



CITY OF ELY, NEVADA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF ELY, NEVADA

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FINANCIAL SECTION



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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, 2019, 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, 2019, 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 net OPEB liability and related ratios, schedule of OPEB contributions, 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, budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules, as listed in the table of contents, 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 and budgetary comparison schedules 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 January 9, 2020, 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
January 9, 2020

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, 2019.

Financial Highlights

- The assets of the City of Ely exceeded its liabilities and deferred inflows, at June 30, 2019, by \$24,393,661 (net position). Of this amount, \$3,579,904 (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 \$957,099. The City's enterprise funds net position increased by \$556,991. The governmental fund net position increased by \$400,108.
- As of June 30, 2019, the City of Ely's governmental funds reported combined ending fund balances of \$1,786,761, with \$272,195 being available for spending at the City's discretion (unassigned fund balance).
- As of June 30, 2019, unassigned fund balance in the general fund was \$287,273, or 10% of the 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. Governmental 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 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 \$24,393,661 at June 30, 2019, versus \$23,436,562 at June 30, 2018, an increase of \$957,099 resulting from current year activity.

City of Ely, Nevada Statement of Net Position

	Governmental activities		Business-type activities		Combined Total	
	06/30/19	06/30/18	06/30/19	06/30/18	06/30/19	06/30/18
Assets						
Current and other assets	\$ 2,330,634	\$ 1,679,718	\$ 10,302,085	\$ 9,322,198	\$ 12,632,719	\$ 11,001,916
Net capital assets	4,826,075	4,795,934	14,979,877	15,375,703	19,805,952	20,171,637
Total assets	7,156,709	6,475,652	25,281,962	24,697,901	32,438,671	31,173,553
Deferred outflows						
Outflows related to pension and OPEB	578,675	593,736	473,990	462,487	1,052,665	1,056,223
Total liabilities	578,675	593,736	473,990	462,487	1,052,665	1,056,223
Liabilities						
Long-term liabilities outstanding	-	-	844,323	783,084	844,323	783,084
Other liabilities	3,513,200	3,192,416	4,327,971	4,317,130	7,841,171	7,509,546
Total liabilities	3,513,200	3,192,416	5,172,294	5,100,214	8,685,494	8,292,630
Deferred inflows						
Inflows related to pension	226,501	281,397	185,680	219,187	412,181	500,584
Total liabilities	226,501	281,397	185,680	219,187	412,181	500,584
Net position:						
Net investment in capital assets	4,326,126	4,238,812	12,767,921	13,098,120	17,094,047	17,336,932
Restricted	824,541	741,666	2,895,169	2,427,738	3,719,710	3,169,404
Unrestricted	(1,154,984)	(1,384,903)	4,734,888	4,315,129	3,579,904	2,930,226
Total net position	\$ 3,995,683	\$ 3,595,575	\$ 20,397,978	\$ 19,840,987	\$ 24,393,661	\$ 23,436,562

The largest portion of the City of Ely's net position (69.8%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City of Ely uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Ely's investments in its capital assets is reported net of related debt, it should be noted that the recourses needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debts.

Restricted net position represents 15.3% of the City's net position. They represent 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 (14.9%) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

**City of Ely, Nevada
Changes in Net Position**

	Governmental activities		Business-type activities		Combined Total	
	06/30/19	06/30/18	06/30/19	06/30/18	06/30/19	06/30/18
Revenues:						
Program revenues:						
Charges for services	\$ 728,091	\$ 645,985	\$ 3,465,052	\$ 3,311,488	\$ 4,193,143	\$ 3,957,473
Operating grants and contributions	28,048	30,499	308,125	656,792	336,173	687,291
Capital grants and contributions	563,106	235,173	-	-	563,106	235,173
General revenues:						
Consolidated taxes	1,461,856	1,394,324	-	-	1,461,856	1,394,324
Fuel taxes	169,494	170,508	-	-	169,494	170,508
Room taxes	288,358	157,933	-	-	288,358	157,933
Share of county gaming tax	41,209	32,400	-	-	41,209	32,400
Ad valorem taxes	161,024	86,573	-	-	161,024	86,573
Franchise taxes	183,288	175,538	-	-	183,288	175,538
Investment earnings	4,938	-	11,767	-	16,705	-
Total revenues	3,629,412	2,928,933	3,784,944	3,968,280	7,414,356	6,897,213
Expenses:						
General government	286,628	145,194	-	-	286,628	145,194
Judicial	413,098	222,824	-	-	413,098	222,824
Public safety	1,551,071	1,135,287	-	-	1,551,071	1,135,287
Public works	204,867	120,817	-	-	204,867	120,817
Health and sanitation	155,797	150,900	-	-	155,797	150,900
Culture and recreation	105,284	110,171	-	-	105,284	110,171
Community support	-	62,490	-	-	-	62,490
Highways and streets	508,799	399,821	-	-	508,799	399,821
Water	-	-	1,301,308	1,555,576	1,301,308	1,555,576
Sewer	-	-	859,161	1,119,986	859,161	1,119,986
Landfill	-	-	1,071,244	1,408,399	1,071,244	1,408,399
Railroad	-	-	-	-	-	-
Total expenses	3,225,544	2,347,504	3,231,713	4,083,961	6,457,257	6,431,465
Increase in net position before transfers	403,868	581,429	553,231	(115,681)	957,099	465,748
Transfers	(3,760)	-	3,760	-	-	-
Increase in net position	400,108	581,429	556,991	(115,681)	957,099	465,748
Net position, beginning	3,595,576	3,366,325	19,840,987	20,094,043	23,436,563	23,460,368
Reclassification and prior period adjustments	-	(352,178)	-	(137,375)	-	(489,553)
Net position, ending	\$ 3,995,683	\$ 3,595,576	\$ 20,397,978	\$ 19,840,987	\$ 24,393,662	\$ 23,436,563

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 20% of total governmental revenues. The remaining program costs were financed from grants and general revenues. The largest general revenue source is consolidated taxes of \$1,461,856 which provided 40% of the total governmental revenues.

Business-Type Activities. Program revenues and charges for services, provided all of 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. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Ely's governmental funds reported combined ending fund balances of \$1,786,761; \$272,195 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 or restricted to indicate that it is either not available for spending or restricted 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, unreserved fund balance of the general fund was \$287,273. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Unreserved fund balance represents 10% of total general fund expenditures.

The fund balance of the general fund decreased by \$30,213 during the current year. This was a favorable difference of \$249,686 when compared to the budgeted decrease of \$279,899.

The major revenue sources of the general fund are intergovernmental revenues (\$2,023,383) which represent 74% 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 49% (\$1,345,943) of total general fund expenditures. The Public Safety expenditures included \$841,944 for Fire Department operations, and \$503,998 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. This fund has been under stress for the last few years, as the gas tax revenues have been reallocated state-wide and have fallen. The City and County are working together to utilize Regional Transportation Commission revenue and Public Transit Fund revenue to improve the City streets. The Fund balance was \$35,732 at the start of the year. During the course of the year fund expenditures exceeded revenues by \$50,810.

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 (\$288,358) 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 \$6,714 (0.6% increase). The increase was due primarily to changes in water usage. Operating expenses decreased 21.1% (\$260,767) for the year. The change in net position for the year was an increase of \$232,397.

Sanitation Fund. The City’s sewer fund operating revenue decreased by \$10,528 (1.0% decrease) due primarily to normal changes in population and services. Operating expenses decreased by 23.8% (\$250,241) for the year. The change in net position for the year was an increase of \$257,202.

Sanitary Landfill Fund. The City’s landfill fund operating revenue increased by \$78,200 (7.8% increase) due primarily to normal activity and changes in population and services. Operating expenses decreased by 23.9% (\$337,155) for the year. The fund had an increase in net position for the year of \$63,632. 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 only activity for the year ended June 30, 2019 was a transfer of \$3,760 from the General Fund to remove the negative cash allocation in the Railroad Fund.

Budgetary Highlights.

The General Fund’s legal level of budgetary control is the function level. The budget for expenditure appropriation for the year was \$2,337,671. Actual expenditures were \$419,825 more than the final budget. Several functions of the general fund were over budget for the year ended June 30, 2019.

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, 2019, amounts to \$19,805,954 net of depreciation. The assets are displayed by type of activity and asset in the table on the next page.

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

Governmental activity:		
Vehicles and equipment	\$	8,834
Construction in progress - Building, NDOW project	\$	415,415
Business-type activity:		
Vehicles and equipment	\$	64,436

City of Ely, Nevada
Capital assets for years ended June 30, 2019 and 2018

	Governmental activities		Business-type activities		Combined Total	
	06/30/19	06/30/18	06/30/19	06/30/18	06/30/19	06/30/18
Land	\$ 275,931	\$ 275,931	\$ 1,882,278	\$ 1,882,278	\$ 2,158,209	\$ 2,158,209
Construction in progress	415,415	-	189,316	52,850	604,731	52,850
Streets	1,258,781	1,373,405	-	-	1,258,781	1,373,405
Flood control	133,669	143,124	-	-	133,669	143,124
Improvements	556,523	587,473	12,217,244	12,726,351	12,773,767	13,313,824
Buildings	653,877	706,214	399,281	348,788	1,053,158	1,055,002
Vehicles and equipment	1,531,879	1,709,787	291,760	365,436	1,823,639	2,075,223
Net capital assets	<u>\$ 4,826,075</u>	<u>\$ 4,795,934</u>	<u>\$ 14,979,879</u>	<u>\$ 15,375,703</u>	<u>\$ 19,805,954</u>	<u>\$ 20,171,637</u>

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 \$2,711,905. Of this amount, the governmental activities had \$499,949 outstanding and the business-type activities \$2,211,956. These amounts are not considered general obligation debt. The debts are revenue bonds, notes payable secured by deeds of trust and a capital lease.

City of Ely, Nevada
Outstanding notes and bonds for years ended June 30, 2019 and 2018

	Governmental activities		Business-type activities		Combined Total	
	06/30/19	06/30/18	06/30/19	06/30/18	06/30/19	06/30/18
Revenue bonds payable	\$ -	\$ -	\$ 2,211,956	\$ 2,277,583	\$ 2,211,956	\$ 2,277,583
Trust deeds payable	266,588	284,969	-	-	266,588	284,969
Capital lease	233,361	272,153	-	-	233,361	272,153
and bonds	<u>\$ 499,949</u>	<u>\$ 557,122</u>	<u>\$ 2,211,956</u>	<u>\$ 2,277,583</u>	<u>\$ 2,711,905</u>	<u>\$ 2,834,705</u>

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

Other Factors/Economic Factors.

The City Budgeted 67% 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.

- **The Water Fund** – The Water Fund revenue is holding steady and the City is investing in improving and upgrading the system.
- **The Sewer 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.
- **The 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. Modification of the operating permit is in progress to allow for a change in the access road in order to gain more space for refuse.
- **The 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, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 668,439	\$ 5,847,855	\$ 6,516,294
Accounts receivable, net	175,321	499,384	674,705
Tax receivable	21,585	-	21,585
Internal Balances	(155,467)	155,467	-
Due from other governments	680,540	1,275	681,815
Inventory and prepaid expenses	-	58,612	58,612
Deposits	1,200	-	1,200
Restricted assets:			
Cash held for debt service	29,736	175,789	205,525
Cash held for landfill closure	-	844,323	844,323
Cash held for fund specific purposes	764,214	2,719,380	3,483,594
Receivables held for fund specific purposes	145,066	-	145,066
Property and equipment not being depreciated	691,346	2,029,794	2,721,140
Property and equipment, net of depreciation	4,134,729	12,908,283	17,043,012
Non-service property, Georgetown Ranch, net	-	41,800	41,800
Total assets	<u>7,156,709</u>	<u>25,281,962</u>	<u>32,438,671</u>
Deferred Outflow of Resources			
Deferred outflows related to pensions	568,767	466,263	1,035,030
Deferred outflows related to OPEB	9,908	7,727	17,635
Total deferred outflows	<u>578,675</u>	<u>473,990</u>	<u>1,052,665</u>
Liabilities			
Accounts payable	438,612	65,649	504,261
Accrued liabilities	105,262	30,453	135,715
Accrued interest	4,928	10,421	15,349
Customer deposits	-	36,063	36,063
Current maturities of compensated absences	109,724	65,207	174,931
Current maturities of capital lease	40,383	-	40,383
Current maturities of notes payable	19,040	-	19,040
Current maturities of bonds payable	-	70,027	70,027
Noncurrent liabilities:			
Net compensated absences	73,149	43,472	116,621
Net OPEB obligation	141,603	110,445	252,048
Net pension liability	2,139,973	1,754,305	3,894,278
Capital lease payable, net of current maturities	192,978	-	192,978
Notes payable, net of current maturities	247,548	-	247,548
Bonds payable, net of current maturities	-	2,141,929	2,141,929
Landfill closure costs	-	844,323	844,323
Total liabilities	<u>3,513,200</u>	<u>5,172,294</u>	<u>8,685,494</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	226,501	185,680	412,181
Total deferred inflows	<u>226,501</u>	<u>185,680</u>	<u>412,181</u>
Net Position			
Net investment in capital assets	4,326,126	12,767,921	17,094,047
Restricted for:			
Judicial	142,821	-	142,821
Debt service	29,736	175,789	205,525
Community development	266,323	-	266,323
Stabilization	135,916	-	135,916
Capital projects	249,745	2,719,380	2,969,125
Unrestricted	(1,154,984)	4,734,888	3,579,904
Total net position	<u>\$ 3,995,683</u>	<u>\$ 20,397,978</u>	<u>\$ 24,393,661</u>

