

Financial Statements
June 30, 2025

City of Wells

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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, 2025, 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, 2025, 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, 2024 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 2024 financial statements. The information was subjected to the audit procedures applied in the audit of the 2024 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, 2024.

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, 2024 (not presented herein), and have issued our report thereon dated November 25, 2024 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, 2024, 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 2024 financial statements. The information was subjected to the audit procedures applied in the audit of the 2024 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, 2024.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2026 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 black ink that reads "Eddie Baily, LLP". The signature is fluid and cursive, with "Eddie" and "Baily" being the most prominent parts.

Elko, Nevada
January 9, 2026

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, 2025.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Wells exceeded liabilities and deferred inflows of resources at June 30, 2025 by \$28,175,478. Of this, \$7,052,398 (unrestricted) may be used to meet ongoing obligations to citizens and creditors.
- Net position increased by \$2,696,120.

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 \$28,175,478 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 \$19,255,570. 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 (\$7,052,398) may be used to meet the City of Wells' ongoing obligations to citizens and creditors.

Total government-wide program and general revenues increased by \$443,178. This is primarily due to an increase in capital grants of \$348,896. Regional construction saw an increase with two new businesses being constructed in the industrial park, otherwise 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 \$94,955 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. Consolidated Tax saw a decrease of \$77,845 compared to 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 \$36,004.

Activities during the year included several street paving projects including West 1st Street Wells Avenue to Starr Avenue, Tobar Street, 1st Street Ruby Avenue to Shoshone Avenue, 1st Street Ruby Avenue to Clover Avenue. Curb, gutter, and sidewalk was completed down Shoshone Avenue, and the City has an upcoming grant to continue that construction to Lake Avenue in FY 2026-2027. The City plans to continue installing safety lights on the side streets surrounding the school until all streets have been completed.

As stated earlier, capital grants and contributions increased by \$348,896 from the prior fiscal year to \$1,927,375. This is directly related to a large CDBG and Stormwater grant for the construction of curb, gutter, and sidewalk on both sides of Shoshone Avenue which was completed shortly after the fiscal year. This year's capital grants and contributions is typical for the City, although next year an increase may be seen due to a large FAA SRE building grant. The City has continued to expand plans for future growth and development.

Operating grants and contributions decreased by \$61,791 from the prior fiscal year to \$244,040.

Miscellaneous revenues increased by \$46,831 from the prior fiscal year to \$201,925, mainly as a result of the land sales in the Capital Improvement Fund.

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 \$1,802,583 to \$1,685,727. The decrease mainly resulted from the City's proportionate share allocation of the net pension liability decreasing from .00988% to .00933%.

City of Wells
Management's Discussion and Analysis
June 30, 2025

The following table provides a summary of the City's net position at June 30, 2025:

	Governmental Activities		Business-type Activities		Totals		Amount	% Change
	2025	2024	2025	2024	2025	2024		
Current and Other Assets	\$ 8,062,684	\$ 7,508,877	\$ 2,693,033	\$ 2,520,527	\$ 10,755,717	\$ 10,029,404	\$ 726,313	7.24%
Capital Assets	<u>16,400,282</u>	<u>14,944,153</u>	<u>3,210,046</u>	<u>3,173,580</u>	<u>19,610,328</u>	<u>18,117,733</u>	<u>1,492,595</u>	<u>8.24%</u>
Total assets	<u>24,462,966</u>	<u>22,453,030</u>	<u>5,903,079</u>	<u>5,694,107</u>	<u>30,366,045</u>	<u>28,147,137</u>	<u>2,218,908</u>	<u>7.88%</u>
Deferred Outflows of Resources	<u>436,955</u>	<u>442,615</u>	<u>236,650</u>	<u>190,347</u>	<u>673,605</u>	<u>632,962</u>	<u>40,643</u>	<u>6.42%</u>
Long-term Liabilities	1,568,828	1,698,658	649,441	726,961	2,218,269	2,425,619	(207,350)	(8.55%)
Other Liabilities	<u>203,605</u>	<u>549,588</u>	<u>86,428</u>	<u>137,693</u>	<u>290,033</u>	<u>687,281</u>	<u>(397,248)</u>	<u>(57.80%)</u>
Total liabilities	<u>1,772,433</u>	<u>2,248,246</u>	<u>735,869</u>	<u>864,654</u>	<u>2,508,302</u>	<u>3,112,900</u>	<u>(604,598)</u>	<u>(19.42%)</u>
Deferred Inflows of Resources	<u>231,740</u>	<u>132,396</u>	<u>124,130</u>	<u>55,445</u>	<u>355,870</u>	<u>187,841</u>	<u>168,029</u>	<u>89.45%</u>
Net Position								
Net investment in capital assets	16,329,944	14,843,995	2,925,626	2,820,718	19,255,570	17,664,713	1,590,857	9.01%
Restricted	<u>847,111</u>	<u>608,878</u>	<u>1,020,399</u>	<u>934,193</u>	<u>1,867,510</u>	<u>1,543,071</u>	<u>324,439</u>	<u>21.03%</u>
Unrestricted	<u>5,718,693</u>	<u>5,062,130</u>	<u>1,333,705</u>	<u>1,209,444</u>	<u>7,052,398</u>	<u>6,271,574</u>	<u>780,824</u>	<u>12.45%</u>
Total net position	<u>\$ 22,895,748</u>	<u>\$ 20,515,003</u>	<u>\$ 5,279,730</u>	<u>\$ 4,964,355</u>	<u>\$ 28,175,478</u>	<u>\$ 25,479,358</u>	<u>\$ 2,696,120</u>	<u>10.58%</u>

City of Wells
Management's Discussion and Analysis
June 30, 2025

The following table provides a summary of the City's changes in net position at June 30, 2025:

	Governmental Activities		Business-type Activities		Totals		Amount Change	% Change
	2025	2024	2025	2024	2025	2024		
Revenues								
Program revenues								
Charges for services	\$ 459,575	\$ 459,567	\$ 1,215,516	\$ 1,193,242	\$ 1,675,091	\$ 1,652,809	\$ 22,282	1.35%
Operating grants and contributions	244,040	305,831	-	-	244,040	305,831	(61,791)	(20.20%)
Capital grants and contributions	1,655,615	974,805	271,760	603,674	1,927,375	1,578,479	348,896	22.10%
General Revenues								
Ad valorem taxes	698,863	603,908	-	-	698,863	603,908	94,955	15.72%
Consolidated taxes	1,585,225	1,663,070	-	-	1,585,225	1,663,070	(77,845)	(4.68%)
Motor vehicle taxes	80,084	67,030	-	-	80,084	67,030	13,054	19.47%
Room taxes	608,148	585,916	-	-	608,148	585,916	22,232	3.79%
Gaming tax	13,163	14,603	-	-	13,163	14,603	(1,440)	(9.86%)
Interest Income	187,989	151,902	46,444	46,527	234,433	198,429	36,004	18.14%
Miscellaneous revenues	201,925	155,094	-	-	201,925	155,094	46,831	30.20%
Total revenues	5,734,627	4,981,726	1,533,720	1,843,443	7,268,347	6,825,169	443,178	6.49%
Expenses								
General government	426,793	408,377	-	-	426,793	408,377	18,416	4.51%
Public safety	697,733	545,484	-	-	697,733	545,484	152,249	27.91%
Health and sanitation	22,834	21,671	-	-	22,834	21,671	1,163	5.37%
Culture and recreation	1,055,667	1,008,034	-	-	1,055,667	1,008,034	47,633	4.73%
Public works	1,034,202	1,049,834	-	-	1,034,202	1,049,834	(15,632)	(1.49%)
Judicial	50,117	49,829	-	-	50,117	49,829	288	0.58%
Community support	61,916	103,745	-	-	61,916	103,745	(41,829)	(40.32%)
Interest on long-term debt	4,620	3,892	-	-	4,620	3,892	728	18.71%
Water utilities	-	-	546,202	558,680	546,202	558,680	(12,478)	(2.23%)
Sewer utilities	-	-	327,058	281,301	327,058	281,301	45,757	16.27%
Sanitation utilities	-	-	345,085	335,369	345,085	335,369	9,716	2.90%
Total expenses	3,353,882	3,190,866	1,218,345	1,175,350	4,572,227	4,366,216	206,011	4.72%
Change in Net Position	2,380,745	1,790,860	315,375	668,093	2,696,120	2,458,953	237,167	9.65%
Beginning 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%
Ending Net Position	\$ 22,895,748	\$ 20,515,003	\$ 5,279,730	\$ 4,964,355	\$ 28,175,478	\$ 25,479,358	\$ 2,696,120	10.58%

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 \$7,803,439. Of this year-end total, \$108,794 is non-spendable, \$847,111 is restricted by enabling legislation, \$822,104 is committed by City Council, \$1,806,719 is assigned for the subsequent year operations, public safety, and capital improvement, and \$4,218,711 is unassigned.

The total ending fund balances of governmental funds show an increase of \$1,123,380 over the prior year. This increase is directly related to the capital improvement fund seeing an increase in miscellaneous revenue associated with the sale of two properties in the industrial park for upcoming businesses. A 10 acre parcel was sold to Amazon Prime for a "last mile" distribution center and 20 acres sold to Aultra Tanks West, a propane tank refurbishing company. Both companies should be in operation early 2026.

In preparation of the 2024-2025 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 \$387,742. Key factors contributing to this increase was excess Ad Valorem taxes in addition to an increase in grant funding.

The Recreation Fund, which is funded by room taxes, shows a fund balance increase of \$50,619. 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 \$88,199 due to the purchase of several new golf carts, a new mower, and a mower reel maintenance system. 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 \$7,373. Operating costs did see a decrease this year over last by approximately \$302,811 which can be contributed to finishing the new facility and officially being moved in. 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 \$95,000 transfer this fiscal year from the General Fund. In the current fiscal year the City received CDBG funding and the City completed the construction on the new Senior Center Facility, capital outlay totaled \$371,368 relating to this project.

The Capital Improvement Fund is used to purchase capital assets. Revenues increased this year by approximately \$211,772. As mentioned earlier, this is directly related to the sale of two parcels in the industrial park for upcoming businesses. The fund balance did see an increase of \$479,654 from the previous 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 \$315,375.

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

Budgetary Highlights – Fiscal Year Ended June 30, 2025

The budget statements reflect a comparison of budgeted revenues and expenditures to actual for the year ended June 30, 2025. 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 2024-2025 as a result of interest income and grant 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 \$3,806,074 which was \$118,613 less than the budgeted amount of \$3,924,687. This is primarily due to over budgeting licenses and permits and consolidated tax expected to be received. Both will be more closely figured in the upcoming budget season.

