Required by OMB Circular A-133

To the Honorable Mayor and City Council
City of Elko
Elko, Nevada

Report on Compliance for the Major Federal Program

We have audited the City of Elko, Nevada's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2015. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. 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*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

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 its major federal program for the year ended June 30, 2015.

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Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, 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 on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we consider the following deficiency, described in the accompanying schedule of findings and questioned costs, to be a significant deficiency.

- *2015 – 001 Reporting*

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Elko, Nevada
November 30, 2015

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control over Compliance Required by the Passenger Facility Charge Audit Guide

To the Honorable Mayor and City Council
City of Elko
Elko, Nevada

Report on Compliance for Each Major Federal Program

We have audited the City of Elko, Nevada's (the City) compliance with the types of compliance requirements described in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration (the Guide), for its passenger facility charge program for the quarters and year ended June 30, 2015.

Management's Responsibility

Management is responsible for compliance with the requirements of laws and regulation applicable to its passenger facility charge program.

Auditor's Responsibility

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 the Guide. Those standards 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 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 on compliance with the passenger facility charge program. Our audit does not provide a legal determination of the Airport's compliance with those requirements.

Opinion on Each Major Federal Program

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 its passenger facility charge program for the quarters and year ended June 30, 2015.

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Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the 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 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 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 on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

This report is intended solely for the information and use of the Mayor, City Council, audit committee, management, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.



Elko, Nevada
November 30, 2015

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City of Elko
Schedule of Federal Expenditures
For the Years Ended June 30, 2015

<u>Federal Grantor/Pass Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development			
Passed through the State of Nevada Department of Commission on Economic Development: Community Development Block Grants/State's Program:			
Silver Street Sidewalk, Curb and Gutter	14.228	14/PS/06	\$ 198,995
Fish Refrigerated Truck	14.228	& 14/PS/06	<u>67,479</u>
			<u>266,474</u>
U.S. Department of Justice			
Direct Program:			
Equitable Sharing Program	16.922	N/A	35,051
Public Safety Partnership & Community Policing Grants	16.710	N/A	49,173
Bulletproof Vest Partnership Program	16.607	N/A	5,253
Passed through Nevada Department of Public Safety: Edward Byrne Memorial Justice Assistance Grant Program			
	16.738	14-JAG-09	25,800
Passed through Partners Allied for Community Excellence			
Enforcement of Underage Drinking Laws	16.727	N/A	<u>302</u>
Total U.S. Department of Justice			<u>115,579</u>
U.S. Department of the Transportation			
Direct Program:			
Airport Improvement Program	20.106	3-32-0005-42	357,256
Airport Improvement Program	20.106	3-32-0005-43	1,628,913
Airport Improvement Program	20.106	3-32-0005-44	1,101,020
Airport Improvement Program	20.106	3-32-0005-45	<u>155,980</u>
			<u>3,243,169</u>
Passed through State of Nevada Department of Transportation and Public Safety:			
Highway Planning and Construction	20.205	TAP-0007(037)	35,000
State and Community Highway Safety	20.600	N/A	1,193 *
Alcohol Open Container Requirements	20.607	N/A	670
National Priority Safety Program	20.616	N/A	<u>1,285 *</u>
			<u>38,148</u>
Total U.S. Department of Transportation			<u>3,281,317</u>
U.S. Department of Homeland Security			
Passed through State of Nevada Department of Public Safety			
Emergency Management Performance Grants	97.042	9704210	<u>24,527</u>
Total Federal Expenditures			<u>\$ 3,687,897</u>
* Total Highway Safety Cluster expenditures			<u>\$ 2,478</u>

Note A - Purpose of this Schedule

The accompanying Schedule of Expenditures of Federal Awards is a supplementary schedule to City of Elko, Nevada's (the City) basic financial statements and is presented for purposes of additional analysis. Because the schedule presents only a selected portion of the activities of the City, it does not present the financial position, changes in financial position, or the cash flows of the City.

Note B - Significant Accounting Policies

Reporting Entity

The reporting entity is fully described in Note 1 to the City's basic financial statements. The schedule includes all federal programs administered by the primary government for the fiscal year ended June 30, 2015,.

Basis of Presentation

The information in the schedule is presented in accordance with OMB Circular A-133.

Federal Financial Assistance

Pursuant to the Single Audit Act and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and is reported on the schedule (if applicable). Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the City and the federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Major Programs

The Single Audit Act and OMB Circular A-133 establish criteria to be used in defining major programs. Major programs are those programs selected for testing using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in OMB Circular A-133. Programs with similar requirements may be grouped into a cluster for testing purposes.

Basis of Accounting

Receipts and expenditures are accounted for using the modified accrual basis of accounting. Revenues are recorded when measurable and available, or in the case of grants where expenditure is the prime factor for determining eligibility, when the expenditure is made. Expenditures are recorded when a liability is incurred.

