

City of Elko, Nevada

FINANCIAL STATEMENTS

**FISCAL YEAR ENDED
JUNE 30, 2023**



CITY OF ELKO, NEVADA

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FINANCIAL SECTION

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HINTONBURDICK
CPAs & ADVISORS

Independent Auditors' Report

The Honorable Mayor and City Council
City of Elko, Nevada

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, Nevada as of June 30, 2023 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Elko, Nevada and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City of Elko, Nevada's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Elko Nevada's ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting

from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Elko, Nevada's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Elko Nevada's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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, 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 is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Elko, Nevada'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, as listed in the table of contents, and the schedule of expenditures of federal awards, 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 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, as listed in the table of contents, and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023 on our consideration of the City of Elko Nevada'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 of Elko Nevada's internal control over financial reporting and compliance.

HintonBurdick, PLLC

St. George, Utah
December 20, 2023

CITY OF ELKO, NEVADA
Management’s Discussion and Analysis

June 30, 2023

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
Scope	Entire City government (except Fiduciary Funds)	Activities of the City that are not proprietary or fiduciary	Activities of the City that are operated similar to private businesses	Instances in which the City is the trustee agent for someone else’s resources
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position Statement of Cash Flows	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources	Accrual accounting and economic resources focus	Accrual accounting No measurement

CITY OF ELKO, NEVADA
Management's Discussion and Analysis
June 30, 2023

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

CITY OF ELKO, NEVADA
Management's Discussion and Analysis

June 30, 2023

Condensed Statement of Net Position

The largest component, \$143,589,730, 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 \$12,949,282. 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 \$24,613,433 and is available for the City's operations.

Table 2 below presents the City's condensed statement of net position as of June 30, 2023 with comparisons for June 30, 2022. These are derived from the government-wide statement of net position.

**Table 2: Condensed Statement of Net Position
As of June 30, 2023 and 2022**

	Governmental activities		Business-type activities		Combined Total	
	06/30/23	06/30/22	06/30/23	06/30/22	06/30/23	06/30/22
Current assets	\$ 45,888,095	\$ 36,968,823	\$ 42,731,250	\$ 36,715,641	\$ 88,619,345	\$ 73,684,464
Capital assets	58,143,556	58,056,070	96,392,301	93,063,417	154,535,857	151,119,487
Total assets	104,031,651	95,024,893	139,123,551	129,779,058	243,155,202	224,803,951
Deferred outflows of resources	10,903,138	8,404,881	2,736,235	2,093,912	13,639,373	10,498,793
Noncurrent liabilities	10,751,469	12,201,380	159,822	1,300,659	10,911,291	13,502,039
Net pension liabilities	28,468,345	13,854,238	7,061,128	3,421,234	35,529,473	17,275,472
Net OPEB liabilities	2,612,683	2,480,874	822,346	757,020	3,435,029	3,237,894
Other liabilities	4,934,409	5,195,697	19,475,719	10,254,525	24,410,128	15,450,222
Total liabilities	46,766,906	33,732,189	27,519,015	15,733,438	74,285,921	49,465,627
Deferred inflows of resources	1,057,647	12,873,556	298,562	3,213,998	1,356,209	16,087,554
Net position:						
Net investment in capital assets	46,981,235	45,538,275	96,608,495	91,710,857	143,589,730	137,249,132
Restricted	12,742,533	9,487,155	206,749	421,920	12,949,282	9,909,075
Unrestricted	7,386,468	1,798,599	17,226,965	20,792,757	24,613,433	22,591,356
Total net position	<u>\$ 67,110,236</u>	<u>\$ 56,824,029</u>	<u>\$ 114,042,209</u>	<u>\$ 112,925,534</u>	<u>\$ 181,152,445</u>	<u>\$ 169,749,563</u>

CITY OF ELKO, NEVADA
Management's Discussion and Analysis

June 30, 2023

Condensed Statement of Activities

Table 3 presents the City's condensed statement of activities for the fiscal year ended June 30, 2023, with comparisons for June 30, 2022, as derived from the government-wide Statement of Activities.

**Table 3: Condensed Statement of Activities
For the Fiscal Years Ended June 30, 2023 and 2022**

	Governmental activities		Business-type activities		Combined Total	
	06/30/23	06/30/22	06/30/23	06/30/22	06/30/23	06/30/22
Revenues:						
Program revenues:						
Charges for services	\$ 3,413,218	\$ 3,211,356	\$ 14,465,880	\$ 14,469,198	\$ 17,879,098	\$ 17,680,554
Operating grants and contributions	4,341,664	5,855,445	3,081,215	1,909,802	7,422,879	7,765,247
Capital grants and contributions	423,805	562,456	502,949	654,569	926,754	1,217,025
General revenues:						
Ad valorem taxes	8,952,792	6,958,848	-	-	8,952,792	6,958,848
State consolidated taxes	17,757,905	17,126,787	-	-	17,757,905	17,126,787
Motor vehicle fuel taxes	1,240,731	1,177,876	-	-	1,240,731	1,177,876
Room taxes	4,184,025	3,958,445	-	-	4,184,025	3,958,445
Other taxes	98,485	107,583	-	-	98,485	107,583
Gaming licenses	85,876	92,029	-	-	85,876	92,029
Franchise fees	2,212,031	1,669,818	-	-	2,212,031	1,669,818
Miscellaneous	(13,297)	990	-	-	(13,297)	990
Insurance recoveries	-	-	212,126	-	212,126	-
Unrestricted investment earnings	523,765	(671,999)	273,646	(520,191)	797,411	(1,192,190)
Gain on sale of capital assets	25,580	922,502	-	277,326	25,580	1,199,828
Total revenues	<u>43,246,580</u>	<u>40,972,136</u>	<u>18,535,816</u>	<u>16,790,704</u>	<u>61,782,396</u>	<u>57,762,840</u>
Expenses:						
General government	4,012,244	4,406,906	-	-	4,012,244	4,406,906
Judicial	296,207	229,454	-	-	296,207	229,454
Public safety	14,194,537	11,216,768	-	-	14,194,537	11,216,768
Public works	6,574,539	6,031,979	-	-	6,574,539	6,031,979
Health	761,806	721,181	-	-	761,806	721,181
Culture and recreation	4,652,794	3,646,180	-	-	4,652,794	3,646,180
Community support	1,402,369	3,313,414	-	-	1,402,369	3,313,414
Interest and fiscal charges	370,290	388,339	-	-	370,290	388,339
Water	-	-	4,866,250	4,493,375	4,866,250	4,493,375
Sewer	-	-	6,221,777	5,812,132	6,221,777	5,812,132
Airport	-	-	3,497,928	3,341,073	3,497,928	3,341,073
Landfill	-	-	2,296,573	2,000,017	2,296,573	2,000,017
Golf	-	-	1,232,200	1,239,458	1,232,200	1,239,458
Total expenses	<u>32,264,786</u>	<u>29,954,221</u>	<u>18,114,728</u>	<u>16,886,055</u>	<u>50,379,514</u>	<u>46,840,276</u>
Increase (decrease) in net position before transfers	10,981,794	11,017,915	421,088	(95,351)	11,402,882	10,922,564
Transfers	(695,587)	(349,571)	695,587	349,571	-	-
Increase (decrease) in net position	10,286,207	10,668,344	1,116,675	254,220	11,402,882	10,922,564
Net position, beginning	56,824,029	46,155,685	112,925,534	112,824,268	169,749,563	158,979,953
Prior period adjustment	-	-	-	(152,954)	-	(152,954)
Net position, ending	<u>\$ 67,110,236</u>	<u>\$ 56,824,029</u>	<u>\$ 114,042,209</u>	<u>\$ 112,925,534</u>	<u>\$ 181,152,445</u>	<u>\$ 169,749,563</u>

CITY OF ELKO, NEVADA
Management's Discussion and Analysis

June 30, 2023

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 \$11,402,882 or 6.72 percent. The net position of the governmental activities increased by \$10,286,207 or 18.10 percent, and the net position of the business-type activities increased by \$1,116,675 or 0.99 percent. The following is a breakdown of the major changes that occurred during fiscal year 2023:

The City's Governmental Activities revenues increased by \$2,274,444 or 5.55 percent. The increase was a combination of increases in some revenues and decreases in others. State consolidated taxes increased by \$631,118 or 3.68 percent. Additionally, Ad Valorem Taxes increased by \$1,993,944 or 28.65 percent and Room taxes increased by \$225,580 or 5.70 percent. The increase in Ad Valorem Taxes is due to the \$.20 increase in the property tax rate which took effect July 1, 2022. The proposed tax rate change was prompted because the Elko County School District Pay-As-You-Go rate of \$.75 did not pass during the November 2020 election followed by the rejection of a \$.50 tax rate in a special election held December 14, 2021. The Elko County School District Pay-As-You-Go \$.75 tax rate expired on June 30, 2022. The City of Elko tax rate of \$1.2977 brings the overall City of Elko rate to \$3.61, which is \$.05 below the tax rate cap. The additional rate of \$.1777 generates approximately \$1 million in revenue and was designated to the Facilities Reserve Fund by City Council. The \$.20 tax rate generates approximately \$1.2 million in Ad Valorem revenue and was designated to the Capital Construction Fund by City Council. As a result of the increase in interest rates the City as a whole had unrestricted investment earnings of (\$1.19) million in Fiscal Year 2022. The unrestricted investment earnings for Fiscal Year 2023 has rebounded to \$797,411 with a difference of nearly \$2 million. Because the City does not sell securities prior to maturity the unrecognized loss has declined as securities matured.

The City recognized a total of \$8,349,633 in grants and capital contributions. The majority of the grant funds received were the State and Local Fiscal Recovery Funds distributed as part of the American Rescue Plan Act which was signed into law on March 11, 2021. Airport grants which totaled \$3,081,215. The water fund received \$215,960 in connection fees and the sewer fund received \$240,690 in connection fees.

The City's Governmental Activities expenditures were up by \$2,310,565 or 7.71 percent from the prior year. The majority of this increase is due to an increase in public safety of \$2,977,769 or 26.55 percent. The City distributed \$3.1 million to non-profit organizations in the City of Elko for revenue replacement and hardships as a result of the COVID-19 pandemic in Fiscal Year 2022. In Fiscal Year 2023 the COVID-19 related contributions decreased to \$1.3 million. The funds for this community support was a result of resources freed up as a result of using ARPA lost revenue fund to reimburse general fund payroll. General government expenditures decreased by \$394,662 or 8.96%. The primary reason for this decrease were grants extended to local small businesses directly impacted by the COVID-19 pandemic in Fiscal Year 2022.

The City's business-type activities expenditures increased \$1,228,673 or 7.28 percent due to increases in general operating expenses. Revenues for the business-type activities increased by \$1,745,112 or 10.39 percent. There was an increase in Capital grants and contributions due to the increased grant funds received at the airport. In addition to FAA grant funds the airport also received a little over \$1.7 million in grants in response to the COVID-19 pandemic in Fiscal Year 2023.

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.

CITY OF ELKO, NEVADA
Management's Discussion and Analysis
June 30, 2023

Table 4: Program Expenses and Revenues
For Governmental Activities
For the Fiscal Year Ended June 30, 2023 and 2022

City Programs	Program Expense	Program Revenue	Net Program Expenses (Revenues) (a) 06/30/23	Net Program Expenses (Revenues) (a) 06/30/22
General Government	\$ 4,012,244	\$ 1,972,975	\$ 2,039,269	\$ 2,528,478
Judicial	296,207	97,889	198,318	171,935
Public Safety	14,194,537	4,519,935	9,674,602	5,240,256
Public Works	6,574,539	1,171,394	5,403,145	4,744,461
Health	761,806	165,332	596,474	537,271
Culture & Recreation	4,652,794	251,162	4,401,632	3,405,260
Debt Service - interest	1,402,369	-	1,402,369	3,308,964
Community Support	370,290	-	370,290	388,339
	<u>\$ 32,264,786</u>	<u>\$ 8,178,687</u>	<u>\$ 24,086,099</u>	<u>\$ 20,324,964</u>

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

Program Expenses and Revenues for Business-type Activities

Table 5 presents program expenses and revenues for business-type activities. Program revenues generated from business-type activities were sufficient to cover program expenses except for Water, Landfill, and Golf programs as noted below.

Table 5: Program Expenses and Revenues
For Business-type Activities
For the Fiscal Year Ended June 30, 2023 and 2022

City Programs	Program Expense	Program Revenue	Net Program Expenses (Revenues) 06/30/23	Net Program Expenses (Revenues) 06/30/22
Water Enterprise	\$ 4,866,250	\$ 4,612,870	\$ 253,380	\$ (94,901)
Sewer Enterprise	6,221,777	6,252,803	(31,026)	(509,898)
Landfill Enterprise	2,296,573	2,071,570	225,003	(113,415)
Airport Enterprise	3,497,928	4,040,549	(542,621)	514,272
Golf Enterprise	1,232,200	1,072,252	159,948	56,428
	<u>\$ 18,114,728</u>	<u>\$ 18,050,044</u>	<u>\$ 64,684</u>	<u>\$ (147,514)</u>

CITY OF ELKO, NEVADA
Management's Discussion and Analysis

June 30, 2023

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, 2023, the City's governmental funds reported a combined ending fund balance of \$38,825,187, with \$11,221,141 reported as unassigned fund balance, \$4,130,647 reported as assigned for the next year's budget shortfall, \$8,426,662 reported as restricted, \$15,013,303 reported as committed, and the remaining amount of \$33,434 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, 2023 totaled \$18,062,248 which includes \$2,677,026 from the revenue stabilization fund. This represents an overall increase in in fund balance of \$2,922,245 or 19.30 percent. The General Fund revenue decreased by \$185,327 from fiscal year 2022 which is a less than 1% change. The Ad Valorem Taxes in the General Fund decreased by over \$525,000 due to the transfer of the \$.1777 tax rate to the Facility Fund. Investment earnings for the General Fund increased from -\$382,189 in Fiscal Year 2022 to \$322,696 for an overall increase of \$704,885. This increase is primarily due to the change in Treasury interest rate. The City of Elko receiving the second half of the allocated American Rescue Plan (ARPA) Funds from the Treasury in July 2022. Of the \$13,738,432.68 received, \$4,261,567 remained in the General Fund and the remaining was transferred to the Water Fund for Water Infrastructure Projects. 2023 will be the final year of receiving ARPA Funds. Expenditures in the General Fund decreased by approximately \$750,000. Nearly \$2.6 million was transferred to other funds within the City. \$630,688 was transferred to the Revenue Stabilization Fund and \$721,031 was transferred to the Capital Equipment Fund and Facility Fund. These transfers were a result of the Beginning Fund Balance exceeding the estimated Beginning Fund Balance per the Fiscal Year 2023 Budget and in compliance with City Code. The City utilized funds freed up as a result of using ARPA lost revenue funds to reimburse payroll to benefit the community. Consequently, community support increased by over \$3 million in Fiscal Year 2022. The APRA community support donations in Fiscal Year 2023 were approximately \$1.3 million. In addition to non-profit community support the City also allocated \$500,000 in ARPA funds for small business grants. \$430,000 of these funds were allocated to businesses during the 2022 Fiscal Year and the remaining \$70,000 were allocated in Fiscal Year 2023. Per Council action this program was discontinued effective June 30, 2023.

Recreation Fund

The Recreation Fund is primarily funded through room taxes which increased from fiscal year 2022 by over \$200,000. During the 2023 Fiscal Year the City Council voted to increase the hotelier tax by \$.01 and generated the additional room tax revenue. The Recreation Fund had \$469,929 in capital projects which included improvements at the Sports Complex and the Dog Park. The ending fund balance for the Recreation Fund is \$4.6 million. The Recreation Fund continues to fund the Recreation Bond with a transfer to the Debt Service Fund for \$613k.

Selected Nonmajor funds:

Capital Construction Fund

The Capital Construction Fund revenue increased by over \$1 million in Fiscal Year 2023 due to the \$.20 in added Ad Valorem Tax Rate. The fund was able to complete the paving of the Spruce Road project which was nearly \$1.9 million. The ending fund balance in the Capital Construction Fund of nearly \$3.9 million will be used to complete Ruby Vista Drive and 12th Street Bridge Seal and Deck Reconstruction in Fiscal Year 2024.

CITY OF ELKO, NEVADA
Management's Discussion and Analysis

June 30, 2023

Ad Valorem Capital Projects Fund

Fund balance at June 30, 2023, totaled \$1,761,873, which is an increase of \$353,801 or 25.13 percent during the fiscal year. The City did not have any major projects out of this fund in fiscal year 2023. The City has utilized the Ad Valorem Capital Projects Fund to leverage grant funding for infrastructure projects in the City. Per NRS 354.598155 the Special Ad Valorem Capital Projects Fund can be used for the following purposes:

1. Fund the purchase of capital assets including land, improvements to land and major items of equipment.
2. Renovation of existing governmental facilities not including normal recurring maintenance.
3. Repayment of medium-term obligation issued to fund a project described in paragraph 1 or 2.

