



CITY OF ELY, NEVADA

FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

Together with Independent Auditor's Report

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CERTIFIED PUBLIC
ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ely, Nevada (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type-activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; schedules of revenues, expenditures and changes in fund balances – budget and actual; schedule of proportionate share of the net pension liability; schedule of contributions; schedule of changes in the total OPEB liability and related ratios; and the related notes to the required supplementary information, as noted on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying

accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Report Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 22, 2023, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KYC, CPA₁

Woods Cross, Utah
November 22, 2023

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, 2023.

Financial Highlights

- The assets of the City of Ely exceeded its liabilities and deferred inflows, at June 30, 2023, by \$33,550,589 (net position). Of this amount, \$9,942,586 (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 \$3,404,559. The City's business-type activities' net position decreased by \$1,099,345. The governmental activities' net position increased by \$4,503,904.
- As of June 30, 2023, the City of Ely's governmental funds reported combined ending fund balances of \$7,535,933, with \$1,390,502 being available for spending at the City's discretion (unassigned fund balance).
- As of June 30, 2023, unassigned fund balance in the general fund was \$1,390,502, or 40.7% of general fund expenditures.

Financial Statement Overview

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

CITY OF ELY, NEVADA MANAGEMENT'S DISCUSSION AND ANALYSIS

- *Governmental Funds.* These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide 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 closed in fiscal year 2023) and are considered major funds of the City of Ely.

Notes to the Financial Statements

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

Other Information

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

Government-Wide Financial Analysis

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial condition. In the case of the City of Ely, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$33,550,589 at June 30, 2023, versus \$30,146,030 at June 30, 2022, an increase of \$3,404,559 resulting from grant revenues received in the current year.

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

City of Ely's Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 8,081,599	\$ 5,254,248	\$ 14,573,415	\$ 16,146,180	\$ 22,655,014	\$ 21,400,428
Capital assets	6,210,109	4,729,349	12,092,591	12,027,515	18,302,700	16,756,864
Total assets	14,291,708	9,983,597	26,666,006	28,173,695	40,957,714	38,157,292
Total deferred outflows of resources	1,338,282	1,060,195	1,018,610	835,119	2,356,892	1,895,314
Long-term liabilities outstanding	90,256	390,953	1,966,786	2,045,676	2,057,042	2,436,629
Other liabilities	3,434,858	1,825,142	3,663,178	2,850,805	7,098,036	4,675,947
Total liabilities	3,525,114	2,216,095	5,629,964	4,896,481	9,155,078	7,112,576
Total deferred inflows of resources	371,795	1,598,520	237,144	1,195,480	608,939	2,794,000
Net position:						
Net investment in capital assets	6,106,029	4,041,568	12,002,081	12,974,123	18,108,110	17,015,691
Restricted	795,282	749,161	4,704,611	4,100,451	5,499,893	4,849,612
Unrestricted	4,831,770	2,438,448	5,110,816	5,842,279	9,942,586	8,280,727
Total net position	\$ 11,733,081	\$ 7,229,177	\$ 21,817,508	\$ 22,916,853	\$ 33,550,589	\$ 30,146,030

The largest portion of the City of Ely's net position (54.0%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City of Ely uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Ely's investments in its capital assets is reported net of related debt, it should be noted that the recourses needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debts.

Restricted net position represents 16.4% of the City's net position. This represents resources that are subject to external restrictions on how they may be used. These include the debt-restricted cash in the water and sewer funds and cash set aside to alleviate future revenue shortfalls in the general-government funds.

The remaining portion of the City's net position (29.6%) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

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

City of Ely's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 1,183,896	\$ 1,229,640	\$ 3,871,488	\$ 3,914,358	\$ 5,055,384	\$ 5,143,998
Operating grants and contributions	41,702	35,363	256,911	247,150	298,613	282,513
Capital grants and contributions	486,228	901,766	252,751	38,044	738,979	939,810
General revenues:						
Consolidated taxes	1,802,131	1,712,297	-	-	1,802,131	1,712,297
Fuel taxes	163,205	167,198	-	-	163,205	167,198
Room taxes	373,672	370,357	-	-	373,672	370,357
Share of county gaming tax	60,470	49,501	-	-	60,470	49,501
Property taxes	146,710	168,005	-	-	146,710	168,005
Franchise taxes	227,763	194,326	-	-	227,763	194,326
Excise tax	647	631	-	-	647	631
General operating grants	2,816,493	2,682,259	-	-	2,816,493	2,682,259
Gain (loss) on sale of assets	-	3,140	-	-	-	3,140
Investment earnings	11,773	9,638	31,049	14,701	42,822	24,339
Total revenues	7,314,690	7,524,121	4,412,199	4,214,253	11,726,889	11,738,374
Expenses:						
General government	237,349	135,547	-	-	237,349	135,547
Judicial	409,318	286,151	-	-	409,318	286,151
Public safety	2,404,758	1,971,607	-	-	2,404,758	1,971,607
Public works	226,824	165,753	-	-	226,824	165,753
Health and sanitation	266,168	212,858	-	-	266,168	212,858
Culture and recreation	117,608	101,761	-	-	117,608	101,761
Community support	85,711	1,384,189	-	-	85,711	1,384,189
Highways and streets	763,050	1,224,584	-	-	763,050	1,224,584
Water	-	-	1,467,944	1,305,059	1,467,944	1,305,059
Sewer	-	-	1,364,044	1,063,270	1,364,044	1,063,270
Landfill	-	-	979,556	974,982	979,556	974,982
Total expenses	4,510,786	5,482,450	3,811,544	3,343,311	8,322,330	8,825,761
Increase in net position before transfers and special item	2,803,904	2,041,671	600,655	870,942	3,404,559	2,912,613
Transfers	1,700,000	-	(1,700,000)	-	-	-
Special item	-	-	-	(379,858)	-	(379,858)
Increase in net position	4,503,904	2,041,671	(1,099,345)	491,084	3,404,559	2,532,755
Net position - beginning of year	7,229,177	5,187,506	22,916,853	22,425,769	30,146,030	27,613,275
Net position - end of year	\$ 11,733,081	\$ 7,229,177	\$ 21,817,508	\$ 22,916,853	\$ 33,550,589	\$ 30,146,030

Governmental Activities

Program revenues include charges for services, fines and forfeitures, certain licenses and permits, and both operating and capital grants and contributions. Charges for services revenues of the governmental activities provided 16.2% of total governmental revenues. The remaining program costs were financed from grants and general revenues. The largest general revenue source is general operating grants of \$2,816,493 which provided 38.5% of the total governmental revenues.

Business-Type Activities

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

CITY OF ELY, NEVADA MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the City's Funds

Governmental Funds

The focus of the City of Ely's governmental funds is to provide information on current inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Ely's financing requirements. Unassigned 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 \$7,535,933; \$1,390,502 of this balance constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is designated nonspendable, restricted, or committed to indicate that it is either not available for spending or restricted/committed for specific purposes.

- *General Fund.* The general fund is the chief operating fund of the City of Ely. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,390,502. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Unassigned fund balance represents 40.7% of total general fund expenditures.

The fund balance of the general fund increased by \$2,418,160 during the current year. This was a favorable difference of \$3,686,924 when compared to the budgeted decrease of \$1,268,764. This is due to the Coronavirus State and Local Fiscal Recovery Fund (SLFRF) funding being declared under the revenue loss option given for local governments. Unbudgeted revenue from this funding of \$2,682,259 was recorded in the general fund.

The major revenue sources of the general fund are intergovernmental revenues (\$4,959,846) which represent 79.8% of the general fund's revenues. The intergovernmental revenues include consolidated tax (CTX), sales, liquor, cigarette and motor vehicle taxes and grants – including the amounts received from SLFRF funding.

The major general fund expenditures are for public safety, which are 60.6% (\$2,072,294) of total general fund expenditures. The public safety expenditures included \$1,366,774 for Fire Department operations, and \$705,520 for transfer payments to White Pine County for police services.

- *Street Fund.* The street fund is the special revenue fund used to account for the City's share of motor vehicle fuel tax revenues. The revenue is dedicated to the repair, maintenance, and construction of the City's streets and alleys. The City and County are working together to utilize Regional Transportation Commission revenue and Public Transit Fund revenue to improve the City streets. During the course of the year the fund had an increase in fund balance of \$280,130 due to the general fund transferring \$380,000 to the fund during the year for street projects.
- *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 (\$249,239) 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 \$1,984 (0.1%). Operating expenses increased 10.7% (\$113,788) for the year. The change in net position for the year was an increase of \$271,147.

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

- *Sanitation Fund.* The City’s sewer fund operating revenue increased by \$25,991 (2.2%). Operating expenses increased by 30.3% (\$302,813) for the year. The increase is mostly due to additional services required due to the lift station breaking down. The change in net position for the year was an increase of \$120,039.
- *Sanitary Landfill Fund.* The City’s landfill fund operating revenue decreased by \$92,192 (7.9%) due to less gate collections and more write-offs of accounts than in 2022. Operating expenses increased by 0.5% (\$4,574) for the year. The fund had a increase in net position for the year of \$209,469. 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 accounted for acquisition and maintenance activity for the railroad line owned by the City. All assets were transferred out and the fund was closed in the year ended June 30, 2023.

Budgetary Highlights

The General Fund’s legal level of budgetary control is the function level. The budget for expenditure appropriation for the year was \$6,176,185. Actual expenditures were \$2,757,154 less than the final budget. Variations between the original budget and final budget are due to the expenditure of unbudgeted revenues related to grant funding and approved salary increases during the year. No functions of the general fund were over budget for the year ended June 30, 2023.

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, 2023, amounts to \$20,121,368, net of depreciation. The assets are displayed by type of activity and asset below.

City of Ely's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 1,957,599	\$ 257,599	\$ 140,478	\$ 1,840,478	\$ 2,098,077	\$ 2,098,077
Construction in progress	120,573	7,280	1,719,990	1,138,594	1,840,563	1,145,874
Streets	840,030	947,862	-	-	840,030	947,862
Flood control	95,849	105,304	-	-	95,849	105,304
Improvements	389,342	428,446	10,733,984	11,007,790	11,123,326	11,436,236
Buildings	1,208,745	1,245,297	211,837	232,895	1,420,582	1,478,192
Vehicles and equipment	1,597,971	1,737,561	1,104,970	745,030	2,702,941	2,482,591
Total	\$ 6,210,109	\$ 4,729,349	\$ 13,911,259	\$ 14,964,787	\$ 20,121,368	\$ 19,694,136

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

Governmental activities:		Buisness-type activities:	
Building improvements	\$ 113,293	Sewer system improvements	\$ 540,584
		Sewer equipment	104,357
		Landfill improvements	152,248
		Landfill equipment	228,351

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

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

Outstanding Debt

At the end of the fiscal year, the City had total debt of \$1,909,178. Of this amount, the governmental activities had no outstanding debt, due to the City having paid off its notes and financed purchases during 2023, and the business-type activities had \$1,909,178. These amounts are not considered general obligation debt. The debts are revenue bonds.

