



Financial Statements  
June 30, 2024

# City of Wells

Independent Auditor's Report.....	1
Management's Discussion and Analysis .....	5
Financial Statements	
Statement of Net Position .....	14
Statement of Activities.....	15
Balance Sheet – Governmental Funds .....	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	19
Statement of Net Position – Proprietary Funds.....	20
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	22
Statement of Cash Flows – Proprietary Funds.....	23
Notes to Financial Statements .....	25
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual – General Fund.....	49
Reconciliation of the General Fund (Budgetary Basis) to the Schedule of Revenues, Expenditures, and Changes in Fund Balances – General Fund (GAAP Basis).....	52
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual Recreation Fund.....	53
Silver Sage Senior Center Fund .....	55
Notes to Required Supplementary Information .....	56
Schedule of City's Share of Net Pension Liability.....	58
Schedule of City's Contributions.....	59
Supplementary Information	
Combining Balance Sheet – Reconciliation of the General Fund (Budgetary Basis) to the General Fund (GAAP Basis) .....	60
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Improvement Fund .....	61
Non-Major Special Revenue Funds	
Combining Balance Sheet .....	63
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	64
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Cemetery Perpetual Care Fund.....	65
Redevelopment Agency Fund .....	66
Administrative Assessment Fund.....	67
Non-Major Capital Project Fund	
Court Facilities Administrative Assessment Fund.....	68
Internally Reported Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual	
Fire Department Fund.....	70

Enterprise Funds	
Schedules of Revenues, Expenditures, and Changes in Fund Net Position – Budget and Actual	
Water Fund .....	72
Sewer Fund .....	73
Sanitation Fund .....	74
Schedule of Fees Imposed Subject to the Provision of NRS 354.5989 Limitation of Fees for	
Business Licenses .....	75
Compliance Section	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and	
Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government</i>	
<i>Auditing Standards</i> .....	76
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal	
Control Over Compliance Required by the Uniform Guidance .....	78
Auditor’s Comments .....	81
Schedule of Expenditures of Federal Awards .....	82
Notes to Schedule of Expenditures of Federal Awards .....	83
Schedule of Findings and Questioned Costs .....	84



## Independent Auditor's Report

The Honorable Mayor and City Council of Wells  
City of Wells  
Wells, Nevada

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wells, State of Nevada (the City) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wells, as of June 30, 2024, 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.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the schedules of budgetary comparison and reconciliation information and related notes, the Schedule of City's Share of Net Pension Liability, and the Schedule of City's Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the Management's Discussion and Analysis, the Schedule of City's Share of Net Pension Liability, and the Schedule of City's Contributions in accordance with GAAS, 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.

The schedules of budgetary comparison and reconciliation information and related notes are the responsibility of management and were derived from and relates directly to underlying accounting and other records used to prepare the basic financial statements. The schedules of budgetary comparison and reconciliation information and related notes have 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 GAAS. In our opinion, the budgetary comparison and reconciliation information and related notes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The General Fund, Recreation Fund and Silver Sage Senior Center Funds budget and actual statements for the year ended June 30, 2023 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2023 financial statements. The information was subjected to the audit procedures applied in the audit of the 2023 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund, Recreation Fund and Silver Sage Senior Center Funds budget and actual statements are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2023.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The individual major Capital Improvement Fund budget and actual statement, the combining and individual nonmajor fund financial statements and schedules including budgetary comparisons, and reconciliation information, the schedule of fees imposed subject to the provisions of NRS 354.5989 limitation of fees for business licenses, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the individual major Capital Improvement Fund budget and actual statement, the combining and individual nonmajor fund financial statements and schedules including budgetary comparisons, and reconciliation information, the schedule of fees imposed subject to the provisions of NRS 354.5989 limitation of fees for business licenses, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City as of and for the year ended June 30, 2023 (not presented herein), and have issued our report thereon dated November 8, 2023 which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The individual major Capital Improvement Fund budget and actual statement, the combining and individual nonmajor fund financial statements and schedules including budgetary comparisons, and reconciliation information for the year ended June 30, 2023 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2023 financial statements. The information was subjected to the audit procedures applied in the audit of the 2023 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual major Capital Improvement Fund budget and actual statement, the combining and individual nonmajor fund financial statements and schedules including budgetary comparisons, and reconciliation information are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2023.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2024 on our consideration of the City'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Elko, Nevada  
November 25, 2024

As management of the City of Wells, Nevada, we offer readers of the City of Wells' financial statements this narrative overview and analysis of the financial activities of the City of Wells, Nevada for the fiscal year ended June 30, 2024.

## **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the City of Wells exceeded liabilities and deferred inflows of resources at June 30, 2024 by \$25,479,358. Of this, \$6,271,574 (unrestricted) may be used to meet ongoing obligations to citizens and creditors.
- Net position increased by \$2,458,953.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements of the City of Wells are comprised of government-wide financial statements, fund financial statements, and notes to the financial statements. Additionally, supplemental information to the financial statements is contained in this report.

### **Government-wide Financial Statements**

The government-wide financial statements are presented to provide readers with a broad financial overview of the City of Wells, Nevada.

The Statement of Net Position presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources for the City of Wells. The difference between the total assets and deferred outflows of resources and total liabilities and deferred inflows of resources is reported as "net position". Over time increases and decreases in net position may serve as an indicator of improvement or deterioration of financial condition.

The Statement of Activities reflects the changes that have occurred during the 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as uncollected taxes.

Governmental activities which are supported primarily by taxes and intergovernmental revenues are distinguished from activities which are intended to recover all or a significant portion of costs through user fees and charges, as is the case with business-type functions, in the government-wide and fund financial statements. City of Wells governmental activities include those associated with general government; judicial; public safety with volunteer firemen and contracted police services through Elko County Sheriff's Office; public works; senior citizen operations; community development; health; culture and recreation including parks, soccer field, golf course, trap range, swimming pool, rodeo and chariot track facilities; community support and the revolving loan fund. The business-type activities for the City of Wells include water operations, sewer operations, and sanitation operations. Business-type activities are supported by user charges for providing water, sewer and sanitation services.



## **Fund Financial Statements**

A fund is an accounting entity with self-balancing sets of accounts to record activity involving assets, deferred outflows of resources, liabilities and deferred inflows of resources. The City of Wells, as with other governmental agencies, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City of Wells are divided into government 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. Unlike the government-wide financial statements, however, governmental funds focus on the current inflows and outflows of resources. This information is useful in determining current financing requirements.

The City of Wells maintains nine separate funds that make up the governmental fund category. Information is presented separately in the governmental balance sheet and the governmental statement of revenues, expenditures, and changes in fund balance for the following funds – General Fund, Silver Sage Senior Center Fund, Capital Improvement Fund and Recreation Fund. These are the City's major governmental funds. All other governmental funds are reported in a single aggregated column.

A separate budget is prepared annually for each fund reflecting anticipated resources and uses of the collected resources. A budgetary comparison schedule has been provided for each fund to demonstrate compliance with the budget.

### **Proprietary Funds**

The City of Wells maintains enterprise funds under this category. Enterprise funds are used to account for functions presented in the business-type section of the government-wide financial statements. Enterprise funds consist of Water, Sewer, and Sanitation funds.

## **Notes to Financial Statements**

Notes to financial statements are included to provide information that is crucial to the full and complete understanding of the data provided in the financial statements.

### **Other Information**

Combining and individual fund statements and schedules are presented immediately following the notes to financial statements section of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Wells, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$25,479,358 at the close of the most recent fiscal year.

By far, the largest part of the City of Wells' net position reflects its investment in capital assets (e.g., buildings, improvements other than buildings and machinery and equipment); net investment in these assets has increased to \$17,664,713. City of Wells uses these capital assets to provide services; consequently, these assets are not available for future spending. City of Wells' unrestricted net position (\$6,271,574) may be used to meet the City of Wells' ongoing obligations to citizens and creditors.

Total government-wide program and general revenues decreased \$2,911,998. This is primarily due to the American Rescue Fund grant being spent in full. Regional construction, sales and the general economy remained steady. Revenues are somewhat dependent on one industry rather than a diversified economy therefore, the board has remained reluctant to expend for non-essential activities. Property taxes increased by \$54,494 because of the Board's decision to increase our tax rate as a result of the Elko County School Districts Pay as You Go tax rate dissolving. In addition, Consolidated Tax increased by \$75,249 over the previous year. Lastly, the City's Invested Cash accounts continue to grow and Board of Council made a change to our operating checking account both of which has allowed the City to see an increase in Interest Income of \$89,435.

Activities during the year included several street paving projects including 8<sup>th</sup> Street North, East Hogan Street and West 1<sup>st</sup> Street. The City started implementing a school zone safety initiative by installing 4 school zone safety flashing lights on the avenues surrounding the school. The City plans to continue installing safety lights on the side streets surrounding the school until all streets have been completed.

Capital grants and contributions decreased by \$2,435,772 from the prior fiscal year to \$1,578,479. This is directly related to the American Rescue Funding being spent in full as well as a large airport grant being closed out. This year's capital grants and contributions is more typical for the City. The City has continued to expand plans for future growth and development.

Operating grants and contributions decreased by \$283,779 from the prior fiscal year to \$305,831.

Miscellaneous revenues decreased by \$304,297 from the prior fiscal year to \$155,094, mainly as a result of the allocation of the net pension liability between the government-wide governmental activities and business-type activities as a result of the allocation of net pension expense between the different City departments.

At the end of the current fiscal year, the City of Wells is able to report positive balances in all categories of net position. The net pension liability also saw a decrease from \$2,007,198 to \$1,802,583. The decrease mainly resulted from the City's proportionate share allocation of the net pension liability decreasing from .01112% to .00988%.

The following table provides a summary of the City's net position at June 30, 2024:

	Governmental Activities		Business-type Activities		Totals		Amount Change	% Change
	2024	2023	2024	2023	2024	2023		
Current and Other Assets	\$ 7,508,877	\$ 6,702,230	\$ 2,520,527	\$ 2,187,800	\$ 10,029,404	\$ 8,890,030	\$ 1,139,374	12.82%
Capital Assets	14,944,153	14,298,409	3,173,580	2,798,629	18,117,733	17,097,038	1,020,695	5.97%
Total assets	22,453,030	21,000,639	5,694,107	4,986,429	28,147,137	25,987,068	2,160,069	8.31%
Deferred Outflows of Resources	442,615	683,536	190,347	96,993	632,962	780,529	(147,567)	(18.91%)
Long-term Liabilities	1,698,658	1,993,010	726,961	727,412	2,425,619	2,720,422	(294,803)	(10.84%)
Other Liabilities	549,588	908,996	137,693	52,140	687,281	961,136	(273,855)	(28.49%)
Total liabilities	2,248,246	2,902,006	864,654	779,552	3,112,900	3,681,558	(568,658)	(15.45%)
Deferred Inflows of Resources	132,396	58,026	55,445	7,608	187,841	65,634	122,207	186.19%
Net Position								
Net investment in capital assets	14,843,995	14,162,102	2,820,718	2,377,526	17,664,713	16,539,628	1,125,085	6.80%
Restricted	608,878	440,843	934,193	841,264	1,543,071	1,282,107	260,964	20.35%
Unrestricted	5,062,130	4,121,198	1,209,444	1,077,472	6,271,574	5,198,670	1,072,904	20.64%
Total net position	\$ 20,515,003	\$ 18,724,143	\$ 4,964,355	\$ 4,296,262	\$ 25,479,358	\$ 23,020,405	\$ 2,458,953	10.68%

City of Wells  
Management's Discussion and Analysis  
June 30, 2024

The following table provides a summary of the City's changes in net position at June 30, 2024:

	Governmental Activities		Business-type Activities		Totals		Amount Change	% Change
	2024	2023	2024	2023	2024	2023		
Revenues								
Program revenues								
Charges for services	\$ 459,567	\$ 593,972	\$ 1,193,242	\$ 1,145,998	\$ 1,652,809	\$ 1,739,970	\$ (87,161)	(5.01%)
Operating grants and contributions	305,831	589,610	-	-	305,831	589,610	(283,779)	(48.13%)
Capital grants and contributions	974,805	3,806,080	603,674	208,171	1,578,479	4,014,251	(2,435,772)	(60.68%)
General Revenues								
Ad valorem taxes	603,908	549,414	-	-	603,908	549,414	54,494	9.92%
Consolidated taxes	1,663,070	1,587,821	-	-	1,663,070	1,587,821	75,249	4.74%
Motor vehicle taxes	67,030	72,584	-	-	67,030	72,584	(5,554)	(7.65%)
Room taxes	585,916	600,034	-	-	585,916	600,034	(14,118)	(2.35%)
Gaming tax	14,603	15,098	-	-	14,603	15,098	(495)	(3.28%)
Interest Income	151,902	83,403	46,527	25,591	198,429	108,994	89,435	82.05%
Miscellaneous revenues	155,094	153,686	-	305,705	155,094	459,391	(304,297)	(66.24%)
Total revenues	<u>4,981,726</u>	<u>8,051,702</u>	<u>1,843,443</u>	<u>1,685,465</u>	<u>6,825,169</u>	<u>9,737,167</u>	<u>(2,911,998)</u>	<u>(29.91%)</u>
Expenses								
General government	408,377	451,543	-	-	408,377	451,543	(43,166)	(9.56%)
Public safety	545,484	598,914	-	-	545,484	598,914	(53,430)	(8.92%)
Health and sanitation	21,671	21,723	-	-	21,671	21,723	(52)	(0.24%)
Culture and recreation	1,008,034	1,098,905	-	-	1,008,034	1,098,905	(90,871)	(8.27%)
Public works	1,049,834	981,731	-	-	1,049,834	981,731	68,103	6.94%
Judicial	49,829	67,940	-	-	49,829	67,940	(18,111)	(26.66%)
Community support	103,745	250,405	-	-	103,745	250,405	(146,660)	(58.57%)
Interest on long-term debt	3,892	5,224	-	-	3,892	5,224	(1,332)	(25.50%)
Water utilities	-	-	558,680	486,938	558,680	486,938	71,742	14.73%
Sewer utilities	-	-	281,301	271,091	281,301	271,091	10,210	3.77%
Sanitation utilities	-	-	335,369	308,678	335,369	308,678	26,691	8.65%
Total expenses	<u>3,190,866</u>	<u>3,476,385</u>	<u>1,175,350</u>	<u>1,066,707</u>	<u>4,366,216</u>	<u>4,543,092</u>	<u>(176,876)</u>	<u>(3.89%)</u>
Change in Net Position	1,790,860	4,575,317	668,093	618,758	2,458,953	5,194,075	(2,735,122)	(52.66%)
Transfers	-	(13,613)	-	13,613	-	-	-	-
Beginning Net Position	18,724,143	14,162,439	4,296,262	3,663,891	23,020,405	17,826,330	5,194,075	29.14%
Ending Net Position	<u>\$ 20,515,003</u>	<u>\$ 18,724,143</u>	<u>\$ 4,964,355</u>	<u>\$ 4,296,262</u>	<u>\$ 25,479,358</u>	<u>\$ 23,020,405</u>	<u>\$ 2,458,953</u>	<u>10.68%</u>

## **Fund Basis Financial Analysis**

### **Governmental Funds**

As discussed, governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. Governmental funds reported ending fund balances of \$6,680,059. Of this year-end total, \$127,004 is non-spendable, \$608,878 is restricted by enabling legislation, \$780,925 is committed by City Council, \$1,072,821 is assigned for the subsequent year operations, public safety, and capital improvement, and \$4,090,431 is unassigned.

