

Annual Comprehensive Financial Report
For the Year Ended June 30, 2024
City of Fallon, Nevada

Prepared by City Clerk-Treasurer's Office
Michael O'Neill, City Clerk-Treasurer
City of Fallon, Nevada
55 West Williams Avenue
Fallon, Nevada 89406

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INTRODUCTORY SECTION

Ken Tedford
MAYOR



Kelly Frost
Councilwoman

Karla Kent
Councilwoman

Paul W. Harmon
Councilman

February 18, 2025

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Fallon, Nevada:

The Annual Comprehensive Financial Report for the City of Fallon for the fiscal year ended June 30, 2024, is hereby submitted in accordance with Nevada Revised Statutes 354.624. State law requires that local governments provide an annual audit of its financial statements by an independent certified public accountant in accordance with generally accepted auditing standards.

This report consists of management's representations concerning the finances of the City of Fallon. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Fallon has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Fallon's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Fallon's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Fallon's financial statements have been audited by Eide Bailly LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Fallon for the fiscal year ended June 30, 2024, are free of material misstatement. The independent audit involved examining on a testing basis evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the City of Fallon's financial statements for the fiscal year ended June 30, 2024, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction. The City of Fallon's MD&A can be found immediately following the report of the independent auditors.



Profile of the Government

The City of Fallon is the county seat for Churchill County located in the western portion of northern Nevada. The City of Fallon was incorporated in 1908 and is the only incorporated City within the County. The City now has a population exceeding 9,500 residents and occupies a land area of four square miles. The City's center is at the intersection of US Highway 50 and US Highway 95.

The City of Fallon operates under a strong Mayoral form of government. The Mayor is elected at-large in the City, serving as the Chief Executive Officer responsible for the day-to-day operations and oversight of the City government, City personnel and the City's enterprises. The Mayor is not a member of the City Council and does not vote on matters brought before the City Council. The Mayor presides over City Council meetings in order to preserve order and decorum. The Mayor is also responsible for the appointment of all executive officers, with such appointments subject to confirmation by the City Council. The City has three City Councilmembers elected for staggered terms of four years. One Councilmember represents each of the three wards dividing the City. The City Council acts as the legislative body of the City.

The City of Fallon maintains budgetary controls to ensure compliance with legal provisions as part of the annual budget, as augmented, that was approved by the City Council and the State of Nevada's Department of Taxation. Every April, the City submits a tentative budget for the fiscal year to the City Council, the Nevada Department of Taxation, and residents of Fallon. The City receives notification from the Department of Taxation as to whether the tentative budget complies with all applicable laws and regulations. The City holds public hearings every May to allow the public an opportunity to participate in the budget process. The City Council adopts a final budget prior to June 1st, which is submitted to the State for final approval.

Activities of the general fund, special revenue funds, debt service fund, capital project funds, enterprise funds, and internal service funds are included in the annual budget. All revisions to the adopted budget are a matter of public record by actions of the City Council taken at properly noticed and agendized public meetings. The City is authorized to transfer budgeted amounts within functions of the fund if the City Council is notified at the next regular meeting and the action is noted in the official minutes. Augmentations which increase appropriations or transfers are accomplished through formal City Council approval in a public hearing. Budget transfers and augmentations were approved this fiscal year to reflect the necessary changes in spending and corresponding additional resources available.

The City of Fallon provides a full range of municipal services including police law enforcement, fire protection, animal control, street repair and maintenance, building and planning, municipal court services, emergency management, convention center, various parks and recreational activities, various special events, tourism and economic development, municipal airport, and various general administrative services. In addition to the governmental type services, the City provides a variety of utility services in our enterprise funds which include electric, water, water treatment, sewer, sanitation with the City's transfer station, and landfill.

Local Economic Conditions and Outlook

Agriculture in all aspects remains a vital part of the local economy in Fallon. All the farms and ranches in the high desert contributed to the nickname of “The Oasis of Nevada” as depicted in the City’s logo.

Another economic impact is due to Fallon being home of Naval Air Station Fallon. With over 1,000 active military and employing numerous other civilian support staff, NAS Fallon is a major employer for the community. The TOPGUN training program was transferred to Fallon in 1996 providing NAS Fallon a more important role as a major training center for the United States Navy. Due to being an important training ground, thousands of active military and civilians spend time in Fallon each year providing a huge economic impact to the community.



Steady population growth and a low unemployment rate (4.7%) continue to allow the City’s economy to be stable. The City continues to see growth in terms of assessed value and taxable sales to support general governmental services. The City’s property tax rate remains unchanged, and it is unlikely to change unless the Nevada legislature makes changes to the existing statutory cap limits. As such, increases in property tax revenues can only be attained by increases in assessed value. The total City assessed value increased by \$28,751,052 or 10.4% from the previous fiscal year. Property tax collections increased by \$132,912 or 6.9% from the previous fiscal year. Consolidated tax revenues (CTAX) are comprised of sales tax of taxable sales and excise taxes which are calculated and distributed pursuant to State law. CTAX has been increasing for several years; however this fiscal year it remained flat, showing a slight increase of \$6,608 or 0.23% from the previous fiscal year.

The City is feeling the effects of the current economic challenges facing the country and world today. Those challenges include supply chain delays, high energy prices, inflation, and conflicts overseas. Even with all the challenges, the City is able to adapt and move forward.

Long-Term Financial Planning

The City will continue to utilize its financial forecasting model to assist with budget and capital planning. Management will continue to work with consultants for forecasting and planning needs for all the City’s streets and infrastructure and municipal utility enterprises.

Relevant Financial Policies

Ending Fund Balance Reserves – In compliance with State law, the City’s policy requires the General Fund to have a budgeted, unreserved fund balance of at least 4% of prior year expenditures. The City is in compliance with this requirement as the FY2024/2025 budget includes a budgeted ending fund balance of 7.4% as submitted and approved by the State.

Legal level of budgetary control - In accordance with state statute, actual expenditures may not exceed budgetary appropriations of the various governmental functions (excluding the debt service function) of the General, Special Revenue and Capital Projects 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. In the proprietary funds, actual 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.

OPEB Funding – The City’s choice to fund only pay-as-you-go costs rather than the full annual other post-employment benefit (OPEB) costs resulted in continued growth in the City’s net liability. The actuarial accrued liability, as well as an increasing OPEB liability each year, is presented in the government-wide financial statements and proprietary fund statements.

Capital Improvement Plan – The City maintains a five-year Capital Improvement Plan which serves as a planning document to assess and prioritize the capital needs of the City. The plan is updated annually and presented to the Churchill County Debt Commission.

Awards

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fallon, Nevada for its annual comprehensive financial report for the fiscal year ended June 30, 2023. This was the twenty-third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program’s requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire City, especially the staff of the Clerk/Treasurer’s Office. We would like to express our appreciation to the dedicated professional staff of Eide Bailly LLP for their expert support and guidance throughout the year and during the audit process, which is essential to making this report possible.

Finally, I would like to give a special thanks to Mayor Tedford, the City Council, and all of the City’s appointed officials for their support and leadership regarding the fiscal matters of the City of Fallon.

Respectfully submitted,



Michael O’Neill
City Clerk/Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Fallon
Nevada**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

PRINCIPAL OFFICIALS
OF THE CITY OF FALLON, NEVADA
2023-2024

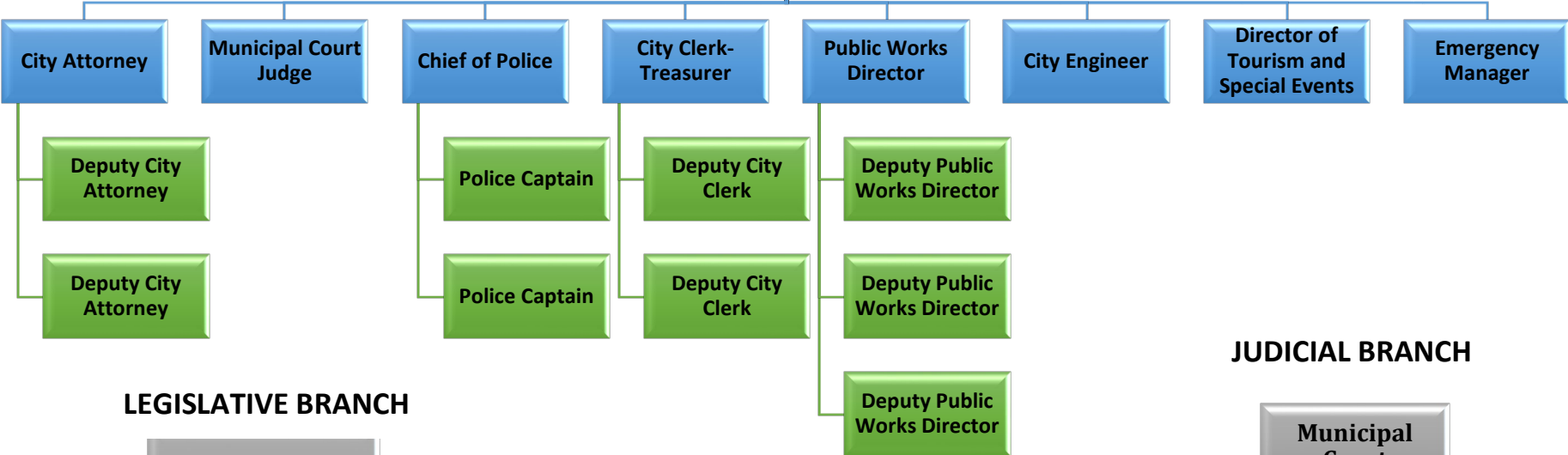
<u>Office</u>	<u>Name</u>	<u>Term of Office</u>	<u>Term Expires</u>
Mayor	Ken Tedford	Four Years	January 2025
Council Member Ward 1	Kelly Frost	Four Years	January 2027
Council Member Ward 2	Karla Kent	Four Years	January 2025
Council Member Ward 3	Paul Harmon	Four Years	January 2027
City Attorney	Michael Mackedon	Two Years	January 2025
Deputy City Attorney	Sean Rowe	Two Years	January 2025
Deputy City Attorney	Trent deBraga	Two Years	January 2025
Chief of Staff	Robert Erickson	Two Years	January 2025
Municipal Court Judge	Michael Lister	Two Years	January 2025
City Clerk-Treasurer	Sean Richardson	Two Years	July 2024
City Clerk-Treasurer	Michael O'Neill	Two Years	January 2025
Deputy City Clerk-Treasurer	Elsie Lee	Two Years	January 2025
Deputy City Clerk-Treasurer	Michael O'Neill	Two Years	July 2024
Public Works Director	Brian Byrd	Two Years	January 2025
Deputy Public Works Director	Adrian Noriega	Two Years	January 2025
Deputy Public Works Director	Marco Guerrero	Two Years	January 2025
Deputy Public Works Director	Glen Radtke	Two Years	January 2025
City Engineer	Derek Zimney	Two Years	January 2025
Chief of Police	Ron Wenger	Two Years	January 2025
Police Captain	John Riley	Two Years	January 2025
Police Captain	Daniel Babiarz	Two Years	January 2025
Emergency Manager	Steven Endacott	Two Years	January 2025
Director of Tourism and Special Events	Jane Moon	Two Years	January 2025

City of Fallon Organizational Chart

EXECUTIVE BRANCH

Mayor and Chief Executive Officer

Chief of Staff



LEGISLATIVE BRANCH

City Council

Convention & Tourism Authority

Fire Board

JUDICIAL BRANCH

Municipal Court

FINANCIAL SECTION

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Independent Auditor's Report

To the Honorable Mayor and Members of the City Council
City of Fallon, Nevada
Fallon, 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 Fallon, Nevada, (the City) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fallon, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Correction of Error

As discussed in Note 16 to the financial statements, certain errors resulting in an understatement of amounts previously reported for Right-to-use IT subscription assets and IT subscription liabilities as of June 30, 2023, were discovered by management of the City during the current year. Accordingly, a restatement has been made to the Electric and Water fund net position and business-type activities net position as of July 1, 2023, to correct the error. Our opinions are not modified with respect to that matter.

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 schedule of revenues, expenditures, and changes in fund balance – budget (budgetary basis) and actual - General Fund, the reconciliation of the General Fund (budgetary basis) to the General Fund (GAAP basis) schedule of revenues, expenditures, and changes in fund balances, notes to the required supplementary information, the schedule of changes in the City's total OPEB liability and related ratios – City of Fallon Employee Health Benefit Plan (COFEHBP), the schedule of changes in the City's total OPEB liability and related ratios – State of Nevada Public Employee's Benefit Plan (PEBP), the schedule of the City's share of the net pension liability, and the schedule of the 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 changes in the City's total OPEB liability and related ratios – City of Fallon Employee Health Benefit Plan (COFEHBP), the schedule of changes in the City's total OPEB liability and related ratios – State of Nevada Public Employee's Benefit Plan (PEBP), the schedule of the City's share of the net pension liability, and the schedule of the 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 budgetary comparison and reconciliation information for the General Fund and related notes are the responsibility of management and were derived from and relate directly to underlying accounting and other records used to prepare the basic financial statements. The budgetary comparison and reconciliation information for the General Fund 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 for the General Fund and related notes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 combining and individual fund financial statements and schedules including budgetary comparisons, and reconciliation information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Fees Imposed Subject to the Provisions of NRS 354.5989 is presented for purposes of additional analysis as required by Nevada Revised Statutes and is also 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 GAAS. In our opinion, the combining and individual fund financial statements and schedules, including budgetary comparisons, reconciliation information, and the Schedule of Fees Imposed Subject to the Provisions of NRS 354.5989.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2025, 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.

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

Elko, Nevada
February 18, 2025

CITY OF FALLON

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

The management of the City of Fallon (the City) offers readers of the City's financial statements this narrative overview and analysis of financial activities of the City for the fiscal year ended June 30, 2024. We encourage readers to read this information in conjunction with the transmittal letter and financial statements to enhance the understanding of the financial information presented.

Financial Highlights

- The financial statements are prepared in conformance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government*, which presents the City of Fallon's financial information on a government-wide basis enhancing analysis, short and long-term, and accountability for the use of total resources.
- The auditor's report offers an unmodified opinion on the financial statements, the best opinion that can be attained.
- Government-wide net position equals \$70,755,841. Governmental activities contributed \$29,284,843 or 41% of the total net position while the business-type activities contributed \$41,470,998 or 59% of the total net position.
- The assets and deferred outflows of resources of the City of Fallon (government-wide) exceeded liabilities and deferred inflows of resources at June 30, 2024 by \$70,755,841 (net position), an increase of .15% from the prior year's net position. The net position is primarily represented by the City's net investment in capital assets.
- Fund balance for the General Fund totaled \$3,023,081 for the unassigned portion. The unassigned fund balance calculates to 17% of the total General Fund expenditures.

Financial Overview

This discussion and analysis are intended to serve as an introduction to the City of Fallon's basic financial statements. The basic financial statements comprise three components: 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 designed to provide readers with a broad overview of the City of Fallon's finances in a similar manner to financial statements issued by private sector businesses.

The *Statement of Net Position* presents information on all assets, liabilities, and deferred inflows/outflows of resources of the City. The difference between the total assets, total liabilities, and deferred inflow/outflows of resources is reported as “net position”. Over time, increases and decreases in net position may serve as an indicator of improvement or decline in the City’s financial position.

The *Statement of Activities* presents the changes which have occurred in the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 (e.g., uncollected taxes and earned but unused vacation leave).

Both financial statements provided on the government-wide basis distinguish between functions that are governmental activities versus those that are business-type activities. Governmental activities are typically supported by taxes and intergovernmental revenues, whereas business-type activities are those that rely on revenues through user fees or other charges that are generated by those who use or benefit from the service being provided. City of Fallon governmental activities include general government, public safety, judicial, public works, culture and recreation, and community support. Business-type activities of the City include all the utility services - electric, water, sewer, sanitation, landfill, and water treatment.

Fund Financial Statements

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

Governmental Funds

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

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

The City of Fallon maintains 17 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 General Fund because it qualifies as a major fund under the GASB 34 definition. Information for the remaining funds, which meet the definition of non-major funds, is aggregated for reporting purposes.

The City adopts an annual budget for all its funds, governmental and proprietary funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the budget.

Proprietary Funds

The City maintains enterprise and internal service proprietary fund types. Enterprise funds are used to account for functions presented in the business-type section of the government-wide financial statements. Enterprise funds of the City consist of Electric, Water, Sewer, Sanitation, Landfill, Water Treatment, and Water Treatment Replacement funds. The internal service funds are used to account for and allocate internal costs to the various City functions. The City uses internal service funds to account for its public works department activities and data processing systems.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for all the City's enterprise operations. Conversely, both internal service funds are combined into an aggregated presentation in the proprietary fund financial statements. The proprietary funds which qualify as a major fund this fiscal year include Electric, Water, Sewer, Sanitation, Landfill and Water Treatment enterprise funds.

Notes to the Financial Statements

Notes to the basic financial statements are included to provide information that is crucial to the full and complete understating of the data provided in the government-wide and fund financial statements.

Other information

Combining and individual fund statements and schedules and statistical information are presented immediately following the notes to the basic financial statement section of the report.

Financial Statement Analysis

Governmental-wide Financial Analysis

Values reported as net position can provide an indication of a government's financial position. A comparison of assets, deferred outflows of resources, liabilities and deferred inflows of resources for the government-wide financial statements reflect a net position of \$70,755,841 as of June 30, 2024. When compared to the prior fiscal year, the City's net position increased \$105,048 or 0.15%.

The largest portion of the City's net position reflects its investment in capital assets (e.g. land, building, machinery, equipment, infrastructure, utility systems). The investment value of \$77,305,908 is reported net of any related debt still outstanding which was used to acquire those assets. Capital assets are used by the City of Fallon to provide services to citizens and customers, and thus are not available for future spending, and cannot be liquidated to pay off related debt.

The following table is provided to enhance analysis.

The City of Fallon's Net Position

	Governmental Activities		Business-Type Activities		Total	
	FY24	FY23	FY24	FY23 (as restated)*	FY24	FY23 (as restated)*
Current and Other Assets	\$ 7,561,054	\$ 9,073,257	\$ 13,885,922	\$ 10,636,431	\$ 21,446,976	\$ 19,709,688
Capital Assets, Net	39,332,269	36,059,310	53,746,287	52,411,278	93,078,556	88,470,588
Total assets	46,893,323	45,132,567	67,632,209	63,047,709	114,525,532	108,180,276
Deferred Outflows of Resources	5,282,695	6,416,038	2,665,430	2,447,461	7,948,125	8,863,499
Total assets and deferred outflows of resources	52,176,018	51,548,605	70,297,639	65,495,170	122,473,657	117,043,775
Current Liabilities	1,594,689	4,007,746	3,956,192	4,255,863	5,550,881	8,263,609
Noncurrent liabilities	20,778,269	17,498,098	24,596,602	19,962,035	45,374,871	37,460,133
Total liabilities	22,372,958	21,505,844	28,552,794	24,217,898	50,925,752	45,723,742
Deferred Inflows of Resources	518,217	455,054	273,847	213,697	792,064	668,751
Total liabilities and deferred inflows of resources	22,891,175	21,960,898	28,826,641	24,431,595	51,717,816	46,392,493
Net Position						
Net investment in capital assets	36,221,857	35,538,061	41,084,051	41,824,190	77,305,908	77,362,251
Restricted	299,420	496,619	810,694	768,922	1,110,114	1,265,541
Unrestricted	(7,236,434)	(6,446,973)	(423,747)	(1,529,537)	(7,660,181)	(7,976,510)
Total Net Position	\$ 29,284,843	\$ 29,587,707	\$ 41,470,998	\$ 41,063,575	\$ 70,755,841	\$ 70,651,282

*See Note 16 restatement

The governmental and business-type activities for fiscal year 2023-2024 are presented in the City's Changes in Net Position schedule. As indicated in the schedule, government activities decreased the City's net position by \$302,864 and business-type activities increased the City's net position by \$407,423. The City has a negative unrestricted net position value of \$7,660,181 due to the City's pension liability.

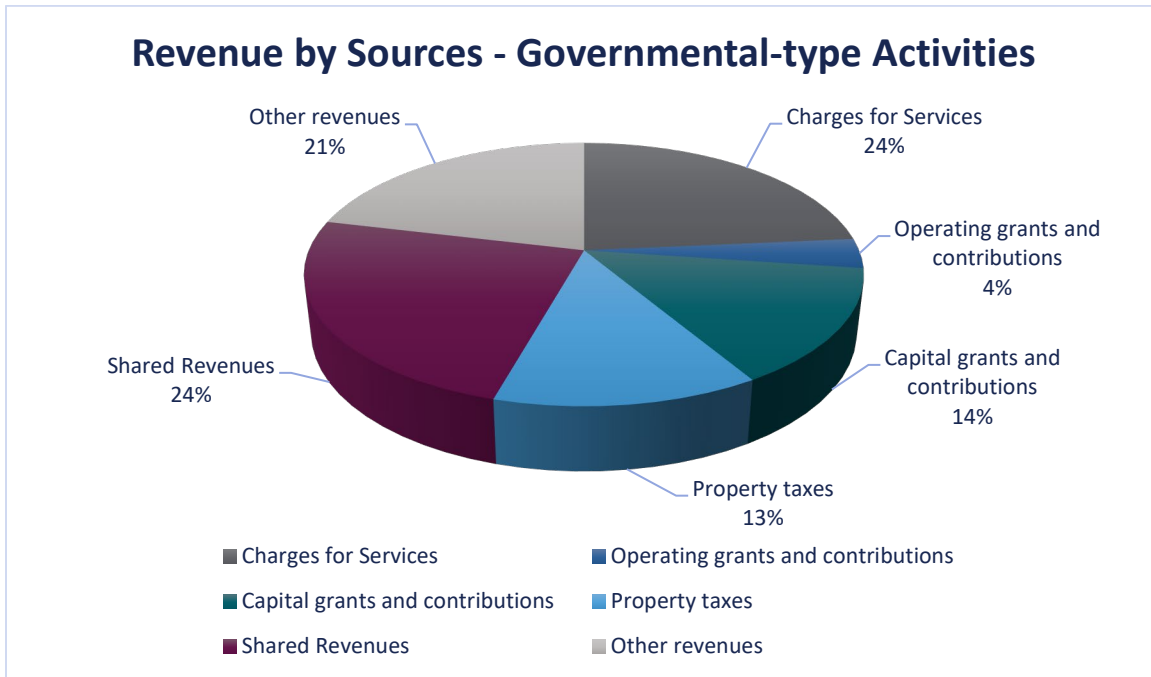
City of Fallon's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	FY24	FY23	FY24	FY23 (as restated)*	FY24	FY23 (as restated)*
Revenues						
Program revenues						
Charges for services	\$ 3,778,551	\$ 3,597,279	\$ 25,642,929	\$ 22,434,500	\$ 29,421,480	\$ 26,031,779
Operating grants and contributions	583,579	4,319,176	39,723	25,000	623,302	4,344,176
Capital grants and contributions	2,282,902	3,578,780	395,653	390,034	2,678,555	3,968,814
General revenues						
Property taxes	2,068,671	1,935,759	-	-	2,068,671	1,935,759
Shared revenues	3,910,154	4,047,022	-	-	3,910,154	4,047,022
Other revenues	3,411,549	3,877,675	566,718	201,927	3,978,267	4,079,602
Total revenues	16,035,406	21,355,691	26,645,023	23,051,461	42,680,429	44,407,152
Expenses						
General government	3,295,947	2,775,232	-	-	3,295,947	2,775,232
Judicial	1,392,950	1,385,007	-	-	1,392,950	1,385,007
Public Safety	7,286,653	7,051,899	-	-	7,286,653	7,051,899
Public Works	969,779	1,744,371	-	-	969,779	1,744,371
Culture and Recreation	1,715,127	1,594,346	-	-	1,715,127	1,594,346
Community Support	1,377,814	1,394,129	-	-	1,377,814	1,394,129
Electric	-	-	14,447,665	14,343,451	14,447,665	14,343,451
Water	-	-	2,419,955	2,273,448	2,419,955	2,273,448
Sewer	-	-	2,858,585	2,793,376	2,858,585	2,793,376
Sanitation	-	-	2,464,829	2,452,640	2,464,829	2,452,640
Landfill	-	-	2,781,106	2,482,278	2,781,106	2,482,278
Water Treatment	-	-	1,565,460	1,210,901	1,565,460	1,210,901
Total expenses	16,038,270	15,944,984	26,537,600	25,556,094	42,575,870	41,501,078
Excess (Deficiency) of Revenues Over (Under) Expenses	(2,864)	5,410,707	107,423	(2,504,633)	104,559	2,906,074
Transfers	(300,000)	(3,762,578)	300,000	3,762,578	-	-
Change in Net Position	(302,864)	1,648,129	407,423	1,257,945	104,559	2,906,074
Net Position at July 1, as restated	29,587,707	27,939,578	41,063,575	39,805,630	70,651,282	67,745,208
Net Position at June 30	\$ 29,284,843	\$ 29,587,707	\$ 41,470,998	\$ 41,063,575	\$ 70,755,841	\$ 70,651,282

*See Note 16 restatement.

Governmental Activities – Revenues

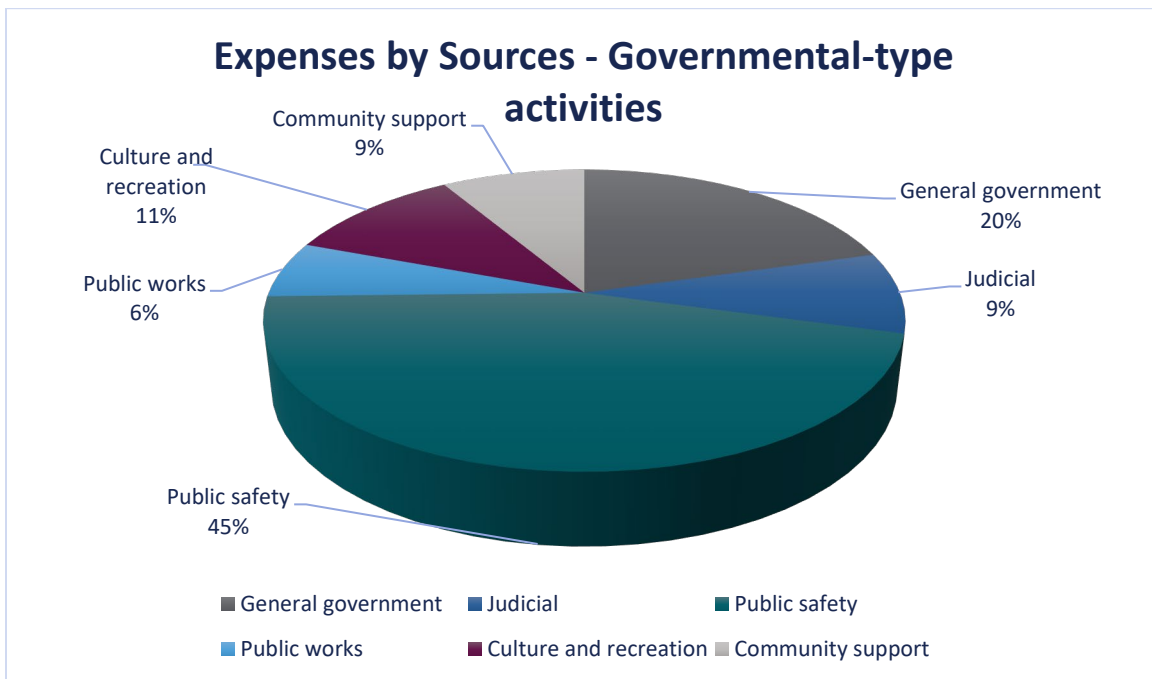
	FY 2024 Revenues	FY 2023 Revenues	Increase (Decrease)	Percent Change
Governmental Activities				
Charges for services	\$ 3,778,551	\$ 3,597,279	\$ 181,272	5%
Operating grants and contributions	583,579	4,319,176	(3,735,597)	-86%
Capital grants and contributions	2,282,902	3,578,780	(1,295,878)	-36%
Property taxes	2,068,671	1,935,759	132,912	7%
Shared revenues	3,910,154	4,047,022	(136,868)	-3%
Other revenues	3,411,549	3,877,675	(466,126)	-12%
Total	\$ 16,035,406	\$ 21,355,691	\$ (5,320,285)	-25%



Total revenues for governmental activities had a significant decrease as revenues decreased by \$5,320,285 or 25% when compared to the prior fiscal year. Charges for services had a slight increase of 5% from the prior year as fees charged to the Business Type Activities increased. The operating grants and contributions reflected a \$3,735,597 or 86% decrease as funding from the State and Local Fiscal Recovery Funds program ended. Capital grants decreased \$1,295,878 due to a decrease in Federal Aviation Administration (FAA) and Community Development Block Grants (CDBG) in the current year. Capital grants from the FAA can vary by year based on the size of projects and the availability of grant funding. No projects were awarded CDBG funds for the 2023-2024 fiscal year. Property taxes continue to increase with an increase of 7%. The City continues to have steady growth in both population and assessed value. Shared revenues decreased \$136,868 or 3%. The largest source of the shared revenue category is consolidated taxes (CTX) which includes sales tax, excise taxes and motor vehicle tax.