	City of Ely's Outstanding Debt					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenue bonds payable	\$ -	\$ -	\$ 1,909,178	\$ 1,990,664	\$ 1,909,178	\$ 1,990,664
Notes payable	-	268,935	-	-	-	268,935
Financed purchase	-	45,072	-	-	-	45,072
Total	\$ -	\$ 314,007	\$ 1,909,178	\$ 1,990,664	\$ 1,909,178	\$ 2,304,671

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 32% of its General Fund revenues from the consolidated Tax (CTX) distributions (predominately sales taxes) and experienced relatively no change from the prior year. Additional growth, retail sales and continued construction may increase the amount of CTX tax distributions the City receives over time. Mining continues to be a strong source of regional employment but is always subject to the variances of commodity price fluctuations now being experienced. Expansion of current mining operations and the possible opening of new mines would contribute to the sales tax. The City received federal funding under the American Rescue Plan Act and the City used the Revenue Loss Option for local governments. Half of the SLFRF funding was received in this fiscal year and the other half was received in 2022.

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, and Landfill) continue to be financially sound. The Railroad Fund was closed during the year.

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

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, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 6,156,020	\$ 6,243,952	\$ 12,399,972
Accounts receivable, net	39,591	315,098	354,689
Due from other governments	555,444	1,714	557,158
Prepaid expenses	369,196	241,302	610,498
Inventory	-	72,248	72,248
Notes receivable	73,481	-	73,481
Leases receivable	100,998	28,420	129,418
Deposits	1,200	-	1,200
Restricted cash and cash equivalents	785,669	5,810,213	6,595,882
Property and equipment not being depreciated	2,078,172	1,860,468	3,938,640
Property and equipment, net of depreciation	4,131,937	12,050,791	16,182,728
Non-service property, Georgetown Ranch, net	-	41,800	41,800
Total assets	<u>14,291,708</u>	<u>26,666,006</u>	<u>40,957,714</u>
Deferred outflows of resources			
Pensions	1,328,751	1,011,177	2,339,928
OPEB	9,531	7,433	16,964
Total deferred outflows of resources	<u>1,338,282</u>	<u>1,018,610</u>	<u>2,356,892</u>
Total assets and deferred outflows of resources	<u>\$ 15,629,990</u>	<u>\$ 27,684,616</u>	<u>\$ 43,314,606</u>
Liabilities			
Accounts payable	\$ 140,449	\$ 169,484	\$ 309,933
Accrued liabilities	174,721	43,036	217,757
Accrued interest payable	-	10,421	10,421
Customer deposits	13,824	56,306	70,130
Unearned revenue	115,245	-	115,245
Noncurrent liabilities:			
Due within one year	75,815	133,583	209,398
Due in more than one year	14,441	1,833,203	1,847,644
Landfill closure costs	-	1,105,602	1,105,602
Net OPEB liability	130,934	102,109	233,043
Net pension liability	2,859,685	2,176,220	5,035,905
Total liabilities	<u>3,525,114</u>	<u>5,629,964</u>	<u>9,155,078</u>
Deferred inflows of resources			
Leases	101,426	31,393	132,819
Pensions	270,369	205,751	476,120
Total deferred inflows of resources	<u>371,795</u>	<u>237,144</u>	<u>608,939</u>
Net position			
Net investment in capital assets	6,106,029	12,002,081	18,108,110
Restricted for:			
Judicial	120,946	-	120,946
Debt service	-	176,884	176,884
Community development	536,838	-	536,838
Stabilization	137,498	-	137,498
Capital projects	-	4,413,794	4,413,794
Landfill closure	-	113,933	113,933
Unrestricted	4,831,770	5,110,816	9,942,586
Total net position	<u>11,733,081</u>	<u>21,817,508</u>	<u>33,550,589</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 15,629,990</u>	<u>\$ 27,684,616</u>	<u>\$ 43,314,606</u>

The accompanying notes are an integral part of this statement.

CITY OF ELY, NEVADA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental activities							
General government	\$ 237,349	\$ 183,132	\$ 38,560	\$ 54,700	\$ 39,043	\$ -	\$ 39,043
Judicial	409,318	72,157	-	-	(337,161)	-	(337,161)
Public safety	2,404,758	772,428	3,042	-	(1,629,288)	-	(1,629,288)
Public works	226,824	67,620	-	-	(159,204)	-	(159,204)
Health and sanitation	266,168	-	100	-	(266,068)	-	(266,068)
Culture and recreation	117,608	46,321	-	-	(71,287)	-	(71,287)
Community support and development	85,711	22,238	-	53,393	(10,080)	-	(10,080)
Highways and streets	763,050	20,000	-	378,135	(364,915)	-	(364,915)
Total governmental activities	4,510,786	1,183,896	41,702	486,228	(2,798,960)	-	(2,798,960)
Business-type activities							
Municipal water	1,467,944	1,470,713	256,911	-	-	259,680	259,680
Sanitation	1,364,044	1,222,010	-	252,751	-	110,717	110,717
Landfill	979,556	1,178,765	-	-	-	199,209	199,209
Total business-type activities	3,811,544	3,871,488	256,911	252,751	-	569,606	569,606
Total government	\$ 8,322,330	\$ 5,055,384	\$ 298,613	\$ 738,979	(2,798,960)	569,606	(2,229,354)
General revenues							
					146,710	-	146,710
					227,763	-	227,763
					373,672	-	373,672
					1,802,131	-	1,802,131
					60,470	-	60,470
					163,205	-	163,205
					647	-	647
					2,816,493	-	2,816,493
					11,773	31,049	42,822
Transfers					1,700,000	(1,700,000)	-
Total general revenues and transfers					7,302,864	(1,668,951)	5,633,913
Changes in net position					4,503,904	(1,099,345)	3,404,559
Net position, beginning					7,229,177	22,916,853	30,146,030
Net position, ending					\$ 11,733,081	\$ 21,817,508	\$ 33,550,589

The accompanying notes are an integral part of this statement.

CITY OF ELY, NEVADA
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2023

	General Fund	Street Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 4,545,081	\$ 222,421	\$ 1,145,040	\$ 243,477	\$ 6,156,019
Accounts receivable	13,405	-	-	26,186	39,591
Due from other governments	405,460	83,991	65,153	840	555,444
Prepaid expenses	343,068	16,374	9,754	-	369,196
Notes receivable	-	-	-	73,481	73,481
Leases receivable	100,998	-	-	-	100,998
Deposits	1,200	-	-	-	1,200
Restricted cash and cash equivalents	137,498	-	-	648,171	785,669
Total Assets	\$ 5,546,710	\$ 322,786	\$ 1,219,947	\$ 992,155	\$ 8,081,598
Liabilities					
Accounts payable	\$ 119,830	\$ 9,550	\$ 5,399	\$ 5,670	\$ 140,449
Accrued liabilities	162,697	6,727	-	5,297	174,721
Developer and customer deposits	13,824	-	-	-	13,824
Unearned revenue	115,245	-	-	-	115,245
Total liabilities	411,596	16,277	5,399	10,967	444,239
Deferred inflows of resources					
Leases	101,426	-	-	-	101,426
Fund balances					
Nonspendable:					
Prepays	343,068	-	-	-	343,068
Restricted for:					
Stabilization	137,498	-	-	-	137,498
Other purposes	-	-	-	657,784	657,784
Committed to:					
Capital outlay	-	306,509	1,214,548	215,394	1,736,451
Other purposes	-	-	-	108,010	108,010
Unassigned	4,553,122	-	-	-	4,553,122
Total fund balances	5,033,688	306,509	1,214,548	981,188	7,535,933
Total Liabilities, deferred inflows of resources, and fund balances	\$ 5,546,710	\$ 322,786	\$ 1,219,947	\$ 992,155	\$ 8,081,598

The accompanying notes are an integral part of this statement.

CITY OF ELY, NEVADA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2023

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

Total fund balance - governmental funds	\$	7,535,933
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental capital assets	\$	17,416,592
Less: accumulated depreciation		<u>(11,206,483)</u>
		6,210,109

Long-term liabilities, including compensated absences, and net OPEB and pension liabilities are not due and payable in the current period and therefore are not reported in the funds.

Compensated absences	\$	(90,255)
Net OPEB liability		(130,934)
Net pension liability		<u>(2,859,685)</u>
		(3,080,874)

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

Deferred outflows related to pensions	\$	1,328,751
Deferred inflows related to pensions		(270,369)
Deferred outflows related to OPEB		<u>9,531</u>
		<u>1,067,913</u>

Net position - governmental activities	\$	<u>11,733,081</u>
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The accompanying notes are an integral part of this statement.

CITY OF ELY, NEVADA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	<u>General Fund</u>	<u>Street Fund</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 222,609	\$ -	\$ 303,815	\$ 222,368	\$ 748,792
Licenses, permits and fees	239,811	-	-	-	239,811
Intergovernmental revenue	4,959,846	540,272	-	-	5,500,118
Charges for services	535,325	-	-	7,061	542,386
Fines and forfeitures	65,096	-	-	-	65,096
Interest income	8,858	-	2,325	591	11,774
Other revenues	185,646	21,068	-	-	206,714
Total revenues	<u>6,217,191</u>	<u>561,340</u>	<u>306,140</u>	<u>230,020</u>	<u>7,314,691</u>
Expenditures					
Current:					
General government	221,763	-	-	-	221,763
Judicial	393,625	-	-	18,511	412,136
Public safety	2,072,294	-	-	-	2,072,294
Public works	206,105	-	-	-	206,105
Health and sanitation	241,236	-	-	-	241,236
Culture and recreation	90,052	-	-	-	90,052
Community support and development	193,956	-	-	5,048	199,004
Highways and streets	-	661,210	-	6,714	667,924
Debt service:					
Principal	-	-	206,857	107,051	313,908
Interest	-	-	840	2,211	3,051
Capital outlay	-	-	100,452	-	100,452
Total expenditures	<u>3,419,031</u>	<u>661,210</u>	<u>308,149</u>	<u>139,535</u>	<u>4,527,925</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,798,160</u>	<u>(99,870)</u>	<u>(2,009)</u>	<u>90,485</u>	<u>2,786,766</u>
Other financing sources (uses)					
Transfers in	-	380,000	-	-	380,000
Transfers out	(380,000)	-	-	-	(380,000)
Total other financing sources (uses)	<u>(380,000)</u>	<u>380,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,418,160	280,130	(2,009)	90,485	2,786,766
Fund balance, beginning of year	<u>2,615,528</u>	<u>26,379</u>	<u>1,216,557</u>	<u>890,703</u>	<u>4,749,167</u>
Fund balance, end of year	<u>\$ 5,033,688</u>	<u>\$ 306,509</u>	<u>\$ 1,214,548</u>	<u>\$ 981,188</u>	<u>\$ 7,535,933</u>

The accompanying notes are an integral part of this statement.

