



CITY OF ELY, NEVADA

FINANCIAL STATEMENTS

For the Year Ended June 30, 2022

Together with Independent Auditor's Report

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CERTIFIED PUBLIC
ACCOUNTANTS

Gary K. Keddington, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of City Council
City of Ely, 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 Ely, Nevada (the City), as of and for the year ended June 30, 2022, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type-activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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

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's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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'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'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; schedules of revenues, expenditures and changes in fund balances – budget and actual; schedule of proportionate share of the net pension liability; schedule of contributions; schedule of changes in the total OPEB liability and related ratios; and the related notes to the required supplementary information, as noted on 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 the 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 inquires 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's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the 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 and individual nonmajor fund financial statements, budgetary comparison schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Change in Accounting Principle

As described in Note 1 to the financial statements, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Other Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2022, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

K&C, CPA_s

Salt Lake City, Utah
November 30, 2022

CITY OF ELY, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Ely, we offer readers of the City of Ely's financial statements this narrative overview and analysis of the financial activities of the City of Ely for the fiscal year ended June 30, 2022.

Financial Highlights

- The assets of the City of Ely exceeded its liabilities and deferred inflows, at June 30, 2022, by \$30,146,030 (net position). Of this amount, \$8,280,727 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$2,532,755. The City's business-type activities' net position increased by \$491,084. The governmental activities' net position increased by \$2,041,671.
- As of June 30, 2022, the City of Ely's governmental funds reported combined ending fund balances of \$4,749,167, with \$2,167,161 being available for spending at the City's discretion (unassigned fund balance).
- As of June 30, 2022, unassigned fund balance in the general fund was \$2,167,161, or 51.1% of general fund expenditures.

Financial Statement Overview

This discussion and analysis is intended to serve as an introduction to the City of Ely's basic financial statements. The City of Ely's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Ely's finances, in a manner similar to a private-sector business.

- The *statement of net position* presents information on all of the City of Ely's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Ely is improving or deteriorating.
- The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items with the resulting cash flows being reported in future fiscal periods.

Both the government-wide financial statements distinguish functions of the City of Ely that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (business-type activities). The governmental activities of the City of Ely include general government, judicial, public safety, public works, streets and highways, health and sanitation, culture and recreation, and community support. The business-type activities of the City of Ely include water, sanitation (sewer), sanitary landfill, and railroad operations.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Ely, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City of Ely can be divided into two categories: governmental funds and proprietary funds.

- *Governmental Funds*. These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide

CITY OF ELY, NEVADA MANAGEMENT'S DISCUSSION AND ANALYSIS

financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Ely maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and street fund which are considered to be major funds. Individual fund data, for each of the non-major governmental funds, is provided in the form of combining statements elsewhere in the report.

The City of Ely adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison, for the City's general and street funds, has been provided in the required supplemental information to demonstrate compliance with this budget. Budget comparisons for other funds are provided elsewhere in the report.

- *Proprietary Funds.* The City of Ely uses enterprise funds to report the same functions presented as business-type activities in the government-wide financial statements. The City of Ely uses enterprise funds to account for its water, sewer, landfill, and railroad activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water activity, the sewer activity, the landfill activity and railroad activity, which are considered major funds of the City of Ely.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial condition. In the case of the City of Ely, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$30,146,030 at June 30, 2022, versus \$27,613,275 at June 30, 2021, an increase of \$2,532,755 resulting from current year activity.

**CITY OF ELY, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

City of Ely's Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 5,254,248	\$ 3,069,066	\$ 16,146,180	\$ 15,344,890	\$ 21,400,428	\$ 18,413,956
Capital assets	4,729,349	4,767,441	12,027,515	12,280,884	16,756,864	17,048,325
Total assets	9,983,597	7,836,507	28,173,695	27,625,774	38,157,292	35,462,281
Total deferred outflows of resources	1,060,195	700,584	835,119	572,669	1,895,314	1,273,253
Long-term liabilities outstanding	390,953	448,920	2,045,676	2,123,964	2,436,629	2,572,884
Other liabilities	1,825,142	2,402,843	2,850,805	3,241,500	4,675,947	5,644,343
Total liabilities	2,216,095	2,851,763	4,896,481	5,365,464	7,112,576	8,217,227
Total deferred inflows of resources	1,598,520	497,822	1,195,480	407,210	2,794,000	905,032
Net position:						
Net investment in capital assets	4,041,568	4,050,495	12,974,123	12,985,096	17,015,691	17,035,591
Restricted	749,161	727,672	4,100,451	3,801,649	4,849,612	4,529,321
Unrestricted	2,438,448	409,339	5,842,279	5,639,024	8,280,727	6,048,363
Total net position	\$ 7,229,177	\$ 5,187,506	\$ 22,916,853	\$ 22,425,769	\$ 30,146,030	\$ 27,613,275

The largest portion of the City of Ely's net position (56.4%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City of Ely uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Ely's investments in its capital assets is reported net of related debt, it should be noted that the recourses needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debts.

Restricted net position represents 16.1% of the City's net position. This represents resources that are subject to external restrictions on how they may be used. These include the debt-restricted cash in the water and sewer funds and cash set aside to alleviate future revenue shortfalls in the general-government funds.

The remaining portion of the City's net position (27.5%) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

**CITY OF ELY, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

City of Ely's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 1,229,640	\$ 1,068,480	\$ 3,914,358	\$ 3,649,241	\$ 5,143,998	\$ 4,717,721
Operating grants and contributions	35,363	502,272	247,150	318,799	282,513	821,071
Capital grants and contributions	901,766	549,213	38,044	672,615	939,810	1,221,828
General revenues:						
Consolidated taxes	1,712,297	1,685,857	-	-	1,712,297	1,685,857
Fuel taxes	167,198	169,718	-	-	167,198	169,718
Room taxes	370,357	315,568	-	-	370,357	315,568
Share of county gaming tax	49,501	47,565	-	-	49,501	47,565
Property taxes	168,005	192,576	-	-	168,005	192,576
Franchise taxes	194,326	179,706	-	-	194,326	179,706
Excise tax	631	9,285	-	-	631	9,285
General operating grants	2,682,259	-	-	-	2,682,259	-
Gain (loss) on sale of assets	3,140	(23,679)	-	-	3,140	(23,679)
Investment earnings	9,638	8,767	14,701	15,546	24,339	24,313
Total revenues	7,524,121	4,705,328	4,214,253	4,656,201	11,738,374	9,361,529
Expenses:						
General government	135,547	192,616	-	-	135,547	192,616
Judicial	286,151	285,658	-	-	286,151	285,658
Public safety	1,971,607	1,843,592	-	-	1,971,607	1,843,592
Public works	165,753	187,524	-	-	165,753	187,524
Health and sanitation	212,858	187,949	-	-	212,858	187,949
Culture and recreation	101,761	122,847	-	-	101,761	122,847
Community support	1,384,189	566,078	-	-	1,384,189	566,078
Highways and streets	1,224,584	841,530	-	-	1,224,584	841,530
Water	-	-	1,305,059	1,375,529	1,305,059	1,375,529
Sewer	-	-	1,063,270	962,677	1,063,270	962,677
Landfill	-	-	974,982	982,369	974,982	982,369
Total expenses	5,482,450	4,227,794	3,343,311	3,320,575	8,825,761	7,548,369
Increase in net position before special item	2,041,671	477,534	870,942	1,335,626	2,912,613	1,813,160
Special item	-	-	(379,858)	-	(379,858)	-
Increase in net position	2,041,671	477,534	491,084	1,335,626	2,532,755	1,813,160
Net position - beginning of year	5,187,506	4,709,972	22,425,769	21,090,143	27,613,275	25,800,115
Net position - end of year	<u>\$ 7,229,177</u>	<u>\$ 5,187,506</u>	<u>\$ 22,916,853</u>	<u>\$ 22,425,769</u>	<u>\$ 30,146,030</u>	<u>\$ 27,613,275</u>

Governmental Activities

Program revenues include charges for services, fines and forfeitures, certain licenses and permits, and both operating and capital grants and contributions. Charges for services revenues of the governmental activities provided 16.3% of total governmental revenues. The remaining program costs were financed from grants and general revenues. The largest general revenue source is general operating grants of \$2,682,259 which provided 35.6% of the total governmental revenues.

Business-Type Activities

Program revenues and charges for services, provided all the resources necessary to pay the cost of providing program services.

Financial Analysis of the City's Funds

Governmental Funds

CITY OF ELY, NEVADA MANAGEMENT'S DISCUSSION AND ANALYSIS

The focus of the City of Ely's governmental funds is to provide information on current inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Ely's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Ely's governmental funds reported combined ending fund balances of \$4,749,167; \$2,167,161 of this balance constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is designated nonspendable, restricted, or committed to indicate that it is either not available for spending or restricted/committed for specific purposes.

- *General Fund.* The general fund is the chief operating fund of the City of Ely. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,167,161. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Unassigned fund balance represents 61.3% of total general fund expenditures.

The fund balance of the general fund increased by \$1,669,164 during the current year. This was a favorable difference of \$2,074,408 when compared to the budgeted decrease of \$405,244. This is due to the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) funding being declared under the revenue loss option given for local governments. Unbudgeted revenue from this funding of \$2,682,259 was recorded in the general fund.

The major revenue sources of the general fund are intergovernmental revenues (\$4,750,364) which represent 80.0% of the general fund's revenues. The intergovernmental revenues include consolidated tax (CTX), sales, liquor, cigarette and motor vehicle taxes and grants – including the amounts received from CSLFRF funding.

The major general fund expenditures are for public safety, which are 46.4% (\$1,967,371) of total general fund expenditures. The public safety expenditures included \$1,298,395 for Fire Department operations, and \$668,976 for transfer payments to White Pine County for police services.

- *Street Fund.* The street fund is the special revenue fund used to account for the City's share of motor vehicle fuel tax revenues. The revenue is dedicated to the repair, maintenance, and construction of the City's streets and alleys. The City and County are working together to utilize Regional Transportation Commission revenue and Public Transit Fund revenue to improve the City streets. During the course of the year the fund had a decrease in fund balance of \$15,486.
- *Capital Projects Fund.* The capital projects fund is a capital projects fund established to account for revenue received from a special ad valorem tax that must be recorded in a capital project fund and dedicated to capital project needs within the City. The majority of the revenue (\$247,028) came from the room tax from White Pine County.

Proprietary Funds

The City's proprietary funds are comprised of the four City utility funds: water, sewer, landfill, and the railroad fund. The government-wide financial data is the same as the individual fund data, as the enterprise funds are accounted for under the full accrual method of accounting. No general tax revenues are used to support these funds.

- *Municipal Water Fund.* Operating revenue increased by \$69,148 (5.5%). The increase was due primarily to rate increases. Operating expenses decreased 7.9% (\$22,107) for the year. The change in net position for the year was an increase of \$335,828.

**CITY OF ELY, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

- *Sanitation Fund.* The City's sewer fund operating revenue increased by \$51,713 (4.7%) due primarily to rate increases. Operating expenses increased by 11.5% (\$102,687) for the year. The increase is mostly due to additional positions being added. The change in net position for the year was an increase of \$172,777.
- *Sanitary Landfill Fund.* The City's landfill fund operating revenue increased by \$59,239 (5.4%) due primarily to rate increases. Operating expenses decreased by 0.8% (\$7,387) for the year. The fund had a decrease in net position for the year of \$17,521, due primarily to accruing a loss contingency related to the settlement of a lawsuit. The fund is accumulating cash to pay the projected closure and post closure care costs in line with current engineering estimates.
- *Railroad Fund.* The fund accounts for acquisition and maintenance activity for the railroad line owned by the City. There was no activity in the year ended June 30, 2022.

Budgetary Highlights

The General Fund's legal level of budgetary control is the function level. The budget for expenditure appropriation for the year was \$5,111,680. Actual expenditures were \$872,648 less than the final budget. Variations between the original budget and final budget are due to the expenditure of unbudgeted revenues related to CSLFRF funding. No functions of the general fund were over budget for the year ended June 30, 2022.

Capital Assets and Debt Administration.

Capital Assets

The City of Ely's investment in capital assets for its government and business-type activities, as of June 30, 2022, amounts to \$19,694,136, net of depreciation. The assets are displayed by type of activity and asset below.

	City of Ely's Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 257,599	\$ 258,052	\$ 1,840,478	\$ 1,840,478	\$ 2,098,077	\$ 2,098,530
Construction in progress	7,280	-	1,138,594	1,038,822	1,145,874	1,038,822
Streets	947,862	1,055,694	-	-	947,862	1,055,694
Flood control	105,304	114,759	-	-	105,304	114,759
Improvements	428,446	467,986	11,007,790	11,458,308	11,436,236	11,926,294
Buildings	1,245,297	1,187,663	232,895	248,741	1,478,192	1,436,404
Vehicles and equipment	1,737,561	1,683,287	745,030	532,035	2,482,591	2,215,322
Total	\$ 4,729,349	\$ 4,767,441	\$ 14,964,787	\$ 15,118,384	\$ 19,694,136	\$ 19,885,825

Major capital asset additions for the fiscal year are as follows:

Governmental activities:		Business-type activities:	
Building improvements	\$ 117,225	Sewer system improvements	\$ 69,589
Public safety equipment	247,428	Sewer equipment	78,162
		Landfill equipment	209,357

Additional information on the City of Ely's capital assets can be found in notes to the financial statements.

Outstanding Debt

At the end of the fiscal year, the City had total debt of \$2,304,671. Of this amount, the governmental activities had \$314,007 outstanding and the business-type activities had \$1,990,664. These amounts are not considered general obligation debt. The debts are revenue bonds, notes payable, and a financed purchase.

