



CITY OF ELKO  
CITY MANAGER  
1751 COLLEGE AVENUE  
ELKO, NEVADA 89801  
(775) 777-7110/FAX (775) 777-7119

The Elko City Council will meet in regular session on Tuesday, November 26, 2019

Elko City Hall, 1751 College Avenue, Elko, NV 89801, at 4:00 P.M., P.S.T.

Attached with this notice is the agenda for said meeting of the Council.

In accordance with NRS 241.020, the public notice and agenda was posted on the City of Elko

Website, <http://www.elkocitynv.gov> the State of Nevada's Public Notice Website,

<https://notice.nv.gov>, and in the following locations:

**ELKO CITY HALL**

1751 College Avenue, Elko, NV 89801

Date: Time Posted: Wednesday, November 21 2019 at 8:30 a.m.

**ELKO COUNTY COURTHOUSE**

571 Idaho Street, Elko, NV 89801

Date/Time Posted: Wednesday, November 21, 2019 at 8:40 a.m.

**ELKO POLICE DEPARTMENT**

1448 Silver, Elko NV 89801

Date/Time Posted: Wednesday, November 21, 2019 at 8:50 a.m.

**ELKO COUNTY LIBRARY**

720 Court Street, Elko, NV 89801

Date/Time Posted: Wednesday, November 21, 2019 at 9:00 a.m.

Posted by: **Kim Wilkinson** Administrative Assistant

Name

Title

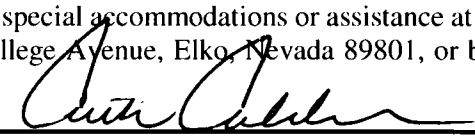
  
Signature

The public may contact Curtis Calder by phone at (775)777-7110 or email at [ccalder@elkocitynv.gov](mailto:ccalder@elkocitynv.gov) to request supporting material for the meeting described herein. The agenda and supporting material is available at Elko City Hall, 1751 College Avenue, Elko, NV or on the City website at <http://www.elkocity.com>

Dated this 21<sup>st</sup> day of November, 2019

**NOTICE TO PERSONS WITH DISABILITIES**

Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify the Elko City Council, 1751 College Avenue, Elko, Nevada 89801, or by calling (775) 777-7110.

  
Curtis Calder, City Manager  
Elko, Nevada

**CITY OF ELKO**  
**CITY COUNCIL AGENDA**  
**REGULAR MEETING**  
**4:00 P.M., P.S.T., TUESDAY, NOVEMBER 26, 2019**  
**ELKO CITY HALL, 1751 COLLEGE AVENUE, ELKO, NEVADA**

**CALL TO ORDER**

The Agenda for this meeting of the City of Elko City Council has been properly posted for this date and time in accordance with NRS requirements.

**ROLL CALL**

**PLEDGE OF ALLEGIANCE**

**COMMENTS BY THE GENERAL PUBLIC**

Pursuant to N.R.S. 241, this time is devoted to comments by the public, if any, and discussion of those comments. No action may be taken upon a matter raised under this item on the agenda until the matter itself has been specifically included on a successive agenda and identified as an item for possible action. **ACTION WILL NOT BE TAKEN**

**APPROVAL OF MINUTES:      November 12, 2019    Regular Session**

**I.      PRESENTATIONS**

- A.      A proclamation by the Mayor in recognition of Small Business Saturday, and matters related thereto. **INFORMATION ITEM ONLY – NON ACTION ITEM**
- B.      A proclamation by the Mayor in recognition of National Home Care Month, and matters related thereto. **INFORMATION ITEM ONLY – NON ACTION ITEM**
- C.      Presentation and possible approval of the Consolidated Annual Financial Report and Audit for the City of Elko for the Fiscal Year ending June 30, 2019, including but not limited to, Staff response to audit findings, and matters related thereto. **FOR POSSIBLE ACTION**

Mike Spilker with Hinton Burdick CPAs will be in attendance to present the City of Elko's Fiscal Year 2018/2019 Financial Report. JB

**II.     PERSONNEL**

- A.      Employee Introductions:
  - 1) Mr. Christopher Braden, Landfill Equipment Operator, Public Works

### **III. APPROPRIATIONS**

- A. Review and possible approval of Warrants, and matters related thereto. **FOR POSSIBLE ACTION**
- B. Review and possible approval of Print n' Copy Warrants, and matters related thereto. **FOR POSSIBLE ACTION**
- C. Review and possible approval of Great Basin Engineering Warrants, and matters related thereto. **FOR POSSIBLE ACTION**
- D. Review, consideration, and possible direction to Staff to solicit bids for the 18" Water Line Relocation Project, and matters related thereto. **FOR POSSIBLE ACTION**

When the contractor was installing utilities for Dunkin Donuts, the 18" water main was found in the parcel where the building will be located. Approximately 240' of 18" water main will need to be relocated into the existing utility easement where it belongs. A portion of the water line will also need to be removed where the proposed building will be located. This project has been designed, engineered, and plans have been approved by NDEP. Staff is ready to go to bid with this project. DJ

### **IV. UNFINISHED BUSINESS**

- A. Status update on the Public Nuisance complaint regarding 403 Pine Street, and matters related thereto. **INFORMATION ITEM ONLY – NON ACTION ITEM**

Based upon City Council action on October 22, 2019, Staff is providing a status update with regard to 403 Pine Street. CC

### **V. NEW BUSINESS**

- A. Review, consideration and possible approval of a Non-Exclusive Franchise Agreement between the City of Elko and White Cloud Communications Incorporated for Data Communications Over, Under, In, Along and Across Public Roads in the City of Elko, and matters related thereto. **FOR POSSIBLE ACTION**

The proposed term of the agreement is 10 (ten) years and provides for a 5 (five) year renewal provided the terms and conditions remain the same. The proposed franchise fee is 5 (five) percent of the gross revenues actually collected from customers located within the corporate limits of the City. CL

### **VI. RESOLUTIONS AND ORDINANCES**

- A. Review, consideration, and possible adoption of Resolution No. 30-19, a resolution finding it is in the best interest of the City to sell City owned real property without

offering the property for sale to the public, and matters related thereto. **FOR POSSIBLE ACTION**

At the September 24, 2019 meeting, Council approved the sale of 14,300 square feet of a 24.334 acre parcel (APN 001-610-075) of land adjacent to APN's 001-610-096, 097, & 098 based on NRS 268.061. Adoption of this Resolution finds that it is in the best interest of the City to sell City owned real property as a remnant without offering the property for sale to the public. Adopting this Resolution is the next step in the process to complete the sale. CL

- B. First Reading of Ordinance No. 846, an ordinance amending Title Nine (9), Chapter one (1), section three (3), adding a definition of Fire Protection Service Line and section twenty nine (29) adding a Fire Protection Service Fee, and matters related thereto. **FOR POSSIBLE ACTION**

City Council accepted the Water Study completed by Farr West Engineering and directed Staff to complete a Business Impact Statement on water rate increases at the September 9, 2019 City Council Meeting. At the November 12, 2019 meeting, Council accepted the Business Impact Statement and found that Ordinance No. 846 does not impose a direct and significant economic burden on a business or directly restrict the formation, operation or expansion of a business. KW

## **VII. 5:30 P.M. PUBLIC HEARINGS**

- A. Review, consideration, and possible action to adopt Resolution No. 29-19, a resolution of the Elko City Council adopting a change in zoning district boundaries from PC (Planned Commercial) to C (General Commercial), approximately 66.30 acres of property, referred to as APN 001-770-004, filed by Elko West Properties LLC., and processed as Rezone No. 4-19, and matters related thereto. **FOR POSSIBLE ACTION**

The Planning Commission considered the subject zone change request on November 5, 2019 and took action to forward a recommendation to City Council to adopt a resolution which approves Rezone No. 4-19. CL

- B. Second reading, public hearing and possible adoption of Ordinance No. 847, an ordinance amending Title 2, Chapter 7 of the Elko City Code entitled "Energy Conservation Code" by adding Section R402.4.1.2 of the 2018 International Building Code entitled "Testing," and matters related thereto. **FOR POSSIBLE ACTION**

In June 2019, the City passed Ordinance No. 839 adopting the 2018 International Building Code with corresponding amendments. The City worked with the consulting firm WC 3 on this. On November 5, Mr. Chris Kimball from WC 3 informed the City that adoption of Section R.402.4.1.2 of the International Building Code of 2018, entitled "Testing," is needed for the health and safety of the public. This section provides that a building or dwelling unit must be tested and verified as having an air leakage rate not in excess of five air changes per hour. Accordingly,



Chapter 7 of the Energy Conservation Code regarding leakage testing should be amended incorporate Section R.402.4.1.2 of the International Building Code of 2018. City Council heard the first reading of this ordinance and set the matter for second reading at the November 12, 2019 meeting. JF

## VIII. REPORTS

- A. Mayor and City Council
- B. City Manager
- C. Assistant City Manager
- D. Utilities Director
- E. Public Works
- F. Airport Manager
- G. City Attorney
- H. Fire Chief
- I. Police Chief
- J. City Clerk
- K. City Planner
- L. Development Manager
- M. Financial Services Director
- N. Parks and Recreation Director
- O. Civil Engineer
- P. Building Official

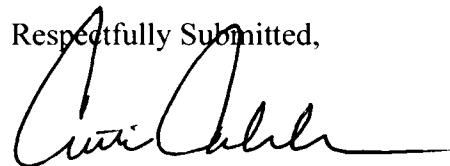
## COMMENTS BY THE GENERAL PUBLIC

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**NOTE:** The Mayor, Mayor Pro Tempore, or other Presiding Officer of the City Council reserves the right to change the order of the agenda, and if the agenda has not been completed, to recess the meeting and continue on another specified date and time. Additionally, the City Council reserves the right to combine two or more agenda items, and/or remove an item from the agenda, or delay discussion relating to an item on the agenda at any time.

## ADJOURNMENT

Respectfully Submitted,



Curtis Calder  
City Manager

City of Elko            )  
County of Elko        )  
State of Nevada        )

SS     November 12, 2019

The City Council of the City of Elko, State of Nevada met for a regular meeting beginning at 4:00 p.m., Tuesday, November 12, 2019.

This meeting was called to order by Mayor Reece Keener.

## **CALL TO ORDER**

## **ROLL CALL**

**Mayor Present:**     Reece Keener

**Council Present:**   Councilwoman Mandy Simons  
                          Councilman Robert Schmidtlein  
                          Councilman Chip Stone  
                          Councilman Bill Hance

**City Staff Present:** Scott Wilkinson, Assistant City Manager  
                          Dale Johnson, Utilities Director  
                          Kelly Wooldridge, City Clerk  
                          Michele Rambo, Development Manager  
                          Bob Thibault, Civil Engineer  
                          Jan Baum, Financial Services Director  
                          Susie Shurtz, Human Resources Manager  
                          Dennis Strickland, Public Works Director  
                          Cathy Laughlin, City Planner  
                          Jim Foster, Airport Manager  
                          Jeff Ford, Building Official  
                          Mike Haddenham, WRF Superintendent  
                          James Wiley, Parks and Recreation Director  
                          Matt Griego, Fire Chief  
                          Jack Snyder, Deputy Fire Chief  
                          John Holmes, Fire Marshal  
                          Ty Trouten, Police Chief  
                          Diann Byington, Recording Secretary

## **PLEDGE OF ALLEGIANCE**

## **COMMENTS BY THE GENERAL PUBLIC**

Pursuant to N.R.S. 241, this time is devoted to comments by the public, if any, and discussion of those comments. No action may be taken upon a matter raised under this item on the agenda until the matter itself has been specifically included on a successive agenda and identified as an item for possible action. **ACTION WILL NOT BE TAKEN**

Chief Trouten shared an incident that happened a couple of weeks ago. We had a group of door-to-door solicitors for an alarm company that came into town that did not obtain the required licensing. In the past they have always obtained their solicitors license and been approved to go door-to-door, and we knew who they were and they were on the up-and-up. When we realized they did not follow the proper process, we located them and discovered (through calls from the public) that they were telling homeowners that there was an increase in home burglaries in order to obtain sales. He called the corporate office and if they come to the city again they will be following the proper procedures.

Mayor Keener said when people are going door-to-door you want them to be properly checked. It was a great Veteran's Day Parade yesterday. He thanked all veterans for their service.

<b>APPROVAL OF MINUTES:</b>	<b>September 27, 2019</b>	<b>Special Session</b>
	<b>October 22, 2019</b>	<b>Regular Session</b>

Mayor Keener asked for an edit on the 10/22/2019 hearing for Martin Creek Holdings. He wanted it noted in the minutes that Mr. Martin will cooperate in Council presentations, planning with staff and the distribution of surveys.

*The minutes were approved by general consent with the correction to the 10/22/2019 minutes.*

## **I. PRESENTATIONS**

- A. Presentation by Scott A. Gavorsky, U.S. Census Bureau, regarding the upcoming 2020 Census, and matters related thereto. **INFORMATION ITEM ONLY – NON ACTION ITEM**

Yvonne Maria Powers, 2048 Mountain View Road, Owyhee, Nevada, explained why the census is mandatory. For the first time ever respondents can go online and fill out a questionnaire. The census workers will be wearing badges, an ID and their laptops will have the Census 2020 logo on it. She noted Elko County is the youngest in the state with a median age of 34. She handed out some paperwork (Exhibit "A") and a website to visit is [www.2020census.gov](http://www.2020census.gov) and [www.data.census.gov](http://www.data.census.gov).

- B. Reading of a proclamation by the Mayor declaring the week of November 16 – 22, 2019 as "Nevada Flood Awareness Week," and matters related thereto. **INFORMATION ITEM ONLY – NON ACTION ITEM**

Mayor Keener read the proclamation and gave a copy of it to Bob Thibault.

Bob Thibault, Civil Engineer, pointed out on the overhead, the flood zone map produced by FEMA. He invited those with older houses along the river and in flood zones to contact him for information regarding flood information and preparedness and make sure they are protected.

## **II. PERSONNEL**

- A. Employee Introductions:

- 1.) Ms. Stefanie Pattani, Part-Time HR Technician, Human Resources Department  
*Present and introduced.*
- 2.) Ms. Jan Baum, Financial Services Director, Finance Department  
*Present and introduced.*
- 3.) Mr. Anfernee Cota, Parks Maintenance Technician I, Parks Department  
*Present and introduced.*
- 4.) Mr. Jason Pepper, Lieutenant, Police Department  
*Present and introduced.*
- 5.) Mr. Bryan Drake, Detective Sergeant, Police Department  
*Present and introduced.*

### **III. APPROPRIATIONS**

- A. Review and possible approval of Warrants, and matters related thereto. **FOR POSSIBLE ACTION**

Mayor Keener had a question regarding NeoGov for just under \$8,000 annually. He thought it looked like a subscription of some kind.

Susie Shurtz, Human Resources Manager, answered that is what we use to post all of our job openings. This is the annual subscription cost.

Mayor Keener asked Dale Johnson about some emergency repairs in the amount of \$16,000. Did it hit at a bad time when you didn't have crew available? (Yes.)

**\*\* A motion was made by Councilwoman Simons, seconded by Councilman Hance, to approve the general warrants.**

*The motion passed unanimously. (5-0)*

- B. Review and possible approval of Print n' Copy Warrants, and matters related thereto. **FOR POSSIBLE ACTION**

**\*\* A motion was made by Councilwoman Simons, seconded by Councilman Schmidtlein, to approve the Print 'N Copy warrants.**

*The motion passed. (4-0 Mayor Keener abstained.)*

- C. Review, consideration, and possible authorization for Staff to solicit bids for the RBC Removal Project, and matters related thereto. **FOR POSSIBLE ACTION**

The RBC's are an outdated treatment process that has been taken out of service. The STM basins replaced the RBC's over five years ago. The RBC's take up valuable land space in the center of the plant and should be removed. Engineering has been completed, and we are ready to go to bid. Tentative schedule is to advertise on November 11th, go out to bid on November 18th, mandatory pre-bid on November 21st, receive bids December 20th, and award in early January 2020.  
DJ

Dale Johnson, Utilities Director, explained they are asking to solicit bids to remove the RBC's (Rotating Biological Contactor) at the WRF.

Mike Haddenham, WRF Superintendent, said the RBCs were put in during the 1980's and have become obsolete. We built the STMs, which is a new biological process that increased the quality of water they produce at the plant. They would like to remove the RBC's now rather than have them rot on the land. He indicated on the overhead where the RBCs were vs the new STMs.

Mr. Johnson said this project was budgeted for this year.

**\*\* A motion was made by Councilwoman Simons, seconded by Councilman Stone, to direct staff to solicit bids for the RBC Removal Project.**

*The motion passed unanimously. (5-0)*

- D. Review, consideration, and possible approval for the Elko Police Department to purchase two (2) fully equipped police vehicles, one (1) Ford Utility Interceptor and one (1) Dodge Charger AWD sedan, through the Nevada State Purchasing Program, and matters related thereto. **FOR POSSIBLE ACTION**

As a political subdivision of the State of Nevada, the City of Elko is able to utilize the State of Nevada Purchasing Division for fleet acquisition and related equipment. The estimated purchase costs include the related equipment as follows: The cost of the Ford Interceptor is estimated to be sixty-seven thousand, two dollars and six cents (\$67,002.06) and the Dodge Charger AWD sedan is estimated to be fifty-four thousand, one hundred and twenty-four dollars and sixty-four cents (\$54,124.64). Both vehicles will be deployed as patrol vehicles in the Operations Division, Patrol Unit. This acquisition was included in the Fiscal Year 2019/20 Budget.

The Elko Police Department was allotted \$200,000.00 in the 2019/20 budget for three (3) vehicles. One Chevrolet Tahoe was purchased in August of 2019. The cost of the Tahoe was seventy-three thousand, eight hundred and ninety-two dollars and forty-one cents (\$73,892.41). TT

Chief Trouten explained these units will be ready to hit the streets and go to action after they get the radios and MDTs programmed. These are replacement vehicles so when we get these we will have some ready to go out.

Mayor Keener asked why are the graphics more for the K9 units.

Chief Trouten answered because it isn't just the graphics, it is also window tinting in order to keep the cooler space for the K9. There is also some additional graphics that go on there with the K9, such as Stay Back.

**\*\* A motion was made by Councilwoman Simons, seconded by Councilman Hance, to authorize the Elko Police Department to purchase two fully equipped police vehicles, one Ford Utility Interceptor and one Dodge Charger AWD, through the Nevada State Purchasing Program for an estimated total cost of one hundred and twenty-one thousand, one hundred and twenty-six dollars and seventy cents (\$121,126.70).**

*The motion passed unanimously. (5-0)*

#### **IV. UNFINISHED BUSINESS**

- A. Status update on the Public Nuisance complaint regarding 403 Pine Street, and matters related thereto. **INFORMATION ITEM ONLY – NON ACTION ITEM**

Based upon City Council action on October 22, 2019, Staff is providing a status update with regard to 403 Pine Street. CC

Scott Wilkinson, Assistant City Manager, reported that Michele Rambo went out on the 7<sup>th</sup> day and verified that they had conformed to the stipulations that were agreed to. The only exception was the awning/carport they said they would remove, was actually a framed structure. They removed some of the roofing materials, leaving a gap where someone could not get on the garage. He felt they complied with the intent of the stipulations in the agreement. There has been no request to the City to inspect the structure.

Councilwoman Simons asked what the next deadline was.

Michele Rambo answered it was 30 days to find a buyer. If they do not then we can go in and inspect it.

Mayor Keener asked if there had been any comments or complaints from neighbors.

Mr. Wilkinson answered no.

#### **V. NEW BUSINESS**

- B. Review, consideration, and possible approval for the Fire Department to apply for an Assistance to Firefighters Grant (AFG) through the Department of Homeland Security to Portable and Mobile radio communication devices, and matters related thereto. **FOR POSSIBLE ACTION**

The City of Elko Fire Department would like to apply for the 2019 FEMA Assistance to Firefighters Grant. The application would apply for 16 mobile radios and accessories and 50 portable radios and accessories utilizing Government pricing. These radios will enhance firefighter safety, emergency communications and interoperability with Elko PD, Elko Ambulance and our mutual aid partners. The AFG Program has listed this item as high priority for grant funding this year. Total amount of the grant would be around 353,207.53 with a 10% match by the City. JS

Jack Snyder, Deputy Fire Chief, explained they applied for this grant last year and found out they just missed out on it. They will be changing some numbers in the grant and would like permission to reapply.

**\*\* A motion was made by Councilman Schmittlein, seconded by Councilwoman Simons, to approve the Fire Department to apply for the Assistance to Firefighters Grant in the amount of \$353,207.53 through the Federal Emergency Management Agency Assistance to Firefighters Grant, with a 10% match for the City.**

*The motion passed unanimously. (5-0)*

- A. Review, consideration, and possible approval for the Fire Department to apply for an Assistance to Firefighters Grant (AFG) through the Department of Homeland Security to replace an Aerial Fire Truck Apparatus, and matters related thereto.  
**FOR POSSIBLE ACTION**

The City of Elko Fire Department Fire Department would like to apply for the 2019 FEMA Regional Assistance to Firefighters Grant. The application would apply for a new Aerial Ladder truck. The current Ladder 2 is 30 years old which is the National Fire Protection Association (NFPA) recommended maximum age for Aerial Apparatus to be in front line use. This apparatus will increase firefighter safety and health, emergency response and scene capabilities, provide greater storage and personnel carrying capacity and reduce rising maintenance cost. The AFG Program has listed this item as high priority for grant funding this year. Total amount of the grant would be around 957,242.00 with a 10% match by the City. JS

Mr. Snyder explained they applied for this grant and received feedback that they just missed out on the grant. They are running in to some serious maintenance issues with the apparatus. We are looking for providers that could keep the cost below \$957,000. They will bring that to Council if that happens but they are looking to replace it with just a 10% match grant.

**\*\* A motion was made by Councilman Stone, seconded by Councilman Hance, to recommend approval of the Fire Department to apply for Regional Assistance to Firefighters Grant for \$957,242.00, through the Federal Emergency Management Agency Assistant to Firefighters Grant with a 10% match from the City.**

*The motion passed unanimously. (5-0)*

Scott Wilkinson, Assistant City Manager, asked that they ask the Recording Secretary if there was a vote on Item B above.

Diann Byington, Recording Secretary, said there was a vote but that the Mayor had not voted.

Mayor Keener said his vote was in the affirmative and thanked Mr. Wilkinson.

- C. Consideration and possible action to cancel the December 24, 2019 Elko City Council meeting, and matters related thereto. **FOR POSSIBLE ACTION**

Mr. Wilkinson said typically, we see this meeting canceled. It is the pleasure of the Council if they want to meet on Christmas Eve or not.

Mayor Keener stated he will be out of town.

Councilman Hance thought the only issue would be the audit, and if we got the extension to get the audit information.

Mr. Wilkinson said we could have a special meeting if we needed to.

**\*\* A motion was made by Councilwoman Simons, seconded by Councilman Schmidtlein, to cancel the second meeting in December on Christmas Eve.**

*The motion passed unanimously. (5-0)*

## **VI. RESOLUTIONS AND ORDINANCES**

- A. First reading of Ordinance No. 847, an ordinance amending Title 2, Chapter 7 of the Elko City Code entitled "Energy Conservation Code" by adding Section R402.4.1.2 of the 2018 International Building Code entitled "Testing," and matters related thereto. **FOR POSSIBLE ACTION**

In June 2019, the City passed Ordinance No. 839 adopting the 2018 International Building Code with corresponding amendments. The City worked with the consulting firm WC 3 on this. On November 5, Mr. Chris Kimball from WC 3 informed the City that adoption of Section R.402.4.1.2 of the International Building Code of 2018, entitled "Testing," is needed for the health and safety of the public. This section provides that a building or dwelling unit must be tested and verified as having an air leakage rate not in excess of five air changes per hour. Accordingly, Chapter 7 of the Energy Conservation Code regarding leakage testing should be amended incorporate Section R.402.4.1.2 of the International Building Code of 2018. Mr. Kimball's letter to the City of Elko is attached. JF

Jeff Ford, Building Official, explained we missed this in the adoption. This testing is new for them and came out after the 2009 codes were adopted. Back then, it was an option to do the testing. The 2012 codes made the testing mandatory and you were allowed 7 air changes. The 3 air changes is just too tight of a house. They want to use 5 as their standard. The fewer the air changes, the tighter your house is and it is more susceptible to mold, mildew and possible build-up of combustible air.

**\*\* A motion was made by Councilman Schmidtlein, seconded by Councilman Stone, to conduct first reading of Ordinance No. 847 and direct City staff to set the matter for second reading, public hearing and possible adoption.**

*The motion passed unanimously. (5-0)*



## VIII. REPORTS

### A. Mayor and City Council

*Mayor Keener reported the Mayor Arts Awards was held last week. He went over who created the award, held up the award for all to see, and went over who won the awards. The Steiger Surplus building came down on the Railroad property. Union Pacific has 6 more buildings that are set to be demolished. He had his first OHV sighting last weekend. He asked if anyone on the Council or staff is interested in being on the Elko Live radio show with Lori Gilbert, to come join him.*

*Councilman Schmidlein stated he will be gone for the next Council Meeting.*

### B. City Manager – Christmas Party: December 13, 2019

*Scott Wilkinson reminded everyone the Christmas Party is December 13, 2019. There is a separate children's party too.*

### C. Assistant City Manager

### D. Utilities Director

*Dale Johnson reported they had the two emergency repairs. Both were 2-inch service lines from the City main to the customer's shut-off. They were total line replacements. At 10<sup>th</sup> and Silver there was an 8-inch main break and the crews are still working on that one.*

### E. Public Works

*Dennis Strickland said leaf collection runs through the end of the month and fall free dump day is this Saturday.*

### F. Airport Manager

### G. City Attorney

### H. Fire Chief

*Chief Griego said this Thursday the Driver Operators will be headed up to Boise to do the final inspection on the brush truck. They are hoping to have that delivered by the end of the month. They received word the chassis for the second truck will be delivered and they hope to take delivery of that truck in January.*

### I. Police Chief

*Chief Trouten said the new officer, Nathaniel Bradford, will be completing POST and beginning FTO. There are two in the background process and if they pass, they will go to POST in January. That still leaves us three officers down.*

### J. City Clerk

### K. City Planner

*Cathy Laughlin reported the final workshop for NNRDA CEDS is on Thursday in Ely and she will report the findings of the workshops.*

### L. Development Manager

### M. Financial Services Director

*Jan Baum reported she has been communicating with the auditors. Regarding the IT Director, they made an offer and started the background but then he rescinded his acceptance. The second applicant already took a different position. They will probably have to start over.*

- N. Parks and Recreation Director – Winter shutdown; SnoBowl Update  
*Mayor Keener mentioned an email regarding dog park locations in Elko. There was some push back from the youth soccer community.*  
*James Wiley said he anticipated the push back. He is trying to identify the best area(s) for a dog park. He plans on identifying several options from our current land inventory. Fifth Street is a good option but he felt there are others out there too.*  
*Mayor Keener said this was a topic of discussion at the last Parks and Recreation Advisory Board. There was a person present at that meeting that started a dog park in Lamoille. That park has been very popular. These parks have been popular in urban communities.*  
*Councilman Schmidlein asked if there was any consideration in having it in a rural area, such as the SnoBowl. The ones in the Denver area are typically 10 or 20-acre parcels with hiking trails.*  
*James Wiley answered that will be a consideration. They hope to weigh all the pros and cons and have several options. The biggest hurdle will be putting some money towards this.*
- O. Civil Engineer – Sports Complex Update  
*Bob Thibault reported on the Sports Complex. Granite Construction is substantially completed. Lamoille Fence is substantially completed too. Things are moving along. They have some pricing coming in to do some fencing on the west end. He also is asking for quotes to get some concrete installed around the comfort station since there is still some money in the budget. YESCO will be doing some modifications to the sign and put it back up.*
- P. Building Official  
*Jeff Ford reported Komatsu got into their first two permitted areas. They have a site approved for a new Elko High School building. They are starting on Total Eyecare. Kohl's have their plans in.*  
*Councilman Schmidlein asked about the airport property next to Central Dispatch.*  
*Jim Foster said there is a new sign that showed up. It says Aspen Way Leasing and it has a plot plan.*

## VII. 5:30 P.M. PUBLIC HEARINGS

- A. Review and consideration of submitted data and/or arguments and determination as to whether the proposed Ordinance 846 “AN ORDINANCE AMENDING TITLE 9 CHAPTER ONE SECTION THREE ADDING A DEFINITION OF FIRE PROTECTION SERVICE LINE AND SECTION TWENTY NINE ADDING A FIRE PROTECTION SERVICE FEE,” and proposed Resolution 19-18 “A RESOLUTION AMENDING WATER METER RATE FEES,” and proposed Resolution 19-19 “A RESOLUTION AMENDING WATER FLAT RATE FEES,” and proposed Resolution 19-20 “A RESOLUTION SETTING FIRE PROTECTION SERVICE LINE FEES” will impose a direct and significant burden upon a business or directly restrict the formation, operation, or expansion of a business, and matters related thereto. **FOR POSSIBLE ACTION**

Pursuant to NRS 237.080 the City of Elko notified owners and officers of businesses which may be affected by the ordinance and resolutions to determine if they will impose a direct and significant burden upon a business or directly restrict the formation, operation, or expansion of a business. Staff has prepared a Business Impact Statement for consideration. KW

Kelly Wooldridge, City Clerk, explained the City Clerk's office sent out 1,936 letters explaining the ordinance. All of the information in the letters was taken from the water rate study. She received a few questions and one comment from Redi Services. Redi Services was concerned about the rate increase over three years and questioned if the City had explored other cost reductions prior to the increase. Tonight, after reviewing the business impact statement and decided it does not impose a direct and significant impact to small businesses, and if it does then define steps to lessen the burden. If Council does approve the business impact statement, the next step will be to have first reading of the ordinance at the next Council Meeting. If first reading passes the next meeting it will go to second reading. At the same meeting they will have the resolution with the fee increase. They are looking at the first meeting in December to have this passed.

Mayor Keener said he reviewed all of this. As a small business owner he understands that costs go up over time. The water fund has gone into the red beginning in Fiscal Year 2017. The last year they operated with an income was Fiscal Year 2016. An enterprise fund needs to be self-sustaining. We have good justification to do so.

Councilman Schmidtlein said he has heard from a few people. They weren't opposed to the rate increase but the main complaint was regarding the fire services. They asked if there was a way that could be changed. He was curious of the overall figure they hope to gain from the fire protection service fee.

Ms. Wooldridge said that was in Exhibit A that she had included.

Councilman Schmidtlein noted that would be \$52,551 would be generated by the businesses. The gentleman doing the presentation said many municipalities charge for that service. He wondered if anyone else had any comments on that.

Mayor Keener stated he gets it. It is infrastructure with depreciation accruing on it with zero revenue coming in. There is liability to the City if there is a fire and there is no water there. That was a huge issue in the County for the development out at the Rail Port. They had to build water storage towers out there for fire protect at a great cost.

Councilman Hance said he pays every year for his fire extinguishers to be serviced and never uses them. This fire service fee is very similar.

Councilwoman Simons said it is one of those things you hate to pay but if you ever needed it you would be grateful. For those on a tight budget it is hard to swallow.

Councilman Stone said a fair amount of people have contacted him regarding the rate increase. Many of the businesses that were notified don't see the bill directly because the water is included

in the building lease agreements. They will see some effect at some time because it does trickle down to the lease payer.

Ms. Wooldridge said that was an issue we found when sending out the notices. For the properties, we may have the name of the landowner but we don't have an address for them.

Mayor Keener said the way it is set up right now, he doesn't have fire lines in his building, but if he did, everyone else would be subsidizing his fire line.

**\*\* A motion was made by Councilman Schmidlein, seconded by Councilman Hance, to approve the business impact statement pursuant to NRS 237 and determine that Ordinance No. 846 and Resolution Nos. 18-19, 19-19 & 20-19 do not impose a direct and significant economic burden on a business or directly restrict the formation, operation or expansion of a business**

*The motion passed unanimously. (5-0)*

#### **COMMENTS BY THE GENERAL PUBLIC**

Pursuant to N.R.S. 241, this time is devoted to comments by the public, if any, and discussion of those comments. No action may be taken upon a matter raised under this item on the agenda until the matter itself has been specifically included on a successive agenda and identified as an item for possible action. **ACTION WILL NOT BE TAKEN**

*There were no public comments.*

There being no further business, Mayor Reece Keener adjourned the meeting.

---

Mayor Reece Keener

---

Kelly Wooldridge, City Clerk

**Elko City Council  
Agenda Action Sheet**

1. Title: **Presentation and possible approval of the Consolidated Annual Financial Report and Audit for the City of Elko for the Fiscal Year ending June 30, 2019, including but not limited to, Staff response to audit findings, and matters related thereto. FOR POSSIBLE ACTION**
2. Meeting Date: **November 26, 2019**
3. Agenda Category: **PRESENTATION**
4. Time Required: **15 Minutes**
5. Background Information: **Mike Spilker with Hinton Burdick CPAs will be in attendance to present the City of Elko's Fiscal Year 2018/2019 Financial Report. JB**
6. Budget Information:  

Appropriation Required: **N/A**  
Budget amount available: **N/A**  
Fund name: **N/A**
7. Business Impact Statement: **Not Required**
8. Supplemental Agenda Information: **Financial Statement for the Fiscal Year Ending June 30, 2019**
9. Recommended Motion: **Approve the Consolidated Annual Financial Report and Audit for the City of Elko for the Fiscal Year ending June 30, 2019.**
10. Prepared By: **Curtis Calder, City Manager**
11. Committee/Other Agency Review:
12. Council Action:
13. Council Agenda Distribution:



November 15, 2019

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Elko for the year ended June 30, 2019, and have issued our report thereon dated November 15, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, Government Auditing Standards and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 30, 2019. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of depreciation expense is based on the assigned depreciation lives. We evaluated the key factors and assumptions used to develop the depreciation lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital contributed by developers is based on the estimated value of the developers' construction costs. We evaluated the key factors and assumptions used to develop the amount of contributed capital in determining that it is reasonable in relation to the financial statements taken as a whole. While the procedures used by management to estimate these costs appear reasonable, there may be differences between the City's estimates and actual costs paid by developers, and these differences may be material.

Management's estimate of the compensated absences accrual is based on current pay rates and accrued vacation and sick pay hours. We evaluated the key factors and assumptions used to develop the compensated absences accrual in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of other postemployment benefit obligations payable is based on an independent actuarial valuation as of July 1, 2018. The key factors and assumptions used to develop the valuation and the accrual appear reasonable in relation to the financial statements taken as a whole.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, management's estimates have been determined on the same basis as they are reported by the Nevada Public Employee Retirement System (PERS). The City's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Allocations between governmental and business-type activities are based on the pro-rata share of pension contributions. The key factors and assumptions used to develop the valuation and the accrual appear reasonable in relation to the financial statements taken as a whole.

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

#### *Difficulties Encountered in Performing the Audit*

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

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has been provided a list of adjustments and has corrected all such misstatements.

#### *Disagreements with Management*

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

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 15, 2019.

#### *Management Consultations with Other Independent Accountants*

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

#### *Other Audit Findings or Issues*

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

#### Other Matters

We applied certain limited procedures to management's discussion and analysis (MD&A), Budgetary Comparison Schedules, pension-related schedules and the Schedule of Funding Progress for other postemployment benefit which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of



preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information including the combining statements, individual nonmajor fund and enterprise fund budgetary comparison schedules and schedule of fees imposed subject to the provision of NRS 354.5989, as listed in the table of contents, which accompanies the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Statistical Information, which accompanies the financial statements but is not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

#### Restriction on Use

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

Very truly yours,



HintonBurdick, PLLC



# **City of Elko, Nevada**

## **FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED  
JUNE 30, 2019**



# CITY OF ELKO, NEVADA

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# CITY OF ELKO, NEVADA

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**CITY OF ELKO, NEVADA**

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## **FINANCIAL SECTION**

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## **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, 2019, 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, 2019, 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.



## ***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 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 schedule of fees imposed subject to the provision of NRS 354.6989 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2019, 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  
St. George, Utah  
November 15, 2019



**CITY OF ELKO, NEVADA**  
**Management's Discussion and Analysis**  
**June 30, 2019**

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	Accrual accounting and economic resources focus	Accrual accounting No measurement

**CITY OF ELKO, NEVADA**  
**Management's Discussion and Analysis**  
**June 30, 2019**

	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, NEVADA**  
**Management's Discussion and Analysis**

**June 30, 2019**

**Condensed Statement of Net Position**

The largest component, \$126,665,008, 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 \$5,177,529. 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 \$13,029,058 and is available for the City's operations.

Table 2 below presents the City's condensed statement of net position as of June 30, 2019 with comparisons for June 30, 2018. These are derived from the government-wide statement of net position.

**Table 2: Condensed Statement of Net Position  
As of June 30, 2019 and 2018**

	Governmental activities		Business-type activities		Combined Total	
	06/30/19	06/30/18	06/30/19	06/30/18	06/30/19	06/30/18
Current assets	\$ 24,159,315	\$ 25,228,011	\$ 28,773,678	\$ 29,783,184	\$ 52,932,993	\$ 55,011,195
Capital assets	53,977,990	47,209,160	91,030,717	87,501,765	145,008,707	134,710,925
Total assets	78,137,305	72,437,171	119,804,395	117,284,949	197,941,700	189,722,120
Deferred outflows of resources	3,554,589	3,039,175	892,095	756,237	4,446,684	3,795,412
Noncurrent liabilities	15,784,440	18,875,848	2,029,659	2,600,073	17,814,099	21,475,921
Net pension liabilities	20,727,420	20,344,511	5,140,789	5,062,309	25,868,209	25,406,820
Net OPEB liabilities	2,576,370	2,850,177	780,026	868,739	3,356,396	3,718,916
Other liabilities	5,814,265	2,866,673	1,407,993	1,195,579	7,222,258	4,062,252
Total liabilities	44,902,495	44,937,209	9,358,467	9,726,700	54,260,962	54,663,909
Deferred inflows of resources	2,594,747	2,690,228	661,080	669,406	3,255,827	3,359,634
Net position:						
Net investment in capital asset:	37,723,169	29,782,464	88,941,839	85,196,662	126,665,008	114,979,126
Restricted	4,953,430	9,636,099	224,099	231,697	5,177,529	9,867,796
Unrestricted	(8,481,947)	(11,569,654)	21,511,005	22,216,721	13,029,058	10,647,067
Total net position	\$ 34,194,652	\$ 27,848,909	\$ 110,676,943	\$ 107,645,080	\$ 144,871,595	\$ 135,493,989

**Overall Analysis**

Financial highlights for the City, as a whole, during the fiscal year ended June 30, 2019, 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 \$34.1 million for governmental activities and by \$110.6 million for business-type activities.
- The City's total net position increased during the year by \$9,377,606 or by 6.9 percent. Net position of governmental activities increased by \$6,345,743 or by 22.79 percent, while net position of business-type activities increased by \$3,031,863 or by 2.82 percent.

**CITY OF ELKO, NEVADA**  
**Management's Discussion and Analysis**  
**June 30, 2019**

**Condensed Statement of Activities**

Table 3 presents the City's condensed statement of activities for the fiscal year ended June 30, 2019, with comparisons for June 30, 2018, as derived from the government-wide Statement of Activities.

**Table 3: Condensed Statement of Activities  
For the Fiscal Years Ended June 30, 2019 and 2018**

	Governmental activities		Business-type activities		Combined Total	
	06/30/19	06/30/18	06/30/19	06/30/18	06/30/19	06/30/18
Revenues:						
Program revenues:						
Charges for services	\$ 2,441,973	\$ 2,169,424	\$ 13,153,641	\$ 12,926,896	\$ 15,595,614	\$ 15,096,320
Operating grants and contributions	230,096	419,848	-	-	230,096	419,848
Capital grants and contributions	2,749,734	1,068,467	2,814,586	3,576,268	5,564,320	4,644,735
General revenues:						
Ad valorem taxes	5,424,533	5,165,865	-	-	5,424,533	5,165,865
State consolidated taxes	14,289,780	13,711,043	-	-	14,289,780	13,711,043
Motor vehicle fuel taxes	970,034	1,193,415	-	-	970,034	1,193,415
Room taxes	3,984,135	3,831,732	-	-	3,984,135	3,831,732
Other taxes	129,493	111,555	-	-	129,493	111,555
Gaming licenses	109,856	104,826	-	-	109,856	104,826
Franchise fees	1,083,105	1,051,101	-	-	1,083,105	1,051,101
Miscellaneous	21,594	1,470	-	-	21,594	1,470
Investment income	384,240	173,860	546,508	241,688	930,748	415,548
Gain on sale of capital assets	-	12,880	-	-	-	12,880
Total revenues	31,818,573	29,015,486	16,514,735	16,744,852	48,333,308	45,760,338
Expenses:						
General government	2,549,595	2,320,800	-	-	2,549,595	2,320,800
Judicial	445,488	269,124	-	-	445,488	269,124
Public safety	11,667,448	10,933,997	-	-	11,667,448	10,933,997
Public works	5,482,344	5,543,100	-	-	5,482,344	5,543,100
Health	719,865	678,862	-	-	719,865	678,862
Culture and recreation	3,553,892	3,554,311	-	-	3,553,892	3,554,311
Community support	60,087	102,630	-	-	60,087	102,630
Interest and fiscal charges	507,733	547,048	-	-	507,733	547,048
Water	-	-	4,017,533	3,625,301	4,017,533	3,625,301
Sewer	-	-	4,338,940	4,135,997	4,338,940	4,135,997
Airport	-	-	3,197,981	3,154,808	3,197,981	3,154,808
Landfill	-	-	1,726,448	1,808,727	1,726,448	1,808,727
Golf	-	-	688,348	594,133	688,348	594,133
Total expenses	24,986,452	23,949,872	13,969,250	13,318,966	38,955,702	37,268,838
Increase (decrease) in net position before transfers	6,832,121	5,065,614	2,545,485	3,425,886	9,377,606	8,491,500
Transfers	(486,378)	(509,341)	486,378	509,341	-	-
Increase (decrease) in net position	6,345,743	4,556,273	3,031,863	3,935,227	9,377,606	8,491,500
Net position, beginning	27,848,909	25,868,989	107,645,080	104,411,013	135,493,989	130,280,002
Restatement adjustment	-	(2,576,353)	-	(701,160)	-	(3,277,513)
Net position, ending	\$ 34,194,652	\$ 27,848,909	\$ 110,676,943	\$ 107,645,080	\$ 144,871,595	\$ 135,493,989

**CITY OF ELKO, NEVADA**  
**Management's Discussion and Analysis**

**June 30, 2019**

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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 \$9,377,606 or 6.9 percent. The net position of the governmental activities increased by \$6,345,743 or 22.79 percent, and the net position of the business-type activities increased by \$3,031,863 or 2.82 percent. The following is a breakdown of the major changes that occurred during fiscal year 2019:

The City's Governmental Activities revenues increased by \$2,803,087 or 9.66 percent. The increase was a combination of increases in some revenues and decreases in others. Sales taxes increased by \$578,737 or 4.22 percent. Additionally, ad valorem taxes increased by \$258,668 or 5 percent and charges for services' revenues increased by \$499,294 or 3.31 percent. Transient lodging taxes increased by \$152,403 or 3.98 percent, mainly due to the opening of new hotels in the City.

The City received a total of \$5,564,320 in grants and capital contributions. The majority of the grant funds received were for the airport and totaled \$2,149,729. The water fund received \$350,007 in connection fees and the sewer fund received \$314,850 in connection fees.

The City's Governmental Activities expenditures were up by \$1,036,580 or 4.33 percent from the prior year. The majority of this increase is due to an increase in public safety expenditures of \$733,451.

The City's business-type activities expenditures increased \$650,284 or 4.88% percent due to overall increases in general operating expenses. Revenues for the business-type activities decreased by \$230,117 or 1.37%. The increase in charges for services of \$226,745 or 1.75% and the increase interest income of \$304,820 was offset by a decrease in capital contributions from airport grants of \$531,938 or 19 percent and a decrease in connection fees. The water fund experienced a decrease in connection fees of \$54,183 and the sewer fund had a decrease in connection fees of \$116,432. Changes in 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, NEVADA**  
**Management's Discussion and Analysis**  
**June 30, 2019**

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**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, 2019 and 2018**

<b>City Programs</b>	<b>Program Expense</b>	<b>Program Revenue</b>	<b>Net Program Expenses (Revenues) (a) 06/30/19</b>	<b>Net Program Expenses (Revenues) (a) 06/30/18</b>
General Government	\$ 2,549,595	\$ 950,981	\$ 1,598,614	\$ 1,655,551
Judicial	445,488	95,606	349,882	183,220
Public Safety	11,667,448	358,042	11,309,406	10,407,089
Public Works	5,482,344	1,239,323	4,243,021	4,393,928
Health	719,865	138,450	581,415	529,444
Culture & Recreation	3,553,892	2,637,441	916,451	2,475,143
Debt Service - interest	60,087	1,960	58,127	547,048
Community Support	507,733	-	507,733	100,710
	<u>\$ 24,986,452</u>	<u>\$ 5,421,803</u>	<u>\$ 19,564,649</u>	<u>\$ 20,292,133</u>

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

**CITY OF ELKO, NEVADA**  
**Management's Discussion and Analysis**  
**June 30, 2019**

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**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, 2019 and 2018**

<b>City Programs</b>	<b>Program Expense</b>	<b>Program Revenue</b>	<b>Net Program Expenses (Revenues) (a) 06/30/19</b>	<b>Net Program Expenses (Revenues) (a) 06/30/18</b>
Water Enterprise	\$ 4,017,533	\$ 3,791,651	\$ 225,882	\$ (181,779)
Sewer Enterprise	4,338,940	6,258,443	(1,919,503)	(2,177,535)
Landfill Enterprise	1,726,448	2,045,439	(318,991)	(172,838)
Airport Enterprise	3,197,981	3,248,003	(50,022)	(518,167)
Golf Enterprise	688,348	624,691	63,657	(133,879)
	<u>\$ 13,969,250</u>	<u>\$ 15,968,227</u>	<u>\$ (1,998,977)</u>	<u>\$ (3,184,198)</u>

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

**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, 2019, the City's governmental funds reported a combined ending fund balance of \$18,657,190, with 5,317,790 reported as unassigned fund balance, \$721,891 reported as assigned for the next year's budget shortfall, \$3,540,241 reported as restricted, \$9,068,612 reported as committed, and the remaining amount of \$8,656 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, 2019, totaled \$7,997,165, which includes \$1,948,828 from the revenue stabilization fund. This represents an increase of \$960,422 for the general fund or 13.65 percent and an increase of \$56,193 or 2.97 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 \$560,996. There was a decrease in overall expenditures of \$102,126 or 0.50 percent. There was a \$130,181 transfer to the airport fund to pay for administrative and ARFF fire service. There was a \$404,452 transfer to the recreation fund. Additionally, there was an annual transfer of excess fund balance to the following in compliance with City Code: revenue stabilization fund \$17,553. That brought the total transfers out of the general fund to \$717,846.



**CITY OF ELKO, NEVADA**  
**Management's Discussion and Analysis**  
**June 30, 2019**

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**Recreation Fund**

Fund balance at June 30, 2019, totaled \$5,682,706 of which, \$50,576 is restricted for the Recreation Facilities Bond payment for the following year. In addition, \$5,632,130 is restricted for capital projects-recreation facilities associated with the bond issue. Transient lodging tax increased \$152,403 or 3.98 percent mainly due to the construction of new properties within the City. Total expenditures for the fund were \$8,893,653 which included \$7,022,719 for the sports complex and other capital projects.

**Selected Nonmajor funds:**

**Capital Construction Fund**

Fund balance at June 30, 2019 totaled \$352,341, which is a decrease of \$23,805. The City had two major projects in progress in the Capital Construction fund for fiscal year 2019; the Cedar Street Reconstruction Phase II project totaling \$880,582.44 and the 6<sup>th</sup> Street Storm Drain Repair totaling \$185,531. Capital Construction fund monies are accumulated over several years until such time there are sufficient resources to fund major street construction or reconstruction projects.

**Ad Valorem Capital Projects Fund**

Fund balance at June 30, 2019, totaled \$1,331,089, which is an increase of \$351,334 or 35.86 percent during the fiscal year. The City did not have any projects out of this fund in FY19. 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 \$329,069.

**Capital Equipment Reserve Fund**

Fund balance at June 30, 2019, totaled \$928,192, which is a decrease of \$102,594 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 2018/2019; purchases for general government totaled \$112,140; equipment purchases for public safety departments totaled \$607,125; and equipment purchases for public works departments totaled \$270,733.

**Redevelopment Fund**

Fund balance at June 30, 2019 totaled \$1,051,013, which is an increase of \$200,291. The main expenditures from this fund were for Centennial Park and an alley improvement project in the downtown corridor. Total tax revenues for the fund for fiscal year 2019 were \$330,915.

**Debt Service Fund**

Fund balance at June 30, 2019 totaled \$1,058,110, which is a decrease of \$196,691. Of this amount, \$573,529 is restricted for debt service reserves per the 2010 Street bond and the 2014 Public Safety bond resolutions. The remaining fund balance is committed for debt service.

**CITY OF ELKO, NEVADA**  
**Management's Discussion and Analysis**  
**June 30, 2019**

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**Proprietary Funds**

The City's proprietary funds reported net position of \$110,676,943 for fiscal year ending June 30, 2019. Following is a list of the proprietary funds and their respective net position at June 30, 2019 and 2018 with the percentage change.

<b>Fund</b>	<b>06/30/19</b>	<b>06/30/18</b>	<b>Change</b>	<b>% Change</b>
Water Enterprise	\$ 23,449,932	\$ 23,510,846	\$ (60,914)	-0.26%
Sewer Enterprise	45,318,487	43,098,872	2,219,615	5.15%
Airport Enterprise	34,407,493	33,866,095	541,398	1.60%
Landfill Enterprise	3,531,414	3,174,431	356,983	11.25%
Golf Enterprise	3,969,617	3,994,836	(25,219)	-0.63%
	<u>\$ 110,676,943</u>	<u>\$ 107,645,080</u>	<u>\$ 3,031,863</u>	2.82%

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

**Capital Asset Activity**

At June 30, 2019, the City reported \$53.98 million in capital assets for governmental activities and \$91 million in capital assets for business-type activities. Major capital asset additions for the governmental activities were \$6.5 million for the sports complex project, \$517,967 for swimming pool wall repair project, \$350,532 for SCBA public safety equipment and \$1.1 million in public works projects which included the Cedar Street reconstruction project and the 6<sup>th</sup> Street Culvert Replacement project.

Major capital additions for business-type activities for projects included \$2.7 million for the Third Secondary Clarifier project; \$973,485 for the Reuse Pipeline and River Crossing project, \$354,402 for the Generator Project in the Sewer fund. Significant projects in the Water fund in FY19 were \$330,480 for relocation of water main for the sports complex and \$164,051 for Well 36 improvements. The Airport fund Vault project costs totaled \$2,238,651 for FY19. Refer to Notes 6 to the financial statements for additional information on capital assets.