Capital Equipment Reserve Fund

Fund balance at June 30, 2023, totaled \$2,976,696, which is an increase of \$758,709 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 began a leased vehicle replacement program in fiscal year 2020. The program is primarily for patrol vehicles but also includes other ancillary vehicles throughout the City. The Capital Equipment Fund received a transfer for excess fund balance from the General Fund in the amount of \$721,031 in fiscal year 2023.

Redevelopment Fund

Fund balance at June 30, 2023 totaled \$1,916,546, which is an increase of \$696,761. The Fund did not complete a major downtown project this year but is engineering a major project for Fiscal Year 2024 which will include sidewalk reconstruction. Total tax revenues for the fund for fiscal year 2023 were \$769,331 which is an increase from \$459,556 in prior year.

Debt Service Fund

Fund balance at June 30, 2023 totaled \$1,428,777, which is an increase of \$158,828. Of this amount, \$584,246 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.

Proprietary Funds

The City's proprietary funds reported net position of \$114,042,209 for fiscal year ending June 30, 2023. Following is a list of the proprietary funds and their respective net position at June 30, 2023 and 2022 with the percentage change.

Fund	06/30/23	06/30/22	Change	% Change
Water Enterprise	\$ 24,388,562	\$ 24,131,190	\$ 257,372	1.07%
Sewer Enterprise	49,458,002	48,997,801	460,201	0.94%
Airport Enterprise	32,225,328	31,590,463	634,865	2.01%
Landfill Enterprise	4,104,061	4,291,760	(187,699)	-4.37%
Golf Enterprise	3,866,256	3,914,320	(48,064)	-1.23%
	<u>\$ 114,042,209</u>	<u>\$ 112,925,534</u>	<u>\$ 1,116,675</u>	0.99%

CITY OF ELKO, NEVADA
Management's Discussion and Analysis
June 30, 2023

Capital Asset Activity

At June 30, 2023, the City reported \$58.1 million in capital assets for governmental activities and \$96.4 million in capital assets for business-type activities.

Major capital asset additions for the governmental activities were \$2.5 million for Spruce Road reconstruction, \$200,000 for Angel Park Sport Exercise Equipment and over \$950,000 in capital equipment purchases.

Major capital additions for business-type activities included nearly \$1.5 million for a compactor and loader at the landfill. 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, 2023, excluding the net pension liability and other post-employment benefits liability, totaled \$13,516,499 a decrease of 17.2 percent when compared to the prior year total of \$16,331,529.

As of June 30, 2023, 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, 2023, 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, 2023, the City of Elko had \$10,720,000 of general obligation debt outstanding, which is subject to the legal debt margin. This is well below the legal limit of \$184,609,880 by \$173,889,880. Refer to Note 7 of the financial statements for additional information on long-term debt.

Economic Factors and Next Year's Budget and Rates

The consolidated sales tax revenues increased by \$604,233 or 3.64% for fiscal year 2023. In fiscal year 2023 consolidated tax revenues totaled 54.45% of the total General Fund revenues. In most years consolidated tax is nearly 65% of total General Fund revenues. The difference in fiscal years 2022 and 2023 is due to the ARPA grant funds which totaled more than \$5.7 million in FY2022 and \$4.3 million in FY2023 for the General Fund. As consolidated tax revenues make up over 50 percent of the general fund revenues, any fluctuations either positive or negative can have significant impacts on the City's ability to provide the required services to its citizens.

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, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 40,493,750	\$ 39,877,277	\$ 80,371,027
Receivables (net of allowance)	4,725,706	2,601,061	7,326,767
Inventories	33,434	44,327	77,761
Restricted assets:			
Temporarily restricted:			
Cash and investments	635,205	208,585	843,790
Capital assets (net of accumulated depreciation):			
Land and water rights	742,001	1,712,298	2,454,299
Construction-in-progress	720,046	4,205,593	4,925,639
Buildings	9,393,106	14,866,778	24,259,884
Improvements	6,266,445	42,083,805	48,350,250
Infrastructure	32,572,954	25,494,118	58,067,072
Machinery, equipment, and vehicles	8,028,318	7,985,369	16,013,687
Right-to-use leased equipment	420,686	44,340	465,026
Total assets	<u>104,031,651</u>	<u>139,123,551</u>	<u>243,155,202</u>
Deferred outflows of resources			
Deferred outflows related to pensions/OPEB	<u>10,903,138</u>	<u>2,736,235</u>	<u>13,639,373</u>
Liabilities			
Accounts payable and other current liabilities	1,711,556	1,702,635	3,414,191
Retainage payable	-	104,287	104,287
Unearned revenue	307,151	17,391,018	17,698,169
Refundable deposits	401,460	75,741	477,201
Accrued interest	86,869	24,203	111,072
Noncurrent liabilities:			
Due within one year	2,427,373	177,835	2,605,208
Due in more than one year	10,751,469	159,822	10,911,291
Net pension liability	28,468,345	7,061,128	35,529,473
Other postemployment benefits obligation	2,612,683	822,346	3,435,029
Total liabilities	<u>46,766,906</u>	<u>27,519,015</u>	<u>74,285,921</u>
Deferred inflows of resources			
Deferred inflows related to pensions/OPEB	<u>1,057,647</u>	<u>298,562</u>	<u>1,356,209</u>
Net position			
Net investment in capital assets	46,981,235	96,608,495	143,589,730
Restricted for:			
Debt service	548,336	-	548,336
Capital projects	5,618,367	-	5,618,367
Judicial	87,013	-	87,013
Elko Redevelopment Agency	1,916,546	-	1,916,546
Health insurance claims	4,572,271	-	4,572,271
Passenger facility charges	-	132,844	132,844
Refundable deposits	-	73,905	73,905
Unrestricted	<u>7,386,468</u>	<u>17,226,965</u>	<u>24,613,433</u>
Total net position	<u>\$ 67,110,236</u>	<u>\$ 114,042,209</u>	<u>\$ 181,152,445</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, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
Governmental activities:				
General government	\$ 4,012,244	\$ 1,908,439	\$ -	\$ 64,536
Judicial	296,207	97,889	-	-
Public safety	14,194,537	217,703	4,302,232	-
Public works	6,574,539	813,625	-	357,769
Health	761,806	142,053	23,279	-
Culture and recreation	4,652,794	233,509	16,153	1,500
Community support and development	1,402,369	-	-	-
Interest on long-term debt	370,290	-	-	-
Total governmental activities	32,264,786	3,413,218	4,341,664	423,805
Business-type activities:				
Water	4,866,250	4,353,611	-	259,259
Sewer	6,221,777	6,012,113	-	240,690
Airport	3,497,928	959,334	3,081,215	-
Landfill	2,296,573	2,071,570	-	-
Golf	1,232,200	1,069,252	-	3,000
Total business-type activities	18,114,728	14,465,880	3,081,215	502,949
Total primary government	\$ 50,379,514	\$ 17,879,098	\$ 7,422,879	\$ 926,754

General revenues:

Taxes:

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

Gaming licenses

Franchise fees

Miscellaneous

Insurance recoveries

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.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (2,039,269)	\$ -	\$ (2,039,269)
(198,318)	-	(198,318)
(9,674,602)	-	(9,674,602)
(5,403,145)	-	(5,403,145)
(596,474)	-	(596,474)
(4,401,632)	-	(4,401,632)
(1,402,369)	-	(1,402,369)
(370,290)	-	(370,290)
<u>(24,086,099)</u>	<u>-</u>	<u>(24,086,099)</u>
-	(253,380)	(253,380)
-	31,026	31,026
-	542,621	542,621
-	(225,003)	(225,003)
-	<u>(159,948)</u>	<u>(159,948)</u>
-	<u>(64,684)</u>	<u>(64,684)</u>
8,952,792	-	8,952,792
17,757,905	-	17,757,905
1,240,731	-	1,240,731
4,184,025	-	4,184,025
98,485	-	98,485
85,876	-	85,876
2,212,031	-	2,212,031
(13,297)	-	(13,297)
-	212,126	212,126
25,580	-	25,580
523,765	273,646	797,411
<u>(695,587)</u>	<u>695,587</u>	<u>-</u>
<u>34,372,306</u>	<u>1,181,359</u>	<u>35,553,665</u>
10,286,207	1,116,675	11,402,882
56,824,029	112,925,534	169,749,563
<u>\$ 67,110,236</u>	<u>\$ 114,042,209</u>	<u>\$ 181,152,445</u>

CITY OF ELKO, NEVADA
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Special Revenue	Other Governmental Funds	Total Governmental Funds
		Recreation Fund		
Assets				
Cash and investments	\$ 15,873,465	\$ 4,303,382	\$ 15,562,751	\$ 35,739,598
Receivables:				
Room taxes receivable	-	597,805	-	597,805
Other	421,916	-	186,508	608,424
Due from other governments	3,133,937	-	381,466	3,515,403
Inventories and prepaids	33,434	-	-	33,434
Restricted cash and investments	-	50,959	584,246	635,205
Total assets	\$ 19,462,752	\$ 4,952,146	\$ 16,714,971	\$ 41,129,869
Liabilities				
Accounts payable	\$ 942,240	\$ 52,812	\$ 8,044	\$ 1,003,096
Retainage payable	-	-	-	-
Accrued liabilities	234,699	-	2,058	236,757
Due to other governments	6,675	279,073	-	285,748
Customer deposits	10,929	-	390,531	401,460
Unearned revenue	205,961	-	101,190	307,151
Total liabilities	1,400,504	331,885	501,823	2,234,212
Deferred inflows of resources				
Unavailable revenue - fuel taxes	-	-	70,470	70,470
Total deferred inflows of resources	-	-	70,470	70,470
Fund balances				
Nonspendable:				
Inventories and prepaids	33,434	-	-	33,434
Restricted for:				
Debt service	-	50,959	584,246	635,205
Judicial	-	-	87,013	87,013
Capital projects	-	-	5,618,367	5,618,367
Public Safety	-	-	18,836	18,836
Culture and recreation	-	-	150,695	150,695
Redevelopment Agency	-	-	1,916,546	1,916,546
Committed:				
Revenue stabilization	2,677,026	-	-	2,677,026
Debt service	-	-	844,531	844,531
Capital projects	-	4,569,302	6,922,444	11,491,746
Assigned to:				
Next year's budget appropriation	4,130,647	-	-	4,130,647
Unassigned	11,221,141	-	-	11,221,141
Total fund balances	18,062,248	4,620,261	16,142,678	38,825,187
Total liabilities, deferred inflows of resources, and fund balances	\$ 19,462,752	\$ 4,952,146	\$ 16,714,971	\$ 41,129,869

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, 2023

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

Total fund balances - total governmental funds		\$ 38,825,187
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 104,388,571	
Accumulated depreciation	<u>(46,245,015)</u>	58,143,556
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	\$ (10,720,000)	
Premium on bonds payable	(442,321)	
Interest payable	(86,869)	
Compensated absences	(1,678,309)	
Leases payable	(338,212)	
Other postemployment benefits liability	(2,612,683)	
Net pension liability	<u>(28,468,345)</u>	(44,346,739)
Unavailable revenue associated with property taxes is recognized as revenue in the government-wide statements.		
		173,603
Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
		(103,133)
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.		
		4,572,271
Deferred outflows and inflows of resources related to pension/OPEB are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflows related to pension/OPEB	\$ 10,903,138	
Deferred inflows related to pension/OPEB	<u>(1,057,647)</u>	9,845,491
Net position of governmental activities		<u>\$ 67,110,236</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, 2023

	<u>Special Revenue</u>			Total Governmental Funds
	General	Recreation Fund	Other Governmental Funds	
Revenues				
Taxes	\$ 3,803,411	\$ 4,184,025	\$ 4,117,719	\$ 12,105,155
Licenses, permits and fees	2,487,655	-	725,671	3,213,326
Intergovernmental revenue	22,493,423	-	2,325,284	24,818,707
Charges for services	1,015,850	-	87,820	1,103,670
Fines and forfeitures	86,991	-	-	86,991
Other revenues	1,422,768	17,653	23,462	1,463,883
Investment earnings	322,696	47,495	153,574	523,765
Total revenues	<u>31,632,794</u>	<u>4,249,173</u>	<u>7,433,530</u>	<u>43,315,497</u>
Expenditures				
Current:				
General government	4,005,300	-	19,518	4,024,818
Judicial	308,825	-	-	308,825
Public safety	13,771,380	-	21,887	13,793,267
Public works	4,864,687	-	87,908	4,952,595
Health	761,939	-	-	761,939
Culture and recreation	1,571,133	2,137,561	270,700	3,979,394
Community support and development	1,462,088	-	-	1,462,088
Debt service:				
Principal	-	-	1,481,562	1,481,562
Interest	-	-	415,098	415,098
Capital outlay	-	469,929	3,069,816	3,539,745
Total expenditures	<u>26,745,352</u>	<u>2,607,490</u>	<u>5,366,489</u>	<u>34,719,331</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,887,442</u>	<u>1,641,683</u>	<u>2,067,041</u>	<u>8,596,166</u>
Other financing sources (uses)				
Sale of capital assets	-	-	25,580	25,580
Notes issued	-	-	212,515	212,515
Transfers in	630,688	-	2,215,575	2,846,263
Transfers out	(2,595,885)	(945,965)	-	(3,541,850)
Total other financing sources (uses)	<u>(1,965,197)</u>	<u>(945,965)</u>	<u>2,453,670</u>	<u>(457,492)</u>
Net change in fund balances	2,922,245	695,718	4,520,711	8,138,674
Fund balances, beginning of year	<u>15,140,003</u>	<u>3,924,543</u>	<u>11,621,967</u>	<u>30,686,513</u>
Fund balances, end of year	<u>\$ 18,062,248</u>	<u>\$ 4,620,261</u>	<u>\$ 16,142,678</u>	<u>\$ 38,825,187</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, 2023

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

Net change in fund balances - total governmental funds		\$ 8,138,674
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation expense and capital outlay in the current period.</p>		
Capital outlay	\$ 3,843,299	
Depreciation expense	<u>(3,752,482)</u>	90,817
<p>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.</p>		
		(3,331)
<p>Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		1,481,562
<p>Issuance of long-term debt provides current financial resources in the governmental funds but increases long-term liabilities in the statement of net position.</p>		
Debt issued or incurred		(212,515)
<p>Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
Amortization of premium on bonds		41,875
<p>Accrued interest for long-term debt is not reported as an expenditure for the current period while it is recorded in the statement of activities. This adjustment reflects the change in interest payable.</p>		
		2,933
<p>Because some property taxes and other revenues will not be collected in time to pay for obligations in the current period, they are not considered available revenues in the governmental funds and are instead reported as deferred revenues. These revenues are accounted for as revenue in the statement of activities.</p>		
		(94,497)
<p>Internal service funds are used by management to charge the costs of the self-funded health insurance program for City employees, dependents and retirees to individual funds.</p>		
		1,196,057
<p>Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the net pension liability is measured a year before the government's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the statement of activities.</p>		
Pension contributions	\$ 1,874,101	
Pension expense	<u>(2,393,527)</u>	(519,426)
<p>Other postemployment benefit obligation (OPEB) expense, which is the change in the net OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the statement of activities.</p>		
OPEB expense		87,676
<p>Compensated absences and other postemployment benefit obligation expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This adjustment reflects the change in compensated absences and other postemployment benefit obligations.</p>		
		<u>76,382</u>
Change in net position of governmental activities		<u>\$ 10,286,207</u>