**CITY OF ELY, NEVADA
MANAGEMENT’S DISCUSSION AND ANALYSIS**

City of Ely's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenue bonds payable	\$ -	\$ -	\$ 1,990,664	\$ 2,068,277	\$ 1,990,664	\$ 2,068,277
Notes payable	268,935	304,537	-	-	268,935	304,537
Financed purchase	45,072	73,946	-	-	45,072	73,946
Total	<u>\$ 314,007</u>	<u>\$ 378,483</u>	<u>\$ 1,990,664</u>	<u>\$ 2,068,277</u>	<u>\$ 2,304,671</u>	<u>\$ 2,446,760</u>

Additional information on the City of Ely’s long-term debt can be found in notes to the financial statements.

Other Factors/Economic Factors

The City Budgeted 46% of its General Fund revenues from the consolidated Tax (CTX) distributions (predominately sales taxes) and experienced relatively no change from the prior year. Additional growth, retail sales and continued construction may increase the amount of CTX tax distributions the City receives over time. Mining continues to be a strong source of regional employment, but is always subject to the variances of commodity price fluctuations now being experienced. Expansion of current mining operations and the possible opening of new mines would contribute to the sales tax. The City received federal funding under the American Rescue Plan Act and the City used the Revenue Loss Option for local governments. Half of the CSLFRF funding was received in this fiscal year and the other half will be received in the next fiscal year.

The General Fund of the City has held its financial condition as a result of strict budgeting practices along with the efforts of the City personnel to work smart with conscientious spending. Although the City is expecting fluctuations in tax revenues, with the continued practice of holding or reducing expenditures as needed, these fluctuations are not expected to have a significant impact on the City’s financial health in the near term.

The City of Ely’s Enterprise Funds (Water, Sewer, Landfill, and Railroad) continue to be financially sound.

- *Municipal Water Fund.* The Water Fund revenue is holding steady and the City is investing in improving and upgrading the system.
- *Sanitation Fund.* The Sewer Fund revenue is also holding steady, with the cash position improving. The City received a grant to video the system in prior years to determine how it is performing. The results of the cleaning/televising of the sewer system confirmed the need to replace thousands of feet of sewer line in the near future.
- *Sanitary Landfill Fund.* The Landfill Fund continues to operate efficiently. The equipment continues to run well and the purchase of new equipment should help cut costs on maintenance. Landfill improvements and the permitting of the class III section (construction waste) has improved the life of the project and should lead to long-term cost reductions for the community.
- *Railroad Fund.* The Railroad Fund continues to operate efficiently. Its primary source of revenues and expense arise from grants and expenses related to railroad improvements.

Requests for information

This report is designed to provide a general overview of the city of Ely’s finances for all interested parties. Questions concerning the information provided in this report or requests for additional information should be addressed to City Clerk or City Treasurer, City of Ely, 501 Mill St., Ely, Nevada 89301.

BASIC FINANCIAL STATEMENTS

CITY OF ELY, NEVADA
STATEMENT OF NET POSITION
June 30, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 3,476,746	\$ 7,456,457	\$ 10,933,203
Accounts receivable, net	41,093	338,252	379,345
Due from other governments	466,491	38,272	504,763
Prepaid expenses	311,352	1,264	312,616
Inventory	-	61,356	61,356
Notes receivable	92,056	-	92,056
Leases receivable	135,715	40,966	176,681
Deposits	1,200	-	1,200
Restricted cash and cash equivalents	729,595	5,230,541	5,960,136
Property and equipment not being depreciated	264,879	2,979,072	3,243,951
Property and equipment, net of depreciation	4,464,470	11,985,715	16,450,185
Non-service property, Georgetown Ranch, net	-	41,800	41,800
Total assets	<u>9,983,597</u>	<u>28,173,695</u>	<u>38,157,292</u>
Deferred outflows of resources			
Pensions	1,050,304	827,404	1,877,708
OPEB	9,891	7,715	17,606
Total deferred outflows of resources	<u>1,060,195</u>	<u>835,119</u>	<u>1,895,314</u>
Total assets and deferred outflows of resources	<u>\$ 11,043,792</u>	<u>\$ 29,008,814</u>	<u>\$ 40,052,606</u>
Liabilities			
Accounts payable	\$ 116,107	\$ 76,333	\$ 192,440
Accrued liabilities	107,991	433,567	541,558
Accrued interest payable	1,852	10,421	12,273
Customer deposits	31,949	55,052	87,001
Unearned revenue	111,799	-	111,799
Noncurrent liabilities:			
Due within one year	131,158	127,052	258,210
Due in more than one year	259,795	1,918,624	2,178,419
Landfill closure costs	-	1,130,090	1,130,090
Net OPEB liability	154,529	120,509	275,038
Net pension liability	1,300,915	1,024,833	2,325,748
Total liabilities	<u>2,216,095</u>	<u>4,896,481</u>	<u>7,112,576</u>
Deferred inflows of resources			
Leases	137,234	44,313	181,547
Pensions	1,461,286	1,151,167	2,612,453
Total deferred inflows of resources	<u>1,598,520</u>	<u>1,195,480</u>	<u>2,794,000</u>
Net position			
Net investment in capital assets	4,041,568	12,974,123	17,015,691
Restricted for:			
Judicial	132,396	-	132,396
Debt service	30,138	176,262	206,400
Community development	449,612	-	449,612
Stabilization	137,015	-	137,015
Capital projects	-	3,924,189	3,924,189
Unrestricted	2,438,448	5,842,279	8,280,727
Total net position	<u>7,229,177</u>	<u>22,916,853</u>	<u>30,146,030</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 11,043,792</u>	<u>\$ 29,008,814</u>	<u>\$ 40,052,606</u>

The accompanying notes are an integral part of this statement.

CITY OF ELY, NEVADA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental activities							
General government	\$ 135,547	\$ 186,317	\$ 9,762	\$ -	\$ 60,532	\$ -	\$ 60,532
Judicial	286,151	68,416	-	-	(217,735)	-	(217,735)
Public safety	1,971,607	817,201	-	-	(1,154,406)	-	(1,154,406)
Public works	165,753	64,047	-	20,000	(81,706)	-	(81,706)
Health and sanitation	212,858	-	25,601	-	(187,257)	-	(187,257)
Culture and recreation	101,761	48,064	-	5,062	(48,635)	-	(48,635)
Community support and development	1,384,189	25,595	-	7,280	(1,351,314)	-	(1,351,314)
Highways and streets	1,224,584	20,000	-	869,424	(335,160)	-	(335,160)
Total governmental activities	5,482,450	1,229,640	35,363	901,766	(3,315,681)	-	(3,315,681)
Business-type activities							
Municipal water	1,305,059	1,390,517	247,150	-	-	332,608	332,608
Sanitation	1,063,270	1,193,847	-	38,044	-	168,621	168,621
Landfill	974,982	1,329,994	-	-	-	355,012	355,012
Total business-type activities	3,343,311	3,914,358	247,150	38,044	-	856,241	856,241
Total government	\$ 8,825,761	\$ 5,143,998	\$ 282,513	\$ 939,810	(3,315,681)	856,241	(2,459,440)
General revenues							
					168,005	-	168,005
					194,326	-	194,326
					370,357	-	370,357
					1,712,297	-	1,712,297
					49,501	-	49,501
					167,198	-	167,198
					631	-	631
					2,682,259	-	2,682,259
					3,140	-	3,140
					9,638	14,701	24,339
					-	(379,858)	(379,858)
					5,357,352	(365,157)	4,992,195
					2,041,671	491,084	2,532,755
					5,187,506	22,425,769	27,613,275
					\$ 7,229,177	\$ 22,916,853	\$ 30,146,030

The accompanying notes are an integral part of this statement.

CITY OF ELY, NEVADA
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2022

	<u>General Fund</u>	<u>Street Fund</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 2,117,800	\$ -	\$ 1,140,639	\$ 218,306	\$ 3,476,745
Accounts receivable	15,965	-	-	25,128	41,093
Due from other governments	367,534	53,126	45,780	51	466,491
Due from other funds	6,514	-	-	-	6,514
Prepaid expenses	311,352	-	-	-	311,352
Notes receivable	-	-	-	92,056	92,056
Leases receivable	135,715	-	-	-	135,715
Deposits	1,200	-	-	-	1,200
Restricted cash and cash equivalents	137,015	-	30,138	562,442	729,595
Total Assets	<u>\$ 3,093,095</u>	<u>\$ 53,126</u>	<u>\$ 1,216,557</u>	<u>\$ 897,983</u>	<u>\$ 5,260,761</u>
Liabilities					
Accounts payable	\$ 102,932	\$ 11,136	\$ -	\$ 2,039	\$ 116,107
Accrued liabilities	93,653	9,097	-	5,241	107,991
Developer and customer deposits	31,949	-	-	-	31,949
Due to other funds	-	6,514	-	-	6,514
Unearned revenue	111,799	-	-	-	111,799
Total liabilities	<u>340,333</u>	<u>26,747</u>	<u>-</u>	<u>7,280</u>	<u>374,360</u>
Deferred inflows of resources					
Leases	137,234	-	-	-	137,234
Fund balances					
Nonspendable:					
Prepays	311,352	-	-	-	311,352
Restricted for:					
Debt service	-	-	30,138	-	30,138
Stabilization	137,015	-	-	-	137,015
Other purposes	-	-	-	582,008	582,008
Committed to:					
Capital outlay	-	26,379	1,186,419	201,087	1,413,885
Other purposes	-	-	-	107,608	107,608
Unassigned	2,167,161	-	-	-	2,167,161
Total fund balances	<u>2,615,528</u>	<u>26,379</u>	<u>1,216,557</u>	<u>890,703</u>	<u>4,749,167</u>
Total Liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,093,095</u>	<u>\$ 53,126</u>	<u>\$ 1,216,557</u>	<u>\$ 897,983</u>	<u>\$ 5,260,761</u>

The accompanying notes are an integral part of this statement.

CITY OF ELY, NEVADA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2022

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

Total fund balance - governmental funds	\$	4,749,167
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental capital assets	\$	15,463,744
Less: accumulated depreciation		<u>(10,734,395)</u>
		4,729,349

Long-term liabilities, including notes payable, financed purchases, interest payable, and net OPEB and pension liabilities are not due and payable in the current period and therefore are not reported in the funds.

Notes payable and financed purchases	\$	(314,006)
Interest payable		(1,852)
Compensated absences		(76,946)
Net OPEB liability		(154,529)
Net pension liability		<u>(1,300,915)</u>
		(1,848,248)

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future reporting periods and, therefore, are not reported in the funds.

Deferred outflows related to pensions	\$	1,050,304
Deferred inflows related to pensions		(1,461,286)
Deferred outflows related to OPEB		<u>9,891</u>
		<u>(401,091)</u>

Net position - governmental activities	\$	<u>7,229,177</u>
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The accompanying notes are an integral part of this statement.

CITY OF ELY, NEVADA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	General Fund	Street Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 212,444	\$ -	\$ 331,574	\$ 189,301	\$ 733,319
Licenses, permits and fees	242,570	-	-	-	242,570
Intergovernmental revenue	4,750,364	1,035,743	-	-	5,786,107
Charges for services	584,593	-	-	7,976	592,569
Fines and forfeitures	60,440	-	-	-	60,440
Interest income	8,733	-	81	823	9,637
Other revenues	75,459	20,879	-	-	96,338
Total revenues	5,934,603	1,056,622	331,655	198,100	7,520,980
Expenditures					
Current:					
General government	196,297	-	-	-	196,297
Judicial	275,570	-	-	20,463	296,033
Public safety	1,967,371	-	-	29,703	1,997,074
Public works	161,213	-	-	-	161,213
Health and sanitation	206,241	-	-	-	206,241
Culture and recreation	89,140	-	-	-	89,140
Community support and development	1,343,200	-	-	53,331	1,396,531
Highways and streets	-	1,102,108	-	-	1,102,108
Debt service:					
Principal	-	-	20,636	43,840	64,476
Interest	-	-	9,100	5,471	14,571
Capital outlay	-	-	156,604	-	156,604
Total expenditures	4,239,032	1,102,108	186,340	152,808	5,680,288
Excess (deficiency) of revenues over (under) expenditures	1,695,571	(45,486)	145,315	45,292	1,840,692
Other financing sources (uses)					
Sale of capital assets	3,593	-	-	-	3,593
Transfers in	-	30,000	-	-	30,000
Transfers out	(30,000)	-	-	-	(30,000)
Total other financing sources (uses)	(26,407)	30,000	-	-	3,593
Net change in fund balances	1,669,164	(15,486)	145,315	45,292	1,844,285
Fund balance, beginning of year	946,364	41,865	1,071,242	845,411	2,904,882
Fund balance, end of year	\$ 2,615,528	\$ 26,379	\$ 1,216,557	\$ 890,703	\$ 4,749,167

The accompanying notes are an integral part of this statement.

CITY OF ELY, 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, 2022

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

Net change in fund balances - total governmental funds	\$	1,844,285
Governmental funds have reported capital outlays, past and present, as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		(449,395)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net position.		411,755
Government funds have proceeds from the sale of assets as revenue. However, the statement of activities reports the gain or loss on the sale of assets.		(453)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		64,476
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. The adjustment reflects the change in interest payable.		1,130
Pension and OPEB 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 reported net pension and OPEB liabilities are measured a year before the report date. Pension and OPEB expenses, which are the changes in the net pension and OPEB liabilities adjusted for changes in deferred outflows and inflows of resources related to pensions and OPEB, are reported in the statement of activities.		
Pension expense	\$ 166,128	
OPEB expense	<u>10,254</u>	176,382
Compensated absences expense 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.		<u>(6,509)</u>
Change in net position - governmental activities	\$	<u><u>2,041,671</u></u>

The accompanying notes are an integral part of this statement.