**Long-term Debt Activity**

Long-term debt outstanding at June 30, 2019, excluding the annual required contribution for other post-employment benefits and the net pension liability, totaled \$20,150,701, a decrease of 6 percent when compared to the prior year total of \$21,475,921.

As of June 30, 2019, the City of Elko had a bond rating of AA- from Standard & Poors Rating Service 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, 2019, the City of Elko had a general obligation bond rating of A1 from Moody's Investors Services. Refer to Note 7 of the financial statements for additional information on long-term debt.

As of June 30, 2019, the City of Elko had \$17,725,000 of general obligation debt outstanding, which is subject to the legal debt margin. This is well below the legal limit of \$155,815,639 by \$138,090,639. Refer to Note 7 of the financial statements for additional information on long-term debt.

**CITY OF ELKO, NEVADA**  
**Management's Discussion and Analysis**  
**June 30, 2019**

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**Economic Factors and Next Year's Budget and Rates**

Although the user fees for the water fund remained unchanged in fiscal year 2018/2019, the first of three 5% fee increases are scheduled to take effect on January 1, 2020. These increases were budgeted in the fiscal year 2019/2020 budget and are the result of a detailed water rate study and business impact statement process approved by the City Council.

The consolidated sales tax revenues increased by \$578,737 or 4% for fiscal year 2018/2019. 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.

All of these factors were considered in preparing the City of Elko's budget for the 2020 fiscal year.

**Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

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**CITY OF ELKO, NEVADA**  
**Statement of Net Position**  
**June 30, 2019**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and investments	\$ 19,690,739	\$ 27,384,722	\$ 47,075,461
Receivables (net of allowance)	3,832,510	1,061,890	4,894,400
Interest receivable	3,305	48,896	52,201
Inventories	8,656	53,649	62,305
Restricted assets:			
Temporarily restricted:			
Cash and investments	624,105	224,521	848,626
Capital assets (net of accumulated depreciation):			
Land and water rights	708,746	1,712,298	2,421,044
Construction-in-progress	7,811,928	9,645,868	17,457,796
Buildings	9,050,642	6,419,426	15,470,068
Improvements	6,731,966	40,171,622	46,903,588
Infrastructure	23,043,802	26,303,028	49,346,830
Machinery, equipment, and vehicles	6,630,906	6,778,475	13,409,381
Total assets	<u>78,137,305</u>	<u>119,804,395</u>	<u>197,941,700</u>
<b>Deferred outflows of resources</b>			
Deferred outflows related to pensions/OPEB	<u>3,554,589</u>	<u>892,095</u>	<u>4,446,684</u>
<b>Liabilities</b>			
Accounts payable and other current liabilities	3,221,845	952,593	4,174,438
Unearned revenue	203,207	1,375	204,582
Refundable deposits	327,186	33,913	361,099
Accrued interest	118,657	26,880	145,537
Noncurrent liabilities:			
Due within one year	1,943,370	393,232	2,336,602
Due in more than one year	15,784,440	2,029,659	17,814,099
Net pension liability	20,727,420	5,140,789	25,868,209
Other postemployment benefits obligation	2,576,370	780,026	3,356,396
Total liabilities	<u>44,902,495</u>	<u>9,358,467</u>	<u>54,260,962</u>
<b>Deferred inflows of resources</b>			
Deferred inflows related to pensions/OPEB	<u>2,594,747</u>	<u>661,080</u>	<u>3,255,827</u>
<b>Net position</b>			
Net investment in capital assets	37,723,169	88,941,839	126,665,008
Restricted for:			
Debt service	505,448	190,608	696,056
Capital projects	1,699,479	-	1,699,479
Judicial	68,862	-	68,862
Elko Redevelopment Agency	1,051,013	-	1,051,013
Health insurance claims	1,628,628	-	1,628,628
Refundable deposits	-	33,491	33,491
Unrestricted	<u>(8,481,947)</u>	<u>21,511,005</u>	<u>13,029,058</u>
Total net position	<u>\$ 34,194,652</u>	<u>\$ 110,676,943</u>	<u>\$ 144,871,595</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, 2019**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
Governmental activities:				
General government	\$ 2,549,595	\$ 814,328	\$ 28,440	\$ 108,213
Judicial	445,488	95,606	-	-
Public safety	11,667,448	199,615	158,427	-
Public works	5,482,344	871,302	-	368,021
Health	719,865	118,467	19,983	-
Culture and recreation	3,553,892	342,655	21,286	2,273,500
Community support and development	60,087	-	1,960	-
Interest on long-term debt	507,733	-	-	-
Total governmental activities	<u>24,986,452</u>	<u>2,441,973</u>	<u>230,096</u>	<u>2,749,734</u>
Business-type activities:				
Water	4,017,533	3,441,644	-	350,007
Sewer	4,338,940	5,943,593	-	314,850
Airport	3,197,981	1,098,274	-	2,149,729
Landfill	1,726,448	2,045,439	-	-
Golf	688,348	624,691	-	-
Total business-type activities	<u>13,969,250</u>	<u>13,153,641</u>	<u>-</u>	<u>2,814,586</u>
Total primary government	<u>\$ 38,955,702</u>	<u>\$ 15,595,614</u>	<u>\$ 230,096</u>	<u>\$ 5,564,320</u>
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				
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**

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<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (1,598,614)	\$ -	\$ (1,598,614)
(349,882)	-	(349,882)
(11,309,406)	-	(11,309,406)
(4,243,021)	-	(4,243,021)
(581,415)	-	(581,415)
(916,451)	-	(916,451)
(58,127)	-	(58,127)
(507,733)	-	(507,733)
<u>(19,564,649)</u>	<u>-</u>	<u>(19,564,649)</u>
-	(225,882)	(225,882)
-	1,919,503	1,919,503
-	50,022	50,022
-	318,991	318,991
-	(63,657)	(63,657)
<u>-</u>	<u>1,998,977</u>	<u>1,998,977</u>
5,424,533	-	5,424,533
14,289,780	-	14,289,780
970,034	-	970,034
3,984,135	-	3,984,135
129,493	-	129,493
109,856	-	109,856
1,083,105	-	1,083,105
21,594	-	21,594
-	-	-
384,240	546,508	930,748
<u>(486,378)</u>	<u>486,378</u>	<u>-</u>
<u>25,910,392</u>	<u>1,032,886</u>	<u>26,943,278</u>
6,345,743	3,031,863	9,377,606
27,848,909	107,645,080	135,493,989
<u>\$ 34,194,652</u>	<u>\$ 110,676,943</u>	<u>\$ 144,871,595</u>



**CITY OF ELKO, NEVADA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

		<u>Special Revenue</u>		
	<u>General Fund</u>	<u>Recreation Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and investments	\$ 6,444,949	\$ 6,788,908	\$ 4,619,242	\$ 17,853,099
Receivables:				
Property taxes	43,652	-	31,165	74,817
Room taxes receivable	-	531,341	-	531,341
Interest receivable	10,046	11,805	9,074	30,925
Other	224,334	4,757	39,256	268,347
Due from other governments	2,640,828	-	284,224	2,925,052
Inventories and prepaids	8,656	-	-	8,656
Restricted cash and investments	-	50,576	573,529	624,105
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 9,372,465</u>	<u>\$ 7,387,387</u>	<u>\$ 5,556,490</u>	<u>\$ 22,316,342</u>
<b>Liabilities</b>				
Accounts payable	\$ 656,845	\$ 1,521,901	\$ 89,943	\$ 2,268,689
Accrued liabilities	544,346	-	8,649	552,995
Due to other governments	3,036	182,780	-	185,816
Customer deposits	18,153	-	309,033	327,186
Unearned revenue	109,268	-	93,939	203,207
Total liabilities	<u>1,331,648</u>	<u>1,704,681</u>	<u>501,564</u>	<u>3,537,893</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue - fuel taxes	-	-	46,442	46,442
Unavailable revenue - property taxes	43,652	-	31,165	74,817
Total deferred inflows of resources	<u>43,652</u>	<u>-</u>	<u>77,607</u>	<u>121,259</u>
<b>Fund balances</b>				
Nonspendable:				
Inventories and prepaids	8,656	-	-	8,656
Restricted for:				
Debt service	-	50,576	573,529	624,105
Judicial	-	-	68,862	68,862
Capital projects	-	-	1,699,479	1,699,479
Public Safety	-	-	3,846	3,846
Culture and recreation	-	-	92,936	92,936
Redevelopment Agency	-	-	1,051,013	1,051,013
Committed:				
Revenue stabilization	1,948,828	-	-	1,948,828
Debt service	-	-	484,581	484,581
Capital projects	-	5,632,130	1,003,073	6,635,203
Assigned to:				
Next year's budget appropriation	721,891	-	-	721,891
Unassigned	5,317,790	-	-	5,317,790
Total fund balances	<u>7,997,165</u>	<u>5,682,706</u>	<u>4,977,319</u>	<u>18,657,190</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,372,465</u>	<u>\$ 7,387,387</u>	<u>\$ 5,556,490</u>	<u>\$ 22,316,342</u>

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, 2019**

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

Total fund balances - total governmental funds		\$ 18,657,190
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 89,537,100	
Accumulated depreciation	<u>(35,559,110)</u>	53,977,990
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	\$ (15,645,000)	
Premium on bonds payable	(609,821)	
Interest payable	(118,657)	
Compensated absences	(1,472,989)	
Other postemployment benefits liability	(2,576,370)	
Net pension liability	<u>(20,727,420)</u>	(41,150,257)
Unavailable revenue associated with property taxes is recognized as revenue in the government-wide statements.		121,259
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.		1,628,628
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	\$ 3,554,589	
Deferred inflows related to pensions	<u>(2,594,747)</u>	959,842
Net position of governmental activities		<u><u>\$ 34,194,652</u></u>

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, 2019**

		<b>Special Revenue</b>		
	<b>General</b>	<b>Recreation Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
Taxes	\$ 3,174,269	\$ 3,984,135	\$ 2,250,268	\$ 9,408,672
Licenses, permits and fees	1,926,919	-	171,364	2,098,283
Intergovernmental revenue	15,089,291	-	959,716	16,049,007
Charges for services	934,438	-	200,170	1,134,608
Fines and forfeitures	87,899	-	-	87,899
Other revenues	330,379	2,294,786	49,898	2,675,063
Investment earnings	106,519	146,422	95,612	348,553
Total revenues	<u>21,649,714</u>	<u>6,425,343</u>	<u>3,727,028</u>	<u>31,802,085</u>
<b>Expenditures</b>				
Current:				
General government	2,410,727	-	37,366	2,448,093
Judicial	400,252	-	-	400,252
Public safety	11,398,758	-	32,044	11,430,802
Public works	4,112,536	-	540	4,113,076
Health	715,010	-	-	715,010
Culture and recreation	1,185,008	1,870,934	290,429	3,346,371
Community support and development	70,511	-	-	70,511
Debt service:				
Principal	-	-	1,130,000	1,130,000
Interest	-	-	558,307	558,307
Capital outlay	-	7,022,719	2,320,846	9,343,565
Total expenditures	<u>20,292,802</u>	<u>8,893,653</u>	<u>4,369,532</u>	<u>33,555,987</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,356,912</u>	<u>(2,468,310)</u>	<u>(642,504)</u>	<u>(1,753,902)</u>
<b>Other financing sources (uses)</b>				
Transfers in	321,356	404,452	900,022	1,625,830
Transfers out	<u>(717,846)</u>	<u>(1,394,363)</u>	<u>-</u>	<u>(2,112,209)</u>
Total other financing sources (uses)	<u>(396,490)</u>	<u>(989,911)</u>	<u>900,022</u>	<u>(486,379)</u>
Net change in fund balances	960,422	(3,458,221)	257,518	(2,240,281)
Fund balances, beginning of year	<u>7,036,743</u>	<u>9,140,927</u>	<u>4,719,801</u>	<u>20,897,471</u>
Fund balances, end of year	<u>\$ 7,997,165</u>	<u>\$ 5,682,706</u>	<u>\$ 4,977,319</u>	<u>\$ 18,657,190</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, 2019**

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

Net change in fund balances - total governmental funds	\$ (2,240,281)
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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.

Capital outlay	\$ 9,591,086	
Depreciation expense	(2,808,023)	6,783,063

Governmental funds report the gross proceeds from the sale of capital assets as revenue. However, in the statement of activities, the gain/loss on the sale of capital assets is reported net of its net book value.	(14,233)
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,130,000
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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.

Amortization of premium on bonds	41,875
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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.	8,699
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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.	(19,194)
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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	177,858
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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.

Pension contributions	\$ 1,514,789	
Pension expense	(1,158,128)	356,661

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.

OPEB expense	145,132
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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	(23,837)
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Change in net position of governmental activities	\$ 6,345,743
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The accompanying notes are an integral part of the financial statements.

**CITY OF ELKO, NEVADA**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	Business-type Activities						Governmental Activities
	Water Fund	Sewer Fund	Airport Fund	Landfill Fund	Golf Fund	Total Enterprise Funds	Internal Service Fund
<b>Assets</b>							
Current assets:							
Cash and investments	\$ 8,197,491	\$ 14,997,895	\$ 1,444,067	\$ 1,987,508	\$ 757,761	\$ 27,384,722	\$ 1,837,640
Receivables	325,472	550,208	46,110	134,537	1,808	1,058,135	2,028
Due from other governments	-	-	3,755	-	-	3,755	-
Interest receivable	14,559	26,487	3,039	3,493	1,318	48,896	3,305
Inventory	53,649	-	-	-	-	53,649	-
Total current assets	8,591,171	15,574,590	1,496,971	2,125,538	760,887	28,549,157	1,842,973
Noncurrent assets:							
Restricted cash and investments	33,491	-	190,608	422	-	224,521	-
Capital assets:							
Land and water rights	608,849	207,668	884,269	2,467	9,045	1,712,298	-
Construction-in-progress	465,145	5,699,594	3,481,129	-	-	9,645,868	-
Buildings	1,665,568	1,791,955	6,120,631	668,955	782,983	11,030,092	-
Improvements	20,990,499	47,066,723	3,009,273	1,101,274	3,312,762	75,480,531	-
Infrastructure	681,773	1,058,073	48,677,742	-	-	50,417,588	-
Machinery, equipment and vehicles	2,751,695	3,959,983	3,561,579	3,338,419	756,512	14,368,188	-
Less accumulated depreciation	(10,210,384)	(27,815,884)	(29,947,148)	(2,407,750)	(1,242,682)	(71,623,848)	-
Total noncurrent assets	16,986,636	31,968,112	35,978,083	2,703,787	3,618,620	91,255,238	-
Total assets	25,577,807	47,542,702	37,475,054	4,829,325	4,379,507	119,804,395	1,842,973
<b>Deferred outflows of resources</b>							
Deferred outflows related to OPEB	18,823	17,101	6,665	11,908	3,520	58,017	-
Deferred outflows related to pensions	266,932	238,602	108,913	167,630	52,001	834,078	-
Total deferred outflows of resources	285,755	255,703	115,578	179,538	55,521	892,095	-
<b>Liabilities</b>							
Current liabilities:							
Accounts payable	163,325	419,737	161,870	43,173	17,406	805,511	214,345
Accrued liabilities	48,334	41,207	15,531	26,883	15,127	147,082	-
Refundable deposits	33,491	-	-	422	-	33,913	-
Accrued interest	-	-	26,880	-	-	26,880	-
Unearned revenue	-	-	1,375	-	-	1,375	-
Compensated absences	29,097	64,249	21,455	40,210	11,996	167,007	-
Bonds payable - current	-	-	226,225	-	-	226,225	-
Total current liabilities	274,247	525,193	453,336	110,688	44,529	1,407,993	214,345
Noncurrent liabilities:							
Compensated absences	29,098	64,249	21,454	40,209	11,996	167,006	-
Bonds payable	-	-	1,862,653	-	-	1,862,653	-
Net pension liability	1,645,218	1,470,608	671,280	1,033,176	320,507	5,140,789	-
Other postemployment benefits obligation	253,072	229,913	89,616	160,100	47,325	780,026	-
Total noncurrent liabilities	1,927,388	1,764,770	2,645,003	1,233,485	379,828	7,950,474	-
Total liabilities	2,201,635	2,289,963	3,098,339	1,344,173	424,357	9,358,467	214,345
<b>Deferred inflows of resources</b>							
Deferred inflows related to OPEB	31,463	28,584	11,141	19,904	5,884	96,976	-
Deferred inflows related to pensions	180,532	161,371	73,659	113,372	35,170	564,104	-
Total deferred inflows of resources	211,995	189,955	84,800	133,276	41,054	661,080	-
<b>Net position</b>							
Net investment in capital assets	16,953,145	31,968,112	33,698,597	2,703,365	3,618,620	88,941,839	-
Restricted for group health insurance claims	-	-	-	-	-	-	1,628,628
Restricted for debt service	-	-	190,608	-	-	190,608	-
Restricted for refundable deposits	33,491	-	-	-	-	33,491	-
Unrestricted	6,463,296	13,350,375	518,288	828,049	350,997	21,511,005	-
Total net position	\$ 23,449,932	\$ 45,318,487	\$ 34,407,493	\$ 3,531,414	\$ 3,969,617	\$ 110,676,943	\$ 1,628,628

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, 2019**

	Business-type Activities						Governmental Activities
	Water Fund	Sewer Fund	Airport Fund	Landfill Fund	Golf Fund	Total Enterprise Funds	Internal Service Fund
<b>Operating revenues</b>							
Service fees	\$ 3,332,231	\$ 2,964,104	\$ 334,291	\$ 1,985,060	\$ 616,865	\$ 9,232,551	\$ 2,348,671
Intergovernmental revenue	-	-	21,997	-	-	21,997	-
Other revenues	109,413	16,054	741,986	60,379	7,826	935,658	-
Total operating revenues	3,441,644	2,980,158	1,098,274	2,045,439	624,691	10,190,206	2,348,671
<b>Operating expenses</b>							
Salaries	938,173	815,641	320,364	573,481	198,509	2,846,168	-
Employee benefits	519,771	344,863	114,179	243,263	94,805	1,316,881	2,206,499
Service, supplies and other	1,964,556	1,849,214	273,105	682,453	301,403	5,070,731	-
Depreciation expense	595,033	1,329,222	2,381,560	227,251	93,631	4,626,697	-
Total operating expenses	4,017,533	4,338,940	3,089,208	1,726,448	688,348	13,860,477	2,206,499
Operating income (loss)	(575,889)	(1,358,782)	(1,990,934)	318,991	(63,657)	(3,670,271)	142,172
<b>Nonoperating revenues (expenses)</b>							
Sewer improvement fees	-	2,963,435	-	-	-	2,963,435	-
Interest income	164,968	300,112	29,998	37,992	13,438	546,508	35,686
Interest expense	-	-	(108,773)	-	-	(108,773)	-
Total nonoperating revenues (expenses)	164,968	3,263,547	(78,775)	37,992	13,438	3,401,170	35,686
Income (loss) before grants, contributions and transfers	(410,921)	1,904,765	(2,069,709)	356,983	(50,219)	(269,101)	177,858
Grant income	-	-	2,149,729	-	-	2,149,729	-
Capital contributions	350,007	314,850	-	-	-	664,857	-
Transfers in	-	-	461,378	-	25,000	486,378	-
<b>Change in net position</b>	(60,914)	2,219,615	541,398	356,983	(25,219)	3,031,863	177,858
Total net position, beginning of year	23,510,846	43,098,872	33,866,095	3,174,431	3,994,836	107,645,080	1,450,770
<b>Total net position, end of year</b>	<b>\$ 23,449,932</b>	<b>\$ 45,318,487</b>	<b>\$ 34,407,493</b>	<b>\$ 3,531,414</b>	<b>\$ 3,969,617</b>	<b>\$ 110,676,943</b>	<b>\$ 1,628,628</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, 2019**

	Business-type Activities						Governmental Activities
	Water Fund	Sewer Fund	Airport Fund	Landfill Fund	Golf fund	Total Enterprise Funds	Internal Service Fund
<b>Cash flows from operating activities:</b>							
Cash received from customers, service fees	\$ 3,328,978	\$ 2,979,830	\$ 453,251	\$ 1,997,916	\$ 619,492	\$ 9,379,467	\$ 2,348,671
Cash received from customers, capacity fees and other	109,413	16,054	763,983	60,379	7,826	957,655	-
Cash paid to suppliers	(2,113,966)	(1,909,280)	(191,099)	(720,755)	(305,313)	(5,240,413)	64,728
Cash paid to employees	(1,414,765)	(1,206,450)	(482,050)	(874,988)	(295,229)	(4,273,482)	(2,206,499)
Net cash flows from operating activities	(90,340)	(119,846)	544,085	462,552	26,776	823,227	206,900
<b>Cash flows from noncapital financing activities:</b>							
Transfer from (to) other funds	-	-	461,378	-	25,000	486,378	-
<b>Cash flows from capital and related financing activities:</b>							
Grant revenue	-	-	2,149,729	-	-	2,149,729	-
Cash received from customer contributions	350,007	314,850	-	-	-	664,857	-
Cash received for capital improvement user fee	-	2,963,435	-	-	-	2,963,435	-
Principal paid on capital debt	-	-	(215,000)	-	-	(215,000)	-
Interest paid on capital debt	-	-	(112,476)	-	-	(112,476)	-
Acquisition and construction of capital assets	(670,169)	(4,957,982)	(2,282,709)	(206,818)	(37,969)	(8,155,647)	-
Net cash flows from capital and related financing activities	(320,162)	(1,679,697)	(460,456)	(206,818)	(37,969)	(2,705,102)	-
<b>Cash flows from investing activities:</b>							
Interest on investments	161,732	295,795	28,342	36,689	13,086	535,644	34,577
Net change in cash and investments	(248,770)	(1,503,748)	573,349	292,423	26,893	(859,853)	241,477
Cash and investments, including restricted, beginning of year	8,479,752	16,501,643	1,061,326	1,695,507	730,868	28,469,096	1,596,163
<b>Cash and investments, including restricted, end of year</b>	<b>\$ 8,230,982</b>	<b>\$ 14,997,895</b>	<b>\$ 1,634,675</b>	<b>\$ 1,987,930</b>	<b>\$ 757,761</b>	<b>\$ 27,609,243</b>	<b>\$ 1,837,640</b>
Reconciliation of operating income to net cash flows from operating activities:							
Operating income (loss)	\$ (575,889)	\$ (1,358,782)	\$ (1,990,934)	\$ 318,991	\$ (63,657)	(3,670,271)	\$ 142,172
Adjustments to reconcile operating income (loss) to net cash flows from operating activities							
Depreciation expense	595,033	1,329,222	2,381,560	227,251	93,631	4,626,697	-
Pension expense	152,476	73,751	15,343	46,099	22,320	309,989	-
Pension contributions	(120,235)	(107,474)	(49,058)	(75,506)	(23,423)	(375,696)	-
Changes in operating assets and liabilities:							
(Increase) decrease in receivables	4,345	14,175	118,960	14,346	2,677	154,503	-
(Increase) decrease in prepaid expenses	-	4,463	-	-	-	4,463	-
Increase (decrease) in accounts payable	(149,410)	(64,529)	82,006	(38,302)	(3,910)	(174,145)	64,728
Increase (decrease) in accrued liabilities	3,872	1,142	404	(2,521)	2,046	4,943	-
Increase (decrease) in customer deposits	(7,598)	1,551	-	(1,490)	(50)	(7,587)	-
Increase (decrease) in other postemployment benefits	(9,483)	(30,039)	(17,489)	(26,961)	(4,740)	(88,712)	-
Increase (decrease) in compensated absences payable	16,549	16,674	3,293	645	1,882	39,043	-
Net cash flows from operating activities	\$ (90,340)	\$ (119,846)	\$ 544,085	\$ 462,552	\$ 26,776	\$ 823,227	\$ 206,900

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

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2019**

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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, 2019**

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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 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, 2019**

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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, 2019**

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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 as 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, 2019**

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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, 2019**

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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, 2019**

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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, 2019**

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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, 2019**

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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.

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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 19.

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 21.



**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2019**

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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.
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, 2019. The Water fund and Narcotics Task Force funds exceeded final budget appropriations by \$102,231 and \$44 respectively.

**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.

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

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**Deficit Fund Balances**

As of June 30, 2019 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.

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.

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2019**

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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	\$ 47,075,461
Restricted cash and investments	848,626
	<u>\$ 47,924,087</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, 2019 cash on hand was \$7,990 and the carrying amount of the City's deposits was \$13,024,984. None of the City's bank balance of \$13,388,034 was exposed to custodial credit risk since it was insured and collateralized.

**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.

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

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As of June 30, 2019 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	\$ 557,242	N/A	N/A	N/A
U.S. Agencies	2,411,834	AA+	Aaa	446
U.S. Treasuries	1,881,033	AA+	Aaa	329
Nevada Local Government Investment Pool	30,032,751	N/A	N/A	142
Total Fair Value	<u>\$ 34,882,859</u>			

(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, 2019:

- 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	\$ 5,535,036.01
Level 2 inputs	<u>24,497,715</u>
Total LGIP investment	<u>\$ 30,032,751</u>

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2019**

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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, 2019, 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, 2019**

**NOTE 6. Capital Assets**

Governmental capital asset activity for the year ended June 30, 2019 was as follows:

<b>Governmental Activities:</b>	<b>Balance 6/30/2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Balance 6/30/2019</b>
Capital assets, not being depreciated:					
Land	\$ 670,458	\$ 38,288	\$ -	\$ -	708,746
Construction in progress	1,987,911	8,300,329	(2,476,312)	-	7,811,928
Total capital assets, not being depreciated:	2,658,369	8,338,617	(2,476,312)	-	8,520,674
Capital assets, being depreciated:					
Buildings	11,706,999	31,611	-	-	11,738,610
Improvements	9,920,674	539,349	-	(222,879)	10,237,144
Infrastructure	41,609,017	2,159,126	-	260,579	44,028,722
Machinery and equipment	14,150,016	998,696	(24,870)	(111,892)	15,011,950
Total capital assets, being depreciated:	77,386,706	3,728,782	(24,870)	(74,192)	81,016,426
Less accumulated depreciation for:					
Buildings	(2,521,599)	(166,369)	-	-	(2,687,968)
Improvements	(3,199,253)	(305,925)	-	-	(3,505,178)
Infrastructure	(19,573,596)	(1,411,324)	-	-	(20,984,920)
Machinery and equipment	(7,541,467)	(924,405)	10,637	74,192	(8,381,044)
Total accumulated depreciation	(32,835,915)	(2,808,023)	10,637	74,192	(35,559,110)
Total capital assets, being depreciated, net	44,550,791	920,759	(14,233)	-	45,457,316
Governmental activities capital assets, net	<u>\$ 47,209,160</u>	<u>\$ 9,259,376</u>	<u>\$ (2,490,545)</u>	<u>\$ -</u>	<u>\$ 53,977,990</u>

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

<b>Governmental Activities:</b>	
General government	\$ 148,245
Public safety	635,369
Public works	1,702,125
Culture and recreation	297,321
Health	24,963
Total depreciation expense - governmental activities	<u>\$ 2,808,023</u>

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 6. Capital Assets, Continued**

Business-type capital asset activity for the year ended June 30, 2019 was as follows:

<b>Business Type Activities:</b>	<b>Balance 6/30/2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Reclassifications</b>	<b>Balance 6/30/2019</b>
Capital assets not being depreciated:					
Land	\$ 1,677,189	\$ 35,109	\$ -	\$ -	\$ 1,712,298
Construction in progress	6,164,644	7,692,048	(4,210,826)	-	9,645,866
Total capital assets, not being depreciated	7,841,833	7,727,157	(4,210,826)	-	11,358,164
Capital assets being depreciated:					
Buildings	11,030,093	-	-	(1)	11,030,092
Improvements	72,701,590	3,654,376	-	(875,436)	75,480,530
Infrastructure	49,542,152	-	-	875,436	50,417,588
Machinery and equipment	13,309,056	984,941	-	74,191	14,368,188
Total capital assets, being depreciated	146,582,891	4,639,317	-	74,190	151,296,398
Less accumulated depreciation for:					
Buildings	(4,498,083)	(112,583)	-	-	(4,610,666)
Improvements	(33,656,215)	(1,652,732)	-	39	(35,308,909)
Infrastructure	(21,949,199)	(2,165,970)	-	609	(24,114,560)
Machinery and equipment	(6,819,462)	(695,412)	-	(74,838)	(7,589,713)
Total accumulated depreciation	(66,922,959)	(4,626,697)	-	(74,190)	(71,623,848)
Total capital assets, being depreciated, net	79,659,932	12,620	-	-	79,672,550
Business-type activities capital assets, net	<u>\$ 87,501,765</u>	<u>\$ 7,739,777</u>	<u>\$ (4,210,826)</u>	<u>\$ -</u>	<u>\$ 91,030,714</u>

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

<b>Business-Type Activities:</b>	
Water	\$ 595,033
Sewer	1,329,222
Airport	2,381,560
Landfill	227,251
Golf	93,631
Total depreciation expense - business-type activities	<u>\$ 4,626,697</u>

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2019**

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**NOTE 7. Long-Term Liabilities**

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The following is a summary of changes in long-term liabilities for the year ended June 30, 2019:

<b>Governmental activities:</b>	Balance 6/30/2018	Additions	Retirements	Balance 6/30/2019	Current Portion
<b>General obligation bonds:</b>					
2015 Limited Tax Recreation Facilities and Refunding Bonds	\$ 6,995,000	\$ -	\$ (375,000)	\$ 6,620,000	\$ 385,000
Bond Premium - 2015 Limited Tax Recreation Facilities and Refunding Bonds	468,831		(27,048)	441,783	27,048
2014 Limited Tax Medium-Term Public Safety Bonds	2,170,000	-	(290,000)	1,880,000	295,000
2010 Limited Tax Street Bonds	7,610,000	-	(465,000)	7,145,000	485,000
Bond Premium - 2010 Limited Tax Street Bonds	182,865	-	(14,827)	168,038	14,827
Total general obligation bonds	17,426,696	-	(1,171,875)	16,254,821	1,206,875
<b>Net other post employment benefit obligations</b>	2,850,177	-	(273,807)	2,576,370	-
<b>Net pension liability</b>	20,344,511	2,273,394	(1,890,485)	20,727,420	-
<b>Accrued compensated absences</b>	1,449,152	619,062	(595,225)	1,472,989	736,495
Total governmental activity long-term liabilities	<u>\$ 42,070,536</u>	<u>\$ 2,892,456</u>	<u>\$ (3,931,392)</u>	<u>\$ 41,031,600</u>	<u>\$ 1,943,370</u>
<b>Business-type activities:</b>					
<b>General obligation bonds:</b>					
Limited Tax Airport Refunding Bonds Series 2009A and Series 2009B	\$ 2,295,000	\$ -	\$ (215,000)	\$ 2,080,000	\$ 225,000
Bond premium	10,103	-	(1,225)	8,878	1,225
Total general obligation	2,305,103	-	(216,225)	2,088,878	226,225
<b>Net other post employment benefit obligations</b>	868,738	-	(88,712)	780,026	-
<b>Net pension liability</b>	5,062,309	78,480	-	5,140,789	-
<b>Accrued compensated absences</b>	294,970	143,916	(104,873)	334,013	167,007
Total business-type activity long-term liabilities	<u>\$ 8,531,120</u>	<u>\$ 222,396</u>	<u>\$ (409,810)</u>	<u>\$ 8,343,706</u>	<u>\$ 393,232</u>
Total long-term liabilities	<u>\$ 50,601,656</u>	<u>\$ 3,114,852</u>	<u>\$ (4,341,202)</u>	<u>\$ 49,375,306</u>	<u>\$ 2,336,602</u>



**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

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The City has no unused lines of credit as of June 30, 2019.

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. Other than pledged revenues for selected debt issues as noted in the schedule below, none of the City's bonds contain pledged assets, finance related events of default, finance related termination events, acceleration clauses, and/or subjective acceleration clauses.

Bonds payable consist of the following at June 30, 2019:

**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. \$ 6,620,000

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. 1,880,000

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. 7,145,000

Total bonds and notes payable - governmental activities 15,645,000

**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. \$ 2,080,000

Total bonds and notes payable - business-type activities 2,080,000

Total bonds and notes payable \$ 17,725,000

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2019**

**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.

Estimated debt service requirements for bonds payable are as follows:

Period Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 1,165,000	\$ 521,475	\$ 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	1,335,000	354,511	270,000	53,578
2024-2028	5,390,000	1,176,050	865,000	72,045
2029-2033	3,535,000	331,312	-	-
2034-2035	460,000	14,950	-	-
	<u>\$ 15,645,000</u>	<u>\$ 3,713,452</u>	<u>\$ 2,080,000</u>	<u>\$ 465,630</u>

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

Period Ending June 30,	Combined Total	
	Principal	Interest
2019	\$ 1,390,000	\$ 623,641
2020	1,440,000	570,814
2021	1,495,000	517,752
2022	1,545,000	464,429
2023	1,605,000	408,089
2024-2028	6,255,000	1,248,095
2029-2033	3,535,000	331,312
2034-2035	460,000	14,950
	<u>\$ 17,725,000</u>	<u>\$ 4,179,082</u>

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2019**

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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, 2019**

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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, 2018, membership consisted of the following:

	<u>Count</u>
Active employees	168
Retirees	62

**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 \$434,9515 for the year ended June 30, 2019.

***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, 2019**

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

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**OPEB liability**

***Net OPEB liability***

At June 30, 2019, the City reported a net OPEB liability of \$3,356,396. The net liability was measured as of June 30, 2019 and the total liability was determined by an actuarial valuation as of July 1, 2018. Standard actuarial update procedures were used to project/discount 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, 2019 reflects a change in the use of discount rates from 3.62% as of June 30, 2018 to 3.13% at June 30, 2019.

***OPEB liability discount rate sensitivity***

The following presents the net OPEB liability calculated using the discount rate of 3.13%, 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 (2.13%)	Discount Rate (3.13%)	1% Increase (4.13%)
Net OPEB liability	\$ 3,704,740	\$ 3,356,396	\$ 3,058,383

***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 (5.00% decreasing to 4.00%)	Medical Trend (6.00% decreasing to 5.00%)	1% Increase (7.00% decreasing to 6.00%)
Net OPEB liability - PEBP	\$ 3,209,542	\$ 3,356,396	\$ 3,526,991

**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	6.00 percent for 2018 decreasing 0.10 percent each year to an ultimate rate of 5.00 percent for 2028 and later years.

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

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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, 2018 valuation were based on a review of plan experience during the period July 1, 2016 to June 30, 2018.

The discount rate used to measure the total OPEB liability was 3.13% as of June 30, 2019. 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	Plan fiduciary net position	Net OPEB (asset) liability (a) - (b)
	(a)	(b)	
Balances at June 30, 2017	\$ 3,718,916	\$ -	\$ 3,718,916
Changes during the period:			
Service cost	157,580		157,580
Interest cost	114,117		114,117
Expected investment income		-	-
Employer contributions		434,951	(434,951)
Changes of benefit terms	-		-
Benefit payments	(434,951)	(434,951)	-
Assumption changes	296,745		296,745
Plan experience	(496,011)		(496,011)
Investment experience		-	-
Net changes	(362,520)	-	(362,520)
Balances at June 30, 2018	\$ 3,356,396	\$ -	\$ 3,356,396

***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, 2019, the City recognized OPEB expense of \$(194,884).

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

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*Deferred outflows/inflows of resources related to OPEB*

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 249,643	\$ -
Differences between expected and actual experience	-	417,279
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 249,643</u>	<u>\$ 417,279</u>
Expected average remaining service life:	5.30 years	

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2020	\$ (31,630)
2021	(31,630)
2022	(31,630)
2023	(31,630)
2024	(31,630)
2025	(9,486)
Thereafter	-

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2019**

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**NOTE 9. Interfund Transactions and Balances**

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As of June 30, 2019, the City did not have any interfund 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, 2019, 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	\$ 17,553	\$ 404,452	\$ 165,660	\$ 130,181	\$ -	\$ 717,846
Recreation Fund	303,803	-	734,363	331,197	25,000	1,394,363
Total	<u>\$ 321,356</u>	<u>\$ 404,452</u>	<u>\$ 900,023</u>	<u>\$ 461,378</u>	<u>\$ 25,000</u>	<u>\$ 2,112,209</u>

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

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**NOTE 10. Defined Benefit Pension Plan**

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**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, 2019**

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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, 2019**

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

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***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, 2017, 2018, and 2019, the Statutory Employer/employee matching rate was 14.50% for Regular and 20.75% for Police/Fire.

For the fiscal years ended June 30, 2017, 2018, and 2019, 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
\$ 2,017	\$ 700,891	\$ 1,013,788
2018	719,281	1,040,389
2019	772,753	1,117,732

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

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**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, 2018:

<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, 2018, PERS' long-term inflation assumption was 2.75%.

**Pension liability**

***Net pension liability***

At June 30, 2019, the City reported a liability of \$25,868,208 for its proportionate share of the PERS' net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018. The City's proportion measured as of June 30, 2018, was .189680 percent, which was a decrease of 0.001350 percent from its proportion measured as of June 30, 2017.

***Pension liability discount rate sensitivity***

The following presents the net pension liability of the PERS as of June 30, 2019, 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:

	<b>1% Decrease (6.50%)</b>	<b>Discount Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
Proportionate share of Net pension (asset) / liability	\$ 39,447,970	\$ 25,868,208	\$ 14,584,216

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2019**

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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, 2018, 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, 2018 funding actuarial valuation

Actuarial assumptions used in the June 30, 2018 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, 2018. 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, 2018, 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, 2018.

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

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

For the year ended June 30, 2019, the City recognized pension benefit expense for PERS of \$(461,325). At June 30, 2019, 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	\$ 810,379	\$ 1,200,729
Changes in assumptions	1,363,091	-
Net difference between projected and actual earnings on pension plan investments	-	123,157
Subtotal	2,173,470	1,323,886
Changes in proportion and differences between contributions and proportional share of contributions	133,087	1,514,661
Contributions subsequent to the measurement date	1,890,485	-
Total	<u>\$ 4,197,042</u>	<u>\$ 2,838,547</u>
Governmental activities	\$ 3,362,964	\$ 2,274,444
Business-type activities	834,078	564,103
	<u>\$ 4,197,042</u>	<u>\$ 2,838,547</u>
Average expected remaining service lives	6.22 years	

The \$1,890,485 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
2020	\$ (2,437,307)
2021	(649,109)
2022	1,671,037
2023	(904,416)
2024	(1,036,966)
2025	(140,595)
Thereafter	-
	<u>\$ (3,497,356)</u>

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2019**

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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, 2019, 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, 2019**

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**NOTE 12. Risk Management, Continued**

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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, 2019	\$ 149,617	\$ 2,206,499	\$ (2,141,771)	\$ 214,345
June 30, 2018	109,671	1,678,179	(1,638,233)	149,617
June 30, 2017	152,106	1,555,778	(1,598,213)	109,671

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**NOTE 13. Stabilization Arrangement**

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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.

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

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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, 2019, \$0 was expended from the fund.

**CITY OF ELKO, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2019**

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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 2019 through subsequent fiscal years. Details of some of the significant projects are as follows.

The City approved the construction project for the Elko Sports Complex in the amount of \$10.9 million. As of June 30, 2019, the City had spent \$6,386,493. This project will be paid for with funds from 2015 bond proceeds and donations.

The City approved the construction project for a Water/Sewer Department Building. The approximate project total will be \$8.5 million. The main building construction and design will begin in 2019 and take 3 years to complete. The City had spent \$76,221 as of June 30, 2019. The project cost will be split evenly between the Water and Sewer funds.

The City entered into an agreement to begin a pavement maintenance project at the Airport. The projected cost of the project is \$1.44 million. The project will be funded by an AIP Grant for \$1.33 million and the Airport Fund. As of June 30, 2019 there were no funds expended on the project.



## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF ELKO, NEVADA**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**For the Year Ended June 30, 2019**  
**Last 10 Fiscal Years**

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**PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA**

	Reporting Fiscal Year (Measurement Date)				
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Proportion of the net pension liability (asset)	0.191030%	0.191030%	2.031300%	0.207090%	0.204490%
Proportionate share of the net pension liability (asset)	\$ 25,868,208	\$ 25,406,820	\$ 27,335,646	\$ 23,731,868	\$ 21,311,585
Covered payroll	\$ 10,868,094	\$ 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	238.02%	244.75%	261.65%	234.98%	179.60%
Plan fiduciary net position as a percentage of the total pension liability	75.2%	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

**CITY OF ELKO, NEVADA**  
**Schedule of Contributions**  
**For the Year Ended June 30, 2019**  
**Last 10 Fiscal Years**

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA**

	Reporting Fiscal Year				
	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 1,890,485	\$ 1,759,670	\$ 1,714,679	\$ 1,722,254	\$ 1,598,300
Contributions in relation to the statutorily required contribution	\$ (1,890,485)	\$ (1,759,670)	\$ (1,714,679)	\$ (1,722,254)	\$ (1,598,300)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 11,426,111	\$ 10,868,094	\$ 10,380,601	\$ 10,447,569	\$ 10,099,417
Contributions as a percentage of covered payroll	16.55%	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, 2019**  
**Last 10 Fiscal Years**

	<b>Reporting Fiscal Year (Measurement Date)</b>	
	<b>2019 (2018)</b>	<b>2018 (2017)</b>
Total OPEB liability		
Service cost	\$ 157,580	\$ 91,167
Interest cost	114,117	131,667
Changes of benefit terms	-	-
Benefit payments	(434,951)	(279,745)
Assumption changes	296,745	-
Plan experience	(496,011)	-
Net change in total OPEB liability	(362,520)	(56,911)
Total OPEB liability - beginning	3,718,916	3,775,827
Total OPEB liability - ending (a)	<u>\$ 3,356,396</u>	<u>\$ 3,718,916</u>
Plan fiduciary net position		
Employer contributions	\$ 434,951	\$ 279,745
Net investment income	-	-
Benefit payments	(434,951)	(279,745)
Investment experience	-	-
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending (a) - (b)	\$ 3,356,396	\$ 3,718,916
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%
Covered payroll	\$ 12,551,948	\$ 11,907,284
Net OPEB liability as a percentage of covered	26.74%	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, 2019**  
**Last 10 Fiscal Years**

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	<b>Reporting Fiscal Year</b>	
	<b>2019</b>	<b>2018</b>
Contractually required contributions	\$ 434,951	\$ 279,745
Contributions in relation to the contractually required contribution	\$ (434,951)	\$ (279,745)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 12,551,948	\$ 11,907,284
Contributions as a percentage of covered payroll	3.47%	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**  
**For the Year Ended June 30, 2019**

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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, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
<b>Taxes:</b>				
Ad valorem	\$ 3,150,498	\$ 3,150,498	\$ 3,174,269	\$ 23,771
Total taxes	3,150,498	3,150,498	3,174,269	23,771
<b>Licenses, permits, and fees:</b>				
Business licenses	707,000	707,000	686,345	(20,655)
Other licenses	5,000	5,000	7,454	2,454
Franchise fees	912,015	912,015	911,741	(274)
Permits	200,000	200,000	321,379	121,379
Total licenses, permits, and fees	1,824,015	1,824,015	1,926,919	102,904
<b>Intergovernmental:</b>				
Grants	82,000	82,000	230,300	148,300
Fuel taxes	506,073	506,073	498,941	(7,132)
Consolidated revenues	12,065,000	12,065,000	13,859,569	1,794,569
County shared revenues	120,000	120,000	129,493	9,493
Other intergovernmental	355,000	355,000	370,988	15,988
Total intergovernmental	13,128,073	13,128,073	15,089,291	1,961,218
<b>Charges for services:</b>				
Community development	95,000	95,000	180,347	85,347
Public work fees	390,000	390,000	400,085	10,085
Public safety fees	90,000	90,000	111,289	21,289
Culture and recreation fees	141,100	141,100	124,250	(16,850)
Health fees	113,000	113,000	118,467	5,467
Total charges for services	829,100	829,100	934,438	105,338
<b>Fines and forfeitures:</b>				
Forensic service fees	2,500	2,000	3,060	1,060
Municipal court fees	100,000	100,000	83,564	(16,436)
Bail bond fees	2,000	2,500	1,175	(1,325)
Alcohol assessment fees	-	-	100	100
Total fines and forfeitures	104,500	104,500	87,899	(16,601)
<b>Investment earnings:</b>				
Interest earnings	20,000	20,000	67,879	47,879
Total investment earnings	20,000	20,000	67,879	47,879
<b>Other revenues:</b>				
Reimbursements	215,000	200,000	227,467	27,467
Private donations	-	15,000	41,577	26,577
Miscellaneous	54,500	54,500	61,335	6,835
Total other revenues	269,500	269,500	330,379	60,879
Total revenues	19,325,686	19,325,686	21,611,074	2,285,388

(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, 2019**

<b>EXPENDITURES</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>General government:</b>				
City manager:				
Salaries and wages	\$ 353,050	\$ 353,050	\$ 350,243	\$ 2,807
Employee benefits	197,400	197,400	168,730	28,670
Services, supplies and other	254,164	198,164	154,608	43,556
	<u>804,614</u>	<u>748,614</u>	<u>673,581</u>	<u>75,033</u>
Clerk:				
Salaries and wages	179,950	179,950	173,297	6,653
Employee benefits	82,628	82,628	80,883	1,745
Services, supplies and other	33,110	33,110	27,559	5,551
	<u>295,688</u>	<u>295,688</u>	<u>281,739</u>	<u>13,949</u>
Personnel:				
Salaries and wages	58,000	58,000	54,796	3,204
Employee benefits	25,450	25,450	28,556	(3,106)
Services, supplies and other	60,087	71,087	69,534	1,553
	<u>143,537</u>	<u>154,537</u>	<u>152,886</u>	<u>1,651</u>
Information systems:				
Salaries and wages	146,210	147,885	147,835	50
Employee benefits	69,000	70,025	70,922	(897)
Services, supplies and other	178,263	178,263	163,613	14,650
	<u>393,473</u>	<u>396,173</u>	<u>382,370</u>	<u>13,803</u>
Finance:				
Salaries and wages	116,925	133,525	133,455	70
Employee benefits	73,850	73,850	72,746	1,104
Services, supplies and other	48,150	48,150	29,781	18,369
	<u>238,925</u>	<u>255,525</u>	<u>235,982</u>	<u>19,543</u>
Central services:				
Employee benefits	310,000	434,495	310,255	124,240
Services, supplies and other	130,000	12,805	135,042	(122,237)
	<u>440,000</u>	<u>447,300</u>	<u>445,297</u>	<u>2,003</u>
Planning and zoning:				
Salaries and wages	141,000	141,000	134,987	6,013
Employee benefits	68,000	68,000	68,106	(106)
Services, supplies and other	45,650	30,650	12,827	17,823
	<u>254,650</u>	<u>239,650</u>	<u>215,920</u>	<u>23,730</u>
Economic development:				
Services, supplies and other	31,800	31,800	22,952	8,848
	<u>31,800</u>	<u>31,800</u>	<u>22,952</u>	<u>8,848</u>
Total general government	<u>2,602,687</u>	<u>2,569,287</u>	<u>2,410,727</u>	<u>158,560</u>
<b>Judicial:</b>				
Municipal court:				
Services, supplies and other	468,000	468,000	400,252	67,748
Total judicial	<u>468,000</u>	<u>468,000</u>	<u>400,252</u>	<u>67,748</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, 2019**

<b>Expenditures (continued)</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Public safety:</b>				
Police:				
Salaries and wages	\$ 4,071,500	\$ 4,121,600	\$ 4,115,979	\$ 5,621
Employee benefits	2,341,500	2,341,500	2,366,431	(24,931)
Services, supplies and other	1,078,400	1,178,400	1,161,950	16,450
	<u>7,491,400</u>	<u>7,641,500</u>	<u>7,644,360</u>	<u>(2,860)</u>
Fire- Main station / ARFF:				
Salaries and wages	2,035,500	2,149,500	2,143,065	6,435
Employee benefits	1,238,500	1,238,500	1,143,429	95,071
Services, supplies and other	450,850	445,050	417,944	27,106
	<u>3,724,850</u>	<u>3,833,050</u>	<u>3,704,438</u>	<u>128,612</u>
Fire - Southside station:				
Services, supplies and other	8,250	8,250	5,457	2,793
	<u>8,250</u>	<u>8,250</u>	<u>5,457</u>	<u>2,793</u>
Fire - Downtown station:				
Salaries and wages	10,000	15,800	15,555	245
Services, supplies and other	41,100	41,100	20,249	20,851
	<u>51,100</u>	<u>56,900</u>	<u>35,804</u>	<u>21,096</u>
Total public safety	<u>11,275,600</u>	<u>11,539,700</u>	<u>11,398,758</u>	<u>149,641</u>
<b>Public works:</b>				
Public works:				
Salaries and wages	721,000	701,000	695,804	5,196
Employee benefits	358,500	358,500	350,620	7,880
Services, supplies and other	1,301,200	1,281,200	1,006,194	275,006
Capital outlay	-	-	218,240	(218,240)
	<u>2,380,700</u>	<u>2,340,700</u>	<u>2,270,858</u>	<u>69,842</u>
Fleet maintenance:				
Salaries and wages	302,950	334,950	334,370	580
Employee benefits	151,390	152,090	155,616	(3,526)
Services, supplies and other	65,850	65,850	33,314	32,536
	<u>520,190</u>	<u>552,890</u>	<u>523,300</u>	<u>29,590</u>
Engineering:				
Salaries and wages	110,000	94,000	90,927	3,073
Employee benefits	42,800	43,800	44,202	(402)
Services, supplies and other	75,924	75,924	18,276	57,648
	<u>228,724</u>	<u>213,724</u>	<u>153,405</u>	<u>60,319</u>
Building inspection:				
Salaries and wages	302,000	234,900	224,450	10,450
Employee benefits	153,900	152,900	112,840	40,060
Services, supplies and other	74,966	82,466	80,309	2,157
	<u>530,866</u>	<u>470,266</u>	<u>417,599</u>	<u>52,667</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, 2019**