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

CITY OF ELY, NEVADA
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 286,628	\$ 222,953	\$ -	\$ -	\$ (63,675)	\$ -	\$ (63,675)
Judicial	413,098	89,287	-	-	(323,811)	-	(323,811)
Public safety	1,551,071	238,005	-	-	(1,313,066)	-	(1,313,066)
Public works	204,867	111,532	-	2,135	(91,200)	-	(91,200)
Health and sanitation	155,797	-	1,572	-	(154,225)	-	(154,225)
Culture and recreation	105,284	23,557	-	125	(81,602)	-	(81,602)
Community support and development	-	22,757	26,476	415,415	464,648	-	464,648
Highway and streets	508,799	20,000	-	145,431	(343,368)	-	(343,368)
Total governmental activities	<u>3,225,544</u>	<u>728,091</u>	<u>28,048</u>	<u>563,106</u>	<u>(1,906,299)</u>	<u>-</u>	<u>(1,906,299)</u>
Business-type activities:							
Municipal water	1,301,308	1,222,363	308,125	-	-	229,180	229,180
Sanitation	859,161	1,112,209	-	-	-	253,048	253,048
Landfill	1,071,244	1,130,480	-	-	-	59,236	59,236
Railroad	-	-	-	-	-	-	-
Total business-type activities	<u>3,231,713</u>	<u>3,465,052</u>	<u>308,125</u>	<u>-</u>	<u>-</u>	<u>541,464</u>	<u>541,464</u>
Total primary government	<u>\$ 6,457,257</u>	<u>\$ 4,193,143</u>	<u>\$ 336,173</u>	<u>\$ 563,106</u>			
General Revenues:							
Property taxes					161,024	-	161,024
Franchise tax					183,288	-	183,288
Room taxes					288,358	-	288,358
Consolidated tax					1,461,856	-	1,461,856
Share of county gaming tax					41,209	-	41,209
Fuel tax					169,494	-	169,494
Investment earnings					4,938	11,767	16,705
Transfers					(3,760)	3,760	-
Total general revenues					<u>2,306,407</u>	<u>15,527</u>	<u>2,305,229</u>
Change in net position					<u>400,108</u>	<u>556,991</u>	<u>957,099</u>
Net position - beginning					<u>3,595,575</u>	<u>19,840,987</u>	<u>23,436,562</u>
Net position - ending					<u>\$ 3,995,683</u>	<u>\$ 20,397,978</u>	<u>\$ 24,393,661</u>

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

CITY OF ELY, NEVADA
Balance Sheet
Governmental Funds
June 30, 2019

	<u>General Fund</u>	<u>Street Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 484,917	\$ 610,884	\$ 1,095,801
Restricted cash and cash equivalents	135,916	-	220,173	10,500	366,589
Accounts receivable	175,321	-	59,308	573	235,202
Taxes receivable	-	-	-	21,585	21,585
Due from other funds	80,727	-	-	-	80,727
Due from other governments	680,540	85,185	-	-	765,725
Prepaid expenses	-	-	-	-	-
Deposits	1,200	-	-	-	1,200
Total assets	<u>\$ 1,073,704</u>	<u>\$ 85,185</u>	<u>\$ 764,398</u>	<u>\$ 643,542</u>	<u>\$ 2,566,829</u>
Liabilities					
Accounts payable	\$ 423,163	\$ 9,487	\$ -	\$ 5,962	\$ 438,612
Accrued liabilities	77,352	4,582	-	23,328	105,262
Due to other funds	150,000	86,194	-	-	236,194
Total liabilities	<u>650,515</u>	<u>100,263</u>	<u>-</u>	<u>29,290</u>	<u>780,068</u>
Fund Balance					
Nonspendable:	-	-	-	-	-
Restricted for:					
Capital outlay	-	-	249,745	-	249,745
Debt service	-	-	29,736	-	29,736
Stabilization	135,916	-	-	-	135,916
Other purposes	-	-	-	409,144	409,144
Committed for:					
Capital outlay	-	-	484,917	122,863	607,780
Other purposes	-	-	-	82,245	82,245
Unassigned	287,273	(15,078)	-	-	272,195
Total fund balances	<u>423,189</u>	<u>(15,078)</u>	<u>764,398</u>	<u>614,252</u>	<u>1,786,761</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 1,073,704</u>	<u>\$ 85,185</u>	<u>\$ 764,398</u>	<u>\$ 643,542</u>	<u>\$ 2,566,829</u>

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

CITY OF ELY, NEVADA
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
For the Year Ended June 30, 2019

Total governmental fund balance		\$ 1,786,761
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	14,380,272	
Less accumulated depreciation	(9,554,197)	
		4,826,075
Some liabilities, including bonds payable, capital leases, and interest payable are not due and payable in the current period and therefore are not reported in the funds.		
Notes and capital leases payable	(499,949)	
Interest payable	(4,928)	
Compensated absences	(182,873)	
Net OPEB obligation	(141,604)	
Net pension liability	(2,139,973)	
		(2,969,327)
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds		
Deferred outflows related to pensions	568,767	
Deferred inflows related to pensions	(226,501)	
Deferred outflows related to OPEB	9,908	
		352,174
Net position of governmental activities		\$ 3,995,683

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

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

	<u>General</u>	<u>Street Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 80,949	\$ -	\$ 348,919	\$ 202,764	\$ 632,632
Licenses, permits and fees	281,839	-	-	-	281,839
Intergovernmental revenue	2,023,383	305,363	-	-	2,328,746
Charges for services	185,667	-	-	11,404	197,071
Fines and forfeitures	78,177	-	-	-	78,177
Other revenues	81,029	29,563	-	351	110,943
Total revenues	<u>2,731,044</u>	<u>334,926</u>	<u>348,919</u>	<u>214,519</u>	<u>3,629,408</u>
Expenditures					
Current:					
General government	239,493	-	3,519	-	243,012
Judicial	393,318	-	-	12,105	405,423
Public safety	1,345,943	-	-	6,923	1,352,866
Public works	134,349	-	-	-	134,349
Health and sanitation	144,683	-	-	-	144,683
Culture and recreation	84,296	-	-	4	84,300
Highway and streets	-	385,736	-	-	385,736
Debt service:					
Principal	-	-	18,381	38,777	57,158
Interest	-	-	11,410	10,533	21,943
Capital outlay:					
General Government	-	-	8,779	-	8,779
Community support and development	415,415	-	-	-	415,415
Total expenditures	<u>2,757,497</u>	<u>385,736</u>	<u>42,089</u>	<u>68,342</u>	<u>3,253,664</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,453)</u>	<u>(50,810)</u>	<u>306,830</u>	<u>146,178</u>	<u>375,744</u>
Other Financing Sources (Uses)					
Transfers out	<u>(3,760)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,760)</u>
Total other financing sources and uses	<u>(3,760)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,760)</u>
Net change in fund balances	(30,213)	(50,810)	306,830	146,178	371,984
Fund balances, beginning of year	<u>453,402</u>	<u>35,732</u>	<u>457,568</u>	<u>468,074</u>	<u>1,414,776</u>
Fund balances, end of year	<u>\$ 423,189</u>	<u>\$ (15,078)</u>	<u>\$ 764,398</u>	<u>\$ 614,252</u>	<u>\$ 1,786,760</u>

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

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, 2019

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

Net change in fund balances - total governmental funds \$ 371,984

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay	424,193	
Depreciation expense	(394,108)	
	30,085	30,085

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 contributions	115,577	
Pension expense	(166,145)	
OPEB contributions	9,655	
OPEB expense	(360)	
	(41,273)	(41,273)

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. 57,159

Accrued interest for long-term debt is not reported as an expenditure for the current period while it is recorded in the statement of activities.
The adjustment reflects the change in interest payable 1,069

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. (18,985)

Change in net position of governmental activities	\$ 400,039
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The accompanying notes are an integral part of the financial statements.

CITY OF ELY, NEVADA
Statement of Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	<u>Water Fund</u>	<u>Sanitation Fund</u>	<u>Landfill Fund</u>	<u>Railroad Fund</u>	<u>Total Proprietary Funds</u>
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,407,996	\$ 2,113,262	\$ 2,326,597	\$ -	\$ 5,847,855
Receivables, net of allowance	262,817	95,439	141,128	-	499,384
Due from other funds	-	-	155,467	-	155,467
Due from other governments	-	-	1,275	-	1,275
Prepaid expense	1,264	-	-	-	1,264
Inventory	57,348	-	-	-	57,348
Total current assets	<u>1,729,425</u>	<u>2,208,701</u>	<u>2,624,467</u>	<u>-</u>	<u>6,562,593</u>
Noncurrent assets:					
Restricted cash and cash equivalents	1,908,996	986,173	844,323	-	3,739,492
Capital assets:					
Land and easements	125,646	-	14,832	1,700,000	1,840,478
Construction-in-progress	107,832	81,484	-	-	189,316
Treatment facilities and improvements	14,459,703	10,864,951	437,329	-	25,761,983
Machinery, equipment and vehicles	527,100	317,422	1,298,621	-	2,143,143
Less accumulated depreciation	<u>(7,763,713)</u>	<u>(5,952,453)</u>	<u>(1,280,677)</u>	<u>-</u>	<u>(14,996,843)</u>
Total noncurrent assets	<u>9,365,564</u>	<u>6,297,577</u>	<u>1,314,428</u>	<u>1,700,000</u>	<u>18,677,569</u>
Other assets:					
Non-service property	50,014	-	-	-	50,014
Less accumulated depreciation	<u>(8,214)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,214)</u>
Total other assets	<u>41,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,800</u>
Total assets	<u>11,136,789</u>	<u>8,506,278</u>	<u>3,938,895</u>	<u>1,700,000</u>	<u>25,281,962</u>
Deferred Outflow of Resources					
Deferred outflows related to pensions	134,937	104,565	226,761	-	466,263
Deferred outflows related to OPEB	<u>2,195</u>	<u>2,048</u>	<u>3,484</u>	<u>-</u>	<u>7,727</u>
Total deferred outflows	<u>\$ 137,132</u>	<u>\$ 106,613</u>	<u>\$ 230,245</u>	<u>\$ -</u>	<u>\$ 473,990</u>
Liabilities					
Current liabilities:					
Accounts payable	\$ 34,762	\$ 17,753	\$ 13,134	\$ -	\$ 65,649
Accrued liabilities	8,702	6,927	14,824	-	30,453
Accrued interest	3,896	6,525	-	-	10,421
Customer Deposits	15,548	11,131	9,384	-	36,063
Current portion of noncurrent liabilities	<u>48,603</u>	<u>43,813</u>	<u>42,818</u>	<u>-</u>	<u>135,234</u>
Total current liabilities	<u>111,511</u>	<u>86,149</u>	<u>80,160</u>	<u>-</u>	<u>277,820</u>
Noncurrent liabilities:					
Compensated absences	27,679	9,636	71,364	-	108,679
Net OPEB obligation	31,379	29,273	49,793	-	110,445
Net pension liability	507,696	393,424	853,185	-	1,754,305
Bonds payable	763,013	1,448,943	-	-	2,211,956
Less current portion of noncurrent liabilities	<u>(48,603)</u>	<u>(43,813)</u>	<u>(42,818)</u>	<u>-</u>	<u>(135,234)</u>
Landfill closure/post closure costs	<u>-</u>	<u>-</u>	<u>844,323</u>	<u>-</u>	<u>844,323</u>
Total noncurrent liabilities	<u>1,281,164</u>	<u>1,837,463</u>	<u>1,775,847</u>	<u>-</u>	<u>4,894,474</u>
Total liabilities	<u>1,392,675</u>	<u>1,923,612</u>	<u>1,856,007</u>	<u>-</u>	<u>5,172,294</u>
Deferred Inflow of Resources					
Deferred inflows related to pensions	<u>53,736</u>	<u>41,641</u>	<u>90,303</u>	<u>-</u>	<u>185,680</u>
Total deferred inflows	<u>53,736</u>	<u>41,641</u>	<u>90,303</u>	<u>-</u>	<u>185,680</u>
Net Position					
Net investment in capital assets	6,735,355	3,862,461	470,105	1,700,000	12,767,921
Restricted for debt service	69,540	106,249	-	-	175,789
Restricted for capital improvements	1,839,456	879,924	-	-	2,719,380
Unrestricted	<u>1,183,159</u>	<u>1,799,004</u>	<u>1,752,725</u>	<u>-</u>	<u>4,734,888</u>
Total net position	<u>\$ 9,827,510</u>	<u>\$ 6,647,638</u>	<u>\$ 2,222,830</u>	<u>\$ 1,700,000</u>	<u>\$ 20,397,978</u>

