



**CITY OF ELY, NEVADA**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**WITH REPORT OF**  
**CERTIFIED PUBLIC ACCOUNTANTS**

# CITY OF ELY, NEVADA

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**FINANCIAL SECTION**

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## Independent Auditors' Report

The Honorable Mayor and City Council  
Ely, Nevada

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Ely, Nevada as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City'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 entity'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 entity'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.

### *Opinions*

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ely, Nevada, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Change in Accounting Principle***

As described in Note 1 to the financial statements, in fiscal year 2015, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, and the schedules of funding progress, proportionate share of the net pension liability, and contributions 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 an 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 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.

*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 statements, individual major and nonmajor fund budgetary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and individual major and nonmajor fund budgetary schedules 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 statements and the individual major and nonmajor fund budgetary schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2015, on our consideration of the City of Ely, Nevada’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 City of Ely, Nevada’s internal control over financial reporting and compliance.



HintonBurdick, PLLC  
St. George, Utah  
November 28, 2015

## 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, 2015.

#### **Financial Highlights**

- The assets of the City of Ely exceeded its liabilities and deferred inflows, at June 30, 2015, by \$23,217,888 (net position). Of this amount, \$4,043,135 (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 \$85,086; \$426,466 of this increase was from the enterprise funds while the governmental fund net position decreased by \$341,380.
- As of June 30, 2015, the City of Ely's governmental funds reported combined ending fund balances of \$1,459,524, with \$411,453 being available for spending at the City's discretion (unassigned fund balance).
- As of June 30, 2015, unassigned fund balance in the general fund was \$411,453, or 18% 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.



The government-wide financial statements include, not only the City of Ely itself (known as the primary government), but also the activities of a legally separate component unit: White Pine Historical Railroad Foundation, dba Nevada Northern Railway Museum, because the City Council acts as the governing board and has oversight-power for this component unit. This component unit is discretely presented to note that it is legally and operationally separate from the City.

**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 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 exceeded liabilities by \$23,217,888 at June 30, 2015, versus \$25,800,283 at June 30, 2014, a decrease of \$2,582,395 resulting from current year activity increasing net position by \$85,086 and a prior period reclassification due to the implementation of GASB 68 and GAB 71 as noted in the financial statements causing a decrease of \$2,667,481.

### City of Ely, Nevada Statement of Net Position

	Governmental activities		Business-type activities		Combined Total	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014
<b>Assets</b>						
Current and other assets	\$ 1,709,155	\$ 2,048,315	\$ 8,546,165	\$ 7,538,956	\$ 10,255,320	\$ 9,587,271
Net capital assets	4,942,639	5,119,679	15,190,207	15,715,451	20,132,846	20,835,130
Total assets	6,651,794	7,167,994	23,736,372	23,254,407	30,388,166	30,422,401
<b>Deferred outflows</b>						
Outflows related to pension	361,496	-	101,960	-	463,456	-
Total liabilities	361,496	-	101,960	-	463,456	-
<b>Liabilities</b>						
Long-term liabilities outstanding	-	-	1,043,088	918,618	1,043,088	918,618
Other liabilities	2,796,469	1,009,797	3,145,092	2,660,821	5,941,561	3,670,618
Total liabilities	2,796,469	1,009,797	4,188,180	3,579,439	6,984,649	4,589,236
<b>Deferred inflows</b>						
Unearned revenues	32,882	32,882	-	-	32,882	32,882
Inflows related to pension	480,639	-	135,564	-	616,203	-
Total liabilities	513,521	32,882	135,564	-	649,085	32,882
<b>Net position:</b>						
Net investment in capital assets	4,350,227	4,371,377	12,728,573	13,198,637	17,078,800	17,570,014
Restricted	1,048,071	872,208	1,047,882	670,663	2,095,953	1,542,871
Unrestricted	(1,694,998)	881,730	5,738,133	5,805,668	4,043,135	6,687,398
Total net position	\$ 3,703,300	\$ 6,125,315	\$ 19,514,588	\$ 19,674,968	\$ 23,217,888	\$ 25,800,283

The largest portion of the City of Ely's net position (74%) 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 9% 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%) 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	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 519,438	\$ 801,335	\$ 3,259,572	\$ 3,399,929	\$ 3,779,010	\$ 4,201,264
Operating grants and contributions	106,837	52,481	290,667	1,157,347	397,504	1,209,828
Capital grants and contributions	414,250	1,343,772	-	-	414,250	1,343,772
<b>General revenues:</b>						
Consolidated taxes	1,271,756	1,202,833	-	-	1,271,756	1,202,833
Fuel taxes	168,077	167,702	-	-	168,077	167,702
Share of county gaming tax	41,937	37,913	-	-	41,937	37,913
Ad valorem taxes	54,100	58,548	-	-	54,100	58,548
Franchise taxes	183,382	173,637	-	-	183,382	173,637
Gain (Loss) on sale of assets	-	48,614	-	-	-	48,614
<b>Total revenues</b>	<b>2,759,777</b>	<b>3,886,835</b>	<b>3,550,239</b>	<b>4,557,276</b>	<b>6,310,016</b>	<b>8,444,111</b>
<b>Expenses:</b>						
General government	342,039	75,664	-	-	342,039	75,664
Judicial	192,431	195,899	-	-	192,431	195,899
Public safety	1,181,561	1,413,463	-	-	1,181,561	1,413,463
Public works	189,815	157,321	-	-	189,815	157,321
Health and sanitation	247,256	227,524	-	-	247,256	227,524
Culture and recreation	101,802	117,145	-	-	101,802	117,145
Community support	51,677	25,355	-	-	51,677	25,355
Highways and streets	781,105	1,348,766	-	-	781,105	1,348,766
Interest on long term debt	13,471	13,431	-	-	13,471	13,431
Water	-	-	1,295,570	1,311,640	1,295,570	1,311,640
Sewer	-	-	839,878	889,458	839,878	889,458
Landfill	-	-	985,496	839,504	985,496	839,504
Railroad	-	-	2,829	-	2,829	-
<b>Total expenses</b>	<b>3,101,157</b>	<b>3,574,568</b>	<b>3,123,773</b>	<b>3,040,602</b>	<b>6,224,930</b>	<b>6,615,170</b>
Increase in net position before transfers	(341,380)	312,267	426,466	1,516,674	85,086	1,828,941
Transfers	-	-	-	-	-	-
Increase in net position	(341,380)	312,267	426,466	1,516,674	85,086	1,828,941
Net position, beginning	6,125,315	5,813,048	19,674,968	18,158,294	25,800,283	23,971,342
Reclassification adjustment	(2,080,635)	-	(586,846)	-	(2,667,481)	-
<b>Net position, ending</b>	<b>\$ 3,703,300</b>	<b>\$ 6,125,315</b>	<b>\$ 19,514,588</b>	<b>\$ 19,674,968</b>	<b>\$ 23,217,888</b>	<b>\$ 25,800,283</b>

**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 19% of total governmental revenues. The remaining program costs were financed from grants and general revenues. The largest general revenue source is consolidated taxes of \$1,271,756 which provided 46% of the total governmental revenues.

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

## Financial Analysis of the City's Funds

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

As of the end of the current fiscal year, the City of Ely's governmental funds reported combined ending fund balances of \$1,459,524; \$411,453 of this balance constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is designated nonspendable or restricted to indicate that it is either not available for spending or restricted for specific purposes.

**General Fund.** The general fund is the chief operating fund of the City of Ely. At the end of the current fiscal year, unreserved fund balance of the general fund was \$411,453. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Unreserved fund balance represents 18% of total general fund expenditures.

The fund balance of the general fund decreased by \$328,964 during the current year. This was \$310,193 more than the decrease of \$18,772 that was originally budgeted.

The major revenue sources of the general fund are intergovernmental revenues (\$1,313,693) which represent 65% 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 52% (\$1,142,030) of total general fund expenditures. The Public Safety expenditures included \$762,030 for Fire Department operations, and \$380,000 for transfer payments to White Pine County for police services.

**Street Fund.** The street fund is the special revenue fund used to account for the City's share of motor vehicle fuel tax revenues. The revenue is dedicated to the repair, maintenance, and construction of the City's streets and alleys. This fund has been under stress for the last few years, as the gas tax revenues have been reallocated state-wide and have fallen. The City and County are working together to utilize Regional Transportation Commission revenue and Public Transit Fund revenue to improve the City streets. The Fund balance was \$46,238 at the start of the year. During the course of the year fund expenditures exceeded revenues by \$192,923 and a transfer of \$136,895 was made from the general fund to cover the excess expense.

**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 was down by \$71,203 (6% decrease). The decrease was due primarily to changes in water usage. Operating expenses increased 6% (\$61,286) for the year, mostly in services and supplies. The change in net position for the year was an increase of \$48,365.

**Sanitation Fund.** The City's sewer fund operating revenue was down by \$18,501 (2% decrease) due primarily to normal changes in population and services. Operating expenses decreased by 9% (\$73,084) for the year, mostly in wages and benefits. The change in net position for the year was an increase of \$264,888.

**Sanitary Landfill Fund.** The City’s landfill fund operating revenue was down by \$36,776 (3% decrease) due primarily to normal changes in population and services . Operating expenses increased by 17% (\$145,992) for the year, mostly in services and landfill closure and post closure costs. The fund had an increase in net position for the year of \$63,824. The fund is accumulating cash, to pay the projected closure and post closure care costs in line with current engineering estimates.

**Railroad Fund.** The City’s railroad fund had grant revenues and a change in fund balance of \$49,389 in the current year. These funds were used to finance a railroad restoration project which is in progress as of June 30, 2015. The fund accounts for acquisition and maintenance activity for the railroad line owned by the City.

**Budgetary Highlights.**

The General Fund’s legal level of budgetary control is the function level. The budget for expenditure appropriation for the year was \$2,076,307. Actual expenditures were \$136,263 more than the final budget. All functions of the general fund except Public Safety function and Health and Sanitation function were over budget for the year ended June 30, 2015.

**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, 2015, amounts to \$20,132,846 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:		
Improvements	\$	429,013
Vehicles and equipment		34,002
Business-type activity:		
System improvements	\$	80,976

**City of Ely, Nevada**  
**Capital assets for years ended June 30, 2015 and 2014**

	Governmental activities		Business-type activities		Combined Total	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Land	\$ 275,931	\$ 275,931	\$ 1,882,278	\$ 1,882,278	\$ 2,158,209	\$ 2,158,209
Construction in progress	-	326,493	184,447	94,005	184,447	420,498
Streets	1,686,444	1,803,653	-	-	1,686,444	1,803,653
Flood control	171,490	180,945	-	-	171,490	180,945
Improvements	686,859	286,355	12,191,905	12,664,804	12,878,764	12,951,159
Buildings	846,556	889,949	375,334	432,941	1,221,890	1,322,890
Vehicles and equipment	1,275,359	1,356,353	556,243	641,423	1,831,602	1,997,776
Net capital assets	<u>4,942,639</u>	<u>5,119,679</u>	<u>15,190,207</u>	<u>15,715,451</u>	<u>20,132,846</u>	<u>20,835,130</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 \$3,017,130. Of this amount, the governmental activities had \$555,496 outstanding and the business-type activities \$2,461,634. 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, 2015 and 2014**

	Governmental activities		Business-type activities		Combined Total	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Short-term note payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue bonds payable	-	-	2,461,634	2,516,814	2,461,634	2,516,814
Trust deeds payable	335,672	351,190	-	-	335,672	351,190
Capital lease	219,824	240,148	-	-	219,824	240,148
Outstanding notes and bonds	<u>555,496</u>	<u>591,338</u>	<u>2,461,634</u>	<u>2,516,814</u>	<u>3,017,130</u>	<u>3,108,152</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 58% 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, 2015**