Governmental Activities – Expenses

	FY 2024 Expenses	FY 2023 Expenses	Increase (Decrease)	Percent Change
Governmental Activities				
General Government	\$ 3,295,947	\$ 2,775,232	\$ 520,715	19%
Judicial	1,392,950	1,385,007	7,943	1%
Public Safety	7,286,653	7,051,899	234,754	3%
Public Works	969,779	1,744,371	(774,592)	-44%
Culture and Recreation	1,715,127	1,594,346	120,781	8%
Community Support	1,377,814	1,394,129	(16,315)	-1%
Total	\$ 16,038,270	\$ 15,944,984	\$ 93,286	0.59%



As noted above, total governmental activities expenses were \$16,038,270 in the current year compared to \$15,944,984 in the prior year which is a \$93,286 or 0.59% increase. The general government function includes the departments/offices of the City Council, Mayor, Clerk/Treasurer, Administration and City Hall. The general government expenses reflect an increase of 19% which was comprised of the annual merit and cost of living increases to salaries and wages, a net pension liability calculation increase, and cost of membership in the Central Nevada Health District. The public works function shows a decrease of 44% as the City did not have as many repair and maintenance services for roads contracted in the current year.

Business-type Activities

Business Type Activities – Revenue

	FY 2024 Charges for Service	FY 2023 Charges for Service	Increase (Decrease)	Percent Change
Business-Type Activities				
Electric	\$ 13,970,666	\$ 12,067,114	\$ 1,903,552	16%
Water	1,905,777	1,678,072	227,705	14%
Sewer	3,047,821	2,510,371	537,450	21%
Water Treatment	1,762,177	1,735,699	26,478	2%
Sanitation	2,838,022	2,721,407	116,615	4%
Landfill	2,118,466	1,721,837	396,629	23%
Total	<u>\$ 25,642,929</u>	<u>\$ 22,434,500</u>	<u>\$ 3,208,429</u>	<u>14%</u>

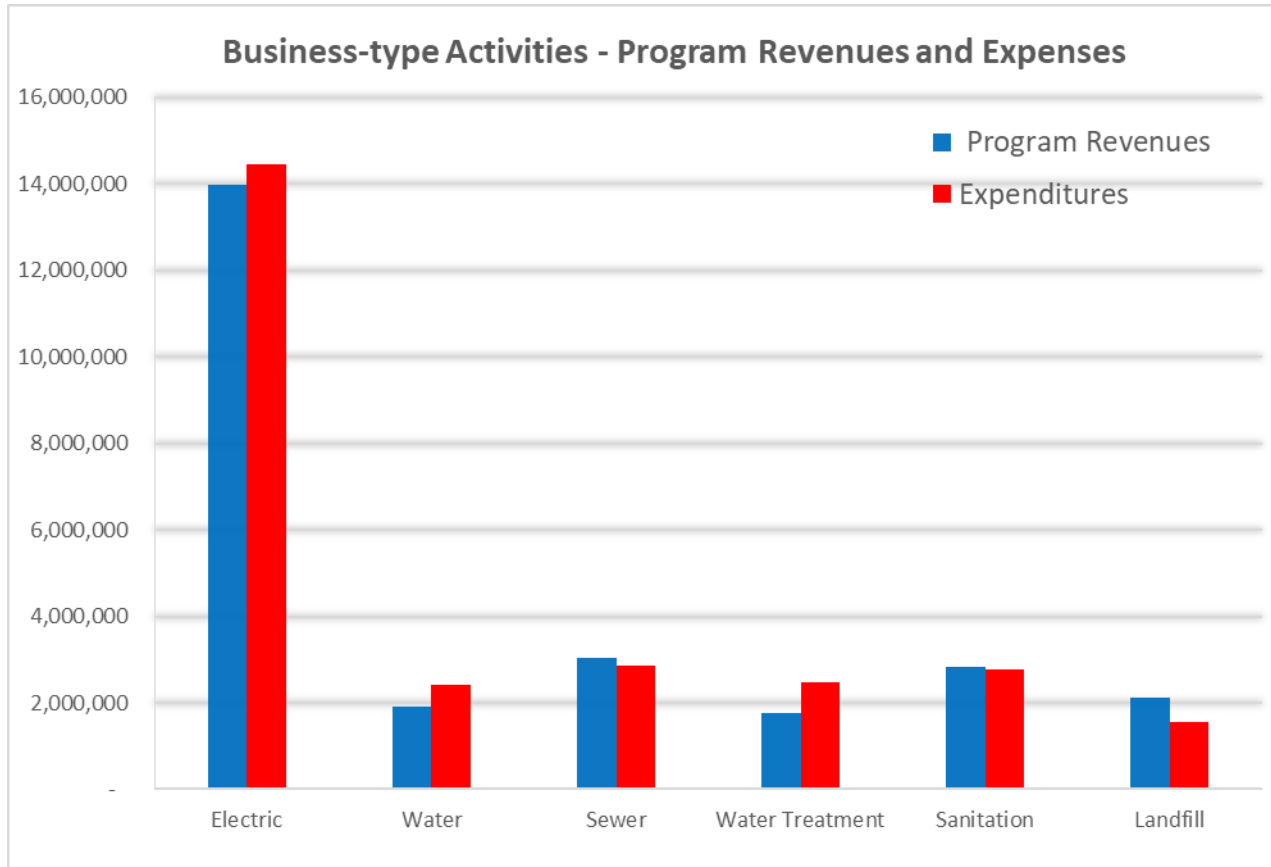
Electric, water, and sewer rates were increased in May 2023, and Sanitation rates are adjusted every July based on the Consumer Price Index. Given a full year of operations with the increased rates, total charges for services for business-type activities experienced a \$3,208,429 or 14% increase from the prior year. Even without additional customers or rate changes, charge for services for the electric, water and water treatment utilities can vary year by year based on weather and conservation efforts. The landfill rates were also adjusted in the prior year, but it has also seen an increase in usage year over year.

Business Type Activities – Expenses

	FY 2024 Expenses	FY 2023 Expenses	Increase (Decrease)	Percent Change
Business-Type Activities				
Electric	\$ 14,447,665	\$ 14,343,451	\$ 104,214	1%
Water	2,419,955	2,273,448	146,507	6%
Sewer	2,858,585	2,793,376	65,209	2%
Water Treatment	2,464,829	2,452,640	12,189	0%
Sanitation	2,781,106	2,482,278	298,828	12%
Landfill	1,565,460	1,210,901	354,559	29%
Total	<u>\$ 26,537,600</u>	<u>\$ 25,556,094</u>	<u>\$ 981,506</u>	<u>4%</u>

Total expenses of business-type activities reflected a \$981,506 increase of 4%. All of the activities experienced increased costs due to increases in the general fund overhead reimbursement, public works use fee and net pension liability calculations. The electric enterprise was able to offset the increase with savings in cost of electric energy purchased and remained flat with a 1% increase. The water enterprise showed a \$146,507 or 6% increase. The Sewer enterprise fund was able to offset the increased costs by savings in maintenance and remained flat at a 2% increase. The sanitation enterprise reflected a larger increase of 12% due to the landfill rate increase and cost of issuing debt. The landfill enterprise also experienced a larger increase of 29% due to interest on debt and increased depreciation from several large pieces of equipment placed in service.

The following chart compares the revenues and expenses for the various utility enterprises:



Financial Analysis of the Government's Funds

As noted earlier, the City of Fallon uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City of Fallon's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Fallon's financing requirements. The unassigned fund balance in particular serves as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Fallon's governmental funds reported a combined ending fund balance of \$6,076,894 an increase of \$793,605 in comparison with the prior year.

The primary operating fund of the City of Fallon is the General Fund. For the fiscal year ended June 30, 2024, the fund balance in the General Fund was \$5,105,305 of which \$44,896 was restricted for private grants, \$74,205 was committed for specific purposes and \$1,963,123 is assigned for subsequent year operations. The remaining fund balance of \$3,023,081 was unassigned as of June 30, 2024. As a measure of the General Fund's liquidity, it is useful to compare the total unassigned fund balance to total general fund expenditures. Unassigned fund balance represents 17% of general fund expenditures at June 30, 2024.

The General Fund balance increased by \$1,295,332 during the fiscal year. This is a result of the levels of revenue, expenditures and transfers. Revenues totaling \$14,444,310 reflected a decrease of 19.3% from the prior year. General Fund expenditures of \$17,435,456 showed a decrease from the previous year of 5.2%. In addition, total net transfers decreased \$1,965,059. In the prior year significant funds were transferred out to allocate funds for capital projects outside of the general fund including in the Water Enterprise, Sewer Enterprise and Public Works Internal Service Funds.

Proprietary Funds

The City of Fallon's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City Council has adopted a general policy statement of providing reliable and affordable utility services for its residents.

The net position of the business-type activities showed a slight increase with a total of \$41,470,998, which is an increase of \$407,423 or 1%.

General Fund Budgetary Highlights

The General Fund total revenues in the original budget were \$12,325,140 and augmented to \$13,600,140 for an increase of \$1,275,000. The actual revenues were \$14,340,076 which was \$739,936 more than the final budget. The variance when comparing the difference between actual and the final budgeted revenues was due to higher actual tax, licenses and permits, intergovernmental, and enterprise funds administrative fee revenues.

The General Fund total expenditures original budget of \$14,217,347 was augmented to add \$3,917,000 for a total budget of \$18,134,347. Actual expenditures of \$16,870,797 came in under the final budget amount by \$1,263,550. The variances between actual and the final budgeted expenditures general savings in services and supplies and capital outlay expenditures.

All budget augmentations were prepared in accordance with the provisions of Nevada Revised Statutes Chapter 354, the Local Government Budget and Finance Act.

Capital Assets Activity

The City of Fallon's investment in capital assets for its governmental and business-type activities as of June 30, 2024 was \$93,078,556 (net of accumulated depreciation).

The investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure. The following is a schedule comparing the balances from the previous year in the different categories:

**City of Fallon Assets
(Net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	FY24	FY23	FY24	FY23 (as Restated)*	FY24	FY23
Land	\$ 1,183,965	\$ 1,022,000	\$ 2,287,657	\$ 2,287,657	\$ 3,471,622	\$ 3,309,657
Construction in progress	340,522	5,133,785	2,445,257	4,683,325	2,785,779	9,817,110
Buildings and improvements	12,513,353	10,198,390	2,763,656	2,826,538	15,277,009	13,024,928
Machinery and equipment	1,695,211	1,803,357	4,695,992	2,919,081	6,391,203	4,722,438
Infrastructure	23,599,218	17,901,778	40,859,848	38,960,563	64,459,066	56,862,341
Right to use leased assets	-	-	72,476	76,161	72,476	76,161
IT Subscription Assets	-	-	621,401	657,953	621,401	657,953
Total	\$ 39,332,269	\$ 36,059,310	\$ 53,746,287	\$ 52,411,278	\$ 93,078,556	\$ 88,470,588

Significant additions in the current year for governmental activities include completion of multiple street reconstruction projects, the Oats Park Splash Pad water park, Oats Park Pickle Ball Courts, various building improvements, equipment additions, and land acquisitions.

Significant additions in the current year for business-type activities included (CIP) electric meter replacement, (CIP) water meters, utility infrastructure improvements completed during the multiple street reconstruction projects, a new landfill compactor and various equipment additions.

See Note 5 for additional details.

Long-term Debt Activity

Notes payable, bonds payable, leases and other liabilities outstanding at June 30, 2024, totaled \$21,920,302 net of premiums. Debt for governmental activities reported a balance of \$4,813,259 which is 22% of total debt outstanding. Business-type activities debt totaled \$17,107,043 or 78% of total debt outstanding.

Three new bonds were issued during the year. A \$4M bond in the general fund, \$1.4M bond in the sanitation fund, and a \$4.11M bond in the landfill fund. All debt obligations were paid as scheduled.

Additional information on the City of Fallon’s outstanding long-term debt can be found in Note 6 to the financial statements.

Other Economic Factors

The City is continuing to be influenced by global factors including supply chain issues, inflation, interest rates, and wars overseas.

Requests for Information

This financial report is designed to provide a general overview of the financial activity and condition of the City of Fallon to all having an interest in the City of Fallon. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Fallon Clerk/Treasurer’s Office, 55 West Williams Avenue, Fallon, Nevada 89406.

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BASIC FINANCIAL STATEMENTS

City of Fallon, Nevada
Statement of Net Position
June 30, 2024

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current assets			
Cash, cash equivalents and investments	\$ 4,761,564	\$ 4,185,349	\$ 8,946,913
Due from other governments	675,997	-	675,997
Receivables, net of allowances for uncollectible accounts (where applicable)			
Taxes	16,545	-	16,545
Accounts	189,828	2,864,079	3,053,907
Assessments	4,800	-	4,800
Grants	487,380	-	487,380
Other	-	158,578	158,578
Prepays	-	3,504	3,504
Parts inventory	-	200,429	200,429
Total current assets	<u>6,136,114</u>	<u>7,411,939</u>	<u>13,548,053</u>
Noncurrent assets			
Restricted assets			
Cash and investments	1,424,940	5,797,325	7,222,265
Assets held for resale	-	626,658	626,658
Deposits held by others	-	50,000	50,000
Capital assets			
Land and construction in progress	1,524,487	4,732,914	6,257,401
Other capital assets, net of depreciation	37,807,782	48,319,496	86,127,278
Right-to-use leased assets, net of amortization	-	72,476	72,476
Right-to-use IT subscription assets, net of amortization	-	621,401	621,401
Total noncurrent assets	<u>40,757,209</u>	<u>60,220,270</u>	<u>100,977,479</u>
Total assets	<u>46,893,323</u>	<u>67,632,209</u>	<u>114,525,532</u>
Deferred Outflows of Resources			
Deferred outflows related to other postemployment benefits	270,946	147,711	418,657
Deferred outflows related to pensions	5,011,749	2,517,719	7,529,468
Total deferred outflows of resources	<u>5,282,695</u>	<u>2,665,430</u>	<u>7,948,125</u>

City of Fallon, Nevada
Statement of Net Position
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 318,072	\$ 1,447,447	\$ 1,765,519
Accrued payroll and related liabilities	462,388	240,386	702,774
Accrued interest payable	32,505	141,981	174,486
Unearned revenue	4,800	73,147	77,947
Customer deposits, payable from restricted cash	-	458,496	458,496
Due to other governments	215,691	-	215,691
Current portion of compensated absences	160,926	110,553	271,479
Current portion of lease liability	-	2,103	2,103
Current portion of IT subscription liability	-	16,660	16,660
Current maturities of long-term debt	400,307	1,465,419	1,865,726
Total current liabilities	<u>1,594,689</u>	<u>3,956,192</u>	<u>5,550,881</u>
Noncurrent liabilities			
Other postemployment benefits liability	1,307,362	758,917	2,066,279
Net pension liability	15,218,881	6,596,319	21,815,200
Compensated absences, net of current portion	196,724	135,145	331,869
Estimated liability for landfill closure and post-closure care costs	-	1,501,000	1,501,000
Lease liability	-	76,693	76,693
IT subscription liability	-	625,908	625,908
Bonds, notes and financed purchases, net of current portion	4,055,302	14,902,620	18,957,922
Total noncurrent liabilities	<u>20,778,269</u>	<u>24,596,602</u>	<u>45,374,871</u>
Total liabilities	<u>22,372,958</u>	<u>28,552,794</u>	<u>50,925,752</u>
Deferred Inflows of Resources			
Deferred inflows related to other postemployment benefits	315,815	172,168	487,983
Deferred inflows related to pensions	202,402	101,679	304,081
Total deferred inflows of resources	<u>518,217</u>	<u>273,847</u>	<u>792,064</u>
Total Liabilities and Deferred Inflows of Resources	<u>22,891,175</u>	<u>28,826,641</u>	<u>51,717,816</u>
Net Position			
Net investment in capital assets	36,221,857	41,084,051	77,305,908
Restricted for			
Community support	44,896	-	44,896
Capital projects	254,524	810,694	1,065,218
Unrestricted	(7,236,434)	(423,747)	(7,660,181)
Total net position	<u>\$ 29,284,843</u>	<u>\$ 41,470,998</u>	<u>\$ 70,755,841</u>

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government and administration	\$ (3,295,947)	\$ 3,654,464	\$ 533,374	\$ -
Judicial	(1,392,950)	71,536	-	-
Public safety	(7,248,242)	(706)	-	-
Public works	(969,779)	-	-	2,282,902
Culture and recreation	(1,715,127)	53,257	-	-
Community support	(1,377,814)	-	50,205	-
Interest on long-term debt	(38,411)	-	-	-
Total government activities	(16,038,270)	3,778,551	583,579	2,282,902
Business-Type Activities				
Electric	(14,447,665)	13,970,666	-	70,653
Water	(2,419,955)	1,905,777	39,723	262,000
Sewer	(2,858,585)	3,047,821	-	42,000
Water treatment	(2,464,829)	1,762,177	-	21,000
Sanitation	(2,781,106)	2,838,022	-	-
Landfill	(1,565,460)	2,118,466	-	-
Total business-type activities	(26,537,600)	25,642,929	39,723	395,653
Total primary government	\$ (42,575,870)	\$ 29,421,480	\$ 623,302	\$ 2,678,555

General revenues and transfers

Taxes

 Ad valorem

 Occupancy

 Fuel

Unrestricted intergovernmental - consolidated taxes

Franchise taxes

Enterprise funds in lieu of taxes

Enterprise funds in lieu of franchise taxes

Unrestricted gaming licenses

Unrestricted investment earnings

Miscellaneous

Gain on sale of assets

Transfers

 Total general revenues and transfers

Change in Net Position

Net Position, Beginning of Year
as originally reported

Prior period adjustment (Note 16)

Net Position, Beginning of Year
as restated

Net Position, End of Year

City of Fallon, Nevada
Statement of Activities
Year Ended June 30, 2024

<u>Net (Expenses) Revenue and Changes in Net Position</u>		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ 891,891	\$ -	\$ 891,891
(1,321,414)	-	(1,321,414)
(7,248,948)	-	(7,248,948)
1,313,123	-	1,313,123
(1,661,870)	-	(1,661,870)
(1,327,609)	-	(1,327,609)
(38,411)	-	(38,411)
<u>(9,393,238)</u>	<u>-</u>	<u>(9,393,238)</u>
-	(406,346)	(406,346)
-	(212,455)	(212,455)
-	231,236	231,236
-	(681,652)	(681,652)
-	56,916	56,916
-	553,006	553,006
<u>-</u>	<u>(459,295)</u>	<u>(459,295)</u>
<u>(9,393,238)</u>	<u>(459,295)</u>	<u>(9,852,533)</u>
2,068,671	-	2,068,671
841,970	-	841,970
165,395	-	165,395
2,902,789	-	2,902,789
397,298	-	397,298
1,233,397	-	1,233,397
1,133,025	-	1,133,025
179,589	-	179,589
34,829	249,561	284,390
433,411	190,845	624,256
-	126,312	126,312
(300,000)	300,000	-
<u>9,090,374</u>	<u>866,718</u>	<u>9,957,092</u>
<u>(302,864)</u>	<u>407,423</u>	<u>104,559</u>
29,587,707	41,063,086	70,650,793
<u>-</u>	<u>489</u>	<u>489</u>
<u>29,587,707</u>	<u>41,063,575</u>	<u>70,651,282</u>
<u>\$ 29,284,843</u>	<u>\$ 41,470,998</u>	<u>\$ 70,755,841</u>

City of Fallon, Nevada
Balance Sheet – Governmental Funds
June 30, 2024

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash, cash equivalents and investments	\$ 3,894,841	\$ 866,723	\$ 4,761,564
Due from other governments	625,997	50,000	675,997
Receivables, net of allowances for uncollectible accounts (where applicable)			
Taxes	16,545	-	16,545
Accounts	86,893	102,935	189,828
Assessments	-	4,800	4,800
Grant	421,567	65,813	487,380
Restricted assets			
Cash and investments	1,424,940	-	1,424,940
Total assets	\$ 6,470,783	\$ 1,090,271	\$ 7,561,054
Liabilities			
Accounts payable	\$ 274,415	\$ 43,657	\$ 318,072
Accrued payroll and related liabilities	462,388	-	462,388
Due to other governments	211,279	4,412	215,691
Unearned revenue	-	4,800	4,800
Total liabilities	948,082	52,869	1,000,951
Deferred Inflows of Resources			
Unavailable revenue - property taxes	12,351	-	12,351
Unavailable revenue - grants	405,045	65,813	470,858
Total deferred inflows of resources	417,396	65,813	483,209
Total Liabilities and Deferred Inflows of Resources	1,365,478	118,682	1,484,160
Fund Balances			
Restricted			
Community support	44,896	-	44,896
Capital projects	-	254,524	254,524
Committed			
Public works	8,209	389,295	397,504
Public safety	1,824	-	1,824
Unemployment compensation	409	-	409
Community support	48,667	327,770	376,437
Compensated absences	2,023	-	2,023
Mayor's Youth	13,073	-	13,073
Assigned for subsequent year operations	1,963,123	-	1,963,123
Unassigned	3,023,081	-	3,023,081
Total fund balances	5,105,305	971,589	6,076,894
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,470,783	\$ 1,090,271	\$ 7,561,054

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

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

Total fund balance - governmental funds	\$	6,076,894
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	\$ 66,402,416	
Accumulated depreciation	<u>(27,070,147)</u>	39,332,269
Grant revenues receivable are not available to pay current period expenditures and, therefore, are deferred in the governmental funds balance sheet.		
		470,858
Property tax receivable are not available to pay current period expenditures and, therefore, are deferred in the governmental funds balance sheet.		
		12,351
Certain liabilities are not reported in the governmental funds because they are not due and payable in the current period.		
Other postemployment benefits liability	(1,307,362)	
Net pension liability	(15,218,881)	
Compensated absences	(357,650)	
Accrued Interest Payable	(32,505)	
Bonds, notes and financed purchases payable	<u>(4,455,609)</u>	(21,372,007)
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred outflows of resources related to pensions	5,011,749	
Deferred inflows of resources related to pensions	(202,402)	
Deferred outflows of resources related to other postemployment benefits	270,946	
Deferred inflows of resources related to other postemployment benefits	<u>(315,815)</u>	<u>4,764,478</u>
Net position of governmental activities		<u><u>\$ 29,284,843</u></u>

City of Fallon, Nevada
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2024

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Taxes			
Ad valorem	\$ 1,966,813	\$ 99,434	\$ 2,066,247
Other	3,069,323	841,970	3,911,293
Charges for services	3,195,437	34,752	3,230,189
Intergovernmental	3,983,623	62,249	4,045,872
Licenses and permits	2,116,687	-	2,116,687
Fines and forfeitures	40,910	-	40,910
Miscellaneous			
Investment income	28,479	6,350	34,829
Other	43,038	70,060	113,098
Total revenues	<u>14,444,310</u>	<u>1,114,815</u>	<u>15,559,125</u>
Expenditures			
Current			
General government and administration	2,830,488	-	2,830,488
Judicial	1,298,096	-	1,298,096
Public safety	6,463,884	-	6,463,884
Public works	199,254	52,388	251,642
Culture and recreation	1,438,640	-	1,438,640
Community support	495,367	819,891	1,315,258
Capital outlay			
General government and administration	232,975	-	232,975
Public safety	87,302	-	87,302
Public works	3,042,394	86,238	3,128,632
Culture and recreation	1,256,253	-	1,256,253
Community support	5,803	-	5,803
Debt service			
Principal retirement	-	65,640	65,640
Interest and fiscal charges	-	5,906	5,906
Bond issuance costs	85,000	-	85,000
Total expenditures	<u>17,435,456</u>	<u>1,030,063</u>	<u>18,465,519</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,991,146)</u>	<u>84,752</u>	<u>(2,906,394)</u>
Other Financing Sources (Uses)			
Transfers in	750,000	146,546	896,546
Transfers out	(463,522)	(733,025)	(1,196,547)
Proceeds from medium-term obligation	4,000,000	-	4,000,000
Total other financing sources	<u>4,286,478</u>	<u>(586,479)</u>	<u>3,699,999</u>
Net Change in Fund Balances	1,295,332	(501,727)	793,605
Fund Balances, Beginning of Year	<u>3,809,973</u>	<u>1,473,316</u>	<u>5,283,289</u>
Fund Balances, End of Year	<u>\$ 5,105,305</u>	<u>\$ 971,589</u>	<u>\$ 6,076,894</u>

City of Fallon, Nevada

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

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

Net change in fund balances - total governmental funds	\$	793,605
<p>Governmental funds report capital outlay as expenditures and the proceeds from the sale of assets as other financial sources. However, in the government-wide statement of activities and changes in net position, the cost of those assets is depreciated over their estimated useful lives and only the gain or loss is recorded when assets are sold or disposed of.</p>		
Expenditures for capital assets	\$ 4,710,965	
Current year depreciation	<u>(1,438,006)</u>	3,272,959
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the government funds.</p>		
Change in unavailable revenues - property taxes		2,428
Change in unavailable revenues - grants		470,858
<p>Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense.</p>		
Pension contributions	1,162,106	
Pension expense	<u>(2,036,706)</u>	(874,600)
<p>The issuance of long-term debt (i.e. notes payable) provides current financial resources to governmental funds, but the issuing of debt increases long-term liabilities in the statement of net position. Repayment of long-term liabilities is an expenditure in the governmental funds but the repayment reduces long-term debt in the statement of net position. In addition, governmental funds report the effect of premiums when debt is issued, whereas these amounts 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.</p>		
Principal payments made in current year		65,640
Change in bond interest payable		(32,505)
Issuances of debt made in current year		(4,000,000)
<p>The liability for other postemployment benefits is not recorded in the governmental funds, but it is reported in the statement of net position. This is the current year change in the liability, reported as an expense in the statement of activities.</p>		
Other postemployment benefits contributions	74,996	
Other postemployment benefits expense	<u>(61,606)</u>	13,390
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Change in long-term compensated absences		<u>(14,639)</u>
Change in net position of governmental activities	\$	<u><u>(302,864)</u></u>

	Business-Type Activities - Enterprise Funds		
	Electric	Water	Sewer
Assets			
Current assets			
Cash, cash equivalents and investments	\$ 404,041	\$ 303,337	\$ 108,347
Accounts receivable, net of allowance for doubtful accounts	1,653,427	205,138	312,805
Other receivables	158,578	-	-
Due from other funds	-	-	-
Prepays	-	-	-
Parts inventory	-	200,429	-
Total current assets	<u>2,216,046</u>	<u>708,904</u>	<u>421,152</u>
Noncurrent Assets			
Restricted assets			
Cash and investments			
Customer deposits	425,611	32,885	-
Bond payable	1,342,333	-	-
Capital projects	-	-	-
Assets held for resale	626,658	-	-
Deposits held by others	50,000	-	-
Capital assets			
Land and construction in progress	2,571,086	616,777	1,120,965
Other capital assets, net of depreciation	5,944,463	6,935,362	16,361,694
Right-to-use leased assets, net of amortization	72,476	-	-
Right-to-use IT subscription assets, net of amortization	379,055	242,346	-
Total noncurrent assets	<u>11,411,682</u>	<u>7,827,370</u>	<u>17,482,659</u>
Total assets	<u>13,627,728</u>	<u>8,536,274</u>	<u>17,903,811</u>
Deferred Outflows of Resources			
Deferred outflows related to other postemployment benefits	33,999	21,020	9,696
Deferred outflows related to pensions	741,402	321,161	163,114
Total deferred outflows of resources	<u>775,401</u>	<u>342,181</u>	<u>172,810</u>

See Notes to Financial Statements

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

Business-Type Activities - Enterprise Funds					Business-Type Activities - Internal Service Funds
Water Treatment	Sanitation	Landfill	Nonmajor Enterprise Funds	Total	
\$ 638,270	\$ 319,523	\$ 2,391,359	\$ -	\$ 4,164,877	\$ 20,472
175,606	278,546	238,557	-	2,864,079	-
-	-	-	-	158,578	-
-	-	1,000,000	-	1,000,000	-
-	-	-	-	-	3,504
-	-	-	-	200,429	-
<u>813,876</u>	<u>598,069</u>	<u>3,629,916</u>	<u>-</u>	<u>8,387,963</u>	<u>23,976</u>
-	-	-	-	458,496	-
-	756,833	2,428,969	-	4,528,135	-
-	-	-	810,694	810,694	-
-	-	-	-	626,658	-
-	-	-	-	50,000	-
72,854	154,980	196,252	-	4,732,914	-
13,307,272	1,537,477	2,068,059	-	46,154,327	2,165,169
-	-	-	-	72,476	-
-	-	-	-	621,401	-
<u>13,380,126</u>	<u>2,449,290</u>	<u>4,693,280</u>	<u>810,694</u>	<u>58,055,101</u>	<u>2,165,169</u>
<u>14,194,002</u>	<u>3,047,359</u>	<u>8,323,196</u>	<u>810,694</u>	<u>66,443,064</u>	<u>2,189,145</u>
11,326	22,431	8,679	-	107,151	40,560
<u>186,001</u>	<u>334,157</u>	<u>122,590</u>	<u>-</u>	<u>1,868,425</u>	<u>649,294</u>
<u>197,327</u>	<u>356,588</u>	<u>131,269</u>	<u>-</u>	<u>1,975,576</u>	<u>689,854</u>