Actual expenditures of the General Fund without the Fire Department Fund were \$3,365,237 which was \$499,143 less than the budgeted amount of \$3,864,380. Capital outlay or purchase of capital assets was \$1,695,416. This was primarily due to streets maintenance and paving activities.

Recreation Fund – The Recreation Fund under spent its budget by \$71,119 in the current year. Overall revenues were \$278,117 higher than budgeted, primarily attributed to the increase in room tax revenue, interest income, charges for services at the golf course, and grants received. A transfer from the general fund was unnecessary again this year.

Capital Improvement Fund – The Capital Improvement Fund had capital purchases of \$11,559 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 \$37,654 and marijuana fees of \$81,547. The majority of the increase in revenues was associated with the land sales in the industrial park for \$323,081. 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 \$27,766 below that of budget primarily attributed to lower program income, contributions, and grants 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 \$95,000. 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 funding to complete the construction of the Senior Center Facility.

Business-type Activities

Business-type activities revenues for services performed by the City were \$1,215,516, which was \$37,915 more than the budgeted amount. Operating expenses, before depreciation, of \$978,698 were less than the budgeted amount by \$164,930. Operating revenues less operating expenses before depreciation was \$236,818, which covers all of the depreciation expenses totaling \$234,875.

Overall, net position increased by \$315,375 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, 2025, amounts to \$19,255,570 (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, completing the construction of the new senior center facility, new golf carts, a mower, LED lights for the Little League Field, a passenger van for the senior center, a vac trailer and mini excavator for public works, and a new administration vehicle for City Hall.

Additional information on the City of Wells' capital assets can be found in Note 8 of this report.

Long-term Debt Activity

Long-term debt outstanding at June 30, 2025 totaled \$350,524 (excluding compensated absences). The City did acquire new debt in the amount of \$93,611 with the purchase of a vac trailer for public works. This note is expected to be paid in full by July 2027. Additional information regarding the City's debt can be found in Note 10 of this report. The City of Wells has a net pension liability of \$1,685,727 at June 30, 2025. 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

As mentioned earlier, Amazon Prime and Aultra Tanks are expected to open in early 2026 which will positively impact the community's economy. It's not estimated that either will be large water users but none the less they will be additional commercial users which will benefit the proprietary funds. Hampton Inn is fully operational

and continues to increase the City's Room Tax. Another large hotel is expected to break ground in 2026 which will likely not be completed FY 2025-2026 but is expected to increase room tax in the future. Both Marijuana cultivation operations are up and running although there has been discussion of one possibly closing in the future.

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, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 7,129,051	\$ 1,515,258	\$ 8,644,309
Accounts receivable	79,777	121,367	201,144
Due from other governments	745,062	-	745,062
Inventory	108,794	36,009	144,803
Restricted cash	-	1,020,399	1,020,399
Capital assets			
Land and construction in progress	2,602,077	45,591	2,647,668
Other capital assets (net of accumulated depreciation)	<u>13,798,205</u>	<u>3,164,455</u>	<u>16,962,660</u>
Total assets	<u>24,462,966</u>	<u>5,903,079</u>	<u>30,366,045</u>
Deferred Outflows of Resources			
Deferred charge on bond refunding	-	2,594	2,594
Pensions	<u>436,955</u>	<u>234,056</u>	<u>671,011</u>
Total deferred outflows of resources	<u>436,955</u>	<u>236,650</u>	<u>673,605</u>
Liabilities			
Accounts payable	138,208	82,466	220,674
Accrued liabilities	64,872	1,908	66,780
Accrued interest	-	2,054	2,054
Other current liabilities	525	-	525
Long-term liabilities			
Portion due or payable within one year			
Compensated absences	95,655	49,221	144,876
Bonds and notes payable	31,744	64,725	96,469
Portion due or payable after one year			
Bonds and notes payable	38,594	222,289	260,883
Net pension liability	<u>1,402,835</u>	<u>282,892</u>	<u>1,685,727</u>
Deposits	<u>-</u>	<u>30,314</u>	<u>30,314</u>
Total liabilities	<u>1,772,433</u>	<u>735,869</u>	<u>2,508,302</u>
Deferred Inflows of Resources			
Pensions	<u>231,740</u>	<u>124,130</u>	<u>355,870</u>
Net Position			
Net investment in capital assets	16,329,944	2,925,626	19,255,570
Restricted for			
Court improvements/programs	125,594	-	125,594
Redevelopment	658,942	-	658,942
Debt service	-	68,722	68,722
Capital projects	62,575	951,677	1,014,252
Unrestricted	<u>5,718,693</u>	<u>1,333,705</u>	<u>7,052,398</u>
Total net position	<u>\$ 22,895,748</u>	<u>\$ 5,279,730</u>	<u>\$ 28,175,478</u>

City of Wells
Statement of Activities
Year Ended June 30, 2025

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	\$ 426,793	\$ 102,514	\$ -	\$ -	\$ (324,279)	\$ -	\$ (324,279)
Public safety	697,733	6,224	-	-	(691,509)	-	(691,509)
Health and sanitation	22,834	2,355	-	-	(20,479)	-	(20,479)
Culture and recreation	1,055,667	153,720	206,638	411,019	(284,290)	-	(284,290)
Public works	1,034,202	154,686	34,132	1,244,596	399,212	-	399,212
Judicial	50,117	40,076	-	-	(10,041)	-	(10,041)
Community support	61,916	-	3,270	-	(58,646)	-	(58,646)
Interest on long-term debt	4,620	-	-	-	(4,620)	-	(4,620)
Total governmental activities	<u>3,353,882</u>	<u>459,575</u>	<u>244,040</u>	<u>1,655,615</u>	<u>(994,652)</u>	<u>-</u>	<u>(994,652)</u>
Business-type activities							
Water	546,202	551,032	-	18,898	-	23,728	23,728
Sewer	327,058	322,704	-	252,862	-	248,508	248,508
Sanitation	345,085	341,780	-	-	-	(3,305)	(3,305)
Total business-type activities	<u>1,218,345</u>	<u>1,215,516</u>	<u>-</u>	<u>271,760</u>	<u>-</u>	<u>268,931</u>	<u>268,931</u>
Total Primary Government	<u>\$ 4,572,227</u>	<u>\$ 1,675,091</u>	<u>\$ 244,040</u>	<u>\$ 1,927,375</u>	<u>(994,652)</u>	<u>268,931</u>	<u>(725,721)</u>
General revenues							
Unrestricted intergovernmental - Ad valorem taxes				698,863	-	698,863	
Unrestricted intergovernmental - consolidated taxes				1,585,225	-	1,585,225	
Motor vehicle taxes				80,084	-	80,084	
Room taxes				608,148	-	608,148	
Gaming tax				13,163	-	13,163	
Unrestricted investment income				187,989	46,444	234,433	
Miscellaneous revenues				201,925	-	201,925	
Total general revenues				<u>3,375,397</u>	<u>46,444</u>	<u>3,421,841</u>	
Change in Net Position							
Net Position, Beginning of Year				<u>20,515,003</u>	<u>4,964,355</u>	<u>25,479,358</u>	
Net Position, End of Year				<u>\$ 22,895,748</u>	<u>\$ 5,279,730</u>	<u>\$ 28,175,478</u>	

City of Wells
Balance Sheet – Governmental Funds
June 30, 2025

	General Fund	Recreation Fund	Silver Sage Senior Center Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$ 4,341,317	\$ 550,159	\$ 186,175	\$ 1,251,640	\$ 799,760	\$ 7,129,051
Accounts receivable	-	79,277	-	-	500	79,777
Due from other governments	681,655	9,166	17,364	36,060	817	745,062
Inventory	<u>62,835</u>	<u>39,403</u>	<u>6,556</u>	<u>-</u>	<u>-</u>	<u>108,794</u>
Total assets	<u>\$ 5,085,807</u>	<u>\$ 678,005</u>	<u>\$ 210,095</u>	<u>\$ 1,287,700</u>	<u>\$ 801,077</u>	<u>\$ 8,062,684</u>
Liabilities						
Accounts payable	\$ 103,526	\$ 32,412	\$ 1,282	\$ 450	\$ 538	\$ 138,208
Accrued liabilities	62,526	1,464	882	-	-	64,872
Other current liabilities	<u>525</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>525</u>
Total liabilities	166,577	33,876	2,164	450	538	203,605
Deferred Inflows of Resources						
Unavailable revenue - received beyond 60 days of year end	<u>34,132</u>	<u>-</u>	<u>-</u>	<u>21,508</u>	<u>-</u>	<u>55,640</u>
Total liabilities and deferred inflows of resources	<u>200,709</u>	<u>33,876</u>	<u>2,164</u>	<u>21,958</u>	<u>538</u>	<u>259,245</u>
Fund Balances						
Nonspendable						
Inventory	62,835	39,403	6,556	-	-	108,794
Restricted						
Redevelopment	-	-	-	-	658,942	658,942
Judicial	-	-	-	-	125,594	125,594
Capital projects	-	-	-	62,575	-	62,575
Committed						
Culture and recreation	-	604,726	201,375	-	-	806,101
Health and sanitation	-	-	-	-	16,003	16,003
Assigned						
Public safety	126,814	-	-	-	-	126,814
Capital projects	-	-	-	855,592	-	855,592
Subsequent year operations	476,738	-	-	347,575	-	824,313
Unassigned	<u>4,218,711</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,218,711</u>
Total fund balances	<u>4,885,098</u>	<u>644,129</u>	<u>207,931</u>	<u>1,265,742</u>	<u>800,539</u>	<u>7,803,439</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,085,807</u>	<u>\$ 678,005</u>	<u>\$ 210,095</u>	<u>\$ 1,287,700</u>	<u>\$ 801,077</u>	<u>\$ 8,062,684</u>

City of Wells
 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
 June 30, 2025

Total fund balances for the governmental funds as shown on the balance sheet	\$ 7,803,439
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	16,400,282
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.	55,640
Deferred outflows and deferred inflows of 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	436,955
Deferred inflows of resources related to pensions	(231,740)
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>(1,568,828)</u>
Total net position for governmental activities as shown on the statement of net position	<u>\$ 22,895,748</u>

City of Wells
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
 Year Ended June 30, 2025