CITY OF ELY, NEVADA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022

	Business-type Activities - Enterprise Funds				
	Municipal Water	Sanitation	Landfill	Railroad	
Assets					
Current assets					
Cash and cash equivalents	\$ 2,021,370	\$ 2,493,448	\$ 2,941,639	\$ -	\$ 7,456,457
Receivables, net of allowance	117,452	80,524	140,276	-	338,252
Due from other governments	20,437	17,835	-	-	38,272
Prepaid expense	1,264	-	-	-	1,264
Lease receivable, current	12,546	-	-	-	12,546
Inventory	61,356	-	-	-	61,356
Total current assets	2,234,425	2,591,807	3,081,915	-	7,908,147
Noncurrent assets					
Restricted cash and cash equivalents	2,826,769	1,273,682	1,130,090	-	5,230,541
Lease receivable, net of current	28,420	-	-	-	28,420
Capital assets not being depreciated:					
Land and easements	125,646	-	14,832	1,700,000	1,840,478
Construction in progress	198,959	939,635	-	-	1,138,594
Capital assets, net of accumulated depreciation:					
Treatment facilities and improvements	14,420,863	11,031,352	98,310	-	25,550,525
Buildings	181,754	-	339,019	-	520,773
Machinery, equipment and vehicles	541,014	418,079	1,817,172	-	2,776,265
Less accumulated depreciation	(8,699,100)	(6,686,546)	(1,476,202)	-	(16,861,848)
Total noncurrent assets	9,624,325	6,976,202	1,923,221	1,700,000	20,223,748
Other assets					
Non-service property	50,014	-	-	-	50,014
Less accumulated depreciation	(8,214)	-	-	-	(8,214)
Total other assets	41,800	-	-	-	41,800
Total assets	11,900,550	9,568,009	5,005,136	1,700,000	28,173,695
Deferred outflows of resources					
Pensions	243,285	199,670	384,449	-	827,404
OPEB	2,192	2,045	3,478	-	7,715
Total deferred outflows of resources	245,477	201,715	387,927	-	835,119
Total assets and deferred outflows of resources	\$ 12,146,027	\$ 9,769,724	\$ 5,393,063	\$ 1,700,000	\$ 29,008,814

The accompanying notes are an integral part of this statement.

CITY OF ELY, NEVADA
STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS
June 30, 2022

	Business-type Activities - Enterprise Funds				
	Municipal Water	Sanitation	Landfill	Railroad	Total
Liabilities					
Current liabilities					
Accounts payable	\$ 36,466	\$ 27,005	\$ 12,862	\$ -	\$ 76,333
Accrued liabilities	16,202	17,024	400,341	-	433,567
Accrued interest	3,896	6,525	-	-	10,421
Customer Deposits	16,508	17,160	21,384	-	55,052
Current portion of noncurrent liabilities	59,291	54,768	12,993	-	127,052
Total current liabilities	<u>132,363</u>	<u>122,482</u>	<u>447,580</u>	<u>-</u>	<u>702,425</u>
Noncurrent liabilities					
Compensated absences	26,493	12,864	15,655	-	55,012
Bonds payable	661,678	1,328,986	-	-	1,990,664
Less current portion of noncurrent liabilities	(59,291)	(54,768)	(12,993)	-	(127,052)
Net OPEB obligation	34,238	31,941	54,330	-	120,509
Net pension liability	301,335	247,314	476,184	-	1,024,833
Landfill closure/post closure costs	-	-	1,130,090	-	1,130,090
Total noncurrent liabilities	<u>964,453</u>	<u>1,566,337</u>	<u>1,663,266</u>	<u>-</u>	<u>4,194,056</u>
Total liabilities	<u>1,096,816</u>	<u>1,688,819</u>	<u>2,110,846</u>	<u>-</u>	<u>4,896,481</u>
Deferred inflows of resources					
Leases	44,313	-	-	-	44,313
Pensions	338,481	277,801	534,885	-	1,151,167
Total deferred inflows of resources	<u>382,794</u>	<u>277,801</u>	<u>534,885</u>	<u>-</u>	<u>1,195,480</u>
Net position					
Net investment in capital assets	6,107,458	4,373,534	793,131	1,700,000	12,974,123
Restricted for:					
Debt service	69,728	106,534	-	-	176,262
Capital improvements	2,757,041	1,167,148	-	-	3,924,189
Unrestricted	1,732,190	2,155,888	1,954,201	-	5,842,279
Total net position	<u>10,666,417</u>	<u>7,803,104</u>	<u>2,747,332</u>	<u>1,700,000</u>	<u>22,916,853</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 12,146,027</u>	<u>\$ 9,769,724</u>	<u>\$ 5,393,063</u>	<u>\$ 1,700,000</u>	<u>\$ 29,008,814</u>

The accompanying notes are an integral part of this statement.

CITY OF ELY, NEVADA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds				
	Municipal Water	Sanitation	Landfill	Railroad	
Operating revenues					
Charges for services	\$ 1,324,062	\$ 1,155,816	\$ 1,163,151	\$ -	\$ 3,643,029
Total operating revenues	<u>1,324,062</u>	<u>1,155,816</u>	<u>1,163,151</u>	<u>-</u>	<u>3,643,029</u>
Operating expenses					
Salaries and wages	318,207	259,889	367,633	-	945,729
Employee benefits	87,574	93,408	89,118	-	270,100
Service, supplies and other	356,277	389,954	303,453	-	1,049,684
Landfill closure/post closure costs	-	-	135,472	-	135,472
Depreciation and amortization	303,643	255,781	79,306	-	638,730
Total operating expenses	<u>1,065,701</u>	<u>999,032</u>	<u>974,982</u>	<u>-</u>	<u>3,039,715</u>
Operating income (loss)	<u>258,361</u>	<u>156,784</u>	<u>188,169</u>	<u>-</u>	<u>603,314</u>
Nonoperating revenues (expenses)					
Interest income	3,220	4,156	7,325	-	14,701
Rent income	10,487	-	-	-	10,487
Miscellaneous income	30,593	12,656	166,843	-	210,092
System obligation fees	25,375	25,375	-	-	50,750
Grant revenue	247,150	38,044	-	-	285,194
Interest expense	(33,937)	(64,238)	-	-	(98,175)
Miscellaneous expense	(205,421)	-	-	-	(205,421)
Total nonoperating revenues (expenses)	<u>77,467</u>	<u>15,993</u>	<u>174,168</u>	<u>-</u>	<u>267,628</u>
Net income before special item	<u>335,828</u>	<u>172,777</u>	<u>362,337</u>	<u>-</u>	<u>870,942</u>
Special item - lawsuit settlement	<u>-</u>	<u>-</u>	<u>(379,858)</u>	<u>-</u>	<u>(379,858)</u>
Change in net position	<u>335,828</u>	<u>172,777</u>	<u>(17,521)</u>	<u>-</u>	<u>491,084</u>
Net position, beginning of year	<u>10,330,589</u>	<u>7,630,327</u>	<u>2,764,853</u>	<u>1,700,000</u>	<u>22,425,769</u>
Net position, end of year	<u>\$ 10,666,417</u>	<u>\$ 7,803,104</u>	<u>\$ 2,747,332</u>	<u>\$ 1,700,000</u>	<u>\$ 22,916,853</u>

The accompanying notes are an integral part of this statement.

CITY OF ELY, NEVADA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds				
	Municipal Water	Sanitation	Landfill	Railroad	Total
Cash flows from operating activities					
Cash receipts from customers	\$ 1,324,846	\$ 1,153,394	\$ 1,156,280	\$ -	\$ 3,634,520
Cash paid to suppliers for goods and services	(363,086)	(630,999)	(297,377)	-	(1,291,462)
Cash paid to employees for services	(453,537)	(371,574)	(572,149)	-	(1,397,260)
Net cash flows from operating activities	508,223	150,821	286,754	-	945,798
Cash flows from noncapital financing activities					
Due from other funds	-	-	92,646	-	92,646
Quadra mining receipts	222,069	-	-	-	222,069
Rental receipts	13,831	-	-	-	13,831
Other receipts	30,593	12,655	166,843	-	210,091
Quadra mining payments	(205,421)	-	-	-	(205,421)
Net cash flows from noncapital financing activities	61,072	12,655	259,489	-	333,216
Cash flows from capital and related financing activities					
State and federal grant receipts	4,644	517,664	-	-	522,308
System obligation fees received	25,375	25,375	-	-	50,750
Acquisition and construction of capital assets	(56,599)	(219,175)	(209,357)	-	(485,131)
Principal paid on long-term debt	(35,603)	(42,010)	-	-	(77,613)
Interest paid on long-term debt	(33,937)	(64,238)	-	-	(98,175)
Net cash flows from capital and related financing activities	(96,120)	217,616	(209,357)	-	(87,861)
Cash flows from investing activities					
Interest on investments	3,220	4,156	7,325	-	14,701
Net cash flows from investing activities	3,220	4,156	7,325	-	14,701
Net increase (decrease) in cash and cash equivalents	476,395	385,248	344,211	-	1,205,854
Cash and cash equivalents, beginning	4,371,744	3,381,882	3,727,518	-	11,481,144
Cash and cash equivalents, ending	\$ 4,848,139	\$ 3,767,130	\$ 4,071,729	\$ -	\$ 12,686,998
Reconciliation of operating income to net cash flows from operating activities					
Operating income (loss)	\$ 258,361	\$ 156,784	\$ 188,169	\$ -	\$ 603,314
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation/amortization	303,643	255,781	79,306	-	638,730
Employer Pension Contributions	(54,914)	(29,629)	(103,054)	-	(187,597)
Employer OPEB Contributions	(2,272)	(2,120)	(3,605)	-	(7,997)
Changes in operating assets, liabilities and deferred inflows and outflows:					
(Increase) decrease in receivables	75	(3,868)	(8,400)	-	(12,193)
(Increase) decrease in inventory	(2,808)	-	-	-	(2,808)
(Increase) decrease in prepaid expenses	5,305	600	1,566	-	7,471
Increase (decrease) in accounts payable	(9,306)	(241,645)	4,510	-	(246,441)
Increase (decrease) in accrued liabilities	2,766	8,639	3,433	-	14,838
Increase (decrease) in customer deposits	709	1,446	1,529	-	3,684
Increase (decrease) in compensated absences	6,664	4,833	(12,172)	-	(675)
Increase (decrease) in landfill closure/post-closure liability	-	-	135,472	-	135,472
Net cash flows from operating activities	\$ 508,223	\$ 150,821	\$ 286,754	\$ -	\$ 945,798

The accompanying notes are an integral part of this statement.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Reporting entity

The City of Ely (government) is a municipal corporation governed by an elected mayor and five-member governing council (council). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

Blended component unit. The City of Ely Redevelopment Agency (Agency) serves all the citizens of the government and is governed by a board comprised of the mayor and the city's elected council. The Agency was established in fiscal year 2005 as a separate and distinct legal entity to plan and finance revitalization projects in the City's redevelopment districts in order to provide a diversified and strengthened economy in specified areas of the City. The Agency's activities are approved by the government's council and the government is legally obligated to provide resources in case there are deficiencies in debt service payments and resources are not available from any other remedies. The Agency is reported as a special revenue fund.

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 and internal service funds, while business-type activities incorporate data from the government'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 rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—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 government reports the following major governmental funds:

General Fund – This fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Street Fund – This special revenue fund accounts for the receipt of fuel taxes and other revenues dedicated to funding the repairs, maintenance, and new construction of city streets and alleys.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Fund – This fund is used to account for revenue received from a special ad valorem tax that must be recorded in a capital project fund and dedicated to capital project needs within the City.

The government reports the following major enterprise funds:

Water Fund – This fund accounts for the provision of water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operation, maintenance, financing and related debt service and billing and collection.

Sanitation Fund – This fund accounts for the provision of sanitary sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operation, maintenance, financing and related debt service and billing and collection.

Landfill Fund – This fund accounts for the activities and transactions related to the operation of the regional landfill for all White Pine County residents. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operation, maintenance, financing and related debt service and billing and collection.

Railroad Fund – This fund accounts for capital projects and other activity related to railroad lines owned by the City and the Nevada Northern Railway Foundation.

During the course of operations the government 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.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise taxes, licenses, 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. 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 government.

The proprietary 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 and cash equivalents

The government'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. This is the same definition of cash and cash equivalents used for the statement of cash flows for the City's proprietary funds.

Investments

State statutes authorize the City to invest in obligations of the U.S. Treasury, certain farm loan bonds, certain securities issued by Nevada local governments, repurchase agreements, banker's acceptances, commercial paper, negotiable certificates of deposit, and money market mutual funds. Investments for the government are reported at fair value, generally based on quoted market prices. See note 5 for further details.

Receivables

The City's proprietary funds bill for services provided on a monthly basis. The City records revenues on a monthly basis as the revenue is earned. The City has recognized and recorded allowance for doubtful accounts on amounts with significant uncertainty regarding its collectability. The reported receivable funds are net allowances of \$30,740 for the water fund, \$31,484 for the sewer fund, and \$398,270 for the landfill fund.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses 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 column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$3,500 and an estimated useful life of two or more years.

In the case of the initial capitalization of general infrastructure assets (i.e., those re-reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	5 to 40 years
Improvements other than buildings	5 to 50 years
Machinery and vehicles	5 to 15 years
Infrastructure	15 to 25 years

Compensated absences

The city's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Accumulated sick leave lapses when employees leave the employ of the city. Upon separation from service due to retirement specified amounts are paid to the retiring employees. No monetary obligation exists for other termination of employment.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred outflows/inflows of resources

In addition to assets, the statement of financial 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 two types of items that qualify for reporting in this category, pension related items (see Note 9) and other post-employment benefits related items (see Note 14).

In addition to liabilities, the statement of financial 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 one type of item which qualifies for reporting in this category, pension related items (see Note 9).

Net position flow assumption

Sometimes the government 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 generally the City’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied. From time to time, the City may make a conscious choice to use unrestricted funds first and save the restricted amounts for significant projects.

Fund balance flow assumptions

Sometimes the government 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 government’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.

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 government 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 government’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The city council (council) has by resolution authorized the city clerk to assign fund balance. 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.