	Business-Type Activities - Enterprise Funds		
	Electric	Water	Sewer
Liabilities			
Current liabilities			
Accounts payable	\$ 1,113,379	\$ 38,693	\$ 78,316
Accrued payroll and related liabilities	59,146	34,020	16,644
Accrued interest payable	13,851	6,383	78,424
Unearned revenue	73,147	-	-
Customer deposits, payable from restricted cash	425,611	32,885	-
Current portion of compensated absences	7,550	28,491	18,610
Current portion of lease liability	2,103	-	-
Current portion of IT subscription liability	10,163	6,497	-
Current maturities of long-term debt	512,178	249,737	389,578
Due to other funds	-	600,000	400,000
Total current liabilities	<u>2,217,128</u>	<u>996,706</u>	<u>981,572</u>
Noncurrent liabilities			
Other postemployment benefits liability	206,534	113,298	57,018
Net pension liability	1,611,561	870,053	579,512
Compensated absences, net of current portion	9,229	34,828	22,751
Estimated liability for landfill closure and postclosure care costs	-	-	-
Lease liability	76,693	-	-
IT subscription liability	381,803	244,105	-
Bonds and notes payable, net of current portion	4,187,334	428,476	4,895,277
Total noncurrent liabilities	<u>6,473,154</u>	<u>1,690,760</u>	<u>5,554,558</u>
Total liabilities	<u>8,690,282</u>	<u>2,687,466</u>	<u>6,536,130</u>
Deferred Inflows of Resources			
Deferred inflows related to other postemployment benefits	39,628	24,501	11,301
Deferred inflows related to pensions	29,942	12,970	6,587
Total deferred outflows of resources	<u>69,570</u>	<u>37,471</u>	<u>17,888</u>
Net Position			
Net investment in capital assets	5,077,067	6,852,572	12,181,574
Restricted for capital projects	-	-	-
Unrestricted (deficit)	566,210	(699,054)	(658,971)
Total net position	<u>\$ 5,643,277</u>	<u>\$ 6,153,518</u>	<u>\$ 11,522,603</u>
Amounts reported for business-type activities in the statement of net position are different because:			
Net position (liabilities) of certain internal service funds are reported with business-type activities for the current year			
Net position of business-type activities			

See Notes to Financial Statements

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

Business-Type Activities - Enterprise Funds					Business-Type Activities - Internal Service Funds
Water Treatment	Sanitation	Landfill	Nonmajor Enterprise Funds	Total	
\$ 65,877	\$ 95,133	\$ 32,648	\$ -	\$ 1,424,046	\$ 23,401
18,399	35,248	12,807	-	176,264	64,122
186	7,707	35,430	-	141,981	-
-	-	-	-	73,147	-
-	-	-	-	458,496	-
12,995	8,383	8,248	-	84,277	26,276
-	-	-	-	2,103	-
-	-	-	-	16,660	-
6,741	116,287	190,898	-	1,465,419	-
-	-	-	-	1,000,000	-
<u>104,198</u>	<u>262,758</u>	<u>280,031</u>	<u>-</u>	<u>4,842,393</u>	<u>113,799</u>
67,824	97,947	41,712	-	584,333	174,584
580,330	962,962	387,046	-	4,991,464	1,604,855
15,886	10,247	10,082	-	103,023	32,122
-	-	1,501,000	-	1,501,000	-
-	-	-	-	76,693	-
-	-	-	-	625,908	-
<u>40,375</u>	<u>1,390,801</u>	<u>3,960,357</u>	<u>-</u>	<u>14,902,620</u>	<u>-</u>
<u>704,415</u>	<u>2,461,957</u>	<u>5,900,197</u>	<u>-</u>	<u>22,785,041</u>	<u>1,811,561</u>
<u>808,613</u>	<u>2,724,715</u>	<u>6,180,228</u>	<u>-</u>	<u>27,627,434</u>	<u>1,925,360</u>
13,201	26,145	10,116	-	124,892	47,276
7,512	13,495	4,951	-	75,457	26,222
<u>20,713</u>	<u>39,640</u>	<u>15,067</u>	<u>-</u>	<u>200,349</u>	<u>73,498</u>
13,333,010	935,232	542,025	-	38,921,480	2,162,571
-	-	-	810,694	810,694	-
<u>228,993</u>	<u>(295,640)</u>	<u>1,717,145</u>	<u>-</u>	<u>858,683</u>	<u>(1,282,430)</u>
<u>\$ 13,562,003</u>	<u>\$ 639,592</u>	<u>\$ 2,259,170</u>	<u>\$ 810,694</u>	40,590,857	<u>\$ 880,141</u>
				<u>880,141</u>	
				<u>\$ 41,470,998</u>	

	Business-Type Activities - Enterprise Funds		
	Electric	Water	Sewer
Operating Revenues			
Charges for services	\$ 13,970,666	\$ 1,905,777	\$ 3,047,821
Operating grants	-	39,723	-
Miscellaneous	-	-	-
Total operating revenues	<u>13,970,666</u>	<u>1,945,500</u>	<u>3,047,821</u>
Operating Expenses			
Salaries and wages	740,206	457,637	211,084
Employee benefits	558,171	296,313	138,241
Services and supplies	1,212,670	365,768	644,094
Electric energy purchased	6,820,520	-	-
Depreciation/amortization	584,040	349,229	769,364
Data processing use fee	108,000	54,000	18,900
Public works use fee	809,600	404,800	141,680
In lieu of taxes and franchise taxes	895,966	270,445	499,453
General fund administrative support	1,539,228	238,848	238,848
Total operating expenses	<u>13,268,401</u>	<u>2,437,040</u>	<u>2,661,664</u>
Operating Income (Loss)	<u>702,265</u>	<u>(491,540)</u>	<u>386,157</u>
Nonoperating Revenues (Expenses)			
Investment income	123,819	12,863	17,485
Economic development	(145,333)	-	-
Quality of life promotion	(1,021,405)	-	-
Gain on sale of assets held for sale	126,312	-	-
Insurance reimbursement	-	-	-
RTC reimbursement	-	200,000	-
Bond issuance costs	-	-	-
Interest expense	(97,004)	(25,155)	(211,705)
Total nonoperating revenues (expenses)	<u>(1,013,611)</u>	<u>187,708</u>	<u>(194,220)</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(311,346)</u>	<u>(303,832)</u>	<u>191,937</u>
Capital Contributions	70,653	62,000	42,000
Transfers In	-	300,000	-
Transfers Out	-	-	-
Change in Net Position	<u>(240,693)</u>	<u>58,168</u>	<u>233,937</u>
Net Position, Beginning of Year, as Previously Reported	5,869,226	6,109,605	11,288,666
Adjustment (Note 17)	-	-	-
Prior period adjustment (Note 16)	14,744	(14,255)	-
Net Position, Beginning of Year, as restated	<u>5,883,970</u>	<u>6,095,350</u>	<u>11,288,666</u>
Net Position, End of Year	<u>\$ 5,643,277</u>	<u>\$ 6,153,518</u>	<u>\$ 11,522,603</u>

Amounts reported for business-type activities in the statement of activities are different because:

Net revenues (expenses) of certain internal service funds related to enterprise funds are reported with business-type activities.

Change in net position of business-type activities

See Notes to Financial Statements

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

Business-Type Activities - Enterprise Funds					Business-Type Activities - Internal Service Funds
Water Treatment	Sanitation	Landfill	Nonmajor Enterprise Funds	Total	
\$ 1,501,085	\$ 2,838,022	\$ 2,118,466	\$ -	\$ 25,381,837	\$ 2,294,000
-	-	-	-	39,723	-
261,092	-	-	-	261,092	-
<u>1,762,177</u>	<u>2,838,022</u>	<u>2,118,466</u>	<u>-</u>	<u>25,682,652</u>	<u>2,294,000</u>
246,580	488,358	188,961	-	2,332,826	883,059
169,235	404,297	137,279	-	1,703,536	565,163
646,400	1,128,168	400,970	-	4,398,070	535,441
-	-	-	-	6,820,520	-
390,863	117,498	195,715	-	2,406,709	99,139
54,000	18,900	16,200	-	270,000	-
404,800	141,680	121,440	-	2,024,000	-
355,768	180,865	133,394	-	2,335,891	-
238,848	247,692	150,384	-	2,653,848	-
<u>2,506,494</u>	<u>2,727,458</u>	<u>1,344,343</u>	<u>-</u>	<u>24,945,400</u>	<u>2,082,802</u>
(744,317)	110,564	774,123	-	737,252	211,198
4,676	1,907	88,661	-	249,411	150
-	-	-	-	(145,333)	-
-	-	-	-	(1,021,405)	-
-	-	-	-	126,312	-
-	-	190,845	-	190,845	-
-	-	-	-	200,000	-
-	(59,000)	(102,668)	-	(161,668)	-
(575)	(9,432)	(131,121)	-	(474,992)	-
<u>4,101</u>	<u>(66,525)</u>	<u>45,717</u>	<u>-</u>	<u>(1,036,830)</u>	<u>150</u>
(740,216)	44,039	819,840	-	(299,578)	211,348
21,000	-	-	-	195,653	-
-	-	-	41,772	341,772	-
(41,772)	-	-	-	(41,772)	-
<u>(760,988)</u>	<u>44,039</u>	<u>819,840</u>	<u>41,772</u>	<u>196,075</u>	<u>211,348</u>
14,322,991	595,553	-	2,208,252	-	668,793
-	-	1,439,330	(1,439,330)	-	-
<u>14,322,991</u>	<u>595,553</u>	<u>1,439,330</u>	<u>768,922</u>	<u>668,793</u>	<u>668,793</u>
<u>\$ 13,562,003</u>	<u>\$ 639,592</u>	<u>\$ 2,259,170</u>	<u>\$ 810,694</u>	<u>\$ 880,141</u>	<u>\$ 880,141</u>

211,348
\$ 407,423

	Business-Type Activities - Enterprise Funds		
	Electric	Water	Sewer
Operating Activities			
Cash from customers	\$ 13,853,355	\$ 1,980,849	\$ 3,033,085
Cash from other funds for services	-	-	-
Payments to suppliers for goods and services	(9,820,125)	(1,513,367)	(1,135,060)
Payments to employees for services	(1,149,456)	(678,475)	(341,854)
Payments to other funds for services	(2,435,194)	(509,293)	(638,301)
Net Cash from (used for) Operating Activities	<u>448,580</u>	<u>(720,286)</u>	<u>917,870</u>
Noncapital Financing Activities			
Receipts from interfund advances	-	700,000	-
Transfers to/from other funds	-	25,000	-
Net Cash from (used for) Noncapital Financing Activities	<u>-</u>	<u>725,000</u>	<u>-</u>
Capital and Related Financing Activities			
Purchase of property, plant, and equipment	(538,405)	(313,531)	(860,286)
Proceeds from sale of assets	599,054	-	-
Proceeds from issuance of debt	-	-	-
Bond issuance costs	-	-	-
Principal payments on debt	(505,533)	(244,208)	(374,331)
Connection fees	70,653	62,000	42,000
Deferred charges	58,965	-	-
Principal payment on lease liability	(1,675)	-	-
Principal payment on IT subscription liability	(9,088)	(5,810)	-
Miscellaneous fees collected	-	-	-
RTC Reimbursement	-	200,000	-
Interest paid on debt	(98,511)	(27,718)	(200,102)
Net Cash from (used for) Capital and Related Financing Activities	<u>(424,540)</u>	<u>(329,267)</u>	<u>(1,392,719)</u>
Investing Activities			
Interest on cash and investments	123,819	12,863	17,485
Net Change in Cash and Cash Equivalents	147,859	(311,690)	(457,364)
Cash and Cash Equivalents, Beginning of Year	<u>2,024,126</u>	<u>647,912</u>	<u>565,711</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,171,985</u>	<u>\$ 336,222</u>	<u>\$ 108,347</u>

See Notes to Financial Statements

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

Business-Type Activities - Enterprise Funds					Business-Type Activities - Internal Service Funds
Water Treatment	Sanitation	Landfill	Nonmajor Enterprise Funds	Total	
\$ 1,760,205	\$ 2,893,236	\$ 2,122,758	\$ -	\$ 25,643,488	\$ -
-	-	-	-	-	2,294,000
(1,060,843)	(1,260,774)	(303,467)	-	(15,093,636)	(805,303)
(410,350)	(891,431)	(532,828)	-	(4,004,394)	(1,063,077)
(594,616)	(428,557)	(283,778)	-	(4,889,739)	-
(305,604)	312,474	1,002,685	-	1,655,719	425,620
-	-	-	-	700,000	-
(41,771)	-	(500,000)	41,772	(474,999)	-
(41,771)	-	(500,000)	41,772	225,001	-
-	(565,907)	(1,548,309)	-	(3,826,438)	(14,418)
-	-	-	-	599,054	-
-	1,400,000	4,110,000	-	5,510,000	-
-	(59,000)	(102,668)	-	(161,668)	-
(6,673)	(26,598)	(5,810)	-	(1,163,153)	-
21,000	-	-	-	195,653	-
-	-	-	-	58,965	-
-	-	-	-	(1,675)	-
-	-	-	-	(14,898)	-
-	-	190,845	-	190,845	-
-	-	-	-	200,000	-
(601)	(2,809)	(95,877)	-	(425,618)	-
13,726	745,686	2,548,181	-	1,161,067	(14,418)
4,676	1,907	88,661	-	249,411	150
(328,973)	1,060,067	3,139,527	41,772	3,291,198	411,352
967,243	16,289	1,680,801	768,922	6,671,004	(390,880)
\$ 638,270	\$ 1,076,356	\$ 4,820,328	\$ 810,694	\$ 9,962,202	\$ 20,472

	Business-Type Activities - Enterprise Funds		
	Electric	Water	Sewer
Reconciliation of Operating Income (Loss) to Net Cash from (used for) Operating Activities			
Operating income (loss)	\$ 702,265	\$ (491,540)	\$ 386,157
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities			
Depreciation/amortization	584,040	349,229	769,364
Amortization expense	-	-	(38,344)
Pension expense	129,381	56,046	28,466
OPEB expense	(1,681)	(1,039)	(480)
Economic development expense	(145,333)	-	-
Quality of life promotion expense	(1,021,405)	-	-
Changes in			
Due from other funds	-	-	100,000
Accounts receivable	(117,311)	5,519	(14,736)
Inventory	-	4,481	-
Prepays	20,000	-	-
Accounts payable	260,124	(684,459)	(320,029)
Landfill closure costs	-	-	-
Accrued payroll and related liabilities	15,685	2,826	2,172
Compensated absences	5,535	8,821	5,300
Customer deposits	17,280	29,830	-
Net Cash from (used for) Operating Activities	<u>\$ 448,580</u>	<u>\$ (720,286)</u>	<u>\$ 917,870</u>
Reconciliation of Total Cash and Cash Equivalents:			
Current assets - cash and cash equivalents	\$ 404,041	\$ 303,337	\$ 108,347
Restricted assets - cash and cash equivalents	<u>1,767,944</u>	<u>32,885</u>	<u>-</u>
Total cash and investments	<u>\$ 2,171,985</u>	<u>\$ 336,222</u>	<u>\$ 108,347</u>

See Notes to Financial Statements

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

Business-Type Activities - Enterprise Funds					Business-Type Activities - Internal Service Funds
Water Treatment	Sanitation	Landfill	Nonmajor Enterprise Funds	Total	
\$ (744,317)	\$ 110,564	\$ 774,123	\$ -	\$ 737,252	\$ 211,198
390,863	117,498	195,715	-	2,406,709	99,139
-	-	-	-	(38,344)	-
32,457	58,314	21,393	-	326,057	113,308
(561)	(1,109)	(429)	-	(5,299)	(2,005)
-	-	-	-	(145,333)	-
-	-	-	-	(1,021,405)	-
-	-	-	-	100,000	-
(1,970)	55,214	4,292	-	(68,992)	-
-	-	-	-	4,481	-
-	-	-	-	20,000	(173)
12,463	(29,232)	(49,218)	-	(810,351)	6,843
-	-	55,000	-	55,000	-
1,084	2,450	1,105	-	25,322	(1,217)
4,377	(1,225)	704	-	23,512	(1,473)
-	-	-	-	47,110	-
<u>\$ (305,604)</u>	<u>\$ 312,474</u>	<u>\$ 1,002,685</u>	<u>\$ -</u>	<u>\$ 1,655,719</u>	<u>\$ 425,620</u>
\$ 638,270	\$ 319,523	\$ 2,391,359	\$ -	\$ 4,164,877	\$ 20,472
-	756,833	2,428,969	810,694	5,797,325	-
<u>\$ 638,270</u>	<u>\$ 1,076,356</u>	<u>\$ 4,820,328</u>	<u>\$ 810,694</u>	<u>\$ 9,962,202</u>	<u>\$ 20,472</u>

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

The City of Fallon, Nevada is a municipal corporation governed by an elected mayor and a three-member council. The City is fiscally independent of all other governmental entities and is therefore not a component unit of any other entity, nor are there any component units which should be included in this report.

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the activities of the City of Fallon, Nevada. 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 support. Eliminations have been made to minimize the double counting of internal activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity is offset by program revenues. *Direct expenses* are those that are specifically 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 and contributions that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items properly not included among program revenues are reported instead as general revenues.

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

The City reports the following major governmental funds:

The *General Fund* is the general operating fund of the City and accounts for all financial resources except those accounted for in other funds.

The City reports the following major proprietary funds:

The *Electric Enterprise Fund* accounts for the provision of electric utilities services to residents of the City.

The *Water Enterprise Fund* accounts for the provision of water utilities services to residents of the City.

The *Sewer Enterprise Fund* accounts for the provision of sewer utilities services to residents of the City.

The *Water Treatment Enterprise Fund* accounts for the provision of water treatment services to residents of the City.

The *Sanitation Enterprise Fund* accounts for the provision of sanitation services to residents of the City.

The *Landfill Enterprise Fund* accounts for the provision of landfill services to residents of the City.

Additionally, the City reports the following nonmajor funds, by generic fund category:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City's Special Revenue Funds include the Convention and Tourism Authority Fund, the Airport Fund, and the American Rescue Plan Act Resource Fund.

The *Debt Service Fund* is used to account for the accumulation of resources for and the payment of general long-term debt obligations.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The City's Capital Project Funds are the Land Reserve and Park Acquisitions and Development Capital Project Fund and the Special Ad Valorem Capital Projects Fund.

Enterprise funds:

The *Water Treatment Replacement Enterprise Fund* accounts for the replacement of major components of the water treatment plant.

Internal Service Funds are used to account for the financing of goods and services provided by one fund to other funds of the City. These goods are provided for on a cost reimbursement basis. The City's Internal Service Funds are the Data Processing Internal Service Fund and the Public Works Internal Service Fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the *economic resources measurement focus*, and the *accrual basis of accounting*, as are the proprietary funds 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. When revenues are due but will not be collected within this 60-day period, the receivable is recorded, and an offsetting deferred inflow of resources account is established. Thus, in subsequent periods, when both revenue recognition criteria are met, the deferred inflow of resources is removed, and revenue is recognized. 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 tax, cigarette taxes, business services tax, and liquor taxes), room taxes, gaming taxes, gasoline taxes, grants 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. All other revenue items are considered to be measurable and available only when the City receives cash.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided and used and other charges between the City's business-type activities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from an exchange transaction such as providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Nonoperating revenues and nonoperating expenses result from nonexchange transactions and ancillary services.

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

Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity

Cash and Investments

Cash resources of the individual funds are combined to form a pool of cash and investments, which is managed by the City Treasurer. The City invests in the State of Nevada Local Government Pooled Investment Fund, which is reported at fair value. Interest income earned is distributed to the appropriate funds based on each fund's equity in the investment.

Pursuant to NRS 355 and NRS 355.170, the City of Fallon may only invest in the following types of securities:

- Certain "A" rated notes and bonds purchased by a registered broker-dealer that are issued by corporations organized and operating in the United States and that mature within five (5) years from the date of purchase; asset-backed securities and collateralized mortgage obligations rated "AAA" or higher by a

nationally recognized rating service. These investments must not, in the aggregate, exceed 20 percent of the total portfolio at the time of purchase, nor include notes and bonds issued by any one corporation in excess of 25 percent of such investments

- United States bonds and debentures maturing within ten (10) years from the date of purchase
- Certain farm loan bonds
- Bills and notes of the United States Treasury, maturing within ten (10) years from the date of purchase
- Obligations of an agency of the United States or a corporation sponsored by the government, maturing within ten (10) years from the date of purchase
- Obligations of state and local governments if, (1) the interest is exempt for federal income tax purposes and (2) the obligations have been rated “A” or higher by a nationally recognized bond credit rating agency
- Negotiable and nonnegotiable certificates of deposit from commercial banks and insured savings and loan associations
- State of Nevada Local Government Pooled Investment Fund
- Certain securities issued by local governments of the State of Nevada
- Certain bankers’ acceptances
- Certain short-term paper issued by a corporation organized and operating in the United States
- Other securities expressly provided by other statutes, including repurchase agreements
- Certain “AAA” rated mutual funds that invest in (1) securities issued by the Federal Government or agencies of the Federal Government, (2) Master, bank notes or other short-term commercial paper rates as “A-1” or “P-1” issued by a corporation or depository institution organized, licensed, and operating in the United States and/or (3) Repurchase agreements that are fully collateralized by (1) and (2) above.

Cash Equivalents

Cash equivalents include short-term highly liquid investments (with maturities of 3 months or less when purchased) that are both readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk in changes in value. Based on the nature of the investment policies, all amounts are available on demand and are, therefore, classified as cash equivalents on the Statements of Cash Flows.

Receivables and Payables

Activities 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.” Significant interfund balances not expected to be collected within one year are classified as advances on the fund financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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

Taxes may be paid in four installments payable on the third Monday in August, and the first Monday in October, January, and March to the County Clerk/Treasurer of Churchill County in which the City of Fallon 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 and such persons

as described by statute by paying all back taxes and accumulated penalties, interest and costs before sale. Secured roll property taxes receivable reflect only those taxes receivable from the last two delinquent roll years.

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

Receivables in proprietary fund types have arisen in the ordinary course of business. Proprietary accounts receivable and the related allowance for doubtful accounts at June 30, 2024, are as follows:

Fund Type	Outstanding Balance	Allowance for Doubtful Accounts	Net
Enterprise Funds			
Electric	\$ 1,722,792	\$ 69,365	\$ 1,653,427
Water	214,594	9,456	205,138
Sewer	328,044	15,239	312,805
Water Treatment	183,111	7,505	175,606
Sanitation	289,999	11,453	278,546
Nonmajor	249,149	10,592	238,557
	<u>\$ 2,987,689</u>	<u>\$ 123,610</u>	<u>\$ 2,864,079</u>

Inventories and Prepaids

Proprietary fund inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds in the fund financial statements are considered consumable supplies and as such are recorded as expenditures at the time of purchase.

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

Restricted Assets

City policy requires that certain resources be set aside pursuant to external requirements. These amounts are reported as restricted assets which include customer deposits, amounts restricted for the payment of bonds, amounts restricted for capital projects, and contributions that have been restricted by the donor.

Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, machinery and equipment and infrastructure, are capitalized and reported in the applicable governmental activities and business-type activities columns of the government-wide financial statements. For governmental fund types, outlays for capital assets are expensed during the current period. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 for non-infrastructure assets and \$100,000 for infrastructure

assets and an estimated useful life in excess of two years. Capital assets are recorded at cost for purchased or constructed assets. Donated capital assets are recorded at acquisition value at the date of donation.

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

	Estimated Useful Life (Years)
Buildings and improvements	20-50
Machinery and equipment	5-10
Electric, water and sewer system	20-50
Infrastructure	25-40

Right-to-use leased assets are recognized at the lease commencement date and represent the City’s right to use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-to-use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period is 21 years.

Right-to-use IT subscription assets are recognized at the IT subscription commencement date and represent the City’s right to use an underlying IT asset for the subscription term. Right-to-use IT subscription assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use IT subscription assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period is 20 years.

Long-Term Liabilities

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term liabilities are reported as liabilities.

It is the City’s policy to permit non-appointed employees to accumulate earned but unused vacation and sick pay benefits. The liability for compensated absences is calculated under the provisions of GASB Statement No. 16, *“Accounting for Compensated Absences.”*

All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. For current and advance refunding resulting in a defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense using the straight-line method.

A liability for compensated absences is reported in the governmental funds, primarily the General Fund, only if they have matured as a result of employee resignations, terminations, and retirements. For governmental fund types, bond premiums and discounts are recognized during the current period. The face amount of bonds 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.

Lease Liabilities represent the City's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate determined by the City of Fallon.

IT Subscription liabilities represent the City's obligation to make subscription payments arising from the IT subscription. IT Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments is discounted based on a borrowing rate determined by the City of Fallon.

Deferred Inflows and Outflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City reported deferred outflows of resources related to other postemployment benefits resulting from changes of assumptions and other inputs and the City's contributions subsequent to the measurement date of the net other postemployment liability reported in the government-wide financial statement of net position under the accrual basis of accounting. The City reflects deferred outflows of resources which are related to pensions resulting from differences between expected and actual experience, changes in assumptions, change in the City's proportion and differences between the City's contributions and the employer's proportionate contribution, and the City's contributions subsequent to the measurement date reported in the government-wide financial statement of net position under the accrual basis of accounting.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents a consumption of acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City reported deferred inflows of resources related to other postemployment benefits resulting from changes of assumptions and other inputs. The City reported deferred inflows of resources related to pensions resulting from differences between expected and actual experience, the difference between projected and actual earnings on pension plan investments, and changes in the City's proportion and differences between the City's contributions and the employer's proportionate contribution reported in the government-wide financial statement of net position under the accrual basis of accounting. The City also reflects deferred inflows of resources which are unavailable revenue reported in the governmental funds balance sheet for delinquent property taxes and grants that arise under the modified accrual basis of accounting.

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 refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Equity

In the government-wide and proprietary fund financial 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 outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted Net Position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations or other governments; (2) law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

In the fund financial statements, governmental fund equity is reported as fund balances and is classified into a hierarchy that is based on the extent to which the City is bound to honor constraints on specific purposes for which amounts in the respective governmental funds can be spent. The following classifications have been implemented by the City:

- Nonspendable fund balance – These items are legally or contractually required to be maintained intact or are not in a spendable form, such as inventories, prepaids, and long-term receivables, including advances to other funds.
- Restricted fund balance – These amounts are constrained to being used for specific purposes by external parties, constitutional provisions or enabling legislation, such as debt service.
- Committed fund balance – These amounts can only be used for specific purposes as set forth by the City Council, the City's highest level of decision-making authority. A resolution by the Council must be made prior to the end of the reporting period, in order to establish an ending fund balance commitment for any specific purpose. This formal action is also required to modify or rescind an established commitment. Commitments generally include funds for the Convention and Tourism Authority, the Airport, and for other special projects.
- Assigned fund balance – Assignments are neither restrictions nor commitments and represent the City's intent to use funds for a specific purpose. These assignments, however, are not legally binding and are meant to reflect intended future use of the City's ending fund balance. The City Council with the Mayor has the authority to assign amounts of ending fund balance through a formal resolution. There is no assigned fund balance.

- Unassigned fund balance – The residual classification for the General Fund that is available to spend. The General Fund is the only fund that reports a positive unassigned fund balance. In governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When an expenditure is incurred, and both restricted and unrestricted resources are available, the portion of the fund balance that was restricted for those purposes shall be reduced first. If no restricted resources exist, then the unrestricted fund balance shall be reduced. Furthermore, when an expenditure is incurred for purposes which amounts of committed, assigned, or unassigned are considered to have been spent, and any of these unrestricted fund balance classifications could be used, they are considered to be spent in the above order. Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Use of Estimates

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

Adoption of New Accounting Standard

As of July 1, 2023, the City adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. The implementation of this standard requires additional presentation and disclosure requirements for accounting changes and error corrections. The financial statements have been updated to conform to the presentation requirements related to the error correction in the financial statements for the year ended June 30, 2024. The additional disclosures required by this standard are included in Note 16.

Note 2 - Nevada Revised Statutes and Nevada Administrative Code Compliance

The City conformed to all significant statutory and legal constraints on its financial administration during the year, except for the following possible exceptions:

Nevada Administrative Code (NAC) 354.750

The City did not complete a physical inventory observation biannually. The last physical inventory observation was performed June 30, 2022.

Note 3 - Cash and Investments

The City's cash and investments is as follows at June 30, 2024:

	Restricted	Unrestricted	Total
Cash and investment balances held by			
Governmental Funds	\$ 1,424,940	\$ 4,761,564	\$ 6,186,504
Proprietary Funds	5,797,325	4,185,349	9,982,674
Total cash and investments	\$ 7,222,265	\$ 8,946,913	\$ 16,169,178
Total investments			
State of Nevada Local Government Investment Pool		*	\$ 6,668,765
Total cash			9,500,413
Total cash and investments			\$ 16,169,178

* represents average weighted maturity of 82 days

The City is a voluntary participant in the State of Nevada Local Government Investment Pool (LGIP), which has regulatory oversight from the Board of Finance of the State of Nevada. The City's investment in the LGIP is equal to its original investment plus monthly allocation of interest income, and realized and unrealized gains and losses, which is the same as the value of pool shares. The City's investment in the LGIP is reported at Net Asset Value. The City is able to withdraw funds on a daily basis and has no outstanding, unfunded commitments as of June 30, 2024. Nevada Revised Statutes (NRS 355.170) set forth acceptable investments for Nevada local governments. The City has not adopted a formal investment policy that would further limit its exposure to certain risks as set forth below:

Interest Rate Risk – Interest rate risk is 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 – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality rating of its investments. LGIP is an unrated external investment pool and as noted above, the City does not have a formal investment policy that specifies minimum acceptable credit ratings beyond those specified in the statute.

