

# **City of Elko, Nevada**

## **FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED  
JUNE 30, 2018**



CITY OF ELKO, NEVADA

Table of Contents

	Page
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	4
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Position .....	17
Statement of Activities.....	18
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position .....	21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	23
Statement of Net Position – Proprietary Funds.....	24
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds .....	25
Statement of Cash Flows – Proprietary Funds.....	26
Notes to the Financial Statements.....	27
<b>Required Supplementary Information:</b>	
Schedule of the Proportionate Share of the Net Pension Liability.....	61
Schedule of Contributions.....	62
Schedule of Changes in the Net OPEB Liability and Related Ratios.....	63
Schedule of OPEB Contributions .....	64
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual – General Fund .....	66
Reconciliation of the General Fund (Budgetary Basis) to the Schedule of Revenues, Expenditures, and Changes in Fund Balances General Fund (GAAP Basis) .....	71
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - Recreation Special Revenue Fund .....	72
Notes to Required Supplementary Information .....	73

**CITY OF ELKO, NEVADA**

**Table of Contents (Continued)**

**Supplementary Information:**

Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Reconciliation of the General Fund (Budgetary Basis) to the General Fund (GAAP Basis).....	77
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Revenue Stabilization Fund .....	78
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Construction Capital Projects Fund.....	80
Combining Balance Sheet – Nonmajor Governmental Funds .....	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	84
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Governmental Funds:	
Youth Recreation – Special Revenue Fund .....	86
Municipal Court Administration Assessment – Special Revenue Fund .....	87
Narcotics Task Force – Special Revenue Fund .....	88
Elko Redevelopment Agency – Special Revenue Fund.....	89
Debt Service Fund .....	90
Ad Valorem – Capital Projects Fund .....	91
Public Improvement Development -- Capital Projects Fund .....	92
Capital Equipment Reserve – Capital Projects Fund.....	93
Facility Reserve Fund .....	94
Schedules of Revenues, Expenses, and Changes in Net Position – Budget and Actual – Major Enterprise Funds:	
Water Utility – Enterprise Fund.....	96
Sewer Utility – Enterprise Fund .....	97
Airport – Enterprise Fund .....	98
Landfill – Enterprise Fund .....	99
Golf – Enterprise Fund .....	100
Schedule of Revenues, Expenses and Change in Net Position – Health Insurance Fund.....	102

**CITY OF ELKO, NEVADA**

**Table of Contents (Continued)**

**STATISTICAL SECTION:**

Schedule of Revenues and Related Capital Expenditures – Cash Basis ..... 105  
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund –  
    Budgetary Basis ..... 106  
Assessed Valuation – Secured and Unsecured Property ..... 108  
Countywide Secured Tax Levies, Collection and Delinquencies ..... 109  
Ten Largest Property Owners ..... 110  
Statewide Average and Overlapping Tax Rates..... 111  
Statutory Debt Limitation ..... 112  
Outstanding Bonded Indebtedness..... 113  
Annual General Obligation Debt Service Requirements ..... 114  
Total and Unfunded Accrued Liabilities..... 116

**COMPLIANCE SECTION:**

Independent Auditors’ Report on Internal Control over Financial Reporting  
    and on Compliance and Other Matters ..... 119  
Independent Auditors’ Report on Compliance Applicable to Each Major Program and  
    on Internal Control over Compliance Required by the Uniform Guidance and the  
    Passenger Facility Charge Audit Guide for Public Agencies ..... 121  
Summary of Auditors’ Results..... 123  
Financial Statement Findings..... 124  
Federal Award Findings and Questioned Costs ..... 124  
Passenger Facility Program Findings and Questioned Costs ..... 124  
Summary of Prior Year Findings and Questioned Costs ..... 124  
Schedule of Expenditures of Federal Awards ..... 125  
Notes to the Schedule of Expenditures of Federal Awards..... 126  
Schedule of Expenditures of Passenger Facility Charges ..... 127  
Independent Auditors’ Report on Compliance with State Fiscal Laws ..... 129  
Schedule of Fees Imposed Subject to the Provisions of NRS 354.5989  
    Limitation of Fees for Business Licenses ..... 131

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**FINANCIAL SECTION**

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**HINTONBURDICK**  
CPAs & ADVISORS

## **Independent Auditors' Report**

The Honorable Mayor and City Council  
City of Elko, Nevada

### **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, as of and for the year ended June 30, 2018, 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 entity'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 entity'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.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Elko, as of June 30, 2018, 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.



### ***Changes in Accounting Principle***

As described in Note 1 to the financial statements, in fiscal year 2018, the City implemented the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions and GASB Statement No. 82, Pension Issues. Our opinion is not modified with respect to these matters.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the proportionate share of the net pension liability, the schedule of contributions, the schedule of changes in the net OPEB liability and related ratios, the schedule of OPEB contributions, and the budgetary comparison and reconciliation information and related notes, as listed in the table of contents, 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 required supplementary information 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.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Elko's basic financial statements. The combining statements and individual major fund, nonmajor fund and enterprise fund budgetary comparison schedules, 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 basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, and is also not a required part of the financial statements. The combining statements and individual major fund, nonmajor fund and enterprise fund budgetary comparison schedules 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 statements, individual nonmajor fund and enterprise fund budgetary comparison schedules, 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 354.6989 have 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 them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

HintonBurdick, PLLC

A handwritten signature in cursive script that reads "HintonBurdick, PLLC".

St. George, Utah  
October 24, 2018

**City of Elko**  
**Management's Discussion and Analysis**  
**June 30, 2018**

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 Funds	Proprietary Funds	Fiduciary Funds
<b>Scope</b>	Entire City government (except Fiduciary Funds)	Activities of the City that are not proprietary or fiduciary	Activities of the City that are operated similar to private businesses	Instances in which the City is the trustee agent for someone else's resources
<b>Required Financial Statements</b>	Statement of Net 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
<b>Accounting Basis and Measurement Focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting No measurement focus

**City of Elko**  
**Management's Discussion and Analysis**  
**June 30, 2018**

	Government-Wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
<b>Type of Asset/Liability Information</b>	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
<b>Type of Inflow/Outflow Information</b>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year. Expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	Results of operations are not measured

**City of Elko**  
**Management's Discussion and Analysis**  
**June 30, 2018**

**Condensed Statement of Net Position**

The largest component, \$114,979,126, 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 \$9,867,796. Restricted net position represents resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. Unrestricted net position totals \$10,647,067 and is available for the City's operations.

Table 2 below presents the City's condensed statement of net position as of June 30, 2018 with comparisons for June 30, 2017. These are derived from the government-wide statement of net position.

**Table 2: Condensed Statement of Net Position**  
**As of June 30, 2018 and 2017**

	<b>Government Activities</b>		<b>Business-type Activities</b>		<b>Total Government</b>	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 25,228,011	\$ 21,738,161	\$ 29,758,184	\$ 27,885,453	\$ 55,011,195	\$ 49,623,614
Capital assets	47,209,160	46,677,507	87,501,765	83,053,619	134,710,925	132,252,525
<b>Total assets</b>	<b>72,437,171</b>	<b>68,415,668</b>	<b>117,284,949</b>	<b>113,460,471</b>	<b>189,722,120</b>	<b>181,876,139</b>
Deferred outflows of resources	3,039,175	5,332,506	756,237	1,370,159	3,795,412	6,702,665
Current and other liabilities	2,866,673	4,091,833	1,195,579	1,348,322	4,062,252	5,440,155
Long-term liabilities	42,070,536	41,985,970	8,531,121	8,608,439	50,601,657	50,594,409
<b>Total liabilities</b>	<b>44,937,209</b>	<b>46,077,803</b>	<b>9,726,700</b>	<b>9,956,761</b>	<b>54,663,909</b>	<b>56,034,564</b>
Deferred inflows of resources	2,690,228	1,801,382	669,406	462,856	3,359,634	2,264,238
<b>Net position</b>						
Net investment in capital assets	29,782,464	28,113,936	85,196,662	83,063,690	114,979,126	111,177,626
Restricted	9,636,099	9,060,808	231,697	224,939	9,867,796	9,285,747
Unrestricted	(11,569,654)	(11,305,755)	22,216,721	21,122,384	10,647,067	9,816,629
<b>Total net position</b>	<b><u>\$ 27,848,909</u></b>	<b><u>\$ 25,868,989</u></b>	<b><u>\$107,645,080</u></b>	<b><u>\$104,411,013</u></b>	<b><u>\$ 135,493,989</u></b>	<b><u>\$ 130,280,002</u></b>

**Overall Analysis**

Financial highlights for the City, as a whole, during the fiscal year ended June 30, 2018, 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 \$27.8 million for governmental activities and by \$107.6 million for business-type activities.
- The City's total net position increased during the year by \$5,213,987 or by 4 percent. Net position of governmental activities increased by \$1,979,920 or by 7.6 percent, while net assets of business-type activities increased by \$3,234,067 or by 3.1 percent.

**City of Elko**  
**Management's Discussion and Analysis**  
**June 30, 2018**

**Condensed Statement of Activities**

Table 3 presents the City's condensed statement of activities for the fiscal year ended June 30, 2018, with comparisons for June 30 2017, as derived from the government-wide Statement of Activities.

**Table 3: Condensed Statement of Activities  
For Fiscal Years Ended June 30, 2018 and 2017**

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for Services	\$2,169,424	\$2,020,424	\$12,926,896	\$13,155,927	\$15,096,320	\$15,176,351
Operating Grants and Contributions	419,848	341,270	-	-	\$419,848	\$341,270
Capital Grants and Contributions	1,068,467	368,492	3,576,268	4,279,271	\$4,644,735	\$4,647,763
General Revenues:						
Ad Valorem Taxes	5,165,865	5,096,380	-	-	\$5,165,865	\$5,096,380
Consolidated Taxes	13,711,043	13,057,838	-	-	\$13,711,043	\$13,057,838
Motor Vehicle Fuel Taxes	1,193,415	1,186,204	-	-	\$1,193,415	\$1,186,204
Room Taxes	3,831,732	3,607,717	-	-	\$3,831,732	\$3,607,717
Other Taxes	111,555	116,282	-	-	\$111,555	\$116,282
Gaming Licenses	104,826	104,354	-	-	\$104,826	\$104,354
Franchise Fees	1,051,101	806,375	-	-	\$1,051,101	\$806,375
Miscellaneous Revenues	1,470	3,100	-	-	\$1,470	\$3,100
Gain (loss) on Sale of Asset:	12,880	106,947	-	(169,209)	\$12,880	(\$62,262)
Interest Income	173,860	112,851	241,688	147,867	\$415,548	\$260,718
<b>Total Revenues</b>	<b>29,015,486</b>	<b>26,928,234</b>	<b>16,744,852</b>	<b>17,413,856</b>	<b>45,760,338</b>	<b>44,342,090</b>
Expenses:						
General government	2,320,800	2,352,443	-	-	2,320,800	2,352,443
Judicial	269,124	311,799	-	-	269,124	311,799
Public safety	10,933,997	10,595,010	-	-	10,933,997	10,595,010
Public works	5,543,100	5,925,232	-	-	5,543,100	5,925,232
Health and sanitation	678,862	704,116	-	-	678,862	704,116
Culture and recreation	3,554,311	6,027,580	-	-	3,554,311	6,027,580
Community support	102,630	96,435	-	-	102,630	96,435
Interest on long-term debt	547,048	577,365	-	-	547,048	577,365
Water	-	-	3,625,301	3,550,580	3,625,301	3,550,580
Sewer	-	-	4,135,997	4,164,327	4,135,997	4,164,327
Landfill	-	-	3,154,808	3,349,722	3,154,808	3,349,722
Airport	-	-	1,808,727	1,674,231	1,808,727	1,674,231
Golf	-	-	594,133	604,587	594,133	604,587
<b>Total Expenses</b>	<b>23,949,872</b>	<b>26,589,980</b>	<b>13,318,966</b>	<b>13,343,447</b>	<b>37,268,838</b>	<b>39,933,427</b>
Increase(decrease) in net position before transfers	5,065,614	338,254	3,425,886	4,070,409	8,491,500	4,408,663
Transfers	(509,341)	(510,054)	509,341	510,054	-	-
<b>Change in net position</b>	<b>4,556,273</b>	<b>(171,800)</b>	<b>3,935,227</b>	<b>4,580,463</b>	<b>8,491,500</b>	<b>4,408,663</b>
Beginning net position	25,868,989	26,040,789	104,411,013	99,830,550	130,280,002	125,871,339
Restatement adjustment	(2,576,353)	-	(701,160)	-	(3,277,513)	-
<b>Ending net position</b>	<b>\$27,848,909</b>	<b>\$25,868,989</b>	<b>\$107,645,080</b>	<b>\$104,411,013</b>	<b>\$135,493,989</b>	<b>\$130,280,002</b>

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**City of Elko**  
**Management's Discussion and Analysis**  
**June 30, 2018**

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**Condensed Statement of Activities (continued)**

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 \$5,213,987 or 4 percent. The net position of the governmental activities increased by \$1,979,920 or by 7.65 percent, and the net position of the business-type activities increased by \$3,234,067 or by 3.1 percent. The following is a breakdown of the major changes that occurred during fiscal year 2018:

The City's general revenues increased by \$2,087,252 or 7.8 percent. The increase was a combination of increases in some revenues and decreases in others. Sales taxes increased by \$653,205 or 5 percent. Additionally, ad valorem taxes increased by \$69,485 or 1.4 percent and charges for services' revenues increased by \$149,000 or 7.4 percent. The majority of this was due to an increase in building permit issuances. Transient lodging taxes increased by \$224,015 or 6.2 percent, mainly due to the opening of new hotels in the City.

The City received a total of \$4,644,735 in grants and capital contributions. The majority of the grant funds received were for the airport and totaled \$2,681,667. The water fund received \$404,189 in connection fees and the sewer fund received \$431,281 in connection fees.

The City's general expenditures were down by \$2,640,108 or 9.9 percent from the prior year. The majority of this decrease is due to a reduction in spending in culture and recreation. This variance is due in total to timing of projects that were budgeted in 2018 but were not started. The City budgets almost one hundred percent of resources annually to dedicate funds for large projects which may not be completed within a current year with current resources.

The City's business-type activities expenditures decreased \$24,481 or 0.2% percent due to general operating expenses and capital outlay reductions. Revenues for the business-type activities decreased by \$669,004 or 3.84% due to decreased capital contributions from golf and airport grants of \$703,003 or 16 percent; the water fund experienced an increase in connection fees of \$208,180 or 106 percent; and the sewer fund had an increase in connection fees of \$210,368 or 95 percent. Other revenues decreased in the airport fund by \$500,000 or 42 percent due to a one time settlement payment received in the prior year and interest income increased by \$93,281 for the year. Increased connection fees for both the water and the sewer funds are directly related to growth and development within the City. 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.

**City of Elko**  
**Management's Discussion and Analysis**  
**June 30, 2018**

**Program Expenses and Revenues for Governmental Activities**

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

**Table 4: Program Expenses and Revenues**  
**For Governmental Activities**  
**For the Fiscal Year Ended June 30, 2018 and 2017**

<b><u>City Programs</u></b>	<b>Program Expenses</b>	<b>Program Revenues</b>	<b>Net Program Expenses (Revenues) (a) 2018</b>	<b>Net Program Expenses (Revenues) (a) 2017</b>
General Government	\$ 2,320,800	\$ 665,249	\$ 1,655,551	\$ 1,352,495
Judicial	269,124	85,904	183,220	187,076
Public Safety	10,933,997	526,908	10,407,089	10,285,369
Public Works	5,543,100	1,149,172	4,393,928	5,291,148
Health	678,862	149,418	529,444	558,966
Culture & Recreation	3,554,311	1,079,168	2,475,143	5,513,340
Debt Service - interest	547,048	-	547,048	577,365
Community Support	<u>102,630</u>	<u>1,920</u>	<u>100,710</u>	<u>94,035</u>
Totals	<u>\$ 23,949,872</u>	<u>\$ 3,657,739</u>	<u>\$ 20,292,133</u>	<u>\$ 23,859,794</u>

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



City of Elko  
Management's Discussion and Analysis  
June 30, 2018

**Program Expenses and Revenues for Business-type Activities**

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

**Table 5: Program Expenses and Revenues  
For Business-type Activities  
For the Fiscal Year Ended June 30, 2017 and 2018**

<u>City Programs</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Net Program Expenses (Revenues) 2018</u>	<u>Net Program Expenses (Revenues) 2017</u>
Water Enterprise	\$ 3,625,301	\$ 3,807,080	\$ (181,779)	\$ (217,717)
Sewer Enterprise	4,135,997	6,313,532	\$ (2,177,535)	(1,929,555)
Landfill Enterprise	1,808,727	1,981,565	\$ (172,838)	(129,313)
Airport Enterprise	3,154,808	3,672,975	\$ (518,167)	690,347
Golf Enterprise	<u>594,133</u>	<u>728,012</u>	<u>(133,879)</u>	<u>(2,058,428)</u>
Totals	<u>\$ 13,318,966</u>	<u>\$ 16,503,164</u>	<u>\$ (3,184,198)</u>	<u>\$ (3,644,666)</u>

(a) Contributed Proceeds/Capital from Bond Proceeds for Golf Course Irrigation Project

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**City of Elko**  
**Management's Discussion and Analysis**  
**June 30, 2018**

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**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, 2018, the City's governmental funds reported a combined ending fund balance of \$20,897,471, with 3,038,144 reported as unassigned fund balance, \$2,072,741 reported as assigned for the next year's budget shortfall, \$8,347,981 reported as restricted, \$7,405,382 reported as committed, and the remaining amount of \$33,223 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, 2018, totaled \$7,063,743, which includes \$1,892,635 from the revenue stabilization fund. This represents an increase of \$778,298 for the general fund or 6 percent and an increase of \$107,415 or 6 percent for the revenue stabilization fund during the fiscal year. The increase is mainly due to sales taxes coming in higher than the prior year in the amount of \$653,205. There was a decrease in overall expenditures of \$293,859 or 1.1 percent. There was a \$155,347 transfer to the airport fund to pay for administrative and ARFF fire service. There was a \$700,000 transfer to the recreation fund to facilitate the purchase of field lightning for the new sports complex project. Additionally, there was an annual transfer of excess fund balance to the following in compliance with City Code: revenue stabilization fund- \$138,018, facility fund - \$207,027, and capital equipment fund - \$207,027. That brought the total transfers out of the general fund to \$1,454,741.

**Recreation Fund**

Fund balance at June 30, 2017, totaled \$9,140,927 of which, \$50,680 is restricted for the Recreation Facilities Bond payment for the following year. In addition, \$5,736,582 is restricted for recreation facilities associated with the bond issue. Transient lodging tax increased \$224,015 or 6 percent mainly due to the construction of new properties within the City. Total expenditures for the fund were \$2,073,405 which included \$141,702 for the sports complex design; and \$59,129 for the golf course irrigation upgrade project.

**Capital Construction Fund**

Fund balance at June 30, 2018 totaled \$328,536, which is a decrease of \$169,975 or 34 percent. The City had one major project in the Capital Construction fund for fiscal year 2018 which was the Cedar Street Reconstruction Phase II project totaling \$1,081,118. These monies are accumulated over several years until such time there are sufficient resources to fund major street construction or reconstruction projects.

**Nonmajor funds:**

**Ad Valorem Capital Projects Fund**

Fund balance at June 30, 2018, totaled \$979,755, which is an increase of \$347,785 or 55 percent during the fiscal year. The City did not have any projects out of this fund in FY18. 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 \$347,875.

**Capital Equipment Reserve Fund**

Fund balance at June 30, 2018, totaled \$1,030,786, which is a decrease of \$203,570 or 16 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 2017/2018; purchases for general government totaled \$55,667, which were for computer information systems equipment; equipment purchases for public safety departments totaled \$809,005; and equipment purchases for public works departments totaled \$174,815.

**Redevelopment Fund**

Fund balance at June 30, 2018 totaled \$850,722, which is a decrease of \$80,592 or 9 percent. The main expenditures from this fund were for the Chilton Tower, Centennial Park and an alley improvement project in the downtown corridor totaling \$460,543. The other expenses were for \$41,175 for a storefront grant program and \$3,705 for legal and consulting fees related to development. Total tax revenues for the fund for fiscal year 2018 were \$292,342.

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**City of Elko**  
**Management's Discussion and Analysis**  
**June 30, 2018**

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**Proprietary Funds**

The City's proprietary funds reported net position of \$107,645,080 for fiscal year ending June 30, 2018. Following is a list of the proprietary funds and their respective net position at June 30, 2018 and 2017 with the percentage change.