The total ending fund balances of governmental funds show an increase of \$1,177,801 over the prior year. The increase is the result of the increases in both Ad Valorem and Consolidated Tax as well as a decrease in capital outlay spending.

In preparation of the 2023-2024 budgets, City officials held numerous meetings with department heads and held work sessions to identify major programs needed to meet citizen's needs for services.

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The fund balance increased by \$662,558. Key factors contributing to this increase was excess Ad Valorem and Consolidated tax revenue as well as decreased capital outlay spending associated with several grants projects that were completed.

The Recreation Fund, which is funded by room taxes, shows a fund balance increase of \$107,158. Historically a transfer to the Recreation Fund from the General Fund has been necessary to help supplement the fund. This has not been necessary for several years as room tax has continued to increase with the Hampton Inn in full operation. Capital Outlay saw an increase this year of \$44,025 as a few recreational projects took place during the year including improvements to the basketball/pickleball court as well as the construction of an Archery Range at the local shooting range. The Board of Council has showed interest in additional recreational improvements and projects in the future as well.

The Silver Sage Senior Center Fund, accounts for the activities related to the senior center operations. The fund balance decreased by \$16,320. Operating costs have continued to see an increase with continued inflation. This fund is not directly tax generated and therefore, the Center is subservient to local fund raising and grant revenues, which makes it more vulnerable during harder economic times. Because of the extensive services to the community, the Board of Council Members stays on top of the activities and costs, as necessary and approved a \$45,000 transfer this fiscal year from the General Fund. In the current fiscal year the City received CDBG funding and Nevada Gold Mine Funding and the City continued the construction on the new Senior Center Facility, capital outlay totaled \$677,532 relating to this project.

The Capital Improvement Fund is used to purchase capital assets. Revenues increased this year by approximately \$161,890. This is directly related to an increase in Marijuana Taxes generated as both cultivation facilities are in full operation and producing on a monthly bases. In addition, a few parcels in the industrial park have been sold increasing land sales. The fund balance did see an increase of \$281,782 from the previous year. It is expected that Marijuana quarterly taxes will continue to add to the Capital Improvement Fund in the upcoming year. The Board of Council is also hopeful that additional land at the industrial park will be sold for future development.

The other funds – Cemetery Perpetual Care Fund, Redevelopment Agency Fund, Administrative Assessment Fund, and the Court Facilities Administrative Assessment – are minor funds and reflect low dollars and low activity. The Judge and Nevada Revised Statutes closely regulate the Administrative Assessment and Court Facilities Administrative Assessment Funds.

### **Proprietary Funds**

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Proprietary funds for the City of Wells – the Water, Sewer, and Sanitation – are discussed on pages 20-24. These funds saw a slight increase in operating revenues and in overall expenses. Since the cost of operations continues to grow rate increases will be evaluated in the upcoming years as these funds are dependent on the fees for services. Overall, net position increased by \$668,093.

To summarize, these funds will continue to be analyzed closely.

### **Budgetary Highlights – Fiscal Year Ended June 30, 2024**

The budget statements reflect a comparison of budgeted revenues and expenditures to actual for the year ended June 30, 2024. The budget statements were prepared from the final and augmented budgets as filed with the Nevada Department of Taxation. The General Fund and the Silver Sage Senior Center Fund were augmented during 2023-2024 as a result of grants, ad valorem tax funds, and interest income revenues received.

### **Governmental Activities**

Governmental activities are budgeted on a fund basis.

General Fund (without the internally reported Fire Department Fund) – Actual revenues received by the City were \$2,829,586 which was \$163,808 more than the budgeted amount of \$2,665,778. As mentioned earlier, Ad Valorem Tax and grant revenue increased and most other revenue line items held close to their forecasts.

Actual expenditures of the General Fund without the Fire Department Fund were \$2,088,463 which was \$355,055 less than the budgeted amount of \$2,443,518. Capital outlay or purchase of capital assets was \$548,335. This was primarily due to streets maintenance and paving and community support activities.

Recreation Fund – The Recreation Fund under spent its budget by \$41,941 in the current year. Overall revenues were \$226,480 higher than budgeted, primarily attributed to the increase in Room Tax revenue and interest income which was \$194,441 higher than budgeted. A transfer from the general fund was unnecessary again this year.

Capital Improvement Fund – The Capital Improvement Fund had capital purchases of \$5,887 this fiscal year which was associated with hiring RailPros to design a rail concept for the Industrial Park. The fund also received Capital Projects Tax of \$32,499 and marijuana fees of \$103,772. The entire ending fund balance will continue being budgeted to avoid any budget overage.

Silver Sage Senior Center Fund – The Silver Sage Senior Center revenue was \$17,170 below that of budget primarily attributed to lower program income and contributions received throughout the year. Expenses did remain under budget but due to the decreased revenue the Board of Council approved a transfer from the General Fund of \$45,000. Increasing program income and fundraising efforts has continued to be a primary focus of the Center's Director as costs continue to rise. Operating grants, program income, and fundraising efforts are the main source of revenue at the Center. This fund also received CDBG grant fund and Nevada Gold Mine funding for the construction of the Senior Center Facility in the current year.

### **Business-type Activities**

Business-type activities revenues for services performed by the City were \$1,193,242, which was \$35,842 more than the budgeted amount. Operating expenses, before depreciation, of \$981,651 were less than the budgeted amount by \$108,611. Operating revenues less operating expenses before depreciation was \$211,591, which covers all of the depreciation expenses totaling \$181,337.

Overall, net position increased by \$668,093 for the business-type activities. Additional budget information can be found on pages 71 through 74 of this report.

### **Capital Assets**

The City of Wells' investment in capital assets as of June 30, 2024, amounts to \$17,664,713 (net of accumulated depreciation and reduced by debt or other borrowing used to purchase those assets). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, vehicles, and construction in progress.

Major capital asset events during the fiscal year included street work, airport upgrades, construction of the new senior center facility, Wood Hills Drainage project, new kitchen equipment for the senior center, a golf cart, and upgrades to our shooting range.

Additional information on the City of Wells' capital assets can be found in Note 9 of this report.

### **Long-term Debt Activity**

Long-term debt outstanding at June 30, 2024 totaled \$444,878 (excluding compensated absences). The City did not acquire any additional debt during this fiscal year. Additional information regarding the City's debt can be found in Note 11 of this report. The City of Wells has a net pension liability of \$1,802,583 at June 30, 2024. Clearly the net pension liability is not included in long-term debt activity; however, it is reported as a long-term liability of the City of Wells.

### **Next Year's Budgets and Rates**

Long Canyon Mine, 26 miles east of Wells has continued closing operations over the past year due to permitting issues. At this time, it is estimated that it'll be closed in approximately 1 year. Hampton Inn is fully operational and continues to increase the City's Room Tax. Both Marijuana cultivation operations are up and running. In addition, a new Maverick Gas Station opened in August 2023 and is in full operation.

Other developments in the pipeline include a large 100 space RV park and a possible hotel/restaurant. These factors will be taken into consideration in the City's next budget cycle.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Wells' finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Wells, 525 Sixth Street, Wells, Nevada 89835.



City of Wells  
Statement of Net Position  
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 6,679,358	\$ 1,250,339	\$ 7,929,697
Accounts receivable	81,407	110,346	191,753
Due from other governments	423,190	188,585	611,775
Inventory	127,004	37,064	164,068
Note receivable - HEART	197,918	-	197,918
Restricted cash	-	934,193	934,193
Capital assets			
Land and construction in progress	7,650,458	322,083	7,972,541
Other capital assets (net of accumulated depreciation)	7,293,695	2,851,497	10,145,192
Total assets	22,453,030	5,694,107	28,147,137
<b>Deferred Outflows of Resources</b>			
Deferred charge on bond refunding	-	4,988	4,988
Pensions	442,615	185,359	627,974
Total deferred outflows of resources	442,615	190,347	632,962
<b>Liabilities</b>			
Accounts payable	335,010	134,871	469,881
Accrued liabilities	54,368	-	54,368
Accrued interest	4,054	2,822	6,876
Unearned revenues	155,681	-	155,681
Other current liabilities	475	-	475
Long-term liabilities			
Portion due or payable within one year			
Compensated absences	94,990	44,993	139,983
Bonds and notes payable	98,949	64,536	163,485
Portion due or payable after one year			
Bonds and notes payable	1,209	293,314	294,523
Net pension liability	1,503,510	299,073	1,802,583
Deposits	-	25,045	25,045
Total liabilities	2,248,246	864,654	3,112,900
<b>Deferred Inflows of Resources</b>			
Pensions	132,396	55,445	187,841
<b>Net Position</b>			
Net investment in capital assets	14,843,995	2,820,718	17,664,713
Restricted for			
Court improvements/programs	101,025	-	101,025
Redevelopment	471,373	-	471,373
Debt service	-	69,472	69,472
Capital projects	36,480	864,721	901,201
Unrestricted	5,062,130	1,209,444	6,271,574
Total net position	\$ 20,515,003	\$ 4,964,355	\$ 25,479,358

City of Wells  
Statement of Activities  
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) and Revenue Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental activities							
General government	\$ 408,377	\$ 127,330	\$ -	\$ -	\$ (281,047)	\$ -	\$ (281,047)
Public safety	545,484	8,406	-	-	(537,078)	-	(537,078)
Health and sanitation	21,671	2,865	-	-	(18,806)	-	(18,806)
Culture and recreation	1,008,034	147,976	231,646	704,702	76,290	-	76,290
Public works	1,049,834	131,109	73,444	187,463	(657,818)	-	(657,818)
Judicial	49,829	41,881	-	-	(7,948)	-	(7,948)
Community support	103,745	-	741	82,640	(20,364)	-	(20,364)
Interest on long-term debt	3,892	-	-	-	(3,892)	-	(3,892)
Total governmental activities	3,190,866	459,567	305,831	974,805	(1,450,663)	-	(1,450,663)
Business-type activities							
Water	558,680	545,685	-	330,062	-	317,067	317,067
Sewer	281,301	319,515	-	273,612	-	311,826	311,826
Sanitation	335,369	328,042	-	-	-	(7,327)	(7,327)
Total business-type activities	1,175,350	1,193,242	-	603,674	-	621,566	621,566
Total Primary Government	<u>\$ 4,366,216</u>	<u>\$ 1,652,809</u>	<u>\$ 305,831</u>	<u>\$ 1,578,479</u>	<u>(1,450,663)</u>	<u>621,566</u>	<u>(829,097)</u>
General revenues							
Unrestricted intergovernmental - Ad valorem taxes					603,908	-	603,908
Unrestricted intergovernmental - consolidated taxes					1,663,070	-	1,663,070
Motor vehicle taxes					67,030	-	67,030
Room taxes					585,916	-	585,916
Gaming tax					14,603	-	14,603
Unrestricted investment income					151,902	46,527	198,429
Miscellaneous revenues					155,094	-	155,094
Total general revenues					3,241,523	46,527	3,288,050
Change in Net Position					1,790,860	668,093	2,458,953
Net Position, Beginning of Year					18,724,143	4,296,262	23,020,405
Net Position, End of Year					<u>\$ 20,515,003</u>	<u>\$ 4,964,355</u>	<u>\$ 25,479,358</u>

**City of Wells**  
**Balance Sheet – Governmental Funds**  
**June 30, 2024**

	General Fund	Recreation Fund	Silver Sage Senior Center Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and investments	\$ 4,493,216	\$ 484,977	\$ 338,701	\$ 775,188	\$ 587,276	\$ 6,679,358
Accounts receivable	-	73,249	-	8,158	-	81,407
Note receivable - HEART	-	-	-	197,918	-	197,918
Due from other governments	358,511	17,788	20,544	24,752	1,595	423,190
Inventory	83,712	35,211	8,081	-	-	127,004
<b>Total assets</b>	<b>\$ 4,935,439</b>	<b>\$ 611,225</b>	<b>\$ 367,326</b>	<b>\$ 1,006,016</b>	<b>\$ 588,871</b>	<b>\$ 7,508,877</b>
<b>Liabilities</b>						
Accounts payable	\$ 165,080	\$ 16,246	\$ 152,022	\$ 592	\$ 1,070	\$ 335,010
Accrued liabilities	54,368	-	-	-	-	54,368
Other current liabilities	475	-	-	-	-	475
Unearned revenue	155,681	-	-	-	-	155,681
<b>Total liabilities</b>	<b>375,604</b>	<b>16,246</b>	<b>152,022</b>	<b>592</b>	<b>1,070</b>	<b>545,534</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - received beyond 60 days of year end	62,479	1,469	-	21,418	-	85,366
Unavailable revenue - HEART note	-	-	-	197,918	-	197,918
<b>Total deferred inflows of resources</b>	<b>62,479</b>	<b>1,469</b>	<b>-</b>	<b>219,336</b>	<b>-</b>	<b>283,284</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>438,083</b>	<b>17,715</b>	<b>152,022</b>	<b>219,928</b>	<b>1,070</b>	<b>828,818</b>
<b>Fund Balances</b>						
Nonspendable						
Inventory	83,712	35,211	8,081	-	-	127,004
Restricted						
Redevelopment	-	-	-	-	471,373	471,373
Judicial	-	-	-	-	101,025	101,025
Capital projects	-	-	-	36,480	-	36,480
Committed						
Culture and recreation	-	558,299	207,223	-	-	765,522
Health and sanitation	-	-	-	-	15,403	15,403
Assigned						
Public safety	118,520	-	-	-	-	118,520
Capital projects	-	-	-	493,083	-	493,083
Subsequent year operations	204,693	-	-	256,525	-	461,218
Unassigned	4,090,431	-	-	-	-	4,090,431
<b>Total fund balances</b>	<b>4,497,356</b>	<b>593,510</b>	<b>215,304</b>	<b>786,088</b>	<b>587,801</b>	<b>6,680,059</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 4,935,439</b>	<b>\$ 611,225</b>	<b>\$ 367,326</b>	<b>\$ 1,006,016</b>	<b>\$ 588,871</b>	<b>\$ 7,508,877</b>

City of Wells  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
June 30, 2024

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Total fund balances for the governmental funds as shown on the balance sheet	\$ 6,680,059
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	14,944,153
Unavailable revenue reflected as deferred inflows of resources represent amounts that are not available to fund current expenditures and, therefore, are deferred in the governmental funds balance sheet.	283,284
Deferred outflows and deferred inflows or resources related to pensions are applicable to future periods and, therefore are not reported in the governmental funds.	
Deferred outflows of resources related to pensions	442,615
Deferred inflows of resources related to pensions	(132,396)
Certain liabilities and the related accrued interest payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(1,702,712)</u>
Total net position for governmental activities as shown on the statement of net position	<u><u>\$ 20,515,003</u></u>