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Railroad Foundation
<b>Assets</b>				
Cash and investments	\$ 1,288,252	\$ 6,684,463	\$ 7,972,715	\$ 96,599
Accounts receivable, net	292,535	550,572	843,107	-
Tax receivable	21,110	-	21,110	28,532
Accounts receivable, grant	-	-	-	14,405
Internal Balances	51,829	(51,829)	-	-
Due from other governments	-	49,568	49,568	-
Inventory and prepaid expenses	29,215	57,565	86,780	23,654
Deposits	1,200	-	1,200	5,000
Investment	-	-	-	8,299
Restricted assets:				
Cash held for grant expenditures	-	-	-	66,990
Cash held for debt service	25,014	212,738	237,752	-
Cash held for landfill closure	-	1,043,088	1,043,088	-
Property and equipment, net	4,942,639	15,148,407	20,091,046	2,483,098
Museum collection	-	-	-	5,924,471
Non-service property, Georgetown Ranch, net	-	41,800	41,800	-
Total assets	<u>6,651,794</u>	<u>23,736,372</u>	<u>30,388,166</u>	<u>8,651,048</u>
<b>Deferred Outflow of Resources</b>				
Deferred outflows related to pensions	361,496	101,960	463,456	-
Total deferred outflows	<u>\$ 361,496</u>	<u>\$ 101,960</u>	<u>\$ 463,456</u>	<u>\$ -</u>
<b>Liabilities</b>				
Accounts payable	\$ 118,758	\$ 64,067	\$ 182,825	\$ 40,848
Accrued liabilities	97,991	7,609	105,600	6,465
Accrued interest	9,276	10,421	19,697	3,605
Current maturities of capital lease	21,368	-	21,368	-
Current maturities of notes payable	16,134	-	16,134	250,765
Current maturities of bonds payable	-	57,598	57,598	-
Unearned revenue	-	-	-	134,557
Noncurrent liabilities:				
Compensated absences	84,374	23,681	108,055	55,071
Net OPEB obligation	66,885	51,996	118,881	-
Net pension liability	1,863,689	525,684	2,389,373	-
Capital lease payable, net of current maturities	198,456	-	198,456	-
Notes payable, net of current maturities	319,538	-	319,538	-
Bonds payable, net of current maturities	-	2,404,036	2,404,036	-
Landfill closure costs	-	1,043,088	1,043,088	-
Total liabilities	<u>2,796,469</u>	<u>4,188,180</u>	<u>6,984,649</u>	<u>491,311</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	32,882	-	32,882	-
Deferred inflows related to pensions	480,639	135,564	616,203	-
Total deferred inflows	<u>513,521</u>	<u>135,564</u>	<u>649,085</u>	<u>-</u>
<b>Net Assets</b>				
Net investment in capital assets	4,350,227	12,728,573	17,078,800	2,232,333
Net investment in museum collection	-	-	-	5,924,471
Restricted for:				
General government	29,215	-	29,215	-
Judicial	113,959	-	113,959	-
Debt service	28,993	212,510	241,503	-
Streets	248,708	-	248,708	-
Community development	153,164	-	153,164	-
Community support	81,078	-	81,078	-
Stabilization	134,354	-	134,354	-
Capital projects	258,600	835,372	1,093,972	-
Landfill closure, net of related liability	-	-	-	-
Unrestricted	(1,694,998)	5,738,133	4,043,135	2,933
Total net position	<u>\$ 3,703,300</u>	<u>\$ 19,514,588</u>	<u>\$ 23,217,888</u>	<u>\$ 8,159,737</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, 2015**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	
<b>Primary Government:</b>							
Governmental activities:							
General government	\$ 342,039	\$ 240,033	\$ -	\$ -	\$ (102,006)	\$ -	\$ (102,006)
Judicial	192,431	104,289	-	-	(88,142)	-	(88,142)
Public safety	1,181,561	106,291	80,956	-	(994,314)	-	(994,314)
Public works	189,815	55,373	-	-	(134,442)	-	(134,442)
Health and sanitation	247,256	-	-	28,600	(218,656)	-	(218,656)
Culture and recreation	101,802	12,759	775	53,533	(34,735)	-	(34,735)
Community support and development	51,677	693	25,106	-	(25,878)	-	(25,878)
Highway and streets	781,105	-	-	332,117	(448,988)	-	(448,988)
Interest on long term debt	13,471	-	-	-	(13,471)	-	(13,471)
Total governmental activities	3,101,157	519,438	106,837	414,250	(2,060,632)	-	(2,060,632)
Business-type activities:							
Municipal water	1,295,570	1,115,322	228,613	-	-	48,365	48,365
Sanitation	839,878	1,099,594	5,172	-	-	264,888	264,888
Landfill	985,496	1,044,656	4,664	-	-	63,824	63,824
Railroad	2,829	-	52,218	-	-	49,389	49,389
Total business-type activities	3,123,773	3,259,572	290,667	-	-	426,466	426,466
Total primary government	\$ 6,224,930	\$ 3,779,010	\$ 397,504	\$ 414,250			
<b>Component Unit:</b>							
White Pine Historical Railroad	\$ 1,419,889	\$ 551,626	\$ 484,185	\$ 4,000			
Foundation							(380,078)
General Revenues:							
Property taxes					54,100	-	54,100
Franchise tax					183,382	-	183,382
Room taxes					-	-	-
Consolidated tax					1,271,756	-	1,271,756
Share of county gaming tax					41,937	-	41,937
Fuel tax					168,077	-	168,077
Total general revenues					1,719,252	-	1,719,252
Change in net position					(341,380)	426,466	85,086
Net position - beginning					6,125,315	19,674,968	25,800,283
Restatement and prior period adjustments					(2,080,635)	(586,846)	(2,667,481)
Net position - ending					\$ 3,703,300	\$ 19,514,588	\$ 23,217,888

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

**CITY OF ELY, NEVADA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

	<b>General Fund</b>	<b>Street Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 454,462	\$ 56,011	\$ 777,779	\$ 1,288,252
Restricted cash and cash equivalents	-	-	25,014	25,014
Accounts receivable	46,433	-	-	46,433
Taxes receivable	-	-	21,110	21,110
Due from other funds	51,829	-	-	51,829
Due from other governments	217,029	29,073	-	246,102
Prepaid expenses	29,215	-	-	29,215
Deposits	1,200	-	-	1,200
Total assets	<u>\$ 800,168</u>	<u>\$ 85,084</u>	<u>\$ 823,903</u>	<u>\$ 1,709,155</u>
<b>Liabilities</b>				
Accounts payable	\$ 51,373	\$ 50,219	\$ 17,166	\$ 118,758
Accrued liabilities	95,958	1,983	50	97,991
Due to other funds	-	-	-	-
Total liabilities	<u>147,331</u>	<u>52,202</u>	<u>17,216</u>	<u>216,749</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	-	32,882	-	32,882
Total deferred inflows	<u>-</u>	<u>32,882</u>	<u>-</u>	<u>32,882</u>
<b>Fund Balance</b>				
Nonspendable:				
Prepaid expenses	29,215	-	-	29,215
Restricted for:				
Capital outlay	-	-	507,308	507,308
Debt service	-	-	28,993	28,993
Stabilization	134,354	-	-	134,354
Other purposes	77,815	-	270,386	348,201
Unassigned	411,453	-	-	411,453
Total fund balances	<u>652,837</u>	<u>-</u>	<u>806,687</u>	<u>1,459,524</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 800,168</u>	<u>\$ 85,084</u>	<u>\$ 823,903</u>	<u>\$ 1,709,155</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, 2015**

Total governmental fund balance		\$ 1,459,524
<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	13,015,157	
Less accumulated depreciation	(8,072,518)	
		4,942,639
<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	(555,496)	
Interest payable	(9,276)	
Compensated absences	(84,374)	
Net OPEB obligation	(66,885)	
Net pension liability	(1,863,689)	
		(2,579,720)
<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	361,496	
Deferred inflows related to pensions	(480,639)	
		(119,143)
Net position of governmental activities		\$ 3,703,300

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, 2015**

	<u>General</u>	<u>Street Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Taxes	\$ 89,159	\$ -	\$ 149,840	\$ 238,999
Licenses, permits and fees	248,748	-	-	248,748
Intergovernmental revenue	1,313,693	500,193	-	1,813,886
Charges for services	150,861	-	10,385	161,246
Fines and forfeitures	93,933	-	-	93,933
Other revenues	124,106	-	27,181	151,287
Total revenues	<u>2,020,500</u>	<u>500,193</u>	<u>187,406</u>	<u>2,708,099</u>
<b>Expenditures</b>				
Current:				
General government	321,737	-	-	321,737
Judicial	186,128	-	265	186,393
Public safety	1,142,030	-	33,129	1,175,159
Public works	129,720	-	-	129,720
Health and sanitation	239,479	-	-	239,479
Culture and recreation	140,274	-	5,430	145,704
Community support and development	53,201	-	-	53,201
Highway and streets	-	683,326	144	683,470
Debt service:				
Principal	-	-	15,518	15,518
Interest	-	-	14,218	14,218
Total expenditures	<u>2,212,569</u>	<u>683,326</u>	<u>68,704</u>	<u>2,964,599</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(192,069)</u>	<u>(183,133)</u>	<u>118,702</u>	<u>(256,500)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	136,895	-	136,895
Transfers out	<u>(136,895)</u>	<u>-</u>	<u>-</u>	<u>(136,895)</u>
Total other financing sources and uses	<u>(136,895)</u>	<u>136,895</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(328,964)	(46,238)	118,702	(256,500)
Fund balances, beginning of year	<u>981,802</u>	<u>46,238</u>	<u>687,985</u>	<u>1,716,025</u>
<b>Fund balances, end of year</b>	<u><u>\$ 652,838</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 806,687</u></u>	<u><u>\$ 1,459,525</u></u>

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

**CITY OF ELY, NEVADA**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended June 30, 2015**

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

Net change in fund balances - total governmental funds		\$ (256,500)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is 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.</p>		
Capital outlay	56,361	
Depreciation expense	<u>(313,562)</u>	(257,201)
<p>Pension 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 liability is measured a year before the report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the statement of activities.</p>		
Pension contributions	344,732	
Pension expense	<u>(246,931)</u>	97,801
<p>Governmental funds do not report contributions of capital assets as revenue, unless the assets will be held for sale. However, in the statement of activities, the donation of capital assets is reported as revenue.</p>		
		80,163
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		35,842
<p>Revolving loan funds do not provide current financial resources in the governmental funds and are deferred inflows while they are recognized as revenue in the statement of activities. This is the change in deferred inflows in the governmental funds.</p>		
		(28,479)
<p>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.</p>		
The adjustment reflects the change in interest payable		747
<p>Compensated absences and other post employment benefits expenses 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.</p>		
Change in compensated absences	(10,711)	
Change in net OPEB obligation	<u>(3,041)</u>	(13,752)
Change in net position of governmental activities		<u><u>\$ (341,379)</u></u>

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

**CITY OF ELY, NEVADA**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

	Water Fund	Sanitation Fund	Landfill Fund	(Non-Major) Railroad Fund	Total Proprietary Funds
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 1,350,567	\$ 1,154,365	\$ 996,098	\$ -	\$ 3,501,030
Cash - designated	1,073,939	1,494,928	614,566	-	3,183,433
Receivables, net of allowance	200,512	111,458	238,602	-	550,572
Due from other governments	-	-	-	49,568	49,568
Prepaid expense	6,369	-	-	-	6,369
Inventory	51,196	-	-	-	51,196
Total current assets	<u>2,682,583</u>	<u>2,760,751</u>	<u>1,849,266</u>	<u>49,568</u>	<u>7,342,168</u>
Noncurrent assets:					
Restricted cash and cash equivalents	77,250	135,488	1,043,088	-	1,255,826
Capital assets:					
Land and easements	125,646	-	14,832	1,700,000	1,840,478
Treatment facilities and improvements	13,391,756	9,770,795	437,765	-	23,600,316
Machinery, equipment and vehicles	486,314	271,511	1,106,218	-	1,864,043
Construction-in-progress	25,974	12,291	-	146,182	184,447
Less accumulated depreciation	(6,416,656)	(5,021,791)	(902,430)	-	(12,340,877)
Total noncurrent assets	<u>7,690,284</u>	<u>5,168,294</u>	<u>1,699,473</u>	<u>1,846,182</u>	<u>16,404,233</u>
Other assets:					
Non-service property	50,014	-	-	-	50,014
Less accumulated depreciation	(8,214)	-	-	-	(8,214)
Total other assets	<u>41,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,800</u>
Total assets	<u>10,414,667</u>	<u>7,929,045</u>	<u>3,548,739</u>	<u>1,895,750</u>	<u>23,788,201</u>
<b>Deferred Outflow of Resources</b>					
Deferred outflows related to pensions	32,441	13,904	55,615	-	101,960
Total deferred outflows	<u>\$ 32,441</u>	<u>\$ 13,904</u>	<u>\$ 55,615</u>	<u>\$ -</u>	<u>\$ 101,960</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	\$ 15,116	\$ 36,394	\$ 12,557	\$ -	\$ 64,067
Accrued liabilities	-	2,027	5,582	-	7,609
Accrued interest	3,896	6,525	-	-	10,421
Due to other funds	-	-	-	51,829	51,829
Current portion of noncurrent liabilities	26,178	31,420	-	-	57,598
Total current liabilities	<u>45,190</u>	<u>76,366</u>	<u>18,139</u>	<u>51,829</u>	<u>191,524</u>
Noncurrent liabilities:					
Compensated absences	4,488	-	19,193	-	23,681
Net OPEB obligation	14,687	13,881	23,428	-	51,996
Net pension liability	167,263	71,684	286,737	-	525,684
Bonds payable	876,595	1,585,039	-	-	2,461,634
Less current portion of noncurrent liabilities	(26,178)	(31,420)	-	-	(57,598)
Landfill closure/post closure costs	-	-	1,043,088	-	1,043,088
Total noncurrent liabilities	<u>1,036,855</u>	<u>1,639,184</u>	<u>1,372,446</u>	<u>-</u>	<u>4,048,485</u>
Total liabilities	<u>1,082,045</u>	<u>1,715,550</u>	<u>1,390,585</u>	<u>51,829</u>	<u>4,240,009</u>
<b>Deferred Inflow of Resources</b>					
Deferred inflows related to pensions	43,134	18,486	73,944	-	135,564
Total deferred inflows	<u>43,134</u>	<u>18,486</u>	<u>73,944</u>	<u>-</u>	<u>135,564</u>
<b>Net Position</b>					
Net investment in capital assets	6,778,239	3,447,767	656,385	1,846,182	12,728,573
Restricted for debt service	77,022	135,488	-	-	212,510
Restricted for capital improvements	584,061	251,311	-	-	835,372
Restricted for landfill closure/post closure costs net of related liabilities	-	-	-	-	-
Unrestricted - designated	1,073,939	1,494,928	614,566	-	3,183,433
Unrestricted	808,668	879,419	868,874	(2,261)	2,554,700
Total net position	<u>\$ 9,321,929</u>	<u>\$ 6,208,913</u>	<u>\$ 2,139,825</u>	<u>\$ 1,843,921</u>	<u>\$ 19,514,588</u>

