

CITY OF ELY, NEVADA

FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

Together with Independent Auditor's Report

**CITY OF ELY, NEVADA
TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Balance Sheet – Governmental Funds	12
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Net Position – Proprietary Funds	16
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds	19
Notes to the Financial Statements	20
Required Supplementary Information:	
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund.....	44
Streets Special Revenue Fund.....	47
Schedule of the Proportionate Share of the Net Pension Liability – Public Employees' Retirement System of Nevada	48
Schedule of Contributions – Public Employees' Retirement System of Nevada.....	49
Schedule of Changes in the Total OPEB Liability and Related Ratios – Nevada Public Employees' Benefits Program.....	50
Notes to the Required Supplementary Information.....	51

**CITY OF ELY, NEVADA
TABLE OF CONTENTS**

Supplementary Information:

Schedules of Revenues, Expenditures and Changes in Fund	
Balances – Budget and Actual – Capital Projects Fund	52
Combining Balance Sheet – Nonmajor Governmental Funds	53
Combining Statement of Revenues, Expenditures and Changes in Fund	
Balances – Nonmajor Governmental Funds	54
Nonmajor Governmental Fund Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Court Assessment Special Revenue Fund.....	55
Court Collection Fee Special Revenue Fund	56
Court Facility Fee Special Revenue Fund.....	57
Fire Protection/Street Improvement Special Revenue Fund	58
Ely Redevelopment District Special Revenue Fund	59
Revolving Loan Special Revenue Fund.....	60
Victim Impact Panel Special Revenue Fund.....	61
Major Proprietary Fund Schedules of Revenues, Expenses and Changes in Net Position – Budget and Actual:	
Water Fund	62
Sanitation Fund	63
Landfill Fund	64

Compliance Section

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	65
Independent Auditor’s Report in Accordance with the Provisions of Nevada Revised Statutes 354.624	67
Schedule of Findings and Recommendations	69
Schedule of Fees Imposed Subject to the Provision of Nevada Revised Statutes 354.5989: Limitation on Fees for Business Licenses.....	70

Single Audit Section

Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	71
Schedule of Expenditures of Federal Awards	73
Notes to the Schedule of Expenditures of Federal Awards	74
Schedule of Findings and Questioned Costs	75



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ely, Nevada as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Ely, Nevada's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type-activities, each major fund, and the aggregate remaining fund information of the City of Ely, Nevada as of June 30, 2021, 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.

Other Matters

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, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ely, Nevada's basic financial statements. The 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. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Report Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2021, on our consideration of the City of Ely, Nevada'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 of Ely, Nevada'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 of Ely, Nevada's internal control over financial reporting and compliance.

Keddington & Christensen, LLC

Salt Lake City, Utah
November 30, 2021

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, 2021.

Financial Highlights

- The assets of the City of Ely exceeded its liabilities and deferred inflows, at June 30, 2021, by \$27,613,275 (net position). Of this amount, \$6,048,363 (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 \$1,813,160. The City's enterprise funds net position increased by \$1,335,626. The governmental fund net position increased by \$477,534.
- As of June 30, 2021, the City of Ely's governmental funds reported combined ending fund balances of \$2,904,822, with \$774,261 being available for spending at the City's discretion (unassigned fund balance).
- As of June 30, 2021, unassigned fund balance in the general fund was \$774,261, or 24.6% 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 exceeded liabilities and deferred inflows by \$27,613,275 at June 30, 2021, versus \$25,800,115 at June 30, 2020, an increase of \$1,813,160 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	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 3,069,066	\$ 2,843,664	\$ 15,344,890	\$ 11,180,883	\$ 18,413,956	\$ 14,024,547
Capital assets	4,767,441	4,662,889	12,280,884	14,833,606	17,048,325	19,496,495
Total assets	<u>7,836,507</u>	<u>7,506,553</u>	<u>27,625,774</u>	<u>26,014,489</u>	<u>35,462,281</u>	<u>33,521,042</u>
Total deferred outflows of resources	700,584	474,346	572,669	395,293	1,273,253	869,639
Long-term liabilities outstanding	448,920	2,171,081	2,123,964	904,845	2,572,884	3,075,926
Other liabilities	2,402,843	478,438	3,241,500	3,896,186	5,644,343	4,374,624
Total liabilities	<u>2,851,763</u>	<u>2,649,519</u>	<u>5,365,464</u>	<u>4,801,031</u>	<u>8,217,227</u>	<u>7,450,550</u>
Total deferred inflows of resources	497,822	621,408	407,210	518,608	905,032	1,140,016
Net position:						
Net investment in capital assets	4,050,495	4,222,363	12,985,096	12,691,677	17,035,591	16,914,040
Restricted	727,672	943,392	3,801,649	3,375,891	4,529,321	4,319,283
Unrestricted	409,339	(455,783)	5,639,024	5,022,575	6,048,363	4,566,792
Total net position	<u>\$ 5,187,506</u>	<u>\$ 4,709,972</u>	<u>\$ 22,425,769</u>	<u>\$ 21,090,143</u>	<u>\$ 27,613,275</u>	<u>\$ 25,800,115</u>

The largest portion of the City of Ely's net position (61.7%) 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 resources 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 16.4% 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 (21.9%) 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	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 1,068,480	\$ 1,253,079	\$ 3,649,241	\$ 3,637,232	\$ 4,717,721	\$ 4,890,311
Operating grants and contributions	502,272	238,149	318,799	-	821,071	238,149
Capital grants and contributions	549,213	498,719	672,615	251,756	1,221,828	750,475
General revenues:						
Consolidated taxes	1,685,857	1,490,403	-	-	1,685,857	1,490,403
Fuel taxes	169,718	161,780	-	-	169,718	161,780
Room taxes	315,568	258,225	-	-	315,568	258,225
Share of county gaming tax	47,565	30,533	-	-	47,565	30,533
Property taxes	192,576	139,772	-	-	192,576	139,772
Franchise taxes	179,706	177,712	-	-	179,706	177,712
Excise tax	9,285	-	-	-	9,285	-
Loss on sale of assets	(23,679)	-	-	-	(23,679)	-
Investment earnings	8,767	5,295	15,546	16,144	24,313	21,439
Total revenues	4,705,328	4,253,667	4,656,201	3,905,132	9,361,529	8,158,799
Expenses:						
General government	192,616	220,965	-	-	192,616	220,965
Judicial	285,658	300,503	-	-	285,658	300,503
Public safety	1,843,592	1,802,512	-	-	1,843,592	1,802,512
Public works	187,524	228,816	-	-	187,524	228,816
Health and sanitation	187,949	158,038	-	-	187,949	158,038
Culture and recreation	122,847	87,348	-	-	122,847	87,348
Community support	566,078	2,420	-	-	566,078	2,420
Highways and streets	841,530	584,753	-	-	841,530	584,753
Water	-	-	1,375,529	1,288,962	1,375,529	1,288,962
Sewer	-	-	962,677	989,668	962,677	989,668
Landfill	-	-	982,369	934,337	982,369	934,337
Total expenses	4,227,794	3,385,355	3,320,575	3,212,967	7,548,369	6,598,322
Increase (Decrease) in net position	477,534	868,312	1,335,626	692,165	1,813,160	1,560,477
Net position - beginning of year	4,709,972	3,995,683	21,090,143	20,397,978	25,800,115	24,393,661
Prior period adjustment	-	(154,023)	-	-	-	(154,023)
Net position - end of year	\$ 5,187,506	\$ 4,709,972	\$ 22,425,769	\$ 21,090,143	\$ 27,613,275	\$ 25,800,115

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 22.7% of total governmental revenues. The remaining program costs were financed from grants and general revenues. The largest general revenue source is consolidated taxes of \$1,685,857 which provided 35.8% 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

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

CITY OF ELY, NEVADA MANAGEMENT'S DISCUSSION AND ANALYSIS

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 \$2,904,882; \$774,261 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 \$774,261. 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 24.6% of total general fund expenditures.

The fund balance of the general fund increased by \$254,304 during the current year. This was a favorable difference of \$607,543 when compared to the budgeted decrease of \$353,239.

The major revenue sources of the general fund are intergovernmental revenues (\$2,481,694) which represent 73.1% of the general fund's revenues. The intergovernmental revenues include consolidated tax (CTX), sales, liquor, cigarette and motor vehicle taxes and grants.

The major general fund expenditures are for public safety, which are 56.6% (\$1,775,136) of total general fund expenditures. The public safety expenditures included \$1,190,444 for Fire Department operations, and \$584,692 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 an increase in fund balance of \$12,881.
- *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 (\$315,568) 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 \$79,587 (6.8%). The increase was due primarily to rate increases. Operating expenses increased 7.9% (\$79,246) for the year. The change in net position for the year was an increase of \$259,471.
- *Sanitation Fund.* The City's sewer fund operating revenue increased by \$40,088 (3.8%) due primarily to rate increases. Operating expenses decreased by 2.7% (\$25,107) for the year. The change in net position for the year was an increase of \$835,543.
- *Sanitary Landfill Fund.* The City's landfill fund operating revenue decreased by \$19,944 (1.8%) due primarily to normal activity. Operating expenses increased by 5.1% (\$48,032) for the year. The fund had an

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

increase in net position for the year of \$240,612. 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, 2021.