City of Wells

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended June 30, 2024

	General Fund	Recreation Fund	Silver Sage Senior Center Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 448,952	\$ 585,916	\$ -	\$ 32,499	\$ 122,457	\$ 1,189,824
Licenses and permits	56,463	-	-	103,772	-	160,235
Intergovernmental	2,079,585	41,422	894,926	21,695	-	3,037,628
Charges for services	108,065	139,267	8,409	-	15,939	271,680
Fines and forfeitures	2,010	-	-	-	24,882	26,892
Miscellaneous revenues	139,444	19,025	13,897	133,453	2,826	308,645
<b>Total revenues</b>	<b>2,834,519</b>	<b>785,630</b>	<b>917,232</b>	<b>291,419</b>	<b>166,104</b>	<b>4,994,904</b>
<b>Expenditures</b>						
Current						
General government	240,542	-	-	3,750	1,675	245,967
Public safety	520,532	-	-	-	-	520,532
Health and sanitation	6,512	-	-	-	-	6,512
Culture and recreation	-	632,574	301,020	-	-	933,594
Public works	636,242	-	-	-	-	636,242
Judicial	35,928	-	-	-	11,735	47,663
Community support	97,397	-	-	-	-	97,397
Capital outlay	548,335	45,898	677,532	5,887	10,071	1,287,723
Debt service						
Principal	36,149	-	-	-	-	36,149
Interest	5,324	-	-	-	-	5,324
<b>Total expenditures</b>	<b>2,126,961</b>	<b>678,472</b>	<b>978,552</b>	<b>9,637</b>	<b>23,481</b>	<b>3,817,103</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>707,558</b>	<b>107,158</b>	<b>(61,320)</b>	<b>281,782</b>	<b>142,623</b>	<b>1,177,801</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	45,000	-	-	45,000
Transfers out	(45,000)	-	-	-	-	(45,000)
<b>Total other financing sources (uses)</b>	<b>(45,000)</b>	<b>-</b>	<b>45,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>662,558</b>	<b>107,158</b>	<b>(16,320)</b>	<b>281,782</b>	<b>142,623</b>	<b>1,177,801</b>
<b>Fund Balances, Beginning of Year</b>	<b>3,834,798</b>	<b>486,352</b>	<b>231,624</b>	<b>504,306</b>	<b>445,178</b>	<b>5,502,258</b>
<b>Fund Balances, End of Year</b>	<b>\$ 4,497,356</b>	<b>\$ 593,510</b>	<b>\$ 215,304</b>	<b>\$ 786,088</b>	<b>\$ 587,801</b>	<b>\$ 6,680,059</b>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental  
Funds to the Statement of Activities  
Year Ended June 30, 2024

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Net change in fund balances for governmental funds as shown on the statement of revenues, expenditures and changes in fund balances	\$ 1,177,801
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period and the effect of the disposal of capital assets, donated assets, and transfer of capital assets.	645,744
The issuance of long-term debt (e.g., bonds, leases, and other long-term obligations) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on government-wide net position. Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas premiums and discounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	24,737
Governmental funds report City PERS contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense:	
City PERS contributions	95,362
City pension expense	(139,606)
Taxes and other revenue that are collected in time to pay obligations of the current period are reported as revenue in the fund statements. However, the amounts that relate to prior periods that first become available in the current period are not reported as revenue in the statement of activities.	(13,178)
Changes in net position of governmental activities as shown on the statement of activities	<u>\$ 1,790,860</u>

City of Wells  
Statement of Net Position – Proprietary Funds  
June 30, 2024

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Water Fund	Sewer Fund	Sanitation Fund	
<b>Assets</b>				
<b>Current Assets</b>				
Cash and investments	\$ 714,441	\$ 438,188	\$ 97,710	\$ 1,250,339
Restricted cash	266,080	598,641	-	864,721
Accounts receivable	54,614	27,208	28,524	110,346
Due from other governments	-	188,585	-	188,585
Inventory	35,050	2,014	-	37,064
<b>Total current assets</b>	<b>1,070,185</b>	<b>1,254,636</b>	<b>126,234</b>	<b>2,451,055</b>
<b>Noncurrent Assets</b>				
Restricted cash				
Debt service	69,472	-	-	69,472
<b>Capital assets</b>				
Land	21,960	5,806	-	27,766
Buildings	740,824	7,970	-	748,794
Improvements other than buildings	5,016,331	3,213,684	58,783	8,288,798
Machinery and equipment	759,306	260,907	-	1,020,213
Construction in progress	-	294,317	-	294,317
Less accumulated depreciation	(3,798,594)	(3,361,455)	(46,259)	(7,206,308)
<b>Total capital assets (net of accumulated depreciation)</b>	<b>2,739,827</b>	<b>421,229</b>	<b>12,524</b>	<b>3,173,580</b>
<b>Total noncurrent assets</b>	<b>2,809,299</b>	<b>421,229</b>	<b>12,524</b>	<b>3,243,052</b>
<b>Total assets</b>	<b>3,879,484</b>	<b>1,675,865</b>	<b>138,758</b>	<b>5,694,107</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on bond refunding	4,988	-	-	4,988
Pensions	88,437	86,802	10,120	185,359
<b>Total deferred outflows of resources</b>	<b>93,425</b>	<b>86,802</b>	<b>10,120</b>	<b>190,347</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable	7,691	102,239	24,941	134,871
Compensated absences	21,409	20,688	2,896	44,993
Current liabilities payable from restricted assets				
Current maturities of bonds payable	64,536	-	-	64,536
Accrued interest	2,822	-	-	2,822
<b>Total current liabilities</b>	<b>96,458</b>	<b>122,927</b>	<b>27,837</b>	<b>247,222</b>

City of Wells  
Statement of Net Position – Proprietary Funds  
June 30, 2024

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Water Fund	Sewer Fund	Sanitation Fund	
Noncurrent liabilities				
General obligation bonds payable, net of unamortized discounts	\$ 293,314	\$ -	\$ -	\$ 293,314
Net pension liability	142,149	140,848	16,076	299,073
Other long-term liabilities - deposits	3,632	21,413	-	25,045
Total noncurrent liabilities	439,095	162,261	16,076	617,432
Total liabilities	535,553	285,188	43,913	864,654
Deferred Inflows of Resources				
Pensions	26,454	25,964	3,027	55,445
Net Position				
Net investment in capital assets	2,386,965	421,229	12,524	2,820,718
Restricted for				
Capital projects	266,080	598,641	-	864,721
Debt service	69,472	-	-	69,472
Unrestricted	688,385	431,645	89,414	1,209,444
Total net position	\$ 3,410,902	\$ 1,451,515	\$ 101,938	\$ 4,964,355



City of Wells

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds  
Year Ended June 30, 2024

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Water Fund	Sewer Fund	Sanitation Fund	
Operating Revenues				
Charges for services	\$ 545,685	\$ 310,690	\$ 328,042	\$ 1,184,417
Other services	-	8,825	-	8,825
Total operating revenues	545,685	319,515	328,042	1,193,242
Operating Expenses				
Salaries and wages	124,219	117,720	18,170	260,109
Employee benefits	65,124	63,432	7,706	136,262
Services and supplies	192,505	86,781	305,994	585,280
Depreciation	164,470	13,368	3,499	181,337
Total operating expenses	546,318	281,301	335,369	1,162,988
Operating Income	(633)	38,214	(7,327)	30,254
Nonoperating Revenues (Expenses)				
Sewer improvement user fees	-	24,905	-	24,905
Interest income	16,937	29,590	-	46,527
Interest expense	(16,271)	-	-	(16,271)
Amortization of bond costs	3,909	-	-	3,909
Total nonoperating revenues (expenses)	4,575	54,495	-	59,070
Income Before Capital Contributions	3,942	92,709	(7,327)	89,324
Capital Contributions				
Grants	297,686	242,707	-	540,393
Connection fees	32,376	6,000	-	38,376
Total capital contributions	330,062	248,707	-	578,769
Change in Net Position	334,004	341,416	(7,327)	668,093
Total Net Position, Beginning of Year	3,076,898	1,110,099	109,265	4,296,262
Total Net Position, End of Year	\$ 3,410,902	\$ 1,451,515	\$ 101,938	\$ 4,964,355

City of Wells  
Statement of Cash Flows – Proprietary Funds  
Year Ended June 30, 2024

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Water Fund	Sewer Fund	Sanitation Fund	
Operating Activities				
Cash received from customers	\$ 533,081	\$ 318,465	\$ 326,510	\$ 1,178,056
Cash payments to suppliers for goods and services	(178,526)	(75,037)	(304,161)	(557,724)
Cash payments to employees for services and benefits	(184,116)	(176,243)	(25,772)	(386,131)
Net Cash from (used for) Operating Activities	170,439	67,185	(3,423)	234,201
Capital and Related Financing Activities				
Acquisition of capital assets	(303,656)	(166,207)	-	(469,863)
Principal paid on debt	(64,333)	-	-	(64,333)
Interest paid on debt	(16,956)	-	-	(16,956)
Cash received from capital grant	297,686	54,122	-	351,808
Cash received from capital improvement user fees	-	24,905	-	24,905
Receipt of connection fees	32,376	6,000	-	38,376
Net Cash from (used for) Capital and Related Financing Activities	(54,883)	(81,180)	-	(136,063)
Investing Activities				
Interest on investments	16,937	29,590	-	46,527
Net Change in Cash and Cash Equivalents	132,493	15,595	(3,423)	144,665
Cash and Cash Equivalents, Beginning of Year	917,500	1,021,234	101,133	2,039,867
Cash and Cash Equivalents, End of Year	<u>\$ 1,049,993</u>	<u>\$ 1,036,829</u>	<u>\$ 97,710</u>	<u>\$ 2,184,532</u>
Cash and Cash Equivalents Consist of				
Restricted cash and cash equivalents	\$ 335,552	\$ 598,641	\$ -	\$ 934,193
Unrestricted cash and cash equivalents	714,441	438,188	97,710	1,250,339
Total Cash and Cash Equivalents	<u>\$ 1,049,993</u>	<u>\$ 1,036,829</u>	<u>\$ 97,710</u>	<u>\$ 2,184,532</u>
Non Cash Items				
Amortization of bond costs	<u>\$ 3,909</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,909</u>
Purchase of capital assets in accounts payable	<u>\$ -</u>	<u>\$ 86,425</u>	<u>\$ -</u>	<u>\$ 86,425</u>

City of Wells  
Statement of Cash Flows – Proprietary Funds  
Year Ended June 30, 2024

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Water Fund	Sewer Fund	Sanitation Fund	
Reconciliation of operating income (loss) to net cash from operating activities				
Operating income (loss)	\$ (633)	\$ 38,214	\$ (7,327)	\$ 30,254
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	164,470	13,368	3,499	181,337
Pension expense (income)	27,890	27,374	3,191	58,455
City pension contributions	(19,054)	(18,702)	(2,181)	(39,937)
Changes in				
Accounts receivable	(10,428)	(2,917)	(1,532)	(14,877)
Inventory	15,471	(69)	-	15,402
Accounts payable	(1,490)	11,813	1,835	12,158
Accrued liabilities	(3,611)	(3,763)	(908)	(8,282)
Customer deposits	(2,176)	1,867	-	(309)
Net Cash from (used for) Operating Activities	<u>\$ 170,439</u>	<u>\$ 67,185</u>	<u>\$ (3,423)</u>	<u>\$ 234,201</u>

## **Note 1 - Summary of Significant Accounting Policies**

The financial statements of the City of Wells, State of Nevada (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the more significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

### **Reporting Entity**

The City of Wells was incorporated March 4, 1927. The City is a municipal corporation governed by an elected mayor and four members of the City Council. The City is fiscally independent of all other governmental entities and is not a component unit of another entity.

In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, an amendment of GASB Statement No. 14, the financial statements present the reporting entity, which consists of the primary government, as well as its blended component unit, the City of Wells Redevelopment Agency Fund. The City Council acts as the governing board of this entity and is responsible for its operational activity.

### **Government-Wide and Fund Financial Statements**

The government-wide financial statements report information on all of the activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The statement of activities demonstrates the degree to which the direct expenses of a function or business-type activity are offset by program revenues. Direct expenses are those that are associated with a specific function or business-type activity. 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 business-type activity and 2) grants, contributions and interest income that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements provide information about the City's funds. Separate statements for governmental and proprietary fund categories are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services and operating expenses result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, and nonoperating expenses result from nonexchange transactions or ancillary activities.

### Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus, and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when liabilities are 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

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 measurable when the amount of the transaction can be determined and 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 liabilities are incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, postemployment benefits and claims and judgments, are recorded only when payment is due.

Property taxes, consolidated tax revenue (sales taxes, cigarette taxes, government services tax, and liquor taxes), gaming taxes, gasoline taxes 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. Licenses and permits, franchise fees, charges for services and fines and forfeits are not susceptible to accrual because generally they are not measurable until received in cash.

Property tax revenue is recognized in the fiscal year in which the taxes become due to the extent they are collected during the fiscal year or soon enough thereafter that they can be used to finance current period expenditures.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds for use of services. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The City reports the following major governmental funds:

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

The **Recreation Fund** is a special revenue fund used to account for money received from golf course and swimming pool operations and the City's share of room tax proceeds. Principal expenditures are for maintenance of the municipal golf course, the swimming pool, and other recreation expenses of the City.

The **Silver Sage Senior Center Fund** is a special revenue fund used to account for revenues and expenditures related to senior center operation.

The **Capital Improvement Fund** is used to account for the accumulation of resources to provide for the purchase of capital assets. Resources are provided by periodic transfers from other funds and capital acquisitions tax.

The City reports the following major proprietary 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, operating, maintenance, and billing and collections.

The **Sewer Fund** accounts for the provision of 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, operations, maintenance, financing and related debt services, and billing and collection.

The **Sanitation Fund** accounts for the provision of sanitation 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, operations, maintenance, financing and related debt services, and billing and collections.

### **Cash, Cash Equivalents, and Investments**

The City'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 that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk in changes of value. Cash balances from all funds are combined and, to the extent practicable, invested by the City administration as permitted by law. Investments are recorded at fair value. The City of Wells invests in the State of Nevada Local Government Investment Pool, under NRS 354.167, which has regulatory oversight from the Board of Finance for the State of Nevada. All interest earned on these investments is recognized in the General Fund, except for amounts credited to certain other funds in accordance with law, contract, and City policy. The cash and investments in the State of Nevada Local Government Investment Pool are available upon demand, therefore they are considered to be cash equivalents on the Statement of Cash Flows.

State statutes authorize (NRS 355.170) the City to invest in obligations of the U.S. Treasury; certain farm loan bonds; certain securities issued by Nevada local governments and other state and local governments; certain obligations of an Agency of the United States or a corporation sponsored by the government; certain repurchase agreements; certain bankers acceptances; certain commercial paper; and certain negotiable certificates of deposits and money market mutual funds, as well as the State of Nevada Local Government Investment Pool.

The following investments are allowed but must not exceed 20% of the total portfolio at the purchase date and 25% of such investments may not be in notes, bonds or unconditional obligations issued by any one corporation:

- Certain notes, bonds, and other unconditional obligations for the payment of money issued by corporations organized and operating in the United States.
- Collateralized mortgage obligations "AAA" rated.
- Asset-backed securities "AAA" rated.

Bond covenants relating to debt require resources be set aside to make future debt payments. These are reported as restricted cash.

### **Interfund Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans). All such balances within the governmental activities or business-type activities are eliminated in the government-wide statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

### **Accounts Receivable**

No allowance for doubtful accounts receivable has been established since management does not anticipate any material collection loss with respect to the balances shown as accounts receivable.