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

**CITY OF ELY, NEVADA**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

	Water Fund	Sanitation Fund	Landfill Fund	(Non-Major) Railroad Fund	Total Proprietary Funds
<b>Operating revenues</b>					
Charges for services	\$ 1,093,506	\$ 1,078,036	\$ 1,015,498	\$ -	\$ 3,187,040
<b>Operating expenses</b>					
Salaries and wages	235,296	152,351	374,430	-	762,077
Employee benefits	98,866	64,766	168,366	-	331,998
Service, supplies and other	309,311	280,813	224,167	2,829	817,120
Capital outlay	-	5,310	1,528	-	6,838
Landfill closure/post closure costs	-	-	124,470	-	124,470
Depreciation and amortization	368,475	235,652	92,535	-	696,662
Total operating expenses	1,011,948	738,892	985,496	2,829	2,739,165
Operating income (loss)	81,558	339,144	30,002	(2,829)	447,875
<b>Nonoperating revenues (expenses)</b>					
Interest income	3,963	5,172	4,664	-	13,799
Rent income	4,108	-	-	-	4,108
Miscellaneous income	11,108	11,058	29,158	-	51,324
System obligation fees	6,600	10,500	-	-	17,100
Grant revenue	224,650	-	-	52,218	276,868
Interest expense	(44,523)	(76,086)	-	-	(120,609)
Miscellaneous expense	(239,099)	(24,900)	-	-	(263,999)
Total nonoperating revenues (expenses)	(33,193)	(74,256)	33,822	52,218	(21,409)
Income before transfers	48,365	264,888	63,824	49,389	426,466
Transfers	-	-	-	-	-
<b>Change in net position</b>	48,365	264,888	63,824	49,389	426,466
Total net position, beginning of year	9,460,288	6,024,049	2,396,099	1,794,532	19,674,968
Restatement adjustment	(186,724)	(80,024)	(320,098)	-	(586,846)
<b>Total net position, end of year</b>	\$ 9,321,929	\$ 6,208,913	\$ 2,139,825	\$ 1,843,921	\$ 19,514,588

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, 2015**

	Water Fund	Sanitation Fund	Landfill Fund	(Non-Major) Railroad Fund	Total Proprietary Funds
<b>Cash Flows From Operating Activities:</b>					
Cash received from customers, service fees	\$ 1,073,888	\$ 1,068,015	\$ 1,011,715	\$ 22,029	\$ 3,175,647
Cash paid to employees	(337,569)	(227,003)	(552,735)	-	(1,117,307)
Cash paid to suppliers	(330,084)	(254,756)	(213,254)	(21,543)	(819,637)
Net cash flows from operating activities	<u>406,235</u>	<u>586,256</u>	<u>245,726</u>	<u>486</u>	<u>1,238,703</u>
<b>Cash Flows From Noncapital Financing Activities:</b>					
Cash received from grants	224,650	-	-	51,691	276,341
Cash received from miscellaneous sources	11,108	11,060	29,158	-	51,326
Cash received from rental payments	4,108	-	-	-	4,108
Cash paid for grant activities	(239,099)	(24,900)	-	-	(263,999)
Net cash flows from noncapital financing activities	<u>767</u>	<u>(13,840)</u>	<u>29,158</u>	<u>51,691</u>	<u>67,776</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>					
Cash received from system obligations	6,600	10,500	-	-	17,100
Principal paid on capital debt	(25,009)	(30,158)	-	-	(55,167)
Interest paid on capital debt	(44,523)	(76,086)	-	-	(120,609)
Acquisition and construction of capital assets	(37,975)	(81,266)	-	(52,177)	(171,418)
Net cash flows from capital and related financing activities	<u>(100,907)</u>	<u>(177,010)</u>	<u>-</u>	<u>(52,177)</u>	<u>(330,094)</u>
<b>Cash Flows From Investing Activities:</b>					
Interest on investments	3,963	5,172	4,664	-	13,799
Net change in cash and cash equivalents	310,058	400,578	279,548	-	990,184
Cash and investments, including restricted cash, beginning of year	<u>2,191,698</u>	<u>2,384,203</u>	<u>2,374,204</u>	<u>-</u>	<u>6,950,105</u>
<b>Cash and Cash Equivalents, Including Restricted Cash, End of Year</b>	<u>\$ 2,501,756</u>	<u>\$ 2,784,781</u>	<u>\$ 2,653,752</u>	<u>\$ -</u>	<u>\$ 7,940,289</u>
Reconciliation of operating income to net cash flows from operating activities:					
Operating income (loss)	\$ 81,558	\$ 339,144	\$ 30,002	\$ (2,829)	\$ 447,875
Adjustments to reconcile net income (loss) to net cash provided by operating activities					
Depreciation/amortization	368,475	235,652	92,535	-	696,662
Employer Pension Contributions	(8,777)	(3,764)	(15,032)	-	(27,573)
Changes in operating assets, liabilities and deferred inflows and outflows:					
(Increase) decrease in receivables	(19,618)	(10,021)	(22,619)	-	(52,258)
(Increase) decrease in prepaid expenses	(5,105)	-	-	-	(5,105)
(Increase) decrease in inventory	-	-	-	-	-
(Increase) decrease in due from other governments	-	-	18,836	40,264	59,100
Increase (decrease) in accounts payable	(15,668)	31,367	12,441	(18,714)	9,426
Increase (decrease) in accrued liabilities	3,889	2,027	4,982	-	10,898
Increase (decrease) in compensated absences payable	787	(8,628)	(988)	-	(8,829)
Increase (decrease) in due to other funds	-	-	-	(18,235)	(18,235)
Increase (decrease) in OPEB payable	694	479	1,099	-	2,272
Increase (decrease) in landfill closure/post closure liability	-	-	124,470	-	124,470
Net cash flows from operating activities	<u>\$ 406,235</u>	<u>\$ 586,256</u>	<u>\$ 245,726</u>	<u>\$ 486</u>	<u>\$ 1,238,703</u>

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

**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

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**NOTE 1. Summary of Significant Accounting Policies**

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**Description of government-wide financial statements**

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

**Reporting entity**

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

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

**Discretely presented component units.** The White Pine Historical Railroad Foundation (WPHRF, dba Nevada Northern Railway Museum) was created in 1983 for the administration and development of an operating tourist railroad museum, offering historical steam and diesel locomotive train experiences within the City and surrounding area of White Pine County, Nevada. The Agency is governed by the city's five members governing council. The city also guarantees WPHRF's debt obligations. The majority of the museum assets are gifted to the City of Ely and the Foundation. All assets of the museum are reported by the Foundation, as they are under the Foundation's day-to-day control. The Foundation operates on a fiscal year ending on December 31. Financial statements of the Foundation can be obtained from the Nevada Northern Railway Museum, PO Box 150040, Ely, Nevada 89315.

**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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**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 discussed earlier, the city has one discretely presented component units. While the White Pine Historical Railroad Foundation is not considered to be a major component unit, it is, nevertheless, shown in separate columns in the government-wide financial statements.

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

**Basis of presentation – fund financial statements**

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

The government reports the following major governmental funds:

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 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.

**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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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.

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.

**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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

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

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

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

***Cash and cash equivalents***

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

***Investments***

Investments for the government are reported at fair value (generally based on quoted market prices) except for the position in the State Treasurer's Investment Pool (Pool).

***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, 2015**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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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 in excess of two 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 fair 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

***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 one type of item that qualifies for reporting in this category, pension related items (see Note 10).

**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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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 government has two types of items which qualify for reporting in this category. The first is donations for storm drain maintenance. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second type is pension related items (see Note 10).

***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 the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

***Fund balance flow assumptions***

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

***Fund balance policies***

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

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

**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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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.

For the fiscal year 2014-2015, 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.



**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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*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 employes. 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 2013-2014 financial statements and reclassified where necessary. It has been provided to add comparability but is not considered full disclosure of transactions for 2013-2014. 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, 2015**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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**New pronouncements**

For the year ended June 30, 2015, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension assets and liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits. Implementation of these new Statements resulted in a restatement of beginning net position in the City's government-wide and proprietary fund financial statements (see Note 19).

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

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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.

**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

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**NOTE 3.      Stabilization Fund**

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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, 2015. 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, 2015, the City complied with the provisions of this section.

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**NOTE 4.      Stewardship, Compliance, and Accountability**

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**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.

**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

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**NOTE 5. Cash and Investments**

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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	\$ 1,288,252
Proprietary Funds - Unrestricted, designated	3,183,433
Proprietary Funds - Unrestricted	<u>3,501,030</u>
Subtotal	<u>7,972,715</u>
Government Funds - Restricted	25,014
Proprietary Funds - Restricted	<u>1,255,826</u>
Subtotal	<u>1,280,840</u>
Total	<u><u>\$ 9,253,555</u></u>
REPRESENTED BY:	
Cash on Hand	<u>\$ 4,327</u>
Demand deposits accounts:	
First National Bank	2,502,708
Bank of America	<u>239,539</u>
Cash and Deposits	<u>2,746,574</u>
Investments:	
First National Bank of Ely, Market Interest Account	6,503,215
Nevada Local Government Investment Pool	<u>3,766</u>
Total Investments	<u>6,506,981</u>
Total Cash and Investments	<u><u>\$ 9,253,555</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, 2015, the City's bank balance of \$9,302,057 was covered in the amount of \$489,885 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, 2015**

**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, 2015 the government had the following investments:

<u>Investments:</u>	<u>Fair Value</u>	<u>Credit Rating (1)</u>		<u>Weighted</u>
		<u>S&amp;P</u>	<u>Moody's</u>	<u>Average</u>
				<u>Maturity (2)</u>
Investment in Nevada Local Government Investment Pool	\$ 3,766	N/A	N/A	108 day average
First National Bank of Ely, Market Interest Account	<u>6,503,215</u>	N/A	N/A	Demand
Total Investments	<u>\$ 6,506,981</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

**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, 2015. 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.

**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

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**NOTE 5. Cash and Investments, Continued**

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**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, 2015:

Governmental Funds

Capital Projects	
2005 Fire Station Bond Reserve	\$ 24,668
Cout Assessment Fund	346
	<hr/>
Total Governmental Funds	<u>\$ 25,014</u>

Proprietary Funds

Municipal Water Department Fund	
1996 Water Revenue Bond Reserve	\$ 77,250
Sanitation Fund	
2001 Sewer Revenue Bond Reserve	135,488
Sanitary Landfill Fund	
Closure/Post Closure	<hr/>
Total Proprietary Funds	<u>1,043,088</u>
	<u>\$ 1,255,826</u>

**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

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**NOTE 5. Cash and Investments, Continued**

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**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. \$3,209 was added for the Water Department fund depreciation account; \$4,489 was added to the Sanitation fund depreciation account and \$1,841 was added to the Landfill fund depreciation account.

Amounts designated for future improvements at June 30, 2015 are as follows:

Water Fund	
Funded depreciation and system obligation	\$ 1,073,939
Sanitation Fund	
Funded depreciation and system obligation	1,494,928
Landfill Fund	
Funded depreciation	614,566
Total designated for future use	<u>\$ 3,183,433</u>

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**NOTE 6. White Pine Historical Railroad Foundation**

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**Property and Equipment**

Property and equipment are recorded at cost, if purchased or at the fair market value on the date received as a gift. Property and equipment are not considered a part of the Foundation's collection. Depreciation of capital assets is provided on a straight-line method over the estimated useful lives of the assets, which range from 5-60 years.

**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 6. White Pine Historical Railroad Foundation, Continued**

At December 31, 2014, property and equipment consisted of the following:

Property and Equipment	<u>December 31, 2014</u>
Restricted assets	
Land	\$ 148,411
Equipment	70,000
Unrestricted assets	
Building improvements	714,549
Rolling stock	299,615
Machinery, equipment and vehicles	77,966
Furniture, fixtures and office equipment	10,745
Track and track improvements	1,663,963
Construction in progress	11,980
	2,997,229
Accumulated depreciation	(514,131)
Property and equipment net of depreciation	\$ 2,483,098

**Collection**

The Foundation operates the Nevada Northern Railway Museum. The Museum and the majority of its equipment and facilities were a gift from the Kennecott Corporation to the City of Ely and the Foundation.

The collection consists of over 32 miles of trackage, dispatcher's office, and the complete East Ely complex of machine shops, roundhouse, yards, and rolling stock, which includes Steam Engines #40 and #93, various diesel-electric locomotives, numerous rail cars, and a train of antique passenger cars.

The capitalization of the collection occurred on January 1, 2003. The collection is valued at its estimated value on the date of donation, for the land and buildings, and at its appraised value for the rolling stock on the date of donation. Collection items purchased, since the time of the original donation, are valued at cost. Assets that have been substantially rehabilitated are valued at cost or estimated cost, plus rehabilitation expense, if the rehabilitation substantially improves the asset. The collection is being depreciated over its estimated useful lives of 15 to 60 years.



**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 6. White Pine Historical Railroad Foundation, Continued**

Purchased items that are original to the Nevada Northern Railway are treated as part of the collection. Operating assets that were never a part of the original railroad are not considered part of the collection.

