



CITY OF ELY, NEVADA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF ELY, NEVADA

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FINANCIAL SECTION

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KEDDINGTON & CHRISTENSEN, CPAS
CERTIFIED PUBLIC ACCOUNTANTS

Gary K. Keddington, CPA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ely, Nevada as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Ely, Nevada's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type-activities, each major fund, and the aggregate remaining fund information of the City of Ely, Nevada as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ely, Nevada's basic financial statements. The combining and individual nonmajor fund financial statements, and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparison schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Other Report Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2020, on our consideration of the City of Ely, Nevada's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City of Ely, Nevada's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ely, Nevada's internal control over financial reporting and compliance.

Keddington & Christensen, LLC

Salt Lake City, Utah
November 30, 2020

CITY OF ELY, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Ely, we offer readers of the City of Ely's financial statements this narrative overview and analysis of the financial activities of the City of Ely for the fiscal year ended June 30, 2020.

Financial Highlights

- The assets of the City of Ely exceeded its liabilities and deferred inflows, at June 30, 2020, by \$25,800,115 (net position). Of this amount, \$4,429,779 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$1,560,477. The City's enterprise funds net position increased by \$692,165. The governmental fund net position increased by \$868,312.
- As of June 30, 2020, the City of Ely's governmental funds reported combined ending fund balances of \$2,514,066, with \$526,350 being available for spending at the City's discretion (unassigned fund balance).
- As of June 30, 2020, unassigned fund balance in the general fund was \$526,350, or 19% of the general fund expenditures.

Financial Statement Overview

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

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

The Statement of Net Position presents information on all of the City of Ely's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Ely is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items with the resulting cash flows being reported in future fiscal periods.

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

recreation, and community support. The business-type activities of the City of Ely include water, sanitation (sewer), sanitary landfill, and railroad operations.

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

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

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

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial condition. In the case of the City of Ely, assets and deferred outflows exceeded liabilities and deferred inflows by \$25,800,115 at June 30, 2020, versus \$24,393,661 at June 30, 2019, an increase of \$1,406,454 resulting from current year activity and prior period adjustments.

City of Ely, Nevada Statement of Net Position

	Governmental activities		Business-type activities		Combined Total	
	06/30/20	06/30/19	06/30/20	06/30/19	06/30/20	06/30/19
Assets						
Current and other assets	\$ 2,843,664	\$ 2,330,634	\$ 11,180,883	\$ 10,302,085	\$ 14,024,547	\$ 12,632,719
Net capital assets	4,662,889	4,826,075	14,833,606	14,979,877	19,496,495	19,805,952
Total assets	<u>7,506,553</u>	<u>7,156,709</u>	<u>26,014,489</u>	<u>25,281,962</u>	<u>33,521,042</u>	<u>32,438,671</u>
Deferred outflows						
Outflows related to pension and OPEB	474,346	578,675	395,293	473,990	869,639	1,052,665
Total liabilities	<u>474,346</u>	<u>578,675</u>	<u>395,293</u>	<u>473,990</u>	<u>869,639</u>	<u>1,052,665</u>
Liabilities						
Long-term liabilities outstanding	2,171,081	2,795,251	904,845	844,323	3,075,926	3,639,574
Other liabilities	478,438	717,949	3,896,186	4,327,971	4,374,624	5,045,920
Total liabilities	<u>2,649,519</u>	<u>3,513,200</u>	<u>4,801,031</u>	<u>5,172,294</u>	<u>7,450,550</u>	<u>8,685,494</u>
Deferred inflows						
Inflows related to pension	621,408	226,501	518,608	185,680	1,140,016	412,181
Total liabilities	<u>621,408</u>	<u>226,501</u>	<u>518,608</u>	<u>185,680</u>	<u>1,140,016</u>	<u>412,181</u>
Net position:						
Net investment in capital assets	4,222,363	4,326,126	12,691,677	12,767,921	16,914,040	17,094,047
Restricted	943,392	824,541	3,375,891	2,895,169	4,319,283	3,719,710
Unrestricted	(455,783)	(1,154,984)	5,022,575	4,734,888	4,566,792	3,579,904
Total net position	<u>\$ 4,709,972</u>	<u>\$ 3,995,683</u>	<u>\$ 21,090,143</u>	<u>\$ 20,397,978</u>	<u>\$ 25,800,115</u>	<u>\$ 24,393,661</u>

The largest portion of the City of Ely's net position (65.6%) 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 16.7% of the City's net position. They represent resources that are subject to external restrictions on how they may be used. These include the debt-restricted cash in the water and sewer funds and cash set aside to alleviate future revenue shortfalls in the general-government funds.

The remaining portion of the City's net position (17.7%) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

City of Ely, Nevada
Changes in Net Position

	Governmental activities		Business-type activities		Combined Total	
	06/30/20	06/30/19	06/30/20	06/30/19	06/30/20	06/30/19
Revenues:						
Program revenues:						
Charges for services	\$ 1,253,079	\$ 728,091	\$ 3,637,232	\$ 3,465,052	\$ 4,890,311	\$ 4,193,143
Operating grants and contributions	238,149	28,048	251,756	308,125	489,905	336,173
Capital grants and contributions	498,719	563,106	-	-	498,719	563,106
General revenues:						
Consolidated taxes	1,490,403	1,461,856	-	-	1,490,403	1,461,856
Fuel taxes	161,780	169,494	-	-	161,780	169,494
Room taxes	258,225	288,358	-	-	258,225	288,358
Share of county gaming tax	30,533	41,209	-	-	30,533	41,209
Ad valorem taxes	139,772	161,024	-	-	139,772	161,024
Franchise taxes	177,712	183,288	-	-	177,712	183,288
Investment earnings	5,295	4,938	16,144	11,767	21,439	16,705
Total revenues	<u>4,253,667</u>	<u>3,629,412</u>	<u>3,905,132</u>	<u>3,784,944</u>	<u>8,158,799</u>	<u>7,414,356</u>
Expenses:						
General government	220,965	286,628	-	-	220,965	286,628
Judicial	300,503	413,098	-	-	300,503	413,098
Public safety	1,802,512	1,551,071	-	-	1,802,512	1,551,071
Public works	228,816	204,867	-	-	228,816	204,867
Health and sanitation	158,038	155,797	-	-	158,038	155,797
Culture and recreation	87,348	105,284	-	-	87,348	105,284
Community support	2,420	-	-	-	2,420	-
Highways and streets	584,753	508,799	-	-	584,753	508,799
Water	-	-	1,288,962	1,301,308	1,288,962	1,301,308
Sewer	-	-	989,668	859,161	989,668	859,161
Landfill	-	-	934,337	1,071,244	934,337	1,071,244
Railroad	-	-	-	-	-	-
Total expenses	<u>3,385,355</u>	<u>3,225,544</u>	<u>3,212,967</u>	<u>3,231,713</u>	<u>6,598,322</u>	<u>6,457,257</u>
Increase in net position before transfers	868,312	403,868	692,165	553,231	1,560,477	957,099
Transfers	-	(3,760)	-	3,760	-	-
Increase in net position	<u>868,312</u>	<u>400,108</u>	<u>692,165</u>	<u>556,991</u>	<u>1,560,477</u>	<u>957,099</u>
Net position, beginning	3,995,683	3,595,575	20,397,978	19,840,987	24,393,661	23,436,562
Reclassification and prior period adjustments	(154,023)	-	-	-	(154,023)	-
Net position, ending	<u>\$ 4,709,972</u>	<u>\$ 3,995,683</u>	<u>\$ 21,090,143</u>	<u>\$ 20,397,978</u>	<u>\$ 25,800,115</u>	<u>\$ 24,393,661</u>

Governmental Activities. Program revenues include charges for services, fines and forfeitures, certain licenses and permits, and both operating and capital grants and contributions. Charges for services revenues of the governmental activities provided 29% of total governmental revenues. The remaining program costs were financed from grants and general revenues. The largest general revenue source is consolidated taxes of \$1,490,403 which provided 35% of the total governmental revenues.

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

Financial Analysis of the City's Funds

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

As of the end of the current fiscal year, the City of Ely's governmental funds reported combined ending fund balances of \$2,514,066; \$526,350 of this balance constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is designated nonspendable or restricted to indicate that it is either not available for spending or restricted for specific purposes.

General Fund. The general fund is the chief operating fund of the City of Ely. At the end of the current fiscal year, unassigned fund balance of the general fund was \$526,350. 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 19% of total general fund expenditures.

The fund balance of the general fund increased by \$426,898 during the current year. This was a favorable difference of \$450,204 when compared to the budgeted decrease of \$13,306.

The major revenue sources of the general fund are intergovernmental revenues (\$2,239,083) which represent 69% of the general fund's revenues. The intergovernmental revenues include consolidated tax (CTX), sales, liquor, cigarette and motor vehicle taxes and grants.

The major general fund expenditures are for public safety, which are 61% (\$1,682,548) of total general fund expenditures. The Public Safety expenditures included \$1,148,370 for Fire Department operations, and \$534,178 for transfer payments to White Pine County for police services.

Street Fund. The street fund is the special revenue fund used to account for the City's share of motor vehicle fuel tax revenues. The revenue is dedicated to the repair, maintenance, and construction of the City's streets and alleys. This fund has been under stress for the last few years, as the gas tax revenues have been reallocated state-wide and have fallen. The City and County are working together to utilize Regional Transportation Commission revenue and Public Transit Fund revenue to improve the City streets. The Fund had a deficit fund balance of \$15,078 at the start of the year. During the course of the year the fund had a net income of \$44,062, giving the fund a positive ending fund balance of \$28,984.

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 (\$258,225) 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 \$34,102 (3% increase). The increase was due primarily to changes in water usage. Operating expenses increased 3.5% (\$33,709) for the year. The change in net position for the year was an increase of \$243,608.

Sanitation Fund. The City's sewer fund operating revenue increased by \$27,923 (2.7% increase) due primarily to normal changes in population and services. Operating expenses increased by 15.5% (\$123,422) for the year. The change in net position for the year was an increase of \$147,146.

Sanitary Landfill Fund. The City's landfill fund operating revenue increased by \$36,876 (3.4% increase) due primarily to normal activity and changes in population and services. Operating expenses decreased by 12.8% (\$136,907) for the year. The fund had an increase in net position for the year of \$301,411. The fund is accumulating cash to pay the projected closure and post closure care costs in line with current engineering estimates.

Railroad Fund. The fund accounts for acquisition and maintenance activity for the railroad line owned by the City. There was no activity in the year ended June 30, 2020.

Budgetary Highlights.

The General Fund's legal level of budgetary control is the function level. The budget for expenditure appropriation for the year was \$3,180,308. Actual expenditures were \$428,449 less than the final budget. No functions of the general fund were over budget for the year ended June 30, 2020.

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, 2020, amounts to \$19,496,495 net of depreciation. The assets are displayed by type of activity and asset in the table on the next page.

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

Governmental activity:		
Building, NDOW Project	\$	177,459
Business-type activity:		
Vehicles and equipment	\$	242,766

City of Ely, Nevada
Capital assets for years ended June 30, 2020 and 2019

	Governmental activities		Business-type activities		Combined Total	
	06/30/20	06/30/19	06/30/20	06/30/19	06/30/20	06/30/19
Land	\$ 275,931	\$ 275,931	\$ 1,882,278	\$ 1,882,278	\$ 2,158,209	\$ 2,158,209
Construction in progress	-	415,415	273,744	189,316	273,744	604,731
Streets	1,160,095	1,258,781	-	-	1,160,095	1,258,781
Flood control	124,214	133,669	-	-	124,214	133,669
Improvements	516,620	556,523	11,827,712	12,217,247	12,344,332	12,773,770
Buildings	1,214,468	653,877	371,167	399,281	1,585,635	1,053,158
Vehicles and equipment	1,371,560	1,531,879	478,708	291,760	1,850,268	1,823,639
Net capital assets	<u>\$ 4,662,888</u>	<u>\$ 4,826,075</u>	<u>\$ 14,833,609</u>	<u>\$ 14,979,882</u>	<u>\$ 19,496,497</u>	<u>\$ 19,805,957</u>

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

Outstanding Debt.

At the end of the fiscal year, the City had total debt of \$2,582,455. Of this amount, the governmental activities had \$440,526 outstanding and the business-type activities \$2,141,929. These amounts are not considered general obligation debt. The debts are revenue bonds, notes payable secured by deeds of trust and a capital lease.

City of Ely, Nevada
Outstanding notes and bonds for years ended June 30, 2020 and 2019

	Governmental activities		Business-type activities		Combined Total	
	06/30/20	06/30/19	06/30/20	06/30/19	06/30/20	06/30/19
Revenue bonds payable	\$ -	\$ -	\$ 2,141,929	\$ 2,211,956	\$ 2,141,929	\$ 2,211,956
Trust deeds payable	247,548	266,588	-	-	247,548	266,588
Capital lease	192,978	233,361	-	-	192,978	233,361
and bonds	<u>\$ 440,526</u>	<u>\$ 499,949</u>	<u>\$ 2,141,929</u>	<u>\$ 2,211,956</u>	<u>\$ 2,582,455</u>	<u>\$ 2,711,905</u>

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

Other Factors/Economic Factors.