### **Property Taxes**

All real property within the City of Wells is assigned a parcel number by the Elko County Assessor in accordance with state law, with each parcel being subject to physical reappraisal every five years. A factoring system is used to adjust the appraised value during the years between physical appraisals. The property and its improvements are being assessed at 35% of "taxable value" as defined by statute. The amount of tax levied is developed by multiplying the assessed value by the tax rate applicable to the area in which the property is located. The maximum tax rate was established in the State Constitution at \$5 per \$100 of assessed valuation; however, as a result of legislative action, the tax rate was further limited to \$3.64 per \$100 of assessed valuation, except in cases of severe financial emergency as defined by NRS 354.705. In 2005, the Nevada State Legislature passed Assembly Bill 489 which provides for a partial abatement of the ad valorem taxes levied on qualified property. For qualified property, the abatement will limit the increase of property taxes based on the previous year's assessed value.

Taxes on real property are a lien on the property and attach on July 1 of the year for which the taxes are levied.

Taxes may be paid in four installments, the first installment is due on the third Monday of August and the remaining three installments are payable on the first Monday in October, January, and March to the Treasurer of Elko County in which the City of Wells is located. Penalties are assessed if a taxpayer fails to pay an installment within ten days of the installment due date. After a two-year waiting period, if the taxes remain unpaid, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by the owner or such persons as described by statute by paying all back taxes and accumulated penalties, interest and costs before sale. As such, real property taxes receivable reflects only those taxes receivable from the delinquent roll years, and current taxes collected within 60 days of year end and delinquent taxes from all roll years to 2018-2019 have been written off. No provision for uncollectable accounts has been established, as management does not anticipate any material collection losses with respect to the remaining balances.

Taxes on personal property are collected currently. Personal property declarations are mailed out annually by the County and the tax is computed using percentages of taxable values established by the Department of Taxation and the tax rates described above.

### **Inventories**

Inventories are valued at cost on a first-in, first-out basis.

### **Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as those assets with an initial cost of \$5,000 or more and an estimated useful life of more than three years. All purchased capital assets are valued at cost or estimated historical cost. Donated assets are recorded at estimated acquisition value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is computed using the straight-line method for all assets over the following estimated useful lives:

Buildings	10 to 50 years
Improvements other than buildings	5 to 50 years
Machinery and equipment	3 to 25 years
Vehicles	3 to 6 years

### **Compensated Absences**

The liability for compensated absences is calculated under the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. All vacation time, sick leave benefits and compensatory time costs are accrued and recognized as expenses in the government-wide and proprietary fund financial statements when earned, to the extent it is likely the City will ultimately pay those benefits. The costs of unused vacation and sick leave are not recorded in the governmental fund financial statements until paid.

### **Long-Term Debt**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. For current and advance refunding's resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow/(inflow) of resources as appropriate and amortized as a component of interest expense using the straight-line method.



For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of bonds issued is reported as other financing sources, as are bond premiums. Bond discounts are recorded as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

### **Pensions**

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of the State of Nevada (PERS) Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **Deferred Inflows and Outflows of Resources**

In addition to assets, the Statement of Net Position/Governmental Funds Balance Sheet may report a separate section for deferred outflows of resources. This separate financial statement element represents the consumption of net position/fund balance that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The City reported deferred outflows of resources related to deferred charges on bond refundings and pension items in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position/Governmental Funds Balance Sheet may report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position/fund balance that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reflects deferred inflows of resources which are unavailable revenue reported in the governmental fund balance sheet for the HEART note receivable and for revenue received beyond 60 days of the year end, under the modified accrual basis of accounting. The City reported deferred inflows of resources related to pension items in the Statement of Net Position.

## Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted** – Consists of assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or law or regulations of other governments; (2) law through constitutional provisions or enabling legislation.
- **Unrestricted** – All other assets that do not meet the definition of “restricted” or “net investment in capital assets.”

In the governmental fund financial statements, fund equity is classified as fund balance. Fund balance components are based primarily on a hierarchy designed to reflect constraints on the use of those amounts. Fund balance is classified in the following components:

- **Nonspendable** – Amounts that cannot be spent because they are not spendable in form or are legally or contractually required to be maintained intact.
- **Restricted** – Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the law or regulations of other governments.
- **Committed** – Amounts that can only be used for specific purposes. Committed fund balance is established and may only be changed pursuant to ordinances passed by the City Council, which is the City of Wells highest level of decision-making authority.
- **Assigned** – Amounts that the City of Wells intends to use for a specific purpose, that do not meet the definition of restricted or committed fund balance. Under the City’s adopted policy, amounts may be assigned by the City Manager under the authorization of the City Council.
- **Unassigned** – all other spendable amounts in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned amounts are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless, the City Council has provided otherwise in its commitment or assignment actions.

It is the City’s policy to have a minimum unassigned ending fund balance of not less than 5% or more than 15% of total budgeted expenditures in the General Fund budget each fiscal year. An inability to meet this requirement must be approved by the City Council.

## 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 certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

## **Note 2 - Reconciliation of Government-Wide and Fund Financial Statements**

### **Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position**

The governmental fund balance sheet includes a reconciliation between total fund balances – governmental funds and total net position of governmental activities. One element of that reconciliation explains that long-term liabilities and the related accrued interest payable are not due and payable in the current period and, therefore, are not reported in the funds. The details of the net difference follow:

Medium-term obligations	\$ (100,158)
Accrued interest	(4,054)
Net pension liability	(1,503,510)
Compensated absences	<u>(94,990)</u>
Net difference in reporting long-term liabilities	<u><u>\$ (1,702,712)</u></u>

### **Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances – governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this difference follow:

Capital outlay	\$ 1,280,554
Depreciation expense	<u>(634,810)</u>
Net difference in reporting capital asset activity	<u><u>\$ 645,744</u></u>

Another element of that reconciliation states the “the issuance of long-term debt (e.g., bonds, leases, and other long term-obligations) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on government-wide net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas premiums and discounts are deferred and amortized in the statement of activities.”

The details of this difference follow:

Net change in accrued interest	\$ 1,432
Net change in compensated absences	(12,844)
Principal repayments:	
Medium term obligation	<u>36,149</u>
Net difference in reporting long-term debt transactions	<u><u>\$ 24,737</u></u>

**Note 3 - Compliance with Nevada Revised Statutes (NRS) and the Nevada Administrative Code (NAC)**

The City conformed to all significant statutory constraints on its financial administration during the year.

**Note 4 - Equity in Pooled Cash, Deposits, and Investments**

The City maintains a cash and investment pool that is available for use by all funds. A summary schedule of cash and investments for the City of Wells at June 30, 2024, is as follows:

Balances Classified by Depository and Category

Cash on Hand	\$ 370
Deposits	
Nevada State Bank	
Demand deposit	<u>5,247,956</u>
Total cash	<u>5,248,326</u>
Investments	
Nevada State Treasurer	
Local Government Pooled Investment Fund (LGIP)	<u>3,615,564 *</u>
	<u><u>\$ 8,863,890</u></u>
Governmental Activities – cash and investments	\$ 6,679,358
Business-type Activities – cash and investments	1,250,339
Business-type Activities – restricted cash - debt	69,472
Business-type Activities – restricted cash - capital	<u>864,721</u>
	<u><u>\$ 8,863,890</u></u>

\*Average weighted maturity – 82 days.

The City is a voluntary participant in the State of Nevada Local Government Investment Pool (LGIP), which has regulatory oversight from the Board of Finance of the State of Nevada. The City's investment in the LGIP is equal to its original investment plus monthly allocations of interest income, and realized and unrealized gains and losses, which is the same as the value of the pool shares. The City's investment in the LGIP is reported at fair value. Fair value is determined on a daily basis.

Nevada Revised Statutes (NRS 355.170) sets forth acceptable investments for Nevada local governments. The City has not adopted a formal investment policy that would further limit its investment choices nor further limit its exposure to certain risks as set forth below.

Interest Rate Risk – the risk of possible reduction in the value of a security, especially a bond, resulting from a rise in interest rates. As noted above, 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 beyond those specified in the statute.

Credit Risk – the risk that an issuer or other counterparty to an investment will not fulfill its obligation and its function of the credit quality rating of its investments. The City's investment policy does not specify minimum acceptable credit ratings further than those listed in state statutes. The LGIP is an unrated external investment pool that specifies minimum acceptable credit ratings for its investments.

Custodial Credit Risk – the risk that in the event of a bank failure, the City's deposits may not be returned. The City's deposits are either insured by Federal Deposit Insurance Corporation (FDIC) or are collateralized by the office of the State Treasurer/Nevada Collateral Pool. The City does not have a formal policy relating to custodial credit risk but follows NRS. The City participates in the State of Nevada Collateral Pool which requires depositories to maintain as collateral acceptable securities having a fair market value of at least 102 percent of the amount of the uninsured balances of the public money held by the depository. Under NRS 356.360, the State Treasurer manages and monitors all collateral for all public monies deposited by members of the pool. As of June 30, 2024, all deposits were collateralized under the Nevada Pooled Collateral Program or insured by the Federal Deposit Insurance Corporation (FDIC). For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of outside parties.

#### **Note 5 - Note Receivable and Related Party Transaction - HEART**

In September 2004, the City sold real property to Humboldt Environmental and Renewable Technologies, Inc. (HEART) and in return received \$25,000 and a note totaling \$236,660. On March 14, 2006, the City entered into an amended purchase and sale agreement and the note was adjusted to \$236,000 with annual payments of \$18,937 including 5% interest. HEART made interest only payments through June 30, 2014, totaling \$14,200, twelve interest-only payments during the year ended June 30, 2017 totaling \$1,200, and twelve interest-only payments during the year ended June 30, 2018 totaling \$2,200. On November 27, 2018, the City of Wells Council approved the write off of all accrued interest through November 2018 totaling \$174,110, and interest began accruing again in December 2018. During the year ended June 30, 2023, nine payments were made totaling \$7,642 in interest and \$6,874 in principal. During the year ended June 30, 2024, nine payments were made totaling \$9,964 in interest and \$4,481 in principal. No allowance has been recorded as HEART has the property for sale and the value of the real estate held as collateral exceeds the face of the note. The HEART note receivable is included in deferred inflows of resources in the governmental fund financial statements in the Capital Improvement Fund.

**Note 6 - Interfund Balances**

The composition of interfund transfers as of June 30, 2024 is as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
Major Governmental Funds		
General Fund	\$ 45,000	\$ -
Silver Sage Senior Center Fund	<u>-</u>	<u>45,000</u>
	<u>\$ 45,000</u>	<u>\$ 45,000</u>

Transfers are used to move revenues collected in the various funds to finance programs accounted for in other funds in accordance with budget authorizations.

**Note 7 - Ad Valorem Capital Projects Tax**

Pursuant to NRS 354.598155, the City is required to list the projects that ad valorem taxes are used to pay for in the Capital Improvement Fund. For the year ended June 30, 2024, the City incurred design costs for the railroad spur.

**Note 8 - Risk Management**

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

The City has joined together with similar public agencies (cities, counties and special districts) throughout the State of Nevada to create a pool under the Nevada Interlocal Cooperation Act. The Nevada Public Agency Insurance Pool (Pool) 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 the Pool for its general insurance coverage. The Pool is considered a self-sustaining risk pool that will provide liability coverage for its members up to \$10,000,000 per event and a \$10,000,000 annual aggregate per member. Property, crime, and equipment breakdown is provided to its members up to \$300,000,000 per loss with various sublimits established for earthquake, flood, equipment breakdown and money and securities.

In addition, the City carries health insurance and a worker's compensation policy through a third-party carrier. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

**Note 9 - Capital Assets**

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balance June 30, 2023	Additions	Deletions and Transfers	Completed Construction	Balance June 30, 2024
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 1,446,784	\$ -	\$ -	\$ -	\$ 1,446,784
Construction in progress	5,218,164	985,510	-	-	6,203,674
Total capital assets, not being depreciated	6,664,948	985,510	-	-	7,650,458
Capital assets, being depreciated					
Buildings	5,606,545	-	-	-	5,606,545
Improvements other than buildings	10,898,098	238,286	-	-	11,136,384
Machinery and equipment	2,911,731	56,758	-	-	2,968,489
Golf course	444,997	-	-	-	444,997
Total capital assets, being depreciated	19,861,371	295,044	-	-	20,156,415
Less accumulated depreciation					
Buildings	2,311,465	121,956	-	-	2,433,421
Improvements other than buildings	7,621,820	402,272	-	-	8,024,092
Machinery and equipment	1,949,261	105,068	-	-	2,054,329
Golf course	345,364	5,514	-	-	350,878
Total accumulated depreciation	12,227,910	634,810	-	-	12,862,720
Total capital assets, being depreciated, net	7,633,461	(339,766)	-	-	7,293,695
Governmental Activities Capital Assets, net	<u>\$ 14,298,409</u>	<u>\$ 645,744</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,944,153</u>

The main components of construction in progress are related to the El Rancho remodel, airport rehabilitation and reconfiguration projects, the downtown corridor project, Woodhills trail design cost, the Shoshone sidewalk project, and the new senior center facility.



City of Wells  
Notes to Financial Statements  
June 30, 2024

	Balance June 30, 2023	Additions and Transfers	Deletions	Completed Construction	Balance June 30, 2024
<b>Business-Type Activities</b>					
Capital assets, not being depreciated					
Land	\$ 27,766	\$ -	\$ -	\$ -	\$ 27,766
Construction in progress	77,540	252,632	-	(35,855)	294,317
Total capital assets, not being depreciated	105,306	252,632	-	(35,855)	322,083
Capital assets, being depreciated					
Buildings	415,253	297,686	-	35,855	748,794
Improvements other than buildings	8,288,798	-	-	-	8,288,798
Machinery and equipment	1,014,243	5,970	-	-	1,020,213
Total capital assets, being depreciated	9,718,294	303,656	-	35,855	10,057,805
Less accumulated depreciation					
Buildings	68,045	17,982	-	-	86,027
Improvements other than buildings	6,280,771	124,992	-	-	6,405,763
Machinery and equipment	676,155	38,363	-	-	714,518
Total accumulated depreciation	7,024,971	181,337	-	-	7,206,308
Total capital assets, being depreciated, net	2,693,323	122,319	-	35,855	2,851,497
Business-Type Activities Capital Assets, net	<u>\$ 2,798,629</u>	<u>\$ 374,951</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,173,580</u>

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

<b>Governmental Activities</b>	
General government	\$ 138,930
Public safety	21,267
Public works	397,664
Culture and recreation	61,790
Health and sanitation	15,159
Total depreciation expense - governmental activities	<u>\$ 634,810</u>
<b>Business-Type Activities</b>	
Water Fund	\$ 164,470
Sewer Fund	13,368
Sanitation Fund	3,499
Total depreciation expense - business-type activities	<u>\$ 181,337</u>

## **Note 10 - Defined Benefit Pension Plan**

### **Plan Description**

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

### **Benefits Provided**

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

Monthly benefit allowances for members are computed at 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 PERS on or after January 1, 2010, there is a 2.5% service time factor. Regular members entering PERS on or after July 1, 2015 have a 2.25% multiplier for all years of service. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

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

### **Vesting**

Regular members entering PERS prior to January 1, 2010 are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with 30 years of service. Regular members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or at age 62 with ten years of service, or any age with 30 years of service. Regular members entering PERS on or after July 1, 2015 are eligible for retirement at age 65 with five years of service, at age 62 with ten years of service, or at 55 with 30 years of service, or at any age with 33 1/3 years of service.