<b>Expenditures (continued)</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
Facilities maintenance:				
Salaries and wages	\$ 239,325	\$ 239,325	\$ 231,694	\$ 7,631
Employee benefits	124,500	124,500	121,914	2,586
Services, supplies and other	369,400	344,400	281,390	63,010
	<u>733,225</u>	<u>708,225</u>	<u>634,998</u>	<u>73,227</u>
Community development:				
Salaries and wages	125,000	52,000	43,259	8,741
Employee benefits	51,230	51,230	21,638	29,592
Services, supplies and other	114,000	104,000	47,479	56,521
	<u>290,230</u>	<u>207,230</u>	<u>112,376</u>	<u>94,854</u>
Total public works	<u>4,683,935</u>	<u>4,493,035</u>	<u>4,112,536</u>	<u>380,499</u>
<b>Health:</b>				
Animal control:				
Salaries and wages	263,925	263,925	249,739	14,186
Employee benefits	142,000	142,000	136,012	5,988
Services, supplies and other	119,900	126,400	124,774	1,626
	<u>525,825</u>	<u>532,325</u>	<u>510,525</u>	<u>21,800</u>
Cemetery				
Salaries and wages	128,600	128,600	113,948	14,652
Employee benefits	77,550	77,550	69,806	7,744
Services, supplies and other	22,150	22,150	20,731	1,419
	<u>228,300</u>	<u>228,300</u>	<u>204,485</u>	<u>23,815</u>
Total health	<u>754,125</u>	<u>760,625</u>	<u>715,010</u>	<u>45,615</u>
<b>Culture and recreation:</b>				
Parks:				
Salaries and wages	460,950	425,950	418,045	7,905
Employee benefits	229,200	229,200	207,240	21,960
Services, supplies and other	151,260	151,260	138,435	12,825
	<u>841,410</u>	<u>806,410</u>	<u>763,720</u>	<u>42,690</u>
Swimming pool:				
Salaries and wages	261,625	250,325	219,788	30,537
Employee benefits	82,500	82,500	77,865	4,635
Services, supplies and other	164,700	164,700	123,635	41,065
	<u>508,825</u>	<u>497,525</u>	<u>421,288</u>	<u>76,237</u>
Total culture and recreation	<u>1,350,235</u>	<u>1,303,935</u>	<u>1,185,008</u>	<u>118,927</u>
<b>Community support:</b>				
Services, supplies and other	70,511	70,511	70,511	-
Total community support	<u>70,511</u>	<u>70,511</u>	<u>70,511</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, 2019**

<b>Expenditures (continued)</b>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Contingencies</b>	<u>\$ 318,076</u>	<u>\$ 318,076</u>	<u>\$ -</u>	<u>\$ 318,076</u>
Total expenditures	<u>21,523,169</u>	<u>21,523,169</u>	<u>20,292,802</u>	<u>1,230,367</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,197,483)</u>	<u>(2,197,483)</u>	<u>1,318,272</u>	<u>3,515,755</u>
<b>Other financing sources (uses):</b>				
Transfer to other funds	<u>(320,213)</u>	<u>(837,665)</u>	<u>(717,846)</u>	<u>119,819</u>
Transfer in from other funds	<u>303,803</u>	<u>303,803</u>	<u>303,803</u>	<u>-</u>
Total other financing sources (uses)	<u>(16,410)</u>	<u>(533,862)</u>	<u>(414,043)</u>	<u>119,819</u>
Net change in fund balance	<u>(2,213,893)</u>	<u>(2,731,345)</u>	<u>904,229</u>	<u>3,635,574</u>
Fund balance, beginning of year	<u>5,144,108</u>	<u>5,144,108</u>	<u>5,144,108</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 2,930,215</u></u>	<u><u>\$ 2,412,763</u></u>	<u><u>\$ 6,048,337</u></u>	<u><u>\$ 3,635,574</u></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, 2019**

	General (Budgetary Basis)	Revenue Stabilization	General (GAAP Basis)
<b>Revenues</b>			
Taxes	\$ 3,174,269	\$ -	\$ 3,174,269
Licenses and permits	1,926,919	-	1,926,919
Intergovernmental	15,089,291	-	15,089,291
Charges for services	934,438	-	934,438
Fines and forfeitures	87,899	-	87,899
Other revenues	330,379	-	330,379
Interest earnings	67,879	38,640	106,519
	<u>21,611,074</u>	<u>38,640</u>	<u>21,649,714</u>
Total revenues			
	<u>21,611,074</u>	<u>38,640</u>	<u>21,649,714</u>
<b>Expenditures</b>			
General government	2,410,727	-	2,410,727
Judicial	400,252	-	400,252
Public safety	11,398,758	-	11,398,758
Public works	4,112,536	-	4,112,536
Health	715,010	-	715,010
Culture and recreation	1,185,008	-	1,185,008
Community support	70,511	-	70,511
	<u>20,292,802</u>	<u>-</u>	<u>20,292,802</u>
Total expenditures			
	<u>20,292,802</u>	<u>-</u>	<u>20,292,802</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,318,272</u>	<u>38,640</u>	<u>1,356,912</u>
<b>Other financing sources (uses)</b>			
Transfers out	(717,846)	-	(717,846)
Transfers in	303,803	17,553	321,356
	<u>(414,043)</u>	<u>17,553</u>	<u>(396,490)</u>
Total other financing sources (uses)			
	<u>(414,043)</u>	<u>17,553</u>	<u>(396,490)</u>
Net change in fund balance	904,229	56,193	960,422
Fund balance, beginning of year	<u>5,144,108</u>	<u>1,892,635</u>	<u>7,036,743</u>
<b>Fund balance, end of year</b>	<u>\$ 6,048,337</u>	<u>\$ 1,948,828</u>	<u>\$ 7,997,165</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, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Taxes:				
Room taxes	\$ 3,700,000	\$ 3,700,000	\$ 3,984,135	\$ 284,135
Other revenues	2,100,000	2,100,000	2,294,786	194,786
Interest earnings	25,000	25,000	146,422	121,422
Total revenues	5,825,000	5,825,000	6,425,343	600,343
<b>Expenditures</b>				
Current:				
Culture and recreation:				
Parks and recreation:				
Services and supplies	5,000	5,000	5,000	-
Capital outlay	10,817,672	11,222,124	7,022,719	4,199,405
Other recreation:				
Elko Convention Center	1,291,684	1,291,684	1,377,034	(85,350)
Elko County Fairboard	132,142	132,142	139,493	(7,351)
Elko County Recreation Fairboard	156,250	156,250	174,366	(18,116)
Elko Snobowl Foundation	-	-	232	(232)
NV State Tourism	99,107	99,107	105,062	(5,955)
Western Folklife Center	66,071	66,071	69,747	(3,676)
Total expenditures	12,567,926	12,972,378	8,893,653	4,078,725
Excess (deficiency) of revenues over (under) expenditures	(6,742,926)	(7,147,378)	(2,468,310)	4,679,068
<b>Other financing sources (uses)</b>				
Transfers out	(1,376,440)	(1,390,640)	(1,394,363)	(3,723)
Transfers in	-	404,452	404,452	-
Total other financing sources (uses)	(1,376,440)	(986,188)	(989,911)	(3,723)
Net change in fund balance	(8,119,366)	(8,133,566)	(3,458,221)	4,675,345
Fund balance, beginning of year	9,140,927	9,140,927	9,140,927	-
<b>Fund balance, end of year</b>	<u>\$ 1,021,561</u>	<u>\$ 1,007,361</u>	<u>\$ 5,682,706</u>	<u>\$ 4,675,345</u>

**CITY OF ELKO, NEVADA**  
**Notes to Required Supplementary Information**  
**June 30, 2019**

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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, 2019**

	<u>General Fund Budgetary Basis)</u>	<u>Revenue Stabilization</u>	<u>General Fund (GAAP Basis)</u>
<b>Assets</b>			
Cash and investments	\$ 4,499,572	\$ 1,945,377	\$ 6,444,949
Receivables:			
Property taxes	43,652	-	43,652
Interest receivable	6,595	3,451	10,046
Other	224,334	-	224,334
Due from other governments	2,640,828	-	2,640,828
Due from other funds	-	-	-
Inventories and prepaids	8,656	-	8,656
Restricted cash and investments	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 7,423,637</u>	<u>\$ 1,948,828</u>	<u>\$ 9,372,465</u>
<b>Liabilities</b>			
Accounts payable	\$ 656,845	\$ -	\$ 656,845
Accrued liabilities	544,346	-	544,346
Due to other governments	3,036	-	3,036
Customer deposits	18,153	-	18,153
Unearned revenue	109,268	-	109,268
Total liabilities	<u>1,331,648</u>	<u>-</u>	<u>1,331,648</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	8,656	-	8,656
Committed:			
Revenue stabilization	-	1,948,828	1,948,828
Assigned to:			
Next year's budget appropriation	721,891	-	721,891
Unassigned	5,317,790	-	5,317,790
Total fund balances	<u>6,048,337</u>	<u>1,948,828</u>	<u>7,997,165</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,423,637</u>	<u>\$ 1,948,828</u>	<u>\$ 9,372,465</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, 2019**

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	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Interest earnings	\$ 10,155	\$ 38,640	\$ 28,485
Total revenues	<u>10,155</u>	<u>38,640</u>	<u>28,485</u>
<b>Other Financing Sources</b>			
Transfers in	<u>17,553</u>	<u>17,553</u>	<u>-</u>
Net change in fund balance	27,708	56,193	28,485
Fund balance, beginning of year	<u>1,892,635</u>	<u>1,892,635</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 1,920,343</u></u>	<u><u>\$ 1,948,828</u></u>	<u><u>\$ 28,485</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 **Capital Construction Fund** is used to account for projects financed from property taxes, land sales, and operating transfers.

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, 2019**

	<b>Special Revenue</b>				
	<b>Municipal</b>				
	<b>Youth</b>	<b>Court</b>	<b>Narcotics</b>	<b>Elko</b>	<b>Debt</b>
	<b>Recreation</b>	<b>Administration</b>	<b>Task</b>	<b>Redevelopment</b>	<b>Service</b>
		<b>Assessment</b>	<b>Force</b>	<b>Agency</b>	
<b>Assets</b>					
Cash and investments	\$ 119,283	\$ 68,477	\$ 89,867	\$ 1,048,872	\$ 403,348
Receivables:					
Taxes, delinquent	-	-	-	9,517	4,973
Interest	177	-	-	1,875	1,712
Other	-	385	-	-	-
Due from other governments	-	-	8,928	266	125,963
Restricted cash	-	-	-	-	573,529
Total assets	<u>\$ 119,460</u>	<u>\$ 68,862</u>	<u>\$ 98,795</u>	<u>\$ 1,060,530</u>	<u>\$ 1,109,525</u>
<b>Liabilities and</b>					
<b>Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 17,875	\$ -	\$ 1,010	\$ -	\$ -
Accrued liabilities	8,649	-	-	-	-
Customer deposits	-	-	-	-	-
Unearned revenue	-	-	93,939	-	-
Total liabilities	<u>26,524</u>	<u>-</u>	<u>94,949</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:					
Unavailable revenues - fuel taxes	-	-	-	-	46,442
Unavailable revenues - property taxes	-	-	-	9,517	4,973
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,517</u>	<u>51,415</u>
Fund Balances:					
Restricted for:					
Debt service	-	-	-	-	573,529
Judicial	-	68,862	-	-	-
Capital projects	-	-	-	-	-
Public Safety	-	-	3,846	-	-
Culture and recreation	92,936	-	-	-	-
Redevelopment Agency	-	-	-	1,051,013	-
Committed:					
Debt service	-	-	-	-	484,581
Capital projects	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>92,936</u>	<u>68,862</u>	<u>3,846</u>	<u>1,051,013</u>	<u>1,058,110</u>
Total liabilities and fund balances	<u>\$ 119,460</u>	<u>\$ 68,862</u>	<u>\$ 98,795</u>	<u>\$ 1,060,530</u>	<u>\$ 1,109,525</u>

Capital Projects					
Capital Construction	Ad Valorem Capital Projects	Public Improvement Development	Capital Equipment Reserve	Facility Reserve Fund	Total Nonmajor Governmental Funds
\$ 618,791	\$ 1,246,216	\$ 16,021	\$ 902,211	\$ 106,156	\$ 4,619,242
10,839	-	-	5,836	-	31,165
1,224	2,211	28	1,658	189	9,074
38,871	-	-	-	-	39,256
2,488	82,662	-	63,917	-	284,224
-	-	-	-	-	573,529
<u>\$ 672,213</u>	<u>\$ 1,331,089</u>	<u>\$ 16,049</u>	<u>\$ 973,622</u>	<u>\$ 106,345</u>	<u>\$ 5,556,490</u>
\$ -	\$ -	\$ -	\$ 39,594	\$ 31,464	\$ 89,943
-	-	-	-	-	8,649
309,033	-	-	-	-	309,033
-	-	-	-	-	93,939
<u>309,033</u>	<u>-</u>	<u>-</u>	<u>39,594</u>	<u>31,464</u>	<u>501,564</u>
-	-	-	-	-	46,442
10,839	-	-	5,836	-	31,165
<u>10,839</u>	<u>-</u>	<u>-</u>	<u>5,836</u>	<u>-</u>	<u>77,607</u>
-	-	-	-	-	573,529
-	-	-	-	-	68,862
352,341	1,331,089	16,049	-	-	1,699,479
-	-	-	-	-	3,846
-	-	-	-	-	92,936
-	-	-	-	-	1,051,013
-	-	-	-	-	484,581
-	-	-	928,192	74,881	1,003,073
-	-	-	-	-	-
<u>352,341</u>	<u>1,331,089</u>	<u>16,049</u>	<u>928,192</u>	<u>74,881</u>	<u>4,977,319</u>
<u>\$ 672,213</u>	<u>\$ 1,331,089</u>	<u>\$ 16,049</u>	<u>\$ 973,622</u>	<u>\$ 106,345</u>	<u>\$ 5,556,490</u>

**CITY OF ELKO, NEVADA**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	<b>Special Revenue</b>				
	<b>Municipal</b>				
	<b>Youth</b>	<b>Court</b>	<b>Narcotics</b>	<b>Elko</b>	
	<b>Recreation</b>	<b>Administration</b>	<b>Task</b>	<b>Redevelopment</b>	<b>Debt</b>
		<b>Assessment</b>	<b>Force</b>	<b>Agency</b>	<b>Service</b>
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ 330,915	\$ 373,000
Licenses, permits and fees	-	-	-	-	-
Intergovernmental revenue	-	4,140	32,757	-	490,286
Charges for services	200,170	-	-	-	-
Other revenues	20,195	-	2,000	-	-
Investment earnings	2,637	-	-	19,634	20,168
Total revenues	223,002	4,140	34,757	350,549	883,454
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	-
Judicial	-	-	-	-	-
Public safety	-	-	32,044	-	-
Public works	-	-	-	540	-
Culture and recreation	290,429	-	-	-	-
Debt service:					
Principal	-	-	-	-	1,130,000
Interest	-	-	-	-	558,307
Capital outlay	-	47,762	-	149,718	-
Total expenditures	290,429	47,762	32,044	150,258	1,688,307
Excess (deficiency) of revenues over (under) expenditures	(67,427)	(43,622)	2,713	200,291	(804,853)
<b>Other financing sources (uses)</b>					
Transfers in	126,200	-	-	-	608,162
Total other financing sources and uses	126,200	-	-	-	608,162
Net change in in fund balances	58,773	(43,622)	2,713	200,291	(196,691)
Fund balances, beginning of year	34,163	112,484	1,133	850,722	1,254,801
Fund balances, end of year	\$ 92,936	\$ 68,862	\$ 3,846	\$ 1,051,013	\$ 1,058,110

Capital Projects					
Capital Construction	Ad Valorem Capital Projects	Public Improvement Development	Capital Equipment Reserve	Facility Reserve Fund	Total Nonmajor Governmental Funds
\$ 798,060	\$ 329,069	\$ -	\$ 419,224	\$ -	\$ 2,250,268
171,364	-	-	-	-	171,364
-	-	-	432,533	-	959,716
-	-	-	-	-	200,170
-	-	-	27,703	-	49,898
8,995	22,265	318	18,980	2,615	95,612
978,419	351,334	318	898,440	2,615	3,727,028
-	-	-	37,366	-	37,366
-	-	-	-	-	-
-	-	-	-	-	32,044
-	-	-	-	-	540
-	-	-	-	-	290,429
-	-	-	-	-	1,130,000
-	-	-	-	-	558,307
1,067,614	-	-	989,998	65,754	2,320,846
1,067,614	-	-	1,027,364	65,754	4,369,532
(89,195)	351,334	318	(128,924)	(63,139)	(642,504)
113,000	-	-	26,330	26,330	900,022
113,000	-	-	26,330	26,330	900,022
23,805	351,334	318	(102,594)	(36,809)	257,518
328,536	979,755	15,731	1,030,786	111,690	4,719,801
\$ 352,341	\$ 1,331,089	\$ 16,049	\$ 928,192	\$ 74,881	\$ 4,977,319



**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, 2019**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Charges for services	\$ 193,700	\$ 200,170	\$ 6,470
Other revenues	6,000	20,195	14,195
Investment earnings	250	2,637	2,387
Total revenues	<u>199,950</u>	<u>223,002</u>	<u>23,052</u>
<b>Expenditures</b>			
Culture and recreation:			
Salaries and wages	133,400	133,396	4
Employee benefits	54,250	53,283	967
Service, supplies and other	164,750	103,750	61,000
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>352,400</u>	<u>290,429</u>	<u>61,971</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(152,450)</u>	<u>(67,427)</u>	<u>85,023</u>
<b>Other financing sources (uses)</b>			
Transfers in from other funds	<u>126,200</u>	<u>126,200</u>	<u>-</u>
Total other financing sources (uses)	<u>126,200</u>	<u>126,200</u>	<u>-</u>
Net change in fund balance	(26,250)	58,773	85,023
Fund balance, beginning of year	<u>34,163</u>	<u>34,163</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 7,913</u></u>	<u><u>\$ 92,936</u></u>	<u><u>\$ 85,023</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, 2019**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Intergovernmental revenue	\$ 4,000	\$ 4,140	\$ 140
Total revenues	4,000	4,140	140
<b>Expenditures</b>			
Judicial:			
Municipal court:			
Capital outlay	117,038	47,762	69,276
Total expenditures	117,038	47,762	69,276
Excess (deficiency) of revenues over (under) expenditures	(113,038)	(43,622)	69,416
Fund balance, beginning of year	112,484	112,484	-
<b>Fund balance, end of year</b>	<b>\$ (554)</b>	<b>\$ 68,862</b>	<b>\$ 69,416</b>

**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, 2019**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Intergovernmental revenue	\$ 32,000	\$ 32,757	\$ 757
Other revenues	-	2,000	2,000
Total revenues	32,000	34,757	2,757
<b>Expenditures</b>			
Public safety:			
Services, supplies and other	31,000	32,044	(1,044)
Capital outlay	1,000	-	1,000
Total expenditures	32,000	32,044	(44)
Excess (deficiency) of revenues over (under) expenditures	-	2,713	2,713
Fund balance, beginning of year	1,133	1,133	-
<b>Fund balance, end of year</b>	<u>\$ 1,133</u>	<u>\$ 3,846</u>	<u>\$ 2,713</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, 2019**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Taxes:			
Ad valorem	\$ 338,608	\$ 330,915	\$ (7,693)
Interest earnings	<u>4,750</u>	<u>19,634</u>	<u>14,884</u>
Total revenues	<u>343,358</u>	<u>350,549</u>	<u>7,191</u>
<b>Expenditures</b>			
Public works:			
Highways/streets:			
Services, supplies and other	20,100	540	19,560
Capital outlay	<u>1,126,772</u>	<u>149,718</u>	<u>977,054</u>
Total expenditures	<u>1,146,872</u>	<u>150,258</u>	<u>996,614</u>
Excess (deficiency) of revenues over (under) expenditures	(803,514)	200,291	1,003,805
Fund balance, beginning of year	<u>850,722</u>	<u>850,722</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 47,208</u></u>	<u><u>\$ 1,051,013</u></u>	<u><u>\$ 1,003,805</u></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, 2019**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Taxes:			
Ad valorem	\$ 357,303	\$ 373,000	\$ 15,697
Intergovernmental revenue	699,750	490,286	(209,464)
Interest earnings	4,000	20,168	16,168
Total revenues	<u>1,061,053</u>	<u>883,454</u>	<u>(177,599)</u>
<b>Expenditures</b>			
Debt service:			
Principal			
General obligation street bonds	465,000	465,000	-
General obligation medium-term public safety bonds	290,000	290,000	-
General obligation recreation facility bonds	375,000	375,000	-
Interest			
General obligation street bonds	280,581	279,581	1,000
General obligation medium-term public safety bonds	45,563	45,563	-
General obligation recreation facility bonds	233,162	233,163	(1)
Total debt service	<u>1,689,306</u>	<u>1,688,307</u>	<u>999</u>
Total expenditures	<u>1,689,306</u>	<u>1,688,307</u>	<u>999</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(628,253)</u>	<u>(804,853)</u>	<u>(176,600)</u>
<b>Other financing sources (uses)</b>			
Transfers in	<u>608,162</u>	<u>608,162</u>	<u>-</u>
Total other financing sources (uses)	<u>608,162</u>	<u>608,162</u>	<u>-</u>
Net change in fund balance	(20,091)	(196,691)	(176,600)
Fund balance, beginning of year	<u>1,254,801</u>	<u>1,254,801</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 1,234,710</u></u>	<u><u>\$ 1,058,110</u></u>	<u><u>\$ (176,600)</u></u>

**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, 2019**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Taxes:			
Ad valorem	\$ 795,309	\$ 798,060	\$ 2,751
Franchise fees	150,000	171,364	21,364
Interest earnings	<u>4,500</u>	<u>8,995</u>	<u>4,495</u>
Total revenues	<u>949,809</u>	<u>978,419</u>	<u>28,610</u>
<b>Expenditures</b>			
Capital outlay	<u>1,760,752</u>	<u>1,067,614</u>	<u>693,138</u>
Total expenditures	<u>1,760,752</u>	<u>1,067,614</u>	<u>693,138</u>
Excess (deficiency) of revenues over (under) expenditures	(810,943)	(89,195)	721,748
<b>Other Financing Sources</b>			
Transfers in	<u>113,000</u>	<u>113,000</u>	<u>-</u>
Net change in fund balance	(697,943)	23,805	721,748
Fund balance, beginning of year	<u>328,536</u>	<u>328,536</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ (369,407)</u></u>	<u><u>\$ 352,341</u></u>	<u><u>\$ 721,748</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, 2019**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Taxes:			
Ad valorem	\$ 302,628	\$ 329,069	\$ 26,441
Interest earnings	<u>3,000</u>	<u>22,265</u>	<u>19,265</u>
Total revenues	<u>305,628</u>	<u>351,334</u>	<u>45,706</u>
<b>Expenditures</b>			
Public works:			
Highways/streets:			
Capital outlay	<u>1,217,985</u>	<u>-</u>	<u>1,217,985</u>
Total expenditures	<u>1,217,985</u>	<u>-</u>	<u>1,217,985</u>
Excess (deficiency) of revenues over (under) expenditures	(912,357)	351,334	1,263,691
Fund balance, beginning of year	<u>979,755</u>	<u>979,755</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 67,398</u></u>	<u><u>\$ 1,331,089</u></u>	<u><u>\$ 1,263,691</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, 2019**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Interest earnings	\$ 100	\$ 318	\$ 218
Total revenues	<u>100</u>	<u>318</u>	<u>218</u>
<b>Expenditures</b>			
Public works:			
Capital outlay	<u>15,786</u>	<u>-</u>	<u>15,786</u>
Total expenditures	<u>15,786</u>	<u>-</u>	<u>15,786</u>
Excess (deficiency) of revenues over (under) expenditures	(15,686)	318	16,004
Fund balance, beginning of year	<u>-</u>	<u>15,731</u>	<u>15,731</u>
<b>Fund balance, end of year</b>	<u><u>\$ (15,686)</u></u>	<u><u>\$ 16,049</u></u>	<u><u>\$ 31,735</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, 2019**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Taxes:			
Ad valorem	\$ 409,953	\$ 419,224	\$ 9,271
Intergovernmental revenue	428,695	432,533	3,838
Other revenues	15,000	27,703	12,703
Interest earnings	7,500	18,980	11,480
	<u>861,148</u>	<u>898,440</u>	<u>37,292</u>
<b>Expenditures</b>			
General government:			
Services, supplies and other	55,000	37,366	17,634
Capital outlay	150,000	112,140	37,860
	<u>205,000</u>	<u>149,506</u>	<u>55,494</u>
Public safety:			
Capital outlay	826,300	607,125	219,175
	<u>826,300</u>	<u>607,125</u>	<u>219,175</u>
Public works:			
Capital outlay	288,100	270,733	17,367
	<u>288,100</u>	<u>270,733</u>	<u>17,367</u>
Total expenditures	<u>1,319,400</u>	<u>1,027,364</u>	<u>292,036</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(458,252)</u>	<u>(128,924)</u>	<u>329,328</u>
<b>Other financing sources (uses)</b>			
Transfers in	26,330	26,330	-
Total other financing sources (uses)	<u>26,330</u>	<u>26,330</u>	<u>-</u>
Net change in fund balance	(431,922)	(102,594)	329,328
Fund balance, beginning of year	<u>1,030,786</u>	<u>1,030,786</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 598,864</u></u>	<u><u>\$ 928,192</u></u>	<u><u>\$ 329,328</u></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, 2019**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Interest earnings	\$ 2,500	\$ 2,615	\$ 115
Total revenues	<u>2,500</u>	<u>2,615</u>	<u>115</u>
<b>Expenditures</b>			
Capital outlay	<u>75,000</u>	<u>65,754</u>	<u>9,246</u>
Total expenditures	<u>75,000</u>	<u>65,754</u>	<u>9,246</u>
Excess (deficiency) of revenues over (under) expenditures	(72,500)	(63,139)	9,361
<b>Other financing sources</b>			
Transfers in	<u>26,330</u>	<u>26,330</u>	<u>-</u>
Net change in fund balance	(46,170)	(36,809)	9,361
Fund balance, beginning of year	<u>111,690</u>	<u>111,690</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 65,520</u></u>	<u><u>\$ 74,881</u></u>	<u><u>\$ 9,361</u></u>

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**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, 2019**

	Final Budget	Actual	Variance with Final Budget
<b>Operating revenues</b>			
Charges for services	\$ 3,300,000	\$ 3,332,231	\$ 32,231
Other revenues	115,000	109,413	(5,587)
Total operating revenues	3,415,000	3,441,644	26,644
<b>Operating expenses</b>			
Administration			
Salaries	135,350	134,077	1,273
Employee benefits	63,250	62,223	1,027
Service, supplies and other	147,359	158,783	(11,424)
	345,959	355,083	(9,124)
Operations			
Salaries	639,800	639,490	310
Employee benefits	379,000	412,907	(33,907)
Service, supplies and other	1,027,993	1,104,744	(76,751)
	2,046,793	2,157,141	(110,348)
Plant and facilities			
Salaries	164,900	164,606	294
Employee benefits	46,100	44,641	1,459
Service, supplies and other	761,550	701,029	60,521
	972,550	910,276	62,274
Depreciation and amortization	550,000	595,033	(45,033)
Total operating expenses	3,915,302	4,017,533	(102,231)
Operating income (loss)	(500,302)	(575,889)	(75,587)
<b>Nonoperating revenues (expenses)</b>			
Interest income	60,000	164,968	104,968
Total nonoperating revenues (expenses)	60,000	164,968	104,968
Income (loss) before contributions and transfers	(440,302)	(410,921)	29,381
Connection fees	350,000	350,007	7
<b>Change in net position</b>	(90,302)	(60,914)	29,388
Net position, beginning of year	23,510,846	23,510,846	-
<b>Net position, end of year</b>	<u>\$ 23,420,544</u>	<u>\$ 23,449,932</u>	<u>\$ 29,388</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, 2019**

	Final Budget	Actual	Variance with Final Budget
<b>Operating revenues</b>			
Charges for services	\$ 2,675,000	\$ 2,964,104	\$ 289,104
Other revenues	17,500	16,054	(1,446)
Total operating revenues	<u>2,692,500</u>	<u>2,980,158</u>	<u>287,658</u>
<b>Operating expenses</b>			
Administration			
Salaries	215,250	178,702	36,548
Employee benefits	89,700	82,804	6,896
Service, supplies and other	168,541	184,849	(16,308)
	<u>473,491</u>	<u>446,355</u>	<u>27,136</u>
Operations			
Salaries	65,000	30,548	34,452
Employee benefits	30,900	(10,077)	40,977
Service, supplies and other	264,100	221,606	42,494
	<u>360,000</u>	<u>242,077</u>	<u>117,923</u>
Plant and facilities			
Salaries	544,500	521,537	22,963
Employee benefits	294,800	233,455	61,345
Service, supplies and other	1,440,763	1,384,668	56,095
	<u>2,280,063</u>	<u>2,139,660</u>	<u>140,403</u>
Laboratory			
Salaries	85,175	84,854	321
Employee benefits	37,900	38,681	(781)
Service, supplies and other	96,509	58,091	38,418
	<u>219,584</u>	<u>181,626</u>	<u>37,958</u>
Depreciation and amortization	<u>1,738,235</u>	<u>1,329,222</u>	<u>409,013</u>
Total operating expenses	<u>5,071,373</u>	<u>4,338,940</u>	<u>732,433</u>
Operating income (loss)	<u>(2,378,873)</u>	<u>(1,358,782)</u>	<u>1,020,091</u>
<b>Nonoperating revenues (expenses)</b>			
Sewer improvement fees	2,800,000	2,963,435	163,435
Interest income	100,000	300,112	200,112
Total nonoperating revenues (expenses)	<u>2,900,000</u>	<u>3,263,547</u>	<u>363,547</u>
Income (loss) before contributions and transfers	521,127	1,904,765	1,383,638
Connections fees	<u>400,000</u>	<u>314,850</u>	<u>(85,150)</u>
<b>Change in net position</b>	921,127	2,219,615	1,298,488
Net position, beginning of year	<u>43,098,872</u>	<u>43,098,872</u>	<u>-</u>
<b>Net position, end of year</b>	<u>\$ 44,019,999</u>	<u>\$ 45,318,487</u>	<u>\$ 1,298,488</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, 2019**

	Final Budget	Actual	Variance with Final Budget
<b>Operating revenues</b>			
Intergovernmental	\$ 21,220	\$ 21,997	\$ 777
Charges for services	258,000	334,291	76,291
Other revenues	671,153	741,986	70,833
Total operating revenues	950,373	1,098,274	147,901
<b>Operating expenses</b>			
Airport administration			
Salaries	65,100	54,897	10,203
Employee benefits	54,600	26,576	28,024
	119,700	81,473	38,227
Public Safety			
Salaries	50,000	32,027	17,973
Employee benefits	34,375	4,572	29,803
	84,375	36,599	47,776
Airport operations			
Salaries	233,700	233,440	260
Employee benefits	119,300	83,031	36,269
Service, supplies and other	289,800	158,276	131,524
	642,800	474,747	168,053
Airport terminal operations			
Service, supplies and other	145,200	114,829	30,371
Depreciation and amortization			
City funded	403,662	369,831	33,831
Federal unfunded	2,257,779	2,011,729	246,050
	2,661,441	2,381,560	279,881
Total operating expenses	3,653,516	3,089,208	564,308
Operating income (loss)	(2,703,143)	(1,990,934)	712,209
<b>Nonoperating revenues (expenses)</b>			
Interest income	5,000	29,998	24,998
Interest expense	(145,200)	(108,773)	36,427
Total nonoperating revenues (expenses)	(140,200)	(78,775)	61,425
Income (loss) before contributions and transfers	(2,843,343)	(2,069,709)	773,634
Grant revenue	3,100,000	2,149,729	(950,271)
Transfers in	577,475	461,378	(116,097)
<b>Change in net position</b>	834,132	541,398	(292,734)
Net position, beginning of year	33,866,095	33,866,095	-
<b>Net position, end of year</b>	\$ 34,700,227	\$ 34,407,493	\$ (292,734)

**CITY OF ELKO, NEVADA**  
**Landfill Fund**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Budget and Actual**  
**For the Year Ended June 30, 2019**

	Final Budget	Actual	Variance with Final Budget
<b>Operating revenues</b>			
Charges for services	\$ 1,745,000	\$ 1,985,060	\$ 240,060
Other revenues	58,500	60,379	1,879
Total operating revenues	1,803,500	2,045,439	241,939
<b>Operating expenses</b>			
Administration			
Salaries	73,250	72,837	413
Employee benefits	36,609	37,750	(1,141)
Service, supplies and other	37,726	30,649	7,077
	147,585	141,236	6,349
Operations			
Salaries	548,875	500,644	48,231
Employee benefits	256,200	205,513	50,687
Service, supplies and other	787,300	651,804	135,496
	1,592,375	1,357,961	234,414
Depreciation and amortization	213,803	227,251	(13,448)
Total operating expenses	1,953,763	1,726,448	227,315
Operating income (loss)	(150,263)	318,991	469,254
<b>Nonoperating revenues (expenses)</b>			
Interest income	12,000	37,992	25,992
Total nonoperating revenues (expenses)	12,000	37,992	25,992
<b>Change in net position</b>	(138,263)	356,983	495,246
Net position, beginning of year	3,174,431	3,174,431	-
<b>Net position, end of year</b>	<u>\$ 3,036,168</u>	<u>\$ 3,531,414</u>	<u>\$ 495,246</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, 2019**

	Final Budget	Actual	Variance with Final Budget
<b>Operating revenues</b>			
Charges for services	\$ 671,300	\$ 616,865	\$ (54,435)
Other revenues	22,000	7,826	(14,174)
Total operating revenues	693,300	624,691	(68,609)
<b>Operating expenses</b>			
Administration			
Salaries	27,000	26,640	360
Employee benefits	12,550	12,945	(395)
	39,550	39,585	(35)
Operations			
Salaries	210,650	171,869	38,781
Employee benefits	100,800	81,860	18,940
Service, supplies and other	415,650	301,403	114,247
	727,100	555,132	171,968
Depreciation and amortization	90,000	93,631	(3,631)
Total operating expenses	856,650	688,348	168,302
Operating income (loss)	(163,350)	(63,657)	99,693
<b>Nonoperating revenues (expenses)</b>			
Interest income	2,000	13,438	11,438
Total nonoperating revenues (expenses)	2,000	13,438	11,438
Income (loss) before contributions and transfers	(161,350)	(50,219)	111,131
Capital contributions	-	-	-
Transfers in from other funds	25,000	25,000	-
<b>Change in net position</b>	(136,350)	(25,219)	111,131
Net position, beginning of year	3,994,836	3,994,836	-
<b>Net position, end of year</b>	\$ 3,858,486	\$ 3,969,617	\$ 111,131

**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, 2019**

	Final Budget	Actual	Variance with Final Budget
<b>Operating revenues</b>			
Charges for services	\$ 2,745,000	\$ 2,348,671	\$ (396,329)
Total operating revenues	2,745,000	2,348,671	(396,329)
<b>Operating expenses</b>			
Employee benefits	3,070,000	2,206,499	863,501
Total operating expenses	3,070,000	2,206,499	863,501
Operating income (loss)	(325,000)	142,172	467,172
<b>Nonoperating revenues (expenses)</b>			
Interest income	6,500	35,686	29,186
Total nonoperating revenues (expenses)	6,500	35,686	29,186
<b>Change in net position</b>	(318,500)	177,858	496,358
Net position, beginning of year	1,450,770	1,450,770	-
<b>Net position, end of year</b>	<u>\$ 1,132,270</u>	<u>\$ 1,628,628</u>	<u>\$ 496,358</u>

## **COMPLIANCE SECTION**

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**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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 15, 2019.

**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. We did identify certain deficiencies in internal control, described in the schedule of findings and recommendations that we consider to be a significant deficiency. Refer to 2019-001 Year-End Accounting and Adjustments.

## 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  
November 15, 2019



**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, 2019. 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, 2019.

### Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to noncompliance findings identified in our audit is described in the accompanying corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### 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  
November 15, 2019



**CITY OF ELKO, NEVADA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

---

**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?      | <u>      </u> yes | <u>  X  </u> no  |
| • Significant deficiencies identified? | <u>  X  </u> yes  | <u>      </u> no |

Noncompliance material to financial statements noted?

       yes      X   no

Federal Awards

Internal Control over major programs:

- |  |                   |                 |
|--|-------------------|-----------------|
| • Material weaknesses identified?      | <u>      </u> yes | <u>  X  </u> no |
| • Significant deficiencies identified? | <u>      </u> yes | <u>  X  </u> 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?

  X   yes           no

Identification of major programs.

CFDA Number(s)

Name of Federal Program or Cluster

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, 2019**

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**Section II - Financial Statement Findings**

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**Material Weaknesses:**

None noted.

**Significant Deficiencies:**

2019-001.      Year-End Accounting and Adjustments

*Criteria:* Statement on Auditing Standards number 115 requires us to consider and report material audit adjustments as a material weakness or significant deficiency.

*Condition:* Management appears to make a significant effort to reconcile accounts and to post journal entries before the audit; nevertheless, during our audit we made recommendations for several journal entries that were not initially identified by the City's internal controls that were necessary to correctly account for various activities.

*Cause:* The City had turnover in key financial reporting positions which caused the City to not follow established controls over year-end adjustments.

*Effect:* The City's financial statements would not have been fairly stated in all material respects without the adjustments.

*Recommendation:* We recommend that management review the journal entries and discuss them with us to ensure they agree with the entries and understand the purpose and underlying accounting principles associated with each entry and that management continue its efforts to record all year-end adjustments in a timely manner with the new staff on hand.

**CITY OF ELKO, NEVADA**  
**Schedule of Findings and Questioned Costs, Continued**  
**For the Year Ended June 30, 2019**

---

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

---

2019-001.      FAA Records Reporting (CFDA 20.106)

*Criteria:* The Federal Aviation Administration (FAA) requires that an entity which receives money in the Airport Improvement Program (AIP) file certain reports and maintain records and documents reflecting the operating and financial information of the City airport during the period of performance.

*Condition:* We noted that the City properly filed the required FAA form 5100-127 with the FAA. However, the report did not contain accurate information and was not filed within the required time frame.

*Cause:* The City did not follow established controls to initially submit accurate and timely reports to the FAA.

*Effect:* The City is not in compliance with the reporting requirements for the AIP grant received from the FAA.

*Recommendation:* We recommend the City follow the established controls to ensure that all reports are properly and timely prepared and submitted with accurate information.

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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, 2019**

<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	\$ 31,189
Office of Criminal Justice Assistance	16.738	17 - JAG - 09	28,440
Office of Criminal Justice Assistance	16.738	17 - JAG - 06	9,725
Direct Programs:			
Bulletproof Vest Partnership Program	16.607	HW-2015-10-SB	<u>7,253</u>
<b>Total Department of Justice</b>			<b><u>76,607</u></b>
<u>U.S. Department of Transportation</u>			
Direct Program:			
Airport Improvement Program	20.106	3-32-0005-048-2017	47,474
Airport Improvement Program	20.106	3-32-0005-049-2018	<u>2,102,255</u>
			2,149,729
<b>Total Department of Transportation</b>			<b><u>2,149,729</u></b>
<u>The Department of Homeland Security</u>			
Direct Program:			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	N/A	74,911
Nevada Department of Public Safety			
Division of Emergency Management & Homeland Security	97.036	97036-18	<u>68,465</u>
<b>Total Department of Homeland Security</b>			<b><u>143,376</u></b>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 2,369,712</u></b>

**CITY OF ELKO, NEVADA**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2019**

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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, 2019. 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	\$ 188,794
Non-major funds:	
Narcotics Task Force fund	31,189
	<u>219,983</u>
Business-Type Activities:	
Airport Fund	2,149,729
Total	<u><u>\$ 2,369,712</u></u>

**Indirect Cost Rate:**

The City did not elect to use the 10% de minimis indirect cost rate for fiscal year 2019.

**Federal Loans:**

The City did not have any federal loans for fiscal year 2019.

**Subrecipients:**

There were no subrecipients for fiscal year 2019.

**CITY OF ELKO, NEVADA**  
**Schedule of Expenditures of Passenger Facility Charges**  
**For the Year Ended June 30, 2019**

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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	\$ 17,900	\$ 21,022	\$ 18,285	\$ 20,426	\$ 77,633
Total	<u>\$ 17,900</u>	<u>\$ 21,022</u>	<u>\$ 18,285</u>	<u>\$ 20,426</u>	<u>\$ 77,633</u>



## Financial Statement Findings:

### 2019-001      Year-End Accounting and Adjustments

**Criteria:** Statement on Auditing Standards number 115 requires us to consider and report material audit adjustments as a material weakness or significant deficiency.

**Condition:** Management appears to make a significant effort to reconcile accounts and to post journal entries before the audit; nevertheless, during our audit we made recommendations for several journal entries that were not initially identified by the City's internal controls that were necessary to correctly account for various activities.

#### Corrective Action:

The City of Elko's Administrative Services Director position was vacant during the second half of 2018-2019, resulting in multiple reassignments of administrative staff. The Accounting Supervisor was appointed to the Acting Accounting Manager role and the City Manager assumed responsibility for the FY 2019-2020 budget process. The auditors and the State of Nevada Department of Taxation were notified of the vacancy and reassignment of key job duties.

Although every effort was made to ensure that tasks were completed timely and accurately, existing City Staff had little direct involvement with previous year-end audit preparation. Therefore, additional assistance was required with some FY 2018-2019 year-end journal entries.

The City of Elko recently hired a Financial Services Director who will direct, manage, and oversee financial reporting, general accounting, budget preparation, and audit coordination.

## Federal Awards Findings:

### 2019-001      FAA Records Reporting (CFDA 20.106)

**Criteria:** The Federal Aviation Administration (FAA) requires that an entity which receives money in the Airport Improvement Plan (AIP) file certain reports and maintain records and documents reflecting the operating and financial information of the City Airport during the period of performance.

**Condition:** We noted that the City properly filed the required FAA form 5100-127 with the FAA. However, the report did not contain accurate information and was not filed within the required time frame.

#### Corrective Action:

The FAA requires all commercial airports to file forms 5100-126 and 5100-127 within 120 days after the end of their fiscal year. Until recently, the Administrative Services Director was responsible for all financial reporting for Elko Regional Airport.

On June 24, 2019 the FAA notified us that the fiscal year 2016, 2017 and 2018 Operating and Financial Summary Reports were past due. Upon notification, the Acting Accounting Manager gained access to the FAA Compliance Activity Tracking Systems (CATS) and discovered that the reports for 2016, 2017 and 2018 were entered but had not been submitted.



Due to the delinquency, City Staff quickly reviewed and submitted the reports to the FAA, assuming they had been accurately prepared by the Administrative Services Director. Unfortunately, the original reports were inaccurate.

The City of Elko recognizes the FAA reporting requirements and has allocated additional resources to ensure future compliance. The new Financial Services Director will direct, manage, and oversee financial reporting, general accounting, budget preparation and audit coordination and ensure prior Operating and Financial Summary Reports are accurate and future reports are timely and accurate.

The City of Elko endured significant staff turnover during FY 2018-2019. We believe all noted findings have been appropriately addressed, thereby preventing noncompliance in the future.

Sincerely,

A handwritten signature in blue ink, appearing to read "Curtis Calder", with a stylized, flowing script.

Curtis Calder  
City Manger



## **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, 2019 and have issued our report thereon dated November 15, 2019. 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:

We noted one instance of noncompliance during fiscal year 2019. The Water fund and Narcotics Task Force funds exceeded final budget appropriations by \$102,231 and \$44 respectively. The City of Elko has taken steps to act upon recommendations made in prior years.

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, 2019.

#### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with NRS 354.624 and 354.6241. Our finding is described in note 3 of the financial statements. Our opinion on compliance is not modified with respect to this matter.

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*

HintonBurdick, PLLC  
St. George, Utah  
November 15, 2019

**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, 2019**

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Flat fixed fees:

Business license revenue for the year ended June 30, 2018	512,526
---	---------

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, 2019	4.63%	536,256
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Actual revenue for the year ended June 30, 2019	<u>495,617</u>
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Actual amount over (under) allowable amount	<u><u>\$ (40,639)</u></u>
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**Elko City Council  
Agenda Action Sheet**

1. Title: **Review, consideration, and possible direction to Staff to solicit bids for the 18" Water Line Relocation, and matters related thereto. FOR POSSIBLE ACTION**
2. Meeting Date: **November 26, 2019**
3. Agenda Category: **APPROPRIATION**
4. Time Required: **5 Minutes**
5. Background Information: **When the contractor was installing utilities for Dunkin Donuts, the 18" water main was found in the parcel where the building will be located. Approximately 240' of 18" water main will need to be relocated into the existing utility easement where it belongs. A portion of the water line will also need to be removed where the proposed building will be located. This project has been designed, engineered, and plans have been approved by NDEP. Staff is ready to go to bid with this project. DJ**
6. Budget Information:  

**Appropriation Required: Unknown until bid opening. Target is 93K**  
**Budget amount available: Unbudgeted 18" Water Main Relocation**  
**Fund name: Water**
7. Business Impact Statement: **Not Required**
8. Supplemental Agenda Information: **Construction Documents and Engineers Estimate**
9. Recommended Motion: **Direct Staff to solicit bids for the 18" Water Line Relocation**
10. Prepared By: **Dale Johnson, Utilities Director**
11. Committee/Other Agency Review:
12. Council Action:
13. Council Agenda Distribution:

# 18" WATER LINE RELOCATION

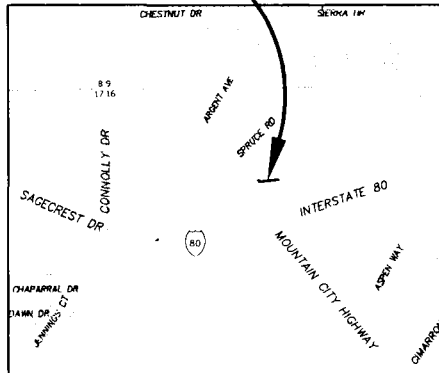
## PROJECT LOCATION

### LEGEND

EXISTING SANITARY SEWER MANHOLE	②	EXISTING STORM DRAIN	②
EXISTING SANITARY SEWER LINE	②	EXISTING STORM DRAIN MANHOLE	②
FUTURE SANITARY SEWER LATERAL	②	FUTURE STORM DRAIN	②
EXISTING GAS LINE	②	EXISTING TELEPHONE VAULT	②
EXISTING WATER LINE	②	EXISTING UNDERGROUND TELEPHONE LINE	②
EXISTING WATER VALVE	②	EXISTING OVERHEAD POWER LINE	②
EXISTING FIRE HYDRANT	②	DETAIL REFERENCE NUMBER FOR	②
PROPOSED WATER LINE	②	DETAILS ON SHEET C-3	②
POTABLE WATER AIR RELEASE	②		

## PROJECT INFORMATION

- 1 ZONING C - COMMERCIAL  
2 APN = 001-660-141  
3 PARCEL ADDRESS = 2452 MOUNTAIN CITY HIGHWAY.  
ELKO NEVADA 89801  
4 LEGAL DESCRIPTION = PARCEL NO 3 OF FILE NO 753624  
IN THE OFFICE OF THE ELKO COUNTY RECORDER



## VICINITY MAP

### PROJECT SPECIFICATIONS:

- [illegible]

**ABBREVIATIONS:**

A.C.	ASPHALTIC CONCRETE
B.C.	BENCH CURVE
C.C.	CEMENT-PORTLAND CEMENT
C.	CURB OR CURB FACE
C.C.	CEMENT CONCRETE
C.M.P.	COMBUSTIBLE METAL PIPE
CONC.	CONCRETE
C.P.	CONCRETE PIPE
D.I.	DROPLET
D.I.	DUCTILE IRON PIPE
E.L.	ELEVATION
E.L.	ELEVATION
E.V.C.	END OF VERTICAL CURVE
E.	EASTING
E.G.	EASTING GRADE
F.F.	FRESH FLOOD
F.F.	FRESH FLOOD
F.H.	FIRE HAZARD
F.L.	FLOW LINE
G.	GRASS
G.C.	GEOTECHNICAL
G.V.	GRADE VALVE
G.E.	GRADE ENCAP
HORIZ.	HORIZONTAL
INS.	INSULATION
INT.	INTERSECTION
I.P.	INCH PIPE ELEVATION
I.	INLET
L.F.	LINEAR FEET
M.A.	MANHOLE
P.I.	POINT OF INTERSECTION
P.I.	POINT OF INTERSECTION
P.L.	POINT OF TANGENCY
P.V.C.	POINT OF VERTICAL CURVE
P.V.	POINT OF VERTICAL CURVE
P.L.	PROPERTY LINE
H.	HANDRAIL
H.	HANDRAIL
H.F.	HITCHHIKER
H.C.P.	HORN BEHIND CONCRETE IS HORN
H.	HORN
H.O.	HORN OF WAY
L.F.	LINEAR FEET
L.F.	LINEAR FEET
M.H.	MANHOLE
M.H.	MANHOLE
S.S.	SEWER SINKER
S.S.C.	SEWER SINKER CLEANOUT
S.W.	SLOPE
S.W.	SLOPE
SHT.	SHIELD
S.T.	STATION
S.T.	STATION
T.B.	TOP BACK OF CURB
T.C.	TOP OF CURB
T.C.	TOP OF CURB
T.P.	TYPE
V.E.	VERTICAL
V.E.	VERTICAL CURVE
V.P.	VERTICAL POINT OF INTERSECTION
V.P.	VERTICAL

## PROJECT CONTACTS

## CITY OF ELKO

CITY OF ELKO UTILITIES DEPARTMENT  
1751 COLLEGE AVENUE  
ELKO, NEVADA 89801  
CONTACT: RYAN LIMBERG OR DALE JOHNSON  
(775) 777-7212

## CIVIL ENGINEER

CARTER ENGINEERING, LLC  
P.O. BOX 794  
ELKO, NEVADA 89801  
CONTACT: LANA L. CARTER, P.E.  
(775) 397-2531

**SURVEYOR**

HIGH DESERT ENGINEERING, LLC  
640 IDAHO STREET  
ELKO, NEVADA 89801  
CONTACT: ROBERT E. MORLEY, P.L.S.  
(775) 738-4053



## SHEET INDEX

- |    |                                   |
|----|-----------------------------------|
| C1 | TITLE SHEET & SITE SPECIFICATIONS |
| C2 | PLAN AND PROFILE                  |
| C3 | WATER DETAILS                     |



DESIGN BY	ILIC	<div style="text-align: center;"> <p><b>CITY OF ELKO</b></p> <p><b>18" WATER LINE RELOCATION</b></p> <p><b>TITLE SHEET AND SPECIFICATIONS</b></p> </div>	<div style="text-align: center;"> <p><b>Carter Engineering, LLC</b>  <b>Civil Engineering</b>  P.O. Box 794  Elko, Nevada 89603  775-397-2531</p> </div>	REV.	DATE	DESCRIPTION
DRAWN BY	ILIC					
CHECKED BY	ILIC					
DATE	10-10-19					
JOB NO.	17-2019	DWS NO.	2019-14			

**SHEET**

**C1**

**SCALE**

**HORIZ. 1"=100'**

**VERT. 1"=20'**

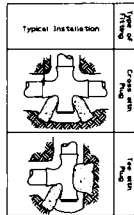
OF 3



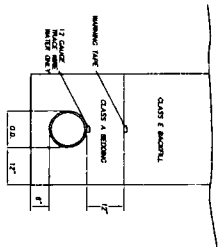


Type of Thrust	45° Thrust	90° Thrust	11 1/2° Thrust	18° Thrust
Typical Installation				

THRUST BLOCK BEARING AREA (SQ. FT.)									
Thrust	45° Thrust	90° Thrust	11 1/2° Thrust	18° Thrust	Thrust	45° Thrust	90° Thrust	11 1/2° Thrust	18° Thrust
1	1	1	1	1	1	1	1	1	1
2	2	2	2	2	2	2	2	2	2
3	3	3	3	3	3	3	3	3	3
4	4	4	4	4	4	4	4	4	4
5	5	5	5	5	5	5	5	5	5
6	6	6	6	6	6	6	6	6	6
7	7	7	7	7	7	7	7	7	7
8	8	8	8	8	8	8	8	8	8
9	9	9	9	9	9	9	9	9	9
10	10	10	10	10	10	10	10	10	10
11	11	11	11	11	11	11	11	11	11
12	12	12	12	12	12	12	12	12	12
13	13	13	13	13	13	13	13	13	13
14	14	14	14	14	14	14	14	14	14
15	15	15	15	15	15	15	15	15	15
16	16	16	16	16	16	16	16	16	16
17	17	17	17	17	17	17	17	17	17
18	18	18	18	18	18	18	18	18	18
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20	20	20	20	20	20	20	20	20	20

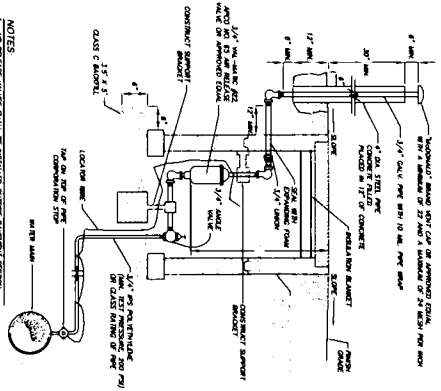


- NOTES
1. Thrust blocks to be constructed of Class "C" concrete.
  2. Thrust blocks to be constructed of Class "C" concrete.
  3. Thrust blocks to be constructed of Class "C" concrete.
  4. Thrust blocks to be constructed of Class "C" concrete.
- STANDARD THRUST BLOCKS (A)

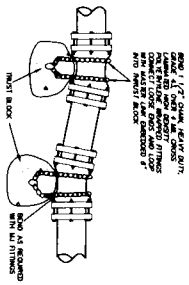


1. Thrust blocks to be constructed of Class "C" concrete.
2. Thrust blocks to be constructed of Class "C" concrete.
3. Thrust blocks to be constructed of Class "C" concrete.
4. Thrust blocks to be constructed of Class "C" concrete.
5. Thrust blocks to be constructed of Class "C" concrete.