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

CITY OF ELKO, NEVADA
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-type Activities						Governmental
	Water Fund	Sewer Fund	Airport Fund	Landfill Fund	Golf Fund	Total	Activities
						Enterprise Funds	Internal Service Fund
Assets							
Current assets:							
Cash and investments	\$ 20,949,186	\$ 13,883,503	\$ 3,044,968	\$ 1,135,069	\$ 864,551	\$ 39,877,277	\$ 4,754,152
Receivables	424,426	822,111	41,354	160,583	211	1,448,685	4,074
Due from other governments	-	-	1,136,771	-	15,605	1,152,376	-
Inventory	44,327	-	-	-	-	44,327	-
Total current assets	21,417,939	14,705,614	4,223,093	1,295,652	880,367	42,522,665	4,758,226
Noncurrent assets:							
Restricted cash and investments	73,905	59	132,844	1,777	-	208,585	-
Capital assets:							
Land and water rights	608,849	207,668	884,269	2,467	9,045	1,712,298	-
Construction-in-progress	1,581,280	870,091	1,754,222	-	-	4,205,593	-
Buildings	6,192,619	6,624,545	6,027,847	668,955	782,983	20,296,949	-
Improvements	22,730,839	54,395,104	3,053,994	1,029,267	3,414,557	84,623,761	-
Infrastructure	856,488	3,870,221	53,281,449	-	-	58,008,158	-
Machinery, equipment and vehicles	3,245,572	5,151,533	2,683,752	5,584,178	757,447	17,422,482	-
Right-to-use leased equipment	15,028	30,056	15,038	-	-	60,122	-
Less accumulated depreciation	(12,796,312)	(34,262,216)	(38,125,484)	(3,209,999)	(1,543,051)	(89,937,062)	-
Total noncurrent assets	22,508,268	36,887,061	29,707,931	4,076,645	3,420,981	96,600,886	-
Total assets	43,926,207	51,592,675	33,931,024	5,372,297	4,301,348	139,123,551	4,758,226
Deferred outflows of resources							
Deferred outflows related to OPEB	44,479	47,306	17,025	28,836	12,753	150,399	-
Deferred outflows related to pensions	794,070	764,275	337,119	510,688	179,684	2,585,836	-
Total deferred outflows of resources	838,549	811,581	354,144	539,524	192,437	2,736,235	-
Liabilities							
Current liabilities:							
Accounts payable	338,298	308,334	831,302	109,987	23,882	1,611,803	185,955
Retainage payable	-	34,161	70,126	-	-	104,287	-
Accrued liabilities	24,919	23,936	20,079	14,375	7,523	90,832	-
Refundable deposits	73,905	59	-	1,777	-	75,741	-
Accrued interest	-	-	24,203	-	-	24,203	-
Unearned revenue	17,389,643	-	1,375	-	-	17,391,018	-
Compensated absences- current	21,919	67,028	26,312	35,721	6,185	157,165	-
Leases payable - current	4,281	8,562	7,827	-	-	20,670	-
Total current liabilities	17,852,965	442,080	981,224	161,860	37,590	19,475,719	185,955
Noncurrent liabilities:							
Compensated absences	21,920	67,028	26,312	35,721	6,184	157,165	-
Leases payable	-	-	2,657	-	-	2,657	-
Net pension liability	2,168,364	2,087,001	920,569	1,394,532	490,662	7,061,128	-
Other postemployment benefits obligation	243,200	258,658	93,089	157,668	69,731	822,346	-
Total noncurrent liabilities	2,433,484	2,412,687	1,042,627	1,587,921	566,577	8,043,296	-
Total liabilities	20,286,449	2,854,767	2,023,851	1,749,781	604,167	27,519,015	185,955
Deferred inflows of resources							
Deferred inflows related to OPEB	50,549	53,762	19,348	32,771	14,493	170,923	-
Deferred inflows related to pensions	39,196	37,725	16,641	25,208	8,869	127,639	-
Total deferred inflows of resources	89,745	91,487	35,989	57,979	23,362	298,562	-
Net position							
Net investment in capital assets	22,631,511	36,895,564	29,585,571	4,074,868	3,420,981	96,608,495	-
Restricted for group health insurance claims	-	-	-	-	-	-	4,572,271
Restricted for passenger facility charges	-	-	132,844	-	-	132,844	-
Restricted for refundable deposits	73,905	-	-	-	-	73,905	-
Unrestricted	1,683,146	12,562,438	2,506,913	29,193	445,275	17,226,965	-
Total net position	\$ 24,388,562	\$ 49,458,002	\$ 32,225,328	\$ 4,104,061	\$ 3,866,256	\$ 114,042,209	\$ 4,572,271

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, 2023

	Business-type Activities					Governmental Activities	
	Water Fund	Sewer Fund	Airport Fund	Landfill Fund	Golf Fund	Total Enterprise Funds	Internal Service Fund
Operating revenues							
Service fees	\$ 4,155,325	\$ 3,013,562	\$ 158,612	\$ 1,991,116	\$ 1,063,110	\$ 10,381,725	\$ 3,171,217
Intergovernmental revenue	-	-	16,309	-	-	16,309	-
Other revenues	198,286	12,989	784,413	80,454	6,142	1,082,284	-
Total operating revenues	<u>4,353,611</u>	<u>3,026,551</u>	<u>959,334</u>	<u>2,071,570</u>	<u>1,069,252</u>	<u>11,480,318</u>	<u>3,171,217</u>
Operating expenses							
Salaries	1,008,980	1,026,922	366,456	631,882	304,189	3,338,429	-
Employee benefits	589,766	561,911	204,026	404,081	208,561	1,968,345	2,015,771
Service, supplies and other	2,408,635	2,848,009	555,612	969,570	629,222	7,411,048	-
Depreciation expense	858,531	1,784,259	2,354,120	291,040	90,228	5,378,178	-
Total operating expenses	<u>4,865,912</u>	<u>6,221,101</u>	<u>3,480,214</u>	<u>2,296,573</u>	<u>1,232,200</u>	<u>18,096,000</u>	<u>2,015,771</u>
Operating income (loss)	<u>(512,301)</u>	<u>(3,194,550)</u>	<u>(2,520,880)</u>	<u>(225,003)</u>	<u>(162,948)</u>	<u>(6,615,682)</u>	<u>1,155,446</u>
Nonoperating revenues (expenses)							
Sewer improvement fees	-	2,985,562	-	-	-	2,985,562	-
Investment earnings	(28,923)	236,509	19,792	37,304	8,964	273,646	40,611
Insurance recoveries	16,540	192,666	-	-	2,920	212,126	-
Interest expense	(338)	(676)	(17,714)	-	-	(18,728)	-
Total nonoperating revenues (expenses)	<u>(12,721)</u>	<u>3,414,061</u>	<u>2,078</u>	<u>37,304</u>	<u>11,884</u>	<u>3,452,606</u>	<u>40,611</u>
Income (loss) before grants, contributions and transfers	<u>(525,022)</u>	<u>219,511</u>	<u>(2,518,802)</u>	<u>(187,699)</u>	<u>(151,064)</u>	<u>(3,163,076)</u>	<u>1,196,057</u>
Grant income	43,299	-	3,081,215	-	-	3,124,514	-
Capital contributions	215,960	240,690	-	-	3,000	459,650	-
Transfers in	523,135	-	72,452	-	100,000	695,587	-
Change in net position	<u>257,372</u>	<u>460,201</u>	<u>634,865</u>	<u>(187,699)</u>	<u>(48,064)</u>	<u>1,116,675</u>	<u>1,196,057</u>
Total net position, beginning of year	<u>24,131,190</u>	<u>48,997,801</u>	<u>31,590,463</u>	<u>4,291,760</u>	<u>3,914,320</u>	<u>112,925,534</u>	<u>3,376,214</u>
Total net position, end of year	<u>\$ 24,388,562</u>	<u>\$ 49,458,002</u>	<u>\$ 32,225,328</u>	<u>\$ 4,104,061</u>	<u>\$ 3,866,256</u>	<u>\$ 114,042,209</u>	<u>\$ 4,572,271</u>

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, 2023

	Business-type Activities						Governmental
	Water Fund	Sewer Fund	Airport Fund	Landfill Fund	Golf fund	Total Enterprise Funds	Internal Service Fund
Cash flows from operating activities:							
Cash received from customers, service fees	\$ 4,104,491	\$ 2,737,084	\$ 147,544	\$ 1,979,161	\$ 1,483,951	\$ 10,452,231	\$ 3,169,171
Cash received from customers, capacity fees and other	198,286	12,989	800,722	80,454	6,142	1,098,593	-
Cash paid to suppliers	(2,646,995)	(3,122,268)	294,126	(937,420)	(802,939)	(7,215,496)	-
Cash paid to employees	(1,599,814)	(1,596,369)	(574,650)	(1,004,507)	(475,710)	(5,251,050)	(2,063,007)
Net cash flows from operating activities	<u>55,968</u>	<u>(1,968,564)</u>	<u>667,742</u>	<u>117,688</u>	<u>211,444</u>	<u>(915,722)</u>	<u>1,106,164</u>
Cash flows from noncapital financing activities:							
Transfer from (to) other funds	523,135	-	72,452	-	100,000	695,587	-
Cash flows from capital and related financing activities:							
Grant revenue	9,476,866	-	2,900,205	-	-	12,377,071	-
Cash received from customer contributions	215,960	240,690	-	-	3,000	459,650	-
Cash received for capital improvement user fees	-	2,985,562	-	-	-	2,985,562	-
Cash received for insurance recoveries	16,540	192,666	-	-	2,920	212,126	-
Principal paid on capital debt	(7,496)	(14,993)	(1,391,865)	-	-	(1,414,354)	-
Interest paid on capital debt	(338)	(676)	(22,917)	-	-	(23,931)	-
Acquisition and construction of capital assets	(1,641,901)	(3,901,756)	(1,489,304)	(1,549,592)	(136,780)	(8,719,333)	-
Net cash flows from capital and related financing activities	<u>8,059,631</u>	<u>(498,507)</u>	<u>(3,881)</u>	<u>(1,549,592)</u>	<u>(130,860)</u>	<u>5,876,791</u>	<u>-</u>
Cash flows from investing activities:							
Investment earnings	(28,923)	236,509	19,792	37,304	8,964	273,646	40,611
Net change in cash and investments	8,609,811	(2,230,562)	756,105	(1,394,600)	189,548	5,930,302	1,146,775
Cash and investments, including restricted, beginning of year	12,413,280	16,114,124	2,421,707	2,531,446	675,003	34,155,560	3,607,377
Cash and investments, including restricted, end of year	<u>\$ 21,023,091</u>	<u>\$ 13,883,562</u>	<u>\$ 3,177,812</u>	<u>\$ 1,136,846</u>	<u>\$ 864,551</u>	<u>\$ 40,085,862</u>	<u>\$ 4,754,152</u>
Reconciliation of operating income to net cash flows from operating activities:							
Operating income (loss)	\$ (512,301)	\$ (3,194,550)	\$ (2,520,880)	\$ (225,003)	\$ (162,948)	\$ (6,615,682)	\$ 1,155,446
Adjustments to reconcile operating income (loss) to net cash flows from operating activities							
Depreciation expense	858,531	1,784,259	2,354,120	291,040	90,228	5,378,178	-
Pension/OPEB expense	170,790	157,755	58,577	125,696	99,486	612,304	-
Pension contributions	(142,746)	(137,390)	(60,602)	(91,804)	(32,301)	(464,843)	-
Changes in operating assets and liabilities:							
(Increase) decrease in receivables	(23,255)	(276,485)	(11,068)	(13,509)	420,841	96,524	(2,046)
(Increase) decrease in inventories	(1,199)	-	-	-	-	(1,199)	-
(Increase) decrease in prepaid expenses	-	379	-	-	-	379	-
Increase (decrease) in accounts payable	(237,161)	(274,638)	849,738	32,150	(173,717)	196,372	(47,236)
Increase (decrease) in accrued liabilities	(21,827)	(24,746)	(4,644)	(9,916)	(7,397)	(68,530)	-
Increase (decrease) in customer deposits	(27,579)	7	-	1,554	-	(26,018)	-
Increase (decrease) in compensated absences payable	(7,285)	(3,155)	2,501	7,480	(22,748)	(23,207)	-
Net cash flows from operating activities	<u>\$ 55,968</u>	<u>\$ (1,968,564)</u>	<u>\$ 667,742</u>	<u>\$ 117,688</u>	<u>\$ 211,444</u>	<u>\$ (915,722)</u>	<u>\$ 1,106,164</u>
Noncash investing, capital, and financing activities:							
Acquisition of capital assets with note	\$ -	\$ -	\$ 15,038	\$ -	\$ -	\$ 15,038	\$ -

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

CITY OF ELKO, NEVADA
Notes to the Financial Statements
June 30, 2023

NOTE 1. Summary of Significant Accounting Policies

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, 2023

NOTE 1. Summary of Significant Accounting Policies, Continued

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, 2023

NOTE 1. Summary of Significant Accounting Policies, Continued

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 financing through 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, 2023

NOTE 1. Summary of Significant Accounting Policies, Continued

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 statues 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, 2023

NOTE 1. Summary of Significant Accounting Policies, Continued

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 and passenger facility charges.

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 (except for intangible right-to-use lease assets). 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, 2023

NOTE 1. Summary of Significant Accounting Policies, Continued

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
Right-to-use leased equipment	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, 2023

NOTE 1. Summary of Significant Accounting Policies, Continued

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, 2023

NOTE 1. Summary of Significant Accounting Policies, Continued

Leases

Lessee: The City of Elko, Nevada is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

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.

CITY OF ELKO, NEVADA
Notes to the Financial Statements
June 30, 2023

NOTE 1. Summary of Significant Accounting Policies, Continued

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.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

New Pronouncements

For the year ended June 30, 2023, the City implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which (1) defines a subscription-based information technology arrangement (SBITA); (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The City had no SBITAs during the year ended June 30, 2023 that required reporting under GASB statement No. 96.

CITY OF ELKO, NEVADA
Notes to the Financial Statements
June 30, 2023

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

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.

NOTE 3. Stewardship, Compliance and Accountability

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.

CITY OF ELKO, NEVADA
Notes to the Financial Statements
June 30, 2023

NOTE 3. Stewardship, Compliance and Accountability, Continued

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, 2023, if any.

Encumbrances

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

Deficit Fund Balances

As of June 30, 2023 no funds had deficit fund balances

Property tax calendar

All real property within the city is assigned a parcel number by the County Assessor in accordance with state law, with each parcel being subject to physical reappraisal every five years. A factoring system is used to adjust the appraised value during the years between physical appraisals. The property and its improvements are being assessed at 35% of “taxable value” as defined by statute.

The amount of tax levied is developed by multiplying the assessed value by the tax rate applicable to the area in which the property is located. Article X, Section 2, of the Constitution of the State of Nevada limits the total taxes levied by all overlapping governmental units within the boundaries of any county (i.e., the county, the county school district, the State, and any other city, town, or special district) to an amount not to exceed \$5 per \$100 of assessed valuation of the property being taxed. However, the 1979 Nevada Legislature enacted provisions whereby, commencing July 1, 1979, the combined overlapping tax rate was limited to \$3.64 per \$100 of assessed valuation (as thereafter annually adjusted) except in cases of severe financial emergency as defined by NRS 354.705. In 2005 the Nevada State Legislature passed Assembly Bill 489 which provides for a partial abatement of the ad valorem taxes levied on qualified property. For qualified property, the abatement will limit the increase of property taxes based on the previous year’s assessed value.

CITY OF ELKO, NEVADA
Notes to the Financial Statements
June 30, 2023

NOTE 3. Stewardship, Compliance and Accountability, Continued

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.

NOTE 4. Cash and Investments

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

Cash and investments	\$ 80,371,027
Restricted cash and investments	843,790
	<u>\$ 81,214,817</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, 2023 cash on hand was \$17,705 and the carrying amount of the City's deposits was \$8,626,585. None of the City's bank balance of \$9,210,599 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.

CITY OF ELKO, NEVADA
Notes to the Financial Statements
June 30, 2023

NOTE 4. Cash and Investments, Continued

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

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

As of June 30, 2023 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	\$ 16,936,151	N/A	N/A	N/A
U.S. Agencies	10,197,004	AA+	Aaa	950
U.S. Treasuries	22,633,530	AA+	Aaa	662
Nevada Local Government Investment Pool	22,803,844	N/A	N/A	113
Total Fair Value	<u>\$ 72,570,528</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, 2023:

- 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	\$ 9,007,518
Level 2 inputs	15,848,672
Total LGIP investment	<u>\$ 22,803,844</u>

CITY OF ELKO, NEVADA
Notes to the Financial Statements
June 30, 2023

NOTE 4. Cash and Investments, Continued

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, 2023, the City investment in U.S. Treasuries and U.S. Agencies exceed 5% of the City's total investments.