	General Fund	Recreation Fund	Silver Sage Senior Center Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 476,849	\$ 608,148	\$ -	\$ 37,654	\$ 184,360	\$ 1,307,011
Licenses and permits	43,352	-	-	81,547	-	124,899
Intergovernmental	2,967,219	63,319	555,807	21,508	-	3,607,853
Charges for services	140,655	143,804	9,541	-	15,865	309,865
Fines and forfeitures	3,541	-	-	-	21,270	24,811
Miscellaneous revenues	<u>179,182</u>	<u>20,946</u>	<u>8,020</u>	<u>362,482</u>	<u>17,202</u>	<u>587,832</u>
Total revenues	3,810,798	836,217	573,368	503,191	238,697	5,962,271
Expenditures						
Current						
General government	247,167	-	-	11,978	-	259,145
Public safety	675,814	-	-	-	-	675,814
Health and sanitation	7,193	-	-	-	-	7,193
Culture and recreation	-	651,501	304,373	-	-	955,874
Public works	565,202	-	-	-	-	565,202
Judicial	37,811	-	-	-	11,966	49,777
Community support	60,959	-	-	-	-	60,959
Capital outlay	1,695,416	134,097	371,368	11,559	13,993	2,226,433
Debt service						
Principal	123,431	-	-	-	-	123,431
Interest	<u>8,674</u>	-	-	-	-	<u>8,674</u>
Total expenditures	3,421,667	785,598	675,741	23,537	25,959	4,932,502
Excess (Deficiency) of Revenues Over Expenditures	389,131	50,619	(102,373)	479,654	212,738	1,029,769
Other Financing Sources (Uses)						
Proceeds from medium-term obligation	93,611	-	-	-	-	93,611
Transfers in	-	-	95,000	-	-	95,000
Transfers out	<u>(95,000)</u>	-	-	-	-	<u>(95,000)</u>
Total other financing sources (uses)	(1,389)	-	95,000	-	-	93,611
Net Change in Fund Balances	387,742	50,619	(7,373)	479,654	212,738	1,123,380
Fund Balances, Beginning of Year	4,497,356	593,510	215,304	786,088	587,801	6,680,059
Fund Balances, End of Year	\$ 4,885,098	\$ 644,129	\$ 207,931	\$ 1,265,742	\$ 800,539	\$ 7,803,439

City of Wells

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2025

Net change in fund balances for governmental funds as shown on the statement of revenues, expenditures and changes in fund balances	\$ 1,123,380
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.	1,456,129
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.	33,209
Governmental funds report City PERS contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as per expense:	
City PERS contributions	93,413
City pension expense	(97,742)
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.	<u>(227,644)</u>
Changes in net position of governmental activities as shown on the statement of activities	<u>\$ 2,380,745</u>

City of Wells
Statement of Net Position – Proprietary Funds
June 30, 2025

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Water Fund	Sewer Fund	Sanitation Fund	
Assets				
Current Assets				
Cash and investments	\$ 872,249	\$ 552,604	\$ 90,405	\$ 1,515,258
Restricted cash	297,996	653,681	-	951,677
Accounts receivable	62,771	26,247	32,349	121,367
Inventory	34,272	1,737	-	36,009
Total current assets	1,267,288	1,234,269	122,754	2,624,311
Noncurrent Assets				
Restricted cash				
Debt service	68,722	-	-	68,722
Capital assets				
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	808,740	-	1,568,046
Construction in progress	-	17,825	-	17,825
Less accumulated depreciation	(3,968,246)	(3,425,421)	(47,516)	(7,441,183)
Total capital assets (net of accumulated depreciation)	2,570,175	628,604	11,267	3,210,046
Total noncurrent assets	2,638,897	628,604	11,267	3,278,768
Total assets	3,906,185	1,862,873	134,021	5,903,079
Deferred Outflows of Resources				
Deferred charge on bond refunding	2,594	-	-	2,594
Pensions	111,979	109,547	12,530	234,056
Total deferred outflows of resources	114,573	109,547	12,530	236,650
Liabilities				
Current liabilities				
Accounts payable	55,869	2,267	24,330	82,466
Accrued liabilities	897	868	143	1,908
Compensated absences	24,477	23,014	1,730	49,221
Current liabilities payable from restricted assets				
Current maturities of bonds paya	64,725	-	-	64,725
Accrued interest	2,054	-	-	2,054
Total current liabilities	148,022	26,149	26,203	200,374

City of Wells
Statement of Net Position – Proprietary Funds
June 30, 2025

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Water Fund	Sewer Fund	Sanitation Fund	
Noncurrent liabilities				
General obligation bonds payable, net of unamortized discounts	\$ 222,289	\$ -	\$ -	\$ 222,289
Net pension liability	134,579	133,242	15,071	282,892
Other long-term liabilities - deposits	4,767	25,547	-	30,314
Total noncurrent liabilities	361,635	158,789	15,071	535,495
Total liabilities	509,657	184,938	41,274	735,869
Deferred Inflows of Resources				
Pensions	59,388	58,098	6,644	124,130
Net Position				
Net investment in capital assets	2,285,755	628,604	11,267	2,925,626
Restricted for				
Capital projects	297,996	653,681	-	951,677
Debt service	68,722	-	-	68,722
Unrestricted	799,240	447,099	87,366	1,333,705
Total net position	\$ 3,451,713	\$ 1,729,384	\$ 98,633	\$ 5,279,730

City of Wells
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
Year Ended June 30, 2025

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Water Fund	Sewer Fund	Sanitation Fund	
Operating Revenues				
Charges for services	\$ 551,032	\$ 314,340	\$ 341,380	\$ 1,206,752
Other services	-	8,364	400	8,764
Total operating revenues	551,032	322,704	341,780	1,215,516
Operating Expenses				
Salaries and wages	130,473	125,204	16,843	272,520
Employee benefits	61,828	60,224	7,145	129,197
Services and supplies	179,477	77,664	319,840	576,981
Depreciation	169,652	63,966	1,257	234,875
Total operating expenses	541,430	327,058	345,085	1,213,573
Operating Income	9,602	(4,354)	(3,305)	1,943
Nonoperating Revenues (Expenses)				
Sewer improvement user fees	-	25,765	-	25,765
Interest income	17,083	29,361	-	46,444
Interest expense	(8,681)	-	-	(8,681)
Amortization of bond costs	3,909	-	-	3,909
Total nonoperating revenues	12,311	55,126	-	67,437
Income Before Capital Contributions	21,913	50,772	(3,305)	69,380
Capital Contributions				
Grants	-	227,097	-	227,097
Connection fees	18,898	-	-	18,898
Total capital contributions	18,898	227,097	-	245,995
Change in Net Position	40,811	277,869	(3,305)	315,375
Total Net Position, Beginning of Year	3,410,902	1,451,515	101,938	4,964,355
Total Net Position, End of Year	\$ 3,451,713	\$ 1,729,384	\$ 98,633	\$ 5,279,730

City of Wells
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2025

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Water Fund	Sewer Fund	Sanitation Fund	
Operating Activities				
Cash received from customers	\$ 544,017	\$ 327,799	\$ 337,955	\$ 1,209,771
Cash payments to suppliers for goods and services	(130,527)	(90,933)	(320,451)	(541,911)
Cash payments to employees for services and benefits	(186,514)	(180,451)	(24,809)	(391,774)
Net Cash from (used for) Operating Activities	226,976	56,415	(7,305)	276,086
Capital and Related Financing Activities				
Acquisition of capital assets	-	(357,765)	-	(357,765)
Principal paid on debt	(64,534)	-	-	(64,534)
Interest paid on debt	(9,449)	-	-	(9,449)
Cash received from capital grant	-	415,680	-	415,680
Cash received from capital improvement user fees	-	25,765	-	25,765
Receipt of connection fees	18,898	-	-	18,898
Net Cash from (used for) Capital and Related Financing Activities	(55,085)	83,680	-	28,595
Investing Activities				
Interest on investments	17,083	29,361	-	46,444
Net Change in Cash and Cash Equivalents	188,974	169,456	(7,305)	351,125
Cash and Cash Equivalents, Beginning of Year	1,049,993	1,036,829	97,710	2,184,532
Cash and Cash Equivalents, End of Year	\$ 1,238,967	\$ 1,206,285	\$ 90,405	\$ 2,535,657
Cash and Cash Equivalents Consist of				
Restricted cash and cash equivalents	\$ 366,718	\$ 653,681	\$ -	\$ 1,020,399
Unrestricted cash and cash equivalents	872,249	552,604	90,405	1,515,258
Total Cash and Cash Equivalents	\$ 1,238,967	\$ 1,206,285	\$ 90,405	\$ 2,535,657
Non Cash Items				
Amortization of bond costs	\$ 3,909	\$ -	\$ -	\$ 3,909

City of Wells
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2025

	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)	\$ 9,602	\$ (4,354)	\$ (3,305)	\$ 1,943
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	169,652	63,966	1,257	234,875
Pension expense	25,761	25,202	2,882	53,845
City pension contributions	(23,939)	(23,419)	(2,680)	(50,038)
Changes in				
Accounts receivable	(8,157)	961	(3,825)	(11,021)
Inventory	778	277	-	1,055
Accounts payable	48,172	(13,546)	(611)	34,015
Accrued liabilities	3,965	3,194	(1,023)	6,136
Customer deposits	1,142	4,134	-	5,276
Net Cash from (used for) Operating Activities	<u>\$ 226,976</u>	<u>\$ 56,415</u>	<u>\$ (7,305)</u>	<u>\$ 276,086</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 2021-2022 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. 101, *Compensated Absences*. All vacation time, sick leave, 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 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.

Adoption of New Standard

As of July 1, 2024, the City adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provide guidance for consistent recognition and measurement of the compensated absence liability. There was not a significant effect on the City's financial statements as a result of the implementation of this standard.

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	\$ (70,338)
Net pension liability	(1,402,835)
Compensated absences	<u>(95,655)</u>
Net difference in reporting long-term liabilities	<u>\$ (1,568,828)</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	\$ 2,210,538
Depreciation expense	<u>(754,409)</u>
Net difference in reporting capital asset activity	<u>\$ 1,456,129</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	\$ 4,054
Net change in compensated absences	(665)
Proceeds from note payables	(93,611)
Principal repayments:	
Medium term obligation	<u>123,431</u>
Net difference in reporting long-term debt transactions	<u>\$ 33,209</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, 2025, is as follows:

Balances Classified by Depository and Category

Cash on Hand	\$ 370
Deposits	
Nevada State Bank	
Demand deposit	<u>5,730,863</u>
Total cash	<u>5,731,233</u>
Investments	
Nevada State Treasurer	
Local Government Pooled Investment Fund (LGIP)	<u>3,933,475 *</u>
	<u>\$ 9,664,708</u>
Governmental Activities – cash and investments	\$ 7,129,051
Business-type Activities – cash and investments	1,515,258
Business-type Activities – restricted cash - debt	68,722
Business-type Activities – restricted cash - capital	<u>951,677</u>
	<u>\$ 9,664,708</u>

*Average weighted maturity – 49.5 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, 2025, 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 - Interfund Balances

The composition of interfund transfers as of June 30, 2025 is as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
Major Governmental Funds		
General Fund	\$ 95,000	\$ -
Silver Sage Senior Center Fund	- <hr/>	<hr/> 95,000
	<hr/> \$ 95,000	<hr/> \$ 95,000

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 6 - 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, 2025, the City incurred design costs for the railroad spur.