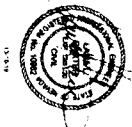
TRENCH DETAIL (C)



- NOTES
1. Thrust blocks to be constructed of Class "C" concrete.
  2. Thrust blocks to be constructed of Class "C" concrete.
  3. Thrust blocks to be constructed of Class "C" concrete.
  4. Thrust blocks to be constructed of Class "C" concrete.
  5. Thrust blocks to be constructed of Class "C" concrete.
- POTABLE WATER AIR RELEASE (B)



TYPE 2 THRUST BLOCK (D)



Estimate for 18" Water Line Relocation  
November 6th, 2019

**Carter Engineering, LLC**  
**Civil Engineering**

P. O. Box 794  
Elko, Nevada 89803  
775-397-2531



Item #	Item	Unit	Quantity	Unit Price	Total
1	Remove existing 18" water Line	LF	87	\$ 75.00	\$ 6,525.00
2	Remove & Replace Curb and Gutter	LF	60	\$ 50.00	\$ 3,000.00
3	18" C900 DR18 Water Line	LF	235	\$ 210.00	\$ 49,350.00
4	18" 90° Bend (MJ)	EA	2	\$ 3,200.00	\$ 6,400.00
5	22.5° Bend (MJ)	EA	1	\$ 3,200.00	\$ 3,200.00
6	11.25° Bend (MJ)	EA	2	\$ 3,200.00	\$ 6,400.00
7	Romac Coupling	EA	1	\$ 3,200.00	\$ 3,200.00
8	Potable Water Air Release	EA	1	\$ 4,000.00	\$ 4,000.00
9	Reseeding of Disturbed Areas	LS	1	\$ 3,000.00	\$ 2,000.00
				<b>Total</b>	<b>\$ 84,075.00</b>
				10% Contingency	<b>\$ 8,407.50</b>
				<b>Grand Total</b>	<b>\$ 92,482.50</b>

Agenda Item IV.A.

**Elko City Council  
Agenda Action Sheet**

1. Title: **Status update on the Public Nuisance complaint regarding 403 Pine Street, and matters related thereto. INFORMATION ONLY-NON ACTION ITEM**
2. Meeting Date: **November 26, 2019**
3. Agenda Category: **UNFINISHED BUSINESS**
4. Time Required: **5 Minutes**
5. Background Information: **Based upon City Council action on October 22, 2019, Staff is providing a status update with regard to 403 Pine Street. CC**
6. Budget Information:  
    Appropriation Required: **N/A**  
    Budget amount available: **N/A**  
    Fund name: **N/A**
7. Business Impact Statement: **Not Required**
8. Supplemental Agenda Information: **N/A**
9. Recommended Motion: **N/A**
10. Prepared By: **Curtis Calder, City Manager**
11. Committee/Other Agency Review: **N/A**
12. Council Action:
13. Agenda Distribution:

**Elko City Council  
Agenda Action Sheet**

1. Title: **Review, consideration and possible approval of a Non-Exclusive Franchise Agreement between the City of Elko and White Cloud Communications Incorporated for Data Communications Over, Under, In, Along and Across Public Roads in the City of Elko, and matters related thereto. FOR POSSIBLE ACTION**
2. Meeting Date: **November 26, 2019**
3. Agenda Category: **NEW BUSINESS**
4. Time Required: **15 Minutes**
5. Background Information: **The proposed term of the agreement is 10 (ten) years and provides for a 5 (five) year renewal provided the terms and conditions remain the same. The proposed franchise fee is 5 (five) percent of the gross revenues actually collected from customers located within the corporate limits of the City. CL**
6. Budget Information:  
    Appropriation Required: **NA**  
    Budget amount available: **NA**  
    Fund name: **NA**
7. Business Impact Statement: **Not Required**
8. Supplemental Agenda Information: **None**
9. Recommended Motion: **Move to approve a Non-Exclusive Franchise Agreement between the City of Elko and White Cloud Communications Incorporated for Data Communications Over, Under, In, Along and Across Public Roads in the City of Elko**
10. Prepared By: **Scott A. Wilkinson, City of Elko Assistant City Manager**
11. Committee/Other Agency Review: **Legal**
12. Council Action:
13. Agenda Distribution: **Dave Skinner**  
    [dskinner@whitecloudcom.com](mailto:dskinner@whitecloudcom.com)

**NONEXCLUSIVE FRANCHISE AGREEMENT  
FOR PURPOSE OF CONVEYING DATA COMMUNICATIONS OVER, UNDER, IN,  
ALONG AND ACROSS PUBLIC ROADS OF THE CITY**

**Between**

**THE CITY OF ELKO, NEVADA**

**and**

**WHITE CLOUD COMMUNICATIONS INCORPORATED  
an Idaho Corporation**

\_\_\_\_\_, 2019

**FRANCHISE AGREEMENT BETWEEN THE CITY OF ELKO AND LEVEL 3  
COMMUNICATIONS, LLC ("GRANTEE"), A DELAWARE LIMITED LIABILITY  
COMPANY**

THIS FRANCHISE AGREEMENT (hereinafter "Agreement") is entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 2019 (hereinafter the "Effective Date"), by and between the City of Elko, Nevada, a municipal corporation and political subdivision of the State of Nevada (hereinafter the "City"), and White Cloud Communications Incorporated, an Idaho Corporation, with offices at 633 Main Avenue East, Twin Falls, Idaho 83301 (hereinafter the "Grantee").

**WITNESSETH:**

**WHEREAS**, the Grantee desires to provide telecommunication services ("Telecommunication Services") within the City and in connection therewith to establish a telecommunication services network in, under, along, over, and across present and future rights-of-way and other property of the City, consisting of telecommunication services lines, conduit, fiber, cables, manholes, handholes, and all other necessary appurtenances ("System" or "Telecommunication Services Network");

**WHEREAS**, the City, in the exercise of its management of public rights-of-way, believes that it is in the best interest of the public to provide the Grantee a nonexclusive franchise to install, operate, repair, remove, replace, and maintain a Telecommunication Services Network in the City;

**WHEREAS**, the City and Grantee have negotiated an arrangement whereby the Grantee may provide its Telecommunication Services within the City pursuant to the terms and conditions outlined in this Agreement, in accordance with NRS 268.088, which provides that the City shall not impose any terms or conditions on a franchise for the provision of telecommunication service or interactive computer service other than terms or conditions concerning the placement and location of the telephone or telegraph lines and fees imposed for a business license or the franchise, right or privilege to construct, install or operate such lines; and

**NOW THEREFORE**, in consideration of the mutual covenants and agreements of the parties contained herein, and for other good and valuable consideration, the City and the Grantee agree as follows:

**ARTICLE 1  
FRANCHISE**

**1.1 Franchise.** Upon approval by the City Council and execution by the parties, this Agreement shall be deemed to constitute a contract by and between the City and the Grantee pursuant to which the Grantee is authorized and granted a special privilege to utilize public property in the manner and subject to the terms and conditions described herein.

**1.2 Grant of Franchise.** The Telecommunication Services Franchise ("Franchise") granted hereunder shall, subject to the terms and conditions of this Agreement, confer upon the Grantee the nonexclusive authorization and special privilege to install, operate, repair, maintain,

remove, upgrade, and replace its Telecommunication Services Network on, over, and under the present and future City-owned utility easements, streets, roads and public rights-of-way within the political boundaries of the City (hereinafter collectively referred to as the "City's Rights-of-Way") in order to provide Telecommunication Services.

**1.3 Encroachment.** Grantee shall only encroach in and on the City's Rights-of-Way and other City-owned property in accordance with this Agreement and shall independently obtain all permissions necessary to encroach on other property, to include privately-owned property within the City.

## **ARTICLE 2 CONSIDERATION**

**2.1 Franchise Fee.** For and in consideration of the Franchise granted hereunder, the Grantee agrees to pay to the City 5% of Grantee's gross revenues actually collected from customers located within the corporate limits of the City (the "Franchise Fee"). Such gross revenues shall exclude: (1) long distance access charges; (2) emergency 911 fees and surcharges; (3) equipment and other non-tariffed items which may be provided to the customers; and (4) any other franchise fees, permit fees, business fees, or taxes payable by the Grantee by reason of its engaging in the business of furnishing Telecommunication Services in the City. Such payments shall be made quarterly, within sixty (60) days after the expiration of each calendar quarter or portion thereof, during which the Franchise granted hereunder is in effect. The Franchise Fee shall be calculated based on revenues, as detailed above, generated by Grantee during the applicable quarter of the calendar year. The Grantee shall not be required to provide a performance bond, deposit, or other financial security in return for the Franchise granted herein.

Nothing in this Agreement shall relieve the Grantee of the obligation to obtain such City business and other licenses and permits as are then required for the furnishing, sale or distribution of fiber optic services or otherwise conducting activities within the City; provided, however, the amount of annual gross receipts or revenues used to calculate the Franchise Fee shall be reduced by the amount of the annual business license or permit fee paid by the Grantee to the City for engaging in the business of the furnishing, sale or distribution of fiber optic services to the inhabitants of the City and if in any year the business license or permit fee shall exceed the said business license or permit fee, the Franchise Fee shall not be payable to the City for that year. This paragraph shall not be interpreted as a waiver of Grantee's right to challenge a City licensing or permitting requirement through the appropriate legal process.

### **2.2 Records and Reports.**

The City shall have access at all reasonable hours to the Grantee's books, records, reports, contracts and bookkeeping and accounting procedures to the extent reasonably necessary to calculate or substantiate the amount of the Franchise Fee or to otherwise verify compliance with this Agreement, except as otherwise limited by any applicable privacy laws, including but not limited to 47 U.S.C. § 222. In addition to the foregoing, the Grantee shall, within thirty (30) days of the end of each year of the Term, file both an annual summary report showing gross revenues received by the Grantee from its operations in the City during the preceding twelve (12) month period and such other information as the City shall reasonably request with respect to the Grantee's

use of the public roads and other public property within the City. Notwithstanding the foregoing, the City shall maintain the confidentiality of all records and reports obtained from the Grantee pursuant to this Section 2.2, unless disclosure is required pursuant to the Nevada Public Records law or otherwise by operation of law.

**2.3 Equal Treatment.** City agrees that if any service forming part of the base for calculating the Franchise Fee under this Agreement is, or becomes, subject to competition from a third party, the City will either impose and collect from such third party a fee or tax, if any, in the same manner and amount as specified herein, plus any other fee or tax charged in this Agreement, or waive collection of the Franchise Fee and any other fee or tax specified herein that are subject to such competition.

### **ARTICLE 3 TERM AND RENEWAL**

**3.1 Term and Renewal.** The Franchise granted to Grantee shall be for a period of ten (10) years, commencing on the Effective Date; the foregoing period or any extension thereof is herein referred to as the "Term." At the end of the initial ten (10) year Term, the Franchise granted herein may be renewed by the Grantee upon the same terms and conditions as are contained in this Agreement for an additional five (5) year period by providing to the City's representative designated herein written notice of the Grantee's intent to renew not less than one hundred fifty (150) calendar days before the expiration of the initial ten (10) period.

**3.2 Rights of Grantee Upon Expiration or Revocation.** Upon expiration of the Franchise granted herein, whether by lapse of time, by agreement between the Grantee and the City, or by revocation or forfeiture, the Grantee shall have the right to remove from the City's Rights-of-Way any and all of its Telecommunication Services Network, but in such event, it shall be the duty of the Grantee, immediately upon such removal, to restore the City's Rights-of-Way from which such Telecommunication Services Network was removed to as good a condition as the same was in before the removal was effected, normal wear and tear excepted.

Alternatively, upon expiration of the Franchise granted herein, whether by lapse of time, by agreement between the Grantee and the City, or by revocation or forfeiture, the Grantee shall have the right to abandon in place any or all of its Telecommunication Services Network in its sole, reasonable discretion. Thereafter, the Grantee shall cede good title to any or all of its Telecommunication Services Network abandoned in place to the City by way of bill of sale and quit claim deed, with no express or implied warranties whatsoever, including those of merchantability, condition, quality, or fitness for a particular purpose.

### **ARTICLE 4 USE AND RELOCATION OF FACILITIES UPON CITY'S RIGHTS-OF-WAY**

**4.1 Franchise Rights to Use the Public Right-of-Way.**



(a) The Grantee shall have the right to use the City's Rights-of-Way within the City to construct and maintain its Telecommunication Services Network subject to the conditions set forth in this Agreement.

(b) In addition, Grantee shall have the right to utilize any easements across private property granted to the City for public utility purposes (unless otherwise limited by the easement deed or by contract), provided the City's written permission, which shall be reasonably provided, is obtained in each case. Grantee specifically understands and acknowledges that certain City easements and rights-of-way may be prescriptive in nature, and that nothing in this Franchise extends permission to use an easement or right-of-way beyond the scope of the right that the City has acquired, and Grantee's right to use such easements and rights-of-way shall be subject to any applicable third party prior or after-acquired interests.

(c) All work performed by Grantee in the City's Rights-of-Way shall be done in compliance with the City's most recent standards and specifications and in accordance with all applicable permit requirements, all of which shall not conflict with the terms and conditions of this Agreement or NRS 268.088. The Telecommunication Services Network shall further be installed, constructed and maintained in accordance with Section 8-18-3 of the Elko City Code and any applicable Federal and state laws, orders of the Nevada Public Utilities Commission, and all work performed in relation thereto shall be done in a good and workmanlike manner.

**4.2 Grantee Duty to Relocate; Subordination to City Use.** Whenever the City shall require the relocation or reinstallation of any of the Telecommunication Services Network of the Grantee or its successors or assigns in any of the streets, alleys, rights-of-way, above ground facilities, or public property of the City, it shall be the obligation of the Grantee, upon notice of such requirement and written demand from the City to the Grantee, and within a reasonable time thereof, but not more than ninety (90) calendar days, weather permitting, to remove and relocate or reinstall such Telecommunication Services Network as may be reasonably necessary to meet the requirements of the City. Such relocation, removal, or reinstallation by the Grantee shall be at no cost to the City. Notwithstanding the foregoing, the duty of the Grantee to install or relocate its lines underground shall be subject to the provisions of paragraph 4.4 below. Any money and all rights to reimbursement from the State of Nevada or the federal government to which the Grantee may be entitled for work done by Grantee pursuant to this paragraph shall be the property of the Grantee. In the event the City or a private third-party or a third-party utility has required the Grantee to relocate its Telecommunication Services Network to accommodate a private third-party or third-party utility, Grantee may pursue any and all legal and equitable means to obtain compensation from such private third-party or third-party utility.

**4.3 Duty to Obtain Approval to Move Grantee's Property; Emergency.** Except as otherwise provided in this Agreement, the City, without the prior written approval of the Grantee, shall not intentionally alter, remove, relocate, or otherwise interfere with any of the Grantee's Telecommunication Services Network. However, if it becomes necessary to cut, move, remove, or damage any of the cables, appliances, or other fixtures of the Telecommunication Services Network of the Grantee because of a fire, emergency posing an imminent threat of serious harm to persons or property, disaster, or imminent threat of serious harm to persons or property thereof,

these acts may be done without prior written approval of the Grantee, and the repairs thereby rendered necessary shall be made by the Grantee, without charge to the City.

**4.4 Location to Minimize Interference.** All lines, pipes, conduits, equipment, property, structures, handholes, manholes, and assets of the Grantee shall be located so as to minimize interference with the use of streets, alleys, rights-of-way, and public property, including use and occupancy by others, and shall reasonably avoid interference with the rights of owners of private property that abuts any of said streets, alleys, rights-of-way, or public property. Grantee must cooperate with City and other franchisees and users of public property, and coordinate activities and schedules to minimize public inconvenience, disruption or damages.

**4.5 Requirements Applicable to Placement of Telecommunication Services Network in City's Rights-of-Way.**

(a) If any portion of a sidewalk, curb, gutter, street, alley, public road, right of way or other public property shall be damaged by reason of defects in the Telecommunications Services Network that is utilized, maintained or constructed under this Franchise, or by reason of any other cause arising from the Grantee's operations, Grantee shall, at its own cost and expense, within sixty (60) days, unless delayed by abnormal weather conditions or acts of God, labor disputes or unavailability of materials, repair any such damage and restore such sidewalk, curb, gutter, street, alley, public road, right of way or other public property, or portion thereof, to as good a condition as it existed before such excavation disturbance, work or other cause of damage occurred.

(b) Subject to paragraph 4.2 above, the Grantee shall relocate, without expense to the City, and within a reasonable time, but in not less than ninety (90) calendar days after the delivery of notice from the City, all or part of the Telecommunication Services Network installed pursuant to this Franchise if and when made necessary by any change of grade, alignment or width of any public road by the City; provided, however, that this provision shall remain in effect only so long as such public road shall remain under the jurisdiction of City as a public road; further provided that the City may, if available, provide a suitable substitute rights-of-way within which Grantee may relocate its Telecommunication Services Network. Notwithstanding the foregoing, in the event the City no longer owns the public road or right-of-way in which Grantee's Telecommunication Services Network is located, all obligations of the City hereunder with respect to that public road or right-of-way shall thereupon terminate. Nothing herein shall be construed to prohibit or restrict any obligation the State or any other third party might otherwise have for the cost of relocating Grantee's Telecommunication Services Network.

(c) All of the Telecommunication Services Network of the Grantee which are installed and/or used pursuant to this Franchise shall be installed, constructed and maintained in a good and workmanlike manner and in compliance with all applicable laws and ordinances then in effect, together with the orders, rules and regulations of the Public Utilities Commission of the State of Nevada. Before the work of installing new or the upgrade of existing Telecommunication Services Network is commenced, the Grantee shall coordinate the location thereof with the City and, as an accommodation to the Grantee, the City will provide historical and other information to assist in the location of such lines and appurtenances as may be reasonably necessary to avoid sewers, water pipes, conduits and other structures located in or under public roads and rights-of-way of the City;

provided, however, the City shall not be not responsible for the accuracy of any such information and Grantee shall have the sole responsibility for avoiding sewers, water pipes, conduits and other structures that are present.

(d) Grantee shall comply with all provisions of the Elko City Code, Chapter 2, Title 8, entitled "Conditions of Utility Occupancy of Public Roads and City Street Cuts and Repairs" not in conflict with NRS 268.088 or any other applicable federal or state law or regulation.

**4.6 Construction Standards.** Prior to any construction or excavation, the Grantee shall submit plans, stamped by a registered Nevada professional engineering, depicting the locations of the proposed Telecommunication Services Network. Plans must be reasonably approved by the City and proper permits obtained prior to commencing such work. Grantee shall further supply the City, at no cost and on a yearly basis, an accurate as-built record of all Telecommunications Services Network located in the City's Rights-of-Way. The as-built records shall be submitted in an electronic AutoCAD format on the City's coordinate system, along with one (1) paper copy of the Telecommunications Services Network located in the City.

## **ARTICLE 5 SEVERABILITY**

**5. Severability.** If any section, sentence, paragraph, term or provision of this Agreement is for any reason determined to be or rendered illegal, invalid, or superseded or is determined to be unconstitutional, illegal or invalid by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision, and such determination shall have no effect on the validity of any other section, sentence, paragraph, term, or provision, all of which shall remain in full force and effect for the term of this Agreement or any renewal or renewals thereof.

## **ARTICLE 6 ACCEPTANCE BY THE GRANTEE OF FRANCHISE**

**6. Grantee Duty to Approve Franchise Agreement.** If the Grantee has not duly executed this Agreement prior to the City Council's adoption of the corresponding Ordinance, within thirty calendar days after the effective date of the City Council's adoption of the Ordinance, the Grantee shall execute this Agreement; otherwise, this Agreement and any ordinance adopted relating thereto and all rights granted hereunder shall be null and void.

## **ARTICLE 7 GENERAL PROVISIONS**

**7.1 Binding Agreement.** The parties represent that (a) when executed by their respective representatives, this Agreement shall constitute a binding obligation of the parties; and (b) each party has complied with all applicable statutes, ordinances, resolutions, by-laws and other legal requirements needed to enter into this Agreement.

**7.2 Governing Law.** This Agreement shall be interpreted pursuant to Nevada law.

**7.3 Interpretation of Agreement.** If any provision of this Agreement shall be held or declared to be void, invalid or illegal, for any reason, by any court of competent jurisdiction, such provision shall be ineffective but shall not in any way invalidate or effect any other clause, paragraph, section or part of this Agreement. Whenever the context of any provision shall require it, the singular number shall be held to include the plural number, and vice versa, and the use of any gender shall include any other and all genders. The paragraphs and article headings in this Agreement are for convenience only and do not constitute a part of the provisions hereof.

**7.4 No Presumption.** All parties have participated in preparing this Agreement. Therefore, the parties stipulate that any court interpreting or construing the Agreement shall not apply the rule of construction that the Agreement should be more strictly construed against the drafting party.

**7.5 Entire Agreement and Amendments.** This document contains the entire Agreement of the parties hereto with respect to matters covered hereby, and no other agreement, statement or promise made by any party hereto, or agent of such party, which is not contained or incorporated herein, save and except any ordinance or other action of the Elko City Council in furtherance hereof, shall be binding or valid. No purported modification, amendment or other change in this Agreement shall be valid unless set forth in writing, and signed by both Grantee and the City, and approved by the City Council if so required. This Agreement replaces and supersedes any existing contract between the City and Grantee pertaining to the subject matter hereof, to include the services described herein and the Franchise Fees associated therewith. This paragraph shall not be interpreted as a waiver of Grantee's right to challenge a City licensing or permitting requirement through the appropriate legal process.

**7.6 Binding Agreement.** This Agreement shall be binding upon the heirs, successors, administrators and assigns of each of the parties.

**7.7 Jurisdiction and Venue.** Jurisdiction and venue for any disputes arising under this Agreement shall be in the United States District Court for the District of Nevada (Northern Division) or, if the Federal court lacks subject matter jurisdiction, then in the Fourth Judicial District Court in and for the County of Elko, State of Nevada.

**7.8 Notices.** Under this Agreement, whenever provision is made for notice of any kind, it shall be deemed sufficient notice and service thereof if the said notice is in writing and is personally served or is deposited in the mail in a properly stamped envelope to be delivered by certified mail, return receipt requested, addressed as follows:

If to the City:

Attention: City Manager  
City of Elko  
1751 College Avenue  
Elko, Nevada 89801

If to Grantee:

Attention: Dave Skinner  
White Cloud Communications NV  
633 Main Ave. East  
Twin Falls, Idaho 83301  
Office 208-733-5470  
Cell 208-421-0026

Joseph Shelton  
White Communications, Inc  
633 Main Avenue East  
Twin Falls, Idaho 83301  
Office 208-733-5470  
Cell 208-308-1234

Dale Lotspeich  
White Cloud Communications NV  
180 River Street, Suite A  
Elko, Nevada 89801  
Office 775-738-4055  
Cell 775-340 6078

Changes in the respective addresses to which such notices shall be directed may be made from time to time by either party. Notice of any such change in address shall be directed to the other party in writing by certified mail, return receipt requested.

**7.9 Waivers.** One or more waivers of any covenant, agreement or condition of default regarding provisions of this Agreement by either the City or Grantee shall not be construed as a waiver of a further breach of the same covenant, agreement, condition or the right of such party thereafter to enforce every provision.

**7.10 Rights, Remedies and Benefits Cumulative.** The rights, remedies and benefits provided by this Agreement shall be cumulative and shall not be exclusive of any other said rights, remedies and benefits, nor of any other rights, remedies and benefits allowed by law.

*[SIGNATURE PAGE(S) FOLLOWING]*

**CITY OF ELKO**

By: \_\_\_\_\_

**REECE KEENER, Mayor**

**ATTEST:**

By: \_\_\_\_\_

**Kelley Woolridge, City Clerk**

**WHITE CLOUD COMMUNICATIONS  
INCORPORATED**

By: \_\_\_\_\_

**TBD**

Its: \_\_\_\_\_

**Elko City Council  
Agenda Action Sheet**

1. Title: **Review, consideration, and possible adoption of Resolution No. 30-19, a resolution finding it is in the best interest of the City to sell City owned real property without offering the property for sale to the public, and matters related thereto. FOR POSSIBLE ACTION**
2. Meeting Date: **November 26, 2019**
3. Agenda Category: **RESOLUTION**
4. Time Required: **10 Minutes**
5. Background Information: **At the September 24, 2019 meeting, Council approved the sale of 14,300 square feet of a 24.334 acre parcel (APN 001-610-075) of land adjacent to APN's 001-610-096, 097, & 098 based on NRS 268.061. Adoption of this Resolution finds that it is in the best interest of the City to sell City owned real property as a remnant without offering the property for sale to the public. Adopting this Resolution is the next step in the process to complete the sale. CL**
6. Budget Information:  
    Appropriation Required: **NA**  
    Budget amount available: **NA**  
    Fund name: **NA**
7. Business Impact Statement: **Not Required**
8. Supplemental Agenda Information: **Resolution No. 30.19, Appraisal**
9. Recommended Motion: **Adopt Resolution No. 30-19**
10. Prepared By: **Cathy Laughlin, City Planner**
11. Committee/Other Agency Review:
12. Council Action:
13. Agenda Distribution: **Koinonia Development LP.**  
    **[johns.koinonia@gmail.com](mailto:johns.koinonia@gmail.com)**  
    **[elkoluke@gmail.com](mailto:elkoluke@gmail.com)**

**CITY OF ELKO  
RESOLUTION NO. 30-19**

**A RESOLUTION APPROVING THE SALE OF SMALL  
PARCEL TO ADJACENT PROPERTY OWNER,  
KOINONIA DEVELOPMENT LP.**

Upon introduction and motion by Councilmember \_\_\_\_\_ and seconded by Councilmember \_\_\_\_\_, the following Resolution was passed and adopted by no less than a two-thirds (2/3) vote of the Elko City Council:

WHEREAS, pursuant to NRS 268.061 and Elko City Code 8-1-4, the Elko City Council may under certain circumstances sell City-owned real property without obtaining appraisals and without offering the real property for sale at a public auction;

WHEREAS, NRS 268.061(1)(e)(1)(II) states as follows:

*(e) A governing body may sell or lease any real property owned by the city without complying with the provisions of this section and NRS 268.059 and 268.062 to:*

*(I) A person who owns real property located adjacent to the real property to be sold or leased if the governing body has determined by resolution that the sale or lease will be in the best interest of the city and the real property is a:*

*(II) Parcel that, as a result of its size, is too small to establish an economically viable use by anyone other than the person who owns real property adjacent to the real property offered for sale or lease[.]*

WHEREAS, the City owns an irregular 14,300 S.F. parcel, described at Exhibit A hereto and shown on the map at Exhibit B hereto, forming a portion of APN: 001-610-075 (the "Parcel"), located on a portion 3150 Argent Avenue in the City of Elko, adjacent to three parcels owned by Koinonia Development LP. property, identified as APN 001-610-096, APN 001-610-097 and APN 001-610-098, respectively;

WHEREAS, the Parcel, as a result of its size, is too small to establish an economically viable use by anyone other than Koinonia Development LP.;

WHEREAS, the City has by appraisal established a value for the Parcel of \$14,300.00;

WHEREAS, Koinonia Development LP. has made an offer to purchase the Parcel for the sum of \$14,300.00, plus costs, payable in full at the close of sale;

WHEREAS, the sale to Koinonia Development LP. meets the criteria set forth in NRS 268.061(1)(e)(1)(II) for the sale of certain small parcels to adjacent property owners; and

WHEREAS, it is in the best interest of the City to sell the Parcel to Koinonia



Development LP. under the terms and conditions set forth in this resolution;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE ELKO CITY COUNCIL THAT that the Parcel shall be sold to Koinonia Development LP. for the sum of \$14,300.00, plus costs (such costs to include legal/document preparation fees, publication fees (if any), title insurance (if any) and all other costs related to the sale) payable in cash or by cashier's check in full at the close of sale;

IT IS FURTHER RESOLVED THAT the Mayor is authorized to execute all closing documents on behalf of the City, including a Grant, Bargain and Sale Deed conveying the Parcel to Koinonia Development LP.;

IT IS FURTHER RESOLVED THAT upon adoption of this Resolution by the City Council, it shall be signed by the Mayor and attested by the City Clerk and shall thereupon be in full force and effect.

PASSED AND ADOPTED this \_\_ day of November, 2019, by the following vote of the Elko City Council:

APPROVED this \_\_ day of November, 2019.

CITY OF ELKO

By: \_\_\_\_\_  
REECE KEENER, Mayor

ATTEST:

\_\_\_\_\_  
KELLY WOOLDRIDGE, City Clerk

VOTE:

AYES:

NAYES:       None

ABSENT:       None

ABSTAIN:      None



**JOHN S. WRIGHT & ASSOCIATES**  
REAL ESTATE APPRAISALS AND CONSULTING

AN APPRAISAL OF  
**14,300± SQUARE FOOT PORTION  
OF A 24.334± ACRE OF VACANT LAND**

Owned by the  
City of Elko

Located  
Approximately 100.00 feet south of North 5<sup>th</sup> Street,  
At a point 426.46± feet west of Chris Avenue,  
Elko, Elko County, Nevada

Prepared for  
City of Elko  
Planning Department  
1751 College Avenue  
Elko, NV 89801  
Attn.: Shelby Archuleta

***Serving Northern Nevada***

*Mailing Address:*  
135 Isidor Court, Suite B  
Sparks, Nevada 89441

Phone: 775-626-3993  
Fax: 775-384-9274

JSWA

AN APPRAISAL OF  
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Prepared for  
City of Elko  
Planning Department  
1751 College Avenue  
Elko, NV 89801  
Attn.: Shelby Archuleta

For the Purposes of Supporting the Following Opinions of Value:

Valuation Scenario	Property Rights	Date of Value
Market Value	Fee Simple	October 31, 2019



## JOHN S. WRIGHT & ASSOCIATES, LLC.

REAL ESTATE APPRAISALS AND CONSULTING  
135 Isidor Court, Suite B, Sparks, NV 89441

Phone: 775-626-3993  
Fax: 775-384-9274

November 16, 2019

City of Elko  
Planning Department  
1751 College Avenue  
Elko, NV 89801  
Attn.: Shelby Archuleta

RE: A portion of APN 001-610-075  
3150 Argent Avenue  
Elko, NV 89801

Dear Ms. Archuleta:

This is in response to your request for an appraisal report addressing the Market Value of the fee simple interest of an irregularly shaped long, narrow portion of a 24.46± acre parcel of land located between Chris Avenue and Copper Street, east of Argent Avenue in north Elko, Elko County, Nevada. The Parent Parcel, of which the subject is a part, is improved with the Mountain View City Park. The Parent Parcel, which is owned by the City of Elko, has an address of 3150 Argent Avenue and may be further identified as Elko County Assessor's Parcel Number 001-610-075. A legal description of the Parent Parcel was not available to the undersigned.

The subject property is a 14,300± square foot, long, narrow portion on the southeast portion of the Parent Parcel. The southern portion of the subject site, is 25' wide and 315' long, before turning to the northwest and widening, before narrowing to a point. The subject property has no street frontage and no legal access. The subject is gently to moderately sloping down to the west. The site has no utility services. Although the subject is part of a Parent Parcel improved with a city park, the subject property is not landscaped or improved with any improvements. The ground cover on the subject site is sagebrush and native grasses. There do not appear to be any earthquake hazards, soils conditions, floodplains, wetlands or other similar factors adversely impacting the development potential of the subject sites. According to the City of Elko, the subject property is zoned PQP (Public Quasi-Public), a zoning used for properties in public use.

The subject property has insufficient shape and access to support independent development potential. Additionally, the subject is separated from the balance of the Parent Parcel by a drainageway that passes water south to a Detention facility south of the Parent Parcel on the south side of Chris Avenue. The subject property is proposed to be purchased by Koinonia Development, Limited Partnership, who is proposing a townhouse project on the 2.973± acres of land between the subject property and North 5<sup>th</sup> Street. The Koinonia property is also referred to in this analysis as the Receiving Parcel.

The subject property is proposed to be sold to Koinonia Development under NRS 268.061 1. (e), which allows the governing body to sell property owned by the City to any person(s) who owns property adjacent to such property without offering it to the public if the governing body determines, by resolution, that the

JSWA

sale will be in the best interest of the City, and that the property to be sold is a parcel that is too small to establish an economically viable use by anyone else.

The procedure for an NRS 268.061 1. (e) sale is for the city to obtain an appraisal on the property to be sold addressing the Market Value of the property to be sold. In a November 13, 2019 phone conversation, Ms. Cathy Laughlin, City Planner for the City of Elko indicated to the undersigned that because under NRS 268.061 1. (e) the subject property can only be sold to the adjoining property owner, the city has interpreted that the "Market Value" is the value to the Receiving Parcel, not the value on the open market to a "typical buyer". Generally, the value to a specific buyer is called "Investment Value", not market value. Under the city interpretation a reporting of exposure time has no relevance because there is only one buyer, who will decide to buy or not buy. In this report, I have appraised the subject using the City of Elko's interpretation of Market Value.

The subject property is located in a mixed-use residential and commercial area in northern Elko. As a general statement, the development along North 5<sup>th</sup> Street involves commercial uses, while the development away from North 5<sup>th</sup> Street involves residential uses. There are no inharmonious uses in the vicinity of the subject. The subject property and the Elko area are more completely discussed in the following report.

The appraisal was prepared to assist the City of Elko to negotiate a sale of the subject property to the owner of the Receiving Parcel, in accordance with Nevada Revised Statutes. The following Appraisal Report was prepared in conformance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. Furthermore, the report is intended to comply with Nevada State law. The attached report presents and summarizes the data, reasoning and analyses that were used in the appraisal process to develop the opinions of value. The depth of analysis is intended to satisfy the needs of the client and the intended users, who are identified subsequently in this report. As I have completed appraisals on a number of commercial properties in the Northern Nevada area, including properties in Elko, I attest to having adequate geographic and technical competence to complete a competent appraisal of the subject

This appraisal is also based on the following Extraordinary Assumptions:

1. In completing this report, I was not provided with a Preliminary Title Report, an Alta Survey or any similar document detailing any encumbrances on the subject site. This appraisal is based on the Extraordinary Assumption that there are no easements or other encumbrances on the subject that would impact the value of the site. The use of this assumption may have affected the assignment results.
2. As part of the Parent Parcel, the subject is zoned PQP, (Public, Quasi-Public). Under the current zoning, very little private development would be allowed. This appraisal is based on the assumption that upon assemblage with the Receiving Parcel the subject could be rezoned "C" (Commercial) to match the zoning on the Receiving Parcel.

To correctly understand this appraisal and to not be misleading, I wish to call the reader's attention to the following items:

1. The city of Elko is laid-out in a southwesterly to northeasterly direction. Idaho Street is laid out in this direction. However, the local convention in the Elko market is that Idaho Street and Interstate 80 are east-west streets and the intersecting streets, such as Mountain City Highway and Lamoille Highway, are deemed to be north-south streets. As a result, in the following analysis, the local convention has been used. This means that Commercial Street is identified as an east-west street, while Fifth Street is designated as a north-south street.
2. The subject property is proposed to be sold to Koinonia Development under NRS 268.061 1. (e) allows the governing body to sell the property owned by the City to any person(s) who owns property adjacent to such property without offering it to the public if the governing body determines, by resolution, that the sale will be in the best interest of the City, and the property is a parcel that is too small to establish an economically viable use by anyone else.

The procedure for an NRS 268.061 1. (e) sale is for the city to obtain an appraisal on the property to be sold addressing the Market Value of the property to be sold. It should be noted that NRS reportedly does not include a definition of Market Value. NRS does include a definition of Fair Market Value in conjunction with condemnation, which speaks to the highest price, which would not be appropriate for this assignment.

In a November 13, 2019 phone conversation, Ms. Cathy Laughlin, City Planner for the City of Elko indicated to the undersigned that because under NRS 268.061 1. (e) the subject property can only be sold to the owner of the Receiving Parcel, the City of Elko has interpreted that the "Market Value" is the extent which the property being appraised increases the value of the adjoining property, not the value on the open market to a "typical buyer". Generally, the value to a specific buyer is called "Investment Value", not market value. Under the city interpretation a reporting of exposure time has no relevance because there is only one buyer, who will decide to buy or not buy. In this report, I have appraised the subject using the City of Elko's interpretation of Market Value.

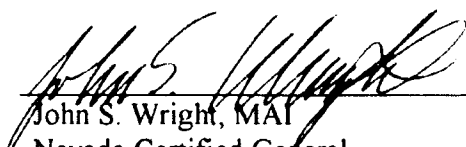
The following appraisal is also based the following hypothetical condition.

1. The subject is currently part of a larger 24.46± acre parcel. However, in this appraisal, the subject has been valued as though it is a separate legal parcel. Because it is not a separate legal parcel, valuing the subject as though it were a separate parcel does represent a hypothetical condition. As this condition is deemed reasonable for analysis purpose it is permitted under USPAP.

This appraisal is not based on any contingencies. Based upon a careful analysis of the available data, and upon thorough personal investigation of the subject property and the comparable properties analyzed, the following value conclusion was derived for the subject, as of the date of valuation.

Valuation Scenario	Date of Value	Value Conclusion
Market Value	October 31, 2019	\$14,300

Respectfully submitted,

  
 John S. Wright, MAI  
 Nevada Certified General  
 License Number A.0000191-CG  
 Expires 31 May 2021

  
 JSWA

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**SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS**

<b>Property Name</b>	A 14,300± square foot portion of the 24.334± acre Mountain View City Park site
<b>Address</b>	
Parent Parcel	3150 Argent Avenue, Elko, Nevada 89801
Subject Property	Not yet assigned
Receiving Parcel	Not yet assigned
<b>Location</b>	
Parent Parcel	The northwest side of Chris Avenue, 272.00± feet south of 5 <sup>th</sup> Avenue, Elko, Elko County, Nevada
Subject Property	Approximately 100' west of North 5 <sup>th</sup> Street, at a point 426.46± feet north of Chris Avenue, Elko, Elko County, Nevada
Receiving Parcel	West side of North 5 <sup>th</sup> Street, 426.46± feet north of Chris Avenue, Elko, Elko County, Nevada
<b>Legal Description</b>	
Parent Parcel	Not yet available
Subject Property	See page 52
Receiving Parcel	Parcels 1, 2, 3 and 4 as shown on the certain Parcel Map for North VII, a general partnership filed in the office of the County Recorder of Elko County, State of Nevada on October 30, 1997, as File No. 416535, Official Records.
<b>Owner of Record</b>	
Parent Parcel	City of Elko
Subject Property	City of Elko
Receiving Parcel	Koinonia Development, LP, a Nevada limited partnership
<b>Assessor's Parcel Number</b>	
Parent Parcel	001-610-075
Subject Property	Portion of 001-610-075
Receiving Parcel	001-610-096, 097, 098 & 099
<b>Land Area</b>	
Parent Parcel	24.46± acres (1,065,478± square feet)
Subject Property	0.328± acres (14,300± square feet)
Receiving Parcel	2.975± acres (129,504± square feet)
Receiving Parcel plus Subject Property	3.301± acres (143,804± square feet)



**Zoning**

Parent Parcel  
Subject Property  
Receiving Parcel

PQP (Public, Quasi-Public)  
PQP (Public, Quasi-Public)  
C (Commercial)

**Flood Zone**

The subject property is located in an Unshaded Zone "X" per Flood Insurance Rate Map Community Panel Number 32007C5606E, with an effective date of September 4, 2013. This designation indicates areas outside the limits of a 100-year floodplain. Federal flood insurance is not required in any Zone X designation.

**Topography**

The subject is gently to moderately sloping down to the west

**Unusual Seismic Hazards**

None noted.

**Soils**

Assumed to be typical for the area

**Environmental Concerns**

The subject is being valued assuming there are no environmental concerns.

**Utilities**

There are utilities in the vicinity of the subject site, but there are no utility services to the subject site.

**Wetlands**

None within the boundaries of the subject property

**Existing Improvements**

The subject property is currently vacant and unimproved

**Benefit to the Adjoining Property**

The assemblage of the subject to the adjoining site allows the development potential of the adjoining site to increase from 41 townhouse units to 44 townhouse units.

**Highest and Best Use**

Assemblage to the adjoining site

**Date of Report**

November 16, 2019

**Type of Report**

Appraisal Report

**Scope of Analysis**

All analyses necessary to produce credible appraisal results

**Property Rights Appraised**

Fee Simple Interest

**Extraordinary Assumptions**

1. In completing this report, I was not provided with a Preliminary Title Report, an Alta Survey or any similar document detailing any encumbrances on the subject site. This appraisal is based on the Extraordinary Assumption that there are no easements or other encumbrances on the subject that would impact the value of the site. The use of this assumption may have affected the assignment results.
2. As part of the Parent Parcel, the subject is zoned PQP, (Public, Quasi-Public). Under the current zoning, very little private development would be allowed. This appraisal is based on the assumption that upon assemblage with the Receiving Parcel the subject could be rezoned "C" (Commercial) to match the zoning on the Receiving Parcel.

**Hypothetical Conditions**

1. The subject is currently part of a larger 24.46± acre parcel. However, in this appraisal, the subject has been valued as though it is a separate legal parcel. Because it is not a separate legal parcel, valuing the subject as though it were a separate parcel does represent a hypothetical condition. As this condition is deemed reasonable for analysis purpose it is permitted under USPAP.

**Limitations on Scope**

None

**Contingencies**

None

**Valuation Summary**

Cost Approach

Not applicable as the subject sites are vacant land

Income Approach

Not applicable as vacant land in the Elko area is typically not purchased for its rental earning potential (land lease) and so there is an insufficient amount of data from which to derive value indications by the Income Approach.

Sales Comparison Approach

\$14,300

**FINAL MARKET VALUE CONCLUSION****\$14,300****EXPOSURE TIME****Indeterminate**

## INTRODUCTION

**Purpose of Appraisal**

To derive an opinion of the Market Value, based on the City of Elko's interpretation of this term for an NRS 268.061 1. (e) sale of the subject property assuming that it was a legal parcel.

**Client**

City of Elko

**Intended Users**

City of Elko, as well as its subsidiaries and advisors

**Intended Use of Report**

This report was prepared to assist the client in determining the value of the subject property for potential sale. Because the appraisal is being prepared for a property owner, it cannot be used to obtain financing in a federally related financial transaction.

**Scope of Work**

The following appraisal report has been prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) and Nevada State Law. The following appraisal complies with Standards Rule 1 of USPAP, while the report complies with the reporting requirements set forth under Standards Rule 2-2(a) of USPAP for an Appraisal Report. This Appraisal Report presents and summarizes the data, reasoning and analyses that were used in the appraisal process to develop the opinions of value. Additional supporting documentation concerning the data, reasoning, and analyses is retained in my file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated above. Completion of the appraisal involved the following scope of work:

- 1) Review of information provided by the client to determine parameters and scope of the assignment.
- 2) Inspection of the subject property and the sub-market on October 31, 2019.
- 3) Review of background information and historical information on the subject properties that was gathered from public records, as well as from previous appraisals completed in the submarket.
- 4) Regional and sub-market data was collected to assess supply and demand factors impacting the subject.
- 5) Through analysis of social, economic, governmental and environmental factors, the Highest and Best use of each subject property was analyzed.

- 6) As part of the Highest and Best Use analysis the following valuation analyses were conducted for the valuations required in this report.

Valuation Scenario	Cost	Income	Sales
Market Value – Entire Ownership	N/A	N/A	X

- 7) To value the subject ownership, consideration was given to the Cost, the Income and the Sales Comparison approaches to value. Because the subject is vacant land, the Cost Approach is not applicable. Furthermore, as vacant land in the Elko area is typically not purchased for its rental income earning potential, there was insufficient data to develop a credible value indication for either subject property by the Income Approach. As a result, an Income Approach analysis was not completed. Typically, when valuing vacant land, the Sales Comparison Approach is the only analysis for which there is sufficient data to develop a credible value indication. This was the case with the valuation of the subject. Therefore, sole reliance upon a Sales Comparison Approach analysis does not artificially limit the scope of work involved in the assignment.
- 8) To value the subject ownership, by the Sales Comparison Approach, the Official Records of Elko County were searched through the Elko County Assessor's on-line data base. Additionally, I searched for land sales using MLS and Costar.
- 9) The appraisal report was written.

All of the sales data utilized in this report was verified with either the buyer, the seller, or the seller's agent involved in the transaction, or through county records, if no other verification could be obtained. The rental data was verified with one of the tenants, the property manager or one of the leasing agents involved in the transaction.

### **Market Value Defined**

"Market Value" means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- 1) Buyer and seller are typically motivated;
- 2) Both parties are well informed or well advised, and acting in what they consider their own best interests;

- 3) A reasonable time is allowed for exposure in the open market;
- 4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>1</sup>

The subject property is proposed to be sold to Koinonia Development under NRS 268.061 1. (e) which allows the governing body to sell the property owned by the City to any person(s) who owns property adjacent to such property without offering it to the public if the governing body determines, by resolution, that the sale will be in the best interest of the City, and the property is a parcel that is too small to establish an economically viable use by anyone else.

The procedure for an NRS 268.061 1. (e) sale is for the city to obtain an appraisal on the property to be sold addressing the Market Value of the property to be sold. It should be noted that NRS reportedly does not include a definition of Market Value. NRS does include a definition of Fair Market Value in conjunction with condemnation, which speaks to the highest price, but this would be inappropriate in the case of the valuation of the subject.

In a November 13, 2019 phone conversation, Ms. Cathy Laughlin, City Planner for the City of Elko indicated to the undersigned that because under NRS 268.061 1. (e) the subject property can only be sold to the adjoining property owner, the City of Elko has interpreted that the “Market Value” is the extent which the property being appraised increases the value of the adjoining property, not the value of the property to be sold on the open market to a “typical buyer”. Generally, the value to a specific buyer is called “Investment Value”, not market value. Under the city interpretation a reporting of exposure time has no relevance because there is only one buyer, who will decide to buy or not buy. In this report, I have appraised the subject using the City of Elko’s interpretation of Market Value.

### **Fee Simple Estate Defined**

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.

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<sup>1</sup> Dictionary of Real Estate Appraisal, 6<sup>th</sup> Edition, Page 142, Appraisal Institute

**Fee Simple Market Value Defined**

The Market Value of property affected by typical encumbrances such as easements and zoning ordinances. The subject property is valued assuming it to be free and clear of any mortgages and/or special assessments.

**Effective Date of Valuation**                      October 31, 2019

**Date of Report**                                      November 16, 2019

**Property Rights Appraised**

Fee Simple interest, as affected by typical encumbrances such as easements, zoning ordinances and special assessments. The subject property is valued assuming it to be free and clear of mortgages.

**Appraiser's Competency**

As I have appraised commercial properties in the northern Nevada Area for over 34 years including commercial land and improved commercial properties in the Elko area for over 24 years, I attest to having adequate geographic and technical competency to complete credible appraisal of the subject.

**Extraordinary Assumptions**

An extraordinary assumption is defined as: "An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions."<sup>2</sup> In addition to the general assumptions and limiting conditions contained at the end of this report, this appraisal has been prepared subject to the following extraordinary assumptions:

1. In completing this report, I was not provided with a Preliminary Title Report, an Alta Survey or any similar document detailing any encumbrances on the subject site. This appraisal is based on the Extraordinary Assumption that there are no easements or other encumbrances on the subject that would impact the value of the site. The use of this assumption may have affected the assignment results.
2. As part of the Parent Parcel, the subject is zoned PQP, (Public, Quasi-Public). Under the current zoning, very little private development would be allowed. This appraisal is based on the assumption that upon assemblage with the Receiving Parcel the subject could be rezoned "C" (Commercial) to match the zoning on the Receiving Parcel.

---

<sup>2</sup> USPAP 2018-2019 Edition (c), Definitions; The Appraisal Foundation, page 4.

**Hypothetical Conditions**

A hypothetical condition is defined as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.”<sup>3</sup> This appraisal is based on the following hypothetical conditions.