Budgetary Highlights

The General Fund’s legal level of budgetary control is the function level. The budget for expenditure appropriation for the year was \$3,311,490. Actual expenditures were \$175,686 less than the final budget. No functions of the general fund were over budget for the year ended June 30, 2021.

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, 2021, amounts to \$19,885,825, 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	
	2021	2020	2021	2020	2021	2020
Land	\$ 258,052	\$ 275,931	\$ 1,840,478	\$ 1,840,478	\$ 2,098,530	\$ 2,116,409
Construction in progress	-	-	1,038,822	273,744	1,038,822	273,744
Streets	1,055,694	1,160,095	-	-	1,055,694	1,160,095
Flood control	114,759	124,214	-	-	114,759	124,214
Improvements	467,986	516,620	11,458,308	11,827,709	11,926,294	12,344,329
Buildings	1,187,663	1,214,468	248,741	371,167	1,436,404	1,585,635
Vehicles and equipment	1,683,287	1,371,561	532,035	478,708	2,215,322	1,850,269
Total	\$ 4,767,441	\$ 4,662,889	\$ 15,118,384	\$ 14,791,806	\$ 19,885,825	\$ 19,454,695

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

Governmental activities:		Buisness-type activities:	
Ambulance	\$ 213,706	Murry Street Sewer --	
Public safety equipment	269,706	Construction in progress	\$ 703,443

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 \$2,446,760. Of this amount, the governmental activities had \$378,483 outstanding and the business-type activities \$2,068,277. These amounts are not considered general obligation debt. The debts are revenue bonds, notes payable, and a capital lease.

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

City of Ely's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenue bonds payable	\$ -	\$ -	\$ 2,068,277	\$ 2,141,929	\$ 2,068,277	\$ 2,141,929
Notes payable	304,537	339,118	-	-	304,537	339,118
Capital lease	73,946	101,408	-	-	73,946	101,408
Total	\$ 378,483	\$ 440,526	\$ 2,068,277	\$ 2,141,929	\$ 2,446,760	\$ 2,582,455

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 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, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,892,628	\$ 6,619,866	\$ 8,512,494
Accounts receivable, net	33,670	326,059	359,729
Internal Balances	(92,646)	92,646	-
Due from other governments	373,150	498,458	871,608
Prepaid expenses	38,656	8,735	47,391
Inventory	-	58,548	58,548
Notes receivable	121,511	-	121,511
Deposits	1,200	-	1,200
Restricted cash and cash equivalents	700,897	4,861,278	5,562,175
Property and equipment not being depreciated	258,052	2,879,300	3,137,352
Property and equipment, net of depreciation	4,509,389	12,239,084	16,748,473
Non-service property, Georgetown Ranch, net	-	41,800	41,800
Total assets	7,836,507	27,625,774	35,462,281
Deferred outflows of resources			
Pensions	690,198	564,569	1,254,767
OPEB	10,386	8,100	18,486
Total deferred outflows of resources	700,584	572,669	1,273,253
Total assets and deferred outflows of resources	\$ 8,537,091	\$ 28,198,443	\$ 36,735,534
Liabilities			
Accounts payable	\$ 49,236	\$ 322,776	\$ 372,012
Accrued liabilities	103,852	38,871	142,723
Accrued interest payable	2,980	10,421	13,401
Customer deposits	9,974	51,368	61,342
Unearned revenue	1,122	1,003	2,125
Noncurrent liabilities:			
Due within one year	123,038	123,753	246,791
Due in more than one year	325,882	2,000,211	2,326,093
Landfill closure costs	-	994,618	994,618
Net OPEB liability	165,278	128,891	294,169
Net pension liability	2,070,401	1,693,552	3,763,953
Total liabilities	2,851,763	5,365,464	8,217,227
Deferred inflows of resources			
Pensions	497,822	407,210	905,032
Net position			
Net investment in capital assets	4,050,495	12,985,096	17,035,591
Restricted for:			
Judicial	141,683	-	141,683
Debt service	30,057	175,788	205,845
Community development	419,285	-	419,285
Stabilization	136,647	-	136,647
Capital projects	-	3,575,809	3,575,809
Landfill closure	-	50,052	50,052
Unrestricted	409,339	5,639,024	6,048,363
Total net position	5,187,506	22,425,769	27,613,275
Total liabilities, deferred inflows of resources and net position	\$ 8,537,091	\$ 28,198,443	\$ 36,735,534

The accompanying notes are an integral part of this statement.

CITY OF ELY, NEVADA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

	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	\$ 192,616	\$ 176,235	\$ 20,958	\$ -	\$ 4,577	\$ -	\$ 4,577
Judicial	285,658	67,897	-	-	(217,761)	-	(217,761)
Public safety	1,843,592	701,410	479,949	12,229	(650,004)	-	(650,004)
Public works	187,524	54,796	-	-	(132,728)	-	(132,728)
Health and sanitation	187,949	-	1,365	-	(186,584)	-	(186,584)
Culture and recreation	122,847	16,554	-	8,984	(97,309)	-	(97,309)
Community support and development	566,078	31,588	-	-	(534,490)	-	(534,490)
Highways and streets	841,530	20,000	-	528,000	(293,530)	-	(293,530)
Total governmental activities	<u>4,227,794</u>	<u>1,068,480</u>	<u>502,272</u>	<u>549,213</u>	<u>(2,107,829)</u>	<u>-</u>	<u>(2,107,829)</u>
Business-type activities							
Municipal water	1,375,529	1,312,982	318,799	-	-	256,252	256,252
Sanitation	962,677	1,121,429	-	672,615	-	831,367	831,367
Landfill	982,369	1,214,830	-	-	-	232,461	232,461
Total business-type activities	<u>3,320,575</u>	<u>3,649,241</u>	<u>318,799</u>	<u>672,615</u>	<u>-</u>	<u>1,320,080</u>	<u>1,320,080</u>
Total government	<u>\$ 7,548,369</u>	<u>\$ 4,717,721</u>	<u>\$ 821,071</u>	<u>\$ 1,221,828</u>	<u>(2,107,829)</u>	<u>1,320,080</u>	<u>(787,749)</u>
General revenues							
					192,576	-	192,576
					179,706	-	179,706
					315,568	-	315,568
					1,685,857	-	1,685,857
					47,565	-	47,565
					169,718	-	169,718
					9,285	-	9,285
					(23,679)	-	(23,679)
					8,767	15,546	24,313
					<u>2,585,363</u>	<u>15,546</u>	<u>2,600,909</u>
					477,534	1,335,626	1,813,160
					<u>4,709,972</u>	<u>21,090,143</u>	<u>25,800,115</u>
					<u>\$ 5,187,506</u>	<u>\$ 22,425,769</u>	<u>\$ 27,613,275</u>

The accompanying notes are an integral part of this statement.

CITY OF ELY, NEVADA
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2021

	<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	\$ 688,566	\$ 24,489	\$ 1,004,654	\$ 174,919	\$ 1,892,628
Accounts receivable	12,978	-	-	20,692	33,670
Due from other governments	280,014	54,639	38,450	47	373,150
Prepaid expenses	35,456	-	-	3,200	38,656
Notes receivable	-	-	-	121,511	121,511
Deposits	1,200	-	-	-	1,200
Restricted cash and cash equivalents	136,647	-	30,057	534,193	700,897
Total Assets	<u>\$ 1,154,861</u>	<u>\$ 79,128</u>	<u>\$ 1,073,161</u>	<u>\$ 854,562</u>	<u>\$ 3,161,712</u>
Liabilities					
Accounts payable	\$ 24,268	\$ 20,712	\$ 1,919	\$ 2,337	\$ 49,236
Accrued liabilities	90,461	6,577	-	6,814	103,852
Developer and customer deposits	-	9,974	-	-	9,974
Due to other funds	92,646	-	-	-	92,646
Unearned revenue	1,122	-	-	-	1,122
Total Liabilities	<u>208,497</u>	<u>37,263</u>	<u>1,919</u>	<u>9,151</u>	<u>256,830</u>
Fund Balances					
Nonspendable:					
Prepays	35,456	-	-	3,200	38,656
Restricted for:					
Debt service	-	-	30,057	-	30,057
Stabilization	136,647	-	-	-	136,647
Other purposes	-	-	-	560,968	560,968
Committed to:					
Capital outlay	-	41,865	1,041,185	174,221	1,257,271
Other purposes	-	-	-	107,022	107,022
Unassigned	774,261	-	-	-	774,261
Total Fund Balances	<u>946,364</u>	<u>41,865</u>	<u>1,071,242</u>	<u>845,411</u>	<u>2,904,882</u>
Total Liabilities and Fund Balances	<u>\$ 1,154,861</u>	<u>\$ 79,128</u>	<u>\$ 1,073,161</u>	<u>\$ 854,562</u>	<u>\$ 3,161,712</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, 2021

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

Total fund balance - governmental funds	\$	2,904,882
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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	\$	15,052,441
Less: accumulated depreciation		<u>(10,285,000)</u>
		4,767,441

Long-term liabilities, including notes payable, capital leases, 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 and capital leases payable	\$	(378,483)
Interest payable		(2,980)
Compensated absences		(70,437)
Net OPEB liability		(165,278)
Net pension liability		<u>(2,070,401)</u>
		(2,687,579)