Note 7 - 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 8 - Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	Balance June 30, 2024	Additions	Deletions and Transfers	Completed Construction	Balance June 30, 2025
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 1,446,784	\$ -	\$ -	\$ -	\$ 1,446,784
Construction in progress	6,203,674	1,286,329	-	(6,334,710)	1,155,293
Total capital assets, not being depreciated	7,650,458	1,286,329	-	(6,334,710)	2,602,077
Capital assets, being depreciated					
Buildings	5,606,545	307,095	-	1,623,273	7,536,913
Improvements other than buildings	11,136,384	301,859	-	4,711,437	16,149,680
Machinery and equipment	2,968,489	315,255	-	-	3,283,744
Golf course	444,997	-	-	-	444,997
Total capital assets, being depreciated	20,156,415	924,209	-	6,334,710	27,415,334
Less accumulated depreciation					
Buildings	2,433,421	140,759	-	-	2,574,180
Improvements other than buildings	8,024,092	445,494	-	-	8,469,586
Machinery and equipment	2,054,329	162,642	-	-	2,216,971
Golf course	350,878	5,514	-	-	356,392
Total accumulated depreciation	12,862,720	754,409	-	-	13,617,129
Total capital assets, being depreciated, net	7,293,695	169,800	-	6,334,710	13,798,205
Governmental Activities Capital Assets, net	<u>\$ 14,944,153</u>	<u>\$ 1,456,129</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,400,282</u>

The main components of construction in progress are related to the El Rancho remodel, airport rehabilitation projects, the downtown corridor project, Woodhills trail design cost, and the splashpad project.

City of Wells
Notes to Financial Statements
June 30, 2025

	<u>Balance</u> <u>June 30, 2024</u>	<u>Additions and</u> <u>Transfers</u>	<u>Deletions</u>	<u>Completed</u> <u>Construction</u>	<u>Balance</u> <u>June 30, 2025</u>
Business-Type Activities					
Capital assets, not being depreciated					
Land	\$ 27,766	\$ -	\$ -	\$ -	\$ 27,766
Construction in progress	<u>294,317</u>	<u>-</u>	<u>-</u>	<u>(276,492)</u>	<u>17,825</u>
Total capital assets, not being depreciated	<u>322,083</u>	<u>-</u>	<u>-</u>	<u>(276,492)</u>	<u>45,591</u>
Capital assets, being depreciated					
Buildings	748,794	-	-	-	748,794
Improvements other than buildings	8,288,798	-	-	-	8,288,798
Machinery and equipment	<u>1,020,213</u>	<u>271,341</u>	<u>-</u>	<u>276,492</u>	<u>1,568,046</u>
Total capital assets, being depreciated	<u>10,057,805</u>	<u>271,341</u>	<u>-</u>	<u>276,492</u>	<u>10,605,638</u>
Less accumulated depreciation					
Buildings	86,027	20,775	-	-	106,802
Improvements other than buildings	6,405,763	125,447	-	-	6,531,210
Machinery and equipment	<u>714,518</u>	<u>88,653</u>	<u>-</u>	<u>-</u>	<u>803,171</u>
Total accumulated depreciation	<u>7,206,308</u>	<u>234,875</u>	<u>-</u>	<u>-</u>	<u>7,441,183</u>
Total capital assets, being depreciated, net	<u>2,851,497</u>	<u>36,466</u>	<u>-</u>	<u>276,492</u>	<u>3,164,455</u>
Business-Type Activities Capital					
Assets, net	<u>\$ 3,173,580</u>	<u>\$ 36,466</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,210,046</u>

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

Governmental Activities				
General government			\$ 150,008	
Public safety			21,319	
Public works			469,354	
Culture and recreation			98,087	
Health and sanitation			<u>15,641</u>	
Total depreciation expense - governmental activities			<u>\$ 754,409</u>	
Business-Type Activities				
Water Fund			\$ 169,652	
Sewer Fund			63,966	
Sanitation Fund			<u>1,257</u>	
Total depreciation expense - business-type activities			<u>\$ 234,875</u>	

Note 9 - 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 actuary 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, 2025 and 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, 2025 and 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 \$143,451 for the year ended June 30, 2025.

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, 2024:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return
Large Cap U.S. Equity	42%	5.50%
Developed International Equity	18%	5.50%
U.S. Fixed Income	28%	2.25%
Real Estate	6%	6.65%
Private Equity	6%	0.50%
	100%	

As of June 30, 2024, PERS' long-term inflation assumption was 2.50%.

Net Pension Liability

At June 30, 2025, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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 (\$1,685,727) 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, 2024, the City's proportion was 0.00933% percent, which is a decrease of 0.00055% from its proportion measured as of June 30, 2023.

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the City as of June 30, 2025, 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	\$ 2,710,854	\$ 1,685,727	\$ 839,986

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, 2024, 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, 2024 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, 2024 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, 2024. 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, 2024.

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

For the year ended June 30, 2025, the City recognized pension expense of \$10,917. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 357,621	\$ -
Changes in assumptions or other inputs	108,773	-
Net difference between projected and actual earnings on pension plan investments	-	166,066
Changes in the City's proportionate share	61,166	189,804
City contributions subsequent to the measurement date	<u>143,451</u>	<u>-</u>
	<u><u>\$ 671,011</u></u>	<u><u>\$ 355,870</u></u>

The \$143,451 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, 2026.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined is 5.64 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>	
2026	\$ 12,582
2027	192,820
2028	(19,699)
2029	(32,431)
2030	18,418
Thereafter	<hr/>
	<hr/>
	<u>\$ 171,690</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 under Quick Links – Publications.

City of Wells
Notes to Financial Statements
June 30, 2025

Note 10 - Changes in Long-Term Debt

	Date of Issue	Original Issue Amount	Interest Rate	Year of Final Payment	Principal Outstanding July 1, 2024	Issued During Period	Principal Paid During Period	Principal Outstanding June 30, 2025	Principal Due in 2025-2026
Governmental Activities									
Note payables - Direct Borrowings									
X-ray machine	8/15/2018	\$ 36,600	3.875%	2025	\$ 6,750	\$ 5,829	\$ 921	\$ 921	
Vacuum truck	8/22/2024	93,611	7.740%	2028	-	24,194	69,417	30,823	
Excavator and loader	7/2/2019	209,789	3.990%	2025	93,408	-	93,408	-	
					100,158	93,611	123,431	70,338	31,744
Compensated absences*	N/A	<u>N/A</u>	N/A	N/A	<u>94,990</u>	<u>665</u>	-	<u>95,655</u>	<u>95,655</u>
Total governmental activities		<u>340,000</u>			<u>195,148</u>	<u>94,276</u>	<u>123,431</u>	<u>165,993</u>	<u>127,399</u>
Business-Type Activities									
Water Fund - Direct Borrowings									
2008 Water Revenue Bond	11/25/2008	220,000	4.125%	2047	164,720	-	4,534	160,186	4,725
2013 Refunding Bond Series 2013A	2/20/2013	710,000	3.0% - 5.0%	2027	180,000	-	60,000	120,000	60,000
		1,130,000			344,720	-	64,534	280,186	64,725
Plus deferred amounts for issuance premiums		<u>N/A</u>			<u>13,130</u>	<u>-</u>	<u>6,302</u>	<u>6,828</u>	<u>n/a</u>
		<u>1,130,000</u>			<u>357,850</u>	<u>-</u>	<u>70,836</u>	<u>287,014</u>	<u>64,725</u>
Compensated absences*	N/A	<u>N/A</u>	N/A	N/A	<u>44,993</u>	<u>4,228</u>	-	<u>49,221</u>	<u>49,221</u>
Total business-type activities		<u>-</u>			<u>402,843</u>	<u>4,228</u>	<u>70,836</u>	<u>336,235</u>	<u>113,946</u>
Total debt		<u>\$ 1,470,000</u>			<u>\$ 597,991</u>	<u>\$ 98,504</u>	<u>\$ 194,267</u>	<u>\$ 502,228</u>	<u>\$ 241,345</u>

*The roll-forward schedule only reports the net change in the compensated absences liability.

Restricted Cash in the Water Fund Consists of the

following at June 30, 2025:

2008 Water Revenue Bond - current debt service	\$ 940
2008 Water Revenue Bond - debt service reserve	11,282
2013 Refunding Bond - current debt service	56,500
Total Water Fund Restricted Cash	<u>\$ 68,722</u>

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, 2025.

City of Wells
 Notes to Financial Statements
 June 30, 2025

The annual requirements to amortize all debt outstanding as of June 30, 2025, are as follows:

Governmental Activities		Medium Term Obligation	
		Principal	Interest
Year Ending June 30			
2026		31,744	3,745
2027		32,899	1,548
2028		5,695	47
	Total governmental activities	\$ 70,338	\$ 5,340
Business-type Activities		Revenue Bonds	
Year Ending June 30		Principal	Interest
2026		64,725	9,257
2027		64,922	7,260
2028		5,127	6,155
2029		5,340	5,940
2030		5,563	5,719
2031-2035		31,492	24,916
2036-2040		38,625	17,781
2041-2045		47,372	9,036
2046-2049		17,020	736
	Total business-type activities	\$ 280,186	\$ 86,800
	Total debt outstanding	<u>\$ 350,524</u>	<u>\$ 92,140</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 \$243,386, 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 \$179,254, 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 \$123,600, 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 \$64,500 and \$179,254, respectively.

Note 11 - 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, 2025, 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, 2025, 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 2025, the City of Wells contributed \$2,199 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 4.81%, 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, 2025, not all information required to be reported by GASB 75 is available and therefore is not included in this report.

Note 12 - Commitments and Contingencies

On March 11, 2025 the City approved a contract for a splash pad totaling \$130,000.