NOTE 5. Receivables

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, 2023

NOTE 6. Capital Assets

Governmental capital asset activity for the year ended June 30, 2023 was as follows:

Governmental Activities:	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023
Capital assets, not being depreciated:				
Land	\$ 742,001	\$ -	\$ -	\$ 742,001
Construction in progress	875,835	3,845,276	(4,001,065)	720,046
Total capital assets, not being depreciated	<u>1,617,836</u>	<u>3,845,276</u>	<u>(4,001,065)</u>	<u>1,462,047</u>
Capital assets, being depreciated:				
Buildings	12,605,197	19,980	-	12,625,177
Improvements	10,932,665	19,100	-	10,951,765
Infrastructure	57,729,613	2,492,782	-	60,222,395
Machinery and equipment	17,139,645	1,327,510	-	18,467,155
Right-to-use leased equipment	533,638	139,716	(13,322)	660,032
Total capital assets, being depreciated	<u>98,940,758</u>	<u>3,999,088</u>	<u>(13,322)</u>	<u>102,926,524</u>
Less accumulated depreciation for:				
Buildings	(3,026,654)	(205,417)	-	(3,232,071)
Improvements	(4,331,011)	(354,309)	-	(4,685,320)
Infrastructure	(25,949,648)	(1,699,793)	-	(27,649,441)
Machinery and equipment	(9,085,885)	(1,352,952)	-	(10,438,837)
Right-to-use leased equipment	(109,326)	(140,011)	9,991	(239,346)
Total accumulated depreciation	<u>(42,502,524)</u>	<u>(3,752,482)</u>	<u>9,991</u>	<u>(46,245,015)</u>
Total capital assets, being depreciated, net	<u>56,438,234</u>	<u>246,606</u>	<u>(3,331)</u>	<u>56,681,509</u>
Governmental activities capital assets, net	<u>\$ 58,056,070</u>	<u>\$ 4,091,882</u>	<u>\$ (4,004,396)</u>	<u>\$ 58,143,556</u>

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

Governmental Activities:	
General government	\$ 170,593
Public safety	1,008,624
Public works	1,714,710
Culture and recreation	825,901
Health	32,654
Total depreciation expense - governmental activities	<u>\$ 3,752,482</u>

CITY OF ELKO, NEVADA
Notes to the Financial Statements
June 30, 2023

NOTE 6. Capital Assets, Continued

Business-type capital asset activity for the year ended June 30, 2023 was as follows:

Business Type Activities:	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023
Capital assets not being depreciated:				
Land	\$ 1,712,298	\$ -	\$ -	\$ 1,712,298
Construction in progress	711,286	3,494,307	-	4,205,593
Total capital assets, not being depreciated	<u>2,423,584</u>	<u>3,494,307</u>	<u>-</u>	<u>5,917,891</u>
Capital assets being depreciated:				
Buildings	20,296,949	-	-	20,296,949
Improvements	84,192,658	431,103	-	84,623,761
Infrastructure	55,058,255	2,949,903	-	58,008,158
Machinery and equipment	15,602,995	1,819,487	-	17,422,482
Right-to-use leased equipment	58,406	15,038	(13,322)	60,122
Total capital assets, being depreciated	<u>175,209,263</u>	<u>5,215,531</u>	<u>(13,322)</u>	<u>180,411,472</u>
Less accumulated depreciation for:				
Buildings	(5,009,652)	(420,519)	-	(5,430,171)
Improvements	(40,596,739)	(1,943,217)	-	(42,539,956)
Infrastructure	(30,379,922)	(2,134,118)	-	(32,514,040)
Machinery and equipment	(8,569,565)	(867,548)	-	(9,437,113)
Right-to-use leased equipment	(13,552)	(12,776)	10,546	(15,782)
Total accumulated depreciation	<u>(84,569,430)</u>	<u>(5,378,178)</u>	<u>10,546</u>	<u>(89,937,062)</u>
Total capital assets, being depreciated, net	<u>90,639,833</u>	<u>(162,647)</u>	<u>(2,776)</u>	<u>90,474,410</u>
Business-type activities capital assets, net	<u>\$ 93,063,417</u>	<u>\$ 3,331,660</u>	<u>\$ (2,776)</u>	<u>\$ 96,392,301</u>

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

Business-Type Activities:	
Water	\$ 858,531
Sewer	1,784,259
Airport	2,354,120
Landfill	291,040
Golf	90,228
Total depreciation expense - business-type activities	<u>\$ 5,378,178</u>

CITY OF ELKO, NEVADA
Notes to the Financial Statements
June 30, 2023

NOTE 7. Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2023:

Governmental activities:	Balance 6/30/2022	Additions	Retirements	Balance 6/30/2023	Current Portion
General obligation bonds:					
2015 Limited Tax Recreation Facilities and Refunding Bonds	\$ 5,410,000	\$ -	\$ (440,000)	\$ 4,970,000	\$ 455,000
Bond Premium - 2015 Limited Tax Recreation Facilities and Refunding Bonds	360,639		(27,048)	333,591	27,048
2014 Limited Tax Medium-Term Public Safety Bonds	970,000	-	(315,000)	655,000	325,000
2010 Limited Tax Street Bonds	5,635,000	-	(540,000)	5,095,000	555,000
Bond Premium - 2010 Limited Tax Street Bonds	123,557	-	(14,827)	108,730	14,827
Total general obligation bonds	12,499,196	-	(1,336,875)	11,162,321	1,376,875
Notes payable	18,599	51,697	(38,076)	32,220	32,220
Leases payable	293,660	160,818	(148,486)	305,992	179,123
Net other post employment benefit obligations	2,480,874	414,280	(282,471)	2,612,683	-
Net pension liability	13,854,238	16,488,208	(1,874,101)	28,468,345	-
Accrued compensated absences	1,754,691	766,234	(842,616)	1,678,309	839,155
Total governmental activity long-term liabilities	<u>\$ 30,901,258</u>	<u>\$ 17,881,237</u>	<u>\$ (4,522,625)</u>	<u>\$ 44,259,870</u>	<u>\$ 2,427,373</u>
Business-type activities:					
General obligation bonds:					
Limited Tax Airport Refunding Bonds Series 2009A and Series 2009B	\$ 1,385,000	\$ -	\$ (1,385,000)	\$ -	\$ -
Bond premium	5,203	-	(5,203)	-	-
Total general obligation	1,390,203	-	(1,390,203)	-	-
Leases payable:					
Lease Enterprise - truck - water	11,777	-	(7,496)	4,281	4,281
Lease Enterprise - truck - sewer	23,555	-	(14,993)	8,562	8,562
Lease Enterprise - truck - airport	2,311	15,038	(6,865)	10,484	7,827
Total leases payable	37,643	15,038	(29,354)	23,327	20,670
Net other post employment benefit obligations	757,020	65,326	-	822,346	-
Net pension liability	3,421,234	4,104,737	(464,843)	7,061,128	-
Accrued compensated absences	337,537	145,015	(168,222)	314,330	157,165
Total business-type activity long-term liabilities	<u>\$ 5,943,637</u>	<u>\$ 4,330,116</u>	<u>\$ (2,052,622)</u>	<u>\$ 8,221,131</u>	<u>\$ 177,835</u>
Total long-term liabilities	<u>\$ 36,844,895</u>	<u>\$ 22,211,353</u>	<u>\$ (6,575,247)</u>	<u>\$ 52,481,001</u>	<u>\$ 2,605,208</u>

CITY OF ELKO, NEVADA
Notes to the Financial Statements
June 30, 2023

NOTE 7. Long-Term Liabilities, Continued

The City has no unused lines of credit as of June 30, 2023.

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 and notes payable consist of the following at June 30, 2023:

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. \$ 4,970,000

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. 655,000

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. 5,095,000

Notes payable:

Note payable to Enterprise FM Trust, due in monthly payments of \$4,121 through February 2024; interest rate at 6.167% per annum and is secured by equipment. 32,220

Total bonds and notes payable \$ 10,752,220

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. The governmental notes and leases are primarily paid out of the capital equipment fund.

CITY OF ELKO, NEVADA
Notes to the Financial Statements
June 30, 2023

NOTE 7. Long-Term Liabilities, Continued

Estimated debt service requirements for bonds and notes payable are as follows:

Period Ending June 30,	Governmental Activities	
	Principal	Interest
2024	\$ 1,367,220	\$ 387,481
2025	1,375,000	309,800
2026	950,000	270,312
2027	985,000	235,362
2028	1,020,000	199,114
2029-2033	4,150,000	463,362
2034-2038	905,000	44,362
	\$ 10,752,220	\$ 1,909,793

NOTE 8. Leases

Lease Payable

Governmental funds:

As of June 30, 2023, the City has the following lease agreements in the governmental funds:

The City entered into a four-year lease agreement as lessee for the acquisition and use of an F250 for the Fire Chief. An initial lease liability was recorded in the amount of \$58,253. As of June 30, 2023, the value of the lease liability was \$55,281. The City is required to make monthly principal and interest payments of \$1,371. The lease has an interest rate of 6.09%. In addition, the City will not purchase the equipment at the end of the lease term. The equipment has a four-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$70,853 and had accumulated amortization of \$1,476.

The City entered into a three-year lease agreement as lessee for the acquisition and use of a PD Interceptor vehicle. An initial lease liability was recorded in the amount of \$50,005. As of June 30, 2023, the value of the lease liability was \$49,016. The City is required to make monthly principal and interest payments of \$1,522. The lease has an interest rate of 6.04%. In addition, the City will not purchase the equipment at the end of the lease term. The equipment has a three-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$66,313 and had accumulated amortization of \$0.

CITY OF ELKO, NEVADA
Notes to the Financial Statements
June 30, 2023

NOTE 8. Leases, Continued

The City entered into a four-year lease agreement as lessee for the acquisition and use of an Animal Control Power Wagon vehicle. An initial lease liability was recorded in the amount of \$36,862. As of June 30, 2023, the value of the lease liability was \$30,958. The City is required to make monthly principal and interest payments of \$877. The lease has an interest rate of 6.64%. In addition, the City will not purchase the equipment at the end of the lease term. The equipment has a four-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$58,705 and had accumulated amortization of \$6,115.

The City entered into a two-year lease agreement as lessee for the acquisition and use of a Silverado 1500 vehicle for the building department. An initial lease liability was recorded in the amount of \$14,697. As of June 30, 2023, the value of the lease liability was \$10,639. The City is required to make monthly principal and interest payments of \$653. The lease has an interest rate of 6.23%. In addition, the City will not purchase the equipment at the end of the lease term. The equipment has a two-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$14,697 and had accumulated amortization of \$3,674.

The City entered into a four-year lease agreement as lessee for the acquisition and use of a PD Blazer vehicle. An initial lease liability was recorded in the amount of \$31,206. As of June 30, 2023, the value of the lease liability was \$13,473. The City is required to make monthly principal and interest payments of \$702. The lease has an interest rate of 3.80%. In addition, the City will not purchase the equipment at the end of the lease term. The equipment has a four-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$31,206 and had accumulated amortization of \$16,903.

The City entered into a three-year lease agreement as lessee for the acquisition and use of three PD Interceptor vehicles. An initial lease liability was recorded in the amount of \$129,595. As of June 30, 2023, the value of the lease liability was \$25,899. The City is required to make monthly principal and interest payments of \$3,808. The lease has an interest rate of 3.69%. In addition, the City will not purchase the equipment at the end of the lease term. The equipment has a three-year estimated useful life. The value of the right-to-use assets as of the end of the current fiscal year was \$61,168, \$61,368, and \$61,258, respectively and had accumulated amortization of \$15,292, \$15,342, and \$15,315 respectively.

The City entered into a two-year lease agreement as lessee for the acquisition and use of a F-150 vehicle. An initial lease liability was recorded in the amount of \$15,569. As of June 30, 2023, the value of the lease liability was \$6,879. The City is required to make monthly principal and interest payments of \$717. The lease has an interest rate of 5.31%. In addition, the City will not purchase the equipment at the end of the lease term. The equipment has a two-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$15,569 and had accumulated amortization of \$3,114.

The City entered into a three-year lease agreement as lessee for the acquisition and use of three PD Interceptor vehicles. An initial lease liability was recorded in the amount of \$142,315. As of June 30, 2023, the value of the lease liability was \$65,460. The City is required to make monthly principal and interest payments of \$4,173. The lease has an interest rate of 3.54%. In addition, the City will not purchase the equipment at the end of the lease term. The equipment has a three-year estimated useful life. The value of the right-to-use assets as of the end of the current fiscal year was \$62,591, \$60,946, and \$60,946, respectively and had accumulated amortization of \$46,943, \$45,710, and \$45,710 respectively.

CITY OF ELKO, NEVADA
Notes to the Financial Statements
June 30, 2023

NOTE 8. Leases, Continued

The City entered into a three-year lease agreement as lessee for the acquisition and use of a SRO Interceptor vehicle. An initial lease liability was recorded in the amount of \$47,990. As of June 30, 2023, the value of the lease liability was \$28,155. The City is required to make monthly principal and interest payments of \$1,401. The lease has an interest rate of 4.27%. In addition, the City will not purchase the equipment at the end of the lease term. The equipment has a three-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$65,249 and had accumulated amortization of \$15,225.

The City entered into a four-year lease agreement as lessee for the acquisition and use of a PD Tahoe vehicle. An initial lease liability was recorded in the amount of \$30,683. As of June 30, 2023, the value of the lease liability was \$20,298. The City is required to make monthly principal and interest payments of \$693. The lease has an interest rate of 4.04%. In addition, the City will not purchase the equipment at the end of the lease term. The equipment has a four-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$40,015 and had accumulated amortization of \$10,004.

Business-type funds:

As of June 30, 2023, the City has the following lease agreements in the business-type funds:

The City entered into a two-year lease agreement as lessee for the acquisition and use of an F150 vehicle for the water fund. An initial lease liability was recorded in the amount of \$15,028. As of June 30, 2023, the value of the lease liability was \$4,281. The City is required to make monthly principal and interest payments of \$653. The lease has an interest rate of 4.04%. In addition, the City will not purchase the equipment at the end of the lease term. The equipment has a two-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$15,028 and had accumulated amortization of \$4,008.

The City entered into a two-year lease agreement as lessee for the acquisition and use of two F150 vehicles for the sewer fund. An initial lease liability was recorded in the amount of \$30,056. As of June 30, 2023, the value of the lease liability was \$8,562. The City is required to make monthly principal and interest payments of \$1,306. The lease has an interest rate of 4.04%. In addition, the City will not purchase the equipment at the end of the lease term. The equipment has a two-year estimated useful life. The value of the right-to-use assets as of the end of the current fiscal year was \$15,028 and \$15,028 respectively and had accumulated amortization of \$4,008 and \$4,008 respectively.

The City entered into a two-year lease agreement as lessee for the acquisition and use of a Silverado 1500 vehicle for the airport fund. An initial lease liability was recorded in the amount of \$15,038. As of June 30, 2023, the value of the lease liability was \$10,484. The City is required to make monthly principal and interest payments of \$671. The lease has an interest rate of 6.63%. In addition, the City will not purchase the equipment at the end of the lease term. The equipment has a two-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$15,038 and had accumulated amortization of \$3,759.

CITY OF ELKO, NEVADA
Notes to the Financial Statements
June 30, 2023

NOTE 8. Leases, Continued

The future principal and interest lease payments are as follows:

Governmental Leases			
Year Ended			
June 30,	Principal	Interest	Total
2024	\$ 158,276	\$ 11,684	\$ 169,960
2025	85,387	5,673	91,060
2026	45,313	2,340	47,653
2027	17,016	361	17,377
2028	-	-	-
Total	\$ 305,992	\$ 20,058	\$ 326,050

Business-type Leases			
Year Ended			
June 30,	Principal	Interest	Total
2024	\$ 20,670	\$ 388	\$ 21,058
2025	2,667	16	2,683
2026	-	-	-
2027	-	-	-
2028	-	-	-
Total	\$ 23,337	\$ 404	\$ 23,741

CITY OF ELKO, NEVADA
Notes to the Financial Statements
June 30, 2023

NOTE 9. Postemployment Benefits Other than Pensions (OPEB)

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 \$260/month (reduced for less than 20 years of service). Our valuation reflects \$260/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.

As of the most recent valuation date, there are currently 49 retirees who joined 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.

CITY OF ELKO, NEVADA
Notes to the Financial Statements
June 30, 2023

NOTE 9. Postemployment Benefits Other than Pensions (OPEB), Continued

As of the most recent valuation date, there are four retirees in the City plan who have grandfathered benefits including a lifetime subsidy as well as a lifetime HSA benefit. The subsidy is capped at \$243.12 per month for retiree only coverage with an additional \$215.38 and \$134.10 per month for spouse and child dependents, respectively. The HSA benefit is \$1,000 per year with an additional \$200 per year per dependent, up to a maximum of three dependents.

In addition, there are two retirees receiving subsidies toward Medicare supplements under prior agreements that are not expected to be offered in the future.

For all City employees retiring on or after July 1, 2021, the City provides a monthly subsidy of \$100. The benefit is not intended to increase and will end at age 65. Moreover, City employees retiring on or after July 1, 2021 are not eligible for the HSA contributions.