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

CITY OF ELY, NEVADA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	<u>Water Fund</u>	<u>Sanitation Fund</u>	<u>Landfill Fund</u>	<u>Railroad Fund</u>	<u>Total Proprietary Funds</u>
Operating revenues					
Charges for services	\$ 1,141,225	\$ 1,036,092	\$ 1,086,980	\$ -	\$ 3,264,297
Operating expenses					
Salaries and wages	227,290	182,431	406,867	-	816,588
Employee benefits	130,561	79,763	260,206	-	470,530
Service, supplies and other	292,524	299,693	255,792	-	848,009
Landfill closure/post closure costs	-	-	61,238	-	61,238
Depreciation and amortization	323,782	236,142	87,141	-	647,065
Total operating expenses	<u>974,157</u>	<u>798,029</u>	<u>1,071,244</u>	<u>-</u>	<u>2,843,430</u>
Operating income (loss)	<u>167,068</u>	<u>238,063</u>	<u>15,736</u>	<u>-</u>	<u>420,867</u>
Nonoperating revenues (expenses)					
Interest income	3,217	4,154	4,396	-	11,767
Rent income	1,281	-	-	-	1,281
Miscellaneous income	30,322	34,817	43,500	-	108,639
System obligation fees	49,535	41,300	-	-	90,835
Grant revenue	308,125	-	-	-	308,125
Interest expense	(32,078)	(61,132)	-	-	(93,210)
Miscellaneous expense	(295,073)	-	-	-	(295,073)
Total nonoperating revenues (expenses)	<u>65,329</u>	<u>19,139</u>	<u>47,896</u>	<u>-</u>	<u>132,364</u>
Income before transfers	<u>232,397</u>	<u>257,202</u>	<u>63,632</u>	<u>-</u>	<u>553,231</u>
Transfers					
Transfers in	-	-	-	3,760	3,760
Change in net position	<u>232,397</u>	<u>257,202</u>	<u>63,632</u>	<u>3,760</u>	<u>556,991</u>
Total net position, beginning of year	<u>9,595,113</u>	<u>6,390,436</u>	<u>2,159,198</u>	<u>1,696,240</u>	<u>19,840,987</u>
Total net position, end of year	<u>\$ 9,827,510</u>	<u>\$ 6,647,638</u>	<u>\$ 2,222,830</u>	<u>\$ 1,700,000</u>	<u>\$ 20,397,978</u>

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

CITY OF ELY, NEVADA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Water Fund	Sanitation Fund	Landfill Fund	Railroad Fund	Total Proprietary Funds
Cash Flows From Operating Activities:					
Cash received from customers, service fees	\$ 1,002,305	\$ 1,031,408	\$ 1,077,567	\$ -	\$ 3,111,280
Cash paid to employees	(344,209)	(275,379)	(629,831)	-	(1,249,419)
Cash paid to suppliers	(349,122)	(289,276)	(260,052)	-	(898,450)
Net cash flows from operating activities	<u>308,974</u>	<u>466,753</u>	<u>187,684</u>	<u>-</u>	<u>963,411</u>
Cash Flows From Noncapital Financing Activities:					
Cash received from grants	308,125	-	-	-	308,125
Cash received from miscellaneous sources	30,322	34,817	43,500	-	108,639
Cash received from rental payments	1,281	-	-	-	1,281
Cash transferred (to) from other funds	-	-	(119,246)	-	(119,246)
Cash paid for grant activities	(295,073)	-	-	-	(295,073)
Net cash flows from noncapital financing activities	<u>44,655</u>	<u>34,817</u>	<u>(75,746)</u>	<u>-</u>	<u>3,726</u>
Cash Flows From Capital and Related Financing Activities:					
Cash received from system obligations	49,535	41,300	-	-	90,835
Principal paid on capital debt	(31,667)	(33,960)	-	-	(65,627)
Interest paid on capital debt	(32,078)	(61,132)	-	-	(93,210)
Acquisition and construction of capital assets	(116,553)	(111,720)	(22,968)	-	(251,241)
Net cash flows from capital and related financing activities	<u>(130,763)</u>	<u>(165,512)</u>	<u>(22,968)</u>	<u>-</u>	<u>(319,243)</u>
Cash Flows From Investing Activities:					
Interest on investments	3,217	4,154	4,396	-	11,767
Net change in cash and cash equivalents	226,083	340,212	93,366	-	659,661
Cash and investments, including restricted cash, beginning of year	3,090,909	2,759,223	3,077,554	-	8,927,686
Cash and Cash Equivalents, Including Restricted Cash, End of Year	<u>\$ 3,316,992</u>	<u>\$ 3,099,435</u>	<u>\$ 3,170,920</u>	<u>\$ -</u>	<u>\$ 9,587,347</u>
Reconciliation of operating income to net cash flows from operating activities:					
Operating income (loss)	\$ 167,068	\$ 238,063	\$ 15,736	\$ -	\$ 420,867
Adjustments to reconcile net income (loss) to net cash provided by operating activities					
Depreciation/amortization	323,782	236,142	87,141	-	647,065
Employer Pension Contributions	30,594	21,126	61,388	-	113,108
Employer OPEB Contributions	(2,139)	(1,995)	(3,395)	-	(7,529)
Changes in operating assets, liabilities and deferred inflows and outflows:					
(Increase) decrease in receivables	(138,038)	(8,571)	(13,675)	-	(160,284)
(Increase) decrease in inventory	(36,934)	-	-	-	(36,934)
Increase (decrease) in accounts payable	(19,664)	10,417	(4,260)	-	(13,507)
Increase (decrease) in accrued liabilities	4,119	3,013	5,053	-	12,185
Increase (decrease) in customer deposits	(882)	3,887	4,262	-	7,267
Increase (decrease) in compensated absences payable	(18,932)	(35,329)	(25,804)	-	(80,065)
Increase (decrease) in landfill closure/post closure liability	-	-	61,238	-	61,238
Net cash flows from operating activities	<u>\$ 308,974</u>	<u>\$ 466,753</u>	<u>\$ 187,684</u>	<u>\$ -</u>	<u>\$ 963,411</u>

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

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

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. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the 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 Authority is reported as an 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 general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

NOTE 1. Summary of Significant Accounting Policies, Continued

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:

The **General 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.

The **Street 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.

The **Capital Projects 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:

The **Water 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.

The **Sanitation 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.

The **Landfill 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.

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

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

NOTE 1. Summary of Significant Accounting Policies, Continued

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.

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.

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

NOTE 1. Summary of Significant Accounting Policies, Continued

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 \$7,243 for the water fund, \$12,367 for the sewer fund, and \$321,065 for the landfill fund.

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.

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

NOTE 1. Summary of Significant Accounting Policies, Continued

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 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:

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

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

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

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

NOTE 1. Summary of Significant Accounting Policies, Continued

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 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.

Revenues and expenditures/expenses

Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes

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

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

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

NOTE 1. Summary of Significant Accounting Policies, Continued

For the fiscal year 2018-2019, the allowable tax rates in White Pine County exceeded 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 County wide

Compensated absences

Vacation and Sick-leave

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.

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.

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.

Comparative data

Comparative data shown for the prior year has been extracted from the 2017-2018 financial statements and reclassified where necessary. It has been provided to add comparability but is not considered full disclosure of transactions for 2017-2018. Such information can only be obtained by referring to the audited financial statements for that year. Prior-year balances are reclassified to conform to the current-year presentation as applicable.

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

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 15.

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 17.

NOTE 3. Stabilization Fund

NRS 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, 2019. 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, 2019, the City complied with the provisions of this section.

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

NOTE 4. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

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

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

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

The City had nine departments in the General Fund with expenditures in excess of budgeted amounts for the year ended June 30, 2019. Further detail can be found in the Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual for the General Fund.

The City also had the Fire Protection & Street Improvement fund with expenditures in excess of budgeted amounts. Further details can be found on the Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual for the fund.

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.

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

NOTE 5. Cash and Investments

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

CASH AND CASH EQUIVALENTS HELD BY:	
Government Funds - Unrestricted	\$ 668,439
Proprietary Funds - Unrestricted, designated	2,840,464
Proprietary Funds - Unrestricted	3,007,391
Subtotal	<u>6,516,294</u>
Government Funds - Restricted	793,950
Proprietary Funds - Restricted	3,739,492
Subtotal	<u>4,533,442</u>
Total	<u><u>\$ 11,049,736</u></u>
 REPRESENTED BY:	
Cash on Hand	<u>\$ 600</u>
 Demand deposits accounts:	
First National Bank	6,522,158
Xpress Billpay	<u>66,644</u>
Cash and Deposits	<u>6,589,402</u>
 Investments:	
First National Bank of Ely, Market Interest Account	4,456,470
Nevada Local Government Investment Pool	<u>3,864</u>
Total Investments	<u>4,460,334</u>
Total Cash and Investments	<u><u>\$ 11,049,736</u></u>

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, 2019, the City's bank balance of \$11,277,100 was covered in the amount of \$500,000 by federal depository insurance and the remainder was subject to collateralization by the office of the State Treasurer/Nevada Collateral Pool.

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

NOTE 5. Cash and Investments, Continued

Investments

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

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

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

As of June 30, 2019 the government had the following investments:

<u>Investments:</u>	<u>Fair Value</u>	<u>Credit Rating (1)</u>		<u>Weighted Average Maturity (2)</u>
		<u>S&P</u>	<u>Moody's</u>	
Investment in Nevada Local Government Investment Pool	\$ 3,864	N/A	N/A	116 day average
First National Bank of Ely, Market Interest Account	<u>4,456,470</u>	N/A	N/A	Demand
Total Investments	<u><u>\$ 4,460,334</u></u>			

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.

Of the City’s investments, 18.43% of the Nevada Local Government Pooled Investment Fund, as listed above, are valued using quoted market prices (Level 1 inputs). The money market interest account and 81.57% of the Nevada Local Government Pooled Investment Fund, as listed above, are valued using significant other observable inputs (Level 2 inputs).

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

NOTE 5. Cash and Investments, Continued

Interest Rate Risk

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

Credit Risk

State law limits investments to items noted in the summary of significant accounting policies, Footnote 1. The city has no investment policy that would further limit its investment choices at June 30, 2019. The investments in the Local Government investment Pool are unrated. 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 Special Uses

The City maintains restricted cash to comply with various legal and contractual requirements. Amounts restricted are as follows at June 30, 2019:

Governmental Funds

2005 Fire Station Bond Reserve	\$ 29,736
Court Assessment Fund	10,500
Restricted for Specific Purposes	753,714
Total Governmental Funds	<u>\$ 793,950</u>

Proprietary Funds

Municipal Water Department Fund	
1996 Water Revenue Bond Reserve	\$ 69,540
Capital Improvement Fee	1,839,456
Sanitation Fund	
2001 Sewer Revenue Bond Reserve	106,249
Capital Improvement Fee	879,924
Sanitary Landfill Fund	
Closure/Post Closure	844,323
Total Proprietary Funds	<u>\$ 3,739,492</u>

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

NOTE 5. Cash and Investments, Continued

Cash Designated for Specific Uses

The City has authorized the funding of replacement equipment, for the Enterprise Funds, based on depreciation of those assets. Cash is set aside each year, up to the depreciation expense for those assets, and held until it is needed for replacement purposes. In addition, the Water Board adopted a policy to designate all system obligation connection fees for future plant improvements. \$2,191 was added for the Water Department fund depreciation account; \$3,361 was added to the Sanitation fund depreciation account and \$1,702 was added to the Landfill fund depreciation account. No replacement projects utilized previously accumulated funds during fiscal year 2019.

Amounts designated for future improvements at June 30, 2019 are as follows:

Water Fund	
Funded depreciation and system obligation	\$ 804,400
Sanitation Fund	
Funded depreciation and system obligation	1,245,162
Landfill Fund	
Funded depreciation	790,902
Total designated for future use	<u><u>\$ 2,840,464</u></u>

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

NOTE 6. Capital Assets

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

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 20, 2019</u>
Capital assets, not being depreciated:					
Land	\$ 275,931	\$ -	\$ -	\$ -	\$ 275,931
Construction in progress	-	415,415	-	-	415,415
Total capital assets not being depreciated	<u>275,931</u>	<u>415,415</u>	<u>-</u>	<u>-</u>	<u>691,346</u>
Capital assets, being depreciated:					
Streets	6,522,959	-	-	-	6,522,959
Flood control	1,016,736	-	-	-	1,016,736
Improvements other than buildings	882,770	-	-	-	882,770
Buildings	1,672,601	-	-	-	1,672,601
Vehicles and equipment	3,585,026	8,834	-	-	3,593,860
Total capital assets being depreciated	<u>13,680,092</u>	<u>8,834</u>	<u>-</u>	<u>-</u>	<u>13,688,926</u>
Less accumulated depreciation for:					
Streets	5,149,554	114,624	-	-	5,264,178
Flood control	873,612	9,455	-	-	883,067
Improvements other than buildings	295,297	30,950	-	-	326,247
Buildings	966,387	52,337	-	-	1,018,724
Vehicles and equipment	1,875,239	186,742	-	-	2,061,981
Total accumulated depreciation	<u>9,160,089</u>	<u>394,108</u>	<u>-</u>	<u>-</u>	<u>9,554,197</u>
Governmental activities, net	<u>\$ 4,795,934</u>	<u>\$ 30,141</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,826,075</u>

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

General government	\$ 36,254
Judicial	2,706
Public safety	149,302
Public works	63,977
Health and sanitation	10,604
Culture and recreation	16,642
Streets and highways	114,623
Total depreciation expense - governmental activities	<u>\$ 394,108</u>

