

Annual Comprehensive Financial Report  
For the Year Ended June 30, 2023  
**City of Fallon, Nevada**

DRAFT

Prepared by City Clerk-Treasurer's Office  
Sean Richardson, City Clerk-Treasurer  
City of Fallon, Nevada  
55 West Williams Avenue  
Fallon, Nevada 89406

DRAFT

**Introductory Section**

City Clerk/Treasurer’s Letter of Transmittal ..... 1  
 GFOA Certificate of Achievement for Excellence in Financial Reporting..... 5  
 Principal Officials of the City of Fallon, Nevada ..... 6  
 Organizational Chart ..... 7

**Financial Section**

Independent Auditor’s Report ..... 8  
 Management’s Discussion and Analysis ..... 12

**Basic Financial Statements**

Government-Wide Financial Statements  
 Statement of Net Position ..... 23  
 Statement of Activities..... 25  
 Fund Financial Statements  
 Balance Sheet – Governmental Funds ..... 26  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position ..... 27  
 Statement of Revenues, Expenditures, and Changes in Fund Balances ..... 28  
 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund  
 Balances to the Statement of Activities..... 29  
 Statement of Net Position – Proprietary Funds..... 30  
 Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds..... 32  
 Statement of Cash Flows – Proprietary Funds..... 33  
 Notes to Financial Statements ..... 35

**Required Supplementary Information**

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –  
 General Fund..... 68  
 Reconciliation of the General Fund (Budgetary Basis) to the General Fund (GAAP Basis) Schedule of  
 Revenues, Expenditures, and Changes in Fund Balances ..... 73  
 Notes to Required Supplementary Information ..... 74  
 Schedule of Changes in the City’s Total OPEB Liability and Related Ratios – City of Fallon Employee Health  
 Benefit Plan (COFEHBP) ..... 76  
 Schedule of Changes in the City’s Total OPEB Liability and Related Ratios – State of Nevada Public  
 Employee’s Benefit Plan (PEBP) ..... 77  
 Schedule of the City’s Share of the Total Pension Liability..... 78  
 Schedule of City Contributions ..... 79

**Supplementary Information**

Reconciliation of the General Fund (Budgetary Basis) to the General Fund (GAAP Basis) Combining Balance  
 Sheet ..... 80  
 Combining Balance Sheet – Nonmajor Governmental Funds ..... 81  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor  
 Governmental Funds..... 82

## Nonmajor Governmental Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual	
Convention and Tourism Authority Fund .....	83
Airport Fund .....	84
American Rescue Plan Act Resource Fund.....	85
Debt Service Fund .....	86
Land Reserve and Park Acquisitions and Development Capital Projects Fund .....	87
Special Ad Valorem Capital Projects Fund .....	88

## Nonmajor Proprietary Funds

Combining Statement of Net Position – Nonmajor Proprietary Funds .....	89
Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Proprietary Funds ...	91
Combining Statement of Cash Flows – Nonmajor Proprietary Funds .....	92

## Major Proprietary Funds

Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual	
Electric Enterprise Fund .....	94
Water Enterprise Fund.....	95
Sewer Enterprise Fund.....	96
Water Treatment Enterprise Fund.....	97
Sanitation Enterprise Fund .....	98

## Nonmajor Proprietary Funds

Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual	
Landfill Enterprise Fund .....	99
Water Treatment Replacement Enterprise Fund .....	100
Combining Statement of Net Position – Internal Service Funds.....	101
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds.....	102
Combining Statement of Cash Flows – Internal Service Funds.....	103
Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual	
Data Processing Internal Service Fund.....	104
Public Works Internal Service Fund .....	105

## Internally Reported Governmental Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual	
Parking Lot Fund .....	106
Secured Freight Yard Fund.....	107
Drug Forfeiture Fund .....	108
Unemployment Compensation Fund.....	109
Convention Center Fund .....	110
Compensated Absences Fund .....	111
Fire Truck Reserve Fund.....	112
Mayor’s Youth Fund.....	113
Mayor’s Century Fund.....	114
Martin Vusich Self-Sustaining Centennial Fund .....	115

Schedule of Fees Imposed Subject to the Provisions of NRS 354.5989 – Limitations of Fees for Business Licenses .....	116
--	-----

**Statistical Section (Unaudited)**

Schedule No. 1 – Net Position by Component..... 118  
Schedule No. 2 – Change in Net Position..... 119  
Schedule No. 3 – Fund Balances, Governmental Funds ..... 121  
Schedule No. 4 – Changes in Fund Balances, Governmental Funds ..... 122  
Schedule No. 5 – Assessed and Estimated Actual Value of Taxable Property..... 123  
Schedule No. 6 – Property Tax Rates – Direct and Overlapping Governments..... 124  
Schedule No. 7 – Principal Property Owners ..... 125  
Schedule No. 8 – Electric User Fees ..... 126  
Schedule No. 9 – Principal Electric Users..... 127  
Schedule No. 10 – Ratio of Outstanding Debt by Type..... 128  
Schedule No. 11 – Ratio of General Bonded Debt Outstanding ..... 130  
Schedule No. 12 – Computation of General Obligation Direct and Overlapping Debt..... 131  
Schedule No. 13 – Computation of Legal Debt Margin ..... 132  
Schedule No. 14 – Demographic Statistics..... 133  
Schedule No. 15 – Major Employers..... 134  
Schedule No. 16 – Full-Time Equivalent City of Fallon, Nevada Employees by Function/Program..... 135  
Schedule No. 17 – Operating Indicators by Function/Program ..... 136  
Schedule No. 18 – Capital Assets Statistics by Function/Program ..... 137

**Compliance Section**

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* ..... 138  
Independent Auditor’s Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance ..... 140  
Auditor’s Comments ..... 143  
Schedule of Expenditures and Federal Awards ..... 144  
Notes to Schedule of Expenditures and Federal Awards..... 145  
Schedule of Findings and Questioned Costs ..... 146

DRAFT

## INTRODUCTORY SECTION

DRAFT

Ken Tedford  
MAYOR



Kelly Frost  
Councilwoman

Karla Kent  
Councilwoman

Paul W. Harmon  
Councilman

January 11, 2024

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, 2023 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 independent certified public accountants 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, 2023 are free of material misstatement. The independent audit involved examining, on a test 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, 2023, 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.

The independent audit of the financial statements of the City of Fallon included a federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The single audit conforms with the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits. These standards require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. These reports are available in the compliance 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 9,000 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 limits. 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 1<sup>st</sup>, 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 a 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 a 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 of 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 State 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 (5.1%) 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 \$39,369,143 or 18.3% from the previous fiscal year. Property tax collections increased by \$237,349 or 14.8% 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 decrease of \$12,648 or .51% 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 of 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 FY23/24 budget includes a budgeted ending fund balance of 8.1% as submitted and approved by the State.

**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, 2022. 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 comprehensive annual 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 comprehensive annual 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,



Sean C. Richardson, CPA  
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, 2022

*Christopher P. Morill*

Executive Director/CEO

PRINCIPAL OFFICIALS  
OF THE CITY OF FALLON, NEVADA  
2022-2023

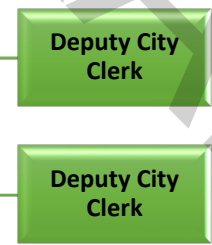
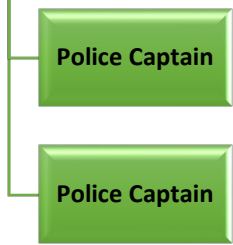
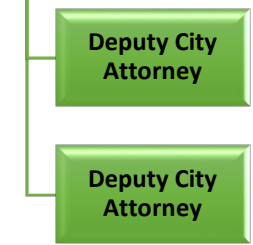
<u>Office</u>	<u>Name</u>	<u>Term of Office</u>	<u>Term Expires</u>
Mayor	Ken Tedford	Four Years	January 2025
Council Member Ward 1	Kelly Frost	Four Years	January 2027
Council Member Ward 2	Karla Kent	Four Years	January 2025
Council Member Ward 3	Paul Harmon	Four Years	January 2027
City Attorney	Michael Mackedon	Two Years	January 2025
Deputy Assistant City Attorney	Sean Rowe	Two Years	January 2025
Deputy Assistant 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
Judge Pro-Tem	Jared Dooley	Two Years	January 2025
Judge Pro-Tem	Charles Knittle	Two Years	January 2025
City Clerk-Treasurer	Sean Richardson	Two Years	January 2025
Deputy City Clerk-Treasurer	Elsie Lee	Two Years	January 2025
Deputy City Clerk-Treasurer	Michael O'Neill	Two Years	January 2025
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



## JUDICIAL BRANCH

Municipal Court

## LEGISLATIVE BRANCH

City Council



FINANCIAL SECTION

DRAFT

DRAFT

This page intentionally left blank.



## 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, 2023, 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, as of June 30, 2023, 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.

#### Adoption of New Accounting Standard

As discussed in Note 1 and 16 to the financial statements, the City has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, for the year ended June 30, 2023. As a result of implementing the standard, there was no effect on the governmental activities and business-type activities net position as of July 1, 2022. Our opinions are not modified with respect to this matter.

DRAFT

## **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.

DRAFT

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 22, the budgetary comparison and reconciliation information for the General Fund on pages 68 through 73, notes to the required supplementary information-budgetary reporting on pages 74 and 75, the schedule of changes in the City's total OPEB liability and related ratios – City of Fallon Employee Health Benefit Plan (COFEHBP) on page 76, the schedule of changes in the City's total OPEB liability and related ratios – State of Nevada Public Employee's Benefit Plan (PEBP) on page 77, the schedule of the City's share of the total pension liability on page 78, and the schedule of the City's contributions on page 79 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 total 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. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

DRAFT

The combining and individual fund financial statements and schedules, including budgetary comparisons, and reconciliation information, the Schedule of Fees Imposed Subject to the Provisions of NRS 354.5989, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subject 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, the Schedule of Fees Imposed Subject to the Provisions of NRS 354.5989, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **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 January 11, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Elko, Nevada  
January 11, 2024

DRAFT



# CITY OF FALLON

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2023. 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 \$70,650,793. Governmental activities contributed \$29,587,707 or 42% of the total net position while the business-type activities contributed \$41,063,086 or 58% of the total net position.
- The assets and deferred outflows of resources of the City of Fallon (government-wide) exceeded its liabilities and deferred inflows of resources at June 30, 2023 by \$70,650,793 (net position), an increase of 4.3 % from the prior year net position. The net position is primarily represented by the City's net investment in capital assets.
- Fund balance for the General Fund totaled \$1,923,240 for the unassigned portion. The unassigned fund balance calculates to 10.5% 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 the 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 on 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 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 \$70,650,793 as of June 30, 2023. When compared to the prior fiscal year, the City's net position increased \$2,905,585 or 4.3%. The increase was due to grant funds from the second tranche of the SLFRF.

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 \$77,361,762 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	
	FY23	FY22	FY23	FY22	FY23	FY22
Current and Other Assets	\$ 9,073,257	\$ 8,908,014	\$ 10,636,431	\$ 14,370,936	\$ 19,709,688	\$ 23,278,950
Capital Assets, Net	36,059,310	31,756,739	51,753,324	47,528,897	87,812,634	79,285,636
Total assets	45,132,567	40,664,753	62,389,755	61,899,833	107,522,322	102,564,586
Deferred Outflows of Resources	6,416,038	5,412,945	2,447,461	2,148,524	8,863,499	7,561,469
Total assets and deferred outflows of resources	51,548,605	46,077,698	64,837,216	64,048,357	116,385,821	110,126,055
Current Liabilities	4,007,746	1,727,682	4,255,863	4,114,368	8,263,609	5,842,050
Noncurrent liabilities	17,498,098	9,856,313	19,304,570	17,554,247	36,802,668	27,410,560
Total liabilities	21,505,844	11,583,995	23,560,433	21,668,615	45,066,277	33,252,610
Deferred Inflows of Resources	455,054	6,554,125	213,697	2,574,112	668,751	9,128,237
Total liabilities and deferred inflows of resources	21,960,898	18,138,120	23,774,130	24,242,727	45,735,028	42,380,847
Net Position						
Net investment in capital assets	35,538,061	31,170,497	41,823,701	37,925,429	77,361,762	69,095,926
Restricted	496,619	389,334	768,922	727,150	1,265,541	1,116,484
Unrestricted	(6,446,973)	(3,620,253)	(1,529,537)	1,153,051	(7,976,510)	(2,467,202)
Total Net Position	\$ 29,587,707	\$ 27,939,578	\$ 41,063,086	\$ 39,805,630	\$ 70,650,793	\$ 67,745,208

The governmental and business-type activities for fiscal year 2022-2023 are presented in the City's Changes in Net Position schedule. As indicated in the schedule, government activities increased the City's net position by \$1,648,129 and business-type activities increased the City's net position by \$1,257,456. The City has a negative unrestricted net position value of \$7,976,510 due to the City's pension liability.