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiency identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over major programs	
Material weaknesses identified	No
Significant deficiency identified not considered to be material weaknesses	Yes
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)	Yes

Identification of major programs:

Name of Federal Program	CFDA Number
U. S. Department of Transportation Airport Improvement Program	20.106
Dollar threshold used to distinguish between Type A and Type B programs	\$ 300,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

**2015 – A Report Preparation
Material Weakness**

Criteria: Management of the City of Elko is responsible for establishing and maintaining an effective system of internal control over financial reporting. One of the key components of an effective system of internal control is a finance staff with adequate resources available to prepare the financial statements in accordance with generally accepted accounting principles.

Condition: The internal control structure should include procedures to ensure management is able to prepare their own financial statements.

Cause: Given the daily responsibilities of management, the resources of time and training necessary to prepare the City's financial statements in accordance with generally accepted accounting principles are not available. As a result the City has chosen to contract with Eide Bailly LLP to prepare the financial statements. This circumstance is not unusual in an organization of this size, due to time constraints of management and costs associated with compliance of the standards.

Effect: As auditors, we were engaged to prepare the financial statements and footnotes.

Recommendation: Management and those charged with governance should annually make the decision to accept the degree of risk associated with this condition because of costs or other considerations.

Management's Response: We agree with the findings and will implement the proper procedures to ensure this is managed correctly in the future. The following is a summary of our corrective action plan.

Corrective Action Plan (CAP)

Actions Planned in Response to Finding: The City of Elko will annually review whether to accept the degree of risk associated with this condition.

Explanation of Disagreement: We concur with the finding.

Official Responsible for Ensuring Corrective Action: Administrative Services Director

Planned Completion for Corrective Action: This will be an ongoing annual decision prepared by the Administration.

Plan to Monitor Completion of Corrective Action: City Council will annually review Administration's decision about whether to prepare the financial statements.

Section III – Federal Award Findings and Questioned Costs

**2015 – 001 – Passed through U.S. Department of Transportation
CFDA #20.106
Airport Improvement Program**

**Reporting
Significant Deficiency in Internal Control over Compliance**

Criteria: The internal control structure should include procedures to ensure grant reports are accurately filed with the grantor agency.

Condition: During our testing of the Operating and Financial Summary report (Form 5100-127), we noted that the 2014 report submission was never completed by the City of Elko.

Cause: The controls currently in place were not sufficient to ensure reports were filed.

Effect: The 2014 report was not submitted to the FAA.

Recommendation: Management should make sure that all required FAA reports are being submitted to the appropriate outside parties within the required time frames. The 2014 report should be submitted to the FAA.

Management's Response:

Corrective Action Plan (CAP)

Actions Planned in Response to Finding: Management will implement a schedule of annual reports that need to be completed and the time lines to be reviewed by at least two finance personnel to ensure timely reporting of all annual reports.

Explanation of Disagreement: We concur with the finding.

Official Responsible for Ensuring Corrective Action: Administrative Services Director

Planned Completion for Corrective Action: This has already been implemented for future years.

Plan to Monitor Completion of Corrective Action: A report will be made to the City Council once the report has been submitted to the appropriate agency.

City of Elko
Schedule of Passenger Facility Charges
For the Years Ended June 30, 2015

Balance July 1, 2014	\$ -
Collection of Passenger Facility Charges July 1, 2014 through June 30, 2015	64,916
Proceeds expended for Passenger Facility Charge Projects July 1, 2014 through June 30, 2015	<u>(64,916)</u>
Balance June 30, 2015	<u><u>\$ -</u></u>

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



Auditor's Comments
June 30, 2015

City of Elko
State of Nevada

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CPA's & BUSINESS ADVISORS

AUDITOR'S COMMENTS

To the Honorable Mayor and
City Council
Elko, Nevada

In connection with our audit of 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 (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, nothing came to our attention that caused us to believe that City of Elko failed to comply with the specific requirements of Nevada Revised Statutes cited below. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

Current Year Statute Compliance

The City of Elko conformed to all significant statutory constraints on its financial administration during the year.

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 over expenditures.

Disposition of Prior Year Recommendations

Finding 2014-A for report preparation was reported again this year as finding 2015-A.