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.

Change in accounting principle

For 2022, the City implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, Leases, which enhances the relevance and consistency of information of a government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City's 2022 financial statements but no adjustment was made to beginning net position due to the amount not being material.

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.

Property taxes

The White Pine County Assessor assesses all real property by December 31, of each year. The County Treasurer bills and collects the City's share of property taxes. The County Treasurer remits, on a monthly basis, current and delinquent property tax collections to the City.

The Nevada Department of Taxation provides the maximum allowable tax rates for operating purposes to local governments for inclusion in their budgets. Each local government that receives property taxes must file a budget on or before June 1st, which provides for the allowable tax rate for the next fiscal year. The Nevada Tax Commission must certify all tax rates on June 25th, the levy date, and property is liened on July 1st. Taxes on real property are due on the third Monday in August of each year and may be paid in quarterly installments on or before the third Monday in August, and the first Monday in October, January and March. In the event of nonpayment, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties, and costs, together with interest at the rate of 15 percent per year from the date the taxes were due (if four or more installments were delinquent), until paid. If delinquent taxes are not paid within the two-year redemption period, the County Treasurer obtains a deed to the property free of all encumbrances. Upon receipt of the deed, the County Treasurer may sell the property to satisfy the tax lien and assessments by local governments for improvements to the property.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For the fiscal year 2021-2022, the allowable tax rates in White Pine County met the maximum combined tax rate (\$3.66). The City of Ely exchanged its tax rate for an increased share of the County's consolidated tax, in accordance with state statute, thereby allowing the other entities in White Pine County to assess their rates Countywide.

Proprietary funds operating and non-operating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from non-operating 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 fund, sanitation fund, and land fill 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 non-operating revenues and expenses.

Related party transaction

During the year ended June 30, 2022, the City granted \$154,987 to the Nevada Northern Railway Foundation. Two members of the city council sit on the board of the Foundation.

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 14.

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 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 16.

NOTE 3 STABILIZATION FUND

Nevada Revised Statutes (NRS or statute) 354.6115 states that the governing body of a local government may, by resolution, establish a fund to stabilize the operation of the local government and mitigate the effects of natural disasters. In accordance with GASBS 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City's stabilization fund is included in the General Fund, as restricted fund balance, for the year ended June 30, 2022. The NRS also states that the money in this fund may be used only if the total actual revenue of the local government falls short of the total anticipated revenue in the general fund for the fiscal year in which the local government uses that money; or to pay expenses incurred by the local government to mitigate the effects of a natural disaster.

In addition, NRS 354.6115 states that the balance in the stabilization amount must not exceed 10 percent of the expenditures from the general fund for the previous fiscal year, excluding any federal funds expended by the local government.

During the fiscal year ended June 30, 2022, the City complied with the provisions of this section.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Annual budgets are legally adopted for all funds and use a basis of accounting consistent with accounting principles generally accepted in the United States of America.

Prior to April 15, the City Treasurer submits a tentative budget for the ensuing fiscal year to the City Council, the Nevada State Department of Taxation, and the Citizens via public hearings. The Nevada State Department of Taxation notifies the City Council of whether or not the budget is in compliance with the law and appropriate regulations. All changes to the tentative budget are made at the Public hearing conducted on the third Tuesday in May. The City Council adopts the budget prior to June 1, and submits it to the Department of Taxation for final approval. The revenue classifications and expenditure functions shown in the fund financial statements are those prescribed by the Nevada Department of Taxation.

All revisions to the adopted budget are made a matter of public record by actions of the City Council. Per Nevada law, the City Treasurer is authorized to transfer budgeted amounts within functions (General Fund) or funds, if the City Council is notified at the next regular meeting, and the action is noted in the official minutes. Revisions which affect the total fund appropriations, or transfers between funds, are accomplished through formal City Council approval. No supplemental appropriations were approved for the year. Nevada Law requires budgetary control to be exercised at the function level.

Restrictions and Commitments for Other Purposes

The City has a number of special revenue funds established to account for revenues which are designated for specific purposes. Some of the designations are externally imposed (restricted for other purposes) and some have been self-imposed by the City Council (committed for other purposes).

These restricted and committed amounts are reported in the combining schedules included in the supplemental information. The name of each fund indicates the purpose for which the funds have been designated.

NOTE 5 CASH AND INVESTMENTS

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

Cash on hand and on deposit:		
Petty cash	\$	600
Cash on deposit		9,098,051
Money market investments		7,794,688
Total cash and investments	\$	16,893,339

Cash and investments are included in the accompanying statement of net position as follows:

	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 3,476,746	\$ 7,456,457	\$ 10,933,203
Restricted cash and cash equivalents	729,595	5,230,541	5,960,136
Total cash and investments	\$ 4,206,341	\$ 12,686,998	\$ 16,893,339

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 CASH AND INVESTMENTS (Continued)

Deposits

Custodial Credit Risk. For deposits this is the risk that in the event of a bank failure, the government’s deposit may not be returned. The City does not have a formal policy for custodial credit risk. As of June 30, 2022, the City’s bank balance of \$17,228,773 was covered in the amount of \$594,710 by federal depository insurance and the remainder was subject to collateralization by the office of the State Treasurer/Nevada Collateral Pool.

Investments

The provisions of State Law (NRS 355.170) govern the investment of public funds as noted in Footnote 1.

As of June 30, 2022 the government had the following investments:

	Fair Value	Credit Rating	Weighted Avg. Maturity
Investments			
First National Bank of Ely, Market Interest Account	\$ 7,794,688	N/A	Demand

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 money market interest account is valued using significant other observable inputs (Level 2 inputs).

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to items noted in the summary of significant accounting policies, Footnote 1. The city has no investment policy that would further limit its investment choices at June 30, 2022. The investments in the First National Bank of Ely market interest accounts are covered by FDIC insurance and collateral held by a third-party agent but are unrated.

Concentration of Credit Risk. The City places no limit on the amount the City may invest in any one issue.

Cash Restricted for Use

The City maintains restricted cash to comply with various legal and contractual requirements. Amounts restricted are as follows at June 30, 2022:

	Amount
Budget stabilization	\$ 137,015
Judicial	139,676
Debt reserves	206,400
Capital improvements	3,924,189
Landfill closure trust	1,130,090
Community development	422,766
Total restricted cash and cash equivalents	\$ 5,960,136

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 CAPITAL ASSETS

Governmental capital asset activity for the year ended June 30, 2022 was as follows:

Governmental activities:	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 258,052	\$ -	\$ (453)	\$ 257,599
Construction in progress	-	7,280	-	7,280
Total capital assets not being depreciated	<u>258,052</u>	<u>7,280</u>	<u>(453)</u>	<u>264,879</u>
Capital assets, being depreciated:				
Streets	6,543,311	-	-	6,543,311
Flood control	1,016,736	-	-	1,016,736
Improvements other than buildings	882,770	-	-	882,770
Buildings	2,276,939	117,225	-	2,394,164
Vehicles and equipment	4,074,633	287,251	-	4,361,884
Total capital assets being depreciated	<u>14,794,389</u>	<u>404,476</u>	<u>-</u>	<u>15,198,865</u>
Less accumulated depreciation for:				
Streets	(5,487,617)	(107,832)	-	(5,595,449)
Flood control	(901,977)	(9,455)	-	(911,432)
Improvements other than buildings	(414,784)	(39,540)	-	(454,324)
Buildings	(1,089,276)	(59,591)	-	(1,148,867)
Vehicles and equipment	(2,391,346)	(232,977)	-	(2,624,323)
Total accumulated depreciation	<u>(10,285,000)</u>	<u>(449,395)</u>	<u>-</u>	<u>(10,734,395)</u>
Total capital assets, being depreciated, net	<u>4,509,389</u>	<u>(44,919)</u>	<u>-</u>	<u>4,464,470</u>
Governmental activities capital assets, net	<u>\$ 4,767,441</u>	<u>\$ (37,639)</u>	<u>\$ (453)</u>	<u>\$ 4,729,349</u>

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

Governmental activities:	
General government	\$ 30,509
Public safety	226,041
Public works	15,433
Health and sanitation	6,167
Culture and recreation	26,290
Streets and highways	<u>144,955</u>
Total depreciation expense - governmental activities	<u>\$ 449,395</u>

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 CAPITAL ASSETS (Continued)

Business-type capital asset activity for the year ended June 30, 2022 was as follows:

Business-type activities:	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land and easements	\$ 1,840,478	\$ -	\$ -	\$ 1,840,478
Construction in progress	1,038,822	99,772	-	1,138,594
Total capital assets not being depreciated	<u>2,879,300</u>	<u>99,772</u>	<u>-</u>	<u>2,979,072</u>
Capital assets, being depreciated:				
Treatment facilities and improvements	25,472,542	77,982	-	25,550,524
Buildings	520,773	-	-	520,773
Machinery, equipment and vehicles	2,468,887	307,379	-	2,776,266
Georgetown Ranch	50,014	-	-	50,014
Total capital assets being depreciated	<u>28,512,216</u>	<u>385,361</u>	<u>-</u>	<u>28,897,577</u>
Less accumulated depreciation for:				
Treatment facilities and improvements	(14,014,234)	(528,500)	-	(14,542,734)
Buildings	(272,032)	(15,846)	-	(287,878)
Machinery, equipment and vehicles	(1,936,852)	(94,384)	-	(2,031,236)
Georgetown Ranch	(8,214)	-	-	(8,214)
Total accumulated depreciation	<u>(16,231,332)</u>	<u>(638,730)</u>	<u>-</u>	<u>(16,870,062)</u>
Total capital assets, being depreciated, net	<u>12,280,884</u>	<u>(253,369)</u>	<u>-</u>	<u>12,027,515</u>
Business-type activities capital assets, net	<u>\$ 15,160,184</u>	<u>\$ (153,597)</u>	<u>\$ -</u>	<u>\$ 15,006,587</u>

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

Business-type activities:	
Water	\$ 303,643
Sanitation	255,781
Landfill	<u>79,306</u>
Total depreciation expense - business-type activities	<u>\$ 638,730</u>

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for the year ended June 30, 2022:

Governmental Activities:	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Notes payable from direct borrowings:					
2005 Fire station note	\$ 227,611	\$ -	\$ (20,636)	\$ 206,975	\$ 21,608
2017 Ambulance note	76,926	-	(14,966)	61,960	15,326
Total notes payable	<u>304,537</u>	<u>-</u>	<u>(35,602)</u>	<u>268,935</u>	<u>36,934</u>
Financed purchases from direct borrowings:					
Fire ladder truck	73,946	-	(28,874)	45,072	30,359
Compensated absences	70,437	64,971	(58,462)	76,946	63,865
Total governmental activities long term liabilities	<u>\$ 448,920</u>	<u>\$ 64,971</u>	<u>\$ (122,938)</u>	<u>\$ 390,953</u>	<u>\$ 131,158</u>

The General Fund provides the resources for the retirement of compensated absences. Interest of \$14,571 is included as a direct expense in the public safety function.

Business-type Activities:

Bonds payable from direct placements:					
1996 Water revenue bond	\$ 697,281	\$ -	\$ (35,603)	\$ 661,678	\$ 37,302
2001 Sewer revenue bond	1,370,996	-	(42,010)	1,328,986	44,090
Total bonds payable	<u>2,068,277</u>	<u>-</u>	<u>(77,613)</u>	<u>1,990,664</u>	<u>81,392</u>
Compensated absences	55,687	45,546	(46,221)	55,012	45,660
Total business-type activities long term liabilities	<u>\$ 2,123,964</u>	<u>\$ 45,546</u>	<u>\$ (123,834)</u>	<u>\$ 2,045,676</u>	<u>\$ 127,052</u>

Governmental Activities

Notes Payable from Direct Borrowings

U.S. Department of Agriculture promissory note, original issue of \$463,109, interest at 4.125%, principal and interest due monthly beginning October 2005, with the final payment due September 2030. The note was issued for the completion of the new fire station. The note is secured by a Deed of Trust on the fire station.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 LONG-TERM LIABILITIES (Continued)

The annual debt service requirements to maturity are as follows:

Year Ending June 30,	2015 Fire Station Note		
	Principal	Interest	Total
2023	\$ 21,608	\$ 8,128	\$ 29,736
2024	22,497	7,239	29,736
2025	23,462	6,274	29,736
2026	24,448	5,288	29,736
2027	25,476	4,260	29,736
2028-2031	89,484	6,105	95,589
Total	\$ 206,975	\$ 37,294	\$ 244,269

U.S. Department of Agriculture promissory note, original issue of \$134,500, interest at 2.375%, principal and interest due monthly beginning June 2017, with the final payment due May 2026. The note was issued for the purchase of an ambulance. The note is secured by the ambulance.

The annual debt service requirements to maturity are as follows:

Year Ending June 30,	2017 Ambulance Note		
	Principal	Interest	Total
2023	\$ 15,326	\$ 1,306	\$ 16,632
2024	15,691	941	16,632
2025	16,070	562	16,632
2026	14,873	123	14,996
Total	\$ 61,960	\$ 2,932	\$ 64,892

The City's outstanding note from direct borrowings is secured with pledged tax revenues. The City's note contains a provision that in an event of default, the state of Nevada would assume responsibility. The City's notes do not have a terminating event clause or a subsequent acceleration clause.

Financed Purchase from Direct Borrowings

2008 financing of a 75-foot aerial ladder truck for \$330,733. Principal and interest due annually beginning October 2009, with interest at 5.145%. The final payment is due October 2023. The City may end the agreement any year by not appropriating funds for the annual payment and returning the equipment or by purchasing the asset before the end of the term.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 LONG-TERM LIABILITIES (Continued)

The annual debt service requirements to maturity are as follows:

Year Ending June 30,	Fire Ladder Truck		
	Principal	Interest	Total
2023	\$ 30,359	\$ 2,319	\$ 32,678
2024	14,713	751	15,464
Total	\$ 45,072	\$ 3,070	\$ 48,142

Business-type Activities

Revenue Bonds Payable from Direct Placements

1996 Water Revenue Bond, original issue of \$1,189,800, principal and interest due in monthly installments beginning February 1996, with interest at 5.00%. The final payment is due January 2036. The bond was issued to refund the interim water revenue bonds, which were used to fund the Southside Water Project. The City has pledged income derived from the constructed assets to pay the debt service.