Note 13 - Subsequent Events

On September 9, 2025 the City approved a contract for a snow removal building and beacon at the Airport totaling \$1,300,000. This project will be funded by a Federal Aviation Administration grant for 95% of the project cost.

The City approved two change orders relating to the Shoshone Sidewalk Project totaling \$490,375, this project will be paid for with grant funds.

City of Wells
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget (Budgetary Basis) and Actual – General Fund
Year Ended June 30, 2025
(With Comparative Actual Amounts for the Year Ended June 30, 2024)

	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>	<u>2024</u>
Revenues					
Taxes					
Ad valorem	<u>\$ 477,667</u>	<u>\$ 477,667</u>	<u>\$ 476,849</u>	<u>\$ (818)</u>	<u>\$ 448,952</u>
Licenses and permits					
Business licenses					
Business license	25,000	25,000	15,512	(9,488)	18,133
Liquor license	5,500	5,500	3,873	(1,627)	4,680
Gaming license	8,300	8,300	4,980	(3,320)	4,950
Animal license	2,300	2,300	755	(1,545)	865
Permits					
Marijuana licenses	-	-	400	400	400
Building and sign	<u>40,000</u>	<u>40,000</u>	<u>17,832</u>	<u>(22,168)</u>	<u>27,435</u>
Total licenses and permits	<u>81,100</u>	<u>81,100</u>	<u>43,352</u>	<u>(37,748)</u>	<u>56,463</u>
Intergovernmental revenues					
Grants					
Federal and state grants	-	1,252,186	1,310,345	58,159	355,119
State shared revenues					
Consolidated tax distribution	1,729,849	1,729,849	1,563,627	(166,222)	1,642,323
Motor vehicle fuel tax	31,469	31,469	31,349	(120)	30,126
Other local government shared revenues					
Gaming tax	22,000	22,000	13,163	(8,837)	14,603
County regional transportation	40,000	40,000	40,952	952	28,363
Aviation fuel tax	2,000	2,000	579	(1,421)	1,371
County option gas tax	7,266	7,266	7,204	(62)	7,170
Total intergovernmental revenues	<u>1,832,584</u>	<u>3,084,770</u>	<u>2,967,219</u>	<u>(117,551)</u>	<u>2,079,075</u>
Charges for services					
Police fees	8,000	8,000	2,351	(5,649)	3,216
Airport gas sales	111,000	111,000	136,854	25,854	103,674
Building, planning and zoning fees	250	250	75	(175)	75
Recreation fees					
Park pavilion	200	200	375	175	300
Health fees					
Cemetery charge	500	500	1,000	500	800
Total charges for services	<u>119,950</u>	<u>119,950</u>	<u>140,655</u>	<u>20,705</u>	<u>108,065</u>
Fines and forfeitures					
Municipal court	<u>19,500</u>	<u>19,500</u>	<u>3,541</u>	<u>(15,959)</u>	<u>2,010</u>
Miscellaneous					
Investment earnings	40,000	100,500	124,176	23,676	85,455
Rents	32,000	32,000	33,306	1,306	33,126
Public defender reimbursements	900	900	-	(900)	250
Other income	8,300	8,300	16,976	8,676	16,190
Total miscellaneous	<u>81,200</u>	<u>141,700</u>	<u>174,458</u>	<u>32,758</u>	<u>135,021</u>
Total revenues	<u>2,612,001</u>	<u>3,924,687</u>	<u>3,806,074</u>	<u>(118,613)</u>	<u>2,829,586</u>

City of Wells
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget (Budgetary Basis) and Actual – General Fund
Year Ended June 30, 2025
(With Comparative Actual Amounts for the Year Ended June 30, 2024)

	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>	<u>2024</u>
Expenditures					
General government					
Administration					
Salaries and wages	\$ 104,454	\$ 104,454	\$ 106,990	\$ (2,536)	\$ 102,022
Employee benefits	41,435	41,435	42,507	(1,072)	42,128
Services and supplies	108,900	108,900	97,670	11,230	96,392
Capital outlay	50,000	50,000	40,218	9,782	-
Total general government	<u>304,789</u>	<u>304,789</u>	<u>287,385</u>	<u>17,404</u>	<u>240,542</u>
Public Safety					
Police department					
Salaries and wages	53,309	53,309	27,955	25,354	26,675
Employee benefits	14,721	14,721	14,447	274	13,758
Services and supplies	588,089	588,089	576,982	11,107	441,601
Capital outlay	45,000	45,000	-	45,000	-
Total public safety	<u>701,119</u>	<u>701,119</u>	<u>619,384</u>	<u>81,735</u>	<u>482,034</u>
Health and sanitation department					
Cemetery					
Services and supplies	8,450	8,450	7,193	1,257	6,512
Capital outlay	10,000	10,000	-	10,000	-
Total health and sanitation	<u>18,450</u>	<u>18,450</u>	<u>7,193</u>	<u>11,257</u>	<u>6,512</u>
Public Works					
Street department					
Salaries and wages	172,269	172,269	190,044	(17,775)	178,212
Employees and benefits	78,361	78,361	88,688	(10,327)	81,993
Services and supplies	233,291	233,291	99,038	134,253	72,923
Capital outlay	580,000	1,724,568	1,613,282	111,286	310,750
Total street department	<u>1,063,921</u>	<u>2,208,489</u>	<u>1,991,052</u>	<u>217,437</u>	<u>643,878</u>
Airport					
Salaries	17,014	17,014	16,772	242	16,086
Employees and benefits	10,000	10,000	2,768	7,232	2,568
Services and supplies	101,450	179,428	167,892	11,536	284,460
Capital outlay	50,000	91,870	41,870	50,000	149,857
Total airport	<u>178,464</u>	<u>298,312</u>	<u>229,302</u>	<u>69,010</u>	<u>452,971</u>
Total public works	<u>1,242,385</u>	<u>2,506,801</u>	<u>2,220,354</u>	<u>286,447</u>	<u>1,096,849</u>
Judicial					
Salaries and wages	23,919	23,919	24,015	(96)	23,223
Employee benefits	9,959	9,959	10,796	(837)	10,455
Services and supplies	7,800	7,800	3,000	4,800	2,250
Total judicial	<u>41,678</u>	<u>41,678</u>	<u>37,811</u>	<u>3,867</u>	<u>35,928</u>

City of Wells
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget (Budgetary Basis) and Actual – General Fund
Year Ended June 30, 2025
(With Comparative Actual Amounts for the Year Ended June 30, 2024)

	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>	<u>2024</u>
Community support					
Services and supplies	\$ 86,800	\$ 90,070	\$ 60,959	\$ 29,111	\$ 97,397
Capital outlay	<u>100,000</u>	<u>100,000</u>	<u>46</u>	<u>99,954</u>	<u>87,728</u>
Total community support	<u>186,800</u>	<u>190,070</u>	<u>61,005</u>	<u>129,065</u>	<u>185,125</u>
Debt service					
Principal	37,237	37,237	123,431	(86,194)	36,149
Interest	<u>4,236</u>	<u>4,236</u>	<u>8,674</u>	<u>(4,438)</u>	<u>5,324</u>
Total debt service	<u>41,473</u>	<u>41,473</u>	<u>132,105</u>	<u>(90,632)</u>	<u>41,473</u>
Contingency	60,000	60,000	-	60,000	-
Total expenditures	<u>2,596,694</u>	<u>3,864,380</u>	<u>3,365,237</u>	<u>499,143</u>	<u>2,088,463</u>
Excess of Revenues Over Expenditures	<u>15,307</u>	<u>60,307</u>	<u>440,837</u>	<u>380,530</u>	<u>741,123</u>
Other Financing Sources (Uses)					
Proceeds from medium-term obligation	-	-	93,611	93,611	-
Transfers out	<u>(220,000)</u>	<u>(265,000)</u>	<u>(155,000)</u>	<u>110,000</u>	<u>(80,000)</u>
Total other financing sources (uses)	<u>(220,000)</u>	<u>(265,000)</u>	<u>(61,389)</u>	<u>203,611</u>	<u>(80,000)</u>
Net Change in Fund Balance	(204,693)	(204,693)	379,448	584,141	661,123
Fund Balance, as Originally Reported, Beginning of Year	<u>3,724,973</u>	<u>3,724,973</u>	<u>4,378,836</u>	<u>653,863</u>	<u>1,787,270</u>
Fund Balance, End of Year	<u><u>\$ 3,520,280</u></u>	<u><u>\$ 3,520,280</u></u>	<u><u>\$ 4,758,284</u></u>	<u><u>\$ 1,238,004</u></u>	<u><u>\$ 4,378,836</u></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, 2025
(With Comparative Actual Amounts for the Year Ended June 30, 2024)

	General Fund (Budget Basis)	Fire Department Fund	Eliminations	General Fund (GAAP Basis)	2024
Revenues					
Taxes	\$ 476,849	\$ -	\$ -	\$ 476,849	\$ 448,952
Licenses and permits	43,352	-	-	43,352	56,463
Intergovernmental	2,967,219	-	-	2,967,219	2,079,585
Charges for services	140,655	-	-	140,655	108,065
Fines and forfeits	3,541	-	-	3,541	2,010
Miscellaneous revenues	<u>174,458</u>	<u>4,724</u>	<u>-</u>	<u>179,182</u>	<u>139,444</u>
Total revenues	<u>3,806,074</u>	<u>4,724</u>	<u>-</u>	<u>3,810,798</u>	<u>2,834,519</u>
Expenditures					
Current					
General government	287,385	-	-	287,385	240,542
Public safety	619,384	56,430	-	675,814	520,532
Health and sanitation	7,193	-	-	7,193	6,512
Public works	2,220,354	-	-	2,220,354	1,096,849
Judicial	37,811	-	-	37,811	35,928
Community support	61,005	-	-	61,005	185,125
Debt service					
Principal	123,431	-	-	123,431	36,149
Interest	<u>8,674</u>	<u>-</u>	<u>-</u>	<u>8,674</u>	<u>5,324</u>
Total expenditures	<u>3,365,237</u>	<u>56,430</u>	<u>-</u>	<u>3,421,667</u>	<u>2,126,961</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>440,837</u>	<u>(51,706)</u>	<u>-</u>	<u>389,131</u>	<u>707,558</u>
Other Financing Sources (Uses)					
Transfers in	-	60,000	(60,000)	-	-
Transfers out	<u>(155,000)</u>	<u>-</u>	<u>60,000</u>	<u>(95,000)</u>	<u>(45,000)</u>
Total other financing sources (uses)	<u>(61,389)</u>	<u>60,000</u>	<u>-</u>	<u>(1,389)</u>	<u>(45,000)</u>
Net Change in Fund Balances	<u>379,448</u>	<u>8,294</u>	<u>-</u>	<u>387,742</u>	<u>662,558</u>
Fund Balances, Beginning of Year	<u>4,378,836</u>	<u>118,520</u>	<u>-</u>	<u>4,497,356</u>	<u>3,834,798</u>
Fund Balances, End of Year	<u>\$ 4,758,284</u>	<u>\$ 126,814</u>	<u>\$ -</u>	<u>\$ 4,885,098</u>	<u>\$ 4,497,356</u>