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	\$	690,198
Deferred inflows related to pensions		(497,822)
Deferred outflows related to OPEB		<u>10,386</u>
		<u>202,762</u>

Net position - governmental activities	\$	<u>5,187,506</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, 2021

	General Fund	Street Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 89,596	\$ -	\$ 383,563	\$ 223,976	\$ 697,135
Licenses, permits and fees	220,414	-	-	-	220,414
Intergovernmental revenue	2,481,694	696,800	-	-	3,178,494
Charges for services	512,346	-	-	6,215	518,561
Fines and forfeitures	62,020	-	-	-	62,020
Interest income	7,640	-	81	1,046	8,767
Other revenues	22,698	20,918	-	-	43,616
Total revenues	3,396,408	717,718	383,644	231,237	4,729,007
Expenditures					
Current:					
General government	148,140	-	-	-	148,140
Judicial	271,383	-	-	5,267	276,650
Public safety	1,775,136	-	-	41,360	1,816,496
Public works	164,997	-	-	-	164,997
Health and sanitation	184,844	-	-	-	184,844
Culture and recreation	82,585	-	-	-	82,585
Community support and development	508,719	-	-	66,023	574,742
Highways and streets	-	719,837	-	-	719,837
Debt service:					
Principal	-	-	19,937	42,105	62,042
Interest	-	-	9,799	7,206	17,005
Capital outlay	-	-	299,553	-	299,553
Total expenditures	3,135,804	719,837	329,289	161,961	4,346,891
Excess (deficiency) of revenues over (under) expenditures	260,604	(2,119)	54,355	69,276	382,116
Other financing sources (uses)					
Sale of capital assets	8,700	-	-	-	8,700
Transfers in	-	15,000	-	-	15,000
Transfers out	(15,000)	-	-	-	(15,000)
Total other financing sources (uses)	(6,300)	15,000	-	-	8,700
Net change in fund balances	254,304	12,881	54,355	69,276	390,816
Fund balance, beginning of year	692,060	28,984	1,016,887	776,135	2,514,066
Fund balance, end of year	\$ 946,364	\$ 41,865	\$ 1,071,242	\$ 845,411	\$ 2,904,882

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, 2021

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

Net change in fund balances - total governmental funds	\$	390,816
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.		(400,795)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net position.		537,726
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.		(32,379)
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.		62,042
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.		940
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	\$	(96,425)
OPEB expense		(13,924)
		(110,349)
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.		29,533
		29,533
Change in net position - governmental activities	\$	477,534

The accompanying notes are an integral part of this statement.

CITY OF ELY, NEVADA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Business-type Activities - Enterprise Funds				
	Municipal Water	Sanitation	Landfill	Railroad	Total
Assets					
Current assets					
Cash and cash equivalents	\$ 1,899,160	\$ 2,037,858	\$ 2,682,848	\$ -	\$ 6,619,866
Receivables, net of allowance	117,527	76,656	131,876	-	326,059
Due from other funds	-	-	92,646	-	92,646
Due from other governments	-	498,458	-	-	498,458
Prepaid expense	6,569	600	1,566	-	8,735
Inventory	58,548	-	-	-	58,548
Total current assets	2,081,804	2,613,572	2,908,936	-	7,604,312
Noncurrent assets					
Restricted cash and cash equivalents	2,472,584	1,344,024	1,044,670	-	4,861,278
Capital assets not being depreciated:					
Land and easements	125,646	-	14,832	1,700,000	1,840,478
Construction in progress	170,613	868,209	-	-	1,038,822
Capital assets, net of accumulated depreciation:					
Treatment facilities and improvements	14,402,467	10,971,765	98,310	-	25,472,542
Buildings	181,754	-	339,019	-	520,773
Machinery, equipment and vehicles	531,157	329,915	1,607,815	-	2,468,887
Less accumulated depreciation	(8,395,457)	(6,430,765)	(1,396,896)	-	(16,223,118)
Total noncurrent assets	9,488,764	7,083,148	1,707,750	1,700,000	19,979,662
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	11,612,368	9,696,720	4,616,686	1,700,000	27,625,774
Deferred outflows of resources					
Pensions	165,913	130,493	268,163	-	564,569
OPEB	2,301	2,147	3,652	-	8,100
Total deferred outflows of resources	168,214	132,640	271,815	-	572,669
Total assets and deferred outflows of resources	\$ 11,780,582	\$ 9,829,360	\$ 4,888,501	\$ 1,700,000	\$ 28,198,443

The accompanying notes are an integral part of this statement.

CITY OF ELY, NEVADA
STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS
June 30, 2021

	Business-type Activities - Enterprise Funds				
	Municipal Water	Sanitation	Landfill	Railroad	Total
Liabilities					
Current liabilities					
Accounts payable	\$ 45,775	\$ 268,649	\$ 8,352	\$ -	\$ 322,776
Accrued liabilities	13,436	8,385	17,050	-	38,871
Accrued interest	3,896	6,525	-	-	10,421
Customer Deposits	15,799	15,714	19,855	-	51,368
Unearned revenue	-	1,003	-	-	1,003
Current portion of noncurrent liabilities	51,944	48,713	23,096	-	123,753
Total current liabilities	130,850	348,989	68,353	-	548,192
Noncurrent liabilities					
Compensated absences	19,829	8,031	27,827	-	55,687
Bonds payable	697,281	1,370,996	-	-	2,068,277
Less current portion of noncurrent liabilities	(51,944)	(48,713)	(23,096)	-	(123,753)
Net OPEB obligation	36,619	34,163	58,109	-	128,891
Net pension liability	497,690	391,445	804,417	-	1,693,552
Landfill closure/post closure costs	-	-	994,618	-	994,618
Total noncurrent liabilities	1,199,475	1,755,922	1,861,875	-	4,817,272
Total liabilities	1,330,325	2,104,911	1,930,228	-	5,365,464
Deferred inflows of resources					
Pensions	119,668	94,122	193,420	-	407,210
Net position					
Net investment in capital assets	6,318,899	4,303,117	663,080	1,700,000	12,985,096
Restricted for:					
Debt service	69,540	106,248	-	-	175,788
Capital improvements	2,403,044	1,172,765	-	-	3,575,809
Landfill closure/post closure costs	-	-	50,052	-	50,052
Unrestricted	1,539,106	2,048,197	2,051,721	-	5,639,024
Total net position	10,330,589	7,630,327	2,764,853	1,700,000	22,425,769
Total liabilities, deferred inflows of resources, and net position	\$ 11,780,582	\$ 9,829,360	\$ 4,888,501	\$ 1,700,000	\$ 28,198,443

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, 2021

	Business-type Activities - Enterprise Funds				Total
	Municipal Water	Sanitation	Landfill	Railroad	
Operating revenues					
Charges for services	\$ 1,254,914	\$ 1,104,103	\$ 1,103,912	\$ -	\$ 3,462,929
Total operating revenues	<u>1,254,914</u>	<u>1,104,103</u>	<u>1,103,912</u>	<u>-</u>	<u>3,462,929</u>
Operating expenses					
Salaries and wages	264,001	190,538	365,221	-	819,760
Employee benefits	174,983	105,265	247,768	-	528,016
Service, supplies and other	333,112	357,695	218,381	-	909,188
Landfill closure/post closure costs	-	-	89,773	-	89,773
Depreciation and amortization	315,712	242,847	61,226	-	619,785
Total operating expenses	<u>1,087,808</u>	<u>896,345</u>	<u>982,369</u>	<u>-</u>	<u>2,966,522</u>
Operating income (loss)	<u>167,106</u>	<u>207,758</u>	<u>121,543</u>	<u>-</u>	<u>496,407</u>
Nonoperating revenues (expenses)					
Interest income	3,219	4,176	8,151	-	15,546
Rent income	12,744	-	-	-	12,744
Miscellaneous income	27,914	10,326	110,918	-	149,158
System obligation fees	17,410	7,000	-	-	24,410
Grant revenue	318,799	672,615	-	-	991,414
Interest expense	(35,804)	(66,332)	-	-	(102,136)
Miscellaneous expense	(251,917)	-	-	-	(251,917)
Total nonoperating revenues (expenses)	<u>92,365</u>	<u>627,785</u>	<u>119,069</u>	<u>-</u>	<u>839,219</u>
Change in net position	259,471	835,543	240,612	-	1,335,626
Net position, beginning of year	<u>10,071,118</u>	<u>6,794,784</u>	<u>2,524,241</u>	<u>1,700,000</u>	<u>21,090,143</u>
Net position, end 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>