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30,	1996 Water Revenue Bond		
	Principal	Interest	Total
2023	\$ 37,302	\$ 32,238	\$ 69,540
2024	39,127	30,413	69,540
2025	41,212	28,328	69,540
2026	43,321	26,219	69,540
2027	45,537	24,003	69,540
2028-2032	265,007	82,693	347,700
2033-2035	190,172	14,731	204,903
Total	\$ 661,678	\$ 238,625	\$ 900,303

Series 2001 Sewer Revenue Bond, original issue of \$1,900,000, principal and interest due in monthly installments beginning October 2001, with interest at 4.75%. The final payment is due September 2041. The proceeds were used to refund interim sewer bonds, which were used to fund the Wastewater Treatment Project. The City has pledged income derived from the constructed assets to pay the debt services.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 LONG-TERM LIABILITIES (Continued)

Revenue sewer bond debt service requirement to maturity are as follows:

Year Ending June 30,	2001 Sewer Revenue Bond		
	Principal	Interest	Total
2023	\$ 44,090	\$ 62,158	\$ 106,248
2024	46,065	60,183	106,248
2025	48,466	57,782	106,248
2026	50,819	55,429	106,248
2027	53,287	52,961	106,248
2028-2032	307,570	223,670	531,240
2033-2037	390,042	141,198	531,240
2038-2042	388,647	38,622	427,269
Total	\$ 1,328,986	\$ 692,003	\$ 2,020,989

The City's outstanding bonds from direct placements are secured with pledged system revenues. The City's bond issues contain a provision that in an event of default, the systems and subsequent revenues would default to the State of Nevada. The City's debt issues do not have a terminating event clause or a subsequent acceleration clause.

NOTE 8 LESSOR AGREEMENTS

Grazing Lease

On October 10, 2019, the City, as a lessor, entered into a lease agreement with an individual, the lessee, to rent grazing land. The lease calls for an initial term of 5 years commencing October 1, 2020 to and including September 30, 2025. In accordance with the provisions of GASBS No. 87, the lease was retroactively measured as of October 1, 2020 with a lease term of 5 years and an interest rate of 3%, which is approximately the rate at which the City would be able to issue debt.

Rent of \$12,051 is payable annually on October 1 from 2020 until 2024, with annual increases of 2 percent each year of the lease. The City collected \$12,292 from the lessee for the year ended June 30, 2022, which includes \$10,881 in lease revenue and \$1,411 in lease interest revenue.

Office Space Lease

On August 3, 2020, the City, as a lessor, entered into a lease agreement with the State of Nevada Department of Administration, Public Works Division, the lessee, to rent office space. The lease calls for an initial term of 5 years and 5 months commencing December 1, 2020 to and including April 30, 2026. In accordance with the provisions of GASBS No. 87, the lease was retroactively measured as of December 1, 2020 with a lease term of 5 years and 5 months and an interest rate of 3%, which is approximately the rate at which the City would be able to issue debt.

Rent is payable on the first day of each quarter beginning on December 1, 2020, with quarterly payments of \$9,600 until April 1, 2026. The City collected \$38,400 from the lessee for the year ended June 30, 2022, which includes \$33,694 in lease revenue and \$4,706 in lease interest revenue.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 LESSOR AGREEMENTS (Continued)

Grazing Lease

On May 16, 2022, the City, as a lessor, entered into a lease agreement with an individual, the lessee, to rent grazing land. The lease calls for an initial term of 5 years commencing June 1, 2022 to and including May 31, 2027. In accordance with the provisions of GASBS No. 87, the lease was measured as of June 1, 2022 with a lease term of 5 years and an interest rate of 3%, which is approximately the rate at which the City would be able to issue debt.

Rent of \$1,200 is payable annually on June 1 from 2022 until 2026, with annual increases of 3 percent each year of the lease. The City collected \$1,200 from the lessee for the year ended June 30, 2022, which includes \$100 in lease revenue and no interest revenue.

NOTE 9 DEFINED BENEFIT PENSION PLAN

Plan description

The Public Employees' Retirement System of Nevada (PERS or System) 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.

Benefits provided

Benefits, as required by the Nevada Revised Statutes, 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 2.50% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.50% service time factor and for regular members entering the system 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 ten 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 ten years of service, or any age with thirty years of service. Regular members entering the system on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, at age 62 with ten years of service, at age 55 with thirty years of service, or any age with thirty-three and one third years of service.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

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 to eligibility for retirement as Police/Fire accredited service.

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

Contributions

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

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, 2022 the Statutory Employer/employee matching rate was 15.50% for Regular and 22.75% for Police/Fire. The Employer-pay contribution (EPC) rate was 29.75% for Regular and 44.00% for Police/Fire. For the fiscal year ended June 30, 2021 the Statutory Employer/employee matching rate was 15.25% for Regular and 22.00% for Police/Fire. The Employer-pay contribution (EPC) rate was 29.25% for Regular and 42.50% for Police/Fire.

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

<u>Year ended</u> <u>June 30,</u>	<u>Regular Members</u>	<u>Police/Fire</u>	<u>Total</u> <u>Contributions</u>
2022	29.75%	44.00%	\$ 307,308
2021	29.25%	42.50%	266,412
2020	29.25%	42.50%	281,621

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

Investment policy

The System’s policies which determine the investment portfolio target asset allocation are established by the Public Employees’ Retirement Board (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, 2021:

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, 2021, PERS' long-term inflation assumption was 2.50%

Pension liability

Net pension liability

The net pension liability was measured as of June 30, 2021 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, 2021. The City's proportion measured as of June 30, 2021, was 0.02550 percent, which was a decrease of 0.00152 percent from its proportion measured as of June 30, 2020.

Pension liability discount rate sensitivity

The following presents the net pension liability of the PERS as of June 30, 2021, 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:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 4,629,838	\$ 2,325,748	\$ 424,465

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the PERS Annual Comprehensive Financial Report, available on the PERS website at www.nvpers.org.

Actuarial assumptions

The City’s net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

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 14.60%, depending on service Rates include inflation and productivity increases
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

Post Retirement Mortality Rates

Healthy Regular Members: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 30% for males and 15% for females, projected generationally with the two-dimensional monthly improvement scale MP-2020.

The above listed mortality tables only provide rates for ages 50 and older. To develop mortality rates for ages 40 through 50, we have smoothed the difference between the rates at age 40 from the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables and the rates at age 50 from the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables. To develop the mortality rates before age 40, we have used the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables rates. This methodology for developing an extended annuitant mortality table is similar to the method used by the IRS to develop the base mortality table for determining minimum funding standards for single-employer defined benefit pension plans under Internal Revenue Code Section 430. While Section 430 is not applicable to the System, we believe this is a reasonable method for developing annuitant mortality rates at earlier ages.

Police/Fire Members: Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 30% for males and 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

The above-listed mortality tables only provide rates for ages 45 and older. To develop mortality rates for ages 35 through 45, we have smoothed the difference between the rates at age 35 from the Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Tables and the rates at age 45 from the Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Tables. To develop the mortality rates before age 35, we have used the pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Tables rates. This methodology for developing an extended annuitant mortality table is similar to the method used by the IRS to develop the base mortality table for determining minimum funding standards for single-employer defined benefit pension plans under Internal Revenue Code Section 430. While Section 430 is not applicable to the System, we believe this is a reasonable method for developing annuitant mortality rates at earlier ages.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

Disabled *Regular Members:* Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 20% for males and 15% for females, projected generationally with the two-dimensional mortality improvement scale MP- 2020.

Police/Fire Members: Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 30% for males and 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

Beneficiaries *Regular and Police/Fire Current Beneficiaries in Pay Status:* Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 15% for males and 30% for females, projected generationally with the two-dimensional mortality improvement scale MP- 2020.

The above listed mortality table only provides rates for ages 45 and older. To develop mortality rates for ages 35 through 45, we have smoothed the difference between the rates at age 35 from the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables and the rates at age 45 from the Pub 2010 Contingent Survivor Amount-Weighted Above-Median Mortality Tables. To develop the mortality rates before age 35, we have used the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables rates. This methodology for developing an extended annuitant mortality table is similar to the method used by the IRS to develop the base mortality table for determining minimum funding standards for single-employer defined benefit pension plans under Internal Revenue Code Section 430. While Section 430 is applicable to the System, we believe this is a reasonable method for developing annuitant mortality rates at earlier ages.

Regular and Police/Fire Contingent Beneficiaries: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 30% for males and 15% for females, projected generationally with the two-dimensional mortality improvement scale MP- 2020.

The above listed mortality tables only provide rates for ages 50 and older. To develop mortality rates for ages 40 through 50, we have smoothed the difference between the rates at age 40 from the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables and the rates at age 50 from the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables. To develop the mortality rates before age 40, we have used the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables rates. This methodology for developing an extended annuitant mortality table is similar to the method used by the IRS to develop the base mortality table for determining minimum funding standards for single-employer defined benefit pension plans under Internal Revenue Code Section 430. While Section 430 is not applicable to the System, we believe this is a reasonable method for developing annuitant mortality rates at earlier ages.

Pre-Retirement Mortality Rates

Regular Members: Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2020.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

Police/Fire Members: Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table separate tables for males and females). Projected generationally with the two-dimensional mortality improvement scale MP- 2020.

The Pub-2010 Amount-Weighted Mortality Tables reasonably reflect the projected mortality experience of the plan as of the measurement date. The generational projection is a provision made for future mortality improvement.

Actuarial assumptions used in the June 30, 2021 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, 2021. The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except that projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. 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, 2021.

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

For the year ended June 30, 2022, the City recognized pension expense for PERS of \$(353,725). At June 30, 2022, 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	\$ 257,622	\$ 16,368
Changes in assumptions	772,188	-
Net difference between projected and actual earnings on pension plan investments	-	1,897,736
Changes in proportion and differences between contributions and proportionate share of contributions	540,590	698,349
Contributions subsequent to the measurement date	307,308	-
Total	\$ 1,877,708	\$ 2,612,453

The \$307,308 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.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

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

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2023	\$ (311,251)
2024	(306,151)
2025	(317,574)
2026	(340,380)
2027	204,794
Thereafter	28,509

NOTE 10 CLOSURE AND POST-CLOSURE CARE COST

State and Federal laws and regulations require the City to place a final cover on its landfill when closed and to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized, based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste.

The recognition of these landfill closure and post-closure care costs are based on a regulatory formula (NAC 444.6853). The estimated total current cost of the landfill closure and post-closure care (\$4,108,416) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2022, as adjusted for inflation. It is estimated that an additional \$2,978,326 will be recognized as closure and post-closure care expenses over the next 48 years, which is the time between the date of the balance sheet and the date the landfill is expected to be filled to capacity (2070).

The estimated liability for landfill closure and post-closure care costs has a balance of \$1,130,090 as of June 30, 2022, which is based on 27.51% usage (filled) of the landfill. Expenses and liabilities are based on what it would cost to perform all closure and post closure care for the landfill in 2022, the actual cost of closure and post-closure care may be higher due to changes in technology or changes in landfill laws and regulations.

The City is required by State and Federal laws and regulations to provide assurance that it will be able to finance closure and post-closure care costs. The City has recognized the liability for closure and post-closure care and has set aside the required fund in a trust account held at the First National Bank of Ely. The balance in the trust account as of June 30, 2022 was \$1,112,533.

NOTE 11 RISK MANAGEMENT

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

The City has joined together with similar public agencies (cities, counties, and special districts through the State of Nevada) to create two pools under the Nevada Interlocal Cooperation Act. The Nevada Public Agency Insurance Pool (NPAIP) is a public entity risk pool currently operating as a common risk management and insurance program for its members.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 RISK MANAGEMENT (Continued)

The City pays an annual premium and specific deductibles, as necessary, to NPAIP for its general insurance coverage, which includes its component unit. NPAIP is considered a self-sustaining risk pool that will provide coverage for its members up to \$200,000 per insured event for property and crime claims and \$500,000 for casualty claims. NPAIP obtains independent coverage for insured events in excess of these self-insured retentions.

The second pool is the Public Agency Compensation Trust (PACT), which was created April 1, 1997. This pool is a public entity risk pool which provides workers' compensation coverage.

The City pays an annual premium to PACT for its workers' compensation coverage. PACT is considered a self-sustaining risk pool that will provide coverage for its members up to \$350,000 (\$750,000 for public safety employees) per insured event. PACT obtains independent coverage for insured events in excess of the \$350,000/\$750,000 limit.

NOTE 12 ELY RAILROAD FUND

The rail line from the old Kennecott mine to Cobre Junction is now owned by the City and the Nevada Northern Railway Foundation. The City received deeds to the land comprising the right-of-way from the United States government acting through the Bureau of Land Management.

The rail line from the old Kennecott mine to mile marker 128 is used by the Nevada Northern Railway Foundation to operate a historic tourist train and museum. This portion of the rail line is recorded on the Foundation's books as the day-to-day control lies with the Foundation. The balance of the rail line is recorded on the City's records in the Ely Railroad Enterprise Fund.

NOTE 13 CITY WATER FLOW MITIGATION

The City experienced a decrease in the flow of its main water source when a nearby mine began dewatering efforts to increase the amount of available ore. The mine is mitigating the effects of the decreased water flow by rehabilitating the old City wells and drilling new wells. The mine has agreed to pay all costs of rehabilitation and to pay all additional pumping costs associated with the temporary substitution of subsurface water rights for the existing surface water rights.