Plan Membership:

At July 1, 2022, the most recent valuation date, membership consisted of the following:

	<u>Count</u>
Active employees	151
Retirees	55

Contributions:

Contribution requirements of the plan members and the City are established and may be amended through negotiations between the City and the associations. The required contribution is based on projected pay-as-you-go financing requirements. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75. 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 \$282,471 for the year ended June 30, 2023.

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-utilization-reports/>. The city self-insured plan does not issue a separate financial report.

CITY OF ELKO, NEVADA
Notes to the Financial Statements
June 30, 2023

NOTE 9. Postemployment Benefits Other than Pensions (OPEB), Continued

OPEB liability

Net OPEB liability

At June 30, 2023, the City reported a net OPEB liability of \$3,435,029. The net liability was measured as of June 30, 2023 and the total liability was determined by an actuarial valuation as of July 1, 2022. 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. The total OPEB liability as of June 30, 2023 reflects a change in the use of discount rates from 3.96% as of June 30, 2022 to 3.86% at June 30, 2023.

OPEB liability discount rate sensitivity

The following presents the net OPEB liability calculated using the discount rate of 3.86%, 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 (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Net OPEB liability	\$ 3,756,130	\$ 3,435,029	\$ 3,153,740

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 (4.50% decreasing to 2.50%)	Medical Trend	1% Increase (6.5% decreasing to 4.50%)
Net OPEB liability - PEBP	\$ 3,305,393	\$ 3,435,029	\$ 3,587,579

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
Inflation rate	2.50 Percent
Healthcare cost trend rate	6.00 percent for 2023, 5.50 percent for 2024, 5.25 percent for 2025 - 2029, 5 percent for 2030 - 2039, 4.75 percent for 2040-2049, 4.50 percent for 2050-2069 and 4.00 percent for 2070 and later years.

CITY OF ELKO, NEVADA
Notes to the Financial Statements
June 30, 2023

NOTE 9. Postemployment Benefits Other than Pensions (OPEB), Continued

Pre-retirement mortality rates were based on the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table, projected generationally with the mortality improvement scale MP-2021. Post-retirement mortality rates were based on the Pub-2010 General healthy Retiree Amount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Actuarial assumptions used in the July 1, 2022 valuation were based on a review of plan experience during the period July 1, 2020 to June 30, 2022. The discount rate used to measure the total OPEB liability was 3.86% as of June 30, 2023. The City funds the PEBP OPEB liability on a pay-as-you-go basis. Therefore, the discount rate used in this valuation is based on the Fidelity Municipal Bond AA 20 Year Maturity Yield.

Changes in the net OPEB liability

	Increase (decrease)		
	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB (asset) liability (a) - (b)
Balances at June 30, 2021	\$ 3,237,894	\$ -	\$ 3,237,894
Changes during the period:			
Service cost	112,298		112,298
Interest cost	129,150		129,150
Difference btw expected and actual expe	425,091		425,091
Expected investment income		-	-
Employer contributions		(282,471)	282,471
Changes of benefit terms			-
Benefit payments	(282,471)	282,471	(564,942)
Assumption changes	(186,933)		(186,933)
Plan experience			-
Investment experience		-	-
Net changes	197,135	-	197,135
Balances at June 30, 2022	\$ 3,435,029	\$ -	\$ 3,435,029

CITY OF ELKO, NEVADA
Notes to the Financial Statements
June 30, 2023

NOTE 9. Postemployment Benefits Other than Pensions (OPEB), Continued

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, 2023, the City recognized OPEB expense of \$193,772.

Deferred outflows/inflows of resources related to OPEB

At June 30, 2023, 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	\$ 275,194	\$ 516,093
Differences between expected and actual experience	353,042	197,872
Contributions subsequent to the measurement date	-	-
Total	\$ 628,236	\$ 713,965

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
2024	\$ (47,676)
2025	(25,532)
2026	(56,413)
2027	7,559
2028	36,333

CITY OF ELKO, NEVADA
Notes to the Financial Statements
June 30, 2023

NOTE 10. Interfund Transactions and Balances

As of June 30, 2023, 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, 2023, the City made the following interfund transfers:

Transfers out	Transfers in					Total
	General Fund	Nonmajor Governmental	Water	Airport	Golf	
General Fund	\$ 630,688	\$ 1,442,062	\$ 523,135	\$ -	\$ -	\$ 2,595,885
Recreation Fund	-	773,513	-	72,452	100,000	945,965
Nonmajor governmental	-	-	-	-	-	-
Total	\$ 630,688	\$ 2,215,575	\$ 523,135	\$ 72,452	\$ 100,000	\$ 3,541,850

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

NOTE 11. Defined Benefit Pension Plan

Public Employees' Retirement System of Nevada (PERS)

Plan description

PERS administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both Regular and Police/Fire members. The System was established by the Nevada Legislature in 1947, effective July 1, 1948. The System is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

CITY OF ELKO, NEVADA
Notes to the Financial Statements
June 30, 2023

NOTE 11. Defined Benefit Pension Plan, Continued

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, 2023

NOTE 11. Defined Benefit Pension Plan, Continued

Contributions

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

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

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

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

For the fiscal year ended June 30, 2023, the Statutory Employer/employee matching rate was 15.50% for Regular and 22.75% for Police/Fire.

For the fiscal year ended June 30, 2023, the Employer Pay Contribution (EPC) rate was 29.75% for Regular and 44.00% 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
2021	\$ 808,314	\$ 1,174,473
2022	882,451	1,282,193
2023	943,506	1,395,438

CITY OF ELKO, NEVADA
Notes to the Financial Statements
June 30, 2023

NOTE 11. Defined Benefit Pension Plan, Continued

Investment policy

The System’s policies which determine the investment portfolio target asset allocation are established by the Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System. The following was the Board adopted policy target asset allocation as of June 30, 2022:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return*
U.S. stocks	42%	5.50%
International stocks	18%	5.50%
U.S. bonds	28%	0.75%
Private markets	12%	6.65%

*As of June 30, 2022, PERS’ long-term inflation assumption was 2.50%.

Pension liability

Net pension liability

At June 30, 2023, the City reported a liability of \$35,529,473 for its proportionate share of the PERS' net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022. The City's proportion measured as of June 30, 2022, was 0.196790 percent, which was an increase of 0.007350 percent from its proportion measured as of June 30, 2021.

Pension liability discount rate sensitivity

The following presents the net pension liability of the PERS as of June 30, 2023, calculated using the discount rate of 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current discount rate:

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Proportionate share of Net pension (asset) / liability	\$ 54,549,364	\$ 35,529,473	\$ 19,835,209

CITY OF ELKO, NEVADA
Notes to the Financial Statements
June 30, 2023

NOTE 11. Defined Benefit Pension Plan, Continued

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.

Actuarial assumptions

The City's net pension liability was measured as of June 30, 2022, 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	2.50%
Productivity pay increase	0.50%
Projected salary increases	Regular: 4.20% to 9.10%, depending on service Police/Fire: 4.60% to 14.50%, depending on service Rates include inflation and productivity increases
Investment rate of return	7.25%
Other assumptions	Same as those used in the June 30, 2022 funding actuarial valuation

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of the experience study for the period July 1, 2016 through June 30, 2020.

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2022. 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, 2022, 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, 2022.

CITY OF ELKO, NEVADA
Notes to the Financial Statements
June 30, 2023

NOTE 11. Defined Benefit Pension Plan, Continued

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

For the year ended June 30, 2023, the City recognized pension benefit expense for PERS of \$3,188,688. At June 30, 2023, 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	\$ 4,600,480	\$ 25,381
Changes in assumptions	4,564,008	-
Net difference between projected and actual earnings on pension plan investments	433,482	-
Subtotal	9,597,970	25,381
Changes in proportion and differences between contributions and proportional share of contributions	1,074,224	616,862
Contributions subsequent to the measurement date	2,338,944	-
Total	\$ 13,011,138	\$ 642,243
Governmental activities	\$ 10,425,302	\$ 514,604
Business-type activities	2,585,836	127,639
	\$ 13,011,138	\$ 642,243
Average expected remaining service lives	5.70	

The \$2,338,944 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
2024	\$ (1,476,222)
2025	(1,401,160)
2026	(1,251,036)
2027	(4,839,583)
2028	(655,350)
2029	-
Thereafter	-
	\$ (9,623,351)

CITY OF ELKO, NEVADA
Notes to the Financial Statements
June 30, 2023

NOTE 12. Landfill Fund Closure and Post-Closure Care Costs

State and federal laws and regulations require the City to place a final cover and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. Each year the City reassesses the life of the landfill, in the current year an analysis was obtained based on the October 2017 Geo-logic Annual Site Life Analysis. This assessment resulted in an expected landfill closure in the year 2112, with the available soil being depleted by the year 2049. Based on this survey, an estimate of 1.06% 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, 2023, financial assurance relative to costs of closure and post-closure of the landfill was fulfilled through insurance coverage (NAC 444.6855).

NOTE 13. Risk Management

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, 2023

NOTE 13. Risk Management, Continued

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

Fiscal Year End	Unpaid Claims Beginning of Fiscal Year	Incurred Claims (Including IBNRs)	Claim Payments	Unpaid Claims End of Fiscal Year
June 30, 2023	\$ 233,190	\$ 2,015,771	\$ (2,063,006)	\$ 185,955
June 30, 2022	334,033	2,119,120	(2,219,963)	233,190
June 30, 2021	163,132	2,400,918	(2,230,017)	334,033

NOTE 14. Stabilization Arrangement

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

NOTE 15. Ad Valorem Capital Projects Fund

Pursuant to NRS 354.598155, the City is required to indicate in detail the projects that have been funded with the money from the Ad Valorem Capital Projects Fund, as well as, disclose any planned accumulations of the money. The City has utilized the Ad Valorem Capital Projects Fund to leverage grant funding for infrastructure projects in the City. For the year ended June 30, 2023, \$0 was expended and the fund balance totaled \$1,761,873, which is an increase of \$353,801 or 25.13 percent for the fiscal year. Per NRS 354.598155 the Special Ad Valorem Capital Projects Fund can be used for the following purposes:

1. Fund the purchase of capital assets including land, improvements to land and major items of equipment.
2. Renovation of existing governmental facilities not including normal recurring maintenance.
3. Repayment of medium-term obligation issued to fund a project described in paragraph 1 or 2.

CITY OF ELKO, NEVADA
Notes to the Financial Statements
June 30, 2023

NOTE 16. Commitments and Contingencies

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 City of Elko has not received an invoice from the City of Carlin since 2018.

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 2023 through subsequent fiscal years. Details of some of the significant projects are as follows:

On March 11, 2021 the American Rescue Plan Act (ARPA) was signed into law. As a result of ARPA the City was allocated \$27,476,865.36. City Council committed \$18 million of the \$27,476,865.36 towards five water infrastructure projects throughout the city. The engineering for the projects started during fiscal year 2022. To expedite the projects, the engineering costs were paid for by the City of Elko Water Fund but the construction of the infrastructure projects will be funded by the ARPA funds. The following are the budgets reported for each infrastructure projects as of June 30, 2023:

<u>Project</u>	<u>Budget</u>
Hospital Second Source	\$3,000,000
Exit 298/Cattle Drive Water Line Only	\$3,500,000
Elko Mountain – Water Line & Booster Station	\$1,500,000
Errecart Water Line & Grading	<u>\$10,000,000</u>
Total	<u>\$18,000,000</u>

The Hospital 2nd Source project was awarded to Canyon Construction in January 2023 but the construction had not begun as of June 30, 2023. The original contract was nearly \$2.5 million.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ELKO, NEVADA
Schedule of the Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2023
Last 10 Fiscal Years

PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA

	Reporting Fiscal Year (Measurement Date)								
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Proportion of the net pension liability (asset)	0.196790%	0.189440%	0.189510%	0.189440%	0.189680%	0.191030%	0.203130%	0.204490%	0.204490%
Proportionate share of the net pension liability (asset)	\$ 35,529,473	\$ 17,275,472	\$ 26,395,080	\$ 26,778,354	\$ 25,868,208	\$ 25,406,820	\$ 27,335,646	\$ 23,731,868	\$ 21,311,585
Covered payroll	\$ 12,141,636	\$ 11,394,728	\$ 11,410,366	\$ 11,426,111	\$ 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	292.63%	151.61%	231.33%	234.36%	238.02%	244.75%	261.65%	234.98%	179.60%
Plan fiduciary net position as a percentage of the total pension liability	75.1%	86.5%	77.0%	76.5%	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 available.

CITY OF ELKO, NEVADA
Schedule of Contributions
For the Year Ended June 30, 2023
Last 10 Fiscal Years

PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA

	Reporting Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 2,338,944	\$ 2,164,644	\$ 1,982,787	\$ 1,978,641	\$ 1,890,485	\$ 1,759,670	\$ 1,714,679	\$ 1,722,254	\$ 1,598,300	\$ 1,598,300
Contributions in relation to the statutorily required contribution	\$ (2,338,944)	\$ (2,164,644)	\$ (1,982,787)	\$ (1,978,641)	\$ (1,890,485)	\$ (1,759,670)	\$ (1,714,679)	\$ (1,722,254)	\$ (1,598,300)	\$ (1,598,300)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 13,080,771	\$ 12,141,636	\$ 11,394,728	\$ 11,410,366	\$ 11,426,111	\$ 10,868,094	\$ 10,380,601	\$ 10,447,569	\$ 10,099,417	\$ 10,099,417
Contributions as a percentage of covered payroll	17.88%	17.83%	17.40%	17.34%	16.55%	16.19%	16.52%	16.48%	15.83%	15.83%

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, 2023
Last 10 Fiscal Years

	Reporting Fiscal Year (Measurement Date)					
	2023 (2023)	2022 (2022)	2021 (2021)	2020 (2020)	2019 (2019)	2018 (2018)
Total OPEB liability						
Service cost	\$ 112,298	\$ 155,964	\$ 140,710	\$ 169,214	\$ 157,580	\$ 91,167
Interest cost	129,150	75,308	94,261	103,192	114,117	131,667
Changes of benefit terms	-	-	604,832	-	-	-
Difference btw expected and actual experience	425,091					
Benefit payments	(282,471)	(358,639)	(378,388)	(461,041)	(434,951)	(279,745)
Assumption changes	(186,933)	(579,536)	287,253	234,103	296,745	-
Plan experience	-	-	(205,735)	-	(496,011)	-
Net change in total OPEB liability	197,135	(706,903)	542,933	45,468	(362,520)	(56,911)
Total OPEB liability - beginning	3,237,894	3,944,797	3,401,864	3,356,396	3,718,916	3,775,827
Total OPEB liability - ending (a)	<u>\$ 3,435,029</u>	<u>\$ 3,237,894</u>	<u>\$ 3,944,797</u>	<u>\$ 3,401,864</u>	<u>\$ 3,356,396</u>	<u>\$ 3,718,916</u>
Plan fiduciary net position						
Employer contributions	\$ 282,471	\$ 358,639	\$ 378,388	\$ 461,041	\$ 434,951	\$ 279,745
Net investment income	-	-	-	-	-	-
Benefit payments	(282,471)	(358,639)	(378,388)	(461,041)	(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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending (a) - (b)	\$ 3,435,029	\$ 3,237,894	\$ 3,944,797	\$ 3,401,864	\$ 3,356,396	\$ 3,718,916
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%	0%
Covered payroll	\$ 14,242,448	\$ 13,289,743	\$ 12,735,578	\$ 12,500,993	\$ 12,551,948	\$ 11,907,284
Net OPEB liability as a percentage of covered payroll	24.12%	24.36%	30.97%	27.21%	26.74%	31.23%