<b><u>Fund</u></b>	<b><u>June 30, 2018</u></b>	<b><u>June 30, 2017</u></b>	<b><u>Change</u></b>	<b><u>% Change</u></b>
Water Enterprise	\$23,510,846	\$23,469,699	\$41,147	0.18%
Sewer Enterprise	43,098,872	40,985,132	\$2,113,740	5.16%
Landfill Enterprise	3,174,431	3,130,696	\$43,735	1.40%
Airport Enterprise	33,866,095	32,952,196	\$913,899	2.77%
Golf Enterprise	3,994,836	3,876,290	\$118,546	3.06%
	<b><u>\$107,645,080</u></b>	<b><u>\$104,414,013</u></b>	<b><u>\$3,231,067</u></b>	<b><u>3.09%</u></b>

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**City of Elko**  
**Management's Discussion and Analysis**  
**June 30, 2018**

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

**Capital Asset Activity**

At June 30, 2018, the City reported \$47.2 million in capital assets for governmental activities and \$87.5 million in capital assets for business-type activities. Major capital asset additions for the governmental activities were \$55,667, for upgrades to information systems equipment and infrastructure; \$1,125,121 in public safety vehicles, equipment and facility improvements; \$1,423,809 in public works projects which included the Cedar Street Phase II reconstruction project and various equipment purchases totaling \$114,083.

Major capital additions for business-type activities for projects included \$251,432 for an alley line replacement project; \$182,636 for the Exit 298 water line agreement, \$22,465 for the water meter pit project and improvements on Cedar Street; as well as \$124,106 for a new shop design and an additional \$39,274 for various equipment purchases in the water fund. The sewer fund had the following projects in FY18: \$777,541 for the third secondary clarifier, \$411,927 for a reuse line to the sports complex, \$367,852 for the primary digester, \$210,233 for slip lining project; \$197,396 for the primary digester; \$182,214 for a fill station; \$128,237 for a new generator, \$124,178 for a new shop design; and \$352,971 for various equipment purchases. \$94,799 for fencing; in the landfill fund. \$84,970 for snow building design; \$104,085 for the runway finalization and small projects in the airport fund; \$109,506 for the golf equipment purchases in the golf course fund. Refer to Notes 6 and 11 to the financial statements for additional information on capital assets.

**Long-term Debt Activity**

Long-term debt outstanding at June 30, 2018, excluding the annual required contribution for other post-employment benefits and the net pension liability, totaled \$21,475,921, a decrease of 5 percent when compared to the prior year.

As of June 30, 2018, 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 2015 Limited Tax Recreational Facilities Bonds and the 2010 Limited Tax Street Bonds.

As of June 30, 2018, the City of Elko had \$19,070,000 of general obligation debt outstanding, which is subject to the legal debt margin. This is well below the legal limit of \$154,001,340 by \$134,931,340. Refer to Note 7 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 2017/2018; there has been no change for the last nine years. The last sewer user fee 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 \$653,205 or 4.9 percent for fiscal year 2017/2018. In fiscal year 2017/2018 we have seen an increase of 18 percent in consolidated tax revenues for the first two months and the revenues are \$462,655 above the budget for the same period. As consolidated tax revenues make up over 65 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 position going forward as we do not increase staffing with the increased consolidated tax revenues. We will monitor all economic situations to determine whether any adjustments are required in order to keep the City fiscally sound.

All of these factors were considered in preparing the City of Elko's budget for the 2019 fiscal year.

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**City of Elko**  
**Management's Discussion and Analysis**  
**June 30, 2018**

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**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.

**BASIC FINANCIAL STATEMENTS**

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**CITY OF ELKO, NEVADA**  
**Statement of Net Position**  
**June 30, 2018**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and investments	\$ 14,843,161	\$ 28,235,486	\$ 43,078,647
Receivables (net of allowance)	3,995,438	1,217,945	5,213,383
Interest receivable	2,196	38,032	40,228
Inventories	33,223	53,649	86,872
Prepays	-	4,463	4,463
Restricted assets:			
Temporarily restricted:			
Cash and investments	6,353,993	233,609	6,587,602
Capital assets (net of accumulated depreciation):			
Land and water rights	670,458	1,677,189	2,347,647
Buildings	9,185,400	6,532,010	15,717,410
Improvements	6,721,421	39,045,375	45,766,796
Infrastructure	22,035,421	27,592,953	49,628,374
Machinery, equipment, and vehicles	6,608,549	6,489,594	13,098,143
Construction-in-progress	1,987,911	6,164,644	8,152,555
Total assets	<u>72,437,171</u>	<u>117,284,949</u>	<u>189,722,120</u>
<b>Deferred outflows of resources</b>			
Deferred outflows related to pensions	<u>3,039,175</u>	<u>756,237</u>	<u>3,795,412</u>
<b>Liabilities</b>			
Accounts payable and other current liabilities	2,087,278	1,121,845	3,209,123
Unearned revenue	199,019	1,375	200,394
Refundable deposits	453,020	43,001	496,021
Accrued interest	127,356	29,358	156,714
Noncurrent liabilities:			
Due within one year	1,896,451	363,710	2,260,161
Due in more than one year	16,979,397	2,236,363	19,215,760
Net pension liability	20,344,511	5,062,309	25,406,820
Other postemployment benefits obligation	2,850,177	868,739	3,718,916
Total liabilities	<u>44,937,209</u>	<u>9,726,700</u>	<u>54,663,909</u>
<b>Deferred inflows of resources</b>			
Deferred inflows related to pensions	<u>2,690,228</u>	<u>669,406</u>	<u>3,359,634</u>
<b>Net position</b>			
Net investment in capital assets	29,782,464	85,196,662	114,979,126
Restricted for:			
Debt service	490,055	190,608	680,663
Capital projects	6,732,068	-	6,732,068
Judicial	112,484	-	112,484
Elko Redevelopment Agency	850,722	-	850,722
Health insurance claims	1,450,770	-	1,450,770
Refundable deposits	-	41,089	41,089
Unrestricted	<u>(11,569,654)</u>	<u>22,216,721</u>	<u>10,647,067</u>
Total net position	<u>\$ 27,848,909</u>	<u>\$ 107,645,080</u>	<u>\$ 135,493,989</u>

The accompanying notes are an integral part of the financial statements.



**CITY OF ELKO, NEVADA**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants &amp; Contributions</b>	<b>Capital Grants &amp; Contributions</b>
Governmental activities:				
General government	\$ 2,320,800	\$ 636,343	\$ -	\$ 28,906
Judicial	269,124	85,904	-	-
Public safety	10,933,997	198,257	328,651	-
Public works	5,543,100	794,651	-	354,521
Health	678,862	132,012	17,406	-
Culture and recreation	3,554,311	322,257	71,871	685,040
Community support and development	102,630	-	1,920	-
Interest on long-term debt	547,048	-	-	-
<b>Total governmental activities</b>	<b>23,949,872</b>	<b>2,169,424</b>	<b>419,848</b>	<b>1,068,467</b>
Business-type activities:				
Water	3,625,301	3,402,890	-	404,190
Sewer	4,135,997	5,882,250	-	431,282
Airport	3,154,808	991,308	-	2,681,667
Landfill	1,808,727	1,981,565	-	-
Golf	594,133	668,883	-	59,129
<b>Total business-type activities</b>	<b>13,318,966</b>	<b>12,926,896</b>	<b>-</b>	<b>3,576,268</b>
<b>Total primary government</b>	<b>\$ 37,268,838</b>	<b>\$ 15,096,320</b>	<b>\$ 419,848</b>	<b>\$ 4,644,735</b>

General revenues:

Taxes:

- Ad valorem taxes
- Consolidated tax
- Motor vehicle fuel taxes
- Room tax
- Other

Gaming licenses

Franchise fees

Miscellaneous

Gain (loss) on disposal of capital assets

Unrestricted investment earnings

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Restatement adjustment

Net position - ending

The accompanying notes are an integral part of the financial statements.

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**Net (Expense) Revenue and Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (1,655,551)	\$ -	\$ (1,655,551)
(183,220)	-	(183,220)
(10,407,089)	-	(10,407,089)
(4,393,928)	-	(4,393,928)
(529,444)	-	(529,444)
(2,475,143)	-	(2,475,143)
(100,710)	-	(100,710)
(547,048)	-	(547,048)
<u>(20,292,133)</u>	<u>-</u>	<u>(20,292,133)</u>
-	181,779	181,779
-	2,177,535	2,177,535
-	518,167	518,167
-	172,838	172,838
-	133,879	133,879
<u>-</u>	<u>3,184,198</u>	<u>3,184,198</u>
5,165,865	-	5,165,865
13,711,043	-	13,711,043
1,193,415	-	1,193,415
3,831,732	-	3,831,732
111,555	-	111,555
104,826	-	104,826
1,051,101	-	1,051,101
1,470	-	1,470
12,880	-	12,880
173,860	241,688	415,548
(509,341)	509,341	-
<u>24,848,406</u>	<u>751,029</u>	<u>25,599,435</u>
4,556,273	3,935,227	8,491,500
25,868,989	104,411,013	130,280,002
(2,576,353)	(701,160)	(3,277,513)
<u>\$ 27,848,909</u>	<u>\$ 107,645,080</u>	<u>\$ 135,493,989</u>

**CITY OF ELKO, NEVADA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Recreation Fund</u>	<u>Capital Project Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash and investments	\$ 5,207,802	\$ 3,128,129	1,228,863	\$ 3,682,204	\$ 13,246,998
Receivables:					
Property taxes	43,652	-	10,839	20,326	74,817
Room taxes receivable	-	579,337	-	-	579,337
Interest receivable	5,142	11,702	1,613	5,391	23,848
Other	208,673	13,801	39,938	175	262,587
Due from other governments	2,629,297	-	-	423,524	3,052,821
Inventories and prepaids	33,223	-	-	-	33,223
Restricted cash and investments	-	5,787,262	-	566,731	6,353,993
<b>Total assets</b>	<b>\$ 8,127,789</b>	<b>\$ 9,520,231</b>	<b>1,281,253</b>	<b>\$ 4,698,351</b>	<b>\$ 23,627,624</b>
<b>Liabilities</b>					
Accounts payable	\$ 417,169	\$ 84,189	506,861	\$ 115,580	\$ 1,123,799
Accrued liabilities	509,588	-	-	7,707	517,295
Due to other governments	1,452	295,115	-	-	296,567
Customer deposits	18,003	-	435,017	-	453,020
Unearned revenue	101,182	-	-	97,837	199,019
<b>Total liabilities</b>	<b>1,047,394</b>	<b>379,304</b>	<b>941,878</b>	<b>221,124</b>	<b>2,589,700</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue - fuel taxes	-	-	-	65,636	65,636
Unavailable revenue - property taxes	43,652	-	10,839	20,326	74,817
<b>Total deferred inflows of resources</b>	<b>43,652</b>	<b>-</b>	<b>10,839</b>	<b>85,962</b>	<b>140,453</b>
<b>Fund balances</b>					
Nonspendable:					
Inventories and prepaids	33,223	-	-	-	33,223
Restricted for:					
Debt service	-	50,680	-	566,731	617,411
Judicial	-	-	-	112,484	112,484
Capital projects	-	5,736,582	-	995,486	6,732,068
Public Safety	-	-	-	1,133	1,133
Culture and recreation	-	-	-	34,163	34,163
Redevelopment Agency	-	-	-	850,722	850,722
Committed:					
Revenue stabilization	1,892,635	-	-	-	1,892,635
Debt service	-	-	-	688,070	688,070
Capital projects	-	3,353,665	328,536	1,142,476	4,824,677
Assigned to:					
Next year's budget appropriation	2,072,741	-	-	-	2,072,741
Unassigned	3,038,144	-	-	-	3,038,144
<b>Total fund balances</b>	<b>7,036,743</b>	<b>9,140,927</b>	<b>328,536</b>	<b>4,391,265</b>	<b>20,897,471</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 8,127,789</b>	<b>\$ 9,520,231</b>	<b>1,281,253</b>	<b>\$ 4,698,351</b>	<b>\$ 23,627,624</b>

The accompanying notes are an integral part of the financial statements.

**CITY OF ELKO, NEVADA**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2018**

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

Total fund balances - total governmental funds		\$ 20,897,471
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 80,045,075	
Accumulated depreciation	(32,835,915)	47,209,160
Some liabilities, including bonds payable, and interest payable are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	\$ (16,775,000)	
Premium on bonds payable	(651,696)	
Interest payable	(127,356)	
Compensated absences	(1,449,152)	
Other postemployment benefits liability	(2,850,177)	
Net pension liability	(20,344,511)	(42,197,892)
Unavailable revenue associated with property taxes is recognized as revenue in the government-wide statements.		
		140,453
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.		
		1,450,770
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflows related to pensions	\$ 3,039,175	
Deferred inflows related to pensions	(2,690,228)	348,947
Net position of governmental activities		\$ 27,848,909

The accompanying notes are an integral part of the financial statements.

**CITY OF ELKO, NEVADA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

	<b>General</b>	<b>Special Revenue Recreation Fund</b>	<b>Capital Project Capital Construction Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
Taxes	\$ 3,022,103	\$ 3,831,732	\$ 762,841	\$ 1,380,921	\$ 8,997,597
Licenses, permits and fees	1,926,521	-	124,928	-	2,051,449
Intergovernmental revenue	14,429,020	-	-	1,133,108	15,562,128
Charges for services	936,326	-	-	143,500	1,079,826
Fines and forfeitures	78,312	-	-	-	78,312
Other revenues	298,720	648,830	12,879	113,221	1,073,650
Investment earnings	49,476	69,059	10,495	33,761	162,791
Total revenues	<u>20,740,478</u>	<u>4,549,621</u>	<u>911,143</u>	<u>2,804,511</u>	<u>29,005,753</u>
<b>Expenditures</b>					
Current:					
General government	2,223,150	-	-	25,346	2,248,496
Judicial	275,370	-	-	-	275,370
Public safety	10,249,453	-	-	31,893	10,281,346
Public works	4,246,619	-	-	55,162	4,301,781
Health	670,376	-	-	-	670,376
Culture and recreation	1,256,089	1,872,574	-	235,840	3,364,503
Community support and development	105,011	-	-	-	105,011
Debt service:					
Principal	-	-	-	1,095,000	1,095,000
Interest	-	-	-	594,174	594,174
Capital outlay	-	200,831	1,081,118	1,887,242	3,169,191
Total expenditures	<u>19,026,068</u>	<u>2,073,405</u>	<u>1,081,118</u>	<u>3,924,657</u>	<u>26,105,248</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,714,410</u>	<u>2,476,216</u>	<u>(169,975)</u>	<u>(1,120,146)</u>	<u>2,900,505</u>
<b>Other financing sources (uses)</b>					
Transfers in	491,629	700,000	-	1,130,106	2,321,735
Transfers out	<u>(1,454,741)</u>	<u>(1,326,335)</u>	<u>-</u>	<u>(50,000)</u>	<u>(2,831,076)</u>
Total other financing sources (uses)	<u>(963,112)</u>	<u>(626,335)</u>	<u>-</u>	<u>1,080,106</u>	<u>(509,341)</u>
Net change in fund balances	751,298	1,849,881	(169,975)	(40,040)	2,391,164
Fund balances, beginning of year	<u>6,285,445</u>	<u>7,291,046</u>	<u>498,511</u>	<u>4,431,305</u>	<u>18,506,307</u>
Fund balances, end of year	<u>\$ 7,036,743</u>	<u>\$ 9,140,927</u>	<u>\$ 328,536</u>	<u>\$ 4,391,265</u>	<u>\$ 20,897,471</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF ELKO, NEVADA**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2018**

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

Net change in fund balances - total governmental funds	\$	2,391,164
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation expense and capital outlay in the current period.</p>		
Capital outlay	\$	3,274,802
Depreciation expense		<u>(2,743,149)</u>
		531,653
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		1,095,000
<p>Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
Amortization of premium on bonds		41,875
<p>Accrued interest for long-term debt is not reported as an expenditure for the current period while it is recorded in the statement of activities. This adjustment reflects the change in interest payable.</p>		
		5,251
<p>Because some property taxes will not be collected in time to pay for obligations in the current period, they are not considered available revenues in the governmental funds and are instead reported as deferred revenues. These revenues are accounted for as revenue in the statement of activities.</p>		
		(1,338)
<p>Internal service funds are used by management to charge the costs of the self-funded health insurance program for City employees, dependents and retirees to individual funds.</p>		
		493,041
<p>Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the net pension liability is measured a year before the government's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the statement of activities.</p>		
Pension contributions	\$	1,409,056
Pension expense		<u>(1,430,353)</u>
		(21,297)
<p>Other postemployment benefit obligation (OPEB) expense, which is the change in the net OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the statement of activities.</p>		
OPEB expense		90,042
		90,042
<p>Compensated absences and other postemployment benefit obligation expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This adjustment reflects the change in compensated absences and other postemployment benefit obligations.</p>		
		(69,118)
Change in net position of governmental activities	<u>\$</u>	<u>4,556,273</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF ELKO, NEVADA**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2018**

	Business-type Activities						Governmental
	Water Fund	Sewer Fund	Airport Fund	Landfill Fund	Nonmajor Golf Fund	Total Enterprise Funds	Internal Service Fund
<b>Assets</b>							
Current assets:							
Cash and investments	\$ 8,438,662	\$ 16,501,643	\$ 870,718	\$ 1,693,595	\$ 730,868	\$ 28,235,486	\$ 1,596,163
Receivables	329,817	565,934	39,292	148,883	4,485	1,088,411	2,028
Due from other governments	-	-	129,534	-	-	129,534	-
Interest receivable	11,323	22,170	1,383	2,190	966	38,032	2,196
Inventory	53,649	-	-	-	-	53,649	-
Prepaid expense	-	4,463	-	-	-	4,463	-
Total current assets	<u>8,833,451</u>	<u>17,094,210</u>	<u>1,040,927</u>	<u>1,844,668</u>	<u>736,319</u>	<u>29,549,575</u>	<u>1,600,387</u>
Noncurrent assets:							
Restricted cash and investments	41,089	-	190,608	1,912	-	233,609	-
Capital assets:							
Land and water rights	573,740	207,668	884,269	2,467	9,045	1,677,189	-
Buildings	1,665,569	1,791,955	6,120,631	668,955	782,983	11,030,093	-
Improvements	20,299,348	47,821,606	203,250	1,064,624	3,312,762	72,701,590	-
Infrastructure	864,410	-	48,677,742	-	-	49,542,152	-
Machinery, equipment and vehicles	2,656,603	3,278,272	3,561,579	3,094,059	718,543	13,309,056	-
Construction-in-progress	433,688	1,726,513	4,004,443	-	-	6,164,644	-
Less accumulated depreciation	<u>(9,615,350)</u>	<u>(26,486,663)</u>	<u>(27,565,588)</u>	<u>(2,106,307)</u>	<u>(1,149,051)</u>	<u>(66,922,959)</u>	<u>-</u>
Total noncurrent assets	<u>16,919,097</u>	<u>28,339,351</u>	<u>36,076,934</u>	<u>2,725,710</u>	<u>3,674,282</u>	<u>87,735,374</u>	<u>-</u>
Total assets	<u>25,752,548</u>	<u>45,433,561</u>	<u>37,117,861</u>	<u>4,570,378</u>	<u>4,410,601</u>	<u>117,284,949</u>	<u>1,600,387</u>
<b>Deferred outflows of resources</b>							
Deferred outflows related to pensions	<u>233,949</u>	<u>218,654</u>	<u>102,476</u>	<u>154,474</u>	<u>46,684</u>	<u>756,237</u>	<u>-</u>
<b>Liabilities</b>							
Current liabilities:							
Accounts payable	312,735	484,266	79,864	81,475	21,316	979,656	149,617
Accrued liabilities	44,462	40,065	15,127	29,404	13,131	142,189	-
Refundable deposits	41,089	-	-	1,912	-	43,001	-
Accrued interest	-	-	29,358	-	-	29,358	-
Unearned revenue	-	-	1,375	-	-	1,375	-
Compensated absences	20,823	55,912	19,808	39,887	11,055	147,485	-
Bonds payable - current	-	-	216,225	-	-	216,225	-
Total current liabilities	<u>419,109</u>	<u>580,243</u>	<u>361,757</u>	<u>152,678</u>	<u>45,502</u>	<u>1,559,289</u>	<u>149,617</u>
Noncurrent liabilities:							
Compensated absences	20,823	55,912	19,808	39,887	11,055	147,485	-
Other postemployment benefits obligation	262,555	259,952	107,106	187,061	52,065	868,739	-
Bonds payable	-	-	2,088,878	-	-	2,088,878	-
Net pension liability	<u>1,566,076</u>	<u>1,463,687</u>	<u>685,984</u>	<u>1,034,058</u>	<u>312,504</u>	<u>5,062,309</u>	<u>-</u>
Total noncurrent liabilities	<u>1,849,454</u>	<u>1,779,551</u>	<u>2,901,776</u>	<u>1,261,006</u>	<u>375,624</u>	<u>8,167,411</u>	<u>-</u>
Total liabilities	<u>2,268,563</u>	<u>2,359,794</u>	<u>3,263,533</u>	<u>1,413,684</u>	<u>421,126</u>	<u>9,726,700</u>	<u>149,617</u>
<b>Deferred inflows of resources</b>							
Deferred inflows related to pensions	<u>207,088</u>	<u>193,549</u>	<u>90,709</u>	<u>136,737</u>	<u>41,323</u>	<u>669,406</u>	<u>-</u>
<b>Net position</b>							
Net investment in capital assets	16,878,008	28,339,351	33,581,223	2,723,798	3,674,282	85,196,662	-
Restricted for group health insurance claims	-	-	-	-	-	-	1,450,770
Restricted for debt service	-	-	190,608	-	-	190,608	-
Restricted for refundable deposits	41,089	-	-	-	-	41,089	-
Unrestricted	<u>6,591,749</u>	<u>14,759,521</u>	<u>94,264</u>	<u>450,633</u>	<u>320,554</u>	<u>22,216,721</u>	<u>-</u>
Total net position	<u>\$ 23,510,846</u>	<u>\$ 43,098,872</u>	<u>\$ 33,866,095</u>	<u>\$ 3,174,431</u>	<u>\$ 3,994,836</u>	<u>\$ 107,645,080</u>	<u>\$ 1,450,770</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF ELKO, NEVADA**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	Business-type Activities						Governmental
	Water Fund	Sewer Fund	Airport Fund	Landfill Fund	Nonmajor	Total	Internal
					Golf Fund	Enterprise Funds	Service Fund
<b>Operating revenues</b>							
Service fees	\$ 3,271,847	\$ 2,928,992	\$ 273,231	\$ 1,930,617	\$ 619,061	\$ 9,023,748	\$ 2,160,147
Intergovernmental revenue	-	-	21,653	-	-	21,653	-
Other revenues	131,043	18,155	696,424	50,948	49,822	946,392	-
Total operating revenues	3,402,890	2,947,147	991,308	1,981,565	668,883	9,991,793	2,160,147
<b>Operating expenses</b>							
Salaries	818,290	770,333	322,890	560,806	179,323	2,651,642	-
Employee benefits	478,208	369,455	84,920	306,681	59,885	1,299,149	1,678,177
Service, supplies and other	1,753,160	1,709,918	265,945	716,766	263,283	4,709,072	-
Depreciation expense	575,643	1,286,291	2,362,536	224,474	91,642	4,540,586	-
Total operating expenses	3,625,301	4,135,997	3,036,291	1,808,727	594,133	13,200,449	1,678,177
Operating income (loss)	(222,411)	(1,188,850)	(2,044,983)	172,838	74,750	(3,208,656)	481,970
<b>Nonoperating revenues (expenses)</b>							
Sewer improvement fees	-	2,935,103	-	-	-	2,935,103	-
Interest income	72,772	140,449	10,418	12,779	5,270	241,688	11,071
Interest expense	-	-	(118,517)	-	-	(118,517)	-
Total nonoperating revenues (expenses)	72,772	3,075,552	(108,099)	12,779	5,270	3,058,274	11,071
Income (loss) before grants, contributions and transfers	(149,639)	1,886,702	(2,153,082)	185,617	80,020	(150,382)	493,041
Grant income	-	-	2,681,667	-	-	2,681,667	-
Capital contributions	404,190	431,282	-	-	59,129	894,601	-
Transfers in	-	-	482,402	-	26,939	509,341	-
<b>Change in net position</b>	254,551	2,317,984	1,010,987	185,617	166,088	3,935,227	493,041
Total net position, beginning of year	23,466,699	40,985,132	32,952,196	3,130,696	3,876,290	104,411,013	957,729
Restatement adjustments	(210,404)	(204,244)	(97,088)	(141,882)	(47,542)	(701,160)	-
<b>Total net position, end of year</b>	<b>\$ 23,510,846</b>	<b>\$ 43,098,872</b>	<b>\$ 33,866,095</b>	<b>\$ 3,174,431</b>	<b>\$ 3,994,836</b>	<b>\$ 107,645,080</b>	<b>\$ 1,450,770</b>