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

NOTE 6. Capital Assets, Continued

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

Water Fund

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2019</u>
Assets					
Land	\$ 125,646	\$ -	\$ -	\$ -	\$ 125,646
Construction in progress	39,599	68,233	-	-	107,832
Buildings	175,445	-	-	-	175,445
Georgetown Ranch	50,014	-	-	-	50,014
Improvements	14,274,258	10,000	-	-	14,284,258
Vehicles and equipment	488,781	38,319	-	-	527,100
Total capital assets	<u>15,153,743</u>	<u>116,552</u>	<u>-</u>	<u>-</u>	<u>15,270,295</u>
Less accumulated depreciation for:					
Buildings	118,833	2,512	-	-	121,345
Georgetown Ranch	8,214	-	-	-	8,214
Improvements	6,893,692	312,110	-	-	7,205,802
Vehicles and equipment	427,405	9,160	-	-	436,565
Total accumulated depreciation	<u>7,448,144</u>	<u>323,782</u>	<u>-</u>	<u>-</u>	<u>7,771,926</u>
Water fund assets, net	<u>\$ 7,705,599</u>	<u>\$ (207,230)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,498,369</u>

Sanitation Fund

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2019</u>
Assets					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in progress	13,251	68,233	-	-	81,484
Sewer system	4,112,472	-	-	-	4,112,472
Treatment plant	3,354,297	-	-	-	3,354,297
Vehicles and equipment	281,561	35,861	-	-	317,422
Wastewater treatment plant	3,390,556	7,626	-	-	3,398,182
Total capital assets	<u>11,152,137</u>	<u>111,720</u>	<u>-</u>	<u>-</u>	<u>11,263,857</u>
Less accumulated depreciation for:					
Sewer system	1,831,066	92,539	-	-	1,923,605
Treatment plant	2,312,279	34,168	-	-	2,346,447
Vehicles and equipment	204,770	21,519	-	-	226,289
Wastewater treatment plant	1,368,195	87,916	-	-	1,456,111
Total accumulated depreciation	<u>5,716,310</u>	<u>236,142</u>	<u>-</u>	<u>-</u>	<u>5,952,452</u>
Sewer fund assets, net	<u>\$ 5,435,827</u>	<u>\$ (124,422)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,311,405</u>

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

NOTE 6. Capital Assets, Continued

Landfill Fund	June 30, 2018	Additions	Deletions	Transfers	June 30, 2019
Assets					
Land	\$ 14,832	\$ -	\$ -	\$ -	\$ 14,832
Buildings	416,752	20,577	-	-	437,329
Vehicles and equipment	1,298,621	-	-	-	1,298,621
Total capital assets	<u>1,730,205</u>	<u>20,577</u>	<u>-</u>	<u>-</u>	<u>1,750,782</u>
Less accumulated depreciation for:					
Buildings	92,148	14,640	-	-	106,788
Vehicles and equipment	1,101,388	72,501	-	-	1,173,889
Total accumulated depreciation	<u>1,193,536</u>	<u>87,141</u>	<u>-</u>	<u>-</u>	<u>1,280,677</u>
Landfill fund assets, net	<u>\$ 536,669</u>	<u>\$ (66,564)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 470,105</u>
 Railroad Fund					
	June 30, 2018	Additions	Deletions	Transfers	June 30, 2019
Assets					
Land and right-of-way	\$ 1,700,000	\$ -	\$ -	\$ -	\$ 1,700,000
Construction in progress	-	-	-	-	-
Total capital assets	<u>1,700,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,700,000</u>
Railroad fund assets, net	<u>\$ 1,700,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,700,000</u>
 Total business-type activities, net	<u>\$ 15,378,095</u>	<u>\$ (398,216)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,979,879</u>

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

Business-Type Activities:

Water	\$ 323,782
Sewer	236,142
Landfill	<u>87,141</u>
Total depreciation expense - business-type activities	<u>\$ 647,065</u>

The City has two asset acquired through capital leases. The cost of the assets is \$450,443 and \$171,600 with total accumulated depreciation of \$341,101.

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

NOTE 7. Long-Term Liabilities

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

	Date of Issue	Original Amount of Issue	Interest Rate	Interest Paid During Period	Balance 06/30/18	Additions	Reductions	Balance 06/30/19	Payments Due 2019/2020		Year of Final Payment
									Principal	Interest	
Governmental Activities											
Notes Payable - Direct Borrowings:											
Capital Projects Fund:											
Fire Station Bond, Series 2005	9/28/2005	\$ 463,109	4.13%	\$ 11,410	\$ 284,969	\$ -	\$ 18,381	266,588	\$ 19,040	\$ 10,696	2031
Capital Lease Payable:											
Fire Protection/Street Improvement Fund:											
Fire Truck	6/1/2008	330,733	5.15%	7,840	152,364	-	24,839	127,525	26,117	6,561	2024
Ambulance	5/15/2017	134,500	2.37%	2,693	119,789	-	13,953	105,836	14,266	2,366	2026
		<u>\$ 928,342</u>		<u>\$ 21,943</u>	557,122	-	57,173	499,949	59,423	19,623	
Compensated absences					163,888	107,222	88,237	182,873	109,724	-	
Other post employment benefits					151,258	-	9,655	141,603	<u>\$ 169,147</u>	<u>\$ 19,623</u>	
Net pension liability					2,049,211	90,762	-	2,139,973			
Governmental Activity Long-Term Liabilities					<u>\$ 2,921,479</u>	<u>\$ 197,984</u>	<u>\$ 155,065</u>	<u>\$ 2,964,398</u>			
Business-Type Activities											
Enterprise Funds:											
Bonds Payable - Direct Placement:											
Sewer Revenue Bond, Series 2001	9/12/2001	\$ 1,900,000	4.75%	\$ 61,132	\$ 1,482,903	\$ -	\$ 33,960	\$ 1,448,943	\$ 38,031	\$ 68,217	2042
Water Revenue Bond, Series 1996	1/29/1996	1,189,800	5.00%	32,078	794,680	-	31,667	763,013	31,996	37,544	2035
		<u>\$ 3,839,800</u>		<u>\$ 93,210</u>	2,277,583	-	65,627	2,211,956	70,027	105,761	
Compensated absences					188,744	13,123	93,188	108,679	65,207	-	
Other post employment benefits					117,974	-	7,529	110,445	<u>\$ 135,234</u>	<u>\$ 105,761</u>	
Net pension liability					1,596,187	158,118	-	1,754,305			
Business-Type Activity Long-Term Liabilities					<u>\$ 4,180,488</u>	<u>\$ 171,241</u>	<u>\$ 166,344</u>	<u>\$ 4,185,385</u>			

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

NOTE 7. Long-Term Liabilities, Continued

Special Revenue Bonds

The City issued \$1,189,800 of 5.00% Water Bonds, Series 1996, in the form of proceeds from a loan from U.S. Department of Agriculture, Rural Economic Development. Proceeds were used 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:

Revenue - Water Bond Debt Service - from Direct Placement

Period Ending June 30	Interest Rate	Principal	Interest	Total
2020	5.00%	\$ 31,996	\$ 37,544	\$ 69,540
2021	5.00%	33,736	35,804	69,540
2022	5.00%	35,462	34,078	69,540
2023	5.00%	37,277	32,263	69,540
2024	5.00%	39,101	30,439	69,540
2025-2029	5.00%	228,035	119,665	347,700
2030-2034	5.00%	292,681	55,019	347,700
2035	5.00%	64,725	1,866	66,591
		<u>\$ 763,013</u>	<u>\$ 346,678</u>	<u>\$ 1,109,691</u>

The City issued \$1,900,000 of 4.75% Sewer Bonds, Series 2001, in the form of proceeds from a loan from U.S. Department of Agriculture, Rural Economic Development. Proceeds were used to refund interim sewer bonds, which were used to fund the Waste Water Treatment Project. The City has pledged income derived from the constructed assets to pay the debt services.

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

Revenue - Sewer Bond Debt Service - From Direct Placement

Period Ending June 30	Interest Rate	Principal	Interest	Total
2020	4.75%	\$ 38,031	\$ 68,217	\$ 106,248
2021	4.75%	40,065	66,183	106,248
2022	4.75%	42,010	64,238	106,248
2023	4.75%	44,049	62,199	106,248
2024	4.75%	46,022	60,256	106,248
2025-2029	4.75%	266,642	264,568	531,210
2030-2034	4.75%	337,991	193,249	531,240
2035-2039	4.75%	428,436	102,804	531,240
2040-2042	4.75%	205,697	10,596	216,293
		<u>\$ 1,448,943</u>	<u>\$ 892,310</u>	<u>\$ 2,341,223</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. The City does not have a line of credit.

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

NOTE 7. Long-Term Liabilities, Continued

Deed of Trust, Fire Station

A loan was secured from the U.S. Department of Agriculture, Rural Economic Development for the completion of the new fire station. The loan is secured by a Deed of Trust on the fire station. The terms of the note are 25 years with payments of \$2,477.63 per month, including interest at 4.125%.

Fire Station Deed of Trust Debt Service - From Direct Borrowings

Period Ending June 30	Interest Rate	Principal	Interest	Total
2020	4.125%	\$ 19,040	\$ 10,696	\$ 29,736
2021	4.125%	19,870	9,866	29,736
2022	4.125%	21,139	8,597	29,736
2023	4.125%	22,029	7,707	29,736
2024	4.125%	22,936	6,800	29,736
2025-2029	4.125%	130,098	18,582	148,680
2030-2031	4.125%	31,476	988	32,464
		<u>\$ 266,588</u>	<u>\$ 63,236</u>	<u>\$ 329,824</u>

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

Capital Leases

The City of Ely agreed to lease a 75 foot aerial ladder truck. The lease began June 1, 2008, and required the first lease payment of \$115,000 to be paid upon delivery, which was January 27, 2009. The City has agreed to pay an additional 15 annual lease payments of \$32,679 beginning October 1, 2009 and ending October 1, 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 1st as stated in the lease.

The future minimum lease payment for the above capital lease and the present value of net minimum lease payment at June 30, 2019, is as follows:

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

NOTE 7. Long-Term Liabilities, Continued

Fire Truck Capital Lease

Period Ending June 30	Lease Payments	Amount Representing Principal	Amount Representing Interest
2020	\$ 32,678	\$ 26,117	\$ 6,561
2021	32,678	27,461	5,218
2022	32,679	28,874	3,805
2023	32,679	30,359	2,319
2024	15,465	14,714	751
	<u>\$ 146,179</u>	<u>\$ 127,525</u>	<u>\$ 18,654</u>

The City of Ely agreed to lease an ambulance. The lease began May 15, 2017, and required the first monthly lease payment of \$1,386 be paid by June 15, 2017. The lease is to be paid in full by May 15, 2026.

The future minimum lease payment for the above capital lease and the present value of net minimum lease payment at June 30, 2019, is as follows:

Period Ending June 30	Lease Payments	Amount Representing Principal	Amount Representing Interest
2020	\$ 16,632	\$ 14,266	\$ 2,366
2021	16,632	14,615	2,017
2022	16,632	14,966	1,666
2023	16,632	15,326	1,306
2024	16,632	15,691	941
2025-2026	31,638	30,972	666
	<u>\$ 114,798</u>	<u>\$ 105,836</u>	<u>\$ 8,962</u>

For governmental activities, compensated absences, other post-employment benefits (OPEB), and net position liabilities are generally liquidated through the General Fund.

The lawful City general obligation debt limit is established under NRS 266.600 and is not to exceed 30 percent of the total last assessed valuation of the taxable property of the City. The general obligation debt limit was \$19,669,401. The City has no general obligation debt outstanding at June 30, 2019; therefore, the City is within the legal limit.

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

NOTE 8. Defined Benefit Pension Plan

Public Employees' Retirement System of Nevada (PERS)

Plan description

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

Benefits provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010, and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% service time factor and for regular members entering the system after July 1, 2015, there is a 2.25% factor. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - .579.

Vesting

Regular members entering the system prior to January 1, 2010, are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service. Regular members 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 10 years of service, at age 55 with thirty years of service, or any age with thirty three and one third years of service.

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

NOTE 8. Defined Benefit Pension Plan, Continued

Police/Fire members entering the System prior to January 1, 2010, are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service. Police/Fire members entering the System on or after January 1, 2010, are eligible for retirement at 65 with five years of service, or age 60 with ten years of service, or age 50 with twenty years of service, or at any age with thirty years of service. Only service performed in a position as a police officer or firefighter may be counted towards to eligibility for retirement as Police/Fire accredited service.

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

Contributions

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

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

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

The 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, 2019 and June 30, 2018 the Statutory Employer/employee matching rate was 14.5% for Regular and 20.75% for Police/Fire. The Employer-pay contribution (EPC) rate was 28% for Regular and 40.50% for Police/Fire.

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

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:

Fiscal Year Ended <u>June 30</u>	<u>Regular Members</u>	<u>Police/Fire</u>	<u>Total Contributions</u>
2019	28.00%	40.50%	\$ 210,325
2018	28.00%	40.50%	264,907
2017	28.00%	40.50%	246,365

Investment policy

The System's policies which determine the investment portfolio target asset allocation are established by the Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System. The following was the Board adopted policy target asset allocation as of June 30, 2018:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return*
Domestic equity	42%	5.50%
International equity	18%	5.75%
Domestic fixed income	30%	0.25%
Private markets	10%	6.80%

*As of June 30, 2018, PERS' long-term inflation assumption was 2.75%.