Police/Fire members entering PERS prior to January 1, 2010 are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with 20 years of service, or at any age with 25 years of service. Police/Fire members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, at age 50 with 20 years of service, or at any age with 30 years of service. Police/Fire member entering PERS on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, and at age 50 with 20 years of service. Only service performed in a position as a police officer or firefighter may be counted towards eligibility for retirement as Police/Fire accredited service.

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

### **Contributions**

The authority for establishing and amending the obligation to make contributions and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. One plan provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only. Under the matching Employee/Employer Contribution plan a member may, upon termination of service for which contribution is required, withdraw employee contributions which have been credited to their account. All membership rights and active service credit in the System are canceled upon withdrawal of contributions from the member's account. If EPC was selected, the member cannot convert to the Employee/Employer Contribution plan.

PERS' 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.

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

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

For the fiscal year ended June 30, 2023, the statutory Employer/Employee matching rate for Regular members was 15.50%, and 22.75% for Police/Fire. For the fiscal year ended June 30, 2023 the Employer-Pay Contribution (EPC) rate was 29.75% for Regular members, 44.00% for Police/Fire, and 31% for volunteer fire members. For the fiscal year ended June 30, 2024, the statutory Employer/Employee matching rate for Regular members was 17.50% and 25.75% for Police/Fire. For the fiscal year ended June 30, 2024 the Employer-Pay Contribution (EPC) rate was 33.5% for Regular members, 50.00% for Police/Fire, and 35% for volunteer fire members.

The City's contributions were \$135,299 for the year ended June 30, 2024.

### **PERS Investment Policy**

PERS' policies which determine the investment portfolio target asset allocation are established by the PERS 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 PERS Board adopted policy target asset allocation as of June 30, 2023:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return
U.S. Stocks	42%	5.50%
International Stocks	18%	5.50%
U.S. Bonds	28%	0.75%
Private Markets	12%	6.65%
	<u>100%</u>	

As of June 30, 2023, PERS' long-term inflation assumption was 2.50%.

### Net Pension Liability

At June 30, 2024, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability (\$1,802,583) was based on the City's share of contributions to the PERS pension plan relative to the total contributions of all participating PERS employers. At June 30, 2023, the City's proportion was 0.00988% percent, which is an decrease of 0.00124 from its proportion measured as of June 30, 2022.

### Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the City as of June 30, 2024, calculated using the discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current discount rate:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
City's Proportionate Share of Net Pension Liability	<u>\$ 2,805,084</u>	<u>\$ 1,802,583</u>	<u>\$ 975,225</u>

### Pension Plan Fiduciary Net Position

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

### Actuarial Assumptions

The City's net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.50%
Payroll Growth	3.50%
Investment Rate of Return/ Discount Rate	7.25%
Productivity Pay Increase	0.50%
Projected Salary Increases	Regular: 4.20% to 9.10%, depending on service Police/Fire: 4.60% to 14.50%, depending on service Rates include inflation and productivity increases
Consumer Price Index	2.50%
Other Assumptions	Same as those used in the June 30, 2023 funding actuarial valuation

Mortality rates for healthy regular members and contingent beneficiaries were based on Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30% for males and 15% for females. For ages before age 40, mortality rates are based on Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables. For ages 40 through 50, the rates were smoothed between the above tables. Mortality rates for healthy police/fire members were based on Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30% for males and 5% for females. For ages before age 35, mortality rates are based on Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table. For ages 35 through 45, the rates were smoothed between the above tables.

Mortality rates for disabled regular members were based on Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with rates increased by 20% for males and 15% for females. Mortality rates for disabled police/fire members were based on Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table with rates increased by 30% for males and 10% for females.

Mortality rates for current beneficiaries were based on Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table with rates increased by 15% for males and 30% for females. For ages before age 35, mortality rates are based on Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table. For ages 35 through 45, the rates were smoothed between the above tables.

Mortality rates for pre-retirement regular members were based on Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table. Mortality rates for pre-retirement police/fire members were based on Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table.

The mortality tables were projected generationally with the two-dimensional mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023 valuation were based on the results of the experience study for the period of July 1, 2016 through June 30, 2020.

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except the projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023.

**Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2024, the City recognized pension expense of \$198,061. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 234,956	\$ -
Changes in assumptions or other inputs	168,937	-
Net difference between projected and actual earnings on pension plan investments	-	16,872
Changes in the City's proportionate share	88,782	170,969
City contributions subsequent to the measurement date	135,299	-
	<u>\$ 627,974</u>	<u>\$ 187,841</u>

The \$135,299 reported as deferred outflows of resources related to pensions, resulting from the City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined is 5.63 years.

Other estimated amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions subsequent to the measurement date, will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	
2025	\$ 44,992
2026	37,807
2027	227,945
2028	3,884
2029	(9,794)
Thereafter	<u>-</u>
	<u><u>\$ 304,834</u></u>

#### **Additional Information**

Additional information supporting the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer is located in the PERS Annual Comprehensive Financial Report (ACFR) available on the PERS website at [www.nvpers.org](http://www.nvpers.org) under Quick Links – Publications.

The City of Wells updated their allocation assumptions between the governmental activities and the business-type activities in the current year related to better reflect the net pension liability.

**Note 11 - Changes in Long-Term Debt**

	Date of Issue	Original Issue Amount	Interest Rate	Year of Final Payment	Principal Outstanding July 1, 2023	Issued During Period	Principal Paid During Period	Principal Outstanding June 30, 2024	Principal Due in 2024-2025
<b>Governmental Activities</b>									
Note payables - Direct Borrowings									
X-ray machine	8/15/2018	\$ 36,600	3.875%	2025	\$ 12,357	\$ -	\$ 5,607	\$ 6,750	\$ 5,541
Excavator and loader	7/2/2019	209,789	3.990%	2025	123,950	-	30,542	93,408	93,408
					136,307	-	36,149	100,158	98,949
Compensated absences	N/A	N/A	N/A	N/A	82,146	71,379	58,535	94,990	94,990
Total governmental activities		246,389			218,453	71,379	94,684	195,148	193,939
<b>Business-Type Activities</b>									
Water Fund - Direct Borrowings									
2008 Water Revenue Bond	11/25/2008	220,000	4.125%	2047	169,053		4,333	164,720	4,536
2013 Refunding Bond Series 2013A	2/20/2013	710,000	3.0% - 5.0%	2027	240,000		60,000	180,000	60,000
		1,130,000			409,053	-	64,333	344,720	64,536
Plus deferred amounts for issuance premiums		N/A			19,433		6,303	13,130	n/a
		1,130,000			428,486	-	70,636	357,850	64,536
Compensated absences	N/A	N/A	N/A	N/A	40,936	32,753	28,696	44,993	44,993
Total business-type activities		-			469,422	32,753	99,332	402,843	109,529
Total debt		\$ 1,376,389			\$ 687,875	\$ 104,132	\$ 194,016	\$ 597,991	\$ 303,468
Restricted Cash in the Water Fund Consists of the following at June 30, 2020:									
2008 Water Revenue Bond - current debt service		\$ 940							
2008 Water Revenue Bond - debt service reserve		11,282							
2013 Refunding Bond - current debt service		57,250							
Total Water Fund Restricted Cash		\$ 69,472							

Compensated absences and postemployment benefits typically have been liquidated by the General and Enterprise Funds.

The City is in compliance with all significant limitations and restrictions contained in the various bond indentures.

The Note payables are secured by the equipment under the note.

The City was, in accordance with Nevada Revised Statutes, within the legal debt limit at June 30, 2024.



The annual requirements to amortize all debt outstanding as of June 30, 2024, are as follows:

Governmental Activities

<u>Year Ending June 30</u>	<u>Medium Term Obligation</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 98,949	\$ 3,745
2026	1,209	95
2027		
Total governmental activities	<u>\$ 100,158</u>	<u>\$ 3,840</u>

Business-type Activities

<u>Year Ending June 30</u>	<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 64,536	\$ 11,246
2026	64,724	9,257
2027	64,922	7,260
2028	5,127	6,155
2029	5,340	5,940
2030-2034	30,232	26,176
2035-2039	37,080	19,327
2040-2044	45,476	10,931
2045-2048	27,283	1,754
Total business-type activities	<u>\$ 344,720</u>	<u>\$ 98,046</u>
Total debt outstanding	<u>\$ 444,878</u>	<u>\$ 101,886</u>

On February 20, 2013, the City issued \$710,000 in a General Obligation (Limited Tax) Water Refunding Bonds, Series 2013A, with an interest rate ranging from 3 to 5 percent. Final payments for the Bond are due on August 1, 2026. The proceeds were used to currently refund the \$1,085,000 General Obligation (Limited Tax) Water Refunding Bond, 2002 Series. The refunding decreased debt service by \$134,412 over 15 years. The refunding resulted in an economic gain of \$121,487 (which is the difference in the net present value of the cash flows of the old debt over the new debt).

The refunding resulted in realization of an accounting loss of \$32,323, which will be recognized ratably through August 1, 2026. The loss is being amortized on a straight-line basis over the remaining life of the new bonds, at \$200 per month. This amount is reflected as a deferred outflow of resources in the proprietary fund and government-wide statements of net position. The refunding also resulted in a bond issuance premium of \$85,089. This amount is being amortized using the straight-line basis over the remaining life of the new bond at \$525 per month. This amount is reflected as a reduction of the total long-term liability in the Water Fund and government-wide statements of net position.

To provide for the next year payment of principal and interest on the November 25, 2008, \$220,000 Water Revenue Bonds, the City of Wells has pledged their net revenues from the use of the City of Wells water system. The bonds are payable from the City of Wells water charges. Total principal and interest remaining on the bonds is \$254,666, payable through May 25, 2047. For the current year, principal and interest paid and total net revenues from the use of the water system were \$11,280 and \$163,837, respectively.

To provide for the next year payment of principal and interest on the February 20, 2013, \$710,000 2013 Refunding Series 2013A Bonds, the City of Wells has pledged their net revenues from the use of the City of Wells water system. The bonds are payable from the City of Wells water charges. Total principal and interest remaining on the bonds is \$188,100, payable through August 1, 2026. For the current year, principal and interest paid and total net revenues from the use of the water system were \$66,300 and \$163,837, respectively.

## **Note 12 - Postemployment Healthcare Plans**

### **Plan Description**

The City of Wells contributes to a single employer defined benefit postemployment healthcare plan, State of Nevada Public Employees' Benefits Plan (PEBP). This plan provides medical, dental, vision, prescription and life insurance benefits to eligible retired City of Wells employees and beneficiaries.

Benefit provisions for PEBP are administered by the State of Nevada. NRS 287.043 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. City of Wells employees who met the eligibility requirements effective September 1, 2008 for retirement within the Nevada Public Employee Retirement System had the option upon retirement to enroll in coverage under the PEBP. NRS 287.023 discontinued the option to join PEBP for City employees who retired after November 29, 2008. Local governments are required to pay the same portion of the cost of coverage for their retirees joining PEBP that the State of Nevada pays for state retirees participating in their plan. As of June 30, 2024, five City of Wells retirees were utilizing this benefit.

NRS 287.046 establishes the subsidies to be contributed toward the premium costs of the eligible retired City of Wells employees. The contribution requirements of plan members and the City of Wells may be amended by the PEBP board. For the plan year ended June 30, 2024, retirees qualified for a monthly subsidy ranging from \$2 to \$86 depending upon years of City service. As a participating employer, the City of Wells is billed for the subsidy on a monthly basis and is legally required to provide for it. For fiscal year 2024, the City of Wells contributed \$2,187 to the plan.

For PEBP, the City of Wells was determined to be a Level 3 governmental entity for GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, reporting requirements. This means the City of Wells should have implemented these provisions beginning in fiscal year 2010 and 2017, with the implementation of GASB Statement No. 75. As part of GASB 45 and GASB 75 requirements, an actuarial study needs to be performed to determine the unfunded actuarial liability, the annual OPEB cost, net OPEB obligation, and other information. The City of Wells should also provide prior year information for comparison as

to funding progress made. The City of Wells evaluated its potential liability using the Fidelity Municipal Government AA 20-year index rate of 4.21%, readily available actuarial life expectancy tables, and current PEBP premiums to estimate its future liability. The City of Wells determined the net OPEB obligation required to be recorded on its financial statements was immaterial. Based on this determination, the City of Wells did not have a formal actuarial study performed. The City of Wells will evaluate this estimate of the liability in each future year and will have the actuarial study performed when it estimates the liability to be recorded would materially misstate the financial statements if not included. At June 30, 2024, not all information required to be reported by GASB 75 is available and therefore is not included in this report.

### **Note 13 - Commitments**

On October 10, 2023 the City awarded a contract for the sewer headworks project totaling \$479,100, \$102,160 was spent as of June 30, 2024.

On June 25, 2024 the City awarded a contract for the Shoshone sidewalk, curb and gutter project totaling \$1,044,571, no funds were spent as of June 30, 2024.

### **Note 14 - Subsequent Events**

On July 23, 2024 the City approved a medium-term obligation to purchase a vacuum trailer not to exceed \$100,000.

The City received full payment for the Humboldt Environmental and Renewable Technologies, Inc. (HEART) note receivable in October 2024, this receivable was included in the governmental fund financial statements in the Capital Improvement Fund at June 30, 2024.