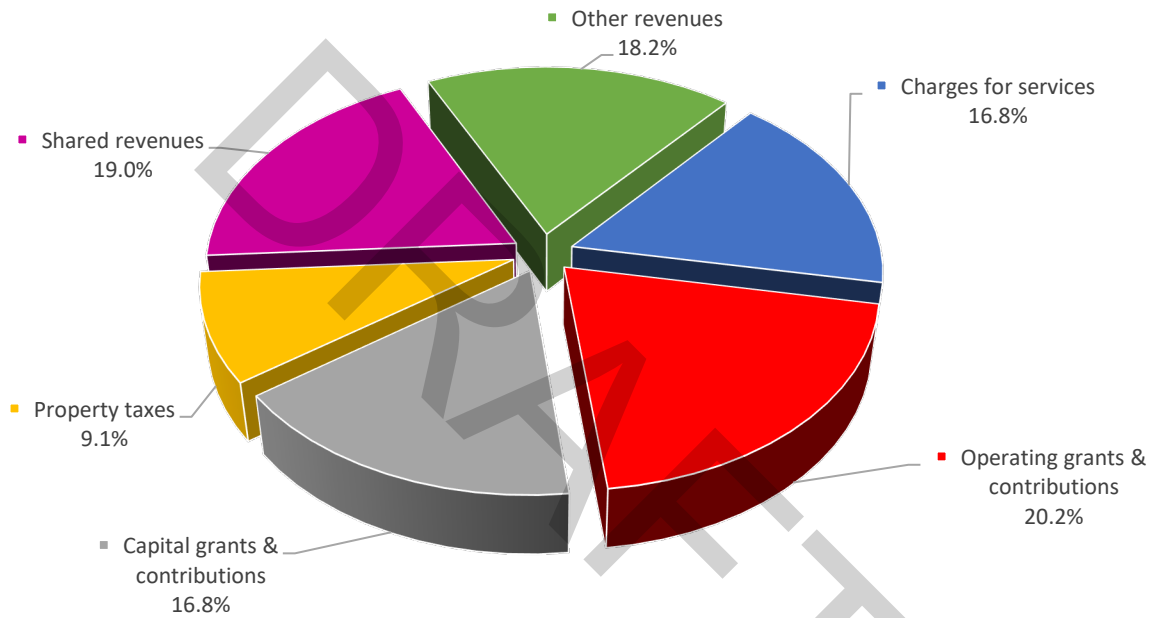
## City of Fallon's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	FY23	FY22	FY23	FY22	FY23	FY22
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 3,597,279	\$ 3,727,685	\$ 22,434,500	\$ 20,669,778	\$ 26,031,779	\$ 24,397,463
Operating grants and contributions	4,319,176	6,450,924	25,000	56,734	4,344,176	6,507,658
Capital grants and contributions	3,578,780	126,358	390,034	1,463,717	3,968,814	1,590,075
General revenues						
Property taxes	1,935,759	1,687,126	-	-	1,935,759	1,687,126
Shared revenues	4,047,022	3,955,363	-	-	4,047,022	3,955,363
Other revenues	3,877,675	2,923,708	201,927	15,183	4,079,602	2,938,891
<b>Total revenues</b>	<b>21,355,691</b>	<b>18,871,164</b>	<b>23,051,461</b>	<b>22,205,412</b>	<b>44,407,152</b>	<b>41,076,576</b>
<b>Expenses</b>						
General government	2,775,232	2,379,011	-	-	2,775,232	2,379,011
Judicial	1,385,007	1,179,970	-	-	1,385,007	1,179,970
Public Safety	7,051,899	5,977,521	-	-	7,051,899	5,977,521
Public Works	1,744,371	1,203,386	-	-	1,744,371	1,203,386
Culture and Recreation	1,594,346	1,571,883	-	-	1,594,346	1,571,883
Community Support	1,394,129	999,364	-	-	1,394,129	999,364
Electric	-	-	14,358,194	12,417,995	14,358,194	12,417,995
Water	-	-	2,259,193	1,987,371	2,259,193	1,987,371
Sewer	-	-	2,793,376	2,424,561	2,793,376	2,424,561
Sanitation	-	-	2,452,640	2,048,318	2,452,640	2,048,318
Landfill	-	-	2,482,278	1,938,640	2,482,278	1,938,640
Water Treatment	-	-	1,210,901	1,222,774	1,210,901	1,222,774
<b>Total expenses</b>	<b>15,944,984</b>	<b>13,311,135</b>	<b>25,556,583</b>	<b>22,039,659</b>	<b>41,501,567</b>	<b>35,350,794</b>
Excess (Deficiency) of Revenues Over (Under) Expenses	5,410,707	5,560,029	(2,505,122)	165,753	2,905,585	5,725,782
Transfers	(3,762,578)	(200,000)	3,762,578	200,000	-	-
Change in Net Position	1,648,129	5,360,029	1,257,456	365,753	2,905,585	5,725,782
Net Position at July 1	27,939,578	22,579,549	39,805,630	39,439,877	67,745,208	62,019,426
Net Position at June 30	\$ 29,587,707	\$ 27,939,578	\$ 41,063,086	\$ 39,805,630	\$ 70,650,793	\$ 67,745,208

## Governmental Activities – Revenues

	FY 2023 Revenues	FY 2022 Revenues	Increase (Decrease)	Percent Change
Governmental Activities				
Charges for services	\$ 3,597,279	\$ 3,727,685	\$ (130,406)	-3%
Operating grants and contributions	4,319,176	6,450,924	(2,131,748)	-33%
Capital grants and contributions	3,578,780	126,358	3,452,422	2732%
Property taxes	1,935,759	1,687,126	248,633	15%
Shared revenues	4,047,022	3,955,363	91,659	2%
Other revenues	3,877,675	2,923,708	953,967	33%
<b>Total</b>	<b>\$ 21,355,691</b>	<b>\$ 18,871,164</b>	<b>\$ 2,484,527</b>	<b>13%</b>

### Revenue by Sources - Governmental-type Activities

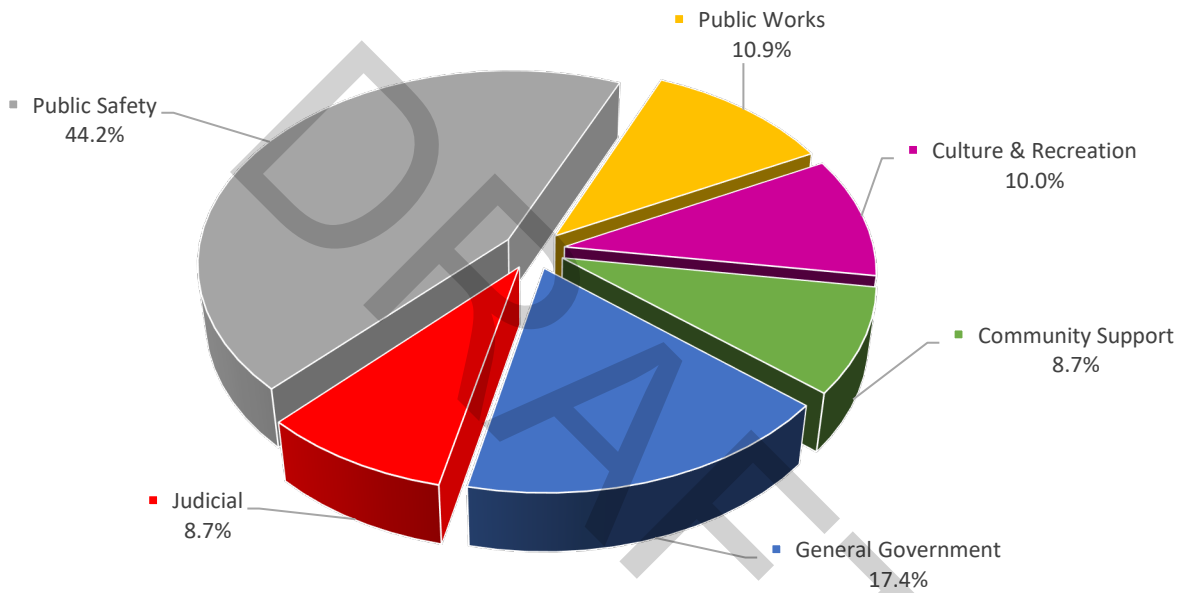


Total revenues for governmental activities had significant increases as revenues increased by \$2,484,527 or 13% when compared to the prior fiscal year. Charges for services had a slight decrease of 3% from the prior year as fees in the Convention Center and Secured Freight Yard funds were lower. The operating grants & contributions reflected a \$2,131,748 or 33% decrease due to a significant portion of the SLFRF grant being allocated for capital projects. This attributed to the significant increase of \$3,452,422 in capital grants and contributions along with the increase in RTC reimbursement and FAA grant in the current year. Capital grants from the Federal Aviation Administration can vary year to year based on the size of the project and the availability of grant funding. Property taxes continue to increase with an increase of 15%. The City continues to have steady growth in both population and assessed value. Shared revenues increased \$91,659 or 2%. 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 2023 Expenses	FY 2022 Expenses	Increase (Decrease)	Percent Change
Governmental Activities				
General Government	\$ 2,775,232	\$ 2,379,011	\$ 396,221	17%
Judicial	1,385,007	1,179,970	205,037	17%
Public Safety	7,051,899	5,977,521	1,074,378	18%
Public Works	1,744,371	1,203,386	540,985	45%
Culture and Recreation	1,594,346	1,571,883	22,463	1%
Community Support	1,394,129	999,364	394,765	40%
<b>Total</b>	<b>\$ 15,944,984</b>	<b>\$ 13,311,135</b>	<b>\$ 2,633,849</b>	<b>20%</b>

### Expenses by Sources - Governmental-type Activities



As noted above, total governmental activities expenses were \$15,944,984 in the current year compared to \$13,311,135 in the prior year which is a \$2,633,849 or 20% 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 17% which was comprised of the annual merit and cost of living increases to salaries and wages plus the significant net pension liability calculation increase. The judicial function includes the office of the City Attorney and the Municipal Court. The 17% increase in judicial expenses from the prior year is due to salary adjustments, merit increases and cost of living adjustments along with the increase in net pension liability. Public safety represents the largest portion of the expenses in governmental-type activities at 44% in the current fiscal year. Public safety is comprised of the police department, animal control, fire department and civil defense. This function increased 18 % from the prior year mainly due to the significant increase in the net pension liability calculation in the current year. The public works function shows an increase of 45% as the City doubled its road repair and maintenance contracted services in the current year. The culture and recreation function includes all city parks, city gym, outdoor pool and other public facilities. This function was not fully staffed all year and when netted with increased service and supplies, the difference from the prior year was minimal in total. Community support function reflects an increase of 40%. The City provided an increase in support for the Fallon Youth Club and to the community high water mitigation efforts with the record snowfall this past winter.