City of Wells
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Recreation Fund
Year Ended June 30, 2025
(With Comparative Actual Amounts for the Year Ended June 30, 2024)

	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>	<u>2024</u>
Revenues					
Taxes					
Room tax	<u>\$ 408,500</u>	<u>\$ 408,500</u>	<u>\$ 608,148</u>	<u>\$ 199,648</u>	<u>\$ 585,916</u>
Intergovernmental					
Local government revenues					
Grants	<u>18,000</u>	<u>18,000</u>	<u>63,319</u>	<u>45,319</u>	<u>41,422</u>
Charges for services					
Membership and green fees	18,000	18,000	31,900	13,900	29,276
Season passes	20,700	20,700	16,664	(4,036)	17,779
Yearly cart rental and storage	7,100	7,100	4,725	(2,375)	5,300
Daily cart rental and storage	7,000	7,000	13,551	6,551	12,006
Golf course food and bar	34,000	34,000	41,299	7,299	39,120
Golf course range	1,000	1,000	691	(309)	727
Golf course pro shop	10,000	10,000	24,064	14,064	23,355
Value pack	1,700	1,700	868	(832)	600
Swimming pool fees	16,800	16,800	9,782	(7,018)	10,654
Facility Fees	500	500	260	(240)	450
Total charges for services	<u>116,800</u>	<u>116,800</u>	<u>143,804</u>	<u>27,004</u>	<u>139,267</u>
Miscellaneous					
Interest income	8,000	8,000	20,946	12,946	19,025
Other income	6,800	6,800	-	(6,800)	-
Total miscellaneous	<u>14,800</u>	<u>14,800</u>	<u>20,946</u>	<u>6,146</u>	<u>19,025</u>
Total revenues	<u>558,100</u>	<u>558,100</u>	<u>836,217</u>	<u>278,117</u>	<u>785,630</u>
Expenditures					
Culture and recreation					
Golf course					
Salaries and wages	37,373	37,373	14,297	23,076	21,201
Employee benefits	6,841	6,841	6,310	531	6,169
Services and supplies	197,467	197,467	212,672	(15,205)	196,462
Capital outlay	84,000	84,000	73,276	10,724	7,500
Total golf course	<u>325,681</u>	<u>325,681</u>	<u>306,555</u>	<u>19,126</u>	<u>231,332</u>
Other recreation					
Salaries and wages	140,532	140,532	141,950	(1,418)	133,562
Employee benefits	66,584	66,584	55,299	11,285	50,642
Services and supplies	178,920	178,920	172,338	6,582	182,191
Capital outlay	145,000	145,000	60,821	84,179	38,398
Total other recreation	<u>531,036</u>	<u>531,036</u>	<u>430,408</u>	<u>100,628</u>	<u>404,793</u>

City of Wells
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Recreation Fund
Year Ended June 30, 2025
(With Comparative Actual Amounts for the Year Ended June 30, 2024)

	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>	<u>2024</u>
Intergovernmental					
County Fair Board room tax	\$ -	\$ -	\$ 30,397	\$ (30,397)	\$ 26,467
Nevada Tourism room tax	-	-	18,238	(18,238)	15,880
Total intergovernmental	-	-	48,635	(48,635)	42,347
Total expenditures	<u>856,717</u>	<u>856,717</u>	<u>785,598</u>	<u>71,119</u>	<u>678,472</u>
Excess (Deficiency) of Revenues Over Expenditures	(298,617)	(298,617)	50,619	349,236	107,158
Other Financing Sources (Uses)					
Operating transfers in	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>
Net Change in Fund Balance	(198,617)	(198,617)	50,619	249,236	107,158
Fund Balance, Beginning of Year	<u>425,089</u>	<u>425,089</u>	<u>593,510</u>	<u>168,421</u>	<u>486,352</u>
Fund Balance, End of Year	<u>\$ 226,472</u>	<u>\$ 226,472</u>	<u>\$ 644,129</u>	<u>\$ 417,657</u>	<u>\$ 593,510</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, 2025
 (With Comparative Actual Amounts for the Year Ended June 30, 2024)

	Original	Final Budget	Actual	Variance to Final Budget	2024
Revenues					
Intergovernmental					
Federal/local grants	\$ 92,248	\$ 512,434	\$ 512,434	\$ -	\$ 837,702
County grants	60,000	60,000	43,373	(16,627)	57,224
Total intergovernmental	<u>152,248</u>	<u>572,434</u>	<u>555,807</u>	<u>(16,627)</u>	<u>894,926</u>
Charges for services					
Program income	16,000	16,000	9,541	(6,459)	8,409
Miscellaneous					
Interest Income	1,000	1,000	3,466	2,466	3,647
Contributions	3,100	3,100	243	(2,857)	5,299
Other income	8,600	8,600	4,311	(4,289)	4,951
Total miscellaneous	<u>12,700</u>	<u>12,700</u>	<u>8,020</u>	<u>(4,680)</u>	<u>13,897</u>
Total revenues	<u>180,948</u>	<u>601,134</u>	<u>573,368</u>	<u>(27,766)</u>	<u>917,232</u>
Expenditures					
Culture and Recreation					
Salaries and wages	107,419	119,419	113,407	6,012	106,223
Employee benefits	64,041	69,041	68,159	882	64,870
Services and supplies	59,750	145,568	122,807	22,761	129,927
Capital outlay	9,000	371,368	371,368	-	677,532
Total expenditures	<u>240,210</u>	<u>705,396</u>	<u>675,741</u>	<u>29,655</u>	<u>978,552</u>
Deficiency of Revenues Over Expenditures	(59,262)	(104,262)	(102,373)	1,889	(61,320)
Other Financing Sources (Uses)					
Operating transfers					
Transfers in	50,000	95,000	95,000	-	45,000
Net Change in Fund Balance	(9,262)	(9,262)	(7,373)	1,889	(16,320)
Fund Balance, Beginning of Year	<u>215,457</u>	<u>215,457</u>	<u>215,304</u>	<u>(153)</u>	<u>231,624</u>
Fund Balance, End of Year	<u>\$ 206,195</u>	<u>\$ 206,195</u>	<u>\$ 207,931</u>	<u>\$ 1,736</u>	<u>\$ 215,304</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 for the augmentation.
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.

City of Wells
Notes to Required Supplementary Information
Year Ended June 30, 2025

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, per NAC 354.481.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.00933%	0.00988%	0.01112%	0.01080%	0.01003%	0.01062%	0.01055%	0.01087%	0.01162%	0.01131%
Proportionate share of the net pension liability	\$ 1,685,727	\$ 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
Covered payroll	\$ 802,350	\$ 756,199	\$ 812,273	\$ 765,089	\$ 711,587	\$ 724,445	\$ 695,510	\$ 695,299	\$ 708,790	\$ 676,745
Proportionate share of the net pension liability as a percentage of its covered payroll	210.10%	238.37%	247.11%	128.72%	196.47%	199.85%	206.86%	207.95%	220.62%	191.43%
Plan fiduciary net position as a percentage of the total pension liability	78.11%	76.16%	75.12%	86.51%	77.04%	76.46%	75.24%	74.42%	72.23%	75.13%

The following table presents significant assumption changes:

	2024 through 2021	2020 through 2017	2016 through 2015
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		RP-2000 Disabled Retiree Mortality 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		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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution**	\$ 143,451	\$ 135,299	\$ 114,347	\$ 122,419	\$ 113,060	\$ 107,313	\$ 102,198	\$ 97,881	\$ 106,581	\$ 98,521
Contributions in relation to the statutorily required contribution **	\$ 143,451	\$ 135,299	\$ 114,347	\$ 122,419	\$ 113,060	\$ 107,313	\$ 102,198	\$ 97,881	\$ 106,581	\$ 98,521
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 845,160	\$ 802,350	\$ 756,199	\$ 812,273	\$ 765,089	\$ 711,587	\$ 724,445	\$ 695,510	\$ 695,299	\$ 708,790
Statutorily required contribution as a percentage of covered payroll	16.97%	16.86%	15.12%	15.07%	14.78%	15.08%	14.11%	14.07%	15.33%	13.90%

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

Supplementary Information
June 30, 2025

City of Wells

City of Wells
Combining Balance Sheet – Reconciliation of the General Fund (Budgetary Basis)
to the General Fund (GAAP Basis)
June 30, 2025
(With Comparative Totals for June 30, 2024)

	<u>General Fund (Budget Basis)</u>	<u>Fire Department Fund</u>	<u>Eliminations</u>	<u>General Fund (GAAP Basis)</u>	<u>2024</u>
Assets					
Cash and investments	\$ 4,212,333	\$ 128,984	\$ -	\$ 4,341,317	\$ 4,493,216
Due from other governments	681,655	-	-	681,655	358,511
Inventory	<u>62,835</u>	<u>-</u>	<u>-</u>	<u>62,835</u>	<u>83,712</u>
Total assets	<u>\$ 4,956,823</u>	<u>\$ 128,984</u>	<u>\$ -</u>	<u>\$ 5,085,807</u>	<u>\$ 4,935,439</u>
Liabilities					
Accounts payable	\$ 101,355	2,171	\$ -	\$ 103,526	\$ 165,080
Accrued liabilities	62,527	(1)	-	62,526	54,368
Other current liabilities	525	-	-	525	475
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,681</u>
Total liabilities	164,407	2,170	-	166,577	375,604
Deferred Inflows of Resources					
Unavailable revenue - revenues received beyond 60 days	<u>34,132</u>	<u>-</u>	<u>-</u>	<u>34,132</u>	<u>62,479</u>
Total Liabilities and Deferred Inflows of Resources	<u>198,539</u>	<u>2,170</u>	<u>-</u>	<u>200,709</u>	<u>438,083</u>
Fund Balances					
Nonspendable Inventory	62,835	-	-	62,835	83,712
Assigned					
Public safety	-	126,814	-	126,814	118,520
Subsequent year operations	476,738	-	-	476,738	204,693
Unassigned	<u>4,218,711</u>	<u>-</u>	<u>-</u>	<u>4,218,711</u>	<u>4,090,431</u>
Total fund balances	<u>4,758,284</u>	<u>126,814</u>	<u>-</u>	<u>4,885,098</u>	<u>4,497,356</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,956,823</u>	<u>\$ 128,984</u>	<u>\$ -</u>	<u>\$ 5,085,807</u>	<u>\$ 4,935,439</u>