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, 2023

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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes:				
Ad valorem	\$ 3,677,007	\$ 3,677,007	\$ 3,803,411	\$ 126,404
Total taxes	<u>3,677,007</u>	<u>3,677,007</u>	<u>3,803,411</u>	<u>126,404</u>
Licenses, permits, and fees:				
Business licenses	768,000	768,000	751,893	(16,107)
Other licenses	5,000	5,000	3,365	(1,635)
Franchise fees	1,044,934	1,044,934	1,486,360	441,426
Permits	<u>350,000</u>	<u>350,000</u>	<u>246,037</u>	<u>(103,963)</u>
Total licenses, permits, and fees	<u>2,167,934</u>	<u>2,167,934</u>	<u>2,487,655</u>	<u>319,721</u>
Intergovernmental:				
Grants	13,810,032	13,810,032	4,311,430	(9,498,602)
Fuel taxes	492,100	492,100	509,534	17,434
Consolidated revenues	16,739,440	16,739,440	17,211,697	472,257
County shared revenues	125,000	125,000	98,485	(26,515)
Other intergovernmental	<u>358,785</u>	<u>358,785</u>	<u>362,277</u>	<u>3,492</u>
Total intergovernmental	<u>31,525,357</u>	<u>31,525,357</u>	<u>22,493,423</u>	<u>(9,031,934)</u>
Charges for services:				
Community development	175,000	175,000	176,191	1,191
Public work fees	405,000	405,000	415,397	10,397
Public safety fees	89,188	89,188	136,559	47,371
Culture and recreation fees	164,010	164,010	145,650	(18,360)
Health fees	<u>131,500</u>	<u>131,500</u>	<u>142,053</u>	<u>10,553</u>
Total charges for services	<u>964,698</u>	<u>964,698</u>	<u>1,015,850</u>	<u>51,152</u>
Fines and forfeitures:				
Forensic service fees	2,200	2,200	2,215	15
Municipal court fees	80,000	80,000	84,551	4,551
Bail bond fees	<u>500</u>	<u>500</u>	<u>225</u>	<u>(275)</u>
Total fines and forfeitures	<u>82,700</u>	<u>82,700</u>	<u>86,991</u>	<u>4,291</u>
Investment earnings:				
Investment earnings (loss)	66,000	66,000	298,279	232,279
Total investment earnings	<u>66,000</u>	<u>66,000</u>	<u>298,279</u>	<u>232,279</u>
Other revenues:				
Reimbursements	946,950	946,950	1,360,575	413,625
Private donations	-	-	23,429	23,429
Miscellaneous	<u>68,500</u>	<u>68,500</u>	<u>38,764</u>	<u>(29,736)</u>
Total other revenues	<u>1,015,450</u>	<u>1,015,450</u>	<u>1,422,768</u>	<u>407,318</u>
Total revenues	<u>39,499,146</u>	<u>39,499,146</u>	<u>31,608,377</u>	<u>(7,890,769)</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, 2023

EXPENDITURES	Original Budget	Final Budget	Actual	Variance with Final Budget
General government:				
City manager:				
Salaries and wages	\$ 438,353	\$ 453,353	\$ 449,873	\$ 3,480
Employee benefits	275,945	260,945	251,971	8,974
Services, supplies and other	1,464,423	1,614,423	1,463,729	150,694
	<u>2,178,721</u>	<u>2,328,721</u>	<u>2,165,573</u>	<u>163,148</u>
Clerk:				
Salaries and wages	172,598	181,598	179,616	1,982
Employee benefits	93,363	93,363	91,913	1,450
Services, supplies and other	44,233	44,233	38,895	5,338
	<u>310,194</u>	<u>319,194</u>	<u>310,424</u>	<u>8,770</u>
Personnel:				
Salaries and wages	115,584	115,584	114,742	842
Employee benefits	59,498	62,898	63,264	(366)
Services, supplies and other	144,947	59,947	44,136	15,811
	<u>320,029</u>	<u>238,429</u>	<u>222,142</u>	<u>16,287</u>
Information systems:				
Salaries and wages	114,892	111,892	106,661	5,231
Employee benefits	53,312	59,432	60,207	(775)
Services, supplies and other	264,156	217,043	171,366	45,677
	<u>432,360</u>	<u>388,367</u>	<u>338,234</u>	<u>50,133</u>
Finance:				
Salaries and wages	144,938	144,938	140,882	4,056
Employee benefits	82,971	88,171	92,748	(4,577)
Services, supplies and other	42,109	42,109	28,749	13,360
	<u>270,018</u>	<u>275,218</u>	<u>262,379</u>	<u>12,839</u>
Central services:				
Employee benefits	325,600	325,600	269,294	56,306
Services, supplies and other	208,349	208,349	184,350	23,999
	<u>533,949</u>	<u>533,949</u>	<u>453,644</u>	<u>80,305</u>
Planning and zoning:				
Salaries and wages	167,711	167,711	158,032	9,679
Employee benefits	92,003	92,003	83,807	8,196
Services, supplies and other	46,650	66,650	11,065	55,585
	<u>306,364</u>	<u>326,364</u>	<u>252,904</u>	<u>73,460</u>
Total general government	<u>4,351,635</u>	<u>4,410,242</u>	<u>4,005,300</u>	<u>404,942</u>
Judicial:				
Municipal court:				
Services, supplies and other	449,100	449,100	308,825	140,275
Total judicial	<u>449,100</u>	<u>449,100</u>	<u>308,825</u>	<u>140,275</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, 2023

Expenditures (continued)	Original Budget	Final Budget	Actual	Variance with Final Budget
Public safety:				
Police:				
Salaries and wages	\$ 5,388,022	\$ 5,059,022	\$ 4,962,633	\$ 96,389
Employee benefits	3,355,077	3,090,077	3,010,135	79,942
Services, supplies and other	1,324,861	1,324,861	1,316,620	8,241
Capital outlay	350,000	234,000	233,368	632
	<u>10,417,960</u>	<u>9,707,960</u>	<u>9,522,756</u>	<u>185,204</u>
Fire- Main station / ARFF:				
Salaries and wages	2,261,102	2,198,102	2,153,568	44,534
Employee benefits	1,364,194	1,436,194	1,378,870	57,324
Services, supplies and other	617,931	617,931	615,059	2,872
Capital outlay	100,000	100,000	72,346	27,654
	<u>4,343,227</u>	<u>4,352,227</u>	<u>4,219,843</u>	<u>132,384</u>
Fire - Southside station:				
Services, supplies and other	8,250	10,450	8,936	1,514
	<u>8,250</u>	<u>10,450</u>	<u>8,936</u>	<u>1,514</u>
Fire - Downtown station:				
Salaries and wages	16,286	16,286	6,315	9,971
Employee benefits	1,894	1,894	-	1,894
Services, supplies and other	39,100	39,100	13,530	25,570
	<u>57,280</u>	<u>57,280</u>	<u>19,845</u>	<u>37,435</u>
Total public safety	<u>14,826,717</u>	<u>14,127,917</u>	<u>13,771,380</u>	<u>356,537</u>
Public works:				
Public works:				
Salaries and wages	796,171	796,171	799,312	(3,141)
Employee benefits	450,237	450,237	428,989	21,248
Services, supplies and other	1,519,800	1,432,800	1,362,914	69,886
	<u>2,766,208</u>	<u>2,679,208</u>	<u>2,591,215</u>	<u>87,993</u>
Fleet maintenance:				
Salaries and wages	325,981	325,981	276,573	49,408
Employee benefits	197,788	197,788	166,035	31,753
Services, supplies and other	75,350	75,350	65,243	10,107
	<u>599,119</u>	<u>599,119</u>	<u>507,851</u>	<u>91,268</u>
Engineering:				
Salaries and wages	122,598	120,498	120,351	147
Employee benefits	63,272	65,372	65,260	112
Services, supplies and other	77,734	54,449	34,082	20,367
Capital outlay	-	23,285	23,285	-
	<u>263,604</u>	<u>263,604</u>	<u>242,978</u>	<u>20,626</u>
Building inspection:				
Salaries and wages	332,267	332,267	297,408	34,859
Employee benefits	196,208	196,208	178,116	18,092
Services, supplies and other	99,441	99,441	110,266	(10,825)
	<u>627,916</u>	<u>627,916</u>	<u>585,790</u>	<u>42,126</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, 2023

Expenditures (continued)	Original Budget	Final Budget	Actual	Variance with Final Budget
Facilities maintenance:				
Salaries and wages	\$ 234,590	\$ 234,590	\$ 232,257	\$ 2,333
Employee benefits	143,082	157,582	144,220	13,362
Services, supplies and other	376,550	376,550	364,198	12,352
	<u>754,222</u>	<u>768,722</u>	<u>740,675</u>	<u>28,047</u>
Community development:				
Salaries and wages	142,530	142,530	126,010	16,520
Employee benefits	63,424	63,424	63,334	90
Services, supplies and other	122,750	122,750	6,834	115,916
	<u>328,704</u>	<u>328,704</u>	<u>196,178</u>	<u>132,526</u>
Total public works	<u>5,339,773</u>	<u>5,267,273</u>	<u>4,864,687</u>	<u>402,586</u>
Health:				
Animal control:				
Salaries and wages	318,313	255,313	248,360	6,953
Employee benefits	186,837	171,837	160,468	11,369
Services, supplies and other	137,000	149,000	139,399	9,601
	<u>642,150</u>	<u>576,150</u>	<u>548,227</u>	<u>27,923</u>
Cemetery				
Salaries and wages	136,066	136,066	104,500	31,566
Employee benefits	73,846	73,846	70,281	3,565
Services, supplies and other	31,250	36,250	38,931	(2,681)
	<u>241,162</u>	<u>246,162</u>	<u>213,712</u>	<u>32,450</u>
Total health	<u>883,312</u>	<u>822,312</u>	<u>761,939</u>	<u>60,373</u>
Culture and recreation:				
Parks:				
Salaries and wages	572,078	542,078	494,245	47,833
Employee benefits	311,300	311,300	289,361	21,939
Services, supplies and other	182,550	235,550	214,393	21,157
	<u>1,065,928</u>	<u>1,088,928</u>	<u>997,999</u>	<u>90,929</u>
Swimming pool:				
Salaries and wages	306,642	306,642	270,322	36,320
Employee benefits	101,048	101,048	95,135	5,913
Services, supplies and other	179,100	214,715	207,677	7,038
	<u>586,790</u>	<u>622,405</u>	<u>573,134</u>	<u>49,271</u>
Total culture and recreation	<u>1,652,718</u>	<u>1,711,333</u>	<u>1,571,133</u>	<u>140,200</u>
Community support:				
Services, supplies and other	329,518	1,462,088	1,462,088	-
Total community support	<u>329,518</u>	<u>1,462,088</u>	<u>1,462,088</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, 2023

Expenditures (continued)	Original Budget	Final Budget	Actual	Variance with Final Budget
Contingencies	\$ 417,492	\$ -	\$ -	\$ -
Total expenditures	<u>28,250,265</u>	<u>28,250,265</u>	<u>26,745,352</u>	<u>1,504,913</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,248,881</u>	<u>11,248,881</u>	<u>4,863,025</u>	<u>(6,385,856)</u>
Other financing sources (uses):				
Transfer to other funds	<u>(12,072,750)</u>	<u>(12,072,750)</u>	<u>(2,595,885)</u>	<u>9,476,865</u>
Total other financing sources (uses)	<u>(12,072,750)</u>	<u>(12,072,750)</u>	<u>(2,595,885)</u>	<u>9,476,865</u>
Net change in fund balance	(823,869)	(823,869)	2,267,140	3,091,009
Fund balance, beginning of year	<u>14,238,997</u>	<u>14,238,997</u>	<u>13,118,082</u>	<u>(1,120,915)</u>
Fund balance, end of year	<u>\$ 13,415,128</u>	<u>\$ 13,415,128</u>	<u>\$ 15,385,222</u>	<u>\$ 1,970,094</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, 2023

	<u>General</u> <u>(Budgetary Basis)</u>	<u>Revenue</u> <u>Stabilization</u>	<u>General</u> <u>(GAAP Basis)</u>
Revenues			
Taxes	\$ 3,803,411	\$ -	\$ 3,803,411
Licenses and permits	2,487,655	-	2,487,655
Intergovernmental	22,493,423	-	22,493,423
Charges for services	1,015,850	-	1,015,850
Fines and forfeitures	86,991	-	86,991
Other revenues	1,422,768	-	1,422,768
Investment earnings	298,279	24,417	322,696
	<u>31,608,377</u>	<u>24,417</u>	<u>31,632,794</u>
Expenditures			
General government	4,005,300	-	4,005,300
Judicial	308,825	-	308,825
Public safety	13,771,380	-	13,771,380
Public works	4,864,687	-	4,864,687
Health	761,939	-	761,939
Culture and recreation	1,571,133	-	1,571,133
Community support	1,462,088	-	1,462,088
	<u>26,745,352</u>	<u>-</u>	<u>26,745,352</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,863,025</u>	<u>24,417</u>	<u>4,887,442</u>
Other financing sources (uses)			
Transfers out	(2,595,885)	-	(2,595,885)
Transfers in	-	630,688	630,688
	<u>(2,595,885)</u>	<u>630,688</u>	<u>(1,965,197)</u>
Net change in fund balance	2,267,140	655,105	2,922,245
Fund balance, beginning of year	<u>13,118,082</u>	<u>2,021,921</u>	<u>15,140,003</u>
Fund balance, end of year	<u><u>\$ 15,385,222</u></u>	<u><u>\$ 2,677,026</u></u>	<u><u>\$ 18,062,248</u></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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes:				
Room taxes	\$ 3,963,539	\$ 3,963,539	\$ 4,184,025	\$ 220,486
Other revenues	-	-	17,653	17,653
Investment earnings	8,500	8,500	47,495	38,995
Total revenues	<u>3,972,039</u>	<u>3,972,039</u>	<u>4,249,173</u>	<u>277,134</u>
Expenditures				
Current:				
Culture and recreation:				
Parks and recreation:				
Services and supplies	135,000	135,000	88,273	46,727
Capital outlay	790,000	790,000	469,929	320,071
Other recreation:				
Elko Convention Center	1,417,068	1,417,068	1,534,656	(117,588)
Elko County Fairboard	141,555	141,555	147,008	(5,453)
Elko County Recreation Fairboard	176,944	176,944	183,760	(6,816)
NV State Tourism	106,166	106,166	110,360	(4,194)
Western Folklife Center	70,777	70,777	73,504	(2,727)
Total expenditures	<u>2,837,510</u>	<u>2,837,510</u>	<u>2,607,490</u>	<u>230,020</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,134,529</u>	<u>1,134,529</u>	<u>1,641,683</u>	<u>507,154</u>
Other financing sources (uses)				
Transfers out	<u>(1,190,492)</u>	<u>(1,190,492)</u>	<u>(945,965)</u>	<u>244,527</u>
Total other financing sources (uses)	<u>(1,190,492)</u>	<u>(1,190,492)</u>	<u>(945,965)</u>	<u>244,527</u>
Net change in fund balance	(55,963)	(55,963)	695,718	751,681
Fund balance, beginning of year	<u>3,874,849</u>	<u>3,874,849</u>	<u>3,924,543</u>	<u>49,694</u>
Fund balance, end of year	<u><u>\$ 3,818,886</u></u>	<u><u>\$ 3,818,886</u></u>	<u><u>\$ 4,620,261</u></u>	<u><u>\$ 801,375</u></u>

CITY OF ELKO, NEVADA
Notes to Required Supplementary Information
June 30, 2023

NOTE 1. Budgetary Reconciliations

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

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

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

NOTE 2. OPEB – Factors that Affect Trends

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 other than a change in the use of discount rates from 3.69% as of June 30, 2022 to 3.86% at June 30, 2023.