The City Budgeted 46% of its General Fund revenues from the consolidated Tax (CTX) distributions (predominately sales taxes) and experienced relatively no change from the prior year. Additional growth, retail sales and continued construction may increase the amount of CTX tax distributions the City receives over time. Mining continues to be a strong source of regional employment, but is always subject to the variances of commodity price fluctuations now being experienced. Expansion of current mining operations and the possible opening of new mines would contribute to the sales tax.

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

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

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

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

BASIC FINANCIAL STATEMENTS

CITY OF ELY, NEVADA
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 1,290,285	\$ 6,182,169	\$ 7,472,454
Accounts receivable, net	42,701	408,285	450,986
Internal Balances	(121,747)	121,747	-
Due from other governments	624,441	-	624,441
Inventory and prepaid expenses	29,430	50,933	80,363
Deposits	1,200	-	1,200
Restricted assets:			
Cash held for debt service	29,736	175,789	205,525
Cash held for landfill closure	-	1,041,858	1,041,858
Cash held for fund specific purposes	900,309	3,200,102	4,100,411
Receivables held for fund specific purposes	47,309	-	47,309
Property and equipment not being depreciated	275,931	2,114,222	2,390,153
Property and equipment, net of depreciation	4,386,958	12,677,584	17,064,542
Non-service property, Georgetown Ranch, net	-	41,800	41,800
Total assets	<u>7,506,553</u>	<u>26,014,489</u>	<u>33,521,042</u>
Deferred Outflow of Resources			
Deferred outflows related to pensions	463,738	387,020	850,758
Deferred outflows related to OPEB	10,608	8,273	18,881
Total deferred outflows	<u>474,346</u>	<u>395,293</u>	<u>869,639</u>
Liabilities			
Accounts payable	171,813	75,673	247,486
Accrued liabilities	102,191	64,804	166,995
Accrued interest	3,920	10,421	14,341
Customer deposits	-	58,025	58,025
Unearned revenue	55,594	-	55,594
Current maturities of compensated absences	82,974	59,615	142,589
Current maturities of capital lease	42,076	-	42,076
Current maturities of notes payable	19,870	-	19,870
Current maturities of bonds payable	-	73,802	73,802
Noncurrent liabilities:			
Net compensated absences	16,995	12,212	29,207
Net OPEB obligation	151,576	118,224	269,800
Net pension liability	1,623,930	1,355,283	2,979,213
Capital lease payable, net of current maturities	150,902	-	150,902
Notes payable, net of current maturities	227,678	-	227,678
Bonds payable, net of current maturities	-	2,068,127	2,068,127
Landfill closure costs	-	904,845	904,845
Total liabilities	<u>2,649,519</u>	<u>4,801,031</u>	<u>7,450,550</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	621,408	518,608	1,140,016
Total deferred inflows	<u>621,408</u>	<u>518,608</u>	<u>1,140,016</u>
Net Position			
Net investment in capital assets	4,222,363	12,691,677	16,914,040
Restricted for:			
Judicial	143,935	-	143,935
Debt service	29,736	175,789	205,525
Streets	28,984	-	28,984
Community development	360,448	-	360,448
Stabilization	136,280	-	136,280
Capital projects	244,009	3,200,102	3,444,111
Landfill closure, net of related liability	-	137,013	137,013
Unrestricted	(455,783)	4,885,562	4,429,779
Total net position	<u>\$ 4,709,972</u>	<u>\$ 21,090,143</u>	<u>\$ 25,800,115</u>

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

CITY OF ELY, NEVADA
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 220,965	\$ 169,186	\$ 20,000	\$ -	\$ (31,779)	\$ -	\$ (31,779)
Judicial	300,503	70,044	-	-	(230,459)	-	(230,459)
Public safety	1,802,512	716,867	206,925	-	(878,720)	-	(878,720)
Public works	228,816	234,680	-	-	5,864	-	5,864
Health and sanitation	158,038	-	1,224	-	(156,814)	-	(156,814)
Culture and recreation	87,348	16,659	-	479	(70,210)	-	(70,210)
Community support and development	2,420	25,643	10,000	175,408	208,631	-	208,631
Highway and streets	584,753	20,000	-	322,832	(241,921)	-	(241,921)
Total governmental activities	<u>3,385,355</u>	<u>1,253,079</u>	<u>238,149</u>	<u>498,719</u>	<u>(1,395,408)</u>	<u>-</u>	<u>(1,395,408)</u>
Business-type activities:							
Municipal water	1,288,962	1,277,597	251,756	-	-	240,391	240,391
Sanitation	989,668	1,132,650	-	-	-	142,982	142,982
Landfill	934,337	1,226,985	-	-	-	292,648	292,648
Railroad	-	-	-	-	-	-	-
Total business-type activities	<u>3,212,967</u>	<u>3,637,232</u>	<u>251,756</u>	<u>-</u>	<u>-</u>	<u>676,021</u>	<u>676,021</u>
Total primary government	\$ <u>6,598,322</u>	\$ <u>4,890,311</u>	\$ <u>489,905</u>	\$ <u>498,719</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>25,800,115</u>
General Revenues:							
Property taxes					139,772	-	139,772
Franchise tax					177,712	-	177,712
Room taxes					258,225	-	258,225
Consolidated tax					1,490,403	-	1,490,403
Share of county gaming tax					30,533	-	30,533
Fuel tax					161,780	-	161,780
Investment earnings					5,295	16,144	21,439
Total general revenues					<u>2,263,720</u>	<u>16,144</u>	<u>2,258,425</u>
Change in net position					<u>868,312</u>	<u>692,165</u>	<u>1,560,477</u>
Net position - beginning					<u>3,995,683</u>	<u>20,397,978</u>	<u>24,393,661</u>
Restatement and prior period adjustments					<u>(154,023)</u>	<u>-</u>	<u>(154,023)</u>
Net position - ending					<u>\$ 4,709,972</u>	<u>\$ 21,090,143</u>	<u>\$ 25,800,115</u>

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

CITY OF ELY, NEVADA
Balance Sheet
Governmental Funds
June 30, 2020

	<u>General Fund</u>	<u>Street Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 315,028	\$ -	\$ 743,142	\$ 232,115	\$ 1,290,285
Restricted cash and cash equivalents	136,280	-	248,332	545,433	930,045
Accounts receivable	42,701	-	-	-	42,701
Due from other funds	1,280	-	-	-	1,280
Due from other governments	578,465	47,309	25,413	20,563	671,750
Prepaid expenses	29,430	-	-	-	29,430
Deposits	1,200	-	-	-	1,200
Total assets	<u>\$ 1,104,384</u>	<u>\$ 47,309</u>	<u>\$ 1,016,887</u>	<u>\$ 798,111</u>	<u>\$ 2,966,691</u>
Liabilities					
Accounts payable	\$ 162,525	\$ 7,756	\$ -	\$ 1,532	\$ 171,813
Accrued liabilities	72,458	9,289	-	20,444	102,191
Due to other funds	121,747	1,280	-	-	123,027
Unearned revenue	55,594	-	-	-	55,594
Total liabilities	<u>412,324</u>	<u>18,325</u>	<u>-</u>	<u>21,976</u>	<u>452,625</u>
Fund Balance					
Nonspendable:	29,430	-	-	-	29,430
Restricted for:					
Capital outlay	-	28,984	244,009	-	272,993
Debt service	-	-	29,736	-	29,736
Stabilization	136,280	-	-	-	136,280
Other purposes	-	-	-	524,383	524,383
Committed for:					
Capital outlay	-	-	743,142	165,459	908,601
Other purposes	-	-	-	86,293	86,293
Unassigned	526,350	-	-	-	526,350
Total fund balances	<u>692,060</u>	<u>28,984</u>	<u>1,016,887</u>	<u>776,135</u>	<u>2,514,066</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 1,104,384</u>	<u>\$ 47,309</u>	<u>\$ 1,016,887</u>	<u>\$ 798,111</u>	<u>\$ 2,966,691</u>

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

CITY OF ELY, NEVADA
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
For the Year Ended June 30, 2020

Total governmental fund balance		\$ 2,514,066
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		
Governmental capital assets	14,585,647	
Less accumulated depreciation	<u>(9,922,758)</u>	4,662,889
<p>Some liabilities, including bonds payable, capital leases, and interest payable are not due and payable in the current period and therefore are not reported in the funds.</p>		
Notes and capital leases payable	(440,526)	
Interest payable	(3,920)	
Compensated absences	(99,969)	
Net OPEB obligation	(151,576)	
Net pension liability	<u>(1,623,930)</u>	(2,319,921)
<p>Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds</p>		
Deferred outflows related to pensions	463,738	
Deferred inflows related to pensions	(621,408)	
Deferred outflows related to OPEB	<u>10,608</u>	(147,062)
Net position of governmental activities		<u>\$ 4,709,972</u>

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

CITY OF ELY, NEVADA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General	Street Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 79,044	\$ -	\$ 303,872	\$ 192,793	\$ 575,709
Licenses, permits and fees	399,705	-	-	-	399,705
Intergovernmental revenue	2,239,083	479,272	-	-	2,718,355
Charges for services	406,624	-	-	8,331	414,955
Fines and forfeitures	61,713	-	-	-	61,713
Other revenues	37,588	22,840	2,580	20,220	83,228
Total revenues	3,223,757	502,112	306,452	221,344	4,253,665
Expenditures					
Current:					
General government	187,432	-	12,736	-	200,168
Judicial	301,781	-	-	7,217	308,998
Public safety	1,682,548	-	-	-	1,682,548
Public works	188,737	-	-	-	188,737
Health and sanitation	157,007	-	-	-	157,007
Culture and recreation	64,442	-	-	-	64,442
Community support and development	2,479	-	-	139	64,581
Highway and streets	-	476,598	-	-	2,479
Debt service:				6,799	483,397
Principal	-	-	19,040	40,383	59,423
Interest	-	-	10,696	8,927	19,623
Capital outlay:					
General Government	-	-	11,490	-	11,490
Community support and development	177,433	-	-	-	177,433
Highway and streets	-	16,452	-	-	16,452
Total expenditures	2,761,859	493,050	53,962	63,465	3,372,336
Excess (deficiency) of revenues over (under) expenditures	461,898	9,062	252,490	157,879	881,329
Other Financing Sources (Uses)					
Transfers in	-	35,000	-	-	35,000
Transfers out	(35,000)	-	-	-	(35,000)
Total other financing sources and uses	(35,000)	35,000	-	-	-
Net change in fund balances	426,898	44,062	252,490	157,879	881,329
Fund balances, beginning of year	423,189	(15,078)	764,397	614,252	1,786,760
Prior period adjustments	(158,027)	-	-	4,004	(154,023)
Fund balances, end of year	\$ 692,060	\$ 28,984	\$ 1,016,887	\$ 776,135	\$ 2,514,066

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

CITY OF ELY, NEVADA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2020

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

Net change in fund balances - total governmental funds \$ 881,329

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

Capital outlay	205,375	
Depreciation expense	<u>(368,561)</u>	(163,186)

Pension and OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension and OPEB liabilities are measured a year before the report date. Pension and OPEB expenses, which are the changes in the net pension and OPEB liabilities adjusted for changes in deferred outflows and inflows of resources related to pensions and OPEB, are reported in the statement of activities.

Pension contributions	153,508	
Pension expense	(137,401)	
OPEB contributions	10,608	
OPEB expense	<u>(19,882)</u>	6,833

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. 59,423

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. 1,008
The adjustment reflects the change in interest payable

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. 82,904

Change in net position of governmental activities	<u><u>\$ 868,311</u></u>
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The accompanying notes are an integral part of the financial statements.