The mine has further agreed to pay the additional costs for a period of up to 25 years after the dewatering has ceased and to create a fund to guarantee the payment of the additional costs. The fund is being administered as a trust with a banking institution mutually agreed to by both parties, with an appointed trustee. The trust funding goal is \$3,750,000, exclusive of accumulating interest, which was reached for complete funding in the year ending June 30, 2017, as was required by the agreement.

NOTE 14 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

In accordance with NRS, the City provides other postemployment benefits to eligible retirees through the Nevada Public Employees' Benefits Program (PEBP), a multiple-employer cost sharing plan, administered by a ten-member governing board appointed by the Governor, including an Executive Officer who directs the program and serves at the pleasure of the Board. The plan provides healthcare, dental, vision, and life insurance benefits.

PEBP issues a publicly available financial report that includes financial statements and required supplemental information available at <https://pebp.state.nv.us/>.

**CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 14 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Benefits provided

PEBP eligibility and subsidy requirements are governed by the NRS and can only be amended through legislation. In 2008, the NRS were amended and as a result of this amendment, the number of retirees for whom the City is obligated to provide postemployment benefits is limited to eligible employees who retired from City service prior to December 1, 2008. No future retirees are eligible for this benefit.

The City is required to provide a subsidy, based on years of service for a closed group of its retirees that have enrolled in PEBP. The subsidy is paid on a pay-as-you-go basis and is set by the State Legislature. At June 30, 2022, employees covered by PEBP consisted of 15 former employees. There are no active City employees covered by or eligible for coverage under PEBP.

Actuarial assumptions

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

Actuarial valuation date.....	June 30, 2021
Measurement date.....	June 30, 2021
Inflation.....	2.50%
Salary Increases.....	N/A - no active employee in this plan
Discount rate.....	2.16%
Discount rate source.....	Bond Buyer 20-Bond General Obligation Index
Actuarial cost method.....	Entry age normal cost, closed group, level percent of pay
Healthcare cost trend rates.....	5.80% for 2022, fluctuating down to 3.9% by 2075

The basic mortality rates used in this valuation are based on the most recently published report of the Nevada Public Employees Retirement System, dated June 30, 2019, except for a different basis used to project future mortality improvements.

Non-disabled life rates for regular employees:

Males and Females: Headcount-Weighted RP-2014 Healthy Annuitant Table

Disabled life rates for regular employees:

Males and Females: Headcount-Weighted RP-2014 Disabled Retiree Table, set forward 4 years

These rates were then adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2022 on a generational basis from 2020 forward.

Contributions

City contributions to the Plan occur as benefits are paid to retirees. In this PEBP program, the only benefit payments occur in the form of direct payments to PEBP on behalf of currently covered retirees. Contributions to the Plan from the City were \$17,606 for the year ended June 30, 2022 (measurement date June 30, 2021).

OPEB liability

Net OPEB liability

On June 30, 2022, the City reported a net OPEB liability of \$275,038 for PEBP. The net liability was measured as of June 30, 2021, determined by an actuarial valuation as of June 30, 2021. The city makes no contribution to an OPEB trust so the total liability is equal to net liability. There are no assets accumulated in a trust that meet the criteria in GASB 75 (paragraph 4) to pay related benefits. The total OPEB liability as of June 30, 2021 reflects a change in the use of discount rates of 2.21% as of June 30, 2020 and 2.16% as of June 30, 2021. There were no other significant changes of actuarial assumptions. The projections are based on established patterns of practice.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 14 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

OPEB liability discount rate sensitivity

The City's total OPEB liability at June 30, 2022, calculated using the discount rate of 2.16%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current discount rate was as follows:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability - PEBP	\$ 303,469	\$ 275,038	\$ 250,695

OPEB liability healthcare cost trend rates sensitivity

The City's total OPEB liability at June 30, 2022, calculated using the healthcare trend rate of 5.80%, decreasing to 3.90% by 2075, as well as what the City's total OPEB liability would be if it were calculated using a healthcare trend rate that is 1.00% lower or 1.00% higher than the current healthcare trend rate was as follows:

	1% Decrease	Healthcare Trend Rate	1% Increase
Total OPEB liability - PEBP	\$ 252,196	\$ 275,038	\$ 301,060

Changes in the total OPEB liability

Changes in the total OPEB liability for the year ended June 30, 2022 summarized below:

	Total OPEB Liability
Interest cost	\$ 6,297
Difference between actual and expected experience	(9,730)
Changes of assumptions*	2,788
Benefit payments	(18,486)
Net change	(19,131)
Beginning balance	294,169
Ending balance	\$ 275,038

* Change in discount rate from 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021.

OPEB expense

For the year ended June 30, 2022, the City recognized OPEB expense for PEBP of \$(646).

Deferred outflows/inflows of resources related to OPEB

At June 30, 2022, 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
Contributions subsequent to the measurement date	\$ 17,606	\$ -

**CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 14 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

The amount (\$17,606) reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

NOTE 15 INTERFUND TRANSACTIONS

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.

The City had the following transfers for the year ended June 30, 2022:

	Transfer In
Transfer Out	Street Fund
General Fund	\$ 30,000

NOTE 16 CONTINGENT LIABILITIES

The City is a defendant in several lawsuits arising in the normal course of business. In the aggregate, these claims seek monetary damages in significant amounts. A certain claim has been settled by the City but remained unpaid as of June 30, 2022. The claim was agreed to and paid in fiscal year 2023. The City has accrued a liability of \$379,858 in the landfill fund for the payment of this claim, which is shown as a special item on the proprietary funds' statement of revenues, expenses, and changes in net position and the statement of activities. Management estimates the potential remaining claims against the City resulting from such litigation not covered by insurance would not materially affect the financial position of the City.

NOTE 17 SUBSEQUENT EVENTS

The 2015 Fire Station note payable, the 2017 ambulance note payable, and the 2008 Fire Ladder Truck financed purchase were all paid off using the City's existing resources in July and August 2022.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Franchise tax	\$ 179,000	\$ 179,000	\$ 211,813	\$ 32,813
Excise tax	4,000	4,000	631	(3,369)
Total taxes	<u>183,000</u>	<u>183,000</u>	<u>212,444</u>	<u>29,444</u>
Licenses and permits:				
Business licenses	162,000	162,000	177,208	15,208
Animal licenses	1,800	1,800	1,315	(485)
Building permits	50,000	50,000	58,720	8,720
Building - misc.	600	600	2,080	1,480
Excavation permits	2,000	2,000	3,247	1,247
Total licenses and permits	<u>216,400</u>	<u>216,400</u>	<u>242,570</u>	<u>26,170</u>
Intergovernmental revenue:				
Consolidated tax	1,673,194	1,673,194	1,712,297	39,103
Share of county gaming tax	45,000	45,000	49,501	4,501
City/County/Tribal co-op - first responder	6,000	6,000	6,000	-
City/County co-op - public safety	32,319	32,319	32,803	484
City/County co-op - planning	36,983	36,983	37,723	740
City/County co-op - fire services	-	75,000	185,000	110,000
Building department fuel charge	3,000	3,000	2,677	(323)
Grant - CSLFRF	-	1,860,000	2,682,259	822,259
Grant - NDOW	-	-	7,280	7,280
Grant - CCCHP	-	74,690	9,762	(64,928)
Grant - WPC fair and recreation - parks	-	-	5,062	5,062
Grant - Great Basin Heritage	-	20,000	20,000	-
Total intergovernmental revenue	<u>1,796,496</u>	<u>3,826,186</u>	<u>4,750,364</u>	<u>924,178</u>
Charges for services:				
Cemetery charges	25,000	25,000	25,595	595
Work cards	5,000	5,000	4,876	(124)
Fire ambulance service	350,000	350,000	544,222	194,222
Miscellaneous	7,000	7,000	9,900	2,900
Total charges for services	<u>387,000</u>	<u>387,000</u>	<u>584,593</u>	<u>197,593</u>
Fines and forfeitures:				
Court fines	40,000	40,000	56,828	16,828
Evidentiary fee	1,000	1,000	1,556	556
Public defender fee	1,000	1,000	100	(900)
Notice fees	150	150	175	25
Miscellaneous court fees	2,300	2,300	1,781	(519)
Total fines and forfeitures	<u>44,450</u>	<u>44,450</u>	<u>60,440</u>	<u>15,990</u>
Interest earned	5,000	5,000	8,733	3,733
Miscellaneous:				
Rents and leases	47,400	47,400	48,064	664
Donations	-	25,000	25,000	-
Miscellaneous	-	2,000	2,395	395
Total miscellaneous	<u>47,400</u>	<u>74,400</u>	<u>75,459</u>	<u>1,059</u>
Total revenues	<u>\$ 2,679,746</u>	<u>\$ 4,736,436</u>	<u>\$ 5,934,603</u>	<u>\$ 1,198,167</u>

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND (Continued)
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
General government:				
Legislative:				
Mayor and council:				
Salaries and wages	\$ 9,425	\$ 9,575	\$ 9,247	\$ (328)
Employee benefits	3,898	4,098	3,965	(133)
Services, supplies and other	2,813	2,613	2,480	(133)
Total legislative	<u>16,136</u>	<u>16,286</u>	<u>15,692</u>	<u>(594)</u>
Administration:				
City clerk:				
Salaries and wages	33,669	44,469	42,529	(1,940)
Employee benefits	32,685	31,685	28,972	(2,713)
Services, supplies and other	23,520	23,146	22,556	(590)
Total administration	<u>89,874</u>	<u>99,300</u>	<u>94,057</u>	<u>(5,243)</u>
Election:				
Total election	10,500	15,000	7,500	(7,500)
Finance:				
City treasurer:				
Salaries and wages	24,488	26,988	25,726	(1,262)
Employee benefits	13,954	13,954	11,974	(1,980)
Services, supplies and other	64,910	57,540	41,348	(16,192)
Total finance	<u>103,352</u>	<u>98,482</u>	<u>79,048</u>	<u>(19,434)</u>
Total general government	<u>219,862</u>	<u>229,068</u>	<u>196,297</u>	<u>(32,771)</u>
Judicial:				
City court:				
Salaries and wages	77,330	86,330	82,652	(3,678)
Employee benefits	43,400	46,400	41,522	(4,878)
Services, supplies and other	39,329	34,629	28,139	(6,490)
Total city court	<u>160,059</u>	<u>167,359</u>	<u>152,313</u>	<u>(15,046)</u>
City attorney:				
Salaries and wages	-	19,100	18,330	(770)
Employee benefits	-	9,200	8,293	(907)
Services, supplies and other	180,712	119,286	96,634	(22,652)
Total city attorney	<u>180,712</u>	<u>147,586</u>	<u>123,257</u>	<u>(24,329)</u>
Total judicial	<u>340,771</u>	<u>314,945</u>	<u>275,570</u>	<u>(39,375)</u>
Public safety:				
Law enforcement:				
City/County law enforcement contract	668,976	668,976	668,976	-
Fire department:				
Salaries and wages	667,880	712,880	714,194	1,314
Employee benefits	424,490	459,490	403,013	(56,477)
Services, supplies and other	243,848	249,848	181,188	(68,660)
Total fire department	<u>1,336,218</u>	<u>1,422,218</u>	<u>1,298,395</u>	<u>(123,823)</u>
Total public safety	<u>\$ 2,005,194</u>	<u>\$ 2,091,194</u>	<u>\$ 1,967,371</u>	<u>\$ (123,823)</u>

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND (Continued)
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (Continued)				
Public works:				
Engineering:				
Salaries and wages	\$ 7,136	\$ 7,136	\$ 6,338	\$ (798)
Employee benefits	3,197	3,197	3,135	(62)
Services, supplies and other	52,970	51,370	48,641	(2,729)
Total engineering	<u>63,303</u>	<u>61,703</u>	<u>58,114</u>	<u>(3,589)</u>
Building department:				
Salaries and wages	50,000	63,000	60,288	(2,712)
Employee benefits	31,301	26,101	22,549	(3,552)
Services, supplies and other	43,650	22,070	20,262	(1,808)
Total building department	<u>124,951</u>	<u>111,171</u>	<u>103,099</u>	<u>(8,072)</u>
Total public works	<u>188,254</u>	<u>172,874</u>	<u>161,213</u>	<u>(11,661)</u>
Health and sanitation:				
Animal control:				
Salaries and wages	49,554	58,954	55,593	(3,361)
Employee benefits	23,459	31,959	29,684	(2,275)
Services, supplies and other	13,370	41,690	14,953	(26,737)
Total animal control	<u>86,383</u>	<u>132,603</u>	<u>100,230</u>	<u>(32,373)</u>
Cemetery:				
Salaries and wages	56,718	66,418	63,710	(2,708)
Employee benefits	30,385	33,785	30,752	(3,033)
Services, supplies and other	17,810	14,060	11,549	(2,511)
Total cemetery	<u>104,913</u>	<u>114,263</u>	<u>106,011</u>	<u>(8,252)</u>
Total health and sanitation	<u>191,296</u>	<u>246,866</u>	<u>206,241</u>	<u>(40,625)</u>
Culture and recreation:				
Parks department:				
Salaries and wages	56,718	50,718	45,586	(5,132)
Employee benefits	30,385	30,385	28,308	(2,077)
Services, supplies and other	16,010	14,940	15,246	306
Total culture and recreation	<u>103,113</u>	<u>96,043</u>	<u>89,140</u>	<u>(6,903)</u>
Community support:				
Grant - NDOW	-	-	7,280	7,280
Grant - CCCHP	-	74,690	42,271	(32,419)
Grant - WPC fair and recreation - parks	-	-	5,062	5,062
Grant - Great Basin Heritage	-	20,000	20,000	-
Services, supplies and other	6,000	1,866,000	1,268,587	(597,413)
Total community support	<u>6,000</u>	<u>1,960,690</u>	<u>1,343,200</u>	<u>(617,490)</u>
Total expenditures	<u>3,054,490</u>	<u>5,111,680</u>	<u>4,239,032</u>	<u>(872,648)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(374,744)</u>	<u>(375,244)</u>	<u>1,695,571</u>	<u>2,070,815</u>
Other financing sources (uses)				
Sale of capital assets	-	-	3,593	3,593
Transfers out	(30,000)	(30,000)	(30,000)	-
Total other financing sources (uses)	<u>\$ (30,000)</u>	<u>\$ (30,000)</u>	<u>(26,407)</u>	<u>\$ 3,593</u>
Net change in fund balance			1,669,164	
Fund balance, beginning of year			946,364	
Fund balance, end of year			<u>\$ 2,615,528</u>	