CITY OF ELY, NEVADA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

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

Net change in fund balances - total governmental funds	\$	2,786,766
Governmental funds have reported capital outlays, past and present, as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		(472,088)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net position.		252,847
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.		313,907
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.		1,954
Pension and OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension and OPEB liabilities are measured a year before the report date. Pension and OPEB expenses, which are the changes in the net pension and OPEB liabilities adjusted for changes in deferred outflows and inflows of resources related to pensions and OPEB, are reported in the statement of activities.		
Pension expense	\$ (89,406)	
OPEB expense	<u>23,235</u>	(66,171)
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.		(13,311)
Transfers of capital assets between business-type activities and governmental activities are not shown in the governmental funds.		<u>1,700,000</u>
Change in net position - governmental activities	\$	<u><u>4,503,904</u></u>

The accompanying notes are an integral part of this statement.

CITY OF ELY, NEVADA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

	Business-type Activities - Enterprise Funds				Total
	Municipal Water	Sanitation	Landfill	Railroad	
Assets					
Current assets					
Cash and cash equivalents	\$ 1,966,816	\$ 1,865,600	\$ 2,411,536	\$ -	\$ 6,243,952
Receivables, net of allowance	107,936	74,574	132,588	-	315,098
Due from other governments	560	1,154	-	-	1,714
Prepaid expense	29,800	190,185	21,317	-	241,302
Lease receivable, current	13,209	-	-	-	13,209
Inventory	72,248	-	-	-	72,248
Total current assets	2,190,569	2,131,513	2,565,441	-	6,887,523
Noncurrent assets					
Restricted cash and cash equivalents	3,187,772	1,402,906	1,219,535	-	5,810,213
Lease receivable, net of current	15,211	-	-	-	15,211
Capital assets not being depreciated:					
Land and easements	125,646	-	14,832	-	140,478
Construction in progress	235,420	1,484,570	-	-	1,719,990
Capital assets, net of accumulated depreciation:					
Treatment facilities and improvements	14,503,546	11,057,402	250,558	-	25,811,506
Buildings	175,445	-	339,019	-	514,464
Machinery, equipment and vehicles	651,791	530,304	2,053,391	-	3,235,486
Less accumulated depreciation	(9,007,158)	(6,941,663)	(1,561,844)	-	(17,510,665)
Total noncurrent assets	9,887,673	7,533,519	2,315,491	-	19,736,683
Other assets					
Non-service property	50,014	-	-	-	50,014
Less accumulated depreciation	(8,214)	-	-	-	(8,214)
Total other assets	41,800	-	-	-	41,800
Total assets	12,120,042	9,665,032	4,880,932	-	26,666,006
Deferred outflows of resources					
Pensions	300,609	245,815	464,753	-	1,011,177
OPEB	2,112	1,970	3,351	-	7,433
Total deferred outflows of resources	302,721	247,785	468,104	-	1,018,610
Total assets and deferred outflows of resources	\$ 12,422,763	\$ 9,912,817	\$ 5,349,036	\$ -	\$ 27,684,616

The accompanying notes are an integral part of this statement.

CITY OF ELY, NEVADA
STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS
June 30, 2023

	Business-type Activities - Enterprise Funds				
	Municipal Water	Sanitation	Landfill	Railroad	Total
Liabilities					
Current liabilities					
Accounts payable	\$ 27,556	\$ 49,180	\$ 92,748	\$ -	\$ 169,484
Accrued liabilities	13,064	14,291	15,681	-	43,036
Accrued interest	3,896	6,525	-	-	10,421
Customer Deposits	16,823	18,360	21,123	-	56,306
Current portion of noncurrent liabilities	65,243	54,686	13,654	-	133,583
Total current liabilities	126,582	143,042	143,206	-	412,830
Noncurrent liabilities					
Compensated absences	31,090	10,263	16,255	-	57,608
Bonds payable	624,241	1,284,937	-	-	1,909,178
Less current portion of noncurrent liabilities	(65,243)	(54,686)	(13,654)	-	(133,583)
Net OPEB obligation	29,010	27,064	46,035	-	102,109
Net pension liability	646,959	529,036	1,000,225	-	2,176,220
Landfill closure/post closure costs	-	-	1,105,602	-	1,105,602
Total noncurrent liabilities	1,266,057	1,796,614	2,154,463	-	5,217,134
Total liabilities	1,392,639	1,939,656	2,297,669	-	5,629,964
Deferred inflows of resources					
Leases	31,393	-	-	-	31,393
Pensions	61,167	50,018	94,566	-	205,751
Total deferred inflows of resources	92,560	50,018	94,566	-	237,144
Net position					
Net investment in capital assets	6,060,449	4,845,676	1,095,956	-	12,002,081
Restricted for:					
Debt service	69,974	106,910	-	-	176,884
Capital improvements	3,117,798	1,295,996	-	-	4,413,794
Landfill closure/post closure costs	-	-	113,933	-	113,933
Unrestricted	1,689,343	1,674,561	1,746,912	-	5,110,816
Total net position	10,937,564	7,923,143	2,956,801	-	21,817,508
Total liabilities, deferred inflows of resources, and net position	\$ 12,422,763	\$ 9,912,817	\$ 5,349,036	\$ -	\$ 27,684,616

The accompanying notes are an integral part of this statement.

CITY OF ELY, NEVADA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds				
	Municipal Water	Sanitation	Landfill	Railroad	Total
Operating revenues					
Charges for services	\$ 1,326,046	\$ 1,181,807	\$ 1,070,959	\$ -	\$ 3,578,812
Total operating revenues	<u>1,326,046</u>	<u>1,181,807</u>	<u>1,070,959</u>	<u>-</u>	<u>3,578,812</u>
Operating expenses					
Salaries and wages	362,364	268,505	424,315	-	1,055,184
Employee benefits	174,778	135,789	198,352	-	508,919
Service, supplies and other	333,509	642,435	295,735	-	1,271,679
Landfill closure/post closure costs	-	-	(24,488)	-	(24,488)
Depreciation and amortization	308,838	255,116	85,642	-	649,596
Total operating expenses	<u>1,179,489</u>	<u>1,301,845</u>	<u>979,556</u>	<u>-</u>	<u>3,460,890</u>
Operating income (loss)	<u>146,557</u>	<u>(120,038)</u>	<u>91,403</u>	<u>-</u>	<u>117,922</u>
Nonoperating revenues (expenses)					
Interest income	11,467	9,322	10,260	-	31,049
Rent income	12,314	-	-	-	12,314
Miscellaneous income	42,103	15,790	107,806	-	165,699
System obligation fees	90,250	24,413	-	-	114,663
Grant revenue	256,911	252,751	-	-	509,662
Interest expense	(32,104)	(62,199)	-	-	(94,303)
Miscellaneous expense	(256,351)	-	-	-	(256,351)
Total nonoperating revenues (expenses)	<u>124,590</u>	<u>240,077</u>	<u>118,066</u>	<u>-</u>	<u>482,733</u>
Net income before transfers	<u>271,147</u>	<u>120,039</u>	<u>209,469</u>	<u>-</u>	<u>600,655</u>
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,700,000)</u>	<u>(1,700,000)</u>
Change in net position	<u>271,147</u>	<u>120,039</u>	<u>209,469</u>	<u>(1,700,000)</u>	<u>(1,099,345)</u>
Net position, beginning of year	<u>10,666,417</u>	<u>7,803,104</u>	<u>2,747,332</u>	<u>1,700,000</u>	<u>22,916,853</u>
Net position, end of year	<u>\$ 10,937,564</u>	<u>\$ 7,923,143</u>	<u>\$ 2,956,801</u>	<u>\$ -</u>	<u>\$ 21,817,508</u>

The accompanying notes are an integral part of this statement.

CITY OF ELY, NEVADA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds				
	Municipal Water	Sanitation	Landfill	Railroad	Total
Cash flows from operating activities					
Cash receipts from customers	\$ 1,335,877	\$ 1,188,957	\$ 1,078,386	\$ -	\$ 3,603,220
Cash paid to suppliers for goods and services	(381,847)	(810,444)	(237,168)	-	(1,429,459)
Cash paid to employees for services	(529,845)	(406,636)	(1,011,477)	-	(1,947,958)
Net cash flows from operating activities	424,185	(28,123)	(170,259)	-	225,803
Cash flows from noncapital financing activities					
Due from other funds	-	-	-	-	-
Quadra mining receipts	222,069	-	-	-	222,069
Rental receipts	11,940	-	-	-	11,940
Other receipts	42,103	15,789	107,806	-	165,698
Quadra mining payments	(256,351)	-	-	-	(256,351)
Net cash flows from noncapital financing activities	19,761	15,789	107,806	-	143,356
Cash flows from capital and related financing activities					
State and federal grant receipts	54,719	269,432	-	-	324,151
System obligation fees received	90,250	24,413	-	-	114,663
Acquisition and construction of capital assets	(224,392)	(683,209)	(388,465)	-	(1,296,066)
Principal paid on long-term debt	(37,437)	(44,049)	-	-	(81,486)
Interest paid on long-term debt	(32,104)	(62,199)	-	-	(94,303)
Net cash flows from capital and related financing activities	(148,964)	(495,612)	(388,465)	-	(1,033,041)
Cash flows from investing activities					
Interest on investments	11,467	9,322	10,260	-	31,049
Net cash flows from investing activities	11,467	9,322	10,260	-	31,049
Net increase (decrease) in cash and cash equivalents	306,449	(498,624)	(440,658)	-	(632,833)
Cash and cash equivalents, beginning	4,848,139	3,767,130	4,071,729	-	12,686,998
Cash and cash equivalents, ending	\$ 5,154,588	\$ 3,268,506	\$ 3,631,071	\$ -	\$ 12,054,165
Reconciliation of operating income to net cash flows from operating activities					
Operating income (loss)	\$ 146,557	\$ (120,038)	\$ 91,403	\$ -	\$ 117,922
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation/amortization	308,838	255,116	85,642	-	649,596
Employer Pension Contributions	10,986	7,794	3,418	-	22,198
Employer OPEB Contributions	(5,148)	(4,802)	(8,168)	-	(18,118)
Changes in operating assets, liabilities and deferred inflows and outflows:					
(Increase) decrease in receivables	9,516	5,950	7,688	-	23,154
(Increase) decrease in inventory	(10,892)	-	-	-	(10,892)
(Increase) decrease in prepaid expenses	(28,536)	(190,185)	(21,317)	-	(240,038)
Increase (decrease) in accounts payable	(8,910)	22,176	79,884	-	93,150
Increase (decrease) in accrued liabilities	(3,138)	(2,733)	(384,660)	-	(390,531)
Increase (decrease) in customer deposits	315	1,200	(261)	-	1,254
Increase (decrease) in compensated absences	4,597	(2,601)	600	-	2,596
Increase (decrease) in landfill closure/post-closure liability	-	-	(24,488)	-	(24,488)
Net cash flows from operating activities	\$ 424,185	\$ (28,123)	\$ (170,259)	\$ -	\$ 225,803