City of Wells

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (Budgetary Basis) and Actual – General Fund  
Year Ended June 30, 2024  
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	Original	Final Budget	Actual	Variance to Final Budget	2023
Revenues					
Taxes					
Ad valorem	\$ 425,114	\$ 437,464	\$ 448,952	\$ 11,488	\$ 412,448
Licenses and permits					
Business licenses					
Business license	25,000	25,000	18,133	(6,867)	18,838
Liquor license	5,500	5,500	4,680	(820)	4,710
Gaming license	8,300	8,300	4,950	(3,350)	7,410
Animal license	2,300	2,300	865	(1,435)	955
Franchise fees					
Other	-	-	-	-	459
Permits					
Marijuana licenses	-	-	400	400	400
Building and sign	40,000	40,000	27,435	(12,565)	107,090
Total licenses and permits	81,100	81,100	56,463	(24,637)	139,862
Intergovernmental revenues					
Grants					
Federal and state grants	-	134,453	355,119	220,666	3,305,485
State shared revenues					
Consolidated tax distribution	1,657,139	1,657,139	1,642,323	(14,816)	1,567,359
Motor vehicle fuel tax	30,580	30,580	30,126	(454)	32,261
Other local government shared revenues					
Gaming tax	22,000	22,000	14,603	(7,397)	15,098
County regional transportation	40,000	40,000	28,363	(11,637)	34,384
Aviation fuel tax	2,000	2,000	1,371	(629)	1,756
County option gas tax	7,590	7,590	7,170	(420)	7,989
Total intergovernmental revenues	1,759,309	1,893,762	2,079,075	185,313	4,964,332
Charges for services					
Police fees	8,000	8,000	3,216	(4,784)	2,995
Airport gas sales	111,000	111,000	103,674	(7,326)	209,952
Building, planning and zoning fees	250	250	75	(175)	456
Recreation fees					
Park pavilion	200	200	300	100	500
Health fees					
Cemetery charge	500	500	800	300	1,700
Total charges for services	119,950	119,950	108,065	(11,885)	215,603
Fines and forfeitures					
Municipal court	20,400	20,400	2,010	(18,390)	3,838
Miscellaneous					
Investment earnings	14,000	68,000	85,455	17,455	41,976
Rents	32,000	32,000	33,126	1,126	25,304
Public defender reimbursements	-	-	250	250	-
Other income	13,102	13,102	16,190	3,088	15,988
Total miscellaneous	59,102	113,102	135,021	21,919	83,268
Total revenues	2,464,975	2,665,778	2,829,586	163,808	5,819,351

**City of Wells**

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (Budgetary Basis) and Actual – General Fund  
Year Ended June 30, 2024  
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	Original	Final Budget	Actual	Variance to Final Budget	2023
<b>Expenditures</b>					
General government					
Administration					
Salaries and wages	\$ 103,422	\$ 117,922	\$ 102,022	\$ 15,900	\$ 103,140
Employee benefits	42,704	42,704	42,128	576	36,798
Services and supplies	89,800	89,800	96,392	(6,592)	78,865
Capital outlay	5,000	5,000	-	5,000	-
Total general government	240,926	255,426	240,542	14,884	218,803
Public Safety					
Police Department					
Salaries and wages	52,777	52,777	26,675	26,102	24,367
Employee benefits	14,252	14,252	13,758	494	11,956
Services and supplies	468,300	468,300	441,601	26,699	448,562
Capital outlay	30,000	30,000	-	30,000	-
Total public safety	565,329	565,329	482,034	83,295	484,885
Health and sanitation department					
Cemetery					
Services and supplies	8,450	8,450	6,512	1,938	6,564
Capital outlay	10,000	10,000	-	10,000	-
Total health and sanitation	18,450	18,450	6,512	11,938	6,564
Public Works					
Street department					
Salaries and wages	164,702	164,702	178,212	(13,510)	173,722
Employees and benefits	78,931	78,931	81,993	(3,062)	73,657
Services and supplies	260,390	260,390	72,923	187,467	105,339
Capital outlay	373,500	373,500	310,750	62,750	370,366
Total street department	877,523	877,523	643,878	233,645	723,084
Airport					
Salaries	15,500	15,500	16,086	(586)	15,370
Employees and benefits	8,225	8,225	2,568	5,657	2,345
Services and supplies	101,800	131,800	284,460	(152,660)	212,893
Capital outlay	50,000	184,453	149,857	34,596	2,924,429
Total airport	175,525	339,978	452,971	(112,993)	3,155,037
Total public works	1,053,048	1,217,501	1,096,849	120,652	3,878,121
Judicial					
Salaries and wages	23,223	23,223	23,223	-	22,547
Employee benefits	9,715	9,715	10,455	(740)	9,281
Services and supplies	7,800	7,800	2,250	5,550	8,667
Total judicial	40,738	40,738	35,928	4,810	40,495

City of Wells

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (Budgetary Basis) and Actual – General Fund  
Year Ended June 30, 2024  
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	Original	Final Budget	Actual	Variance to Final Budget	2023
Community support					
Services and supplies	\$ 142,750	\$ 144,600	\$ 97,397	\$ 47,203	\$ 250,405
Capital outlay	100,000	100,000	87,728	12,272	49,255
Total community support	242,750	244,600	185,125	59,475	299,660
Debt service					
Principal	35,794	35,794	36,149	(355)	34,872
Interest	5,680	5,680	5,324	356	6,601
Total debt service	41,474	41,474	41,473	1	41,473
Contingency	60,000	60,000	-	60,000	-
Total expenditures	2,262,715	2,443,518	2,088,463	355,055	4,970,001
Excess of Revenues Over Expenditures	202,260	222,260	741,123	518,863	849,350
Other Financing Sources (Uses)					
Transfers out	(195,000)	(215,000)	(80,000)	135,000	(143,500)
Net Change in Fund Balance	7,260	7,260	661,123	653,863	705,850
Fund Balance, Beginning of Year	3,115,797	3,115,797	3,717,713	601,916	3,011,863
Fund Balance, End of Year	<u>\$ 3,123,057</u>	<u>\$ 3,123,057</u>	<u>\$ 4,378,836</u>	<u>\$ 1,255,779</u>	<u>\$ 3,717,713</u>

City of Wells

Reconciliation of the General Fund (Budgetary Basis) to the Schedule of Revenues, Expenditures, and Changes in  
Fund Balances – General Fund (GAAP Basis)  
Year Ended June 30, 2024  
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	General Fund (Budget Basis)	Fire Department Fund	Eliminations	General Fund (GAAP Basis)	2023
Revenues					
Taxes	\$ 448,952	\$ -	\$ -	\$ 448,952	\$ 412,448
Licenses and permits	56,463	-	-	56,463	139,862
Intergovernmental	2,079,075	510	-	2,079,585	4,965,767
Charges for services	108,065	-	-	108,065	215,603
Fines and forfeits	2,010	-	-	2,010	3,838
Miscellaneous revenues	135,021	4,423	-	139,444	88,343
Total revenues	2,829,586	4,933	-	2,834,519	5,825,861
Expenditures					
Current					
General government	240,542	-	-	240,542	218,803
Public safety	482,034	38,498	-	520,532	584,095
Health and sanitation	6,512	-	-	6,512	6,564
Public works	1,096,849	-	-	1,096,849	3,878,121
Judicial	35,928	-	-	35,928	40,495
Community support	185,125	-	-	185,125	299,660
Debt service					
Principal	36,149	-	-	36,149	34,872
Interest	5,324	-	-	5,324	6,601
Total expenditures	2,088,463	38,498	-	2,126,961	5,069,211
Excess (Deficiency) of Revenues Over Expenditures	741,123	(33,565)	-	707,558	756,650
Other Financing Sources (Uses)					
Transfers in	-	35,000	(35,000)	-	-
Transfers out	(80,000)	-	35,000	(45,000)	(43,500)
Total other financing sources (uses)	(80,000)	35,000	-	(45,000)	(43,500)
Net Change in Fund Balances	661,123	1,435	-	662,558	713,150
Fund Balances, Beginning of Year	3,717,713	117,085	-	3,834,798	3,121,648
Fund Balances, End of Year	\$ 4,378,836	\$ 118,520	\$ -	\$ 4,497,356	\$ 3,834,798

City of Wells

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
Recreation Fund  
Year Ended June 30, 2024  
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	Original	Final Budget	Actual	Variance to Final Budget	2023
Revenues					
Taxes					
Room tax	\$ 408,500	\$ 408,500	\$ 585,916	\$ 177,416	\$ 600,034
Intergovernmental					
Local government revenues					
Grants	18,000	18,000	41,422	23,422	13,301
Charges for services					
Membership and green fees	18,000	18,000	29,276	11,276	26,605
Season passes	20,700	20,700	17,779	(2,921)	20,692
Yearly cart rental and storage	7,100	7,100	5,300	(1,800)	5,425
Daily cart rental and storage	7,000	7,000	12,006	5,006	10,074
Golf course food and bar	34,000	34,000	39,120	5,120	41,082
Golf course range	1,000	1,000	727	(273)	2,232
Golf course pro shop	10,000	10,000	23,355	13,355	30,250
Value pack	1,700	1,700	600	(1,100)	275
Swimming pool fees	23,850	23,850	10,654	(13,196)	12,032
Facility Fees	500	500	450	(50)	1,870
Total charges for services	123,850	123,850	139,267	15,417	150,537
Miscellaneous					
Interest income	2,000	2,000	19,025	17,025	9,195
Other income	6,800	6,800	-	(6,800)	-
Total miscellaneous	8,800	8,800	19,025	10,225	9,195
Total revenues	559,150	559,150	785,630	226,480	773,067
Expenditures					
Culture and recreation					
Golf course					
Salaries and wages	37,216	37,216	21,201	16,015	36,290
Employee benefits	6,646	6,646	6,169	477	9,918
Services and supplies	193,126	193,126	196,462	(3,336)	215,808
Capital outlay	10,000	10,000	7,500	2,500	1,873
Total golf course	246,988	246,988	231,332	15,656	263,889
Other recreation					
Salaries and wages	144,838	144,838	133,562	11,276	122,139
Employee benefits	65,717	65,717	50,642	15,075	42,634
Services and supplies	172,870	172,870	182,191	(9,321)	178,268
Capital outlay	90,000	90,000	38,398	51,602	-
Total other recreation	473,425	473,425	404,793	68,632	343,041



City of Wells

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
Recreation Fund  
Year Ended June 30, 2024  
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	Original	Final Budget	Actual	Variance to Final Budget	2023
Intergovernmental					
County Fair Board room tax	\$ -	\$ -	\$ 26,467	\$ (26,467)	\$ 26,409
Nevada Tourism room tax	-	-	15,880	(15,880)	15,846
Total intergovernmental	-	-	42,347	(42,347)	42,255
Total expenditures	720,413	720,413	678,472	41,941	649,185
Excess (Deficiency) of Revenues Over Expenditures	(161,263)	(161,263)	107,158	268,421	123,882
Other Financing Sources (Uses)					
Operating transfers in	100,000	100,000	-	(100,000)	-
Net Change in Fund Balance	(61,263)	(61,263)	107,158	168,421	123,882
Fund Balance, Beginning of Year	298,869	298,869	486,352	187,483	362,470
Fund Balance, End of Year	<u>\$ 237,606</u>	<u>\$ 237,606</u>	<u>\$ 593,510</u>	<u>\$ 355,904</u>	<u>\$ 486,352</u>

City of Wells

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
Silver Sage Senior Center Fund  
Year Ended June 30, 2024  
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	Original	Final Budget	Actual	Variance to Final Budget	2023
Revenues					
Intergovernmental					
Federal/local grants	\$ 92,248	\$ 837,702	\$ 837,702	\$ -	\$ 952,699
County grants	68,000	68,000	57,224	(10,776)	55,780
Total intergovernmental	160,248	905,702	894,926	(10,776)	1,008,479
Charges for services					
Program income	16,000	16,000	8,409	(7,591)	10,274
Miscellaneous					
Interest Income	1,000	1,000	3,647	2,647	2,124
Contributions	3,100	3,100	5,299	2,199	3,230
Other income	8,600	8,600	4,951	(3,649)	5,389
Total miscellaneous	12,700	12,700	13,897	1,197	10,743
Total revenues	188,948	934,402	917,232	(17,170)	1,029,496
Expenditures					
Culture and Recreation					
Salaries and wages	103,091	103,091	106,223	(3,132)	104,473
Employee benefits	60,574	60,574	64,870	(4,296)	41,420
Services and supplies	57,450	154,372	129,927	24,445	108,509
Capital outlay	9,000	677,532	677,532	-	808,470
Total expenditures	230,115	995,569	978,552	17,017	1,062,872
Deficiency of Revenues Over Expenditures	(41,167)	(61,167)	(61,320)	(153)	(33,376)
Other Financing Sources (Uses)					
Operating transfers					
Transfers in	25,000	45,000	45,000	-	43,500
Net Change in Fund Balance	(16,167)	(16,167)	(16,320)	(153)	10,124
Fund Balance, Beginning of Year	231,739	231,739	231,624	(115)	221,500
Fund Balance, End of Year	<u>\$ 215,572</u>	<u>\$ 215,572</u>	<u>\$ 215,304</u>	<u>\$ (268)</u>	<u>\$ 231,624</u>

### **Note 1 - Budgetary Reconciliations**

The accompanying Reconciliation of the General Fund (Budgetary Basis) to the General Fund (GAAP Basis) presents balances combined for external reporting purposes. Budget to actual comparisons are presented for all funds of the City as required by Nevada Revised Statutes. Such budget comparisons are required to be presented using the budget as adopted and approved by the State of Nevada Department of Taxation. However, guidance provided in governmental accounting standards specify that one of these internally reported funds of the City of Wells, does not meet the definition of special revenue funds, and therefore does not qualify to be separately presented for external reporting purposes. The Fire Department Fund for the City of Wells is combined with the General Fund for external reporting purposes.

### **Note 2 - Budgetary Information**

The City of Wells adheres to the Local Government Budget and Finance Act incorporated in section 354 of Nevada Revised Statutes. The budgets are filed as a matter of public record with the city clerk, county clerk, and State Department of Taxation. The City staff use the following major procedures to establish the budgetary data, which is reflected in these financial statements.

1. On or before April 15, the City Council files a tentative budget with the Nevada Department of Taxation for all funds other than Agency Funds, which are not required to be budgeted.
2. Public budget hearings on the tentative budget are held in May.
3. On or before June 1, at a public hearing, the Council indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the City Council. The final budget must then be forwarded to the Nevada Department of Taxation for review and approval.
4. Formal budgetary integration in the financial records of all funds is employed to enhance management control during the year.
5. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). All appropriations lapse at year end.
6. Budget amounts within funds, and between funds, may be transferred if amounts do not exceed the original budget. Such transfers must be approved by the City Manager and/or the City Council, depending on established criteria. Budget augmentations in excess of original budgetary amounts may not be made without prior approval of the City Council, following a scheduled and noticed public hearing for those funds which have ad valorem tax allocated as a source of revenue. For all other funds the City Council must approve the budget augmentation with a majority vote and adopt a resolution providing, therefore.
7. The above dates may be adjusted as necessary during legislative years.
8. The budget amounts reflected in the financial statements have been amended from the original amounts in accordance with the above procedures.

In accordance with state statute, actual expenditures may not exceed budgeted appropriations of the various governmental functions (excluding the debt service function) of the General Fund, Special Revenue Funds and Capital Project Funds. Per NRS 354.626, expenditures over budgeted appropriations are allowed for bond repayments, medium term obligation repayments, and other long-term contracts expressly authorized by law. For Proprietary Funds, expenses in excess of original budget appropriations are allowable as long as the expenses do not cause a deficit in net position and the budget is adjusted in a manner provided by law.

**Note 3 - Comparative Data**

Comparative data shown in the supplementary information sections for the prior year has been extracted from the 2023-2024 financial statements and reclassified where necessary and practical to afford better comparability between the years. It has been provided to add comparability but is not considered full disclosure of transactions for 2023-2024. Such information can only be obtained by referring to the audited financial statements for that year.