Collection	<u>December 31, 2014</u>
Restricted assets	
Land and tracks	\$ 394,967
Buildings and improvements	6,706,267
Rolling stock	921,002
Construction in progress	538,136
Unrestricted	
Rolling stock	<u>818,163</u>
	9,378,535
Accumulated depreciation	(3,454,064)
Property and equipment net of depreciation	<u><u>\$ 5,924,471</u></u>

**Permanently Restricted Assets**

The Foundation received the gift of the Nevada Northern Railway from the Kennecott Corporation. The gift deeds from Kennecott Corporation and its various subsidiaries include reversionary clauses, such that should the Foundation and the City not use the gift for operation of a Museum, the gift must be returned to the donor. The Foundation receives grants and other income to maintain and improve the donated assets. Improvements added to permanently restricted assets are treated as permanently restricted if the improvements cannot be separated from the underlying asset. Due to the nature of the underlying assets, many of the permanently restricted assets are being depreciated.

The Foundation received the gift of two locomotives from the United States Army in August, 2000. The gift deed from the United States Government retains a lien-hold interest in the locomotives in perpetuity, and they may only be used in a static exhibit and may not be painted. The gift is not original to the site; therefore, the locomotives have not been added to the Foundation's collection. In their current usage, they are not being depreciated as they are not expected to sustain material degradation in value. They have been capitalized and are considered a part of the restricted equipment. They are valued at their estimated fair value on the date of the gift, less the estimated cost of required maintenance to be placed into service. The Organization is attempting to have the gift deed modified to be useful to the Organization. When this is accomplished and the locomotives are placed in service, they will be depreciated.

The donation documents require the Foundation to remove and properly dispose of hazardous materials (i.e., asbestos) in the locomotives within 60 days of receipt of the donation. As of December 31, 2014, this has not been accomplished.

**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 7. Capital Assets**

Governmental capital asset activity for the year ended June 30, 2015 was as follows:

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2015</u>
Capital assets, not being depreciated:					
Land	\$ 275,931	\$ -	\$ -	\$ -	\$ 275,931
Construction in progress	326,493	-	-	(326,493)	-
Total capital assets not being depreciated	<u>602,424</u>	<u>-</u>	<u>-</u>	<u>(326,493)</u>	<u>275,931</u>
Capital assets, being depreciated:					
Streets	6,493,403	-	-	-	6,493,403
Flood control	1,016,736	-	-	-	1,016,736
Improvements other than buildings	446,610	91,292	-	326,493	864,395
Buildings	1,651,323	11,228	-	-	1,662,551
Vehicles and equipment	2,668,139	34,002	-	-	2,702,141
Total capital assets being depreciated	<u>12,276,211</u>	<u>136,522</u>	<u>-</u>	<u>326,493</u>	<u>12,739,226</u>
Less accumulated depreciation for:					
Streets	4,689,750	117,209	-	-	4,806,959
Flood control	835,791	9,455	-	-	845,246
Improvements other than buildings	160,255	17,281	-	-	177,536
Buildings	761,374	54,621	-	-	815,995
Vehicles and equipment	1,311,786	114,996	-	-	1,426,782
Total accumulated depreciation	<u>7,758,956</u>	<u>313,562</u>	<u>-</u>	<u>-</u>	<u>8,072,518</u>
Governmental activities, net	<u>\$ 5,119,679</u>	<u>\$ (177,040)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,942,639</u>

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

General government	\$ 29,517
Judicial	11,376
Public safety	104,483
Public works	36,342
Health and sanitation	11,663
Culture and recreation	2,973
Streets and highways	117,208
Total depreciation expense - governmental activities	<u>\$ 313,562</u>

**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 7. Capital Assets, Continued**

Business-type capital asset activity for the year ended June 30, 2015 was as follows:

**Water Fund**

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2015</u>
Assets					
Land	\$ 125,646	\$ -	\$ -	\$ -	\$ 125,646
Construction in progress	-	25,974	-	-	25,974
Buildings	165,395	-	-	-	165,395
Georgetown Ranch	50,014	-	-	-	50,014
Improvements	13,214,360	12,001	-	-	13,226,361
Vehicles and equipment	486,314	-	-	-	486,314
Total capital assets	<u>14,041,729</u>	<u>37,975</u>	<u>-</u>	<u>-</u>	<u>14,079,704</u>
Less accumulated depreciation for:					
Buildings	110,499	1,974	-	-	112,473
Georgetown Ranch	8,214	-	-	-	8,214
Improvements	5,591,889	337,208	-	-	5,929,097
Vehicles and equipment	345,793	29,293	-	-	375,086
Total accumulated depreciation	<u>6,056,395</u>	<u>368,475</u>	<u>-</u>	<u>-</u>	<u>6,424,870</u>
Water fund assets, net	<u>\$ 7,985,334</u>	<u>\$ (330,500)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,654,834</u>

**Sanitation Fund**

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2015</u>
Assets					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	12,291	-	-	12,291
Sewer system	3,274,345	68,975	-	-	3,343,320
Treatment plant	3,046,724	-	-	-	3,046,724
Vehicles and equipment	271,511	-	-	-	271,511
Wastewater treatment plant	3,380,751	-	-	-	3,380,751
Total capital assets	<u>9,973,331</u>	<u>81,266</u>	<u>-</u>	<u>-</u>	<u>10,054,597</u>
Less accumulated depreciation for:					
Sewer system	1,463,889	90,093	-	-	1,553,982
Treatment plant	2,196,118	30,476	-	-	2,226,594
Vehicles and equipment	126,652	18,985	-	-	145,637
Wastewater treatment plant	999,480	96,098	-	-	1,095,578
Total accumulated depreciation	<u>4,786,139</u>	<u>235,652</u>	<u>-</u>	<u>-</u>	<u>5,021,791</u>
Sewer fund assets, net	<u>\$ 5,187,192</u>	<u>\$ (154,386)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,032,806</u>

**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 7. Capital Assets, Continued**

<b>Landfill Fund</b>	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2015</u>
Assets					
Land	\$ 14,832	\$ -	\$ -	\$ -	\$ 14,832
Construction in progress	-	-	-	-	-
Buildings	437,765	-	-	-	437,765
Vehicles and equipment	1,106,218	-	-	-	1,106,218
Total capital assets	<u>1,558,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,558,815</u>
Less accumulated depreciation for:					
Buildings	59,720	55,633	-	-	115,353
Vehicles and equipment	750,175	36,902	-	-	787,077
Total accumulated depreciation	<u>809,895</u>	<u>92,535</u>	<u>-</u>	<u>-</u>	<u>902,430</u>
Landfill fund assets, net	<u>\$ 748,920</u>	<u>\$ (92,535)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 656,385</u>
<b>Railroad Fund</b>	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2015</u>
Assets					
Land and right-of-way	\$ 1,700,000	\$ -	\$ -	\$ -	\$ 1,700,000
Construction in progress	94,005	52,177	-	-	146,182
Total capital assets	<u>1,794,005</u>	<u>52,177</u>	<u>-</u>	<u>-</u>	<u>1,846,182</u>
Railroad fund assets, net	<u>\$ 1,794,005</u>	<u>\$ 52,177</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,846,182</u>
Total business-type activities, net	<u>\$ 15,715,451</u>	<u>\$ (525,244)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,190,207</u>

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

<b>Business-Type Activities:</b>	
Water	\$ 368,475
Sewer	235,652
Landfill	<u>92,535</u>
Total depreciation expense - business-type activities	<u>\$ 696,662</u>

The City has one asset acquired through a capital lease. The total cost of the asset is \$450,443 and the total accumulated depreciation is \$182,610.

**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 8. Long-Term Liabilities**

The following is a summary of long-term liabilities for the year ended June 30, 2015:

	Date of Issue	Original Amount of Issue	Interest Rate	Paid During Period	Balance 6/30/2014	Additions	Reductions	Balance 6/30/2015	Payments Due 2015/2016		Year of Final Payment
									Principal	Interest	
<b>Governmental Activities</b>											
<b>Notes Payable:</b>											
<b>Capital Projects Fund:</b>											
Fire Station Bond, Series 2005	9/28/2005	\$ 463,109	4.13%	\$ 14,218	\$ 351,190	\$ -	\$ 15,518	\$ 335,672	\$ 16,134	\$ 13,602	2030
<b>Capital Lease Payable:</b>											
<b>Fire Protection/Street Improvement Fund:</b>											
Fire Truck	6/1/2008	450,443	5.86%	12,356	240,148	-	20,324	219,824	21,368	11,310	2023
Compensated absences		\$ 913,552		\$ 26,574	591,338	-	35,842	555,496	\$ 37,502	\$ 24,912	
Other post employment benefits					73,663	59,557	48,846	84,374			
Net pension liability					63,844	3,041	-	66,885			
					2,351,492	97,707	585,510	1,863,689			
Governmental Activity Long-Term Liabilities		\$ 3,080,337		\$ 160,305	\$ 670,198	\$ 2,570,444					
<b>Business-Type Activities</b>											
<b>Enterprise Funds:</b>											
<b>Bonds Payable:</b>											
Sewer Revenue Bond, Series 2002	9/12/2001	\$ 1,900,000	4.75%	\$ 76,086	\$ 1,615,201	\$ -	\$ 30,162	\$ 1,585,039	\$ 31,420	\$ 74,828	2041
Water Revenue Bond, Series 1996	1/29/1996	1,189,800	5.00%	44,523	901,613	-	25,018	876,595	26,178	43,362	2036
		\$ 3,839,800		\$ 120,609	2,516,814	-	55,180	2,461,634	\$ 57,598	\$ 118,190	
Compensated absences					32,510	16,604	25,433	23,681			
Other post employment benefits					49,724	2,272	-	51,996			
Net pension liability					663,241	27,558	165,115	525,684			
Business-Type Activity Long-Term Liabilities		\$ 3,262,289		\$ 46,434	\$ 245,728	\$ 3,062,995					

**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 8. 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

Period Ending June 30	Interest Rate	Principal	Interest	Total
2016	5.00%	\$ 26,178	\$ 43,362	\$ 69,540
2017	5.00%	27,637	41,903	69,540
2018	5.00%	29,051	40,489	69,540
2019	5.00%	30,537	39,003	69,540
2020	5.00%	31,996	37,544	69,540
2021-2025	5.00%	186,760	160,940	347,700
2026-2030	5.00%	239,702	107,998	347,700
2031-2035	5.00%	301,873	40,032	341,905
2036	5.00%	2,861	164	3,025
		\$ 876,595	\$ 511,435	\$ 1,388,030

The City issued \$1,900,000 of 4.75% Sewer Bonds, Series 2002, 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

Period Ending June 30	Interest Rate	Principal	Interest	Total
2016	4.75%	\$ 31,420	\$ 74,828	\$ 106,248
2017	4.75%	33,152	73,096	106,248
2018	4.75%	34,761	71,487	106,248
2019	4.75%	36,449	69,799	106,248
2020	4.75%	38,031	68,217	106,248
2021-2025	4.75%	220,568	310,702	531,270
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%	107,454	2,905	110,359
		\$ 1,585,039	\$ 1,181,520	\$ 2,766,559

**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 8. 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

Period Ending June 30	Interest Rate	Principal	Interest	Total
2016	4.125%	\$ 16,134	\$ 13,602	\$ 29,736
2017	4.125%	16,850	12,886	29,736
2018	4.125%	17,559	12,177	29,736
2019	4.125%	18,298	11,438	29,736
2020	4.125%	19,040	10,696	29,736
2021-2025	4.125%	109,895	38,785	148,680
2026-2030	4.125%	134,973	13,707	148,680
2031	4.125%	2,923	48	2,971
		<u>\$ 335,672</u>	<u>\$ 113,339</u>	<u>\$ 449,011</u>

**Capital Lease**

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 1<sup>st</sup> 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, 2015, is as follows:

Fire Truck Capital Lease

Period Ending June 30	Lease Payments	Amount Representing Principal	Amount Representing Interest
2016	\$ 32,678	\$ 21,368	\$ 11,310
2017	32,679	22,468	10,211
2018	32,679	23,624	9,055
2019	32,678	24,839	7,839
2020	32,678	26,117	6,561
2021-2024	113,501	101,408	12,093
	<u>\$ 276,893</u>	<u>\$ 219,824</u>	<u>\$ 57,069</u>

**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

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**NOTE 8. Long-Term Liabilities, Continued**

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The lawful City general obligation debt limit is established under NRS 266.600 and is not to exceed 30 percent of the total last assessed valuation of the taxable property of the City. The general obligation debt limit was \$19,909,623. The City has no general obligation debt outstanding at June 30, 2015; therefore, the City is within the legal limit.

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**NOTE 9. Notes Payable, White Pine Historical Railroad Foundation**

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The notes payable at December 31, 2014, are as follows:

The WPHRF has various notes payable to the First National Bank of Ely, due December 31, 2014, with interest at 3.5%. The notes are secured by various grants from the State of Nevada, the U.S. Government and specific contributions. The balance due at December 31, 2014, was \$187,834. The loans are renewed annually at the option of the bank.

Note payable due to Mark and Joan Bassett is paid monthly on the 1<sup>st</sup> of each month with payments of \$799 being made in the months from January to June and \$1,332 payments made from July to December of each year. The balance due is \$62,931 on December 31, 2014 and the note is schedule to be paid off in March of 2020. Mr. Bassett is the Foundation's Executive Director. The note is unsecured.

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**NOTE 10. Defined Benefit Pension Plan**

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**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.