The accompanying notes are an integral part of this statement.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Reporting entity

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

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

Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

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

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

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government reports the following major enterprise funds:

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

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

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

Railroad Fund – This fund accounted for capital projects and other activity related to railroad lines owned by the City and the Nevada Northern Railway Foundation. It was closed during the year ended June 30, 2023.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

Cash and cash equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. This is the same definition of cash and cash equivalents used for the statement of cash flows for the City's proprietary funds.

Investments

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

Receivables

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

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$3,500 and an estimated useful life of two or more years.

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

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

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

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

Compensated absences

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

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

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has two types of items that qualify for reporting in this category, pension related items (see Note 9) and other post-employment benefits related items (see Note 14).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item which qualifies for reporting in this category, pension related items (see Note 9).

Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is generally the City’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied. From time to time, the City may make a conscious choice to use unrestricted funds first and save the restricted amounts for significant projects.

Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The city council (council) has by resolution authorized the city clerk to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Use of estimates

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

Revenues and expenditures/expenses

Program revenues

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

Property taxes

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

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

For the fiscal year 2022-2023, the allowable tax rates in White Pine County met the maximum combined tax rate (\$3.66). The City of Ely exchanged its tax rate for an increased share of the County's consolidated tax, in accordance with state statute, thereby allowing the other entities in White Pine County to assess their rates Countywide.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds operating and non-operating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund, sanitation fund, and land fill fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Related party transaction

During the year ended June 30, 2023, the City received a portion of the 45G Railroad Tax Credit payment from the Nevada Northern Railway Foundation for \$132,160, pursuant to an agreement the City has with the Foundation. Two members of the city council sit on the board of the Foundation.

The City has also recorded a receivable of \$7,246 that is due from a business owned by a member of the city council. The City received payments of \$1,814 in principal and \$84 in interest on this note during the year ended June 30, 2023.

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation on page 14.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation on page 16.

NOTE 3 STABILIZATION FUND

Nevada Revised Statutes (NRS or statute) 354.6115 states that the governing body of a local government may, by resolution, establish a fund to stabilize the operation of the local government and mitigate the effects of natural disasters. In accordance with GASBS 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City's stabilization fund is included in the General Fund, as restricted fund balance, for the year ended June 30, 2023. 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, 2023, the City complied with the provisions of this section.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

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

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

Restrictions and Commitments for Other Purposes

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

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

NOTE 5 CASH AND INVESTMENTS

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

Cash on hand and on deposit:		
Petty cash	\$	550
Cash on deposit		4,805,271
Money market investments		14,190,033
Total cash and investments	\$	18,995,854

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

	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 6,156,020	\$ 6,243,952	\$ 12,399,972
Restricted cash and cash equivalents	785,669	5,810,213	6,595,882
Total cash and investments	\$ 6,941,689	\$ 12,054,165	\$ 18,995,854

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 CASH AND INVESTMENTS (Continued)

Deposits

Custodial Credit Risk. For deposits this is the risk that in the event of a bank failure, the government’s deposit may not be returned. The City does not have a formal policy for custodial credit risk. As of June 30, 2023, the City’s bank balance of \$19,250,689 was covered in the amount of \$599,620 by federal depository insurance and the remainder was subject to collateralization by the office of the State Treasurer/Nevada Collateral Pool.

Investments

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

As of June 30, 2023 the government had the following investments:

	Fair Value	Credit Rating	Weighted Avg. Maturity
Investments			
First National Bank of Ely, Market Interest Account	\$14,190,033	N/A	Demand

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

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

Credit Risk. State law limits investments to items noted in the summary of significant accounting policies, Footnote 1. The city has no investment policy that would further limit investment choices at June 30, 2023. The investments in the First National Bank of Ely market interest accounts are covered by FDIC insurance and collateral held by a third-party agent but are unrated.

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

Cash Restricted for Use

The City maintains restricted cash to comply with various legal and contractual requirements. Amounts restricted are as follows at June 30, 2023:

	Amount
Budget stabilization	\$ 137,498
Judicial	131,318
Debt reserves	176,884
Capital improvements	4,413,794
Lanfill closure trust	1,219,535
Community development	516,853
Total restricted cash and cash equivalents	\$ 6,595,882

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 CAPITAL ASSETS

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

Governmental activities:	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land and easements	\$ 257,599	\$ 1,700,000	\$ -	\$ 1,957,599
Construction in progress	7,280	113,293	-	120,573
Total capital assets not being depreciated	<u>264,879</u>	<u>1,813,293</u>	<u>-</u>	<u>2,078,172</u>
Capital assets, being depreciated:				
Streets	6,543,311	-	-	6,543,311
Flood control	1,016,736	-	-	1,016,736
Improvements other than buildings	882,770	-	-	882,770
Buildings	2,394,164	27,342	-	2,421,506
Vehicles and equipment	4,361,884	112,213	-	4,474,097
Total capital assets being depreciated	<u>15,198,865</u>	<u>139,555</u>	<u>-</u>	<u>15,338,420</u>
Less accumulated depreciation for:				
Streets	(5,595,449)	(107,832)	-	(5,703,281)
Flood control	(911,432)	(9,455)	-	(920,887)
Improvements other than buildings	(454,324)	(39,104)	-	(493,428)
Buildings	(1,148,867)	(63,894)	-	(1,212,761)
Vehicles and equipment	(2,624,323)	(251,803)	-	(2,876,126)
Total accumulated depreciation	<u>(10,734,395)</u>	<u>(472,088)</u>	<u>-</u>	<u>(11,206,483)</u>
Total capital assets, being depreciated, net	<u>4,464,470</u>	<u>(332,533)</u>	<u>-</u>	<u>4,131,937</u>
Governmental activities capital assets, net	<u>\$ 4,729,349</u>	<u>\$ 1,480,760</u>	<u>\$ -</u>	<u>\$ 6,210,109</u>

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

Governmental activities:	
General government	\$ 32,946
Judicial	147
Public safety	243,828
Public works	15,478
Health and sanitation	7,474
Culture and recreation	26,771
Streets and highways	<u>145,444</u>
Total depreciation expense - governmental activities	<u>\$ 472,088</u>

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 CAPITAL ASSETS (Continued)

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

Business-type activities:	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land and easements	\$ 1,840,478	\$ -	\$ (1,700,000)	\$ 140,478
Construction in progress	1,138,594	581,396	-	1,719,990
Total capital assets not being depreciated	<u>2,979,072</u>	<u>581,396</u>	<u>(1,700,000)</u>	<u>1,860,468</u>
Capital assets, being depreciated:				
Treatment facilities and improvements	25,550,524	260,980	-	25,811,504
Buildings	520,773	-	(6,309)	514,464
Machinery, equipment and vehicles	2,776,266	459,220	-	3,235,486
Georgetown Ranch	50,014	-	-	50,014
Total capital assets being depreciated	<u>28,897,577</u>	<u>720,200</u>	<u>(6,309)</u>	<u>29,611,468</u>
Less accumulated depreciation for:				
Treatment facilities and improvements	(14,542,734)	(534,786)	-	(15,077,520)
Buildings	(287,878)	(15,530)	781	(302,627)
Machinery, equipment and vehicles	(2,031,236)	(99,280)	-	(2,130,516)
Georgetown Ranch	(8,214)	-	-	(8,214)
Total accumulated depreciation	<u>(16,870,062)</u>	<u>(649,596)</u>	<u>781</u>	<u>(17,518,877)</u>
Total capital assets, being depreciated, net	<u>12,027,515</u>	<u>70,604</u>	<u>(5,528)</u>	<u>12,092,591</u>
Business-type activities capital assets, net	<u><u>\$ 15,006,587</u></u>	<u><u>\$ 652,000</u></u>	<u><u>\$ (1,705,528)</u></u>	<u><u>\$ 13,953,059</u></u>

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

Business-type activities:	
Water	\$ 308,838
Sanitation	255,116
Landfill	<u>85,642</u>
Total depreciation expense - business-type activities	<u><u>\$ 649,596</u></u>

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 LONG-TERM LIABILITIES

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

Governmental Activities:	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Notes payable from direct borrowings:					
2005 Fire station note	\$ 206,975	\$ -	\$ (206,975)	\$ -	\$ -
2017 Ambulance note	61,960	-	(61,960)	-	-
Total notes payable	268,935	-	(268,935)	-	-
Financed purchases from direct borrowings:					
Fire ladder truck	45,072	-	(45,072)	-	-
Compensated absences	76,946	77,945	(64,635)	90,256	75,815
Total governmental activities long term liabilities	<u>\$ 390,953</u>	<u>\$ 77,945</u>	<u>\$ (378,642)</u>	<u>\$ 90,256</u>	<u>\$ 75,815</u>

The General Fund provides the resources for the retirement of compensated absences. Interest of \$3,051 is included as a direct expense in the public safety function.