Custodial Credit Risk – Deposits – For deposits, custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City's bank deposits are covered by FDIC insurance or are collateralized by the Office of the State Treasurer/Nevada Collateral Pool. The City participates in the State of Nevada Collateral Pool which requires depositories to maintain as collateral acceptable securities having a fair value of at least 102 percent of the amount of the uninsured balances of the public money held by the depository. Under NRS 356.360, the State Treasurer manages and monitors all collateral for all public monies deposited by members of the pool. As of June 30, 2024, all deposits were collateralized under the Nevada Pooled Collateral Program or insured by the Federal Deposit Insurance Corporation (FDIC).

Note 4 - Property Taxes

All real property in the City is assigned a parcel number by the Churchill County Assessor in accordance with state law, with each parcel being subject to physical reappraisal every five years. Annual adjustments are made to the assessed valuation to reflect general changes in property values that are attached on July 1. The tax is due and payable July 1, or the taxpayer is offered four installments being third Monday in August, first Monday in October, first Monday in January and first Monday in March. The assessed valuation of the property and its improvements is computed at 35 percent 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 one hundred dollars of assessed valuation. As a result of the 1979 legislative session, the tax rate was further limited to \$3.64 per one hundred dollars of assessed valuation, except in cases of severe financial emergency as defined by NRS 354.705.

Churchill County bills and collects the property tax for the City. The tax rates are levied immediately after the combined tax rate has been certified by the Nevada Tax Commission. The rate levied is for the current fiscal year, July 1 to June 30, with the taxes considered a lien against real property. The lien attached on July 1 (the levy date) of the year for which the taxes are levied.

After a two-year waiting period, if the taxes remain unpaid, a tax deed is issued conveying the property to the County (collection agent for the City's property tax) with a lien for back taxes and accumulated penalties. Redemption may be made by the owner and such persons as described by statutes by paying all back taxes and accumulated penalties, interest, and costs before sale.

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

The major classifications of personal property are commercial and mobile homes.

Note 5 - Capital Assets

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

Governmental Activities

	Balance at July 1, 2023	Additions	Disposals	Transfers	Balance at June 30, 2024
Capital assets, not being depreciated					
Land	\$ 1,022,000	\$ 161,965	\$ -	\$ -	\$ 1,183,965
Construction in progress	5,133,785	4,317,024	-	(9,110,287)	340,522
Total capital assets, not being depreciated	<u>6,155,785</u>	<u>4,478,989</u>	<u>-</u>	<u>(9,110,287)</u>	<u>1,524,487</u>
Capital assets, being depreciated					
Infrastructure	36,225,783	8,541	-	6,415,702	42,650,026
Buildings and improvements	13,592,851	85,510	-	2,694,585	16,372,946
Machinery and equipment	5,717,032	137,925	-	-	5,854,957
Total capital assets, being depreciated	<u>55,535,666</u>	<u>231,976</u>	<u>-</u>	<u>9,110,287</u>	<u>64,877,929</u>
Less accumulated depreciation					
Infrastructure	(18,324,005)	(726,803)	-	-	(19,050,808)
Buildings and improvements	(3,394,461)	(465,132)	-	-	(3,859,593)
Machinery and equipment	(3,913,675)	(246,071)	-	-	(4,159,746)
Total accumulated depreciation	<u>(25,632,141)</u>	<u>(1,438,006)</u>	<u>-</u>	<u>-</u>	<u>(27,070,147)</u>
Total capital assets, being depreciated, net	<u>29,903,525</u>	<u>(1,206,030)</u>	<u>-</u>	<u>9,110,287</u>	<u>37,807,782</u>
Governmental Activities Capital Assets, Net	<u>\$ 36,059,310</u>	<u>\$ 3,272,959</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,332,269</u>

The main components of construction in progress consists of Court Street and Broadway and Sherman streets rehabilitation project.

Business-type Activities

	Balance at July 1, 2023, as restated	Additions	Disposals	Transfers	Balance at June 30, 2024
Capital assets, not being depreciated					
Land	\$ 2,287,657	\$ -	\$ -	\$ -	\$ 2,287,657
Construction in progress	4,683,325	1,395,781	-	(3,633,849)	2,445,257
Total capital assets, not being depreciated	<u>6,970,982</u>	<u>1,395,781</u>	<u>-</u>	<u>(3,633,849)</u>	<u>4,732,914</u>
Capital assets, being depreciated					
Buildings and improvements	4,078,675	64,552	-	-	4,143,227
Machinery and equipment	9,595,366	2,296,357	-	-	11,891,723
Electric, water, and sewer system	79,319,854	84,167	-	3,633,849	83,037,870
Total capital assets, being depreciated	<u>92,993,895</u>	<u>2,445,076</u>	<u>-</u>	<u>3,633,849</u>	<u>99,072,820</u>
Less accumulated depreciation					
Buildings and improvements	(1,252,137)	(127,434)	-	-	(1,379,571)
Machinery and equipment	(6,676,285)	(519,446)	-	-	(7,195,731)
Electric, water, and sewer system	(40,359,291)	(1,818,731)	-	-	(42,178,022)
Total accumulated depreciation	<u>(48,287,713)</u>	<u>(2,465,611)</u>	<u>-</u>	<u>-</u>	<u>(50,753,324)</u>
Right to use leased assets being amortized					
Right to use communications tower	83,530	-	-	-	83,530
Less accumulated amortization for					
Right to use communications tower	(7,369)	(3,685)	-	-	(11,054)
Net right to use leased assets	<u>76,161</u>	<u>(3,685)</u>	<u>-</u>	<u>-</u>	<u>72,476</u>
IT Subscription assets being amortized					
IT Subscription Assets	694,506	-	-	-	694,506
Less accumulated amortization for					
IT Subscription assets	(36,553)	(36,552)	-	-	(73,105)
Net IT Subscription assets	<u>657,953</u>	<u>(36,552)</u>	<u>-</u>	<u>-</u>	<u>621,401</u>
Total capital assets, being depreciated/amortized, net	<u>45,440,296</u>	<u>(60,772)</u>	<u>-</u>	<u>3,633,849</u>	<u>49,013,373</u>
Business-type Activities Capital Assets, Net	<u>\$ 52,411,278</u>	<u>\$ 1,335,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,746,287</u>

The main components of construction in progress consists of electric meters and transformers, Broadway and Sherman Streets Rehabilitation Project and a dewater press.

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

Governmental Activities

General Government and Administration

Administrative Buildings	\$ 214,656
Government Funds	778
City clerk	4,189
City hall	40,468
	<u>260,091</u>

Judicial

Municipal court	5,277
	<u>5,277</u>

Public Safety

Police	140,110
Task force	1,251
Animal control	899
Fire	35,095
	<u>177,355</u>

Public Works

Street, curb & gutter	446,967
Airport	279,383
	<u>726,350</u>

Culture and Recreation

Centennial	2,200
Parks	233,698
	<u>235,898</u>

Community Support

Administrative buildings	33,035
	<u>33,035</u>

Total governmental activities	<u>\$ 1,438,006</u>
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Business-type Activities

Electric Fund	\$ 584,038
Water Fund	349,231
Sewer Fund	769,364
Water Treatment Fund	390,863
Sanitation Fund	117,498
Landfill Fund	195,715

Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets	<u>99,139</u>
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Total business-type activities	<u>\$ 2,505,848</u>
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Note 6 - Long-Term Debt

The following schedule summarizes the changes in long-term obligations, other than pensions, other postemployment benefits and the post-closure liability:

	Balance July 1, 2023	Additions	(Reductions)	Balance June 30, 2024
<u>Medium - Term Obligation:</u>				
Direct Borrowings:				
\$358,800 to Zions Bank dated 12/20				
with semi-annual payments of \$19,250				
including interest at 1.19%				
	\$ 277,015	\$ -	\$ (35,341)	\$ 241,674
Less amount classified as current	(35,361)	-	(340)	(35,701)
Long-term portion	<u>241,654</u>	<u>-</u>	<u>(35,681)</u>	<u>205,973</u>
Airport Special Revenue Fund				
\$307,600 to Zions Bank dated 12/20				
with semi annual payments of \$16,500				
including interest at 1.19%				
	244,234	-	(30,299)	213,935
Less amount classified as current	(30,298)	-	(308)	(30,606)
Long-term portion	<u>213,936</u>	<u>-</u>	<u>(30,607)</u>	<u>183,329</u>
\$4,000,000 to JPMorgan Chase Bank dated				
4/18/24 with variable semi-annual payments				
with interest at 3.94%				
	-	4,000,000	-	4,000,000
Less amount classified as current	-	(334,000)	-	(334,000)
Long-Term Portion	<u>-</u>	<u>3,666,000</u>	<u>-</u>	<u>3,666,000</u>
<u>Other Liabilities</u>				
Compensated absences	343,011	373,495	(358,856)	357,650
Less amount classified as current	(162,047)	1,121	-	(160,926)
Long-term portion	<u>180,964</u>	<u>374,616</u>	<u>(358,856)</u>	<u>196,724</u>
<u>Total Medium - Term Obligation</u>				
<u>and Other Liabilities</u>				
Governmental activities	864,260	4,373,495	(424,496)	4,813,259
Less amount classified as current	(227,706)	(332,879)	(648)	(561,233)
Long-term portion	<u>\$ 636,554</u>	<u>\$ 4,040,616</u>	<u>\$ (425,144)</u>	<u>\$ 4,252,026</u>

Payments on the bonds payable that pertain to the City's governmental activities are made by the nonmajor governmental debt service fund. The compensated absence liability is paid from the fund responsible for the employee's compensation with significant liabilities payable from the General Fund.

Business-type Activities

	Balance July 1, 2023 as restated	Additions	(Reductions)	Balance June 30, 2024
Bonds and Lease Payable				
Electric Enterprise Fund				
Direct Borrowings:				
\$644,809 to Zions Bank dated 12/20 with semi-annual payments of \$35,000 with interest at 1.19%				
Less amount classified as current	\$ 511,937	\$ -	\$ (63,533)	\$ 448,404
Long-term portion	(63,473)	-	(705)	(64,178)
	<u>448,464</u>	<u>-</u>	<u>(64,238)</u>	<u>384,226</u>
\$5,580,000 to JP Morgan Chase Bank dated 08/20 with semi-annual payments of \$251,000 with interest at 1.33%				
Less amount classified as current	4,693,108	-	(442,000)	4,251,108
Long-term portion	(442,000)	-	(6,000)	(448,000)
	<u>4,251,108</u>	<u>-</u>	<u>(448,000)</u>	<u>3,803,108</u>
Lease liabilities				
Less amount classified as current	80,471	-	(1,675)	78,796
Long-term portion	(1,675)	-	(428)	(2,103)
	<u>78,796</u>	<u>-</u>	<u>(2,103)</u>	<u>76,693</u>
IT subscription liabilities				
Less amount classified as current	401,054	-	(9,088)	391,966
Long-term portion	(9,088)	-	(1,075)	(10,163)
	<u>391,966</u>	<u>-</u>	<u>(10,163)</u>	<u>381,803</u>
Electric Enterprise Funds Totals				
Less amount classified as current	5,686,570	-	(516,296)	5,170,274
Long-term portion	(516,236)	-	(8,208)	(524,444)
	<u>\$ 5,170,334</u>	<u>\$ -</u>	<u>\$ (524,504)</u>	<u>\$ 4,645,830</u>
Water Enterprise Fund				
Direct Placements:				
\$1,156,127 bond payable to State of Nevada dated 01/06; secured by pledged revenues; semi-annual payments of \$58,822 with interest at 2.23%				
Less amount classified as current	\$ 455,557	\$ -	\$ (109,883)	\$ 345,674
Long-term portion	(109,883)	-	(2,629)	(112,512)
	<u>345,674</u>	<u>-</u>	<u>(112,512)</u>	<u>233,162</u>
\$996,087 bond payable to State of Nevada dated 01/16; secured by pledged revenues; semi-annual payments of \$57,835 with interest at 2.23%				
Less amount classified as current	284,182	-	(111,662)	172,520
Long-term portion	(111,662)	-	(2,670)	(114,332)
	<u>172,520</u>	<u>-</u>	<u>(114,332)</u>	<u>58,188</u>
Direct Borrowings:				
\$230,078 to Zions Bank dated 12/20 with semi-annual payments of \$12,000 with interest at 1.19%				
Less amount classified as current	182,682	-	(22,663)	160,019
Long-term portion	(22,663)	-	(230)	(22,893)
	<u>160,019</u>	<u>-</u>	<u>(22,893)</u>	<u>137,126</u>

Business-type Activities (Continued)

	Balance July 1, 2023 as restated	Additions	(Reductions)	Balance June 30, 2024
IT subscription liabilities	\$ 256,412		\$ (5,810)	\$ 250,602
Less amount classified as current	<u>(5,810)</u>		<u>(687)</u>	<u>(6,497)</u>
Long-term portion	250,602	-	(6,497)	244,105
Water Enterprise Fund totals	1,178,833	-	(250,018)	928,815
Less amount classified as current	<u>(250,018)</u>	<u>-</u>	<u>(6,216)</u>	<u>(256,234)</u>
Long-term portion	<u>\$ 928,815</u>	<u>\$ -</u>	<u>\$ (256,234)</u>	<u>\$ 672,581</u>
Sewer Enterprise Fund				
Direct Placement:				
\$7,285,000 bond payable to State of Nevada Bond Bank dated 11/15; variable payments of \$552,413 per year with interest at approximately 3.17%				
	\$ 5,235,000	\$ -	\$ (350,000)	\$ 4,885,000
Less amount classified as current	<u>(350,000)</u>	<u>-</u>	<u>(15,000)</u>	<u>(365,000)</u>
Long-term portion	<u>4,885,000</u>	<u>-</u>	<u>(365,000)</u>	<u>4,520,000</u>
Direct Borrowing:				
\$247,013 to Zions Bank dated 12/20 with semi-annual payments of \$13,000 with interest at 1.19%				
	196,128	-	(24,331)	171,797
Less amount classified as current	<u>(24,331)</u>	<u>-</u>	<u>(247)</u>	<u>(24,578)</u>
Long-term portion	<u>171,797</u>	<u>-</u>	<u>(24,578)</u>	<u>147,219</u>
Sewer Enterprise Fund Totals	5,431,128	-	(374,331)	5,056,797
Less amount classified as current	<u>(374,331)</u>	<u>-</u>	<u>(15,247)</u>	<u>(389,578)</u>
Long-term portion	<u>\$ 5,056,797</u>	<u>\$ -</u>	<u>\$ (389,578)</u>	<u>\$ 4,667,219</u>
Sanitation Enterprise Fund				
Direct Borrowings:				
\$84,680 to Zions Bank dated 12/20 with semi-annual payments of \$4,500 with interest at 1.19%				
	\$ 67,236	\$ -	\$ (8,341)	\$ 58,895
Less amount classified as current	<u>(8,341)</u>	<u>-</u>	<u>(85)</u>	<u>(8,426)</u>
Long-term portion	<u>58,895</u>	<u>-</u>	<u>(8,426)</u>	<u>50,469</u>
\$172,735 financed purchase with ZB, N.A. dated 10/16; semi-annual payments of \$10,158 with interest at 3.33%				
	66,450	-	(18,257)	48,193
Less amount classified as current	<u>(18,248)</u>	<u>-</u>	<u>(613)</u>	<u>(18,861)</u>
Long-term portion	<u>48,202</u>	<u>-</u>	<u>(18,870)</u>	<u>29,332</u>
\$1,400,000 to JPMorgan Chase Bank dated 5/22/24 with variable semi-annual payments with interest at 4.6%				
	-	1,400,000	-	1,400,000
Less amount classified as current	<u>-</u>	<u>(89,000)</u>	<u>-</u>	<u>(89,000)</u>
Long-term portion	<u>-</u>	<u>1,311,000</u>	<u>-</u>	<u>1,311,000</u>

Business-type Activities (Continued)

	Balance July 1, 2023 as restated	Additions	(Reductions)	Balance June 30, 2024
Sanitation Enterprise Fund Totals	\$ 133,686	\$ 1,400,000	\$ (26,598)	\$ 1,507,088
Less amount classified as current	<u>(26,589)</u>	<u>(89,000)</u>	<u>(698)</u>	<u>(116,287)</u>
Long-term portion	<u>\$ 107,097</u>	<u>\$ 1,311,000</u>	<u>\$ (27,296)</u>	<u>\$ 1,390,801</u>
Landfill Enterprise Fund				
Direct Borrowings:				
\$59,276 to Zions Bank dated 12/20 with semi-annual payments of \$3,500 with interest at 1.19%				
	\$ 47,065	\$ -	\$ (5,810)	\$ 41,255
Less amount classified as current	<u>(5,839)</u>	<u>-</u>	<u>(59)</u>	<u>(5,898)</u>
Long-term portion	<u>41,226</u>	<u>-</u>	<u>(5,869)</u>	<u>35,357</u>
\$4,110,000 to Flagstar Public Funding Corp dated 11/21/23 with variable semi-annual payments with interest at 5.22%				
	\$ -	\$ 4,110,000	\$ -	\$ 4,110,000
Less amount classified as current	<u>-</u>	<u>(185,000)</u>	<u>-</u>	<u>(185,000)</u>
Long-term portion	<u>-</u>	<u>3,925,000</u>	<u>-</u>	<u>3,925,000</u>
Landfill Enterprise Fund Totals	47,065	4,110,000	(5,810)	4,151,255
Less amount classified as current	<u>(5,839)</u>	<u>(185,000)</u>	<u>(59)</u>	<u>(190,898)</u>
Long-term portion	<u>\$ 41,226</u>	<u>\$ 3,925,000</u>	<u>\$ (5,869)</u>	<u>\$ 3,960,357</u>
Water Treatment Enterprise Fund				
Direct Borrowings:				
\$67,744 to Zions Bank dated 12/20 with semi-annual payments of \$3,750 with interest at 1.19%				
	\$ 53,789	\$ -	\$ (6,673)	\$ 47,116
Less amount classified as current	<u>(6,673)</u>	<u>-</u>	<u>(68)</u>	<u>(6,741)</u>
Long-term portion	<u>\$ 47,116</u>	<u>\$ -</u>	<u>\$ (6,741)</u>	<u>\$ 40,375</u>
Other Liabilities				
Compensated absences	\$ 223,659	\$ 177,677	\$ (155,638)	\$ 245,698
Less amount classified as current	<u>(105,663)</u>	<u>(4,890)</u>	<u>-</u>	<u>(110,553)</u>
Long-term portion	<u>117,996</u>	<u>172,787</u>	<u>(155,638)</u>	<u>135,145</u>
Total Bonds Payable, Financed Purchases and Other Liabilities				
Business-type activities	12,754,730	5,687,677	(1,335,364)	17,107,043
Unamortized net bond premium	266,402	-	(38,344)	228,058
Less amounts classified as current	<u>(1,285,349)</u>	<u>(278,890)</u>	<u>(30,496)</u>	<u>(1,594,735)</u>
Long-term portion	<u>\$ 11,735,783</u>	<u>\$ 5,408,787</u>	<u>\$ (1,404,204)</u>	<u>\$ 15,740,366</u>

Annual requirements to amortize the City’s bonds payable, leases and financed purchases as of June 30, 2024:

	Governmental Activities		Electric Enterprise Fund		Water Enterprise Fund		Sewer Enterprise Fund	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2025	\$ 155,279	\$ 400,307	\$ 76,356	\$ 524,444	\$ 22,118	\$ 256,234	\$ 189,310	\$ 389,578
2026	148,766	414,307	69,080	532,717	16,468	203,910	178,066	399,949
2027	134,292	428,639	61,708	540,357	12,342	149,395	15,018	420,072
2028	119,257	443,639	54,202	548,710	10,086	32,632	138,969	435,442
2029	103,659	459,639	46,577	557,331	9,468	33,853	122,263	455,813
2030-2034	267,208	2,309,078	110,036	2,164,454	31,338	92,189	375,323	2,425,943
2035-2039	-	-	39,687	129,179	21,864	68,471	21,200	530,000
2040-2044	-	-	16,877	173,082	9,543	92,131	-	-
	<u>\$ 928,461</u>	<u>\$ 4,455,609</u>	<u>\$ 474,523</u>	<u>\$ 5,170,274</u>	<u>\$ 133,227</u>	<u>\$ 928,815</u>	<u>\$ 1,040,149</u>	<u>\$ 5,056,797</u>

Pledged Revenues

Business-type activities

The City has pledged future water utility customer revenues and nonoperating revenue, net of specified operating expenses to repay water utility general obligation bonds issued in January 2016. Proceeds from the bonds provided financing for expansion of and improvements to the water utility system. The bonds are intended to be paid solely from water utility customer net revenues and are payable through fiscal year 2027. The total principal and interest to be paid on the bonds is \$534,579. For the current year, principal and interest paid on the bonds totaled \$239,260. Net pledged revenues totaled \$799,422.

The City has pledged future sewer utility customer revenues and nonoperating revenue, net of specified operating expenses to repay sewer utility general obligation bonds issued in November 2015. Proceeds from the bonds provided financing for expansion of and improvements to the sewer utility system. The bonds are intended to be paid solely from sewer utility customer net revenues and are payable through fiscal year 2035. The total principal and interest to be paid on the bonds is \$6,202,525. For the current year, principal and interest paid on the bonds totaled \$547,912. Net pledged revenues totaled \$2,071,887.

The City has pledged future electric utility customer revenues and nonoperating revenue, net of specified operating expenses to repay electric utility bonds issued in August 2020. Proceeds from the bonds provided refunding of the electric utility bonds issued in November 2017. The bonds are intended to be paid solely from electric utility customer net revenues and are payable through fiscal year 2033. The total principal and interest to be paid on the bonds is \$4,510,465. For the current year, principal and interest paid on the bonds totaled \$501,478. Net pledged revenues totaled \$4,762,918.

Sanitation Enterprise Fund		Landfill Enterprise Fund		Water Treatment Replacement Enterprise Fund		Total Business-Type	
Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
\$ 60,701	\$ 116,287	\$ 210,710	\$ 190,898	\$ 521	\$ 6,741	\$ 559,716	\$ 1,484,182
58,917	148,047	200,181	200,987	440	6,842	523,152	1,492,452
52,501	144,586	189,642	212,017	358	6,876	331,569	1,473,303
46,299	140,722	92,217	223,105	276	6,978	342,049	1,387,589
39,984	146,849	86,481	234,194	192	7,079	304,965	1,435,119
94,958	810,597	802,773	1,664,025	140	12,600	1,414,568	7,169,808
-	-	236,309	1,426,029	-	-	319,060	2,153,679
-	-	-	-	-	-	26,420	265,213
<u>\$ 353,360</u>	<u>\$ 1,507,088</u>	<u>\$ 1,818,313</u>	<u>\$ 4,151,255</u>	<u>\$ 1,927</u>	<u>\$ 47,116</u>	<u>\$ 3,821,499</u>	<u>\$ 16,861,345</u>

Note 7 - Lease Activities

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present values, (2) lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses an incremental borrowing rate at the beginning of the fiscal year based on the term length. The lease term included the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments. The City of Fallon monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

The City has entered into a lease agreement for a communications tower in the Electric Fund. The City is required to make principal and interest payments through February 2044. The lease liability was valued using a discount rate of 2.75% based on the incremental borrowing rate of the City on debt with a similar term as described above.

Remaining principal and interest payments on leases are as follows:

	Electric Enterprise Fund	
	Principal	Interest
2025	\$ 2,103	\$ 2,119
2026	2,183	2,060
2027	2,244	1,999
2028	2,301	1,942
2029	2,584	1,872
2030-2034	16,316	8,084
2035-2039	22,084	5,489
2040-2044	28,981	1,950
	\$ 78,796	\$ 25,515

Note 8 - Subscription-Based Information Technology Arrangements (SBITAs)

The City has entered into a SBITA contract for IT software for utility meters in a prior year. As of June 30, 2024, the value of the subscription liability was \$642,568. The City is required to make annual principal and interest payments through July 15, 2040; payments increase ratably throughout the term of the agreement. The subscription has an interest rate of 4%.

A summary of the changes in IT subscription liabilities during the year ended June 30, 2024 is as follows:

	Balance July 1, 2023, as Restated	Additions	Deletions	Balance June 30, 2024	Due Within One Year
Electric Fund					
IT Subscription Liabilities	\$ 401,054	\$ -	\$ (9,088)	\$ 391,966	\$ 10,163
Water Fund					
IT Subscription Liabilities	256,412	-	(5,810)	250,602	6,497
Total IT Subscription Liabilities	<u>\$ 657,466</u>	<u>\$ -</u>	<u>\$ (14,898)</u>	<u>\$ 642,568</u>	<u>\$ 16,660</u>

Remaining principal and interest payments on subscriptions are as follows:

	Electric Enterprise Fund		Water Enterprise Fund	
	Principal	Interest	Principal	Interest
2025	\$ 10,163	\$ 15,722	\$ 6,497	\$ 10,051
2026	11,388	15,272	7,281	9,764
2027	12,644	14,816	8,083	9,473
2028	13,973	14,310	8,934	9,149
2029	15,343	13,789	9,810	8,816
Thereafter	328,455	97,403	209,997	62,274
	<u>\$ 391,966</u>	<u>\$ 171,312</u>	<u>\$ 250,602</u>	<u>\$ 109,527</u>

Note 9 - Interfund Balances and Activity

Due To/From Other Funds

A summary of amounts due from and to other funds as of June 30, 2024, is as follows:

Due From	Due To
	<u>Landfill Fund</u>
Water Fund	\$ 600,000
Sewer Enterprise Fund	400,000
Total	<u>\$ 1,000,000</u>

Amounts due from and due to other funds represent the portion of the City's interfund balances that are expected to be repaid in the upcoming year. The Water and Sewer Funds Enterprise Funds owe the Landfill Fund for operating expenses.

Transfers From/To Other Funds

A summary of transfers between funds during the year ended June 30, 2024 is as follows:

	Transfers In	Transfers Out
<u>Governmental Activities</u>		
General Fund	\$ 750,000	\$ 463,522
Nonmajor Governmental Funds		
Convention and Tourism Authority Fund	-	400,000
Airport Fund	75,000	33,025
Special ad valorem capital projects Fund	-	300,000
Debt Service Fund	71,546	-
	896,546	1,196,547
<u>Business-type Activities</u>		
Water Fund	300,000	-
Water Treatment Fund	-	41,772
Nonmajor Enterprise Funds		
Water Treatment Replacement Fund	41,772	-
	341,772	41,772
Total enterprise funds		
	\$ 1,238,318	\$ 1,238,319

The principal purpose of the interfund transfers between the governmental funds is to subsidize programs in accordance with the City Council's approved budget. The General Fund transfers to the Water Fund to allocate grant funds for capital projects. The General Fund transfer out to the Nonmajor Airport Fund was to fund a match for a grant. The Nonmajor Airport Fund transfers out to the Nonmajor Debt Service Fund was to fund debt payments. The transfer between the Water Treatment Enterprise Fund and the Nonmajor Water Treatment Replacement Enterprise Fund was made in accordance with an agreement with the State of Nevada Water Financing Board.

Note 10 - Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Note 11 - Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require that the City of Fallon place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs is \$1,501,000 as of June 30, 2024, which is based on 34.04% usage (filled) of the landfill. It is estimated that an additional \$2,904,697 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is currently expected to be filled to capacity (the year 2100). The estimated total current cost of the landfill closure and postclosure care (\$4,405,697) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfills were acquired as of June 30, 2024. However, the actual cost of closure and postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

The City has not set aside any funds to finance closure and postclosure care. The financing for these costs is expected to be funded from future operations of the landfill. The remaining portion of anticipated future inflation costs and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations for example) may need to be covered by charges to future landfill users, taxpayers, or both.

The change in the estimated liability for landfill closure and postclosure care costs was as follows:

	July 1, 2023	Additions	(Reductions)	June 30, 2024
Estimated Liability of Landfill Closure and Postclosure Care Costs	\$ 1,446,000	\$ 55,000	\$ -	\$ 1,501,000

Note 12 - Postemployment Retirement Health Insurance Benefit

The City provides other postemployment benefits (OPEB) for eligible retired employees through either participation in the City’s health insurance program or the Nevada Public Employees’ Benefits Plan (PEBP) under NRS 287.023.

Plan Description – The City’s defined benefit OPEB plan, City of Fallon Employee Health Benefits Plan (COFEHBP), provides OPEB for all eligible employees on retirement from the City. Additionally, the City contributes to the defined OPEB plan, Public Employees’ Benefits Plan (PEBP). Each plan provides medical, dental, vision, and life insurance benefits to eligible retired City employees and beneficiaries.

COFEHBP is a single employer defined benefit OPEB plan administered by the City. In accordance with Nevada Revised Statue 287.010, the COFEHBP was adopted to provide postemployment benefits to full-time employees on retirement.

Eligibility requirements, benefit levels, employee contributions, and employer contributions are governed by the City and can only be amended by the City. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75; no separate financial reports are issued.