Current Year Audit Recommendations

See items noted in the Schedule of Findings and Questioned Costs on pages 123 through 125.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Elko, Nevada
November 30, 2015

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City of Elko

Schedule of Fees Imposed Subject to the Provision of NRS 354.5989 – Limitation of Fees for Business Licenses
For the Year Ended June 30, 2015

Flat Fixed Fees					
Business license revenue for the year ended June 30, 1991 (base year) adjusted through June 30, 2014	\$ 604,714				
Adjustment to Base					
Base year adjusted percentage increase in population of the local government	2.71%				
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	0.80%				
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right; border-top: 1px solid black;">3.51%</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 1px solid black;">21,225</td> </tr> </table>		3.51%		21,225
	3.51%				
	21,225				
Adjusted Base at June 30, 2015	625,939				
Actual Revenue	499,193				
Amount Over (Under) Allowable Amount	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$ (126,746)</td> </tr> </table>		\$ (126,746)		
	\$ (126,746)				

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City of Elko

Comparative Analysis
June 30, 2015



City of Elko

Comparative Analysis

June 30, 2015

Exhibit

1. Revenues by Type – General Fund
2. Expenditures by Function – General Fund
3. Expenditures by Object – General Fund
4. Revenues vs. Expenditures – General Fund
5. Revenues vs. Expenses – Water Fund
6. Revenues vs. Expenses – Sewer Fund
7. Revenues vs. Expenses – Landfill Fund
8. Revenues vs. Expenses – Golf Fund