Business-type Activities:

Bonds payable from direct placements:					
1996 Water revenue bond	\$ 661,678	\$ -	\$ (37,437)	\$ 624,241	\$ 39,127
2001 Sewer revenue bond	1,328,986	-	(44,049)	1,284,937	46,065
Total bonds payable	1,990,664	-	(81,486)	1,909,178	85,192
Compensated absences	55,012	48,805	(46,209)	57,608	48,391
Total business-type activities long term liabilities	<u>\$ 2,045,676</u>	<u>\$ 48,805</u>	<u>\$ (127,695)</u>	<u>\$ 1,966,786</u>	<u>\$ 133,583</u>

Business-type Activities

Revenue Bonds Payable from Direct Placements

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

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 LONG-TERM LIABILITIES (Continued)

Revenue bond debt service requirements to maturity are as follows:

1996 Water Revenue Bond			
Year Ending June 30,	Principal	Interest	Total
2024	\$ 39,127	\$ 30,413	\$ 69,540
2025	41,212	28,328	69,540
2026	43,321	26,219	69,540
2027	45,537	24,003	69,540
2028	47,808	21,732	69,540
2029-2033	278,624	69,076	347,700
2034-2035	128,612	6,642	135,254
Total	\$ 624,241	\$ 206,413	\$ 830,654

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

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

2001 Sewer Revenue Bond			
Year Ending June 30,	Principal	Interest	Total
2024	\$ 46,065	\$ 60,183	\$ 106,248
2025	48,466	57,782	106,248
2026	50,819	55,429	106,248
2027	53,287	52,961	106,248
2028	55,735	50,513	106,248
2029-2033	322,640	208,600	531,240
2034-2038	408,977	122,263	531,240
2039-2042	298,948	22,552	321,500
Total	\$ 1,284,937	\$ 630,283	\$ 1,915,220

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.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 LESSOR AGREEMENTS

Grazing Lease

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

Rent of \$12,051 is payable annually on October 1 from 2020 until 2024, with annual increases of 2 percent each year of the lease. The City collected \$12,538 from the lessee for the year ended June 30, 2023, and recorded \$11,820 in lease revenue and \$1,085 in lease interest revenue.

Office Space Lease

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

Rent is payable on the first day of each quarter beginning on December 1, 2020, with quarterly payments of \$9,600 until April 1, 2026. The City collected \$38,400 from the lessee for the year ended June 30, 2023, and recorded \$35,802 in lease revenue and \$3,683 in lease interest revenue.

Grazing Lease

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

Rent of \$1,200 is payable annually on June 1 from 2022 until 2026, with annual increases of 3 percent each year of the lease. The City collected \$1,236 from the lessee for the year ended June 30, 2023, and recorded \$1,200 in lease revenue and \$144 in lease interest revenue.

NOTE 9 DEFINED BENEFIT PENSION PLAN

Plan description

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

Benefits provided

Benefits, as required by the Nevada Revised Statutes, are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010, and July 1, 2015.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.50% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.50% service time factor and for regular members entering the system after July 1, 2015, there is a 2.25% factor. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

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

Vesting

Regular members entering the system prior to January 1, 2010, are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, or any age with thirty years of service. Regular members entering the system on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, at age 62 with ten years of service, at age 55 with thirty years of service, or any age with thirty-three and one third years of service.

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. One plan, provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only. Under the matching Employee/Employer Contribution plan, a member may, upon termination of service for which contribution is required, withdraw employee contributions which have been credited to their account. All membership rights and active service credit in the System are canceled upon withdrawal of contributions from the member's account. If EPC was elected, the member cannot convert to the Employee/Employer Contribution plan and cannot withdraw these contributions.

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.

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

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

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

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

For the fiscal years ended June 30, 2023 and 2022 the Statutory Employer/employee matching rate was 15.50% for Regular and 22.75% for Police/Fire. The Employer-pay contribution (EPC) rate was 29.75% for Regular and 44.00% for Police/Fire.

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

<u>Year ended</u> <u>June 30,</u>	<u>Regular Members</u>	<u>Police/Fire</u>	<u>Total</u> <u>Contributions</u>
2023	29.75%	44.00%	\$ 341,462
2022	29.75%	44.00%	307,308
2021	29.25%	42.50%	266,412

Investment policy

The System's policies which determine the investment portfolio target asset allocation are established by the Public Employees' Retirement Board (Board). The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

The following was the Board adopted policy target asset allocation as of June 30, 2022:

<u>Asset Class</u>	<u>Target</u> <u>Allocation</u>	<u>Long-Term</u> <u>Geometric</u> <u>Expected Real</u> <u>Rate of Return*</u>
U.S. Stocks	42%	5.50%
International stocks	18%	5.50%
U.S. Bonds	28%	0.75%
Private markets	12%	6.65%

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

Pension liability

Net pension liability

The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2022. The City's proportion measured as of June 30, 2022, was 0.02789 percent, which was a increase of 0.00239 percent from its proportion measured as of June 30, 2021.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

Pension liability discount rate sensitivity

The following presents the net pension liability of the PERS as of June 30, 2022, calculated using the discount rate of 7.25%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current discount rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 7,731,155	\$ 5,035,905	\$ 2,811,198

Pension plan fiduciary net position

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

Actuarial assumptions

The City’s net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

Inflation rate	2.50%
Productivity pay increase	0.50%
Projected salary increases	Regular: 4.20% to 9.10%, depending on service Police/Fire: 4.60% to 14.50%, depending on service Rates include inflation and productivity increases
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

Post Retirement Mortality Rates

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

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

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

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

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

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

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

Pre-Retirement Mortality Rates

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

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

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

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

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except that projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

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

For the year ended June 30, 2023, the City recognized pension expense for PERS of \$111,604. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 652,066	\$ 3,598
Changes in assumptions	646,897	-
Net difference between projected and actual earnings on pension plan investments	61,441	-
Changes in proportion and differences between contributions and proportionate share of contributions	638,062	472,522
Contributions subsequent to the measurement date	<u>341,462</u>	<u>-</u>
Total	<u>\$ 2,339,928</u>	<u>\$ 476,120</u>

The \$341,462 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:

<u>Year Ended June 30,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2024	\$ 233,510
2025	221,616
2026	197,866
2027	765,594
2028	103,760
Thereafter	-

NOTE 10 CLOSURE AND POST-CLOSURE CARE COST

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

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 CLOSURE AND POST-CLOSURE CARE COST (Continued)

The recognition of these landfill closure and post-closure care costs are based on a regulatory formula (NAC 444.6853). The estimated total current cost of the landfill closure and post-closure care (\$4,252,211) 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, 2023, as adjusted for inflation. It is estimated that an additional \$3,146,609 will be recognized as closure and post-closure care expenses over the next 47 years, which is the time between the date of the balance sheet and the date the landfill is expected to be filled to capacity (2070).

The estimated liability for landfill closure and post-closure care costs has a balance of \$1,105,602 as of June 30, 2023, which is based on 26.00% 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 2023, the actual cost of closure and post-closure care may be higher due to changes in technology or changes in landfill laws and regulations.

The City is required by State and Federal laws and regulations to provide assurance that it will be able to finance closure and post-closure care costs. The City has recognized the liability for closure and post-closure care and has set aside the required fund in a trust account held at the First National Bank of Ely. The balance in the trust account as of June 30, 2023, was \$1,219,535.

NOTE 11 RISK MANAGEMENT

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

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

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

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

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

CITY OF ELY, NEVADA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 ELY RAILROAD FUND

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

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

NOTE 13 CITY WATER FLOW MITIGATION

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

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

NOTE 14 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

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

Benefits provided

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

The City is required to provide a subsidy, based on years of service for a closed group of its retirees that have enrolled in PEBP. The subsidy is paid on a pay-as-you-go basis and is set by the State Legislature. At June 30, 2023, employees covered by PEBP consisted of 15 former employees. There are no active City employees covered by or eligible for coverage under PEBP.

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

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

Actuarial assumptions

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

Actuarial valuation date.....	June 30, 2021
Measurement date.....	June 30, 2022
Inflation.....	2.50%
Salary Increases.....	N/A - no active employee in this plan
Discount rate.....	3.54%
Discount rate source.....	Bond Buyer 20-Bond General Obligation Index
Actuarial cost method.....	Entry age normal cost, closed group, level percent of pay
Healthcare cost trend rates.....	5.80% in 2022, fluctuating down to 3.90% by 2075

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

Non-disabled life rates for regular employees:

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

Disabled life rates for regular employees:

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

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

Contributions

City contributions to the Plan occur as benefits are paid to retirees. In this PEBP program, the only benefit payments occur in the form of direct payments to PEBP on behalf of currently covered retirees. Contributions to the Plan from the City were \$16,964 for the year ended June 30, 2023 (measurement date June 30, 2022).

OPEB liability

Net OPEB liability

On June 30, 2023, the City reported a net OPEB liability of \$233,043 for PEBP. The net liability was measured as of June 30, 2022, determined by an actuarial valuation as of June 30, 2021. The city makes no contribution to an OPEB trust so the total liability is equal to net liability. There are no assets accumulated in a trust that meet the criteria in GASB 75 (paragraph 4) to pay related benefits. The total OPEB liability as of June 30, 2022 reflects a change in the use of discount rates of 2.16% as of June 30, 2021 and 3.54% as of June 30, 2022. There were no other significant changes of actuarial assumptions. The projections are based on established patterns of practice.

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

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

OPEB liability discount rate sensitivity

The City's total OPEB liability at June 30, 2023, calculated using the discount rate of 3.54%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current discount rate was as follows:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability - PEBP	\$ 254,254	\$ 233,043	\$ 214,740

OPEB liability healthcare cost trend rates sensitivity

The City's total OPEB liability at June 30, 2023, calculated using the healthcare trend rate of 5.80%, decreasing to 3.90% by 2075, as well as what the City's total OPEB liability would be if it were calculated using a healthcare trend rate that is 1.00% lower or 1.00% higher than the current healthcare trend rate was as follows:

	1% Decrease	Healthcare Trend Rate	1% Increase
Total OPEB liability - PEBP	\$ 213,687	\$ 233,043	\$ 255,089

Changes in the total OPEB liability

Changes in the total OPEB liability for the year ended June 30, 2023 summarized below:

	Total OPEB Liability
Interest cost	\$ 5,751
Changes of assumptions*	(30,140)
Benefit payments	(17,606)
Net change	(41,995)
Beginning balance	275,038
Ending balance	\$ 233,043

* Change in discount rate from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022.

OPEB expense

For the year ended June 30, 2023, the City recognized OPEB expense for PEBP of \$(24,390).

Deferred outflows/inflows of resources related to OPEB

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 16,964	\$ -

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

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

The amount (\$16,964) reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

NOTE 15 INTERFUND TRANSACTIONS

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

The City had the following transfers for the year ended June 30, 2023:

	Transfer In
Transfer Out	Street Fund
General Fund	\$ 380,000

As part of the closure of the railroad fund, a \$1,700,000 transfer out was recorded in the railroad fund with no fund recording a corresponding transfer in. The corresponding transfer in is recorded at the government-wide level in governmental activities on the statement of activities.