City of Wells
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
 Capital Improvement Fund
 Year Ended June 30, 2025
 (With Comparative Actual Amounts for the Year Ended June 30, 2024)

	Final Budget	Actual	Variance to Final Budget	2024
Revenues				
Taxes				
Ad valorem	\$ 18,000	\$ 37,654	\$ 19,654	\$ 32,499
Licenses and permits				
Marijuana fees	30,000	81,547	51,547	103,772
Intergovernmental				
Infrastructure tax	23,975	21,508	(2,467)	21,695
Miscellaneous				
Land sales	-	323,081	323,081	88,279
Interest earnings	25,000	39,401	14,401	45,174
Total miscellaneous	25,000	362,482	337,482	133,453
Total revenues	96,975	503,191	406,216	291,419
Expenditures				
General government				
Service and supplies	3,500	11,978	(8,478)	3,750
Capital outlay	350,000	11,559	338,441	5,887
Total expenditures	353,500	23,537	329,963	9,637
Net Change in Fund Balance	(256,525)	479,654	736,179	281,782
Fund Balance, Beginning of Year	271,281	786,088	514,807	504,306
Fund Balance, End of Year	\$ 14,756	\$ 1,265,742	\$ 1,250,986	\$ 786,088

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, 2025
(With Comparative Totals for June 30, 2024)

	Cemetery Perpetual Care Fund	Redevelopment Agency Fund	Administrative Assessment Fund	Court Facilities Administrative Assessment Fund	Total	2024
Assets						
Cash and investments	\$ 16,003	\$ 657,625	\$ 84,814	\$ 41,318	\$ 799,760	\$ 587,276
Accounts receivable	-	500	-	-	500	-
Due from other governments	-	817	-	-	817	1,595
Total assets	\$ 16,003	\$ 658,942	\$ 84,814	\$ 41,318	\$ 801,077	\$ 588,871
Liabilities						
Accounts payable	\$ -	\$ -	\$ 538	\$ -	\$ 538	\$ 1,070
Fund Balances						
Restricted						
Redevelopment	-	658,942	-	-	658,942	471,373
Judicial	-	-	84,276	41,318	125,594	101,025
Committed						
Health and sanitation	16,003	-	-	-	16,003	15,403
Total fund balances	16,003	658,942	84,276	41,318	800,539	587,801
Total Liabilities and Fund Balances	\$ 16,003	\$ 658,942	\$ 84,814	\$ 41,318	\$ 801,077	\$ 588,871

City of Wells
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
Year Ended June 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	Cemetery Perpetual Care Fund	Redevelopment Agency Fund	Administrative Assessment Fund	Court Facilities Administrative Assessment Fund	Total	2024
Revenues						
Taxes	\$ -	\$ 184,360	\$ -	\$ -	\$ 184,360	\$ 122,457
Charges for services	600	-	13,285	1,980	15,865	15,939
Miscellaneous	-	17,202	-	-	17,202	2,826
Fine and forfeitures	-	-	21,270	-	21,270	24,882
Total revenues	600	201,562	34,555	1,980	238,697	166,104
Expenditures						
General government	-	13,993	-	-	13,993	11,746
Judicial	-	-	11,966	-	11,966	11,735
Total expenditures	-	13,993	11,966	-	25,959	23,481
Net Change in Fund Balances	600	187,569	22,589	1,980	212,738	142,623
Fund Balances, Beginning of Year	15,403	471,373	61,687	39,338	587,801	445,178
Fund Balances, End of Year	\$ 16,003	\$ 658,942	\$ 84,276	\$ 41,318	\$ 800,539	\$ 587,801

City of Wells
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
Cemetery Perpetual Care Fund
Year Ended June 30, 2025
(With Comparative Actual Amounts for the Year Ended June 30, 2024)

	<u>Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>	<u>2024</u>
Revenues				
Charges for services				
Cemetery charges	<u>\$ 600</u>	<u>\$ 600</u>	<u>\$ -</u>	<u>\$ 1,200</u>
Net Change In Fund Balance	600	600	-	1,200
Fund Balance, Beginning of Year	<u>14,803</u>	<u>15,403</u>	<u>600</u>	<u>14,203</u>
Fund Balance, End of Year	<u><u>\$ 15,403</u></u>	<u><u>\$ 16,003</u></u>	<u><u>\$ 600</u></u>	<u><u>\$ 15,403</u></u>

City of Wells
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
Redevelopment Agency Fund
Year Ended June 30, 2025
(With Comparative Actual Amounts for the Year Ended June 30, 2024)

	<u>Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>	<u>2024</u>
Revenues				
Taxes				
Ad valorem	\$ 80,000	\$ 184,360	\$ 104,360	\$ 122,457
Miscellaneous				
Other	—	17,202	17,202	2,826
Total revenues	80,000	201,562	121,562	125,283
Expenditures				
General Government				
Services and supplies	—	—	—	1,675
Capital outlay	85,000	13,993	71,007	10,071
Total expenditures	85,000	13,993	71,007	11,746
Net Change in Fund Balance	(5,000)	187,569	192,569	113,537
Fund Balance, Beginning of Year	322,836	471,373	148,537	357,836
Fund Balance, End of Year	\$ 317,836	\$ 658,942	\$ 341,106	\$ 471,373

City of Wells
Schedule of Revenues, Expenditures, and Changes in Fund Balances –Budget and Actual –
Administrative Assessment Fund
Year Ended June 30, 2025
(With Comparative Actual Amounts for the Year Ended June 30, 2024)

	<u>Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>	<u>2024</u>
Revenues				
Charges for services				
Administrative assessment	\$ 8,650	\$ 13,285	\$ 4,635	\$ 12,979
Fine and forfeitures				
Civil penalties	<u>10,000</u>	<u>21,270</u>	<u>-</u>	<u>24,882</u>
Total revenue	18,650	34,555	4,635	37,861
Expenditures				
Judicial				
Services and supplies	9,500	11,966	(2,466)	11,735
Capital outlay	<u>9,000</u>	<u>-</u>	<u>9,000</u>	<u>-</u>
Total expenditures	18,500	11,966	6,534	11,735
Excess (Deficiency) of Revenues Over Expenditures	150	22,589	22,439	26,126
Net Change in Fund Balance	150	22,589	22,439	26,126
Fund Balance, Beginning of Year	39,711	61,687	21,976	35,561
Fund Balance, End of Year	\$ 39,861	\$ 84,276	\$ 44,415	\$ 61,687

City of Wells
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Court Facilities Administrative Assessment Fund
Year Ended June 30, 2025
(With Comparative Actual Amounts for the Year Ended June 30, 2024)

	<u>Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>	<u>2024</u>
Revenues				
Charges for services				
Court facility assessment fee	<u>\$ 1,500</u>	<u>\$ 1,980</u>	<u>\$ 480</u>	<u>\$ 1,760</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>1,980</u>	<u>25,480</u>	<u>1,760</u>
Net Change in Fund Balance	<u>(23,500)</u>	<u>1,980</u>	<u>25,480</u>	<u>1,760</u>
Fund Balance, Beginning of Year	<u>39,078</u>	<u>39,338</u>	<u>260</u>	<u>37,578</u>
Fund Balance, End of Year	<u>\$ 15,578</u>	<u>\$ 41,318</u>	<u>\$ 25,740</u>	<u>\$ 39,338</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, 2025
(With Comparative Actual Amounts for the Year Ended June 30, 2024)

	Budget	Actual	Variance to Final Budget	2024
Revenues				
Intergovernmental				
NDF fees	\$ 5,000	\$ -	\$ (5,000)	\$ 510
Charges for services				
Project income	6,000	-	(6,000)	-
Miscellaneous				
Fundraising income	5,000	4,724	(276)	4,423
Total revenues	16,000	4,724	(11,276)	4,933
Expenditures				
Public safety				
Salaries and wages	1,200	1,210	(10)	1,200
Employee benefits	8,817	11,844	(3,027)	10,691
Services and supplies	65,000	43,376	21,624	26,607
Capital outlay	60,000	-	60,000	-
Total expenditures	135,017	56,430	78,587	38,498
Excess (Deficiency) of Revenues Over Expenditures	(119,017)	(51,706)	67,311	(33,565)
Other Financing Sources (Uses)				
Transfer in				
General fund	70,000	60,000	(10,000)	35,000
Net Change in Fund Balance	(49,017)	8,294	57,311	1,435
Fund Balance, Beginning of Year	75,968	118,520	42,552	117,085
Fund Balance, End of Year	\$ 26,951	\$ 126,814	\$ 99,863	\$ 118,520

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, 2025
 (With Comparative Actual Amounts for the Year Ended June 30, 2024)

	Budget	Actual	Variance to Final Budget	2024
Operating Revenues				
Charges for services				
Water user fees	<u>\$ 550,000</u>	<u>\$ 551,032</u>	<u>\$ 1,032</u>	<u>\$ 545,682</u>
Operating Expenses				
Administration				
Salaries and wages	138,861	130,473	8,388	124,219
Employee benefits	65,170	61,828	3,342	65,124
Services and supplies	<u>277,782</u>	<u>179,477</u>	<u>98,305</u>	<u>192,505</u>
Operating expenses before depreciation	481,813	371,778	110,035	381,848
Depreciation	<u>131,000</u>	<u>169,652</u>	<u>(38,652)</u>	<u>164,470</u>
Total operating expenses	<u>612,813</u>	<u>541,430</u>	<u>71,383</u>	<u>546,318</u>
Operating Income (Loss)	<u>(62,813)</u>	<u>9,602</u>	<u>72,415</u>	<u>(633)</u>
Nonoperating Revenues (Expenses)				
Interest income	8,000	17,083	9,083	16,937
Interest expense	(11,249)	(8,681)	2,568	(16,271)
Amortization of bond costs	<u>-</u>	<u>3,909</u>	<u>3,909</u>	<u>3,909</u>
Total nonoperating revenues (expenses)	<u>(3,249)</u>	<u>12,311</u>	<u>15,560</u>	<u>4,575</u>
Income (Loss) Before Capital Contributions	<u>(66,062)</u>	<u>21,913</u>	<u>87,975</u>	<u>3,942</u>
Capital Contributions				
Grants	22,500	-	(22,500)	297,686
Connection fees	<u>38,000</u>	<u>18,898</u>	<u>(19,102)</u>	<u>32,376</u>
Total capital contributions	<u>60,500</u>	<u>18,898</u>	<u>(41,602)</u>	<u>330,062</u>
Change in Net Position	<u>\$ (5,562)</u>	<u>40,811</u>	<u>\$ 46,373</u>	<u>334,004</u>
Net Position, Beginning of Year		<u>3,410,902</u>		<u>3,076,898</u>
Net Position, End of Year		<u>\$ 3,451,713</u>		<u>\$ 3,410,902</u>