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, 2021

	Business-type Activities - Enterprise Funds				
	Municipal Water	Sanitation	Landfill	Railroad	Total
Cash flows from operating activities					
Cash receipts from customers	\$ 1,272,635	\$ 1,114,197	\$ 1,151,667	\$ -	\$ 3,538,499
Cash paid to suppliers for goods and services	(334,814)	(118,528)	(225,093)	-	(678,435)
Cash paid to employees for services	(420,997)	(305,218)	(603,472)	-	(1,329,687)
Net cash flows from operating activities	516,824	690,451	323,102	-	1,530,377
Cash flows from noncapital financing activities					
Due from other funds	-	-	29,101	-	29,101
Quadra mining receipts	222,069	-	-	-	222,069
Rental receipts	12,740	-	-	-	12,740
Other receipts	27,914	10,325	110,918	-	149,157
Quadra mining payments	(251,917)	-	-	-	(251,917)
Net cash flows from noncapital financing activities	10,806	10,325	140,019	-	161,150
Cash flows from capital and related financing activities					
State and federal grant receipts	96,730	175,160	-	-	271,890
System obligation fees received	17,410	7,000	-	-	24,410
Acquisition and construction of capital assets	(108,524)	(771,407)	(66,428)	-	(946,359)
Principal paid on long-term debt	(33,736)	(39,916)	-	-	(73,652)
Interest paid on long-term debt	(35,804)	(66,332)	-	-	(102,136)
Net cash flows from capital and related financing activities	(63,924)	(695,495)	(66,428)	-	(825,847)
Cash flows from investing activities					
Interest on investments	3,219	4,176	8,151	-	15,546
Net cash flows from investing activities	3,219	4,176	8,151	-	15,546
Net increase (decrease) in cash and cash equivalents	466,925	9,457	404,844	-	881,226
Cash and cash equivalents, beginning	3,904,819	3,372,425	3,322,674	-	10,599,918
Cash and cash equivalents, ending	\$ 4,371,744	\$ 3,381,882	\$ 3,727,518	\$ -	\$ 11,481,144
Reconciliation of operating income to net cash flows from operating activities					
Operating income (loss)	\$ 167,106	\$ 207,758	\$ 121,543	\$ -	\$ 496,407
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation/amortization	315,712	242,847	61,226	-	619,785
Employer Pension Contributions	22,714	(396)	27,004	-	49,322
Employer OPEB Contributions	3,079	2,874	4,887	-	10,840
Changes in operating assets, liabilities and deferred inflows and outflows:					
(Increase) decrease in receivables	32,981	8,588	40,657	-	82,226
(Increase) decrease in inventory	(8,879)	-	-	-	(8,879)
(Increase) decrease in prepaid expenses	(5,305)	(600)	(1,566)	-	(7,471)
Increase (decrease) in accounts payable	12,482	239,767	(5,146)	-	247,103
Increase (decrease) in accrued liabilities	(5,337)	(9,127)	(11,469)	-	(25,933)
Increase (decrease) in customer deposits	(15,260)	1,506	7,098	-	(6,656)
Increase (decrease) in compensated absences	(2,469)	(2,766)	(10,905)	-	(16,140)
Increase (decrease) in landfill closure/post-closure liability	-	-	89,773	-	89,773
Net cash flows from operating activities	\$ 516,824	\$ 690,451	\$ 323,102	\$ -	\$ 1,530,377

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 \$20,118 for the water fund, \$22,770 for the sewer fund, and \$354,035 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 8) 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 8).

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.

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

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

For the fiscal year 2020-2021, 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.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021, the City granted \$161,277 in Coronavirus Relief Funds 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 13.

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 15.

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, 2021. 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, 2021, the City complied with the provisions of this section.

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.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

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	6,755,207
Money market investments	7,318,862
Total cash and investments	\$ 14,074,669

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

	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 1,892,628	\$ 6,619,866	\$ 8,512,494
Restricted cash and cash equivalents	700,897	4,861,278	5,562,175
Total cash and investments	\$ 2,593,525	\$ 11,481,144	\$ 14,074,669

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, 2021, the City's bank balance of \$14,200,346 was covered in the amount of \$677,490 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, 2021 the government had the following investments:

	Fair Value	Credit Rating	Weighted Avg. Maturity
Investments			
First National Bank of Ely, Market Interest Account	\$ 7,318,862	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 investment choices at June 30, 2021. 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, 2021:

	Amount
Budget stabilization	\$ 136,647
Judicial	150,834
Debt reserves	205,845
Capital improvements	3,575,809
Retainage payable	65,011
Lanfill closure trust	1,044,670
Community development	383,359
Total restricted cash and cash equivalents	\$ 5,562,175

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 CAPITAL ASSETS

Governmental capital asset activity for the year ended June 30, 2021 was as follows:

Governmental activities:	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 275,931	\$ -	\$ (17,879)	\$ 258,052
Total capital assets not being depreciated	<u>275,931</u>	<u>-</u>	<u>(17,879)</u>	<u>258,052</u>
Capital assets, being depreciated:				
Streets	6,539,411	3,900	-	6,543,311
Flood control	1,016,736	-	-	1,016,736
Improvements other than buildings	882,770	-	-	882,770
Buildings	2,276,939	-	-	2,276,939
Vehicles and equipment	3,593,860	533,826	(53,053)	4,074,633
Total capital assets being depreciated	<u>14,309,716</u>	<u>537,726</u>	<u>(53,053)</u>	<u>14,794,389</u>
Less accumulated depreciation for:				
Streets	(5,379,316)	(108,301)	-	(5,487,617)
Flood control	(892,522)	(9,455)	-	(901,977)
Improvements other than buildings	(366,150)	(48,634)	-	(414,784)
Buildings	(1,062,471)	(26,805)	-	(1,089,276)
Vehicles and equipment	(2,222,299)	(207,600)	38,553	(2,391,346)
Total accumulated depreciation	<u>(9,922,758)</u>	<u>(400,795)</u>	<u>38,553</u>	<u>(10,285,000)</u>
Total capital assets, being depreciated, net	<u>4,386,958</u>	<u>136,931</u>	<u>(14,500)</u>	<u>4,509,389</u>
Governmental activities capital assets, net	<u><u>\$ 4,662,889</u></u>	<u><u>\$ 136,931</u></u>	<u><u>\$ (32,379)</u></u>	<u><u>\$ 4,767,441</u></u>

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

Governmental activities:	
General government	\$ 28,916
Public safety	179,461
Public works	14,821
Health and sanitation	5,205
Culture and recreation	25,998
Streets and highways	<u>146,394</u>
Total depreciation expense - governmental activities	<u><u>\$ 400,795</u></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, 2021 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	273,744	765,078	-	1,038,822
Total capital assets not being depreciated	<u>2,114,222</u>	<u>765,078</u>	<u>-</u>	<u>2,879,300</u>
Capital assets, being depreciated:				
Treatment facilities and improvements	25,275,925	196,617	-	25,472,542
Buildings	619,083	-	(98,310)	520,773
Machinery, equipment and vehicles	2,385,909	82,978	-	2,468,887
Georgetown Ranch	50,014	-	-	50,014
Total capital assets being depreciated	<u>28,330,931</u>	<u>279,595</u>	<u>(98,310)</u>	<u>28,512,216</u>
Less accumulated depreciation for:				
Treatment facilities and improvements	(13,448,216)	(566,018)	-	(14,014,234)
Buildings	(247,916)	(24,116)	-	(272,032)
Machinery, equipment and vehicles	(1,907,201)	(29,651)	-	(1,936,852)
Georgetown Ranch	(8,214)	-	-	(8,214)
Total accumulated depreciation	<u>(15,611,547)</u>	<u>(619,785)</u>	<u>-</u>	<u>(16,231,332)</u>
Total capital assets, being depreciated, net	<u>12,719,384</u>	<u>(340,190)</u>	<u>(98,310)</u>	<u>12,280,884</u>
Business-type activities capital assets, net	<u><u>\$ 14,833,606</u></u>	<u><u>\$ 424,888</u></u>	<u><u>\$ (98,310)</u></u>	<u><u>\$ 15,160,184</u></u>

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

Business-type activities:	
Water	\$ 315,712
Sanitation	242,847
Landfill	<u>61,226</u>
Total depreciation expense - business-type activities	<u><u>\$ 619,785</u></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, 2021:

Governmental Activities:	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Notes payable from direct borrowings:					
2005 Fire station note	\$ 247,548	\$ -	\$ (19,937)	\$ 227,611	\$ 20,736
2017 Ambulance note	91,570	-	(14,644)	76,926	14,966
Total notes payable	339,118	-	(34,581)	304,537	35,702
Other liabilities:					
Capital lease	101,408	-	(27,462)	73,946	28,874
Compensated absences	99,969	53,442	(82,974)	70,437	58,462
Total other liabilities	201,377	53,442	(110,436)	144,383	87,336
Total governmental activities long term liabilities	<u>\$ 540,495</u>	<u>\$ 53,442</u>	<u>\$ (145,017)</u>	<u>\$ 448,920</u>	<u>\$ 123,038</u>

The General Fund provides the resources for the retirement of compensated absences. Interest of \$15,992 is included as a direct expense in the public safety function.

Business-type Activities:

Bonds payable from direct placements:					
1996 Water revenue bond	\$ 731,017	\$ -	\$ (33,736)	\$ 697,281	\$ 35,486
2001 Sewer revenue bond	1,410,912	-	(39,916)	1,370,996	42,048
Total bonds payable	2,141,929	-	(73,652)	2,068,277	77,534
Other liabilities:					
Compensated absences	71,827	43,476	(59,616)	55,687	46,219
Total business-type activities long term liabilities	<u>\$ 2,213,756</u>	<u>\$ 43,476</u>	<u>\$ (133,268)</u>	<u>\$ 2,123,964</u>	<u>\$ 123,753</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
2022	\$ 20,736	\$ 9,000	\$ 29,736
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
2027-2031	114,860	10,464	125,324
Total	\$ 227,611	\$ 46,393	\$ 274,004

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
2022	\$ 14,966	\$ 1,666	\$ 16,632
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	\$ 76,926	\$ 4,598	\$ 81,524

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.