NOTE 16 CONTINGENT LIABILITIES

The City is a defendant in several lawsuits arising in the normal course of business. In the aggregate, these claims seek monetary damages in significant amounts. Management estimates the potential claims against the City resulting from such litigation not covered by insurance would not materially affect the financial position of the City.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Franchise tax	\$ 218,000	\$ 218,000	\$ 221,962	\$ 3,962
Excise tax	4,000	4,000	647	(3,353)
Total taxes	<u>222,000</u>	<u>222,000</u>	<u>222,609</u>	<u>609</u>
Licenses and permits:				
Business licenses	172,000	172,000	171,096	(904)
Animal licenses	1,200	1,200	1,095	(105)
Building permits	53,000	53,000	62,020	9,020
Building - misc.	500	500	2,790	2,290
Excavation permits	2,800	2,800	2,810	10
Total licenses and permits	<u>229,500</u>	<u>229,500</u>	<u>239,811</u>	<u>10,311</u>
Intergovernmental revenue:				
Consolidated tax	1,795,728	1,795,728	1,802,131	6,403
Share of county gaming tax	55,000	55,000	60,470	5,470
City/County/Tribal co-op - first responder	6,000	6,000	6,000	-
City/County co-op - public safety	33,295	33,295	33,295	-
City/County co-op - planning	38,477	38,477	38,477	-
City/County co-op - fire services	185,000	185,000	185,000	-
Building department fuel charge	2,000	2,000	2,569	569
Grant - CSLFRF	2,000,000	2,000,000	2,682,259	682,259
Grant - NDOW	-	183,999	53,393	(130,606)
Grant - CCCHP	-	95,020	93,210	(1,810)
Grant - Nevada EMS Training	-	3,042	3,042	-
Total intergovernmental revenue	<u>4,115,500</u>	<u>4,397,561</u>	<u>4,959,846</u>	<u>562,285</u>
Charges for services:				
Cemetery charges	20,000	20,000	22,238	2,238
Work cards	4,000	4,000	7,366	3,366
Fire ambulance service	500,000	500,000	493,237	(6,763)
Miscellaneous	10,000	10,000	12,484	2,484
Total charges for services	<u>534,000</u>	<u>534,000</u>	<u>535,325</u>	<u>1,325</u>
Fines and forfeitures:				
Court fines	50,000	50,000	59,227	9,227
Evidentiary fee	1,500	1,500	1,129	(371)
Public defender fee	200	200	100	(100)
Notice fees	100	100	170	70
Miscellaneous court fees	1,400	1,400	4,470	3,070
Total fines and forfeitures	<u>53,200</u>	<u>53,200</u>	<u>65,096</u>	<u>11,896</u>
Interest earned	8,400	8,400	8,858	458
Miscellaneous:				
Rents and leases	45,000	45,000	46,321	1,321
Donations	-	25,000	-	(25,000)
Miscellaneous	500	600	7,165	6,565
45G Railroad Tax Credit	-	132,160	132,160	-
Total miscellaneous	<u>45,500</u>	<u>202,760</u>	<u>185,646</u>	<u>(17,114)</u>
Total revenues	<u>\$ 5,208,100</u>	<u>\$ 5,647,421</u>	<u>\$ 6,217,191</u>	<u>\$ 569,770</u>

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND (Continued)
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
General government:				
Legislative:				
Mayor and council:				
Salaries and wages	\$ 9,675	\$ 9,675	\$ 10,259	\$ 584
Employee benefits	5,347	4,627	4,696	69
Services, supplies and other	4,941	5,961	4,244	(1,717)
Total legislative	<u>19,963</u>	<u>20,263</u>	<u>19,199</u>	<u>(1,064)</u>
Administration:				
City clerk:				
Salaries and wages	37,807	50,407	50,366	(41)
Employee benefits	34,721	34,721	34,018	(703)
Services, supplies and other	26,260	29,960	27,618	(2,342)
Total administration	<u>98,788</u>	<u>115,088</u>	<u>112,002</u>	<u>(3,086)</u>
Election:				
Total election	10,000	7,500	7,500	-
Finance:				
City treasurer:				
Salaries and wages	26,889	29,189	29,088	(101)
Employee benefits	13,045	13,645	13,399	(246)
Services, supplies and other	88,635	40,435	40,575	140
Total finance	<u>128,569</u>	<u>83,269</u>	<u>83,062</u>	<u>(207)</u>
Total general government	<u>257,320</u>	<u>226,120</u>	<u>221,763</u>	<u>(4,357)</u>
Judicial:				
City court:				
Salaries and wages	82,939	92,139	92,094	(45)
Employee benefits	46,966	46,966	45,420	(1,546)
Services, supplies and other	34,770	39,557	35,332	(4,225)
Total city court	<u>164,675</u>	<u>178,662</u>	<u>172,846</u>	<u>(5,816)</u>
City attorney:				
Salaries and wages	27,000	27,000	26,166	(834)
Employee benefits	13,247	13,247	11,692	(1,555)
Services, supplies and other	56,593	188,901	182,921	(5,980)
Total city attorney	<u>96,840</u>	<u>229,148</u>	<u>220,779</u>	<u>(8,369)</u>
Total judicial	<u>261,515</u>	<u>407,810</u>	<u>393,625</u>	<u>(14,185)</u>
Public safety:				
Law enforcement:				
City/County law enforcement contract	705,520	705,520	705,520	-
Fire department:				
Salaries and wages	677,581	711,481	703,820	(7,661)
Employee benefits	432,488	464,988	443,314	(21,674)
Services, supplies and other	253,816	256,082	216,598	(39,484)
Total fire department	<u>1,363,885</u>	<u>1,435,593</u>	<u>1,366,774</u>	<u>(68,819)</u>
Total public safety	<u>\$ 2,069,405</u>	<u>\$ 2,141,113</u>	<u>\$ 2,072,294</u>	<u>\$ (68,819)</u>

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND (Continued)
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (Continued)				
Public works:				
Engineering:				
Salaries and wages	\$ 7,328	\$ 7,328	\$ 7,343	\$ 15
Employee benefits	3,551	3,551	3,350	(201)
Services, supplies and other	75,340	83,865	70,169	(13,696)
Total engineering	<u>86,219</u>	<u>94,744</u>	<u>80,862</u>	<u>(13,882)</u>
Building department:				
Salaries and wages	80,000	87,500	87,436	(64)
Employee benefits	27,598	31,600	31,188	(412)
Services, supplies and other	18,350	9,800	6,619	(3,181)
Total building department	<u>125,948</u>	<u>128,900</u>	<u>125,243</u>	<u>(3,657)</u>
Total public works	<u>212,167</u>	<u>223,644</u>	<u>206,105</u>	<u>(17,539)</u>
Health and sanitation:				
Animal control:				
Salaries and wages	54,371	64,271	64,210	(61)
Employee benefits	36,932	36,932	36,237	(695)
Services, supplies and other	11,420	39,420	28,333	(11,087)
Total animal control	<u>102,723</u>	<u>140,623</u>	<u>128,780</u>	<u>(11,843)</u>
Cemetery:				
Salaries and wages	62,177	70,627	70,608	(19)
Employee benefits	37,766	33,986	32,023	(1,963)
Services, supplies and other	18,635	15,425	9,825	(5,600)
Total cemetery	<u>118,578</u>	<u>120,038</u>	<u>112,456</u>	<u>(7,582)</u>
Total health and sanitation	<u>221,301</u>	<u>260,661</u>	<u>241,236</u>	<u>(19,425)</u>
Culture and recreation:				
Parks department:				
Salaries and wages	58,697	47,547	47,495	(52)
Employee benefits	31,374	28,574	28,239	(335)
Services, supplies and other	19,185	20,297	14,318	(5,979)
Total culture and recreation	<u>109,256</u>	<u>96,418</u>	<u>90,052</u>	<u>(6,366)</u>
Community support:				
Grant - NDOW	-	183,999	53,393	(130,606)
Grant - CCCHP	-	95,020	60,700	(34,320)
Services, supplies and other	2,606,000	2,541,400	79,863	(2,461,537)
Total community support	<u>2,606,000</u>	<u>2,820,419</u>	<u>193,956</u>	<u>(2,626,463)</u>
Total expenditures	<u>5,736,964</u>	<u>6,176,185</u>	<u>3,419,031</u>	<u>(2,757,154)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(528,864)</u>	<u>(528,764)</u>	<u>2,798,160</u>	<u>3,326,924</u>
Other financing sources (uses)				
Transfers out	(740,000)	(740,000)	(380,000)	360,000
Total other financing sources (uses)	<u>\$ (740,000)</u>	<u>\$ (740,000)</u>	<u>(380,000)</u>	<u>\$ 360,000</u>
Net change in fund balance			2,418,160	
Fund balance, beginning of year			<u>2,615,528</u>	
Fund balance, end of year			<u>\$ 5,033,688</u>	

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STREETS SPECIAL REVENUE FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental:				
Gas tax 2.35	\$ 123,928	\$ 123,928	\$ 123,927	\$ (1)
Gas tax 1 cent option	31,577	31,577	27,768	(3,809)
Motor vehicle, 1.75 gas tax	13,091	13,091	11,510	(1,581)
County contribution	22,540	22,540	22,540	-
Public transit fund	605,150	605,150	180,981	(424,169)
Regional transportation commission	996,028	996,028	173,546	(822,482)
Total intergovernmental	<u>1,792,314</u>	<u>1,792,314</u>	<u>540,272</u>	<u>(1,252,042)</u>
Other revenues:				
Miscellaneous	900	900	1,068	168
Grants and donations	20,000	20,000	20,000	-
Total other revenues	<u>20,900</u>	<u>20,900</u>	<u>21,068</u>	<u>168</u>
Total revenues	<u>1,813,214</u>	<u>1,813,214</u>	<u>561,340</u>	<u>(1,251,874)</u>
Expenditures				
Highways and streets:				
Salaries and wages	178,037	178,037	188,811	10,774
Employee benefits	94,297	94,297	95,134	837
Service, supplies, and other	1,605,478	1,905,478	377,265	(1,528,213)
Total highways and streets	<u>1,877,812</u>	<u>2,177,812</u>	<u>661,210</u>	<u>(1,516,602)</u>
Total expenditures	<u>1,877,812</u>	<u>2,177,812</u>	<u>661,210</u>	<u>(1,516,602)</u>
Excess (deficiency) of revenues over (under) expenditures				
	<u>(64,598)</u>	<u>(364,598)</u>	<u>(99,870)</u>	<u>264,728</u>
Other financing sources (uses)				
Transfers in	80,000	380,000	380,000	-
Total other financing sources (uses)	<u>\$ 80,000</u>	<u>\$ 380,000</u>	<u>380,000</u>	<u>\$ -</u>
Net change in fund balance			280,130	
Fund balance, beginning of year			<u>26,379</u>	
Fund balance, end of year			<u>\$ 306,509</u>	