CITY OF ELY, NEVADA
Statement of Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Water Fund	Sanitation Fund	Landfill Fund	Railroad Fund	Total Proprietary Funds
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,674,433	\$ 2,226,920	\$ 2,280,816	\$ -	\$ 6,182,169
Receivables, net of allowance	150,508	85,244	172,533	-	408,285
Due from other funds	-	-	121,747	-	121,747
Due from other governments	-	-	-	-	-
Prepaid expense	1,264	-	-	-	1,264
Inventory	49,669	-	-	-	49,669
Total current assets	1,875,874	2,312,164	2,575,096	-	6,763,134
Noncurrent assets:					
Restricted cash and cash equivalents	2,230,386	1,145,505	1,041,858	-	4,417,749
Capital assets:					
Land and easements	125,646	-	14,832	1,700,000	1,840,478
Construction-in-progress	115,453	158,291	-	-	273,744
Treatment facilities and improvements	14,534,911	10,922,768	437,329	-	25,895,008
Machinery, equipment and vehicles	527,100	317,422	1,541,387	-	2,385,909
Less accumulated depreciation	(8,079,745)	(6,187,918)	(1,335,670)	-	(15,603,333)
Total noncurrent assets	9,453,751	6,356,068	1,699,736	1,700,000	19,209,555
Other assets:					
Non-service property	50,014	-	-	-	50,014
Less accumulated depreciation	(8,214)	-	-	-	(8,214)
Total other assets	41,800	-	-	-	41,800
Total assets	11,371,425	8,668,232	4,274,832	1,700,000	26,014,489
Deferred Outflow of Resources					
Deferred outflows related to pensions	111,596	92,525	182,899	-	387,020
Deferred outflows related to OPEB	2,350	2,193	3,730	-	8,273
Total deferred outflows	\$ 113,946	\$ 94,718	\$ 186,629	\$ -	\$ 395,293
Liabilities					
Current liabilities:					
Accounts payable	\$ 33,293	\$ 28,882	\$ 13,498	\$ -	\$ 75,673
Accrued liabilities	18,773	17,512	28,519	-	64,804
Accrued interest	3,896	6,525	-	-	10,421
Customer Deposits	31,060	14,208	12,757	-	58,025
Current portion of noncurrent liabilities	52,244	49,026	32,147	-	133,417
Total current liabilities	139,266	116,153	86,921	-	342,340
Noncurrent liabilities:					
Compensated absences	22,298	10,797	38,732	-	71,827
Net OPEB obligation	33,589	31,335	53,300	-	118,224
Net pension liability	390,789	324,010	640,484	-	1,355,283
Bonds payable	731,017	1,410,912	-	-	2,141,929
Less current portion of noncurrent liabilities	(52,244)	(49,026)	(32,147)	-	(133,417)
Landfill closure/post closure costs	-	-	904,845	-	904,845
Total noncurrent liabilities	1,125,449	1,728,028	1,605,214	-	4,458,691
Total liabilities	1,264,715	1,844,181	1,692,135	-	4,801,031
Deferred Inflow of Resources					
Deferred inflows related to pensions	149,538	123,985	245,085	-	518,608
Total deferred inflows	149,538	123,985	245,085	-	518,608
Net Position					
Net investment in capital assets	6,534,148	3,799,651	657,878	1,700,000	12,691,677
Restricted for debt service	69,540	106,249	-	-	175,789
Restricted for capital improvements	2,160,846	1,039,256	-	-	3,200,102
Restricted for landfill closure/post closure costs net of related liabilities	-	-	137,013	-	137,013
Unrestricted	1,306,584	1,849,628	1,729,350	-	4,885,562
Total net position	\$ 10,071,118	\$ 6,794,784	\$ 2,524,241	\$ 1,700,000	\$ 21,090,143

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

CITY OF ELY, NEVADA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Water Fund	Sanitation Fund	Landfill Fund	Railroad Fund	Total Proprietary Funds
Operating revenues					
Charges for services	\$ 1,175,327	\$ 1,064,015	\$ 1,123,856	\$ -	\$ 3,363,198
Operating expenses					
Salaries and wages	245,926	210,028	373,219	-	829,173
Employee benefits	143,080	154,948	197,301	-	495,329
Service, supplies and other	302,824	321,009	248,302	-	872,135
Landfill closure/post closure costs	-	-	60,522	-	60,522
Depreciation and amortization	316,036	235,466	54,993	-	606,495
Total operating expenses	<u>1,007,866</u>	<u>921,451</u>	<u>934,337</u>	<u>-</u>	<u>2,863,654</u>
Operating income (loss)	<u>167,461</u>	<u>142,564</u>	<u>189,519</u>	<u>-</u>	<u>499,544</u>
Nonoperating revenues (expenses)					
Interest income	3,217	4,164	8,763	-	16,144
Rent income	4,108	-	-	-	4,108
Miscellaneous income	23,037	9,467	103,129	-	135,633
System obligation fees	75,125	59,168	-	-	134,293
Grant revenue	251,756	-	-	-	251,756
Interest expense	(37,544)	(68,217)	-	-	(105,761)
Miscellaneous expense	(243,552)	-	-	-	(243,552)
Total nonoperating revenues (expenses)	<u>76,147</u>	<u>4,582</u>	<u>111,892</u>	<u>-</u>	<u>192,621</u>
Income before transfers	<u>243,608</u>	<u>147,146</u>	<u>301,411</u>	<u>-</u>	<u>692,165</u>
Transfers	-	-	-	-	-
Change in net position	243,608	147,146	301,411	-	692,165
Total net position, beginning of year	<u>9,827,510</u>	<u>6,647,638</u>	<u>2,222,830</u>	<u>1,700,000</u>	<u>20,397,978</u>
Total net position, end of year	<u>\$ 10,071,118</u>	<u>\$ 6,794,784</u>	<u>\$ 2,524,241</u>	<u>\$ 1,700,000</u>	<u>\$ 21,090,143</u>

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

CITY OF ELY, NEVADA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Water Fund	Sanitation Fund	Landfill Fund	Railroad Fund	Total Proprietary Funds
Cash Flows From Operating Activities:					
Cash received from customers, service fees	\$ 1,303,148	\$ 1,077,287	\$ 1,097,099	\$ -	\$ 3,477,534
Cash paid to employees	(380,025)	(326,343)	(600,253)	-	(1,306,621)
Cash paid to suppliers	(296,618)	(309,881)	(247,939)	-	(854,438)
Net cash flows from operating activities	<u>626,505</u>	<u>441,063</u>	<u>248,907</u>	<u>-</u>	<u>1,316,475</u>
Cash Flows From Noncapital Financing Activities:					
Cash received from grants	251,756	-	-	-	251,756
Cash received from miscellaneous sources	23,037	9,467	103,129	-	135,633
Cash received from rental payments	4,108	-	-	-	4,108
Cash (to) from other funds	-	-	-	-	-
Cash paid for grant activities	(243,552)	-	33,720	-	33,720
Net cash flows from noncapital financing activities	<u>35,349</u>	<u>9,467</u>	<u>136,849</u>	<u>-</u>	<u>181,665</u>
Cash Flows From Capital and Related Financing Activities:					
Cash received from system obligations	75,125	59,168	-	-	134,293
Principal paid on capital debt	(31,996)	(38,031)	-	-	(70,027)
Interest paid on capital debt	(37,544)	(68,217)	-	-	(105,761)
Acquisition and construction of capital assets	(82,829)	(134,624)	(242,765)	-	(460,218)
Net cash flows from capital and related financing activities	<u>(77,244)</u>	<u>(181,704)</u>	<u>(242,765)</u>	<u>-</u>	<u>(501,713)</u>
Cash Flows From Investing Activities:					
Interest on investments	3,217	4,164	8,763	-	16,144
Net change in cash and cash equivalents	587,827	272,990	151,754	-	1,012,571
Cash and investments, including restricted cash, beginning of year	3,316,992	3,099,435	3,170,920	-	9,587,347
Cash and Cash Equivalents, Including Restricted Cash, End of Year	<u>\$ 3,904,819</u>	<u>\$ 3,372,425</u>	<u>\$ 3,322,674</u>	<u>\$ -</u>	<u>\$ 10,599,918</u>
Reconciliation of operating income to net cash flows from operating activities:					
Operating income (loss)	\$ 167,461	\$ 142,564	\$ 189,519	\$ -	\$ 499,544
Adjustments to reconcile net income (loss) to net cash provided by operating activities					
Depreciation/amortization	316,036	235,466	54,993	-	606,495
Employer Pension Contributions	2,236	24,970	(14,057)	-	13,149
Employer OPEB Contributions	2,055	1,917	3,261	-	7,233
Changes in operating assets, liabilities and deferred inflows and outflows:					
(Increase) decrease in receivables	112,309	10,195	(30,130)	-	92,374
(Increase) decrease in inventory	7,679	-	-	-	7,679
Increase (decrease) in accounts payable	(1,473)	11,128	363	-	10,018
Increase (decrease) in accrued liabilities	10,071	10,585	13,695	-	34,351
Increase (decrease) in customer deposits	15,512	3,077	3,373	-	21,962
Increase (decrease) in compensated absences payable	(5,381)	1,161	(32,632)	-	(36,852)
Increase (decrease) in landfill closure/post closure liability	-	-	60,522	-	60,522
Net cash flows from operating activities	<u>\$ 626,505</u>	<u>\$ 441,063</u>	<u>\$ 248,907</u>	<u>\$ -</u>	<u>\$ 1,316,475</u>

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

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 1. Summary of Significant Accounting Policies

Description of government-wide financial statements

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

Reporting entity

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

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

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 1. Summary of Significant Accounting Policies, Continued

Basis of presentation – fund financial statements

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

The government reports the following major governmental funds:

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

The **Street Fund** accounts for the receipt of fuel taxes and other revenues dedicated to funding the repairs, maintenance, and new construction of city streets and alleys.

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

The government reports the following major enterprise funds:

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

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

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

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

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 1. Summary of Significant Accounting Policies, Continued

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

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

Measurement focus and basis of accounting

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

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

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

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 1. Summary of Significant Accounting Policies, Continued

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

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

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

Cash and cash equivalents

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

Investments

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

Receivables

The City's proprietary funds bill for services provided on a monthly basis. The City records revenues on a monthly basis as the revenue is earned. The City has recognized and recorded allowance for doubtful accounts on amounts with significant uncertainty regarding its collectability. The reported receivable funds are net allowances of \$7,121 for the water fund, \$12,367 for the sewer fund, and \$305,173 for the landfill fund.

Inventories and prepaid items

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

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 1. Summary of Significant Accounting Policies, Continued

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

Capital assets

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

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

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

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

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

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 1. Summary of Significant Accounting Policies, Continued

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has two types of items that qualify for reporting in this category, pension related items (see Note 8) and other post-employment benefits related items (see Note 14).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item which qualifies for reporting in this category, pension related items (see Note 8).

Net position flow assumption

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

Fund balance flow assumptions

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

Fund balance policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 1. Summary of Significant Accounting Policies, Continued

government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

Revenues and expenditures/expenses

Program revenues

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

Property taxes

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

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

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 1. Summary of Significant Accounting Policies, Continued

For the fiscal year 2019-2020, the allowable tax rates in White Pine County exceeded the maximum combined tax rate (\$3.66). The City of Ely exchanged its tax rate for an increased share of the County's consolidated tax, in accordance with state statute, thereby allowing the other entities in White Pine County to assess their rates County wide

Compensated absences

Vacation and Sick-leave

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

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

Proprietary funds operating and non-operating revenues and expenses

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

Use of estimates

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

Comparative data

Comparative data shown for the prior year has been extracted from the 2018-2019 financial statements and reclassified where necessary. It has been provided to add comparability but is not considered full disclosure of transactions for 2018-2019. Such information can only be obtained by referring to the audited financial statements for that year. Prior-year balances are reclassified to conform to the current-year presentation as applicable.

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

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

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation on page 15.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation on page 17.

NOTE 3. Stabilization Fund

NRS 354.6115 states that the governing body of a local government may, by resolution, establish a fund to stabilize the operation of the local government and mitigate the effects of natural disasters. In accordance with GASBS 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City's stabilization fund is included in the General Fund, as restricted fund balance, for the year ended June 30, 2020. 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, 2020, the City complied with the provisions of this section.

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

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.

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CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 5. Cash and Investments

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

CASH AND CASH EQUIVALENTS HELD BY:	
Government Funds - Unrestricted	\$ 1,290,285
Proprietary Funds - Unrestricted, designated	2,847,683
Proprietary Funds - Unrestricted	3,334,486
Subtotal	<u>7,472,454</u>
Government Funds - Restricted	930,045
Proprietary Funds - Restricted	4,417,749
Subtotal	<u>5,347,794</u>
Total	<u><u>\$ 12,820,248</u></u>
 REPRESENTED BY:	
Cash on hand	\$ 1,028
 Demand deposits accounts:	
First National Bank	5,402,763
Xpress Billpay	33,443
Cash and Deposits	<u>5,437,234</u>
 Investments:	
First National Bank of Ely, Market Interest Account	7,379,073
Nevada Local Government Investment Pool	3,941
Total Investments	<u>7,383,014</u>
Total Cash and Investments	<u><u>\$ 12,820,248</u></u>

Deposits

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned. The City does not have a formal policy for custodial credit risk. As of June 30, 2020, the City's bank balance of \$12,846,170 was covered in the amount of \$507,830 by federal depository insurance and the remainder was subject to collateralization by the office of the State Treasurer/Nevada Collateral Pool.

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 5. Cash and Investments, Continued

Investments

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

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

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

As of June 30, 2020 the government had the following investments:

<u>Investments:</u>	<u>Fair Value</u>	<u>Credit Rating (1)</u>		<u>Weighted Average Maturity (2)</u>
		<u>S&P</u>	<u>Moody's</u>	
Investment in Nevada Local Government Investment Pool	\$ 3,941	N/A	N/A	115 day average
First National Bank of Ely, Market Interest Account	<u>7,379,073</u>	N/A	N/A	Demand
Total Investments	<u>\$ 7,383,014</u>			

(1) Ratings are provided where applicable to indicate associated credit risk. N/A indicates not applicable.

(2) Interest rate risk is estimated using the weighted average days to maturity

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

Of the City's investments, 24.91% of the Nevada Local Government Pooled Investment Fund, as listed above, are valued using quoted market prices (Level 1 inputs). The money market interest account and 75.09% of the Nevada Local Government Pooled Investment Fund, as listed above, are valued using significant other observable inputs (Level 2 inputs).

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 5. Cash and Investments, Continued

Interest Rate Risk

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

Credit Risk

State law limits investments to items noted in the summary of significant accounting policies, Footnote 1. The city has no investment policy that would further limit investment choices at June 30, 2020. The investments in the Local Government investment Pool are unrated. The investments in the First National Bank of Ely market interest accounts are covered by FDIC insurance and collateral held by a third party agent, but are unrated.

Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issue.