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STREETS SPECIAL REVENUE FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental:				
Gas tax 2.35	\$ 123,928	\$ 123,928	\$ 123,927	\$ (1)
Gas tax 1 cent option	31,122	31,122	30,116	(1,006)
Motor vehicle, 1.75 gas tax	13,630	13,630	13,155	(475)
County contribution	22,540	22,540	22,540	-
Public transit fund	161,500	161,500	96,914	(64,586)
Regional transportation commission	409,250	1,174,987	749,091	(425,896)
	<u>761,970</u>	<u>1,527,707</u>	<u>1,035,743</u>	<u>(491,964)</u>
Total intergovernmental				
Other revenues:				
Miscellaneous	-	-	879	879
Grants and donations	20,000	20,000	20,000	-
	<u>20,000</u>	<u>20,000</u>	<u>20,879</u>	<u>879</u>
Total other revenues				
	<u>20,000</u>	<u>20,000</u>	<u>20,879</u>	<u>879</u>
Total revenues	<u>781,970</u>	<u>1,547,707</u>	<u>1,056,622</u>	<u>(491,085)</u>
Expenditures				
Highways and streets:				
Salaries and wages	161,392	161,392	163,463	2,071
Employee benefits	80,794	80,794	86,615	5,821
Service, supplies, and other	574,100	1,339,837	852,030	(487,807)
	<u>816,286</u>	<u>1,582,023</u>	<u>1,102,108</u>	<u>(479,915)</u>
Total highways and streets				
	<u>816,286</u>	<u>1,582,023</u>	<u>1,102,108</u>	<u>(479,915)</u>
Total expenditures	<u>816,286</u>	<u>1,582,023</u>	<u>1,102,108</u>	<u>(479,915)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(34,316)</u>	<u>(34,316)</u>	<u>(45,486)</u>	<u>(11,170)</u>
Other financing sources (uses)				
Transfers in	30,000	30,000	30,000	-
	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Total other financing sources (uses)	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>30,000</u>	<u>\$ -</u>
Net change in fund balance			(15,486)	
Fund balance, beginning of year			41,865	
Fund balance, end of year			<u>\$ 26,379</u>	

CITY OF ELY, NEVADA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA
June 30, 2022
Last 10 Measurement Dates*

Measurement Date: June 30,

Proportion of the net pension liability (asset)

2014	0.0229260%
2015	0.0286300%
2016	0.0297730%
2017	0.0274100%
2018	0.0285600%
2019	0.0218500%
2020	0.0270200%
2021	0.0255000%

Proportionate share of the net pension liability (asset)

2014	\$	2,389,345
2015		3,281,185
2016		4,006,645
2017		3,645,398
2018		3,894,278
2019		2,979,213
2020		3,763,953
2021		2,325,748

Covered payroll

2014	\$	1,343,720
2015		1,457,944
2016		1,555,932
2017		1,617,055
2018		1,727,881
2019		1,398,423
2020		1,734,858
2021		1,575,956

Proportionate share of the net pension liability (asset) as a percentage of its covered payroll

2014	177.82%
2015	225.06%
2016	257.51%
2017	225.43%
2018	225.38%
2019	213.04%
2020	216.96%
2021	147.58%

Plan fiduciary net position as a percentage of the total pension liability (asset)

2014	76.31%
2015	75.10%
2016	72.20%
2017	72.23%
2018	75.24%
2019	76.46%
2020	77.04%
2021	86.51%

* The 10-year schedule will be built prospectively. The schedule above is only for the years listed.

CITY OF ELY, NEVADA
SCHEDULE OF CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA
June 30, 2022
Last 10 Year Ends*

For the year ended June 30,

Actuarial Determined Contributions

2015	\$	220,982
2016		252,435
2017		246,365
2018		264,906
2019		210,325
2020		281,621
2021		266,412
2022		307,308

Contributions in relation to the contractually required Contributions

2015	\$	220,982
2016		252,435
2017		246,365
2018		264,906
2019		210,325
2020		281,621
2021		266,412
2022		307,308

Contribution deficiency (excess)

2015	\$	-
2016		-
2017		-
2018		-
2019		-
2020		-
2021		-
2022		-

Covered payroll

2015	\$	1,457,944
2016		1,555,932
2017		1,617,055
2018		1,727,881
2019		1,398,423
2020		1,734,858
2021		1,575,956
2022		1,822,342

Contributions as a percentage of covered payroll

2015	15.16%
2016	16.22%
2017	15.24%
2018	15.33%
2019	15.04%
2020	16.23%
2021	16.90%
2022	16.86%

* The 10-year schedule will be built prospectively. The schedule above is only for the years listed.

CITY OF ELY, NEVADA
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
AND RELATED RATIOS
NEVADA PUBLIC EMPLOYEES' BENEFITS PROGRAM
June 30, 2022
Last 10 Year Ends*

Total OPEB liability	2022	2021	2020	2019	2018
Interest cost	\$ 6,297	\$ 9,139	\$ 9,413	\$ 9,181	\$ 8,217
Difference between actual and expected experience	(9,730)	-	(5,820)	-	-
Changes of assumptions	2,788	34,111	31,795	(8,091)	(18,114)
Benefit payments	(18,486)	(18,881)	(17,635)	(18,275)	(18,349)
Net change in total OPEB liability	(19,131)	24,369	17,753	(17,185)	(28,246)
Total OPEB liability, beginning	<u>294,169</u>	<u>269,800</u>	<u>252,047</u>	<u>269,232</u>	<u>297,478</u>
Total OPEB liability, ending	<u>\$ 275,038</u>	<u>\$ 294,169</u>	<u>\$ 269,800</u>	<u>\$ 252,047</u>	<u>\$ 269,232</u>
Covered-employee payroll**	\$ -	\$ -	\$ -	\$ -	\$ -
Total OPEB liability as a percentage of covered-employee payroll**	0.00%	0.00%	0.00%	0.00%	0.00%

* The 10-year schedule will be built prospectively. The schedule above is only for the years listed.

** The Public Employee Benefit Program is a closed plan with no current covered employees.

CITY OF ELY, NEVADA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 EXPENDITURES IN EXCESS OF BUDGET

The City had no departments in the General Fund and no other governmental funds with expenditures in excess of budgeted amounts for the year ended June 30, 2022. The landfill fund incurred expenses of \$28,331 more than budgeted appropriations.

NOTE 2 PUBLIC EMPLOYEES' RETIREMENT SYSTEM

There were no changes in the pension benefit plan terms or actuarial methods. The assumed inflation rate decreased from 2.75% to 2.50% and the investment rate of return decreased from 7.5% to 7.25% for use in the June 30, 2021 actuarial valuation. Mortality tables also changed to those described in note 9 of the financial statements.

NOTE 3 OTHER POST EMPLOYMENT BENEFITS

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.

Plan assets

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

SUPPLEMENTARY INFORMATION

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Ad valorem taxes	\$ 45,000	\$ 45,000	\$ 45,566	\$ 566
Net proceeds of mines	-	-	38,980	38,980
Room tax	<u>165,000</u>	<u>165,000</u>	<u>247,028</u>	<u>82,028</u>
Total taxes	210,000	210,000	331,574	121,574
Interest income	<u>60</u>	<u>60</u>	<u>81</u>	<u>21</u>
Total revenues	<u>210,060</u>	<u>210,060</u>	<u>331,655</u>	<u>121,595</u>
Expenditures				
Debt service:				
Principal	20,706	20,706	20,636	(70)
Interest	9,030	9,030	9,100	70
Capital outlay	<u>244,777</u>	<u>244,777</u>	<u>156,604</u>	<u>(88,173)</u>
Total expenditures	<u>\$ 274,513</u>	<u>\$ 274,513</u>	<u>186,340</u>	<u>\$ (88,173)</u>
Net change in fund balance			145,315	
Fund balance, beginning of year			<u>1,071,242</u>	
Fund balance, end of year			<u>\$ 1,216,557</u>	

**CITY OF ELY, NEVADA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022**

	<u>Special Revenue Funds</u>								
	<u>Beautification</u>	<u>Court Assessment</u>	<u>Court Collection Fee</u>	<u>Court Facility Fee Assessment</u>	<u>Fire Protection and Street Improvements</u>	<u>Ely City Redevelopment District</u>	<u>Revolving Loan</u>	<u>Victim Impact Panel</u>	<u>Total Nonmajor Governmental</u>
Assets									
Cash and cash equivalents	\$ 310	\$ -	\$ -	\$ -	\$ 175,959	\$ -	\$ 42,037	\$ -	\$ 218,306
Accounts receivable	-	-	-	-	25,128	-	-	-	25,128
Due from other governments	-	-	-	-	-	51	-	-	51
Notes receivable	-	-	-	-	-	26,795	65,261	-	92,056
Restricted cash and cash equivalents	-	20,571	33,098	79,111	-	422,766	-	6,896	562,442
Total assets	<u>\$ 310</u>	<u>\$ 20,571</u>	<u>\$ 33,098</u>	<u>\$ 79,111</u>	<u>\$ 201,087</u>	<u>\$ 449,612</u>	<u>\$ 107,298</u>	<u>\$ 6,896</u>	<u>\$ 897,983</u>
Liabilities									
Accounts payable	\$ -	\$ 2,039	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,039
Accrued liabilities	-	5,241	-	-	-	-	-	-	5,241
Total liabilities	<u>-</u>	<u>7,280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,280</u>
Fund balances									
Restricted for:									
Other purposes	-	13,291	33,098	79,111	-	449,612	-	6,896	582,008
Committed to:									
Capital outlay	-	-	-	-	201,087	-	-	-	201,087
Other purposes	310	-	-	-	-	-	107,298	-	107,608
Total fund balances	<u>310</u>	<u>13,291</u>	<u>33,098</u>	<u>79,111</u>	<u>201,087</u>	<u>449,612</u>	<u>107,298</u>	<u>6,896</u>	<u>890,703</u>
Total liabilities and fund balances	<u>\$ 310</u>	<u>\$ 20,571</u>	<u>\$ 33,098</u>	<u>\$ 79,111</u>	<u>\$ 201,087</u>	<u>\$ 449,612</u>	<u>\$ 107,298</u>	<u>\$ 6,896</u>	<u>\$ 897,983</u>

CITY OF ELY, NEVADA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	Special Revenue Funds								Total Nonmajor Governmental
	Beautification	Court Assessment	Court Collection Fee	Court Facility Fee Assessment	Fire Protection and Street Improvements	Ely City Redevelopment District	Revolving Loan	Victim Impact Panel	
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 105,842	\$ 83,459	\$ -	\$ -	\$ 189,301
Charges for services	-	2,544	2,169	3,238	-	-	-	25	7,976
Interest income	-	-	-	-	38	199	586	-	823
Total revenues	<u>-</u>	<u>2,544</u>	<u>2,169</u>	<u>3,238</u>	<u>105,880</u>	<u>83,658</u>	<u>586</u>	<u>25</u>	<u>198,100</u>
Expenditures									
Current:									
Judicial	-	-	294	20,169	-	-	-	-	20,463
Public safety	-	-	-	-	29,703	-	-	-	29,703
Community support and development	-	-	-	-	-	53,331	-	-	53,331
Debt service:									
Principal	-	-	-	-	43,840	-	-	-	43,840
Interest	-	-	-	-	5,471	-	-	-	5,471
Total expenditures	<u>-</u>	<u>-</u>	<u>294</u>	<u>20,169</u>	<u>79,014</u>	<u>53,331</u>	<u>-</u>	<u>-</u>	<u>152,808</u>
Net change in fund balances	<u>-</u>	<u>2,544</u>	<u>1,875</u>	<u>(16,931)</u>	<u>26,866</u>	<u>30,327</u>	<u>586</u>	<u>25</u>	<u>45,292</u>
Fund balance, beginning of year	<u>310</u>	<u>10,747</u>	<u>31,223</u>	<u>96,042</u>	<u>174,221</u>	<u>419,285</u>	<u>106,712</u>	<u>6,871</u>	<u>845,411</u>
Fund balance, end of year	<u>\$ 310</u>	<u>\$ 13,291</u>	<u>\$ 33,098</u>	<u>\$ 79,111</u>	<u>\$ 201,087</u>	<u>\$ 449,612</u>	<u>\$ 107,298</u>	<u>\$ 6,896</u>	<u>\$ 890,703</u>

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT ASSESSMENT SPECIAL REVENUE FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services:				
Assessment fees	\$ 5,000	\$ 5,000	\$ 2,544	\$ (2,456)
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>2,544</u>	<u>(2,456)</u>
Expenditures				
Judicial:				
Services, supplies, and other	13,000	13,000	-	(13,000)
Total expenditures	<u>\$ 13,000</u>	<u>\$ 13,000</u>	<u>-</u>	<u>\$ (13,000)</u>
Net change in fund balance			2,544	
Fund balance, beginning of year			<u>10,747</u>	
Fund balance, end of year			<u>\$ 13,291</u>	