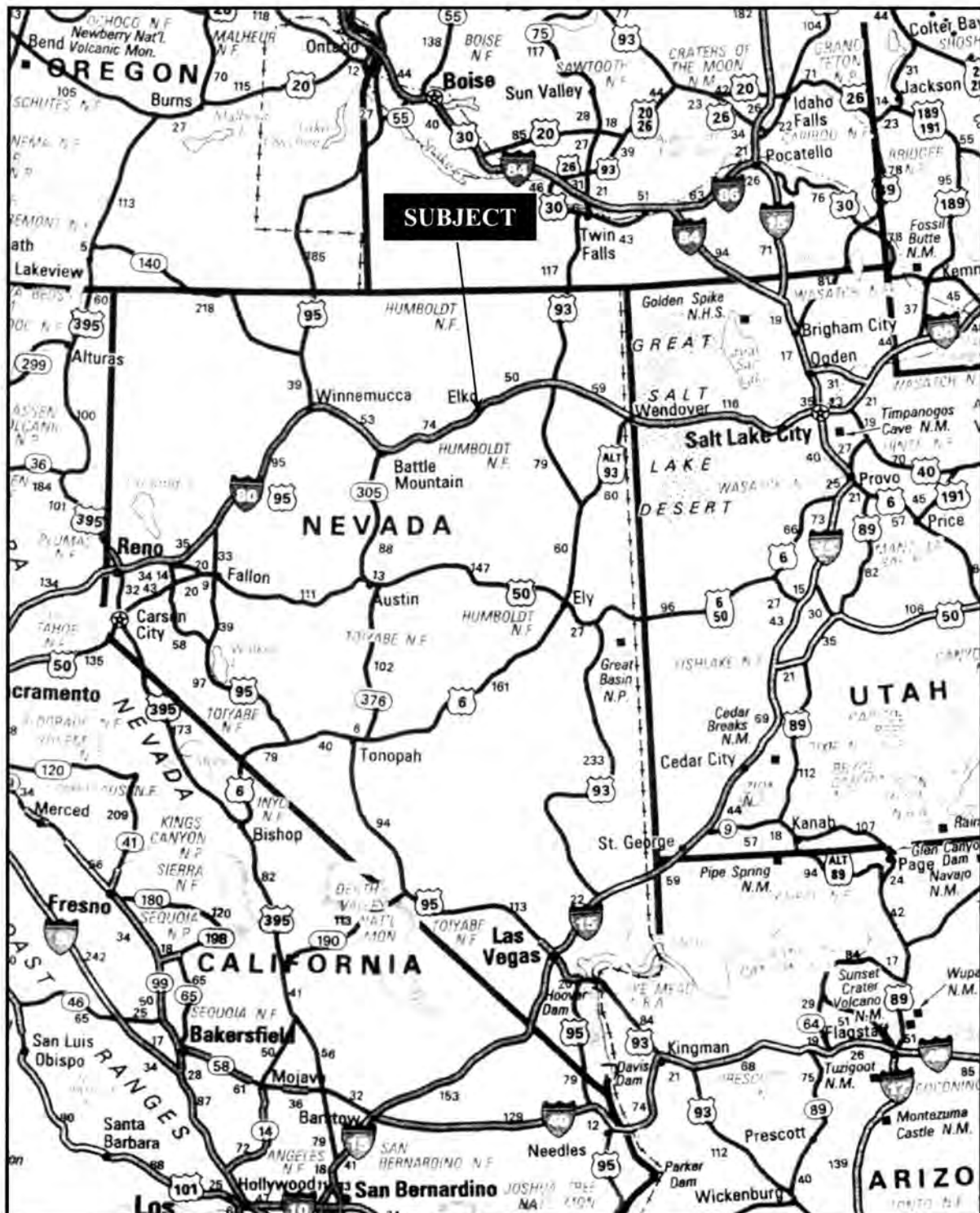
1. The subject is currently part of a larger 24.46± acre parcel. However, in this appraisal, the subject has been valued as though it is a separate legal parcel. Because it is not a separate legal parcel, valuing the subject as though it were a separate parcel does represent a hypothetical condition. As this condition is deemed reasonable for analysis purpose it is permitted under USPAP.

**Contingencies**

None

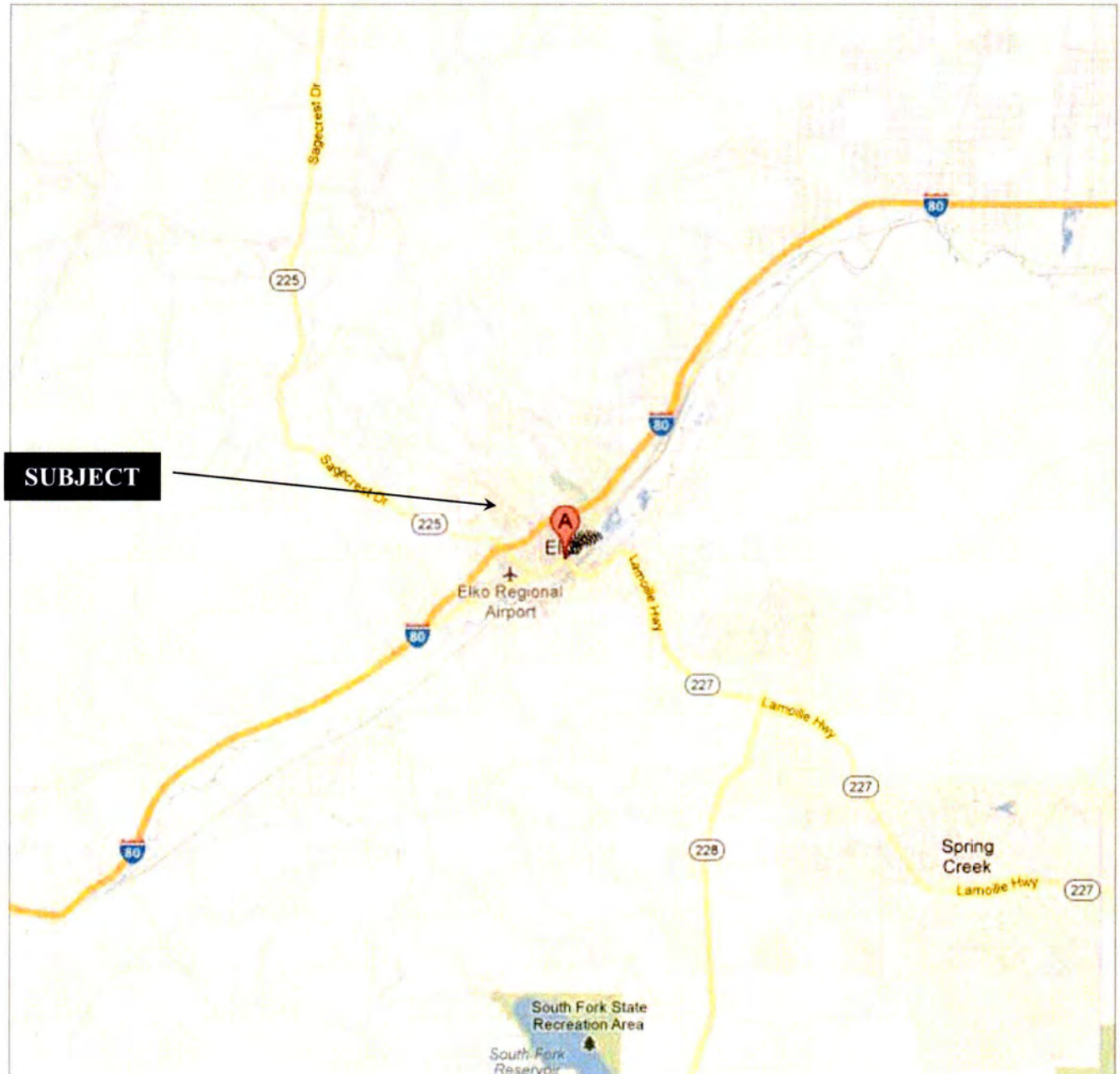
<sup>3</sup> USPAP 2018-2019 Edition (c), Definitions; The Appraisal Foundation, page 4.

## REGIONAL MAP





### ELKO AREA MAP



## ELKO AREA ANALYSIS

Elko County is located in northeast Nevada and contains 17,135 square miles. It is the second largest county in the state. It is bordered on the north by Idaho and on the east by Utah. Elko, the county seat, is located in the Humboldt River Basin near the center of the county. In addition to being the largest population center, Elko also serves as the primary business and transportation hub for northeastern Nevada. The major highways in the area include Interstate 80 as well as State Routes 225, 227 and 228.

Elko County was formed in 1869, while the City of Elko was incorporated on March 4, 1917. Presently, the city of Elko encompasses 10.6 square miles of land area and is at an elevation of approximately 5,060 feet above sea level. Although there is extensive urban development within the Elko city limits, the greater metropolitan area also includes Ryndon, Osino and Spring Creek, all of which serve as bedroom communities.

The City of Elko has a council/manager form of government. A mayor and four supervisors are elected to four-year terms. The city manager and other municipal officials are appointed by the city council. The County has a similar form of government with five commissioners elected to four-year terms. The commissioners appoint a county manager. The other county officials such as the assessor and treasurer are elected as opposed to being appointed.

Elko County as well as the city of Elko had both experienced rapid growth over the first several years of the decade. However, with collapse of the national and state economies, growth has slowed significantly in Elko County and the city of Elko. Set out following is a summary of the population growth.

**Population Growth Summary\***

<u>Year</u>	<u>Elko County</u>	<u>City of Elko</u>
1980	17,269	8,758
1985	22,350	10,190
1990	34,570	15,520
1991	35,950	16,110
1992	37,420	16,220
1993	39,090	16,570
1994	41,260	17,150
1995	43,050	18,000
1996	43,567	18,570
1997	45,400	19,670
1998	49,230	18,420
1999	50,620	18,510
2000	50,756	18,642
2001	46,668	17,093
2002	46,577	16,690
2003	45,805	16,354
2004	46,499	17,140
2005	47,586	17,850
2006	48,339	18,183
2007	50,434	18,427
2008	50,561	18,424
2009	51,325	18,428
2010	48,818	18,297
2011	49,861	19,209
2012	51,771	20,406
2013	53,384	20,958
2014	53,358	20,865
2015	53,551	20,714
2016	53,997	20,704
2017	53,287	20,789
2018	53,646	N/A

\* Source: Nevada State Demographer

The Elko area experienced very strong growth in the 1980s, as the population essentially doubled. In the 1990s, the area experienced continued steady growth, with the total number of new residents in the county increased by a similar number as in the 1980s.

However, as a percentage, growth was approximately 33% over the decade, as opposed to 50% in the 1980s. Since 2000, the population declined for three years and then between 2004 and 2009 it rose again. 2010 saw a decrease in population, but by 2012,

the population had increased above the level of 2009. In 2013, there was a large increase and the population of the area increased to above 53,000 people. Since 2013, the population has remained stagnant, fluctuating between 53,287 and 53,997. The City of Elko has mirrored the population fluctuations of the Elko Area, as a whole.

The reasons for population growth were varied. However, the growth in population had mirrored the strength of the mining industry. Between 1985 and 1996, the number of mining jobs in Elko County increased from 774 to 1,518. By March 2002, mining employment had dropped to 1,210 people, but rebounded to 2,741 by the third quarter of 2013 and has been stable since then. Mining activity in Elko and adjoining Eureka County include gold, silver, barite, tungsten as well as oil and gas. The largest mines in the county are the Jarrett Canyon Mine, developed by Freeport Gold in the Independence Range north of Elko, and the Newmont Mines, located north of Carlin. It should be noted that mining employees experience very high wages, with the average wage being \$82,512 per year. The active mines in Elko County include Big Ledge Mine/Dry Creek Jig Plant, Jarritt Canyon Mine, Meikle Mine, Midas Mine, Pilot Peak Lime Plant, Rossi Mine, Dunphy Mill and Storm Mine.

Beginning in 1997 the mining industry hit a recession. In mid-1999, gold prices reached a 20-year low with gold trading below \$250 per ounce. The drop in gold prices were due primarily to a sell-off of gold reserves by central banks. Most of the central banks sell-offs took place in Europe in order to balance economies for creation of the Euro-dollar. In 2000, the Bank of England conducted five auctions of 25 tons each as part of its program to sell 415 tons of its 715 reserve. With the exception of the January 25<sup>th</sup> auction, gold retreated after each auction. In 2001, central banks ceased sell-off of large quantities of gold reserves. As a result, in 2001, prices stabilized around the \$280 per ounce level. Between 2000 and late 2011, gold prices rose from \$252.57 per ounce and \$1,889.70 per ounce. Since then, gold prices have drawn back to around \$1,200 per ounce, and they have been stable fluctuating between \$1,050± per ounce and \$1,290± per ounce since then. and have since been on the rise. A graph showing gold prices over the last 20 years, as provided by Goldprice, is set forth on the following page.



Overall, the available data indicates that with gold prices rising above \$1,200 per ounce, mining companies will continue production at current levels for the foreseeable future.

The Dodd/Beales Fire Training Academy which had its grand opening in May 1999 had helped to create jobs in Elko and bring in tourist dollars. Until May of 1999, this facility had been headquartered in the Reno-Stead area where it trained approximately 5,000 firefighters per year. This facility was operated by the University of Nevada Board of Regents. As of the end of their fiscal year 2009, the school saw approximately 1,500 students per year. The facility also offered field training and facility rentals so it brings in more people needing lodging and services than just the enrolled students. In the 2006-2007 fiscal year, the school was averaging 8 to 10 hotel room nights per student. It was estimated that this facility would create 30,000 to 35,000 new room nights in the Elko area. As a result, four new motels were constructed in Elko. These include the 120-room Oak Tree Inn, the 84-unit Hilton Garden Inn, the 77-room Holiday Inn Express and the 51-room Comfort Inn. However, UNR announced in December of 2011 that it would be closing

the fire academy December 31, 2011. The property was subsequently sold to the Nevada National Guard and is being used as a training facility.

In addition to precious metals mining, Elko serves as a focal point for tourism, ranching and other businesses. Elko County employment is summarized below:

**Labor Market – Elko County**

(December 2018)

Total Labor Force	28,200
Total Employment	27,270
Total Unemployment	930
Unemployment Rate	3.3%

**Employment Distribution by Industry**

Sept. 2018\*

Mining	2,377
Construction	1,677
Manufacturing	149
Trades, Transportation & Utilities	7,540
Information	127
Finance, Insurance & Real Estate	572
Professional & Business Services	886
Education & Health Services	1,802
Leisure & Hospitality	5,770
Other Services	1,212
Government	1,932
Retail Trades	1,712
Other	680
Total Employment	26,436

In addition to mining, the economy in Elko is fueled by tourism, ranching and transportation. The city is the transportation and retail center for Northeastern Nevada, drawing shoppers from a 150± mile radius. Cattle ranching is the principal form of agriculture. Ranch sizes range from small family owned facilities to large corporate ranches with more than 5,000 cattle. Due to its elevation, Elko has a relatively short growing season of approximately 90 days and as a result, farming is minimal. The main crop is hay, which is feed for cattle in the winter. Summer grazing involves a combination of fee land as well as federally administered and controlled grazing lands leased from the Bureau of Land Management and the United States Forest Service.

The city of Elko has eight shopping centers, five casinos, seven supermarkets/grocery stores, 32 hotels and motels as well as 60 restaurants. The largest tourist-commercial facilities include the Red Lion Inn Hotel and Casino, the Commercial Hotel-Casino and Stockman's Casino. In addition to gaming, tourism is generated by numerous festivals, events as well as recreational opportunities available in the area. The Elko County Convention Center can accommodate up to 500 delegates and smaller meeting rooms are available in several of the hotels. Major events held annually include the Cowboy Poetry Festival, the Mining Exposition and Golf Tournament, the Lamoille County Fair, the National Basque Festival, the County Fair and Pari-mutuel horse racing as well as the Nevada Day Parade.

Elko also serves as a central point for a number of major outdoor recreational destinations including the Jarbridge Wilderness Area, the Wildhorse Reservoir, the 90,000-acre Ruby Mountain Scenic Area, the Lamoille Canyon, the Ruby Lake National Wildlife Refuge and the Southfork State Recreational Area. These provide a variety of outdoor recreational opportunities including backpacking, camping, fishing, skiing, canoeing, snowmobiling and other similar activities. The Elko area is also a major hunting destination for mule deer, chukar, partridge, sage grouse as well as trout and bass fishing.

Elko is also conveniently located in northeastern Nevada providing access to most of the west coast by overnight land transportation, with the balance of the west coast being available by second-day transport. Elko is located within 950 miles of all the major West

Coast markets serving over 50 million consumers in the 11-state western region. Elko is serviced by rail line and also is the home to several ground transportation companies.

The growth in Elko County and the city of Elko can also be seen through new construction. Set out following is a chart summarizing new construction as reported by Elko County Department of Engineering Services and by the City of Elko.



**Residential Development Summary Chart**

# of New Houses				
Year	County	City	Total	% Change
1990	115	122	237	
1991	99	80	179	-24.47%
1992	95	60	155	-13.41%
1993	118	44	162	+4.52%
1994	182	81	263	+62.35%
1995	200	74	274	+4.18%
1996	223	93	316	+15.33%
1997	167	59	226	-28.48%
1998	111	51	162	-28.32%
1999	75	28	103	-36.42%
2000	63	15	78	-24.27%
2001	67	16	83	+6.41%
2002	295	12	307	+269.88%
2003	53	11	64	-79.15%
2004	93	29	122	+90.63%
2005	649	34	683	+459.84%
2006	630	30	660	-3.37%
2007	583	25	608	-7.88%
2008	238	12	250	-58.88%
2009	252	16	268	7.20%
2010	85	38	123	-54.10%
2011	118	54	172	39.84%
2012	213	75	288	67.44%
2013	217	98	315	9.38%
2014	96	66	162	-48.57%
2015	118	74	192	18.52%
2016	113	51	164	-14.58%
2017	122	40	162	-1.21%
2018	96	59	155	-4.32%

As can be seen by the preceding chart, the Elko County housing market is cyclical. After experiencing declining construction trends in 1997 through 2000, the trend became positive in 2001 and 2002, increasing to 1996 levels in 2002.

Between 2005 and 2007 the region saw huge increases in construction as gold prices continues to climb. However, permits have declined since then, with the permit activity over the last three years being lower than any three-year period since 2002-2004. The recent decline in housing starts has corresponded with the increased health in the national economy. The economy of Elko is counter-cyclical as precious metal prices typically rise when the national economy regresses and vice-versa.

According to the 2010 Census, 59.5% of the housing units within the city of Elko are owner occupied, with 40.5% being tenant occupied. The average household size is 2.77 people, while the average family size is 3.26 people. According to the Census, there are a total of 19,566 housing units in Elko County. The average occupancy rate in Elko County was 89.1%. The vacancy rate for housing units was 89.1% on a county-wide basis, with 10.9% being vacant. In the City of Elko, there are 7,221 housing units and the vacancy rate was only 6.6%. A recent survey that I completed on 6 older apartment complexes in Elko indicated a vacancy rate below 2.50% and strong rents.

The 2010 Census provides the following demographic information regarding Elko County and the City of Elko.

<b>2010 Age Estimates</b>		
Age Range	Population	Percentage
0 years – 19 years	15,675	32.20%
20 years – 24 years	3,182	6.50%
25 years – 34 years	6,518	13.40%
35 years – 44 years	6,359	13.00%
45 years – 54 years	7,353	15.10%
55 years – 64 years	5,588	11.40%
65+ years	4,143	7.80%
Median Age	33.4 years	

Specific demographic information for the city of Elko is not available. However, 58% of the population in Elko County resides either in the City of Elko or in Spring Creek, a residential sub-community located south of Elko. As a result, it is felt to be reasonable to apply the Elko County percentages to the population of Elko.

Overall, the city of Elko is continuing to be the primary population center for Elko County and this trend is expected to continue for the foreseeable future. Both county and city population are projected to grow at rates above the state average. As the City of Elko can annex addition properties in order to meet future residential needs, it is anticipated that the city of Elko will experience both population and residential development growth for the foreseeable future.

According to the Elko County Multiple Listing Service, in 2018 there were 436 home sales in Elko and 434 in Spring Creek. The average house price was \$243,088 in Elko and \$211,938 in Spring Creek. Not only were the number of sales in 2018 slightly lower than in 2015, the average prices in both Elko and Spring Creek were higher than in 2015, when they were \$264,218 and \$241,881 respectively.

As the residential market has slowed significantly, commercial land absorption has remained relatively low as well. The most recent purchases of large acreage commercial land involve the rail park properties in Osino. This property was developed by Elko County, has rail access and is located just off of Interstate 80. These four parcels range in size from 3.33± to 44.415± acres in size and sold between July 2007 and February 2010 for prices ranging from \$9,780 to \$10,000 per acre.

In an interview with Mr. Jim Winer of Coldwell Banker-Algerio/Q-Team Realty, the most active commercial and residential broker in the Elko area, he indicated that in early 2016 there was a significant uptick in demand for land. There is significant new motel development taking place in Elko including a new Hampton Inn in western Elko, a 56-unit La Quinta Inn & Suites in west Elko and a Ledgestone Inn in west Elko. The city has solicited bids for a new Police Station to be built on a planned extension of Silver Street in southwest Elko and the Convention authority has announced an \$11.5 million expansion of the Convention center. Maverik built a

new convenience store on Idaho Street and a new store on the Mountain City Highway. Furthermore, the first two buildings in the South Fork Commerce Center were completed and leased in 2016.

In the first portion of 2017, there were a number of smaller commercial projects which were planning to break ground. This is primarily due to the fact that as construction at the mines has slowed, the price of construction has declined. The latter half of 2017 and the first half of 2018 were slow, with few sales. However, there was an increase in demand in the second half of 2018, which appears to have coincided with rumblings about the possibility of a global recession in 2019-2020. Mr. Winer anticipates that the Elko area economy will experience moderate growth for the next couple of years, unless there is a significant change in the price of gold, or unless there is a major change in interest rates.

The Elko area offers medical services to the surrounding region. There is a total of 105 health care professionals currently holding active business licenses in Elko. Additionally, there is the Northeast Nevada Regional Hospital which offers 75 beds, an intensive care unit, a surgery room and a 24-hour emergency room.

In 1998, Elko County sold the county hospital to a private concern. The buyers purchased the existing hospital facility with the understanding that it would be replaced with a new hospital. In 1999, the City of Elko sold the hospital management company a 50-acre site on the Lamoille Highway. In late 1999, groundbreaking began on a new hospital which opened in August 2001. This new facility is a 75-bed general hospital. In addition to the hospital structure, the campus includes a 50,000-square foot speculative medical office building with space for lease to doctors utilizing the hospital. Services provided by the hospital include kidney dialysis, cancer treatment, a women's center, a wellness program and other similar facilities.

There are approximately 50 places of worship in the Elko area serving most denominations. The Elko area also offers a variety of educational facilities including seven preschools, six elementary schools, one junior high school (grades 5 and 6 only), two middle schools (grades 7 and 8 only), two high schools, two Christian academies as well as a charter school servicing grades k-12. The

average student expenditure for public education is \$535, which is higher than the state average of \$446. Additionally, there is the campus of Great Basin College in Elko. Elko has a county library with 100,000 volumes and additionally there are an additional 28,000 volumes at the college library.

Within the city of Elko, all utilities are available. Water and sewer service are provided by the City of Elko. With the exception of Spring Creek, water service outside the city limits is provided by individual on-site wells and sewer service is provided by on-site septic tanks. In Spring Creek, there is a community water system while sewage disposal is provided by on-site septic tanks.

Telephone service is provided by Frontier Communications, while electrical service is provided by NV Energy. Within the city limits, gas service is provided by Southwest Gas, while in the outlying areas natural gas service is provided by on-site propane tanks. Police protection and fire protection are provided by the Elko County Sheriff's Department and the Elko Fire Department. The area also has search and rescue units as well as a local highway patrol office.

Like most of Nevada, Elko has a very liberal tax structure. The state sales tax is 6.85%. The property tax rate is \$3.4823 per \$100 assessed with the assessed value being 35% of the assessor's estimate of the depreciated market value. Nevada has no corporate franchise tax, corporate income tax, capital stock tax, estate tax, death tax or personal income tax.

Elko is a regional governmental headquarters. In addition to local and county offices, there are a total of 64 state offices and 26 federal offices in the city. The city, county, state and federal agencies create a greater demand for office space than would normally be found in a city of Elko's size.

In summary, the subject's market is the city of Elko and adjoining Spring Creek. Elko is the county seat and main population base. Between 1980 and 1997 the Elko area experienced rapid growth. However, growth slowed significantly in the last several years, with population actually declining slightly between 2013 and 2016. Although house construction remains strong in 2017, the average house prices in Spring Creek and in Elko have declined slightly. The Elko area economy is very closely tied to the mining industry,

which tends to be counter-cyclical to the national economy. Beginning in 1997, the mining industry had been in recession due to very low gold prices. However, in 2002, the gold industry began to recover and gold prices climbed over \$700 per ounce. Then as the national economy entered recession due to the bursting of the housing bubble, gold prices climbed to as high as \$1,900 per ounce in September 2011. Since then, gold prices have dropped, stabilizing at between \$1,200 per ounce and \$1,300 per ounce. Although this pricing is well above the historic levels of \$300 to \$500 per ounce, they are still well below the industries budgeted projections by the mining companies of \$1,700± per ounce. As a result, exploration, building and hiring at the mines in the Elko area have slowed. This is the primary reason why the population in Elko has declined the last three years.

Moving forward, it is expected that as interest rates rise over the next 1 to two years, that gold prices will also rise. However, barring any major shifts in the economy, I expect that Elko will experience very modest growth for the next couple of years.

## SUB-MARKET MAP



### **SUB-MARKET DESCRIPTION**

The subject property is located in western Elko. The subject submarket is basically bordered on the west and north by the Elko city limits, on the east by Fifth Street and on the south by Idaho Street. Although the subject is located on 5<sup>th</sup> Street, which is considered to be the edge of the submarket, this boundary is felt to be reasonable as the areas to the east of 5<sup>th</sup> Street generally involve older single-family residential uses. With the exception of the commercial development along the Mountain City Highway, the subject neighborhood is primarily residential in character. The subject neighborhood can be divided into 4 quadrants formed by the intersection of Mountain City Highway and Interstate 80.

Interstate 80 is a limited access divided freeway connecting the Elko area with Salt Lake City to the east and Reno to the west. Within the subject neighborhood, the only access to Interstate 80 is by means of Exit 301 at the Mountain City Highway (State Route 225). Interstate 80 does provide the subject neighborhood with good access to East and West Elko.

The major north-south streets in the subject neighborhood are the Mountain City Highway (State Route 225) and North Fifth Street. The Mountain City Highway is a 4-lane, 2-way asphalt paved roadway that extends in a northerly direction from Idaho Street, the main east-west road through the City of Elko to Mountain City, approximately 60 miles north of Elko near the Nevada-Idaho border. The Mountain City Highway provides one of the major north-south roadways servicing Western Elko.

North Fifth Street is a 4-lane, 2-way asphalt paved roadway that extends in a north-south direction through the center of Elko. North Fifth Street provides one of the three bridges over the Humboldt River. In the subject neighborhood, Fifth Street is generally improved with concrete curbs, gutters and sidewalks. There are stop signs at major intersections.

The residential development in the northeastern portion of the subject neighborhood involves primarily detached single family residential uses which have been developed around the Mountain View Elementary School and Mountain View Park. The majority of the development involves average quality detached single-family tract residences located on 7,000± square foot to 10,000± square foot sites. The majority of the lots have level to gently sloping topography and are improved with one or two-story wood frame residences that are on concrete foundations having vinyl exterior siding and composition



shingle gabled roofs. The houses generally rang in size from 1,100± square feet to 2,000± square feet and sell for between \$220,000 and \$400,000.

Also, just north of the existing residential development is a section of land known as Section 5. This 675-acre section is planned for future residential development. However, it is anticipated to be at least one to two years before the necessary infrastructure has been extended to develop this section of land.

The residential development in the northwestern portion of the subject neighborhood is separated from the residential development in the northeastern portion of the neighborhood by the commercial development along the Mountain City Highway. The largest development on the Mountain City Highway in the subject neighborhood is the Elko Junction Shopping Center, which is located on the northwest corner of Interstate 80 and the Mountain City Highway. The Elko Junction Shopping Center involves a 157,775± square foot facility that is anchored by a 78,750± square foot Raley's supermarket. Other anchor tenants include Ulta, Ross, PetCo, Marshalls and JoAnn's. The in-line shop space includes several restaurants, professional service stores as well as retail clothing and jewelry stores. In addition to the main building, the center also includes several out parcels that are improved with Jack-in-the-Box, Arby's, Denney's, a Big 5 sporting goods store, a movie theater, a credit union and a motel. Historically, the Elko Junction Shopping Center has enjoyed good market acceptance and this trend should continue for the foreseeable future.

Other major commercial developments along the Mountain City Highway within the subject neighborhood include the 101,579± square foot Wal-Mart Superstore located on the northeast corner of the Mountain City Highway and Argent Avenue. This facility was constructed in 1995 and involved good quality construction, being in good condition at the present time.

Across Argent Avenue from the Wal-Mart Store is a 4-bay retail building, a McDonald's restaurant and a Maverik Country Convenience Store. To the south of the mini-market is a 93,692± square foot former K-Mart Plus department store and a Burger king restaurant. This property was purchased by the principals of Elko Junction and they repurposing the property. The K-mart building is being renovated to be converted to a Koh's and a Cal Ranch store. The western portion of the property, south of the Burger King has been divided into two parcels. The parcel immediately south of Burger King is planned

to be developed with a Wendy's fast food restaurant, while the parcel further to the south is planned to be developed with a Dunkin Donuts/Baskin Robbins combination. There are several other multi-tenant and free-standing retail buildings to the east of the buildings along Mountain City Highway.

The southeast corner of Interstate 80 and the Mountain City Highway is currently improved with a 54,147± square foot Smith's Food King supermarket, an Office Max, a Kentucky Fried Chicken restaurant, an O'Reilly Auto Parts store and a Starbucks. Behind the Smith's is a U.S. Post Office. At the present time, the southwest corner of the Mountain City Highway and Interstate 80 is dominated by the Elko Regional Airport. Approximately 15 years ago, a new airport terminal was constructed. Access to this terminal is from Terminal Way. With development of the new terminal, additional airplane hangars were constructed. Additionally, the city signed a long-term land lease with a private developer on 5.405 ± acres of land on the west side of Mountain City Highway between Terminal Way and Aspen Way. This site has been improved with a headquarters building for Newmont Gold, as well as a 5-bay strip retail building and a two-tenant restaurant building. Just north of the 5.405± acre site is a 12.21± acre site (advertised as 9.735± acres) that is available for lease. South of the Newmont Gold building is a Shell Oil service station, which is currently the only other major building on the west side of the street. Overall, the expansion of the airport is felt to be a positive amenity for the neighborhood.

Also, on the Mountain City Highway, on the southeast corner of Mountain City Highway and Aspen Way, is the old D'Orazio's IGA building. In the early 2000's this building was renovated and is currently being operated as the Gold Dust West Casino. In late 2016, Gold Dust West opened an 80-unit Hampton Inn and Suites on the south part of their property. Also, along the east side of the Mountain City Highway is the Cimarron West convenience store, restaurant and RV/trailer park. Further to the south is a strip retail building, several vacant parcels, a bulk gasoline facility, a truck repair shop and a real estate office.

The areas to the east of the Mountain City Highway, south of Interstate 80, involve primarily older residential neighborhoods. These involve a mixture of stick built and modular homes. Most of the homes are 10+ years old and are of average quality construction being in average condition at the present time. Homes in this area sell for between \$100,000 and \$200,000.

In addition to the commercial development along the Mountain City Highway, the subject neighborhood has also experienced some neighborhood commercial development along North Fifth Street. These uses include the North Fifth Street Commercial Center, which is a small strip building that includes an insurance agent, a hairdresser and a dental office. Just south of the North Fifth Street Commercial Center is the Elko Athletic Club. Further to the south are a nursery and some older industrial buildings.

Within the northwestern portion of the subject neighborhood, the largest residential development is the Clover Hills Subdivision. This development was built in four phases over from 1986 to 1992. This subdivision is generally located on both sides of Connolly Drive and Celtic Way. The majority of the lots in this subdivision range in size from 6,000± square feet to 7,000± square feet. However, there are some larger lots up to 13,000 square feet in size located on cul-de-sacs. Houses in the northwest quadrant of the neighborhood generally sell for between \$185,000 and \$250,000.

While historically the northeastern portion of the subject neighborhood has been the fastest growing residential area in Elko, tract residential essentially ceased in 2006, when the economies of Las Vegas and Reno-Sparks went into recession. At that point, lending essentially ceased primarily because banks viewed all of Nevada in a similar light as Las Vegas and Reno-Sparks. Between 2008 and 2012, there was very little new residential development in the immediate submarket. However, in late 2012 new home construction revived especially along the east edge of the neighborhood, just east of 5<sup>th</sup> Street.

In addition to single family residential development, the subject neighborhood has also experienced some multi-family residential development through the Sagecrest Apartments. This 208-unit complex involves a series of 2-story walkup garden style buildings. The project is approximately 17 years old. The complex has vinyl exterior siding and composition shingle gabled roofs. The project offers uncovered parking. The recreational amenities include two playgrounds, a basketball court, a volleyball court and a clubhouse which is also utilized as a rental office. At the time of inspection, this project was considered to be in good condition with no deferred maintenance noted. Reportedly, the project is almost 100% occupied and has historically enjoyed a very good occupancy rate.

In 2012, the Rabbit Brush apartments were completed in the northern portion of the submarket. This 140-unit project has been master-leased by Barrick Gold to house their employees. This project is of average quality construction.

In summary, the northern portion of the subject neighborhood has historically involved the fastest growing residential area in the city of Elko, with the primary uses involving detached single-family homes but with some modular homes and multi-family residential development. The southern portion of the neighborhood is more stable in character. The subject neighborhood has also experiencing the most rapid commercial growth in the city. This growth is concentrated around the intersection of the Mountain City Highway and Interstate 80. As the subject neighborhood continues to grow, there will be increasing demand for additional commercial development. As a result, it is anticipated that the commercial developments in the subject neighborhood will meet with good market acceptance for the foreseeable future.

The topography of the subject neighborhood is gently to moderately sloping down to the south. Along the extreme southern portion of the neighborhood the topography becomes more level. The neighborhood ranges in elevation from approximately 4,260± feet above sea level to 5,150± feet above sea level. At the present time, the subject neighborhood is approximately 80% to 90% built out. However, there is substantial vacant land to the west and north of the neighborhood which is planned for future development. As a result, it is anticipated that there will continue to be strong residential development in and around the subject neighborhood for the foreseeable future.

The subject neighborhood appears to have adequate utility services and the existing main lines appear to be of sufficient size to support a wide variety of development. As the Elko area continues to grow, demand for residential growth in and around the subject neighborhood will continue to increase. As demand for residential uses continues to increase, there will be increasing demand for commercial utilizations. Due to a limited availability of land for current development, it is anticipated that the few remaining sites will generate a premium and that commercial land appreciation rates may exceed the average rate for the area. Considering there are no inharmonious uses in the neighborhood which would detract from property values, it is the undersigned's expectation that there will be continued strong demand for residential and commercial uses in the subject neighborhood for the foreseeable future.

**SUBJECT PHOTOGRAPHS**



VIEW LOOKING NORTHERLY UP NORTH 5<sup>TH</sup> STREET  
FROM IN FRONT OF THE RECEIVING PARCEL



VIEW LOOKING SOUTHERLY DOWN NORTH 5<sup>TH</sup> STREET  
FROM IN FRONT OF THE RECEIVING PARCEL



**SUBJECT PHOTOGRAPHS**



VIEW LOOKING WESTERLY AT THE SOUTHERN PORTION  
OF THE PARENT PARCEL



VIEW LOOKING SOUTHWESTERLY AT THE SOUTHERN PORTION OF THE LARGER  
PARCEL FROM NEAR THE NORTH END OF THE SUBJECT SITE

**SUBJECT PHOTOGRAPHS**



VIEW LOOKING WESTERLY ACROSS THE PORTION OF THE PARENT PARCEL  
LYING WEST OF THE SUBJECT



VIEW LOOKING NORTHERLY ALONG THE WEST BOUNDARY OF THE SUBJECT  
FROM NEAR THE SOUTHWEST CORNER OF THE SUBJECT SITE



**SUBJECT PHOTOGRAPHS**



VIEW LOOKING NORTHERLY ALONG THE EAST EDGE OF THE SUBJECT  
FROM NEAR THE SOUTHEAST CORNER OF THE SUBJECT SITE



VIEW LOOKING SOUTHERLY ACROSS THE WESTERN PORTION OF THE SUBJECT  
FROM NEAR THE NORTH END OF THE SUBJECT SITE



**SUBJECT PHOTOGRAPHS**



VIEW LOOKING SOUTHEASTERLY ACROSS THE SUBJECT PROPERTY  
FROM NEAR THE NORTHERN END OF THE SUBJECT SITE



VIEW LOOKING SOUTHEASTERLY ACROSS THE NORTHERN PORTION OF THE SUBJECT  
FROM NEAR THE NORTHERN END OF THE SUBJECT SITE

**SUBJECT PHOTOGRAPHS**



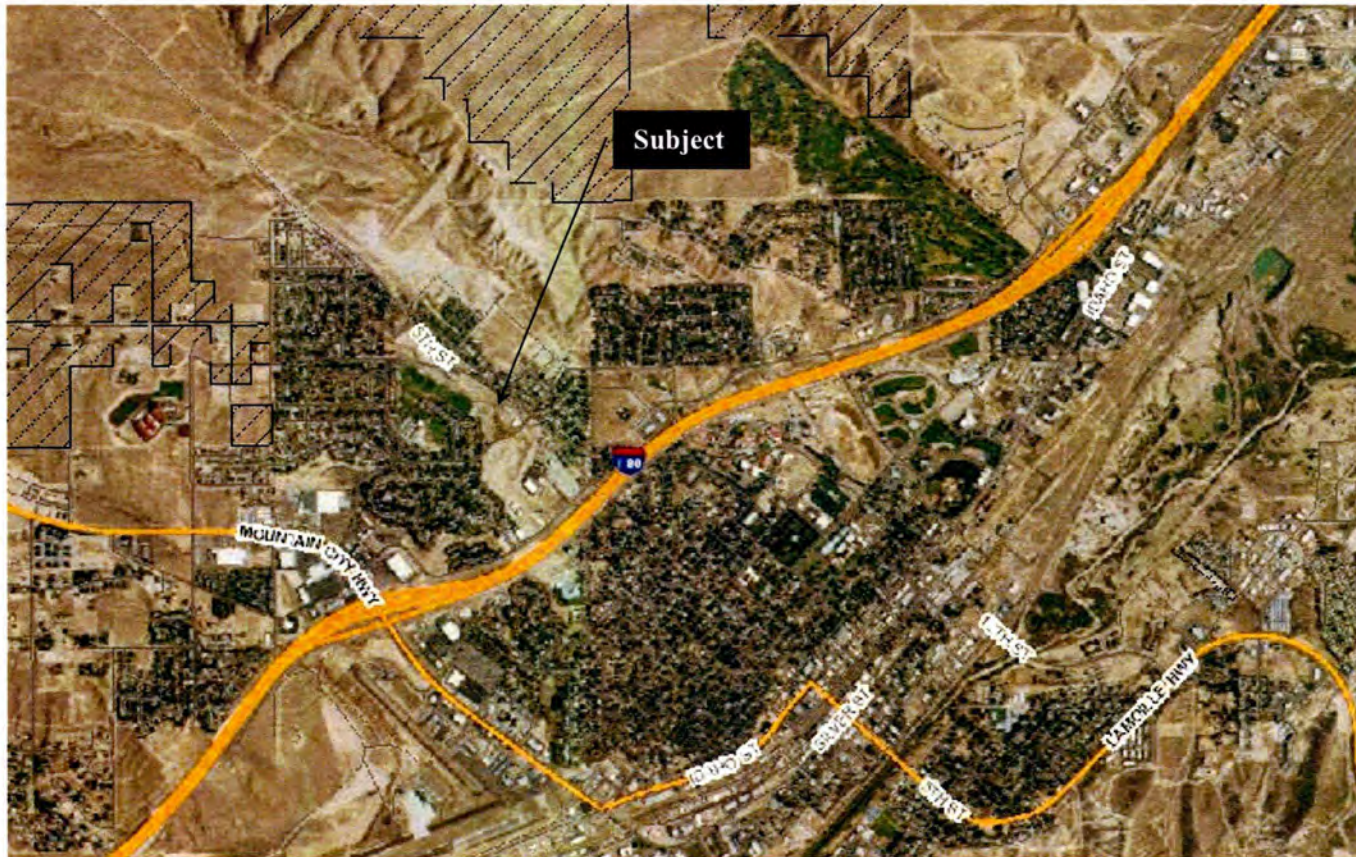
VIEW LOOKING NORTHERLY ACROSS THE RECEIVING SITE



VIEW LOOKING SOUTHERLY ACROSS THE RECEIVING SITE

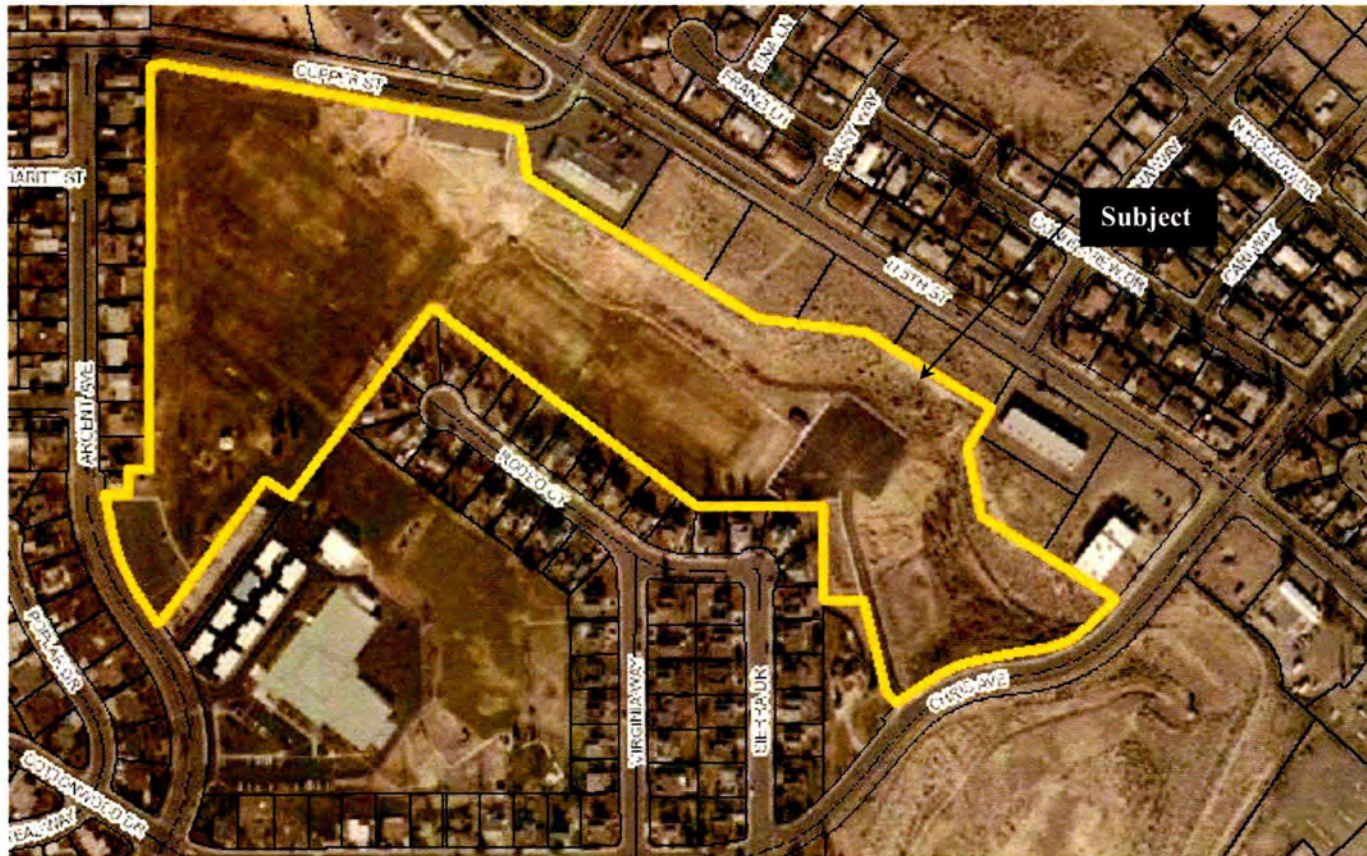


AERIAL PHOTO – OVERVIEW



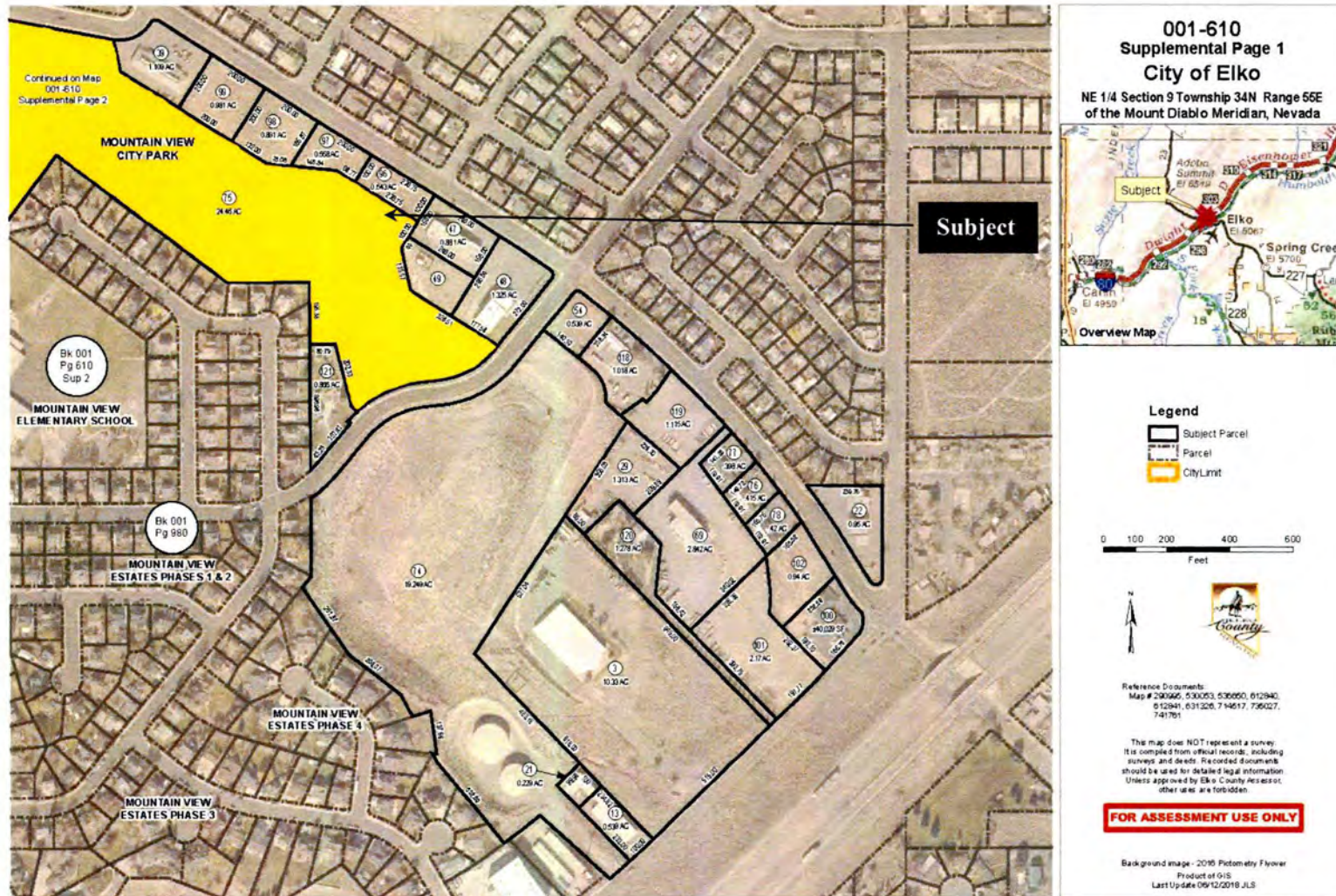


AERIAL CLOSE-UP – PARENT PARCEL



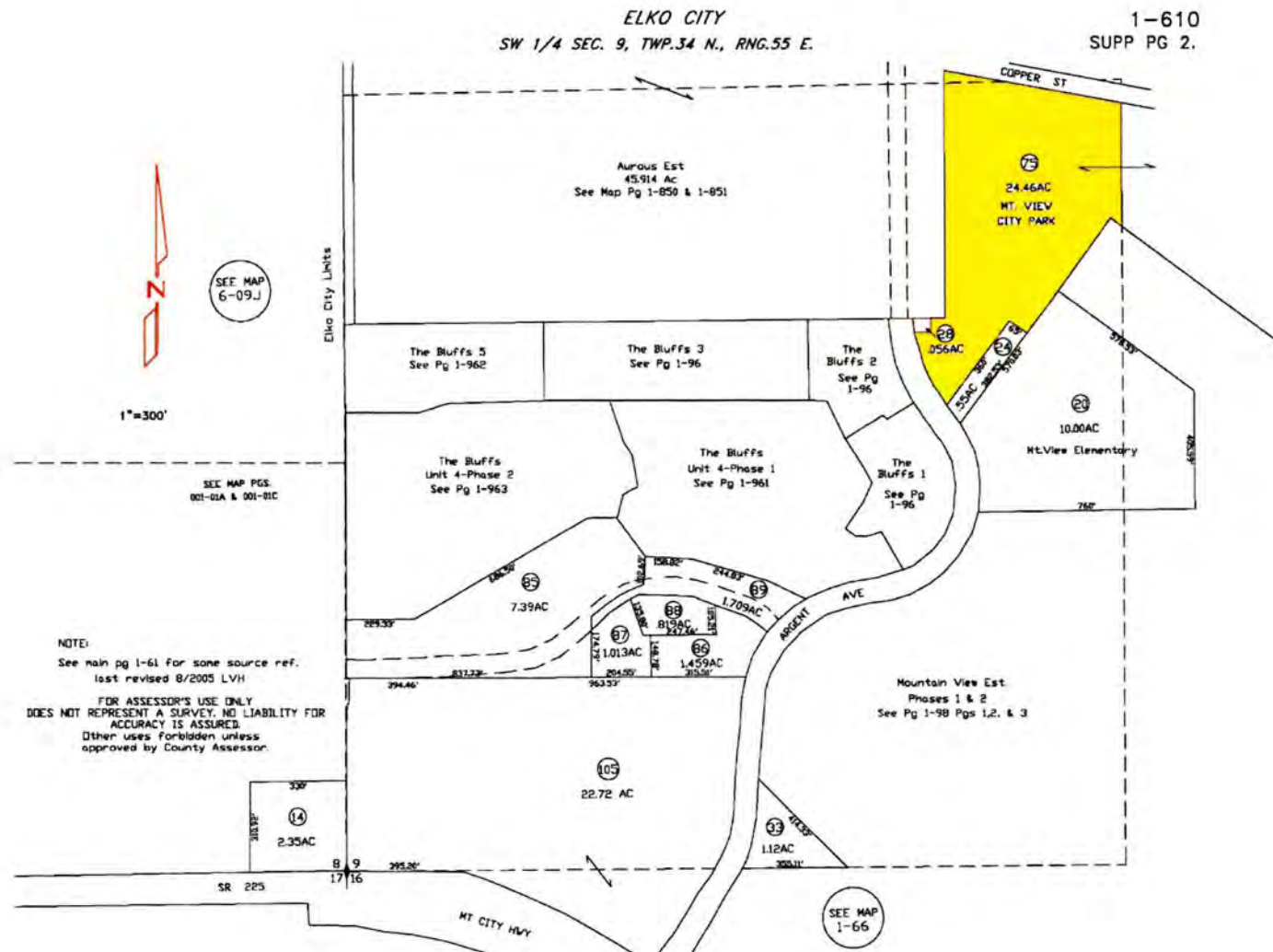


**PARENT PARCEL PLOT PLAN**  
**APN: 001-610-075**



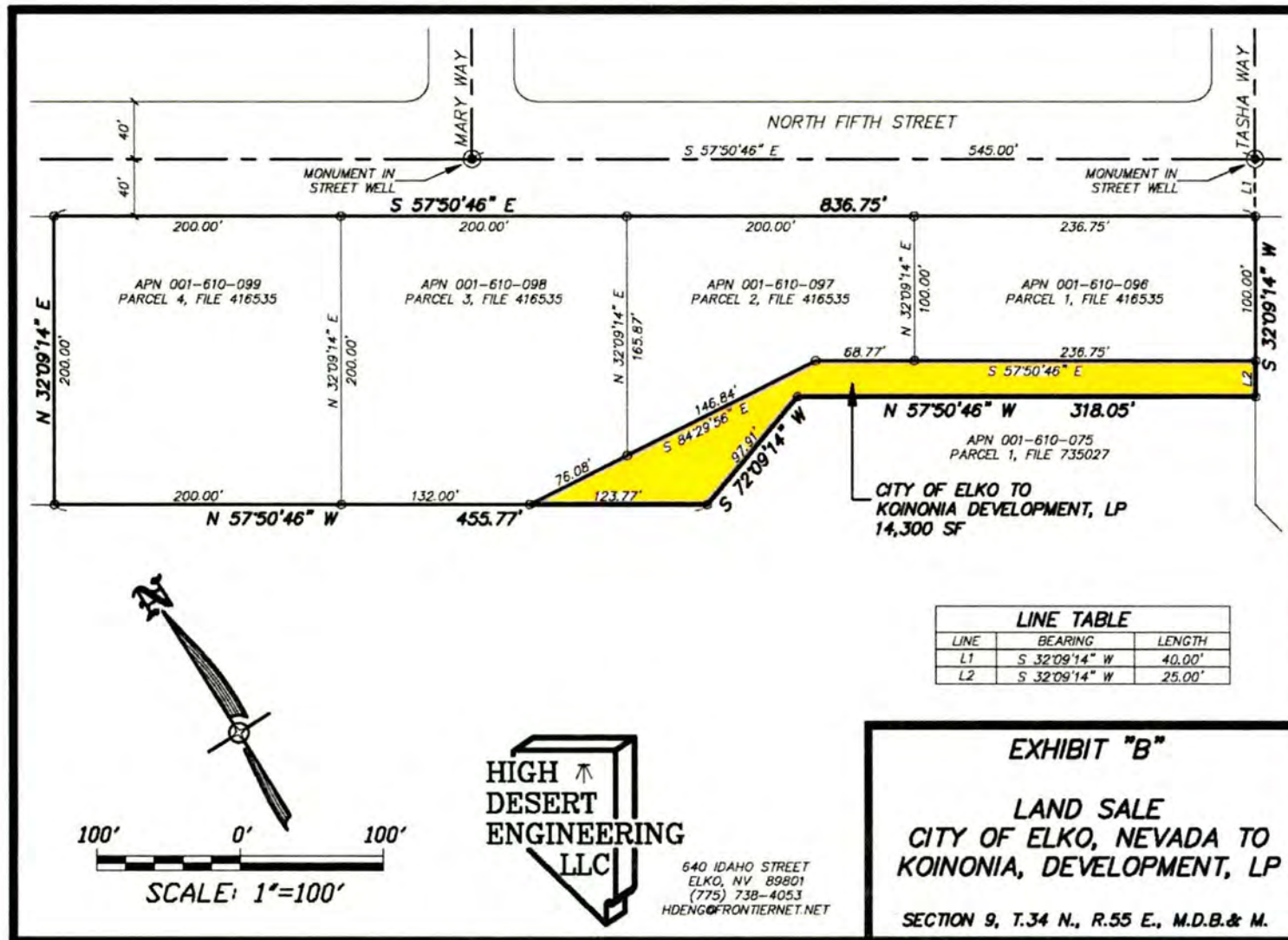
**TOTAL LAND AREA: 1,065,478± SQUARE FEET (24.46± ACRES)**

## PARENT PARCEL PLOT PLAN – PAGE 2





## SUBJECT PROPERTY SURVEY MAP



**PROPERTY IDENTIFICATION AND SITE DESCRIPTION**

<b>Property Name</b>	A 14,300± square foot portion of the 24.334± acre Mountain View City Park site
<b>Address</b>	
Parent Parcel	3150 Argent Avenue, Elko, Nevada 89801
Subject Property	Not yet assigned
Receiving Parcel	Not yet assigned
<b>Location</b>	
Parent Parcel	The northwest side of Chris Avenue, 272.00± feet south of 5 <sup>th</sup> Avenue, Elko, Elko County, Nevada
Subject Property	Approximately 100' west of North 5 <sup>th</sup> Street, at a point 426.46± feet north of Chris Avenue, Elko, Elko County, Nevada
Receiving Parcel	West side of North 5 <sup>th</sup> Street, 426.46± feet north of Chris Avenue, Elko, Elko County, Nevada
<b>Legal Description</b>	
Parent Parcel	Not yet available
Subject Property	See page 52
Receiving Parcel	Parcels 1, 2, 3 and 4 as shown on the certain Parcel Map for North VII, a general partnership filed in the office of the County Recorder of Elko County, State of Nevada on October 30, 1997, as File No. 416535, Official Records.
<b>Owner of Record</b>	
Parent Parcel	City of Elko
Subject Property	City of Elko
Receiving Parcel	Koinonia Development, LP, a Nevada limited partnership
<b>Assessor's Parcel Number</b>	
Parent Parcel	001-610-075
Subject Property	Portion of 001-610-075
Receiving Parcel	001-610-096, 097, 098 & 099
<b>Land Area</b>	
Parent Parcel	24.46± acres (1,065,478± square feet)
Subject Property	0.328± acres (14,300± square feet)
Receiving Parcel	2.975± acres (129,504± square feet)
Receiving Parcel plus Subject Property	3.301± acres (143,804± square feet)



**Site Dimensions – Subject Property**

- 40.00± feet fronting east on APN 001-610-47
- 318.05± feet fronting south on the balance of APN 001-610-75
- 97.91± feet fronting southeast on the balance of APN 001-610-75
- 123.77± feet fronting south on the balance of APN 001-610-75
- 222.92± fronting northeasterly on APN's 001-610-097 & 098, which are parts of the Koinonia Development site
- 305.52± fronting northeasterly on APN's 001-610-097 & 098, which are parts of the Koinonia Development site

**Current Utilization**

The subject property is currently vacant land.