NOTE 3. OPEB – Plan Assets

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, 2023

	<u>General Fund Budgetary Basis)</u>	<u>Revenue Stabilization</u>	<u>General Fund (GAAP Basis)</u>
Assets			
Cash	\$ 13,196,439	\$ 2,677,026	\$ 15,873,465
Receivables:			
Other	421,916	-	421,916
Due from other governments	3,133,937	-	3,133,937
Inventories and prepaids	33,434	-	33,434
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 16,785,726</u>	<u>\$ 2,677,026</u>	<u>\$ 19,462,752</u>
Liabilities			
Accounts payable	\$ 942,240	\$ -	\$ 942,240
Accrued liabilities	234,699	-	234,699
Due to other governments	6,675	-	6,675
Customer deposits	10,929	-	10,929
Unearned revenue	205,961	-	205,961
Total liabilities	<u>1,400,504</u>	<u>-</u>	<u>1,400,504</u>
Deferred inflows of resources			
Unavailable revenue - property taxes	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable:			
Inventories and prepaids	33,434	-	33,434
Committed:			
Revenue stabilization	-	2,677,026	2,677,026
Assigned to:			
Next year's budget appropriation	4,130,647	-	4,130,647
Unassigned	11,221,141	-	11,221,141
Total fund balances	<u>15,385,222</u>	<u>2,677,026</u>	<u>18,062,248</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,785,726</u>	<u>\$ 2,677,026</u>	<u>\$ 19,462,752</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, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Investment earnings	\$ 5,000	\$ 24,417	\$ 19,417
Total revenues	<u>5,000</u>	<u>24,417</u>	<u>19,417</u>
Excess (deficiency) of revenues over (under) expenditures	5,000	24,417	19,417
Other Financing Sources			
Transfers in	<u>630,688</u>	<u>630,688</u>	<u>-</u>
Total other financing sources (uses)	<u>630,688</u>	<u>630,688</u>	<u>-</u>
Net change in fund balance	635,688	655,105	19,417
Fund balance, beginning of year	<u>2,065,989</u>	<u>2,021,921</u>	<u>(44,068)</u>
Fund balance, end of year	<u>\$ 2,701,677</u>	<u>\$ 2,677,026</u>	<u>\$ (24,651)</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 **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, 2023

	Special Revenue				
	Municipal				
	Youth	Court	Narcotics	Elko	Debt
	Recreation	Administration	Task	Redevelopment	Service
	Assessment	Force	Agency		
Assets					
Cash and investments	\$ 159,552	\$ 85,918	\$ 119,373	\$ 1,903,563	\$ 716,517
Receivables:					
Taxes, delinquent	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	1,095	-	-	-
Due from other governments	-	-	958	13,923	198,484
Restricted cash	-	-	-	-	584,246
Total assets	\$ 159,552	\$ 87,013	\$ 120,331	\$ 1,917,486	\$ 1,499,247
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 6,799	\$ -	\$ 305	\$ 940	\$ -
Retainage payable	-	-	-	-	-
Accrued liabilities	2,058	-	-	-	-
Customer deposits	-	-	-	-	-
Unearned revenue	-	-	101,190	-	-
Total liabilities	8,857	-	101,495	940	-
Deferred Inflows of Resources:					
Unavailable revenues - fuel taxes	-	-	-	-	70,470
Unavailable revenues - property taxes	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	70,470
Fund Balances:					
Restricted for:					
Debt service	-	-	-	-	584,246
Judicial	-	87,013	-	-	-
Capital projects	-	-	-	-	-
Public Safety	-	-	18,836	-	-
Culture and recreation	150,695	-	-	-	-
Redevelopment Agency	-	-	-	1,916,546	-
Committed:					
Debt service	-	-	-	-	844,531
Capital projects	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	150,695	87,013	18,836	1,916,546	1,428,777
Total liabilities and fund balances	\$ 159,552	\$ 87,013	\$ 120,331	\$ 1,917,486	\$ 1,499,247

Capital Projects				
Capital Construction	Ad Valorem Capital Projects	Capital Equipment Reserve	Facility Reserve Fund	Total Nonmajor Governmental Funds
\$ 4,042,440	\$ 1,704,807	\$ 2,894,068	\$ 3,936,513	\$ 15,562,751
-	-	-	-	-
-	-	-	-	-
185,413	-	-	-	186,508
19,172	57,066	82,628	9,235	381,466
-	-	-	-	584,246
<u>\$ 4,247,025</u>	<u>\$ 1,761,873</u>	<u>\$ 2,976,696</u>	<u>\$ 3,945,748</u>	<u>\$ 16,714,971</u>
\$ -	\$ -	\$ -	\$ -	\$ 8,044
-	-	-	-	-
-	-	-	-	2,058
390,531	-	-	-	390,531
-	-	-	-	101,190
<u>390,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>501,823</u>
-	-	-	-	70,470
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,470</u>
-	-	-	-	584,246
-	-	-	-	87,013
3,856,494	1,761,873	-	-	5,618,367
-	-	-	-	18,836
-	-	-	-	150,695
-	-	-	-	1,916,546
-	-	-	-	844,531
-	-	2,976,696	3,945,748	6,922,444
-	-	-	-	-
<u>3,856,494</u>	<u>1,761,873</u>	<u>2,976,696</u>	<u>3,945,748</u>	<u>16,142,678</u>
<u>\$ 4,247,025</u>	<u>\$ 1,761,873</u>	<u>\$ 2,976,696</u>	<u>\$ 3,945,748</u>	<u>\$ 16,714,971</u>

CITY OF ELKO, NEVADA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue				
	Municipal				
		Court	Narcotics	Elko	
	Youth Recreation	Administration Assessment	Task Force	Redevelopment Agency	Debt Service
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 769,331	\$ 503,873
Licenses, permits and fees	-	-	-	-	-
Intergovernmental revenue	-	6,390	18,465	-	722,561
Charges for services	87,820	-	-	-	-
Other revenues	3,362	-	6,100	-	-
Investment earnings	3,346	951	1,306	15,338	12,116
	<u>94,528</u>	<u>7,341</u>	<u>25,871</u>	<u>784,669</u>	<u>1,238,550</u>
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	-	-	21,887	-	-
Public works	-	-	-	87,908	-
Culture and recreation	270,700	-	-	-	-
Debt service:					
Principal	-	-	-	-	1,295,000
Interest	-	-	-	-	398,235
Capital outlay	-	-	-	-	-
	<u>270,700</u>	<u>-</u>	<u>21,887</u>	<u>87,908</u>	<u>1,693,235</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(176,172)</u>	<u>7,341</u>	<u>3,984</u>	<u>696,761</u>	<u>(454,685)</u>
Other financing sources (uses)					
Sale of capital assets	-	-	-	-	-
Debt proceeds	-	-	-	-	-
Transfers in	160,000	-	-	-	613,513
Total other financing sources and uses	<u>160,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>613,513</u>
Net change in fund balances	(16,172)	7,341	3,984	696,761	158,828
Fund balances, beginning of year	<u>166,867</u>	<u>79,672</u>	<u>14,852</u>	<u>1,219,785</u>	<u>1,269,949</u>
Fund balances, end of year	<u>\$ 150,695</u>	<u>\$ 87,013</u>	<u>\$ 18,836</u>	<u>\$ 1,916,546</u>	<u>\$ 1,428,777</u>

Capital Projects				
Capital Construction	Ad Valorem Capital Projects	Capital Equipment Reserve	Facility Reserve Fund	Total Nonmajor Governmental Funds
\$ 2,097,698	\$ 340,395	\$ 406,422	\$ -	\$ 4,117,719
725,671	-	-	-	725,671
-	-	546,208	1,031,660	2,325,284
-	-	-	-	87,820
-	-	14,000	-	23,462
48,408	13,406	32,240	26,463	153,574
<u>2,871,777</u>	<u>353,801</u>	<u>998,870</u>	<u>1,058,123</u>	<u>7,433,530</u>
-	-	19,518	-	19,518
-	-	-	-	21,887
-	-	-	-	87,908
-	-	-	-	270,700
-	-	186,562	-	1,481,562
-	-	16,863	-	415,098
1,898,872	-	950,764	220,180	3,069,816
<u>1,898,872</u>	<u>-</u>	<u>1,173,707</u>	<u>220,180</u>	<u>5,366,489</u>
<u>972,905</u>	<u>353,801</u>	<u>(174,837)</u>	<u>837,943</u>	<u>2,067,041</u>
25,580	-	-	-	25,580
-	-	212,515	-	212,515
-	-	721,031	721,031	2,215,575
<u>25,580</u>	<u>-</u>	<u>933,546</u>	<u>721,031</u>	<u>2,453,670</u>
998,485	353,801	758,709	1,558,974	4,520,711
<u>2,858,009</u>	<u>1,408,072</u>	<u>2,217,987</u>	<u>2,386,774</u>	<u>11,621,967</u>
<u>\$ 3,856,494</u>	<u>\$ 1,761,873</u>	<u>\$ 2,976,696</u>	<u>\$ 3,945,748</u>	<u>\$ 16,142,678</u>

CITY OF ELKO, NEVADA
Youth Recreation Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Charges for services	\$ 85,500	\$ 87,820	\$ 2,320
Other revenues	8,000	3,362	(4,638)
Investment earnings	200	3,346	3,146
Total revenues	<u>93,700</u>	<u>94,528</u>	<u>828</u>
Expenditures			
Culture and recreation:			
Salaries and wages	185,585	93,645	91,940
Employee benefits	82,655	41,689	40,966
Service, supplies and other	121,950	135,366	(13,416)
Total expenditures	<u>390,190</u>	<u>270,700</u>	<u>119,490</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(296,490)</u>	<u>(176,172)</u>	<u>120,318</u>
Other financing sources (uses)			
Transfers in from other funds	<u>160,000</u>	<u>160,000</u>	<u>-</u>
Total other financing sources (uses)	<u>160,000</u>	<u>160,000</u>	<u>-</u>
Net change in fund balance	(136,490)	(16,172)	120,318
Fund balance, beginning of year	<u>177,540</u>	<u>166,867</u>	<u>(10,673)</u>
Fund balance, end of year	<u><u>\$ 41,050</u></u>	<u><u>\$ 150,695</u></u>	<u><u>\$ 109,645</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, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental revenue	\$ 4,000	\$ 6,390	\$ 2,390
Interest earnings	-	951	951
Total revenues	<u>4,000</u>	<u>7,341</u>	<u>3,341</u>
Expenditures			
Judicial:			
Municipal court:			
Capital outlay	<u>83,577</u>	<u>-</u>	<u>83,577</u>
Total expenditures	<u>83,577</u>	<u>-</u>	<u>83,577</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(79,577)</u>	<u>7,341</u>	<u>86,918</u>
Fund balance, beginning of year	<u>79,577</u>	<u>79,672</u>	<u>95</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ 87,013</u></u>	<u><u>\$ 87,013</u></u>

CITY OF ELKO, NEVADA
Narcotics Task Force Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental revenue	\$ 27,000	\$ 18,465	\$ (8,535)
Other revenues	4,000	6,100	2,100
Interest earnings	-	1,306	1,306
Total revenues	<u>31,000</u>	<u>25,871</u>	<u>(5,129)</u>
Expenditures			
Public safety:			
Services, supplies and other	<u>31,000</u>	<u>21,887</u>	<u>9,113</u>
Total expenditures	<u>31,000</u>	<u>21,887</u>	<u>9,113</u>
Excess (deficiency) of revenues over (under) expenditures	-	3,984	3,984
Fund balance, beginning of year	<u>5,634</u>	<u>14,852</u>	<u>9,218</u>
Fund balance, end of year	<u><u>\$ 5,634</u></u>	<u><u>\$ 18,836</u></u>	<u><u>\$ 13,202</u></u>

CITY OF ELKO, NEVADA
Elko Redevelopment Agency Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes:			
Ad valorem	\$ 375,000	\$ 769,331	\$ 394,331
Investment earnings	3,000	15,338	12,338
	<u>378,000</u>	<u>784,669</u>	<u>406,669</u>
Expenditures			
Public works:			
Highways/streets:			
Services, supplies and other	101,360	87,908	13,452
Capital outlay	1,519,232	-	1,519,232
	<u>1,620,592</u>	<u>87,908</u>	<u>1,532,684</u>
Excess (deficiency) of revenues over (under) expenditures	(1,242,592)	696,761	1,939,353
Fund balance, beginning of year	<u>1,242,592</u>	<u>1,219,785</u>	<u>(22,807)</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ 1,916,546</u></u>	<u><u>\$ 1,916,546</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, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes:			
Ad valorem	\$ 478,465	\$ 503,873	\$ 25,408
Intergovernmental revenue	700,000	722,561	22,561
Investment earnings	3,250	12,116	8,866
Total revenues	<u>1,181,715</u>	<u>1,238,550</u>	<u>56,835</u>
Expenditures			
Debt service:			
Principal			
General obligation street bonds	540,000	540,000	-
General obligation medium-term public safety bonds	315,000	315,000	-
General obligation recreation facility bonds	440,000	440,000	-
Interest			
General obligation street bonds	207,156	206,441	715
General obligation medium-term public safety bonds	18,281	18,281	-
General obligation recreation facility bonds	<u>173,512</u>	<u>173,513</u>	<u>(1)</u>
Total debt service	<u>1,693,949</u>	<u>1,693,235</u>	<u>714</u>
Total expenditures	<u>1,693,949</u>	<u>1,693,235</u>	<u>714</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(512,234)</u>	<u>(454,685)</u>	<u>57,549</u>
Other financing sources (uses)			
Transfers in	<u>613,512</u>	<u>613,513</u>	<u>1</u>
Total other financing sources (uses)	<u>613,512</u>	<u>613,513</u>	<u>1</u>
Net change in fund balance	101,278	158,828	57,550
Fund balance, beginning of year	<u>1,281,149</u>	<u>1,269,949</u>	<u>(11,200)</u>
Fund balance, end of year	<u><u>\$ 1,382,427</u></u>	<u><u>\$ 1,428,777</u></u>	<u><u>\$ 46,350</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, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes:			
Ad valorem	\$ 2,124,387	\$ 2,097,698	\$ (26,689)
Franchise fees	419,193	725,671	306,478
Investment earnings	8,500	48,408	39,908
Total revenues	<u>2,552,080</u>	<u>2,871,777</u>	<u>319,697</u>
Expenditures			
Public Works			
Capital outlay	<u>3,670,000</u>	<u>1,898,872</u>	<u>1,771,128</u>
Total expenditures	<u>3,670,000</u>	<u>1,898,872</u>	<u>1,771,128</u>
Excess (deficiency) of revenues over (under) expenditures	(1,117,920)	972,905	2,090,825
Other Financing Sources			
Sale of capital assets	<u>-</u>	<u>25,580</u>	<u>(25,580)</u>
Net change in fund balance	(1,117,920)	998,485	2,116,405
Fund balance, beginning of year	<u>2,024,610</u>	<u>2,858,009</u>	<u>833,399</u>
Fund balance, end of year	<u><u>\$ 906,690</u></u>	<u><u>\$ 3,856,494</u></u>	<u><u>\$ 2,949,804</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, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes:			
Ad valorem	\$ 373,050	\$ 340,395	\$ (32,655)
Investment earnings	<u>3,000</u>	<u>13,406</u>	<u>10,406</u>
Total revenues	<u>376,050</u>	<u>353,801</u>	<u>(22,249)</u>
Expenditures			
Public works:			
Highways/streets:			
Capital outlay	<u>1,711,932</u>	<u>-</u>	<u>1,711,932</u>
Total expenditures	<u>1,711,932</u>	<u>-</u>	<u>1,711,932</u>
Excess (deficiency) of revenues over (under) expenditures	(1,335,882)	353,801	1,689,683
Fund balance, beginning of year	<u>1,335,882</u>	<u>1,408,072</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ 1,761,873</u></u>	<u><u>\$ 1,689,683</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, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes:			
Ad valorem	\$ 418,657	\$ 406,422	\$ (12,235)
Intergovernmental revenue	522,993	546,208	23,215
Other revenues	20,000	14,000	(6,000)
Investment earnings	6,500	32,240	25,740
	<u>968,150</u>	<u>998,870</u>	<u>30,720</u>
Expenditures			
General government:			
Services, supplies and other	30,000	19,518	10,482
Capital outlay	85,000	60,398	24,602
	<u>115,000</u>	<u>79,916</u>	<u>35,084</u>
Public safety:			
Capital outlay	569,123	408,304	160,819
	<u>569,123</u>	<u>408,304</u>	<u>160,819</u>
Public works:			
Capital outlay	739,500	472,514	266,986
	<u>739,500</u>	<u>472,514</u>	<u>266,986</u>
Culture and recreation:			
Capital outlay	145,000	9,548	135,452
	<u>145,000</u>	<u>9,548</u>	<u>135,452</u>
Debt service:			
Principal	266,310	186,562	79,748
Interest	24,070	16,863	7,207
	<u>290,380</u>	<u>203,425</u>	<u>86,955</u>
	<u>1,859,003</u>	<u>1,173,707</u>	<u>685,296</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(890,853)</u>	<u>(174,837)</u>	<u>716,016</u>
Other financing sources (uses)			
Transfers in	721,031	721,031	-
Debt proceeds	288,423	212,515	(75,908)
	<u>1,009,454</u>	<u>933,546</u>	<u>(75,908)</u>
Net change in fund balance	118,601	758,709	640,108
Fund balance, beginning of year	<u>2,051,887</u>	<u>2,217,987</u>	<u>166,100</u>
Fund balance, end of year	<u>\$ 2,170,488</u>	<u>\$ 2,976,696</u>	<u>\$ 806,208</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, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes:			
Ad valorem	\$ 1,062,791	\$ 1,031,660	\$ (31,131)
Investment earnings	5,604	26,463	20,859
Total revenues	<u>1,068,395</u>	<u>1,058,123</u>	<u>(10,272)</u>
Expenditures			
Public works:			
Capital outlay	<u>3,467,198</u>	<u>19,980</u>	<u>3,447,218</u>
Public safety:			
Capital outlay	<u>200,000</u>	<u>200,200</u>	<u>(200)</u>
Total expenditures	<u>3,667,198</u>	<u>220,180</u>	<u>3,447,018</u>
Excess (deficiency) of revenues over (under) expenditures	(2,598,803)	837,943	3,436,746
Other financing sources (uses)			
Transfers in	<u>721,031</u>	<u>721,031</u>	<u>-</u>
Total other financing sources (uses)	721,031	721,031	-
Net change in fund balance	(1,877,772)	1,558,974	3,436,746
Fund balance, beginning of year	<u>1,877,772</u>	<u>2,386,774</u>	<u>509,002</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 3,945,748</u>	<u>\$ 3,945,748</u>