PEBP, which is treated as a single-employer defined benefit OPEB plan for financial reporting purposes, is administered by a nine-member governing board. Nevada Revised Statute 287.023 allows certain retired employees of governmental entities with the State of Nevada to join the State’s Public Employee Benefits Program. Nevada Revised Statute 287.023 sunsetted the option to join PEBP for City employees who retired from the City after September 1, 2008. Eligibility and subsidy requirements are governed by statutes of the State of Nevada and can only be amended through legislation. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75; no separate financial reports are issued.

Benefits Provided – COFEHBP provides healthcare, vision, dental and life insurance for eligible retirees and their dependents. Employees retiring from the City under PERS are allowed to continue participation in the City’s group health insurance program (medical, dental, vision and life insurance). Retirees are responsible for the payment of their premiums, as well as premium for eligible dependents.

PEBP provides medical, prescription, vision, life, and accident insurance, and dental for retirees. Retirees can choose between a self-funded preferred provider organization (PPO) and a health maintenance organization (HMO) plan. Retirees are responsible for payment of unsubsidized premiums. The City is required to provide a subsidy for their retirees who have elected to join PEBP. Contribution requirements for plan members and the participating employers are assessed by the PEBP Board annually. The contributions required for PEBP subsidies depends on the date of retirement and years of PERS service former employees earned in total and while working for the City. The subsidy ranges from a minimum of \$3 to a maximum of \$805 per month. Subsidies for retiree premiums participating in the PEBP are paid directly to the State when due. The City’s obligation for subsidies is limited to payment of the statutorily required contribution. The statutes were revised with an effective date of November 30, 2008, to create new participation limitations so that only active members of PEBP can elect coverage after retirement. Based on the statute revision, former City employees and retirees must have retired and joined PEBP by September 1, 2008 to elect PEBP membership. Consequently, no employees retiring from the City on or after September 1, 2008 will be eligible to participate in the PEBP plan as a retiree at the City’s expense.

Employee Covered by Benefit Terms – At June 30, 2024, the following employees were covered by the benefit terms:

	COFEHBP	PEBP	Total
Inactive Employees or Beneficiaries			
Currently Receiving Benefits	24	28	52
Active Employees	112	-	112
	136	28	164

Total OPEB Liability – The City’s total OPEB liability of \$2,066,279 was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2023.

	COFEHBP	PEBP	Total
Total OPEB Liability	\$ 1,318,498	\$ 747,781	\$ 2,066,279

Assumptions and Other Inputs – The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs for COFEHBP and PEBP, applied to all periods included in the measurement, unless otherwise specified:

	COFEHBP	PEBP
Method	Entry age normal	Entry age normal
General inflation	2.50%	2.50%
Salary increases	3.00% per year	N/A
Discount rate	3.65%	3.65%
Health care trend rates	6.5% for 2025, decreasing decreasing down to 3.9% by 2075	6.5% for 2025, decreasing decreasing down to 3.9% by 2075
Retirees' share of benefit - related costs	100% of premium	0% to 100% of premium amounts based on years of service

The discount rate for COFEHBP and PEBP was based on the S & P General Obligation Municipal Bond 20 Year High Grade Index.

For the COFEHBP and PEBP Plans, mortality rates for healthy regular members and future survivors 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. Mortality rates for contingent survivors were based on Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table with rates increased by 15% for males and 30% for females. Mortality rates for pre-retirement life rates for regular members were based on Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table. Adjustments for mortality improvements were based on applying the MacLeod Watts Scale 2022 on a generational basis, based on data from the Society of Actuaries Mortality Improvement Scale MP-2021 Annual Report and the demographic assumptions used in the 2021 Annual Report of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published August 2021.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of actual census data for June 30, 2023.

Changes in the Total OPEB Liability –

	<u>COFEHBP</u>	<u>PEBP</u>	<u>Total</u>
Balance at June 30, 2023	\$ 1,207,114	\$ 814,329	\$ 2,021,443
Changes for the Year			
Service cost	59,108	-	59,108
Interest	50,685	32,078	82,763
Differences between expected and actual experience	(4,985)	(59,755)	(64,740)
Changes in assumptions or other inputs	60,520	21,196	81,716
Benefit payments	(53,944)	(60,067)	(114,011)
Net Changes	<u>111,384</u>	<u>(66,548)</u>	<u>44,836</u>
Balance at June 30, 2024	<u>\$ 1,318,498</u>	<u>\$ 747,781</u>	<u>\$ 2,066,279</u>

Changes in Assumptions – COFEHBP and PEBP changes in assumptions and other inputs reflect updated assumed rates of mortality, retirement, and other separation (termination) of service, updated medical trend rates and a change in discount rate from 4.09% to 3.65%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the City, as well as what the City’s Total OPEB liability would be if it were calculated using a discount rate that is 1-percentage lower (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
COFEHBP OPEB Liability	\$ 1,473,580	\$ 1,318,498	\$ 1,184,957
PEBP OPEB Liability	820,757	747,781	684,931
Total OPEB Liability	<u>\$ 2,294,337</u>	<u>\$ 2,066,279</u>	<u>\$ 1,869,888</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage lower (5.5%) or 1-percentage-point higher (7.5%) than the current healthcare cost trend rates:

	<u>1% Decrease in Healthcare Cost Trend Rate</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
COFEHBP OPEB Liability	\$ 1,187,824	\$ 1,318,498	\$ 1,476,965
PEBP OPEB Liability	688,143	747,781	815,476
Total OPEB Liability	<u>\$ 1,875,967</u>	<u>\$ 2,066,279</u>	<u>\$ 2,292,441</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2024, the City recognized OPEB expense (negative OPEB expense) of \$95,191:

COFEHBP	\$	101,672	
PEBP		(6,481)	
		95,191	
		95,191	

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	COFEHBP		PEBP		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions and other inputs	\$ 302,776	\$ 487,983	\$ -	\$ -	\$ 302,776	\$ 487,983
Contributions subsequent to the measurement date	60,137	-	55,744	-	115,881	-
	\$ 362,913	\$ 487,983	\$ 55,744	\$ -	\$ 418,657	\$ 487,983

The \$115,881 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2025.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB, excluding contributions subsequent to the measurement date, will be recognized in OPEB expense as follows:

Year Ending June 30,	COFEHBP	PEBP	Total
2025	\$ 8,121	\$ -	\$ 8,121
2026	8,121	-	8,121
2027	8,121	-	8,121
2028	5,116	-	5,116
2029	4,676	-	4,676
Thereafter	151,052	-	151,052

The OPEB liability is paid from the fund responsible for the employees' compensation with significant liabilities payable from the General Fund.

Note 13 - Defined Benefit Pension Plan

Plan Description – The City of Fallon 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 as 2.5 percent 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 2.50% 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 - 286.579.

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 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, or at age 62 with ten years of service, or at age 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 65 with five years of service, or age 60 with 10 years of service, at age 50 with 20 years of service, or at any age with 30 years of service. Police/Fire members entering the System 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 to eligibility for retirement as Police/Fire accredited service.

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

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

For the fiscal years ended June 30, 2024 and 2023, the Statutory Employer/Employee matching rate for Regular members was 17.50% and 15.50%, respectively; the rate was 25.75% and 22.75%, respectively, for Police/Fire. The Employer-Pay Contribution (EPC) rate was 33.50% and 29.75%, respectively, for Regular members for the fiscal years ended June 30, 2024 and 2023; the rate was 50% and 44.00%, respectively, for Police/Fire.

The City’s contributions were \$1,745,906 for the year ended June 30, 2024.

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

The following was the PERS Board adopted policy target asset allocation as of June 30, 2023:

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

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

Net Pension Liability – At June 30, 2024, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability (\$21,815,200) was based on the City's share of contributions in the PERS pension plan relative to the total contributions of all participating PERS employers. At June 30, 2023, the City's proportion was 0.11952 percent which was a decrease of 0.00015 from its proportion measured as of June 30, 2022.

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

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability	\$ 33,947,654	\$ 21,815,200	\$ 11,802,363

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the PERS Annual Comprehensive Financial Report, available on the PERS website.

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

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

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

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

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

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

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

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

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

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

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2024, the City recognized pension expense of \$3,065,648. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,843,478	\$ -
Net difference between projected and actual earnings on pension plan investments	-	204,190
Changes in assumptions	2,044,498	-
Changes in the City's proportion and differences between the City's contributions and the employer's proportionate contributions	895,586	99,891
City contributions subsequent to the measurement date	1,745,906	-
	\$ 7,529,468	\$ 304,081

The \$1,745,906 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 ended June 30, 2025.

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

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

Year Ending June 30,		
2025	\$	1,063,092
2026		910,685
2027		3,029,672
2028		374,961
2029		101,071
Thereafter		-

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.

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

Note 14 - Commitments and Contingencies

In late 1999, the City joined the Utah Associated Municipal Power Systems (UAMPS) and in early 2000 the City entered into an agreement with Sierra Pacific Power Company (now NV Energy) for the provision of transmission services. UAMPS provides scheduling and ancillary services to the City, which are included in the City's monthly UAMPS billings.

The City receives energy from several sources including market purchases, the Horse Butte Wind project, and the Cyrq Patua Geothermal and Solar Plant. The City's current market purchase contract, which was executed on April 22, 2014, began on April 1, 2017 with a term of 5 years. In August 2012, the Horse Butte Wind Project commenced commercial operation. The City has an entitlement share of approximately 3 MW of nameplate capacity of the Horse Butte Wind project, which is expected to remain in operation for the next 20 years. The City began receiving energy from Cyrq Patua Geothermal and Solar Plant in November 2018, with the City being entitled to up to 1 MW of geothermal and solar energy.

As a member of UAMPS, the City participates in the UAMPS power pool, which allows the City to buy energy from other UAMPS members during times of shortage and to sell energy to other UAMPS members during times of excess. For fiscal year 2024, the City's total UAMPS billings were \$5,812,246, total NV Energy transmission billings were \$622,984, and the City's total revenue generated from excess power sales through the UAMPS power pool was \$203,592.

On March 15, 2022, the City approved a contract for engineering services for the Wastewater Treatment Dewatering Press in the amount of \$812,600; as of June 30, 2024, approximately \$426 thousand has been spent on the project.

On December 19, 2023, the City approved a contract for engineering services for reconstruction of the taxi lanes and entrance road project in the amount of \$284,350; as of June 30, 2024, \$70,210 has been spent on the project.

Note 15 - Special Ad Valorem Capital Projects Fund

Pursuant to NRS 354.598155(4) the audit report must disclose in detail the projects that have been funded with money from this fund. During the year ended June 30, 2024, the City spent \$300,000 on a transfer to the General Fund to fund the Court Street rehabilitation project.

Note 16 - Restatement

During fiscal year 2024, the City determined that there were certain errors in amounts previously reported in the 2023 financial statements resulting in a restatement of the beginning net position. The City identified an IT subscription liability that should have been recorded in the prior year. Accordingly, IT subscription liabilities and IT subscription assets as of June 30, 2023, were understated by \$401,054 and \$423,649 in the Electric Fund and by \$256,412 and \$270,858 in the Water Fund.

The effect of this error correction is shown below:

	June 30, 2023 As Previously Reported	Error Correction	June 30, 2023 As Restated
Government Wide - Business-type Activities			
IT Subscription Asset	\$ -	\$ 694,506	\$ 694,506
IT Subscription Liability	-	657,465	657,465
Change in net position	1,257,456	489	1,257,945
Net Position			
Business-Type Activities	41,063,086	489	41,063,575
Proprietary Funds			
Electric Fund			
IT Subscription Asset	-	423,649	423,649
IT Subscription Liability	-	401,054	401,054
Change in net position	(2,060,649)	14,744	(2,045,905)
Net Position	5,869,226	14,744	5,883,970
Water Fund			
IT Subscription Asset	-	270,858	270,858
IT Subscription Liability	-	256,412	256,412
Change in net position	720,152	(14,255)	705,897
Net Position	6,109,605	(14,255)	6,095,350

Note 17 - Change within the Financial Reporting Entity

During the fiscal year 2024, there was a change within the financial reporting entity which resulted in the Landfill Fund being reported as a major fund instead of as a nonmajor fund. As a result, net position of the Landfill Fund of \$1,439,330 which was previously reported in the nonmajor funds is now reported as a major fund with a beginning fund balance of \$1,439,330. This resulted in adjustments to and restatements of beginning net position as follows:

	July 1, 2023, As Previously Reported	Change to or Within the Financial Reporting Entity	July 1, 2023, As Restated
Business-type Activities			
Nonmajor Funds	\$ 2,208,252	\$ (1,439,330)	\$ 768,922
New Major Fund - Landfill Fund	Not applicable	1,439,330	1,439,330

Note 18 - Subsequent Events

On August 6, 2024, the City approved a construction contract for the Fallon Municipal Airport Reconstruction project for \$1,169,482.

On October 7, 2024, the City approved a construction contract for the 2024 Corrective Maintenance Project for \$1,291,007.

On September 17, 2024, the City approved the issuance of general obligation Sewer Refunding Bonds, series 2024, for the redemption for the Sewer System Revenue Bonds, Series 2015, totaling approximately \$4.5 million.

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REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule-General Fund (Budgetary Basis)

Reconciliation of the General Fund (Budgetary Basis) to the
General Fund (GAAP Basis)

Notes to Required Supplementary Information

Schedule of Funding Progress-Other Post Employment Benefit Plans

Schedule of City's Share of the Net Pension Liability

Schedule of City Contributions

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –
General Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual Amount	Variance with Final Budget to Actual
	Original	Final		
Revenues				
Taxes				
Ad valorem	\$ 1,840,315	1,840,315	\$ 1,966,813	\$ 126,498
One cent option	36,418	36,418	35,926	(492)
Regional streets and highways	500,000	1,600,000	1,800,000	200,000
Enterprise funds in lieu of taxes	1,206,715	1,206,715	1,233,397	26,682
Total taxes	<u>3,583,448</u>	<u>4,683,448</u>	<u>5,036,136</u>	<u>352,688</u>
Licenses and permits				
Business licenses and permits				
Business licenses and permits	330,200	330,200	349,807	19,607
Local liquor licenses	40,174	40,174	37,348	(2,826)
City gaming licenses	45,589	45,589	45,478	(111)
Franchise taxes				
Enterprise funds in lieu of franchise taxes	1,233,525	1,233,525	1,133,025	(100,500)
Natural gas	206,610	206,610	328,599	121,989
Cable television	84,541	84,541	68,699	(15,842)
	<u>1,940,639</u>	<u>1,940,639</u>	<u>1,962,956</u>	<u>22,317</u>
Nonbusiness licenses and permits				
Building permits	125,792	125,792	92,739	(33,053)
Electric permits	4,256	4,256	41,613	37,357
Miscellaneous permits	8,473	8,473	13,511	5,038
Plumbing permits	8,281	8,281	5,868	(2,413)
	<u>146,802</u>	<u>146,802</u>	<u>153,731</u>	<u>6,929</u>
Total licenses and permits	<u>2,087,441</u>	<u>2,087,441</u>	<u>2,116,687</u>	<u>29,246</u>
Intergovernmental revenues				
Federal grants-in-aid				
Federal Task Force Grant	-	-	53,375	53,375
Bulletproof vest grant	-	-	3,634	3,634
Emergency management				
Assistance	28,083	28,083	-	(28,083)
County	-	175,000	215,000	40,000
Contributions from Churchill County School District				
	150,000	150,000	190,700	40,700
	<u>178,083</u>	<u>353,083</u>	<u>462,709</u>	<u>109,626</u>
State shared revenues				
State Perm School Fund	-	-	3,615	3,615
Motor vehicle tax (1.75)	50,463	50,463	50,095	(368)
Motor vehicle fuel tax (2.35)	79,373	79,373	79,373	-
State gaming licenses	100,000	100,000	124,442	24,442
Consolidated tax distribution	2,655,042	2,655,042	2,480,935	(174,107)
AB 104 fair share	390,000	390,000	421,854	31,854
State grant - Highway 95	55,000	55,000	63,000	8,000
State Marijuana Distribution	12,000	12,000	10,632	(1,368)
Asset Forfeitures	-	-	26,900	26,900
	<u>3,341,878</u>	<u>3,341,878</u>	<u>3,260,846</u>	<u>(81,032)</u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –
General Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual Amount	Variance with Final Budget to Actual
	Original	Final		
Other local government shared revenue				
County gaming tax	\$ 100,000	\$ 100,000	\$ 55,148	\$ (44,852)
Other local government grants				
Contribution from County	-	-	161,155	161,155
Grant from Churchill County	43,765	43,765	43,765	-
	<u>43,765</u>	<u>43,765</u>	<u>204,920</u>	<u>161,155</u>
Total intergovernmental	<u>3,663,726</u>	<u>3,838,726</u>	<u>3,983,623</u>	<u>144,897</u>
Charges for services				
General government				
Building and zoning fees	75,000	75,000	27,280	(47,720)
Enterprise funds administrative support	2,394,525	2,394,525	2,653,848	259,323
Land rent	24,000	24,000	24,000	-
Other assessments and fees	10,000	10,000	16,130	6,130
	<u>2,503,525</u>	<u>2,503,525</u>	<u>2,721,258</u>	<u>217,733</u>
Public safety				
County reimbursement for Fire department expenses	240,000	240,000	297,803	57,803
Animal control fees	15,000	15,000	(2,706)	(17,706)
	<u>255,000</u>	<u>255,000</u>	<u>295,097</u>	<u>40,097</u>
Judicial				
Reimbursement for Judicial District No. 3 juvenile court master	30,000	30,000	36,359	6,359
Culture and recreation				
Swimming pool concession	17,000	17,000	25,861	8,861
Swimming pool fees	35,000	35,000	42,628	7,628
Gym use fees	15,000	15,000	10,630	(4,370)
	<u>67,000</u>	<u>67,000</u>	<u>79,119</u>	<u>12,119</u>
Total charges for services	<u>2,855,525</u>	<u>2,855,525</u>	<u>3,131,833</u>	<u>276,308</u>
Fines and forfeits				
Court fines and forfeited bail	85,000	85,000	40,910	(44,090)
Miscellaneous				
Investment income	30,000	30,000	27,809	(2,191)
Miscellaneous	20,000	20,000	3,078	(16,922)
Total miscellaneous	<u>50,000</u>	<u>50,000</u>	<u>30,887</u>	<u>(19,113)</u>
Total revenues	<u>12,325,140</u>	<u>13,600,140</u>	<u>14,340,076</u>	<u>739,936</u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –
 General Fund
 Year Ended June 30, 2024

	Budgeted Amounts		Actual Amount	Variance with Final Budget to Actual
	Original	Final		
Expenditures				
General government and administration				
Executive				
Mayor and chief of staff				
Salaries and wages	\$ 111,000	\$ 112,000	\$ 107,984	\$ 4,016
Employee benefits	69,000	68,000	59,021	8,979
Services and supplies	9,221	9,221	9,875	(654)
	<u>189,221</u>	<u>189,221</u>	<u>176,880</u>	<u>12,341</u>
Legislative				
City council				
Salaries and wages	64,000	68,000	65,239	2,761
Employee benefits	42,000	38,000	35,556	2,444
Services and supplies	600	600	805	(205)
	<u>106,600</u>	<u>106,600</u>	<u>101,600</u>	<u>5,000</u>
Administrative				
Salaries and wages	784,000	784,000	748,103	35,897
Employee benefits	382,000	391,000	396,741	(5,741)
Services and supplies	133,329	162,329	122,201	40,128
	<u>1,299,329</u>	<u>1,337,329</u>	<u>1,267,045</u>	<u>70,284</u>
City hall				
Services and supplies	105,021	165,021	157,154	7,867
Capital outlay	100,000	100,000	71,010	28,990
	<u>205,021</u>	<u>265,021</u>	<u>228,164</u>	<u>36,857</u>
General expenditures				
Services and supplies	762,046	1,194,046	1,064,320	129,726
Capital outlay	-	162,000	161,965	35
	<u>762,046</u>	<u>1,356,046</u>	<u>1,226,285</u>	<u>129,761</u>
Total general government and administration	<u>2,562,217</u>	<u>3,254,217</u>	<u>2,999,974</u>	<u>254,243</u>
Judicial				
City attorney				
Salaries and wages	419,000	419,000	400,822	18,178
Employee benefits	184,000	224,000	218,323	5,677
Services and supplies	293,693	293,693	253,893	39,800
	<u>896,693</u>	<u>936,693</u>	<u>873,038</u>	<u>63,655</u>
Municipal court				
Salaries and wages	379,000	334,000	281,996	52,004
Employee benefits	135,000	140,000	127,613	12,387
Services and supplies	42,203	42,203	15,449	26,754
	<u>556,203</u>	<u>516,203</u>	<u>425,058</u>	<u>91,145</u>
Total judicial	<u>1,452,896</u>	<u>1,452,896</u>	<u>1,298,096</u>	<u>154,800</u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –
General Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual Amount	Variance with Final Budget to Actual
	Original	Final		
Public safety				
Police department				
Salaries and wages	\$ 3,211,000	\$ 3,211,000	\$ 3,094,620	\$ 116,380
Employee benefits	1,887,000	1,910,000	1,865,791	44,209
Services and supplies	524,302	561,302	443,384	117,918
Capital outlay	100,000	70,000	82,267	(12,267)
	<u>5,722,302</u>	<u>5,752,302</u>	<u>5,486,062</u>	<u>266,240</u>
Fire department				
Salaries and wages	352,000	352,000	296,211	55,789
Employee benefits	413,000	413,000	381,376	31,624
Services and supplies	353,495	323,495	280,549	42,946
Capital outlay	-	-	5,035	(5,035)
	<u>1,118,495</u>	<u>1,088,495</u>	<u>963,171</u>	<u>125,324</u>
Civil defense				
Salaries and wages	54,500	54,500	52,999	1,501
Employee benefits	16,200	16,200	5,220	10,980
Services and supplies	6,031	6,031	1,557	4,474
	<u>76,731</u>	<u>76,731</u>	<u>59,776</u>	<u>16,955</u>
Task force				
Salaries and Wages	8,000	8,000	4,837	3,163
Services and supplies	5,000	5,000	37,340	(32,340)
	<u>13,000</u>	<u>13,000</u>	<u>42,177</u>	<u>(29,177)</u>
Total public safety	<u>6,930,528</u>	<u>6,930,528</u>	<u>6,551,186</u>	<u>379,342</u>
Public works				
Street department				
Services and supplies	200,000	310,000	199,254	110,746
Capital outlay	600,000	3,315,000	3,042,394	272,606
Total public works	<u>800,000</u>	<u>3,625,000</u>	<u>3,241,648</u>	<u>383,352</u>
Culture and recreation				
Parks department				
Salaries and wages	626,000	626,000	602,615	23,385
Employee benefits	292,000	247,000	215,160	31,840
Services and supplies	553,706	698,706	620,865	77,841
Capital outlay	1,000,000	1,300,000	1,256,253	43,747
Total culture and recreation	<u>2,471,706</u>	<u>2,871,706</u>	<u>2,694,893</u>	<u>176,813</u>
Debt service				
Bond issuance costs	-	-	85,000	(85,000)
Total expenditures	<u>14,217,347</u>	<u>18,134,347</u>	<u>16,870,797</u>	<u>1,263,550</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(1,892,207)</u>	<u>(4,534,207)</u>	<u>(2,530,721)</u>	<u>2,003,486</u>

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City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –
 General Fund
 Year Ended June 30, 2024

	Budgeted Amounts		Actual Amount	Variance with Final Budget to Actual
	Original	Final		
Other Financing Sources (Uses)				
Transfers in	\$ 350,000	\$ 350,000	\$ 350,000	\$ -
Transfers out	(115,000)	(615,000)	(413,522)	201,478
Proceed from medium - term obligation	-	2,342,000	4,000,000	1,658,000
Total other financing sources (uses)	235,000	2,077,000	3,936,478	1,859,478
Net Change in Fund Balances	(1,657,207)	(2,457,207)	1,405,757	3,862,964
Fund Balance, Beginning of Year	2,812,907	3,612,907	3,617,252	4,345
Fund Balance, End of Year	<u>\$ 1,155,700</u>	<u>\$ 1,155,700</u>	<u>\$ 5,023,009</u>	<u>\$ 3,867,309</u>

	General Fund (Budgetary Basis)	Internally Reported Funds			
		Parking Lot Fund	Secured Freight Yard Fund	Drug Forfeiture Fund	Unemployment Compensation Fund
Revenues					
Taxes					
Ad valorem	\$ 1,966,813	\$ -	\$ -	\$ -	\$ -
Other	3,069,323	-	-	-	-
Charges for services	3,131,833	-	35,623	-	-
Intergovernmental	3,983,623	-	-	-	-
Licenses and permits	2,116,687	-	-	-	-
Fines and forfeitures	40,910	-	-	-	-
Miscellaneous					
Investment income	27,809	60	-	-	-
Other	3,078	-	-	-	-
Total revenues	<u>14,340,076</u>	<u>60</u>	<u>35,623</u>	<u>-</u>	<u>-</u>
Expenditures					
Current					
General government and administration	2,766,999	-	-	-	-
Judicial	1,298,096	-	-	-	-
Public safety	6,463,884	-	-	-	-
Public works	199,254	-	-	-	-
Culture and recreation	1,438,640	-	-	-	-
Community support	-	-	-	-	-
Capital outlay					
General government and administration	232,975	-	-	-	-
Judicial	-	-	-	-	-
Public safety	87,302	-	-	-	-
Public works	3,042,394	-	-	-	-
Culture and recreation	1,256,253	-	-	-	-
Community support	-	-	-	-	-
Debt service					
Principal retirement	-	-	-	-	-
Bond issuance costs	85,000	-	-	-	-
Interest expense	-	-	-	-	-
Total expenditures	<u>16,870,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,530,721)</u>	<u>60</u>	<u>35,623</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)					
Transfers in	350,000	-	-	-	-
Transfers out	(413,522)	-	(50,000)	-	-
Proceeds from medium- term obligation	4,000,000	-	-	-	-
Total other financing sources	<u>3,936,478</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,405,757	60	(14,377)	-	-
Fund Balances, Beginning of Year	<u>3,617,252</u>	<u>8,149</u>	<u>47,167</u>	<u>1,663</u>	<u>409</u>
Fund Balances, End of Year	<u>\$ 5,023,009</u>	<u>\$ 8,209</u>	<u>\$ 32,790</u>	<u>\$ 1,663</u>	<u>\$ 409</u>

See Notes to Required Supplementary Information

City of Fallon, Nevada

Reconciliation of the General Fund (Budgetary Basis) to the General Fund (GAAP Basis) Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2024

Internally Reported Funds							General Fund as Reported on Statement of Revenues, Expenditures and Changes in Fund Balances (GAAP Basis)
Convention Center Fund	Compensated Absences Fund	Fire Truck Reserve Fund	Mayor's Youth Fund	Mayor's Century Fund	Martin Vusich Self-Sustaining Centennial Fund	Eliminations	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,966,813
-	-	-	-	-	-	-	3,069,323
27,981	-	-	-	-	-	-	3,195,437
-	-	-	-	-	-	-	3,983,623
-	-	-	-	-	-	-	2,116,687
-	-	-	-	-	-	-	40,910
422	-	-	96	-	92	-	28,479
-	-	-	39,960	-	-	-	43,038
<u>28,403</u>	<u>-</u>	<u>-</u>	<u>40,056</u>	<u>-</u>	<u>92</u>	<u>-</u>	<u>14,444,310</u>
-	-	-	63,489	-	-	-	2,830,488
-	-	-	-	-	-	-	1,298,096
-	-	-	-	-	-	-	6,463,884
-	-	-	-	-	-	-	199,254
-	-	-	-	-	-	-	1,438,640
495,367	-	-	-	-	-	-	495,367
-	-	-	-	-	-	-	232,975
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	87,302
-	-	-	-	-	-	-	3,042,394
-	-	-	-	-	-	-	1,256,253
5,803	-	-	-	-	-	-	5,803
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	85,000
-	-	-	-	-	-	-	-
<u>501,170</u>	<u>-</u>	<u>-</u>	<u>63,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,435,456</u>
<u>(472,767)</u>	<u>-</u>	<u>-</u>	<u>(23,433)</u>	<u>-</u>	<u>92</u>	<u>-</u>	<u>(2,991,146)</u>
400,000	-	-	-	-	-	-	750,000
-	-	-	-	-	-	-	(463,522)
-	-	-	-	-	-	-	4,000,000
<u>400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,286,478</u>
<u>(72,767)</u>	<u>-</u>	<u>-</u>	<u>(23,433)</u>	<u>-</u>	<u>92</u>	<u>-</u>	<u>1,295,332</u>
<u>88,644</u>	<u>25</u>	<u>161</u>	<u>36,506</u>	<u>1,998</u>	<u>7,999</u>	<u>-</u>	<u>3,809,973</u>
<u>\$ 15,877</u>	<u>\$ 25</u>	<u>\$ 161</u>	<u>\$ 13,073</u>	<u>\$ 1,998</u>	<u>\$ 8,091</u>	<u>\$ -</u>	<u>\$ 5,105,305</u>

Note 1 - Internally Reported (Budgetary Basis) Funds

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 ten of these internally reported funds of the City of Fallon, not meeting the definition of special revenue funds, do not qualify to be separately presented for external reporting purposes.