Cash Restricted for Special Uses

The City maintains restricted cash to comply with various legal and contractual requirements. Amounts restricted are as follows at June 30, 2020:

Governmental Funds

2005 Fire Station Bond Reserve	\$ 29,736
Court Assessment Fund	7,830
Restricted for Specific Purposes	892,479
Total Governmental Funds	<u>\$ 930,045</u>

Proprietary Funds

Municipal Water Department Fund	
1996 Water Revenue Bond Reserve	\$ 69,540
Capital Improvement Fee	2,160,846
Sanitation Fund	
2001 Sewer Revenue Bond Reserve	106,249
Capital Improvement Fee	1,039,256
Sanitary Landfill Fund	
Closure/Post Closure	1,041,858
Total Proprietary Funds	<u>\$ 4,417,749</u>

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 5. Cash and Investments, Continued

Cash Designated for Specific Uses

The City has authorized the funding of replacement equipment, for the Enterprise Funds, based on depreciation of those assets. Cash is set aside each year, up to the depreciation expense for those assets, and held until it is needed for replacement purposes. In addition, the Water Board adopted a policy to designate all system obligation connection fees for future plant improvements. \$2,185 was added for the Water Department fund depreciation account; \$3,365 was added to the Sanitation fund depreciation account and \$1,669 was added to the Landfill fund depreciation account. No replacement projects utilized previously accumulated funds during fiscal year 2020.

Amounts designated for future improvements at June 30, 2020 are as follows:

Water Fund	
Funded depreciation and system obligation	\$ 806,585
Sanitation Fund	
Funded depreciation and system obligation	1,248,527
Landfill Fund	
Funded depreciation	792,571
Total designated for future use	<u><u>\$ 2,847,683</u></u>

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CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 6. Capital Assets

Governmental capital asset activity for the year ended June 30, 2020 was as follows:

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 20, 2020</u>
Capital assets, not being depreciated:					
Land	\$ 275,931	\$ -	\$ -	\$ -	\$ 275,931
Construction in progress	415,415	177,432	-	(592,847)	0
Total capital assets not being depreciated	<u>691,346</u>	<u>177,432</u>	<u>-</u>	<u>(592,847)</u>	<u>275,931</u>
Capital assets, being depreciated:					
Streets	6,522,959	16,452	-	-	6,539,411
Flood control	1,016,736	-	-	-	1,016,736
Improvements other than buildings	882,770	-	-	-	882,770
Buildings	1,672,601	11,491	-	592,847	2,276,939
Vehicles and equipment	3,593,860	-	-	-	3,593,860
Total capital assets being depreciated	<u>13,688,926</u>	<u>27,943</u>	<u>-</u>	<u>592,847</u>	<u>14,309,716</u>
Less accumulated depreciation for:					
Streets	5,264,178	115,138	-	-	5,379,316
Flood control	883,067	9,455	-	-	892,522
Improvements other than buildings	326,247	39,903	-	-	366,150
Buildings	1,018,724	43,747	-	-	1,062,471
Vehicles and equipment	2,061,981	160,318	-	-	2,222,299
Total accumulated depreciation	<u>9,554,197</u>	<u>368,561</u>	<u>-</u>	<u>-</u>	<u>9,922,758</u>
Governmental activities, net	<u>\$ 4,826,075</u>	<u>\$ (163,186)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,662,889</u>

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

General government	\$ 27,663
Public safety	148,878
Public works	46,512
Health and sanitation	4,775
Culture and recreation	25,596
Streets and highways	<u>115,137</u>
Total depreciation expense - governmental activities	<u>\$ 368,561</u>

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 6. Capital Assets, Continued

Business-type capital asset activity for the year ended June 30, 2020 was as follows:

Water Fund	June 30, 2019	Additions	Deletions	Transfers	June 20, 2020
Assets					
Land	\$ 125,646	\$ -	\$ -	\$ -	\$ 125,646
Construction in progress	107,832	7,621	-	-	115,453
Buildings	175,445	6,309	-	-	181,754
Georgetown Ranch	50,014	-	-	-	50,014
Improvements	14,284,258	68,899	-	-	14,353,157
Vehicles and equipment	527,100	-	-	-	527,100
Total capital assets	<u>15,270,295</u>	<u>82,829</u>	<u>-</u>	<u>-</u>	<u>15,353,124</u>
Less accumulated depreciation for:					
Buildings	121,345	5,143	-	-	126,488
Georgetown Ranch	8,214	-	-	-	8,214
Improvements	7,205,802	301,982	-	-	7,507,784
Vehicles and equipment	436,562	8,911	-	-	445,473
Total accumulated depreciation	<u>7,771,923</u>	<u>316,036</u>	<u>-</u>	<u>-</u>	<u>8,087,959</u>
Water fund assets, net	<u>\$ 7,498,372</u>	<u>\$ (233,207)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,265,165</u>
 Sanitation Fund					
	June 30, 2019	Additions	Deletions	Transfers	June 20, 2020
Assets					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in progress	81,484	76,807	-	-	158,291
Sewer system	4,112,472	-	-	-	4,112,472
Treatment plant	3,354,297	-	-	-	3,354,297
Vehicles and equipment	317,422	-	-	-	317,422
Wastewater treatment plant	3,398,182	57,817	-	-	3,455,999
Total capital assets	<u>11,263,857</u>	<u>134,624</u>	<u>-</u>	<u>-</u>	<u>11,398,481</u>
Less accumulated depreciation for:					
Sewer system	1,923,605	90,639	-	-	2,014,244
Treatment plant	2,346,447	35,058	-	-	2,381,505
Vehicles and equipment	226,289	21,197	-	-	247,486
Wastewater treatment plant	1,456,111	88,572	-	-	1,544,683
Total accumulated depreciation	<u>5,952,452</u>	<u>235,466</u>	<u>-</u>	<u>-</u>	<u>6,187,918</u>
Sewer fund assets, net	<u>\$ 5,311,405</u>	<u>\$ (100,842)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,210,563</u>

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 6. Capital Assets, Continued

Landfill Fund	June 30, 2019	Additions	Deletions	Transfers	June 20, 2020
Assets					
Land	\$ 14,832	\$ -	\$ -	\$ -	\$ 14,832
Buildings	437,329	-	-	-	437,329
Vehicles and equipment	1,298,621	242,766	-	-	1,541,387
Total capital assets	<u>1,750,782</u>	<u>242,766</u>	<u>-</u>	<u>-</u>	<u>1,993,548</u>
Less accumulated depreciation for:					
Buildings	106,788	14,640	-	-	121,428
Vehicles and equipment	1,173,889	40,353	-	-	1,214,242
Total accumulated depreciation	<u>1,280,677</u>	<u>54,993</u>	<u>-</u>	<u>-</u>	<u>1,335,670</u>
Landfill fund assets, net	<u>\$ 470,105</u>	<u>\$ 187,773</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 657,878</u>
Railroad Fund					
Assets					
Land and right-of-way	\$ 1,700,000	\$ -	\$ -	\$ -	\$ 1,700,000
Total capital assets	<u>1,700,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,700,000</u>
Railroad fund assets, net	<u>\$ 1,700,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,700,000</u>
Total business-type activities, net	<u>\$ 14,979,882</u>	<u>\$ (146,276)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,833,606</u>

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

Business-Type Activities:	
Water	\$ 316,036
Sewer	235,466
Landfill	<u>54,993</u>
Total depreciation expense - business-type activities	<u>\$ 606,495</u>

The City has two asset acquired through capital leases. The cost of the assets is \$450,443 and \$171,600 with total accumulated depreciation of \$386,624.

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 7. Long-Term Liabilities

The following is a summary of long-term liabilities for the year ended June 30, 2020:

Governmental Activities Notes Payable - Direct Borrowings: Capital Projects Fund:	Date of Issue	Original Amount of Issue	Interest Rate	Interest Paid During Period	Balance 06/30/19	Additions	Reductions	Balance 06/30/20	Payments Due 2020/2021		Year of Final Payment
									Principal	Interest	
Fire Station Bond, Series 2005	9/28/2005	\$ 463,109	4.13%	\$ 10,696	\$ 266,588	\$ -	\$ 19,040	247,548	\$ 19,870	\$ 9,866	2031
Capital Lease Payable:											
Fire Protection/Street Improvement Fund:											
Fire Truck	6/1/2008	330,733	5.15%	6,561	127,525	-	26,117	101,408	27,461	5,218	2024
Ambulance	5/15/2017	134,500	2.37%	2,365	105,836	-	14,266	91,570	14,615	2,017	2026
Compensated absences		\$ 928,342		\$ 19,622	499,949	-	59,423	440,526	61,946	17,101	
Other post employment benefits					182,873	68,881	151,785	99,969	82,974	-	
Net pension liability					141,603	9,974	-	151,577	\$ 144,920	\$ 17,101	
Governmental Activity Long-Term Liabilities					2,139,973	-	516,043	1,623,930			
		\$ 2,964,398		\$ 78,855	\$ 78,855	\$ 727,251		\$ 2,316,002			
Business-Type Activities											
Enterprise Funds:											
Bonds Payable - Direct Placement:											
Sewer Revenue Bond, Series 2001	9/12/2001	\$ 1,900,000	4.75%	\$ 68,217	\$ 1,448,943	\$ -	\$ 38,031	\$ 1,410,912	\$ 40,065	\$ 66,183	2042
Water Revenue Bond, Series 1996	1/29/1996	1,189,800	5.00%	37,544	763,013	-	31,996	731,017	33,736	35,804	2035
Compensated absences		\$ 3,839,800		\$ 105,761	2,211,956	-	70,027	2,141,929	73,801	101,987	
Other post employment benefits					108,679	53,352	90,204	71,827	59,616	-	
Net pension liability					110,445	7,779	-	118,224	\$ 133,417	\$ 101,987	
Business-Type Activity Long-Term Liabilities					1,754,305	-	399,022	1,355,283			
		\$ 4,185,385		\$ 61,131	\$ 559,253	\$ 559,253		\$ 3,687,263			

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 7. Long-Term Liabilities, Continued

Special Revenue Bonds

The City issued \$1,189,800 of 5.00% Water Bonds, Series 1996, in the form of proceeds from a loan from U.S. Department of Agriculture, Rural Economic Development. Proceeds were used to refund the interim water revenue bonds, which were used to fund the Southside Water Project. The City has pledged income derived from the constructed assets to pay the debt service.

Revenue bond debt service requirements to maturity are as follows:

Revenue - Water Bond Debt Service - from Direct Placement

Period Ending June 30	Interest Rate	Principal	Interest	Total
2021	5.00%	\$ 33,736	\$ 35,804	\$ 69,540
2022	5.00%	35,462	34,078	69,540
2023	5.00%	37,277	32,263	69,540
2024	5.00%	39,101	30,439	69,540
2025	5.00%	41,184	28,356	69,540
2026-2030	5.00%	239,702	107,998	347,700
2031-2035	5.00%	304,555	40,196	344,751
		<u>\$ 731,017</u>	<u>\$ 309,134</u>	<u>\$ 1,040,151</u>

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

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

Revenue - Sewer Bond Debt Service - From Direct Placement

Period Ending June 30	Interest Rate	Principal	Interest	Total
2021	4.75%	\$ 40,065	\$ 66,183	\$ 106,248
2022	4.75%	42,010	64,238	106,248
2023	4.75%	44,049	62,199	106,248
2024	4.75%	46,022	60,256	106,248
2025	4.75%	48,422	57,826	106,278
2026-2030	4.75%	279,587	251,623	531,210
2031-2035	4.75%	354,399	176,841	531,240
2036-2040	4.75%	449,218	82,022	531,240
2041-2042	4.75%	107,140	2,905	110,045
		<u>\$ 1,410,912</u>	<u>\$ 824,093</u>	<u>\$ 2,235,005</u>

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

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 7. Long-Term Liabilities, Continued

Deed of Trust, Fire Station

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

Fire Station Deed of Trust Debt Service - From Direct Borrowings

Period Ending June 30	Interest Rate	Principal	Interest	Total
2021	4.125%	\$ 19,870	\$ 9,866	\$ 29,736
2022	4.125%	21,139	8,597	29,736
2023	4.125%	22,029	7,707	29,736
2024	4.125%	22,936	6,800	29,736
2025	4.125%	23,921	5,815	29,736
2026-2030	4.125%	134,973	13,707	148,680
2031	4.125%	2,680	48	2,728
		<u>\$ 247,548</u>	<u>\$ 52,540</u>	<u>\$ 300,088</u>

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

Capital Leases

The City of Ely agreed to lease a 75 foot aerial ladder truck. The lease began June 1, 2008, and required the first lease payment of \$115,000 to be paid upon delivery, which was January 27, 2009. The City has agreed to pay an additional 15 annual lease payments of \$32,679 beginning October 1, 2009 and ending October 1, 2023. The City may end the lease any year by not appropriating funds for the lease and returning the equipment or by paying the purchase option price each October 1st as stated in the lease.

The future minimum lease payment for the above capital lease and the present value of net minimum lease payment at June 30, 2020, is as follows:

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 7. Long-Term Liabilities, Continued

Fire Truck Capital Lease

Period Ending June 30	Lease Payments	Amount Representing Principal	Amount Representing Interest
2021	\$ 32,679	\$ 27,461	\$ 5,218
2022	32,679	28,874	3,805
2023	32,678	30,359	2,319
2024	15,465	14,714	751
2025	-	-	-
	<u>\$ 113,501</u>	<u>\$ 101,408</u>	<u>\$ 12,093</u>

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

The future minimum lease payment for the above capital lease and the present value of net minimum lease payment at June 30, 2020, is as follows:

Period Ending June 30	Lease Payments	Amount Representing Principal	Amount Representing Interest
2021	\$ 16,632	\$ 14,615	\$ 2,017
2022	16,632	14,966	1,666
2023	16,632	15,326	1,306
2024	16,632	15,691	941
2025	16,632	16,070	562
2026	15,006	14,902	104
	<u>\$ 98,166</u>	<u>\$ 91,570</u>	<u>\$ 6,596</u>

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

The lawful City general obligation debt limit is established under NRS 266.600 and is not to exceed 30 percent of the total last assessed valuation of the taxable property of the City. The general obligation debt limit was \$20,471,585. The City has no general obligation debt outstanding at June 30, 2020; therefore, the City is within the legal limit.