The accompanying notes are an integral part of the financial statements.



**CITY OF ELKO, NEVADA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	Business-type Activities						Governmental
	Water Fund	Sewer Fund	Airport Fund	Landfill Fund	Nonmajor Golf fund	Total Enterprise Funds	Internal Service Fund
<b>Cash flows from operating activities:</b>							
Cash received from customers, service fees	\$ 3,284,091	\$ 2,956,787	\$ 422,852	\$ 2,013,158	\$ 615,967	\$ 9,292,855	\$ 2,160,147
Cash received from customers, capacity fees and other	131,043	18,155	718,077	50,948	49,822	968,045	-
Cash paid to suppliers	(1,730,433)	(1,843,380)	(572,179)	(685,443)	(261,661)	(5,093,096)	109,309
Cash paid to employees	(1,254,825)	(1,138,936)	(478,048)	(834,172)	(322,692)	(4,028,673)	(1,678,177)
Net cash flows from operating activities	429,876	(7,374)	90,702	544,491	81,436	1,139,131	591,279
<b>Cash flows from noncapital financing activities:</b>							
Transfer from (to) other funds	-	-	482,402	-	26,939	509,341	-
<b>Cash flows from capital and related financing activities:</b>							
Grant revenue	-	-	2,681,667	-	-	2,681,667	-
Cash received from customer contributions	404,190	431,282	-	-	-	835,472	-
Cash received for capital improvement user fee	-	2,935,103	-	-	-	2,935,103	-
Principal paid on capital debt	-	-	(205,000)	-	-	(205,000)	-
Interest paid on capital debt	-	-	(122,054)	-	-	(122,054)	-
Acquisition and construction of capital assets	(481,766)	(2,419,208)	(2,804,536)	(94,799)	(50,378)	(5,850,687)	-
Proceeds from capital asset disposals	-	-	-	-	-	-	-
Net cash flows from capital and related financing activities	(77,576)	947,177	(449,923)	(94,799)	(50,378)	274,501	-
<b>Cash flows from investing activities:</b>							
Interest on investments	69,107	132,963	9,901	11,774	4,930	228,675	9,822
Net change in cash and investments	421,407	1,072,766	133,082	461,466	62,927	2,151,648	601,101
Cash and investments, including restricted, beginning of year	8,058,345	15,428,877	928,244	1,234,041	667,941	26,317,448	995,062
<b>Cash and investments, including restricted, end of year</b>	<b>\$ 8,479,752</b>	<b>\$ 16,501,643</b>	<b>\$ 1,061,326</b>	<b>\$ 1,695,507</b>	<b>\$ 730,868</b>	<b>\$ 28,469,096</b>	<b>\$ 1,596,163</b>
Reconciliation of operating income to net cash flows from operating activities:							
Operating income (loss)	\$ (222,411)	\$ (1,188,850)	\$ (2,044,983)	\$ 172,838	\$ 74,750	(3,208,656)	\$ 481,970
Adjustments to reconcile operating income (loss) to net cash flows from operating activities							
Depreciation expense	575,643	1,286,291	2,362,536	224,474	91,642	4,540,586	-
Pension expense	113,671	67,457	(31,970)	86,189	(41,535)	193,812	-
Pension contributions	(108,466)	(101,375)	(47,511)	(71,619)	(21,644)	(350,615)	-
Changes in operating assets and liabilities:							
(Increase) decrease in receivables	10,674	27,795	155,749	81,918	(3,094)	273,042	-
(Increase) decrease in inventories	(1,649)	-	-	-	-	(1,649)	-
(Increase) decrease in prepaid expenses	-	(4,463)	-	-	-	(4,463)	69,363
Increase (decrease) in accounts payable	24,376	(128,999)	(306,234)	31,323	1,622	(377,912)	39,946
Increase (decrease) in accrued liabilities	1,423	3,033	(601)	3,998	1,573	9,426	-
Increase (decrease) in customer deposits	1,570	-	(6,128)	623	-	(3,935)	-
Increase (decrease) in other postemployment benefits	31,438	16,907	(3,420)	14,608	(26,405)	33,128	-
Increase (decrease) in compensated absences payable	3,607	14,830	13,264	139	4,527	36,367	-
Net cash flows from operating activities	\$ 429,876	\$ (7,374)	\$ 90,702	\$ 544,491	\$ 81,436	\$ 1,139,131	\$ 591,279
<b>Noncash investing, capital, and financing activities:</b>							
Acquisition of capital assets with payables	\$ 138,148	\$ 363,457	\$ 55,911	\$ -	\$ -	\$ 557,516	\$ -
Acquisition of capital assets via contributions	\$ -	\$ -	\$ -	\$ -	\$ 59,129	\$ 59,129	\$ -

The accompanying notes are an integral part of the financial statements.

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**NOTE 1. Summary of Significant Accounting Policies**

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

**Reporting entity**

The City of Elko, Nevada (City) was incorporated on April 15, 1917. The City is a municipal corporation governed by an elected mayor and four members of a City Council. The accompanying financial statements present all activities 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 unit is appropriately presented as a fund of the primary government.

**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.

**Description of government-wide financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, when applicable, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

**Basis of presentation – government-wide financial statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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**Basis of presentation – fund financial statements**

The fund financial statements provide information about the City’s funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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 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** is used to account 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, operations, maintenance, and billing and collection.

The **Sewer Fund** is used to account for provision of sanitary sewer services for 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, and billing and collection.

The **Airport Fund** is used to account 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 services, and billing and collection (including collection of passenger facility charges).

The **Landfill Fund** is used to account for the regional landfill and associated costs. All activities necessary to provide services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt.

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.

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

**Measurement focus and basis of accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City 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 a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, consolidated taxes (sales taxes, cigarette taxes, government service 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

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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generally they are not measurable until received in cash. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary fund and internal service funds are reported using the *economic resources measurement* focus and the *accrual basis of accounting*.

**Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance**

*Cash equivalents*

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. Based on the nature of the investment policies, all amounts are available on demand and are, therefore, classified as cash equivalents on the Statement of Cash Flows.

*Cash and Investments*

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.

Investments for the City are reported at fair value (generally based on quoted market prices)

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 repurchase agreements; certain bankers acceptances; certain commercial paper; and certain negotiable certificates of deposits and money market mutual funds, as well as the State of Nevada Local Government Investment Pool.

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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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.

***Restricted Assets***

Bond covenants require resources be set aside to make future debt payments, these are reported as restricted cash in addition to unexpended bond proceeds.

***Receivables***

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

***Inventories and prepaid items***

Proprietary fund inventories are valued at cost using the first-in/first-out (FIFO) method and consist of supplies and materials. Inventories of governmental funds in the fund financial statements consist of fuel and oil which are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

***Capital assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the City as assets with an individual cost of more than \$5,000 for non-infrastructure assets and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings	10 to 100 years
Improvements other than buildings	8 to 100 years
Machinery, equipment and vehicles	3 to 50 years
Infrastructure	15 to 50 years

***Deferred outflows/inflows of resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. It is a pension related item reported on the government-wide financial statements. See footnote 10 for more information.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. The first item arises only under a modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported only in the governmental fund's balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and fuel tax. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is a pension related item reported on the government-wide financial statements. See footnote 10 for more information.

***Pensions***

For purposes of measuring the net pension assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Public Employees' Retirement System of Nevada (PERS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

***Postemployment Benefits Other than Pensions (OPEB)***

For purposes of measuring the City's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined based on annual actuarial reports. Benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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*Net position flow assumption*

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

*Fund balance flow assumptions*

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last, unless the City Council has provided otherwise in its commitment or assignment actions.

*Fund balance policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the City that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Manager is authorized to review and approve amounts assigned to specific purposes by the Director of Administrative Services and approved by the City Manager in accordance with the City’s policy. Any funds assigned must be reported to the City Council at their next meeting. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.



**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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**Revenues and expenditures/expenses**

*Program revenues*

Amounts reported as 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 segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

*Indirect costs*

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 five year averages of expenditures and time studies.

*Compensated absences*

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits.

For governmental funds, amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. A liability for compensated absences is reported in the governmental funds, primarily the General Fund, only if they have matured as a result of employee resignations, terminations and retirements.

Vested or accumulated vacation and sick leave in the proprietary fund are recorded as an expense and a liability of that fund as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements.

*Proprietary funds operating and nonoperating revenues and expenses*

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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**Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**New pronouncements**

For the year ended June 30, 2018, the City implemented the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, as amended by GASB Statement No. 85, Omnibus 2017. GASB Statement No. 75 established standards for measuring and recognizing net assets and liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to other postemployment benefits (OPEB) provided through defined benefit OPEB plans. In addition, Statement No. 75 requires disclosure of information related to OPEB. Implementation of these new Statements resulted in a restatement of beginning net position in the City's government-wide and proprietary fund financial statements (see Note 16).

For the year ended June 30, 2018, the City implemented the provisions of GASB Statement No. 82, Pension Issues- an Amendment of GASB Statements No. 67, No. 68, and No. 73. GASB Statement No. 82 improves consistency in the application of pension accounting and financial reporting requirements by addressing certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Implementation of this new Statement resulted in a restatement of beginning net position in the City's government-wide and proprietary fund financial statements (see Note 16).

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**NOTE 2. Reconciliation of Government-wide and Fund Financial Statements**

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The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation on page 21.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current financial resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation on page 23.

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**NOTE 3. Stewardship, Compliance and Accountability**

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**Budgets and budgetary accounting**

The City of Elko adheres to the Local Government Budget and Finance Act (Act) incorporated within the statutes of the State of Nevada, in which annual budgets are legally adopted for all funds except Agency funds. The Act and City policy include the following 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 for the fiscal year commencing the following July 1 with the Nevada Department of Taxation
2. Public hearings on the tentative budget are held no sooner than the third Tuesday in May and no later than the last day in May, to obtain taxpayer comments.
3. Prior to 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 Council. The final budget must then be forwarded to the Nevada Department of Taxation for final approval.
4. The City may not amend the budget without approval by the City Council. Transfer appropriations between accounts within any function are authorized with the approval of the budget officer and/or the City Council. Any revisions that alter the total appropriations of a function or fund must be approved in advance by the City Council. Formal budgetary integration in the financial records of all funds is employed to enhance management control during the year.
5. Budgets for all fund types are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Appropriations lapse at year end.

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**NOTE 3. Stewardship, Compliance and Accountability, Continued**

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6. In accordance with state statute, actual expenditures may not exceed budgeted appropriations of the various governmental functions of the General, Special Revenue, 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. The sum of operating and nonoperating expenses in Proprietary Funds also may not exceed combined total appropriations.
7. The above dates may be adjusted as necessary during legislative years.

The budget reflected in the financial statements has been amended from the original budget amounts.

**Expenditures over Appropriations**

The individual Schedule of Revenues, Expenditures/Expenses and Changes in Fund Balances/Net Position – Budget and Actual reports as listed in the table of contents present all of the funds which incurred an excess of expenditures/expenses over appropriations for the year ended June 30, 2018, if any.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City.

**Deficit Fund Balances**

As of June 30, 2018 no funds had deficit fund balances

**Property tax calendar**

All real property within the city 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. Article X, Section 2, of the Constitution of the State of Nevada limits the total taxes levied by all overlapping governmental units within the boundaries of any county (i.e., the county, the county school district, the State, and any other city, town, or special district) to an amount not to exceed \$5 per \$100 of assessed valuation of the property being taxed. However, the 1979 Nevada Legislature enacted provisions whereby, commencing July 1, 1979, the combined overlapping tax rate was limited to \$3.64 per \$100 of assessed valuation (as thereafter annually adjusted) 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.

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**NOTE 3. Stewardship, Compliance and Accountability, Continued**

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Real property taxes result in a lien on the property and attach on July 1 (the levy date) of the year for which the taxes are levied. Taxes may be paid in four installments payable on the third Monday in August, and the first Mondays in October, January and March to the County Clerk/Treasurer of Elko County in which the City of Elko is located. Penalties are assessed if a taxpayer fails to pay an installment within ten days of the installment due date. After a two year waiting period, if taxes remain unpaid, a tax deed is issued conveying the property to Elko County with a lien for back taxes and accumulated charges. Redemption may be made by the owner and 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 prior to 2012-2013 have been written off. No provision for uncollectible accounts has been established, as management does not anticipate any material collection losses with respect to the remaining balances.

Delinquent taxes receivable not collected within sixty days after year-end are normally recorded as unavailable revenue as they are not available to pay liabilities of the current period.

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

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**NOTE 4. Cash and Investments**

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A reconciliation of cash deposits and investments to the government-wide statement of net position is as follows:

Cash and investments	\$ 43,078,647
Restricted cash and investments	6,587,602
	<u>\$ 49,666,249</u>

**Deposits**

***Custodial credit risk***

For deposits this is the risk that in the event of a bank failure, the City's deposit may not be returned. The City does not have a formal policy for custodial credit risk. At June 30, 2018 cash on hand was \$7,905 and the carrying amount of the City's deposits was \$14,923,901. None of the City's bank balance of \$15,856,097 was exposed to custodial credit risk since it was insured and collateralized.

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 4. Cash and Investments, Continued**

**Investments**

The Nevada State Treasurer’s Office operates the Local Government Investment Pool (LGIP). The LGIP is available for investment of funds administered by any Nevada Public Treasurer.

The LGIP is not registered with the SEC as an investment company. Deposits in the LGIP are not insured or otherwise guaranteed by the State of Nevada, and participants share proportionally in any realized gain or losses on investments.

The provisions of State Law (NRS 355.170) govern the investment of public funds.

As of June 30, 2018 the City had the following investments, maturities and credit ratings:

Investment Type	Fair Value	Credit Rating (1)		Weighted Average Maturity (2)
		S&P	Moody's	
Money Market Fund	45,365	N/A	N/A	N/A
U.S. Agencies	3,809,365	AA+	Aaa	429
U.S. Treasuries	916,811	AA+	Aaa	640
Nevada Local Government Investment Pool	29,962,902	N/A	N/A	142
<b>Total Fair Value</b>	<b><u>\$ 34,734,443</u></b>			

(1) Ratings are provided where applicable to indicate associated credit risk. N/A indicates not applicable.

(2) Interest rate risk is estimated using the weighted average days to maturity.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2018:

- Money Market Funds are valued using significant other observable inputs (Level 2 inputs)
- U.S. Agencies investments are valued using quoted market prices (Level 1 inputs)
- U.S. Treasuries bills are valued using quoted market prices (Level 1 inputs)
- Nevada Local Government’s Investment Pool (LGIP):

Level 1 inputs	\$ 8,245,791
Level 2 inputs	<u>21,717,111</u>
Total LGIP investment	<u><u>\$ 29,962,902</u></u>

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**NOTE 4. Cash and Investments, Continued**

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***Interest rate risk***

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the provisions of State law (NRS 355.170).

***Credit risk***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with State law (NRS 355.170).

***Concentration of Credit Risk***

Concentration of Credit Risk is 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 overconcentration of assets in a specific maturity, a specific issuer, or a specific class of securities. At June 30, 2018, the City investment in U.S. Treasuries and U.S. Agencies exceed 5% of the City's total investments.

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**NOTE 5. Receivables**

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**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.

**Due from other governments**

Due from other governments reported in the general fund and other governmental-type funds relate to consolidated tax and motor vehicle tax revenue receivable, grant revenue receivable, and other miscellaneous licenses and fees.

Due from other governments reported in the airport fund relates to various grant revenue receivable.

**Other receivables**

The receivables reported in the general fund include property tax revenues receivable that were measurable and available per GASB, along with other miscellaneous grant, fee, and tax revenue.

The other receivables reported in the Non-major governmental funds relate to miscellaneous court revenue receivable and transient lodging tax revenues receivable from various entities.