## Business-type Activities

### Business Type Activities – Revenue

	FY 2023 Charges for Service	FY 2022 Charges for Service	Increase (Decrease)	Percent Change
Business-Type Activities				
Electric	\$ 12,067,114	\$ 11,200,848	\$ 866,266	8%
Water	1,678,072	1,662,559	15,513	1%
Sewer	2,510,371	2,214,775	295,596	13%
Water Treatment	1,735,699	1,718,301	17,398	1%
Sanitation	2,721,407	2,424,453	296,954	12%
Landfill	1,721,837	1,448,842	272,995	19%
Total	\$ 22,434,500	\$ 20,669,778	\$ 1,764,722	9%

Overall, the total charges for services for business-type activities experienced a \$1,764,722 or 9% 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 to year based on weather and conservation efforts. With that said, the electric, water and sewer rates were increased in May 2023. Sanitation rates are adjusted every July based on the Consumer Price Index. Lastly, the landfill rates saw a increase this current year.

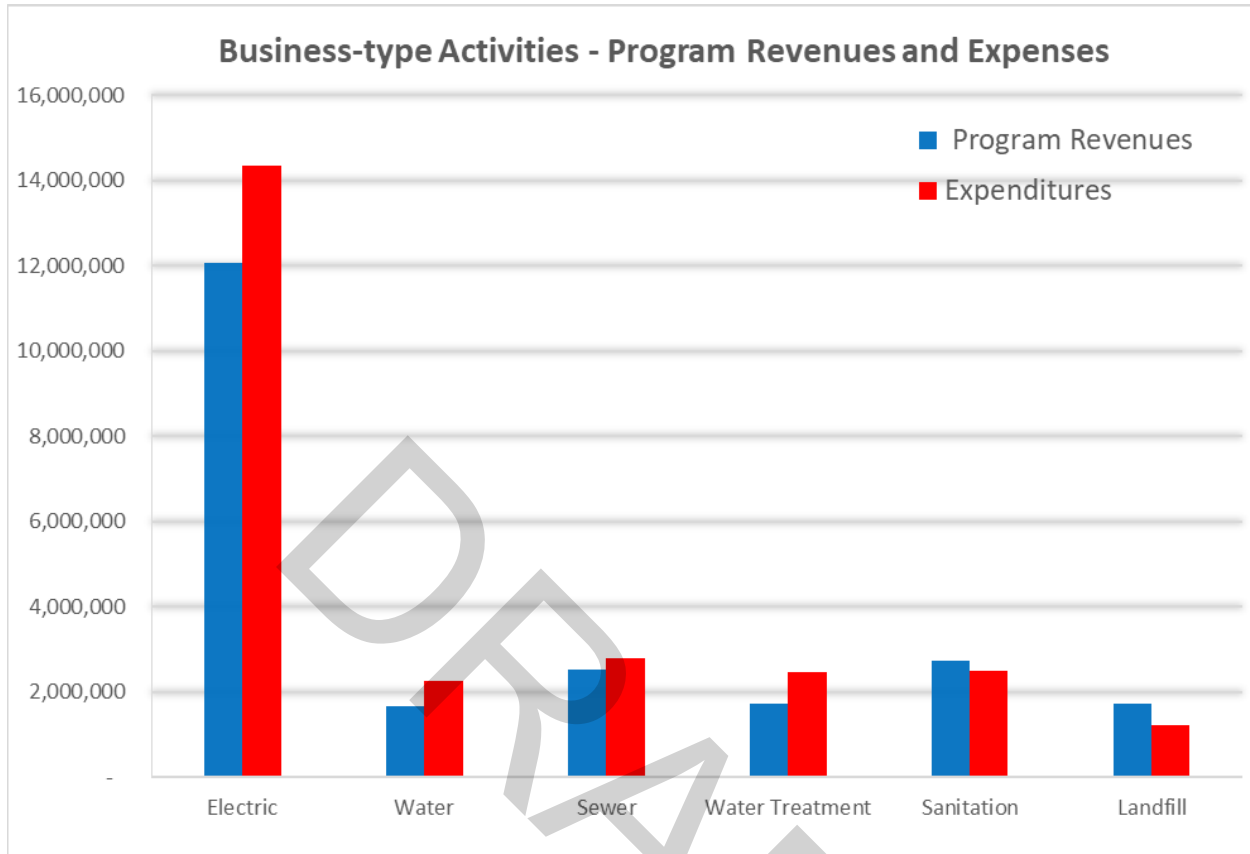
### Business Type Activities – Expenses

	FY 2023 Expenses	FY 2022 Expenses	Increase (Decrease)	Percent Change
Business-Type Activities				
Electric	\$ 14,358,194	\$ 12,417,995	\$ 1,940,199	16%
Water	2,259,193	1,987,371	271,822	14%
Sewer	2,793,376	2,424,561	368,815	15%
Water Treatment	2,452,640	2,048,318	404,322	20%
Sanitation	2,482,278	1,938,640	543,638	28%
Landfill	1,210,901	1,222,774	(11,873)	-1%
Total	\$ 25,556,583	\$ 22,039,659	\$ 3,516,924	16%

Total expenses of business-type activities reflected a \$3,516,924 increase of 16%. The electric enterprise showed a 16% increase which can be attributable to electric purchase costs and promotion expenses. The water enterprise showed a \$271,822 or 14% increase due to increases in the general fund overhead reimbursement and net pension liability calculations. The Sewer enterprise fund reflected a \$368,815 or 15% increase which was attributable to the cost of chemicals and repair and maintenance needs. Water Treatment enterprises reflected a \$404,322 or 20% increase. The increase is attributed to the cost of chemicals and the net pension liability. The sanitation enterprise reflected a 28% increase due to the landfill rate increase and a full staff a majority of the year. The landfill enterprise remained flat with a 1% decrease in expenses.



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. In particular, unreserved fund balance may serve as a useful measure of a governments' 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 combined ending fund balance of \$5,283,289 a decrease of \$2,124,454 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, 2023, the fund balance in the General Fund was \$3,809,973 of which \$44,804 is restricted for private grants and \$1,657,207 assigned for subsequent year operations. The remaining fund balance of \$1,923,240 was unassigned as of June 30, 2023. 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 10.5% of general fund expenditures.

The General Fund balance decreased by \$2,180,231 during the fiscal year. This is a result of the levels of revenue, expenditures and transfers. Revenues totaling \$17,891,411 reflected an increase of 1.6% from the prior year. General Fund expenditures of \$18,393,061 showed an increase from the previous year at 36.9%. The increase was due to several capital projects in the streets and park departments. In addition, total transfers out increased \$1,637,852 to allocate funds for capital projects outside of the general fund including 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 \$41,063,086, which is an increase of \$1,257,456 or 3.1%.

### **General Fund Budgetary Highlights**

The General Fund total revenues in the original budget were \$17,049,197 and augmented to \$19,139,197 for an increase of \$2,090,000. The actual revenues were \$17,785,628 which was \$1,353,569 less than the final budget. The variance when comparing the difference between actual and the final budgeted revenues is due to the SLFRF.

The General Fund total expenditures original budget of \$11,744,602 was augmented and had budget transfers to add \$6,355,000 for a total budget of \$21,099,602. Actual expenditures of \$17,860,831 came in under the final budget amount by \$3,238,771. The variances between actual and the final budgeted expenditures was mainly due to capital projects in the street and parks department still in progress at fiscal year end.

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, 2023 was \$87,812,634 (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	
	FY23	FY22	FY23	FY22	FY23	FY22
Land	\$ 1,022,000	\$ 840,947	\$ 2,287,657	\$ 2,287,657	\$ 3,309,657	\$ 3,128,604
Construction in progress	5,133,785	595,207	4,683,325	1,331,562	9,817,110	1,926,769
Buildings and improvements	10,198,390	10,491,069	2,826,538	1,022,935	13,024,928	11,514,004
Machinery and equipment	1,803,357	1,859,501	2,919,081	2,761,695	4,722,438	4,621,196
Infrastructure	17,901,778	17,970,015	38,960,563	40,045,878	56,862,341	58,015,893
Right to use leased assets	-	-	76,160	79,170	76,160	79,170
<b>Total</b>	<b>\$ 36,059,310</b>	<b>\$ 31,756,739</b>	<b>\$ 51,753,324</b>	<b>\$ 47,528,897</b>	<b>\$ 87,812,634</b>	<b>\$ 79,285,636</b>

Significant additions in the current year for governmental activities include Construction in Progress (CIP) airport runway lights, (CIP) airport taxiway relocate, (CIP) multiple street projects, (CIP) splashpark, (CIP) pickleball courts, (CIP) city hall backup generator, land purchase, vehicles and parks department equipment.

Significant additions in the current year for business-type activities include (CIP) electric meter replacement, (CIP) transformers, light poles, (CIP) water meters, (CIP) water tank replacement, (CIP) Water/Sewer infrastructure-Broadway/Sherman/A Street/Whitaker, Mark street alley sewer reconstruction, waster wheelers, public works vehicle, public works building renovation and public works furniture/equipment.

See Note 5 for additional details.

**Long-term Debt Activity**

Notes payable, bonds payable, leases and other liabilities outstanding at June 30, 2023, totaled \$13,227,926 net of premiums. Debt for governmental activities reported a balance of \$864,260 which is 6.6% of total debt outstanding. Business-type activities debt totaled \$12,363,666 or 93.4% of total debt outstanding.

No additional debt was issued in the fiscal year and 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.

DRAFT

This page intentionally left blank.

## BASIC FINANCIAL STATEMENTS

DRAFT

City of Fallon, Nevada  
Statement of Net Position  
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
<b>Current assets</b>			
Cash, cash equivalents and investments	\$ 4,921,649	\$ 3,875,896	\$ 8,797,545
Due from other governments	2,130,530	26,771	2,157,301
Receivables, net of allowances for uncollectible accounts (where applicable)			
Taxes	16,490	-	16,490
Accounts	200,740	2,720,557	2,921,297
Assessments	4,800	-	4,800
Grants	804,585	-	804,585
Other	-	231,337	231,337
Internal balances	986,464	(986,464)	-
Prepays	-	3,331	3,331
Parts inventory	-	204,910	204,910
<b>Total current assets</b>	<b>9,065,258</b>	<b>6,076,338</b>	<b>15,141,596</b>
<b>Noncurrent assets</b>			
<b>Restricted assets</b>			
Cash and investments	7,999	3,390,693	3,398,692
Assets held for resale	-	1,099,400	1,099,400
Deposits held by others	-	70,000	70,000
<b>Capital assets</b>			
Land and construction in progress	6,155,785	6,970,982	13,126,767
Other capital assets, net of depreciation	29,903,525	44,706,182	74,609,707
Right to use leased assets, net of amortization	-	76,160	76,160
<b>Total noncurrent assets</b>	<b>36,067,309</b>	<b>56,313,417</b>	<b>92,380,726</b>
<b>Total assets</b>	<b>45,132,567</b>	<b>62,389,755</b>	<b>107,522,322</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to other postemployment benefits	262,113	145,098	407,211
Deferred outflows related to pensions	6,153,925	2,302,363	8,456,288
<b>Total deferred outflows of resources</b>	<b>6,416,038</b>	<b>2,447,461</b>	<b>8,863,499</b>