**Zoning -Parent Parcel & Subject**

PQP (Public, Quasi-Public)

This district is intended to accommodate public or quasi-public institutional uses.

**A. Principal Uses Permitted:**

Adult care facility.

Cemeteries.

Hospitals, sanatoriums or similar healthcare facilities; provided, that:

1. The site shall contain a net land area in accordance with State law and/or occupancy tables specified in the Uniform Building Code, latest edition.
2. All loading facilities shall be screened from adjoining properties, and insofar as practicable, from the view of patients from the interior of the building.

Museums, convention centers and civic auditoriums.

Public administrative offices.

Public airport and associated private land uses of a light industrial nature (hangars, flight school, flight service, etc.).

Public parks; provided, however, that existing parks shall not be encroached upon for other public or quasi-public building purposes (i.e., no school buildings, firehouses, etc., may be allowed in parks).

Public schools, colleges or universities.

Residential facility for groups.

**B. Accessory Uses Permitted:** Accessory buildings, structures and uses customarily incidental to a permitted use, except as otherwise provided herein.**C. Property Development Standards For Permitted Principal Uses:**

1. Minimum Setback From Any Street Line: Not less than one and one-half ( $1\frac{1}{2}$ ) times the height of the principal building.
2. Minimum Setback From Interior Side And Rear Lot Lines: Not less than the height of the principal building, plus one additional foot for each five feet (5') or part thereof that such building exceeds thirty five feet (35') in the aggregate horizontal dimension of the wall generally parallel to such side or rear lot line.
3. Maximum Building Height: In accordance with requirements of the current City Airport Master Plan.
4. Maximum Lot Coverage: The total ground floor area of all buildings shall not exceed thirty five percent (35%) of the net site area.

**D. Conditional Use Permits Required:**

1. The establishment, expansion or change of any use, including principal permitted uses, shall be governed by the conditional use permit procedure, as set forth in section 3-2-18 of this chapter.
2. Similar uses determined to be functionally comparable to principal permitted uses in this zone.
3. For purposes of application of the conditional use permit procedure, "use expansion" shall be defined as any building expansion involving an addition of one thousand (1,000) square feet of the gross building footprint or an addition of five percent (5%) of the gross building footprint, whichever is greater.

**E. Property Development Standards For Accessory Buildings:**

1. Maximum Height: Regulations applicable to the principal building shall apply.
2. Location: Accessory buildings, whether attached or detached, shall be located in accordance with location on the lot as approved by the planning commission.

**F. General Regulations:**

1. Site Plan Approval: Prior to issuance of a permit, site plans shall be reviewed and approved by the city administrative staff.
2. Outdoor Storage Prohibited: The outdoor storage of goods or material shall be prohibited, except when enclosed by a screen wall in a location approved by the building inspector. (Ord. 805, 12-13-2016)

**Zoning – Receiving Parcel**

**C (Commercial)**

1. Principal Uses Permitted: All commercial uses customarily found in a commercial area, including, but not limited to, the following uses:

Entertainment.  
Lodging.  
Offices.  
Public and quasi-public.  
Restaurants.  
Retail sales and services.

## 2. Landscaping:

- a. For every new construction in the C general commercial zoning district which is outside of the central business district (CBD), minimum landscape area shall be provided in an amount equal to fifteen percent (15%) of the surface area of the developed portion of the property for lot sizes one acre or greater and ten percent (10%) of the surface area of the developed portion of the property for lot sizes smaller than one acre, to include property consisting of multiple parcels which form a single development. Additionally, the city may, at its discretion, require that landscaped areas be distributed throughout the development, including yard areas between buildings, structures and the adjacent street right of way line. The landscaping may include, but is not limited to, screen planting, lawns, trees, shrubs, fences and walls. Drought tolerant, low maintenance species, in conjunction with decorative hard surface materials such as, but not limited to, volcanic rock, gravel or stone, are encouraged and may, where appropriate, be utilized to fulfill landscape surface requirements.
- b. It shall be the responsibility of the owner or developer to carry out the requirements of this section and to provide proper maintenance and care of the landscaping.

## 3. Planned Shopping Centers: Within the C general commercial zoning district, planned shopping centers are permitted, subject to the following standards:

- a. Street Access Requirements: A planned shopping center shall be permitted only on a site which abuts an arterial street or highway. Curb cut requirements shall be as follows:
  - (1) State highways: In accordance with Nevada highway department rules and regulations.
  - (2) City streets: One hundred feet (100') minimum space between curb cuts.
- b. Required Yards: All buildings and structures, including, but not limited to, service areas and access drives, shall be set back not less than fifty feet (50') from side and rear property lines and not less than sixty feet (60') from the future or existing street right of way line of an abutting street.
- c. Screening For Residential Property: In addition to other buffer requirements which may be required as part of a conditional use permit, when the rear of a planned shopping center is adjacent to property in a residential district, then a solid fence or hedge not less than six feet (6') in height shall be installed and maintained by the developer of the planned shopping center in order to screen the residential property from the planned shopping center.
- d. Internal Traffic Circulation: All parking spaces within planned shopping center parking lots shall be provided with chocks to prevent unsafe or disorganized traffic movements and to facilitate the channelization of vehicular circulation.
- e. Pedestrian Walkways: A system of pedestrian walkways shall be designed and constructed so as to separate vehicle and pedestrian movements.
- f. Conditional Use Permit: A conditional use permit is required for the development of a planned shopping center, together with any requirements incident to the development, such as screen walls, pedestrian walkways and parking lot configuration.

## 4. Conditional Uses Permitted: The following uses are permitted in the C general commercial zoning district only with a conditional use permit:

Gas stations. Businesses where gasoline and oil are sold, including businesses with facilities for repairing or maintaining automobiles.

Mixed uses. Structures containing one or more residential dwelling units in which a significant portion of the space

within the structure includes one or more principal permitted uses.

**Mobile homes.** One mobile home or manufactured home used for office quarters on a trailer, recreational vehicle, manufactured home or mobile home sales lot, provided it is properly connected to utilities. With the exception of the uses permitted in the preceding sentence, mobile homes shall not be permitted as offices, residences, temporary dwellings during construction projects or commercial structures in the C general commercial zoning district.

**Parking lots and garages.** Areas and structures used for parking vehicles, except where located on the same lot as and used in conjunction with another permitted use.

**Recreational vehicle parks (RVPs).** The rental of space for temporary short term, transient occupancy by two (2) or more recreational vehicles, including any accessory buildings, structures and uses customarily incidental thereto.

**Residential uses.** Multiple-family residential developments which contain five (5) or more units located on a single lot or parcel; townhouse or condominium or attached housing developments. Residential uses must meet the setback standards in subsection 3-2-5G of this chapter and development standards applicable to multiple-family residential developments set forth in subsection 3-2-5E6 of this chapter. Single-family residences, duplexes, triplexes and fourplexes are not permitted in the C general commercial zoning district.

**Storage units.** Commercial storage units.

**Other uses.** All other uses which do not meet the criteria for, but are similar in function and character to any of the principal uses permitted or to uses which are specifically identified as being permitted with a conditional use permit.

5. **Central Business District (CBD):** Within the C general commercial zoning district, the central business district (CBD) area of the city is intended to contain a high concentration of the community's commercial land use and activity, with the objective of having a clean, safe, aesthetic, diverse, integrated and mutually compatible mixture of commercial activities. Generally, the city CBD is bounded by the following streets: Court Street on the northwest, 12th Street on the northeast, Silver Street on the southeast, and 2nd Street on the southwest.
- a. Within the CBD, commercial activities will be permitted, provided they meet the requirements applicable to both the C general commercial zoning district and the CBD, except where this code specifically provides otherwise.
  - b. Within the CBD, construction of a new structure which is intended to be located within one hundred fifty feet (150') of any residential zoning district will only be permitted if a conditional use permit is first issued pursuant to section 3-2-18 of this chapter.
  - c. Within the CBD, any new business involving activities which are reasonably likely to discourage other businesses through light, noise, odors, types and levels of activity, or the creation of a nuisance, such as (without limitation) auto and truck service and repair facilities; mobile home, recreational vehicle and truck sales lots; gas service stations; miniwarehousing facilities; veterinary clinics; bars; and other uses determined by the city to have similar impacts, shall be required to first obtain a conditional use permit pursuant to section 3-2-18 of this chapter.
  - d. Within the CBD, any new business which involves light manufacturing activities, such as printing and newspaper production, saddle manufacturing and similar uses, shall be required to first obtain a conditional use permit pursuant to section 3-2-18 of this chapter.
  - e. Any use existing on the date of adoption of a new conditional use permit requirement under this section which, prior to said adoption, satisfied all then applicable zoning requirements, shall be considered as meeting the conditions which would otherwise be imposed upon such use by the new requirement, and its continuance shall not be subject to the new conditional use permit requirement.

6. Public, Quasi-Public: Within the C general commercial zoning district, all uses identified as principal permitted uses in the public, quasi-public (PQP) district shall be required to first obtain a conditional use permit pursuant to section 3-2-18 of this chapter.
7. Height Restrictions: All structures within the C general commercial zoning district must comply with the height and other requirements of the current city airport master plan, to the extent the plan applies to that location.
8. Commercial Zone Abutting Residential Zone: A conditional use permit pursuant to section 3-2-18 of this chapter is required for every new development on a lot or parcel in the C general commercial zoning district which abuts a residential zoning district. All such developments are subject to the screen wall requirements set forth in subsection 3-2-3J of this chapter.
9. Dog Grooming Businesses: Within the C general commercial zoning district, a business may be operated and maintained for dog grooming; provided, however, that there shall not be any overnight or other harboring of any dogs in such businesses. (Ord. 767, 2-12-2013)

**Opportunity Zone**

The subject is not located in a Designated Qualified Opportunity Zone

**Topography**

Level		Gently Sloping	<b>X</b>	Moderately Sloping	<b>X</b>	Steeply Sloping	
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The subject property has gently to moderately sloping topography down to the west, away from the east boundary of the subject. Overall, the majority of the subject site is considered to have adequate topography for development.

**Easements, Encumbrances and Other Restrictions**

Preliminary Title Report Provided	<b>No</b>
Items of general nature	<b>N/A</b>
Reviewed maps creating subject parcel	<b>Yes</b>
Physical inspection of site	<b>Yes</b>
Any items of concern	<b>Yes</b>
Any items impact value	<b>Yes</b>
Any items impact development potential	<b>Yes</b>

In completing this report, I was not provided with a Preliminary Title Report, an Alta Survey or any similar document detailing any encumbrances on the subject site. My physical inspection of the subject did not reveal overt signs of any significant easements or other encroachments on the subject site. This appraisal is based on the Extraordinary Assumption that there are no easements or other encumbrances

on the subject sites that would impact the value of the properties. If this assumption proves to be incorrect, it could impact the value conclusion.

### **Flood Zone**

According to the Federal Emergency Management Agency's Flood Insurance Rate Map Community Panel Number 32007C5606E, with an effective date of September 4, 2013, the subject properties are both located in a Flood Zone "Unshaded Zone X". An Unshaded Zone X floodplain designates areas determined to be outside the 0.2% annual chance floodplain (500-year floodplain). Federal flood insurance is not required in any Flood Zone "X." As a result, it is the undersigned's opinion that the flood zone designation would not adversely impact the value or development potential of the subject site.

Although the subject is not in a 100-year floodplain, the area to the west of the subject comprises a drainage-way that is in a 100-year floodplain. This floodplain separates the subject property, from the balance of the Parent Parcel.

### **Earthquake Zone**

Geotechnical Report Provided	<b>No</b>
Report Reviewed	<b>N/A</b>
Items general in nature	<b>N/A</b>
Any items of concern	<b>None</b>
Any items impact value	<b>None</b>
Any items impact development potential	<b>None</b>

### **Soils**

	<b>Yes</b>	<b>No</b>	<b>N/A</b>
Geotechnical Report Provided		<b>X</b>	
Report Reviewed			<b>X</b>
Items general in nature			<b>X</b>
Any items of concern		<b>X</b>	
Any items impact value		<b>X</b>	
Any items impact development potential		<b>X</b>	

**Vegetation**

Full Site Landscaping	
Perimeter Landscaping	
Minimal Landscaping	
No Landscaping	<b>X</b>
Endangered Species Concerns	None

The vegetation on the subject consists of native groundcover consisting of sagebrush and native grasses.

**Archeological Resources**

Present on site	<b>No</b>
Any items impact value	<b>No</b>
Any items impact development potential	<b>No</b>

**Wetlands**

Present on site	<b>No</b>
Any items impact value	<b>No</b>
Any items impact development potential	<b>No</b>

**Environmental Contamination**

	<b>Yes</b>	<b>No</b>	<b>N/A</b>
Phase 1 Assessment Provided		<b>X</b>	
Report Reviewed			<b>X</b>
Items general in nature			<b>X</b>
Physical Inspection of site	<b>X</b>		
Any items of concern	<b>X</b>		
Any items impact value		<b>X</b>	
Any items impact development potential		<b>X</b>	

To the best knowledge of the undersigned the subject sites have always been vacant land. A physical inspection of the subject site performed with the due diligence expected of a real estate appraiser did not reveal any overt signs of environmental contamination such as soil staining, distressed vegetation or noxious odors on either property. Additionally, the NDEP eMap of the area does not indicate any open Corrective Action Sites within a half mile of the subject. Therefore, the subjects have been valued assuming that they are not adversely impacted by any environmental contamination.

**Roadway Frontages and Access**

The Subject Property has no frontage, nor does it apparently have any access from any roadway except from other portions of the Parent Parcel. The Parent Parcel has frontage and access from Chris Lane, Copper Street and Argent Avenue. These are all two-way, two-lane asphalt paved local streets. The Parent Parcel has frontage on Copper Street along the north property line, Argent Avenue on the west property line and Chris Avenue along the south property line. The Parent Parcel includes access to parking areas from each of these roadways, to the park, the majority of which is level with the Argent Avenue, while being below grade with Copper Street and Chris Avenue along the east boundary.

Once attached to the Receiving Parcel, the Subject Property will have access across the receiving Parcel from North 5<sup>th</sup> Street, a two-way, two-lane asphalt paved secondary arterial roadway that is improved with curbs, gutters and sidewalks.

**Utilities**

Utilities to the subject would be provided by the following purveyors:

<u>Service</u>	<u>Purveyor</u>
Electricity	NV Energy
Water	City of Elko
Natural Gas	Southwest Gas
Sewer	City of Elko
Telephone	Frontier
Trash Pickup	Elko Sanitation
Cable Television	N/A

These utility services would need to be extended to the Subject Property from either the Parent Parcel, APN 001-610-47 to the south, or from North 5<sup>th</sup> Street, across the Koinonia Development, LP.

**Water Rights**

To the best knowledge of the undersigned, there are no water rights appurtenant to the subject. As a result, in the following analysis, no additional consideration will be given to water rights on the subject site.



### Public Services

The subject property has typical access to public services including police and fire protection services. There is no mass transportation in the Elko area.

### Surrounding Utilizations

The Subject Property is bordered on the west, north and east by vacant land. The property to the south of the subject is improved with a commercial building. Because of adjacency, this property could have direct access to the subject. There are no inharmonious uses in the vicinity of the subject which would detract from the value of the subject.

### Subject Sales History

According to the Elko County Assessor's office, there have been no sales of the subject property that are noted. However, Koinonia Development recently purchased the 2.973± acre parcel to the east of the subject property and they have approached the City of Elko, to have the city sell them the subject. The purpose of this appraisal is to provide a valuation of the Subject Property for potential sale as required by Nevada Revised Statutes. The recent sale of the Koinonia Development property is more completely discussed in a subsequent section of this report.

### Tax Data

Assessor's Parcel Numbers	001-610-075
2019-2020 Assessed Values	
Land	\$77,364
Improvements	\$218,403
Personal Property	\$0
Ag Land	\$0
Exemptions	\$0
Total 2019-2020 Assessed Values	\$295,767
Tax Rate (Per \$100 Assessed)	3.4823
Indicated Taxes	\$0
Add-ons (Elko Water)	\$0
Calculated Taxes	\$0
Actual Taxes	\$0

Although the Elko County Assessor's Office ascribes an Assessed value to the Parent Parcel, there are no taxes owned because the Parent Parcel is owned by the City of Elko, which is tax exempt. Because the Assessed value is of no effect and because it is not intended to reflect Market Value, no consideration has been given to the Assessed Valuation in this analysis.

### **Special Assessments**

According to the Elko County Treasurer's office, there are no special assessments owing against the Parent Parcel or the Subject Property.

### **Summary and Conclusion**

The Subject Property comprises a 0.328± acre (14,300± square foot) portion of a 24.46± acre (1,065,478± square foot) Parent Parcel that is located between North 5<sup>th</sup> Street and Argent Avenue in northern Elko. The Subject Property is bordered on three sides by vacant land, with the land to the east and north being planned for development with a townhouse project. The property to the west and northwest of the subject includes the other portions of the Parent Parcel. These areas slope down to the west, where there is a drainage and then the improved portions of the city park. The Subject Property has gently to moderately sloping topography, down toward the drainage and it has a long narrow shape with an average width of just over 30', which is too narrow to support development. Additionally, the Subject Property has no roadway frontage as well as no immediate access to utilities. There do not appear to be any soils conditions, environmental contamination, archeological resources, earthquake hazards, floodplains or other similar factors which would adversely impact the value or development potential of the subject parcels to a greater degree than is typical for the area.

For a clearer depiction of the subject property, the reader is referred to the photographs and other exhibits contained elsewhere in this report.

**LEGAL DESCRIPTION – SUBJECT PROPERTY****EXHIBIT "A"****CITY OF ELKO, NEVADA****to****KOINONIA DEVELOPMENT, LP**

October 2, 2019

A parcel of land located within Section 9, Township 34 North, Range 55 East, M.D.B. & M., City of Elko, Elko County, Nevada, more particularly described as follows:

Commencing at the monument located at the intersection of North Fifth Street and Tasha Way as shown on the Parcel Map for North VII, a General Partnership, filed in the office of the Elko County Recorder, Elko, Nevada, as document number 416535; thence South 32°09'14" West, a distance of 40.00 feet to the most easterly corner of Parcel No. 1 as shown on said Parcel Map; thence South 32°09'14" West, along the southeast boundary of said Parcel No. 1, a distance of 100.00 feet to the most southerly corner of said Parcel No. 1, being Corner No. 1, the True Point of Beginning;

thence continuing South 32°09'14" West, a distance of 25.00 feet to Corner No. 2;

thence North 57°50'46" West, a distance of 318.05 feet to Corner No. 3;

thence South 72°09'14" West, a distance of 97.91 feet to Corner No. 4;

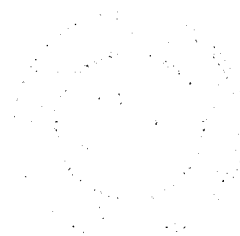
thence North 57°50'46" West, a distance of 123.77 feet to Corner No. 5, a point on the southerly boundary of Parcel No. 3 as shown on said Parcel Map for North VII;

thence South 84°29'56" East, along the southerly boundary of said Parcel No. 3 and the southerly boundary of Parcel No. 2 as shown on said Parcel Map for North VII, a distance of 222.92 feet to Corner No. 6, a point on the southerly boundary of said Parcel No. 2;

thence South 57°50'46" East, along the southwesterly boundaries of said Parcel No. 2 and said Parcel No. 1, a distance of 305.52 feet to Corner No. 1, the Point of Beginning.

Said parcel contains an area of 14,300 square feet, more or less.

Reference is hereby made to Exhibit "B", Land Sale, City of Elko, Nevada to Koinonia Development, LP in Section 9, T. 34 N., R. 55 E., M.D.B. & M., attached hereto and made a part hereof.



HIGH DESERT Engineering, LLC  
Thomas C. Ballew  
Nevada P.L.S. 5072

page 1 of 1

640 Idaho Street  
Elko, NV 89601  
(775) 738-4053

## FLOODPLAIN MAP

## National Flood Hazard Layer FIRMette



## Legend

SEE THIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

SPECIAL FLOOD HAZARD AREAS	Without Base Flood Elevation (BFE) Zone A, V, ADP
	With BFE or Depth Zone AE, A2, A3, A4, V2, A4
	Regulatory Floodway
OTHER AREAS OF FLOOD HAZARD	0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X
	Future Conditions 1% Annual Chance Flood Hazard Zone X
	Area with Reduced Flood Risk due to Levees See Notes, Zone X
	Area with Flood Risk due to Levees Zone D
OTHER AREAS	Area of Minimal Flood Hazard Zone X
	Effective LOMRs
GENERAL STRUCTURES	Channel, Culvert, or Storm Sewer
	Levee, Dike, or Floodwall
OTHER FEATURES	Cross Sections with 1% Annual Chance Water Surface Elevation
	Coastal Transact
	Base Flood Elevation Line (BFE)
	Limit of Study
OTHER FEATURES	Jurisdiction Boundary
	Coastal Transact Baseline
	Profile Baseline
	Hydrographic Feature
MAP PANELS	Digital Data Available
	No Digital Data Available
	Unmapped

The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps. If it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards.

The flood hazard information is derived from authoritative NFHL web services. It was exported on 10/22/2019 at 12:00 PM. It reflects changes or amendments submitted to the NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

Subject

### HIGHEST AND BEST USE ANALYSIS

Highest and best use is defined as that reasonable and probable use that will support the highest present value as of the effective date of valuation. Implicit in this definition is that the highest and best use must be physically possible, legally permissible, financially feasible and maximally productive. Although the Subject Property is zoned PQP, which allows very little private development, the subject will be assembled with the Receiving Parcel, which is zoned "C" (Commercial), I have assumed that the subject would be rezoned "C" similar to the rest of the Receiving Parcel.

#### Legally Permissible

In order for any utilization of a property to represent its highest and best use, it must be legally permissible. Areas of legal permissibility that must be addressed include zoning or master plan designation, easements, deed restrictions or other similar encumbrances.

As noted previously, the subject site is assumed to be zoned C (Commercial). This zoning allows for a wide variety of commercial, office and industrial uses. I am not aware of any other legal constraints on the development or use of the subject. Therefore, I would expect zoning to be the primary legal constraint.

#### Physically Possible

In order for any utilization to represent the highest and best use of a property, it must be physically possible. In other words, the use must be able to be constructed on the subject site. As noted previously, the Subject Property contains 0.328± acres (14,300± square feet) of total land area.

As noted previously the subject site is long and narrow, with a majority of the property having a width of 25' and the average width being 30.29'. Although the "C" zoning has no setback requirements, building codes require separation between buildings. In completing my appraisal, I did not have the benefit of having the Subject Property staked, but it appears that majority of the subject property is considered to have adequate topography for development. Additionally, the subject would appear to have adequate soils for development and there do not appear to be any earthquake hazards or similar constraints on development. However, utilities would need to be extended to the site. Overall, the

subject has significant physical constraints on development. Due to its lack of appropriate physical features, I have concluded that the Subject Property has no independent development potential.

However, if the subject were assembled with the Receiving Parcel, the combined parcel would contain 3.301± acres (143,804± square feet) of land area. The combined site will have adequate shape, topography and other physical features to support development. In fact, the combined parcel is planned to be developed with 44 townhouse units. In an interview with Mr. Luke Fitzgerald of Koinonia Development, it was indicated that if the subject property is not added to the subject site, then the development potential of the Receiving Parcel would be reduced to 41 units. In other words, the Subject Property allows the subject to support 3 additional units.

### **Financially Feasible & Maximally Productive**

In order for any potential utilization of a property to represent its highest and best use, it must also be financially feasible. In other words, there must be sufficient demand to warrant the proposed utilization of the site. Based on the available data, I have concluded that the subject has no independent development potential. Therefore, the highest and best use of the subject would either be for assemblage with an adjoining property or to hold for future speculative development.

In a November 13, 2019 phone conversation, Ms. Cathy Laughlin, City Planner for the City of Elko indicated to the undersigned that because under NRS 268.061 1. (e) the subject property can only be sold to the adjoining property owner, the City of Elko has interpreted that the “Market Value” is the extent which the property being appraised increases the value of the adjoining property, not the value on the open market to a “typical buyer”. Therefore, in this report I have concluded that the Highest and Best Use is as assemblage with the Receiving Parcel, which allows the combined ownership to support three additional units.

### **Summary and Conclusion**

Overall, based on the available data, it is the undersigned’s opinion that the Highest and Best Use of the Subject Property would be for assemblage with the Koinonia Development site.

### **Most Probable Purchaser**

Under an NRS 268.061 1. (e) sale, the only buyer can be Koinonia Development.

## INTRODUCTION TO VALUATION ANALYSIS

In this report, the Market Value of the Subject Property, in its current condition as vacant land, is being addressed. The subject is being valued assuming that the site was rezoned "C", which is the zoning of the Receiving Parcel.

There are three approaches to value which an appraiser will typically consider in deriving an opinion of the value of a property. These approaches are the Cost, the Income and the Sales Comparison Approaches to Value. The Cost Approach to Value is based upon the principle of substitution which states that an investor will pay no more for a property than the cost of developing a comparable property, assuming there is no undue time delay. The first step in the Cost Approach to Value is to estimate the value of the site if vacant. Then, the replacement cost new of the improvements is estimated. Accrued depreciation is then estimated and deducted to arrive at an indication of the depreciated value of the improvements. Adding the value of the site to the depreciated value of the improvements results in an indication of value by the Cost Approach.

In the Income Approach, two primary methods of analysis can be utilized: Direct Capitalization or a Discounted Cash Flow Analysis. In the early to mid-1980s, a Discounted Cash Flow Analysis was a preferred method of analysis for many investors. However, in the late 1980s and into the 1990s, developers became disenchanted with this form of analysis when the projections of income and expense growth made in the early to mid-1980s were not realized. As a result, at the present time, most investors are utilizing Direct Capitalization as opposed to a Discounted Cash Flow Analysis. Therefore, in this analysis, a Direct Capitalization as opposed to a Discounted Cash Flow Analysis will be completed.

In Direct Capitalization, the potential gross annual income at stabilization, which the subject property is capable of generating, is estimated. Then appropriate vacancy and credit losses are deducted, to arrive at an indication of the total projected effective gross annual income, which the subject property is capable of generating. The next step in the analysis is to subtract operating expenses. Subtracting the expenses, results in a projection of the net operating income which the subject property is capable of generating. This net operating income is then converted into an indication of value utilizing an overall capitalization rate. This capitalization rate can be extracted from the market or can be developed utilizing a variety of techniques including a mortgage-equity band of investment technique.

The third approach to value typically utilized in the appraisal of real estate is the Sales Comparison Approach. In the Sales Comparison Approach, recent sales of similar properties are compared to the subject utilizing appropriate measures of comparison. This method of analysis best reflects the motivations of buyers and sellers in the market since it is entirely market derived.

To derive an opinion of the Market Value of the Subject Property, consideration was given to the Cost, the Income and the Sales Comparison approaches to value. Because the subject involves vacant land, the Cost Approach is not applicable. Furthermore, as vacant land, in the Elko area is typically not purchased for its rental income earning potential, there was insufficient data to develop a credible value indication for the subject by the Income Approach. As a result, an Income Approach analysis was not completed. Typically, when valuing vacant land, the Sales Comparison Approach is the only analysis for which there is sufficient data to develop a credible value indication. Therefore, sole reliance upon a Sales Comparison Approach analysis does not artificially limit the scope of work involved in the assignment.

The analysis set out above is set out in the subsequent sections of this report.



### **SALES COMPARISON APPROACH**

To derive an opinion of the Market Value of the Subject Property, as it would contribute value to the Receiving Property, to which the Subject Property is planned to be assembled, a Sales Comparison Approach analysis has been completed. To value the subject by the Sales Comparison Approach, the Official Records of Elko County were searched through the Elko County Assessor's on-line data base. Additionally, I searched for land sales using MLS, Costar and interviews with real estate agents active in the market.

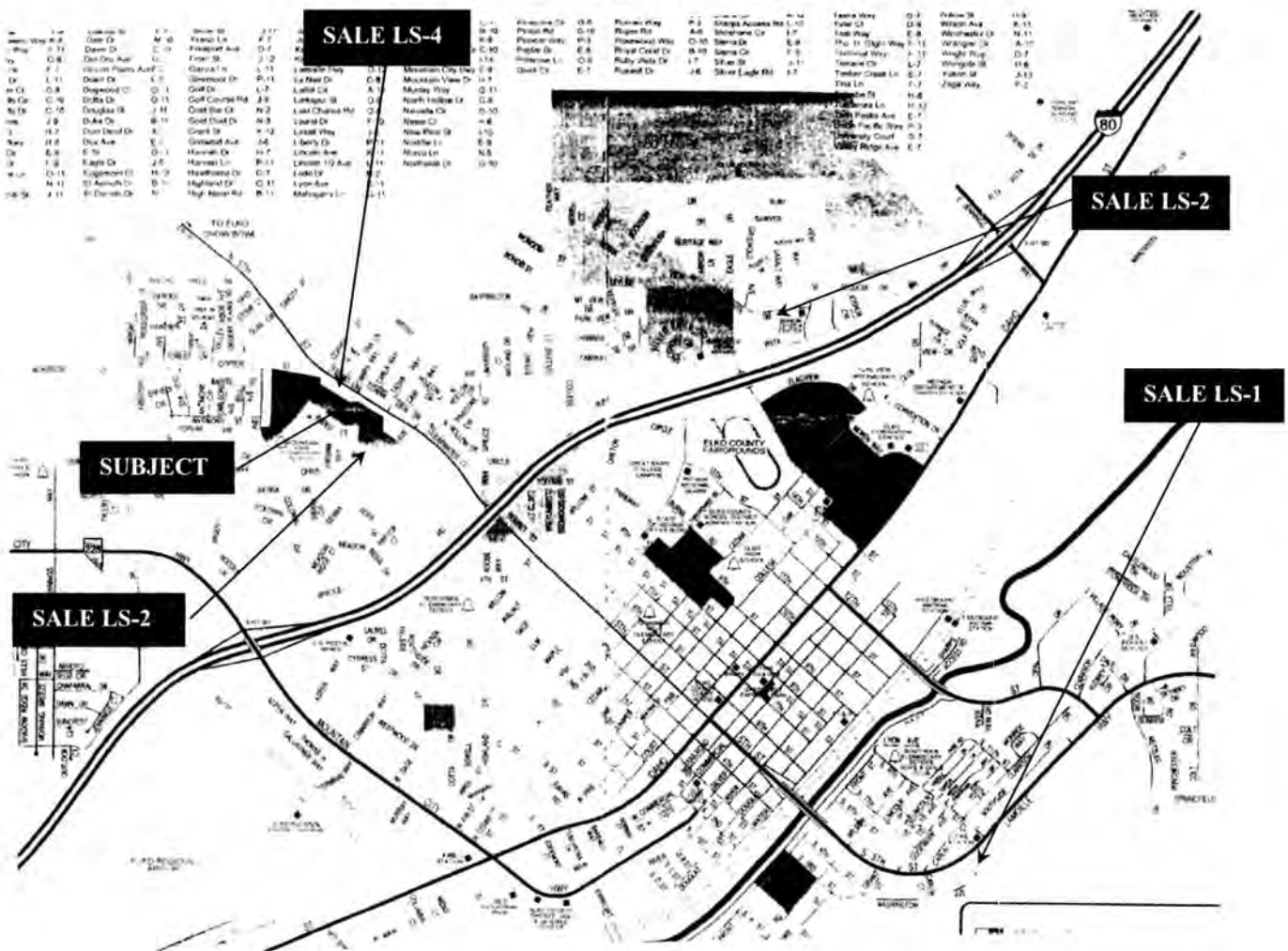
All sales found were investigated, analyzed and compared with the subject. The comparables set out on the following chart were considered to be most similar to the subject. Following the chart will be a map locating the sale properties. This will be followed by profiles of the individual sales. The profiles will be followed by a comparison, correlation and conclusion section, where my opinion of the Market Value of the subject will be formulated.

In analyzing each of the comparables, they have been compared with the subject on a sale price per square foot basis, which appears to be unit of value utilized in the market. Following the sales chart will be a map locating the sale properties. This will be followed by profiles of the individual sales. The profiles will then be followed by a comparison, correlation and conclusion section, where the comparables will be compared with the subject to derive an opinion of value.

## COMPARABLE LAND SALES CHART

Sale No.	Assessor's Parcel Number	Sale Date Doc. #	Zoning Topography	Sale Price	Land Area	Sale Price/SF
LS-1	001-473-001 & 001-470-010 Southeast corner of South Fifth Street and Biegler Avenue, Elko	12-13-2017 734654	R Level to moderately sloping	\$100,000	4.234± ac 184,433± sf	\$0.54
LS-2	Por. of 001-610-075 24.60± feet north of Chris Avenue at a point approximately 300 feet east of Sierra Drive, Elko	12-22-2017 435026	PQP Level to gently sloping	\$12,500	0.130± ac 5,676±sf	\$2.20
LS-3	001-530-026 The south side of Indian View Drive, across from its intersection with Griswold Drive, Elko	04-22-2019 753621	R Level to gently sloping	\$75,000	1,297± ac 56,497± sf	\$1.33
LS-4	001-610-096, 097, 098 & 099 West side of North 5 <sup>th</sup> Street, 450± feet north of Chris Avenue, Elko	09-06-2019 758931	C Level to gently sloping	\$174,600	2.973± ac 129,504± sf	\$1.35
Subject	Por. of 001-610-075 100.00 feet south of North 5 <sup>th</sup> Street at a point 426.46± feet north of Chris Avenue, Elko	Appraisal Date 10-31-2019	PQP (assumed to be C) Gently to moderately sloping	---	0.328± ac. 14,300± sf	---

# COMPARABLE COMMERCIAL LAND SALES MAP

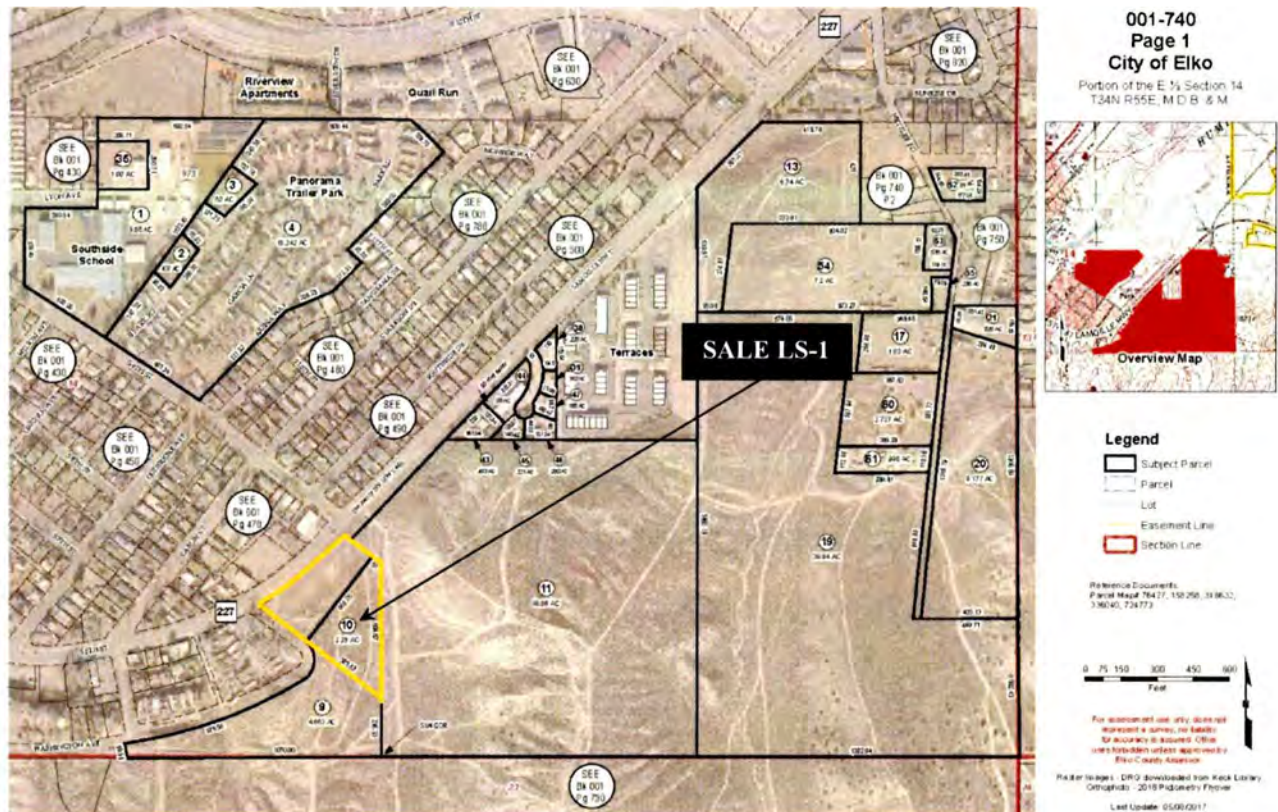


## LAND SALE PROFILES SALE LS-1

<b>A.P.N.s</b>	001-473-001 & 001-470-010	<b>Zoning</b>	R (Residential)
<b>Sale Price</b>	\$100,000	<b>Grantor</b>	Marco A. Zamora
<b>Terms of Sale</b>	Cash to the Seller	<b>Grantee</b>	Koinonia Construction, Inc.
<b>Sale Date</b>	December 13, 2017	<b>Document No.</b>	734654
<b>Parcel Size</b>	4.234± ac. (184,433± sf)	<b>Price/SF</b>	\$0.54
<b>Approvals</b>	None	<b>Water Rights</b>	None
<b>Confirmation</b>	Luke Fitzgerald, buyer 775-303-8492 & County Records	<b>By</b>	John S. Wright

### Remarks:

This comparable involves the December 2017 sale of two adjoining parcels of land located on the southeast corner of South 5<sup>th</sup> Street and Biegler Avenue in south Elko. The sale site involves two more level areas separated by a slope. The site has frontage on South 5<sup>th</sup> S and also has frontage on Biegler Avenue, which slopes up the hill. The purchaser has a preliminary floorplan for 84 apartment units in 4 three-story buildings. All utilizes are available to the site. There do not appear to be any earthquake hazards, floodplains, soils conditions environmental concerns or other items that would adversely impact the value or development potential of the property.



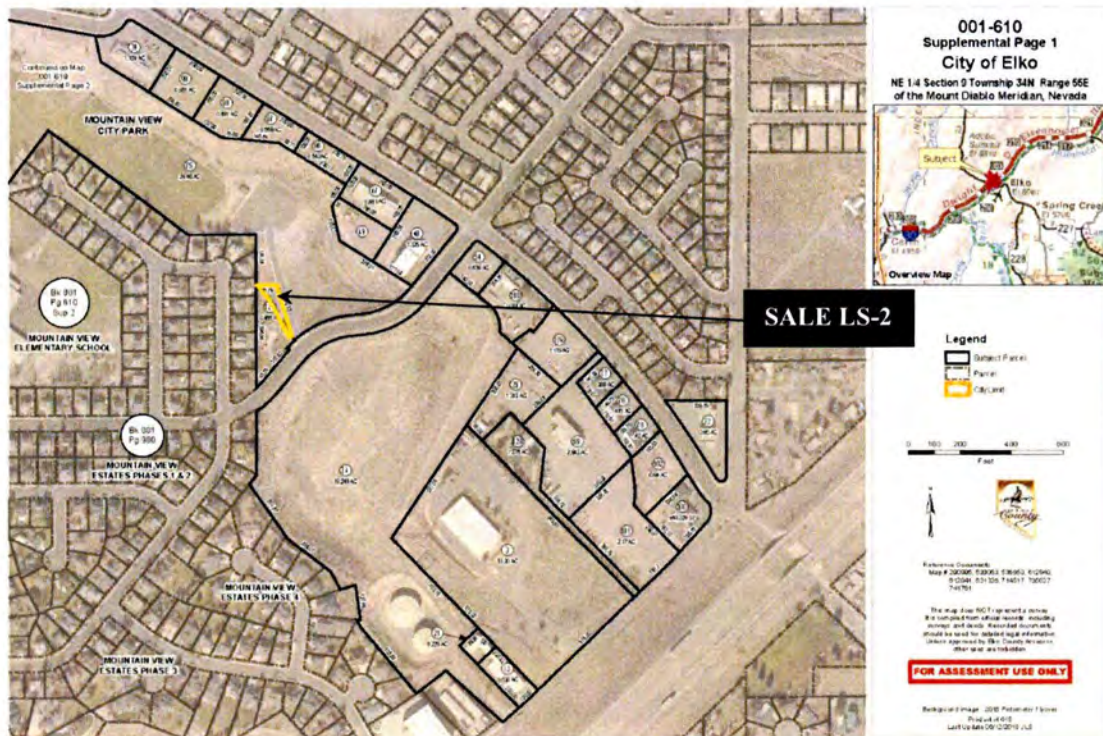


### LAND SALE PROFILE SALE LS-2

<b>A.P.N.</b>	Portion of 001-610-075	<b>Zoning</b>	PQP (Public, Quasi-Public)
<b>Sale Price</b>	\$12,500	<b>Grantor</b>	City of Elko
<b>Terms of Sale</b>	Cash to the seller	<b>Grantee</b>	Gary M. & Bernice K. Kimber
<b>Sale Date</b>	December 22, 2017	<b>Document No.</b>	735026
<b>Parcel Size</b>	0.130± ac. (5,676± sf)	<b>Price/SF</b>	\$2.20
<b>Approvals</b>	None	<b>Water Rights</b>	None
<b>Verification</b>	Ms. Cathy Laughlin, City of Elko 775-777-7160 & County Records	<b>By</b>	John S. Wright, MAI

**Remarks:**

This comparable involves a long irregular site that was located on the southeast corner of APN 001-610-075, which is the Mountain View City Park in north central Elko. The sale site was located between the Kimber's home and the driveway into the park off of Chris Avenue. The sale site was bordered on the east by a sidewalk, on the south and west by the Kimber's property and on the north by the park property. This property was purchased under NRS 268.061 1. (e) the subject property can only be sold to the adjoining property owner, and where the sale price is based on an appraisal that addresses the benefit to the adjoining parcel or how the addition of the City land increases the value of the parcel to which it was being attached. Prior to the acquisition, the garage of the Kimber homesite abutted the city owned land for the park and so the Kimber property had limited privacy. After the purchase, the Kimber's will be able to create a landscaped buffer. The property acquired is crossed by a 20'-wide public utility easement. The site has level topography all utilities are available to the site. The sale site had no roadway frontage, but it was only 24.60± feet from Chris Lane and it did have driveway frontage as a result of the driveway going to a parking lot for the park. There do not appear to be any earthquake hazards, floodplains, soils conditions, environmental concerns or other items that would adversely impact the value or development potential of the property.