Pension liability

Net pension liability

The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2018. The City's proportion measured as of June 30, 2018, was 0.02856 percent, which was a decrease of 0.00083 percent from its proportion measured as of June 30, 2017.

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

NOTE 8. Defined Benefit Pension Plan, Continued

Pension liability discount rate sensitivity

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of Net pension (asset) / liability	\$ 5,939,624	\$ 3,894,278	\$ 2,195,925

Pension plan fiduciary net position

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

Actuarial assumptions

The City's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.75%
Payroll growth	5.00%, including inflation
Investment rate of return	7.50%
Productivity pay increase	0.5%
Projected salary increases	Regular: 4.25% to 9.15%, depending on service Police/Fire: 4.55% to 9.15%, depending on service Rates include inflation and productivity increases
Consumer Price Index	2.75%
Other assumptions	Same as those used in the June 30, 2018 funding actuarial valuation

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of the experience review completed in 2017.

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

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

NOTE 8. Defined Benefit Pension Plan, Continued

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2018, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2018.

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

For the year ended June 30, 2019, the City recognized pension expense for PERS of \$373,720. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 121,997	\$ 180,761
Changes in assumptions	205,204	-
Net difference between projected and actual earnings on pension plan investments	-	18,540
Subtotal	327,201	199,301
Changes in proportion and differences between contributions and proportional share of contributions	497,504	212,880
Contributions subsequent to the measurement date	210,325	-
Total	\$ 1,035,030	\$ 412,181
Governmental activities	\$ 568,767	\$ 226,501
Business-type activities	466,263	185,680
	\$ 1,035,030	\$ 412,181
Average expected remaining service lives	6.22 years	

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

NOTE 8. Defined Benefit Pension Plan, Continued

The \$210,325 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
2020	\$ 287,499
2021	76,571
2022	(197,100)
2023	106,669
2024	122,300
2025	16,584
	<u>\$ 412,524</u>

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

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. 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 (\$3,512,119) 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, 2019, as adjusted for inflation. It is estimated that an additional \$2,667,797 will be recognized as closure and post-closure care expenses 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 \$844,323 as of June 30, 2019, which is based on 24.04% 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 2019, 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 the required funds aside in a Money Market account held at First National Bank of Ely. The investment account balance as of June 30, 2019 was \$809,627. The city has restricted other cash of \$34,696 to set aside funds equal to the recognized liability.

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.

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

NOTE 10. Risk Management, Continued

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.

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.

The City, the Foundation and the coal plant developers have entered into a joint development agreement to pursue the future development of the rail line for the benefit of all economic interests in the City of Ely and White Pine County.

The development of the coal fired electrical generation plants is suspended and future development of the plants is uncertain.

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. The funding of the trust is occurring according to the agreement.

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

NOTE 13. S&S Shortline 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

The City contributes to an agent multiple-employer defined benefit postemployment healthcare plan, Public Employees' Benefits Plan (PEBP). The plan provides medical insurance, life insurance, dental, and vision benefits to eligible retired City employees and beneficiaries.

Benefit provisions for PEBP are administered by the State of Nevada. NRS 287.043 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees.

Benefits provided

PEBP closed to non-State public agency retirees on September 1, 2008 unless the agency's active employees are participating in PEBP. However, the City is responsible for a portion of the PEBP subsidy for a former employee retiring after September 1, 2008 from the State or from a Non-State public agency whose active employees participate in PEBP. For a retiree to participate in the PEBP program, the participant must be receiving a PERS benefit. PERS eligibility requirements vary by employee group and benefit type.

Those retirees and former employees who were eligible and elected PEBP coverage are entitled to a subsidy toward their premium cost based on their years of covered employment under Nevada PERS. The subsidy is shared on a pro-rata basis by the employers for which the retiree has worked and earned PERS service credit. Thus, the City is obligated to subsidize health care premiums for former employees as well as those who retired directly from the City.

The Nevada Legislature changes the benefit subsidies from time to time. The monthly subsidy continues to be based on years of credited service under Nevada PERS, though the level differs for pre-Medicare and Medicare eligible retirees. The subsidy ends at the earlier of the retiree's death or the date he or she discontinues coverage.

There are exceptions to the amounts shown below:

- (a) Participants who retired before January 1, 1994 receive the 15 year subsidy, regardless of their years of covered service and
- (b) Participants do not receive a subsidy if they were hired by their last employer on or after January 1, 2010, retired with less than 15 years of service and were not disabled.

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

NOTE 14. Post-Employment Benefits Other than Pensions, Continued

Agency subsidy for PEBP coverage for non-state pre-medicare retirees: The subsidy provided to pre-Medicare retirees varies based on the type of plan selected (PPO or HMO) and by the level of coverage taken (e.g., single, two party, family, etc.). The chart below shows our understanding of monthly amounts payable beginning July 2017 for those with 15 years of PERS service. Actual pre-Medicare subsidies for July 2017, as invoiced to the District by individual, were used for the valuation.

Coverage Level	PPO CDHP	Standard HMO	Alternate HMO
	15 Years of PERS Service		
Retiree Only	\$ 709.19	\$ 429.26	\$ 412.43
Retiree + Spouse	1,158.03	678.83	645.18
Retiree + Child(ren)	1,098.13	557.66	530.78
Retiree + Family	1,546.96	807.23	763.52

HRA contributions for non-state medicare retirees covered by the exchange: Amounts paid for Medicare eligible retirees covered by the Exchange do not vary by type of plan or coverage level; they vary only by years of PERS membership service. On July 1, 2018, the monthly subsidy for retirees on the Medicare Exchange is \$12 per month per year of PERS service. The maximum benefit payable is \$240 per month.

Employees covered by benefit terms

There are no active City employees covered by or eligible for coverage under PEBP. There are 16 former employees for whom the City pays a subsidy toward the cost of PEPB coverage.

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 \$18,275 for the year ended June 30, 2019 (measurement date June 30, 2018).

Plan financial reports

Information about PEBP’s financial report is available at <https://pebp.state.nv.us/>.

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

NOTE 14. Post-Employment Benefits Other than Pensions, Continued

OPEB liability

Net OPEB liability

At June 30, 2019, the City reported a net OPEB liability of \$252,048 for PEBP. The net liability was measured as of June 30, 2018 and the total liability was determined by an actuarial valuation as of June 30, 2017. 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, 2018 reflects a change in the use of discount rates of 3.53% as of June 30, 2017 and 3.87% as of June 30, 2018. There were no other significant changes of actuarial assumptions. The projections are based on established patterns of practice.

OPEB liability discount rate sensitivity

The following presents the net OPEB liability calculated using the discount rate of 3.87%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
Net OPEB liability - PEBP	\$ 276,185	\$ 252,048	\$ 231,240

OPEB liability healthcare cost trend rates sensitivity

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

	1% Decrease	Medical Trend	1% Increase
Net OPEB liability - PEBP	\$ 230,086	\$ 252,048	\$ 277,073

Actuarial assumptions

PEBP

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

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

NOTE 14. Post-Employment Benefits Other than Pensions, Continued

Inflation rate	2.75%
Salary increases	N/A – no active employee in this plan
Discount rate	3.53% as of June 30, 2017 3.87% as of June 30, 2018
Funding method	Entry age normal cost, closed group, level percent of pay
Healthcare cost trend rates	Pre-Medicare subsidy increase: 6.50% for 7/1/18, 6.00% for 7/1/19, 5.75% for 7/1/20, 5.50% for 7/1/21, 5.25% for 7/1/22, 5.00% for 7/1/23 and later years Medicare subsidy increase: 4.50% for 7/1/18 and later years

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, 2015, except for a different basis used to project future mortality improvements.

Non-disabled life rates for regular employees:

Males: RP-2000 Combined Healthy Table

Females: RP-2000 Combined Healthy Table set back 1 year

These rates were then adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2017 on a generational basis from 2015 forward (i.e. mortality is projected to improve each year until the payments anticipated in any future year occur).

The discount rate was changed from 3.53% as of June 30, 2017 to 3.87% as of June 30, 2018, based on the published change in return for the applicable municipal bond index. The City funds the PEBP OPEB liability on a pay-as-you-go basis. Therefore, the discount rate used in this valuation is based on the bond buyer general obligation 20-Bond Municipal bond index.

Changes in the net OPEB liability

	Increase (decrease)		
	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB (asset) liability (a) - (b)
Balances at June 30, 2018	\$ 269,232	\$ -	\$ 269,232
Changes during the period:			
Service cost	-	-	-
Interest cost	9,182	-	9,182
Expected investment income	-	-	-
Employer contributions	-	18,275	(18,275)
Changes of benefit terms	-	-	-
Benefit payments	(18,275)	(18,275)	-
Assumption changes	(8,091)	-	(8,091)
Plan experience	-	-	-
Investment experience	-	-	-
Net changes	(17,184)	-	(17,184)
Balances at June 30, 2019	\$ 252,048	\$ -	\$ 252,048

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

NOTE 14. Post-Employment Benefits Other than Pensions, Continued

Plan fiduciary net position

Detailed information about PEBP's fiduciary net position is available in a separately issued PEBP financial report.

OPEB expense

For the year ended June 30, 2019, the City recognized OPEB expense for PEBP of \$1,090.

Deferred outflows/inflows of resources related to OPEB

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 17,635	\$ -
Total	\$ 17,635	\$ -

The amount (\$17,635) 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, 2019 are as follows:

		Due From		
		General Fund	Street Fund	Total
Due To	General Fund	\$ -	\$ 80,727	\$ 80,727
	Landfill Fund	150,000	5,467	155,467
	Total	\$ 150,000	\$ 86,194	\$ 236,194

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

NOTE 15. Interfund Transactions and Balances, Continued

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, 2019:

		Transfers Out	
		General	
		Fund	Total
Transfers	In		
	Railroad Fund	\$ 3,760	\$ 3,760
	Total	\$ 3,760	\$ 3,760

NOTE 16. Contingent Liabilities

The City and the Railroad Foundation are plaintiffs in an ongoing legal case. Should the case be found in favor of the defendant, the City could be held jointly and severally liable for the defendant's attorney's fees and costs. Any such liability cannot currently be estimated.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES FOR THE FOLLOWING MAJOR FUNDS:

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

The **Street 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.

OTHER SCHEDULES:

Schedule of proportionate share of the net pension liability for public employee's retirement system of Nevada.

Schedule of contributions to public employee's retirement system of Nevada.

Schedule of changes in the Net OPEB Liability and Related Ratios for PEBP.

Schedule of OPEB contributions for PEBP.

CITY OF ELY, NEVADA
General Fund
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Revenues					
Taxes:					
Franchise tax	\$ 80,000	\$ 80,000	\$ 80,949	\$ 949	\$ 82,941
Total taxes	80,000	80,000	80,949	949	82,941
Licenses and permits:					
Business licenses	155,500	155,500	167,261	11,761	142,413
Animal licenses	2,000	2,000	3,045	1,045	1,483
Building permits	37,000	37,000	102,464	65,464	51,175
Building - misc.	2,000	2,000	1,100	(900)	5,030
Excavation permits	2,000	2,000	7,969	5,969	1,730
Total licenses and permits	198,500	198,500	281,839	83,339	201,831
Intergovernmental revenue:					
Consolidated tax	1,392,932	1,392,932	1,461,855	68,923	1,394,324
Share of county gaming tax	35,000	35,000	41,209	6,209	32,400
City/County/Tribal co-op - first responder	6,000	6,000	6,000	-	6,000
City/County co-op - public safety	31,570	31,570	30,907	(663)	30,907
City/County co-op - planning	35,547	35,547	35,547	-	34,850
Building department fuel charge	-	-	3,839	3,839	-
Grant - Projects	883	883	2,135	1,252	53,993
Grant - Humane Network	1,600	1,600	26,476	24,876	-
Grant - Roger Brooks	25,000	25,000	-	(25,000)	28,000
NDOW grant revenues	-	-	415,415	415,415	-
Grant - WPC fair & recreational park	-	-	-	-	6,802
Total intergovernmental revenue	1,528,532	1,528,532	2,023,383	494,851	1,587,276
Charges for services:					
Cemetery charges	20,000	20,000	22,757	2,757	17,997
Work cards	8,000	8,000	10,300	2,300	7,724
Fire claims	5,000	5,000	267	(4,733)	20,260
Fire ambulance service	130,000	130,000	140,720	10,720	131,412
Miscellaneous	12,000	12,000	11,623	(377)	9,626
Total charges for services	175,000	175,000	185,667	10,667	187,019
Fines and forfeitures:					
Court fines	76,000	76,000	67,853	(8,147)	78,284
Evidentiary fee	2,000	2,000	2,870	870	2,568
Public defender fee	2,300	2,300	5,541	3,241	3,394
Notice fees	450	450	436	(14)	150
Miscellaneous court fees	3,100	3,100	1,477	(1,623)	2,393
Total fines and forfeitures	83,850	83,850	78,177	(5,673)	86,789
Miscellaneous:					
Interest earned	4,000	4,000	4,758	758	4,772
Rents and leases	16,000	16,000	23,557	7,557	20,543
Recycling revenue	-	-	846	846	52,457
Miscellaneous	5,650	5,650	51,867	46,217	10,994
Total miscellaneous	25,650	25,650	81,028	55,378	88,766
Total revenues	2,091,532	2,091,532	2,731,043	639,511	2,234,622