Capital Lease

2008 capital lease 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 lease any year by not appropriating funds for the lease and returning the equipment or by paying the purchase option price each October as stated in the lease.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 LONG-TERM LIABILITIES (Continued)

The future minimum lease payment for the capital lease and the present value of net minimum lease payment at June 30, 2021, is as follows:

Year Ending June 30,	Governmental Activities
2022	32,679
2023	32,679
2024	15,467
Total minimum lease payments	80,825
Less: Amount representing interest	(6,879)
Present value of net minimum lease payments	\$ 73,946

Equipment and related accumulated depreciation under capital lease are as follows:

Aerial ladder truck	\$ 450,443
Accumulated depreciation	(352,787)
	\$ 97,656

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
2022	\$ 35,486	\$ 34,054	\$ 69,540
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
2027-2031	252,137	95,563	347,700
2032-2035	248,696	25,746	274,442
Total	\$ 697,281	\$ 272,561	\$ 969,842

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:

<u>Year Ending June 30,</u>	<u>2001 Sewer Revenue Bond</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 42,048	\$ 64,200	\$ 106,248
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
2027-2031	293,430	237,810	531,240
2032-2036	371,882	159,358	531,240
2037-2041	471,928	59,312	531,240
2042	2,268	9	2,277
Total	<u>\$ 1,370,996</u>	<u>\$ 756,241</u>	<u>\$ 2,127,237</u>

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 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.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 DEFINED BENEFIT PENSION PLAN (Continued)

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.

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

For the fiscal years ended June 30, 2021 and June 30, 2020 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.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 DEFINED BENEFIT PENSION PLAN (Continued)

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 June 30,</u>	<u>Regular Members</u>	<u>Police/Fire</u>	<u>Total Contributions</u>
2021	29.25%	42.50%	\$ 266,412
2020	29.25%	42.50%	281,621
2019	28.00%	40.50%	210,325

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, 2020:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Geometric Expected Real Rate of Return*</u>
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, 2020, PERS' long-term inflation assumption was 2.75%

Pension liability

Net pension liability

The net pension liability was measured as of June 30, 2020 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, 2020. The City's proportion measured as of June 30, 2020, was 0.02702 percent, which was a increase of 0.00517 percent from its proportion measured as of June 30, 2019.

Pension liability discount rate sensitivity

The following presents the net pension liability of the PERS as of June 30, 2020, calculated using the discount rate of 7.50%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current discount rate:

	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Proportionate share of the net pension liability	\$ 5,869,507	\$ 3,763,953	\$ 2,012,396

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 DEFINED BENEFIT PENSION PLAN (Continued)

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the PERS 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.75%	
Productivity pay increase	0.50%	
Projected salary increases	Regular: 4.25% to 9.15%	
	Police/Fire: 4.55% to 13.90%, depending on service	
	Rates include inflation and productivity increases	
Investment rate of return	7.50%	
Mortality Rates (Regular and Police/Fire)		
	<i>Healthy:</i>	Headcount–Weighted RP-2014 Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. For ages less than 50, mortality rates are based on the Headcount–Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for members at age 50 to the mortality rate at age 50 from the Employee mortality tables listed above. The mortality rates are then projected to 2020 with Scale MP-2016.
	<i>Disabled:</i>	Headcount–Weighted RP-2014 Disabled Retiree Table, set forward four years.
	<i>Pre-retirement:</i>	Headcount–Weighted RP-2014 Employee Table, projected to 2020 with Scale MP-2016.

The RP-2014 Headcount–Weighted Mortality Tables, set forward one year for spouses and beneficiaries, reasonably reflect the projected mortality experience of the Plan as of the measurement date. The additional projection of 6 years is a provision made for future mortality improvement.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of the experience study for the period July 1, 2012 through June 30, 2016.

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2020. 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.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 DEFINED BENEFIT PENSION PLAN (Continued)

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, 2020.

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

For the year ended June 30, 2021, the City recognized pension expense for PERS of \$145,747. At June 30, 2021, 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	\$ 116,943	\$ 48,602
Changes in assumptions	105,725	-
Net difference between projected and actual earnings on pension plan investments	-	142,187
Changes in proportion and differences between contributions and proportionate share of contributions	765,687	714,243
Contributions subsequent to the measurement date	266,412	-
Total	\$ 1,254,767	\$ 905,032

The \$266,412 reported as deferred outflows of resources related to PERS pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2022	\$ (155,547)
2023	77,392
2024	89,379
2025	62,533
2026	8,931
Thereafter	635

NOTE 9 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.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 CLOSURE AND POST-CLOSURE CARE COST (Continued)

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 (\$3,776,118) 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, 2021, as adjusted for inflation. It is estimated that an additional \$2,781,450 will be recognized as closure and post-closure care expenses over the next 49 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 \$994,618 as of June 30, 2021, which is based on 26.34% 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 2021, 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, 2021 was \$1,044,670.

NOTE 10 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.

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 11 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.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 ELY RAILROAD FUND (Continued)

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 12 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 13 S&S SHORLINE LEASING LLC

The City and the Nevada Northern Railway Foundation have entered into a joint development agreement with S&S Shortline Leasing LLC for development of a rail car facility on the rail line at or near Shafter Junction and Cobre Junction. The line has been rehabilitated and is available for rail car storage. The City and the Ely Railroad Enterprise fund have no obligation for the rehabilitation costs. S&S Shortline Leasing LLC does not have financial statements available.

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/>.

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, 2021, employees covered by PEBP consisted of 15 former employees. There are no active City employees covered by or eligible for coverage under PEBP.

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

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

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, 2019
Measurement date.....	June 30, 2020
Inflation.....	2.75%
Salary Increases.....	N/A - no active employee in this plan
Discount rate.....	3.51% as of June 30, 2019 2.21% as of June 30, 2020
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.....	5.40% for 2021, decreasing to 4.00% for 2076 and after

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, 2017, 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 2020 on a generational basis from 2018 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 \$18,486 for the year ended June 30, 2021 (measurement date June 30, 2020).

OPEB liability

Net OPEB liability

On June 30, 2021, the City reported a net OPEB liability of \$294,169 for PEBP. The net liability was measured as of June 30, 2020, determined by an actuarial valuation as of June 30, 2019. 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, 2020 reflects a change in the use of discount rates of 3.51% as of June 30, 2019 and 2.21% as of June 30, 2020. There were no other significant changes of actuarial assumptions. The projections are based on established patterns of practice.

OPEB liability discount rate sensitivity

The City's total OPEB liability at June 30, 2021, calculated using the discount rate of 2.21%, 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:

	<u>1% Decrease</u> <u>(1.21%)</u>	<u>Discount Rate</u> <u>(2.21%)</u>	<u>1% Increase</u> <u>(3.21%)</u>
Total OPEB liability - PEBP	\$ 325,470	\$ 294,169	\$ 267,341

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, 2021, calculated using the discount rate of 2.21%, 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 (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability - PEBP	\$ 325,470	\$ 294,169	\$ 267,341

OPEB liability healthcare cost trend rates sensitivity

The City's total OPEB liability at June 30, 2021, calculated using the healthcare trend rate of 5.40%, decreasing to 4.00% by 2076, 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	\$ 269,751	\$ 294,169	\$ 322,047

Changes in the total OPEB liability

Changes in the total OPEB liability for the year ended June 30, 2021 summarized below:

	Total OPEB Liability
Interest cost	\$ 9,139
Changes of assumptions*	34,111
Benefit payments	(18,881)
Net change	24,369
Beginning balance	269,800
Ending balance	\$ 294,169

* Change in discount rate from 3.51% as of June 30, 2019 to 2.21% as of June 30, 2020.

OPEB expense

For the year ended June 30, 2021, the City recognized OPEB expense for PEBP of \$43,250.

Deferred outflows/inflows of resources related to OPEB

At June 30, 2021, 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	\$ 18,486	\$ -

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

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

The amount (\$18,486) 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 AND BALANCES

Interfund receivables for the year ended June 30, 2021 are as follows:

	Interfund Receivable
	Landfill Fund
Interfund Payable	
General Fund	\$ 92,646

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenses occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Residual outstanding balances between the governmental activities and the business-type activities are netted and reported in the government-wide financial statements as internal balances. The Council has determined terms of repayment for the above interfund balances and the amount will be repaid over the next five fiscal years.

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, 2021:

	Transfer In
	Street Fund
Transfer Out	
General Fund	\$ 15,000

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. Litigation where loss to the City is reasonably possible has not been accrued and any such liability cannot currently be estimated.