**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

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**NOTE 10. Defined Benefit Pension Plan, Continued**

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

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier. 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 are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service.

Police/Fire members 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.

**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 10. Defined Benefit Pension Plan, Continued**

*Contributions*

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

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

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

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

For the fiscal year ended June 30, 2014 and June 30, 2015 the Statutory Employer/employee matching rate was 13.25% for Regular and 20.75% for Police/Fire. The Employer-pay contribution (EPC) rate was 25.75% for Regular and 40.50% for Police/Fire.

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

Fiscal Year Ended June 30	Regular Members	Police/Fire	Total Contributions
2015	25.75%	40.50%	\$ 441,934
2014	25.75%	40.50%	423,963
2013	23.75%	39.75%	412,688

**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, 2014:

**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 10. Defined Benefit Pension Plan, Continued**

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

\*As of June 30, 2014, PERS' long-term inflation assumption was 3.50%.

**Pension liability**

*Net pension liability*

At June 30, 2015, the City reported a liability of \$2,389,345 for its proportionate share of the PERS' net pension liability. The net pension liability was measured as of June 30, 2014, 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, 2014. The City's proportion measured as of June 30, 2014, was 0.022926 percent, which was a decrease of 0.007157 percent from its proportion measured as of June 30, 2013.

*Pension liability discount rate sensitivity*

The following presents the net pension liability of the PERS as of June 30, 2014, calculated using the discount rate of 8.00%, 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 (7.00%) or 1-percentage-point higher (9.00%) than the current discount rate:

	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
Proportionate share of Net pension (asset) / liability	\$ 3,715,693	\$ 2,389,345	\$ 1,286,812

*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.

**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

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**NOTE 10. Defined Benefit Pension Plan, Continued**

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*Actuarial assumptions*

The City's net pension liability was measured as of June 30, 2014, 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	3.50%
Payroll growth	5.00%, including inflation
Investment rate of return	8.00%
Productivity pay increase	0.75%
Projected salary increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.50%, depending on service Rates include inflation and productivity increases
Consumer Price Index	3.50%
Other assumptions	Same as those used in the June 30, 2014 funding actuarial valuation

Actuarial assumptions used in the June 30, 2014 valuation were based on the results of the experience review completed in 2013.

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2014 and June 30, 2013. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2014, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2014 and June 30, 2013.

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

For the year ended June 30, 2015, the City recognized pension expense for PERS of \$316,698. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 10. Defined Benefit Pension Plan, Continued**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 114,343
Net difference between projected and actual earnings on pension plan investments	-	501,860
Changes in proportion and differences between contributions and proportional share of contributions	21,492	-
Subtotal	21,492	616,203
Contributions subsequent to the measurement date	441,964	-
Total	\$ 463,456	\$ 616,203

The \$441,964 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:

<b>Year Ended December 31</b>	<b>Deferred Outflows (Inflows) of Resources</b>
2015	\$ (140,450)
2016	(140,450)
2017	(140,450)
2018	(140,450)
2019	(19,361)
Thereafter	(13,552)
	\$ (594,711)

**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

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**NOTE 11. Closure and Post-Closure Care Cost**

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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 (\$3,137,880) 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, 2015, as adjusted for inflation. It is estimated that an additional \$2,094,792 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 (2068). The estimated liability for landfill closure and post-closure care costs has a balance of \$1,043,088 as of June 30, 2015, which is based on 33.24% 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 2015, the actual cost of closure and post-closure care may be higher due to changes in technology or changes in landfill laws and regulations.

The City is required by State and Federal laws and regulations to provide assurance that it will be able to finance closure and post-closure care costs. The City has recognized the liability for closure and post-closure care and has set the required funds aside in a Money Market account held at First National Bank of Ely. The investment account balance as of June 30, 2015 was \$943,199. The City has restricted another \$99,761 in cash in the Landfill Fund as of June 30, 2015, which is being transferred to the Money Market fund in fiscal year 2016.

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**NOTE 12. Risk Management**

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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, 2015**

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**NOTE 12. Risk Management, Continued**

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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.

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**NOTE 13. Ely Railroad Fund**

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The rail line from the old Kennecott mine to Cobre Junction is now owned by the City and the White Pine Historical Railroad 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 White Pine Historical Railroad 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.

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**NOTE 14. City Water Flow Mitigation**

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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, to be completed by year end 2017. The funding of the trust is occurring according to the agreement.

**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

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**NOTE 15. S&S Shortline Leasing LLC**

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The City and the White Pine Historical Railroad 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.

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**NOTE 16. Post-Employment Benefits Other than Pensions**

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**Plan Description**

The City subsidizes eligible retirees' contributions to the Public Employees' Benefits Plan (PEBP), an agent multiple-employer defined benefit postemployment healthcare plan administered by the State of Nevada. NRS 287.041 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. Prior to November 1, 2008, city employees could join the State of Nevada Public Employees Benefit Plan (PEBP). Currently 18 former employees are members of the plan. Those employees have the option upon retirement to enroll in coverage under the PEBP and the subsidy provided by the City is determined by their number of years of service. The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employee's Benefits Program, 901 S. Stewart Street, Suite 1001, Carson City, NV, 89701, by calling (775) 684-7000, or by accessing the website at [www.pebp.state.nv.us/informed/financial.htm](http://www.pebp.state.nv.us/informed/financial.htm).

**Funding Policy**

NRS 287.046 establishes the subsidies to be contributed toward the premium costs of the eligible retired employees. Plan members receiving benefits have their monthly contributions deducted from their pension checks based on the health plan chosen by the retiree as reduced by the amount of the subsidy. Retirees qualify for a subsidy of \$86.06 at five years of service and \$473.41 at 20 years of service with incremental increases for each year of service between. The contribution requirements of plan members and the City are established and amended by the PEBP board of trustees. As a participating employer, the City is billed for the subsidy on a monthly basis and is legally required under NRS 287.023 to provide for it. For fiscal year 2015, the City contributed \$29,333 to the plan for current premiums. The City did not prefund any future benefits.

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual other postemployment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.



**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 16. Post-Employment Benefits Other than Pensions**

For fiscal year 2015 the City's annual OPEB cost (expense) of \$36,090 for the PEBP was equal to the ARC. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2015 is as follows:

Fiscal Year Ended	Annual OPEB Cost (EANC Cost Method)	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 36,090	81%	\$ 118,624
6/30/2014	35,564	112%	113,568
6/30/2013	65,108	72%	72,020

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the PEBP:

Annual required contribution	\$ 36,090
Interest on net OPEB obligation	4,543
Adjustments to annual required contributions	(6,244)
Annual OPEB cost (expense)	<u>34,389</u>
Contributions made	<u>(29,333)</u>
Increase in net OPEB obligation	5,056
Net OPEB obligation - beginning of year	<u>113,568</u>
Net OPEB obligation - end of year	<u><u>\$ 118,624</u></u>

**Funded Status and Funding Progress**

The City's most recent actuarial valuation was as of June 30, 2014 and as of the end of the fiscal year the City has not prefunded any portion of the plan. The actuarial accrued liability (AAL) for benefits was \$513,273 and having not funded the obligation the City currently has no associated assets to offset this liability. Because of this the unfunded actuarial accrued liability (UAAL) is equal to the AAL. The covered payroll (annual payroll of active employees covered by the plan) was \$1,397,469 and the ratio of the UAAL to the covered payroll was 37%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 16. Post-Employment Benefits Other than Pensions, Continued**

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2014 actuarial valuation, the entry age normal cost actuarial cost method was used. The actuarial assumptions included a 4 percent investment rate of return which is the target rate of return for the Nevada Public Employee Retirement System. This rate is used since state law allows trusts to be created within the retirement system for investing assets associated with other post-employment benefits. If the City ultimately chooses to fund the plan, they would fund it through a trust with the assets invested by PERS. An annual healthcare cost trend rate of 8 percent is used initially, reduced by decrements to an ultimate rate of 5 percent after four years. A standard 3 percent inflation rate was used throughout.

The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2015 is 25 years.

**NOTE 17. Interfund Transactions and Balances**

Interfund receivables for the year ended June 30, 2015 are as follows:

		Due From		
		Street Fund	Railroad Fund	Total
Due To	General Fund	\$ -	\$ 51,829	\$ 51,829
	Total	\$ -	\$ 51,829	\$ 51,829

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 not determined any terms of repayment for the above interfund balances; however, it is expected that they will be repaid in the next fiscal year.

**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 17. Interfund Transactions and Balances, Continued**

Interfund transfers for the year ended June 30, 2015 are as follows:

		<b>Transfers Out</b>	
		General Fund	Total
<b>Transfers In</b>	Street Fund	\$ 136,895	\$ 136,895
	Total	\$ 136,895	\$ 136,895

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.

**NOTE 18. Parker Street Water Project**

The City contracted for and had \$321,761 of infrastructure added to the City's water system in fiscal year 2012. Subsequent to the completion of the project, it came to the City's attention that the contractor failed to install the water lines to required depths needed to reasonably prevent damage from freezing temperatures. The City is considering to what degree repairs and infrastructure replacement will be needed. The City is also considering what legal and other avenues are available to cover the costs of the related maintenance and replacements. Financial impact to the City will depend on the conclusions reached and options available.

**NOTE 19. Contingencies**

White Pine Historical Railroad Foundation Management Board v. City of Ely City Council, et. al. was filed in September 2014. While this case has been resolved through mediation, there have been motions related to attorneys' fees and costs. White Pine Historical Railroad Foundation Management Board Members are seeking fees from the City to cover their costs related to the case. It is expected the City will be held liable for some amount, to be determined by hearing in December 2015, which could be as high as \$45,000. One Ely City Council member is also seeking attorney's fees and costs. While it is unlikely the City will have any liability related to this Council Member's motion, as the White Pine Historic Railroad Foundation is a component unit of the City, there is some chance the City may have a liability related to this motion as well.

**CITY OF ELY, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 20. Restatement Adjustment**

As mentioned in Note 1 to the financial statements, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension assets and liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. This resulted in a restatement of beginning net position as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Restatement adjustment - implementation of GASB 68:			
Net pension liability	\$ (2,351,492)	\$ (663,241)	\$ (3,014,733)
Deferred outflows - contributions made during fiscal year 2014	270,857	76,395	347,252
Total Restatement Adjustment	\$ (2,080,635)	\$ (586,846)	\$ (2,667,481)

**NOTE 21. Prior Period Adjustment, Component Unit**

In 2013, the Foundation was given a 1930 Model A Ford Mail Truck valued at \$60,000. This donation was not recorded in the 2013 financial statements. Accordingly, a prior period adjustment is recorded in 2014 to increase machinery and equipment and increase net assets by \$60,000.

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## **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 funding progress** for post-employment health care plan, see note 16.

**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, 2015**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2014)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
<b>Revenues</b>					
<b>Taxes:</b>					
Ad valorem tax	\$ -	\$ -	\$ 1,623	\$ 1,623	\$ -
Franchise tax	86,000	86,000	87,536	1,536	81,132
Total taxes	86,000	86,000	89,159	3,159	81,132
<b>Licenses and permits:</b>					
Business licenses	139,400	139,400	191,261	51,861	204,116
Animal licenses	10,000	10,000	2,114	(7,886)	10,515
Building permits	40,000	40,000	51,000	11,000	48,139
Building - misc.	-	-	1,743	1,743	2,064
Excavation permits	1,000	1,000	2,630	1,630	890
Total licenses and permits	190,400	190,400	248,748	58,348	265,724
<b>Intergovernmental revenue:</b>					
Consolidated tax	1,202,218	1,202,218	1,271,756	69,538	1,202,833
Share of county gaming tax	42,000	42,000	41,937	(63)	37,913
City/County/Tribal co-op - first responder	149,000	149,000	-	(149,000)	6,000
City/County co-op - public safety	32,817	32,817	-	(32,817)	165,939
Grant - WPC fair & recreational park	14,000	14,000	-	(14,000)	25,078
Total intergovernmental revenue	1,440,035	1,440,035	1,313,693	(126,342)	1,437,763
<b>Charges for services:</b>					
Cemetery charges	35,000	35,000	29,172	(5,828)	38,250
Work cards	7,500	7,500	6,477	(1,023)	4,790
Fire claims	5,000	5,000	1,914	(3,086)	3,112
Fire ambulance service	120,000	120,000	102,263	(17,737)	111,800
Miscellaneous	6,000	6,000	11,035	5,035	9,749
Total charges for services	173,500	173,500	150,861	(22,639)	167,701
<b>Fines and forfeitures:</b>					
Court fines	110,000	110,000	87,854	(22,146)	104,109
Evidentiary fee	3,100	3,100	2,700	(400)	3,106
Public defender fee	1,500	1,500	270	(1,230)	1,495
Notice fees	500	500	280	(220)	340
Miscellaneous court fees	4,000	4,000	2,829	(1,171)	4,266
Total fines and forfeitures	119,100	119,100	93,933	(25,167)	113,316
<b>Miscellaneous:</b>					
Interest earned	3,500	3,500	3,388	(112)	2,782
Rents and leases	12,000	12,000	12,759	759	8,547
Recycling revenue	20,000	20,000	717	(19,283)	33,885
Miscellaneous	13,000	13,000	107,242	94,242	115,490
Total miscellaneous	48,500	48,500	124,106	75,606	160,704
Total revenues	2,057,535	2,057,535	2,020,500	(37,035)	2,226,340