City of Elko

Revenues by Type – General Fund

For the Years Ended June 30,

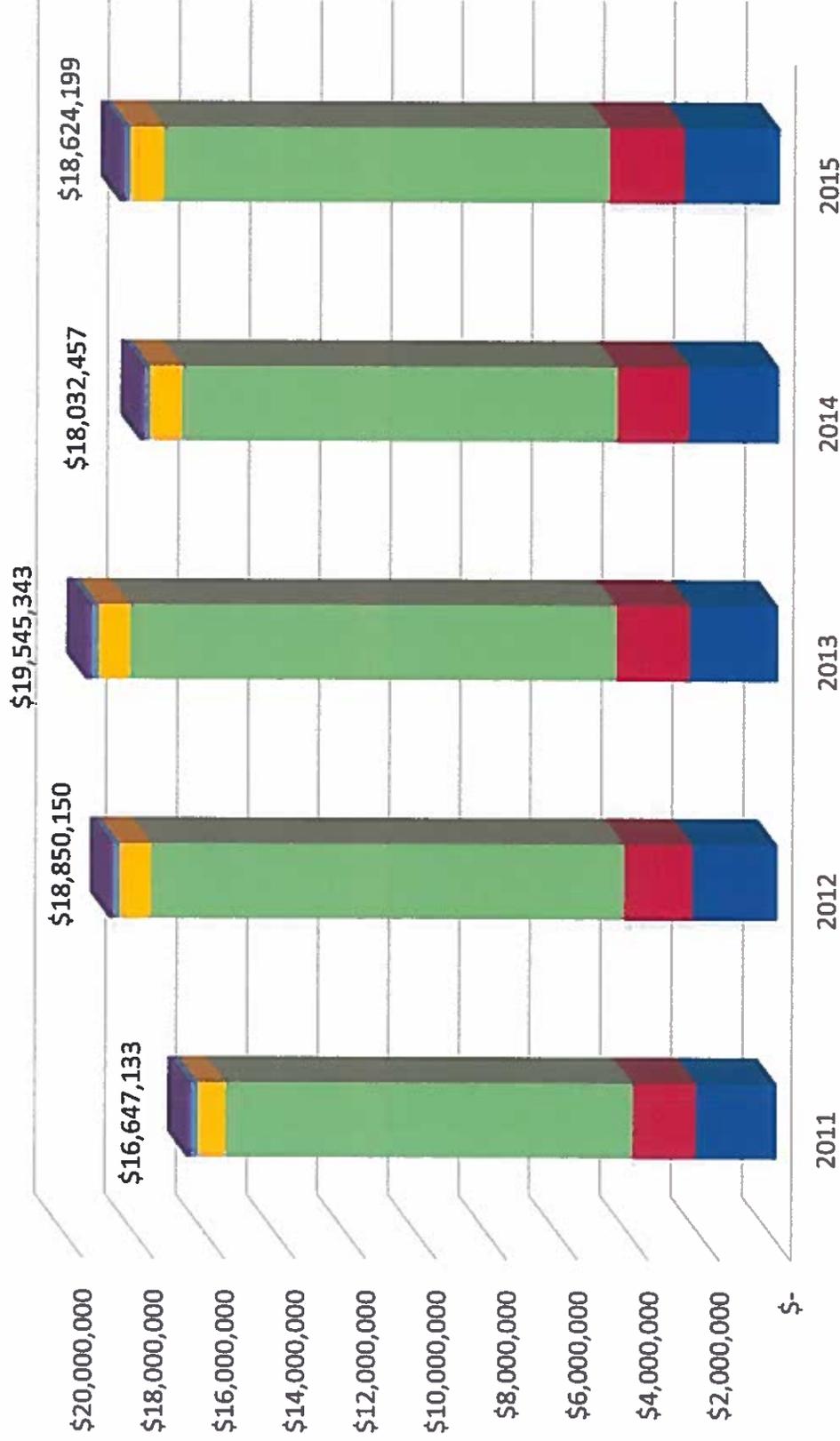


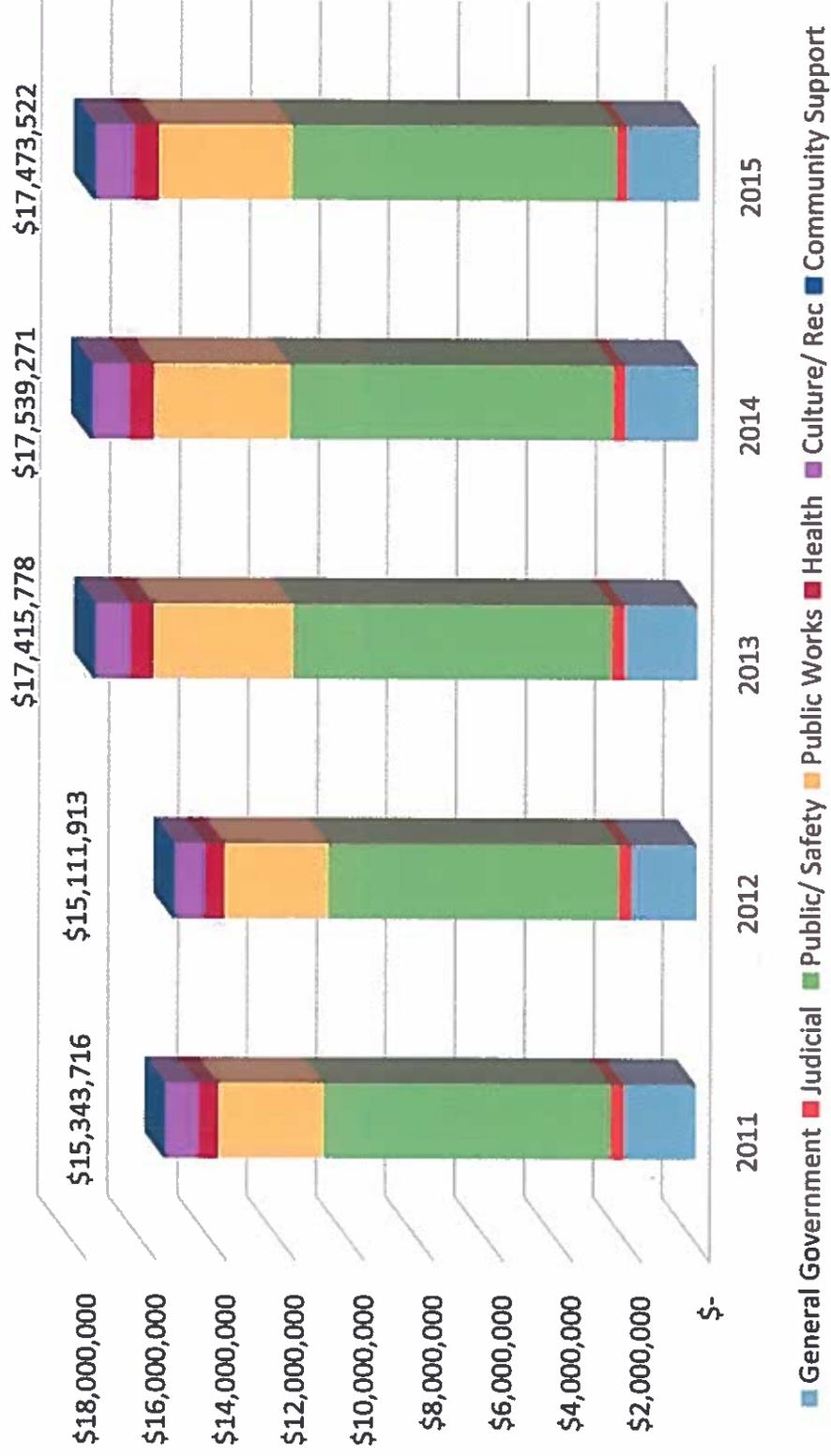
Exhibit 1
 Eide Bailly, LLP

■ Taxes ■ Licenses/ Permits ■ Intergovernmental ■ Charges for Services ■ Fines ■ Miscellaneous
For Presentation Purposes Only