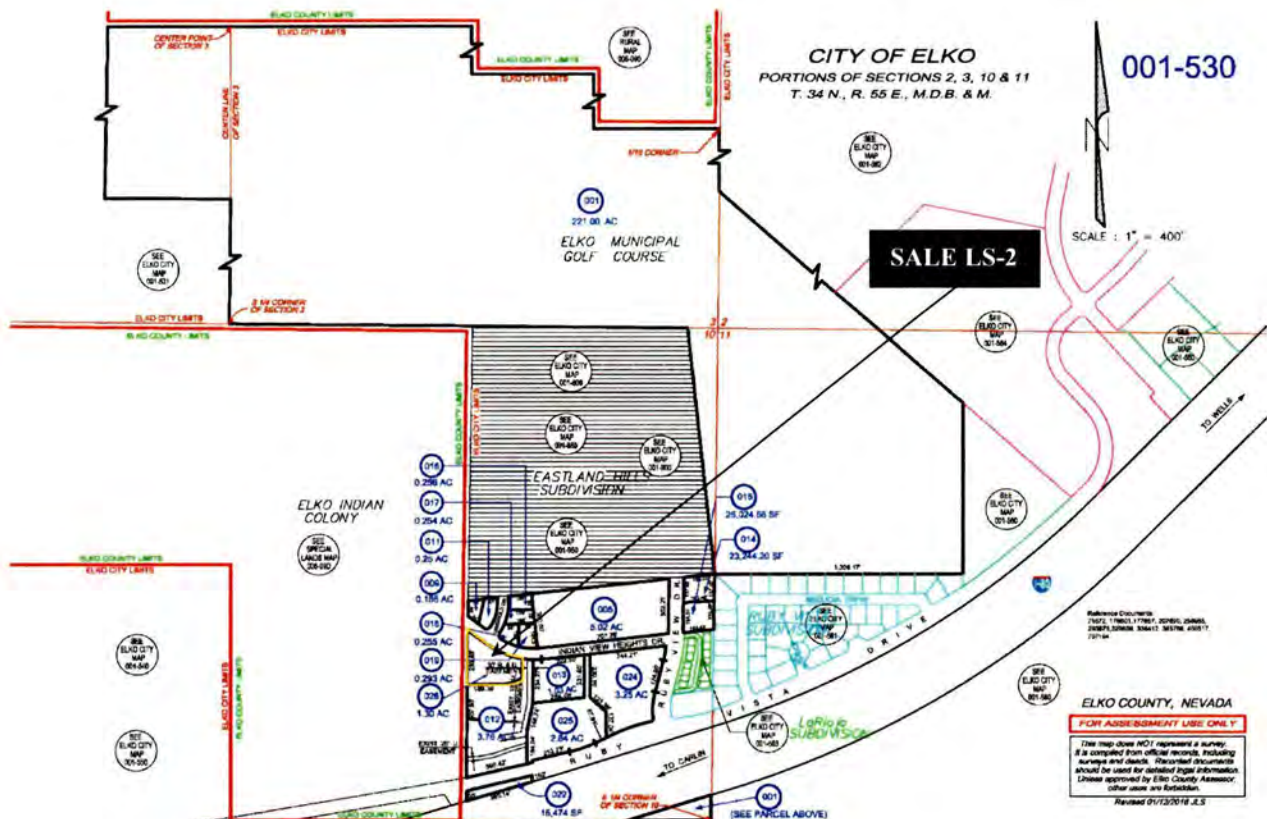


### LAND SALE PROFILE SALE LS-3

<b>A.P.N.</b>	001-530-026	<b>Zoning</b>	R
<b>Sale Price</b>	\$75,000	<b>Grantor</b>	Christian Center of Elko
<b>Terms of Sale</b>	Cash to the seller	<b>Grantee</b>	Kelly Builders, LLC
<b>Sale Date</b>	April 22, 2019	<b>Document No.</b>	453621
<b>Parcel Size</b>	1.297± ac. (56,467± sf)	<b>Price/SF</b>	\$1.33
<b>Approvals</b>	None	<b>Water Rights</b>	None
<b>Confirmation</b>	Jim Winer, Coldwell Banker /Algerio Q-Team Realty 775-738-4078 & County Records	<b>By</b>	John S. Wright

#### Remarks:

This comparable involves a vaguely rectangular shaped parcel of land located in northern Elko between the Elko Indian Colony and the Elko Senior Citizens Center. The sale site has level to gently sloping topography, with paved road access along its north property line. All utilities are available to the site. There do not appear to be any earthquake hazards, floodplains, soils conditions environmental concerns or other items that would adversely impact the value or development potential of the property. The sale site was reportedly purchased for development with a 12-unit townhouse project.



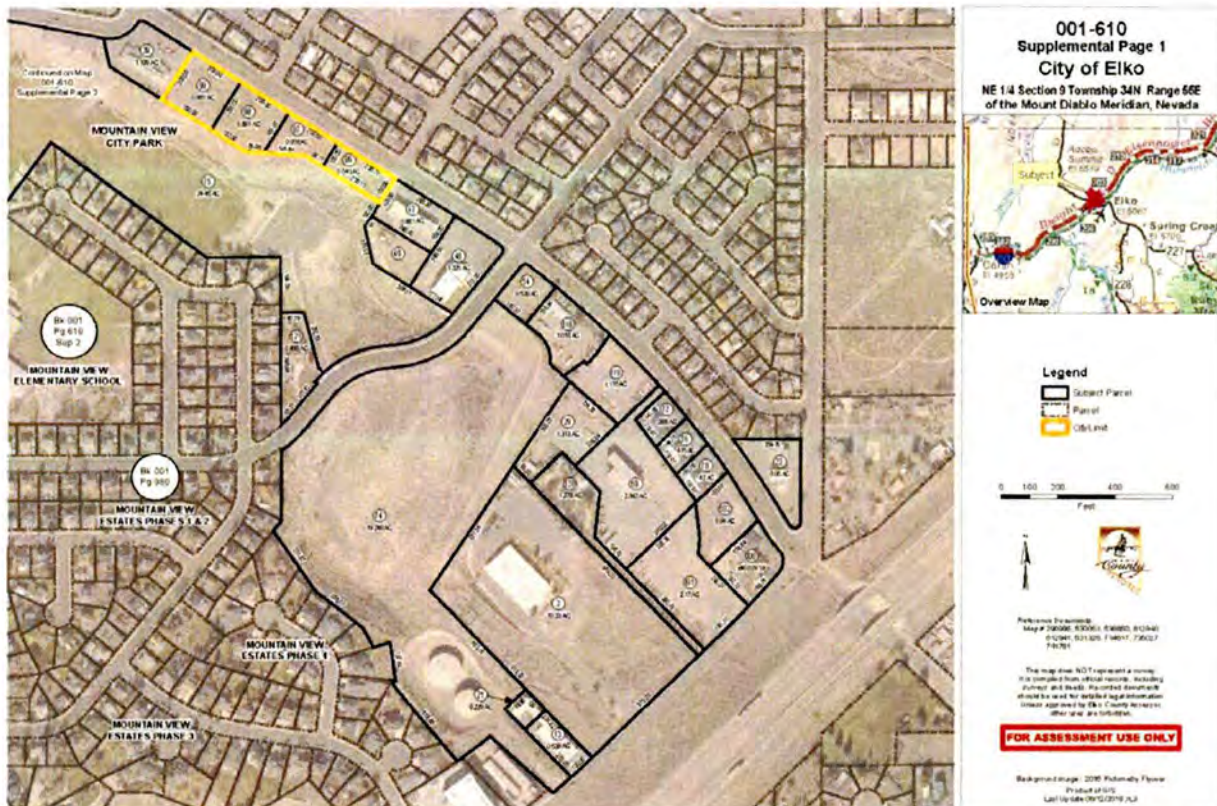


## LAND SALE PROFILE SALE LS-4

<b>A.P.N.</b>	01-610-096, 097, 098 & 099	<b>Zoning</b>	C (Commercial)
<b>Sale Price</b>	\$174,600	<b>Grantor</b>	North VII, a general partnership
<b>Terms of Sale</b>	Cash to the seller	<b>Grantee</b>	Koinonia Development, LP, a Nevada limited partnership
<b>Sale Date</b>	September 6, 2019	<b>Document No.</b>	758931
<b>Parcel Size</b>	2.973± ac. (129,504± sf)	<b>Price/SF</b>	\$1.35
<b>Approvals</b>	None	<b>Water Rights</b>	None
<b>Confirmation</b>	Luke Fitzgerald, buyer 775-303-8492 & County Records	<b>By</b>	John S. Wright

### Remarks:

This comparable involves four adjoining rectangular shaped sites located on the west side of North 5<sup>th</sup> Street, between 5<sup>th</sup> Street and the Mountain View City Park in north-central Elko. The sale site has level to gently sloping topography down from north to south. The sale site has paved road access and all utilities are available to the site. There do not appear to be any earthquake hazards, floodplains, soils conditions environmental concerns or other items that would adversely impact the value or development potential of the property. The buyer is proposing to buy a 14,300± square foot sliver of the city park property and then develop the site with a 44-unit townhouse project. If the buyer is not able to acquire a portion of the city park site, then Mr. Fitzgerald indicated that the site would be developed with a 41-unit project.





### LAND SALES DISCUSSION, COMPARISON AND CONCLUSION

The four comparables set forth on the preceding chart involve consummated sales. The sales occurred between December 2017 and September 2019, as compared with the October 31, 2019 effective date of value. The comparables range in size from 0.130± acres to 4.234± acres, as compared with the subject's 0.328 ± acres of land area. Although the subject is much smaller than three of the comparables, the definition of Market Value as used in this assignment is to value the impact that the subject would have on the larger parcel to which the subject is to be added. As a result, I have focused on properties that were planned to be developed with multifamily residential uses. Sale LS-2 involves a property, which like the subject was purchased from the city under NRS 268.061 1. (e).

In analyzing the comparables, consideration was given to both qualitative and quantitative adjustments. Quantitative adjustments are those where an actual dollar adjustment can be extracted from the market data. This is the most precise form of adjustment. Where possible, quantitative adjustments have been completed. Qualitative adjustments are more intuitive. They reflect judgment as opposed to an actual adjustment derived from the market. A qualitative adjustment cannot be quantified with regard to dollar impact but is as real as quantitative adjustments. In the following analysis, both qualitative and quantitative adjustments have been completed. The quantitative adjustments will be analyzed first. Then, the qualitative adjustments will be considered.

#### *Quantitative Adjustment Analysis*

##### *Property Rights Conveyed*

All of the comparables involved the sale of fee simple ownership. As a result, no adjustment for property rights conveyed is warranted.

##### *Terms of Sale*

All of the comparables involved cash to the seller. As a result, no adjustment for terms of sale are felt to be warranted to any of the comparables.

*Conditions of Sale*

All of the comparables, except Sale LS-2 appear to involve typical arms-length transactions between willing buyers and willing sellers. In the case of Sale LS-2, this property was purchased from the City of Elko under NRS 268.061 1. (e). The purchase price was based on an appraisal. Depending on the methodology involved, this may or may not require an adjustment for Conditions of Sale. However, none will be made at this stage of the analysis.

*Market Conditions*

Sales LS-1 and LS-2 occurred in 2017, while Sales LS-3 and LS-4 occurred in 2019. Although house prices have been increasing, I cannot find any evidence of increases in land values and so in the following analysis, no adjustments for Market Conditions will be made in this analysis.

*Water Rights*

None of the comparables sold with any water rights and so none of the comparables require any adjustment for this factor.

*Qualitative Adjustments*

In addition to the quantitative adjustment set forth above, qualitative adjustments should also be analyzed. As indicated above, these are intuitive in nature and are calculated based on the appraiser's experience and analysis of the property evaluated. Such features as the properties' physical location and size, access and exposure, and zoning are compared to the subject to other adjustments are warranted to the comparables. The size of the adjustments cannot be quantified from the market.

*Location*

The comparables differ with regard to location. Sale LS-1 is located in south Elko, in an area with older, lower quality improvements and so it is considered to have an inferior location in comparison with the subject. Sales LS-2 through LS-4 are all considered to have similar locations in comparison with the subject.

*Property Size*

Generally, as property size increases, the price per acre decreases. However, there is generally little to no difference in unit price unless the size differential is significant. In this report, the value that the subject property contributes to the Koinonia site is being analyzed. With the subject property added, the Koinonia site will contain 143,804± square feet. As a result, the comparables will be compared with a subject containing 143,804± square feet of land area.

Sale LS-1 is 28.25% larger than the subject and so this comparable is considered to be inferior to the subject.

Sale LS-2 is a property purchased under NRS 268.061 1. (e). As a result, I have compared it with the size of the combined parcel which contains 37,550± square feet of land area. At this size, this property is only 26.11% of the size of the subject and so it is considered to be superior to the subject in this regard.

Sale LS-3 is only 39.29% of the size of the subject and so it is considered to be superior to the subject in this regard.

Sale LS-4, which is the sale of the Koinonia site is 90.06% of the size of the subject. Because the size is similar, this comparable is considered to be similar to the subject in this regard.

*Access*

The subject has no roadway access. In this regard, Sale LS-2 is considered to be similar to the subject, because it had no roadway access. The other comparables all have roadway frontage and access and so they are considered superior to the subject in this regard.

*Utilities*

The subject and all of the comparables have adequate access to all necessary utilities. As a result, no adjustments are felt to be necessary to any of the comparables for this factor.

*Topography*

The subject has gently to moderately sloping topography. Sale LS-1 has level to moderately sloping topography, but overall, it has inferior topography in comparison with the subject and so this comparable is considered to be inferior to the subject in this regard. The other comparables are considered to be superior to the subject in this regard.

*Floodplain*

Neither the subject or any of the comparables have any significant floodplain issues and so all of the comparables are considered to be equal to the subject in this regard.

*Views*

The subject and all of the comparables offer similar view amenities. Therefore, all of the comparables, are considered to be equal to the subject in this regard.

*Highest and Best Use*

The subject is zoned PQP, but when assembled with the Koinonia site, it will be zoned commercial. As was discussed in the Elko Area Description section of this report, commercial development in Elko is concentrated in two locations, at I-80 and East Jennings Way in eastern Elko and at I-80 and Mountain City Highway in the western portion of town. Although there is commercial development on North 5<sup>th</sup> Street, this development is generally older. The Koinonia sites had been available for several years but had not sold.

Sales LS-1, LS-3 and LS-4 were all purchased for multifamily development. In the case of Sale LS-1, it is apartment development. In the case of Sales LS-3 and LS-4 it was townhouse development. Since the subject would be added to Sale LS-4, the value that the subject contributes to Sale LS-4 is as part of a townhouse development. As a result, it is the undersigned's opinion that no adjustment for this factor is warranted to these sales.

Sale LS-2 was purchased as plottage to a single-family residential site. Therefore, it also involves a residential use. However, a single-family residential use is considered to be a less intensive use than a multifamily use. As a result, I would expect that this property would have sold for a lower unit value.

However, it is the highest of the sales. Overall, I have concluded that no adjustment should be made to this comparable for this factor.

*Other*

No other adjustments to the comparables are necessary and so additional adjustments have been made in this analysis.

*Summary and Conclusion*

Based upon the discussions set out previously, the following adjustments have been made to the comparable sales:

**LAND SALES ADJUSTMENT GRID**

Comparable No.	LS-1	LS-2	LS-3	LS-4	Subject
APN	001-473-001 & 001-470-010	001-610-075	001-530-026	006-610-096, 097, 098 & 099	Portion of 001-610-075
Sale Date	12/13/2017	12/22/2017	4/22/2019	9/6/2019	10/31/2019
Sale Price	\$100,000	\$12,500	\$75,000	\$174,600	---
Land Area	184,433	5,676	56,497	129,504	14,300
Price/Sq. Ft	\$0.54	\$2.20	\$1.33	\$1.35	---
Zoning	R	PQP	R	C	PQP
Topography	Level/Moderate	Level	Level/Gently	Level/Gently	Gently/Moderately
Utilities	All to site	To Property	To site	To site	To Site
Access	Paved	Paved	Paved	Paved	Paved
Property Rights	0.00%	0.00%	0.00%	0.00%	
Conditions of Sale	0.00%	0.00%	0.00%	0.00%	
Terms of Sale	0.00%	0.00%	0.00%	0.00%	
Market Conditions	0.00%	0.00%	0.00%	0.00%	
Water Rights	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	
Sub-Total	0.00%	0.00%	0.00%	0.00%	
Adjusted Value	\$0.54	\$2.20	\$1.33	\$1.35	
Qualitative Adjustments					
Location	Inferior	Equal	Equal	Equal	
Property Size	Inferior	Superior	Superior	Equal	
Access	Superior	Equal	Superior	Superior	
Utilities	Equal	Equal	Equal	Equal	
Topography	Inferior	Superior	Superior	Superior	
Floodplain	Equal	Equal	Equal	Equal	
Views	Equal	Equal	Equal	Equal	
Highest & Best Use	Equal	Equal	Equal	Equal	
Other	Equal	Equal	Equal	Equal	
	Inferior	Superior	0.00%	0.00%	
	-	-	-	-	
Overall Comparison	Above \$0.54	Below \$2.20	Below \$1.33	Below \$1.35	

After adjustment the comparables indicate a value range for the subject of between \$0.54 per square foot and \$1.33 per square foot of land area. This is a wide range. In attempt to narrow this range, I have considered the following:

1. In assessing a value for the subject, I have considered the August 2011 sale of APN 001-860-0AH, located at 4800 Idaho Street, with the June 2012 sale of Assessor's Parcel Number 001-860-0AY, a 2.00-acre parcel that is located approximately 300 feet to the south and does not have arterial roadway frontage. APN 001-860-0AH sold for \$3.40 per square foot, while APN 001-860-0AY sold for \$2.07 per square foot of land area. After adjusting the sale of APN 001-860-0AH for the costs of demolition, this pairing indicates an adjustment of 44.44%. If this adjustment were applied to the unit price of Sale LS-4, it would indicate a value for the subject, which does not have roadway access of \$0.75 per square foot. However, since as part of the Koinonia parcel, the subject would have effective roadway access, the value of the subject should be above \$0.75 per square foot.
2. Additionally, I have considered Sales LS-1, LS-3 and LS-4 on a sale price per residential unit basis. The sales indicate unit values as follows:

Sale No.	Density/Ac.	Price/Unit
LS-1	19.84	\$1,190
LS-3	9.25	\$6,250
LS-4	13.79	\$4,259

The sales indicate a relationship between density and sale price per unit, with price per unit increasing as density decreasing. The addition of the subject will allow the development potential of the Koinonia site to increase from 41 units to 44 units, with a density of 13.33 units per acre. Assuming that value changes linearly with changes in density. This would indicate a value for the subject of 4,460 per unit, or \$13,380, which equates to \$0.94 per square foot of land area.

Based on the available data, and considering the subject's location, size and access, I have concluded to a unit value for the subject of \$1.00 per square foot of effective land area, which equates to a Market Value for the subject, based on the City of Elko's interpretation of Market Value, for a NRS 268.061 1. (c) sale, as of October 31, 2019 effective date of value of \$14,300.

**Market Value Conclusion**  
**(As of October 31, 2019)**

**\$14,300**



### **EXPOSURE TIME ANALYSIS**

The Uniform Standards of Professional Appraisal Practice require that value conclusions be tied to an Exposure Time. The exposure time is the time that would have been necessary to have exposed the property on the open market in order to consummate a sale as of the effective date of valuation. However, under NRS 268.061 1. (e), the City of Elko, acting on a request of a property owner agrees to sell a portion of city-owned property to a specific adjoining property owner. The sale then occurs or it does not. Therefore, I have concluded that the projection of exposure time is indeterminate.

### **EXPOSURE TIME CONCLUSION**

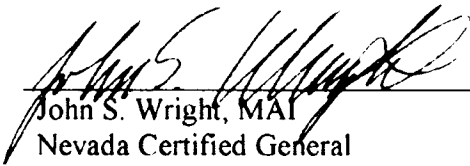
**Indeterminate**

**APPRAISER'S CERTIFICATION**

The undersigned do hereby certify that, unless otherwise noted in this appraisal report:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, conclusions, and recommendations.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The appraisal was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
- The appraiser's state registration/certification has not been revoked, suspended, cancelled or restricted.
- I have provided no other service as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- The use of this report is subject to the requirements of The Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, John S. Wright has completed the continuing education program of the Appraisal Institute.

Respectfully submitted,

  
John S. Wright, MAI  
Nevada Certified General  
License Number A.0000191-CG  
Expires 31 May 2021

November 16, 2019

Date

## **ASSUMPTIONS AND LIMITING CONDITIONS**

The acceptance of this appraisal assignment and the completion of the appraisal report submitted herewith are contingent upon the following assumptions and limiting conditions:

### **COPIES, PUBLICATION, DISTRIBUTION AND USE OF REPORT:**

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for any purpose or any function other than its intended use, as stated in the body of the report. The appraisal fee represents compensation only for the analytical services provided by the appraiser. The appraisal report remains the property of the appraiser, though it may be used by the client in accordance with these assumptions and limiting conditions.

The By-Laws and Regulations of the Appraisal Institute require each Member to control the use and distribution of each appraisal report signed by such Member. Except as hereinafter provided, the client may distribute copies of this appraisal report in its entirety to such third parties as he may select. However, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the appraiser. Neither all nor any part of this appraisal report shall be disseminated to the general public by use of advertising media, public relations media, news media, sales media, or any other media for public communication without the prior written consent of the appraisal firm.

This appraisal is to be used only in its entirety and no part is to be used without the whole report. All conclusions and opinions concerning the analysis as set forth in the report were prepared by the appraiser(s) whose signature(s) appears on the appraisal report, unless it is indicated that one or more of the appraisers was acting as "Review Appraiser." No change of any item in the report shall be made by anyone other than the appraiser. The appraiser shall bear no responsibility for any unauthorized changes.

### **CONFIDENTIALITY:**

Except as provided for subsequently, the appraiser may not divulge the analyses, opinions or conclusions developed in the appraisal report, nor may he give a copy of the report to anyone other than the client or his designee as specified in writing. However, this condition does not apply to any requests made by the Appraisal Institute or the State of Nevada for purposes of confidential ethics enforcement. Also, this condition does not apply to any order or request issued by a court of law or any other body with the power of subpoena.

The appraiser may be requested to submit copies of work to bona fide financial institutions in order to be approved to complete appraisal work for their institution. When requested, the appraiser will contact the client to obtain release to disseminate copies of the report to requesting institutions. Requests for dissemination will be controlled by the client; however, approval to disseminate the report will not be unreasonably withheld. Any reports disseminated to requesting financial institutions would be edited to remove specific references to the subject property's name, location and owner. Additionally, any specific reference to the client will also be deleted.

### **INFORMATION SUPPLIED BY OTHERS:**

Information (including projections of income and expenses) provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, sellers, property owners, bookkeepers, accountants, attorneys, and others is assumed to be true, correct and reliable. No responsibility for the accuracy of such information is assumed by the appraiser. The appraiser is not liable for any information or the work product provided by subcontractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction or from affidavit or other sources thought reasonable. In some instances, an impractical and uneconomic expenditure of time would be required in attempting to furnish absolutely unimpeachable verification. The value conclusions set forth in the appraisal report are subject to the accuracy of said data. It is suggested that the client consider independent verification as a prerequisite to any transaction involving a sale, a lease or any other commitment of funds with respect to the subject property.

**TESTIMONY, CONSULTATION, COMPLETION OF CONTRACT FOR APPRAISAL SERVICE:**

The contract for each appraisal, consultation or analytical service is fulfilled and the total fee is payable upon completion of the report. The appraiser or anyone assisting in the preparation of the report will not be asked or required to give testimony in court or in any other hearing as a result of having prepared the appraisal, either in full or in part, except under separate and special arrangements at an additional fee. If testimony or a deposition is required because of any subpoena, the client shall be responsible for any additional time, fees and charges, regardless of the issuing party. Neither the appraiser nor anyone assisting in the preparation of the report is required to engage in post appraisal consultation with the client or other third parties, except under a separate and special arrangement and at an additional fee.

**EXHIBITS AND PHYSICAL DESCRIPTIONS:**

It is assumed that the improvements and the utilization of the land are within the boundaries of the property lines of the property described in the report and that there is no encroachment or trespass unless noted otherwise within the report. No survey of the property has been made by the appraiser and no responsibility is assumed in connection with such matters. Any maps, plats, or drawings reproduced and included in the report are there to assist the reader in visualizing the property and are not necessarily drawn to scale. The reliability of the information contained on any such map or drawing is assumed accurate by the appraiser and is not guaranteed to be correct.

**TITLE, LEGAL DESCRIPTIONS, AND OTHER LEGAL MATTERS:**

No responsibility is assumed by the appraiser for matters legal in character or nature. No opinion is rendered as to the status of title to any property. The title is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in the appraisal report. The legal description, as furnished by the client, his designee or as derived by the appraiser, is assumed to be correct as reported. The appraisal is not to be construed as giving advice concerning liens, title status, or legal marketability of the subject property.

**ENGINEERING, STRUCTURAL, MECHANICAL, ARCHITECTURAL CONDITIONS:**

This appraisal should not be construed as a report on the physical items that are a part of any property described in the appraisal report. Although the appraisal may contain information about these physical items (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed report on these physical items. The appraiser is not a construction, engineering, or architectural expert, and any opinion given on these matters in this report should be considered tentative in nature and is subject to modification upon receipt of additional information from appropriate experts. The client is advised to seek appropriate expert opinion before committing any funds to the property described in the appraisal report.

Any statement in the appraisal regarding the observed condition of the foundation, roof, exterior walls, interior walls, floors, heating system, plumbing, insulation, electrical service, all mechanicals, and all matters relating to construction is based on a casual inspection only. Unless otherwise noted in the appraisal report, no detailed inspection was made. For instance, the appraiser is not an expert on heating systems and no attempt was made to inspect the interior of the furnace. The structures were not investigated for building code violations and it is assumed that all buildings meet the applicable building code requirements unless stated otherwise in the report.

Such items as conditions behind walls, above ceilings, behind locked doors, under the floor, or under the ground are not exposed to casual view and, therefore, were not inspected, unless specifically so stated in the appraisal. The existence of insulation, if any is mentioned, was discovered through conversations with others and/or circumstantial evidence. Since it is not exposed to view, the accuracy of any statements regarding insulation cannot be guaranteed.

Because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any comments on observed conditions given in this appraisal report should not be taken as a guarantee that a problem does or does not exist. Specifically, no guarantee is given as to the adequacy or condition of the foundation, roof, exterior walls, interior walls, floors, heating systems, air conditioning systems, plumbing, electrical service, insulation, or any other detailed construction matters. If any interested party is concerned about the existence, condition, or adequacy of any

particular item, it is strongly suggested that a mechanical and/or structural inspection be made by a qualified and licensed contractor, a civil or structural engineer, an architect or other experts.

This appraisal report is based on the assumption that there are no apparent or unapparent conditions on the property site or improvements, other than those stated in the report, which would materially alter the value of the subject. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them. All mechanical components are assumed to be in operable condition and standard for the properties of the subject type. Conditions of heating, cooling, ventilating, electrical and plumbing equipment are considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made in the appraisal as to the adequacy of insulation, the type of insulation, or the energy efficiency of the improvements or equipment which is assumed to be standard for the subject's age, type and condition.

#### **AMERICANS WITH DISABILITIES ACT:**

The Americans with Disabilities Act became effective on January 26, 1992. Unless otherwise noted in this report, I have not made a specific compliance survey or analysis of this property to determine whether or not it is conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, would reveal that the property is not in compliance with one or more requirements of the Act. If so, this fact could have a negative effect on the value of the property as derived in the attached report. Since I have no direct evidence relating to this issue, and since I am not an expert at identifying whether a property complies or does not comply with the ADA, unless otherwise stated in the report, I did not consider possible non-compliance with the requirements of ADA in estimating the value of the property. Before committing funds to any property, it is strongly advised that appropriate experts be employed to ascertain whether the existing improvements, if any, comply with the ADA. Should the improvements be found to not comply with the ADA, a reappraisal at an additional cost may be necessary to estimate the effects of such circumstances.

#### **TOXIC MATERIALS AND HAZARDS:**

Unless otherwise stated in the appraisal report, no attempt has been made to identify or report any toxic materials and/or conditions such as asbestos, urea-formaldehyde foam insulation, or soils or ground water contamination on any land or improvements described in the appraisal report. Before committing funds to any property, it is strongly advised that appropriate experts be employed to inspect both land and improvements for the existence of such toxic materials and/or conditions. If any toxic materials and/or conditions are present on the property, the value of the property may be adversely affected and a reappraisal at an additional cost may be necessary to estimate the effects of such circumstances.

#### **SOILS, SUB-SOILS AND POTENTIAL HAZARDS:**

It is assumed that there are no hidden or unapparent conditions of the soils or sub-soils which would render the subject property more or less valuable than reported in the appraisal. No engineering or percolation tests were made and no liability is assumed for soil conditions. Unless otherwise noted, sub-surface rights (minerals and oil) were not considered in making this appraisal. Unless otherwise noted, the land and the soil in the area being appraised appeared to be firm, but no investigation has been made to determine whether or not any detrimental sub-soil conditions exist. The appraiser is not liable for any problems arising from soil conditions. Therefore, it is strongly advised that, before any funds are committed to a property, the advice of appropriate experts be sought.

If the appraiser has not been supplied with a termite inspection report, survey or occupancy permit, no responsibility is assumed and no representation is made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained.

The appraiser assumes no responsibility for any costs or for any consequences arising from the need or lack of need for flood hazard insurance. An Agent for the Federal Flood Insurance Program should be contacted to determine the actual need for flood hazard insurance.

**LEGALITY OF USE**

This appraisal report assumes that there is full compliance with all applicable federal, state and local environmental regulations and laws, unless non-compliance is stated, defined and considered in the appraisal report. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined and considered in the appraisal report. It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state or national government, private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

**COMPONENT VALUES**

If the total property value set forth in this report is distributed between land and improvements, this distribution applied only under the existing program of utilization as set forth in the appraisal. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

**AUXILIARY AND RELATED STUDIES**

No environmental or impact studies, special market studies or analyses, special highest and best use studies or feasibility studies have been requested or made by the appraiser unless otherwise specified in an agreement for services and so stated in the appraisal report.

**DOLLAR VALUES AND PURCHASING POWER**

The estimated market value set forth in the appraisal report and any cost figures utilized are applicable only as of the date of valuation of the appraisal report. All dollar amounts are based on the purchasing power and price of the dollar as of the date of value estimates.

**VALUE CHANGE, DYNAMIC MARKET, ALTERATION OF ESTIMATE BY APPRAISER**

All values shown in the appraisal report are projections based on analyses as of the date of valuation of the appraisal. These values may not be valid in other time periods or as conditions change. Projected mathematical models set forth in the appraisal are based on estimates and assumptions which are inherently subject to uncertainty and variations related to exposure, time, promotional effort, terms, motivation, and other conditions. Any future projections have been made based upon the data and information available as of the date when the report was prepared and is intended to reflect what the market at that point in time would project for the subject property into the future. Therefore, the models do not necessarily reflect what will actually be achieved but rather what the market projects would be achieved as of the date of the report. Therefore, none of the values contained in this report should be considered as being reflective of any future value of the subject property. The value estimates consider the productivity and relative attractiveness of a property only as of the date of valuation set forth in the report.

In cases of appraisals involving the capitalization of income benefits, the estimate of market value, investment value or value in use is a reflection of such benefits and of the appraiser's interpretation of income, yields and other factors derived from general and specific client and market information. Such estimates are as of the date of valuation of the report. They are subject to change as market conditions change.

This appraisal is an estimate of value based on analysis of information known at the time the appraisal was made. The appraiser does not assume any responsibility for incorrect analysis because of incorrect or incomplete information. If new information of significance comes to light, the value given in this report is subject to change without notice. The appraisal report itself and the value estimates set forth therein are subject to change if either the physical or legal entity or the terms of financing are different from what is set forth in the report.

**EXCLUSIONS**

Furnishings, equipment, other personal property and value associated with a specific business operation are excluded from the value estimate set forth in the report unless otherwise indicated. Only the real estate is included in the value estimates set forth in the report unless otherwise stated.

**PROPOSED IMPROVEMENTS, CONDITIONED VALUE**

It is assumed in the appraisal report that all proposed improvements and/or repairs, either on-site or off-site, are completed in a good and workmanlike manner in accord with plans, specifications or other information supplied to this appraiser and as set forth in the appraisal report. In the case of proposed construction, the appraisal is subject to change upon inspection of the property after construction is completed. The estimate of market value is as of the date specified in the report. Unless otherwise stated, the assumption is made that all improvements and/or repairs have been completed according to the plans and that the property is operating at levels projected in the report.

**MANAGEMENT OF PROPERTY**

It is assumed that the property which is the subject of the appraisal report will be under typically prudent and competent management which is neither inefficient nor superefficient.

**FEE FOR SERVICES**

The fee for any appraisal report, consultation, feasibility or other study is for services rendered and, unless otherwise stated in the service agreement, is not solely based upon the time spent on any assignment.

**CHANGES AND MODIFICATIONS**

The appraiser reserves the right to alter statements, analyses, conclusions, or any value estimates in the appraisal if any new factors pertinent to the appraisal process are discovered which were unknown when the appraisal report was prepared.

The acceptance and/or use of the appraisal report by the client or any third party constitutes acceptance of the *Assumptions and Limiting Conditions* set forth in the preceding paragraphs.

**QUALIFICATIONS OF APPRAISER****JOHN S. WRIGHT****Professional Designation**

MAI - Member of Appraisal Institute (MAI Member 9718) 1992

**State Licensing and Certification**

Certified General Appraiser - State of Nevada 1991  
 License Number A.0000191-CG  
 (Certified through May 31, 2021)

**Formal Education**

Lake Tahoe Community College, South Lake Tahoe, CA 1979  
 University of Illinois, Urbana 1979-1983  
 B. F. A., Theater Management:  
 Courses in Business Administration, Economics, Accounting  
 and Business Law; Graduated with Honors

**Appraisal Education and Technical Training**

Appraisal Institute  
 Course 1A-1 "Real Estate Appraisal Principles"  
 Course 1A-2 "Basic Valuation Procedures"  
 University of San Diego, California  
 Course 1B-A, "Capitalization Theory, Part A"  
 Course 1B-B, "Capitalization Theory, Part B"  
 Arizona State University, Tempe  
 Course 2-1, "Case Studies in Real Estate Valuation"  
 Course 2-2, "Reporting Writing and Valuation Analysis"  
 University of Colorado  
 Course 2-3, "Standards of Professional Practice"  
 Sacramento, California  
 Course 330 "Apartment Appraisals"  
 Online Course  
 Course 400 "USPAP Update 2014"  
 Reno, NV  
 Course 520, "Highest and Best Use and Market Studies"  
 University of San Diego, California  
 Course 710, "Condemnation Appraising: Basic Principles and Applications"  
 Sacramento, CA  
 Course 720, "Condemnation Appraising: Advanced Topics and Applications"  
 Sacramento, CA  
 Course 430, Part C, "Standards of Professional Practice"  
 Reno, NV  
 Course 510, Advanced Income Capitalization  
 San Diego, CA  
 Course, Advanced Market Analysis and Highest and Best Use  
 Las Vegas, CA  
 Course Review Theory – General  
 Sacramento, CA



## QUALIFICATIONS OF APPRAISER JOHN S. WRIGHT

### Selected Seminars

American Institute of Real Estate Appraisers  
 Appraising in a Regulated Environment  
 The Art of Appraising  
 The Electronic Spreadsheet in the Appraisal Office  
 Highest and Best Use

Appraisal Institute  
 National USPAP Update  
 Maximizing the Value of an Appraisal Practice  
 Environmental Risk and the Real Estate Appraisal Process  
 Understanding Limited Appraisals and Appraisal Reporting Options-General  
 Fair Lending and the Appraiser  
 Appraising Detrimental Conditions  
 Litigation Skills for the Appraiser  
 Case Studies in Limited Partnership and Common Tenancy Valuation  
 Introduction to GSI Applications for Real Estate Appraisal  
 Attacking and Defending an Appraisal in Litigation  
 The Essentials, Current Issues and Misconceptions in Appraising  
 What Commercial Clients would like an Appraiser to Know  
 Business Practices and Ethics

Society of Real Estate Appraisers  
 R-41C and the Appraiser  
 Nevada Appraisal Law and Licensing

### Occupational History

John S. Wright & Associates - Owner	11-2002 to Present
Nevada State Bank – Review Appraiser II – Vice President	2008 - 2010
Wright, Warren & Schiffmacher, LLC - Member	1997-2002
John S. Wright, MAI, Real Estate Appraiser and Consultant, Owner	1994-1996
Johnson-Wright & Associates Senior Appraiser	1984-1994
Hartford Ballet/Connecticut Opera Production Stage Manager/Company Manager	1983-1984
National Ballet of Illinois Production Stage Manager/Company Manager	1976-1980

### Offices Held

Appointment/Commission – State of Nevada	
Commission of Appraisers of Real Estate President	07/01/01 thru 10/31/2004 2002 to 2004
Reno-Carson Chapter Appraisal Institute:	
Chapter Secretary	1993
Chapter Vice President	1994, 2009 & 2010
Chapter President	1995 & 2011

## **QUALIFICATIONS OF APPRAISER JOHN S. WRIGHT**

### **Qualified as an Expert Witness**

U. S. Bankruptcy Court, Reno, Nevada  
District Court, Washoe County, Nevada

### **REPRESENTATIVE APPRAISAL CLIENTS**

Airport Authority of Washoe County	Internal Revenue Service
AMI Capital	Key Bank
Bailey & Dutton	Nevada Community Redevelopment Corp.
Bank of America	Nevada Security Bank
Bank of New York	Nevada State Bank
Bank of the West	Nevada State Department of Transportation
City of Reno	Northern Nevada Bank
City of Sparks	Prudential Huntoon Paige
City of Yerington	Regional Transportation Commission
Comerica Bank	Reno-Sparks Convention Authority
Colonial Bank	Shearson American Express
Construction Lending Corp. of America	Sierra Pacific Power Company
Denver & Rio Grande Western Railroad	Somerset Development Company
Dept. of Housing & Urban Development (HUD)	Specialty Financial Corporation
Dermody Properties	TRI Capital
Federal Deposit Insurance Corporation	U. S. Bank
First Bank & Trust	University of Nevada
First Independent Bank	Wade Development
1 <sup>st</sup> National Bank of Nevada	Washoe County
GMAC Commercial Mortgage	Washoe County Public Administrator
Great Basin Bank of Nevada	Washoe County School District
Housing Capital Company	Wells Fargo Bank

### **TYPES OF PROPERTIES APPRAISED**

Various Types of Vacant Land	Residential Subdivisions
Apartment Complexes	Rooming Houses
Office Buildings	Retail-Commercial Buildings
Industrial Buildings	Hotel-Casinos
Motels	Special Use Properties
Shopping Centers	

**Elko City Council  
Agenda Action Sheet**

1. Title: **Review, consideration, possible approval Ordinance No. 846, an ordinance amending Title Nine (9), Chapter one (1), section three (3), adding a definition of fire protection service line and section twenty nine (29) adding a fire protection service fee, and matters related thereto. FOR POSSIBLE ACTION**
2. Meeting Date: **November 26, 2019**
3. Agenda Category: **ORDINANCE**
4. Time Required: **10 Minutes**
5. Background Information: **City Council accepted the Water Study completed by Farr West Engineering and directed Staff to complete a Business Impact Statement on water rate increases at the September 9, 2019 City Council Meeting. At the November 12, 2019 meeting, Council accepted the Business Impact Statement and found that Ordinance No. 846 does not impose a direct and significant economic burden on a business or directly restrict the formation, operation or expansion of a business. KW**
6. Budget Information:  

Appropriation Required: **N/A**  
Budget amount available: **N/A**  
Fund name: **N/A**
7. Business Impact Statement: **Completed**
8. Supplemental Agenda Information: **Copy of Ordinance No. 846**
9. Recommended Motion. **Conduct First Reading of Ordinance No. 846, and direct Staff to set the matter for second reading, public hearing, and possible adoption.**
10. Prepared By: **Kelly Wooldridge, City Clerk**
11. Committee/Other Agency Review: **N/A**
12. Council Action:
13. Agenda Distribution:

## ORDINANCE 846

### AN ORDINANCE AMENDING TITLE 9 CHAPTER ONE SECTION THREE ADDING A DEFINITION OF FIRE PROTECTION SERVICE AND SECTION TWENTY NINE ADDING A FIRE PROTECTION SERVICE FEE

**WHEREAS**, the City of Elko desires to amend portions of the City Code pertaining to water rates by adding a fire service protection line fee in order to further promote orderly growth and development, and to protect the interest, health, safety and general welfare of the public; and

**WHEREAS**, the City of Elko has determined that the proposed amendments further those goals; and

**WHEREAS**, the City of Elko desires to amend Title 9, Chapter 1, Section 3 & 29 of the Elko Code, and has followed all procedural requirements and legal noticing required per City Code and N.R.S.

#### **9-1-3: DEFINITIONS:**

As used in this chapter, unless the context requires otherwise, the following are to mean:

**CITY COUNCIL:** The city council of the city of Elko.

**CONNECTION CHARGES OR CONNECTION FEE:** A fee charged in order to equalize the investment in plant and equipment and other facilities made by the city of Elko. The charge is for the right of service in the system.

**DIRECTOR:** The city engineer or any of his duly authorized representatives.

**ELKO MUNICIPAL WATER SYSTEM OR WATER SYSTEM:** The system of conduits, pumps, tanks and structures used for the purpose of conveying from its sources, treating in any manner and conveying to final points of use, all water services requested of the city and on a schedule approved by the city council. Specifically included as integral parts of the system are all conduits of any nature forming a part of the general network of conduits or connected directly or indirectly to said network; all pumps, treatment facilities, tanks and structures of any kind used in connection with the collection, treatment and disposition of water; and all appurtenances to any of the above, either physically or functionally connected therewith.

**FIRE PROTECTION SERVICE LINE:** *Public fire protection service facilities including but not limited to fire service tap, valves, pipes, fire hydrants, fire department connections, and backflow devices.*

**FIXTURE UNIT SURVEY:** The tabulation of fixture units by physical inspection or review of construction plans to determine the fixture unit count.

**FULL FRONTAGE:** All lot lines of any lot, parcel or tract of property adjacent to a road, street, alley or right of way, to include lots, parcels or tracts containing multiple borders or edges, such as corner lots.

HOOKUP CHARGE: See definition of Tap Fee Or Hookup Charge.

PREMISES: A continuous tract of land, building or group of adjacent buildings under a single control with respect to use of water and responsibility for payment therefor. Subdivision of such use or responsibility shall constitute a division into separate premises, as herein defined, except that where more than one dwelling is being served through the same water service, in which case each of said dwellings shall constitute a separate premises and shall be subject to the same separate charges as if separate single-family dwellings.

TAP FEE OR HOOKUP CHARGE: A charge made by the department for installation of a service to a customer. The cost includes installation of a corporation stop on the main in front of the property and installation of the service line and curb stop terminating the service line at a point at or near the property line.

WATER DEPARTMENT: The city of Elko water department, located at 1751 College Avenue.

WATER FIXTURE UNIT: A numerical value assigned to different types of plumbing fixtures to reflect demand of the water system. Fixture units shall be utilized for billing on the basis of demand of each user. A tabulation of the numerical value assigned to the various types of plumbing fixtures is included in section 9-1-51 of this chapter.

WATER FIXTURE UNIT COUNT: The total water fixture units (WFUs) determined by counting or estimating and assigned to an individual water billing account number.

WATER FIXTURE UNIT RATE: The dollar amount charged per water fixture unit per month (\$/WFU/mo). (Ord. 740, 8-9-2011)

### **9-1-29: WATER RATES:**

A. Residential: Rates for water use and consumption shall be set by resolution of the city council.

B. Classes Of Service Other Than Residential:

1. Rates Set By Resolution: Rates for water use and consumption for all other classes and types of uses shall be set by resolution of the city council.
2. Water Fixture Unit Count For Existing Accounts: The water fixture unit count for all existing accounts shall be determined by the citywide fixture unit survey conducted in November 1981.
3. New Water Fixture Counts: New water fixture counts shall be determined by the building inspector who will conduct a fixture unit survey at the time a building permit is requested from the construction drawings provided by the applicant or when a final building inspection is done by the building inspector of the completed structure.
4. Revision Of Water Fixture Unit Count: The director, or his designee, may revise any water fixture unit count based on a resurvey of any establishment or property at his sole discretion.
5. Resurvey Of Water Fixture Unit Count; Fee: The property owner may also request a resurvey of his water fixture unit count at any time upon payment of a fee of twenty five dollars (\$25.00).

## 6. Meter Rates:

a. As an alternative to the water fixture unit method of billing, the city will bill based upon a metered quantity consumed. The user must submit a method of reporting meter readings satisfactory to the director to assure safeguards against tampering with the meter. Once the user selects to use a meter as a basis of his billing, he may revert to a WFU basis only on the anniversary date of his selection to use the meter as the basis for billing. The user shall purchase his water meter from the city and the user shall pay all costs incurred in installing such meter.

b. The meter rate shall be set by resolution of the city council.

C. Minimum Charge: The minimum charge for water service for any classification of water user shall be based on sixty six (66) WFUs times the rate per water fixture unit for such classification.

D. Public Facilities: Water fees shall be assessed for all public buildings unless specifically waived by the city council as part of a lease of public property. (Ord. 560, 1-23-2001)

E. Changes In Rates: All changes in user rates for water use and consumption shall first be proposed to the city council at a regularly scheduled meeting. The proposed change in rates shall not be acted upon until the following regularly scheduled or subsequent meeting. (Ord. 561, 2-27-2001)

## 7. Fire Protection Service Line Fee will be set by resolution of the City Council.

**Section 2:** All ordinances or parts of ordinances in conflict herewith are hereby repealed, but only to the extent of such conflict

**Section 3:** If any section, paragraph, clause or provision of this ordinance shall for any reason be held to be invalid, unenforceable, or unconstitutional by a court of competent jurisdiction, the invalidity, unenforceability or provision shall not affect any remaining provisions of this ordinance.

**Section 4:** Upon adoption, the City Clerk of the City of Elko is hereby directed to have this ordinance published by title only, together with the Councilman voting for or against its passage in a newspaper of general circulation within the time established by law, for at least one publication.

**Section 5:** This Ordinance shall be effective upon the publication mentioned in Section 4.

**PASSED AND ADOPTED** this \_\_\_\_ day of \_\_\_\_, 2019 by the following vote of the Elko City Council.

AYES:

NAYS:

ABSENT:

ABSTAIN:

**APPROVED** this \_\_\_\_ day of \_\_\_\_\_ 2019.

CITY OF ELKO

BY: \_\_\_\_\_

REECE KEENER, Mayor

ATTEST:

\_\_\_\_\_  
KELLY WOOLDRIDGE, City Clerk



**Elko City Council  
Agenda Action Sheet**

1. Title: **Review, consideration, and possible action to adopt Resolution No. 29-19, a resolution of the Elko City Council adopting a change in zoning district boundaries from PC (Planned Commercial) to C (General Commercial), approximately 66.30 acres of property, referred to as APN 001-770-004, filed by Elko West Properties LLC., and processed as Rezone No. 4-19, and matters related thereto. FOR POSSIBLE ACTION**
2. Meeting Date: **November 26, 2019**
3. Agenda Category: **PUBLIC HEARING**
4. Time Required: **10 Minutes**
5. Background Information: **The Planning Commission considered the subject zone change request on November 5, 2019 and took action to forward a recommendation to City Council to adopt a resolution which approves Rezone No. 4-19. CL**
6. Budget Information:  
    Appropriation Required: **N/A**  
    Budget amount available: **N/A**  
    Fund name: **N/A**
7. Business Impact Statement: **Not Required**
8. Supplemental Agenda Information: **Resolution, P.C. action report, Staff Report and related correspondence**
9. Recommended Motion: **Adopt Resolution No. 29-19**
10. Prepared By: **Cathy Laughlin, City Planner**
11. Committee/Other Agency Review: **Planning Commission, legal counsel**
12. Council Action:
13. Agenda Distribution: **Elko West Properties LLC  
c/o Jon Bailey  
780 West Silver Street  
Elko, NV 89801  
[jbaileype@gmail.com](mailto:jbaileype@gmail.com)**



Upon introduction and motion by Councilman \_\_\_\_\_ and seconded by Councilman \_\_\_\_\_ the following Resolution and Order was passed and adopted:

**CITY OF ELKO  
RESOLUTION NO. 29-19**

**A RESOLUTION OF THE ELKO CITY COUNCIL  
ADOPTING A CHANGE IN ZONING DISTRICT BOUNDARIES**

WHEREAS, the Elko City Council has conducted a public hearing in accordance with Nevada Revised Statutes, Section 278.260 and the Elko City Code, Section 3-2-21(C), and

WHEREAS, the Elko City Council has received and reviewed the application submitted by Elko West Properties, LLC (petitioner), together with any public input, supporting data and evidence, and the previous action taken by the Planning Commission pertaining to Rezone Application No. 4-19.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE ELKO CITY COUNCIL that Rezone Application No. 4-19, involving a change in zoning from PC (Planned Commercial) to C (General Commercial) involving approximately 66.30 acres of property located generally on the south side of Errecart Boulevard, approximately 530' west of Lamoille Highway, more particularly described in Exhibit A and shown on the maps at Exhibit B attached hereto is hereby adopted

IT IS FURTHER RESOLVED AND ORDERED that this Resolution shall be signed by the Mayor and attested to by the City Clerk.

PASSED AND ADOPTED this \_\_ day of \_\_\_\_\_, 2019.

CITY OF ELKO

By: \_\_\_\_\_  
REECE KEENER, MAYOR

ATTEST:

\_\_\_\_\_  
KELLY C. WOOLDRIDGE, CITY CLERK

VOTE:

AYES:

NAYS:

ABSENT:

ABSTAIN:

# Exhibit A

## APN 001-770-004 & PORTION OF ERRECART BOULEVARD LEGAL DESCRIPTION

A parcel of land being the same as Parcel No. 3 and a portion of Errecart Boulevard as shown on the Parcel Map for the City of Elko, Nevada, recorded April 7, 1999, File No. 443291, Records of Elko County, Nevada, situate within a portion of the Northwest Quarter of Section 24, Township 34 North, Range 55 East, MDM, Elko, Nevada, and being more particularly described as follows:

Beginning at the West Quarter corner of said Section 24, also being the Southwest corner of said Parcel No. 3, from which the Northwest corner of said Section 24 bears North 00°07'27" West a distance of 2806.55 feet;  
thence along the West boundary of said Parcel No. 3 North 00°07'27" West a distance of 476.64 feet to the intersection of the Southerly right-of-way of Errecart Boulevard as shown on said Parcel Map 443291 to the Northeast corner of said Parcel No. 3;  
thence departing said West boundary and along the West dedication limits of said Errecart Boulevard North 00°07'27" West a distance of 89.91 feet to the intersection of the centerline of said Errecart Boulevard;  
thence departing said West dedication limits and along said centerline North 56°24'15" East a distance of 438.54 feet;  
thence along a tangent circular curve to the right with a radius of 1500.00 feet and a central angle of 29°07'51" an arc length of 762.64 feet;  
thence North 85°32'06" East a distance of 490.73 feet;  
thence along a tangent circular curve to the left with a radius of 1000.00 feet and a central angle of 61°12'52" an arc length of 1068.39 feet;  
thence North 24°19'14" East a distance of 125.87 feet;  
thence along a tangent circular curve to the right with a radius of 1000.00 feet and a central angle of 19°48'48" an arc length of 345.81 feet to a point on the East dedication limits of said Errecart Boulevard;  
thence departing said centerline and along said East dedication limits with a non-tangent line South 00°23'58" West a distance of 113.78 feet to the Northeast corner of said Parcel No. 3;  
thence departing said East dedication limits and along the East boundary of said Parcel No. 3 South 00°23'58" West a distance of 1895.90 feet to the Southeast corner of said Parcel No. 3;  
thence departing said East boundary and along the South boundary of said Parcel No. 3 South 88°31'03" West a distance of 2632.17 feet to the Point of Beginning.