City of Fallon, Nevada  
Statement of Net Position  
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 3,216,175	\$ 2,250,954	\$ 5,467,129
Accrued payroll and related liabilities	454,536	216,282	670,818
Accrued interest payable	-	92,607	92,607
Other accrued liabilities	-	-	-
Unearned revenue	4,800	14,182	18,982
Customer deposits, payable from restricted cash	-	411,387	411,387
Due to other governments	104,529	-	104,529
Current portion of compensated absences	162,047	105,663	267,710
Current portion of lease liability	-	1,675	1,675
Current maturities of long-term debt	65,659	1,163,113	1,228,772
<b>Total current liabilities</b>	<b>4,007,746</b>	<b>4,255,863</b>	<b>8,263,609</b>
<b>Noncurrent liabilities</b>			
Other postemployment benefits liability	1,264,871	756,572	2,021,443
Total pension liability	15,596,673	6,008,783	21,605,456
Compensated absences, net of current portion	180,964	117,996	298,960
Estimated liability for landfill closure and post-closure care costs	-	1,446,000	1,446,000
Lease liability	-	78,796	78,796
Bonds, notes and financed purchases, net of current portion	455,590	10,896,423	11,352,013
<b>Total noncurrent liabilities</b>	<b>17,498,098</b>	<b>19,304,570</b>	<b>36,802,668</b>
<b>Total liabilities</b>	<b>21,505,844</b>	<b>23,560,433</b>	<b>45,066,277</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to other postemployment benefits	362,862	179,205	542,067
Deferred inflows related to pensions	92,192	34,492	126,684
<b>Total deferred inflows of resources</b>	<b>455,054</b>	<b>213,697</b>	<b>668,751</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>21,960,898</b>	<b>23,774,130</b>	<b>45,735,028</b>
<b>Net Position</b>			
Net investment in capital assets	35,538,061	41,823,701	77,361,762
Restricted for			
Private grants	44,804	-	44,804
Capital projects	451,815	768,922	1,220,737
Unrestricted	(6,446,973)	(1,529,537)	(7,976,510)
<b>Total net position</b>	<b>\$ 29,587,707</b>	<b>\$ 41,063,086</b>	<b>\$ 70,650,793</b>

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General government and administration	\$ (2,775,232)	\$ 3,458,308	\$ 239,604	\$ -
Judicial	(1,385,007)	81,436	-	-
Public safety	(7,045,235)	15,492	3,944,617	-
Public works	(1,744,371)	-	-	1,716,202
Culture and recreation	(1,594,346)	42,043	-	-
Community support	(1,394,129)	-	134,955	1,862,578
Interest on long-term debt	(6,664)	-	-	-
<b>Total government activities</b>	<b>(15,944,984)</b>	<b>3,597,279</b>	<b>4,319,176</b>	<b>3,578,780</b>
<b>Business-Type Activities</b>				
Electric	(14,358,194)	12,067,114	-	30,894
Water	(2,259,193)	1,678,072	25,000	179,140
Sewer	(2,793,376)	2,510,371	-	123,000
Water treatment	(2,452,640)	1,735,699	-	57,000
Sanitation	(2,482,278)	2,721,407	-	-
Landfill	(1,210,901)	1,721,837	-	-
<b>Total business-type activities</b>	<b>(25,556,583)</b>	<b>22,434,500</b>	<b>25,000</b>	<b>390,034</b>
<b>Total primary government</b>	<b>\$ (41,501,567)</b>	<b>\$ 26,031,779</b>	<b>\$ 4,344,176</b>	<b>\$ 3,968,814</b>
<b>General revenues and transfers</b>				
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				
Transfers				
<b>Total general revenues and transfers</b>				
<b>Change in Net Position</b>				
Net Position, Beginning of Year				
Net Position, End of Year				

See Notes to Financial Statements



City of Fallon, Nevada  
Statement of Activities  
Year Ended June 30, 2023

Net (Expenses) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ 922,680	\$ -	\$ 922,680
(1,303,571)	-	(1,303,571)
(3,085,126)	-	(3,085,126)
(28,169)	-	(28,169)
(1,552,303)	-	(1,552,303)
603,404	-	603,404
(6,664)	-	(6,664)
<u>(4,449,749)</u>	<u>-</u>	<u>(4,449,749)</u>
-	(2,260,186)	(2,260,186)
-	(376,981)	(376,981)
-	(160,005)	(160,005)
-	(659,941)	(659,941)
-	239,129	239,129
-	510,936	510,936
<u>-</u>	<u>(2,707,049)</u>	<u>(2,707,049)</u>
<u>(4,449,749)</u>	<u>(2,707,049)</u>	<u>(7,156,798)</u>
1,935,759	-	1,935,759
993,750	-	993,750
157,091	-	157,091
2,896,181	-	2,896,181
350,975	-	350,975
1,183,054	-	1,183,054
1,072,630	-	1,072,630
238,435	-	238,435
90,753	201,927	292,680
941,828	-	941,828
(3,762,578)	3,762,578	-
<u>6,097,878</u>	<u>3,964,505</u>	<u>10,062,383</u>
<u>1,648,129</u>	<u>1,257,456</u>	<u>2,905,585</u>
<u>27,939,578</u>	<u>39,805,630</u>	<u>67,745,208</u>
<u>\$ 29,587,707</u>	<u>\$ 41,063,086</u>	<u>\$ 70,650,793</u>

City of Fallon, Nevada  
Balance Sheet – Governmental Funds  
June 30, 2023

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash, cash equivalents and investments	\$ 3,636,439	\$ 1,285,210	\$ 4,921,649
Due from other governments	2,047,954	82,576	2,130,530
Due from other funds	986,464	-	986,464
Receivables, net of allowances for uncollectible accounts (where applicable)			
Taxes	16,490	-	16,490
Accounts	93,414	107,325	200,739
Assessments	-	4,800	4,800
Grant	583,174	221,411	804,585
Restricted assets			
Cash and investments	7,999	-	7,999
Total assets	<u>\$ 7,371,934</u>	<u>\$ 1,701,322</u>	<u>\$ 9,073,256</u>
<b>Liabilities</b>			
Accounts payable	\$ 2,997,423	\$ 218,751	\$ 3,216,174
Accrued payroll and related liabilities	454,536	-	454,536
Due to other governments	100,074	4,455	104,529
Unearned revenue	-	4,800	4,800
Total liabilities	<u>3,552,033</u>	<u>228,006</u>	<u>3,780,039</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	9,928	-	9,928
Total Liabilities and Deferred Inflows of Resources	<u>3,561,961</u>	<u>228,006</u>	<u>3,789,967</u>
<b>Fund Balances</b>			
Restricted			
Private grants	44,804	-	44,804
Capital projects	-	451,815	451,815
Committed			
Public works	8,149	436,029	444,178
Public safety	1,824	-	1,824
Unemployment compensation	409	-	409
Community support	135,811	585,472	721,283
Compensated absence	2,023	-	2,023
Mayor's Youth	36,506	-	36,506
Assigned for subsequent year operations	1,657,207	-	1,657,207
Unassigned	1,923,240	-	1,923,240
Total fund balances	<u>3,809,973</u>	<u>1,473,316</u>	<u>5,283,289</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 7,371,934</u>	<u>\$ 1,701,322</u>	<u>\$ 9,073,256</u>

City of Fallon, Nevada  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
 June 30, 2023

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

Total fund balance - governmental funds		\$ 5,283,289
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	\$ 61,691,451	
Accumulated depreciation	<u>(25,632,141)</u>	36,059,310
Property taxes receivable are not available to pay current period expenditures and, therefore, are deferred in the governmental funds balance sheet.		
		9,928
Certain liabilities are not reported in the governmental funds because they are not due and payable in the current period.		
Other postemployment benefits liability	(1,264,871)	
Net pension liability	(15,596,673)	
Compensated absences	(343,011)	
Note payable	<u>(521,249)</u>	(17,725,804)
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	6,153,925	
Deferred inflows of resources related to pensions	(92,192)	
Deferred outflows of resources related to other postemployment benefits	262,113	
Deferred inflows of resources related to other postemployment benefits	<u>(362,862)</u>	<u>5,960,984</u>
Net position of governmental activities		<u><u>\$ 29,587,707</u></u>

City of Fallon, Nevada  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2023

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes			
Ad valorem	\$ 1,838,465	\$ 95,869	\$ 1,934,334
Other	1,216,261	993,750	2,210,011
Charges for services	2,890,479	35,173	2,925,652
Intergovernmental	9,678,158	2,313,736	11,991,894
Licenses and permits	2,095,692	-	2,095,692
Fines and forfeitures	58,626	-	58,626
Miscellaneous			
Investment income	71,374	19,379	90,753
Other	42,356	-	42,356
<b>Total revenues</b>	<b>17,891,411</b>	<b>3,457,907</b>	<b>21,349,318</b>
<b>Expenditures</b>			
Current			
General government and administration	2,553,030	-	2,553,030
Judicial	1,315,132	-	1,315,132
Public safety	6,349,679	-	6,349,679
Public works	1,094,852	54,559	1,149,411
Culture and recreation	1,425,633	-	1,425,633
Community support	478,556	860,857	1,339,413
Capital outlay			
General government and administration	303,311	-	303,311
Judicial	5,683	-	5,683
Public safety	104,607	-	104,607
Public works	3,161,708	331,060	3,492,768
Culture and recreation	1,593,070	-	1,593,070
Community support	7,800	-	7,800
Debt service			
Principal retirement	-	64,954	64,954
Interest and fiscal charges	-	6,703	6,703
<b>Total expenditures</b>	<b>18,393,061</b>	<b>1,318,133</b>	<b>19,711,194</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(501,650)	2,139,774	1,638,124
<b>Other Financing Sources (Uses)</b>			
Transfers in	335,000	146,657	481,657
Transfers out	(2,013,581)	(2,230,654)	(4,244,235)
<b>Total other financing sources</b>	<b>(1,678,581)</b>	<b>(2,083,997)</b>	<b>(3,762,578)</b>
Net Change in Fund Balances	(2,180,231)	55,777	(2,124,454)
Fund Balances, Beginning of Year	5,990,204	1,417,539	7,407,743
Fund Balances, End of Year	\$ 3,809,973	\$ 1,473,316	\$ 5,283,289

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, 2023

---

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

Net change in fund balances - total governmental funds		\$ (2,124,454)
<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	\$ 5,507,239	
Current year depreciation	(1,188,672)	
Sale/disposition of assets	<u>(15,996)</u>	4,302,571
<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		1,425
<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	1,003,300	
Pension expense	<u>(1,714,460)</u>	(711,160)
<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		64,993
<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	74,899	
Other postemployment benefits expense	<u>22,791</u>	97,690
<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>17,064</u>
Change in net position of governmental activities		<u>\$ 1,648,129</u>

	Business-Type Activities - Enterprise Funds		
	Electric	Water	Sewer
<b>Assets</b>			
<b>Current assets</b>			
Cash, cash equivalents and investments	\$ -	\$ 644,858	\$ 565,711
Accounts receivable, net of allowance for doubtful accounts	1,461,586	210,657	298,069
Other receivables	231,337	-	-
Due from other funds	-	-	-
Due from other governments	1,771	25,000	-
Parts inventory	-	204,910	-
<b>Total current assets</b>	<b>1,694,694</b>	<b>1,085,425</b>	<b>863,780</b>
<b>Noncurrent Assets</b>			
<b>Restricted assets</b>			
Cash and investments			
Customer deposits	408,332	3,055	-
Bond payable	2,210,384	-	-
Capital projects	-	-	-
Assets held for resale	1,099,400	-	-
Deposits held by others	70,000	-	-
<b>Capital assets</b>			
Land and construction in progress	2,475,748	1,552,579	2,518,569
Other capital assets, net of depreciation	6,045,009	6,035,447	14,873,168
Right to use Leased assets, net of amortization	76,160	-	-
<b>Total noncurrent assets</b>	<b>12,385,033</b>	<b>7,591,081</b>	<b>17,391,737</b>
<b>Total assets</b>	<b>14,079,727</b>	<b>8,676,506</b>	<b>18,255,517</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to other postemployment benefits	33,199	25,150	8,575
Deferred outflows related to pensions	475,507	329,298	160,923
<b>Total deferred outflows of resources</b>	<b>508,706</b>	<b>354,448</b>	<b>169,498</b>

See Notes to Financial Statements

City of Fallon, Nevada  
Statement of Net Position – Proprietary Funds  
June 30, 2023