City of Elko

Expenditures by Function – General Fund

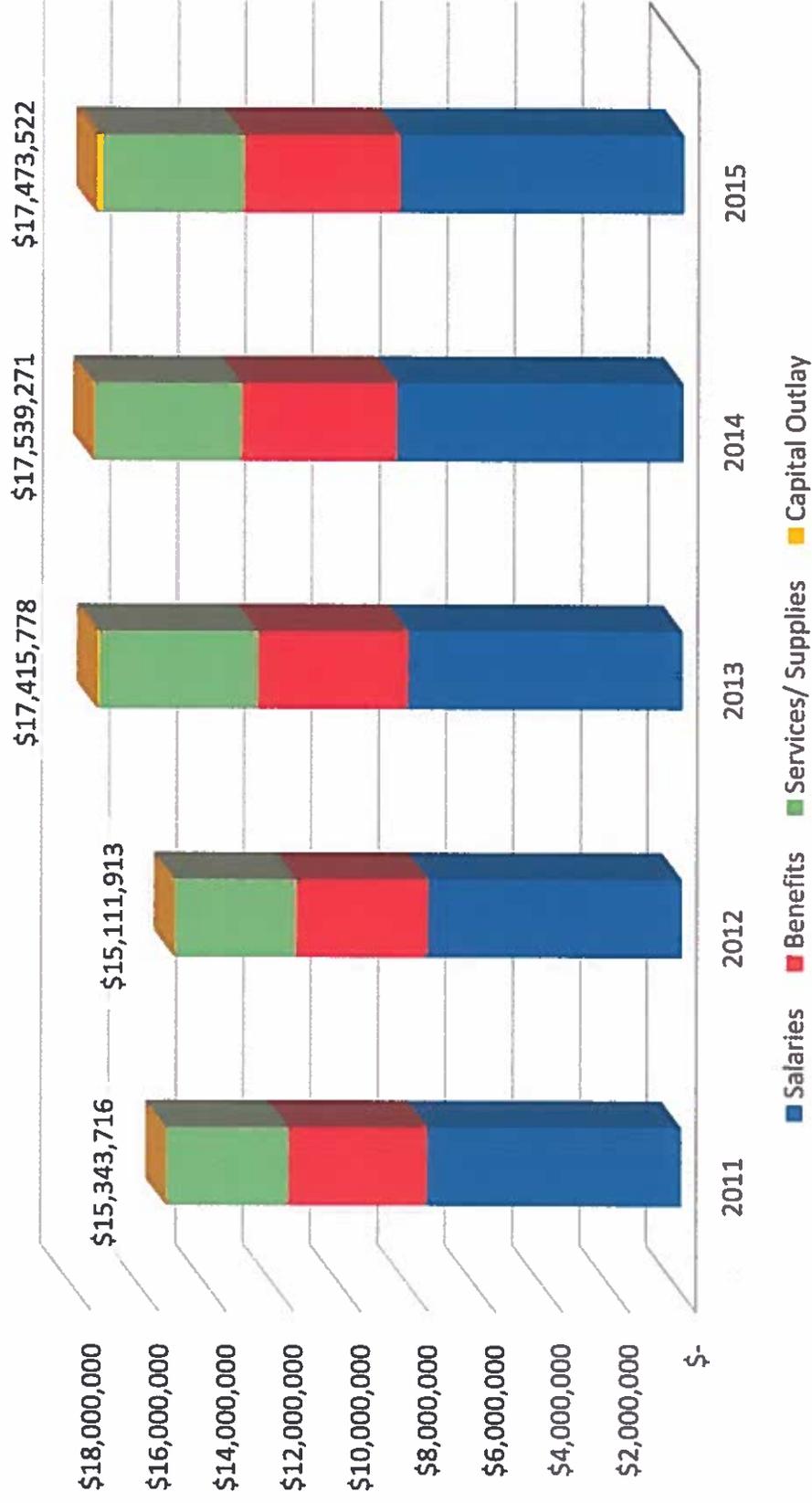
For the Years Ended June 30,



City of Elko

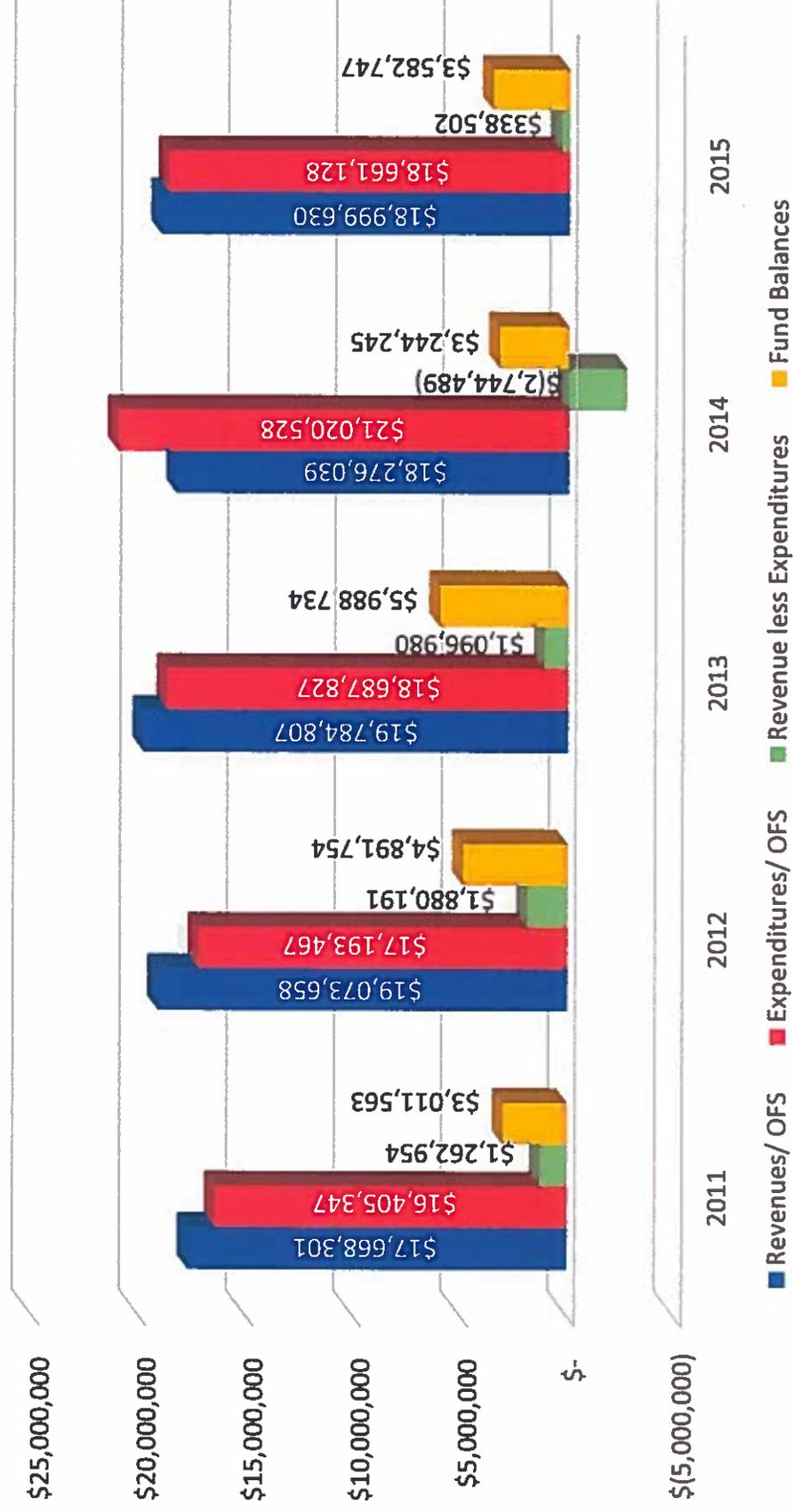