City of Wells  
Schedule of City's Share of Net Pension Liability  
Public Employee's Retirement System of Nevada (PERS)  
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.00988%	0.01112%	0.01080%	0.01003%	0.01062%	0.01055%	0.01087%	0.01162%	0.01131%	0.01224%
Proportionate share of the net pension liability	\$ 1,802,583	\$ 2,007,198	\$ 984,860	\$ 1,398,025	\$ 1,447,814	\$ 1,438,703	\$ 1,445,867	\$ 1,563,719	\$ 1,295,498	\$ 1,274,978
Covered payroll	\$ 756,199	\$ 812,273	\$ 765,089	\$ 711,587	\$ 724,445	\$ 695,510	\$ 695,299	\$ 708,790	\$ 676,745	\$ 718,788
Proportionate share of the net pension liability as a percentage of its covered payroll	238.37%	247.11%	128.72%	196.47%	199.85%	206.86%	207.95%	220.62%	191.43%	177.38%
Plan fiduciary net position as a percentage of the total pension liability	76.16%	75.12%	86.51%	77.04%	76.46%	75.24%	74.42%	72.23%	75.13%	76.30%

The following table presents significant assumption changes:

	2021 through 2022	2020 through 2017	2016 through 2014
Inflation rate	2.50%	2.75%	3.50%
Payroll growth	3.50%	5.00%	5.00%
Investment rate of return/discount rate	7.25%	7.50%	8.00%
Productivity pay increase	0.50%	0.50%	0.75%
Projected salary increases			
Regular**	4.20% to 9.10%	4.25% to 9.15%	4.60% to 9.75%
Police/Fire**	4.60% to 14.50%	4.55% to 13.90%	5.25% to 14.50%
Consumer price index	2.50%	2.75%	3.50%
Mortality rates			
Healthy***	Pub-2010 General and Safety Healthy Retiree and Employee	Headcount-Weighted RP-2014 Healthy	RP-2000 Combined Healthy Mortality Table
Disabled	Pub-2010 Non-Safety and Safety Disabled Retiree Amount-Weighted	Headcount-Weighted RP-2014 Disabled	RP-2000 Disabled Retiree Morality Table
Current beneficiaries***	Pub-2010 Contingent Survivor and General Employee	Headcount-Weighted RP-2014 Healthy	N/A
Pre-retirement***	Pub-2010 General and Safety Employee	Headcount-Weighted RP-2014 Employee	N/A
Future mortality improvement	Generational Projection Scale MP-2020	6 years	N/A

\*\* Depending on service. Rates include inflation and productivity increases.

\*\*\* Amount-Weighted Above-Median.

City of Wells  
Schedule of City's Contributions  
Public Employee's Retirement System of Nevada (PERS)  
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution**	\$ 135,299	\$ 114,347	\$ 122,419	\$ 113,060	\$ 107,313	\$ 102,198	\$ 97,881	\$ 106,581	\$ 98,521	\$ 87,250
Contributions in relation to the statutorily required contribution **	\$ 135,299	\$ 114,347	\$ 122,419	\$ 113,060	\$ 107,313	\$ 102,198	\$ 97,881	\$ 106,581	\$ 98,521	\$ 87,250
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 802,350	\$ 756,199	\$ 812,273	\$ 765,089	\$ 711,587	\$ 724,445	\$ 695,510	\$ 695,299	\$ 708,790	\$ 676,745
Statutorily required contribution as a percentage of covered payroll	16.86%	15.12%	15.07%	14.78%	15.08%	14.11%	14.07%	15.33%	13.90%	12.89%

\*\* All contributions shown reflect employer-paid contributions only. Member contributions are excluded.



Supplementary Information  
June 30, 2024

## City of Wells

City of Wells

Combining Balance Sheet – Reconciliation of the General Fund (Budgetary Basis)  
to the General Fund (GAAP Basis)  
June 30, 2024  
(With Comparative Totals for June 30, 2023)

	General Fund (Budget Basis)	Fire Department Fund	Eliminations	General Fund (GAAP Basis)	2023
<b>Assets</b>					
Cash and investments	\$ 4,372,141	\$ 121,075	\$ -	\$ 4,493,216	\$ 4,084,820
Accounts receivable	-	-	-	-	955
Due from other governments	358,511	-	-	358,511	390,791
Inventory	83,712	-	-	83,712	90,968
<b>Total assets</b>	<b>\$ 4,814,364</b>	<b>\$ 121,075</b>	<b>\$ -</b>	<b>\$ 4,935,439</b>	<b>\$ 4,567,534</b>
<b>Liabilities</b>					
Accounts payable	\$ 162,525	\$ 2,555	\$ -	\$ 165,080	\$ 112,489
Accrued liabilities	54,368	-	-	54,368	23,326
Other current liabilities	475	-	-	475	675
Unearned revenue	155,681	-	-	155,681	521,467
<b>Total liabilities</b>	<b>373,049</b>	<b>2,555</b>	<b>-</b>	<b>375,604</b>	<b>657,957</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - revenues received beyond 60 days	62,479	-	-	62,479	74,779
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>435,528</b>	<b>2,555</b>	<b>-</b>	<b>438,083</b>	<b>732,736</b>
<b>Fund Balances</b>					
Nonspendable					
Inventory	83,712	-	-	83,712	90,968
Assigned					
Public safety	-	118,520	-	118,520	117,085
Subsequent year operations	204,693	-	-	204,693	-
Unassigned	4,090,431	-	-	4,090,431	3,626,745
<b>Total fund balances</b>	<b>4,378,836</b>	<b>118,520</b>	<b>-</b>	<b>4,497,356</b>	<b>3,834,798</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 4,814,364</b>	<b>121,075</b>	<b>\$ -</b>	<b>\$ 4,935,439</b>	<b>\$ 4,567,534</b>



City of Wells

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –  
Capital Improvement Fund  
Year Ended June 30, 2024  
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	<u>Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>	<u>2023</u>
Revenues				
Taxes				
Ad valorem	<u>\$ 18,000</u>	<u>\$ 32,499</u>	<u>\$ 14,499</u>	<u>\$ 32,969</u>
Licenses and permits				
Marijuana fees	<u>30,000</u>	<u>103,772</u>	<u>73,772</u>	<u>37,672</u>
Intergovernmental				
Infrastructure tax	<u>23,975</u>	<u>21,695</u>	<u>(2,280)</u>	<u>21,695</u>
Miscellaneous				
Land sales	<u>-</u>	<u>88,279</u>	<u>88,279</u>	<u>7,085</u>
Interest earnings	<u>15,000</u>	<u>45,174</u>	<u>30,174</u>	<u>30,108</u>
Total miscellaneous	<u>15,000</u>	<u>133,453</u>	<u>118,453</u>	<u>37,193</u>
Total revenues	<u>86,975</u>	<u>291,419</u>	<u>204,444</u>	<u>129,529</u>
Expenditures				
General government				
Service and supplies	<u>-</u>	<u>3,750</u>	<u>(3,750)</u>	<u>-</u>
Capital outlay	<u>320,000</u>	<u>5,887</u>	<u>314,113</u>	<u>23,101</u>
Total expenditures	<u>320,000</u>	<u>9,637</u>	<u>310,363</u>	<u>23,101</u>
Net Change in Fund Balance	(233,025)	281,782	514,807	106,428
Fund Balance, Beginning of Year	<u>284,853</u>	<u>504,306</u>	<u>219,453</u>	<u>397,878</u>
Fund Balance, End of Year	<u>\$ 51,828</u>	<u>\$ 786,088</u>	<u>\$ 734,260</u>	<u>\$ 504,306</u>

## **Non-Major Special Revenue Funds**

Special Revenue Funds – used to account for specific revenues which are legally restricted to expenditures for a particular purpose. Special Revenue Funds are comprised of the following:

Cemetery Perpetual Care Fund – revenues received from cemetery operations. Principal expenditures are for cemetery maintenance and improvements.

Redevelopment Agency Fund – revenues received which are designated for the exclusive use of redevelopment with the City of Wells redevelopment areas. The funds may be spent on land purchases, revolving loan funding, incentives, gifts, public development or private development that will facilitate public benefit through redevelopment and economic development.

Administrative Assessment Fund – accounts for fees collected by the court as required by NRS 176.059. These monies are used to improve the operation of the court.

Court Facilities Administrative Assessment Fund – accounts for fees collected by the court as required by Ordinance 180. These monies are used pursuant to a plan for the construction or acquisition of court facilities.

City of Wells  
Combining Balance Sheet  
Non-Major Special Revenue Funds  
June 30, 2024  
(With Comparative Totals for June 30, 2023)

	Cemetery Perpetual Care Fund	Redevelopment Agency Fund	Administrative Assessment Fund	Court Facilities Administrative Assessment Fund	Total	2023
Assets						
Cash and investments	\$ 15,403	\$ 470,076	\$ 62,499	\$ 39,298	\$ 587,276	\$ 445,953
Due from other governments	-	1,297	258	40	1,595	629
Total assets	<u>\$ 15,403</u>	<u>\$ 471,373</u>	<u>\$ 62,757</u>	<u>\$ 39,338</u>	<u>\$ 588,871</u>	<u>\$ 446,582</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ 1,070	\$ -	\$ 1,070	\$ 1,404
Fund Balances						
Restricted						
Redevelopment	-	471,373	-	-	471,373	357,836
Judicial	-	-	61,687	39,338	101,025	73,139
Committed						
Health and sanitation	<u>15,403</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,403</u>	<u>14,203</u>
Total fund balances	<u>15,403</u>	<u>471,373</u>	<u>61,687</u>	<u>39,338</u>	<u>587,801</u>	<u>445,178</u>
Total Liabilities and Fund Balances	<u>\$ 15,403</u>	<u>\$ 471,373</u>	<u>\$ 62,757</u>	<u>\$ 39,338</u>	<u>\$ 588,871</u>	<u>\$ 446,582</u>

City of Wells

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-Major Special Revenue Funds

Year Ended June 30, 2024

(With Comparative Totals for the Year Ended June 30, 2023)

	Cemetery Perpetual Care Fund	Redevelopment Agency Fund	Administrative Assessment Fund	Court Facilities Administrative Assessment Fund	Total	2023
Revenues						
Taxes	\$ -	\$ 122,457	\$ -	\$ -	\$ 122,457	\$ 103,997
Charges for services	1,200	-	12,979	1,760	15,939	13,562
Miscellaneous	-	2,826	-	-	2,826	97,813
Fine and forfeitures	-	-	24,882	-	24,882	21,189
Total revenues	1,200	125,283	37,861	1,760	166,104	236,561
Expenditures						
General Government	-	11,746	-	-	11,746	3,136
Judicial	-	-	11,735	-	11,735	10,151
Total expenditures	-	11,746	11,735	-	23,481	13,287
Net Change in Fund Balances	1,200	113,537	26,126	1,760	142,623	223,274
Fund Balances, Beginning of Year	14,203	357,836	35,561	37,578	445,178	221,904
Fund Balances, End of Year	\$ 15,403	\$ 471,373	\$ 61,687	\$ 39,338	\$ 587,801	\$ 445,178

# City of Wells

## Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –

### Cemetery Perpetual Care Fund

Year Ended June 30, 2024

(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	<u>Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>	<u>2023</u>
Revenues				
Charges for services				
Cemetery charges	<u>\$        600</u>	<u>\$      1,200</u>	<u>\$        600</u>	<u>\$        800</u>
Net Change In Fund Balance	600	1,200	600	800
Fund Balance, Beginning of Year	<u>14,003</u>	<u>14,203</u>	<u>200</u>	<u>13,403</u>
Fund Balance, End of Year	<u><u>\$  14,603</u></u>	<u><u>\$  15,403</u></u>	<u><u>\$      800</u></u>	<u><u>\$  14,203</u></u>

City of Wells

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –

Redevelopment Agency Fund

Year Ended June 30, 2024

(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	<u>Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>	<u>2023</u>
Revenues				
Taxes				
Ad valorem	\$ 50,000	\$ 122,457	\$ 72,457	\$ 103,997
Miscellaneous				
Other	<u>-</u>	<u>2,826</u>	<u>2,826</u>	<u>97,813</u>
Total revenues	<u>50,000</u>	<u>125,283</u>	<u>75,283</u>	<u>201,810</u>
Expenditures				
General Government				
Services and supplies	-	1,675	(1,675)	3,136
Capital outlay	<u>85,000</u>	<u>10,071</u>	<u>74,929</u>	<u>-</u>
Total expenditures	<u>85,000</u>	<u>11,746</u>	<u>73,254</u>	<u>3,136</u>
Net Change in Fund Balance	(35,000)	113,537	148,537	198,674
Fund Balance, Beginning of Year	<u>124,162</u>	<u>357,836</u>	<u>233,674</u>	<u>159,162</u>
Fund Balance, End of Year	<u>\$ 89,162</u>	<u>\$ 471,373</u>	<u>\$ 382,211</u>	<u>\$ 357,836</u>

City of Wells

Schedule of Revenues, Expenditures, and Changes in Fund Balances –Budget and Actual –  
Administrative Assessment Fund  
Year Ended June 30, 2024  
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	<u>Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>	<u>2023</u>
Revenues				
Charges for services				
Administrative assessments	\$ 8,650	\$ 12,979	\$ 4,329	\$ 11,312
Fine and forfeitures				
Civil penalties	<u>5,000</u>	<u>24,882</u>	<u>-</u>	<u>21,189</u>
Total revenue	<u>13,650</u>	<u>37,861</u>	<u>4,329</u>	<u>32,501</u>
Expenditures				
Judicial				
Services and supplies	9,500	11,735	(2,235)	10,151
Capital outlay	<u>9,000</u>	<u>-</u>	<u>9,000</u>	<u>-</u>
Total expenditures	<u>18,500</u>	<u>11,735</u>	<u>6,765</u>	<u>10,151</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,850)</u>	<u>26,126</u>	<u>30,976</u>	<u>22,350</u>
Net Change in Fund Balance	(4,850)	26,126	30,976	22,350
Fund Balance, Beginning of Year	<u>12,361</u>	<u>35,561</u>	<u>23,200</u>	<u>13,211</u>
Fund Balance, End of Year	<u>\$ 7,511</u>	<u>\$ 61,687</u>	<u>\$ 54,176</u>	<u>\$ 35,561</u>

City of Wells

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
 Court Facilities Administrative Assessment Fund  
 Year Ended June 30, 2024  
 (With Comparative Actual Amounts for the Year Ended June 30, 2023)

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	<u>Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>	<u>2023</u>
Revenues				
Charges for services				
Court facility assessment fee	<u>\$ 1,500</u>	<u>\$ 1,760</u>	<u>\$ 260</u>	<u>\$ 1,450</u>
Expenditures				
Judicial				
Capital outlay	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(23,500)</u>	<u>1,760</u>	<u>25,260</u>	<u>1,450</u>
Net Change in Fund Balance	(23,500)	1,760	25,260	1,450
Fund Balance, Beginning of Year	<u>37,628</u>	<u>37,578</u>	<u>(50)</u>	<u>36,128</u>
Fund Balance, End of Year	<u><u>\$ 14,128</u></u>	<u><u>\$ 39,338</u></u>	<u><u>\$ 25,210</u></u>	<u><u>\$ 37,578</u></u>



**Internally Reported (Budgetary Basis) Fund Reported as Part of the General Fund for External Reporting Purposes**

The Fire Department Fund – accounts for revenues and expenditures related to the City's volunteer fire department.

City of Wells

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –  
Fire Department Fund  
Year Ended June 30, 2024  
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	Budget	Actual	Variance to Final Budget	2023
Revenues				
Intergovernmental				
NDF fees	\$ 5,000	\$ 510	\$ (4,490)	\$ 1,435
Charges for services				
Project income		-	-	-
Miscellaneous				
Fundraising income	11,000	4,423	(6,577)	5,075
Total revenues	16,000	4,933	(11,067)	6,510
Expenditures				
Public safety				
Salaries and wages	1,200	1,200	-	1,200
Employee benefits	8,817	10,691	(1,874)	5,939
Services and supplies	57,100	26,607	30,493	48,440
Capital outlay	60,000	-	60,000	43,631
Total expenditures	127,117	38,498	88,619	99,210
Excess (Deficiency) of Revenues Over Expenditures	(111,117)	(33,565)	77,552	(92,700)
Other Financing Sources (Uses)				
Transfer in				
General Fund	70,000	35,000	(35,000)	100,000
Net Change in Fund Balance	(41,117)	1,435	42,552	7,300
Fund Balance, Beginning of Year	115,568	117,085	1,517	109,785
Fund Balance, End of Year	\$ 74,451	\$ 118,520	\$ 44,069	\$ 117,085

## **Enterprise Funds**

Enterprise Funds are used to account for operations which are financed and operated in a manner similar to private business enterprises - where the intent of the City Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City Council has decided that periodic determination of net income is appropriate for accountability purposes. The Enterprise Funds consist of the following:

### **Major Enterprise Funds**

Water Fund – accounts for municipal water service.