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 8. Defined Benefit Pension Plan

Public Employees' Retirement System of Nevada (PERS)

Plan description

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

Benefits provided

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

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.50% service time factor and for regular members entering the system after July 1, 2015, there is a 2.25% factor. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

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

Vesting

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

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 8. Defined Benefit Pension Plan, Continued

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

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

Contributions

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

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

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

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

For the fiscal years ended June 30, 2020 and June 30, 2019 the Statutory Employer/employee matching rate was 15.25% and 14.5% for Regular and 22.00% and 20.75% for Police/Fire respectively. The Employer-pay contribution (EPC) rate was 29.25% and 28% for Regular and 42.50% and 40.50% for Police/Fire respectively.

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 8. Defined Benefit Pension Plan, Continued

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

Fiscal Year Ended June 30	Regular Members	Police/Fire	Total Contributions
2020	29.25%	42.50%	\$ 281,621
2019	28.00%	40.50%	210,325
2018	28.00%	40.50%	264,907

Investment policy

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

The following was the Board adopted policy target asset allocation as of June 30, 2019:

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

*As of June 30, 2019, PERS' long-term inflation assumption was 2.75%.

Pension liability

Net pension liability

The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2019. The City's proportion measured as of June 30, 2019, was 0.02185 percent, which was a decrease of 0.00671 percent from its proportion measured as of June 30, 2018.

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 8. Defined Benefit Pension Plan, Continued

Pension liability discount rate sensitivity

The following presents the net pension liability of the PERS as of June 30, 2019, calculated using the discount rate of 7.50%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current discount rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of Net pension (asset) / liability	\$ 4,613,330	\$ 2,979,213	\$ 1,621,296

Pension plan fiduciary net position

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

Actuarial assumptions

The City's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.75%
Investment rate of return	7.50%
Productivity pay increase	0.5%
Projected salary increases	Regular: 4.25% to 9.15%, depending on service Police/Fire: 4.55% to 13.90%, depending on service Rates include inflation and productivity increases
Other assumptions	Same as those used in the June 30, 2019 funding actuarial valuation

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of the experience study for the period July 1, 2012 through June 30, 2016.

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 8. Defined Benefit Pension Plan, Continued

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2019. 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, 2019.

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

For the year ended June 30, 2020, the City recognized pension expense for PERS of \$278,657. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 111,717	\$ 85,932
Changes in assumptions	121,242	-
Net difference between projected and actual earnings on pension plan investments	-	148,205
Subtotal	232,959	234,137
Changes in proportion and differences between contributions and proportional share of contributions	336,179	905,879
Contributions subsequent to the measurement date	281,622	-
Total	\$ 850,760	\$ 1,140,016
Governmental activities	\$ 463,738	\$ 621,408
Business-type activities	387,022	518,608
	\$ 850,760	\$ 1,140,016
Average expected remaining service lives	6.18 years	

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 8. Defined Benefit Pension Plan, Continued

The \$281,622 reported as deferred outflows of resources related to PERS pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2021	\$ 4,065,947
2022	(27,394,376)
2023	7,525,911
2024	9,322,816
2025	5,298,288
2026	610,537
Thereafter	-

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CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 9. Closure and Post-Closure Care Cost

State and Federal laws and regulations require the City to place a final cover on its landfill when closed and to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized, based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs are based on a regulatory formula (NAC 444.6853). The estimated total current cost of the landfill closure and post-closure care (\$3,592,898) 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, 2020, as adjusted for inflation. It is estimated that an additional \$2,688,053 will be recognized as closure and post-closure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity (2070). The estimated liability for landfill closure and post-closure care costs has a balance of \$904,845 as of June 30, 2020, which is based on 25.18% 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 2020, 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 money market account held at the First national Bank of Ely. The balance in the investment account as of June 30, 2020 was \$1,041,858.

NOTE 10. Risk Management

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

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

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

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 10. Risk Management, Continued

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

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

NOTE 11. Ely Railroad Fund

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

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

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

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

NOTE 12. City Water Flow Mitigation

The City experienced a decrease in the flow of its main water source when a nearby mine began dewatering efforts to increase the amount of available ore. The mine is mitigating the effects of the decreased water flow by rehabilitating the old City wells and drilling new wells. The mine has agreed to pay all costs of rehabilitation and to pay all additional pumping costs associated with the temporary substitution of subsurface water rights for the existing surface water rights. The mine has further agreed to pay the additional costs for a period of up to 25 years after the dewatering has ceased and to create a fund to guarantee the payment of the additional costs. The fund is being administered as a trust with a banking institution mutually agreed to by both parties, with an appointed trustee. The trust funding goal is \$3,750,000, exclusive of accumulating interest, which was reached for complete funding in the year ending June 30, 2017. The funding of the trust is occurring according to the agreement.

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 13. S&S Shortline Leasing LLC

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

NOTE 14. Post-Employment Benefits Other than Pensions

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

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

Benefits provided

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

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

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

There are exceptions to the amounts shown below:

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

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

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

Agency subsidy for PEBP coverage for non-state pre-medicare retirees: The subsidy provided to pre-Medicare retirees varies based on the type of plan selected (PPO or HMO) and by the level of coverage taken (e.g., single, two party, family, etc.). The chart below shows our understanding of monthly amounts payable beginning July 2019 for those with 15 years of PERS service. Actual pre-Medicare subsidies for July 2020, as invoiced to the City by individual, were used for the valuation. Some subsidy increases are expected pursuant to SB 552, to be phased in through 2022.

Coverage Level	PPO CDHP		Standard HMO	
	Base Subsidy	SB 552 Subsidy	Base Subsidy	SB 552 Subsidy
	15 Years of PERS Service			
Retiree Only	\$ 812.88	\$ 215.43	\$ 432.09	\$ 5.52
Retiree + Spouse	1,341.82	557.59	692.07	13.43
Retiree + Child(ren)	1,162.90	513.97	570.22	26.82
Retiree + Family	1,691.86	856.14	830.20	34.73

HRA contributions for non-state medicare retirees covered by the exchange: Amounts paid for Medicare eligible retirees covered by the Exchange do not vary by type of plan or coverage level; they vary only by years of PERS membership service. On July 1, 2020, the monthly subsidy for retirees on the Medicare Exchange is \$13 per month per year of PERS service with a maximum benefit payable is \$260 per month.

Employees covered by benefit terms

There are no active City employees covered by or eligible for coverage under PEBP. There are 15 former employees for whom the City pays a subsidy toward the cost of PEPB coverage.

Contributions

City contributions to the Plan occur as benefits are paid to retirees. In this PEBP program, the only benefit payments occur in the form of direct payments to PEBP on behalf of currently covered retirees. Contributions to the Plan from the City were \$18,881 for the year ended June 30, 2020 (measurement date June 30, 2019).

Plan financial reports

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

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

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

OPEB liability

Net OPEB liability

At June 30, 2020, the City reported a net OPEB liability of \$269,800 for PEBP. The net liability was measured as of June 30, 2019 and the total liability was determined by an actuarial valuation as of June 30, 2019. The city makes no contribution to an OPEB trust so the total liability is equal to net liability. There are no assets accumulated in a trust that meet the criteria in GASB 75 (paragraph 4) to pay related benefits. The total OPEB liability as of June 30, 2019 reflects a change in the use of discount rates of 3.87% as of June 30, 2018 and 3.51% as of June 30, 2019. There were no other significant changes of actuarial assumptions. The projections are based on established patterns of practice.

OPEB liability discount rate sensitivity

The following presents the net OPEB liability calculated using the discount rate of 3.51%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
Net OPEB liability - PEBP	\$ 297,340	\$ 269,800	\$ 246,221

OPEB liability healthcare cost trend rates sensitivity

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

	1% Decrease	Medical Trend	1% Increase
Net OPEB liability - PEBP	\$ 247,405	\$ 269,800	\$ 295,369

Actuarial assumptions

PEBP

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

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

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

Inflation rate	2.5%
Salary increases	N/A – no active employee in this plan
Discount rate	3.87% as of June 30, 2018 3.51% as of June 30, 2019
Funding method	Entry age normal cost, closed group, level percent of pay
Healthcare cost trend rates	Pre-Medicare subsidy increase: 5.4% in 2021 fluctuating down to 4% by 2076 Medicare subsidy increase: 4.50% per year

The basic mortality rates used in this valuation are based on the most recently published report of the Nevada Public Employees Retirement System, dated June 30, 2017, except for a different basis used to project future mortality improvements.

Non-disabled life rates for regular employees:

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

Disabled life rates for regular employees:

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

These rates were then adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2020 on a generational basis from 2018 forward (i.e. mortality is projected to improve each year until the payments anticipated in any future year occur).

The discount rate was changed from 3.87% as of June 30, 2018 to 3.51% as of June 30, 2019, based on the published change in return for the applicable municipal bond index. The City funds the PEBP OPEB liability on a pay-as-you-go basis. Therefore, the discount rate used in this valuation is based on the bond buyer general obligation 20-Bond Municipal bond index.

Changes in the net OPEB liability

	Increase (decrease)		
	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB (asset) liability (a) - (b)
Balances at June 30, 2019	\$ 252,047	\$ -	\$ 252,047
Changes during the period:			
Service cost	-	-	-
Interest cost	9,413	-	9,413
Expected investment income	-	-	-
Employer contributions	-	17,635	(17,635)
Changes of benefit terms	-	-	-
Benefit payments	(17,635)	(17,635)	-
Assumption changes	31,795	-	31,795
Plan experience	(5,820)	-	(5,820)
Investment experience	-	-	-
Net changes	17,753	-	17,753
Balances at June 30, 2020	\$ 269,800	\$ -	\$ 269,800

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

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

Plan fiduciary net position

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

OPEB expense

For the year ended June 30, 2020, the City recognized OPEB expense for PEBP of \$35,388.

Deferred outflows/inflows of resources related to OPEB

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 18,881	\$ -
Total	\$ 18,881	\$ -

The amount (\$18,881) reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

NOTE 15. Interfund Transactions and Balances

Interfund receivables for the year ended June 30, 2020 are as follows:

		Due From		
		General Fund	Street Fund	Total
Due To	General Fund	\$ -	\$ 1,280	\$ 1,280
	Landfill Fund	121,747	-	121,747
	Total	\$ 121,747	\$ 1,280	\$ 123,027

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 15. Interfund Transactions and Balances, Continued

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

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

The City had the following transfers for the year ended June 30, 2020:

		Transfers Out	
		General Fund	Total
Transfers In	Street Fund	\$ 35,000	\$ 35,000
	Total	\$ 35,000	\$ 35,000

NOTE 16. Contingent Liabilities

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

CITY OF ELY, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 17. Restatement Adjustments

During the year ended June 30, 2020 the City researched the following items related to prior years:

A payment for the revolving loan fund was recorded in the general fund in the year ending June 30, 2015. The correction increased cash and fund balance in the revolving loan fund and decreased cash and fund balance in the general fund by \$4,004.

The City moved to a staggered business and liquor license billing schedule in the year ended June 30, 2014 and back to a once a year billing schedule in the year ended June 30, 2016. The City had previously recognized license revenues in the year covered by the licenses, however, in the process of moving to the staggered schedule and back, it began recognizing revenues on business licenses and liquor licenses when billed. The City has clarified its' policy to recognizing the license revenue in the year covered by the licenses, with the effect of reducing beginning fund balance in the general fund by \$145,742 for business licenses and \$21,519 for liquor licenses and recognizing those amounts as revenue in the general fund in the year ended June 30, 2020.

In the year ended June 30, 2019 the City recorded a payable and a loss on a related receivable for infrastructure repair work performed in earlier fiscal years. Review in the year ended June 30, 2020 of related activity showed all related payables had been paid in earlier years and receivables had been received. The city recorded an entry to correct the prior year adjustment with the effect of increasing fund balance and reducing accounts payable in the general fund by \$13,238.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES FOR THE FOLLOWING MAJOR FUNDS:

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

The **Street Fund** accounts for the receipt of fuel taxes and other revenues dedicated to funding the repairs, maintenance, and new construction of city streets and alleys.

OTHER SCHEDULES:

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

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

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

Schedule of OPEB contributions for PEBP.