Expenditures by Object – General Fund

For the Years Ended June 30,



City of Elko

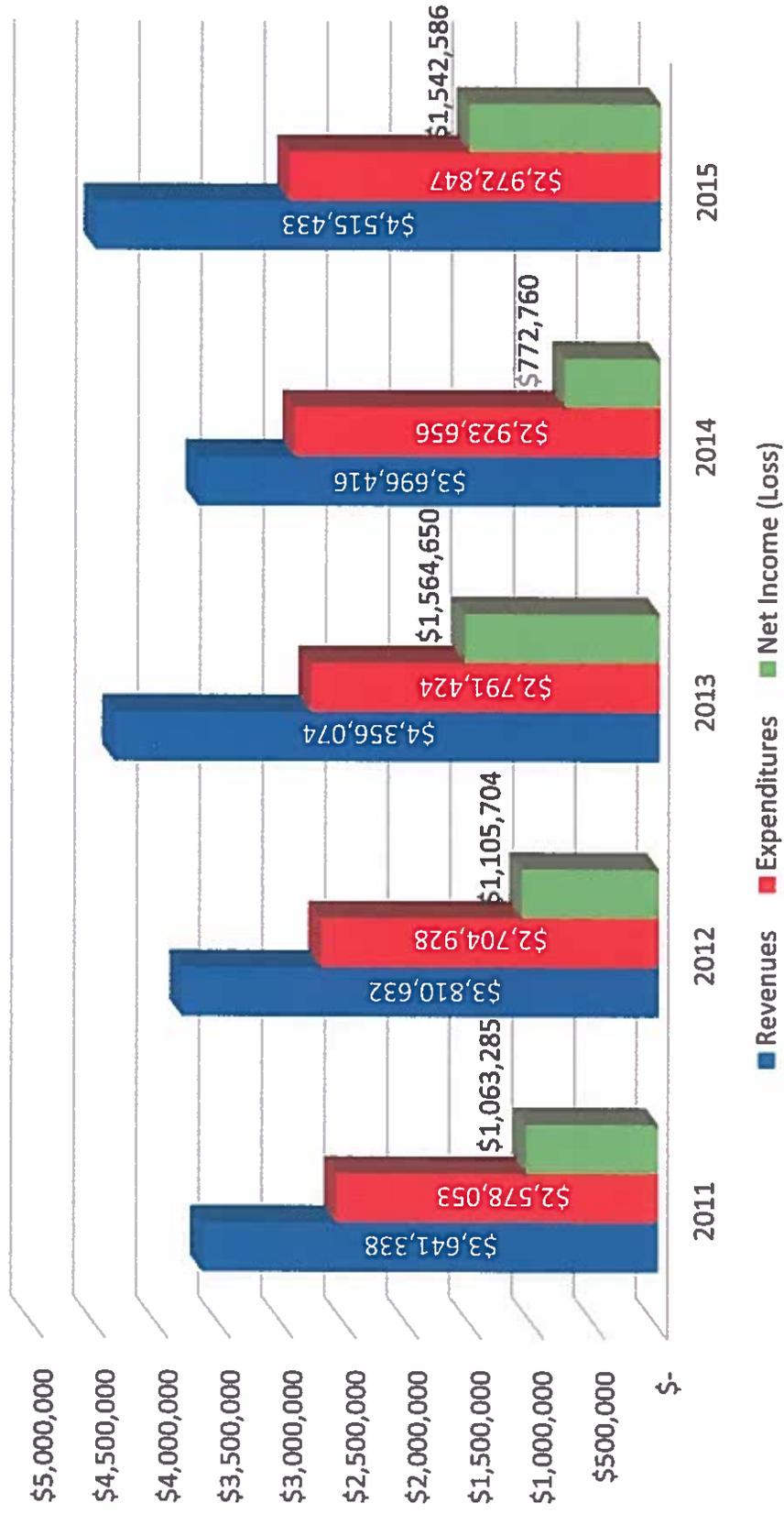
Revenues vs. Expenditures – General Fund For the Years Ended June 30,