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 6. Capital Assets**

Governmental capital asset activity for the year ended June 30, 2018 was as follows:

<b>Governmental Activities:</b>	<b>Balance 6/30/2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6/30/2018</b>
Capital assets, not being depreciated:				
Land	\$ 432,912	\$ 237,546	\$ -	670,458
Construction in progress	674,966	1,864,126	(551,181)	1,987,911
Total capital assets, not being depreciated:	<u>1,107,878</u>	<u>2,101,672</u>	<u>(551,181)</u>	<u>2,658,369</u>
Capital assets, being depreciated:				
Buildings	11,687,523	19,476	-	11,706,999
Improvements	9,425,044	495,630	-	9,920,674
Machinery and equipment	13,003,025	1,146,991	-	14,150,016
Infrastructure	41,546,803	62,214	-	41,609,017
Total capital assets, being depreciated:	<u>75,662,395</u>	<u>1,724,311</u>	<u>-</u>	<u>77,386,706</u>
Less accumulated depreciation for:				
Buildings	(2,355,333)	(166,266)	-	(2,521,599)
Improvements	(2,901,315)	(297,938)	-	(3,199,253)
Machinery and equipment	(6,658,438)	(883,029)	-	(7,541,467)
Infrastructure	(18,177,680)	(1,395,916)	-	(19,573,596)
Total accumulated depreciation	<u>(30,092,766)</u>	<u>(2,743,149)</u>	<u>-</u>	<u>(32,835,915)</u>
Total capital assets, being depreciated, net	<u>45,569,629</u>	<u>(1,018,838)</u>	<u>-</u>	<u>44,550,791</u>
Governmental activities capital assets, net	<u>\$ 46,677,507</u>	<u>\$ 1,082,834</u>	<u>\$ (551,181)</u>	<u>\$ 47,209,160</u>

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

<b>Governmental Activities:</b>	
General government	\$ 145,546
Public safety	603,758
Public works	1,682,701
Culture and recreation	287,283
Health	23,861
Total depreciation expense - governmental activities	<u>\$ 2,743,149</u>



**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 6. Capital Assets, Continued**

Business-type capital asset activity for the year ended June 30, 2018 was as follows:

<b>Business Type Activities:</b>	<b>Balance 6/30/2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6/30/2018</b>
Capital assets not being depreciated:				
Land	\$ 1,677,189	\$ -	\$ -	\$ 1,677,189
Construction in progress	1,599,068	6,263,027	(1,697,451)	6,164,644
Total capital assets, not being depreciated	<u>3,276,257</u>	<u>6,263,027</u>	<u>(1,697,451)</u>	<u>7,841,833</u>
Capital assets being depreciated:				
Buildings	11,030,093	-	-	11,030,093
Improvements	71,564,266	1,137,324	-	72,701,590
Machinery and equipment	12,831,345	477,711	-	13,309,056
Infrastructure	49,255,430	286,722	-	49,542,152
Total capital assets, being depreciated	<u>144,681,134</u>	<u>1,901,757</u>	<u>-</u>	<u>146,582,891</u>
Less accumulated depreciation for:				
Buildings	(4,385,484)	(112,599)	-	(4,498,083)
Improvements	(32,058,557)	(1,597,658)	-	(33,656,215)
Machinery and equipment	(6,153,977)	(665,485)	-	(6,819,462)
Infrastructure	(19,784,355)	(2,164,844)	-	(21,949,199)
Total accumulated depreciation	<u>(62,382,373)</u>	<u>(4,540,586)</u>	<u>-</u>	<u>(66,922,959)</u>
Total capital assets, being depreciated, net	<u>82,298,761</u>	<u>(2,638,829)</u>	<u>-</u>	<u>79,659,932</u>
Business-type activities capital assets, net	<u>\$ 85,575,018</u>	<u>\$ 3,624,198</u>	<u>\$ (1,697,451)</u>	<u>\$ 87,501,765</u>

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

<b>Business-Type Activities:</b>	
Water	\$ 575,643
Sewer	1,286,291
Airport	2,362,536
Landfill	224,474
Golf	91,642
Total depreciation expense - business-type activities	<u>\$ 4,540,586</u>

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 7. Long-Term Liabilities**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

<b>Governmental activities:</b>	Balance 6/30/2017	Additions	Retirements	Balance 6/30/2018	Current Portion
<b>General obligation bonds:</b>					
2015 Limited Tax Recreation Facilities and Refunding Bonds	\$ 7,360,000	\$ -	\$ (365,000)	\$ 6,995,000	\$ 375,000
Bond Premium - 2015 Limited Tax Recreation Facilities and Refunding Bonds	495,879		(27,048)	468,831	27,048
2014 Limited Tax Medium-Term Public Safety Bonds	2,455,000	-	(285,000)	2,170,000	290,000
2010 Limited Tax Street Bonds	8,055,000	-	(445,000)	7,610,000	465,000
Bond Premium - 2010 Limited Tax Street Bonds	197,692	-	(14,827)	182,865	14,827
Total general obligation bonds	18,563,571	-	(1,136,875)	17,426,696	1,171,875
<b>Net other post employment benefit obligations</b>	2,121,564	943,010	(214,397)	2,850,177	-
<b>Net pension liability</b>	21,747,693	5,874	(1,409,056)	20,344,511	-
<b>Accrued compensated absences</b>	1,380,034	586,288	(517,170)	1,449,152	724,576
Total governmental activity long-term liabilities	<u>\$ 43,812,862</u>	<u>\$ 1,535,172</u>	<u>\$ (3,277,498)</u>	<u>\$ 42,070,536</u>	<u>\$ 1,896,451</u>
<b>Business-type activities:</b>					
<b>General obligation bonds:</b>					
Limited Tax Airport Refunding Bonds Series 2009A and Series 2009B	\$ 2,500,000	\$ -	\$ (205,000)	\$ 2,295,000	\$ 215,000
Bond premium	11,328	-	(1,225)	10,103	1,225
Total general obligation	2,511,328	-	(206,225)	2,305,103	216,225
<b>Net other post employment benefit obligations</b>	586,082	348,004	(65,348)	868,738	-
<b>Net pension liability</b>	5,587,953	-	(525,644)	5,062,309	-
<b>Accrued compensated absences</b>	258,603	130,009	(93,642)	294,970	147,485
Total business-type activity long-term liabilities	<u>\$ 8,943,966</u>	<u>\$ 478,013</u>	<u>\$ (890,859)</u>	<u>\$ 8,531,120</u>	<u>\$ 363,710</u>
Total long-term liabilities	<u>\$ 52,756,828</u>	<u>\$ 2,013,185</u>	<u>\$ (4,168,357)</u>	<u>\$ 50,601,656</u>	<u>\$ 2,260,161</u>

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**NOTE 7. Long-Term Liabilities, Continued**

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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.

Bonds payable consist of the following at June 30, 2018:

**General obligation:**

General Obligation (Limited Tax) Recreation Facilities and Refunding Bonds, Series 2015, original issue \$8,000,000, secured by pledged revenues, due in semiannual principal and interest installments ranging from \$416,806 to \$538,856, bearing interest from 2.00% to 4.00%, maturing May 1, 2035. \$ 6,995,000

General Obligation (Limited Tax) Medium-Term Public Safety Bonds, Series 2014, original issue \$3,000,000, secured by pledged revenues, due in semiannual principal and interest installments ranging from \$333,613 to \$337,794, bearing interest at 2.25%, maturing on September 1, 2024. 2,170,000

General Obligation (Limited Tax) Street Bonds, Series 2010, original issue \$10,500,000, secured by pledged revenues, due in semiannual principal and interest installments ranging from \$741,700 to \$745,781, bearing interest at 3.70%, maturing on October 1, 2030. 7,610,000

Total bonds and notes payable - governmental activities 16,775,000

**Airport general obligation bonds:**

General Obligation (Limited Tax) Airport Improvement Bonds, Series 2009A and 2009B, original issue \$3,735,000, due in semiannual principal and interest installments ranging from \$309,400 to \$327,475, bearing interest from 2.00% to 5.80%, maturing October 1, 2026. \$ 2,295,000

Total bonds and notes payable - business-type activities 2,295,000

Total bonds and notes payable \$ 19,070,000

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 7. Long-Term Liabilities, Continued**

Payments on the bonds payable that pertain to the City's governmental activities are made by the debt service fund. The compensated absence liability is paid from the fund responsible for the employee's compensation with significant liabilities payable from the general fund. The net pension liability and the net other postemployment benefit obligations of governmental activities are liquidated by the general fund.

\*See Note 17 regarding the 2015 current refunding bond issuance

Estimated debt service requirements for bonds payable are as follows:

Period Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 1,130,000	\$ 558,306	\$ 215,000	\$ 112,475
2019	1,165,000	521,476	225,000	102,166
2020	1,215,000	479,524	225,000	91,290
2021	1,250,000	438,181	245,000	79,571
2022	1,295,000	397,449	250,000	66,980
2023-2027	5,665,000	1,369,099	1,135,000	125,623
2028-2032	4,150,000	463,362	-	-
2033-2035	905,000	44,362	-	-
	<u>\$ 16,775,000</u>	<u>\$ 4,271,759</u>	<u>\$ 2,295,000</u>	<u>\$ 578,105</u>

The combined total debt service for both governmental and business-type debt is as follows:

Period Ending June 30,	Combined Total	
	Principal	Interest
2018	\$ 1,345,000	\$ 670,781
2019	1,390,000	623,642
2020	1,440,000	570,814
2021	1,495,000	517,752
2022	1,545,000	464,429
2023-2027	6,800,000	1,494,722
2028-2032	4,150,000	463,362
2033-2035	905,000	44,362
	<u>\$ 19,070,000</u>	<u>\$ 4,849,864</u>

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**NOTE 8. Postemployment Benefits Other than Pensions (OPEB)**

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**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 PEBP are administered by the State of Nevada. NRS 287.043 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. Benefit provisions for the City self-insured plan are established pursuant to NRS 287.023 and amended through negotiations between the City and the respective associations. NRS 288.150 assigns the authority to establish benefit provisions to the board of trustees.

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, which covers both active and retired members. Under NRS 287.023, eligible retirees are able to participate in the plan with blended rates, thereby benefitting from an implicit subsidy. Retirees are required to pay 100% of their premiums under the plan.

**Benefits provided:**

Prior to July 1, 2012, City of Elko retirees were eligible to join PEBP following attainment of the later of age 50 and 5 years of State service. Retirees who previously declined PEBP coverage were given a chance to enroll by January 31st of each even-numbered year. Such enrollment took effect on April 1 of that year. Retirees joining PEBP were given a choice of a PPO and an HMO.

Premiums charged to the retiree are subsidized based on a monthly dollar amount that is changed each year by PEBP or through ad hoc legislative action. The subsidies vary by plan (PPO or HMO), tier, and years of service. The subsidy is charged to agencies (e.g., the City of Elko) in proportion to the period of service the retiree spent with each such agency during their working career. Medicare-eligible retirees are covered by the Medicare Exchange, and the subsidy is limited by law to \$220/month (reduced for less than 20 years of service), scheduled to increase to \$240/month in 2018. Our valuation reflects the change to \$240/month and assumes that this amount will remain unchanged for all future years.

Senate Bill 544, passed in 2007, created new participation limitations for PEBP. SB 544 does not allow non-State retirees to join PEBP after November 30, 2008. However, non-State retirees who were participants on November 30, 2008 were grandfathered in. They must have retired and joined PEBP by September 1, 2008 as there is a 60-day waiting period and coverage only begins on the first of the month. Because the City withdrew from PEBP effective July 1, 2012, all City retirees who retired and joined PEBP after September 1, 2008 also withdrew from PEBP as of July 1, 2012.

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**NOTE 8. Postemployment Benefits Other than Pensions (OPEB), Continued**

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There are two groups of retirees as follows:

- (1) Those joining PEBP on or before September 1, 2008, on whose behalf the City must pay a monthly subsidy for as long as they continuously remain covered under PEBP; and
- (2) Those who do not meet the criteria to remain in PEBP. As of the valuation date, this second group consists of 8 current retirees as well as any future retirees. This group will be permitted to continue coverage under the City's self-insured health plan by paying the self-funded rate applicable to active employees. For 2015-16, the City paid a subsidy for these retirees in the amount of \$66/month per retiree. While there is no guarantee that this subsidy will continue unchanged (if at all) in future years, we have assumed, for valuation purposes, that it will.

**Plan Membership:**

At July 1, 2016, membership consisted of the following:

	<u>Count</u>
Active employees	163
Retirees	65

**Contributions:**

The City currently finances benefits on a pay-as-you-go basis. In this PEBP program, the only benefit payments occur in the form of direct payments to PEBP on behalf of currently covered retirees.

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.

Contributions to the Plans from the City were \$279,745 for the year ended June 30, 2018.

***Plan financial reports***

The PEBP financial report may be obtained by writing to Public Employee's Benefits Program, 901 S. Stewart Street, Suite 1001, Carson City, NV 89701, or by calling (775) 684-7000, or by accessing the website at <https://pebp.state.nv.us/resources/fiscal-utilizationreports/>. The city self-insured plan does not issue a separate financial report.

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 8. Postemployment Benefits Other than Pensions (OPEB), Continued**

**OPEB liability**

*Net OPEB liability*

At June 30, 2018, the City reported a net OPEB liability of \$3,718,916. The net liability was measured as of June 30, 2018 and the total liability was determined by an actuarial valuation as of July 1, 2016. Standard actuarial update procedures were used to project/discard from the valuation to measurement dates. An OPEB trust has not been established so the total liability is equal to the net liability. There are no assets accumulated in a trust that meet the criteria in GASB 75 (paragraph 4) to pay related benefits. The total OPEB liability as of June 30, 2018 reflects a change in the use of discount rates of 3.62% as of June 30, 2018.

*OPEB liability discount rate sensitivity*

The following presents the net OPEB liability calculated using the discount rate of 3.62%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (2.62%)	Discount Rate (3.62%)	1% Increase (4.62%)
Net OPEB liability	4,086,994	3,718,916	3,401,077

*OPEB liability healthcare cost trend rates sensitivity*

The following presents the net OPEB liability calculated using current healthcare cost trend rates, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than current healthcare cost trend rates:

	1% Decrease (7.00% decreasing to 4.00%)	Medical Trend (8.00% decreasing to 5.00%)	1% Increase (9.00% decreasing to 6.00%)
Net OPEB liability - PEBP	3,530,982	3,718,916	3,938,137

**Actuarial assumptions:**

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases	3.00 Percent
Healthcare cost trend rate	8.00 percent for 2016; 7.00 percent for 2017; 6.00 percent for 2018; and 5.00 percent for 2019 and later years

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 8. Postemployment Benefits Other than Pensions (OPEB), Continued**

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the July 1, 2016 valuation were based on a review of plan experience during the period July 1, 2014 to June 30, 2016.

The discount rate used to measure the total OPEB liability was 3.62% as of June 30, 2018. The City funds the PEBP OPEB liability on a pay-as-you-go basis. Therefore, the discount rate used in this valuation is based on the Fidelity Municipal Bond AA 20 Year Maturity Yield.

***Changes in the net OPEB liability***

	Increase (decrease)		
	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB (asset) liability (a) - (b)
Balances at June 30, 2017	\$ 3,775,827	\$ -	\$ 3,775,827
Changes during the period:			
Service cost	91,167		91,167
Interest cost	131,667		131,667
Expected investment income		-	-
Employer contributions		279,745	(279,745)
Changes of benefit terms	-		-
Benefit payments	(279,745)	(279,745)	-
Assumption changes	-		-
Plan experience	-		-
Investment experience		-	-
Net changes	(56,911)	-	(56,911)
Balances at June 30, 2018	\$ 3,718,916	\$ -	\$ 3,718,916

***Plan fiduciary net position***

Detailed information about PEBP's fiduciary net position is available in a separately issued PEBP financial report. The city's self-insured plan does not issue a separate financial report.

***OPEB expense***

For the year ended June 30, 2018, the City recognized OPEB expense of \$222,834

***Deferred outflows/inflows of resources related to OPEB***

At June 30, 2018, the City reported no deferred outflows of resources and no deferred inflows of resources related to OPEB.



**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 9. Interfund Transactions and Balances**

As of June 30, 2018, the City did not have any internal balances:

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances are expected to be repaid within one year.

For the year ended June 30, 2018, the City made the following interfund transfers:

<b>Transfers out</b>	<b>Transfers in</b>					<b>Total</b>
	<b>General Fund</b>	<b>Recreation Fund</b>	<b>Nonmajor Governmental</b>	<b>Airport</b>	<b>Golf</b>	
General Fund	\$ 185,340	\$ 700,000	\$ 414,054	\$ 155,347	\$ -	\$ 1,454,741
Recreation Fund	306,289	-	666,052	327,055	26,939	1,326,335
Nonmajor governmental	-	-	50,000	-	-	50,000
<b>Total</b>	<b>\$ 491,629</b>	<b>\$ 700,000</b>	<b>\$ 1,130,106</b>	<b>\$ 482,402</b>	<b>\$ 26,939</b>	<b>\$ 2,831,076</b>

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

**NOTE 10. Defined Benefit Pension Plan**

**Public Employees' Retirement System of Nevada (PERS)**

**Plan description**

PERS administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both Regular and Police/Fire members. The System was established by the Nevada Legislature in 1947, effective July 1, 1948. The System 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.

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**NOTE 10. Defined Benefit Pension Plan, Continued**

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*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 the System on or after January 1, 2010 and July 1, 2015. 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 factor is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% service time factor and for regular members entering the System on or after July 1, 2015, there is a 2.25% factor. The System 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 entering the System prior to January 1, 2010, 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 the System 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. Regular members who entered the System on or after July 1, 2015, are eligible for retirement at age 65 with 5 years of service, or at age 62 with 10 years of service or at age 55 with 30 years of service or any age with 33 1/3 years for service.

Police/Fire members entering the System prior to January 1, 2010, 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 the System 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 the 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.

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 10. Defined Benefit Pension Plan, Continued**

*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.

The System's 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.

The System receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System 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 actuarial 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 years ended June 30, 2016, 2017, and 2018, the Statutory Employer/employee matching rate was 14.50% for Regular and 20.75% for Police/Fire.

For the fiscal years ended June 30, 2016, 2017, and 2018, the Employer Pay Contribution (EPC) rate was 28% for Regular and 40.50% for Police/Fire.

The City's contributions for the current and two preceding fiscal years, all of which were equal to the required contributions, were as follows:

Year Ended June 30,	Regular Fund	Police/Fire Fund
2016	\$ 703,987	\$ 1,018,267
2017	700,891	1,013,788
2018	719,281	1,040,389

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 10. Defined Benefit Pension Plan, Continued**

**Investment policy**

The System's policies which determine the investment portfolio target asset allocation are established by the 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 Board adopted policy target asset allocation as of June 30, 2017:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Geometric Expected Real Rate of Return*</b>
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, 2017, PERS' long-term inflation assumption was 2.75%.

**Pension liability**

***Net pension liability***

At June 30, 2018, the City reported a liability of \$25,406,820 for its proportionate share of the PERS' net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2017. The City's proportion measured as of June 30, 2017, was .191030 percent, which was a decrease of 0.01210 percent from its proportion measured as of June 30, 2016.

***Pension liability discount rate sensitivity***

The following presents the net pension liability of the PERS as of June 30, 2018, calculated using the discount rate of 7.50%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current discount rate:

	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Proportionate share of Net pension (asset) / liability	\$ 38,408,018	\$ 25,406,820	\$ 14,609,121

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**NOTE 10. Defined Benefit Pension Plan, Continued**

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*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 [www.nvpers.org](http://www.nvpers.org).

*Actuarial assumptions*

The City's net pension liability was measured as of June 30, 2017, 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	2.75%
Payroll growth	5.00%, including inflation
Investment rate of return	7.50%
Productivity pay increase	0.50%
Projected salary increases	Regular: 4.25% to 9.15%, depending on service Police/Fire: 4.55% to 13.9%, depending on service Rates include inflation and productivity increases
Consumer Price Index	2.75%
Other assumptions	Same as those used in the June 30, 2017 funding actuarial valuation

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of the experience review completed in 2017.

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2017. 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, 2017, 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, 2017.

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 10. Defined Benefit Pension Plan, Continued**

*Pension expense and deferred outflows/inflows of resources related to pensions*

For the year ended June 30, 2018, the City recognized pension benefit for PERS of \$135,505. At June 30, 2018, 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	\$ -	\$ 1,667,201
Changes in assumptions	1,685,501	-
Net difference between projected and actual earnings on pension plan investments	164,962	-
Subtotal	1,850,463	1,667,201
Changes in proportion and differences between contributions and proportional share of contributions	185,278	1,692,433
Contributions subsequent to the measurement date	1,759,670	-
Total	\$ 3,795,411	\$ 3,359,634
Governmental activities	\$ 3,039,175	\$ 2,690,228
Business-type activities	756,236	669,406
	\$ 3,795,411	\$ 3,359,634
Average expected remaining service lives	6.39 years	

The \$1,759,670 reported as deferred outflows of resources related to PERS pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources, excluding the changes in proportion and differences between actual contributions and proportionate share of contributions, will be recognized in pension expense as follows:

Year Ending June 30	Deferred Outflows (Inflows) of Resources
2019	\$ 8,745,616
2020	(11,321,285)
2021	(2,923,742)
2022	7,971,765
2023	(4,122,034)
2024	(1,867,984)
Thereafter	-
	\$ (3,517,664)

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**NOTE 11. Landfill Fund Closure and Postclosure Care Costs**

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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 October 2017 Geo-logic Annual Site Life Analysis. This assessment resulted in an expected landfill closure in the year 2100, with the available soil being depleted by the year 2095. Based on this survey, an estimate of 1.04% 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 costs as long as the City does not experience exponential growth or expansion in the landfill. At June 30, 2018, financial assurance relative to costs of closure and post-closure of the landfill was fulfilled through insurance coverage (NAC 444.6855).

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**NOTE 12. Risk Management**

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The City, like any governmental entity, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries of employees; and natural disasters.

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 coverage for its members for 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.

The City carries an airport liability policy and a workers compensation policy through a third party carrier.

The City continues to carry commercial insurance for other risks of loss, including specific risks of loss not covered by the Pool, including bonding and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial 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.

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 12. Risk Management, Continued**

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
June 30, 2018	\$ 109,671	\$ 1,678,177	\$ (1,638,231)	\$ 149,617
June 30, 2017	152,106	1,555,778	(1,598,213)	109,671
June 30, 2016	172,086	1,965,739	(1,985,719)	152,106

**NOTE 13. 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 fall 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 14. Ad Valorem Capital Projects Fund**

Pursuant to NRS 354.598155, the City is required to indicate in detail the projects that have been funded with the money from the Ad Valorem Capital Projects Fund, as well as, disclose any planned accumulations of the money. For June 30, 2018, \$0 was expended from the fund.