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Franchise tax	\$ 183,000	\$ 183,000	\$ 80,311	\$ (102,689)
Excise tax	4,400	4,400	9,285	4,885
Total taxes	<u>187,400</u>	<u>187,400</u>	<u>89,596</u>	<u>(97,804)</u>
Licenses and permits:				
Business licenses	112,000	112,000	163,408	51,408
Animal licenses	2,500	2,500	2,210	(290)
Building permits	40,000	40,000	52,696	12,696
Building - misc.	500	500	560	60
Excavation permits	2,000	2,000	1,540	(460)
Total licenses and permits	<u>157,000</u>	<u>157,000</u>	<u>220,414</u>	<u>63,414</u>
Intergovernmental revenue:				
Consolidated tax	1,393,906	1,393,906	1,685,857	291,951
Share of county gaming tax	15,000	15,000	47,565	32,565
City/County/Tribal co-op - first responder	6,000	6,000	6,000	-
City/County co-op - public safety	31,841	31,841	32,319	478
City/County co-op - planning	36,258	36,258	36,983	725
City/County co-op - fire services	150,000	150,000	150,000	-
Building department fuel charge	3,725	3,725	1,350	(2,375)
Grant - CARES Act	-	479,205	479,205	-
Grant - CDBG	-	12,229	12,229	-
Grant - CCCHP	-	70,000	20,558	(49,442)
Grant - WPC fair and recreation - parks	-	9,000	8,984	(16)
Grant - fire department	-	2,144	644	(1,500)
Grant - humane network	-	16,903	-	(16,903)
Total intergovernmental revenue	<u>1,636,730</u>	<u>2,226,211</u>	<u>2,481,694</u>	<u>255,483</u>
Charges for services:				
Cemetery charges	20,000	20,000	31,588	11,588
Work cards	2,400	2,400	6,736	4,336
Fire ambulance service	300,000	300,000	467,053	167,053
Miscellaneous	4,000	4,000	6,969	2,969
Total charges for services	<u>326,400</u>	<u>326,400</u>	<u>512,346</u>	<u>185,946</u>
Fines and forfeitures:				
Court fines	53,600	53,600	56,470	2,870
Evidentiary fee	1,600	1,600	1,341	(259)
Public defender fee	1,600	1,600	834	(766)
Notice fees	360	360	245	(115)
Miscellaneous court fees	800	800	3,130	2,330
Total fines and forfeitures	<u>57,960</u>	<u>57,960</u>	<u>62,020</u>	<u>4,060</u>
Interest earned	2,880	2,880	7,640	4,760
Miscellaneous:				
Rents and leases	15,000	15,000	16,554	1,554
Miscellaneous	-	400	6,144	5,744
Total miscellaneous	<u>15,000</u>	<u>15,400</u>	<u>22,698</u>	<u>7,298</u>
Total revenues	<u>\$ 2,383,370</u>	<u>\$ 2,973,251</u>	<u>\$ 3,396,408</u>	<u>\$ 423,157</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, 2021

	<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	\$ 8,138	\$ 9,108	\$ 8,464	\$ (644)
Employee benefits	3,512	3,512	3,319	(193)
Services, supplies and other	2,540	2,540	1,680	(860)
Total legislative	<u>14,190</u>	<u>15,160</u>	<u>13,463</u>	<u>(1,697)</u>
Administration:				
City clerk:				
Salaries and wages	30,502	34,502	34,062	(440)
Employee benefits	30,213	30,213	24,245	(5,968)
Services, supplies and other	19,760	19,760	23,612	3,852
Total administration	<u>80,475</u>	<u>84,475</u>	<u>81,919</u>	<u>(2,556)</u>
Finance:				
City treasurer:				
Salaries and wages	12,032	15,302	16,824	1,522
Employee benefits	6,989	6,989	8,128	1,139
Services, supplies and other	33,420	44,320	27,806	(16,514)
Total finance	<u>52,441</u>	<u>66,611</u>	<u>52,758</u>	<u>(13,853)</u>
Total general government	<u>147,106</u>	<u>166,246</u>	<u>148,140</u>	<u>(18,106)</u>
Judicial:				
City court:				
Salaries and wages	63,404	63,404	73,409	10,005
Employee benefits	39,393	39,393	38,151	(1,242)
Services, supplies and other	37,676	37,676	16,918	(20,758)
Total city court	<u>140,473</u>	<u>140,473</u>	<u>128,478</u>	<u>(11,995)</u>
City attorney:				
Salaries and wages	17,500	5,700	2,753	(2,947)
Employee benefits	8,246	8,246	604	(7,642)
Services, supplies and other	209,273	158,773	139,548	(19,225)
Total city attorney	<u>235,019</u>	<u>172,719</u>	<u>142,905</u>	<u>(29,814)</u>
Total judicial	<u>375,492</u>	<u>313,192</u>	<u>271,383</u>	<u>(41,809)</u>
Public safety:				
Law enforcement:				
City/County law enforcement contract	584,692	584,692	584,692	-
Fire department:				
Salaries and wages	637,609	675,109	652,631	(22,478)
Employee benefits	381,720	381,720	353,962	(27,758)
Services, supplies and other	142,020	169,020	169,478	458
Grants	-	14,373	14,373	-
Total fire department	<u>1,161,349</u>	<u>1,240,222</u>	<u>1,190,444</u>	<u>(49,778)</u>
Total public safety	<u>\$ 1,746,041</u>	<u>\$ 1,824,914</u>	<u>\$ 1,775,136</u>	<u>\$ (49,778)</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, 2021

	<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	\$ 5,438	\$ 5,438	\$ 5,757	\$ 319
Employee benefits	3,041	3,041	2,592	(449)
Services, supplies and other	35,803	34,363	27,199	(7,164)
Total engineering	<u>44,282</u>	<u>42,842</u>	<u>35,548</u>	<u>(7,294)</u>
Building department:				
Salaries and wages	74,753	74,753	78,639	3,886
Employee benefits	48,227	42,227	37,234	(4,993)
Services, supplies and other	7,936	15,936	13,576	(2,360)
Total building department	<u>130,916</u>	<u>132,916</u>	<u>129,449</u>	<u>(3,467)</u>
Total public works	<u>175,198</u>	<u>175,758</u>	<u>164,997</u>	<u>(10,761)</u>
Health and sanitation:				
Animal control:				
Salaries and wages	41,567	47,067	49,634	2,567
Employee benefits	21,883	21,883	22,190	307
Services, supplies and other	9,940	27,343	22,542	(4,801)
Total animal control	<u>73,390</u>	<u>96,293</u>	<u>94,366</u>	<u>(1,927)</u>
Cemetery:				
Salaries and wages	38,409	48,709	53,138	4,429
Employee benefits	25,722	27,522	29,859	2,337
Services, supplies and other	14,760	14,760	7,481	(7,279)
Total cemetery	<u>78,891</u>	<u>90,991</u>	<u>90,478</u>	<u>(513)</u>
Total health and sanitation	<u>152,281</u>	<u>187,284</u>	<u>184,844</u>	<u>(2,440)</u>
Culture and recreation:				
Parks department:				
Salaries and wages	38,409	43,909	44,974	1,065
Employee benefits	25,722	29,722	26,080	(3,642)
Services, supplies and other	11,860	11,860	11,531	(329)
Total culture and recreation	<u>75,991</u>	<u>85,491</u>	<u>82,585</u>	<u>(2,906)</u>
Community support:				
Grant - WPC fair and recreation - parks	-	9,000	8,664	(336)
Grant - CARES Act	-	479,205	479,205	-
Grant - CCCHP	-	70,000	20,558	(49,442)
Services, supplies and other	-	400	292	(108)
Total community support	<u>-</u>	<u>558,605</u>	<u>508,719</u>	<u>(49,886)</u>
Total expenditures	<u>2,672,109</u>	<u>3,311,490</u>	<u>3,135,804</u>	<u>(175,686)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(288,739)</u>	<u>(338,239)</u>	<u>260,604</u>	<u>598,843</u>
Other financing sources (uses)				
Sale of capital assets	-	-	8,700	8,700
Transfers out	(30,000)	(15,000)	(15,000)	-
Total other financing sources (uses)	<u>\$ (30,000)</u>	<u>\$ (15,000)</u>	<u>(6,300)</u>	<u>\$ 8,700</u>
Net change in fund balance			254,304	
Fund balance, beginning of year			<u>692,060</u>	
Fund balance, end of year			<u>\$ 946,364</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, 2021

	<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	\$ 123,407	\$ (521)
Gas tax 1 cent option	24,886	24,886	30,789	5,903
Motor vehicle, 1.75 gas tax	12,506	12,506	15,522	3,016
County contribution	22,540	22,540	22,540	-
OHV state grant	-	4,439	4,439	-
Public transit fund	147,880	147,880	115,161	(32,719)
Regional transportation commission	482,980	482,980	384,942	(98,038)
Total intergovernmental	<u>814,720</u>	<u>819,159</u>	<u>696,800</u>	<u>(122,359)</u>
Other revenues:				
Miscellaneous	-	-	918	918
Grants and donations	-	-	20,000	20,000
Total other revenues	<u>-</u>	<u>-</u>	<u>20,918</u>	<u>20,918</u>
Total revenues	<u>814,720</u>	<u>819,159</u>	<u>717,718</u>	<u>(101,441)</u>
Expenditures				
Highways and streets:				
Salaries and wages	134,688	134,688	141,307	6,619
Employee benefits	82,851	82,851	75,778	(7,073)
Service, supplies, and other	630,860	635,299	502,752	(132,547)
Total highways and streets	<u>848,399</u>	<u>852,838</u>	<u>719,837</u>	<u>(133,001)</u>
Total expenditures	<u>848,399</u>	<u>852,838</u>	<u>719,837</u>	<u>(133,001)</u>
Excess (deficiency) of revenues over (under) expenditures				
	<u>(33,679)</u>	<u>(33,679)</u>	<u>(2,119)</u>	<u>31,560</u>
Other financing sources (uses)				
Transfers in	30,000	30,000	15,000	(15,000)
Total other financing sources (uses)	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>15,000</u>	<u>\$ (15,000)</u>
Net change in fund balance			12,881	
Fund balance, beginning of year			<u>28,984</u>	
Fund balance, end of year			<u>\$ 41,865</u>	