Business-Type Activities - Enterprise Funds				Business-Type Activities - Internal Service Funds
Water Treatment	Sanitation	Nonmajor Enterprise Funds	Total	
\$ 967,243	\$ 16,289	\$ 1,680,801	\$ 3,874,902	\$ 994
173,636	333,760	242,849	2,720,557	-
-	-	-	231,337	-
-	-	500,000	500,000	-
-	-	-	26,771	-
-	-	-	204,910	-
<u>1,140,879</u>	<u>350,049</u>	<u>2,423,650</u>	<u>7,558,477</u>	<u>4,325</u>
-	-	-	411,387	-
-	-	-	2,210,384	-
-	-	768,922	768,922	-
-	-	-	1,099,400	-
-	-	-	70,000	-
72,854	154,980	196,252	6,970,982	-
13,698,135	1,089,068	715,465	42,456,292	2,249,890
-	-	-	76,160	-
<u>13,770,989</u>	<u>1,244,048</u>	<u>1,680,639</u>	<u>54,063,527</u>	<u>2,249,890</u>
<u>14,911,868</u>	<u>1,594,097</u>	<u>4,104,289</u>	<u>61,622,004</u>	<u>2,254,215</u>
12,721	18,157	9,784	107,586	37,512
<u>189,545</u>	<u>314,737</u>	<u>126,004</u>	<u>1,596,014</u>	<u>706,349</u>
<u>202,266</u>	<u>332,894</u>	<u>135,788</u>	<u>1,703,600</u>	<u>743,861</u>

	Business-Type Activities - Enterprise Funds		
	Electric	Water	Sewer
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 853,254	\$ 723,152	\$ 398,346
Accrued payroll and related liabilities	43,461	31,195	14,472
Accrued interest payable	15,358	8,946	66,821
Unearned revenue	14,182	-	-
Customer deposits, payable from restricted cash	408,332	3,055	-
Current portion of compensated absences	5,312	25,746	17,036
Current portion of lease liability	1,675	-	-
Current maturities of long-term debt	505,473	244,208	374,331
Due to other funds	594,590	200,000	300,000
<b>Total current liabilities</b>	<b>2,441,637</b>	<b>1,236,302</b>	<b>1,171,006</b>
<b>Noncurrent liabilities</b>			
Other postemployment benefits liability	211,947	114,807	55,340
Net pension liability	1,239,103	830,181	553,031
Compensated absences, net of current portion	5,932	28,752	19,024
Estimated liability for landfill closure and postclosure care costs	-	-	-
Lease liability	78,796	-	-
Bonds and notes payable, net of current portion	4,699,572	678,213	5,323,199
<b>Total noncurrent liabilities</b>	<b>6,235,350</b>	<b>1,651,953</b>	<b>5,950,594</b>
<b>Total liabilities</b>	<b>8,676,987</b>	<b>2,888,255</b>	<b>7,121,600</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to other postemployment benefits	35,096	28,161	12,338
Deferred inflows related to pensions	7,124	4,933	2,411
<b>Total deferred outflows of resources</b>	<b>42,220</b>	<b>33,094</b>	<b>14,749</b>
<b>Net Position</b>			
Net investment in capital assets	5,521,785	6,665,605	11,694,207
Restricted for capital projects	-	-	-
Unrestricted (deficit)	347,441	(556,000)	(405,541)
<b>Total net position</b>	<b>\$ 5,869,226</b>	<b>\$ 6,109,605</b>	<b>\$ 11,288,666</b>

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



City of Fallon, Nevada  
Statement of Net Position – Proprietary Funds  
June 30, 2023

Business-Type Activities - Enterprise Funds				Business-Type Activities - Internal Service Funds
Water Treatment	Sanitation	Nonmajor Enterprise Funds	Total	
\$ 53,416	\$ 124,365	\$ 81,864	\$ 2,234,397	\$ 16,557
17,315	32,798	11,702	150,943	65,339
212	1,084	186	92,607	-
-	-	-	14,182	-
-	-	-	411,387	-
11,577	9,380	8,327	77,378	28,285
-	-	-	1,675	-
6,673	26,589	5,839	1,163,113	-
-	-	-	1,094,590	391,874
<u>89,193</u>	<u>194,216</u>	<u>107,918</u>	<u>5,240,272</u>	<u>502,055</u>
68,463	96,086	41,721	588,364	168,208
556,087	894,008	372,130	4,444,540	1,564,243
12,927	10,475	9,299	86,409	31,587
-	-	1,446,000	1,446,000	-
-	-	-	78,796	-
<u>47,116</u>	<u>107,097</u>	<u>41,226</u>	<u>10,896,423</u>	<u>-</u>
<u>684,593</u>	<u>1,107,666</u>	<u>1,910,376</u>	<u>17,540,532</u>	<u>1,764,038</u>
<u>773,786</u>	<u>1,301,882</u>	<u>2,018,294</u>	<u>22,780,804</u>	<u>2,266,093</u>
14,517	24,841	11,643	126,596	52,609
2,840	4,715	1,888	23,911	10,581
<u>17,357</u>	<u>29,556</u>	<u>13,531</u>	<u>150,507</u>	<u>63,190</u>
13,717,200	1,110,362	864,652	39,573,811	2,249,890
-	-	768,922	768,922	-
605,791	(514,809)	574,678	51,560	(1,581,097)
<u>\$ 14,322,991</u>	<u>\$ 595,553</u>	<u>\$ 2,208,252</u>	40,394,293	<u>\$ 668,793</u>
			<u>668,793</u>	
			<u>\$ 41,063,086</u>	

	Business-Type Activities - Enterprise Funds		
	Electric	Water	Sewer
Operating Revenues			
Charges for services	\$ 11,997,193	\$ 1,678,072	\$ 2,510,371
Operating grants	-	25,000	-
Miscellaneous	69,921	-	-
Total operating revenues	<u>12,067,114</u>	<u>1,703,072</u>	<u>2,510,371</u>
Operating Expenses			
Salaries and wages	607,316	454,526	210,439
Employee benefits	321,298	255,541	84,326
Services and supplies	1,151,492	339,467	737,070
Electric energy purchased	7,707,223	-	-
Depreciation/amortization	553,943	310,967	709,472
Data processing use fee	124,800	62,400	21,840
Public works use fee	561,600	280,800	98,280
In lieu of taxes and franchise taxes	852,998	267,008	492,042
General fund administrative support	1,343,460	229,176	213,372
Total operating expenses	<u>13,224,130</u>	<u>2,199,885</u>	<u>2,566,841</u>
Operating Income (Loss)	<u>(1,157,016)</u>	<u>(496,813)</u>	<u>(56,470)</u>
Nonoperating Revenues (Expenses)			
Investment income	121,974	12,624	25,956
Economic development	(288,884)	-	-
Quality of life promotion	(672,603)	-	-
Interest expense	(95,014)	(20,527)	(212,962)
Total nonoperating revenues (expenses)	<u>(934,527)</u>	<u>(7,903)</u>	<u>(187,006)</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(2,091,543)</u>	<u>(504,716)</u>	<u>(243,476)</u>
Capital Contributions	30,894	179,140	123,000
Transfers In	-	1,045,728	1,316,850
Transfers Out	-	-	-
Change in Net Position	<u>(2,060,649)</u>	<u>720,152</u>	<u>1,196,374</u>
Net Position, Beginning of Year, as restated	<u>7,929,875</u>	<u>5,389,453</u>	<u>10,092,292</u>
Net Position (Deficit), End of Year	<u>\$ 5,869,226</u>	<u>\$ 6,109,605</u>	<u>\$ 11,288,666</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, 2023

Business-Type Activities - Enterprise Funds				Business-Type Activities - Internal Service Funds
Water Treatment	Sanitation	Nonmajor Enterprise Funds	Total	
\$ 1,472,156	\$ 2,721,407	\$ 1,721,837	\$ 22,101,036	\$ 1,716,000
-	-	-	25,000	-
263,543	-	-	333,464	-
<u>1,735,699</u>	<u>2,721,407</u>	<u>1,721,837</u>	<u>22,459,500</u>	<u>1,716,000</u>
234,126	471,811	191,457	2,169,675	910,437
156,234	304,989	118,294	1,240,682	495,016
706,578	1,038,521	440,940	4,414,068	450,421
-	-	-	7,707,223	-
390,454	136,958	92,046	2,193,840	54,032
62,400	21,840	18,720	312,000	-
280,800	98,280	84,240	1,404,000	-
361,294	163,730	118,612	2,255,684	-
221,280	229,176	134,352	2,370,816	-
<u>2,413,166</u>	<u>2,465,305</u>	<u>1,198,661</u>	<u>24,067,988</u>	<u>1,909,906</u>
<u>(677,467)</u>	<u>256,102</u>	<u>523,176</u>	<u>(1,608,488)</u>	<u>(193,906)</u>
15,768	246	25,344	201,912	15
-	-	-	(288,884)	-
-	-	-	(672,603)	-
<u>(693)</u>	<u>(3,400)</u>	<u>(606)</u>	<u>(333,202)</u>	<u>-</u>
<u>15,075</u>	<u>(3,154)</u>	<u>24,738</u>	<u>(1,092,777)</u>	<u>15</u>
<u>(662,392)</u>	<u>252,948</u>	<u>547,914</u>	<u>(2,701,265)</u>	<u>(193,891)</u>
57,000	-	-	390,034	-
-	-	41,772	2,404,350	1,400,000
<u>(41,772)</u>	<u>-</u>	<u>-</u>	<u>(41,772)</u>	<u>-</u>
<u>(647,164)</u>	<u>252,948</u>	<u>589,686</u>	<u>51,347</u>	<u>1,206,109</u>
<u>14,970,155</u>	<u>342,605</u>	<u>1,618,566</u>		<u>(537,316)</u>
<u>\$ 14,322,991</u>	<u>\$ 595,553</u>	<u>\$ 2,208,252</u>		<u>\$ 668,793</u>

1,206,109  
\$ 1,257,456

	Business-Type Activities - Enterprise Funds		
	Electric	Water	Sewer
Operating Activities			
Cash from customers	\$ 11,793,283	\$ 1,705,406	\$ 2,480,774
Cash from other funds for services	-	-	-
Payments to suppliers for goods and services	(10,815,926)	(92,303)	(639,448)
Payments to employees for services	(924,537)	(707,071)	(289,461)
Payments to other funds for services	(2,196,458)	(496,184)	(405,414)
Net Cash from (used for) Operating Activities	(2,143,638)	409,848	1,146,451
Noncapital Financing Activities			
Interfund advances	594,590	-	-
Transfers to/from other funds	-	1,220,728	1,316,850
Net Cash from (used for) Noncapital Financing Activities	594,590	1,220,728	1,316,850
Capital and Related Financing Activities			
Purchase of property, plant, and equipment	(1,244,010)	(1,231,577)	(2,464,057)
Principal payments on debt	(498,780)	(238,802)	(359,084)
Connection fees	30,894	179,140	123,000
Deferred charges	14,182	-	-
Principal payment on lease liability	(731)	-	-
Interest paid on debt	(93,845)	(23,021)	(217,283)
Net Cash from (used for) Capital and Related Financing Activities	(1,792,290)	(1,314,260)	(2,917,424)
Investing Activities			
Interest on cash and investments	121,974	12,624	25,956
Net Change in Cash and Cash Equivalents	(3,219,364)	328,940	(428,167)
Cash and Cash Equivalents, Beginning of Year	5,838,080	318,973	993,878
Cash and Cash Equivalents, End of Year	\$ 2,618,716	\$ 647,913	\$ 565,711

See Notes to Financial Statements

City of Fallon, Nevada  
Statement of Cash Flows – Proprietary Funds  
Year Ended June 30, 2023

Business-Type Activities - Enterprise Funds				Business-Type Activities - Internal Service Funds
Water Treatment	Sanitation	Nonmajor Enterprise Funds	Total	
\$ 1,754,278	\$ 2,650,157	\$ 1,677,021	\$ 22,060,919	\$ -
-	-	-	-	1,716,000
(1,074,774)	(1,103,321)	(426,354)	(14,152,126)	(862,772)
(392,516)	(763,526)	(307,173)	(3,384,284)	(1,395,410)
(582,574)	(392,906)	(252,964)	(4,326,500)	-
(295,586)	390,404	690,530	198,009	(542,182)
-	(250,000)	-	344,590	391,874
(41,772)	-	(208,228)	2,287,578	1,400,000
(41,772)	(250,000)	(208,228)	2,632,168	1,791,874
(13,370)	(160,349)	(68,159)	(5,181,522)	(1,290,071)
(6,605)	(62,097)	(5,780)	(1,171,148)	-
57,000	-	-	390,034	-
-	-	-	-	-
-	-	-	(731)	-
(719)	(4,018)	(628)	(339,514)	-
36,306	(226,464)	(74,567)	(6,302,881)	(1,290,071)
15,768	246	25,344	201,912	15
(285,284)	(85,814)	433,079	(3,256,610)	(40,364)
1,252,527	102,103	2,016,644.00	10,522,205	41,358
<u>\$ 967,243</u>	<u>\$ 16,289</u>	<u>\$ 2,449,723</u>	<u>\$ 7,265,595</u>	<u>\$ 994</u>