These internally reported funds of the City (Parking Lot Fund, Secured Freight Yard Fund, Drug Forfeiture Fund, Unemployment Compensation Fund, Convention Center Fund, Compensated Absence Fund, Fire Truck Reserve Fund, Mayor's Youth Fund, Mayor's Century Fund, and Martin Vusich Self-Sustaining Centennial Fund) are combined with the General Fund for external reporting purposes.

Budgets and Budgetary Accounting

The City adheres to the Local Government Budget and Finance Act incorporated within the statutes of the State of Nevada, in which annual budgets are legally adopted for all funds. The Act and City policy include the following procedures to establish the budgetary data, which is reflected in these financial statements:

1. On or before April 15, the Mayor of the City of Fallon files a tentative budget with the Nevada Department of Taxation for all funds.
2. Public budget hearings on the tentative budget are held in May.
3. Prior to June 1, at a public hearing, the City 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 Tax Commission for final approval.
4. Formal budgetary integration in the financial records of the General, Special Revenue, Capital Projects, Debt Service, and Proprietary Funds is employed in order to enhance management control during the year. All funds have legally adopted budgets.
5. Budgets for all funds are adopted on a basis consistent with GAAP, except for the funds which are combined for external reporting (the General Fund, Parking Lot Fund, Secured Freight Yard Fund, Unemployment Compensation Fund, Convention Center Fund, Compensated Absence Fund, Fire Truck Reserve Fund, Mayor's Youth Fund, Mayor's Century Fund, and the Martin Vusich Self-Sustaining Centennial Fund). 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 are to be approved by the City Council. Budget augmentations in excess of original budgetary amounts for any function or fund may not be made without prior approval of the City Council, following a scheduled and noticed public hearing. The budget reflected in the financial statements has been amended from original amounts in accordance with state statute.

In accordance with state statute, actual expenditures may not exceed budgetary appropriations of the various governmental functions (excluding the debt service function) of the General, Special Revenue and Capital Projects 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. The governmental functions of the General Fund are general government, public safety, judicial, public works, culture and recreation, and community support. In the proprietary funds, actual 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.

City of Fallon, Nevada
Schedule of Changes in the City's Total OPEB Liability and Related Ratios – City of Fallon Employee Health
Benefit Plan (COFEHBP)
June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	\$ 59,108	\$ 85,138	\$ 103,705	\$ 97,978	\$ 68,978	\$ 64,390	\$ 67,663
Interest	50,685	32,233	45,528	44,394	32,044	30,964	26,095
Difference between expected and actual experience	(4,985)	-	(324,256)	-	267,947	-	-
Changes of assumptions or other inputs	60,520	(281,507)	9,035	24,246	155,462	16,077	(46,319)
Benefit payments	(53,944)	(44,387)	(52,462)	(47,210)	(32,179)	(27,745)	(29,438)
Net Change in Total OPEB Liability	111,384	(208,523)	(218,450)	119,408	492,252	83,686	18,001
Total OPEB Liability, July 1	1,207,114	1,415,637	1,634,087	1,514,679	1,022,427	938,741	920,740
Total OPEB Liability, June 30	<u>\$ 1,318,498</u>	<u>\$ 1,207,114</u>	<u>\$ 1,415,637</u>	<u>\$ 1,634,087</u>	<u>\$ 1,514,679</u>	<u>\$ 1,022,427</u>	<u>\$ 938,741</u>
Covered-Employee Payroll	\$ 8,583,802	\$ 8,208,769	\$ 7,608,155	\$ 7,418,849	\$ 7,136,089	\$ 6,489,134	\$ 6,283,621
Total OPEB Liability as a Percentage of Covered-Employee Payroll	15.36%	14.71%	18.61%	22.03%	21.23%	15.76%	14.94%

Notes to Schedule:

Changes of Assumptions: In 2024, there was a change in the discount rate from 4.09% to 3.65%.

Changes of Assumptions: In 2023, there was a change in the discount rate from 2.18% to 4.09%.

Changes of Assumptions: In 2022, there were changes in assumptions and other inputs to reflect updated assumed rates of mortality, retirement, and other separation of service rates, updated medical trend rates, and a change in discount rate from 2.66% to 2.18%.

In 2021, there was a change in discount rate from 2.79% to 2.66%.

In 2020, changes of assumptions and other inputs reflect an increase in participation rates from 25% to 35% and a change in discount rate from 2.98% to 2.79%.

In 2019, there was a change in discount rate from 3.13% to 2.98%.

The City adopted GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2018. Information is not available prior to that time.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

City of Fallon, Nevada

Schedule of Changes in the City's Total OPEB Liability and Related Ratios – State of Nevada Public Employee's Benefit Plan (PEBP)
June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Interest	\$ 32,078	\$ 21,448	\$ 29,780	\$ 31,756	\$ 28,772	\$ 27,395	\$ 25,914
Difference between expected and actual experience	(59,755)	-	(72,720)	-	64,237	-	-
Changes of assumptions or other inputs	21,196	(160,385)	(32,149)	16,457	149,519	137,191	(42,387)
Benefit payments	(60,067)	(61,178)	(60,022)	(70,702)	(71,950)	(76,741)	(73,725)
Net Change in Total OPEB Liability	(66,548)	(200,115)	(135,111)	(22,489)	170,578	87,845	(90,198)
Total OPEB Liability, July 1	814,329	1,014,444	1,149,555	1,172,044	1,001,466	913,621	1,003,819
Total OPEB Liability, June 30	<u>\$ 747,781</u>	<u>\$ 814,329</u>	<u>\$ 1,014,444</u>	<u>\$ 1,149,555</u>	<u>\$ 1,172,044</u>	<u>\$ 1,001,466</u>	<u>\$ 913,621</u>
Covered-Employee Payroll	N/A - Retirees	N/A - Retirees	N/A - Retirees	N/A - Retirees	N/A - Retirees	N/A - Retirees	N/A - Retirees
Total OPEB Liability as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Changes of Assumptions: In 2024, there was a change in the discount rate from 4.09% to 3.65%.

Changes of Assumptions: In 2023, there was a change in the discount rate from 2.18% to 4.09%.

Changes of Assumptions: In 2022, there were changes in assumptions and other inputs to reflect updated assumed rates of mortality, retirement, and other separation of service rates, updated medical trend rates, and a change in discount rate from 2.66% to 2.18%.

In 2021, there was a change in discount rate from 2.79% to 2.66%.

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The City adopted GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2018. Information is not available prior to that time.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

City of Fallon, Nevada
Schedule of the City's Share of the Net Pension Liability
Public Employees' Retirement System (PERS)
Last Ten Fiscal Years

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.10105%	\$ 10,530,567	\$ 4,810,566	218.90%	76.30%
2015	0.10841%	12,011,007	5,122,504	234.48%	75.13%
2016	0.10571%	14,226,075	5,364,398	265.19%	72.23%
2017	0.10488%	13,949,259	5,642,407	247.22%	74.42%
2018	0.10609%	14,467,890	6,044,815	239.34%	74.40%
2019	0.10929%	14,902,701	6,960,975	214.09%	74.46%
2020	0.11120%	15,488,462	7,253,341	213.54%	77.04%
2021	0.11631%	10,606,777	7,542,900	140.62%	77.04%
2022	0.11967%	21,605,456	7,915,074	272.97%	75.12%
2023	0.11952%	21,815,200	8,314,076	262.39%	76.16%

	<u>2021 through 2023</u>	<u>2020 through 2017</u>	<u>2016 through 2014</u>
Inflation rate	2.50%	2.75%	3.50%
Payroll growth	3.50%	5.00%	5.00%
Investment rate of return/discount rate	7.25%	7.50%	8.00%
Productivity pay increase	0.50%	0.50%	0.75%
Projected salary increases			
Regular**	4.20% to 9.10%	4.25% to 9.15%	4.60% to 9.75%
Police/Fire**	4.60% to 14.50%	4.55% to 13.90%	5.25% to 14.50%
Consumer price index	2.50%	2.75%	3.50%
Mortality rates			
Healthy***	Pub-2010 General and Safety Healthy Retiree and Employee	Headcount-Weighted RP-2014 Healthy	RP-2000 Combined Healthy Mortality Table
Disabled	Pub-2010 Non-Safety and Safety Disabled Retiree Amount-Weighted	Headcount-Weighted RP-2014 Disabled	RP-2000 Disabled Retiree 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	Headcount-Weighted RP-2014 Employee	N/A
Future mortality improvement	Generational Projection Scale MP-2020	6 years	N/A

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

***Amount-Weighted Above-Median.

City of Fallon, Nevada
Schedule of City Contributions
Public Employees' Retirement System (PERS)
Last Ten Fiscal Years

Fiscal Year Ending	Statutorily Required Contribution *	Contributions in Relation to the Statutorily Required Contribution*	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 806,354	\$ 806,354	\$ -	\$ 5,122,504	15.74%
2016	898,775	898,775	-	5,364,398	16.75%
2017	941,075	941,075	-	5,642,407	16.68%
2018	984,537	984,537	-	6,044,815	16.29%
2019	1,054,692	1,054,692	-	6,960,975	15.15%
2020	1,159,860	1,159,860	-	7,253,341	15.99%
2021	1,220,521	1,220,521	-	7,542,900	16.18%
2022	1,315,443	1,315,443	-	7,915,074	16.62%
2023	1,377,804	1,377,804	-	8,314,076	16.57%
2024	1,745,906	1,745,906	-	8,039,862	21.72%

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

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Supplementary Information
City of Fallon, Nevada

	Internally Reported Funds				
	General Fund (Budgetary Basis)	Parking Lot Fund	Secured Freight Yard Fund	Drug Forfeiture Fund	Unemployment Compensation Fund
Assets					
Cash, cash equivalents and investments	\$ 3,778,933	\$ 8,209	\$ 32,790	\$ 1,663	\$ 409
Due from other governments	625,997	-	-	-	-
Receivables, net of allowances for uncollectible accounts (where applicable)					
Taxes	16,545	-	-	-	-
Accounts	86,893	-	-	-	-
Grant	421,567	-	-	-	-
Restricted assets					
Cash and investments	1,416,849	-	-	-	-
Total assets	\$ 6,346,784	\$ 8,209	\$ 32,790	\$ 1,663	\$ 409
Liabilities					
Accounts payable	\$ 248,401	\$ -	\$ -	\$ -	\$ -
Accrued payroll and related liabilities	447,094	-	-	-	-
Due to other governments	210,884	-	-	-	-
Total liabilities	906,379	-	-	-	-
Deferred Inflows of Resources					
Unavailable revenue - Property Taxes	12,351	-	-	-	-
Unavailable revenue - grants	405,045	-	-	-	-
Total Deferred Inflows of Resources	417,396	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	1,323,775	-	-	-	-
Fund Balances					
Restricted - community support	36,805	-	-	-	-
Committed					
Public works	-	8,209	-	-	-
Public safety	-	-	-	1,663	-
Unemployment compensation	-	-	-	-	409
Community support	-	-	32,790	-	-
Compensated absences	-	-	-	-	-
Mayor's Youth	-	-	-	-	-
Assigned for subsequent year operations	1,963,123	-	-	-	-
Unassigned	3,023,081	-	-	-	-
Total fund balances	5,023,009	8,209	32,790	1,663	409
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,346,784	\$ 8,209	\$ 32,790	\$ 1,663	\$ 409

City of Fallon, Nevada
 Reconciliation of the General Fund (Budgetary Basis) to the General Fund (GAAP Basis)
 Combining Balance Sheet
 June 30, 2024

Internally Reported Funds						General Fund as Reported on Balance Sheet (GAAP Basis)
Convention Center Fund	Compensated Absences Fund	Fire Truck Reserve Fund	Mayor's Youth Fund	Mayor's Century Fund	Martin Vusich Self-Sustaining Centennial Fund	
\$ 57,580	\$ 25	\$ 161	\$ 13,073	\$ 1,998	\$ -	\$ 3,894,841
-	-	-	-	-	-	625,997
-	-	-	-	-	-	16,545
-	-	-	-	-	-	86,893
-	-	-	-	-	-	421,567
-	-	-	-	-	8,091	1,424,940
<u>\$ 57,580</u>	<u>\$ 25</u>	<u>\$ 161</u>	<u>\$ 13,073</u>	<u>\$ 1,998</u>	<u>\$ 8,091</u>	<u>\$ 6,470,783</u>
\$ 26,014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 274,415
15,294	-	-	-	-	-	462,388
395	-	-	-	-	-	211,279
<u>41,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>948,082</u>
-	-	-	-	-	-	12,351
-	-	-	-	-	-	405,045
-	-	-	-	-	-	417,396
<u>41,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,365,478</u>
-	-	-	-	-	8,091	44,896
-	-	-	-	-	-	8,209
-	-	161	-	-	-	1,824
-	-	-	-	-	-	409
15,877	-	-	-	-	-	48,667
-	25	-	-	1,998	-	2,023
-	-	-	13,073	-	-	13,073
-	-	-	-	-	-	1,963,123
-	-	-	-	-	-	3,023,081
<u>15,877</u>	<u>25</u>	<u>161</u>	<u>13,073</u>	<u>1,998</u>	<u>8,091</u>	<u>5,105,305</u>
<u>\$ 57,580</u>	<u>\$ 25</u>	<u>\$ 161</u>	<u>\$ 13,073</u>	<u>\$ 1,998</u>	<u>\$ 8,091</u>	<u>\$ 6,470,783</u>

	Special Revenue Funds		
	Convention and Tourism Authority Fund	Airport Fund	Totals
Assets			
Cash, cash equivalents and investments	\$ 214,119	\$ 398,080	\$ 612,199
Due from other governments	50,000	-	50,000
Receivables, net of allowances for uncollectible (where applicable)			
Accounts	102,935	-	102,935
Assessments	-	-	-
Grants	-	65,813	65,813
Total assets	<u>\$ 367,054</u>	<u>\$ 463,893</u>	<u>\$ 830,947</u>
Liabilities			
Accounts payable	\$ 34,995	\$ 8,662	\$ 43,657
Due to other governments	4,289	123	4,412
Unearned revenue	-	-	-
Total liabilities	<u>39,284</u>	<u>8,785</u>	<u>48,069</u>
Deferred Inflows of Resources			
Unavailable revenue - grants	-	65,813	65,813
Fund Balances			
Restricted			
Capital projects	-	-	-
Committed	327,770	389,295	717,065
Total fund balances	<u>327,770</u>	<u>389,295</u>	<u>717,065</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 367,054</u>	<u>\$ 463,893</u>	<u>\$ 830,947</u>

City of Fallon, Nevada
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2024

Debt Service Fund	Capital Project Funds			Totals	Total Nonmajor Governmental Funds
	Land Reserve and Park Acquisition and Development Capital Projects Fund	Special Ad Valorem Capital Projects Fund			
\$ -	\$ 40,379	\$ 214,145	\$ 254,524	\$ 866,723	
-	-	-	-	50,000	
-	-	-	-	102,935	
4,800	-	-	-	4,800	
-	-	-	-	65,813	
<u>\$ 4,800</u>	<u>\$ 40,379</u>	<u>\$ 214,145</u>	<u>\$ 254,524</u>	<u>\$ 1,090,271</u>	
\$ -	\$ -	\$ -	\$ -	\$ 43,657	
-	-	-	-	4,412	
4,800	-	-	-	4,800	
<u>4,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,869</u>	
-	-	-	-	65,813	
-	40,379	214,145	254,524	254,524	
-	-	-	-	717,065	
<u>-</u>	<u>40,379</u>	<u>214,145</u>	<u>254,524</u>	<u>971,589</u>	
<u>\$ 4,800</u>	<u>\$ 40,379</u>	<u>\$ 214,145</u>	<u>\$ 254,524</u>	<u>\$ 1,090,271</u>	

	Special Revenue Funds		
	Convention and Tourism Authority Fund	Airport Fund	Totals
Revenues			
Taxes			
Ad valorem	\$ -	\$ -	\$ -
Occupancy tax	840,560	-	840,560
Residential park construction tax	-	-	-
Charges for services	-	34,752	34,752
Intergovernmental	50,000	12,249	62,249
Miscellaneous			
Investment income	1,569	2,916	4,485
Other	70,060	-	70,060
Total revenues	<u>962,189</u>	<u>49,917</u>	<u>1,012,106</u>
Expenditures			
Current			
Public works	-	52,388	52,388
Community support	819,891	-	819,891
Capital outlay			
Public works	-	86,238	86,238
Debt service			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>819,891</u>	<u>138,626</u>	<u>958,517</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>142,298</u>	<u>(88,709)</u>	<u>53,589</u>
Other Financing Sources (Uses)			
Transfer in	-	75,000	75,000
Transfers out	(400,000)	(33,025)	(433,025)
Total other financing sources (uses)	<u>(400,000)</u>	<u>41,975</u>	<u>(358,025)</u>
Net Change in Fund Balances	(257,702)	(46,734)	(304,436)
Fund Balances, Beginning of Year	<u>585,472</u>	<u>436,029</u>	<u>1,021,501</u>
Fund Balances, End of Year	<u>\$ 327,770</u>	<u>\$ 389,295</u>	<u>\$ 717,065</u>

City of Fallon, Nevada
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Governmental Funds
Year Ended June 30, 2024

Debt Service Fund	Capital Project Funds		Totals	Total Nonmajor Governmental Funds
	Land Reserve and Park Acquisitions and Development Capital Projects Fund	Special Ad Valorem Capital Projects Fund		
\$ -	\$ -	\$ 99,434	\$ 99,434	\$ 99,434
-	-	-	-	840,560
-	1,410	-	1,410	1,410
-	-	-	-	34,752
-	-	-	-	62,249
-	296	1,569	1,865	6,350
-	-	-	-	70,060
-	1,706	101,003	102,709	1,114,815
-	-	-	-	52,388
-	-	-	-	819,891
-	-	-	-	86,238
65,640	-	-	-	65,640
5,906	-	-	-	5,906
71,546	-	-	-	1,030,063
(71,546)	1,706	101,003	102,709	84,752
71,546	-	-	-	146,546
-	-	(300,000)	(300,000)	(733,025)
71,546	-	(300,000)	(300,000)	(586,479)
-	1,706	(198,997)	(197,291)	(501,727)
-	38,673	413,142	451,815	1,473,316
\$ -	\$ 40,379	\$ 214,145	\$ 254,524	\$ 971,589

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SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds from specific revenue sources that are legally restricted for specific purposes.

The revenues of the Convention and Tourism Authority are primarily derived from room taxes. Funds are expended for community support activities.

The Airport Fund revenues are derived from charges for services with expenditures expended on the operation and maintenance of the airport.

The American Rescue Plan Act Resource Fund revenues are from the State and Local Fiscal Recovery Funds (SLFRF) and are used for grant related expenditures.

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual –
 Convention and Tourism Authority Fund
 Year Ended June 30, 2024

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes			
Occupancy tax	\$ 900,000	\$ 840,560	\$ (59,440)
Intergovernmental revenue			
State grant	20,000	50,000	30,000
Miscellaneous			
Investment income	200	1,569	1,369
Other - ice rink	-	70,060	70,060
Total revenues	<u>920,200</u>	<u>962,189</u>	<u>41,989</u>
Expenditures			
Community support			
Services and supplies	<u>850,000</u>	<u>819,891</u>	<u>30,109</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>70,200</u>	<u>142,298</u>	<u>72,098</u>
Other Financing Sources (Uses)			
Transfers out	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>
Net Change in Fund Balance	(329,800)	(257,702)	72,098
Fund Balance, Beginning of Year	<u>518,694</u>	<u>585,472</u>	<u>66,778</u>
Fund Balance, End of Year	<u>\$ 188,894</u>	<u>\$ 327,770</u>	<u>\$ 138,876</u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual –

Airport Fund

Year Ended June 30, 2024

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services			
Lease fees	\$ 25,000	\$ 34,752	\$ 9,752
Intergovernmental revenue			
Fuel taxes	100	205	105
State grants	-	12,044	12,044
Contribution from County	500,000	-	(500,000)
Miscellaneous			
Investment income	10	2,916	2,906
Total revenues	<u>525,110</u>	<u>49,917</u>	<u>(475,193)</u>
Expenditures			
Public works			
Services and supplies	75,000	52,388	22,612
Capital outlay	800,000	86,238	713,762
Total expenditures	<u>875,000</u>	<u>138,626</u>	<u>736,374</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(349,890)</u>	<u>(88,709)</u>	<u>261,181</u>
Other Financing Sources (Uses)			
Transfers in	75,000	75,000	-
Transfer out	(35,000)	(33,025)	1,975
Total other financing sources	<u>40,000</u>	<u>41,975</u>	<u>1,975</u>
Net Change in Fund Balance	(309,890)	(46,734)	263,156
Fund Balance, Beginning of Year	<u>439,601</u>	<u>436,029</u>	<u>(3,572)</u>
Fund Balance, End of Year	<u>\$ 129,711</u>	<u>\$ 389,295</u>	<u>\$ 259,584</u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual –
 American Rescue Plan Act Resource Fund
 Year Ended June 30, 2024

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Expenditures			
Community Support			
Services and supplies	\$ 100,000	\$ -	\$ 100,000
Capital outlay	816,330	-	816,330
Total expenditures	<u>916,330</u>	<u>-</u>	<u>916,330</u>
Net Change in Fund Balance	(916,330)	-	916,330
Fund Balance, Beginning of Year	<u>916,330</u>	<u>-</u>	<u>(916,330)</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for and the payment of general long term debt.

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual –
Debt Service Fund
Year Ended June 30, 2024

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
Debt service			
Principal retirement	65,000	65,640	(640)
Interest and fiscal charges	<u>10,000</u>	<u>5,906</u>	<u>4,094</u>
Total expenditures	<u>75,000</u>	<u>71,546</u>	<u>3,454</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(75,000)	(71,546)	3,454
Other Financing Sources (Uses)			
Transfers in	<u>75,000</u>	<u>71,546</u>	<u>(3,454)</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

The Land Reserve and Park Acquisition and Development Capital Projects Fund is funded from residential construction fees. Expenditures are principally devoted to construction and maintenance of capital facilities at parks.

The Special Ad Valorem Capital Projects Fund is primarily funded from a five cent ad valorem tax. Expenditures are principally devoted to capital acquisition.

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual –
 Land Reserve and Park Acquisitions and Development Capital Projects Fund
 Year Ended June 30, 2024

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes			
Residential park construction fees	\$ 6,000	\$ 1,410	\$ (4,590)
Miscellaneous			
Investment income	<u>10</u>	<u>296</u>	<u>286</u>
Total revenues	<u>6,010</u>	<u>1,706</u>	<u>(4,304)</u>
Net Change in Fund Balance	6,010	1,706	(4,304)
Fund Balance, Beginning of Year	<u>39,520</u>	<u>38,673</u>	<u>(847)</u>
Fund Balance, End of Year	<u>\$ 45,530</u>	<u>\$ 40,379</u>	<u>\$ (5,151)</u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual –
Special Ad Valorem Capital Projects Fund
Year Ended June 30, 2024

	Budgeted	Actual	Variance
Revenues			
Taxes			
Ad valorem taxes	\$ 90,000	\$ 99,434	\$ 9,434
Miscellaneous			
Investment income	-	1,569	1,569
Total revenue	90,000	101,003	11,003
Expenditures			
Public safety			
Capital outlay	75,000	-	75,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,000	101,003	86,003
Other Financing Sources (Uses)			
Transfers out	(300,000)	(300,000)	-
Net Change in Fund Balance	(285,000)	(198,997)	86,003
Fund Balance, Beginning of Year	296,044	413,142	117,098
Fund Balance, End of Year	\$ 11,044	\$ 214,145	\$ 203,101

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ENTERPRISE FUNDS

Enterprise Funds are used to account for operations (a) where the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis is financed or recovered primarily through user charges, similar to private business enterprises, or (b) where periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability, or other purposes.

The City of Fallon's enterprise funds are comprised of the Electric Enterprise Fund, Water Enterprise Fund, Sewer Enterprise Fund, Sanitation Enterprise Fund, Landfill Enterprise Fund, Water Treatment Fund and Water Treatment Replacement Enterprise Fund.

City of Fallon, Nevada
Combining Statement of Net Position – Nonmajor Proprietary Funds
June 30, 2024

	<u>Nonmajor Enterprise Funds Water Treatment Replacement</u>
Assets	
Noncurrent assets	
Restricted assets	
Cash and investments	\$ 810,694
Total assets	810,694
Liabilities	
Total liabilities	<u>-</u>
Net Position	
Restricted for capital projects	<u>810,694</u>
Total net position	<u><u>\$ 810,694</u></u>

City of Fallon, Nevada

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

	Nonmajor Enterprise Funds Water Treatment Replacement
Transfers in	\$ 41,772
Change in Net Position	41,772
Net Position, Beginning of Year	768,922
Net Position, End of Year	\$ 810,694

City of Fallon, Nevada
Combining Statement of Cash Flows – Nonmajor Proprietary Funds
Year Ended June 30, 2024

	<u>Nonmajor Enterprise Funds</u> <u>Water Treatment Replacement</u>
Noncapital Financing Activities	
Transfers from other funds	\$ 41,772
Net Change in Cash and Cash Equivalents	41,772
Cash and Cash Equivalents, Beginning of Year	<u>768,922</u>
Cash and Cash Equivalents, End of Year	<u>\$ 810,694</u>
Reconciliation of Total Cash and Cash Equivalents	
Current assets - cash and investments	\$ -
Restricted assets - cash and investments	<u>810,694</u>
Total cash and cash equivalents	<u>\$ 810,694</u>

City of Fallon, Nevada

Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual –
Electric Enterprise Fund
Year Ended June 30, 2024

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 14,000,000	\$ 13,970,666	\$ (29,334)
Total operating revenues	<u>14,000,000</u>	<u>13,970,666</u>	<u>(29,334)</u>
Operating Expenses			
Salaries and wages	868,000	740,206	127,794
Employee benefits	431,000	558,171	(127,171)
Services and supplies	1,288,423	1,212,670	75,753
Electric energy purchased	7,300,000	6,820,520	479,480
Depreciation/amortization	575,000	584,040	(9,040)
Data processing use fee	114,000	108,000	6,000
Public works use fee	815,000	809,600	5,400
In lieu of taxes and franchise taxes	878,589	895,966	(17,377)
General Fund administrative support	1,543,767	1,539,228	4,539
Total operating expenses	<u>13,813,779</u>	<u>13,268,401</u>	<u>545,378</u>
Operating Income (Loss)	<u>186,221</u>	<u>702,265</u>	<u>516,044</u>
Nonoperating Revenues (Expenses)			
Investment income	50,000	123,819	73,819
Economic development	(150,000)	(145,333)	4,667
Quality of life promotion	(1,000,000)	(1,021,405)	(21,405)
Gain on sale of assets held for sale	-	126,312	126,312
Interest expense	(66,000)	(97,004)	(31,004)
Total nonoperating revenues (expenses)	<u>(1,166,000)</u>	<u>(1,013,611)</u>	<u>152,389</u>
Income (Loss) Before Capital Contributions	(979,779)	(311,346)	668,433
Capital Contributions	<u>20,000</u>	<u>70,653</u>	<u>50,653</u>
Change in Net Position	<u>\$ (959,779)</u>	<u>(240,693)</u>	<u>\$ 719,086</u>
Net Position, Beginning of Year, as previously reported		5,869,226	
Prior period adjustment (Note 16)		<u>14,744</u>	
Net Position, Beginning of Year, as restated		<u>5,883,970</u>	
Net Position, End of Year		<u>\$ 5,643,277</u>	

City of Fallon, Nevada

Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual –
Water Enterprise Fund
Year Ended June 30, 2024

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 2,050,000	\$ 1,905,777	\$ (144,223)
Operating grant	-	39,723	39,723
Total operating revenues	<u>2,050,000</u>	<u>1,945,500</u>	<u>(104,500)</u>
Operating Expenses			
Salaries and wages	535,000	457,637	77,363
Employee benefits	255,000	296,313	(41,313)
Services and supplies	383,621	365,768	17,853
Depreciation/amortization	360,000	349,229	10,771
Data processing use fee	57,000	54,000	3,000
Public works use fee	440,000	404,800	35,200
In lieu of taxes and franchise taxes	275,018	270,445	4,573
General Fund administrative support	236,054	238,848	(2,794)
Total operating expenses	<u>2,541,693</u>	<u>2,437,040</u>	<u>104,653</u>
Operating Income (Loss)	<u>(491,693)</u>	<u>(491,540)</u>	<u>153</u>
Nonoperating Revenues (Expenses)			
Investment income	1,500	12,863	11,363
Interest expense	(18,000)	(25,155)	(7,155)
RTC reimbursement	200,000	200,000	-
Total nonoperating revenues	<u>183,500</u>	<u>187,708</u>	<u>4,208</u>
Income (Loss) Before Capital Contributions	<u>(308,193)</u>	<u>(303,832)</u>	<u>4,361</u>
Capital Contributions	100,000	62,000	(38,000)
Transfers in	-	300,000	300,000
Change in Net Position	<u>\$ (208,193)</u>	<u>58,168</u>	<u>\$ 266,361</u>
Net Position, Beginning of Year, as previously reported		6,109,605	
Prior period adjustment (Note 16)		<u>(14,255)</u>	
Net Position, Beginning of Year, as restated		<u>6,095,350</u>	
Net Position, End of Year		<u>\$ 6,153,518</u>	