CITY OF ELY, NEVADA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA
June 30, 2023
Last 10 Measurement Dates*

Measurement Date: June 30,

Proportion of the net pension liability (asset)

2014	0.022926%
2015	0.028630%
2016	0.029773%
2017	0.027410%
2018	0.028560%
2019	0.021850%
2020	0.027020%
2021	0.025500%
2022	0.027890%

Proportionate share of the net pension liability (asset)

2014	\$	2,389,345
2015		3,281,185
2016		4,006,645
2017		3,645,398
2018		3,894,278
2019		2,979,213
2020		3,763,953
2021		2,325,748
2022		5,035,905

Covered payroll

2014	\$	1,343,720
2015		1,457,944
2016		1,555,932
2017		1,617,055
2018		1,727,881
2019		1,398,423
2020		1,734,858
2021		1,575,956
2022		1,822,342

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

2014	177.82%
2015	225.06%
2016	257.51%
2017	225.43%
2018	225.38%
2019	213.04%
2020	216.96%
2021	147.58%
2022	276.34%

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

2014	76.31%
2015	75.10%
2016	72.20%
2017	72.23%
2018	75.24%
2019	76.46%
2020	77.04%
2021	86.51%
2022	75.12%

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

CITY OF ELY, NEVADA
SCHEDULE OF CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA
June 30, 2023
Last 10 Year Ends*

For the year ended June 30,

Actuarial Determined Contributions

2015	\$	220,982
2016		252,435
2017		246,365
2018		264,906
2019		210,325
2020		281,621
2021		266,412
2022		307,308
2023		341,462

Contributions in relation to the contractually required Contributions

2015	\$	220,982
2016		252,435
2017		246,365
2018		264,906
2019		210,325
2020		281,621
2021		266,412
2022		307,308
2023		341,462

Contribution deficiency (excess)

2015	\$	-
2016		-
2017		-
2018		-
2019		-
2020		-
2021		-
2022		-
2023		-

Covered payroll

2015	\$	1,457,944
2016		1,555,932
2017		1,617,055
2018		1,727,881
2019		1,398,423
2020		1,734,858
2021		1,575,956
2022		1,822,342
2023		2,224,017

Contributions as a percentage of covered payroll

2015	15.16%
2016	16.22%
2017	15.24%
2018	15.33%
2019	15.04%
2020	16.23%
2021	16.90%
2022	16.86%
2023	15.35%

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

CITY OF ELY, NEVADA
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
AND RELATED RATIOS
NEVADA PUBLIC EMPLOYEES' BENEFITS PROGRAM
June 30, 2023
Last 10 Year Ends*

Total OPEB liability	2023	2022	2021	2020	2019	2018
Interest cost	\$ 5,751	\$ 6,297	\$ 9,139	\$ 9,413	\$ 9,181	\$ 8,217
Difference between actual and expected experience	-	(9,730)	-	(5,820)	-	-
Changes of assumptions	(30,140)	2,788	34,111	31,795	(8,091)	(18,114)
Benefit payments	(17,606)	(18,486)	(18,881)	(17,635)	(18,275)	(18,349)
Net change in total OPEB liability	(41,995)	(19,131)	24,369	17,753	(17,185)	(28,246)
Total OPEB liability, beginning	275,038	294,169	269,800	252,047	269,232	297,478
Total OPEB liability, ending	\$ 233,043	\$ 275,038	\$ 294,169	\$ 269,800	\$ 252,047	\$ 269,232
Covered-employee payroll**	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total OPEB liability as a percentage of covered-employee payroll**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

CITY OF ELY, NEVADA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 EXPENDITURES IN EXCESS OF BUDGET

The City had no departments in the General Fund and no other governmental funds with expenditures in excess of budgeted amounts for the year ended June 30, 2023. The railroad fund's only activity was an unbudgeted transfer of assets to governmental activities to close the fund. This was done in accordance with NRS 354.

NOTE 2 PUBLIC EMPLOYEES' RETIREMENT SYSTEM

There were no changes in the pension benefit plan terms or actuarial methods.

NOTE 3 OTHER POST EMPLOYMENT BENEFITS

Factors that affect trends

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

Plan assets

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

SUPPLEMENTARY INFORMATION

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Ad valorem taxes	\$ 45,000	\$ 45,000	\$ 45,315	\$ 315
Net proceeds of mines	-	-	9,261	9,261
Room tax	<u>225,000</u>	<u>225,000</u>	<u>249,239</u>	<u>24,239</u>
Total taxes	270,000	270,000	303,815	33,815
Interest income	<u>80</u>	<u>80</u>	<u>2,325</u>	<u>2,245</u>
Total revenues	<u>270,080</u>	<u>270,080</u>	<u>306,140</u>	<u>36,060</u>
Expenditures				
Debt service:				
Principal	207,325	207,325	206,857	(468)
Interest	704	704	840	136
Capital outlay	<u>220,974</u>	<u>220,974</u>	<u>100,452</u>	<u>(120,522)</u>
Total expenditures	<u>\$ 429,003</u>	<u>\$ 429,003</u>	<u>308,149</u>	<u>\$ (120,854)</u>
Net change in fund balance			(2,009)	
Fund balance, beginning of year			<u>1,216,557</u>	
Fund balance, end of year			<u>\$ 1,214,548</u>	

**CITY OF ELY, NEVADA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023**

	Special Revenue Funds								Total Nonmajor Governmental
	Beautification	Court Assessment	Court Collection Fee	Court Facility Fee Assessment	Fire Protection and Street Improvements	Ely City Redevelopment District	Revolving Loan	Victim Impact Panel	
Assets									
Cash and cash equivalents	\$ 310	\$ -	\$ -	\$ -	\$ 189,803	\$ -	\$ 53,364	\$ -	\$ 243,477
Accounts receivable	-	-	-	-	26,186	-	-	-	26,186
Due from other governments	-	-	-	-	-	840	-	-	840
Notes receivable	-	-	-	-	-	19,145	54,336	-	73,481
Restricted cash and cash equivalents	-	22,596	34,806	67,020	-	516,853	-	6,896	648,171
Total assets	<u>\$ 310</u>	<u>\$ 22,596</u>	<u>\$ 34,806</u>	<u>\$ 67,020</u>	<u>\$ 215,989</u>	<u>\$ 536,838</u>	<u>\$ 107,700</u>	<u>\$ 6,896</u>	<u>\$ 992,155</u>
Liabilities									
Accounts payable	\$ -	\$ 3,436	\$ -	\$ 1,639	\$ 595	\$ -	\$ -	\$ -	\$ 5,670
Accrued liabilities	-	5,297	-	-	-	-	-	-	5,297
Total liabilities	<u>-</u>	<u>8,733</u>	<u>-</u>	<u>1,639</u>	<u>595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,967</u>
Fund balances									
Restricted for:									
Other purposes	-	13,863	34,806	65,381	-	536,838	-	6,896	657,784
Committed to:									
Capital outlay	-	-	-	-	215,394	-	-	-	215,394
Other purposes	310	-	-	-	-	-	107,700	-	108,010
Total fund balances	<u>310</u>	<u>13,863</u>	<u>34,806</u>	<u>65,381</u>	<u>215,394</u>	<u>536,838</u>	<u>107,700</u>	<u>6,896</u>	<u>981,188</u>
Total liabilities and fund balances	<u>\$ 310</u>	<u>\$ 22,596</u>	<u>\$ 34,806</u>	<u>\$ 67,020</u>	<u>\$ 215,989</u>	<u>\$ 536,838</u>	<u>\$ 107,700</u>	<u>\$ 6,896</u>	<u>\$ 992,155</u>

CITY OF ELY, NEVADA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	Special Revenue Funds								Total Nonmajor Governmental
	Beautification	Court Assessment	Court Collection Fee	Court Facility Fee Assessment	Fire Protection and Street Improvements	Ely City Redevelopment District	Revolving Loan	Victim Impact Panel	
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 130,234	\$ 92,134	\$ -	\$ -	\$ 222,368
Charges for services	-	2,211	1,708	3,142	-	-	-	-	7,061
Interest income	-	-	-	-	49	140	402	-	591
Total revenues	<u>-</u>	<u>2,211</u>	<u>1,708</u>	<u>3,142</u>	<u>130,283</u>	<u>92,274</u>	<u>402</u>	<u>-</u>	<u>230,020</u>
Expenditures									
Current:									
Judicial	-	1,639	-	16,872	-	-	-	-	18,511
Community support and development	-	-	-	-	-	5,048	-	-	5,048
Highways and streets	-	-	-	-	6,714	-	-	-	6,714
Debt service:									
Principal	-	-	-	-	107,051	-	-	-	107,051
Interest	-	-	-	-	2,211	-	-	-	2,211
Total expenditures	<u>-</u>	<u>1,639</u>	<u>-</u>	<u>16,872</u>	<u>115,976</u>	<u>5,048</u>	<u>-</u>	<u>-</u>	<u>139,535</u>
Net change in fund balances	<u>-</u>	<u>572</u>	<u>1,708</u>	<u>(13,730)</u>	<u>14,307</u>	<u>87,226</u>	<u>402</u>	<u>-</u>	<u>90,485</u>
Fund balance, beginning of year	<u>310</u>	<u>13,291</u>	<u>33,098</u>	<u>79,111</u>	<u>201,087</u>	<u>449,612</u>	<u>107,298</u>	<u>6,896</u>	<u>890,703</u>
Fund balance, end of year	<u>\$ 310</u>	<u>\$ 13,863</u>	<u>\$ 34,806</u>	<u>\$ 65,381</u>	<u>\$ 215,394</u>	<u>\$ 536,838</u>	<u>\$ 107,700</u>	<u>\$ 6,896</u>	<u>\$ 981,188</u>

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT ASSESSMENT SPECIAL REVENUE FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services:				
Assessment fees	\$ 2,100	\$ 2,100	\$ 2,211	\$ 111
Total revenues	<u>2,100</u>	<u>2,100</u>	<u>2,211</u>	<u>111</u>
Expenditures				
Judicial:				
Services, supplies, and other	11,000	11,000	1,639	(9,361)
Total expenditures	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>1,639</u>	<u>\$ (9,361)</u>
Net change in fund balance			572	
Fund balance, beginning of year			<u>13,291</u>	
Fund balance, end of year			<u>\$ 13,863</u>	