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT COLLECTION FEE SPECIAL REVENUE FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services:				
Assessment fees	\$ 2,000	\$ 2,000	\$ 2,169	\$ 169
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>2,169</u>	<u>169</u>
Expenditures				
Judicial:				
Services, supplies, and other	25,000	25,000	294	(24,706)
Total expenditures	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>294</u>	<u>\$ (24,706)</u>
Net change in fund balance			1,875	
Fund balance, beginning of year			<u>31,223</u>	
Fund balance, end of year			<u>\$ 33,098</u>	

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT FACILITY FEE ASSESSMENT SPECIAL REVENUE FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services:				
Assessment fees	\$ 3,000	\$ 3,000	\$ 3,238	\$ 238
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>3,238</u>	<u>238</u>
Expenditures				
Judicial:				
Services, supplies, and other	<u>95,000</u>	<u>95,000</u>	<u>20,169</u>	<u>(74,831)</u>
Total expenditures	<u>\$ 95,000</u>	<u>\$ 95,000</u>	<u>20,169</u>	<u>\$ (74,831)</u>
Net change in fund balance			(16,931)	
Fund balance, beginning of year			<u>96,042</u>	
Fund balance, end of year			<u>\$ 79,111</u>	

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FIRE PROTECTION/STREET IMPROVEMENT SPECIAL REVENUE FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Franchise fees	\$ 98,000	\$ 98,000	\$ 105,842	\$ 7,842
Interest income	40	40	38	(2)
Total revenues	<u>98,040</u>	<u>98,040</u>	<u>105,880</u>	<u>7,840</u>
Expenditures				
Public safety:				
Services, supplies, and other	30,888	30,888	29,703	(1,185)
Debt service:				
Principal	43,840	43,840	43,840	-
Interest	5,471	5,471	5,471	-
Total expenditures	<u>\$ 80,199</u>	<u>\$ 80,199</u>	<u>79,014</u>	<u>\$ (1,185)</u>
Net change in fund balance			26,866	
Fund balance, beginning of year			<u>174,221</u>	
Fund balance, end of year			<u>\$ 201,087</u>	

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ELY REDEVELOPMENT DISTRICT SPECIAL REVENUE FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Ad valorem taxes	\$ 90,000	\$ 90,000	\$ 83,459	\$ (6,541)
Interest income	8,240	8,240	199	(8,041)
Total revenues	<u>98,240</u>	<u>98,240</u>	<u>83,658</u>	<u>(14,582)</u>
Expenditures				
Community support and development:				
Services, supplies, and other	100,750	100,750	53,331	(47,419)
Total expenditures	<u>\$ 100,750</u>	<u>\$ 100,750</u>	<u>53,331</u>	<u>\$ (47,419)</u>
Net change in fund balance			30,327	
Fund balance, beginning of year			<u>419,285</u>	
Fund balance, end of year			<u>\$ 449,612</u>	

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
REVOLVING LOAN SPECIAL REVENUE FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest income	\$ 12,504	\$ 12,504	\$ 586	\$ (11,918)
Other revenues:				
Donations	-	-	-	-
Total revenues	<u>12,504</u>	<u>12,504</u>	<u>586</u>	<u>(11,918)</u>
Expenditures				
Community support and development:				
Services, supplies, and other	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Total expenditures	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>-</u>	<u>\$ (10,000)</u>
Net change in fund balance			586	
Fund balance, beginning of year			<u>106,712</u>	
Fund balance, end of year			<u>\$ 107,298</u>	

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
VICTIM IMPACT PANEL SPECIAL REVENUE FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services:				
Victim impact panel	\$ 50	\$ 50	\$ 25	\$ (25)
Total revenues	<u>50</u>	<u>50</u>	<u>25</u>	<u>(25)</u>
Expenditures				
Judicial:				
Services, supplies, and other	6,000	6,000	-	(6,000)
Total expenditures	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>-</u>	<u>\$ (6,000)</u>
Net change in fund balance			25	
Fund balance, beginning of year			<u>6,871</u>	
Fund balance, end of year			<u>\$ 6,896</u>	

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
WATER FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues				
Charges for services:				
Water sales	\$ 1,291,175	\$ 1,291,175	\$ 1,319,652	\$ 28,477
Connection fees	5,700	5,700	4,410	(1,290)
Total operating revenues	<u>1,296,875</u>	<u>1,296,875</u>	<u>1,324,062</u>	<u>27,187</u>
Operating expenses				
Salaries and wages	290,070	295,070	318,207	23,137
Employee benefits	166,798	166,798	87,574	(79,224)
Services, supplies, and other	454,423	449,423	356,277	(93,146)
Depreciation and amortization	360,000	360,000	303,643	(56,357)
Total operating expenses	<u>1,271,291</u>	<u>1,271,291</u>	<u>1,065,701</u>	<u>(205,590)</u>
Nonoperating revenues (expenses)				
Interest income	3,000	3,000	3,220	220
Rent income - Georgetown Ranch	12,744	12,744	10,487	(2,257)
Miscellaneous income	17,000	17,000	30,593	13,593
System obligation fee income	1,750	1,750	25,375	23,625
NDOT engineering reimbursement	-	-	41,729	41,729
Quadra mining revenues	400,000	400,000	205,421	(194,579)
Interest expense	(34,078)	(34,078)	(33,937)	141
Quadra mining expense	(400,000)	(400,000)	(205,421)	194,579
Total nonoperating revenues (expenses)	<u>\$ 416</u>	<u>\$ 416</u>	<u>77,467</u>	<u>\$ 77,051</u>
Change in net position			335,828	
Net position, beginning of year			<u>10,330,589</u>	
Net position, end of year			<u>\$ 10,666,417</u>	

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
SANITATION FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues				
Charges for services:				
Sewer fees	\$ 1,132,308	\$ 1,132,308	\$ 1,147,722	\$ 15,414
Testing revenues	10,000	10,000	8,094	(1,906)
Total operating revenues	<u>1,142,308</u>	<u>1,142,308</u>	<u>1,155,816</u>	<u>13,508</u>
Operating expenses				
Salaries and wages	225,062	266,062	259,889	(6,173)
Employee benefits	116,897	134,897	93,408	(41,489)
Services, supplies, and other	769,661	710,661	389,954	(320,707)
Depreciation and amortization	240,000	240,000	255,781	15,781
Total operating expenses	<u>1,351,620</u>	<u>1,351,620</u>	<u>999,032</u>	<u>(352,588)</u>
Nonoperating revenues (expenses)				
Interest income	3,500	3,500	4,156	656
Miscellaneous income	1,200	1,200	12,656	11,456
System obligation fee income	3,500	3,500	25,375	21,875
NDOT engineering reimbursement	-	-	27,854	27,854
Grant - CDBG	-	-	10,190	10,190
Interest expense	(64,239)	(64,239)	(64,238)	1
Total nonoperating revenues (expenses)	<u>\$ (56,039)</u>	<u>\$ (56,039)</u>	<u>15,993</u>	<u>\$ 72,032</u>
Change in net position			172,777	
Net position, beginning of year			<u>7,630,327</u>	
Net position, end of year			<u>\$ 7,803,104</u>	

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
LANDFILL FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues				
Charges for services	\$ 1,173,280	\$ 1,173,280	\$ 1,163,151	\$ (10,129)
Total operating revenues	<u>1,173,280</u>	<u>1,173,280</u>	<u>1,163,151</u>	<u>(10,129)</u>
Operating expenses				
Salaries and wages	411,349	411,349	367,633	(43,716)
Employee benefits	259,910	259,910	89,118	(170,792)
Services, supplies, and other	506,250	506,250	303,453	(202,797)
Landfill closure/post closure costs	51,000	51,000	135,472	84,472
Depreciation and amortization	98,000	98,000	79,306	(18,694)
Total operating expenses	<u>1,326,509</u>	<u>1,326,509</u>	<u>974,982</u>	<u>(351,527)</u>
Nonoperating revenues (expenses)				
Interest income	8,000	8,000	7,325	(675)
Miscellaneous income	103,600	103,600	166,843	63,243
Total nonoperating revenues (expenses)	<u>111,600</u>	<u>111,600</u>	<u>174,168</u>	<u>62,568</u>
Net income before special item			362,337	
Special item - lawsuit settlement	<u>\$ -</u>	<u>\$ -</u>	(379,858)	<u>\$ (379,858)</u>
Change in net position			(17,521)	
Net position, beginning of year			<u>2,764,853</u>	
Net position, end of year			<u>\$ 2,747,332</u>	

COMPLIANCE SECTION



CERTIFIED PUBLIC
ACCOUNTANTS

Gary K. Keddington, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and
Members of the City Council
City of Ely, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Governmental 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 Ely, Nevada (the City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 30, 2022.

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 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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 have not been identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and recommendations as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Ely, Nevada's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and recommendations. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KYC, CPA₂

Salt Lake City, Utah

November 30, 2022



CERTIFIED PUBLIC
ACCOUNTANTS

Gary K. Keddington, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

**INDEPENDENT AUDITOR'S REPORT
IN ACCORDANCE WITH THE PROVISIONS OF
NEVADA REVISED STATUTES 354.624**

Honorable Mayor and
Members of the City Council
City of Ely, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Ely, Nevada (the City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 30, 2022. As required by Nevada Revised Statutes (NRS) 354.624, we have performed certain procedures as required by the statute.

Management's Responsibility

Management is responsible for compliance with the statute referred to above and the requirements of laws, regulations, contracts, and grants applicable to its funds. Management is also responsible for the financial statements and schedules required by the statute referred to above.

Auditor's Responsibility

Our responsibility is to obtain representation from management regarding the use of its funds and to determine that certain schedules and information required by the statute referred to above are included in the financial statements.

Audit Inclusions Required by Nevada Revised Statutes 354.624

In accordance with NRS 354.624, the financial statement includes a schedule of all fees imposed by the local government, budgetary comparison schedules, and whether prior year findings have been resolved. We have applied certain limited procedures to the audit inclusions required by the statute referred to above, 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.

Funds Established by the Local Government

In accordance with NRS 354.624, we have obtained representation from the City's management in a representation letter addressed to us dated November 30, 2022, of the following:

For each enterprise fund, internal service fund, fiduciary fund, self-insurance fund, and all other funds as required by NRS 354.624, the City has indicated for each fund:

- (a) That the fund is being used in accordance with the provision of this chapter of the Nevada Revised Statutes,
- (b) That the fund is being administered in accordance with generally accepted accounting principles,
- (c) That the reserve in the fund is limited to an amount that is reasonable and necessary to carry out the purposes of the fund,
- (d) The sources of revenues available for the fund during the fiscal year, including transfers from any other funds,
- (e) The statutory and regulatory requirements applicable to the fund, and
- (f) The balance and retained earnings of the fund.

The representations are management's representations and, accordingly, we do not express an opinion or provide any assurance on the information provided by management.

Noncompliance

The results of our limited procedures disclosed one instance of noncompliance, which is required to be reported in accordance with NRS 354.624, and which are described in the accompanying schedule of findings and recommendations as finding 2022-001. Our findings do not constitute a legal determination for the City's compliance or noncompliance with State requirements.

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

Purpose of Report

The purpose of this report is solely to describe the scope and procedures performed in accordance with NRS 354.624. Accordingly, this report is not suitable for any other purpose.

KYC, CPA₁

Salt Lake City, Utah
November 30, 2022

CITY OF ELY, NEVADA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2022

INTERNAL CONTROL OVER FINANCIAL REPORTING

2021-001: Financial Close Procedures – Material Weakness – Reworded and Reissued

Condition: During our audit we noted several areas of the financial statements required material adjustments to bring them into compliance with generally accepted accounting principles as they relate to governmental entities.

Criteria: Nevada Revised Statutes (NRS) 354.612.2 states: “Financial statements and other schedules required for funds must be prepared in accordance with generally accepted accounting principles.” Additionally, auditing standards indicate that the identification by the auditor of material misstatements in the financials may be a material weakness.

Cause: Adjustments determined to be material were not identified by the City’s internal controls. A list of adjustments is available from City management.

Effect: The failure of the City’s internal controls led to certain accounts being materially misstated before adjustments were made during the audit.

Recommendation: We recommend City staff prepare reconciliations for all significant balance sheet accounts in preparation of closing out the fiscal year. We also recommend the City implement policies or procedures to ensure the City’s records are prepared in accordance with generally accepted accounting principles.

Management’s Response: The City agrees and will review and update its process on the procedures to reconcile these accounts.

STATE COMPLIANCE

2022-001: Budgetary Compliance

Condition: During our test work, it was noted that for the year ended June 30, 2022, the City’s landfill fund spent \$28,331 more than budgeted appropriations for the fund.

Criteria: NRS 354.626.1 states: “No governing body or member thereof, officer, office, department or agency may, during any fiscal year, expend or contract to expend any money or incur any liability, or enter into any contract which by its terms involves the expenditure of money, in excess of the amounts appropriated for that function [or fund] ...”

Cause: The landfill fund accrued a liability related to the settlement of a lawsuit that was not included in the budgeted appropriations for the fund.

Effect: The City was out of compliance with state law.

Recommendation: We recommend the City inform the State of Nevada of this unexpected accrual.

Management’s Response: The City agrees and will inform the State of Nevada Taxation as soon as any unexpected accruals are known.

CITY OF ELY, NEVADA
SCHEDULE OF FEES IMPOSED SUBJECT TO THE PROVISION OF NEVADA
REVISED STATUTES 354.5989: LIMITATION ON FEES FOR BUSINESS LICENSES
For the Year Ended June 30, 2022

Flat Fixed Fees:

Business license revenue adjusted base at June 30, 2021	\$ 225,074
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Adjustment to base:

1. Percentage decrease in population of the local government	-2.75%	
2. Percentage increase in the Consumer Price Index for the year ending on December 31, next preceding the year for which the limit is being calculated	<u>6.40%</u>	<u>3.65%</u>

Increase in base		<u>8,213</u>
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Adjusted base at June 30, 2022		<u>233,287</u>
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Actual revenue		<u>154,923</u>
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Amount over (under) allowable amount		<u><u>\$ (78,364)</u></u>
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