(Continued)

CITY OF ELY, NEVADA
General Fund
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2019 (Continued)
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Expenditures					
General government:					
Legislative:					
Mayor and council:					
Salaries and wages	9,300	9,300	9,399	(99)	9,326
Employee benefits	15,210	15,210	12,349	2,861	10,493
Services, supplies and other	2,650	2,650	1,718	932	2,664
Total legislative	<u>27,160</u>	<u>27,160</u>	<u>23,466</u>	<u>3,694</u>	<u>22,483</u>
Administration:					
City clerk:					
Salaries and wages	43,055	43,055	58,353	(15,298)	50,738
Employee benefits	31,648	31,648	33,042	(1,394)	34,523
Services, supplies and other	45,175	45,175	75,871	(30,696)	49,563
Capital outlay	1,250	1,250	-	1,250	1,250
Total administration	<u>121,128</u>	<u>121,128</u>	<u>167,266</u>	<u>(46,138)</u>	<u>136,074</u>
Election:					
Total election	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Finance:					
City treasurer:					
Salaries and wages	13,750	13,750	2,426	11,324	13,473
Employee benefits	6,518	6,518	174	6,344	6,335
Services, supplies and other	23,858	23,858	46,160	(22,302)	17,239
Total finance	<u>44,126</u>	<u>44,126</u>	<u>48,760</u>	<u>(4,634)</u>	<u>37,047</u>
Total general government	<u>192,414</u>	<u>192,414</u>	<u>239,492</u>	<u>(47,078)</u>	<u>195,604</u>
Judicial:					
City court:					
Salaries and wages	70,663	70,663	68,578	2,085	68,216
Employee benefits	32,343	32,343	30,540	1,803	35,584
Services, supplies and other	23,516	23,516	38,174	(14,658)	37,047
Total city court	<u>126,522</u>	<u>126,522</u>	<u>137,292</u>	<u>(10,770)</u>	<u>140,847</u>
City attorney:					
Salaries and wages	26,906	26,906	34,488	(7,582)	34,759
Employee benefits	13,944	13,944	19,252	(5,308)	17,203
Services, supplies and other	54,250	204,250	202,286	1,964	42,911
Total city attorney	<u>95,100</u>	<u>245,100</u>	<u>256,026</u>	<u>(10,926)</u>	<u>94,873</u>
Total judicial	<u>221,622</u>	<u>371,622</u>	<u>393,318</u>	<u>(21,696)</u>	<u>235,720</u>

(Continued)

CITY OF ELY, NEVADA
General Fund
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2019 (Continued)
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Public safety:					
Law enforcement:					
City/County law enforcement contract	503,680	503,680	503,998	(318)	450,000
Fire department:					
Salaries and wages	439,936	439,936	501,783	(61,847)	479,034
Employee benefits	247,454	247,454	222,161	25,293	222,849
Services, supplies and other	128,751	128,751	118,001	10,750	43,541
Total fire department	816,141	816,141	841,945	(25,804)	745,424
Total public safety	1,319,821	1,319,821	1,345,943	(26,122)	1,195,424
Public works:					
Engineering:					
Services, supplies and other	12,185	12,185	5,467	6,718	117
Total engineering	12,185	12,185	5,467	6,718	117
Building department:					
Salaries and wages	79,491	79,491	79,624	(133)	79,542
Employee benefits	44,591	44,591	43,572	1,019	42,986
Services, supplies and other	5,535	5,535	5,686	(151)	6,339
Total building department	129,617	129,617	128,882	735	128,867
Total public works	141,802	141,802	134,349	7,453	128,984
Health and sanitation:					
Animal control:					
Salaries and wages	40,224	40,224	42,330	(2,106)	34,041
Employee benefits	19,570	19,570	17,979	1,591	14,079
Services, supplies and other	10,250	10,250	10,132	118	11,410
Total animal control	70,044	70,044	70,441	(397)	59,530
Cemetery:					
Salaries and wages	28,094	28,094	41,571	(13,477)	48,008
Employee benefits	12,536	12,536	18,532	(5,996)	21,089
Services, supplies and other	18,504	18,504	14,139	4,365	11,850
Total cemetery	59,134	59,134	74,242	(15,108)	80,947
Total health and sanitation	129,178	129,178	144,683	(15,505)	140,477

(Continued)

CITY OF ELY, NEVADA
General Fund
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2019 (Continued)
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Culture and recreation:					
Parks department:					
Salaries and wages	75,623	75,623	47,829	27,794	76,305
Employee benefits	40,974	40,974	21,376	19,598	38,868
Services, supplies and other	18,504	18,504	15,091	3,413	16,473
Tree board	-	-	-	-	36
Total culture and recreation	<u>135,101</u>	<u>135,101</u>	<u>84,296</u>	<u>50,805</u>	<u>131,682</u>
Community support:					
Grant - CCHOP	21,133	21,133	-	21,133	30,018
Grant - WPC fair and recreational park	-	-	-	-	6,802
Grant - NDOW	-	-	415,415	(415,415)	-
Grant - Roger Brooks	25,000	25,000	-	25,000	25,000
Grant - Humane Network	1,600	1,600	-	1,600	702
Total community support	<u>47,733</u>	<u>47,733</u>	<u>415,415</u>	<u>(367,682)</u>	<u>62,522</u>
Total expenditures	<u>2,187,671</u>	<u>2,337,671</u>	<u>2,757,496</u>	<u>(419,825)</u>	<u>2,090,413</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(96,139)</u>	<u>(246,139)</u>	<u>(26,453)</u>	<u>219,686</u>	<u>144,209</u>
Other financing sources (uses)					
Transfers out	<u>(33,760)</u>	<u>(33,760)</u>	<u>(3,760)</u>	<u>30,000</u>	<u>-</u>
Total other financing sources and uses	<u>(33,760)</u>	<u>(33,760)</u>	<u>(3,760)</u>	<u>30,000</u>	<u>-</u>
Net change in fund balance	<u>(129,899)</u>	<u>(279,899)</u>	<u>(30,213)</u>	<u>249,686</u>	<u>144,209</u>
Fund balance, beginning of year	453,402	453,402	453,402	-	329,067
Restatement adjustments	-	-	-	-	(19,874)
Fund balance, end of year	<u>\$ 323,503</u>	<u>\$ 173,503</u>	<u>\$ 423,189</u>	<u>\$ 249,686</u>	<u>\$ 453,402</u>

CITY OF ELY, NEVADA
Street Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Revenues					
Intergovernmental:					
Gas tax 2.35	\$ 123,928	\$ 123,928	\$ 124,003	\$ 75	\$ 123,927
Gas tax 1 cent option	29,593	29,593	30,827	1,234	28,595
Motor vehicle, 1.75 gas tax	13,898	13,898	14,664	766	17,985
County contribution	22,540	22,540	22,540	-	22,540
Public transit fund	163,779	163,779	113,329	(50,450)	151,363
Total intergovernmental	<u>353,738</u>	<u>353,738</u>	<u>305,363</u>	<u>(48,375)</u>	<u>344,410</u>
Other revenues:					
Miscellaneous	-	-	9,563	9,563	102
Grants and donations	20,000	20,000	20,000	-	-
Total other revenues	<u>20,000</u>	<u>20,000</u>	<u>29,563</u>	<u>9,563</u>	<u>102</u>
Total revenues	<u>373,738</u>	<u>373,738</u>	<u>334,926</u>	<u>(38,812)</u>	<u>344,512</u>
Expenditures					
Highways and streets:					
Salaries and wages	166,236	166,236	163,300	2,936	149,116
Employee benefits	74,191	74,191	79,286	(5,095)	71,401
Service, supplies, and other	183,779	183,779	143,150	40,629	149,170
Total highway and streets	<u>424,206</u>	<u>424,206</u>	<u>385,736</u>	<u>38,470</u>	<u>369,687</u>
Total expenditures	<u>424,206</u>	<u>424,206</u>	<u>385,736</u>	<u>38,470</u>	<u>369,687</u>
Excess of revenue and other sources over (under) expenditures	(50,468)	(50,468)	(50,810)	(342)	(25,175)
Other financing sources (uses)					
	-	-	-	-	-
Net change in fund balance	<u>(50,468)</u>	<u>(50,468)</u>	<u>(50,810)</u>	<u>(342)</u>	<u>(25,175)</u>
Fund balance, beginning of year	35,732	35,732	35,732	-	60,907
Fund balance, end of year	<u>\$ (14,736)</u>	<u>\$ (14,736)</u>	<u>\$ (15,078)</u>	<u>\$ (342)</u>	<u>\$ 35,732</u>

CITY OF ELY, NEVADA
Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
Public Employees' Retirement System of Nevada
June 30, 2019
Last 10 Fiscal Years

	Reporting Fiscal Year (Measurement Date)				
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Proportion of the net pension liability (asset)	0.028560%	0.027410%	0.029773%	0.028630%	0.022926%
Proportionate share of the net pension liability (asset)	\$ 3,894,278	\$ 3,645,398	\$ 4,006,645	\$ 3,281,185	\$ 2,389,345
Covered payroll	\$ 1,727,881	\$ 1,617,055	\$ 1,555,932	\$ 1,457,944	\$ 1,343,720
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	225.38%	210.98%	257.51%	225.06%	177.82%
Plan fiduciary net position as a percentage of the total pension liability	75.24%	72.23%	72.20%	75.10%	76.31%

Note: In accordance with GASB 68, employers will need to disclose a 10-year history for the pension schedule above. Additional information will be displayed as it becomes available.

CITY OF ELY, NEVADA
Required Supplementary Information
Schedule of Contributions
Public Employees' Retirement System of Nevada
June 30, 2019
Last 10 Fiscal Years

	Reporting Fiscal Year				
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 210,325	\$ 264,907	\$ 246,365	\$ 252,435	\$ 220,982
Contributions in relation to the contractually required contribution	(210,325)	(264,907)	(246,365)	(252,435)	(220,982)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,398,423	\$ 1,727,881	\$ 1,617,055	\$ 1,555,932	\$ 1,457,944
Contributions as a percentage of covered payroll	15.04%	15.33%	15.24%	16.22%	15.16%

Note: In accordance with GASB 68, employers will need to disclose a 10-year history for the pension schedule above. Additional information will be displayed as it becomes available.

CITY OF ELY, NEVADA
Schedule of Changes in the Net OPEB Liability and Related Ratios
PEBP
June 30, 2019
Last 10 Fiscal Years

	Reporting Fiscal Year (Measurement Date)	
	2019 (2018)	2018 (2017)
Total OPEB liability		
Service cost	\$ -	\$ -
Interest cost	9,182	8,217
Changes of benefit terms	-	-
Benefit payments	(18,275)	(18,349)
Assumption changes	(8,091)	(18,114)
Plan experience	-	-
Net change in total OPEB liability	(17,184)	(28,246)
Total OPEB liability - beginning	269,232	297,478
Total OPEB liability - ending (a)	<u>\$ 252,048</u>	<u>\$ 269,232</u>
Plan fiduciary net position		
Employer contributions	\$ 18,275	\$ 18,349
Net investment income	-	-
Benefit payments	(18,275)	(18,349)
Investment experience	-	-
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending (a) - (b)	\$ 252,048	\$ 269,232
Covered payroll	N/A*	N/A*
Net OPEB liability as a percentage of covered payroll	0.00%	0.00%

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

* The Public Employee Benefit Program is a closed plan and, therefore, there is no covered payroll

CITY OF ELY, NEVADA
Schedule of OPEB Contributions
PEBP
June 30, 2019
Last 10 Fiscal Years

	Reporting Fiscal Year	
	2019	2018
Contractually required contributions	\$ 17,635	\$ 18,349
Contributions in relation to the contractually required contribution	(17,635)	\$ (18,349)
Contribution deficiency (excess)	\$ -	\$ -
 Covered payroll	 N/A*	 N/A*
 Contributions as a percentage of covered payroll	 0.00%	 0.00%

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

* The Public Employee Benefit Program is a closed plan and, therefore, there is no covered payroll

CITY OF ELY, NEVADA
Notes to the Required Supplementary Information
For the Year Ended June 30, 2019

NOTE 1. Expenditures in Excess of Budget

The City had eight departments in the General Fund with expenditures in excess of budgeted amounts for the year ended June 30, 2019. The departments with excess expenditures and those amounts can be seen on the Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual for the General Fund on pages 57 through 60.

NOTE 2. OPEB – Factors that Affect Trends

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

NOTE 3. OPEB – Plan Assets

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

SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUND INDIVIDUAL FUND FINANCIAL STATEMENT

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

The **Capital Projects 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.

NONMAJOR GOVERNMENTAL FUNDS

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

The **Beautification Fund** is used to account for funds donated to the City for beautification efforts of down town Ely.

The **Court Assessments Fund** is used to account for court assessments, which are to be used to improve the operations of the court.

The **Court Collection and Fee Fund** accounts for court collection costs and assessments.

The **Court Facility Fee Assessment Fund** is used to account for court assessments restricted for future court improvements.