	Business-Type Activities - Enterprise Funds		
	Electric	Water	Sewer
Reconciliation of Operating Income (Loss) to Net Cash from (used for) Operating Activities			
Operating income (loss)	\$ (1,157,016)	\$ (496,813)	\$ (56,470)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities			
Depreciation/amortization	550,227	310,967	709,472
Amortization- premiums	3,716	-	(41,589)
Pension expense	54,950	38,050	18,599
OPEB expense	(10,059)	(7,528)	(3,485)
Economic development expense	(288,884)	-	-
Quality of life promotion expense	(672,603)	-	-
Changes in			
Due from other funds	-	-	300,000
Accounts receivable	(273,831)	2,334	(29,597)
Inventory	-	(102,024)	-
Prepays	(20,000)	-	-
Accounts payable	(357,513)	643,596	264,499
Landfill closure costs	-	-	-
Accrued payroll and related liabilities	4,077	2,996	5,304
Compensated absences	3,159	20,972	(20,282)
Customer deposits	20,139	(2,702)	-
Net Cash from (used for) Operating Activities	<u>\$ (2,143,638)</u>	<u>409,848</u>	<u>\$ 1,146,451</u>
Reconciliation of Total Cash and Cash Equivalents:			
Current assets - cash and cash equivalents	\$ -	644,858	\$ 565,711
Restricted assets - cash and cash equivalents	<u>2,618,716</u>	<u>3,055</u>	<u>-</u>
Total cash and investments	<u>\$ 2,618,716</u>	<u>647,913</u>	<u>\$ 565,711</u>

See Notes to Financial Statements

City of Fallon, Nevada  
Statement of Cash Flows – Proprietary Funds  
Year Ended June 30, 2023

Business-Type Activities - Enterprise Funds				Business-Type Activities - Internal Service Funds
Water Treatment	Sanitation	Nonmajor Enterprise Funds	Total	
\$ (677,467)	\$ 256,102	\$ 523,176	\$ (1,608,488)	\$ (193,906)
390,453	136,958	92,046	2,190,123	54,032
-	-	-	(37,873)	-
21,902	36,373	14,560	184,434	81,630
(3,878)	(7,814)	(3,171)	(35,935)	(15,079)
-	-	-	(288,884)	-
-	-	-	(672,603)	-
-	-	-	300,000	-
18,581	(71,250)	(44,816)	(398,579)	-
-	-	-	(102,024)	-
-	-	-	(20,000)	-
(65,631)	22,220	46,623	553,794	(488,749)
-	-	55,000	55,000	-
(2,158)	13,274	2,578	26,071	6,711
22,612	4,541	4,534	35,536	13,179
-	-	-	17,437	-
<u>\$ (295,586)</u>	<u>\$ 390,404</u>	<u>\$ 690,530</u>	<u>\$ 198,009</u>	<u>\$ (542,182)</u>
\$ 967,243	\$ 16,289	\$ 1,680,801	\$ 3,874,902	\$ 994
-	-	768,922	3,390,693	-
<u>\$ 967,243</u>	<u>\$ 16,289</u>	<u>\$ 2,449,723</u>	<u>\$ 7,265,595</u>	<u>\$ 994</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.

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

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, 2023, are as follows:

Fund Type	Outstanding Balance	Allowance for Doubtful Accounts	Net
Enterprise Funds			
Electric	\$ 1,521,386	\$ 59,800	\$ 1,461,586
Water	218,981	8,324	210,657
Sewer	310,621	12,552	298,069
Water Treatment	180,997	7,361	173,636
Sanitation	344,225	10,465	333,760
Nonmajor	251,459	8,610	242,849
	<u>\$ 2,827,669</u>	<u>\$ 107,112</u>	<u>\$ 2,720,557</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.

**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.

#### **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, represent 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 that arise under the modified accrual basis of accounting.

## Pensions

For purposes of measuring the total 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.

#### **Implementation of GASB Statement No. 96**

As of July 1, 2022, the City adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The City has evaluated this guidance and determined that it has no impact on the City's financial statements.



**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:

**Excess of Expenditures over Budget Appropriations**

Fund	Function/Program	Amount
Convention Tourism Authority Fund	Community Support	\$ 208,805
Water Treatment Enterprise Fund	Water Treatment	126,382
Public Works Internal Service Fund	Public Works	36,344

**Nevada Administrative Code (NAC) 354.290**

The City did not obtain a resolution authorizing interfund loans in the Electric Enterprise Fund totaling \$594,590 as of June 30, 2023 and in the Public Works Internal Service Fund totaling \$391,874 as of June 30, 2023, this is an apparent violation of Nevada Administrative Code 354.290.

**Note 3 - Cash and Investments**

The City's cash and investments is as follows at June 30, 2023:

	Restricted	Unrestricted	Total
Cash and investment balances held by			
Governmental Funds	\$ 7,999	\$ 4,921,649	\$ 4,929,648
Proprietary Funds	3,390,693	3,875,896	7,266,589
Total cash and investments	<u>\$ 3,398,692</u>	<u>\$ 8,797,545</u>	<u>\$ 12,196,237</u>
Total investments			
State of Nevada Local Government Investment Pool		*	\$ 8,048,754
Total cash			<u>4,147,483</u>
Total cash and investments			<u>\$ 12,196,237</u>

\* represents average weighted maturity of 125 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, 2023. 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 market value of at least 102 percent of the amount of the uninsured balances of the public money held by the depository. Under NRS 356.360, the State Treasurer manages and monitors all collateral for all public monies deposited by members of the pool. As of June 30, 2023, 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, 2023:

Governmental Activities	Balance at July 1, 2022	Additions	Disposals	Transfers	Balance at June 30, 2023
Capital assets, not being depreciated					
Land	\$ 840,947	\$ 181,053	\$ -	\$ -	\$ 1,022,000
Construction in progress	595,207	4,751,693	(3,643)	(209,472)	5,133,785
Total capital assets, not being depreciated	<u>1,436,154</u>	<u>4,932,746</u>	<u>(3,643)</u>	<u>(209,472)</u>	<u>6,155,785</u>
Capital assets, being depreciated					
Infrastructure	35,691,125	328,246	-	206,412	36,225,783
Buildings and improvements	13,526,067	63,724	-	3,060	13,592,851
Machinery and equipment	5,590,849	182,523	(56,340)	-	5,717,032
Total capital assets, being depreciated	<u>54,808,041</u>	<u>574,493</u>	<u>(56,340)</u>	<u>209,472</u>	<u>55,535,666</u>
Less accumulated depreciation					
Infrastructure	(17,721,110)	(602,895)	-	-	(18,324,005)
Buildings and improvements	(3,034,998)	(359,463)	-	-	(3,394,461)
Machinery and equipment	(3,731,348)	(226,314)	43,987	-	(3,913,675)
Total accumulated depreciation	<u>(24,487,456)</u>	<u>(1,188,672)</u>	<u>43,987</u>	<u>-</u>	<u>(25,632,141)</u>
Total capital assets, being depreciated, net	<u>30,320,585</u>	<u>(614,179)</u>	<u>(12,353)</u>	<u>209,472</u>	<u>29,903,525</u>
Governmental Activities Capital Assets, Net	<u>\$ 31,756,739</u>	<u>\$ 4,318,567</u>	<u>\$ (15,996)</u>	<u>\$ -</u>	<u>\$ 36,059,310</u>

The main components of construction in progress consists of the Broadway and Sherman Streets Rehabilitation Project and the Splash Park Project.

Business-type Activities

	Balance at July 1, 2022	Additions	Disposals	Transfers	Balance at June 30, 2023
Capital assets, not being depreciated					
Land	\$ 2,287,657	\$ -	\$ -	\$ -	\$ 2,287,657
Construction in progress	1,331,562	4,267,453	-	(915,690)	4,683,325
Total capital assets, not being depreciated	<u>3,619,219</u>	<u>4,267,453</u>	<u>-</u>	<u>(915,690)</u>	<u>6,970,982</u>
Capital assets, being depreciated					
Buildings and improvements	2,191,075	1,097,007	-	790,593	4,078,675
Machinery and equipment	9,024,937	570,429	-	-	9,595,366
Electric, water, and sewer system	78,658,053	536,704	-	125,097	79,319,854
Total capital assets, being depreciated	<u>89,874,065</u>	<u>2,204,140</u>	<u>-</u>	<u>915,690</u>	<u>92,993,895</u>
Less accumulated depreciation					
Buildings and improvements	(1,168,140)	(83,997)	-	-	(1,252,137)
Machinery and equipment	(6,263,242)	(413,043)	-	-	(6,676,285)
Electric, water, and sewer system	(38,612,175)	(1,747,116)	-	-	(40,359,291)
Total accumulated depreciation	<u>(46,043,557)</u>	<u>(2,244,156)</u>	<u>-</u>	<u>-</u>	<u>(48,287,713)</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	(3,654)	(3,716)	-	-	(7,370)
Net right to use leased assets	<u>79,876</u>	<u>(3,716)</u>	<u>-</u>	<u>-</u>	<u>76,160</u>
Total capital assets, being depreciated, net	<u>43,909,678</u>	<u>(43,732)</u>	<u>-</u>	<u>915,690</u>	<u>44,782,342</u>
Business-type Activities Capital Assets, Net	<u>\$ 47,528,897</u>	<u>\$ 4,223,721</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,753,324</u>

The main components of construction in progress consists of the Public Works Building Renovation Project, Consolidated Water/Sewer Projects on area roads.

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

Governmental Activities

General Government and Administration

City clerk	\$ 4,189
City hall	<u>37,597</u>
	<u>41,786</u>

Judicial

Municipal court	<u>5,004</u>
-----------------	--------------

Public Safety

Police	131,813
Task force	1,251
Animal control	545
Fire	<u>33,889</u>
	<u>167,498</u>

Public Works

Street, curb & gutter	348,009
Airport	<u>246,951</u>
	<u>594,960</u>

Culture and Recreation

Centennial	2,200
Parks	<u>122,125</u>
	<u>124,325</u>

Community Support

Administrative buildings	222,870
Convention center	<u>32,229</u>
	<u>255,099</u>

Total governmental activities	<u><u>\$ 1,188,672</u></u>
-------------------------------	----------------------------

Business-type Activities

Electric Fund	\$ 553,943
Water Fund	310,967
Sewer Fund	709,472
Water Treatment Fund	390,454
Sanitation Fund	136,958
Landfill Fund	92,046

Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets	<u>54,032</u>
---	---------------

Total business-type activities	<u><u>\$ 2,247,872</u></u>
--------------------------------	----------------------------