CITY OF ELY, NEVADA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA
June 30, 2021
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%

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

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

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%

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%

* The 10-year shcedule 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, 2021
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

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

Contribution deficiency (excess)

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

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

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%

* 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, 2021
Last 10 Year Ends*

Total OPEB liability	2021	2020	2019	2018
Interest cost	\$ 9,139	\$ 9,413	\$ 9,181	\$ 8,217
Difference between actual and expected experience	-	(5,820)	-	-
Changes of assumptions	34,111	31,795	(8,091)	(18,114)
Benefit payments	<u>(18,881)</u>	<u>(17,635)</u>	<u>(18,275)</u>	<u>(18,349)</u>
Net change in total OPEB liability	24,369	17,753	(17,185)	(28,246)
Total OPEB liability, beginning	<u>269,800</u>	<u>252,047</u>	<u>269,232</u>	<u>297,478</u>
Total OPEB liability, ending	<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%

* 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; and therefore, there are 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 funds with expenditures in excess of budgeted amounts for the year ended June 30, 2021.

NOTE 2 PUBLIC EMPLOYEES' RETIREMENT SYSTEM

There were no changes in the pension benefit plan terms, actuarial methods or assumptions used in the actuarial valuation.

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, 2021

	<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	\$ 25,000	\$ 25,000	\$ 45,149	\$ 20,149
Net proceeds of mines	-	-	22,846	22,846
Room tax	<u>110,000</u>	<u>110,000</u>	<u>315,568</u>	<u>205,568</u>
Total taxes	135,000	135,000	383,563	248,563
Interest income	<u>50</u>	<u>50</u>	<u>81</u>	<u>31</u>
Total revenues	<u>135,050</u>	<u>135,050</u>	<u>383,644</u>	<u>248,594</u>
Expenditures				
Debt service:				
Principal	27,462	27,462	19,937	(7,525)
Interest	5,218	5,218	9,799	4,581
Capital outlay	<u>458,614</u>	<u>458,614</u>	<u>299,553</u>	<u>(159,061)</u>
Total expenditures	<u>\$ 491,294</u>	<u>\$ 491,294</u>	<u>329,289</u>	<u>\$ (162,005)</u>
Net change in fund balance			54,355	
Fund balance, beginning of year			<u>1,016,887</u>	
Fund balance, end of year			<u>\$ 1,071,242</u>	

**CITY OF ELY, NEVADA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021**

	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	
Assets									
Cash and cash equivalents	\$ 310	\$ -	\$ -	\$ -	\$ 153,529	\$ -	\$ 21,080	\$ -	\$ 174,919
Accounts receivable	-	-	-	-	20,692	-	-	-	20,692
Due from other governments	-	-	-	-	-	47	-	-	47
Prepaid expenses	-	-	-	3,200	-	-	-	-	3,200
Notes receivable	-	-	-	-	-	35,879	85,632	-	121,511
Restricted cash and cash equivalents	-	19,547	31,574	92,842	-	383,359	-	6,871	534,193
Total assets	<u>\$ 310</u>	<u>\$ 19,547</u>	<u>\$ 31,574</u>	<u>\$ 96,042</u>	<u>\$ 174,221</u>	<u>\$ 419,285</u>	<u>\$ 106,712</u>	<u>\$ 6,871</u>	<u>\$ 854,562</u>
Liabilities									
Accounts payable	\$ -	\$ 1,986	\$ 351	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,337
Accrued liabilities	-	6,814	-	-	-	-	-	-	6,814
Total liabilities	<u>-</u>	<u>8,800</u>	<u>351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,151</u>
Fund balances									
Nonspendable:									
Prepays	-	-	-	3,200	-	-	-	-	3,200
Restricted for:									
Other purposes	-	10,747	31,223	92,842	-	419,285	-	6,871	560,968
Committed to:									
Capital outlay	-	-	-	-	174,221	-	-	-	174,221
Other purposes	310	-	-	-	-	-	106,712	-	107,022
Total fund balances	<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>
Total liabilities and fund balances	<u>\$ 310</u>	<u>\$ 19,547</u>	<u>\$ 31,574</u>	<u>\$ 96,042</u>	<u>\$ 174,221</u>	<u>\$ 419,285</u>	<u>\$ 106,712</u>	<u>\$ 6,871</u>	<u>\$ 854,562</u>

CITY OF ELY, NEVADA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	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	\$ -	\$ -	\$ -	\$ -	\$ 99,395	\$ 124,581	\$ -	\$ -	\$ 223,976
Charges for services	-	370	2,411	3,384	-	-	-	50	6,215
Interest income	-	-	-	-	38	279	729	-	1,046
Total revenues	<u>-</u>	<u>370</u>	<u>2,411</u>	<u>3,384</u>	<u>99,433</u>	<u>124,860</u>	<u>729</u>	<u>50</u>	<u>231,237</u>
Expenditures									
Current:									
Judicial	-	961	3,880	347	-	-	-	79	5,267
Public safety	-	-	-	-	41,360	-	-	-	41,360
Community support and development	-	-	-	-	-	66,023	-	-	66,023
Debt service:									
Principal	-	-	-	-	42,105	-	-	-	42,105
Interest	-	-	-	-	7,206	-	-	-	7,206
Total expenditures	<u>-</u>	<u>961</u>	<u>3,880</u>	<u>347</u>	<u>90,671</u>	<u>66,023</u>	<u>-</u>	<u>79</u>	<u>161,961</u>
Net change in fund balances	<u>-</u>	<u>(591)</u>	<u>(1,469)</u>	<u>3,037</u>	<u>8,762</u>	<u>58,837</u>	<u>729</u>	<u>(29)</u>	<u>69,276</u>
Fund balance, beginning of year	<u>310</u>	<u>11,338</u>	<u>32,692</u>	<u>93,005</u>	<u>165,459</u>	<u>360,448</u>	<u>105,983</u>	<u>6,900</u>	<u>776,135</u>
Fund balance, end 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>

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, 2021

	<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	\$ 4,500	\$ 4,500	\$ 370	\$ (4,130)
Total revenues	<u>4,500</u>	<u>4,500</u>	<u>370</u>	<u>(4,130)</u>
Expenditures				
Judicial:				
Services, supplies, and other	11,000	11,000	961	(10,039)
Total expenditures	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>961</u>	<u>\$ (10,039)</u>
Net change in fund balance			(591)	
Fund balance, beginning of year			<u>11,338</u>	
Fund balance, end of year			<u>\$ 10,747</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, 2021

	<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	\$ 2,411	\$ (589)
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>2,411</u>	<u>(589)</u>
Expenditures				
Judicial:				
Services, supplies, and other	33,000	33,000	3,880	(29,120)
Total expenditures	<u>\$ 33,000</u>	<u>\$ 33,000</u>	<u>3,880</u>	<u>\$ (29,120)</u>
Net change in fund balance			(1,469)	
Fund balance, beginning of year			<u>32,692</u>	
Fund balance, end of year			<u>\$ 31,223</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, 2021

	<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	\$ 3,500	\$ 3,500	\$ 3,384	\$ (116)
Total revenues	<u>3,500</u>	<u>3,500</u>	<u>3,384</u>	<u>(116)</u>
Expenditures				
Judicial:				
Services, supplies, and other	90,000	90,000	347	(89,653)
Total expenditures	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>347</u>	<u>\$ (89,653)</u>
Net change in fund balance			3,037	
Fund balance, beginning of year			<u>93,005</u>	
Fund balance, end of year			<u>\$ 96,042</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Franchise fees	\$ 100,000	\$ 100,000	\$ 99,395	\$ (605)
Interest income	37	37	38	1
Total revenues	<u>100,037</u>	<u>100,037</u>	<u>99,433</u>	<u>(604)</u>
Expenditures				
Public safety:				
Services, supplies, and other	41,500	41,500	41,360	(140)
Debt service:				
Principal	42,076	42,076	42,105	29
Interest	7,235	7,235	7,206	(29)
Total expenditures	<u>\$ 90,811</u>	<u>\$ 90,811</u>	<u>90,671</u>	<u>\$ (140)</u>
Net change in fund balance			8,762	
Fund balance, beginning of year			<u>165,459</u>	
Fund balance, end of year			<u>\$ 174,221</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, 2021