(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, 2015 (Continued)**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2014)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
<b>Expenditures</b>					
<b>General government:</b>					
Legislative:					
Mayor and council:					
Salaries and wages	13,699	13,699	8,647	5,052	9,959
Employee benefits	23,566	23,566	11,452	12,114	4,910
Services, supplies and other	9,037	9,037	11,626	(2,589)	3,223
Total legislative	<u>46,302</u>	<u>46,302</u>	<u>31,725</u>	<u>14,577</u>	<u>18,092</u>
Administration:					
City clerk:					
Salaries and wages	43,999	43,999	71,807	(27,808)	40,579
Employee benefits	43,629	43,629	43,303	326	29,309
Services, supplies and other	49,580	49,580	118,256	(68,676)	43,910
Total administration	<u>137,208</u>	<u>137,208</u>	<u>233,366</u>	<u>(96,158)</u>	<u>113,798</u>
Finance:					
City treasurer:					
Salaries and wages	15,563	15,563	14,200	1,363	18,104
Employee benefits	9,208	9,208	5,672	3,536	6,125
Services, supplies and other	18,651	18,651	36,775	(18,124)	14,476
Contingency	-	-	-	-	-
Total finance	<u>43,422</u>	<u>43,422</u>	<u>56,647</u>	<u>(13,225)</u>	<u>38,705</u>
Total general government	<u>226,932</u>	<u>226,932</u>	<u>321,738</u>	<u>(94,806)</u>	<u>170,595</u>
<b>Judicial:</b>					
City court:					
Salaries and wages	73,671	73,671	84,738	(11,067)	73,121
Employee benefits	20,483	20,483	24,245	(3,762)	18,578
Services, supplies and other	85,695	85,695	73,531	12,164	80,987
Total city court	<u>179,849</u>	<u>179,849</u>	<u>182,514</u>	<u>(2,665)</u>	<u>172,686</u>
City attorney:					
Salaries and wages	-	-	-	-	14,206
Employee benefits	-	-	-	-	5,699
Services, supplies and other	1,400	1,400	3,614	(2,214)	2,257
Total city attorney	<u>1,400</u>	<u>1,400</u>	<u>3,614</u>	<u>(2,214)</u>	<u>22,162</u>
Total judicial	<u>181,249</u>	<u>181,249</u>	<u>186,128</u>	<u>(4,879)</u>	<u>194,848</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, 2015 (Continued)**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2014)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
<b>Public safety:</b>					
Law enforcement:					
City/County law enforcement contract	380,000	380,000	380,000	-	545,939
Fire department:					
Salaries and wages	398,975	398,975	432,867	(33,892)	426,827
Employee benefits	267,453	267,453	227,402	40,051	228,236
Services, supplies and other	96,060	96,060	101,413	(5,353)	98,570
Fire prevention week	900	900	348	552	1,000
Grant expense	-	-	-	-	-
Total fire department	763,388	763,388	762,030	1,358	754,633
Total public safety	1,143,388	1,143,388	1,142,030	1,358	1,300,572
<b>Public works:</b>					
Engineering:					
Services, supplies and other	29,550	29,550	34,100	(4,550)	42,292
Total engineering	29,550	29,550	34,100	(4,550)	42,292
Building department:					
Salaries and wages	52,159	52,159	59,217	(7,058)	51,522
Employee benefits	30,512	30,512	31,399	(887)	24,961
Services, supplies and other	3,206	3,206	5,004	(1,798)	2,701
Total building department	85,877	85,877	95,620	(9,743)	79,184
Total public works	115,427	115,427	129,720	(14,293)	121,476
<b>Health and sanitation:</b>					
Animal control:					
Salaries and wages	36,554	36,554	33,847	2,707	43,796
Employee benefits	17,337	17,337	17,656	(319)	17,737
Services, supplies and other	13,820	13,820	12,100	1,720	13,396
Total animal control	67,711	67,711	63,603	4,108	74,929
Cemetery:					
Salaries and wages	95,347	95,347	109,435	(14,088)	93,865
Employee benefits	58,143	58,143	47,290	10,853	35,318
Services, supplies and other	18,420	18,420	19,151	(731)	17,432
Total cemetery	171,910	171,910	175,876	(3,966)	146,615
Total health and sanitation	239,621	239,621	239,479	142	221,544

(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, 2015 (Continued)**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2014)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
<b>Culture and recreation:</b>					
Parks department:					
Salaries and wages	61,587	61,587	74,613	(13,026)	69,239
Employee benefits	45,815	45,815	42,578	3,237	38,703
Services, supplies and other	19,038	19,038	22,848	(3,810)	18,490
Tree board	250	250	235	15	-
Total culture and recreation	<u>126,690</u>	<u>126,690</u>	<u>140,274</u>	<u>(13,584)</u>	<u>126,432</u>
<b>Community support:</b>					
Grant - WPC fair and recreational park	43,000	43,000	26,111	16,889	25,350
Pennington grant expense	-	-	27,049	(27,049)	-
Miscellaneous	-	-	41	(41)	-
Total community support	<u>43,000</u>	<u>43,000</u>	<u>53,201</u>	<u>(10,201)</u>	<u>25,350</u>
Total expenditures	<u>2,076,307</u>	<u>2,076,307</u>	<u>2,212,570</u>	<u>(136,263)</u>	<u>2,160,817</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(18,772)</u>	<u>(18,772)</u>	<u>(192,070)</u>	<u>(173,298)</u>	<u>65,523</u>
<b>Other financing sources (uses)</b>					
Transfers out	-	-	(136,895)	(136,895)	(45,000)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(136,895)</u>	<u>(136,895)</u>	<u>(45,000)</u>
Net change in fund balance	<u>(18,772)</u>	<u>(18,772)</u>	<u>(328,965)</u>	<u>(310,193)</u>	<u>20,523</u>
Fund balance, beginning of year	981,802	981,802	981,802	-	961,279
<b>Fund balance, end of year</b>	<u>\$ 963,030</u>	<u>\$ 963,030</u>	<u>\$ 652,837</u>	<u>\$ (310,193)</u>	<u>\$ 981,802</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, 2015**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2014)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
<b>Revenues</b>					
<b>Intergovernmental:</b>					
Gas tax 2.35	\$ 123,928	\$ 123,928	\$ 123,651	\$ (277)	\$ 122,675
Gas tax 1 cent option	28,717	28,717	28,927	210	28,238
Motor vehicle, 1.75 gas tax	16,896	16,896	15,498	(1,398)	16,789
County contribution	22,540	22,540	-	(22,540)	22,540
Public transit fund	168,200	168,200	36,996	(131,204)	155,461
Regional transportation commission	400,000	400,000	295,121	(104,879)	799,130
Total intergovernmental	<u>760,281</u>	<u>760,281</u>	<u>500,193</u>	<u>(260,088)</u>	<u>1,144,833</u>
<b>Other revenues:</b>					
Miscellaneous	25,000	25,000	-	(25,000)	22,866
Total other revenues	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>	<u>22,866</u>
Total revenues	<u>785,281</u>	<u>785,281</u>	<u>500,193</u>	<u>(285,088)</u>	<u>1,167,699</u>
<b>Expenditures</b>					
<b>Highways and streets:</b>					
Salaries and wages	142,815	142,815	149,040	(6,225)	124,941
Employee benefits	64,476	64,476	75,300	(10,824)	53,676
Service, supplies, and other	568,200	568,200	458,986	109,214	438,851
Capital outlay	-	-	-	-	573,476
Total highway and streets	<u>775,491</u>	<u>775,491</u>	<u>683,326</u>	<u>92,165</u>	<u>1,190,944</u>
Total expenditures	<u>775,491</u>	<u>775,491</u>	<u>683,326</u>	<u>92,165</u>	<u>1,190,944</u>
Excess of revenue and other sources over (under) expenditures	9,790	9,790	(183,133)	(192,923)	(23,245)
<b>Other financing sources (uses)</b>					
Transfers in	45,000	45,000	136,895	91,895	45,000
Net change in fund balance	54,790	54,790	(46,238)	(192,923)	21,755
Fund balance, beginning of year	46,238	46,238	46,238	-	24,483
<b>Fund balance, end of year</b>	<u>\$ 101,028</u>	<u>\$ 101,028</u>	<u>\$ -</u>	<u>\$ (192,923)</u>	<u>\$ 46,238</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, 2015**  
**Last 10 Fiscal Years**

	<b>Reporting Fiscal Year (Measurement Date)</b>
	<b>2015 (2014)</b>
Proportion of the net pension liability (asset)	0.022926%
Proportionate share of the net pension liability (asset)	\$ 2,389,345
Covered employee payroll	\$ 1,457,944
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	163.88%
Plan fiduciary net position as a percentage of the total pension liability	76.31%

The City implemented GASB 68 in fiscal year 2015. Prior year information is not available.

**CITY OF ELY, NEVADA**  
**Required Supplementary Information**  
**Schedule of Contributions**  
**Public Employees' Retirement System of Nevada**  
**June 30, 2015**  
**Last 10 Fiscal Years**

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	Reporting Fiscal Year (Measurement Date) <b>2015</b> <b>(2014)</b>
	(2014)
Contractually required contribution	\$ 423,963
Contributions in relation to the contractually required contribution	(423,963)
Contribution deficiency (excess)	\$ -
Covered employee payroll	\$ 1,457,944
Contributions as a percentage of covered-employee payroll	29.08%

The City implemented GASB 68 in fiscal year 2015. Prior year information is not available.

**CITY OF ELY, NEVADA**  
**Required Supplementary Information**  
**Schedule of Funding Progress**  
**For the Year Ended June 30, 2015**

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Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Accrued Liability (AAL) EANC (b)	Unfunded AAL (UAAL) (b-a)	Funded Ration (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2014	\$ -	\$ 516,841	\$ 516,841	\$ -	\$ 1,343,720	38%
6/30/2011	-	963,203	963,203	-	1,624,063	59%

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**SUPPLEMENTARY INFORMATION  
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.

**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.



**CITY OF ELY, NEVADA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2015**

	Special Revenue										Capital Projects		Total
	Beautification Fund	Court Assessment Fund	Court Collection Fee Fund	Court Facility Assessment Fund	Fire Protection & Street Improvement Fund	Ely City Redevelopment District Fund	Revolving Loan Fund	Victim Impact Panel Fund	Capital Projects Fund	Nonmajor Governmental Funds			
<b>Assets</b>													
Cash and cash equivalents	\$ 2,388	\$ 23,361	\$ 24,460	\$ 76,247	\$ 228,048	\$ 72,961	\$ 81,078	\$ 6,261	\$ 262,975	\$ 777,779			
Cash - restricted	-	346	-	-	-	-	-	-	24,668	25,014			
Notes receivable	-	-	-	-	-	-	-	-	-	-			
Taxes receivable	-	-	-	-	21,110	-	-	-	-	-			
Due from other governments	-	-	-	-	-	-	-	-	-	21,110			
Total assets	\$ 2,388	\$ 23,707	\$ 24,460	\$ 76,247	\$ 249,158	\$ 72,961	\$ 81,078	\$ 6,261	\$ 287,643	\$ 823,903			
<b>Liabilities</b>													
Accounts payable	\$ -	\$ 16,716	\$ -	\$ -	\$ 450	\$ -	\$ -	\$ -	\$ -	\$ 17,166			
Interest payable	-	-	-	-	-	-	-	-	-	50			
Total liabilities	-	16,716	-	-	450	-	-	-	-	17,216			
<b>Deferred Inflows</b>													
Unavailable revenues	-	-	-	-	-	-	-	-	-	-			
Total deferred inflows	-	-	-	-	-	-	-	-	-	-			
<b>Fund Balance</b>													
Restricted for:													
Capital outlay	-	-	-	-	248,708	-	-	-	258,600	507,308			
Debt service	-	-	-	-	-	-	-	-	28,993	28,993			
Other purposes	2,388	6,991	24,460	76,247	-	72,961	81,078	6,261	-	270,386			
Total fund balances	2,388	6,991	24,460	76,247	248,708	72,961	81,078	6,261	287,593	806,687			
Total liabilities, deferred inflows, and fund balances	\$ 2,388	\$ 23,707	\$ 24,460	\$ 76,247	\$ 249,158	\$ 72,961	\$ 81,078	\$ 6,261	\$ 287,643	\$ 823,903			

**CITY OF ELY, NEVADA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2015**

	Special Revenue							Capital Projects	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
<b>Revenues</b>										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 95,811	\$ 23,139	\$ -	\$ -	\$ 30,890	\$ 149,840
Interest	-	-	-	-	35	-	106	-	70	211
Charges for services	-	-	2,997	7,063	-	-	-	325	-	10,385
Other revenues	1,970	-	-	-	-	-	25,000	-	-	26,970
Total revenues	1,970	-	2,997	7,063	95,846	23,139	25,106	325	30,960	187,406
<b>Expenditures</b>										
General government	-	-	-	-	-	-	-	-	-	-
Judicial	-	-	265	-	-	-	-	-	-	265
Public safety	-	-	-	-	33,129	-	-	-	-	33,129
Public works	-	-	-	-	-	-	-	-	-	-
Highway & streets	-	-	-	-	144	-	-	-	-	144
Culture & Recreation	5,430	-	-	-	-	-	-	-	-	5,430
Debt service - principal	-	-	-	-	-	-	-	-	15,518	15,518
Debt service - interest	-	-	-	-	-	-	-	-	14,218	14,218
Total expenditures	5,430	-	265	-	33,273	-	-	-	29,736	68,704
Excess (deficiency) of revenues over (under) expenditures	(3,460)	-	2,732	7,063	62,573	23,139	25,106	325	1,224	118,702
<b>Other financing sources</b>										
Transfers in	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	(3,460)	-	2,732	7,063	62,573	23,139	25,106	325	1,224	118,702
Fund balances, beginning of year	5,848	6,991	21,728	69,184	186,135	49,822	55,972	5,936	286,369	687,985
Fund balances, end of year	\$ 2,388	\$ 6,991	\$ 24,460	\$ 76,247	\$ 248,708	\$ 72,961	\$ 81,078	\$ 6,261	\$ 287,593	\$ 806,687