**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:

Governmental Activities

	Balance July 1, 2022	Additions	(Reductions)	Balance June 30, 2023
<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%	\$ 312,017	\$ -	(35,002)	277,015
Less amount classified as current	(34,983)	-	(378)	(35,361)
Long-term portion	<u>277,034</u>	<u>-</u>	<u>(35,380)</u>	<u>241,654</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%	274,225	-	(29,991)	244,234
Less amount classified as current	(29,991)	-	(307)	(30,298)
Long-term portion	<u>244,234</u>	<u>-</u>	<u>(30,298)</u>	<u>213,936</u>
<u>Other Liabilities</u>				
Compensated absences	360,075	307,298	(324,362)	343,011
Less amount classified as current	(170,940)	8,893	-	(162,047)
Long-term portion	<u>189,135</u>	<u>316,191</u>	<u>(324,362)</u>	<u>180,964</u>
<u>Total Medium - Term Obligation and Other Liabilities</u>				
Governmental activities	946,317	307,298	(389,355)	864,260
Less amount classified as current	(235,914)	8,893	(685)	(227,706)
Long-term portion	<u>\$ 710,403</u>	<u>\$ 316,191</u>	<u>\$ (390,040)</u>	<u>\$ 636,554</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, 2022	Additions	(Reductions)	Balance June 30, 2023
<b>Bonds and Lease Payable</b>				
<b>Electric Enterprise Fund</b>				
Direct Borrowings:				
\$644,809 to Zions Bank dated 12/20 with semi-annual payments of \$35,000 with interest at 1.19%				
	\$ 574,825	\$ -	\$ (62,888)	\$ 511,937
Less amount classified as current	(61,889)	-	(1,584)	(63,473)
Long-term portion	<u>512,936</u>	<u>-</u>	<u>(64,472)</u>	<u>448,464</u>
\$5,580,000 to JP Morgan Chase Bank dated 08/20 with semi-annual payments of \$251,000 with interest at 1.33%				
	5,129,000	-	(435,892)	4,693,108
Less amount classified as current	(436,000)	-	(6,000)	(442,000)
Long-term portion	<u>4,693,000</u>	<u>-</u>	<u>(441,892)</u>	<u>4,251,108</u>
Lease liabilities	81,202	-	(731)	80,471
Less amount classified as current	(1,475)	-	(200)	(1,675)
Long-term portion	<u>79,727</u>	<u>-</u>	<u>(931)</u>	<u>78,796</u>
Electric Enterprise Funds Totals	5,785,027	-	(4,988,780)	5,285,516
Less amount classified as current	(499,364)	-	(7,784)	(507,148)
Long-term portion	<u>\$ 5,285,663</u>	<u>\$ -</u>	<u>\$ (4,996,564)</u>	<u>\$ 4,778,368</u>
<b>Water Enterprise Fund</b>				
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%				
	\$ 562,871	\$ -	\$ (107,314)	\$ 455,557
Less amount classified as current	(107,316)	-	(2,567)	(109,883)
Long-term portion	<u>455,555</u>	<u>-</u>	<u>(109,881)</u>	<u>345,674</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%				
	393,237	-	(109,055)	284,182
Less amount classified as current	(109,052)	-	(2,610)	(111,662)
Long-term portion	<u>284,185</u>	<u>-</u>	<u>(111,665)</u>	<u>172,520</u>
Direct Borrowings:				
\$230,078 to Zions Bank dated 12/20 with semi-annual payments of \$12,000 with interest at 1.19%				
	205,115	-	(22,433)	182,682
Less amount classified as current	(22,433)	-	(230)	(22,663)
Long-term portion	<u>182,682</u>	<u>-</u>	<u>(22,663)</u>	<u>160,019</u>

Business-type Activities (Continued)

	Balance July 1, 2022	Additions	(Reductions)	Balance June 30, 2023
Water Enterprise Fund totals	\$ 1,161,223	\$ -	\$ (238,802)	\$ 922,421
Less amount classified as current	<u>(238,801)</u>	<u>-</u>	<u>(5,407)</u>	<u>(244,208)</u>
Long-term portion	<u>\$ 922,422</u>	<u>\$ -</u>	<u>\$ (244,209)</u>	<u>\$ 678,213</u>
<b>Sewer Enterprise Fund</b>				
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%				
	\$ 5,570,000	\$ -	\$ (335,000)	\$ 5,235,000
Less amount classified as current	<u>(335,000)</u>	<u>-</u>	<u>(15,000)</u>	<u>(350,000)</u>
Long-term portion	<u>5,235,000</u>	<u>-</u>	<u>(350,000)</u>	<u>4,885,000</u>
Direct Borrowing:				
\$247,013 to Zions Bank dated 12/20 with semi-annual payments of \$13,000 with interest at 1.19%				
	220,212	-	(24,084)	196,128
Less amount classified as current	<u>(24,993)</u>	<u>-</u>	<u>662</u>	<u>(24,331)</u>
Long-term portion	<u>195,219</u>	<u>-</u>	<u>(23,422)</u>	<u>171,797</u>
Sewer Enterprise Fund Totals	5,790,212	-	(359,084)	5,431,128
Less amount classified as current	<u>(359,993)</u>	<u>-</u>	<u>(14,338)</u>	<u>(374,331)</u>
Long-term portion	<u>\$ 5,430,219</u>	<u>\$ -</u>	<u>\$ (373,422)</u>	<u>\$ 5,056,797</u>
<b>Sanitation Enterprise Fund</b>				
Direct Borrowings:				
\$84,680 to Zions Bank dated 12/20 with semi-annual payments of \$4,500 with interest at 1.19%				
	\$ 75,492	\$ -	\$ (8,256)	\$ 67,236
Less amount classified as current	<u>(8,695)</u>	<u>-</u>	<u>354</u>	<u>(8,341)</u>
Long-term portion	<u>66,797</u>	<u>-</u>	<u>(7,902)</u>	<u>58,895</u>
\$405,763 financed purchase with Nevada State Bank dated 10/16; semi-annual payments of \$36,708 with interest at 2.75%				
	36,173	-	(36,173)	-
Less amount classified as current	<u>(36,173)</u>	<u>-</u>	<u>36,173</u>	<u>-</u>
Long-term portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$172,735 financed purchase with ZB, N.A. dated 10/16; semi-annual payments of \$10,158 with interest at 3.33%				
	84,118	-	(17,668)	66,450
Less amount classified as current	<u>(17,656)</u>	<u>-</u>	<u>(592)</u>	<u>(18,248)</u>
Long-term portion	<u>66,462</u>	<u>-</u>	<u>(18,260)</u>	<u>48,202</u>



Business-type Activities (Continued)

	Balance July 1, 2022	Additions	(Reductions)	Balance June 30, 2023
Sanitation Enterprise Fund Totals	\$ 99,047	\$ -	\$ (62,097)	\$ 133,686
Less amount classified as current	(28,883)	-	35,935	(26,589)
Long-term portion	<u>\$ 133,259</u>	<u>\$ -</u>	<u>\$ (26,162)</u>	<u>\$ 107,097</u>
<b>Landfill Enterprise Fund</b>				
Direct Borrowings:				
\$59,276 to Zions Bank dated 12/20 with semi-annual payments of \$3,500 with interest at 1.19%				
	\$ 52,845	\$ -	\$ (5,780)	\$ 47,065
Less amount classified as current	(5,780)	-	(59)	(5,839)
Long-term portion	<u>47,065</u>	<u>-</u>	<u>(5,839)</u>	<u>41,226</u>
Landfill Enterprise Fund Totals	52,845	-	(5,780)	47,065
Less amount classified as current	(5,780)	-	(59)	(5,839)
Long-term portion	<u>\$ 47,065</u>	<u>\$ -</u>	<u>\$ (5,839)</u>	<u>\$ 41,226</u>
<b>Water Treatment Enterprise Fund</b>				
Direct Borrowings:				
\$67,744 to Zions Bank dated 12/20 with semi-annual payments of \$3,750 with interest at 1.19%				
	\$ 60,394	\$ -	\$ (6,605)	\$ 53,789
Less amount classified as current	(6,605)	-	(68)	(6,673)
Long-term portion	<u>\$ 53,789</u>	<u>\$ -</u>	<u>\$ (6,673)</u>	<u>\$ 47,116</u>
<b>Other Liabilities</b>				
Compensated absences	\$ 174,943	\$ 151,679	\$ (102,963)	\$ 223,659
Less amount classified as current	(83,052)	(22,611)	-	(105,663)
Long-term portion	<u>91,891</u>	<u>129,068</u>	<u>(102,963)</u>	<u>117,996</u>
<b>Total Bonds Payable, Financed Purchases and Other Liabilities</b>				
Business-type activities	13,220,427	151,679	(1,274,112)	12,097,264
Unamortized net bond premium	307,991	-	(41,589)	266,402
Less amounts classified as current	<u>(1,256,119)</u>	<u>(22,611)</u>	<u>8,279</u>	<u>(1,270,451)</u>
Long-term portion	<u>\$ 12,272,299</u>	<u>\$ 129,068</u>	<u>\$ (1,307,422)</u>	<u>\$ 11,093,215</u>

Annual requirements to amortize the City's bonds payable, leases and financed purchases as of June 30, 2023:

	Governmental Activities		Electric Enterprise Fund		Water Enterprise Fund		Sewer Enterprise Fund	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2024	\$ 5,906	\$ 65,659	\$ 65,194	\$ 505,473	\$ 17,307	\$ 244,208	\$ 200,102	\$ 374,331
2025	5,121	66,307	58,516	512,178	12,067	249,737	189,311	389,578
2026	4,326	67,307	51,748	519,146	6,704	196,629	178,066	399,948
2027	3,523	67,640	44,893	525,469	3,193	141,312	159,018	420,072
2028	2,712	68,639	37,951	532,436	937	23,698	138,968	435,442
2029-2033	3,264	185,697	84,787	2,610,343	1,127	66,837	455,985	2,371,757
2034-2038	-	-	-	-	-	-	62,800	1,040,000
	<u>\$ 24,852</u>	<u>\$ 521,249</u>	<u>\$ 343,089</u>	<u>\$ 5,205,045</u>	<u>\$ 41,335</u>	<u>\$ 922,421</u>	<u>\$ 1,384,250</u>	<u>\$ 5,431,128</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 \$772,493. For the current year, principal and interest paid on the bonds totaled \$236,491. Net pledged revenues totaled \$641,161.

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 \$6,610,039. For the current year, principal and interest paid on the bonds totaled \$549,663. Net pledged revenues totaled \$1,504,492.

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 \$5,011,942. For the current year, principal and interest paid on the bonds totaled \$570,565. Net pledged revenues totaled \$2,331,839.

Sanitation Enterprise Fund		Landfill Enterprise Fund		Water Treatment Replacement Enterprise Fund		Total Business-Type	
Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
\$ 2,817	\$ 26,589	\$ 525	\$ 5,839	\$ 600	\$ 6,673	\$ 286,545	\$ 1,163,113
2,105	27,287	456	5,898	521	6,741	262,976	1,191,419
1,371	28,047	385	5,987	440	6,842	238,714	1,156,599
614	18,453	313	6,017	358	6,876	208,389	1,118,199
345	8,722	241	6,105	276	6,978	178,718	1,013,381
415	24,588	291	17,219	332	19,679	542,937	5,110,423
-	-	-	-	-	-	62,800	1,040,000
<u>\$ 7,667</u>	<u>\$ 133,686</u>	<u>\$ 2,211</u>	<u>\$ 47,065</u>	<u>\$ 2,527</u>	<u>\$ 53,789</u>	<u>\$ 1,781,079</u>	<u>\$ 11,793,134</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 charge 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

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.

**Note 8 - Interfund Balances and Activity**

**Due To/From Other Funds**

A summary of amounts due from and to other funds as of June 30, 2023, is as follows:

Due From	Due To	
	Nonmajor Enterprise - Landfill Fund	General Fund
Electric Fund	\$ -	\$ 594,590
Water Fund	200,000	-
Sewer Enterprise Fund	300,000	-
Public Works Internal Service Fund	-	391,874
Total	\$ 500,000	\$ 986,464

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. The Electric Enterprise Fund and the Public Works Internal Service Fund owe the General Fund for deficit cash balances from operations.