CITY OF ELY, NEVADA
General Fund
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019
Revenues					
Taxes:					
Franchise tax	\$ 80,000	\$ 220,000	\$ 79,044	\$ (140,956)	\$ 80,949
Total taxes	<u>80,000</u>	<u>220,000</u>	<u>79,044</u>	<u>(140,956)</u>	<u>80,949</u>
Licenses and permits:					
Business licenses	171,050	171,050	162,975	(8,075)	167,261
Animal licenses	2,200	2,200	2,050	(150)	3,045
Building permits	49,500	222,000	229,861	7,861	102,464
Building - misc.	2,200	2,200	330	(1,870)	1,100
Excavation permits	2,200	2,200	4,489	2,289	7,969
Total licenses and permits	<u>227,150</u>	<u>399,650</u>	<u>399,705</u>	<u>55</u>	<u>281,839</u>
Intergovernmental revenue:					
Consolidated tax	1,485,475	1,485,475	1,490,403	4,928	1,461,855
Share of county gaming tax	35,000	35,000	30,533	(4,467)	41,209
City/County/Tribal co-op - first responder	6,000	6,000	6,000	-	6,000
City/County co-op - public safety	32,044	32,044	31,370	(674)	30,907
City/County co-op - planning	36,258	36,258	36,258	-	35,547
City/County co-op - fire services	-	250,000	250,000	-	-
Building department fuel charge	3,000	3,000	3,507	507	3,839
CARES act grant	-	200,000	200,000	-	-
Grant - Fire dept	-	5,125	5,125	-	-
Grant - Projects	-	-	-	-	2,135
Grant - Humane Network	-	10,000	10,000	-	26,476
NDOW grant revenues	-	215,521	175,408	(40,113)	415,415
Grant - WPC fair & recreational park	-	479	479	-	-
Total intergovernmental revenue	<u>1,597,777</u>	<u>2,278,902</u>	<u>2,239,083</u>	<u>(39,819)</u>	<u>2,023,383</u>
Charges for services:					
Cemetery charges	22,000	22,000	25,643	3,643	22,757
Work cards	8,800	8,800	2,548	(6,252)	10,300
Fire claims	5,500	5,500	3,650	(1,850)	267
Fire ambulance service	143,000	143,000	368,701	225,701	140,720
Miscellaneous	13,200	13,200	6,082	(7,118)	11,623
Total charges for services	<u>192,500</u>	<u>192,500</u>	<u>406,624</u>	<u>214,124</u>	<u>185,667</u>
Fines and forfeitures:					
Court fines	76,000	76,000	57,136	(18,864)	67,853
Evidentiary fee	2,000	2,000	1,405	(595)	2,870
Public defender fee	2,300	2,300	1,720	(580)	5,541
Notice fees	450	450	300	(150)	436
Miscellaneous court fees	3,100	3,100	1,152	(1,948)	1,477
Total fines and forfeitures	<u>83,850</u>	<u>83,850</u>	<u>61,713</u>	<u>(22,137)</u>	<u>78,177</u>
Miscellaneous:					
Interest earned	4,000	4,000	4,994	994	4,758
Rents and leases	17,600	17,600	16,659	(941)	23,557
Recycling revenue	-	-	-	-	846
Miscellaneous	5,500	5,500	15,935	10,435	51,867
Total miscellaneous	<u>27,100</u>	<u>27,100</u>	<u>37,588</u>	<u>10,488</u>	<u>81,028</u>
Total revenues	<u>2,208,377</u>	<u>3,202,002</u>	<u>3,223,757</u>	<u>21,755</u>	<u>2,731,043</u>

(Continued)

CITY OF ELY, NEVADA
General Fund
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020 (Continued)
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019
Expenditures					
General government:					
Legislative:					
Mayor and council:					
Salaries and wages	1,550	9,300	9,167	133	9,399
Employee benefits	2,535	4,690	4,523	167	12,349
Services, supplies and other	-	1,973	1,772	201	1,718
Total legislative	<u>4,085</u>	<u>15,963</u>	<u>15,462</u>	<u>501</u>	<u>23,466</u>
Administration:					
City clerk:					
Salaries and wages	51,385	39,385	35,575	3,810	58,353
Employee benefits	37,771	36,871	28,040	8,831	33,042
Services, supplies and other	70,625	35,025	27,657	7,368	75,871
Total administration	<u>159,781</u>	<u>111,281</u>	<u>91,272</u>	<u>20,009</u>	<u>167,266</u>
Election:					
Total election	-	-	-	-	-
Finance:					
City treasurer:					
Salaries and wages	13,750	13,750	13,550	200	2,426
Employee benefits	5,690	5,690	7,062	(1,372)	174
Services, supplies and other	30,358	71,558	60,086	11,472	46,160
Total finance	<u>49,798</u>	<u>90,998</u>	<u>80,698</u>	<u>10,300</u>	<u>48,760</u>
Total general government	<u>213,664</u>	<u>218,242</u>	<u>187,432</u>	<u>30,810</u>	<u>239,492</u>
Judicial:					
City court:					
Salaries and wages	64,378	75,200	73,280	1,920	68,578
Employee benefits	29,466	34,232	38,764	(4,532)	30,540
Services, supplies and other	27,140	48,480	37,855	10,625	38,174
Total city court	<u>120,984</u>	<u>157,912</u>	<u>149,899</u>	<u>8,013</u>	<u>137,292</u>
City attorney:					
Salaries and wages	30,026	30,026	16,438	13,588	34,488
Employee benefits	15,561	15,561	6,274	9,287	19,252
Services, supplies and other	246,680	145,875	129,170	16,705	202,286
Total city attorney	<u>292,267</u>	<u>191,462</u>	<u>151,882</u>	<u>39,580</u>	<u>256,026</u>
Total judicial	<u>413,251</u>	<u>349,374</u>	<u>301,781</u>	<u>47,593</u>	<u>393,318</u>

(Continued)

CITY OF ELY, NEVADA
General Fund
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020 (Continued)
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019
Public safety:					
Law enforcement:					
City/County law enforcement contract	539,607	539,607	534,178	5,429	503,998
Fire department:					
Salaries and wages	391,094	780,944	615,614	165,330	501,783
Employee benefits	198,748	376,648	355,698	20,950	222,161
Services, supplies and other	154,136	214,011	177,058	36,953	118,001
Capital outlay	3,500	3,500	-	3,500	-
Total fire department	747,478	1,375,103	1,148,370	226,733	841,945
Total public safety	1,287,085	1,914,710	1,682,548	232,162	1,345,943
Public works:					
Engineering:					
Salaries and wages	11,196	14,296	14,645	(349)	-
Employee benefits	6,046	6,046	7,410	(1,364)	-
Services, supplies and other	18,185	32,085	22,452	9,633	5,467
Total engineering	35,427	52,427	44,507	7,920	5,467
Building department:					
Salaries and wages	79,871	86,871	77,225	9,646	79,624
Employee benefits	47,819	47,819	47,427	392	43,572
Services, supplies and other	9,590	19,290	19,578	(288)	5,686
Total building department	137,280	153,980	144,230	9,750	128,882
Total public works	172,707	206,407	188,737	17,670	134,349
Health and sanitation:					
Animal control:					
Salaries and wages	40,154	40,154	44,231	(4,077)	42,330
Employee benefits	14,899	14,899	20,936	(6,037)	17,979
Services, supplies and other	35,566	45,566	30,928	14,638	10,132
Total animal control	90,619	100,619	96,095	4,524	70,441
Cemetery:					
Salaries and wages	26,601	26,601	31,150	(4,549)	41,571
Employee benefits	11,870	11,870	20,177	(8,307)	18,532
Services, supplies and other	19,045	19,045	9,585	9,460	14,139
Capital outlay	10,000	10,000	-	10,000	-
Total cemetery	67,516	57,516	60,912	6,604	74,242
Total health and sanitation	158,135	158,135	157,007	11,128	144,683

CITY OF ELY, NEVADA
General Fund
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020 (Continued)
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019
Culture and recreation:					
Parks department:					
Salaries and wages	26,601	26,601	31,880	(5,279)	47,829
Employee benefits	12,503	12,503	20,885	(8,382)	21,376
Services, supplies and other	19,045	19,045	11,677	7,368	15,091
Tree board	37	37	-	37	-
Capital outlay	10,000	10,000	-	10,000	-
Total culture and recreation	<u>68,186</u>	<u>68,186</u>	<u>64,442</u>	<u>3,744</u>	<u>84,296</u>
Community support:					
Grant - WPC fair and recreational park	-	-	479	(479)	-
Grant - NDOW	-	215,521	177,433	38,088	415,415
Services, supplies and other	-	2,000	2,000	-	-
Total community support	<u>-</u>	<u>217,521</u>	<u>179,912</u>	<u>37,609</u>	<u>415,415</u>
Total expenditures	<u>2,313,028</u>	<u>3,132,575</u>	<u>2,761,859</u>	<u>380,716</u>	<u>2,757,496</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(104,651)</u>	<u>69,427</u>	<u>461,898</u>	<u>402,471</u>	<u>(26,453)</u>
Other financing sources (uses)					
Transfers out	-	(35,000)	(35,000)	-	(3,760)
Total other financing sources and uses	<u>-</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>	<u>(3,760)</u>
Net change in fund balance	<u>(104,651)</u>	<u>34,427</u>	<u>426,898</u>	<u>402,471</u>	<u>(30,213)</u>
Fund balance, beginning of year	423,189	423,189	423,189	-	453,402
Restatement adjustments	-	-	(158,027)	(158,027)	-
Fund balance, end of year	<u>\$ 318,538</u>	<u>\$ 457,616</u>	<u>\$ 692,060</u>	<u>\$ 244,444</u>	<u>\$ 423,189</u>

CITY OF ELY, NEVADA
Street Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019
Revenues					
Intergovernmental:					
Gas tax 2.35	\$ 123,928	\$ 123,928	\$ 120,138	\$ (3,790)	\$ 124,003
Gas tax 1 cent option	29,897	29,897	28,151	(1,746)	30,827
Motor vehicle, 1.75 gas tax	14,725	14,725	13,491	(1,234)	14,664
County contribution	22,540	22,540	22,540	-	22,540
Room Tax	80,000	80,000	-	(80,000)	-
OHV state grant	-	-	4,791	4,791	-
Public transit fund	219,248	219,248	132,452	(86,796)	113,329
Regional transportation commission	240,000	240,000	157,709	(82,291)	-
Total intergovernmental	<u>730,338</u>	<u>730,338</u>	<u>479,272</u>	<u>(251,066)</u>	<u>305,363</u>
Other revenues:					
Miscellaneous	-	-	2,840	2,840	9,563
Grants and donations	20,000	20,000	20,000	-	20,000
Total other revenues	<u>20,000</u>	<u>20,000</u>	<u>22,840</u>	<u>2,840</u>	<u>29,563</u>
Total revenues	<u>750,338</u>	<u>750,338</u>	<u>502,112</u>	<u>(248,226)</u>	<u>334,926</u>
Expenditures					
Highways and streets:					
Salaries and wages	170,622	170,622	131,800	38,822	163,300
Employee benefits	92,062	92,062	72,842	19,220	79,286
Service, supplies, and other	480,249	483,860	271,956	211,904	143,150
Capital outlay	-	-	16,452	(16,452)	-
Total highway and streets	<u>742,933</u>	<u>746,544</u>	<u>493,050</u>	<u>253,494</u>	<u>385,736</u>
Total expenditures	<u>742,933</u>	<u>746,544</u>	<u>493,050</u>	<u>253,494</u>	<u>385,736</u>
Excess of revenue and other sources over (under) expenditures	7,405	3,794	9,062	5,268	(50,810)
Other financing sources (uses)					
Transfers in	-	-	35,000	35,000	-
Net change in fund balance	<u>7,405</u>	<u>3,794</u>	<u>44,062</u>	<u>5,268</u>	<u>(50,810)</u>
Fund balance, beginning of year	(15,078)	(15,078)	(15,078)	-	35,732
Fund balance, end of year	<u>\$ (7,673)</u>	<u>\$ (11,284)</u>	<u>\$ 28,984</u>	<u>\$ 5,268</u>	<u>\$ (15,078)</u>

CITY OF ELY, NEVADA
Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
Public Employees' Retirement System of Nevada
June 30, 2020
Last 10 Fiscal Years

	Reporting Fiscal Year (Measurement Date)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015) 2015 (2014)
Proportion of the net pension liability (asset)	0.021850%	0.028560%	0.027410%	0.029773%	0.028630%
Proportionate share of the net pension liability (asset)	\$ 2,979,213	\$ 3,894,278	\$ 3,645,398	\$ 4,006,645	\$ 3,281,185
Covered employee payroll	\$ 1,398,423	\$ 1,727,881	\$ 1,617,055	\$ 1,555,932	\$ 1,457,944
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	213.04%	225.38%	210.98%	257.51%	225.06%
Plan fiduciary net position as a percentage of the total pension liability	76.46%	75.24%	72.23%	72.20%	75.10%
					177.82%
					76.31%

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

CITY OF ELY, NEVADA
Required Supplementary Information
Schedule of Contributions
Public Employees' Retirement System of Nevada
June 30, 2020
Last 10 Fiscal Years

	Reporting Fiscal Year					
	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 281,621	\$ 210,325	\$ 264,906	\$ 246,365	\$ 252,435	\$ 220,982
Contributions in relation to the contractually required contribution	(281,621)	(210,325)	(264,906)	(246,365)	(252,435)	(220,982)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 1,734,858	\$ 1,398,423	\$ 1,727,881	\$ 1,617,055	\$ 1,555,932	\$ 1,457,944
Contributions as a percentage of covered-employee payroll	16.23%	15.04%	15.33%	15.24%	16.22%	15.16%

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

CITY OF ELY, NEVADA
Schedule of Changes in the Net OPEB Liability and Related Ratios
PEBP
June 30, 2020
Last 10 Fiscal Years

	Reporting Fiscal Year (Measurement Date)		
	2020 (2019)	2019 (2018)	2018 (2017)
Total OPEB liability	\$ -	\$ -	\$ -
Service cost	9,413	9,181	8,217
Interest cost	-	-	-
Changes of benefit terms	(17,635)	(18,275)	(18,349)
Benefit payments	31,795	(8,091)	(18,114)
Assumption changes	(5,820)	-	-
Plan experience	17,753	(17,185)	(28,246)
Net change in total OPEB liability	252,047	269,232	297,478
Total OPEB liability - beginning	<u>\$ 269,800</u>	<u>\$ 252,047</u>	<u>\$ 269,232</u>
Total OPEB liability - ending (a)			
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending (a) - (b)	\$ 269,800	\$ 252,047	\$ 269,232
Covered payroll	N/A*	N/A*	N/A*
Net OPEB liability as a percentage of covered payroll	0.00%	0.00%	0.00%

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

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

CITY OF ELY, NEVADA
Schedule of OPEB Contributions
PEBP
June 30, 2020
Last 10 Fiscal Years

	Reporting Fiscal Year		
	2020	2019	2018
Contractually required contributions	\$ 17,635	\$ 18,275	\$ 18,349
Contributions in relation to the contractually required contribution	(17,635)	\$ (18,275)	\$ (18,349)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	N/A*	N/A*	N/A*
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

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

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

CITY OF ELY, NEVADA
Notes to the Required Supplementary Information
For the Year Ended June 30, 2020

NOTE 1. Expenditures in Excess of Budget

The City had no departments in the General Fund and no other funds with expenditures in excess of budgeted amounts for the year ended June 30, 2020.