**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**NOTE 15.      Commitments and Contingencies**

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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 fiscal year 2013 and is the property of the City of Carlin. The project was funded by a federal grant of up to \$1 million 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. 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 is 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 this fiscal year was insufficient to pay the City's portion of the loan; therefore, the City paid \$6,800 to the City of Carlin.

The City is involved in various matters of litigation. Although the outcome of the litigation is not presently determinable, it is the opinion of City officials that none of the cases will have a materially adverse effect on the City's financial condition.

The City is involved with several significant construction contracts that will continue from fiscal year 2018 through subsequent fiscal years. Details of some of the significant projects are as follows.

On May 9, 2017, the City approved a construction contract for the Effluent Reuse and Sanitary Sewer to the Elko Sports Complex Project in the amount of \$984,765. As of June 30, 2018, the City had spent \$411,927.48. This project will be paid for with funds available in the Sewer Department.

The City approved the construction project for the Elko Sports Complex in the amount of \$10.9 million. As of June 30, 2018, the City had spent \$779,943. This project will be paid for with funds from 2015 bond proceeds and donations.

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 16. Restatement Adjustment**

Net position as of July 1, 2017 has been restated for the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), as amended by GASB Statement No. 85, Omnibus 2017.

As mentioned in Note 1 to the financial statements, the City implemented the provisions of GASB Statement No. 82, Pension Issues- an Amendment of GASB Statements No. 67, No. 68, and No. 73. GASB Statement No. 82 improves consistency in the application of pension accounting and financial reporting requirements by addressing certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.

The results of the restatements of beginning net position are as follows:

	<u>Governmental Activities</u>	<u>Business Activities</u>	<u>Total</u>
Restatement adjustment:			
Implementation of GASB 82	\$ 1,757,698	\$ 451,631	\$ 2,209,329
Implementation of GASB 75	818,655	249,529	1,068,184
Total restatement adjustment	<u>\$ 2,576,353</u>	<u>\$ 701,160</u>	<u>\$ 3,277,513</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF ELKO, NEVADA**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**June 30, 2018**

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**PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA**

	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Proportion of the net pension liability (asset)	0.191030%	2.031300%	0.207090%	0.204490%
Proportionate share of the net pension liability (asset)	\$ 25,406,820	\$ 27,335,646	\$ 23,731,868	\$ 21,311,585
Covered payroll	\$ 10,380,601	\$ 10,447,569	\$ 10,099,417	\$ 11,866,230
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	244.75%	261.65%	234.98%	179.60%
Plan fiduciary net position as a percentage of the total pension liability	74.4%	72.2%	75.1%	76.3%

Note: The City implemented GASB 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

**CITY OF ELKO, NEVADA**  
**Schedule of Contributions**  
**For the Year Ended June 30, 2018**

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA**

	Reporting Fiscal Year			
	2018	2017	2016	2015
Statutorily required contribution	\$ 1,759,670	\$ 1,714,679	\$ 1,722,254	\$ 1,598,300
Contributions in relation to the statutorily required contribution	\$ (1,759,670)	\$ (1,714,679)	\$ (1,722,254)	\$ (1,598,300)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 10,868,094	\$ 10,380,601	\$ 10,447,569	\$ 10,099,417
Contributions as a percentage of covered payroll	16.19%	16.52%	16.48%	15.83%

Note: The City implemented GASB 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

**Note:** All contributions shown reflect employer-paid contributions only. Member contributions are excluded. All values are restated due to GASB No. 82, which classifies contributions as member contributions for the purposes of GASB No. 68 if they are made by an employer to satisfy what are actually deemed to be member contribution requirements.

**CITY OF ELKO, NEVADA**  
**Schedule of Changes in the Net OPEB Liability and Related Ratios**  
**For the Year Ended June 30, 2018**  
**Last 10 Fiscal Years**

	<b>Reporting Fiscal Year (Measurement Date)</b>
	<b>2018 (2017)</b>
Total OPEB liability	
Service cost	\$ 91,167
Interest cost	131,667
Changes of benefit terms	-
Benefit payments	(279,745)
Assumption changes	-
Plan experience	-
Net change in total OPEB liability	(56,911)
Total OPEB liability - beginning	3,775,827
Total OPEB liability - ending (a)	<u>\$ 3,718,916</u>
Plan fiduciary net position	
Employer contributions	\$ 279,745
Net investment income	-
Benefit payments	(279,745)
Investment experience	-
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>
Net OPEB liability - ending (a) - (b)	\$ 3,718,916
Plan fiduciary net position as a percentage of the total OPEB liability	0%
Covered payroll	\$ 11,907,284
Net OPEB liability as a percentage of covered	31.23%

Note: The City implemented GASB 75 in fiscal year 2018. Prior year information is not available.

**CITY OF ELKO, NEVADA**  
**Schedule of OPEB Contributions**  
**For the Year Ended June 30, 2018**  
**Last 10 Fiscal Years**

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	<b>Reporting Fiscal Year</b>
	<b>2018</b>
Contractually required contributions	\$ 279,745
Contributions in relation to the contractually required contribution	\$ (279,745)
Contribution deficiency (excess)	\$ -
 Covered payroll	 \$ 11,907,284
 Contributions as a percentage of covered payroll	 2.35%

Note: The City implemented GASB 75 in fiscal year 2018. Prior year information is not available.

**CITY OF ELKO, NEVADA**  
**Major Governmental Funds**  
**Schedules of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**June 30, 2018**

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

Budget and 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 a special revenue fund, 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 financial reporting. It accounts for the collection and disbursement of funds solely for the purpose of stabilizing revenues in those years that anticipated revenues do not meet original projections. The revenues will be derived from excess fund balances of the General Fund as determined by the Sustained Service and Revenue Policy.

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



**CITY OF ELKO, NEVADA**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
<b>Taxes:</b>				
Ad valorem	\$ 3,106,742	\$ 3,106,742	\$ 3,022,103	\$ (84,639)
Total taxes	<u>3,106,742</u>	<u>3,106,742</u>	<u>3,022,103</u>	<u>(84,639)</u>
<b>Licenses, permits, and fees:</b>				
Business licenses	660,070	660,070	690,780	30,710
Other licenses	5,010	5,010	7,457	2,447
Franchise fees	781,015	781,015	926,172	145,157
Permits	150,000	150,000	302,112	152,112
Total licenses, permits, and fees	<u>1,596,095</u>	<u>1,596,095</u>	<u>1,926,521</u>	<u>330,426</u>
<b>Intergovernmental:</b>				
Grants	112,000	112,000	156,526	44,526
Fuel taxes	506,400	506,400	505,448	(952)
Consolidated revenues	11,679,579	11,679,579	13,298,573	1,618,994
County shared revenues	120,000	120,000	111,555	(8,445)
Other intergovernmental	<u>353,900</u>	<u>353,900</u>	<u>356,918</u>	<u>3,018</u>
Total intergovernmental	<u>12,771,879</u>	<u>12,771,879</u>	<u>14,429,020</u>	<u>1,657,141</u>
<b>Charges for services:</b>				
Community development	95,000	95,000	130,449	35,449
Public work fees	390,000	390,000	395,547	5,547
Public safety fees	73,200	73,200	117,371	44,171
Culture and recreation fees	121,100	121,100	160,947	39,847
Health fees	<u>110,000</u>	<u>110,000</u>	<u>132,012</u>	<u>22,012</u>
Total charges for services	<u>789,300</u>	<u>789,300</u>	<u>936,326</u>	<u>147,026</u>
<b>Fines and forfeitures:</b>				
Forensic service fees	2,000	2,000	2,150	150
Municipal court fees	150,000	150,000	74,762	(75,238)
Bail bond fees	2,500	2,500	1,400	(1,100)
Alcohol assessment fees	-	-	-	-
Total fines and forfeitures	<u>154,500</u>	<u>154,500</u>	<u>78,312</u>	<u>(76,188)</u>
<b>Investment earnings:</b>				
Interest earnings	<u>12,000</u>	<u>12,000</u>	<u>32,757</u>	<u>20,757</u>
Total investment earnings	<u>12,000</u>	<u>12,000</u>	<u>32,757</u>	<u>20,757</u>
<b>Other revenues:</b>				
Rent	-	-	212	212
Reimbursements	3,000	3,000	19,057	16,057
Private donations	25,000	25,000	206,612	181,612
Miscellaneous	<u>79,500</u>	<u>79,500</u>	<u>72,839</u>	<u>(6,661)</u>
Total other revenues	<u>107,500</u>	<u>107,500</u>	<u>298,720</u>	<u>191,220</u>
Total revenues	<u>18,538,016</u>	<u>18,538,016</u>	<u>20,723,759</u>	<u>2,185,743</u>

(continued)

**CITY OF ELKO, NEVADA**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Budgetary Basis) and Actual (Continued)**  
**For the Year Ended June 30, 2018**

<b>EXPENDITURES</b>	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>General government:</b>				
City manager:				
Salaries and wages	\$ 321,650	\$ 330,150	\$ 329,898	\$ 252
Employee benefits	169,250	169,250	161,694	7,556
Services, supplies and other	226,664	226,664	158,569	68,095
	<u>717,564</u>	<u>726,064</u>	<u>650,161</u>	<u>75,903</u>
Clerk:				
Salaries and wages	150,575	153,575	153,389	186
Employee benefits	66,901	72,101	70,829	1,272
Services, supplies and other	29,310	27,310	17,706	9,604
	<u>246,786</u>	<u>252,986</u>	<u>241,924</u>	<u>11,062</u>
Personnel:				
Salaries and wages	55,000	55,000	54,353	647
Employee benefits	24,600	24,600	24,172	428
Services, supplies and other	55,587	55,587	48,590	6,997
	<u>135,187</u>	<u>135,187</u>	<u>127,115</u>	<u>8,072</u>
Information systems:				
Salaries and wages	92,710	98,210	97,848	362
Employee benefits	47,650	47,650	45,722	1,928
Services, supplies and other	158,263	173,263	157,309	15,954
	<u>298,623</u>	<u>319,123</u>	<u>300,879</u>	<u>18,244</u>
Finance:				
Salaries and wages	108,200	120,700	120,393	307
Employee benefits	62,601	63,601	63,023	578
Services, supplies and other	41,400	38,400	33,714	4,686
	<u>212,201</u>	<u>222,701</u>	<u>217,130</u>	<u>5,571</u>
Central services:				
Employee benefits	585,000	455,000	316,853	138,147
Services, supplies and other	160,305	45,305	135,659	(90,354)
	<u>745,305</u>	<u>500,305</u>	<u>452,512</u>	<u>47,793</u>
Planning and zoning:				
Salaries and wages	127,000	128,300	128,078	222
Employee benefits	53,100	66,100	64,510	1,590
Services, supplies and other	45,650	25,650	11,090	14,560
	<u>225,750</u>	<u>220,050</u>	<u>203,678</u>	<u>16,372</u>
Economic development:				
Services, supplies and other	28,300	29,800	29,751	49
	<u>28,300</u>	<u>29,800</u>	<u>29,751</u>	<u>49</u>
Total general government	<u>2,609,716</u>	<u>2,406,216</u>	<u>2,223,150</u>	<u>183,066</u>
<b>Judicial:</b>				
Municipal court:				
Services, supplies and other	468,000	483,000	275,370	207,630
Total judicial	<u>468,000</u>	<u>483,000</u>	<u>275,370</u>	<u>207,630</u>

(continued)

**CITY OF ELKO, NEVADA**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Budgetary Basis) and Actual (Continued)**  
**For the Year Ended June 30, 2018**

<b>Expenditures (continued)</b>	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Public safety:</b>				
Police:				
Salaries and wages	\$ 3,761,500	\$ 3,691,500	\$ 3,616,872	\$ 74,628
Employee benefits	2,298,000	2,248,000	2,015,303	232,697
Services, supplies and other	987,150	1,037,150	1,033,795	3,355
	<u>7,046,650</u>	<u>6,976,650</u>	<u>6,665,970</u>	<u>310,680</u>
Fire- Main station / ARFF:				
Salaries and wages	1,924,900	1,983,900	1,978,032	5,868
Employee benefits	1,150,310	1,150,310	1,130,496	19,814
Services, supplies and other	458,825	469,825	440,580	29,245
	<u>3,534,035</u>	<u>3,604,035</u>	<u>3,549,108</u>	<u>54,927</u>
Fire - Southside station:				
Services, supplies and other	8,250	8,250	6,112	2,138
	<u>8,250</u>	<u>8,250</u>	<u>6,112</u>	<u>2,138</u>
Fire - Downtown station:				
Salaries and wages	19,000	19,000	12,555	6,445
Services, supplies and other	37,100	37,100	15,708	21,392
	<u>56,100</u>	<u>56,100</u>	<u>28,263</u>	<u>27,837</u>
Total public safety	<u>10,645,035</u>	<u>10,645,035</u>	<u>10,249,453</u>	<u>395,582</u>
<b>Public works:</b>				
Public works:				
Salaries and wages	655,875	671,875	671,389	486
Employee benefits	334,750	334,750	333,646	1,104
Services, supplies and other	1,299,100	1,295,100	1,122,572	172,528
Capital outlay	-	150,000	154,517	(4,517)
	<u>2,289,725</u>	<u>2,451,725</u>	<u>2,282,124</u>	<u>169,601</u>
Fleet maintenance:				
Salaries and wages	297,700	311,700	310,667	1,033
Employee benefits	147,200	157,200	151,218	5,982
Services, supplies and other	63,850	63,850	46,778	17,072
	<u>508,750</u>	<u>532,750</u>	<u>508,663</u>	<u>24,087</u>
Engineering:				
Salaries and wages	85,200	86,700	86,136	564
Employee benefits	41,050	42,050	41,629	421
Services, supplies and other	75,924	75,924	24,238	51,686
	<u>202,174</u>	<u>204,674</u>	<u>152,003</u>	<u>52,671</u>
Building inspection:				
Salaries and wages	327,625	327,625	264,325	63,300
Employee benefits	150,418	150,418	114,283	36,135
Services, supplies and other	97,176	97,176	75,630	21,546
	<u>575,219</u>	<u>575,219</u>	<u>454,238</u>	<u>120,981</u>

(continued)

**CITY OF ELKO, NEVADA**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Budgetary Basis) and Actual (Continued)**  
**For the Year Ended June 30, 2018**

<b>Expenditures (continued)</b>	Original Budget	Final Budget	Actual	Variance with Final Budget
Facilities maintenance:				
Salaries and wages	\$ 228,295	\$ 228,295	\$ 223,755	\$ 4,540
Employee benefits	119,000	119,000	116,946	2,054
Services, supplies and other	369,400	369,400	333,977	35,423
	<u>716,695</u>	<u>716,695</u>	<u>674,678</u>	<u>42,017</u>
Community development:				
Salaries and wages	116,000	116,000	115,299	701
Employee benefits	52,275	52,775	52,646	129
Services, supplies and other	114,000	113,500	6,968	106,532
	<u>282,275</u>	<u>282,275</u>	<u>174,913</u>	<u>107,362</u>
Total public works	<u>4,574,838</u>	<u>4,763,338</u>	<u>4,246,619</u>	<u>516,719</u>
<b>Health:</b>				
Animal control:				
Salaries and wages	263,675	263,675	247,089	16,586
Employee benefits	138,225	138,225	130,178	8,047
Services, supplies and other	119,900	119,900	100,380	19,520
	<u>521,800</u>	<u>521,800</u>	<u>477,647</u>	<u>44,153</u>
Cemetery				
Salaries and wages	125,100	113,100	104,327	8,773
Employee benefits	60,210	72,210	67,492	4,718
Services, supplies and other	22,150	22,150	20,910	1,240
	<u>207,460</u>	<u>207,460</u>	<u>192,729</u>	<u>14,731</u>
Total health	<u>729,260</u>	<u>729,260</u>	<u>670,376</u>	<u>58,884</u>
<b>Culture and recreation:</b>				
Parks:				
Salaries and wages	485,850	485,850	450,955	34,895
Employee benefits	230,700	230,700	205,275	25,425
Services, supplies and other	144,910	144,910	143,667	1,243
	<u>861,460</u>	<u>861,460</u>	<u>799,897</u>	<u>61,563</u>
Swimming pool:				
Salaries and wages	257,325	257,325	243,701	13,624
Employee benefits	77,800	77,800	76,386	1,414
Services, supplies and other	164,700	164,700	136,105	28,595
	<u>499,825</u>	<u>499,825</u>	<u>456,192</u>	<u>43,633</u>
Total culture and recreation	<u>1,361,285</u>	<u>1,361,285</u>	<u>1,256,089</u>	<u>105,196</u>
<b>Community support:</b>				
Services, supplies and other	105,011	105,011	105,011	-
Total community support	<u>105,011</u>	<u>105,011</u>	<u>105,011</u>	<u>-</u>

(continued)

**CITY OF ELKO, NEVADA**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Budgetary Basis) and Actual (Continued)**  
**For the Year Ended June 30, 2018**

<b>Expenditures (continued)</b>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Contingencies</b>	\$ 307,397	\$ 307,397	\$ -	\$ 307,397
Total expenditures	<u>20,800,542</u>	<u>20,800,542</u>	<u>19,026,068</u>	<u>1,774,474</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,262,526)</u>	<u>(2,262,526)</u>	<u>1,697,691</u>	<u>3,960,217</u>
<b>Other financing sources (uses):</b>				
Transfer to other funds	(747,372)	(1,447,372)	(1,407,419)	39,953
Transfer in from other funds	<u>306,289</u>	<u>353,611</u>	<u>353,611</u>	<u>-</u>
Total other financing sources (uses)	<u>(441,083)</u>	<u>(1,093,761)</u>	<u>(1,053,808)</u>	<u>39,953</u>
Net change in fund balance	(2,703,609)	(3,356,287)	643,883	4,000,170
Fund balance, beginning of year	<u>4,500,225</u>	<u>4,500,225</u>	<u>4,500,225</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,796,616</u>	<u>\$ 1,143,938</u>	<u>\$ 5,144,108</u>	<u>\$ 4,000,170</u>

**CITY OF ELKO, NEVADA**  
**General Fund**  
**Reconciliation of the General Fund (Budgetary Basis) to the**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – General Fund (GAAP Basis)**  
**For the Year Ended June 30, 2018**

	General (Budgetary Basis)	Revenue Stabilization	General (GAAP Basis)
<b>Revenues</b>			
Taxes	\$ 3,022,103	\$ -	\$ 3,022,103
Licenses and permits	1,926,521	-	1,926,521
Intergovernmental	14,429,020	-	14,429,020
Charges for services	936,326	-	936,326
Fines and forfeitures	78,312	-	78,312
Other revenues	298,720	-	298,720
Interest earnings	32,757	16,719	49,476
	<u>20,723,759</u>	<u>16,719</u>	<u>20,740,478</u>
<b>Expenditures</b>			
General government	2,223,150	-	2,223,150
Judicial	275,370	-	275,370
Public safety	10,249,453	-	10,249,453
Public works	4,246,619	-	4,246,619
Health	670,376	-	670,376
Culture and recreation	1,256,089	-	1,256,089
Community support	105,011	-	105,011
	<u>19,026,068</u>	<u>-</u>	<u>19,026,068</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,697,691</u>	<u>16,719</u>	<u>1,714,410</u>
<b>Other financing sources (uses)</b>			
Transfers out	(1,407,419)	(47,322)	(1,454,741)
Transfers in	353,611	138,018	491,629
	<u>(1,053,808)</u>	<u>90,696</u>	<u>(963,112)</u>
Net change in fund balance	643,883	107,415	751,298
Fund balance, beginning of year	<u>4,500,225</u>	<u>1,785,220</u>	<u>6,285,445</u>
<b>Fund balance, end of year</b>	<u>\$ 5,144,108</u>	<u>\$ 1,892,635</u>	<u>\$ 7,036,743</u>

**CITY OF ELKO, NEVADA**  
**Recreation Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Taxes:				
Room taxes	\$ 3,700,000	\$ 3,700,000	\$ 3,831,732	\$ 131,732
Other revenues	-	-	648,830	648,830
Interest earnings	25,000	25,000	69,059	44,059
Total revenues	<u>3,725,000</u>	<u>3,725,000</u>	<u>4,549,621</u>	<u>824,621</u>
<b>Expenditures</b>				
Current:				
Culture and recreation:				
Parks and recreation:				
Services and supplies	5,000	5,000	5,000	-
Capital outlay	7,845,638	7,765,638	200,831	7,564,807
Other recreation:				
Elko Convention Center	1,291,684	1,346,684	1,352,845	(6,161)
Elko County Fairboard	132,142	132,142	137,135	(4,993)
Elko County Recreation Fairboard	156,250	156,250	171,418	(15,168)
Elko Snobowl Foundation	33,035	33,035	33,683	(648)
NV State Tourism	99,107	99,107	103,926	(4,819)
Western Folklife Center	66,071	66,071	68,567	(2,496)
Total expenditures	<u>9,628,927</u>	<u>9,603,927</u>	<u>2,073,405</u>	<u>7,530,522</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,903,927)</u>	<u>(5,878,927)</u>	<u>2,476,216</u>	<u>8,355,143</u>
<b>Other financing sources (uses)</b>				
Transfers out	(1,301,335)	(1,326,335)	(1,326,335)	-
Transfers in	-	700,000	700,000	-
Total other financing sources (uses)	<u>(1,301,335)</u>	<u>(626,335)</u>	<u>(626,335)</u>	<u>-</u>
Net change in fund balance	(7,205,262)	(6,505,262)	1,849,881	8,355,143
Fund balance, beginning of year	<u>7,291,046</u>	<u>7,291,046</u>	<u>7,291,046</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 85,784</u></u>	<u><u>\$ 785,784</u></u>	<u><u>\$ 9,140,927</u></u>	<u><u>\$ 8,355,143</u></u>

**CITY OF ELKO, NEVADA**  
**Notes to Required Supplementary Information**  
**June 30, 2018**

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**NOTE 1. Budgetary Reconciliations**

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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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**NOTE 2. OPEB – Factors that Affect Trends**

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There are no factors (e.g. changes in benefit terms, the use of different assumptions, changes in investment policies) that significantly affect trends in the amounts reported in the required schedules.