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

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

Major Enterprise Funds

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

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

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

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

Nonmajor Enterprise Funds

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

CITY OF ELKO, NEVADA
Water Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance with Final Budget
Operating revenues			
Charges for services	\$ 4,104,072	\$ 4,155,325	\$ 51,253
Other revenues	187,500	198,286	10,786
Total operating revenues	<u>4,291,572</u>	<u>4,353,611</u>	<u>62,039</u>
Operating expenses			
Administration			
Salaries	189,308	173,250	16,058
Employee benefits	113,196	93,578	19,618
Service, supplies and other	234,449	210,659	23,790
	<u>536,953</u>	<u>477,487</u>	<u>59,466</u>
Operations			
Salaries	757,435	745,159	12,276
Employee benefits	467,603	472,631	(5,028)
Service, supplies and other	1,342,420	1,209,974	132,446
	<u>2,567,458</u>	<u>2,427,764</u>	<u>139,694</u>
Plant and facilities			
Salaries	159,898	90,571	69,327
Employee benefits	42,677	23,557	19,120
Service, supplies and other	919,900	988,002	(68,102)
	<u>1,122,475</u>	<u>1,102,130</u>	<u>20,345</u>
Depreciation and amortization	800,000	858,531	(58,531)
Total operating expenses	<u>5,026,886</u>	<u>4,865,912</u>	<u>160,974</u>
Operating income (loss)	<u>(735,314)</u>	<u>(512,301)</u>	<u>223,013</u>
Nonoperating revenues (expenses)			
Investment earnings	17,000	(28,923)	(45,923)
Grant income	-	43,299	43,299
Insurance recoveries	-	16,540	16,540
Interest expense	(4,500)	(338)	4,162
Total nonoperating revenues (expenses)	<u>12,500</u>	<u>30,578</u>	<u>18,078</u>
Income (loss) before contributions and transfers	(722,814)	(481,723)	241,091
Connection fees	350,000	215,960	(134,040)
Transfers in	10,000,000	523,135	(9,476,865)
Change in net position	9,627,186	257,372	(9,369,814)
Net position, beginning of year	<u>24,131,190</u>	<u>24,131,190</u>	<u>-</u>
Net position, end of year	<u>\$ 33,758,376</u>	<u>\$ 24,388,562</u>	<u>\$ (9,369,814)</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, 2023

	Final Budget	Actual	Variance with Final Budget
Operating revenues			
Charges for services	\$ 3,050,000	\$ 3,013,562	\$ (36,438)
Other revenues	15,500	12,989	(2,511)
Total operating revenues	<u>3,065,500</u>	<u>3,026,551</u>	<u>(38,949)</u>
Operating expenses			
Administration			
Salaries	291,348	288,121	3,227
Employee benefits	165,767	156,412	9,355
Service, supplies and other	307,490	258,045	49,445
	<u>764,605</u>	<u>702,578</u>	<u>62,027</u>
Operations			
Salaries	56,080	52,104	3,976
Employee benefits	16,535	1,966	14,569
Service, supplies and other	610,300	403,291	207,009
	<u>682,915</u>	<u>457,361</u>	<u>225,554</u>
Plant and facilities			
Salaries	747,043	594,867	152,176
Employee benefits	405,664	358,084	47,580
Service, supplies and other	1,988,175	2,089,012	(100,837)
	<u>3,140,882</u>	<u>3,041,963</u>	<u>98,919</u>
Laboratory			
Salaries	93,747	91,830	1,917
Employee benefits	45,928	45,449	479
Service, supplies and other	135,790	97,661	38,129
	<u>275,465</u>	<u>234,940</u>	<u>40,525</u>
Depreciation and amortization	<u>1,825,000</u>	<u>1,784,259</u>	<u>40,741</u>
Total operating expenses	<u>6,688,867</u>	<u>6,221,101</u>	<u>467,766</u>
Operating income (loss)	<u>(3,623,367)</u>	<u>(3,194,550)</u>	<u>428,817</u>
Nonoperating revenues (expenses)			
Sewer improvement fees	2,960,000	2,985,562	25,562
Investment earnings	55,000	236,509	181,509
Insurance recoveries	-	192,666	192,666
Interest expense	(5,000)	(676)	4,324
Total nonoperating revenues (expenses)	<u>3,010,000</u>	<u>3,414,061</u>	<u>404,061</u>
Income (loss) before contributions and transfers	(613,367)	219,511	832,878
Connections fees	<u>350,000</u>	<u>240,690</u>	<u>(109,310)</u>
Change in net position	<u>(263,367)</u>	<u>460,201</u>	<u>723,568</u>
Net position, beginning of year	<u>48,997,801</u>	<u>48,997,801</u>	<u>-</u>
Net position, end of year	<u>\$ 48,734,434</u>	<u>\$ 49,458,002</u>	<u>\$ 723,568</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, 2023

	Final Budget	Actual	Variance with Final Budget
Operating revenues			
Intergovernmental	\$ 20,500	\$ 16,309	\$ (4,191)
Charges for services	117,200	158,612	41,412
Other revenues	700,774	784,413	83,639
Total operating revenues	<u>838,474</u>	<u>959,334</u>	<u>120,860</u>
Operating expenses			
Airport administration			
Salaries	67,581	63,291	4,290
Employee benefits	44,538	39,344	5,194
Service, supplies and other	2,500	-	2,500
	<u>114,619</u>	<u>102,635</u>	<u>11,984</u>
Public Safety			
Salaries	46,700	42,452	4,248
Employee benefits	29,225	20,329	8,896
	<u>75,925</u>	<u>62,781</u>	<u>13,144</u>
Airport operations			
Salaries	322,302	260,713	61,589
Employee benefits	189,211	144,353	44,858
Service, supplies and other	435,800	436,962	(1,162)
	<u>947,313</u>	<u>842,028</u>	<u>105,285</u>
Airport terminal operations			
Service, supplies and other	<u>183,000</u>	<u>118,650</u>	<u>64,350</u>
Depreciation and amortization			
City funded	467,500	204,726	262,774
Federal unfunded	2,515,629	2,149,394	366,235
	<u>2,983,129</u>	<u>2,354,120</u>	<u>629,009</u>
Total operating expenses	<u>4,303,986</u>	<u>3,480,214</u>	<u>823,772</u>
Operating income (loss)	<u>(3,465,512)</u>	<u>(2,520,880)</u>	<u>944,632</u>
Nonoperating revenues (expenses)			
Investment earnings	7,000	19,792	12,792
Interest expense	(24,912)	(17,714)	7,198
Total nonoperating revenues (expenses)	<u>(17,912)</u>	<u>2,078</u>	<u>19,990</u>
Income (loss) before contributions and transfers	(3,483,424)	(2,518,802)	964,622
Grant revenue	9,892,464	3,081,215	(6,811,249)
Transfers in	316,980	72,452	(244,528)
Change in net position	6,726,020	634,865	(6,091,155)
Net position, beginning of year	<u>31,590,463</u>	<u>31,590,463</u>	<u>-</u>
Net position, end of year	<u>\$ 38,316,483</u>	<u>\$ 32,225,328</u>	<u>\$ (6,091,155)</u>

CITY OF ELKO, NEVADA
Landfill Fund
Statement of Revenues, Expenses, and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance with Final Budget
Operating revenues			
Charges for services	\$ 2,000,000	\$ 1,991,116	\$ (8,884)
Other revenues	62,500	80,454	17,954
Total operating revenues	<u>2,062,500</u>	<u>2,071,570</u>	<u>9,070</u>
Operating expenses			
Administration:			
Salaries	78,076	72,763	5,313
Employee benefits	48,125	43,882	4,243
Service, supplies and other	93,680	66,598	27,082
	<u>219,881</u>	<u>183,243</u>	<u>36,638</u>
Operations:			
Salaries	565,015	559,119	5,896
Employee benefits	327,179	360,199	(33,020)
Service, supplies and other	1,129,600	902,972	226,628
	<u>2,021,794</u>	<u>1,822,290</u>	<u>199,504</u>
Depreciation and amortization	300,000	291,040	8,960
Total operating expenses	<u>2,541,675</u>	<u>2,296,573</u>	<u>245,102</u>
Operating income (loss)	<u>(479,175)</u>	<u>(225,003)</u>	<u>254,172</u>
Nonoperating revenues (expenses)			
Investment earnings	8,500	37,304	28,804
Total nonoperating revenues (expenses)	<u>8,500</u>	<u>37,304</u>	<u>28,804</u>
Income (loss) before contributions and transfers	(470,675)	(187,699)	282,976
Transfers in	-	-	-
Change in net position	(470,675)	(187,699)	282,976
Net position, beginning of year	4,291,760	4,291,760	-
Net position, end of year	<u>\$ 3,821,085</u>	<u>\$ 4,104,061</u>	<u>\$ 282,976</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, 2023

	Final Budget	Actual	Variance with Final Budget
Operating revenues			
Charges for services	\$ 1,132,166	\$ 1,063,110	\$ (69,056)
Other revenues	-	6,142	6,142
Total operating revenues	<u>1,132,166</u>	<u>1,069,252</u>	<u>(62,914)</u>
Operating expenses			
Administration			
Salaries	45,723	39,082	6,641
Employee benefits	23,568	21,011	2,557
Service, supplies and other	3,057	2,866	191
	<u>72,348</u>	<u>62,959</u>	<u>9,389</u>
Operations			
Salaries	269,783	265,107	4,676
Employee benefits	125,348	187,550	(62,202)
Service, supplies and other	882,274	626,356	255,918
	<u>1,277,405</u>	<u>1,079,013</u>	<u>198,392</u>
Depreciation and amortization	<u>113,740</u>	<u>90,228</u>	<u>23,512</u>
Total operating expenses	<u>1,463,493</u>	<u>1,232,200</u>	<u>231,293</u>
Operating income (loss)	<u>(331,327)</u>	<u>(162,948)</u>	<u>168,379</u>
Nonoperating revenues (expenses)			
Investment earnings	2,000	8,964	6,964
Insurance recoveries	-	2,920	2,920
Total nonoperating revenues (expenses)	<u>2,000</u>	<u>11,884</u>	<u>9,884</u>
Income (loss) before contributions and transfers	(329,327)	(151,064)	178,263
Capital contributions	-	3,000	3,000
Transfers in from other funds	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Change in net position	<u>(229,327)</u>	<u>(48,064)</u>	<u>181,263</u>
Net position, beginning of year	<u>3,914,320</u>	<u>3,914,320</u>	<u>-</u>
Net position, end of year	<u>\$ 3,684,993</u>	<u>\$ 3,866,256</u>	<u>\$ 181,263</u>

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, 2023

	Final Budget	Actual	Variance with Final Budget
Operating revenues			
Charges for services	\$ 3,491,990	\$ 3,171,217	\$ (320,773)
Total operating revenues	<u>3,491,990</u>	<u>3,171,217</u>	<u>(320,773)</u>
Operating expenses			
Employee benefits	<u>3,133,933</u>	<u>2,015,771</u>	<u>1,118,162</u>
Total operating expenses	<u>3,133,933</u>	<u>2,015,771</u>	<u>1,118,162</u>
Operating income (loss)	<u>358,057</u>	<u>1,155,446</u>	<u>797,389</u>
Nonoperating revenues (expenses)			
Investment earnings	<u>12,000</u>	<u>40,611</u>	<u>28,611</u>
Total nonoperating revenues (expenses)	<u>12,000</u>	<u>40,611</u>	<u>28,611</u>
Change in net position	370,057	1,196,057	826,000
Net position, beginning of year	<u>2,936,975</u>	<u>3,376,214</u>	<u>439,239</u>
Net position, end of year	<u>\$ 3,307,032</u>	<u>\$ 4,572,271</u>	<u>\$ 1,265,239</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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 20, 2023.

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) as a basis for designing 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 or significant deficiencies.

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 financial statements, including whether the funds established by the District, as listed in Nevada Revised Statutes (NRS 354.624 (5)(a)(1 through 5), complied with the express purposes required by NRS 354.6241. 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
December 20, 2023

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, 2023

Flat fixed fees:

Business license revenue for the year ended June 30, 2022 \$ 570,310

Adjustment to base:

Base year:

1. Percentage change in population of the local
government (June 30, 2023 data unavailable) 0.93%

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 6.5%

Adjusted base at June 30, 2023 7.43% 612,684

Actual revenue for the year ended June 30, 2023 588,238

Actual amount over (under) allowable amount \$ (24,446)

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**Independent Auditor’s Report on
Compliance for Each Major Federal Program and
Report on Internal Control over Compliance
in Accordance with 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

Opinion on Each Major Federal Program and the Passenger Facility Charge Program

We have audited the City of Elko, Nevada’s compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

In our opinion, the City of Elko, Nevada complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and its passenger facility charge program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program and the Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Elko, Nevada and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and the passenger facility charge program. Our audit does not provide a legal determination of the City of Elko, Nevada’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Elko, Nevada's federal programs and passenger facility charge program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Elko, Nevada's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Elko, Nevada's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Elko, Nevada's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Elko, Nevada's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Elko, Nevada's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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. Accordingly, this report is not suitable for any other purpose.

HintonBurdick, PLLC

St. George, Utah
December 20, 2023

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CITY OF ELKO, NEVADA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

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

- Material weaknesses identified? ___ yes X no
- Significant deficiencies identified? ___ yes X no

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal Control over major programs:

- Material weaknesses identified? ___ yes X no
- Significant deficiencies identified? ___ yes X no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516? ___ yes X no

Identification of major programs.

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State & Local Fiscal Recovery Funds
20.106	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, 2023

Section II - Financial Statement Findings

Material Weaknesses:

None noted.

Significant Deficiencies:

None noted.

Section III - Federal Award Findings and Questioned Costs

No significant matters were noted.

Section IV – Passenger Facility Program Findings and Questioned Costs

No significant matters were noted.

Section V - Summary Schedule of Prior Audit Findings

None noted.

CITY OF ELKO, NEVADA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/pass-through Grantor/program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Additional Award Identification	Federal Expenditures
<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	21 - JAG - 05		\$ 14,117
Office of Narcotic Control Assistance	16.738	21 - JAG - 18		4,550
Office of Narcotic Control Assistance	16.738	22 - JAG - 05		4,349
				<u>23,016</u>
Passed through Nevada Office of the Attorney General:				
Violence Against Women Formula Grants	16.588	21 - VAWA - 17		29,212
Direct Programs:				
Bulletproof Vest Partnership Program	16.607			<u>2,700</u>
Total Department of Justice				<u>\$ 54,928</u>
<u>U.S. Department of Transportation</u>				
Direct Program:				
Airport Improvement Program - CARES Act Grant	20.106	3-32-0005-052-2020	COVID-19	\$ 691,534
Airport Improvement Program	20.106	3-32-0005-053-2021		125,134
Airport Improvement Program	20.106	3-32-0005-058-2022		378,207
Airport Improvement Program	20.106	3-32-0005-059-2022		787,870
Airport Improvement Program - ARPA Grant	20.106	3-32-0005-056-2022	COVID-19	<u>1,098,470</u>
Total Department of Transportation				<u>\$ 3,081,215</u>
<u>U.S. Department of Treasury</u>				
Direct Program:				
Coronavirus State and Local Fiscal Recovery Funds	21.027		COVID-19	<u>\$ 4,239,175</u>
Total Department of Treasury				<u>\$ 4,239,175</u>
Total Expenditures of Federal Awards				<u>\$ 7,375,318</u>

CITY OF ELKO, NEVADA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Note 1. Basis of Presentation

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, 2023. 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	\$	4,271,087
Non-major funds		
Narcotics Task Force fund		23,016
		<u>4,294,103</u>
Business-Type Activities:		
Airport fund		<u>3,081,215</u>
Total	\$	<u><u>7,375,318</u></u>

Indirect Cost Rate:

The City did not elect to use the 10% de minimis indirect cost rate for fiscal year 2023.

Federal Loans:

The City did not have any federal loans for fiscal year 2023.

Subrecipients:

There were no subrecipients for fiscal year 2023.

CITY OF ELKO, NEVADA
Schedule of Expenditures of Passenger Facility Charges
For the Year Ended June 30, 2023

	<u>September 30</u>	<u>December 31</u>	<u>March 31</u>	<u>June 30</u>	<u>Total</u>
00-03-C-01-EKO	\$ -	\$ -	\$ -	\$ 12,090	\$ 12,090
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,090</u>	<u>\$ 12,090</u>