The **Fire Protection/Street Improvement Fund** is used to account for electrical utility franchise fees that will be used for fire protection equipment and material or street improvements at the City Council's discretion.

The **Ely City Redevelopment Agency Fund** is used to account for the special property tax revenue generated within the designated districts of the City.

The **Revolving Loan Fund** accounts for grant funds used to make loans to increase the economic opportunities within the community.

The **Victim Impact Panel Fund** is used to account for victim impact panel funds used to assist victims of crime.

CITY OF ELY, NEVADA
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Revenues					
Taxes:					
Ad valorem taxes	\$ 35,000	\$ 35,000	\$ 60,431	\$ 25,431	\$ 52,348
Room tax	185,000	185,000	288,358	103,358	157,935
Total taxes	<u>220,000</u>	<u>220,000</u>	<u>348,789</u>	<u>128,789</u>	<u>210,283</u>
Other revenues:					
Interest earned	80	80	130	50	79
Total other revenues	<u>80</u>	<u>80</u>	<u>130</u>	<u>50</u>	<u>79</u>
Total revenues	<u>220,080</u>	<u>220,080</u>	<u>348,919</u>	<u>128,839</u>	<u>210,362</u>
Expenditures					
Public safety:					
Capital outlay	50,000	50,000	10,148	39,852	-
Main Street	10,000	10,000	2,150	7,850	-
Debt service - principal	18,298	18,298	18,381	(83)	17,511
Debt service - interest	11,438	11,438	11,410	28	12,225
Total expenditures	<u>89,736</u>	<u>89,736</u>	<u>42,089</u>	<u>47,647</u>	<u>29,736</u>
Excess of revenues over (under) expenditures	<u>130,344</u>	<u>130,344</u>	<u>306,830</u>	<u>176,486</u>	<u>180,626</u>
Net change in fund balance	130,344	130,344	306,830	176,486	180,626
Fund balance, beginning of year	<u>457,568</u>	<u>457,568</u>	<u>457,568</u>	<u>-</u>	<u>276,942</u>
Fund balance, end of year	<u><u>\$ 587,912</u></u>	<u><u>\$ 587,912</u></u>	<u><u>\$ 764,398</u></u>	<u><u>\$ 176,486</u></u>	<u><u>\$ 457,568</u></u>

CITY OF ELY, NEVADA
Combining Balance Sheet
Nonmajor Governmental Funds
As of June 30, 2019

	Special Revenue							Total	
	Beautification Fund	Court Assessment Fund	Court Collection Fee Fund	Court Facility Fee Assessment Fund	Fire Protection & Street Improvement Fund	Ely City Redevelopment District Fund	Revolving Loan Fund	Victim Impact Panel Fund	Nonmajor Governmental Funds
Assets									
Cash and cash equivalents	\$ 449	\$ 28,732	\$ 34,745	\$ 91,284	101,278	\$ 265,750	\$ 81,796	\$ 6,850	\$ 610,884
Cash - restricted	-	10,500	-	-	-	-	-	-	10,500
Accounts receivable	-	-	-	-	-	573	-	-	573
Taxes receivable	-	-	-	-	21,585	-	-	-	21,585
Total assets	<u>\$ 449</u>	<u>\$ 39,232</u>	<u>\$ 34,745</u>	<u>\$ 91,284</u>	<u>\$ 122,863</u>	<u>\$ 266,323</u>	<u>\$ 81,796</u>	<u>\$ 6,850</u>	<u>\$ 643,542</u>
Liabilities									
Accounts payable	\$ -	\$ 4,343	\$ 1,619	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,962
Accrued liabilities	-	23,328	-	-	-	-	-	-	23,328
Total liabilities	<u>-</u>	<u>27,671</u>	<u>1,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,290</u>
Fund Balance									
Restricted for:									
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Other purposes	-	11,561	33,126	91,284	-	266,323	-	6,850	409,144
Committed for:									
Capital outlay	-	-	-	-	122,863	-	-	-	122,863
Other purposes	449	-	-	-	-	-	81,796	-	82,245
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	<u>449</u>	<u>11,561</u>	<u>33,126</u>	<u>91,284</u>	<u>122,863</u>	<u>266,323</u>	<u>81,796</u>	<u>6,850</u>	<u>614,252</u>
Total liabilities, and fund balances	<u>\$ 449</u>	<u>\$ 39,232</u>	<u>\$ 34,745</u>	<u>\$ 91,284</u>	<u>\$ 122,863</u>	<u>\$ 266,323</u>	<u>\$ 81,796</u>	<u>\$ 6,850</u>	<u>\$ 643,542</u>

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

	Special Revenue							Total	
	Beautification Fund	Court Assessment Fund	Court Collection Fee Fund	Court Facility Fee Assessment Fund	Fire Protection & Street Improvement Fund	Ely City Redevelopment District Fund	Revolving Loan Fund	Victim Impact Panel Fund	Nonmajor Governmental Funds
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 102,301	\$ 100,464	\$ -	\$ -	\$ 202,764
Interest	-	9	-	-	37	-	180	-	226
Charges for services	-	4,600	3,041	3,713	-	-	-	50	11,404
Other revenues	125	-	-	-	-	-	-	-	125
Total revenues	125	4,609	3,041	3,713	102,338	100,464	180	50	214,519
Expenditures									
Judicial	-	7,079	2,327	2,518	-	-	-	181	12,105
Public safety	-	-	-	-	6,923	-	-	-	6,923
Culture & Recreation	4	-	-	-	-	-	-	-	4
Debt service - principal	-	-	-	-	38,777	-	-	-	38,777
Debt service - interest	-	-	-	-	10,533	-	-	-	10,533
Capital Outlay	-	-	-	-	-	-	-	-	-
Total expenditures	4	7,079	2,327	2,518	56,233	-	-	181	68,342
Excess (deficiency) of revenues over (under) expenditures	121	(2,470)	714	1,195	46,105	100,464	180	(131)	146,177
Fund balances, beginning of year	328	14,031	32,412	90,089	76,758	165,859	81,616	6,981	468,074
Fund balances, end of year	\$ 449	\$ 11,561	\$ 33,126	\$ 91,284	\$ 122,863	\$ 266,323	\$ 81,796	\$ 6,850	\$ 614,252

CITY OF ELY, NEVADA
Beautification Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2018</u>
Revenues					
Other revenues:					
Donations	\$ 250	\$ 250	\$ 125	\$ (125)	\$ 375
Expenditures					
Culture and recreation:					
Services, supplies, and other	450	450	4	446	-
Total expenditures	450	450	4	446	-
Excess of revenues over (under) expenditures	(200)	(200)	121	(571)	375
Fund balance, beginning of year	328	328	328	-	(47)
Fund balance, end of year	<u>\$ 128</u>	<u>\$ 128</u>	<u>\$ 449</u>	<u>\$ (571)</u>	<u>\$ 328</u>

CITY OF ELY, NEVADA
Court Assessment Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Revenues					
Charges for services:					
Assessment fees	\$ 5,000	\$ 5,000	\$ 4,600	\$ (400)	\$ 4,965
Other revenues:					
Interest	-	-	9	9	-
Total revenues	5,000	5,000	4,609	(391)	4,965
Expenditures					
Judicial:					
Services, supplies, and other	18,000	18,000	7,079	10,921	-
Total expenditures	18,000	18,000	7,079	10,921	-
Excess of revenues over (under) expenditures	(13,000)	(13,000)	(2,470)	10,530	4,965
Fund balance, beginning of year	14,031	14,031	14,031	-	9,066
Fund balance, end of year	\$ 1,031	\$ 1,031	\$ 11,561	\$ 10,530	\$ 14,031

CITY OF ELY, NEVADA
Court Collection Fee Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Revenues					
Charges for services:					
Assessment fees	\$ 2,000	\$ 2,000	\$ 3,041	\$ 1,041	\$ 2,312
Other revenues:					
Interest	-	-	-	-	-
Total revenues	2,000	2,000	3,041	1,041	2,312
Expenditures					
Judicial:					
Services, supplies, and other	33,000	33,000	2,327	30,673	-
Total expenditures	33,000	33,000	2,327	30,673	-
Excess of revenues over (under) expenditures	(31,000)	(31,000)	714	31,714	2,312
Fund balance, beginning of year	32,412	32,412	32,412	-	30,100
Fund balance, end of year	\$ 1,412	\$ 1,412	\$ 33,126	\$ 31,714	\$ 32,412

CITY OF ELY, NEVADA
Court Facility Fee Assessment Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Revenues					
Charges for services:					
Assessment fees	\$ 5,000	\$ 5,000	\$ 3,713	\$ (1,287)	\$ 4,157
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>3,713</u>	<u>(1,287)</u>	<u>4,157</u>
Expenditures					
Judicial:					
Services, supplies, and other	94,000	94,000	2,518	91,482	-
Total expenditures	<u>94,000</u>	<u>94,000</u>	<u>2,518</u>	<u>91,482</u>	<u>-</u>
Excess of revenues over (under) expenditures	(89,000)	(89,000)	1,195	90,195	4,157
Fund balance, beginning of year	90,089	90,089	90,089	-	85,932
Fund balance, end of year	<u>\$ 1,089</u>	<u>\$ 1,089</u>	<u>\$ 91,284</u>	<u>\$ 90,195</u>	<u>\$ 90,089</u>

CITY OF ELY, NEVADA
Fire Protection/Street Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Revenues					
Taxes:					
Franchise fees	\$ 89,000	\$ 89,000	\$ 102,301	\$ 13,301	\$ 92,560
Other revenues:					
Interest	50	50	37	(13)	36
Total revenue	<u>89,050</u>	<u>89,050</u>	<u>102,338</u>	<u>13,288</u>	<u>92,596</u>
Expenditures					
Public safety:					
Services, supplies and other	-	-	6,923	(6,923)	67,560
Debt service - principal	40,055	40,055	38,777	1,278	37,220
Debt service - interest	9,255	9,255	10,533	(1,278)	12,090
Streets and highways:					
Capital outlay	-	-	-	-	-
Total expenditures	<u>49,310</u>	<u>49,310</u>	<u>56,233</u>	<u>(6,923)</u>	<u>116,870</u>
Excess of revenues over (under) expenditures	<u>39,740</u>	<u>39,740</u>	<u>46,105</u>	<u>6,365</u>	<u>(24,274)</u>
Net change in fund balances	39,740	39,740	46,105	6,365	(24,274)
Fund balance, beginning of year	<u>76,758</u>	<u>76,758</u>	<u>76,758</u>	<u>-</u>	<u>101,032</u>
Fund balance, end of year	<u>\$ 116,498</u>	<u>\$ 116,498</u>	<u>\$ 122,863</u>	<u>\$ 6,365</u>	<u>\$ 76,758</u>

CITY OF ELY, NEVADA
Ely City Redevelopment District Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Revenues					
Taxes:					
Ad valorem taxes	\$ 29,500	\$ 29,500	\$ 100,464	\$ 70,964	\$ 34,147
Total revenues	29,500	29,500	100,464	70,964	34,147
Expenditures					
Total expenditures	-	-	-	-	-
Excess of revenues over (under) expenditures	29,500	29,500	100,464	70,964	34,147
Fund balance, beginning of year	165,859	165,859	165,859	-	131,712
Fund balance, end of year	<u>\$ 195,359</u>	<u>\$ 195,359</u>	<u>\$ 266,323</u>	<u>\$ 70,964</u>	<u>\$ 165,859</u>

CITY OF ELY, NEVADA
Revolving Loan Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Revenues					
Other revenues:					
Interest	\$ 450	\$ 450	\$ 180	\$ (270)	\$ 358
Total revenue	<u>450</u>	<u>450</u>	<u>180</u>	<u>(270)</u>	<u>358</u>
Expenditures					
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue and other sources over (under) expenditures	450	450	180	(270)	358
Fund balance, beginning of year	<u>81,616</u>	<u>81,616</u>	<u>81,616</u>	<u>-</u>	<u>81,258</u>
Fund balance, end of year	<u>\$ 82,066</u>	<u>\$ 82,066</u>	<u>\$ 81,796</u>	<u>\$ (270)</u>	<u>\$ 81,616</u>

CITY OF ELY, NEVADA
Victim Impact Panel Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Revenues					
Charges for services:					
Victim impact panel	\$ 500	\$ 500	\$ 50	\$ (450)	\$ 525
Total revenues	500	500	50	(450)	525
Expenditures					
Judicial:					
Services, supplies, and other	6,000	6,000	181	5,819	-
Total expenditures	6,000	6,000	181	5,819	-
Excess of revenues over (under) expenditures	(5,500)	(5,500)	(131)	5,369	525
Fund balance, beginning of year	6,981	6,981	6,981	-	6,456
Fund balance, end of year	\$ 1,481	\$ 1,481	\$ 6,850	\$ 5,369	\$ 6,981