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**NOTE 3. OPEB – Plan Assets**

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There are no assets accumulated in a trust that meet the criteria in GASB 75 (paragraph 4) to pay related benefits.



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**SUPPLEMENTARY INFORMATION**

**CITY OF ELKO, NEVADA**

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

**COMBINING STATEMENTS  
AND  
BUDGET AND ACTUAL REPORTS**

The **Revenue Stabilization Fund** for the City is combined with the General Fund for external financial reporting. It accounts for the collection and disbursement of funds solely for the purpose of stabilizing revenues in those years that anticipated revenues do not meet original projections. The revenues will be derived from excess fund balances of the General Fund as determined by the Sustained Service and Revenue Policy.

**CITY OF ELKO, NEVADA**  
**Combining Balance Sheet**  
**Reconciliation of the General Fund (Budgetary Basis) to the General Fund (GAAP Basis)**  
**June 30, 2018**

	<u>General Fund Budgetary Basis)</u>	<u>Revenue Stabilization</u>	<u>General Fund (GAAP Basis)</u>
<b>Assets</b>			
Cash and investments	\$ 3,317,712	\$ 1,890,090	\$ 5,207,802
Receivables:			
Property taxes	43,652	-	43,652
Interest receivable	2,597	2,545	5,142
Other	208,673	-	208,673
Due from other governments	2,629,297	-	2,629,297
Due from other funds	-	-	-
Inventories and prepaids	33,223	-	33,223
Restricted cash and investments	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 6,235,154</u>	<u>\$ 1,892,635</u>	<u>\$ 8,127,789</u>
<b>Liabilities</b>			
Accounts payable	\$ 417,169	\$ -	\$ 417,169
Accrued liabilities	509,588	-	509,588
Due to other governments	1,452	-	1,452
Customer deposits	18,003	-	18,003
Unearned revenue	101,182	-	101,182
Total liabilities	<u>1,047,394</u>	<u>-</u>	<u>1,047,394</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue - property taxes	43,652	-	43,652
Total deferred inflows of resources	<u>43,652</u>	<u>-</u>	<u>43,652</u>
<b>Fund balances</b>			
Nonspendable:			
Inventories and prepaids	33,223	-	33,223
Committed:			
Revenue stabilization	-	1,892,635	1,892,635
Assigned to:			
Next year's budget appropriation	2,072,741	-	2,072,741
Unassigned	3,038,144	-	3,038,144
Total fund balances	<u>5,144,108</u>	<u>1,892,635</u>	<u>7,036,743</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,235,154</u>	<u>\$ 1,892,635</u>	<u>\$ 8,127,789</u>

**CITY OF ELKO, NEVADA**  
**Revenue Stabilization Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Interest earnings	\$ 10,000	\$ 16,719	\$ 6,719
Total revenues	<u>10,000</u>	<u>16,719</u>	<u>6,719</u>
<b>Other Financing Sources</b>			
Transfers out	(47,322)	(47,322)	-
Transfers in	<u>138,018</u>	<u>138,018</u>	<u>-</u>
Net change in fund balance	100,696	107,415	6,719
Fund balance, beginning of year	<u>1,785,220</u>	<u>1,785,220</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 1,885,916</u></u>	<u><u>\$ 1,892,635</u></u>	<u><u>\$ 6,719</u></u>

**CITY OF ELKO, NEVADA**  
**SUPPLEMENTARY INFORMATION**  
**MAJOR CAPITAL PROJECT FUNDS**  
**BUDGET AND ACTUAL REPORTS**

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

**CITY OF ELKO, NEVADA**  
**Capital Construction Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2018**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Taxes:			
Ad valorem	\$ 784,265	\$ 762,841	\$ (21,424)
Franchise fees	-	124,928	124,928
Other revenues	-	12,879	12,879
Interest earnings	3,000	10,495	7,495
Total revenues	<u>787,265</u>	<u>911,143</u>	<u>123,878</u>
<b>Expenditures</b>			
Capital outlay	<u>1,186,327</u>	<u>1,081,118</u>	<u>105,209</u>
Total expenditures	<u>1,186,327</u>	<u>1,081,118</u>	<u>105,209</u>
Excess (deficiency) of revenues over (under) expenditures	(399,062)	(169,975)	229,087
Fund balance, beginning of year	<u>498,511</u>	<u>498,511</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 99,449</u></u>	<u><u>\$ 328,536</u></u>	<u><u>\$ 229,087</u></u>

**CITY OF ELKO, NEVADA**  
**SUPPLEMENTARY INFORMATION**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENTS**  
**AND**  
**BUDGET AND ACTUAL REPORTS**

**Special revenue funds** are used to account for specific revenues that are restricted or committed to expenditure for particular purposes.

The **Youth Recreation Fund** is used to account for state grants and charges for participation in the “latchkey” program with expenditures related to providing these after school services for youth.

The **Municipal Court Administrative Assessment Fund** is used to account for the revenues derived from additional ticketed fines and is to be used to improve the court premises and equipment.

The **Narcotics Tax Force Fund** accounts for proceeds from state grants and monies collected from other local governments to be used for narcotics enforcement.

The **Elko Redevelopment Agency Fund** accounts for revenues including 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.

**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.

**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.

The **Ad Valorem Capital Projects Fund** is used to account for projects funded by capital projects ad valorem tax revenues.

The **Public Improvement Development Fund** is used to account for revenues collected from developers for costs relating to public capital improvements and development programs.

The **Capital Equipment Reserve Fund** is used to account for the collection and disbursement of funds solely for the purpose of purchasing capital equipment or replacement of existing capital equipment.

The **Facility Reserve Capital Projects Fund** is used to account 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, NEVADA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2018**

	<b>Special Revenue</b>				
	<b>Municipal</b>				
	<b>Youth Recreation</b>	<b>Court Administration Assessment</b>	<b>Narcotics Task Force</b>	<b>Elko Redevelopment Agency</b>	<b>Debt Service</b>
<b>Assets</b>					
Cash and investments	\$ 50,841	\$ 112,309	\$ 85,512	\$ 890,346	\$ 519,501
Receivables:					
Taxes, delinquent	-	-	-	9,517	4,973
Interest	64	-	-	1,201	1,462
Other	-	175	-	-	-
Due from other governments	-	-	13,918	3,413	232,743
Restricted cash	-	-	-	-	566,731
Total assets	<u>\$ 50,905</u>	<u>\$ 112,484</u>	<u>\$ 99,430</u>	<u>\$ 904,477</u>	<u>\$ 1,325,410</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 9,035	\$ -	\$ 460	\$ 44,238	\$ -
Accrued liabilities	7,707	-	-	-	-
Unearned revenue	-	-	97,837	-	-
Total liabilities	<u>16,742</u>	<u>-</u>	<u>98,297</u>	<u>44,238</u>	<u>-</u>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenues - fuel taxes	-	-	-	-	65,636
Unavailable revenues - property taxes	-	-	-	9,517	4,973
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,517</u>	<u>70,609</u>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Debt service	-	-	-	-	566,731
Judicial	-	112,484	-	-	-
Capital projects	-	-	-	-	-
Public Safety	-	-	1,133	-	-
Culture and recreation	34,163	-	-	-	-
Redevelopment Agency	-	-	-	850,722	-
<b>Committed:</b>					
Debt service	-	-	-	-	688,070
Capital projects	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>34,163</u>	<u>112,484</u>	<u>1,133</u>	<u>850,722</u>	<u>1,254,801</u>
Total liabilities and fund balances	<u>\$ 50,905</u>	<u>\$ 112,484</u>	<u>\$ 99,430</u>	<u>\$ 904,477</u>	<u>\$ 1,325,410</u>

**Capital Projects**

Ad Valorem Capital Projects	Public Improvement Development	Capital Equipment Reserve	Facility Reserve Fund	Total Nonmajor Governmental Funds
\$ 871,519	\$ 15,710	\$ 1,024,937	\$ 111,529	\$ 3,682,204
-	-	5,836	-	20,326
1,137	21	1,345	161	5,391
-	-	-	-	175
107,099	-	66,351	-	423,524
-	-	-	-	566,731
<u>\$ 979,755</u>	<u>\$ 15,731</u>	<u>\$ 1,098,469</u>	<u>\$ 111,690</u>	<u>\$ 4,698,351</u>
\$ -	\$ -	\$ 61,847	\$ -	\$ 115,580
-	-	-	-	7,707
-	-	-	-	97,837
<u>-</u>	<u>-</u>	<u>61,847</u>	<u>-</u>	<u>221,124</u>
-	-	-	-	65,636
-	-	5,836	-	20,326
<u>-</u>	<u>-</u>	<u>5,836</u>	<u>-</u>	<u>85,962</u>
-	-	-	-	566,731
-	-	-	-	112,484
979,755	15,731	-	-	995,486
-	-	-	-	1,133
-	-	-	-	34,163
-	-	-	-	850,722
-	-	-	-	688,070
-	-	1,030,786	111,690	1,142,476
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>979,755</u>	<u>15,731</u>	<u>1,030,786</u>	<u>111,690</u>	<u>4,391,265</u>
<u>\$ 979,755</u>	<u>\$ 15,731</u>	<u>\$ 1,098,469</u>	<u>\$ 111,690</u>	<u>\$ 4,698,351</u>

**CITY OF ELKO, NEVADA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2018**

	<b>Special Revenue</b>				
	<b>Municipal</b>				
		<b>Court</b>	<b>Narcotics</b>	<b>Elko</b>	
	<b>Youth</b>	<b>Administration</b>	<b>Task</b>	<b>Redevelopment</b>	<b>Debt</b>
	<b>Recreation</b>	<b>Assessment</b>	<b>Force</b>	<b>Agency</b>	<b>Service</b>
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ 292,342	\$ 402,221
Intergovernmental revenue	-	3,446	27,887	-	689,304
Charges for services	143,500	-	-	-	-
Other revenues	20,201	-	2,000	85,020	-
Investment earnings	516	-	-	7,751	7,843
<b>Total revenues</b>	<b>164,217</b>	<b>3,446</b>	<b>29,887</b>	<b>385,113</b>	<b>1,099,368</b>
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	31,893	-	-
Public works	-	-	-	55,162	-
Culture and recreation	235,840	-	-	-	-
Debt service:					
Principal	-	-	-	-	1,095,000
Interest	-	-	-	-	594,174
Capital outlay	-	-	-	460,543	-
<b>Total expenditures</b>	<b>235,840</b>	<b>-</b>	<b>31,893</b>	<b>515,705</b>	<b>1,689,174</b>
Excess (deficiency) of revenues over (under) expenditures	(71,623)	3,446	(2,006)	(130,592)	(589,806)
<b>Other financing sources (uses)</b>					
Transfers in	56,939	-	-	50,000	609,113
Transfers out	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>56,939</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>609,113</b>
Net change in fund balances	(14,684)	3,446	(2,006)	(80,592)	19,307
Fund balances, beginning of year	48,847	109,038	3,139	931,314	1,235,494
Fund balances, end of year	<u>\$ 34,163</u>	<u>\$ 112,484</u>	<u>\$ 1,133</u>	<u>\$ 850,722</u>	<u>\$ 1,254,801</u>

**Capital Projects**

Ad Valorem Capital Projects	Public Improvement Development	Capital Equipment Reserve	Facility Reserve Fund	Total Nonmajor Governmental Funds
\$ 341,394	\$ -	\$ 344,964	\$ -	\$ 1,380,921
-	-	412,471	-	1,133,108
-	-	-	-	143,500
-	-	6,000	-	113,221
6,481	136	9,025	2,009	33,761
<u>347,875</u>	<u>136</u>	<u>772,460</u>	<u>2,009</u>	<u>2,804,511</u>
-	-	25,346	-	25,346
-	-	-	-	31,893
-	-	-	-	55,162
-	-	-	-	235,840
-	-	-	-	1,095,000
-	-	-	-	594,174
-	-	1,107,711	318,988	1,887,242
-	-	1,133,057	318,988	3,924,657
<u>347,875</u>	<u>136</u>	<u>(360,597)</u>	<u>(316,979)</u>	<u>(1,120,146)</u>
-	-	207,027	207,027	1,130,106
-	-	(50,000)	-	(50,000)
-	-	157,027	207,027	1,080,106
347,875	136	(203,570)	(109,952)	(40,040)
<u>631,880</u>	<u>15,595</u>	<u>1,234,356</u>	<u>221,642</u>	<u>4,431,305</u>
<u>\$ 979,755</u>	<u>\$ 15,731</u>	<u>\$ 1,030,786</u>	<u>\$ 111,690</u>	<u>\$ 4,391,265</u>

**CITY OF ELKO, NEVADA**  
**Youth Recreation Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2018**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Charges for services	\$ 143,000	\$ 143,500	\$ 500
Other revenues	16,000	20,201	4,201
Investment earnings	250	516	266
Total revenues	<u>159,250</u>	<u>164,217</u>	<u>4,967</u>
<b>Expenditures</b>			
Culture and recreation:			
Salaries and wages	117,775	114,880	2,895
Employee benefits	42,360	46,482	(4,122)
Service, supplies and other	76,450	74,478	1,972
Capital outlay	-	-	-
Total expenditures	<u>236,585</u>	<u>235,840</u>	<u>745</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(77,335)</u>	<u>(71,623)</u>	<u>5,712</u>
<b>Other financing sources (uses)</b>			
Transfers in from other funds	<u>56,939</u>	<u>56,939</u>	<u>-</u>
Total other financing sources (uses)	<u>56,939</u>	<u>56,939</u>	<u>-</u>
Net change in fund balance	(20,396)	(14,684)	5,712
Fund balance, beginning of year	<u>48,847</u>	<u>48,847</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 28,451</u></u>	<u><u>\$ 34,163</u></u>	<u><u>\$ 5,712</u></u>

**CITY OF ELKO, NEVADA**  
**Municipal Court Administrative Assessments Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2018**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Intergovernmental revenue	\$ 6,000	\$ 3,446	\$ (2,554)
Total revenues	<u>6,000</u>	<u>3,446</u>	<u>(2,554)</u>
<b>Expenditures</b>			
Judicial:			
Municipal court:			
Capital outlay	<u>117,473</u>	<u>-</u>	<u>117,473</u>
Total expenditures	<u>117,473</u>	<u>-</u>	<u>117,473</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(111,473)</u>	<u>3,446</u>	<u>114,919</u>
Fund balance, beginning of year	<u>109,038</u>	<u>109,038</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ (2,435)</u></u>	<u><u>\$ 112,484</u></u>	<u><u>\$ 114,919</u></u>

**CITY OF ELKO, NEVADA**  
**Narcotics Task Force Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2018**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Intergovernmental revenue	\$ 34,000	\$ 27,887	\$ (6,113)
Other revenues	-	2,000	2,000
Total revenues	<u>34,000</u>	<u>29,887</u>	<u>(4,113)</u>
<b>Expenditures</b>			
Public safety:			
Services, supplies and other	<u>34,000</u>	<u>31,893</u>	<u>2,107</u>
Total expenditures	<u>34,000</u>	<u>31,893</u>	<u>2,107</u>
Excess (deficiency) of revenues over (under) expenditures	-	(2,006)	(2,006)
Fund balance, beginning of year	<u>3,139</u>	<u>3,139</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 3,139</u></u>	<u><u>\$ 1,133</u></u>	<u><u>\$ (2,006)</u></u>

**CITY OF ELKO, NEVADA**  
**Elko Redevelopment Agency Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2018**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Taxes:			
Ad valorem	\$ 277,650	\$ 292,342	\$ 14,692
Other revenues	-	85,020	85,020
Interest earnings	4,000	7,751	3,751
Total revenues	<u>281,650</u>	<u>385,113</u>	<u>103,463</u>
<b>Expenditures</b>			
Public works:			
Highways/streets:			
Services, supplies and other	25,100	55,162	(30,062)
Capital outlay	1,143,639	460,543	683,096
Total expenditures	<u>1,168,739</u>	<u>515,705</u>	<u>653,034</u>
Excess (deficiency) of revenues over (under) expenditures	(887,089)	(130,592)	756,497
<b>Other financing sources (uses)</b>			
Operating transfers in:			
From Capital Equipment Reserve Fund	50,000	50,000	-
Total other financing sources (uses)	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net change in fund balance	(837,089)	(80,592)	756,497
Fund balance, beginning of year	<u>931,314</u>	<u>931,314</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 94,225</u>	<u>\$ 850,722</u>	<u>\$ 756,497</u>



**CITY OF ELKO, NEVADA**  
**Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2018**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Taxes:			
Ad valorem	\$ 404,261	\$ 402,221	\$ (2,040)
Intergovernmental revenue	699,750	689,304	(10,446)
Interest earnings	4,200	7,843	3,643
Total revenues	<u>1,108,211</u>	<u>1,099,368</u>	<u>(8,843)</u>
<b>Expenditures</b>			
Debt service:			
Principal			
General obligation street bonds	445,000	445,000	-
General obligation medium-term public safety bonds	285,000	285,000	-
General obligation recreation facility bonds	365,000	365,000	-
Interest			
General obligation street bonds	298,781	298,031	750
General obligation medium-term public safety bonds	52,031	52,031	-
General obligation recreation facility bonds	244,113	244,112	1
Total debt service	<u>1,689,925</u>	<u>1,689,174</u>	<u>751</u>
Total expenditures	<u>1,689,925</u>	<u>1,689,174</u>	<u>751</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(581,714)</u>	<u>(589,806)</u>	<u>(8,092)</u>
<b>Other financing sources (uses)</b>			
Transfers in	<u>609,113</u>	<u>609,113</u>	<u>-</u>
Total other financing sources (uses)	<u>609,113</u>	<u>609,113</u>	<u>-</u>
Net change in fund balance	27,399	19,307	(8,092)
Fund balance, beginning of year	<u>1,235,494</u>	<u>1,235,494</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 1,262,893</u></u>	<u><u>\$ 1,254,801</u></u>	<u><u>\$ (16,184)</u></u>

**CITY OF ELKO, NEVADA**  
**Ad Valorem Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2018**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Taxes:			
Ad valorem	\$ 311,535	\$ 341,394	\$ 29,859
Interest earnings	3,000	6,481	3,481
Total revenues	<u>314,535</u>	<u>347,875</u>	<u>33,340</u>
<b>Expenditures</b>			
Public works:			
Highways/streets:			
Capital outlay	<u>520,746</u>	<u>-</u>	<u>520,746</u>
Total expenditures	<u>520,746</u>	<u>-</u>	<u>520,746</u>
Excess (deficiency) of revenues over (under) expenditures	(206,211)	347,875	554,086
Fund balance, beginning of year	<u>631,880</u>	<u>631,880</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 425,669</u></u>	<u><u>\$ 979,755</u></u>	<u><u>\$ 554,086</u></u>

**CITY OF ELKO, NEVADA**  
**Public Improvement Development Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Interest earnings	\$ 50	\$ 136	\$ 86
Total revenues	<u>50</u>	<u>136</u>	<u>86</u>
<b>Expenditures</b>			
Public works:			
Capital outlay	<u>15,604</u>	<u>-</u>	<u>15,604</u>
Total expenditures	<u>15,604</u>	<u>-</u>	<u>15,604</u>
Excess (deficiency) of revenues over (under) expenditures	(15,554)	136	15,690
Fund balance, beginning of year	<u>15,554</u>	<u>15,595</u>	<u>41</u>
<b>Fund balance, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 15,731</u></u>	<u><u>\$ 15,731</u></u>

**CITY OF ELKO, NEVADA**  
**Capital Equipment Reserve Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2018**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Taxes:			
Ad valorem	\$ 353,728	\$ 344,964	\$ (8,764)
Intergovernmental revenue	415,000	412,471	(2,529)
Other revenues	6,000	6,000	-
Interest earnings	5,250	9,025	3,775
	<u>779,978</u>	<u>772,460</u>	<u>(7,518)</u>
<b>Total revenues</b>			
	<u>779,978</u>	<u>772,460</u>	<u>(7,518)</u>
<b>Expenditures</b>			
General government:			
Services, supplies and other	34,500	25,346	9,154
Capital outlay	30,500	30,322	178
	<u>65,000</u>	<u>55,668</u>	<u>9,332</u>
Public safety:			
Capital outlay	985,850	809,004	176,846
	<u>985,850</u>	<u>809,004</u>	<u>176,846</u>
Public works:			
Capital outlay	324,100	268,385	55,715
	<u>324,100</u>	<u>268,385</u>	<u>55,715</u>
<b>Total expenditures</b>	<u>1,374,950</u>	<u>1,133,057</u>	<u>241,893</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(594,972)</u>	<u>(360,597)</u>	<u>234,375</u>
<b>Other financing sources (uses)</b>			
Transfers out	(50,000)	(50,000)	-
Transfers in	207,027	207,027	-
	<u>157,027</u>	<u>157,027</u>	<u>-</u>
<b>Total other financing sources (uses)</b>			
	<u>157,027</u>	<u>157,027</u>	<u>-</u>
Net change in fund balance	(437,945)	(203,570)	234,375
Fund balance, beginning of year	<u>1,234,356</u>	<u>1,234,356</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 796,411</u>	<u>\$ 1,030,786</u>	<u>\$ 234,375</u>

**CITY OF ELKO, NEVADA**  
**Facility Reserve Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Interest earnings	\$ 2,300	\$ 2,009	\$ (291)
Total revenues	<u>2,300</u>	<u>2,009</u>	<u>(291)</u>
<b>Expenditures</b>			
Capital outlay	<u>351,000</u>	<u>318,988</u>	<u>32,012</u>
Total expenditures	<u>351,000</u>	<u>318,988</u>	<u>32,012</u>
Excess (deficiency) of revenues over (under) expenditures	(348,700)	(316,979)	31,721
<b>Other financing sources</b>			
Transfers in	<u>207,027</u>	<u>207,027</u>	<u>-</u>
Net change in fund balance	(141,673)	(109,952)	31,721
Fund balance, beginning of year	<u>221,642</u>	<u>221,642</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 79,969</u>	<u>\$ 111,690</u>	<u>\$ 31,721</u>

**CITY OF ELKO, NEVADA**  
**SUPPLEMENTARY INFORMATION**  
**ENTERPRISE FUNDS**  
**COMBINING STATEMENTS**  
**AND**  
**BUDGET AND ACTUAL REPORTS**

**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**

The **Water Utility Fund** is used to account for the provision of water services to the residents of the City. All activities necessary to provide services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt.