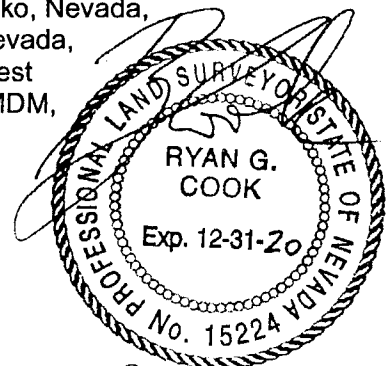
Said parcel contains an area of approximately 66.30 acres.

BASIS OF BEARINGS: Identical to the Parcel Map for the City of Elko, Nevada, recorded April 7, 1999, File No. 443291, Records of Elko County, Nevada, being the line between the found Northwest corner and the found West Quarter Corner of Section 24, Township 34 North, Range 55 East, MDM, taken as S 00°07'27" E.

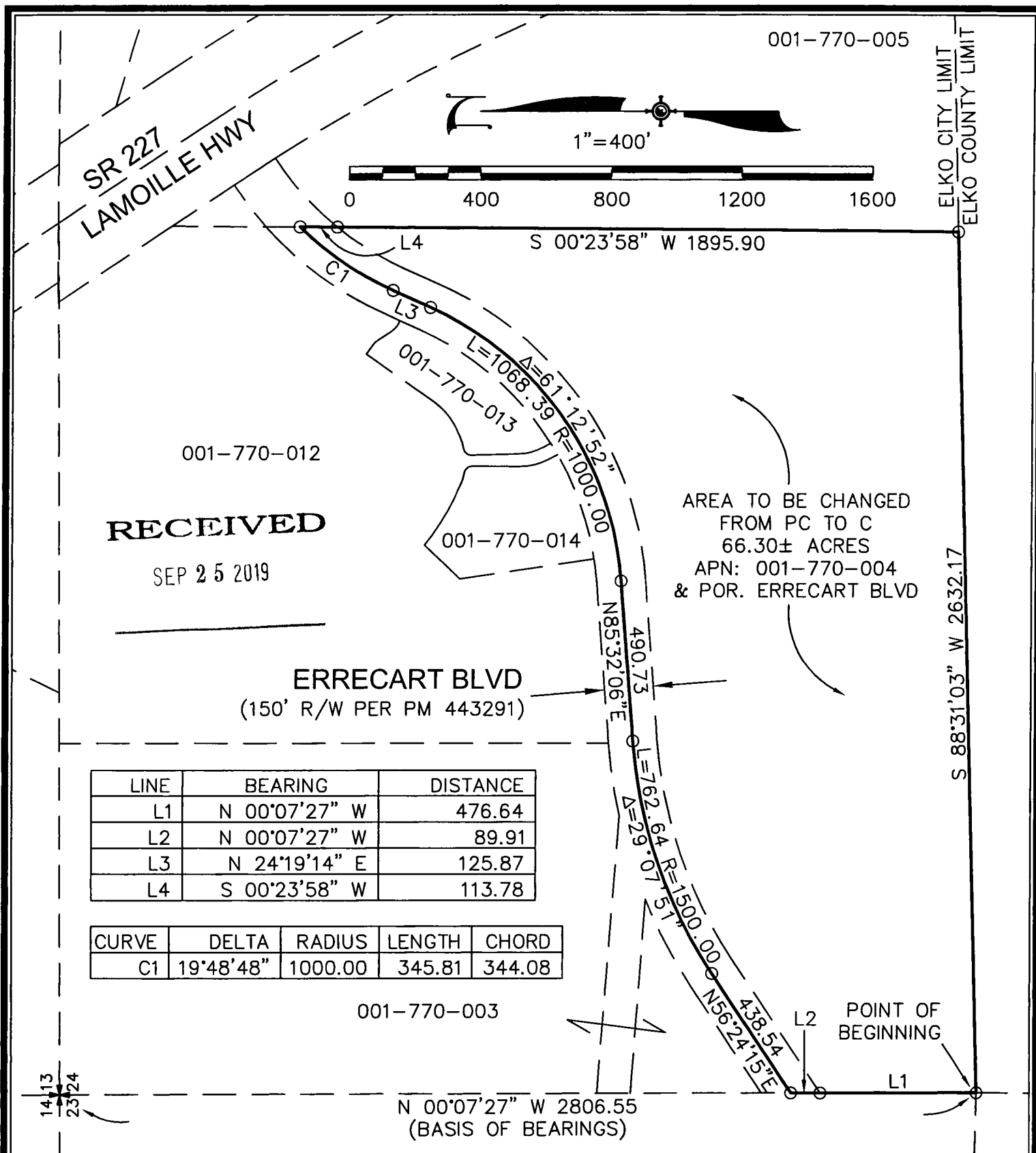
Descriptions Prepared By:  
Ryan G. Cook, PLS 15224  
Summit Engineering Corporation  
5405 Mae Anne Ave.  
Reno, NV 89523  
775-747-8550

**RECEIVED**

SEP 25 2019



9-25-2019



DISPLAY MAP FOR  
ZONE CHANGE  
APN 001-770-004

SCALE 1"=400'



SHEET  
1  
OF  
1



# CITY OF ELKO

## Planning Department

Website: [www.elkocity.com](http://www.elkocity.com)  
Email: [planning@elkocitynv.gov](mailto:planning@elkocitynv.gov)

1751 College Avenue • Elko, Nevada 89801 • (775) 777-7160 • Fax (775) 777-7219

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### CITY OF ELKO PLANNING COMMISSION ACTION REPORT Regular Meeting of November 5, 2019

WHEREAS, the following item was reviewed and considered by the Elko City Planning Commission on November 5, 2019 under Public Hearing format in accordance with notification requirements contained in N.R.S. 278.260 and Elko City Code Section 3-2-21:

Rezone No. 4-19, filed by Elko West Properties, LLC, for a change in zoning from PC (Planned Commercial) to C (General Commercial) Zoning District, approximately 66.30 acres of property, to allow for multi-family residential and commercial development, and matters related thereto.


The subject property is generally located on the south side of Errecart Boulevard, approximately 545' west of Lamoille Highway. (APN 001-770-004)

NOW THEREFORE, upon review and consideration of the application, supporting data, public input and testimony, the Planning Commission forwarded a recommendation to City Council to adopt a resolution which approves Rezone No. 4-19.

The Planning Commission's findings to support its recommendation are the proposed zone district is in conformance with the Land Use Component of the Master Plan. The proposed zone district is compatible with the Transportation Component of the Master Plan and is consistent with the existing transportation infrastructure. The property is not located within the Redevelopment Area. The proposed zone district and resultant land use is in conformance with City Wellhead Protection Plan. The proposed zone district is in conformance with Elko City Code Section 3-2-4(B). The proposed zone district is in conformance with Elko City Code Section 3-2-10(B). The application is in conformance with Elko City Code 3-2-21. The proposed zone district is partially located in a designated Special Flood Hazard Area (SFHA). Development under the proposed zone district will not adversely impact natural systems, or public/federal lands such as waterways, wetlands, drainages, floodplains etc., or pose a danger to human health and safety.

  
Cathy Laughlin, City Planner

Attest:

  
Shelby Archuleta, Planning Technician

CC: Applicant  
Kelly Wooldridge, City Clerk  
Michele Rambo, Development Manager (Email)

**STAFF COMMENT FLOW SHEET**  
**PLANNING COMMISSION AGENDA DATE: 11/5**

\*\*Do not use pencil or red pen, they do not reproduce\*\*

Title: Rezone No 4-19

Applicant(s): EVO West Properties, LLC

Site Location: S Side of Everett Blvd - APN 001-770-004

Current Zoning: PC Date Received: 9/10 Date Public Notice: 10/22

COMMENT: This is to rezone APN 001-770-004 from PC to C to allow for multi-family residential and Commercial development.

\*\*If additional space is needed please provide a separate memorandum\*\*

Assistant City Manager: Date: 10/28/19

Recommend approval as presented by staff

SAC

Initial

City Manager: Date: 10/29/19

No comments/concerns.

CC

Initial



City of Elko  
1751 College Avenue  
Elko, NV 89801  
(775) 777-7160  
FAX (775) 777-7119

## **CITY OF ELKO STAFF REPORT**

<b>MEMO DATE:</b>	<b>September 11, 2019</b>
<b>PLANNING COMMISSION DATE:</b>	<b>October 1, 2019</b>
<b>APPLICATION NUMBER:</b>	<b>Rezone 4-19</b>
<b>APPLICANT:</b>	<b>Elko West Properties LLC</b>
<b>PROJECT DESCRIPTION:</b>	<b>Zone amendment from PC to C</b>
<b>ADDITIONAL APPLICATIONS:</b>	<b>CUP 8-19</b>



### **STAFF RECOMMENDATION:**

RECOMMEND APPROVAL, subject to findings of fact, and conditions as stated in this report.

## **PROJECT INFORMATION**

**PARCEL NUMBER:** 001-770-004

**PARCEL SIZE:** 60.75 acres

**EXISTING ZONING:** PC- Planned Commercial

**MASTER PLAN DESIGNATION:** (COMM-HWY) Commercial Highway

**EXISTING LAND USE:** Undeveloped

### **NEIGHBORHOOD CHARACTERISTICS:**

- The property is surrounded by:
  - North: Planned Commercial (PC) / Partially developed
  - West: Residential (R) / Undeveloped
  - South: Elko County / Undeveloped
  - East: Agriculture (AG) / Undeveloped

### **PROPERTY CHARACTERISTICS:**

- The area is currently undeveloped.
- The area has moderately sloping.
- The area is accessed from Errecart Blvd.

### **MASTER PLAN AND CITY CODE SECTIONS:**

Applicable Master Plans and City Code Sections are:

- City of Elko Master Plan – Land Use Component
- City of Elko Master Plan – Transportation Component
- City of Elko Redevelopment Plan
- City of Wellhead Protection Plan
- City of Elko Zoning – Section 3-2-4 Establishment of Zoning Districts
- City of Elko Zoning – Section 3-2-10 Commercial Zoning Districts
- City of Elko Zoning – Section 3-2-21 Amendments
- City of Elko Zoning – Section 3-8 Flood Plain Management

### **BACKGROUND:**

1. The property is owned by Elko West Properties LLC.
2. The rezone includes all of APN 001-770-004.
3. The area fronts Errecart Boulevard.
4. City utilities are located in the immediate vicinity.
5. Other non-city utilities are located in the immediate area.
6. The application for rezone is based on an application for a Conditional Use Permit for the development of apartments.



## **MASTER PLAN:**

### **Land use:**

1. Land Use is shown as Commercial Highway.
2. Supporting zone districts for Commercial Highway are Planned Commercial (PC), General Commercial (C), Convenience Commercial (CC) and Industrial Commercial (IC).
3. Objective 1: Promote a diverse mix of housing options to meet the needs of a variety of lifestyles, incomes, and age groups.
4. Objective 6: Encourage multiple scales of commercial development to serve the needs of the region, the community, and individual neighborhoods.
5. Objective 8: Encourage new development that does not negatively impact County-wide natural systems, or public/federal lands such as waterways, wetlands, drainages, floodplains etc., or pose a danger to human health and safety.

The proposed zone district is in conformance with the Land Use Component of the Master Plan.

### **Transportation:**

1. The area will be accessed from Errecart Boulevard.
2. Errecart Boulevard is classified in the Transportation Component as a minor arterial with it being a major arterial once roadway is connected.

The proposed zone district is compatible with the Transportation Component of the Master Plan and is consistent with the existing transportation infrastructure.

## **ELKO REDEVELOPMENT PLAN:**

The property is not located within the Redevelopment Area.

## **ELKO WELLHEAD PROTECTION PLAN:**

1. The property sits outside any capture zone for the City of Elko wells.

The proposed zone district is in conformance with wellhead protection plan.

## **SECTION 3-2-4 Establishment of Zoning Districts:**

1. No building, structure or land shall hereafter be used or occupied and no building or structure or part thereof shall hereafter be erected, constructed, moved, or structurally altered, unless in conformity with all regulations specified in this subsection for the district in which it is located.
2. No building or other structure shall hereafter be erected or altered:
  - a. To exceed the heights required by the current City Airport Master Plan;
  - b. To accommodate or house a greater number of families than as permitted in this chapter;
  - c. To occupy a greater percentage of lot area; or
  - d. To have narrower or smaller rear yards, front yards, side yards or other open spaces, than required in this title; or in any other manner contrary to the provisions of this chapter.

3. No part of a required yard, or other open space, or off street parking or loading space, provided in connection with any building or use, shall be included as part of a yard, open space, or off street parking or loading space similarly required for any other building.
4. No yard or lot existing on the effective date hereof shall be reduced in dimension or area below the minimum requirements set forth in this title. The property meets the area requirements for the proposed zone district.

The proposed zone district is in conformance with Elko City Code Section 3-2-4(B).

**SECTION 3-2-10 (B) – General Commercial District**

1. As the property develops, it will be required to be in conformance with Section 3-2-10 (B).

The proposed zone district is in conformance with Elko City Code Section 3-2-10 (B).

**SECTION 3-2-21:**

The application is in conformance with Elko City Code 3-2-21 with the filing of this application.

**SECTION 3-8:**

The proposed zone district is partially located in a designated Special Flood Hazard Area (SFHA). As the property develops, conformance with Section 3-8 will be required.

**FINDINGS:**

1. The proposed zone district is in conformance with the Land Use Component of the Master Plan.
2. The proposed zone district is compatible with the Transportation Component of the Master Plan and is consistent with the existing transportation infrastructure.
3. The property is not located within the Redevelopment Area.
4. The proposed zone district and resultant land use is in conformance with City Wellhead Protection Plan.
5. The proposed zone district is in conformance with Elko City Code Section 3-2-4(B).
6. The proposed zone district is in conformance with Elko City Code Section 3-2-10(B).
7. The application is in conformance with Elko City Code 3-2-21.
8. The proposed zone district is partially located in a designated Special Flood Hazard Area (SFHA).
9. Development under the proposed zone district will not adversely impact natural systems,

or public/federal lands such as waterways, wetlands, drainages, floodplains etc., or pose a danger to human health and safety.

**STAFF RECOMMENDATION:**

Staff recommends this item be APPROVED.

# Rezone 4-19 ELKO West Properties, LLC - CC

YPNO	PANAME	PMADD1	PMADD2	PMCTST	PZIP
001929117	*ARNOLD BECK CONSTRUCTION INC	} 1 p.c.	247 GREENCREST DR	SPRING CREEK NV	89815-5447
001929114	*ARNOLD BECK CONSTRUCTION INC		247 GREENCREST DR	SPRING CREEK NV	89815-5447
001929113	*ARNOLD BECK CONSTRUCTION INC		247 GREENCREST DR	SPRING CREEK NV	89815-5447
001929123	*ARNOLD BECK CONSTRUCTION INC		247 GREENCREST DR	SPRING CREEK NV	89815-5447
001929122	*ARNOLD BECK CONSTRUCTION INC		247 GREENCREST DR	SPRING CREEK NV	89815-5447
001929120	*BARAJAS, IGNACIO		1660 STITZEL RD	ELKO NV	89801
001929125	*BDSA LLC		4518 N 32ND ST	PHOENIX AZ	85018-3303
001929116	*BLESSING, PERRY & JULIE		1644 STITZEL RD	ELKO NV	89801-4879
001929121	*CIAU, CARLOZ S & LINDSAY K		1664 STITZEL RD	ELKO NV	89801
00609E019	*ELKO CITY OF	} NO p.c.	1755 COLLEGE AVE	ELKO NV	89801
001770003	ELKO CITY OF		1755 COLLEGE AVE	ELKO NV	89801
006090009	ELKO COUNTY OF		571 IDAHO ST	ELKO NV	89801-3715
001770005	ELKO HOLDING GROUP LLC		C/O BACCARAT LADY, LLC 301 VILBERTI CT	LAS VEGAS NV	89144-4013
001770010	*ELKO MOUNTAIN VILLAGE LLC	} 1 p.c.	25 S MAIN ST STE 120	CENTERVILLE UT	84014-1846
001770011	*ELKO MOUNTAIN VILLAGE LLC		25 S MAIN ST STE 120	CENTERVILLE UT	84014-1846
001920063	*FAITH EVANGELICAL LUTHERAN CHUR	} 1 p.c.	1700 STITZEL RD	ELKO NV	89801-8842
001920066	*FAITH EVANGELICAL LUTHERAN CHUR		1700 STITZEL RD	ELKO NV	89801-8842
00609E015	*GERBER, LENORE C TR ET AL		920 LONGLEAF DR	NORTH SALT LAKE UT	84054
001929119	*HEAPS, RYAN M & MICHELLE L		1656 STITZEL RD	ELKO NV	89801-4879
006090048	HEATON, JON C		4567 S COTTAGE CREEK LN	SALT LAKE CITY UT	84107-3872
001929118	*HEINBAUGH, ERIC & KATHY		1652 STITZEL RD	ELKO NV	89801
001929124	*JORDANELLE THIRD MORTGAGE LLC		4518 N 32ND ST	PHOENIX AZ	85018-3303
001740019	*MEMORIAL MEDICAL CENTER FOUNDAT		2801 ATLANTIC AVE	LONG BEACH CA	90806-1737
001920058	*ORMAZA SERIES(LAMOILLE HWY)LLC		PO BOX 339	ELKO NV	89803-0339
001770013	PBDK LLC	} 1 p.c.	PO BOX 339	ELKO NV	89803-0339
001770014	PBDK LLC		PO BOX 339	ELKO NV	89803-0339
001770012	PHC-ELKO INC		C/O PROPERTY VALUATIC 14400 METCALF AVE	OVERLAND PARK KS	66223-2989
001920056	*STITZEL, RITA		PO BOX 236	CARLIN NV	89822-0236
001730010	TIPTON, R THOMAS TR ET AL		231 E PINON WAY	GILBERT AZ	85234-4633
00609M003	*WOMACK, ROBERT R & JUNE C TR	} 1 p.c.	8395 HIDDEN CROSSING LN	LAS VEGAS NV	89129-4893
001770008	*WOMACK, ROBERT R & JUNE C TR		8395 HIDDEN CROSSING LN	LAS VEGAS NV	89129-4893

(21)

\* = Properties Outside the Original 300' Radius to achieve 30 parcels

## NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the Elko City Council will conduct a public hearing on Tuesday, November 26, 2019 beginning at 5:30 P.M. P.S.T. at Elko City Hall, 1751 College Avenue, Elko, Nevada, and that the public is invited to provide input and testimony on this matter under consideration in person, by writing, or by representative.

The specific items to be considered under public hearing format are:

- Rezone 4-19, having a hearing as Resolution No. 29-19, filed by Elko West Properties, LLC for a change in zoning from PC (Planned Commercial) to C (General Commercial), approximately 66.30 acres of property, specifically APN 001-770-004, located generally on the south side of Errecart Boulevard, approximately 545' west of Lamoille Highway, more particularly described as:

A parcel of land being the same as Parcel No. 3 and a portion of Errecart Boulevard as shown on the Parcel Map for the City of Elko, Nevada, recorded April 7, 1999, File No. 443291, Records of Elko County, Nevada, situate within a portion of the Northwest Quarter of Section 24, Township 34 North, Range 55 East, MDM, Elko, Nevada, and being more particularly described as follows:

Beginning at the West Quarter corner of said Section 24, also being the Southwest corner of said Parcel No. 3, from which the Northwest corner of said Section 24 bears North 00°07'27" West a distance of 2806.55;

Thence along the West boundary of said Parcel No. 3 North 00°07'27" West a distance of 476.64 feet to the intersection of the Southerly right-of-way of Errecart Boulevard as shown on said Parcel Map 443291 to the Northeast corner of said Parcel No. 3;

Thence departing said West boundary and along the West dedication limits of said Errecart Boulevard North 00°07'27" West a distance of 89.91 feet to the intersection of the centerline of said Errecart Boulevard;

Thence departing said West dedication limits and along said centerline North 56°24'15" East a distance of 438.54 feet;

Thence along a tangent circular curve to the right with a radius of 1500.00 feet and a central angle of 29°07'51" and arc length of 762.64 feet;

Thence North 85°32'06" East a distance of 490.73 feet;

Thence along a tangent circular curve to the left with a radius of 1000.00 feet and a central angle of 61°12'52" an arc length of 1068.39 feet;

Thence North 24°19'14" East a distance of 125.87 feet;

Thence along a tangent circular curve to the right with a radius of 1000.00 feet and a central angle of 19°48'48" an arc length of 345.81 feet to a point on the East dedication limits of said Errecart Boulevard;

Thence departing said centerline and along said East dedication limits with a non-tangent line South 00°23'58" West a distance of 113.78 feet to the Northeast corner of said Parcel No. 3;

Thence departing said East dedication limits and along the East boundary of said Parcel No. 3 South 00°23'58" West a distance of 1895.90 feet to the Southeast corner of said Parcel No. 3;

Thence departing said East boundary and along the South boundary of said Parcel No. 3 South 88°31'03" West a distance of 2632.17 feet to the Point of Beginning.  
Said parcel contains an area of approximately 66.30 acres.  
The intent of the zone change is to allow for multi-family residential and commercial development.

Additional information concerning this item may be obtained by contacting the Elko City Planning Department at (775) 777-7160.

**ELKO CITY COUNCIL**

COREY L. RICE, PLS, WRS  
SENIOR PLANNER  
CODE ENFORCEMENT  
[crice@elkocountynv.net](mailto:crice@elkocountynv.net)

PEGGY PIERCE-FITZGERALD  
PLANNING TECHNICIAN/  
GIS OPERATOR  
[pfitzgerald@elkocountynv.net](mailto:pfitzgerald@elkocountynv.net)



## Elko County Planning & Zoning Division

540 Court Street, Suite 104  
Elko, Nevada 89801  
775-738-6816 Ext. #3 (fax) 775-738-4581  
[www.elkocountynv.net](http://www.elkocountynv.net)

September 24, 2019

Shelby Archuleta  
City of Elko Planning Department  
1751 College Avenue  
Elko, NV 89801

RE: Rezone No. 4-19 & Conditional Use Permit No. 8-19 / Elko West Properties, LLC

Ms. Archuleta,

After reviewing the above referenced Rezone and Conditional Use Permit, Elko County Planning and Zoning has no comments.

Please contact me if you have any questions or need more information.

Sincerely,

Corey L. Rice, PLS, WRS  
Senior Planner  
Elko County Planning and Zoning



# CITY OF ELKO

## Planning Department

Website: [www.elkocity.com](http://www.elkocity.com)

Email: [planning@elkocitynv.gov](mailto:planning@elkocitynv.gov)

1751 College Avenue • Elko, Nevada 89801 • (775) 777-7160 • Fax (775) 777-7219

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September 18, 2019

Elko County Planning and Zoning  
540 Court Street, Suite 104  
Elko, NV 89801

Re: Conditional Use Permit No. 8-19 and Rezone No. 4-19/Elko West Properties, LLC

In accordance with the Communication Policy between the City of Elko and Elko County, the City of Elko hereby notices and advises the Board of County Commissioners of the County of Elko of the City's intention to consider Conditional Use Permit No. 8-19 and Rezone No. 4-19, filed by Elko West Properties, LLC. Please find enclosed a copy of the application and related site plans for your review and comment.

The subject property consists of approximately 60.75 acres and is located generally on the south side of Errecart Blvd, approximately 545' west of Lamoille Hwy, as shown in the attached site plan.

Review by the Elko City Planning Commission is tentatively scheduled for their October 1, 2019 regular meeting.

Please submit written comments to the Elko City Planning Department. If we do not receive written comments prior to the scheduled meeting, we will assume you have no concerns regarding this application.

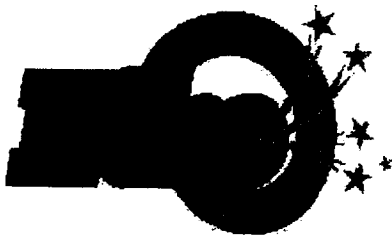
Please feel free to contact me if you have any questions concerning this matter.

Sincerely,

Shelby Archuleta  
Planning Technician

Enclosures





## CITY OF ELKO PLANNING DEPARTMENT

1751 College Avenue \* Elko \* Nevada \* 89801

(775) 777-7160 phone \* (775) 777-7219 fax

### APPLICATION FOR ZONE CHANGE

APPLICANT(s):	ELKO WEST PROPERTIES LLC		
MAILING ADDRESS:	780 W SILVER ST ELKO NV 89801		
PHONE NO (Home)	7753853659	(Business)	7757777773
NAME OF PROPERTY OWNER (If different):	SAME		
(Property owner's consent in writing must be provided.)			
MAILING ADDRESS:	SAME		
LEGAL DESCRIPTION AND LOCATION OF PROPERTY INVOLVED (Attach if necessary):			
ASSESSOR'S PARCEL NO.:	001770004	Address	ERRECART ACROSS FROM HOSPITAL
Lot(s), Block(s), & Subdivision	SECTION 54, TOWNSHIP 34N, RANGE 55E		
Or Parcel(s) & File No.	PARCEL 3 FILE #443291		

#### **FILING REQUIREMENTS:**

**Complete Application Form:** In order to begin processing the application, an application form must be complete and signed. *Complete* applications are due at least 21 days prior to the next scheduled meeting of the Elko City Planning Commission (meetings are the 1<sup>st</sup> Tuesday of every month).

**Fee:** A \$500.00 non-refundable filing fee.

**Area Map:** A map of the area proposed for this zone change must be provided.

**Plot Plan:** A plot plan provided by a properly licensed surveyor depicting the existing condition drawn to scale showing property lines, existing and proposed buildings, building setbacks, distances between buildings, parking and loading areas, driveways and other pertinent information must be provided.

**Legal Description:** A complete legal description of the boundary of the proposed zone change must be provided as well as a map depicting the area to be changed stating the wording: area to be changed from "x" to "x"; (LI to R, for example).

**Note:** One .pdf of the entire application must be submitted as well as one set of legible, reproducible plans 8 1/2" x 11" in size. If the applicant feels the Commission needs to see 24" x 36" plans, 10 sets of pre-folded plans must be submitted.

**Other Information:** The applicant is encouraged to submit other information and documentation to support this Rezone Application.

RECEIVED

1. Identify the existing zoning classification of the property: PC
  
2. Identify the zoning Classification being proposed/requested: C
  
3. Explain in detail the type and nature of the use anticipated on the property:   

THE PROPOSED USE IS MULTI-FAMILY APARTMENT BUILDINGS A TOTAL OF 107 UNITS WITH A OFFICE/MAINT/REC UNIT (9) 12-PLEX BUILDINGS. SEE CUP PLANS FOR ADDITIONAL DETAIL.
  
4. Explain how the proposed zoning classification relates with other zoning classifications in the area:   

THE PROPERTY IS BOUNDED BY PLANNED COMMERCIAL ZONING TO THE NORTH, RESIDENTIAL ZONING TO THE WEST AND AGRICULTURE ZONING TO THE EAST. THE PROPERTY TO THE SOUTH IS VACANT OPEN LAND COUNTY PROPERTY. THE PROPERTY IS MASTER-PLANNED HIGHWAY COMMERCIAL AND THE PROPOSED ZONE CHANGE IS IN COMPLIANCE WITH THE MASTER PLAN.
  
5. Identify any unique physical features or characteristics associated with the property:   

THE PROPERTY HAS SOME TOPOGRAPHY AND NATURAL DRAINAGEWAYS THAT WILL BE PERPETUATED IN THE DEVELOPED CONDITION. THE PROPERTY IS ADJACENT TO THE REGIONAL HOSPITAL AND OTHER COMMERCIAL DEVELOPMENTS.

**(Use additional pages if necessary to address questions 3 through 5)**

**By My Signature below:**

☒ I consent to having the City of Elko Staff enter on my property for the sole purpose of inspection of said property as part of this application process.

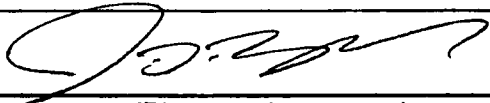
☐ I object to having the City of Elko Staff enter onto my property as a part of their review of this application. (Your objection will not affect the recommendation made by the staff or the final determination made by the City Planning Commission or the City Council.)

☐ I acknowledge that submission of this application does not imply approval of this request by the City Planning Department, the City Planning Commission and the City Council, nor does it in and of itself guarantee issuance of any other required permits and/or licenses.

☐ I acknowledge that this application may be tabled until a later meeting if either I or my designated representative or agent is not present at the meeting for which this application is scheduled.

☐ I have carefully read and completed all questions contained within this application to the best of my ability.

**Applicant / Agent**

 ELKO WEST PROPERTIES

(Please print or type)

**Mailing Address**

780 W SILVER ST

Street Address or P.O. Box

ELKO NV 89801

City, State, Zip Code

Phone Number:

775 385-3659

Email address:

jbailey@gmail.com

**SIGNATURE:**



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**FOR OFFICE USE ONLY**

File No.: 4-19 Date Filed: 9/10/19 Fee Paid: \$500 CK# 324666

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**Elko City Council  
Agenda Action Sheet**

1. Title: **Second reading, public hearing and possible adoption of Ordinance No. 847, an ordinance amending Title 2, Chapter 7 of the Elko City Code entitled “Energy Conservation Code” by adding Section R402.4.1.2 of the 2018 International Building Code entitled “Testing,” and matters related thereto. FOR POSSIBLE ACTION**
2. Meeting Date: **November 26, 2019**
3. Agenda Category: **PUBLIC HEARING**
4. Time Required: **10 Minutes**
5. Background Information: **In June 2019, the City passed Ordinance No. 839 adopting the 2018 International Building Code with corresponding amendments. The City worked with the consulting firm WC 3 on this. On November 5, Mr. Chris Kimball from WC 3 informed the City that adoption of Section R.402.4.1.2 of the International Building Code of 2018, entitled “Testing,” is needed for the health and safety of the public. This section provides that a building or dwelling unit must be tested and verified as having an air leakage rate not in excess of five air changes per hour. Accordingly, Chapter 7 of the Energy Conservation Code regarding leakage testing should be amended incorporate Section R.402.4.1.2 of the International Building Code of 2018. City Council heard the first reading of this ordinance and set the matter for second reading at the November 12, 2019 meeting. JF**
6. Budget Information:  

Appropriation Required: **N/A**  
Budget amount available: **N/A**  
Fund name: **N/A**
7. Business Impact Statement: **Not Required**
8. Supplemental Agenda Information: **Ordinance No. 847**
9. Recommended Motion: **Conduct second reading, public hearing, and adopt Ordinance No. 847.**
10. Prepared By: **Jeff Ford, Building Official**
11. Committee/Other Agency Review:
12. Council Action:
13. Council Agenda Distribution:

## **ORDINANCE 847**

### **AN ORDINANCE AMENDING TITLE 2, CHAPTER 7 OF THE ELKO CITY CODE, ENTITLED "ENERGY CONSERVATION CODE," BY ADDING SECTION R402.4.1.2 OF THE 2018 INTERNATIONAL BUILDING CODE ENTITLED "TESTING"**

**Whereas**, The City of Elko adopted the 2018 International Building Code in June 2019;

**Whereas**, the City of Elko seeks to amend the Energy Conservation Code, codified at Title 2, Chapter 7 of the Elko City Code, to add Section R.402.4.1.2 of the International Building Codes of 2018 regarding air leak testing;

**Whereas**, the foregoing amendment will increase the minimum number of air changes in a building or dwelling unit from three to five per hour;

**Whereas**, the foregoing amendment is in the best interest of the health and safety of the public;

**NOW THEREFORE, IT BE ORDAINED BY THE CITY COUNCIL OF THE CITY OF ELKO, NEVADA.**

**Section 1: Title 2, Chapter 7 of the Elko City Code is hereby amended to read as follows:**

#### **Chapter 7 ENERGY CONSERVATION CODE**

##### **2-7-1: ENERGY CONSERVATION CODE PROVISIONS:**

- A. Title: This chapter shall be known as the *INTERNATIONAL ENERGY CONSERVATION CODE OF THE CITY OF ELKO*, hereinafter "code", including the adoption of the 2018 International Energy Conservation Code and necessary administrative provisions. Certain sections of the international energy conservation code and appendices may be added or deleted.
- B. Applicability: All construction of or the enlarging, altering, repairing, moving, demolishing, or changing the occupancy of a building or structure, or to erect, install, enlarge, alter, repair, remove, convert or replace any component, element or portion of a building or structure within the city shall be in compliance with, in addition to, the other applicable codes or amendments set forth by the city council and the latest edition of the international energy conservation code.
- C. Materials: These provisions are not intended to prevent the use of any material or method of construction not specifically prescribed herein, provided the city of Elko has approved any alternates.
- D. Supplements: All supplements to the international energy conservation code, issued by the International Code Council Inc., between editions are hereby not made a part of the then current edition of the international energy conservation code.
- E. Conflicts: In the event that any of the provisions of the latest edition of the international residential code conflict with any provision of this chapter, the provisions of this chapter shall govern and be controlling.

## **2-7-2: ENERGY CONSERVATION CODE AMENDMENTS:**

### **Chapter 1 - Administration**

Chapter 1 is deleted in its entirety except for sections 101 and 102.

### **Section 101 - Scope and General Requirements.**

Revise section 101 as follows:

#### **Section C102.1.1 Above code program**

*Amend Section C102.1.1 to read as follows:*

C102.1.1 Above code programs. The code official or other authority having jurisdiction shall be permitted to deem a national, state or local energy efficiency program to exceed the energy efficiency required by this code. Programs seeking approval must submit all requested supporting documentation, including program guidelines, protocols, calculations and program simulation performance software, if applicable, to the NNICC and/or jurisdiction for review for use as acceptable software. Buildings approved in writing by such an energy efficiency shall be considered to be in compliance with this code. The requirements identified as “mandatory” in Chapter 4 shall be met.

#### **SECTION C201.3 TERMS DEFINED IN OTHER CODES**

*Amend Section C201.3 to read as follows:*

C201.3 Terms defined in other codes. Terms that are defined in this code but are defined in the International Building Code, International Fire Code, Uniform Mechanical Code, Uniform Plumbing Code, or the International Residential Code shall have the meanings ascribed to them in those codes.

#### **SECTION C202 GENERAL DEFINITIONS**

*Amend Section C202 by adding the following definitions to read as follows:*

##### **C202 General Definitions**

**CASINO.** A structure that houses a business with a Non-Restricted Gaming License from the Nevada Gaming Commission and State Gaming Control Board. It includes the gaming area(s) as well as the adjacent area(s) within the building envelope.

**CASINO GAMING AREA.** The space within a *casino* wherein gaming is conducted. The gaming area shall also include accessory uses within the same room(s) as, or substantially open to the gaming floor(s). Such areas shall include, but not be limited to lobbies, balconies, public circulation areas, assembly areas, restaurants, bars, lounges, food courts, retail spaces, mezzanines, convention pre-function areas, cashiers' cages, players' clubs, customer support, conservatories and promenades that share the same atmosphere, spillover lighting and theme lighting with the adjacent gaming floor area. For accessory areas situated on the perimeter of the gaming floor to be considered substantially open, the walls(s) or partitions(s) separating an accessory space from the gaming area must be a minimum of 50% open, as measured from the interior side of the accessory space, with no doors,

windows and other obstructions, other than roll up security grills, installed within the opening.

## Chapter 4 - Residential Energy Efficiency

### Section R402.4.1.2 Testing

*Amend Section R402.4.1.2 to read as follows:*

R402.4.1.2 Testing. The building or dwelling unit shall be tested and verified as having an air leakage rate not exceeding 5 air changes per hour. Testing shall be conducted with a blower door at a pressure of 0.2 inches w.g. (50 Pascal's). Where required by the Code Official, testing shall be conducted by an approved third party. A written report of the results of the test shall be signed by the party conducting the test and provided to the Code Official. Testing shall be performed at any time after creation of all penetrations of the building thermal envelope.

#### During testing:

1. Exterior windows and doors, fireplace and stove doors shall be closed, but not sealed, beyond the intended weather-stripping or other infiltration control measures;
2. Dampers including exhaust, intake, makeup air, backdraft and flue dampers shall be closed, but not sealed beyond intended infiltration control measures;
3. Interior doors, if installed at the time of test, shall be open;
4. Exterior doors for continuous ventilation systems and heat recovery ventilators shall be closed and sealed;
5. Heating and cooling systems, if installed at the time of testing, shall be fully open.
6. Supply and return registers, where installed at the time of the test, shall be fully open.

### SECTION C402.5.3 ROOMS CONTAINING FUEL-BURNING APPLIANCES

*Amend Section C402.5.3 to read as follows:*

C402.5.3 Rooms containing fuel-burning appliances. In Climate Zones 3 through 8, where combustion air is supplied through openings in an exterior wall to a room or space containing a space-conditioning fuel-burning appliance, one of the following shall apply:

1. The room or space containing the appliance shall be located outside of the building thermal envelope.
2. The room or space containing the appliance shall be enclosed and isolated from conditioned spaces inside of the building thermal envelope. Such rooms shall comply with all of the following:
  - 2.1. The walls, floors and ceilings that separate the enclosed room or space from conditioned spaces shall be insulated to be not less than equivalent to the insulation requirement of below-grade walls as specified in Table C402.1.3 or C402.1.4.
  - 2.2. The walls, floors and ceilings that separate the enclosed room or space from conditioned spaces shall be sealed in accordance with Section C402.5.1.1.
  - 2.3. The doors into the enclosed room or space shall be fully gasketed.
  - 2.4. Water lines and ducts in the enclosed room or space shall be insulated in accordance with Section 403.

2.5. Where an air duct supplying combustion air to the enclosed room or space passes through conditioned space, the duct shall be insulated to an R-value not less than R-8.

Exception: Fireplaces and stoves complying with Section 911, 912, 913 of the Uniform Mechanical Code, and Section 2111.14 of the International Building Code.

#### SECTION 402.5.9 AIR CURTAINS

*Amend Section 402.5 by adding 402.5.9 to read as follows:*

C402.5.9 Air curtains. Where doorway, passageway or pass-thru openings in the building thermal envelope area intended to be normally opened to the exterior environment, an approved air curtain tested in accordance with ANSI/AMCA 220 shall be used to separate conditioned air from the exterior.

#### SECTION 403.2.2 VENTILATION (MANDATORY)

*Amend Section C403.2.2 Ventilation (Mandatory) to read as follows:*

C403.2.2 Ventilation (Mandatory). Ventilation, either natural or mechanical, shall be provided in accordance with Chapter 4 of the *Uniform Mechanical Code*. Where mechanical ventilation is provided, the system shall provide the capability to reduce the outdoor air supply to the minimum required by Chapter 4 of the *Uniform Mechanical Code*.

#### SECTION C403.6.1 VARIABLE AIR VOLUME AND MULTIPLE-ZONE SYSTEMS

*Amend Section C403.6.1 to read as follows:*

C403.6.1 Variable air volume and multiple-zone systems. Supply air systems serving multiple zones shall be variable air volume (VAV) systems that have zone controls configured to reduce the volume of air that is reheated, re-cooled or mixed in each zone to one of the following:

1. Twenty percent of the zone design peak supply for systems with DDC and 30 percent for othersystems.
2. Systems with DDC where all of the following apply:
3. The outdoor airflow rate required to meet the minimum ventilation energy source requirements of Chapter 4 of the Uniform Mechanical Code.
4. Any higher rate that can be demonstrated to reduce overall system annual energy use by offsetting reheat/re-cool energy losses through reduction in outdoor air intake for the system as approved by the code official.
5. The airflow rate required to comply with applicable codes or accreditation standards such as pressure relationships or minimum air change rates.

Exception: The following individual zones or entire air distribution systems are exempted are from the requirement for VAV control:

1. Zones or supply air systems where not less than 75 percent of the energy for reheating or for providing warm air in mixing systems is provided from a site-recovered, including



condenser heat, or site-solar

2. Systems that prevent reheating, re-cooling, mixing or simultaneous supply of air that has been previously cooled, either mechanically or through the use of economizer systems, and air that has been previously mechanically heated.

#### SECTION C403.6.6 MULTIPLE-ZONE VAV SYSTEM VENTILATION OPTIMIZATION CONTROL

*Amend Section C403.6.6 to read as follows:*

C403.6.6 Multiple-zone VAV system ventilation optimization control. Multiple-zone VAV systems with direct digital control of individual zone boxes reporting to a central control panel shall have automatic controls configured to reduce outdoor air intake flow below design rates in response to changes in system ventilation efficiency ( $E_v$ ) as defined by the *Uniform Mechanical Code*.

Exception:

1. VAV systems with zonal transfer fans that recirculate air from other zones without directly mixing it with outdoor air, dual-duct dual-fan VAV systems, and VAV systems with fan-powered terminal units.
2. Systems where total design exhaust airflow is more than 70 percent of the total design outdoor air intake flow requirements.

#### SECTION 403.7.1 DEMAND CONTROL VENTILATION (MANDATORY)

*Amend Section C403.7.1 to read as follows:*

C403.7.1 Demand control ventilation (Mandatory). Demand control ventilation (DCV) shall be provided for spaces larger than 500 square feet ( $46.5\text{m}^2$ ) and with an average occupant load of 25 people or greater per 1,000 square feet ( $93\text{m}^2$ ) of floor area, as established in Table 402.1 of the *Uniform Mechanical Code*, and served by systems with one or more of the following:

1. An air-sided economizer.
2. Automatic modulating control of the outdoor air damper.
3. A design outdoor airflow greater than 3,000 cfm (1416 L/s).

Exceptions:

1. Systems with energy recovery complying with Section C403.7.4.
2. Multiple-zone systems without direct digital control of individual zones communicating with a central control panel.
3. Systems with a design outdoor airflow less than 1,200 cfm (566 L/s).
4. Spaces where the supply airflow rate minus any makeup or outgoing transfer air requirements is less than 1,200 cfm (566 L/s).
5. Ventilation provided only for process loads.

#### SECTION C403.7.2 ENCLOSED PARKING GARAGE VENTILATION CONTROLS (MANDATORY)

*Amend Section C403.7.2 to read as follows:*

C403.7.2 Enclosed parking garage ventilation controls (Mandatory). Enclosed parking garages used

for sorting or handling automobiles operating under their own power shall employ contamination-sensing devices and automatic controls configured to stage fans or modulate fan average airflow rates to 50 percent or less of design capacity, or intermittently operate fans less than 20 percent of the occupied time or as required to maintain acceptable contaminant levels in accordance with the applicable *Uniform Mechanical Code* provisions. Failure of contamination-sensing devices shall cause the exhaust fans to operate continuously at design airflow.

Exceptions:

1. Garages with a total exhaust capacity less than 22,500 cfm (10 620 L/s) with ventilation systems that do not utilize heating or mechanical cooling.
2. Garages that have a garage area to ventilation system motor nameplate power ratio that exceeds 1125 cfm/hp (710 L/kW) and do not utilize heating or mechanical cooling.

#### SECTION C403.7.4 ENERGY RECOVERY VENTILATION SYSTEMS (MANDATORY)

*Amend Section C403.7.4 to read as follows*

C403.7.4 Energy recovery ventilation systems (Mandatory). Where the supply airflow rate of a fan system exceeds the values specified in Tables C403.7.4(1) and C403.7.4(2), the system shall include an energy recovery system. The energy recovery system shall be configured to provide a change in the enthalpy of the outdoor air supply of not less than 50 percent of the difference between the outdoor air and return air enthalpies, at design conditions. Where an air economizer is required, the energy recovery system shall include a bypass or controls that permit operation of the economizer as required by Section C403.5.

Exception: An energy recovery ventilation system shall not be required in any of the following conditions:

1. Where energy recovery systems are prohibited by the *Uniform Mechanical Code*.
2. Laboratory fume hood systems that include not fewer than one of the following features:
  - 2.1. Variable-air-volume hood exhaust and room supply systems configured to reduce exhaust and makeup air volume to 50 percent or less of design value.
  - 2.2. Direct makeup (auxiliary) air supply equal to or greater than 75 percent of the exhaust rate, heated not warmer than 2°F (1.1°C) below room setpoint, with no humidification added, and no simultaneous heating and cooling used for dehumidification control.
3. Systems serving spaces that are heated to less than 60°F (15.5 °C) and that are not cooled.
4. Where more than 60 percent of the outdoor heating energy is provided from site-recovered or site-solar energy.
5. Heating energy recovery in Climate Zones 1 and 2.
6. Cooling energy recovery in Climate Zones 3C, 4C, 5B, 5C, 6B, 7, and 8.
7. Systems requiring dehumidification that employ energy recovery in series with the cooling coil.
8. Where the largest source of air exhausted at a single location at the building exterior is less than 75 percent of the design outdoor air flow rate.
9. Systems expected to operate less than 20 hours per week at an outdoor percentage covered by Table C403.7.4(1).
10. Systems exhausting toxic, flammable, paint or corrosive fumes or ducts.
11. Commercial kitchen hoods used for collecting and removing grease vapors and smoke.

## SECTION C403.7.7 SHUTOFF DAMPERS (MANDATORY)

*Amend Section C403.7.7 to read as follows:*

C403.7.7 Shutoff dampers (Mandatory). Outdoor air intake and exhaust openings and stairway and shafts vents shall be provided with Class I motorized dampers. The dampers shall have an air leakage rate not greater than 4 cfm/ft<sup>2</sup> (20.3 L/s \* m<sup>2</sup>) of damper surface area at 1.0inch water gauge (249 Pa) and shall be labeled by an approved agency when tested in accordance with AMCA 500D for such purpose.

Outdoor air intake and exhaust dampers shall be installed in automatic controls configured to close when the systems or spaces served are not in use or during unoccupied period warm-up and setback operation, unless the systems served require outdoor or exhaust air in accordance with the *Uniform Mechanical Code*, or the dampers are opened to provide intentional economizer cooling.

Stairway and shaft vent dampers shall be installed with automatic controls configured to open upon the activation of any fire alarm initiating device of the building's fire alarm system or the interruption of power to the damper.

Exception: Nonmotorized gravity dampers shall be an alternative to motorized dampers for exhaust and relief openings as follows:

1. In buildings less than three stories in height above grade plane.
2. In buildings of nay height located in Climate Zones 1,2or 3.
3. Where the design exhaust capacity is not greater than 300 cfm (142 L/s).

Nonmotorized gravity dampers shall have an air leakage rate not greater than 20 cfm/ft<sup>2</sup> (101 L/s\*m<sup>2</sup>) where not less than 24 inches (610 mm) in either dimension and 40 cfm/ft<sup>2</sup> (203.2 L/s\*m<sup>2</sup>) where less than 24 inches (610 mm) in either dimension. The rate of air leakage shall be determined at 1.0-inch water gauge (249 Pa) when tested in accordance with AMCA 500D for such purpose. The dampers shall be labeled by an approved agency.

## SECTION C403.11.1 DUCT AND PLENUM INSULATION AND SEALING (MANDATORY)

*Amend Section C403.11.1 to read as follows:*

C403.11.1 Duct and plenum insulation and sealing (Mandatory). Supply and return air ducts and plenums shall be insulated with not less than R-6 insulation where located in unconditioned spaces and where located outside of the building with not less than R-8 insulation in Climate Zones 1 through 4 and not less than R-12 insulation in Climate Zones 5 through 8. Where located within a building envelope assembly, the duct or plenum shall be separated from the building exterior or unconditioned or exempt spaces by not less than R-8 insulation in Climate Zones 1 through 4 and not less than R-12 insulation in Climate Zones 5 through 8

Exceptions:

1. Where located within equipment.
2. Where the design temperature difference between the interior and exterior of the duct or plenum is not greater than 15°F (8°C).

Ducts, air handlers and filter boxes shall be sealed. Joints and seams shall comply with Section 603.10,

603.11 of the *Uniform Mechanical Code*.

*Amend Section C403.11.2.1 to read as follows:*

C403.11.2.1 Low-pressure duct systems (Mandatory). Longitudinal and transverse joints, seams and connections of supply and return ducts operating at a static pressure less than or equal to 2 inches water gauge (w.g.) (498 Pa) shall be securely fastened and sealed with welds, gaskets, mastics, (adhesives), mastic-plus-embedded-fabric systems or tapes installed in accordance with the manufacturer's instructions. Pressure classifications specific to the duct system shall be clearly indicated on the construction documents in accordance with the *Uniform Mechanical Code*.

Exception: Locking-type longitudinal joints and seams, other than the snap-lock and button-lock types, need not be sealed as specified in this section.

#### SECTION C403.11.2.2 MEDIUM-PRESSURE DUCT SYSTEMS (MANDATORY)

*Amend Section C403.11.2.2 to read as follows:*

C403.11.2.2 Medium-pressure duct systems (Mandatory). Ducts and plenums designed to operate at a static pressure greater than 2 inches water gauge (w.g.) (498 Pa) but less than 3 inches w.g. (747 Pa) shall be insulated and sealed in accordance with Section C403.11.1. Pressure classifications specific to the duct system shall be clearly indicated on the construction documents in accordance with the *Uniform Mechanical Code*.

#### SECTION C406.6 DEDICATED OUTDOOR AIR SYSTEMS

*Amend Section C406.6 to read as follows:*

C406.6 Dedicated outdoor air system. Buildings containing equipment or systems regulated by Section C403.3.4, C403.4.3, C403.4.4, C403.4.5, C403.6, C403.8.4, C403.8.5, C403.8.5.1, C403.9.1, C403.9.2, C403.9.3, C403.9.4 shall be equipped with an independent ventilation system designed to provide not less than the minimum 100-percent outdoor air to each individual occupied space, as specified by the *Uniform Mechanical Code*.

**Section 2:** All ordinances or parts of ordinances in conflict herewith are hereby repealed, but only to the extent of such conflict

**Section 3:** If any section, paragraph, clause or provision of this ordinance shall for any reason be held to be invalid, unenforceable, or unconstitutional by a court of competent jurisdiction, the invalidity, unenforceability or provision shall not affect any remaining provisions of this ordinance.

**Section 4:** Upon adoption, the City Clerk of the City of Elko is hereby directed to have this ordinance published by title only, together with the Councilman voting for or against its passage in a newspaper of general circulation within the time established by law, for at least one publication.

**Section 5:** This Ordinance shall be effective upon the publication mentioned in Section 4.

**PASSED AND ADOPTED** this \_\_\_\_ day of \_\_\_\_, 2019 by the following vote of the Elko City Council.

AYES:

NAYS:

ABSENT:

ABSTAIN:

**APPROVED** this \_\_\_\_ day of \_\_\_\_\_ 2019.

CITY OF ELKO

BY: \_\_\_\_\_  
REECE KEENER, Mayor

ATTEST:

\_\_\_\_\_  
KELLY WOOLDRIDGE, City Clerk