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**NONMAJOR INDIVIDUAL FUND FINANCIAL STATEMENTS**

**CITY OF ELY, NEVADA**  
**Beautification Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2015**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2014)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2014</u>
<b>Revenues</b>					
Other revenues:					
Donations	\$ -	\$ -	\$ 1,970	\$ 1,970	\$ 7,620
<b>Expenditures</b>					
Culture and recreation:					
Services, supplies, and other	-	-	5,430	(5,430)	1,772
Total expenditures	-	-	5,430	(5,430)	1,772
Excess of revenues over (under) expenditures	-	-	(3,460)	(3,460)	5,848
Fund balance, beginning of year	5,848	5,848	5,848	-	-
<b>Fund balance, end of year</b>	<u>\$ 5,848</u>	<u>\$ 5,848</u>	<u>\$ 2,388</u>	<u>\$ (3,460)</u>	<u>\$ 5,848</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, 2015**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2014)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
<b>Revenues</b>					
Charges for services:					
Assessment fees	\$ 4,000	\$ 4,000	\$ -	\$ (4,000)	\$ 3,109
Other revenues:					
Interest	-	-	-	-	-
Total revenues	4,000	4,000	-	(4,000)	3,109
<b>Expenditures</b>					
Judicial:					
Services, supplies, and other	-	-	-	-	25,000
Total expenditures	-	-	-	-	25,000
Excess of revenues over (under) expenditures	4,000	4,000	-	(4,000)	(21,891)
Fund balance, beginning of year	6,991	6,991	6,991	-	28,882
<b>Fund balance, end of year</b>	<b>\$ 10,991</b>	<b>\$ 10,991</b>	<b>\$ 6,991</b>	<b>\$ (4,000)</b>	<b>\$ 6,991</b>

**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, 2015**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2014)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
<b>Revenues</b>					
Charges for services:					
Assessment fees	\$ 5,000	\$ 5,000	\$ 2,997	\$ (2,003)	\$ 3,686
Other revenues:					
Interest	-	-	-	-	-
Total revenues	5,000	5,000	2,997	(2,003)	3,686
<b>Expenditures</b>					
Judicial:					
Services, supplies, and other	-	-	265	(265)	8,431
Total expenditures	-	-	265	(265)	8,431
Excess of revenues over (under) expenditures	5,000	5,000	2,732	(2,268)	(4,745)
Fund balance, beginning of year	21,728	21,728	21,728	-	26,473
<b>Fund balance, end of year</b>	<b>\$ 26,728</b>	<b>\$ 26,728</b>	<b>\$ 24,460</b>	<b>\$ (2,268)</b>	<b>\$ 21,728</b>

**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, 2015**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2014)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
<b>Revenues</b>					
Charges for services:					
Assessment fees	\$ 10,000	\$ 10,000	\$ 7,063	\$ (2,937)	\$ 13,373
Other revenues:					
Interest	-	-	-	-	-
Total revenues	10,000	10,000	7,063	(2,937)	13,373
<b>Expenditures</b>					
Judicial:					
Services, supplies, and other	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess of revenues over (under) expenditures	10,000	10,000	7,063	(2,937)	13,373
Fund balance, beginning of year	69,184	69,184	69,184	-	55,811
<b>Fund balance, end of year</b>	<b>\$ 79,184</b>	<b>\$ 79,184</b>	<b>\$ 76,247</b>	<b>\$ (2,937)</b>	<b>\$ 69,184</b>



**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, 2015**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2014)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
<b>Revenues</b>					
Taxes:					
Franchise fees	\$ 85,000	\$ 85,000	\$ 95,811	\$ 10,811	\$ 92,470
Other revenues:					
Interest	200	200	35	(165)	35
Total revenue	<u>85,200</u>	<u>85,200</u>	<u>95,846</u>	<u>10,646</u>	<u>92,505</u>
<b>Expenditures</b>					
Public safety:					
Capital outlay	54,678	54,678	33,129	21,549	32,679
Streets and highways:					
Capital outlay	30,000	30,000	144	29,856	29,616
Total expenditures	<u>84,678</u>	<u>84,678</u>	<u>33,273</u>	<u>51,405</u>	<u>62,295</u>
Excess of revenues over (under) expenditures	522	522	62,573	62,051	30,210
Fund balance, beginning of year	<u>186,135</u>	<u>186,135</u>	<u>186,135</u>	<u>-</u>	<u>155,925</u>
<b>Fund balance, end of year</b>	<u><u>\$ 186,657</u></u>	<u><u>\$ 186,657</u></u>	<u><u>\$ 248,708</u></u>	<u><u>\$ 62,051</u></u>	<u><u>\$ 186,135</u></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, 2015**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2014)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2014</u>
<b>Revenues</b>					
Taxes:					
Ad valorem taxes	\$ 25,000	\$ 25,000	\$ 23,139	\$ (1,861)	\$ 25,622
Other revenues:					
Interest	-	-	-	-	-
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>23,139</u>	<u>(1,861)</u>	<u>25,622</u>
<b>Expenditures</b>					
Pulic works:					
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	25,000	25,000	23,139	(1,861)	25,622
Net change in fund balance	25,000	25,000	23,139	(1,861)	25,622
Fund balance, beginning of year	<u>49,822</u>	<u>49,822</u>	<u>49,822</u>	<u>-</u>	<u>24,200</u>
<b>Fund balance, end of year</b>	<u><u>\$ 74,822</u></u>	<u><u>\$ 74,822</u></u>	<u><u>\$ 72,961</u></u>	<u><u>\$ (1,861)</u></u>	<u><u>\$ 49,822</u></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, 2015**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2014)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
<b>Revenues</b>					
Other revenues:					
Interest	\$ 100	\$ 100	\$ 106	\$ 6	\$ 83
Principal payments	2,081	2,081	24,421	22,340	17,454
Loan interest payments	1,720	1,720	579	(1,141)	1,629
Total revenue	<u>3,901</u>	<u>3,901</u>	<u>25,106</u>	<u>21,205</u>	<u>19,166</u>
<b>Expenditures</b>					
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue and other sources over (under) expenditures	3,901	3,901	25,106	21,205	19,166
Fund balance, beginning of year	<u>55,972</u>	<u>55,972</u>	<u>55,972</u>	<u>-</u>	<u>36,806</u>
<b>Fund balance, end of year</b>	<u><u>\$ 59,873</u></u>	<u><u>\$ 59,873</u></u>	<u><u>\$ 81,078</u></u>	<u><u>\$ 21,205</u></u>	<u><u>\$ 55,972</u></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, 2015**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2014)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
<b>Revenues</b>					
Charges for services:					
Victim impact panel	\$ 500	\$ 500	\$ 325	\$ (175)	\$ 776
Other revenues:					
Interest	-	-	-	-	-
Total revenues	500	500	325	(175)	776
<b>Expenditures</b>					
Judicial:					
Services, supplies, and other	-	-	-	-	80
Total expenditures	-	-	-	-	80
Excess of revenues over (under) expenditures	500	500	325	(175)	696
Fund balance, beginning of year	5,936	5,936	5,936	-	5,240
<b>Fund balance, end of year</b>	<b>\$ 6,436</b>	<b>\$ 6,436</b>	<b>\$ 6,261</b>	<b>\$ (175)</b>	<b>\$ 5,936</b>

**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, 2015**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2014)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
<b>Revenues</b>					
Taxes:					
Ad valorem taxes	\$ 30,000	\$ 30,000	\$ 30,890	\$ 890	\$ 32,857
Other revenues:					
Interest	55	55	70	15	70
Miscellaneous	-	-	-	-	-
Total revenues	<u>30,055</u>	<u>30,055</u>	<u>30,960</u>	<u>905</u>	<u>32,927</u>
<b>Expenditures</b>					
General government:					
Capital outlay	35,000	35,000	-	35,000	10,248
Debt service - principal	15,518	15,518	15,518	-	14,845
Debt service - interest	14,218	14,218	14,218	-	13,627
Total expenditures	<u>64,736</u>	<u>64,736</u>	<u>29,736</u>	<u>35,000</u>	<u>38,720</u>
Excess of revenues over (under) expenditures	<u>(34,681)</u>	<u>(34,681)</u>	<u>1,224</u>	<u>35,905</u>	<u>(5,793)</u>
<b>Other financing sources</b>					
Transfers in	-	-	-	-	-
Net change in fund balance	(34,681)	(34,681)	1,224	35,905	(5,793)
Fund balance, beginning of year	<u>286,369</u>	<u>286,369</u>	<u>286,369</u>	<u>-</u>	<u>292,162</u>
<b>Fund balance, end of year</b>	<u><u>\$ 251,688</u></u>	<u><u>\$ 251,688</u></u>	<u><u>\$ 287,593</u></u>	<u><u>\$ 35,905</u></u>	<u><u>\$ 286,369</u></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, 2015**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2014)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
<b>Operating revenues</b>					
Charges for services:					
Water sales	\$ 1,121,636	\$ 1,121,636	\$ 1,089,991	\$ (31,645)	\$ 1,162,122
Connection fees and other revenues	13,000	13,000	3,515	(9,485)	2,587
Total operating revenues	<u>1,134,636</u>	<u>1,134,636</u>	<u>1,093,506</u>	<u>(41,130)</u>	<u>1,164,709</u>
<b>Operating expenses</b>					
Salaries and wages	195,340	195,340	235,296	(39,956)	203,305
Employee benefits	120,204	120,204	98,866	21,338	87,954
Services, supplies and other	431,940	431,940	309,311	122,629	281,881
Depreciation and amortization	326,000	326,000	368,475	(42,475)	377,522
Total operating expenses	<u>1,073,484</u>	<u>1,073,484</u>	<u>1,011,948</u>	<u>61,536</u>	<u>950,662</u>
Operating income (loss)	<u>61,152</u>	<u>61,152</u>	<u>81,558</u>	<u>20,406</u>	<u>214,047</u>
<b>Nonoperating revenues (expenses)</b>					
Interest income	6,200	6,200	3,963	(2,237)	3,953
Rent income - Georgetown Ranch	5,835	5,835	4,108	(1,727)	3,375
Miscellaneous income	7,000	7,000	11,108	4,108	9,205
System obligation fee income	11,000	11,000	6,600	(4,400)	17,500
Quadra mining revenues	202,200	202,200	224,650	22,450	304,278
Capital improvement projects	-	-	(2,800)	(2,800)	-
Interest expense	(30,000)	(30,000)	(44,523)	(14,523)	(45,733)
Quadra mining expense	(200,000)	(200,000)	(236,299)	(36,299)	(315,245)
Total nonoperating revenues (expenses)	<u>2,235</u>	<u>2,235</u>	<u>(33,193)</u>	<u>(35,428)</u>	<u>(22,667)</u>
Income (loss) before transfers	63,387	63,387	48,365	(15,022)	191,380
<b>Transfers:</b>	-	-	-	-	-
<b>Change in net position</b>	63,387	63,387	48,365	(15,022)	191,380
Total net position, beginning of year	9,460,288	9,460,288	9,460,288	-	9,268,908
Restatement adjustments	-	-	(186,724)	(186,724)	-
<b>Total net position, end of year</b>	<u>\$ 9,523,675</u>	<u>\$ 9,523,675</u>	<u>\$ 9,321,929</u>	<u>\$ (201,746)</u>	<u>\$ 9,460,288</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, 2015**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2014)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
<b>Operating revenues</b>					
Charges for services:					
Charges for services	\$ 1,067,000	\$ 1,067,000	\$ 1,064,612	\$ (2,388)	\$ 1,073,434
Testing revenues	17,000	17,000	13,424	(3,576)	23,103
Total operating revenues	<u>1,084,000</u>	<u>1,084,000</u>	<u>1,078,036</u>	<u>(5,964)</u>	<u>1,096,537</u>
<b>Operating expenses</b>					
Salaries and wages	195,575	195,575	152,351	43,224	192,062
Employee benefits	124,178	124,178	64,766	59,412	85,833
Services, supplies and other	354,654	354,654	280,813	73,841	308,640
Capital outlay	15,000	15,000	5,310	9,690	179
Depreciation and amortization	159,000	159,000	235,652	(76,652)	225,262
Total operating expenses	<u>848,407</u>	<u>848,407</u>	<u>738,892</u>	<u>109,515</u>	<u>811,976</u>
Operating income (loss)	<u>235,593</u>	<u>235,593</u>	<u>339,144</u>	<u>103,551</u>	<u>284,561</u>
<b>Nonoperating revenues (expenses)</b>					
Interest income	7,000	7,000	5,172	(1,828)	5,159
Miscellaneous income	15,000	15,000	11,058	(3,942)	9,331
System obligation fee income	10,000	10,000	10,500	500	17,500
Capital improvement projects	(735,000)	(735,000)	-	735,000	-
Interest expense	(76,086)	(76,086)	(76,086)	-	(77,482)
Miscellaneous expense	-	-	(24,900)	(24,900)	-
Total nonoperating revenues (expenses)	<u>(779,086)</u>	<u>(779,086)</u>	<u>(74,256)</u>	<u>704,830</u>	<u>(45,492)</u>
Income (loss) before transfers	<u>(543,493)</u>	<u>(543,493)</u>	<u>264,888</u>	<u>808,381</u>	<u>239,069</u>
<b>Transfers:</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	<u>(543,493)</u>	<u>(543,493)</u>	<u>264,888</u>	<u>808,381</u>	<u>239,069</u>
Total net position, beginning of year	6,024,049	6,024,049	6,024,049	-	5,784,980
Restatement adjustments	-	-	(80,024)	(80,024)	-
<b>Total net position, end of year</b>	<u>\$ 5,480,556</u>	<u>\$ 5,480,556</u>	<u>\$ 6,208,913</u>	<u>\$ 728,357</u>	<u>\$ 6,024,049</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, 2015**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2014)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
<b>Operating revenues</b>					
Charges for services	\$ 1,060,000	\$ 1,060,000	\$ 1,015,498	\$ (44,502)	\$ 1,052,274
Total operating revenues	<u>1,060,000</u>	<u>1,060,000</u>	<u>1,015,498</u>	<u>(44,502)</u>	<u>1,052,274</u>
<b>Operating expenses</b>					
Salaries and wages	336,948	336,948	374,430	(37,482)	346,547
Employee benefits	190,925	190,925	168,366	22,559	147,448
Services, supplies and other	289,505	289,505	224,167	65,338	180,702
Capital outlay	202,000	202,000	1,528	200,472	-
Landfill closure costs	50,640	50,640	124,470	(73,830)	73,710
Depreciation and amortization	60,000	60,000	92,535	(32,535)	91,097
Total operating expenses	<u>1,130,018</u>	<u>1,130,018</u>	<u>985,496</u>	<u>144,522</u>	<u>839,504</u>
Operating income (loss)	<u>(70,018)</u>	<u>(70,018)</u>	<u>30,002</u>	<u>100,020</u>	<u>212,770</u>
<b>Nonoperating revenues (expenses)</b>					
Interest income	3,000	3,000	4,664	1,664	4,652
Miscellaneous income	40,000	40,000	29,158	(10,842)	29,498
Total nonoperating revenues (expenses)	<u>43,000</u>	<u>43,000</u>	<u>33,822</u>	<u>(9,178)</u>	<u>34,150</u>
Income (loss) before transfers	<u>(27,018)</u>	<u>(27,018)</u>	<u>63,824</u>	<u>90,842</u>	<u>246,920</u>
<b>Transfers:</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	<u>(27,018)</u>	<u>(27,018)</u>	<u>63,824</u>	<u>90,842</u>	<u>246,920</u>
Total net position, beginning of year	2,396,099	2,396,099	2,396,099	-	2,149,179
Restatement adjustments	-	-	(320,098)	(320,098)	-
<b>Total net position, end of year</b>	<u>\$ 2,369,081</u>	<u>\$ 2,369,081</u>	<u>\$ 2,139,825</u>	<u>\$ (229,256)</u>	<u>\$ 2,396,099</u>

**OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS**

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**Independent Auditors' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

The Honorable Mayor and  
City Council  
Ely, Nevada

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Ely, Nevada, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise City of Ely, Nevada's basic financial statements and have issued our report thereon dated November 28, 2015.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying findings and recommendations, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies, described in the accompanying schedule of findings and questioned costs, to be material weaknesses:

2015-001	Controls Over Balance Sheet Account Reconciliations
2014-002	Controls Over Bank Reconciliations
2013-001	Reconciliations and Year-End Accounting

A *significant deficiency* is a deficiency, or a 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. We consider the following deficiencies, described in the accompany schedule of findings and questioned costs, to be significant deficiencies:

2015-002	Lack of Supporting Documentation
2013-002	Accounts Receivable and Allowance for Doubtful Account Balances
2011-001	Capital Asset Inventory

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Ely, Nevada’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 results of that testing, and not to provide an opinion on the effectiveness of the entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



HintonBurdick, PLLC  
St. George, Utah  
November 28, 2015

**Independent Auditor's Report on Compliance  
With Statutes and Administrative Code in Accordance  
With NRS 354.624(4) and 354.6241**

The Honorable Mayor and City Council  
Ely, NV

We have audited the basic financial statements of the City of Ely, for the year ended June 30, 2015, and have issued our report thereon dated November 28, 2015. Our audit also included test work on the City of Ely's compliance with selected requirements identified in the State of Nevada Revised Statutes (NRS) including, but not limited to, NRS section 354.624 and section 354.6241.

The management of the City of Ely is responsible for the City's compliance with all requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit and make specific statements regarding funds established and the status of prior year findings and recommendations; accordingly, we make the following statements:

During the fiscal year, the City of Ely did not resolve the prior year compliance finding 2013-004. See the schedule of findings and recommendations.

We noted two new instances of noncompliance during fiscal year 2015, findings 2015-003 and 2015-004. See the schedule of findings and recommendations.

The City of Ely has established several funds in accordance with NRS 354.624 as follows:

Enterprise Funds:

- Municipal Water Department Fund
- Sanitation Fund
- Sanitary Landfill Fund
- Railroad Fund

Funds whose balance is required to be used only for a specific purpose or carried forward to the succeeding fiscal year in any designated amount:

Special Revenue Funds:

- Court Assessment Fund
- Court Collection Fee Fund
- Court Facility Fee Assessment Fund
- Fire Protection/Street Improvement Fund
- Ely City Redevelopment Fund
- Revolving Loan Fund
- Street Fund
- Victim Impact Panel Fund

Capital Projects Funds:

- Capital Projects Fund

The City of Ely appears to be using the above listed funds expressly for the purposes for which they were created and in accordance with NRS 354.624. The funds are being administered in accordance with Generally Accepted Accounting Principles and the reserves, as applicable, appear reasonable and necessary to carry out the purposes of the funds. Sources of revenues available and fund balances and retained earnings are reflected in the individual fund financial statements.

The statutory and regulatory requirements of the funds are as follows:

Municipal Water Department Fund:	NRS 354.517
Sanitation Fund :	NRS 354.517
Sanitary Landfill Fund:	NRS 354.517
Railroad Fund:	NRS 354.517
Capital Projects:	NRS 354.6105
Court Assessment:	NRS 176.059
Court Collection Fee:	NRS 176.064
Court Facility Fee Assessment	NRS 176.061
Fire Protection/Street Improvement	Resolutions 2006-11, 2007-01, 2007-25
Ely City Redevelopment	Resolution 2004-06
Revolving Loan	Resolution 2005-06
Street Fund	County and State
Victim Impact Panel	NRS 484, Resolution 2008-08

NRS 354.624 requires that a schedule of all fees imposed by the City which were subject to the provisions of NRS 354.5989 be provided. The City has not increased any fees subject to the limitations provided by NRS 354.5989; however the schedule for these fees immediately follows this report.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, The City of Ely complied, in all material respects, with the requirements identified above for the year ended June 30, 2015.



HintonBurdick, PLLC  
 St. George, Utah  
 November 28, 2015

**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, 2015**

Flat Fixed Fees:

Business license revenue adjusted base at June 30, 2014	\$ 210,549
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Adjustment to Base:

1. Percentage increase in population of the local government	0.9%	
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>0.7%</u>	<u>1.60%</u>
Increase in base		<u>3,369</u>
Adjusted base at June 30, 2015		<u>213,918</u>
Actual revenue		<u>191,261</u>
Amount over (under) allowable amount		<u><u>\$ (22,657)</u></u>



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**Schedule of Findings and Recommendations  
for the Year Ended June 30, 2015**

The Honorable Mayor,  
City Council, & City Staff  
Ely, Nevada

Professional standards require that we communicate, in writing deficiencies in internal control over financial reporting that are considered significant deficiencies or material weaknesses that are identified during the audit of the financial statements. During our audit of the funds of Ely City for the fiscal year ended June 30, 2015 we noted a few circumstances that, if improved, would strengthen the City's accounting system and control over its assets. These items are discussed below for your consideration.

**INTERNAL CONTROL OVER FINANCIAL REPORTING:**

**Material Weaknesses:**

2015-001 Controls Over Balance Sheet Account Reconciliations

We noticed several balance sheet accounts with abnormal balances during our test work. Receivable balances that normally run a debit balance were showing credit balances and payable accounts which normally run credit balances were showing significant debit balances. It appears the City's balance sheet accounts are not being reconciled regularly with subsidiary ledgers and other supporting documentation.

Recommendation

We recommend the City establish a regular practice of reconciling the balance sheet accounts to subsidiary ledgers and supporting documentation.

2014-002 Controls Over Bank Reconciliations

Bank reconciliations are an important financial control and should be performed in timely manner. We noted that several of the bank reconciliations for fiscal year 2015 were not performed in a timely manner. We also noted several of the bank accounts did not have reconciliations performed.

Recommendation

We recommend that the bank reconciliations be performed accurately and timely on all bank accounts held by the City.

2013-001 Reconciliations and Year-End Accounting

During our audit we made recommendations for various journal entries that were necessary to make accruals, record debt activity properly, capitalize fixed asset purchases, and other miscellaneous adjustments. The effect of these journal entries was material to the financial statements.

Recommendation

We recommend that management review the journal entries and discuss them with us to ensure they understand and are in agreement with the entries and that they understand the purpose and underlying accounting principles associated with each entry. We also recommend that the City develop an action plan to ensure that all significant and material adjustments are posted to the general ledger before the annual audit takes place.

**Significant Deficiencies:**

2015-002 Lack of Supporting Documentation

We reviewed several items in our test work that initially had no supporting documentation. While the documentation for some of the items was eventually found, and the other items were tested by other means, the City should obtain the supporting documentation for all transactions and keep it easily accessible.

Recommendation

We recommend the City obtain and retain supporting documentation for all transactions and keep it easily accessible.

2013-002 Accounts Receivable and Allowance for Doubtful Account Balances

We observed in prior years that the City's accounts receivable and allowance for doubtful account balances have been increasing. As of June 30, 2015, the over 90 day accounts receivable balances comprised approximately 54% of the total accounts receivable balances. Allowance for doubtful accounts has been increased to correspond with the aging receivables, however uncollectible accounts have not been identified and charged against the allowance.

Recommendation

We noted the City had established a plan to review balances and determine uncollectible accounts in fiscal year 2015, but the plan was not implemented and the accounts were not reviewed. We recommend that the City review the receivables accounts and identify any uncollectible accounts and charge them against the allowance for uncollectible accounts in fiscal year 2016. We also recommend that the City review its current collection policies to ensure that timely collection of utility accounts receivable is taking place. For new utility accounts, the City could consider requiring a customer deposit to open an account. If the customer falls behind in their payments, the outstanding balance could be charged against the customer deposit.

2011-001 Capital Asset Inventory

Based upon our discussions with the City personnel and the audit work performed, it has been several years since the City has conducted a complete capital asset inventory. While the City began an inventory of capital assets in fiscal year 2014 it was unable to complete the task. Capital asset inventories strengthen the City's control over capital assets.

Recommendation

We recommend that the City establish a policy and procedure for capital asset inventories to be conducted. We recommend that the City perform an annual inventory or as often as in deemed necessary to ensure adequate controls over capital assets. The results of the inventory should be used to update the capital asset records of the City.

**Compliance Findings and Recommendations:**

2015-003 Closure and Post Closure Financial Assurance

Our calculations indicate the City did not completely meet the requirements of NAC 444.685 pertaining to closure and post closure financial assurance for the municipal landfill. Since the financial assurance ratios for the landfill are inadequate for fiscal year 2015, the City needs to work with the Nevada Department of Environmental Protection to establish other allowable mechanisms and provide the required financial assurance. It is our understanding that the City has set aside cash reserves to potentially set up a trust fund and meet those requirements.

Recommendation

We recommend that the City work closely with the Nevada Department of Environmental Protection to completely meet the requirements of NAC 444.685 during fiscal year 2016.

2015-004 Budgetary Compliance

NRS 354.626 stipulates that local governments may not, during any fiscal year, expend or contract to expend any money or incur any liability, or enter into any contract which by its terms involves the expenditure of money, in excess of the amounts appropriated for that function (or at the fund level as applicable). For the fiscal year ended June 30, 2015 there were several functions with expenditures in excess of the amount appropriated. The budget-and-actual schedules included in the financial statements identify over expended budget amounts.

Recommendation

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

2013-004 Finding – Review of Capital Improvement Plan

NRS 278B.290 requires the City to review its capital improvement plan at least once every three years. It appears the City has not performed a review in the last three years.

Recommendation

We recommend that the City establish an official policy and schedule for review of its capital improvement plan in accordance with NRS 278B.290.

**Other Matters:**

None Noted

Responses

Please respond to the above Findings and Recommendations in letter form.

This report is intended solely for the information and use of the City Council, management, and various federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

It has been a pleasure to be of service to the City this past year. If we can be of further assistance in any way to assist you in fulfilling your stewardship, please contact us at any time. We look forward to a continued pleasant professional relationship.

Sincerely,



HintonBurdick, PLLC  
St. George, Utah  
November 28, 2015