City of Elko

Revenues vs. Expenses – Water Fund

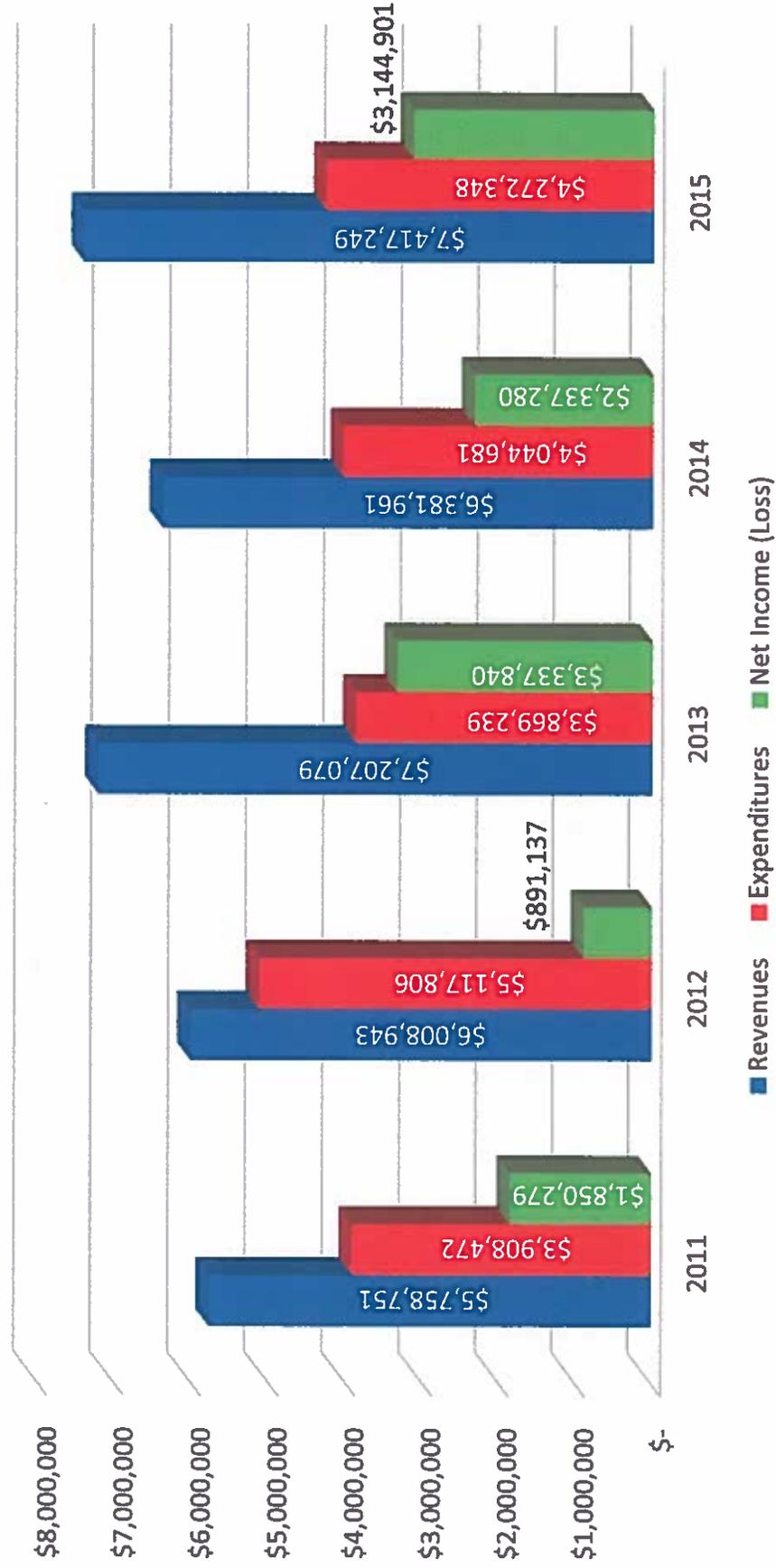
For the Years Ended June 30,



City of Elko

Revenues vs. Expenses – Sewer Fund

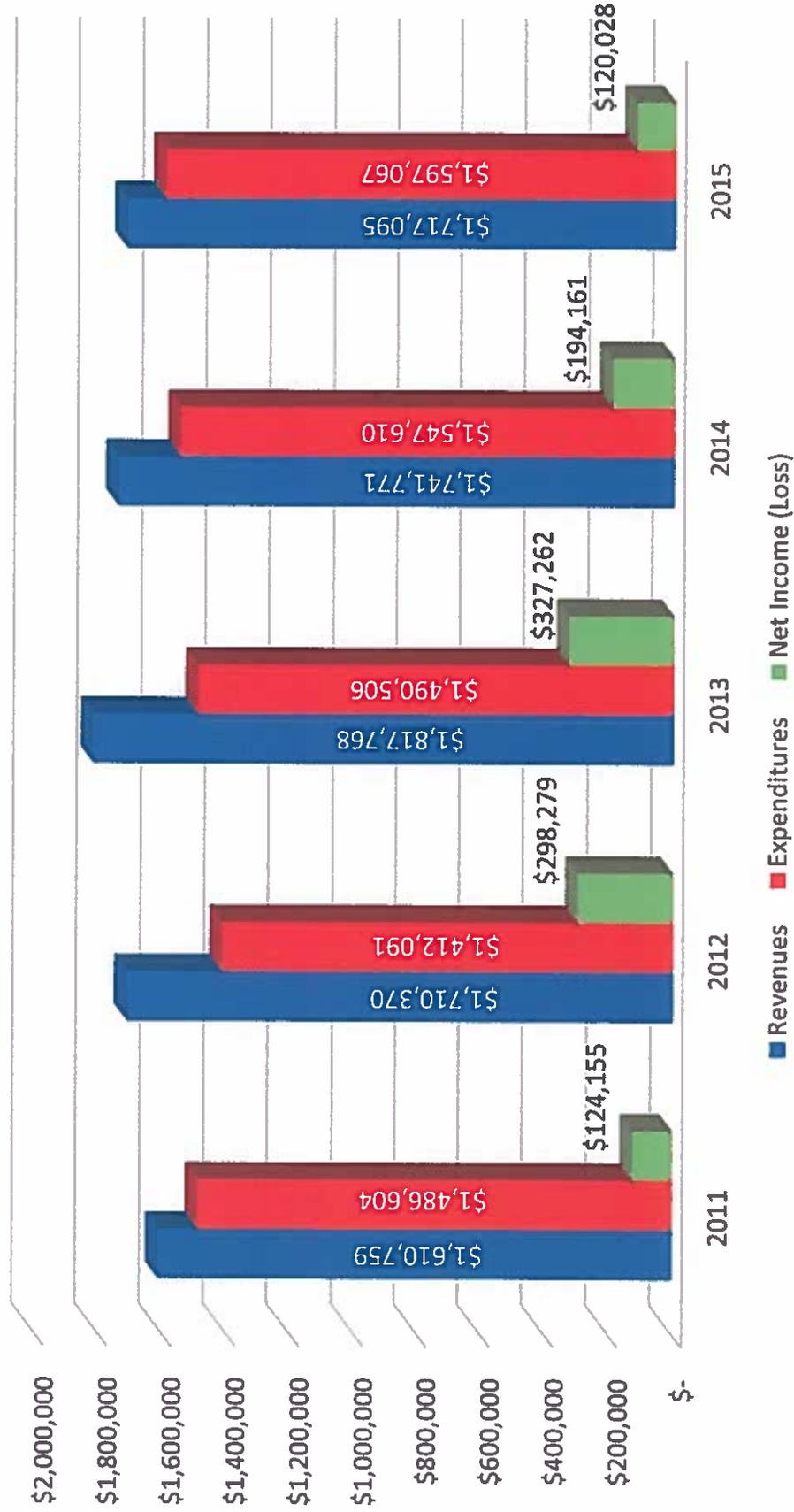
For the Years Ended June 30,



City of Elko

Revenues vs. Expenses – Landfill Fund

For the Years Ended June 30,



City of Elko

Revenues vs. Expenses – Golf Fund

For the Years Ended June 30,