NOTE 2. OPEB – Factors that Affect Trends

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

NOTE 3. OPEB – Plan Assets

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

SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUND INDIVIDUAL FUND FINANCIAL STATEMENT

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

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

NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

CITY OF ELY, NEVADA
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019
Revenues					
Taxes:					
Ad valorem taxes	\$ 35,000	\$ 35,000	\$ 45,647	\$ 10,647	\$ 60,431
Room tax	185,000	185,000	258,225	73,225	288,358
Total taxes	<u>220,000</u>	<u>220,000</u>	<u>303,872</u>	<u>83,872</u>	<u>348,789</u>
Other revenues:					
Interest earned	80	80	80	-	130
Grant	-	-	2,500	2,500	-
Total other revenues	<u>80</u>	<u>80</u>	<u>2,580</u>	<u>2,500</u>	<u>130</u>
Total revenues	<u>220,080</u>	<u>220,080</u>	<u>306,452</u>	<u>86,372</u>	<u>348,919</u>
Expenditures					
Public safety:					
Capital outlay	50,000	50,000	11,490	38,510	10,148
Main Street	10,000	10,000	12,736	(2,736)	2,150
Debt service - principal	18,298	18,298	19,040	(742)	18,381
Debt service - interest	11,438	11,438	10,696	742	11,410
Total expenditures	<u>89,736</u>	<u>89,736</u>	<u>53,962</u>	<u>35,774</u>	<u>42,089</u>
Excess of revenues over (under) expenditures	<u>130,344</u>	<u>130,344</u>	<u>252,490</u>	<u>122,146</u>	<u>306,830</u>
Net change in fund balance	130,344	130,344	252,490	122,146	306,830
Fund balance, beginning of year	<u>764,397</u>	<u>764,397</u>	<u>764,397</u>	<u>-</u>	<u>457,568</u>
Fund balance, end of year	<u>\$ 894,741</u>	<u>\$ 894,741</u>	<u>\$ 1,016,887</u>	<u>\$ 122,146</u>	<u>\$ 764,398</u>

CITY OF ELY, NEVADA
Combining Balance Sheet
Nonmajor Governmental Funds
As of June 30, 2020

	Special Revenue										Total
	Beautification Fund	Court Assessment Fund	Court Collection Fee Fund	Court Facility Fee Assessment Fund	Fire Protection & Street Improvement Fund	Ely City Redevelopment District Fund	Revolving Loan Fund	Victim Impact Panel Fund	Nonmajor Governmental Funds		
Assets											
Cash and cash equivalents	\$ 310	\$ -	\$ -	\$ -	\$ 145,822	\$ -	\$ 85,983	\$ -	\$ 232,115		
Cash - restricted	-	33,314	32,692	93,005	-	359,522	20,000	6,900	545,433		
Accounts receivable	-	-	-	-	-	-	-	-	-		
Due from other governments	-	-	-	-	-	-	-	-	-		
Total assets	<u>\$ 310</u>	<u>\$ 33,314</u>	<u>\$ 32,692</u>	<u>\$ 93,005</u>	<u>\$ 145,822</u>	<u>\$ 359,522</u>	<u>\$ 105,983</u>	<u>\$ 6,900</u>	<u>\$ 798,111</u>		
Liabilities											
Accounts payable	-	1,532	-	-	-	-	-	-	1,532		
Accrued liabilities	-	20,444	-	-	-	-	-	-	20,444		
Total liabilities	<u>-</u>	<u>21,976</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,976</u>		
Fund Balance											
Restricted for:											
Capital outlay	-	-	-	-	-	-	-	-	-		
Debt service	-	-	-	-	-	-	-	-	-		
Other purposes	-	11,338	32,692	93,005	-	360,448	20,000	6,900	524,383		
Committed for:											
Capital outlay	-	-	-	-	165,459	-	-	-	165,459		
Other purposes	310	-	-	-	-	-	85,983	-	86,293		
Unassigned	-	-	-	-	-	-	-	-	-		
Total fund balances	<u>310</u>	<u>11,338</u>	<u>32,692</u>	<u>93,005</u>	<u>165,459</u>	<u>360,448</u>	<u>105,983</u>	<u>6,900</u>	<u>776,135</u>		
Total liabilities and fund balances	<u>\$ 310</u>	<u>\$ 33,314</u>	<u>\$ 32,692</u>	<u>\$ 93,005</u>	<u>\$ 165,459</u>	<u>\$ 360,448</u>	<u>\$ 105,983</u>	<u>\$ 6,900</u>	<u>\$ 798,111</u>		

CITY OF ELY, NEVADA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue								Total
	Beautification Fund	Court Assessment Fund	Court Collection Fee Fund	Court Facility Fee Assessment Fund	Fire Protection & Street Improvement Fund	Ely City Redevelopment District Fund	Revolving Loan Fund	Victim Impact Panel Fund	
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 98,668	\$ 94,125	\$ -	\$ -	\$ 192,793
Interest	-	-	-	-	37	-	183	-	220
Charges for services	-	2,846	2,898	2,537	-	-	-	50	8,331
Other revenues	-	-	-	-	-	-	20,000	-	20,000
Total revenues	-	2,846	2,898	2,537	98,705	94,125	20,183	50	221,344
Expenditures									
Judicial	-	3,069	3,332	816	-	-	-	-	7,217
Public safety	-	-	-	-	-	-	-	-	-
Highway & streets	-	-	-	-	6,799	-	-	-	6,799
Culture & Recreation	139	-	-	-	-	-	-	-	139
Debt service - principal	-	-	-	-	40,383	-	-	-	40,383
Debt service - interest	-	-	-	-	8,927	-	-	-	8,927
Capital Outlay	-	-	-	-	-	-	-	-	-
Total expenditures	139	3,069	3,332	816	56,109	-	-	-	63,465
Excess (deficiency) of revenues over (under) expenditures	(139)	(223)	(434)	1,721	42,596	94,125	20,183	50	157,879
Fund balances, beginning of year	449	11,561	33,126	91,284	122,863	266,323	81,796	6,850	614,252
Prior period adjustment	-	-	-	-	-	-	4,004	-	4,004
Fund balances, end of year	\$ 310	\$ 11,338	\$ 32,692	\$ 93,005	\$ 165,459	\$ 360,448	\$ 105,983	\$ 6,900	\$ 776,135

CITY OF ELY, NEVADA
Beautification Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2019</u>
Revenues					
Other revenues:					
Donations	\$ 250	\$ 250	\$ -	\$ (250)	\$ 125
Expenditures					
Culture and recreation:					
Services, supplies, and other	450	450	139	311	4
Total expenditures	450	450	139	311	4
Excess of revenues over (under) expenditures	(200)	(200)	(139)	(561)	121
Fund balance, beginning of year	449	449	449	-	328
Fund balance, end of year	<u>\$ 249</u>	<u>\$ 249</u>	<u>\$ 310</u>	<u>\$ (561)</u>	<u>\$ 449</u>

CITY OF ELY, NEVADA
Court Assessment Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019
Revenues					
Charges for services:					
Assessment fees	\$ 5,000	\$ 5,000	\$ 2,846	\$ (2,154)	\$ 4,600
Other revenues:					
Interest	-	-	-	-	9
Total revenues	5,000	5,000	2,846	(2,154)	4,609
Expenditures					
Judicial:					
Services, supplies, and other	9,530	9,530	3,069	6,461	7,079
Total expenditures	9,530	9,530	3,069	6,461	7,079
Excess of revenues over (under) expenditures	(4,530)	(4,530)	(223)	4,307	(2,470)
Fund balance, beginning of year	11,561	11,561	11,561	-	14,031
Fund balance, end of year	\$ 7,031	\$ 7,031	\$ 11,338	\$ 4,307	\$ 11,561

CITY OF ELY, NEVADA
Court Collection Fee Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2019</u>
Revenues					
Charges for services:					
Assessment fees	\$ 2,000	\$ 2,000	\$ 2,898	\$ 898	\$ 3,041
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>2,898</u>	<u>898</u>	<u>3,041</u>
Expenditures					
Judicial:					
Services, supplies, and other	<u>36,220</u>	<u>36,220</u>	<u>3,332</u>	<u>32,888</u>	<u>2,327</u>
Total expenditures	<u>36,220</u>	<u>36,220</u>	<u>3,332</u>	<u>32,888</u>	<u>2,327</u>
Excess of revenues over (under) expenditures	(34,220)	(34,220)	(434)	33,786	714
Fund balance, beginning of year	<u>33,126</u>	<u>33,126</u>	<u>33,126</u>	<u>-</u>	<u>32,412</u>
Fund balance, end of year	<u>\$ (1,094)</u>	<u>\$ (1,094)</u>	<u>\$ 32,692</u>	<u>\$ 33,786</u>	<u>\$ 33,126</u>

CITY OF ELY, NEVADA
Court Facility Fee Assessment Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019
Revenues					
Charges for services:					
Assessment fees	\$ 5,000	\$ 5,000	\$ 2,537	\$ (2,463)	\$ 3,713
Total revenues	5,000	5,000	2,537	(2,463)	3,713
Expenditures					
Judicial:					
Services, supplies, and other	96,000	96,000	816	95,184	2,518
Total expenditures	96,000	96,000	816	95,184	2,518
Excess of revenues over (under) expenditures	(91,000)	(91,000)	1,721	92,721	1,195
Fund balance, beginning of year	91,284	91,284	91,284	-	90,089
Fund balance, end of year	\$ 284	\$ 284	\$ 93,005	\$ 92,721	\$ 91,284

CITY OF ELY, NEVADA
Fire Protection/Street Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2019</u>
Revenues					
Taxes:					
Franchise fees	\$ 89,000	\$ 89,000	\$ 98,668	\$ 9,668	\$ 102,301
Other revenues:					
Interest	50	50	37	(13)	37
Total revenue	<u>89,050</u>	<u>89,050</u>	<u>98,705</u>	<u>9,655</u>	<u>102,338</u>
Expenditures					
Public safety:					
Services, supplies and other	2,600	2,600	-	2,600	6,923
Debt service - principal	40,383	40,383	40,383	-	38,777
Debt service - interest	8,927	8,927	8,927	-	10,533
Streets and highways:					
Services, supplies and other	<u>23,058</u>	<u>23,058</u>	<u>6,799</u>	<u>16,259</u>	<u>-</u>
Total expenditures	<u>74,968</u>	<u>74,968</u>	<u>56,109</u>	<u>18,859</u>	<u>56,233</u>
Excess of revenues over (under) expenditures	<u>14,082</u>	<u>14,082</u>	<u>42,596</u>	<u>28,514</u>	<u>46,105</u>
Net change in fund balances	14,082	14,082	42,596	28,514	46,105
Fund balance, beginning of year	<u>122,863</u>	<u>122,863</u>	<u>122,863</u>	<u>-</u>	<u>76,758</u>
Fund balance, end of year	<u>\$ 136,945</u>	<u>\$ 136,945</u>	<u>\$ 165,459</u>	<u>\$ 28,514</u>	<u>\$ 122,863</u>

CITY OF ELY, NEVADA
Ely City Redevelopment District Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2019</u>
Revenues					
Taxes:					
Ad valorem taxes	\$ 29,500	\$ 29,500	\$ 94,125	\$ 64,625	\$ 100,464
Total revenues	<u>29,500</u>	<u>29,500</u>	<u>94,125</u>	<u>64,625</u>	<u>100,464</u>
Expenditures					
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	29,500	29,500	94,125	64,625	100,464
Fund balance, beginning of year	<u>266,323</u>	<u>266,323</u>	<u>266,323</u>	<u>-</u>	<u>165,859</u>
Fund balance, end of year	<u>\$ 295,823</u>	<u>\$ 295,823</u>	<u>\$ 360,448</u>	<u>\$ 64,625</u>	<u>\$ 266,323</u>