MAJOR BUSINESS-TYPE FUNDS

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CITY OF ELY, NEVADA
Water Fund
Schedule of Revenues, Expenditures, and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Operating revenues					
Charges for services:					
Water sales	\$ 1,121,050	\$ 1,121,050	\$ 1,133,649	\$ 12,599	\$ 1,127,686
Connection fees and other revenues	6,000	6,000	7,576	1,576	6,825
Total operating revenues	<u>1,127,050</u>	<u>1,127,050</u>	<u>1,141,225</u>	<u>14,175</u>	<u>1,134,511</u>
Operating expenses					
Salaries and wages	266,953	266,953	227,290	39,663	251,817
Employee benefits	149,457	149,457	130,561	18,896	386,484
Services, supplies and other	445,315	445,315	292,524	152,791	275,476
Capital outlay	63,200	63,200	-	63,200	-
Depreciation and amortization	360,000	360,000	323,782	36,218	321,147
Total operating expenses	<u>1,284,925</u>	<u>1,284,925</u>	<u>974,157</u>	<u>310,768</u>	<u>1,234,924</u>
Operating income (loss)	<u>(157,875)</u>	<u>(157,875)</u>	<u>167,068</u>	<u>324,943</u>	<u>(100,413)</u>
Nonoperating revenues (expenses)					
Interest income	3,300	3,300	3,217	(83)	3,176
Rent income - Georgetown Ranch	5,918	5,918	1,281	(4,637)	7,718
Miscellaneous income	7,500	7,500	30,322	22,822	20,178
System obligation fee income	3,000	3,000	49,535	46,535	6,600
Quadra mining revenues	295,000	295,000	308,125	13,125	278,937
Grant income - CDBG	-	-	-	-	366,300
Interest expense	(39,003)	(39,003)	(32,078)	6,925	(40,108)
Quadra mining expense	(295,000)	(295,000)	(295,073)	(73)	(280,544)
Total nonoperating revenues (expenses)	<u>(19,285)</u>	<u>(19,285)</u>	<u>65,329</u>	<u>84,614</u>	<u>362,257</u>
Income (loss) before transfers	<u>(177,160)</u>	<u>(177,160)</u>	<u>232,397</u>	<u>409,557</u>	<u>261,844</u>
Change in net position	<u>(177,160)</u>	<u>(177,160)</u>	<u>232,397</u>	<u>409,557</u>	<u>261,844</u>
Total net position, beginning of year	9,595,113	9,595,113	9,595,113	-	9,371,513
Restatement adjustments	-	-	-	-	(38,244)
Total net position, end of year	<u>\$ 9,417,953</u>	<u>\$ 9,417,953</u>	<u>\$ 9,827,510</u>	<u>\$ 409,557</u>	<u>\$ 9,595,113</u>

CITY OF ELY, NEVADA
Sanitation Fund
Schedule of Revenues, Expenditures, and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Operating revenues					
Charges for services:					
Charges for services	\$ 1,045,100	\$ 1,045,100	\$ 1,025,422	\$ (19,678)	\$ 1,038,916
Testing revenues	6,800	6,800	10,670	3,870	7,704
Total operating revenues	<u>1,051,900</u>	<u>1,051,900</u>	<u>1,036,092</u>	<u>(15,808)</u>	<u>1,046,620</u>
Operating expenses					
Salaries and wages	215,185	215,185	182,431	32,754	200,279
Employee benefits	131,975	131,975	79,763	52,212	340,037
Services, supplies and other	371,660	371,660	299,693	71,967	270,527
Capital outlay	21,595	21,595	-	21,595	-
Depreciation and amortization	240,000	240,000	236,142	3,858	237,427
Total operating expenses	<u>980,415</u>	<u>980,415</u>	<u>798,029</u>	<u>182,386</u>	<u>1,048,270</u>
Operating income (loss)	<u>71,485</u>	<u>71,485</u>	<u>238,063</u>	<u>166,578</u>	<u>(1,650)</u>
Nonoperating revenues (expenses)					
Interest income	4,000	4,000	4,154	154	4,145
Miscellaneous income	1,250	1,250	34,817	33,567	23,917
System obligation fee income	3,000	3,000	41,300	38,300	7,000
Interest expense	(69,799)	(69,799)	(61,132)	8,667	(71,716)
Total nonoperating revenues (expenses)	<u>(61,549)</u>	<u>(61,549)</u>	<u>19,139</u>	<u>80,688</u>	<u>(36,654)</u>
Income (loss) before transfers	9,936	9,936	257,202	247,266	(38,304)
Transfers	-	-	-	-	-
Change in net position	9,936	9,936	257,202	247,266	(38,304)
Total net position, beginning of year	6,390,436	6,390,436	6,390,436	-	6,459,408
Restatement adjustments	-	-	-	-	(30,668)
Total net position, end of year	<u>\$ 6,400,372</u>	<u>\$ 6,400,372</u>	<u>\$ 6,647,638</u>	<u>\$ 247,266</u>	<u>\$ 6,390,436</u>

CITY OF ELY, NEVADA
Landfill Fund
Schedule of Revenues, Expenditures, and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Operating revenues					
Charges for services	\$ 1,043,300	\$ 1,043,300	\$ 1,086,980	\$ 43,680	\$ 1,008,780
Total operating revenues	<u>1,043,300</u>	<u>1,043,300</u>	<u>1,086,980</u>	<u>43,680</u>	<u>1,008,780</u>
Operating expenses					
Salaries and wages	464,058	464,058	406,867	57,191	433,337
Employee benefits	261,355	261,355	260,206	1,149	594,283
Services, supplies and other	272,600	272,600	255,792	16,808	221,835
Capital outlay	235,000	235,000	-	235,000	-
Landfill closure costs	80,000	80,000	61,238	18,762	64,493
Depreciation and amortization	98,000	98,000	87,141	10,859	94,451
Total operating expenses	<u>1,411,013</u>	<u>1,411,013</u>	<u>1,071,244</u>	<u>339,769</u>	<u>1,408,399</u>
Operating income (loss)	<u>(367,713)</u>	<u>(367,713)</u>	<u>15,736</u>	<u>383,449</u>	<u>(399,619)</u>
Nonoperating revenues (expenses)					
Interest income	4,200	4,200	4,396	196	4,234
Miscellaneous income	1,250	1,250	43,500	42,250	56,164
Total nonoperating revenues (expenses)	<u>5,450</u>	<u>5,450</u>	<u>47,896</u>	<u>42,446</u>	<u>60,398</u>
Income (loss) before transfers	<u>(362,263)</u>	<u>(362,263)</u>	<u>63,632</u>	<u>425,895</u>	<u>(339,221)</u>
Change in net position	<u>(362,263)</u>	<u>(362,263)</u>	<u>63,632</u>	<u>425,895</u>	<u>(339,221)</u>
Total net position, beginning of year	2,159,198	2,159,198	2,159,198	-	2,566,882
Restatement adjustments	-	-	-	-	(68,463)
Total net position, end of year	<u>\$ 1,796,935</u>	<u>\$ 1,796,935</u>	<u>\$ 2,222,830</u>	<u>\$ 425,895</u>	<u>\$ 2,159,198</u>

CITY OF ELY, NEVADA
Railroad Fund
Schedule of Revenues, Expenditures, and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Operating revenues					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -
Total operating revenues	-	-	-	-	-
Operating expenses					
Services, supplies and other	-	-	-	-	-
Total operating expenses	-	-	-	-	-
Operating income (loss)	-	-	-	-	-
Nonoperating revenues (expenses)					
Interest income	-	-	-	-	-
Rent income	-	-	-	-	-
Grant income	-	-	-	-	-
Pass through grant expense	-	-	-	-	-
Donations	-	-	-	-	-
Legal expense	-	-	-	-	-
Total nonoperating revenues (expenses)	-	-	-	-	-
Transfers:					
Transfers in	3,760	3,760	3,760	-	-
Transfers out	-	-	-	-	-
Change in net position	-	-	3,760	-	-
Total net position, beginning of year	1,696,240	1,696,240	1,696,240	-	1,696,240
Total net position, end of year	<u>\$ 1,696,240</u>	<u>\$ 1,696,240</u>	<u>\$ 1,700,000</u>	<u>\$ -</u>	<u>\$ 1,696,240</u>

OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS

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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 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 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 9, 2020.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and recommendations as item 2019-001, 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*.

The 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

January 9, 2020



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 IN ACCORDANCE WITH THE PROVISIONS OF NEVADA REVISED STATUTES 354.624

Honorable Mayor and
Members of 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 9, 2020. 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 Nevada Revised Statutes (NRS) 354.624, we have obtained representation from the City's management in a representation letter addressed to us dated January 9, 2020, 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 two instances of noncompliance, which are required to be reported in accordance with NRS 354.624, and which are described in the accompanying schedule of findings and recommendations as findings 2019-002 and 2019-003. Finding 2019-002 is a repeat finding for this department. 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

January 9, 2020

CITY OF ELY, NEVADA
Schedule of Fees Imposed Subject to the Provision of NRS 354.5989
Limitation on Fees for Business Licenses
For the Year ended June 30, 2019

Flat Fixed Fees:

Business license revenue adjusted base at June 30, 2018	\$ 229,195
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Adjustment to Base:

1. Percentage decrease in population of the local government	-1.83%	
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>3.1%</u>	<u>1.27%</u>
Decrease in base		<u>2,909</u>
Adjusted base at June 30, 2019		<u>232,104</u>
Actual revenue		<u>145,742</u>
Amount over (under) allowable amount		<u><u>\$ (86,362)</u></u>

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CITY OF ELY, NEVADA
Schedule of Findings and Recommendations
For the Year Ended June 30, 2019

INTERNAL CONTROL

2019-001: Year-end Closing Procedures – Material Weakness

Finding

As part of closing or finalizing the accounting records at year end, the City should determine that all balance sheet accounts have been properly reconciled and all appropriate adjustments have been posted to the accounting records. During the audit we noted that several balance sheet accounts across all the funds were not reconciled resulting in the City proposing over 100 adjustments that needed to be made in order to correct the financials.

The City does not have an effective process nor proper controls to ensure all significant accounts are reconciled or properly adjusted. The financial statements as originally provided, prior to adjustments, were materially misstated in multiple areas across all funds.

Recommendation

We recommend the City perform reconciliations for all material balances on the balance sheet accounts.

City Response

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

STATE COMPLIANCE

2019-002: Closure and Post Closure Financial Assurance: Allowable Mechanism – Reworded and Reissued

Finding

According to NAC 444.68525 – Financial assurance: Allowable mechanisms. (NRS 444.560):

The mechanisms used to demonstrate financial assurance pursuant to NAC 444.685 must ensure that the money necessary to meet the cost of closure, postclosure and corrective action for known releases of contaminants will be available whenever it is needed. The financial assurance may be in the form of:

1. A trust fund as described in NAC 444.6853;
2. A surety bond guaranteeing payment or performance as described in NAC 444.68535;
3. A letter of credit as described in NAC 444.6854;
4. A policy of insurance as described in NAC 444.6855;
5. A mechanism approved by the solid waste management authority pursuant to NAC 444.6856;
6. An assumption of responsibility by the State as described in NAC 444.6857; or
7. Any combination of the options listed in subsections 1 to 6, inclusive.

The city has chosen a trust fund as its mechanism to meet the cost of closure, postclosure, and corrective action for known releases of contaminants. NAC 444.6853 – Financial Assurance: Trust Fund (NRS 444.560) states:

1. An owner or operator may satisfy the requirements of NAC 444.685 by establishing a trust fund which conforms to the requirements of this section. The trustee must be an entity which has the authority to act as a trustee and whose trust operations are regulated and examined by a federal or state agency. A copy of the trust agreement must be placed in the operating records of the disposal site.

As of June 30, 2019, the City has opened a money market account for postclosure and moved \$808,591 into the fund. There is no trustee and no trust agreement for this account and the city has access to this money at any time. Due to there not being a trust agreement in place, this does not qualify as an allowable mechanism to meet the cost of closure, postclosure, and corrective action for known releases of contaminants.

Recommendation

We recommend that management comply with one of the allowable mechanisms to meet the cost of closure, postclosure, and corrective action for known releases of contaminants as outlined above.

City Response

The city agrees and is working to implement one of the approved mechanisms.

2019-003: Budgetary Compliance – *Reworded and Reissued*

Finding

According to NRS 354.626 – Unlawful expenditure of money in excess of amount appropriated; penalties; exceptions.:

1. No governing body or member thereof, officer, office, department or agency may, during any fiscal year, expend or contract to expend any money or incur any liability, or enter into any contract which by its terms involves the expenditure of money, in excess of the amounts appropriated for that function, other than bond repayments, medium-term obligation repayments and any other long-term contract expressly authorized by law...

For the fiscal year ended June 30, 2019 there were four General Fund Functions and one Fire Protection/Street Improvement Fund Function with expenditures in excess of the amount appropriated. The budget and actual schedules included in the financial statements identify amount expended in excess of budgeted amounts for the following functions:

General Fund Functions:

General Government – \$47,078

Judicial – \$21,696

Public Safety – \$26,122

Health and Sanitation – \$15,108

Fire Protection/Street Improvement Fund Function:

Public Safety – \$6,923

The Community Support Function in the General Fund was over budget by \$367,682; however, this was due to unexpected grant revenues that were not anticipated at the time the final budget was prepared.

Recommendation

We recommend that the City operate within the confines of State law by limiting expenditures or follow proper procedures to adjust the budgets for changes as necessary during the year.

City Response

The City agrees and works to stay within its budgets. As noted, there were a number of functions over the budgeted amount this year. The City will work to have more frequent review of expenditures and communications with department heads to better monitor spending and stay with in budgeted amounts.