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT COLLECTION FEE SPECIAL REVENUE FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services:				
Assessment fees	\$ 2,200	\$ 2,200	\$ 1,708	\$ (492)
Total revenues	<u>2,200</u>	<u>2,200</u>	<u>1,708</u>	<u>(492)</u>
Expenditures				
Judicial:				
Services, supplies, and other	31,000	31,000	-	(31,000)
Total expenditures	<u>\$ 31,000</u>	<u>\$ 31,000</u>	<u>-</u>	<u>\$ (31,000)</u>
Net change in fund balance			1,708	
Fund balance, beginning of year			<u>33,098</u>	
Fund balance, end of year			<u>\$ 34,806</u>	

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT FACILITY FEE ASSESSMENT SPECIAL REVENUE FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services:				
Assessment fees	\$ 2,800	\$ 2,800	\$ 3,142	\$ 342
Total revenues	<u>2,800</u>	<u>2,800</u>	<u>3,142</u>	<u>342</u>
Expenditures				
Judicial:				
Services, supplies, and other	91,000	91,000	16,872	(74,128)
Total expenditures	<u>\$ 91,000</u>	<u>\$ 91,000</u>	<u>16,872</u>	<u>\$ (74,128)</u>
Net change in fund balance			(13,730)	
Fund balance, beginning of year			<u>79,111</u>	
Fund balance, end of year			<u>\$ 65,381</u>	

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FIRE PROTECTION/STREET IMPROVEMENT SPECIAL REVENUE FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Franchise fees	\$ 99,000	\$ 99,000	\$ 130,234	\$ 31,234
Interest income	40	40	49	9
Total revenues	<u>99,040</u>	<u>99,040</u>	<u>130,283</u>	<u>31,243</u>
Expenditures				
Highways and streets:				
Services, supplies, and other	7,050	7,050	6,714	(336)
Debt service:				
Principal	107,224	107,224	107,051	(173)
Interest	2,440	2,440	2,211	(229)
Total expenditures	<u>\$ 116,714</u>	<u>\$ 116,714</u>	<u>115,976</u>	<u>\$ (738)</u>
Net change in fund balance			14,307	
Fund balance, beginning of year			<u>201,087</u>	
Fund balance, end of year			<u>\$ 215,394</u>	

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ELY REDEVELOPMENT DISTRICT SPECIAL REVENUE FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Ad valorem taxes	\$ 90,000	\$ 90,000	\$ 92,134	\$ 2,134
Interest income	250	250	140	(110)
Total revenues	<u>90,250</u>	<u>90,250</u>	<u>92,274</u>	<u>2,024</u>
Expenditures				
Community support and development:				
Services, supplies, and other	90,000	90,000	5,048	(84,952)
Total expenditures	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>5,048</u>	<u>\$ (84,952)</u>
Net change in fund balance			87,226	
Fund balance, beginning of year			<u>449,612</u>	
Fund balance, end of year			<u>\$ 536,838</u>	

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
REVOLVING LOAN SPECIAL REVENUE FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest income	\$ 480	\$ 480	\$ 402	\$ (78)
Total revenues	<u>480</u>	<u>480</u>	<u>402</u>	<u>(78)</u>
Expenditures				
Community support and development:				
Services, supplies, and other	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Total expenditures	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>-</u>	<u>\$ (10,000)</u>
Net change in fund balance			402	
Fund balance, beginning of year			<u>107,298</u>	
Fund balance, end of year			<u>\$ 107,700</u>	

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
VICTIM IMPACT PANEL SPECIAL REVENUE FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services:				
Victim impact panel	\$ 50	\$ 50	\$ -	\$ (50)
Total revenues	<u>50</u>	<u>50</u>	<u>-</u>	<u>(50)</u>
Expenditures				
Judicial:				
Services, supplies, and other	5,000	5,000	-	(5,000)
Total expenditures	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>-</u>	<u>\$ (5,000)</u>
Net change in fund balance			-	
Fund balance, beginning of year			<u>6,896</u>	
Fund balance, end of year			<u>\$ 6,896</u>	

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
WATER FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues				
Charges for services:				
Water sales	\$ 1,285,000	\$ 1,285,000	\$ 1,320,621	\$ 35,621
Connection fees	3,300	3,300	5,425	2,125
Total operating revenues	<u>1,288,300</u>	<u>1,288,300</u>	<u>1,326,046</u>	<u>37,746</u>
Operating expenses				
Salaries and wages	322,671	322,671	362,364	39,693
Employee benefits	166,234	166,234	174,778	8,544
Services, supplies, and other	813,158	813,158	333,509	(479,649)
Depreciation and amortization	360,000	360,000	308,838	(51,162)
Total operating expenses	<u>1,662,063</u>	<u>1,662,063</u>	<u>1,179,489</u>	<u>(482,574)</u>
Nonoperating revenues (expenses)				
Interest income	3,000	3,000	11,467	8,467
Rent income - Georgetown Ranch	13,000	13,000	12,314	(686)
Miscellaneous income	16,300	16,300	42,103	25,803
System obligation fee income	3,500	3,500	90,250	86,750
Grant - CDBG	-	-	560	560
Quadra mining revenues	250,000	250,000	256,351	6,351
Interest expense	(32,264)	(32,264)	(32,104)	160
Quadra mining expense	(250,000)	(250,000)	(256,351)	(6,351)
Total nonoperating revenues (expenses)	<u>\$ 3,536</u>	<u>\$ 3,536</u>	<u>124,590</u>	<u>\$ 121,054</u>
Change in net position			271,147	
Net position, beginning of year			<u>10,666,417</u>	
Net position, end of year			<u>\$ 10,937,564</u>	

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
SANITATION FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues				
Charges for services:				
Sewer fees	\$ 1,147,000	\$ 1,147,000	\$ 1,171,607	\$ 24,607
Testing revenues	7,500	7,500	10,200	2,700
Total operating revenues	<u>1,154,500</u>	<u>1,154,500</u>	<u>1,181,807</u>	<u>27,307</u>
Operating expenses				
Salaries and wages	291,688	291,688	268,505	(23,183)
Employee benefits	150,279	150,279	135,789	(14,490)
Services, supplies, and other	802,447	1,064,234	642,435	(421,799)
Depreciation and amortization	240,000	240,000	255,116	15,116
Total operating expenses	<u>1,484,414</u>	<u>1,746,201</u>	<u>1,301,845</u>	<u>(444,356)</u>
Nonoperating revenues (expenses)				
Interest income	3,000	3,000	9,322	6,322
Miscellaneous income	1,000	1,000	15,790	14,790
System obligation fee income	3,500	3,500	24,413	20,913
Grant - CDBG	-	261,787	252,751	(9,036)
Interest expense	(62,199)	(62,199)	(62,199)	-
Total nonoperating revenues (expenses)	<u>\$ (54,699)</u>	<u>\$ 207,088</u>	<u>240,077</u>	<u>\$ 32,989</u>
Change in net position			120,039	
Net position, beginning of year			<u>7,803,104</u>	
Net position, end of year			<u>\$ 7,923,143</u>	

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
LANDFILL FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues				
Charges for services	\$ 1,039,000	\$ 1,039,000	\$ 1,070,959	\$ 31,959
Total operating revenues	<u>1,039,000</u>	<u>1,039,000</u>	<u>1,070,959</u>	<u>31,959</u>
Operating expenses				
Salaries and wages	424,612	424,612	424,315	(297)
Employee benefits	323,779	323,779	198,352	(125,427)
Services, supplies, and other	818,779	818,779	295,735	(523,044)
Landfill closure/post closure costs	103,000	103,000	(24,488)	(127,488)
Depreciation and amortization	98,000	98,000	85,642	(12,358)
Total operating expenses	<u>1,768,170</u>	<u>1,768,170</u>	<u>979,556</u>	<u>(788,614)</u>
Nonoperating revenues (expenses)				
Interest income	6,500	6,500	10,260	3,760
Miscellaneous income	119,500	119,500	107,806	(11,694)
Total nonoperating revenues (expenses)	<u>126,000</u>	<u>126,000</u>	<u>118,066</u>	<u>(7,934)</u>
Change in net position			209,469	
Net position, beginning of year			<u>2,747,332</u>	
Net position, end of year			<u>\$ 2,956,801</u>	

CITY OF ELY, NEVADA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
RAILROAD FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Transfers out	-	-	(1,700,000)	(1,700,000)
Change in net position			(1,700,000)	
Net position, beginning of year			<u>1,700,000</u>	
Net position, end of year			<u>\$ -</u>	

COMPLIANCE SECTION



CERTIFIED PUBLIC
ACCOUNTANTS

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ely, Nevada (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 22, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness 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 or significant deficiencies may exist that were not identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KYC, CPA₂

Woods Cross, Utah
November 22, 2023



CERTIFIED PUBLIC
ACCOUNTANTS

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Ely, Nevada (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 22, 2023. As required by Nevada Revised Statutes (NRS) 354.624, we have performed certain procedures as required by the statute.

Management's Responsibility

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

Auditor's Responsibility

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

Audit Inclusions Required by Nevada Revised Statutes 354.624

In accordance with NRS 354.624, the financial statement includes a schedule of all fees imposed by the local government, budgetary comparison schedules, and whether prior year findings have been resolved. We have applied certain limited procedures to the audit inclusions required by the statute referred to above, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Funds Established by the Local Government

In accordance with NRS 354.624, we have obtained representation from the City's management in a representation letter addressed to us dated November 22, 2023, of the following:

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

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

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

Noncompliance

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

Purpose of Report

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

KYC, CPA₁

Woods Cross, Utah
November 22, 2023

CITY OF ELY, NEVADA
SCHEDULE OF FEES IMPOSED SUBJECT TO THE PROVISION OF NEVADA
REVISED STATUTES 354.5989: LIMITATION ON FEES FOR BUSINESS LICENSES
For the Year Ended June 30, 2023

Flat Fixed Fees:

Business license revenue adjusted base at June 30, 2022	\$ 233,287
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Adjustment to base:

1. Percentage decrease in population of the local government	1.50%	
2. Percentage increase in the Consumer Price Index for the year ending on December 31, next preceding the year for which the limit is being calculated	<u>6.30%</u>	<u>7.80%</u>

Increase in base	<u>18,196</u>
Adjusted base at June 30, 2023	<u>251,483</u>
Actual revenue	<u>147,025</u>
Amount over (under) allowable amount	<u><u>\$ (104,458)</u></u>