City of Wells
 Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
 Sewer Fund
 Year Ended June 30, 2025
 (With Comparative Actual Amounts for the Year Ended June 30, 2024)

	Budget	Actual	Variance to Final Budget	2024
Operating Revenues				
Charges for services				
Sewer user fees	\$ 294,000	\$ 314,340	\$ 20,340	\$ 310,690
Miscellaneous				
Other	5,000	8,364	3,364	8,825
Total operating revenues	299,000	322,704	23,704	319,515
Operating Expenses				
Administration				
Salaries and wages	131,920	125,204	6,716	117,720
Employee benefits	62,920	60,224	2,696	63,432
Services and supplies	126,240	77,664	48,576	86,781
Operating expenses before depreciation	321,080	263,092	57,988	267,933
Depreciation	15,000	63,966	(48,966)	13,368
Total operating expenses	336,080	327,058	9,022	281,301
Operating Income (Loss)	(37,080)	(4,354)	32,726	38,214
Nonoperating Revenues (Expenses)				
Sewer improvement user fees	22,000	25,765	3,765	24,905
Interest income	12,000	29,361	17,361	29,590
Total nonoperating revenues	34,000	55,126	21,126	54,495
Income (Loss) Before Capital Contributions	(3,080)	50,772	53,852	92,709
Capital Contributions				
Federal grants	-	227,097	227,097	242,707
Connection fees	13,000	-	(13,000)	6,000
Total capital contributions	13,000	227,097	214,097	248,707
Change in Net Position	\$ 9,920	277,869	\$ 267,949	341,416
Net Position, Beginning of Year		1,451,515		1,110,099
Net Position, End of Year		\$ 1,729,384		\$ 1,451,515

City of Wells
 Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
 Sanitation Fund
 Year Ended June 30, 2025
 (With Comparative Actual Amounts for the Year Ended June 30, 2024)

	<u>Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>	<u>2024</u>
Operating Revenues				
Charges for services				
Sanitation fees	\$ 323,701	\$ 341,380	\$ 17,679	\$ 328,042
Miscellaneous				
Other	<u>4,900</u>	<u>400</u>	<u>(4,500)</u>	<u>-</u>
Total operating revenues	<u>328,601</u>	<u>341,780</u>	<u>13,179</u>	<u>328,042</u>
Operating Expenses				
Administration				
Salaries and wages	26,260	16,843	9,417	18,170
Employee benefits	6,052	7,145	(1,093)	7,706
Services and supplies	<u>308,423</u>	<u>319,840</u>	<u>(11,417)</u>	<u>305,994</u>
Operating expenses before depreciation	<u>340,735</u>	<u>343,828</u>	<u>(3,093)</u>	<u>331,870</u>
Depreciation	<u>3,500</u>	<u>1,257</u>	<u>2,243</u>	<u>3,499</u>
Total operating expenses	<u>344,235</u>	<u>345,085</u>	<u>(850)</u>	<u>335,369</u>
Change in Net Position	<u>\$ (15,634)</u>	<u>(3,305)</u>	<u>\$ 12,329</u>	<u>(7,327)</u>
Net Position, Beginning of Year		<u>101,938</u>		<u>109,265</u>
Net Position, End of Year		<u>\$ 98,633</u>		<u>\$ 101,938</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, 2025

Flat Fixed Fees

Business license revenue for the year ended June 30, 1991 (base year)
adjusted through June 30, 2024 \$ 30,616

Adjustment to Base

Base year adjusted percentage decrease in population of the
local government 1.42%

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 2.30% 3.72%
1,137

Adjusted Base at June 30, 2025 31,753

Actual Revenue 15,512

Amount Under Allowable Amount \$ (16,241)

Compliance Section
June 30, 2025

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 the City of Wells, State of Nevada (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 9, 2026.

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 2025-001 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is fluid and cursive, with "Eide" and "Baily" connected, and "LLP" in a smaller, separate section.

Elko, Nevada
January 9, 2026



**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, 2025. 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, 2025.

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 2025-002. 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 certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-002 and 2025-003 to be significant deficiencies.

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.



Elko, Nevada
January 9, 2026



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, 2025, 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 2024-001 was reported in the current year as finding 2025-001 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
January 9, 2026

City of Wells
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

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	<u>\$ 53,484</u>
<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	71,415
Shoshone Avenue Sidewalk Project	14.228	CDBG - 23/PF/03	458,389
Senior Center Facility	14.228	CDBG - CV 20/PF/08A	<u>300,000</u>
Total U.S. Department of Housing and Urban Development			<u>829,804</u>
<u>U.S. Department of Transportation</u>			
Direct - Federal Aviation Administration			
Airport Improvement Program	20.106	3-32-0020-021-2022	14,442
Airport Improvement Program	20.106	3-32-0020-023-2024	<u>85,587</u>
Total U.S. Department of Transportation			<u>100,029</u>
<u>U.S. Department of Treasury</u>			
Passed through the State of Nevada Governor's Office			
COVID - Coronavirus State and Local Fiscal Recovery Fund	21.027	n/a	155,681
Passed through the State of Nevada Department of Health and Human Services			
Aging and Disability Services Division			
COVID - ADSD Grants Management	21.027	05-002-71-FRFX-24	<u>52,014</u>
Total U.S. Department of Treasury			<u>207,695</u>
<u>U.S. Environmental Protection Agency</u>			
Passed through Nevada Division of Environmental Protection			
Sewer Overflow and Stormwater Reuse Municipal Grant			
Program	66.447	OSG#1-2023	686,179
Brownsfield Grant	66.811	DEP #S22-043	<u>13,124</u>
Total U.S. Environmental Protection Agency			<u>699,303</u>
<u>U.S. Department of Energy</u>			
Passed through Nevada Clean Energy Fund			
Energy Efficiency and Conservation Block Grant Program	81.128	NCEF-00001	<u>44,953</u>
<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-24	1,750
Congregate Meals	93.045	05-002-07-1X-25	17,818
Categorical - home delivered meals	93.045	05-002-04-24-24	3,045
Categorical - home delivered meals	93.045	05-002-04-24-25	28,986
Homebound - nutrition equipment	93.045	05-002-66-2C6X-25	14,052
Nutrition	93.053	05-002-57-NX-24	<u>3,451</u>
Total Aging Cluster			<u>69,102</u>
Total U.S. Department of Health and Human Services			<u>69,102</u>
Total Federal Financial Assistance			<u>\$ 2,004,370</u>

City of Wells
Notes to Schedule of Expenditures of Federal Awards
June 30, 2025

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, 2025. 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, 2025, the City had food commodities totaling \$6,556 in inventory.

Note 5 - U.S. Department of Transportation Airport Improvement Program

The Schedule includes \$59,122 in expenditures which were related to the fiscal year ended June 30, 2024, all eligibility requirements were not met until the current fiscal year to include these amounts on the Schedule.

City of Wells
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

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

Federal Awards

Internal control over major program:	
Material weaknesses identified	None reported
Significant deficiencies 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:

Name of Federal Program	<u>Federal Financial Assistance Listing</u>
Coronavirus State and Local Fiscal Recovery Fund	21.027
Sewer Overflow and Stormwater Reuse Municipal Grant Program	66.447
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

2025-001 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, 2025, 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:

- Infrastructure tax revenue was recorded in the incorrect fund, an adjustment was made to reclass \$21,508 from the General Fund to the Capital Improvement Fund.
- Due from other governments was erroneously recorded in the due from other funds account totaling \$17,893 in the General Fund and \$8,338 in the Capital Improvement Fund.

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.

Views of Responsible Officials: 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.

City of Wells
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section III – Federal Award Findings and Questioned Costs

**2025-002 U.S. Environmental Protection Agency
Passed through State of Nevada Division of Environmental Protection
Sewer Overflow and Stormwater Reuse Municipal Grant Program, 66.447**

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

Grant Award Number: Affects all grant awards under assistance listing number 66.447 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 to include Disadvantaged Business Enterprise (DBE) Contract Terms and Conditions as specified by EPA regulations.

Condition: Per review of the contract with the vendor, the required Disadvantaged Business Enterprise (DBE) Contract Terms and Conditions were missing.

Cause: The City did not have adequate controls to ensure that DBE contract terms and conditions were included as required.

Effect: The City may not be in compliance with EPA DBE requirements, potentially impacting eligibility for federal funding.

Questioned Costs: None reported.

Context/Sampling: All contracts were selected for testing as there was only one contract during the year; the contract reviewed did not include the required DBE terms.

*Repeat Finding from
Prior Year:* No.

Recommendation: We recommend the City enhance controls to ensure all required DBE contract terms and conditions are included.

Views of Responsible Officials: Management agrees with the finding.

City of Wells
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

**2025-003 U.S. Environmental Protection Agency
 Passed through State of Nevada Division of Environmental Protection
 Sewer Overflow and Stormwater Reuse Municipal Grant Program, 66.447**

**Reporting
Significant Deficiency in Internal Control over Compliance**

Grant Award Number: Affects all grant awards under assistance listing number 66.447 on the Schedule of Expenditures of Federal Awards.

Criteria: 2 CFR Section 200.303(a), Internal Controls, states that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition: Two out of five reimbursement requests had no evidence of approval.

Cause: The City did not have adequate controls to ensure all reimbursement requests were properly approved.

Effect: Reimbursement requests may be processed without proper authorization, increasing risk of improper payments.

Questioned Costs: None reported.

Context/Sampling: All five reimbursement requests filed during the year were selected for testing; two lacked evidence of approval.

*Repeat Finding from
Prior Year:* No.

Recommendation: We recommend the City implement procedures to ensure all reimbursement requests are properly approved and documented.

Views of Responsible Officials: Management agrees with the finding.