The **Sewer Utility Fund** is used to account for sewer service and improvements to sewer facilities for the residents of the City. All activities necessary to provide services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt.

The **Airport Fund** is used to account for the Elko Regional Airport and associated costs. All activities necessary to provide services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt.

The **Landfill Fund** is used to account for the regional landfill and associated costs. All activities necessary to provide services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt.

**Nonmajor Enterprise Funds**

The **Golf Fund** is used to account for the Elko Municipal Golf Course and associated costs. All activities necessary to provide services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt.

**CITY OF ELKO, NEVADA**  
**Water Fund**  
**Schedule of Revenues, Expenses, and Changes in Net Position**  
**Budget and Actual**  
**For the Year Ended June 30, 2018**

	Final Budget	Actual	Variance with Final Budget
<b>Operating revenues</b>			
Charges for services	\$ 3,300,000	\$ 3,271,847	\$ (28,153)
Other revenues	114,000	131,043	17,043
Total operating revenues	<u>3,414,000</u>	<u>3,402,890</u>	<u>(11,110)</u>
<b>Operating expenses</b>			
Administration			
Salaries	139,850	126,754	13,096
Employee benefits	72,600	63,739	8,861
Service, supplies and other	162,359	143,202	19,157
	<u>374,809</u>	<u>333,695</u>	<u>41,114</u>
Operations			
Salaries	546,700	546,161	539
Employee benefits	343,000	367,873	(24,873)
Service, supplies and other	910,393	927,543	(17,150)
	<u>1,800,093</u>	<u>1,841,577</u>	<u>(41,484)</u>
Plant and facilities			
Salaries	150,000	145,375	4,625
Employee benefits	45,100	46,596	(1,496)
Service, supplies and other	721,400	682,415	38,985
	<u>916,500</u>	<u>874,386</u>	<u>42,114</u>
Depreciation and amortization	<u>580,000</u>	<u>575,643</u>	<u>4,357</u>
Total operating expenses	<u>3,671,402</u>	<u>3,625,301</u>	<u>46,101</u>
Operating income (loss)	<u>(257,402)</u>	<u>(222,411)</u>	<u>34,991</u>
<b>Nonoperating revenues (expenses)</b>			
Interest income	<u>40,000</u>	<u>72,772</u>	<u>32,772</u>
Total nonoperating revenues (expenses)	<u>40,000</u>	<u>72,772</u>	<u>32,772</u>
Income (loss) before contributions and transfers	(217,402)	(149,639)	67,763
Connection fees	200,000	404,190	204,190
<b>Change in net position</b>	(17,402)	254,551	271,953
Net position, beginning of year	23,466,699	23,466,699	-
Restatement adjustment	-	(210,404)	(210,404)
<b>Net position, end of year</b>	<u>\$ 23,449,297</u>	<u>\$ 23,510,846</u>	<u>\$ 61,549</u>

**CITY OF ELKO, NEVADA**  
**Sewer Fund**  
**Schedule of Revenues, Expenses, and Changes in Net Position**  
**Budget and Actual**  
**For the Year Ended June 30, 2018**

	Final Budget	Actual	Variance with Final Budget
<b>Operating revenues</b>			
Charges for services	\$ 2,892,050	\$ 2,928,992	\$ 36,942
Other revenues	17,500	18,155	655
Total operating revenues	<u>2,909,550</u>	<u>2,947,147</u>	<u>37,597</u>
<b>Operating expenses</b>			
Administration			
Salaries	173,750	171,594	2,156
Employee benefits	93,700	82,938	10,762
Service, supplies and other	182,041	178,110	3,931
	<u>449,491</u>	<u>432,642</u>	<u>16,849</u>
Operations			
Salaries	61,500	30,049	31,451
Employee benefits	25,705	9,373	16,332
Service, supplies and other	245,900	182,977	62,923
	<u>333,105</u>	<u>222,399</u>	<u>110,706</u>
Plant and facilities			
Salaries	509,500	496,961	12,539
Employee benefits	259,200	239,434	19,766
Service, supplies and other	1,440,563	1,292,461	148,102
	<u>2,209,263</u>	<u>2,028,856</u>	<u>180,407</u>
Laboratory			
Salaries	75,000	71,729	3,271
Employee benefits	40,400	37,710	2,690
Service, supplies and other	82,600	56,370	26,230
	<u>198,000</u>	<u>165,809</u>	<u>32,191</u>
Depreciation and amortization	<u>1,738,235</u>	<u>1,286,291</u>	<u>451,944</u>
Total operating expenses	<u>4,928,094</u>	<u>4,135,997</u>	<u>792,097</u>
Operating income (loss)	<u>(2,018,544)</u>	<u>(1,188,850)</u>	<u>829,694</u>
<b>Nonoperating revenues (expenses)</b>			
Sewer improvement fees	2,967,022	2,935,103	(31,919)
Interest income	60,000	140,449	80,449
Total nonoperating revenues (expenses)	<u>3,027,022</u>	<u>3,075,552</u>	<u>48,530</u>
Income (loss) before contributions and transfers	1,008,478	1,886,702	878,224
Connections fees	<u>200,000</u>	<u>431,282</u>	<u>231,282</u>
<b>Change in net position</b>	1,208,478	2,317,984	1,109,506
Net position, beginning of year	40,985,132	40,985,132	-
Restatement adjustment	<u>-</u>	<u>(204,244)</u>	<u>(204,244)</u>
<b>Net position, end of year</b>	<u>\$ 42,193,610</u>	<u>\$ 43,098,872</u>	<u>\$ 905,262</u>



**CITY OF ELKO, NEVADA**  
**Airport Fund**  
**Schedule of Revenues, Expenses, and Changes in Net Position**  
**Budget and Actual**  
**For the Year Ended June 30, 2018**

	Final Budget	Actual	Variance with Final Budget
<b>Operating revenues</b>			
Intergovernmental	\$ 21,220	\$ 21,653	\$ 433
Charges for services	258,000	273,231	15,231
Other revenues	690,943	696,424	5,481
Total operating revenues	970,163	991,308	21,145
<b>Operating expenses</b>			
Airport administration			
Salaries	73,900	65,663	8,237
Employee benefits	39,050	31,080	7,970
	112,950	96,743	16,207
Public Safety			
Salaries	50,000	37,224	12,776
Employee benefits	34,850	20,246	14,604
	84,850	57,470	27,380
Airport operations			
Salaries	304,400	220,003	84,397
Employee benefits	152,470	33,594	118,876
Service, supplies and other	311,100	172,815	138,285
	767,970	426,412	341,558
Airport terminal operations			
Service, supplies and other	146,700	93,130	53,570
Depreciation and amortization			
City funded	263,828	283,504	(19,676)
Federal unfunded	2,221,339	2,079,032	142,307
	2,485,167	2,362,536	122,631
Total operating expenses	3,597,637	3,036,291	561,346
Operating income (loss)	(2,627,474)	(2,044,983)	582,491
<b>Nonoperating revenues (expenses)</b>			
Interest income	5,000	10,418	5,418
Interest expense	(122,055)	(118,517)	3,538
Total nonoperating revenues (expenses)	(117,055)	(108,099)	8,956
Income (loss) before contributions and transfers	(2,744,529)	(2,153,082)	591,447
Grant revenue	3,237,500	2,681,667	(555,833)
Transfers in	522,355	482,402	(39,953)
Change in net position	1,015,326	1,010,987	(4,339)
Net position, beginning of year	32,952,196	32,952,196	-
Restatement adjustment	-	(97,088)	(97,088)
<b>Net position, end of year</b>	<b>\$ 33,967,522</b>	<b>\$ 33,866,095</b>	<b>\$ (101,427)</b>

**CITY OF ELKO, NEVADA**  
**Landfill Fund**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Budget and Actual**  
**For the Year Ended June 30, 2018**

	Final Budget	Actual	Variance with Final Budget
<b>Operating revenues</b>			
Charges for services	\$ 1,745,000	\$ 1,930,617	\$ 185,617
Other revenues	68,500	50,948	(17,552)
Total operating revenues	<u>1,813,500</u>	<u>1,981,565</u>	<u>168,065</u>
<b>Operating expenses</b>			
Administration			
Salaries	65,500	59,951	5,549
Employee benefits	35,309	31,609	3,700
Service, supplies and other	37,776	27,071	10,705
	<u>138,585</u>	<u>118,631</u>	<u>19,954</u>
Operations			
Salaries	501,575	500,855	720
Employee benefits	257,250	275,072	(17,822)
Service, supplies and other	740,000	689,695	50,305
	<u>1,498,825</u>	<u>1,465,622</u>	<u>33,203</u>
Depreciation and amortization	<u>229,027</u>	<u>224,474</u>	<u>4,553</u>
Total operating expenses	<u>1,866,437</u>	<u>1,808,727</u>	<u>57,710</u>
Operating income (loss)	<u>(52,937)</u>	<u>172,838</u>	<u>225,775</u>
<b>Nonoperating revenues (expenses)</b>			
Interest income	<u>8,000</u>	<u>12,779</u>	<u>4,779</u>
Total nonoperating revenues (expenses)	<u>8,000</u>	<u>12,779</u>	<u>4,779</u>
<b>Change in net position</b>	(44,937)	185,617	230,554
Net position, beginning of year	3,130,696	3,130,696	-
Restatement adjustment	<u>-</u>	<u>(141,882)</u>	<u>(141,882)</u>
<b>Net position, end of year</b>	<u>\$ 3,085,759</u>	<u>\$ 3,174,431</u>	<u>\$ 88,672</u>

**CITY OF ELKO, NEVADA**  
**Golf Fund**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Budget and Actual**  
**For the Year Ended June 30, 2018**

	Final Budget	Actual	Variance with Final Budget
<b>Operating revenues</b>			
Charges for services	\$ 700,800	\$ 619,061	\$ (81,739)
Other revenues	23,200	49,822	26,622
Total operating revenues	724,000	668,883	(55,117)
<b>Operating expenses</b>			
Administration			
Salaries	23,500	23,264	236
Employee benefits	11,350	7,169	4,181
	34,850	30,433	4,417
Operations			
Salaries	219,450	156,059	63,391
Employee benefits	98,500	52,716	45,784
Service, supplies and other	409,150	263,283	145,867
	727,100	472,058	255,042
Depreciation and amortization	90,000	91,642	(1,642)
Total operating expenses	851,950	594,133	257,817
Operating income (loss)	(127,950)	74,750	202,700
<b>Nonoperating revenues (expenses)</b>			
Interest income	2,000	5,270	3,270
Total nonoperating revenues (expenses)	2,000	5,270	3,270
Income (loss) before contributions and transfers	(125,950)	80,020	205,970
Capital contributions	-	59,129	59,129
Transfers in from other funds	26,939	26,939	-
<b>Change in net position</b>	(99,011)	166,088	265,099
Net position, beginning of year	3,876,290	3,876,290	-
Restatement adjustment	-	(47,542)	(47,542)
<b>Net position, end of year</b>	\$ 3,777,279	\$ 3,994,836	\$ 217,557

**CITY OF ELKO, NEVADA**  
**SUPPLEMENTARY INFORMATION**  
**INTERNAL SERVICE FUND**  
**BUDGET AND ACTUAL REPORT**

**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.

The **Health Insurance Fund** is 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, NEVADA**  
**Health Insurance Internal Service Fund**  
**Schedule of Revenues, Expenses, and Changes in Net Position**  
**Budget and Actual**  
**For the Year Ended June 30, 2018**

	Final Budget	Actual	Variance with Final Budget
<b>Operating revenues</b>			
Charges for services	\$ 2,670,000	\$ 2,160,147	\$ (509,853)
Total operating revenues	<u>2,670,000</u>	<u>2,160,147</u>	<u>(509,853)</u>
<b>Operating expenses</b>			
Employee benefits	<u>2,652,500</u>	<u>1,678,177</u>	<u>974,323</u>
Total operating expenses	<u>2,652,500</u>	<u>1,678,177</u>	<u>974,323</u>
Operating income (loss)	<u>17,500</u>	<u>481,970</u>	<u>464,470</u>
<b>Nonoperating revenues (expenses)</b>			
Interest income	<u>3,000</u>	<u>11,071</u>	<u>8,071</u>
Total nonoperating revenues (expenses)	<u>3,000</u>	<u>11,071</u>	<u>8,071</u>
<b>Change in net position</b>	20,500	493,041	472,541
Net position, beginning of year	<u>957,729</u>	<u>957,729</u>	<u>-</u>
<b>Net position, end of year</b>	<u>\$ 978,229</u>	<u>\$ 1,450,770</u>	<u>\$ 472,541</u>

**STATISTICAL SECTION**

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**CITY OF ELKO, NEVADA**  
**Schedule of Revenue and Related**  
**Capital Expenditures – Cash Basis**  
**For the Year Ended June 30, 2018**

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**Capital Construction Fund:**

Beginning Balance July 1, 2017	\$ 1,167,155
Additions:	
Revenue from Ad Valorem Taxes	762,841
Deletions:	
Cedar Street Reconstruction	(1,081,118)
	<u>848,878</u>
Funds remaining to be spent on Street Projects based on Monies Collected from Ad Valorem Taxes	<u>\$ 848,878</u>

**Water Fund:**

Beginning Balance July 1, 2017	\$ 201,546
Additions:	
Revenue from Connection Fees	404,190
Deletions:	
Capital Expenses for Projects relating to Growth: Water Line Agreement - Exit 298	(182,637)
	<u>423,099</u>
Funds remaining to be spent on Growth based on Monies Collected from Connection Fees	<u>\$ 423,099</u>

**Sewer Fund:**

Beginning Balance July 1, 2017	\$ 14,353,866
Additions:	
Revenue from Sewer Improvement Fees	2,935,103
Deletions:	
Capital Expenses for Projects or Replacement	
Equipment Replacement	(310,691)
Rib Scarification	(411,927)
Reuse Extension to Sports Complex	(197,396)
Primary Digester	(367,852)
Potable Water Airgap	(210,233)
2018 Slip Lining	(15,305)
Yard Drain	(124,179)
Shop Design	(777,541)
Third Secondary Clarifier	(182,214)
Fill Station	(128,237)
Generator Project	(47,779)
Total Deletions	(2,773,355)
	<u>14,515,614</u>
Funds remaining to be spent on Capital Projects Monies Collected from Improvement Fees	<u>\$ 14,515,614</u>

**Sewer Fund:**

Beginning Balance July 1, 2017	\$ 4,014,754
Additions:	
Revenue from Connection Fees	431,282
Deletions:	
Capital Expenses for Projects Relating to Growth Reuse Pipeline and River Crossing	(47,779)
	<u>4,398,257</u>
Funds remaining to be spent on Growth based on Monies Collected from Connection Fees	<u>\$ 4,398,257</u>



**CITY OF ELKO, NEVADA – General Fund  
Summary Schedule of Revenues, Expenditures  
And Changes in Fund Balance – Budgetary Basis  
For the Years Ended June 30**

	<b>2009</b> <b>(Actual)</b>	<b>2010</b> <b>(Actual)</b>	<b>2011</b> <b>(Actual)</b>	<b>2012</b> <b>(Actual)</b>
<b>REVENUES</b>				
Taxes	\$ 2,138,384	\$ 2,239,938	\$ 2,253,941	\$ 2,373,842
Licenses and Permits	1,555,808	1,491,501	1,765,089	1,913,770
Intergovernmental Revenue	10,483,689	9,868,372	11,543,028	13,399,230
Charges for Services	577,488	575,032	769,662	876,366
Fines and Forfeits	250,115	199,207	209,940	185,480
Miscellaneous	171,484	86,388	105,473	101,462
<b>Total Revenues</b>	<b>15,176,968</b>	<b>14,460,438</b>	<b>16,647,133</b>	<b>18,850,150</b>
<b>EXPENDITURES</b>				
General Government	2,108,515	2,111,813	2,099,734	1,895,752
Judicial	386,154	387,548	364,974	335,305
Public Safety	8,116,542	8,339,502	8,294,482	8,423,606
Public Works	3,362,015	3,307,233	3,059,259	3,008,660
Health	525,658	525,384	526,608	518,702
Culture and Recreation	1,028,101	1,027,251	977,659	900,388
Community Support	36,000	32,000	21,000	29,500
Contingency				
Intergovernmental	-	-	-	-
<b>Total Expenditures</b>	<b>15,562,985</b>	<b>15,730,731</b>	<b>15,343,716</b>	<b>15,111,913</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(386,017)</b>	<b>(1,270,293)</b>	<b>1,303,417</b>	<b>3,738,237</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	246,256	406,136	1,021,168	223,508
Transfers to other funds	(397,690)	(398,715)	(1,061,631)	(2,081,554)
<b>Total Other Financing Sources (Uses)</b>	<b>(151,434)</b>	<b>7,421</b>	<b>(40,463)</b>	<b>(1,858,046)</b>
<b>Net Change in Fund Balance</b>	<b>(537,451)</b>	<b>(1,262,872)</b>	<b>1,262,954</b>	<b>1,880,191</b>
<b>Fund Balance - July 1</b>	<b>3,548,933</b>	<b>3,011,482</b>	<b>1,748,609</b>	<b>3,011,563</b>
<b>Fund Balance - June 30</b>	<b>\$ 3,011,482</b>	<b>\$ 1,748,609</b>	<b>\$ 3,011,563</b>	<b>\$ 4,891,754</b>