CITY OF ELY, NEVADA
Revolving Loan Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2019</u>
Revenues					
Other revenues:					
Interest	\$ 450	\$ 450	\$ 183	\$ (267)	\$ 180
Donations	-	-	20,000	20,000	-
Total revenue	<u>450</u>	<u>450</u>	<u>20,183</u>	<u>19,733</u>	<u>180</u>
Expenditures					
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue and other sources over (under) expenditures	450	450	20,183	19,733	180
Fund balance, beginning of year	81,796	81,796	81,796	-	81,616
Prior period adjustment	<u>-</u>	<u>-</u>	<u>4,004</u>	<u>4,004</u>	<u>-</u>
Fund balance, end of year	<u>\$ 82,246</u>	<u>\$ 82,246</u>	<u>\$ 105,983</u>	<u>\$ 23,737</u>	<u>\$ 81,796</u>

CITY OF ELY, NEVADA
Victim Impact Panel Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2019</u>
Revenues					
Charges for services:					
Victim impact panel	\$ 500	\$ 500	\$ 50	\$ (450)	\$ 50
Total revenues	<u>500</u>	<u>500</u>	<u>50</u>	<u>(450)</u>	<u>50</u>
Expenditures					
Judicial:					
Services, supplies, and other	6,310	6,310	-	6,310	181
Total expenditures	<u>6,310</u>	<u>6,310</u>	<u>-</u>	<u>6,310</u>	<u>181</u>
Excess of revenues over (under) expenditures	(5,810)	(5,810)	50	5,860	(131)
Fund balance, beginning of year	6,850	6,850	6,850	-	6,981
Fund balance, end of year	<u>\$ 1,040</u>	<u>\$ 1,040</u>	<u>\$ 6,900</u>	<u>\$ 5,860</u>	<u>\$ 6,850</u>

MAJOR BUSINESS-TYPE FUNDS

CITY OF ELY, NEVADA
Water Fund
Schedule of Revenues, Expenditures, and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019
Operating revenues					
Charges for services:					
Water sales	\$ 1,233,355	\$ 1,233,355	\$ 1,169,517	\$ (63,838)	\$ 1,133,649
Connection fees and other revenues	6,600	6,600	5,810	(790)	7,576
Total operating revenues	<u>1,239,955</u>	<u>1,239,955</u>	<u>1,175,327</u>	<u>(64,628)</u>	<u>1,141,225</u>
Operating expenses					
Salaries and wages	249,576	249,576	245,926	3,650	227,290
Employee benefits	131,497	131,497	143,080	(11,583)	130,561
Services, supplies and other	436,650	436,650	302,824	133,826	292,524
Capital outlay	48,500	48,500	-	48,500	-
Depreciation and amortization	360,000	360,000	316,036	43,964	323,782
Total operating expenses	<u>1,226,223</u>	<u>1,226,223</u>	<u>1,007,866</u>	<u>218,357</u>	<u>974,157</u>
Operating income (loss)	<u>13,732</u>	<u>13,732</u>	<u>167,461</u>	<u>153,729</u>	<u>167,068</u>
Nonoperating revenues (expenses)					
Interest income	3,300	3,300	3,217	(83)	3,217
Rent income - Georgetown Ranch	5,918	5,918	4,108	(1,810)	1,281
Miscellaneous income	7,500	7,500	23,037	15,537	30,322
System obligation fee income	3,000	3,000	75,125	72,125	49,535
Quadra mining revenues	324,500	324,500	251,756	(72,744)	308,125
Interest expense	(37,544)	(37,544)	(37,544)	-	(32,078)
Quadra mining expense	(324,500)	(324,500)	(243,552)	80,948	(295,073)
Total nonoperating revenues (expenses)	<u>(17,826)</u>	<u>(17,826)</u>	<u>76,147</u>	<u>93,973</u>	<u>65,329</u>
Income (loss) before transfers	<u>(4,094)</u>	<u>(4,094)</u>	<u>243,608</u>	<u>247,702</u>	<u>232,397</u>
Change in net position	<u>(4,094)</u>	<u>(4,094)</u>	<u>243,608</u>	<u>247,702</u>	<u>232,397</u>
Total net position, beginning of year	9,827,510	9,827,510	9,827,510	-	9,595,113
Total net position, end of year	<u>\$ 9,823,416</u>	<u>\$ 9,823,416</u>	<u>\$ 10,071,118</u>	<u>\$ 247,702</u>	<u>\$ 9,827,510</u>

CITY OF ELY, NEVADA
Sanitation Fund
Schedule of Revenues, Expenditures, and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019
Operating revenues					
Charges for services:					
Charges for services	\$ 1,149,610	\$ 1,149,610	\$ 1,052,089	\$ (97,521)	\$ 1,025,422
Testing revenues	7,480	7,480	11,926	4,446	10,670
Total operating revenues	<u>1,157,090</u>	<u>1,157,090</u>	<u>1,064,015</u>	<u>(93,075)</u>	<u>1,036,092</u>
Operating expenses					
Salaries and wages	262,664	262,664	210,028	52,636	182,431
Employee benefits	157,730	157,730	154,948	2,782	79,763
Services, supplies and other	418,200	418,200	321,009	97,191	299,693
Capital outlay	139,000	139,000	-	139,000	-
Depreciation and amortization	240,000	240,000	235,466	4,534	236,142
Total operating expenses	<u>1,217,594</u>	<u>1,217,594</u>	<u>921,451</u>	<u>296,143</u>	<u>798,029</u>
Operating income (loss)	<u>(60,504)</u>	<u>(60,504)</u>	<u>142,564</u>	<u>203,068</u>	<u>238,063</u>
Nonoperating revenues (expenses)					
Interest income	4,000	4,000	4,164	164	4,154
Miscellaneous income	1,250	1,250	9,467	8,217	34,817
System obligation fee income	3,000	3,000	59,168	56,168	41,300
Interest expense	(68,217)	(68,217)	(68,217)	-	(61,132)
Total nonoperating revenues (expenses)	<u>(59,967)</u>	<u>(59,967)</u>	<u>4,582</u>	<u>64,549</u>	<u>19,139</u>
Income (loss) before transfers	<u>(120,471)</u>	<u>(120,471)</u>	<u>147,146</u>	<u>267,617</u>	<u>257,202</u>
Transfers	-	-	-	-	-
Change in net position	<u>(120,471)</u>	<u>(120,471)</u>	<u>147,146</u>	<u>267,617</u>	<u>257,202</u>
Total net position, beginning of year	<u>6,647,638</u>	<u>6,647,638</u>	<u>6,647,638</u>	<u>-</u>	<u>6,390,436</u>
Total net position, end of year	<u>\$ 6,527,167</u>	<u>\$ 6,527,167</u>	<u>\$ 6,794,784</u>	<u>\$ 267,617</u>	<u>\$ 6,647,638</u>

CITY OF ELY, NEVADA
Landfill Fund
Schedule of Revenues, Expenditures, and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019
Operating revenues					
Charges for services	\$ 1,137,130	\$ 1,137,130	\$ 1,123,856	\$ (13,274)	\$ 1,086,980
Total operating revenues	<u>1,137,130</u>	<u>1,137,130</u>	<u>1,123,856</u>	<u>(13,274)</u>	<u>1,086,980</u>
Operating expenses					
Salaries and wages	455,671	455,671	373,219	82,452	406,867
Employee benefits	238,769	238,769	197,301	41,468	260,206
Services, supplies and other	647,520	647,520	248,302	399,218	255,792
Capital outlay	-	-	-	-	-
Landfill closure costs	80,000	80,000	60,522	19,478	61,238
Depreciation and amortization	98,000	98,000	54,993	43,007	87,141
Total operating expenses	<u>1,519,960</u>	<u>1,519,960</u>	<u>934,337</u>	<u>585,623</u>	<u>1,071,244</u>
Operating income (loss)	<u>(382,830)</u>	<u>(382,830)</u>	<u>189,519</u>	<u>572,349</u>	<u>15,736</u>
Nonoperating revenues (expenses)					
Interest income	4,200	4,200	8,763	4,563	4,396
Miscellaneous income	77,200	77,200	103,129	25,929	43,500
Total nonoperating revenues (expenses)	<u>81,400</u>	<u>81,400</u>	<u>111,892</u>	<u>30,492</u>	<u>47,896</u>
Income (loss) before transfers	<u>(301,430)</u>	<u>(301,430)</u>	<u>301,411</u>	<u>602,841</u>	<u>63,632</u>
Change in net position	<u>(301,430)</u>	<u>(301,430)</u>	<u>301,411</u>	<u>602,841</u>	<u>63,632</u>
Total net position, beginning of year	2,222,830	2,222,830	2,222,830	-	2,159,198
Total net position, end of year	<u>\$ 1,921,400</u>	<u>\$ 1,921,400</u>	<u>\$ 2,524,241</u>	<u>\$ 602,841</u>	<u>\$ 2,222,830</u>

CITY OF ELY, NEVADA
Railroad Fund
Schedule of Revenues, Expenditures, and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019
Operating revenues					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -
Total operating revenues	-	-	-	-	-
Operating expenses					
Services, supplies and other	-	-	-	-	-
Total operating expenses	-	-	-	-	-
Operating income (loss)	-	-	-	-	-
Nonoperating revenues (expenses)					
Interest income	-	-	-	-	-
Rent income	-	-	-	-	-
Grant income	-	-	-	-	-
Pass through grant expense	-	-	-	-	-
Donations	-	-	-	-	-
Legal expense	-	-	-	-	-
Total nonoperating revenues (expenses)	-	-	-	-	-
Transfers:					
Transfers in	-	-	-	-	3,760
Transfers out	-	-	-	-	-
Change in net position	-	-	-	-	3,760
Total net position, beginning of year	1,700,000	1,700,000	1,700,000	-	1,696,240
Total net position, end of year	\$ 1,700,000	\$ 1,700,000	\$ 1,700,000	\$ -	\$ 1,700,000

OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS

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KEDDINGTON & CHRISTENSEN, CPAS
CERTIFIED PUBLIC ACCOUNTANTS

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ely, Nevada (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 30, 2020.

Internal Control Over Financial Reporting

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

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

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

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.

Keddington & Christensen, LLC

Salt Lake City, Utah

November 30, 2020



KEDDINGTON & CHRISTENSEN, CPAS
CERTIFIED PUBLIC ACCOUNTANTS

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Ely, Nevada (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 30, 2020. As required by Nevada Revised Statutes (NRS) 354.624, we have performed certain procedures as required by the statute.

Management's Responsibility

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

Auditor's Responsibility

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

Audit Inclusions Required by Nevada Revised Statutes 354.624

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

Funds Established by the Local Government

In accordance with Nevada Revised Statutes (NRS) 354.624, we have obtained representation from the City's management in a representation letter addressed to us dated November 30, 2020, of the following:

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

- (a) That the fund is being used in accordance with the provision of this chapter of the Nevada Revised Statutes,
- (b) That the fund is being administered in accordance with generally accepted accounting principles,

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Salt Lake City, Utah 84119

- (c) That the reserve in the fund is limited to an amount that is reasonable and necessary to carry out the purposes of the fund,
- (d) The sources of revenues available for the fund during the fiscal year, including transfers from any other funds,
- (e) The statutory and regulatory requirements applicable to the fund, and
- (f) The balance and retained earnings of the fund.

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

Noncompliance

The results of our limited procedures disclosed one instance of noncompliance, which is required to be reported in accordance with NRS 354.624, and which are described in the accompanying schedule of findings and recommendations as finding 2019-002. Finding 2019-002 is a repeat finding for this department. Our findings do not constitute a legal determination for the City's compliance or noncompliance with State requirements.

Purpose of Report

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

Keddington & Christensen, LLC

Salt Lake City, Utah
November 30, 2020

CITY OF ELY, NEVADA
Schedule of Fees Imposed Subject to the Provision of NRS 354.5989
Limitation on Fees for Business Licenses
For the Year ended June 30, 2020

Flat Fixed Fees:

Business license revenue adjusted base at June 30, 2019	\$ 232,104
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Adjustment to Base:

1. Percentage decrease in population of the local government	-2.80%	
2. Percentage increase in the Consumer Price Index for the year ending on December 31, next preceding the year for which the limit is being calculated	<u>1.2%</u>	<u>-1.60%</u>
Decrease in base		<u>(3,716)</u>
Adjusted base at June 30, 2020		<u>228,388</u>
Actual revenue		<u>144,137</u>
Amount over (under) allowable amount		<u><u>\$ (84,251)</u></u>

CITY OF ELY, NEVADA
Schedule of Findings and Recommendations
For the Year Ended June 30, 2020

STATE COMPLIANCE

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

Finding

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

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

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

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

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

As of June 30, 2020, the City has opened a money market account for post closure and moved \$1,041,858 into the fund. The City Treasurer is the trustee, per the agreement with the City. It appears the trust does not meet the requirements of NAC 444.6853 as the City Treasurer's trust operations are not monitored by a federal or state agency and therefore does not qualify as an allowable mechanism to meet the cost of closure, post closure, and corrective action for known releases of contaminants.

Recommendation

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

City Response

The City Treasurer will work with the City Attorney and the First National Bank of Ely to reword the trust agreement to have First National Bank of Ely as the trustee.