City of Fallon, Nevada
Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual –
Sewer Enterprise Fund
Year Ended June 30, 2024

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
Charges for services	<u>\$ 2,800,000</u>	<u>\$ 3,047,821</u>	<u>\$ 247,821</u>
Operating Expenses			
Salaries and wages	220,000	211,084	8,916
Employee benefits	111,000	138,241	(27,241)
Services and supplies	690,205	644,094	46,111
Depreciation	795,000	769,364	25,636
Data processing use fee	19,950	18,900	1,050
Public works use fee	150,250	141,680	8,570
In lieu of taxes and franchise taxes	506,803	499,453	7,350
General Fund administrative support	<u>244,775</u>	<u>238,848</u>	<u>5,927</u>
Total operating expenses	<u>2,737,983</u>	<u>2,661,664</u>	<u>76,319</u>
Operating Income (Loss)	<u>62,017</u>	<u>386,157</u>	<u>324,140</u>
Nonoperating Revenues (Expenses)			
Investment income	1,000	17,485	16,485
Interest expense	<u>(201,000)</u>	<u>(211,705)</u>	<u>(10,705)</u>
Total nonoperating revenues (expenses)	<u>(200,000)</u>	<u>(194,220)</u>	<u>5,780</u>
Income (Loss) Before Capital Contributions	(137,983)	191,937	329,920
Capital Contributions	<u>50,000</u>	<u>42,000</u>	<u>(8,000)</u>
Change in Net Position	<u>\$ (87,983)</u>	233,937	<u>\$ 321,920</u>
Net Position, Beginning of Year		<u>11,288,666</u>	
Net Position, End of Year		<u>\$ 11,522,603</u>	

City of Fallon, Nevada

Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual –
Water Treatment Enterprise Fund
Year Ended June 30, 2024

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
Charges for services	\$ 1,450,000	\$ 1,501,085	\$ 51,085
Miscellaneous	500,000	261,092	(238,908)
Total operating revenues	<u>1,950,000</u>	<u>1,762,177</u>	<u>(187,823)</u>
Operating Expenses			
Salaries and wages	351,000	246,580	104,420
Employee benefits	164,000	169,235	(5,235)
Services and supplies	591,418	646,400	(54,982)
Depreciation	390,000	390,863	(863)
Data processing use fee	57,000	54,000	3,000
Public works use fee	315,000	404,800	(89,800)
In lieu of taxes and franchise taxes	372,133	355,768	16,365
General Fund administrative support	227,914	238,848	(10,934)
Total operating expenses	<u>2,468,465</u>	<u>2,506,494</u>	<u>(38,029)</u>
Operating Income (Loss)	<u>(518,465)</u>	<u>(744,317)</u>	<u>(225,852)</u>
Nonoperating Revenues (Expenses)			
Investment income	200	4,676	4,476
Interest expense	(700)	(575)	125
Total nonoperating revenues (expenses)	<u>(500)</u>	<u>4,101</u>	<u>4,601</u>
Income (Loss) Before Capital Contributions and Transfers	(518,965)	(740,216)	(221,251)
Capital Contributions	25,000	21,000	(4,000)
Transfers Out	(41,772)	(41,772)	-
Change in Net Position	<u>\$ (535,737)</u>	(760,988)	<u>\$ (225,251)</u>
Net Position, Beginning of Year		<u>14,322,991</u>	
Net Position, End of Year		<u>\$ 13,562,003</u>	

City of Fallon, Nevada
Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual –
Sanitation Enterprise Fund
Year Ended June 30, 2024

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
Charges for services	<u>\$ 2,550,000</u>	<u>\$ 2,838,022</u>	<u>\$ 288,022</u>
Operating Expenses			
Salaries and wages	550,000	488,358	61,642
Employee benefits	389,000	404,297	(15,297)
Services and supplies	1,189,697	1,128,168	61,529
Depreciation	185,000	117,498	67,502
Data processing use fee	180,246	18,900	161,346
Public works use fee	269,775	141,680	128,095
In lieu of taxes and franchise taxes	110,250	180,865	(70,615)
General Fund administrative support	49,950	247,692	(197,742)
Total operating expenses	<u>2,923,918</u>	<u>2,727,458</u>	<u>196,460</u>
Operating Income (Loss)	<u>(373,918)</u>	<u>110,564</u>	<u>484,482</u>
Nonoperating Revenues (Expenses)			
Investment income	50	1,907	1,857
Bond issuance costs	-	(59,000)	(59,000)
Interest expense	(12,900)	(9,432)	3,468
Total nonoperating revenues (expenses)	<u>(12,850)</u>	<u>(66,525)</u>	<u>(53,675)</u>
Change in Net Position	<u><u>\$ (386,768)</u></u>	44,039	<u><u>\$ 430,807</u></u>
Net Position, Beginning of Year		<u>595,553</u>	
Net Position, End of Year		<u><u>\$ 639,592</u></u>	

City of Fallon, Nevada

Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual –
Landfill Enterprise Fund
Year Ended June 30, 2024

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
Charges for services	<u>\$ 2,000,000</u>	<u>\$ 2,118,466</u>	<u>\$ 118,466</u>
Operating Expenses			
Salaries and wages	259,000	188,961	70,039
Employee benefits	164,000	137,279	26,721
Services and supplies	717,859	400,970	316,889
Depreciation	245,000	195,715	49,285
Data processing use fee	17,100	16,200	900
Public works use fee	94,500	121,440	(26,940)
In lieu of taxes and franchise taxes	130,473	133,394	(2,921)
General fund administrative support	<u>147,781</u>	<u>150,384</u>	<u>(2,603)</u>
Total operating expenses	<u>1,775,713</u>	<u>1,344,343</u>	<u>431,370</u>
Operating Income	<u>224,287</u>	<u>774,123</u>	<u>549,836</u>
Nonoperating Revenues (Expenses)			
Investment income	200	88,661	88,461
Interest expense	(110,525)	(131,121)	(20,596)
Bond issuance costs	-	(102,668)	(102,668)
Miscellaneous Revenue	<u>-</u>	<u>190,845</u>	<u>190,845</u>
Total nonoperating revenues (expenses)	<u>(110,325)</u>	<u>45,717</u>	<u>156,042</u>
Change in Net Position	<u><u>\$ 113,962</u></u>	<u>819,840</u>	<u><u>\$ 705,878</u></u>
Net Position, Beginning of Year		<u>1,439,330</u>	
Net Position, End of Year		<u><u>\$ 2,259,170</u></u>	

City of Fallon, Nevada

Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual –
Water Treatment Replacement Enterprise Fund
Year Ended June 30, 2024

	Budgeted	Actual	Variance
Operating Revenues	\$ -	\$ -	\$ -
Transfers In	41,772	41,772	-
Change in Net Position	\$ 41,772	41,772	\$ -
Net Position, Beginning of Year		768,922	
Net Position, End of Year		\$ 810,694	

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COMBINING FINANCIAL STATEMENTS

Internal Service Funds

City of Fallon, Nevada
Combining Statement of Net Position – Internal Service Funds
June 30, 2024

	Data Processing Internal Service Fund	Public Works Internal Service Fund	Total Internal Service Funds
Assets			
Current assets			
Cash, cash equivalents and investments	\$ 16,169	\$ 4,303	\$ 20,472
Prepays	3,504	-	3,504
Total current assets	<u>19,673</u>	<u>4,303</u>	<u>23,976</u>
Noncurrent assets			
Capital assets			
Other capital assets, net of depreciation	20,729	2,144,440	2,165,169
Total assets	<u>40,402</u>	<u>2,148,743</u>	<u>2,189,145</u>
Deferred Outflows of Resources			
Deferred outflows related to other post employment benefits	-	40,560	40,560
Deferred outflows related to pensions	-	649,294	649,294
Total deferred outflows of resources	<u>-</u>	<u>689,854</u>	<u>689,854</u>
Liabilities			
Current liabilities			
Accounts payable	6,314	17,087	23,401
Accrued payroll and related liabilities	-	64,122	64,122
Current portion of compensated absences	-	26,276	26,276
Total current liabilities	<u>6,314</u>	<u>107,485</u>	<u>113,799</u>
Noncurrent liabilities			
Other postemployment benefit liability	-	174,584	174,584
Total pension liability	-	1,604,855	1,604,855
Compensated absences	-	32,122	32,122
Total noncurrent liabilities	<u>-</u>	<u>1,811,561</u>	<u>1,811,561</u>
Total liabilities	<u>6,314</u>	<u>1,919,046</u>	<u>1,925,360</u>
Deferred Inflows of Resources			
Deferred inflows related to other postemployment benefits	-	47,276	47,276
Deferred inflows related to pensions	-	26,222	26,222
Total deferred inflows of resources	<u>-</u>	<u>73,498</u>	<u>73,498</u>
Net Position			
Net investment in capital assets	20,729	2,141,842	2,162,571
Unrestricted (deficit)	13,359	(1,295,789)	(1,282,430)
Total net position	<u>\$ 34,088</u>	<u>\$ 846,053</u>	<u>\$ 880,141</u>

City of Fallon, Nevada

Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds

Year Ended June 30, 2024

	<u>Data Processing Internal Service Fund</u>	<u>Public Works Internal Service Fund</u>	<u>Total Internal Service Funds</u>
Operating Revenues			
Charges for services			
User fees	<u>\$ 270,000</u>	<u>\$ 2,024,000</u>	<u>\$ 2,294,000</u>
Operating Expenses			
Salaries and wages	-	883,059	883,059
Employee benefits	-	565,163	565,163
Services and supplies	254,440	281,001	535,441
Depreciation	8,654	90,485	99,139
Total operating expenses	<u>263,094</u>	<u>1,819,708</u>	<u>2,082,802</u>
Operating Income (Loss)	<u>6,906</u>	<u>204,292</u>	<u>211,198</u>
Nonoperating Revenues (Expenses)			
Investment income	<u>118</u>	<u>32</u>	<u>150</u>
Change in Net Position	7,024	204,324	211,348
Net Position, Beginning of Year	<u>27,064</u>	<u>641,729</u>	<u>668,793</u>
Net Position, End of Year	<u><u>\$ 34,088</u></u>	<u><u>\$ 846,053</u></u>	<u><u>\$ 880,141</u></u>

City of Fallon, Nevada
Combining Statement of Cash Flows – Internal Service Funds
Year Ended June 30, 2024

	Data Processing Internal Service Fund	Public Works Internal Service Fund	Total Internal Service Funds
Operating Activities			
Cash received from other funds for services	\$ 270,000	\$ 2,024,000	\$ 2,294,000
Cash payments to suppliers for goods and services	(254,943)	(550,360)	(805,303)
Cash payments to employees for services	-	(1,063,077)	(1,063,077)
Net Cash from (used for) Operating Activities	15,057	410,563	425,620
Capital and Related Financing Activities			
Purchase of property, plant, and equipment	-	(14,418)	(14,418)
Investing Activities			
Interest on cash and investments	118	32	150
Net Change in Cash and Cash Equivalents	15,175	396,177	411,352
Cash and Cash Equivalents, Beginning of Year	994	(391,874)	(390,880)
Cash and Cash Equivalents, End of Year	<u>\$ 16,169</u>	<u>\$ 4,303</u>	<u>\$ 20,472</u>
Reconciliation of operating income to net cash from (used for) operating activities			
Operating income (loss)	\$ 6,906	\$ 204,292	\$ 211,198
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities			
Depreciation	8,654	90,485	99,139
Pension expense	-	113,308	113,308
OPEB Expense	-	(2,005)	(2,005)
Changes in			
Prepaid expense	(173)		(173)
Accounts payable	(330)	7,173	6,843
Accrued payroll and related liabilities	-	(1,217)	(1,217)
Accrued compensated absences	-	(1,473)	(1,473)
Net Cash from (used for) Operating Activities	<u>\$ 15,057</u>	<u>\$ 410,563</u>	<u>\$ 425,620</u>

INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the financing of salaries and benefits, and goods or services from one fund to other funds of the City.

The Internal Service Funds of the City are the Data Processing Internal Service Fund and the Public Works Internal Service Fund.

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City of Fallon, Nevada

Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual –
Data Processing Internal Service Fund
Year Ended June 30, 2024

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 285,000	\$ 270,000	\$ (15,000)
Operating Expenses			
Services and supplies	290,000	254,440	35,560
Depreciation	8,000	8,654	(654)
Total operating expenses	298,000	263,094	34,906
Operating Income (Loss)	(13,000)	6,906	19,906
Nonoperating Revenues (Expenses)			
Investment income	10	118	108
Change in Net Position	\$ (12,990)	7,024	\$ 20,014
Net Position, Beginning of Year		27,064	
Net Position, End of Year		\$ 34,088	

City of Fallon, Nevada

Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual –
Public Works Internal Service Fund
Year Ended June 30, 2024

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 2,175,000	\$ 2,024,000	\$ (151,000)
Operating Expenses			
Salaries and wages	934,000	883,059	50,941
Employee benefits	478,319	565,163	(86,844)
Services and supplies	300,693	281,001	19,692
Depreciation	105,000	90,485	14,515
Total operating expenses	1,818,012	1,819,708	(1,696)
Operating Income (Loss)	356,988	204,292	(152,696)
Nonoperating Revenues (Expenses)			
Investment income	5	32	27
Change in Net Position	\$ 356,993	204,324	\$ (152,669)
Net Position, Beginning of Year		641,729	
Net Position, End of Year		\$ 846,053	

INTERNALLY REPORTED GOVERNMENTAL FUNDS

The Parking Lot Fund revenues are primarily derived from interest revenue income and expenditures are expended on parking lot improvements.

The Secured Freight Yard Fund revenues are derived from charges for services with expenditures expended for the operation and maintenance of the freight yard.

The Drug Forfeiture Fund revenues are general forfeitures as determined by the court. The expenditures are committed for public safety.

The Unemployment Compensation Fund revenues are primarily derived from interest earnings and expenditures primarily consist of employee benefits.

The Convention Center Fund derives its revenues from the Convention Center room rental. Expenditures are expended from the operation and maintenance of the Convention Center.

The Compensated Absence Fund revenues are primarily derived from interest earnings and expenditures primarily consist of employee benefits.

The Fire Truck Reserve Fund revenues are primarily derived from interest income and transfers from other funds. Expenditures are expended for capital outlays.

The Mayors Youth Fund revenues are primarily derived from donations with expenditures expended for community support.

The Mayors Century Fund revenues are primarily derived from donations with expenditures expended for community support.

The Martin Vusich Fund revenues are primarily derived from interest income with expenditures for community support.

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –
 Parking Lot Fund
 Year Ended June 30, 2024

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Miscellaneous			
Investment income	\$ 10	\$ 60	\$ 50
Expenditures	-	-	-
Net Change in Fund Balance	10	60	50
Fund Balance, Beginning of Year	<u>8,036</u>	<u>8,149</u>	<u>113</u>
Fund Balance, End of Year	<u>\$ 8,046</u>	<u>\$ 8,209</u>	<u>\$ 163</u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –
Secured Freight Yard Fund
Year Ended June 30, 2024

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services			
Use fee	\$ 30,000	\$ 35,623	\$ 5,623
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	30,000	35,623	5,623
Other Financing Sources (Uses)			
Transfers Out	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net Change in Fund Balance	(20,000)	(14,377)	5,623
Fund Balance, Beginning of Year	<u>39,327</u>	<u>47,167</u>	<u>7,840</u>
Fund Balance, End of Year	<u>\$ 19,327</u>	<u>\$ 32,790</u>	<u>\$ 13,463</u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –
 Drug Forfeiture Fund
 Year Ended June 30, 2024

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Fund Balance, Beginning of Year	<u>\$ 1,663</u>	<u>\$ 1,663</u>	<u>\$ -</u>
Fund Balance, End of Year	<u><u>\$ 1,663</u></u>	<u><u>\$ 1,663</u></u>	<u><u>\$ -</u></u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –
 Unemployment Compensation Fund
 Year Ended June 30, 2024

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Fund Balance, Beginning of Year	<u>\$ 409</u>	<u>\$ 409</u>	<u>\$ -</u>
Fund Balance, End of Year	<u><u>\$ 409</u></u>	<u><u>\$ 409</u></u>	<u><u>\$ -</u></u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –
Convention Center Fund
Year Ended June 30, 2024

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services	\$ 40,000	\$ 27,981	\$ (12,019)
Miscellaneous			
Investment income	100	422	322
Total revenue	<u>40,100</u>	<u>28,403</u>	<u>(11,697)</u>
Expenditures			
Community support			
Salaries and wages	298,000	244,953	53,047
Employee benefits	154,000	112,742	41,258
Services and supplies	250,000	137,672	112,328
Capital outlay	-	5,803	(5,803)
Total expenditures	<u>702,000</u>	<u>501,170</u>	<u>200,830</u>
Excess (Deficiency) of Revenues over Expenditures	(661,900)	(472,767)	189,133
Other Financing Sources (Uses)			
Transfers In	<u>550,000</u>	<u>400,000</u>	<u>(150,000)</u>
Net Change in Fund Balance	(111,900)	(72,767)	39,133
Fund Balance, Beginning of Year	<u>234,617</u>	<u>88,644</u>	<u>(145,973)</u>
Fund Balance, End of Year	<u>\$ 122,717</u>	<u>\$ 15,877</u>	<u>\$ (106,840)</u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –
Compensated Absences Fund
Year Ended June 30, 2024

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Fund Balance, Beginning of Year	\$ 25	\$ 25	\$ -
Fund Balance, End of Year	<u>\$ 25</u>	<u>\$ 25</u>	<u>\$ -</u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –
 Fire Truck Reserve Fund
 Year Ended June 30, 2024

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Fund Balance, Beginning of Year	\$ 161	\$ 161	\$ -
Fund Balance, End of Year	<u>\$ 161</u>	<u>\$ 161</u>	<u>\$ -</u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –
Mayor’s Youth Fund
Year Ended June 30, 2024

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Miscellaneous			
Investment income	\$ 10	\$ 96	\$ 86
Other	45,000	39,960	(5,040)
Total revenues	<u>45,010</u>	<u>40,056</u>	<u>(4,954)</u>
Expenditures			
General government and administration			
Services and supplies	65,000	63,489	1,511
Net Change in Fund Balance	(19,990)	(23,433)	(3,443)
Fund Balance, Beginning of Year	<u>30,746</u>	<u>36,506</u>	<u>5,760</u>
Fund Balance, End of Year	<u>\$ 10,756</u>	<u>\$ 13,073</u>	<u>\$ 2,317</u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –
 Mayor’s Century Fund
 Year Ended June 30, 2024

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Fund Balance, Beginning of Year	<u>\$ 1,998</u>	<u>\$ 1,998</u>	<u>\$ -</u>
Fund Balance, End of Year	<u><u>\$ 1,998</u></u>	<u><u>\$ 1,998</u></u>	<u><u>\$ -</u></u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –
 Martin Vusich Self-Sustaining Centennial Fund
 Year Ended June 30, 2024

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Miscellaneous			
Investment income	\$ 1	\$ 92	\$ 91
Net Change in Fund Balance	1	92	91
Fund Balance, Beginning of Year	<u>7,976</u>	<u>7,999</u>	<u>23</u>
Fund Balance, End of Year	<u><u>\$ 7,977</u></u>	<u><u>\$ 8,091</u></u>	<u><u>\$ 114</u></u>

Fee calculated on a Percentage of Gross Revenue

Adjusted Base at June 30, 2023		\$	78,704
Adjustment to Base			
Base year			
1. Percentage increase in population of local government	2.03%		
2. Percentage Change in CPI	<u>3.50%</u>		
			<u>5.53%</u>
			4,351
Adjusted Base at June 30, 2024			83,055
Actual Revenue			<u>349,807</u>
Actual Amount (over) under Allowable Amount		\$	<u><u>(266,752)</u></u>

STATISTICAL SECTION

(Unaudited)

This part of the City of Fallon's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Section Contents

Financial Trends Information

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity Information

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

Debt Capacity Information

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt, and its ability to issue additional future debt.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from annual comprehensive financial reports for the relevant year.

City of Fallon, Nevada
Schedule No. 1 – Net Position by Component
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities										
Net investment in										
capital assets										
Restricted	\$ 22,991,535	\$ 22,942,505	\$ 22,788,694	\$ 22,284,515	\$ 22,255,494	\$ 22,180,925	\$ 31,163,713	\$ 31,170,497	\$ 35,538,061	\$ 36,221,857
Unrestricted	45,481	75,699	22,488	47,332	142,045	194,706	289,077	389,334	496,619	299,420
	<u>(8,285,798)</u>	<u>(8,245,310)</u>	<u>(8,126,482)</u>	<u>(9,207,858)</u>	<u>(9,123,871)</u>	<u>(9,421,691)</u>	<u>(8,873,241)</u>	<u>(3,620,253)</u>	<u>(6,446,973)</u>	<u>(7,236,434)</u>
Total Governmental Activities										
Net position	<u>\$ 14,751,218</u>	<u>\$ 14,772,894</u>	<u>\$ 14,684,700</u>	<u>\$ 13,123,989</u>	<u>\$ 13,273,668</u>	<u>\$ 12,953,940</u>	<u>\$ 22,579,549</u>	<u>\$ 27,939,578</u>	<u>\$ 29,587,707</u>	<u>\$ 29,284,843</u>
Business-Type Activities										
Net investment in										
capital assets										
Restricted	\$ 38,628,318	\$ 36,480,987	\$ 35,461,651	\$ 35,664,097	\$ 37,663,396	\$ 42,929,305	\$ 36,321,493	\$ 37,925,429	\$ 41,824,190	\$ 41,084,051
Unrestricted	1,278,023	476,518	518,290	560,062	601,834	643,606	685,378	727,150	768,922	810,694
	<u>(657,862)</u>	<u>2,298,201</u>	<u>3,340,865</u>	<u>2,278,594</u>	<u>859,781</u>	<u>2,306,738</u>	<u>2,433,006</u>	<u>1,153,051</u>	<u>(1,529,537)</u>	<u>(423,747)</u>
Total Business-type Activities										
Net position	<u>\$ 39,248,479</u>	<u>\$ 39,255,706</u>	<u>\$ 39,320,806</u>	<u>\$ 38,502,753</u>	<u>\$ 39,125,011</u>	<u>\$ 45,879,649</u>	<u>\$ 39,439,877</u>	<u>\$ 39,805,630</u>	<u>\$ 41,063,575</u>	<u>\$ 41,470,998</u>
Primary Government										
Net investment in										
capital assets										
Restricted	\$ 61,619,853	\$ 59,423,492	\$ 58,250,345	\$ 57,948,612	\$ 59,918,890	\$ 65,110,230	\$ 69,095,926	\$ 69,095,926	\$ 77,362,251	\$ 77,305,908
Unrestricted	1,323,504	552,217	540,778	607,394	743,879	838,312	1,116,484	1,116,484	1,265,541	1,110,114
	<u>(8,943,660)</u>	<u>(5,947,109)</u>	<u>(4,785,617)</u>	<u>(6,929,264)</u>	<u>(8,264,090)</u>	<u>(7,114,953)</u>	<u>(2,467,202)</u>	<u>(2,467,202)</u>	<u>(7,976,510)</u>	<u>(7,660,181)</u>
Total Primary Government										
Net Position	<u>\$ 53,999,697</u>	<u>\$ 54,028,600</u>	<u>\$ 54,005,506</u>	<u>\$ 51,626,742</u>	<u>\$ 52,398,679</u>	<u>\$ 58,833,589</u>	<u>\$ 67,745,208</u>	<u>\$ 67,745,208</u>	<u>\$ 70,651,282</u>	<u>\$ 70,755,841</u>

City of Fallon, Nevada
 Schedule No. 2 – Change in Net Position
 Last Ten Fiscal Years

	Fiscal Year Ended June 30,										
	2015	2016	2017	#	2018	2019	2020	2021	2022	2023	2024
Expenses											
Governmental activities											
General government	\$ 1,678,298	\$ 1,584,856	\$ 1,716,962	\$	\$ 1,877,667	\$ 2,110,517	\$ 2,157,829	\$ 2,452,247	\$ 2,379,011	\$ 2,775,232	\$ 3,295,947
Judicial	862,440	963,156	950,603		812,490	895,751	1,019,477	1,045,921	1,179,970	1,385,007	1,392,950
Public safety	4,546,200	5,524,586	5,304,100		5,307,215	5,252,325	5,838,231	5,976,815	5,975,512	7,045,235	7,248,242
Public works	881,147	951,133	1,470,832		938,738	925,217	903,708	1,023,028	1,203,386	1,744,371	969,779
Culture and recreation	964,657	78,657	111,121		1,089,382	1,241,382	1,008,468	1,065,268	1,571,883	1,594,346	1,715,127
Community support	756,851	821,635	862,084		683,436	724,909	747,655	1,578,438	999,364	1,394,129	1,377,814
Interest on long-term debt	5,167	4,006	1,522		15,787	12,674	9,373	7,041	2,009	6,664	38,411
Total Governmental Activities Expenses	9,694,760	9,928,029	10,417,224		10,724,715	11,162,775	11,684,741	13,148,758	13,311,135	15,944,984	16,038,270
Business-type activities											
Electric	10,947,716	11,048,834	10,971,517		10,454,940	10,569,966	11,014,169	11,578,355	12,417,995	14,343,451	14,447,665
Water	1,702,062	1,688,182	1,741,801		2,009,341	1,979,607	2,017,614	2,046,330	1,987,371	2,273,448	2,419,955
Sewer	2,139,039	2,483,442	2,274,025		2,365,524	2,276,355	2,274,086	2,353,040	2,424,561	2,793,376	2,858,585
Water treatment	1,818,524	1,854,313	1,781,997		1,872,199	2,123,220	2,115,784	2,014,502	2,048,318	2,452,640	2,464,829
Sanitation	1,350,180	1,476,909	1,660,261		1,754,151	1,876,144	2,048,355	1,866,584	1,938,640	2,482,278	2,781,106
Landfill	750,100	870,612	1,098,943		2,149,619	1,175,638	768,906	1,305,939	1,222,774	1,210,901	1,565,460
Total Business-Type Activities Expenses	18,707,621	19,422,292	19,528,544		20,605,774	20,000,930	20,238,914	21,164,750	22,039,659	25,556,094	26,537,600
Total Primary Government Expenses	\$ 28,402,381	\$ 29,350,321	\$ 29,945,768		\$ 31,330,489	\$ 31,163,705	\$ 31,923,655	\$ 34,313,508	\$ 35,350,794	\$ 41,501,078	\$ 42,575,870
Program Revenues											
Governmental activities											
Charges for services											
General government	\$ 2,094,039	\$ 2,262,003	\$ 2,347,888	\$	\$ 2,479,274	\$ 2,676,779	\$ 2,721,603	\$ 3,573,299	\$ 3,590,441	\$ 3,458,308	\$ 3,654,464
Judicial	65,323	84,280	124,688		124,017	136,571	115,461	103,284	79,010	81,436	71,536
Public safety	862	3,232	6,390		6,672	6,087	13,234	9,709	18,789	15,492	(706)
Culture and recreation	32,143	37,018	37,123		37,488	42,700	31,049	19,615	39,445	42,043	53,257
Operating grants and contributions	592,598	540,447	497,776		176,200	297,996	245,080	2,933,890	6,450,924	4,319,176	583,579
Capital grants and contributions	243,049	539,632	529,347		266,747	853,806	738,431	794,200	126,358	3,578,780	2,282,902
Total Governmental Activities Program Revenues	3,028,014	3,466,612	3,543,212		3,090,398	4,013,939	3,864,858	7,433,997	10,304,967	11,495,235	6,645,032
Business-type activities											
Charges for services											
Electric	11,241,606	11,159,460	11,079,233		11,454,055	11,258,578	11,064,394	11,328,706	11,200,848	12,067,114	13,970,666
Water	1,668,072	1,617,927	1,624,941		1,603,782	1,598,798	1,606,525	1,616,639	1,662,559	1,678,072	1,905,777
Sewer	1,784,577	2,153,618	2,193,105		2,245,391	2,294,442	2,379,247	2,348,424	2,214,775	2,510,371	3,047,821
Sanitation	1,400,656	1,539,717	1,662,649		1,702,518	1,731,660	1,789,679	2,237,762	2,424,453	1,735,699	1,762,177
Landfill	909,205	1,053,283	1,177,127		1,293,625	1,240,494	1,223,543	1,587,790	1,448,842	2,721,407	2,838,022
Water treatment	1,664,037	1,652,633	1,663,627		1,673,309	1,682,985	1,685,367	1,711,032	1,718,301	1,721,837	2,118,466
Operating grants and contributions	33,585	58,407	67,351		145,977	18,104	6,946	299,640	56,734	25,000	39,723
Capital grants and contributions	107,836	178,707	99,885		155,980	418,126	7,007,528	996,455	1,463,717	390,034	395,653
Total Business-Type Activities Program Revenues	18,809,574	19,413,752	19,567,918		20,274,637	20,243,187	26,763,229	22,126,448	22,190,229	22,849,534	26,078,305

City of Fallon, Nevada
Schedule No. 2 – Change in Net Position
Last Ten Fiscal Years
(Continued)