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>(Actual)</b>	<b>(Actual)</b>	<b>(Actual)</b>	<b>(Actual)</b>	<b>(Actual)</b>	<b>(Actual)</b>	<b>(Budget)</b>
\$ 2,473,737	\$ 2,509,838	\$ 2,666,813	\$ 2,926,547	\$ 2,990,916	\$ 3,022,103	\$ 3,150,498
2,048,308	2,022,603	2,087,384	1,805,306	1,626,787	1,926,521	1,824,015
13,791,267	12,334,542	12,633,948	13,461,108	13,352,210	14,429,020	13,128,073
870,660	883,422	943,598	818,959	865,232	936,326	829,100
199,833	171,437	169,913	155,581	114,464	78,312	104,500
161,538	110,615	122,543	245,931	217,824	331,477	289,500
<b>19,545,343</b>	<b>18,032,457</b>	<b>18,624,199</b>	<b>19,413,432</b>	<b>19,167,433</b>	<b>20,723,759</b>	<b>19,325,686</b>
2,131,446	2,147,213	2,110,308	2,087,961	2,255,979	2,223,150	2,568,163
339,637	306,058	271,025	321,366	321,273	275,370	468,000
9,226,056	9,365,562	9,388,271	10,005,524	10,150,217	10,249,453	11,275,600
4,031,364	3,914,165	3,854,165	3,983,563	4,235,632	4,246,619	4,579,393
615,350	674,668	664,070	668,458	693,333	670,376	754,125
1,026,925	1,074,605	1,131,856	1,157,473	1,225,183	1,256,089	1,350,235
45,000	57,000	53,827	98,964	99,362	105,011	70,511
-	-	-	-	-	-	315,990
-	-	-	-	-	-	-
<b>17,415,778</b>	<b>17,539,271</b>	<b>17,473,522</b>	<b>18,323,309</b>	<b>18,980,979</b>	<b>19,026,068</b>	<b>21,382,017</b>
2,129,565	493,186	1,150,677	1,090,123	186,454	1,697,691	(2,056,331)
239,464	243,582	375,431	304,109	284,267	353,611	303,803
(1,272,049)	(3,481,257)	(1,187,606)	(671,390)	(276,085)	(1,407,419)	(320,213)
(1,032,585)	(3,237,675)	(812,175)	(367,281)	8,182	(1,053,808)	(16,410)
1,096,980	(2,744,489)	338,502	722,842	194,636	643,883	(2,072,741)
4,891,754	5,988,734	3,244,245	3,582,747	4,305,589	4,500,225	4,178,142
<b>\$ 5,988,734</b>	<b>\$ 3,244,245</b>	<b>\$ 3,582,747</b>	<b>\$ 4,305,589</b>	<b>\$ 4,500,225</b>	<b>\$ 5,144,108</b>	<b>\$ 2,105,401</b>

**CITY OF ELKO, NEVADA**  
**Assessed Valuation – Secured and Unsecured Property**  
**For the Years Ended June 30**

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<u>Fiscal Year</u>	<u>Assessed Valuation</u>	<u>Percent Change</u>
1995	\$ 202,479,335	2.74%
1996	218,662,312	7.99%
1997	231,485,367	5.86%
1998	247,881,803	7.08%
1999	263,888,126	6.46%
2000	272,263,390	3.17%
2001	291,389,822	7.02%
2002	295,123,546	1.28%
2003	288,766,550	-2.15%
2004	297,619,553	3.07%
2005	296,187,696	-0.48%
2006	296,750,239	0.19%
2007	312,805,735	5.41%
2008	337,353,408	7.85%
2009	363,571,663	7.77%
2010	389,109,714	7.02%
2011	390,921,792	0.47%
2012	386,309,054	-1.18%
2013	404,635,915	4.74%
2014	427,797,045	5.72%
2015	465,656,772	8.85%
2016	482,389,245	3.59%
2017	495,031,866	2.62%
2018	513,337,800	3.70%
2019	519,385,463	1.18%

**CITY OF ELKO, NEVADA**  
**Countywide Secured Tax Levies, Collection and Delinquencies**  
**For the Years Ended June 30**

---

<u>Fiscal Year</u>	<u>Net Levy Roll</u>	<u>Total Taxes Collected</u>	<u>Collected as a % of Taxes Levied</u>
1995	\$ 5,046,187	\$ 5,000,696	99.1%
1996	5,653,208	5,430,161	96.1%
1997	5,848,794	5,777,337	98.8%
1998	6,184,268	6,091,667	98.5%
1999	6,557,417	6,422,643	97.9%
2000	6,916,989	6,769,209	97.9%
2001	7,223,108	7,145,453	98.9%
2002	7,515,678	7,352,732	97.8%
2003	7,913,598	7,773,886	98.2%
2004	8,168,939	8,089,734	99.0%
2005	8,450,691	8,391,493	99.3%
2006	8,806,052	8,764,671	99.5%
2007	9,414,388	9,357,982	99.4%
2008	9,416,173	9,285,228	98.6%
2009	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%
2016	13,944,505	13,858,661	99.4%
2017	14,663,343	14,583,800	99.5%
2018	14,975,707	14,833,259	99.0%

**CITY OF ELKO, NEVADA**  
**Ten Largest Property Owners**  
**For the Year Ended June 30, 2018**

<b>Taxpayer</b>	<b>Type of Business</b>	<b>Total Value</b>	<b>% of Value</b>
1. Elko Acquisitions LLC	Gaming	\$ 12,276,956	2.4%
2. PHC-Elko Inc.	Community Healthcare	9,313,967	1.8%
3. MP Elko LLC	Real Estate/Commercial	7,910,241	1.5%
4. KLO Global LLC	Real Estate/Residential	7,772,538	1.5%
5. Ruby Vista Apartments LLC	Real Estate/Residential	5,554,303	1.1%
6. Treadway Investment Co LLC	Mining	5,416,453	1.0%
7. Wal-Mart Real Estate Business	Grocery Retail	5,179,986	1.0%
8. Sonora LLC	Real Estate/Residential	4,940,171	1.0%
9. Reality Income Properties 6 LLC	Real Estate/Commercial	4,139,442	0.8%
10. Riverside Villas Nevada LLC	Real Estate/Commercial	3,900,799	0.8%
		<u>\$ 66,404,856</u>	

Total Assessed Valuation of Elko City \$ 519,385,463

Notes

- \* The valuations for Mining are values provided by the Department of Taxation, Centrally Assessed Division
- \* These assessed values do not account for any abatement applied
- \* These are Assessed Values as of November 21, 2018
- \* These values are from the Secured AND Unsecured Roll (Combined)
- \* Prepared by the Elko County Assessor's Office

**CITY OF ELKO, NEVADA**  
**Statewide Average and Overlapping Tax Rates**  
**For the Years Ended June 30**

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	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019 Budget</u>
Average Statewide Rate	<u>3.132</u>	<u>3.1171</u>	<u>3.1304</u>	<u>3.1212</u>	<u>3.136</u>	<u>3.1360</u>	<u>3.1500</u>	<u>3.1500</u>	<u>3.1615</u>
City of Elko	0.9200	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	0.8386
Elko County School District	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000
Special Districts	0.0681	0.0537	0.0537	0.0537	0.0537	0.0537	0.0537	0.0537	0.0537
State of Nevada	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>
Total	<u>3.4967</u>	<u>3.4823</u>	<u>3.4823</u>	<u>3.4823</u>	<u>3.4823</u>	<u>3.4823</u>	<u>3.4823</u>	<u>3.4823</u>	<u>3.4823</u>

**CITY OF ELKO, NEVADA**  
**Statutory Debt Limitation**  
**For the Years Ended June 30**

<b>Fiscal Year</b>	<b>Assessed Valuation</b>	<b>Debt Limit</b>	<b>Outstanding General Obligation Debt<sup>1/</sup></b>	<b>Additional Statutory Debt Capacity</b>
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	79,166,438	9,356,291	69,810,147
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	88,541,564	11,055,964	77,485,600
2003	288,780,550	86,634,165	10,616,125	76,018,040
2004	297,631,533	89,289,460	10,080,917	79,208,543
2005	296,207,696	88,862,309	9,681,808	79,180,501
2006	296,770,239	89,031,072	10,882,881	78,148,191
2007	312,816,735	93,845,021	10,204,260	83,640,761
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	21,620,000	123,096,774
2017	495,031,866	148,509,560	20,370,000	128,139,560
2018	513,337,800	154,001,340	19,070,000	134,931,340
2019	519,385,463	155,815,639	N/A	N/A

Note: Legal debt limit per NRS 266.600.

**CITY OF ELKO, NEVADA**  
**Outstanding Bonded Indebtedness**  
**June 30, 2018**

	<u>Date of Issue</u>	<u>Original Issue Amount</u>	<u>Principal Outstanding June 30, 2018</u>
<u>Bonds Payable</u>			
General Obligation Bonds:			
General Government			
2010 Limited Tax Street Bonds	10/5/2010	\$ 10,500,000	\$ 7,610,000
2015 Limited Tax Recreational Facilities and Refunding Bonds	11/12/2015	8,000,000	6,995,000
General Obligation (Lomited Tax) Bonds:			
General Government			
Medium-Term Public Safety Bond Series 2014	7/30/2014	3,000,000	2,170,000
Enterprise Fund			
Airport Improvement Bonds Series 2009A and Series 2009B	12/1/2009	3,735,000	2,295,000
Total Bonds Payable		<u>\$ 25,235,000</u>	<u>\$ 19,070,000</u>



**CITY OF ELKO, NEVADA**  
**Annual General Obligation Debt Service Requirements**  
**June 30, 2018**

Fiscal Year	2010 Street Bonds Limited Tax		2009 Airport Improvement Limited Tax Bond	
	Principal	Interest	Principal	Interest
2019	465,000	279,581	215,000	112,475
2020	485,000	260,581	225,000	102,166
2021	505,000	240,781	225,000	91,290
2022	520,000	222,556	245,000	79,571
2023	540,000	205,656	250,000	66,980
2024	555,000	187,516	270,000	53,578
2025	575,000	168,375	270,000	39,400
2026	595,000	146,700	290,000	24,380
2027	620,000	122,400	305,000	8,265
2028	645,000	97,100	-	-
2029	675,000	70,700	-	-
2030	700,000	43,200	-	-
2031	730,000	14,600	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
<b>TOTAL</b>	<b>7,610,000</b>	<b>2,059,746</b>	<b>\$ 2,295,000</b>	<b>\$ 578,105</b>

<b>2015 Recreational Facilities Limited Tax Bonds</b>		<b>2014 Public Safety Bond Limited Tax Bond</b>		<b>Total</b>
<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
375,000	233,162	290,000	45,563	2,015,781
385,000	221,914	295,000	38,981	2,013,642
405,000	206,512	305,000	32,231	2,010,814
420,000	190,312	310,000	25,313	2,012,752
440,000	173,512	315,000	18,281	2,009,429
455,000	155,914	325,000	11,081	2,013,089
470,000	137,712	330,000	3,713	1,994,200
355,000	123,612	-	-	1,534,692
365,000	112,962	-	-	1,533,627
375,000	102,014	-	-	1,219,114
385,000	90,762	-	-	1,221,462
395,000	79,212	-	-	1,217,412
410,000	67,362	-	-	1,221,962
420,000	55,064	-	-	475,064
435,000	42,462	-	-	477,462
445,000	29,412	-	-	474,412
460,000	14,950	-	-	474,950
<b>\$ 6,995,000</b>	<b>\$ 2,036,850</b>	<b>\$ 2,170,000</b>	<b>\$ 175,163</b>	<b>\$ 23,919,864</b>

**CITY OF ELKO, NEVADA**  
**Total and Unfunded Accrued Liabilities**  
**Years Ended June 30**

	All Members	
	2018	2017
Total Actuarial Accrued Liability	51,986,097,492	48,459,200,000
Net Assets at Actuarial Value	<u>38,686,253,408</u>	<u>35,896,200,000</u>
Unfunded Actuarial Accrued Liability	<u>13,299,844,084</u>	<u>12,563,000,000</u>
Assets as % of Total Accrued Liability	74.42%	74.08%

Source: June 30, 2017 Public Employees' Retirement System of Nevada Comprehensive Annual Financial Report

**COMPLIANCE SECTION**

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**HINTONBURDICK**  
CPAs & ADVISORS

**Independent Auditors' 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***

The Honorable Mayor and City Council  
City of Elko, Nevada

We have audited, in accordance with the 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, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 24, 2018.

**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.

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. 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.

Our consideration of internal control 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 or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **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*.

### **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 results 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.



HintonBurdick, PLLC  
St. George, Utah  
October 24, 2018



**HINTONBURDICK**  
CPAs & ADVISORS

**Independent Auditors' Report on Compliance for  
Each Major Program and on Internal Control Over  
Compliance Required by the Uniform Guidance and the  
*Passenger Facility Charge Audit Guide for Public Agencies***

The Honorable Mayor and  
City Council  
City of Elko, Nevada

**Report on Compliance for Each Major Federal Program and Passenger Facility Charge Program**

We have audited the City of Elko, Nevada's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), that could have a direct and material effect on each of the City of Elko, Nevada's major federal programs and on its passenger facility charge program for the year ended June 30, 2018. The City of Elko, Nevada's major federal programs are 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its programs and its passenger facility charge program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Elko, Nevada's major federal programs and passenger facility charge 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements of the Guide. Those standards, the Uniform Guidance and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the City of Elko, Nevada'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 each major federal program and the passenger facility charge program. However, our audit does not provide a legal determination of the City of Elko, Nevada's compliance.



### ***Opinion on Each Major Federal Program and Passenger Facility Charge Program***

In our opinion, the City of Elko, Nevada, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and on its passenger facility charge program for the year ended June 30, 2018.


### **Report on Internal Control over Compliance**

Management of the City of Elko, Nevada is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Elko, Nevada's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and on its passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and passenger facility charge program to test and report on internal control over compliance in accordance with the Uniform Guidance and the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Elko, Nevada's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or passenger facility charge 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 type of compliance requirement of a federal program or passenger facility charge program 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 or passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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 the Uniform Guidance and the Guide. Accordingly, this report is not suitable for any other purpose.

  
HintonBurdick, PLLC  
St. George, Utah  
October 12, 2018

**CITY OF ELKO, NEVADA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2018**

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**Section I - Summary of Auditor's Results**

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Financial Statements

Type of auditor's report issued: Unmodified  
Internal control over financial reporting:

- Material weaknesses identified?      \_\_\_ yes    X no
- Significant deficiencies identified?    \_\_\_ yes    X no

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

Federal Awards

Internal Control over major programs:

- Material weaknesses identified?      \_\_\_ yes    X no
- Significant deficiencies identified?    \_\_\_ yes    X no

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 2 CFR 200.516?      \_\_\_ yes    X no

Identification of major programs.

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.106	U.S. Department of Transportation Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee?      X yes    \_\_\_ no

**CITY OF ELKO, NEVADA**  
**Schedule of Findings and Questioned Costs, Continued**  
**For the Year Ended June 30, 2018**

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**Section II - Financial Statement Findings**

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**Material Weaknesses:**

None noted.

**Significant Deficiencies:**

None noted.

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**Section III - Federal Award Findings and Questioned Costs**

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No significant matters were noted.

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**Section IV – Passenger Facility Program Findings and Questioned Costs**

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No significant matters were noted.

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**Section V - Summary Schedule of Prior Audit Findings**

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No significant matters were noted.

**CITY OF ELKO, NEVADA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2018**

<b>Federal Grantor/pass-through Grantor/program Title</b>	<b>Federal CDFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<u>U.S. Department of Justice:</u>			
Passed through Nevada Department of Public Safety:			
Edward Byrne Memorial Justice Assistance Grant Program:			
Office of Narcotic Control Assistance	16.738	17 - JAG - 08	\$ 27,029
Direct Programs:			
Bulletproof Vest Partnership Program	16.607	HW-2015-10-SB	<u>7,866</u>
<b>Total Department of Justice</b>			<b><u>34,895</u></b>
<u>U.S. Department of Transportation</u>			
Direct Program:			
Airport Improvement Program	20.106	3-32-0005-046-2016	87,816
Airport Improvement Program	20.106	3-32-0005-048-2017	2,541,435
Airport Improvement Program	20.106	3-32-0005-049-2018	<u>52,416</u>
			<u>2,681,667</u>
<b>Total Department of Transportation</b>			<b><u>2,681,667</u></b>
<u>The Department of Homeland Security</u>			
Direct Program:			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	N/A	75,170
Nevada Department of Public Safety			
Division of Emergency Management & Homeland Security	97.036	97036-18	<u>22,906</u>
<b>Total Department of Homeland Security</b>			<b><u>98,076</u></b>
<b>Total Expenditures of Federal Awards</b>			<b><u><u>\$ 2,814,638</u></u></b>

**CITY OF ELKO, NEVADA**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2018**

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**Note 1. Basis of Presentation**

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**Reporting Entity:**

The accompanying schedule of expenditures of federal awards presents the activity or expenditure of all federal awards programs of the City of Elko, Nevada (the City) for the year ended June 30, 2018. The City's reporting entity is defined in Note 1 of the basic financial statements. All expenditure of federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

**Basis of Accounting:**

This accompanying schedule of expenditures of federal awards has been prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

**Relationship to Basic Financial Statements:**

Expenditures of federal awards have been reported in the following funds:

Governmental-Type Activities:	
General fund	\$ 105,942
Non-major funds:	
Narcotics Task Force fund	<u>27,029</u>
	<u>132,971</u>
Business-Type Activities:	
Airport Fund	2,681,667
Total	<u><u>\$ 2,814,638</u></u>

**Indirect Cost Rate:**

The City did not elect to use the 10% de minimis indirect cost rate for fiscal year 2018.

**Federal Loans:**

The City did not have any federal loans for fiscal year 2018.

**Subrecipients:**

There were no subrecipients for fiscal year 2018.

**CITY OF ELKO, NEVADA**  
**Schedule of Expenditures of Passenger Facility Charges**  
**For the Year Ended June 30, 2018**

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	<u>September 30</u>	<u>December 31</u>	<u>March 31</u>	<u>June 30</u>	<u>Total</u>
00-02-C-01-EKO	\$ 21,584	\$ 18,734	\$ 15,237	\$ 17,670	\$ 73,225
Total	<u>\$ 21,584</u>	<u>\$ 18,734</u>	<u>\$ 15,237</u>	<u>\$ 17,670</u>	<u>\$ 73,225</u>

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**Independent Auditors' Report on  
State Legal Compliance**

The Honorable Mayor and City Council  
City of Elko, Nevada

We have audited the financial statements of the City of Elko, Nevada for the year ended June 30, 2018 and have issued our report thereon dated October 24, 2018. Our audit also included test work on the City's compliance with selected requirements identified in the State of Nevada Revised Statutes (NRS) including, but not limited to, NRS section 354.624 and section 354.6241.

Management of the City is responsible for the City's compliance with all requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit and make specific statements regarding funds established and the status of prior year findings and recommendations; accordingly, we make the following statements:

For the year ended June 30, 2018, the City of Elko has taken steps to act upon recommendations made in prior years.

We noted no new instances of noncompliance during fiscal year 2018.

The City has established a number of funds in accordance with NRS 354.624 as follows:

Enterprise Funds:

- Water Utility Fund
- Sewer Utility Fund
- Airport Fund
- Landfill Fund
- Golf Fund

Funds whose balance is required to be used only for a specific purpose or carried forward to the succeeding fiscal year in any designated amount:

Special Revenue Funds:

- Recreation Fund
- Youth Recreation Fund
- Municipal Court Administration Assessment Fund
- Narcotics Task Force Fund
- Elko Redevelopment Agency Fund

Debt Service Fund

Capital Projects Funds:

- Ad Valorem Capital Projects Fund
- Public Improvement Development Fund
- Capital Equipment Reserve Fund
- Capital Construction Fund
- Facility Reserve Fund



The City appears to be using the above listed funds expressly for the purposes for which they were created and in accordance with NRS 354.624. The funds are being administered in accordance with Generally Accepted Accounting Principles and the reserves, as applicable, appear reasonable and necessary to carry out the purposes of the funds. Sources of revenues available and fund balances and net position are reflected in the individual fund financial statements.

The statutory and regulatory requirements of the funds are as follows:

Water Fund	City Resolution 12-96
Sewer Fund	City Resolution 12-96
Airport Fund	City Resolution 13-02
Landfill Fund	City Resolution 12-96
Golf Fund	City Resolution 14-02
Recreation Fund	City Resolution 12-96
Youth Recreation Fund	City Resolution 21-98
Municipal Court Administration Assessment Fund	NRS 268.4085
Narcotics Task Force Fund	City Resolution 18-01
Elko Redevelopment Agency Fund	Component unit: NRS 279.382 through 279.685
Debt Service Fund	City Resolution 12-96
Ad Valorem Capital Projects Fund	NRS 354.598155
Public Improvement Development Fund	City Resolution 12-96
Capital Equipment Reserve Fund	City Resolution 19-01
Capital Construction Fund	City Resolution 37-99
Facility Reserve Fund	City Resolution 11-02

NRS 354.624 requires a schedule of all fees imposed by the City that were subject to the provisions of NRS 354.5989. See the following page for the schedule.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the City of Elko complied, in all material respects, with the requirements identified above for the year ended June 30, 2018.

The purpose of this report is solely to describe the scope of our testing of the applicable compliance requirements identified in the Nevada Revised Statutes (NRS) and the results of that testing based on the state requirements. Accordingly, this report is not suitable for any other purpose.



HintonBurdick, PLLC  
St. George, Utah  
October 24, 2018

CITY OF ELKO, NEVADA

Schedule of Fees Imposed Subject to the Provisions of NRS  
354.5989 – Limitation of Fees for Business Licenses  
For the Year ended June 30, 2018

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Flat fixed fees:		
Business license revenue for the year ended June 30, 2017		491,720
Adjustment to base:		
Base year:		
1. Percentage change in population of the local government (June 30, 2018 data unavailable)	1.73%	
2. 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	<u>2.9%</u>	
Adjusted base at June 30, 2018	4.63%	514,487
Actual revenue for the year ended June 30, 2017		<u>512,526</u>
Actual amount over (under) allowable amount		<u><u>\$ (1,961)</u></u>

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