	<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	\$ 100,000	\$ 110,000	\$ 124,581	\$ 14,581
Interest income	-	-	279	279
Total revenues	<u>100,000</u>	<u>110,000</u>	<u>124,860</u>	<u>14,860</u>
Expenditures				
Community support and development:				
Services, supplies, and other	<u>100,000</u>	<u>110,000</u>	<u>66,023</u>	<u>(43,977)</u>
Total expenditures	<u>\$ 100,000</u>	<u>\$ 110,000</u>	<u>66,023</u>	<u>\$ (43,977)</u>
Net change in fund balance			58,837	
Fund balance, beginning of year			<u>360,448</u>	
Fund balance, end of year			<u>\$ 419,285</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest income	\$ 180	\$ 180	\$ 729	\$ 549
Other revenues:				
Donations	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
Total revenues	<u>20,180</u>	<u>20,180</u>	<u>729</u>	<u>(19,451)</u>
Expenditures				
Community support and development:				
Services, supplies, and other	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
Total expenditures	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>-</u>	<u>\$ (100,000)</u>
Net change in fund balance			729	
Fund balance, beginning of year			<u>105,983</u>	
Fund balance, end of year			<u>\$ 106,712</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, 2021

	<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	\$ 100	\$ 100	\$ 50	\$ (50)
Total revenues	<u>100</u>	<u>100</u>	<u>50</u>	<u>(50)</u>
Expenditures				
Judicial:				
Services, supplies, and other	6,500	6,500	79	(6,421)
Total expenditures	<u>\$ 6,500</u>	<u>\$ 6,500</u>	<u>79</u>	<u>\$ (6,421)</u>
Net change in fund balance			(29)	
Fund balance, beginning of year			<u>6,900</u>	
Fund balance, end of year			<u>\$ 6,871</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, 2021

	<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	\$ 1,119,860	\$ 1,119,860	\$ 1,249,079	\$ 129,219
Connection fees	6,300	6,300	5,835	(465)
Total operating revenues	<u>1,126,160</u>	<u>1,126,160</u>	<u>1,254,914</u>	<u>128,754</u>
Operating expenses				
Salaries and wages	254,716	254,716	264,001	9,285
Employee benefits	176,512	176,512	174,983	(1,529)
Services, supplies, and other	349,575	349,575	333,112	(16,463)
Depreciation and amortization	360,000	360,000	315,712	(44,288)
Total operating expenses	<u>1,140,803</u>	<u>1,140,803</u>	<u>1,087,808</u>	<u>(52,995)</u>
Nonoperating revenues (expenses)				
Interest income	3,250	3,250	3,219	(31)
Rent income - Georgetown Ranch	4,700	4,700	12,744	8,044
Miscellaneous income	11,000	11,000	27,914	16,914
System obligation fee income	4,375	4,375	17,410	13,035
NDOT engineering reimbursement	-	-	96,730	96,730
Quadra mining revenues	400,000	400,000	222,069	(177,931)
Interest expense	(35,804)	(35,804)	(35,804)	-
Quadra mining expense	(400,000)	(400,000)	(251,917)	148,083
Total nonoperating revenues (expenses)	<u>\$ (12,479)</u>	<u>\$ (12,479)</u>	<u>92,365</u>	<u>\$ 104,844</u>
Change in net position			259,471	
Net position, beginning of year			<u>10,071,118</u>	
Net position, end of year			<u>\$ 10,330,589</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, 2021

	<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	\$ 1,061,500	\$ 1,061,500	\$ 1,091,296	\$ 29,796
Testing revenues	10,000	10,000	12,807	2,807
Total operating revenues	<u>1,071,500</u>	<u>1,071,500</u>	<u>1,104,103</u>	<u>32,603</u>
Operating expenses				
Salaries and wages	176,632	176,632	190,538	13,906
Employee benefits	126,424	126,424	105,265	(21,159)
Services, supplies, and other	687,696	737,696	357,695	(380,001)
Depreciation and amortization	240,000	240,000	242,847	2,847
Total operating expenses	<u>1,230,752</u>	<u>1,280,752</u>	<u>896,345</u>	<u>(384,407)</u>
Nonoperating revenues (expenses)				
Interest income	4,200	4,200	4,176	(24)
Miscellaneous income	500	500	10,326	9,826
System obligation fee income	3,000	3,000	7,000	4,000
NDOT engineering reimbursement	-	-	45,520	45,520
Grant - CARES Act	-	50,000	48,997	(1,003)
Grant - CDBG	-	-	578,098	578,098
Interest expense	(66,185)	(66,185)	(66,332)	(147)
Total nonoperating revenues (expenses)	<u>\$ (58,485)</u>	<u>\$ (8,485)</u>	<u>627,785</u>	<u>\$ 636,270</u>
Change in net position			835,543	
Net position, beginning of year			<u>6,794,784</u>	
Net position, end of year			<u>\$ 7,630,327</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, 2021

	<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	\$ 987,000	\$ 987,000	\$ 1,103,912	\$ 116,912
Total operating revenues	<u>987,000</u>	<u>987,000</u>	<u>1,103,912</u>	<u>116,912</u>
Operating expenses				
Salaries and wages	356,735	356,735	365,221	8,486
Employee benefits	228,741	228,741	247,768	19,027
Services, supplies, and other	483,595	483,595	218,381	(265,214)
Landfill closure/post closure costs	80,000	80,000	89,773	9,773
Depreciation and amortization	98,000	98,000	61,226	(36,774)
Total operating expenses	<u>1,247,071</u>	<u>1,247,071</u>	<u>982,369</u>	<u>(264,702)</u>
Nonoperating revenues (expenses)				
Interest income	7,500	7,500	8,151	651
Miscellaneous income	46,700	46,700	110,918	64,218
Total nonoperating revenues (expenses)	<u>\$ 54,200</u>	<u>\$ 54,200</u>	<u>119,069</u>	<u>\$ 64,869</u>
Change in net position			240,612	
Net position, beginning of year			<u>2,524,241</u>	
Net position, end of year			<u>\$ 2,764,853</u>	

COMPLIANCE SECTION



**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, 2021, 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, 2021.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 did identify 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.

Keddington & Christensen, LLC

Salt Lake City, Utah

November 30, 2021



**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, 2021, 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, 2021. 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, 2021, 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 no instances of noncompliance, which is required to be reported in accordance with NRS 354.624. Our findings do not constitute a legal determination for the City's compliance or noncompliance with State requirements.

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.

Keddington & Christensen, LLC

Salt Lake City, Utah
November 30, 2021

CITY OF ELY, NEVADA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2021

2021-001: Financial Close and Reporting Process – Internal Control – Material Weakness

Condition: During the audit, we proposed certain audit adjustments to correct material misstatements in the City's financial statements.

Criteria: Auditing standards indicate that the identification by the auditor of 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 proposed entries is available from management.

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

Recommendation: We recommend the City implement controls to ensure that all material balances are reconciled at year end.

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

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, 2021

Flat Fixed Fees:

Business license revenue adjusted base at June 30, 2020	\$ 228,388
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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>1.30%</u>	<u>-1.45%</u>

Decrease in base	<u>(3,314)</u>
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Adjusted base at June 30, 2021	<u>225,074</u>
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Actual revenue	<u>140,625</u>
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Amount over (under) allowable amount	<u><u>\$ (84,449)</u></u>
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SINGLE AUDIT SECTION



KEDDINGTON & CHRISTENSEN, CPAS

CERTIFIED PUBLIC ACCOUNTANTS

Gary K. Keddington, CPA

Phyl R. Warnock, CPA

Marcus K. Arbuckle, CPA

Steven M. Rowley, CPA

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Ely, Nevada's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2021. The City's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of Report

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

Keddington & Christensen, LLC

Salt Lake City, Utah
November 30, 2021

CITY OF ELY, NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Pass-through Entity Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>Department of the Treasury</u>				
Passed through the State of Nevada:				
COVID-19 - Coronavirus Relief Fund	21.019	None	\$ -	\$ 528,202
Total Department of the Treasury			\$ -	\$ 528,202
<u>Department of Housing and Urban Development</u>				
Passed through the State of Nevada:				
Community Development Block Grants	14.228	19/PF/02	\$ -	\$ 245,735
Community Development Block Grants	14.228	20/PF/07	-	12,229
Community Development Block Grants	14.228	20/PF/08	-	332,363
Total Department of Housing and Urban Development			\$ -	\$ 590,327
Total Expenditures of Federal Awards			\$ -	\$ 1,118,529

CITY OF ELY, NEVADA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

- General – The *Schedule of Expenditures of Federal Awards* presents the activity of all federal awards of the City of Ely, Nevada (the City). Federal awards received directly from federal agencies as well as federal awards passed through other governmental agencies are included on the *Schedule of Expenditures of Federal Awards*.
- Basis of Accounting – The *Schedule of Expenditures of Federal Awards* is presented using the modified-accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
- Indirect Cost Rate – The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF ELY, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

- | | |
|---|------------|
| 1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | Yes |
| b. Significant deficiency identified? | None noted |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|---------------------|
| 1. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiency identified? | None noted |
| 2. Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| 3. Any findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 4. Any audit findings in the prior year regarding federal awards? | No |
| 5. Federal programs tested as a major program: | |
| <u>Name of Federal Program:</u> | <u>CFDA Number:</u> |
| Coronavirus Relief Fund | 21.019 |
| 6. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 7. Auditee qualified as low-risk auditee? | No |