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Primary Government										
Program revenue	\$ 21,837,588	\$ 22,880,364	\$ 23,111,130	\$ 23,365,035	\$ 24,257,126	\$ 30,628,087	\$ 29,560,445	\$ 32,495,196	\$ 34,344,769	\$ 32,723,337
Net (Expense)/Revenue										
Governmental activities	\$ (6,461,417)	\$ (6,874,012)	\$ (7,634,317)	\$ (7,148,836)	\$ (7,819,883)	\$ (5,714,761)	\$ (3,006,168)	\$ (3,006,168)	\$ (4,449,749)	\$ (9,393,238)
Business-type activities	(8,540)	39,374	(331,137)	242,257	6,524,315	961,698	150,570	150,570	(2,706,560)	(459,295)
Total Primary Government										
Net (Expense)/Revenue	\$ (6,469,957)	\$ (6,834,638)	\$ (7,965,454)	\$ (6,906,579)	\$ (1,295,568)	\$ (4,753,063)	\$ (2,855,598)	\$ (2,855,598)	\$ (7,156,309)	\$ (9,852,533)
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Ad valorem	\$ 1,437,550	\$ 1,432,225	\$ 1,464,486	\$ 1,451,714	\$ 1,506,099	\$ 1,553,934	\$ 1,613,756	\$ 1,687,126	\$ 1,935,759	\$ 2,068,671
Occupancy	496,450	511,550	617,231	791,038	634,963	616,671	693,698	916,969	993,750	841,970
Fuel	137,741	146,852	149,425	154,833	153,488	146,140	163,234	164,894	157,091	165,395
Unrestricted intergovernmental - consolidated taxes	1,717,108	1,820,223	1,852,273	2,189,348	2,210,806	2,358,411	2,738,375	2,873,500	2,896,181	2,902,789
Franchise fees	226,475	209,800	225,997	245,067	266,781	290,329	256,793	282,616	350,975	397,298
Enterprise funds in lieu of taxes	984,100	1,013,832	1,026,663	1,035,423	1,051,149	1,086,237	1,099,701	1,138,372	1,183,054	1,233,397
Enterprise funds in lieu of franchise fees	810,031	836,698	932,537	957,855	968,305	989,598	997,886	1,053,841	1,072,630	1,133,025
Unrestricted gaming licenses	265,856	221,291	227,671	236,670	246,933	229,621	209,001	227,800	238,435	179,589
Investment earnings	216	216	712	1,659	3,563	3,624	2,700	650	90,753	34,829
Gain (loss) on disposal	-	-	-	385,676	-	-	-	-	-	-
Miscellaneous	332,497	290,406	288,823	-	256,428	225,590	132,146	220,429	941,828	433,411
Transfers	-	-	-	-	-	-	7,433,080	(200,000)	(3,762,578)	(300,000)
Total Governmental Activities	6,408,024	6,483,093	6,785,818	7,449,283	7,298,515	7,500,155	15,340,370	8,366,197	6,097,878	9,090,374
Business-type activities										
Investment earnings	9,856	15,767	25,726	121,622	308,317	230,323	31,610	15,183	201,927	249,561
Miscellaneous	-	-	-	39,354	71,684	-	-	-	-	317,157
Transfers	-	-	-	-	-	-	(7,433,080)	200,000	3,762,578	300,000
Total Business-Type Activities	9,856	15,767	25,726	160,976	380,001	230,323	(7,401,470)	215,183	3,964,505	866,718
Total Primary Government										
General Revenues	\$ 6,417,880	\$ 6,498,860	\$ 6,811,544	\$ 7,610,259	\$ 7,678,516	\$ 7,730,478	\$ 7,938,900	\$ 8,581,380	\$ 10,062,383	\$ 9,957,092
Change in Net Position										
Governmental activities	\$ (390,919)	\$ (848,499)	\$ 300,447	\$ (521,368)	\$ 1,785,394	\$ 12,334,202	\$ 5,360,029	\$ 5,360,029	\$ 1,648,129	\$ (302,864)
Business-type activities	111,809	7,227	65,100	(170,161)	622,258	6,754,638	365,753	365,753	1,257,945	407,423
Total Primary Government										
Change in net position	\$ (279,110)	\$ (841,272)	\$ 365,547	\$ (691,529)	\$ 2,407,652	\$ 19,088,840	\$ 5,725,782	\$ 5,725,782	\$ 2,906,074	\$ 104,559

City of Fallon, Nevada
Schedule No. 3 – Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Nonspendable	\$ 713,266	\$ 435,047	\$ 318,165	\$ 251,283	\$ 184,401	\$ 117,519	\$ 36,382	\$ 9,703	\$ -	\$ -
Restricted	7,853	7,877	7,901	30,804	35,017	42,778	47,829	44,780	496,619	44,896
Committed	93,091	38,603	63,689	93,095	111,217	227,385	263,235	4,826,193	1,206,223	74,205
Assigned	-	-	-	244,622	182,045	460,631	802,914	-	1,657,207	1,963,123
Unassigned	283,448	217,024	353,701	314,585	602,347	575,336	548,264	1,109,528	1,923,240	3,023,081
Total Fund Balance	\$ 1,097,658	\$ 698,551	\$ 743,456	\$ 934,389	\$ 1,115,027	\$ 1,423,649	\$ 1,698,624	\$ 5,990,204	\$ 5,283,289	\$ 5,105,305
All Other Governmental Funds										
Restricted	\$ 37,628	\$ 67,822	\$ 14,587	\$ 16,528	\$ 107,028	\$ 151,928	\$ 241,248	\$ 344,554	\$ 344,554	\$ 254,524
Committed										
Special revenue funds	226,537	142,596	238,127	488,031	505,841	182,324	1,035,306	1,072,985	1,072,985	717,065
Assigned	-	-	(41,220)	-	(4,512)	265,024	-	-	-	-
Total All Other Governmental Funds	\$ 264,165	\$ 210,418	\$ 211,494	\$ 504,559	\$ 608,357	\$ 599,276	\$ 1,276,554	\$ 1,417,539	\$ 1,417,539	\$ 971,589

City of Fallon, Nevada
Schedule No. 4 – Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Taxes										
Ad valorem	\$ 1,436,376	\$ 1,434,369	\$ 1,468,645	\$ 1,458,297	\$ 1,506,342	\$ 1,558,359	\$ 1,611,739	\$ 1,688,877	\$ 1,934,334	\$ 2,066,247
Other	1,862,076	1,908,027	1,800,835	1,888,263	1,755,907	1,734,740	2,407,799	2,402,301	2,210,011	3,911,293
Charges for services	1,866,758	1,985,398	2,093,854	2,204,785	2,435,237	2,352,674	2,156,816	2,789,701	2,925,652	3,230,189
Intergovernmental	2,699,826	2,641,090	3,234,913	3,195,357	3,858,988	3,807,023	7,360,827	9,714,637	11,991,894	4,045,872
Licenses and permits	1,407,668	1,443,031	1,559,042	1,637,686	1,655,902	1,733,763	1,690,390	2,188,558	2,095,692	2,116,687
Fines and forfeitures	44,310	99,612	104,829	100,367	110,826	89,275	76,524	51,127	58,626	40,910
Investment income	215	216	712	1,659	3,561	3,624	2,700	651	90,753	34,829
Miscellaneous	117,636	80,110	70,361	49,304	(11,232)	86,685	29,135	42,928	42,356	113,098
Total revenues	9,434,865	9,591,853	10,333,191	10,535,718	11,315,531	11,366,143	15,335,930	18,878,780	21,349,318	15,559,125
Expenditures										
General government	1,514,103	1,847,679	1,850,200	1,759,607	1,937,229	1,882,766	3,123,914	2,264,934	2,553,030	2,830,488
Judicial	875,768	879,269	849,025	797,204	890,001	976,453	1,018,640	1,261,880	1,315,132	1,298,096
Public safety	4,474,236	4,705,691	4,874,293	5,021,060	5,186,268	5,414,050	5,671,106	6,459,401	6,349,679	6,463,884
Public works	138,928	194,239	157,869	161,024	145,813	99,026	473,060	628,483	1,149,411	251,642
Culture and recreation	834,703	864,388	904,883	964,095	946,264	875,993	939,439	1,229,691	1,425,633	1,438,640
Community support	696,774	780,116	601,882	613,558	697,620	703,051	540,069	994,094	1,339,413	1,315,258
Capital outlay	787,213	711,176	1,017,599	938,323	1,165,412	1,052,930	3,212,173	1,274,034	5,507,239	4,710,965
Debt service										
Principal	55,901	58,143	29,937	46,854	49,813	52,960	64,634	131,689	64,954	65,640
Bond issuance costs	-	-	-	-	-	-	-	-	-	85,000
Interest	5,167	4,006	1,522	15,787	12,675	9,373	7,042	2,009	6,703	5,906
Total expenditures	9,382,793	10,044,707	10,287,210	10,317,512	11,031,095	11,066,602	15,050,077	14,246,215	19,711,194	18,465,519
Excess (Deficiency) of Revenues over Expenditures	52,072	(452,854)	45,981	218,206	284,436	299,541	285,853	4,632,565	1,638,124	(2,906,394)
Other Financing Sources (Uses)										
Transfers in	461,068	447,149	420,311	476,670	543,130	717,333	586,870	688,698	481,657	896,546
Transfers out	(461,068)	(447,149)	(420,311)	(476,670)	(543,130)	(717,333)	(586,870)	(888,698)	(4,244,235)	(1,196,547)
Proceeds from medium - term obligations	-	-	-	265,792	-	-	666,400	-	-	4,000,000
Total other financing sources (uses)	-	-	-	265,792	-	-	666,400	(200,000)	(3,762,578)	3,699,999
Net Change in Fund Balance	\$ 52,072	\$ (452,854)	\$ 45,981	\$ 483,998	\$ 284,436	\$ 299,541	\$ 952,253	\$ 4,432,565	\$ (2,124,454)	\$ 793,605
Debt Service as a Percentage of Noncapital Expenditures	0.7%	0.7%	0.3%	0.7%	0.6%	0.6%	0.6%	1.0%	0.5%	1.2%

City of Fallon, Nevada
 Schedule No. 5 – Assessed and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

Fiscal Year	Assessed Value			Estimated Actual Value	Ratio of Total Assessed to Total Estimated Actual Value
	Real Property	Personal Property	Total		
2015	153,309,372	20,653,142	173,962,514	497,035,754	35.0
2016	170,266,718	22,545,162	192,811,880	550,891,086	35.0
2017	173,246,534	19,765,825	193,012,359	551,463,883	35.0
2018	176,224,659	18,391,674	194,616,333	556,046,666	35.0
2019	181,042,699	17,075,191	198,117,890	566,051,114	35.0
2020	185,839,256	16,989,217	202,828,473	579,509,923	35.0
2021	188,422,571	15,283,557	203,706,128	582,017,509	35.0
2022	202,285,305	16,308,847	218,594,152	624,554,720	35.0
2023	261,234,835	14,145,676	275,380,511	786,801,460	35.0
2024	284,106,484	20,025,079	304,131,563	868,947,323	35.0

Source: Churchill County Assessor's Office

City of Fallon, Nevada
 Schedule No. 6 – Property Tax Rates – Direct and Overlapping Governments
 (per \$100 of Assessed Value)
 Last Ten Fiscal Years

Fiscal Year	City of Fallon	State of Nevada	School District	County	Special Districts	Total
2015	0.8371	0.1700	1.3000	1.2529	0.1100	3.6600
2016	0.8271	0.1700	1.3000	1.2529	0.1100	3.6600
2017	0.8271	0.1700	1.3000	1.2529	0.1100	3.6600
2018	0.7971	0.1700	1.3000	1.2829	0.1100	3.6600
2019	0.7971	0.1700	1.3000	1.2829	0.1100	3.6600
2020	0.7971	0.1700	1.3000	1.2829	0.1100	3.6600
2021	0.7971	0.1700	1.3000	1.2829	0.1100	3.6600
2022	0.7971	0.1700	1.3000	1.2829	0.1100	3.6600
2023	0.7971	0.1700	1.3000	1.2829	0.1100	3.6600
2024	0.7971	0.1700	1.3000	1.2829	0.1100	3.6600

Source: State of NV Department of Taxation's "Local Government Finance Redbook"

City of Fallon, Nevada
Schedule No. 7 – Principal Property Owners
June 30, 2024

Taxpayer	Product/Service	Rank	Fiscal Year 2024		
			Taxable Estimated Appraised Value (1)	Taxable Assessed Value	Approximate Percentage of Taxable Assessed Valuation
ENEL Stillwater LLC (Stillwater Plant)	Geothermal	1	\$ 149,967,151	\$ 52,488,503	5.52%
Ormat Nevada Inc.	Geothermal	2	93,383,423	32,684,198	3.44%
NV Energy Combined	Utilities	3	86,168,186	30,158,865	3.17%
Union Pacific Railroad	Transportation	4	61,326,609	21,464,208	2.26%
ORNI 423 LLC	Engineering & Construction	5	50,668,900	17,734,115	1.86%
Gradient Resources In. (Patua)	Geothermal	6	50,157,077	17,554,977	1.85%
CYRQ Energy Inc.	Geothermal	7	35,956,443	12,584,755	1.32%
Southwest Gas Corporation	Utilities	8	35,649,309	12,477,258	1.31%
Quail Hollow	Milk Processing	9	25,729,809	9,005,433	0.95%
Safety-Kleen Systems, Inc.	Oil Recycling	10	18,182,723	6,363,953	0.67%

Taxpayer	Product/Service	Rank	Fiscal Year 2015		
			Taxable Estimated Appraised Value (1)	Taxable Assessed Value	Approximate Percentage of Taxable Assessed Valuation
ENEL Stillwater LLC (Stillwater Plant)	Geothermal	1	\$ 279,140,620	\$ 97,699,217	15.09%
Sierra Pacific Power Company	Utility	2	96,207,446	33,672,606	5.56%
Terra-Gen Dixie Valley LLC	Geothermal	3	71,901,409	25,165,493	3.89%
Gradient Resources In. (Patua)	Geothermal	4	42,433,871	14,851,855	2.29%
Union Pacific Railroad	Railroad	5	38,000,169	11,886,130	2.05%
Ormat Nevada Inc.	Geothermal	6	36,137,171	12,648,010	1.95%
Southwest Gas Corporation	Utilities	7	34,903,789	12,216,326	1.89%
URS Federal Services	Engineering & Construction	8	30,971,454	10,840,009	1.67%
US Bank National Association	Banking	9	27,942,663	9,779,932	1.51%
Bango Oil, LLC	Oil Recycling	10	16,052,774	5,618,471	0.87%

Source : Churchill County Tax Assessors Office

(1) The county assesses property at approximately 35% of actual value. Property in Churchill County is reassessed once every four years on average.

City of Fallon, Nevada
 Schedule No. 8 – Electric User Fees
 Last Ten Fiscal Years

Electric Utility	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Number of Meters	4,844	4,908	4,879	4,873	4,876	4,874	4,971	5,021	5,047	5,053
Annual Average Day Demand per Customer (1)	763	763	763	763	763	763	763	763	763	763
Direct Rate per KWH	0.12524	0.12524	0.12524	0.12524	0.12524	0.12524	0.12524	0.12524	0.1503	0.1503
Base Fee for Electrical	\$ 12.02	\$ 12.02	\$ 12.02	\$ 12.02	\$ 12.02	\$ 12.02	\$ 12.02	\$ 12.02	\$ 25.00	\$ 25.00

Source: City of Fallon

(1) Industry average for residents in the State of Nevada.

City of Fallon, Nevada
 Schedule No. 9 – Principal Electric Users
 June 30, 2024

Employer	2024		2015	
	User Fees	Rank	User Fees	Rank
Dairy Farmers of America	\$ 1,494,214	1	\$ 1,268,955	1
Churchill County School District	595,945	2	480,892	3
Walmart	441,521	3	488,639	2
Churchill Community Hospital	397,056	4	399,142	4
Safeway	219,795	5	220,050	5
City of Fallon Waste Water Plant	175,289	6	189,857	7
Highland Manor	157,145	7	182,230	8
Kennametal	155,332	8	210,529	6
Bonanza Casino	145,544	9	N/A	N/A
Gemini	138,241	10	N/A	N/A

Source: City of Fallon

City of Fallon, Nevada
 Schedule No. 10 – Ratio of Outstanding Debt by Type
 Last Ten Fiscal Years
 Page 1 of 2

Fiscal Year	Governmental Activities		Business-Type Activities										
	Bonds Payable	Medium-Term Obligation	Electric Bonds	Water Bonds	Sewer Bonds	Sanitation Bonds	Landfill Bonds	Electric Medium-Term Obligation	Water Medium-Term Obligation	Sewer Medium-Term Obligation	Sanitation Medium-Term Obligation	Landfill Medium-Term Obligation	Water - Treatment Medium-Term Obligation
2015	88,080	-	\$ 475,646	\$ 2,625,469	\$ 5,565,085	\$ 18,497	\$ 75,046	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	29,937	-	161,675	2,168,335	7,285,000	6,288	25,509	-	-	-	-	-	-
2017	-	-	-	1,964,476	7,025,000	-	-	-	-	-	-	-	-
2018	-	218,938	6,333,000	1,772,227	6,760,000	-	-	-	-	-	-	-	-
2019	-	169,125	6,234,000	1,575,378	6,485,000	-	-	-	-	-	-	-	-
2020	-	116,165	5,862,000	1,373,822	6,195,000	-	-	-	-	-	-	-	-
2021	-	717,931	5,560,000	1,167,444	5,890,000	-	-	636,749	227,202	227,202	83,621	58,535	66,897
2022	-	586,242	5,129,000	956,108	5,570,000	-	-	574,825	205,115	220,212	75,492	52,845	60,394
2023	-	529,140	4,693,108	739,739	5,235,000	-	-	511,937	182,682	196,128	67,236	47,065	53,789
2024	-	4,455,609	4,251,108	518,194	4,885,000	1,400,000	4,110,000	448,404	160,019	171,797	58,895	41,255	47,116

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
 (1) See the Schedule of Demographic Statistics on Schedule 14 for personal income and population data.

City of Fallon, Nevada
 Schedule No. 10 – Ratio of Outstanding Debt by Type
 Last Ten Fiscal Years
 Page 2 of 2

Fiscal Year	Business-Type Activities					Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Sanitation Financed Purchases	Landfill Financed Purchases	Electric Financed Purchases	Water Financed Purchases	Sewer Financed Purchases			
2015	\$ -	\$ 378,990	\$ -	\$ -	\$ -	\$ 9,226,813	2.65%	1,067
2016	-	307,150	-	-	-	9,983,894	2.70%	1,125
2017	536,562	231,273	-	-	-	9,757,311	2.64%	1,081
2018	457,974	151,155	-	-	-	15,693,294	3.98%	1,720
2019	377,127	73,721	-	-	-	14,914,351	3.54%	1,624
2020	293,949	7,246	163,330	163,330	163,330	14,338,172	3.11%	1,561
2021	208,897	-	-	-	-	14,844,478	N/A	1,637
2022	120,291	-	-	-	-	13,558,395	N/A	1,486
2023	66,450	-	-	-	-	12,322,274	N/A	1,324
2024	48,193	-	-	-	-	20,595,590	3.97%	2,156

City of Fallon, Nevada
 Schedule No. 11 – Ratio of General Bonded Debt Outstanding
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities	Business Type Activities	Total*	Percentage of Actual Property Value (1)	Per Capita (2)
2015	\$ 88,080	\$ 9,138,733	\$ 9,226,813	1.86%	\$ 1,069
2016	29,937	9,953,957	9,983,894	1.81%	1,138.41
2017	-	9,757,291	9,757,291	1.77%	1,099.54
2018	218,938	15,474,356	15,693,294	2.82%	1,737.91
2019	169,125	14,745,226	14,914,351	2.63%	1,634.45
2020	116,165	14,222,007	14,338,172	2.47%	1,561.21
2021	717,931	14,143,270	14,861,201	2.55%	1,637.23
2022	586,242	12,964,281	13,558,395	2.17%	1,486.18
2023	529,140	11,793,134	12,322,274	1.57%	1,323.84
2024	4,455,609	16,139,981	20,595,590	2.37%	2,156.38

* Does not include compensated absences liability
 (1) See the Schedule of Assessed and Estimated Actual Value
 (2) Population can be found in the Schedule of Demographic Statistics

Schedule No. 12 – Computation of General Obligation Direct and Overlapping Debt
June 30, 2024

	General Obligation Debt	Revenue Bond & Capital Leases	Net Debt Outstanding	% Applicable(1)	Applicable Net Debt
<u>Direct</u>					
City of Fallon	\$ 20,595,590	\$ -	\$ 20,595,590	100.00%	<u>\$ 20,595,590</u>
<u>Overlapping</u>					
State of Nevada (1)	1,436,400,000	-	\$ 1,436,400,000	0.1700%	2,441,880
Churchill County (2)	20,875,790	-	\$ 20,875,790	27.51%	5,742,930
Churchill County School District (3)	20,340,000	-	\$ 20,340,000	27.51%	<u>5,595,534</u>
Total overlapping debt					<u>13,780,344</u>
Total direct and overlapping Debt					<u>\$ 34,375,934</u>

Sources:

- (1) State of Nevada
- (2) Department of Taxation
- (3) Churchill County School District

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Fallon. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

City of Fallon, Nevada
Schedule No. 13 – Computation of Legal Debt Margin
June 30, 2024

Estimated Assessed Value	\$ 304,131,563
Debt Limit - 30 Percent of Total	<u>30%</u>
Assessed Value	91,239,469
Less Total Amount of Debt Applicable to Debt Limit	<u>20,595,590</u>
Legal Debt Margin	<u><u>\$ 70,643,879</u></u>

Note: Legal debt margin as set forth in NRS 266.600

City of Fallon, Nevada
 Schedule No. 14 – Demographic Statistics
 Last Ten Fiscal Years

Fiscal Year	Population (1)	Total Personal Income	Per Capita Personal Income (2)	Unemployment Rate (3)
2015	8,645	\$ 339,912,755	\$ 39,319	6.90%
2016	8,770	347,607,720	39,636	5.60%
2017	8,874	369,238,266	41,609	4.30%
2018	9,030	394,258,830	43,661	3.90%
2019	9,125	421,109,625	46,149	3.60%
2020	9,184	459,943,904	50,081	5.70%
2021	9,077	502,303,026	55,338	3.90%
2022	9,123	494,521,338	54,206	3.40%
2023	9,308	492,836,945	\$52,948	5.10%
2024	9,551	518,552,294	54,293	4.70%

Sources:

- (1) Nevada State Demographer's Office
- (2) Bureau of Economic Analysis
- (3) Nevada Employment Security Department - Churchill County Data

City of Fallon, Nevada
 Schedule No. 15 – Major Employers
 June 30, 2024

Employer	2024			2015		
	Employees	Rank	Percentage of Total County Employment (1)	Employees	Rank	Percentage of Total County Employment (1)
N.A.S Fallon - Military Personnel	1,548	1	14.4%	883	1	9.40%
Wal-Mart Supercenter	250-499	2	3.5%	200-299	4	2.10%
Banner Churchill Community Hospital	250-499	3	3.5%	200-299	3	2.94%
Churchill County School District	400	4	3.5%	600-699	2	5.46%
Churchill County	100-249	5	1.6%	200-299	5	2.10%
A&K Earthmovers	100-249	6	1.6%	100-199	8	1.26%
New Millennium Building System	100-249	7	1.6%	100-199	10	1.27%
Bonanza/Nuggett Casino	100-249	8	1.6%	N/A	N/A	N/A
Stockman's Casino	100-249	9	1.6%	N/A	N/A	N/A
City of Fallon	100-249	10	1.6%	N/A	N/A	N/A

Source: Churchill Economic Development Authority

(1) Total employment statistics are for the Churchill County area, as information not available at the City level.

City of Fallon, Nevada

Schedule No. 16 – Full-Time Equivalent City of Fallon, Nevada Employees by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year Ended June 30,										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government	6	6	5	5	8	12	10	14	16	15	13
Judicial	6	6	6	7	5	7	6	6	6	7	6
Public Safety	36	34	40	33	40	38	42	43	40	39	33
Culture and Recreation	5	5	7	5	4	5	6	3	4	5	3
Community Support	4	4	4	5	4	4	4	4	4	4	4
Enterprise Funds	<u>28</u>	<u>46</u>	<u>30</u>	<u>48</u>	<u>43</u>	<u>41</u>	<u>37</u>	<u>36</u>	<u>45</u>	<u>47</u>	<u>46</u>
Total	<u>85</u>	<u>101</u>	<u>92</u>	<u>103</u>	<u>104</u>	<u>107</u>	<u>105</u>	<u>106</u>	<u>115</u>	<u>117</u>	<u>105</u>

Source: City Clerk/Treasurer's Office

City of Fallon, Nevada
 Schedule No. 17 – Operating Indicators by Function/Program
 Last Ten Fiscal Years

Function/Program	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police Department										
Calls for service	10,062	9,870	8,201	9,584	10,001	8,712	8,511	9,085	8,986	8,865
Citations issued	823	750	615	939	718	450	186	343	507	246
Arrests	657	562	513	539	727	424	346	390	435	452
Animal Shelter intake	1,690	1,621	1,364	1,439	1,521	1,365	1,016	1,224	1,960	1,500
Municipal Court										
Criminal Charges filed	543	492	438	441	413	369	329	513	183	246
Traffic Charges filed	551	432	537	925	1,103	629	435	251	318	303
Fire Department										
Emergency responses	76	68	66	60	65	62	91	129	137	181
Landfill										
Refuse received (tons)	60,785	67,452	87,702	93,975	89,052	85,417	142,645	90,656	92,152	103,973
Water										
Water Pumped (thousands of gallons)	773,039	754,438	622,846	626,800	630,074	654,544	637,296	630,434	625,475	639,571
Electric										
Metered KWH purchased	83,575,000	86,034,000	89,720,451	93,396,854	92,318,976	91,128,447	92,173,684	93,278,289	94,671,914	99,723,861
Usage @ system peak	19,509	20,523	20,648	21,077	21,420	21,277	21,237	59,327	23,303	28,121
Other Public Works										
Street reconstruction (feet)	-	-	-	-	-	-	-	-	-	790
Building permits issued	172	185	248	237	283	311	508	492	336	261
Sewer										
Treated Effluent (Average Daily in millions/gallons)	0.997	1.039	0.93	1.08	1.12	1.24	1.11	1.12	1.14	1.22

Source: City Clerk/Treasurer's Office

City of Fallon, Nevada
 Schedule No. 18 – Capital Assets Statistics by Function/Program
 Last Ten Fiscal Years

Function/Program	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	17	17	17	17	17	17	17	17	17	17
Fire Stations	1	1	1	1	1	1	1	1	1	1
Other Public Works										
Streets (miles)	44.28	44.28	44.28	44.28	44.28	44.28	44.28	44.28	44.28	44.28
Traffic signals	6	6	6	6	6	6	6	6	6	6
Parks and Recreation										
Acreage	32	32	32	32	32	32	32	32	32	32
Developed playgrounds	9	9	9	9	9	9	9	9	9	9
Water										
Storage Capacity (millions of gallons)	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2
Water Treatment										
Treatment Capacity (millions of gallons/day)	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7
Sewer Treatment										
Treatment Capacity (millions of gallons/day)	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2

COMPLIANCE SECTION

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**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 Members of the City Council
City of Fallon, Nevada
Fallon, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*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 Fallon, Nevada, (the City) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated February 18, 2025.

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 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 certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

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

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

Elko, Nevada
February 18, 2025



Auditor's Comments

To the Honorable Mayor and Members of the City Council
City of Fallon, Nevada
Fallon, Nevada

In connection with our audit of the financial statement of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Fallon, Nevada (the "City") as of and for the year ended June 30, 2024, and the related notes to the financial statements, except as noted below, nothing came to our attention that caused us to believe the City failed to comply with the specific requirements of Nevada Revised Statutes 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's noncompliance with the requirements of Nevada Revised Statutes cited below, 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 2 to the financial statements.

Progress on Prior Year Statute Compliance

In the prior year the City reported expenditures exceeding budget authority. While efforts were made to prevent over expenditures, Note 2 reports such over expenditures. All other noncompliance was corrected.

Prior Year Recommendations

Current year finding 2024-001 is a repeat finding from the prior year.

Current Year Recommendations

The current year recommendations are included in the schedule of findings and responses.

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

Elko, Nevada
February 18, 2025

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

Criteria: Management of the City of Fallon 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.

Condition: Management does not prepare financial statements in accordance with generally accepted accounting principles. The City contracts with the external audit firm to prepare the City's audited financial statements and related note disclosures from the general ledger and applicable city records provided by the City's staff.

There was an instance noted where contracts for software as a service were not evaluated under GASB 96, *Subscription-Based Information Technology Arrangements*", appropriately and thus inappropriately excluded from the prior period.

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.

The City did not have adequate internal controls to ensure Right-to-use IT subscription assets and IT subscription liabilities were appropriately stated.

Effect: The City's internally prepared records upon which financial statements are prepared do not contain all information required by generally accepted accounting principles.

Prior to adjustment beginning net position of the Electric Fund was understated by \$14,744 and the Water fund net position was overstated by \$14,255

In addition, Right-to-use IT subscription assets in Electric Fund and Water Fund were understated by \$423,649 and \$270,858 respectively. IT subscription liabilities in the Electric Fund were understated by \$401,054. IT subscription liabilities in the Water Fund were understated by \$256,411.

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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.

We recommend management implement additional controls to ensure all agreements are appropriately evaluated under GASB 96.

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.