Sewer Fund – accounts for municipal sewer service and improvements to sewer facilities.

Sanitation Fund – accounts for sanitation services provided to the residents of the City.

City of Wells

Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual  
Water Fund  
Year Ended June 30, 2024  
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	<u>Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>	<u>2023</u>
Operating Revenues				
Charges for services				
Water user fees	<u>\$ 550,000</u>	<u>\$ 545,685</u>	<u>\$ (4,315)</u>	<u>\$ 527,137</u>
Operating Expenses				
Administration				
Salaries and wages	132,812	124,219	8,593	126,173
Employee benefits	65,916	65,124	792	49,412
Services and supplies	<u>254,327</u>	<u>192,505</u>	<u>61,822</u>	<u>148,018</u>
Operating expenses before depreciation	453,055	381,848	71,207	323,603
Depreciation	<u>131,000</u>	<u>164,470</u>	<u>(33,470)</u>	<u>156,400</u>
Total operating expenses	<u>584,055</u>	<u>546,318</u>	<u>37,737</u>	<u>480,003</u>
Operating Income (Loss)	<u>(34,055)</u>	<u>(633)</u>	<u>33,422</u>	<u>47,134</u>
Nonoperating Revenues (Expenses)				
Interest income	3,000	16,937	13,937	9,157
Interest expense	(15,679)	(16,271)	(592)	(10,844)
Net pension liability income	-	-	-	152,410
Amortization of bond costs	<u>-</u>	<u>3,909</u>	<u>3,909</u>	<u>3,909</u>
Total nonoperating revenues (expenses)	<u>(12,679)</u>	<u>4,575</u>	<u>17,254</u>	<u>154,632</u>
Income (Loss) Before Capital Contributions	<u>(46,734)</u>	<u>3,942</u>	<u>50,676</u>	<u>201,766</u>
Capital Contributions				
Grants	22,500	297,686	275,186	104,911
Connection fees	38,000	32,376	(5,624)	47,306
Transfer in - capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,613</u>
Total capital contributions	<u>60,500</u>	<u>330,062</u>	<u>269,562</u>	<u>165,830</u>
Change in Net Position	<u>\$ 13,766</u>	334,004	<u>\$ 320,238</u>	367,596
Net Position, Beginning of Year		<u>3,076,898</u>		<u>2,709,302</u>
Net Position, End of Year		<u>\$ 3,410,902</u>		<u>\$ 3,076,898</u>

City of Wells

Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual

Sewer Fund

Year Ended June 30, 2024

(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	<u>Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>	<u>2023</u>
Operating Revenues				
Charges for services				
Sewer user fees	\$ 294,000	\$ 310,690	\$ 16,690	\$ 298,754
Miscellaneous				
Other	<u>5,000</u>	<u>8,825</u>	<u>3,825</u>	<u>5,193</u>
Total operating revenues	<u>299,000</u>	<u>319,515</u>	<u>20,515</u>	<u>303,947</u>
Operating Expenses				
Administration				
Salaries and wages	128,658	117,720	10,938	118,557
Employee benefits	65,080	63,432	1,648	47,705
Services and supplies	<u>118,600</u>	<u>86,781</u>	<u>31,819</u>	<u>91,081</u>
Operating expenses before depreciation	312,338	267,933	44,405	257,343
Depreciation	<u>15,000</u>	<u>13,368</u>	<u>1,632</u>	<u>13,748</u>
Total operating expenses	<u>327,338</u>	<u>281,301</u>	<u>46,037</u>	<u>271,091</u>
Operating Income (Loss)	<u>(28,338)</u>	<u>38,214</u>	<u>66,552</u>	<u>32,856</u>
Nonoperating Revenues (Expenses)				
Sewer improvement user fees	22,000	24,905	2,905	24,094
Interest income	6,000	29,590	23,590	16,434
Net pension liability income	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,323</u>
Total nonoperating revenues (expenses)	<u>28,000</u>	<u>54,495</u>	<u>26,495</u>	<u>190,851</u>
Income (Loss) Before Capital Contributions	<u>(338)</u>	<u>92,709</u>	<u>93,047</u>	<u>223,707</u>
Capital Contributions				
Federal grants	-	242,707	242,707	23,860
Connection fees	<u>13,000</u>	<u>6,000</u>	<u>(7,000)</u>	<u>8,000</u>
Total capital contributions	<u>13,000</u>	<u>248,707</u>	<u>235,707</u>	<u>31,860</u>
Change in Net Position	<u>\$ 12,662</u>	341,416	<u>\$ 328,754</u>	255,567
Net Position, Beginning of Year		<u>1,110,099</u>		<u>854,532</u>
Net Position, End of Year		<u>\$ 1,451,515</u>		<u>\$ 1,110,099</u>

City of Wells

Schedule of Revenues, Expenses, and Changes in Fund Net Position – Budget and Actual  
Sanitation Fund  
Year Ended June 30, 2024  
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	<u>Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>	<u>2023</u>
Operating Revenues				
Charges for services				
Sanitation fees	\$ 303,500	\$ 328,042	\$ 24,542	\$ 314,114
Miscellaneous				
Other	<u>4,900</u>	<u>-</u>	<u>(4,900)</u>	<u>800</u>
Total operating revenues	<u>308,400</u>	<u>328,042</u>	<u>19,642</u>	<u>314,914</u>
Operating Expenses				
Administration				
Salaries and wages	25,930	18,170	7,760	18,631
Employee benefits	5,839	7,706	(1,867)	6,211
Services and supplies	<u>293,100</u>	<u>305,994</u>	<u>(12,894)</u>	<u>280,337</u>
Operating expenses before depreciation	324,869	331,870	(7,001)	305,179
Depreciation	<u>3,500</u>	<u>3,499</u>	<u>1</u>	<u>3,499</u>
Total operating expenses	<u>328,369</u>	<u>335,369</u>	<u>(7,000)</u>	<u>308,678</u>
Operating Income (Loss)	(19,969)	(7,327)	12,642	6,236
Nonoperating Revenues				
Net pension liability income	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,972</u>
Change in Net Position	<u>\$ (19,969)</u>	(7,327)	<u>\$ 12,642</u>	9,208
Net Position, Beginning of Year		<u>109,265</u>		<u>100,057</u>
Net Position, End of Year		<u>\$ 101,938</u>		<u>\$ 109,265</u>

# City of Wells

## Schedule of Fees Imposed Subject to the Provision of NRS 354.5989 Limitation of Fees for Business Licenses Year Ended June 30, 2024

### Flat Fixed Fees

Business license revenue for the year ended June 30, 1991 (base year) adjusted through June 30, 2023	\$ 29,581
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### Adjustment to Base

Base year adjusted percentage decrease in population of the local government	0.00%
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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	3.50%	<u>3.50%</u>
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1,035

Adjusted Base at June 30, 2024	30,616
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Actual Revenue	<u>18,133</u>
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Amount Under Allowable Amount	<u><u>\$ (12,483)</u></u>
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Compliance Section  
June 30, 2024

# City of Wells





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

To the Honorable Mayor and City Council of Wells  
City of Wells  
Wells, Nevada

We have audited, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Wells, State of Nevada (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 25, 2024.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001 that we consider to be a material weakness.

## **Report on Compliance and Other Matters**

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

## **The City of Wells' Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Elko, Nevada  
November 25, 2024



## **Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the Honorable Mayor and City Council of Wells  
City of Wells  
Wells, Nevada

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited the City of Wells, State of Nevada's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Wells complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-002. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Elko, Nevada  
November 25, 2024



## Auditor's Comments

To the Honorable Mayor and City Council of Wells  
City of Wells  
Wells, Nevada

In connection with our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wells as of and for the year ended June 30, 2024, and the related notes to the financial statements, nothing came to our attention that caused us to believe that City of Wells failed to comply with the specific requirements of Nevada Revised Statutes other than those cited below. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City of Wells' noncompliance with the requirements of Nevada Revised Statutes, insofar as they relate to accounting matters.

### Current Year Statute Compliance

The required disclosure on compliance with Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 3 to the financial statements.

### Progress on Prior Year Statute Compliance

In the prior year, the City of Wells conformed to all significant statutory constraints on its financial administration.

### Disposition of Prior Year Recommendations

Finding 2023-001 was reported in the current year as finding 2024-001 in the Schedule of Findings and Questioned Costs.

### Current Year Audit Recommendations

Our recommendations for the current year are included in the Schedule of Findings and Questioned Costs.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Elko, Nevada  
November 25, 2024

City of Wells  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through the Utah Food Bank			
Food Distribution Cluster			
Emergency Food Assistance Program - Commodities	10.569	n/a	\$ 60,000
<u>U.S. Department of Housing and Urban Development</u>			
Passed through the State of Nevada Commission on Economic Development			
Community Development Block Grants/State's Program			
Wastewater Treatment Headwall Project	14.228	CDBG 22/PF/09	188,585
Shoshone Avenue Sidewalk Project	14.228	CDBG - 23/PF/03	148
Woodhills Trails Feasibility Study Project	14.228	CDBG - CV 22/PCB/11	32,304
Total U.S. Department of Housing and Urban Development			221,037
<u>U.S. Department of the Treasury</u>			
Passed through the State of Nevada Governor's Finance Office			
COVID - 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	n/a	351,808
COVID - 19 - Building Capacity	21.027	05-002-71-FRFX-24	49,258
Total U.S. Department of Treasury			401,066
<u>U.S. Department of the Interior</u>			
Passed through State of Nevada Department of Wildlife			
Wildlife Restoration and Basic Hunter Education			
City of Wells Shooting Facility	15.611	SG24-08	31,444
<u>U.S. Department of Transportation</u>			
Direct - Federal Aviation Administration			
Airport Improvement Program	20.106	3-32-0020-021-2022	23,399
Airport Improvement Program	20.106	3-32-0020-022-2023	85,846
Airport Improvement Program	20.106	3-32-0020-019-2022	15,591
Total U.S. Department of Transportation			124,836
<u>U.S. Department of Health and Human Services</u>			
Passed through State of Nevada Department of Health and Human Services			
Aging and Disability Services Division			
Aging Cluster			
Congregate Meals	93.045	05-002-07-1X-23	3,672
Congregate Meals	93.045	05-002-07-1X-24	18,900
Aging and Disability ARPA Building Construction	93.045	05-002-76-1C6X-23	324,000
Categorical - home delivered meals	93.045	05-002-04-24-24	31,131
Categorical - home delivered meals	93.045	05-002-04-24-23	5,978
Nutrition	93.053	05-002-57-NX-23	2,297
Nutrition	93.053	05-002-57-NX-24	2,084
Total Aging Cluster			388,062
Total U.S. Department of Health and Human Services			388,062
Total Federal Financial Assistance			\$ 1,226,445

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of City of Wells under programs of the federal government for the year ended June 30, 2024. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Wells, it is not intended to and does not present the financial position, changes in financial position, or cash flows of City of Wells.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

**Note 3 - Indirect Cost Rate**

The City of Wells has not elected to use the 10% de minimis cost rate.

**Note 4 - Food Donation**

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2024, the City had food commodities totaling \$8,081 in inventory.



**Section I – Summary of Auditor Results**

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major program:	
Material weaknesses identified	None reported
Significant deficiency identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516 (a):	Yes

**Identification of major programs:**

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing</u>
Coronavirus State and Local Fiscal Recovery Fund	21.027
Airport Improvement Program	20.106
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

## Section II – Financial Statement Findings

### **2024-001      Report Preparation and Audit Adjustments Material Weakness**

*Criteria:* Management of the City of Wells is responsible for establishing and maintaining an effective system of internal control over financial reporting. One of the key components of an effective system of internal control is a finance staff with adequate resources available to prepare the financial statements in accordance with generally accepted accounting principles. Additionally, a good system of internal control contemplates an adequate system for recording and processing entries material to the financial statements.

*Condition:* Based on our audit procedures performed as of June 30, 2024, we proposed the following audit adjustment to properly state various account balances in order to fairly present the financial statements in accordance with generally accepted accounting principles:

- Accrued payroll and payroll related expenditures were incorrectly recorded totaling \$45,320 in the major governmental and enterprise funds.
- The compensated absences liability was incorrectly calculated which resulted in a \$31,111 adjustment for the government wide financial statements and the enterprise funds.

*Cause:* Given the daily responsibilities of management, the resources of time and training necessary to prepare the City's financial statements in accordance with generally accepted accounting principles are not available. As a result, the City has chosen to contract with Eide Bailly LLP to prepare the financial statements. This circumstance is not unusual in an organization of this size, due to time constraints of management and costs associated with compliance of the standards.

*Effect:* Prior to adjustment, various opinion units would have been misstated.

*Recommendation:* We recommend Management perform a detailed review of all financial statements and fund trial balances throughout the year to ensure that all significant transactions have been appropriately reported. In addition, management and those charged with governance should annually make the decision to accept the degree of risk associated with this condition because of costs or other considerations.

*Management's Response:* Management will annually review whether to accept the degree of risk associated with the auditors preparing the City's financial statements. In addition, management will perform year end reconciling procedures to ensure accounts are properly stated.

**Section III – Federal Award Findings and Questioned Costs**

**2024-002      U.S. Department of Treasury  
Passed through State of Nevada’s Governor’s Finance Office  
COVID-19, Coronavirus State and Local Fiscal Recover Fund, 21.027**

**Procurement, Suspension and Debarment  
Significant Deficiency in Internal Control over Compliance and Noncompliance**

*Grant Award Number:*                      Affects all grant awards under assistance listing number 21.027 on the Schedule of Expenditures of Federal Awards.

*Criteria:*    Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires contracts greater than \$25,000 to contain suspension and debarment provisions.

*Condition:*    During our audit testing of procurement and suspension and debarment over for the year ended June 30, 2024, we noted one contract did not contain a suspension and debarment clause as required for contracts greater than \$25,000 per Federal Regulation - Appendix II to 2 CFR Part 200. We did note that the City checked sam.gov to ensure contractor was not suspended and debarred.

*Cause:*    The City of Wells did not have adequate controls to ensure that the required provisions over suspension and debarment were included in the contract.

*Effect:*    A contract may be awarded to a contractor that is suspended and debarred.

*Questioned Costs:*                                      None reported.

*Context/Sampling:*                                      A nonstatistical sample of three procurement transactions of three were selected for testing, one contract out of the three selected was missing the required provisions.

*Repeat Finding from Prior Year:* No.

*Recommendation:*                                      We recommend the City of Wells enhance controls to include required contract provisions.

*Views of Responsible Officials:*      Management agrees with the finding.