**Transfers From/To Other Funds**

A summary of transfers between funds during the year ended June 30, 2023 is as follows:

	Transfers In	Transfers Out
<u>Governmental Activities</u>		
General Fund	\$ 335,000	\$ 2,013,581
Nonmajor Governmental Funds		
Convention and Tourism Authority Fund	-	335,000
Airport Fund	75,000	33,076
American Rescue Plan Act Resource Fund	-	1,862,578
Debt Service Fund	71,657	-
Total governmental activities	481,657	4,244,235
<u>Business-type Activities</u>		
Water Fund	1,045,728	-
Sewer Fund	1,316,850	-
Water Treatment Enterprise Fund	-	41,772
Nonmajor Enterprise Funds		
Water Treatment Replacement Fund	41,772	-
Total enterprise funds	2,404,350	41,772
Public Works Internal Service Fund	1,400,000	-
Total transfers	\$ 4,286,007	\$ 4,286,007

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 and the American Rescue Plan Act Resource Fund transfers to the Water and Sewer Projects were 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 9 - 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 10 - 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 \$1,446,000 as of June 30, 2023, which is based on 33.45% usage (filled) of the landfill. It is estimated that an additional \$2,877,810 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 (\$4,323,810) 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, 2023. 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, 2022	Additions	(Reductions)	June 30, 2023
Estimated Liability of Landfill Closure and Postclosure Care Costs	\$ 1,391,000	\$ 55,000	\$ -	\$ 1,446,000

**Note 11 - 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 is a single-employer defined benefit OPEB plan 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 \$793 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, 2023, the following employees were covered by the benefit terms:

	COFEHBP	PEBP	Total
Inactive Employees or Beneficiaries			
Currently Receiving Benefits	23	29	52
Active Employees	112	-	112
	135	29	164

Total OPEB Liability – The City’s total OPEB liability of \$2,021,443 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021.

	COFEHBP	PEBP	Total
Total OPEB Liability	\$ 1,207,114	\$ 814,329	\$ 2,021,443

Assumptions and Other Inputs – The total OPEB liability in the June 30, 2021 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	4.09%	4.09%
Health care trend rates	5.80% for 2023, decreasing fluctuating down to 3.9% by 2076	5.80% for 2023, decreasing fluctuating down to 3.9% by 2076
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, 2021 valuation were based on the results of actual census data for June 30, 2021.



Changes in the Total OPEB Liability –

	COFEHBP	PEBP	Total
Balance at June 30, 2022	\$ 1,415,637	\$ 1,014,444	\$ 2,430,081
Changes for the Year			
Service cost	85,138	-	85,138
Interest	32,233	21,448	53,681
Differences between expected and actual experience	-	-	-
Changes in assumptions or other inputs	(281,507)	(160,385)	(441,892)
Benefit payments	(44,387)	(61,178)	(105,565)
Net Changes	(208,523)	(200,115)	(408,638)
Balance at June 30, 2023	\$ 1,207,114	\$ 814,329	\$ 2,021,443

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 2.18 % to 4.09%.

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 (3.09%) or 1-percentage-point higher (5.09%) than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
COFEHBP OPEB Liability	\$ 1,344,502	\$ 1,207,114	\$ 1,088,390
PEBP OPEB Liability	892,369	814,329	747,363
	\$ 2,236,871	\$ 2,021,443	\$ 1,835,753

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 (4.8%) or 1-percentage-point higher (6.8%) than the current healthcare cost trend rates:

	1% Decrease in Healthcare Cost Trend Rate	Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
COFEHBP OPEB Liability	\$ 1,083,420	\$ 1,207,114	\$ 1,357,425
PEBP OPEB Liability	741,395	814,329	897,996
Total OPEB Liability	\$ 1,824,815	\$ 2,021,443	\$ 2,255,421

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2023, the City recognized OPEB expense (negative OPEB expense) of (\$34,694):

COFEHBP		\$	104,243
PEBP			<u>(138,937)</u>
			<u><u>\$ (34,694)</u></u>

At June 30, 2023, 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	\$ 293,200	\$ 542,067	\$ -	\$ -	\$ 293,200	\$ 542,067
Contributions subsequent to the measurement date	<u>53,944</u>	<u>-</u>	<u>60,067</u>	<u>-</u>	<u>114,011</u>	<u>-</u>
	<u><u>\$ 347,144</u></u>	<u><u>\$ 542,067</u></u>	<u><u>\$ 60,067</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 407,211</u></u>	<u><u>\$ 542,067</u></u>

The \$114,011 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, 2024.

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
2024	\$ 13,128	\$ -	\$ 13,128
2025	13,128	-	13,128
2026	13,128	-	13,128
2027	13,128	-	13,128
2028	10,123	-	10,123
Thereafter	186,232	-	186,232

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

## Note 12 - 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, 2023 and 2022, the Statutory Employer/Employee matching rate for regular members was 15.50%; the rate was 22.75% for Police/Fire. The Employer-Pay Contribution (EPC) rate was 29.27% for Regular members for the fiscal years ended June 30, 2023 and 2022; the rate was 44.00% for Police/Fire.

The City’s contributions were \$1,377,804 for the year ended June 30, 2023.

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, 2022:

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, 2021, PERS' long-term inflation assumption was 2.50%.

Total Pension Liability – At June 30, 2023, the City reported a liability for its proportionate share of the total pension liability. The total pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the total pension liability was determined by an actuarial valuation as of that date. The City's proportion of the total pension liability (\$21,605,456) 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, 2022, the City's proportion was 0.11967 percent which was an increase of 0.00336 from its proportion measured as of June 30, 2021.

Pension Liability Discount Rate Sensitivity – The following presents the total pension liability of the City measured as of June 30, 2023, calculated using the discount rate of 7.25%, as well as what the City's total 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%)
Total Pension Liability	\$ 33,171,436	\$ 21,605,456	\$ 12,061,780

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 total pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the total pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.50%
Payroll Growth	3.50%
Investment Rate of Return/ Discount Rate	7.25%
Productivity Pay Increase	0.50%
Projected Salary Increases	Regular: 4.20% to 9.10%, depending on service Police/Fire: 4.60% to 14.50%, depending on service Rates include inflation and productivity increases
Consumer Price Index	2.50%
Other Assumptions	Same as those used in the June 30, 2021 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, 2022 valuation were based on the results of the experience study for the period of July 1, 2016 through June 30, 2020.

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except the projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2023, the City recognized pension expense of \$2,355,890. At June 30, 2023, 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	\$ 2,797,548	\$ 15,435
Net difference between projected and actual earnings on pension plan investments	263,600	-
Changes in assumptions	2,775,372	-
Changes in the City's proportion and differences between the City's contributions and the employer's proportionate contributions	1,241,964	111,249
City contributions subsequent to the measurement date	1,377,804	-
	\$ 8,456,288	\$ 126,684

The \$1,377,804 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 total pension liability in the year ended June 30, 2024.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined is 6.14 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,		
2024	\$	1,211,804
2025		1,153,010
2026		1,000,489
2027		3,122,181
2028		464,316
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](http://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 13 - Tax Abatements**

For the fiscal year ended June 30, 2023, the City of Fallon's revenues were reduced by a total amount of \$8,139 under agreements entered into by the State of Nevada for partial abatement of one or more of property and local sales and use taxes imposed on renewable energy facilities.

### **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 2023, the City's total UAMPS billings were \$6,985,222, total NV Energy transmission billings were \$661,434, and the City's total revenue generated from excess power sales through the UAMPS power pool was \$159,347.

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, 2023, approximately \$200 thousand has been spent on the project.

On October 7, 2022, the City approved a construction contract for the Roadway Rehabilitation Project totaling \$3,250,000, as of June 30, 2023, approximately \$2 million has been spent on this project.

On August 16, 2022, the City approved a construction contract for the Sherman Street and North Broadway Street Rehabilitation project in the amount of \$3,300,186, as of June 30, 2023, approximately \$1.1 million has been spent on the project.

On April 18, 2023, the City approved a construction change order to previously approved contract to install approximately 1,420 linear feet of 8" water main throughout portions of West A Street in the amount of \$416,880.

On May 2, 2023, the City approved a construction contract for the Oats Park Pickle Ball Court Project in the amount of \$607,500, as of June 30, 2023, \$64,636 has been spent on the project.



**Note 15 - Subsequent Events**

Effective July 1, 2023, the contribution rates for the Public Employees Retirement System of the State of Nevada will increase. The Statutory Employer/Employee matching rate for Regular members will increase from 15.50% to 17.50% and the rate for Police/Fire will increase from 22.75% to 25.75%. The Employer-Pay Contribution rate will increase from 29.75% to 33.50% for Regular members and from 44.00% to 50.00% for Police/Fire.

On September 7, 2023, the City approved a construction contract for the Court Street Rehabilitation Project in the amount of \$1,397,000.

On October 26, 2023, the City began the process to issue \$4,100,000 in 2023 Landfill Enterprise Revenue Bonds, to be pledged by revenues derived in the Landfill Enterprise Fund.

On November 28, 2023, the City began the process to issue a \$10,000,000 medium-term obligation note to finance a portion of the costs for water projects, sewer projects, airport projects, street improvements, park improvements, and City Hall upgrades.

On November 28, 2023, the City made an emergency purchase of a CAT 836K Compactor for \$1,448,858 for the landfill to replace the previous 2005 826G CAT compactor which caught fire and was destroyed on August 30, 2023.

On December 19, 2023, the City approved an engineering contract for the Reconstruction of Taxi Lanes and Entrance Road, Relocation of Taxiway G, and the Runway 3 Safety Area Erosion Control Improvement Project not to exceed \$284,350, 93.75% of the project will be funded by the Federal Aviation Administration Grant.

DRAFT

This page intentionally left blank.

## REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule-General Fund (Budgetary Basis)

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

Schedule of Funding Progress-Other Post Employment Benefit Plans

Schedule of City's Share of the Net Pension Liability

Schedule of City Contributions

Notes to Required Supplementary Information

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –  
General Fund  
Year Ended June 30, 2023

	Budgeted Amounts		Actual Amount	Variance with Final Budget to Actual
	Original	Final		
Revenues				
Taxes				
Ad valorem	\$ 1,915,472	\$ 1,915,472	\$ 1,838,465	\$ (77,007)
One cent option	44,738	44,738	33,207	(11,531)
Enterprise funds in lieu of taxes	1,161,140	1,161,140	1,183,054	21,914
Total taxes	3,121,350	3,121,350	3,054,726	(66,624)
Licenses and permits				
Business licenses and permits				
Business licenses and permits	285,318	340,318	342,685	2,367
Local liquor licenses	30,845	30,845	39,163	8,318
City gaming licenses	47,310	47,310	45,447	(1,863)
Franchise taxes				
Enterprise funds in lieu of franchise taxes	1,064,379	1,064,379	1,072,630	8,251
Natural gas	179,212	229,212	275,017	45,805
Cable television	85,336	85,336	75,958	(9,378)
	1,692,400	1,797,400	1,850,900	53,500
Nonbusiness licenses and permits				
Building permits	193,229	193,229	143,898	(49,331)
Electric permits	6,714	71,714	75,804	4,090
Miscellaneous permits	15,064	15,064	12,933	(2,131)
Plumbing permits	7,236	7,236	12,157	4,921
	222,243	287,243	244,792	(42,451)
Total licenses and permits	1,914,643	2,084,643	2,095,692	11,049
Intergovernmental revenues				
Federal grants-in-aid				
Federal Task Force Grant	-	-	24,927	24,927
ARPA Grant	5,807,195	5,807,195	3,892,565	(1,914,630)
Emergency management assistance	28,083	28,083	28,422	339
Contributions from Churchill County School District	150,000	150,000	182,964	32,964
	5,985,278	5,985,278	4,128,878	(1,856,400)
State shared revenues				
State Perm School Fund	-	-	2,560	2,560
Motor vehicle tax (1.75)	58,233	58,233	44,511	(13,722)
Motor vehicle fuel tax (2.35)	79,373	79,373	79,373	-
State gaming licenses	100,000	100,000	113,849	13,849
Consolidated tax distribution	2,649,475	2,649,475	2,491,414	(158,061)
AB 104 fair share	365,000	365,000	404,767	39,767
State grant - Highway 95	55,000	55,000	70,750	15,750
State Marijuana Distribution	12,000	12,000	9,397	(2,603)
	3,319,081	3,319,081	3,216,621	(102,460)

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –  
General Fund  
Year Ended June 30, 2023

	Budgeted Amounts		Actual Amount	Variance with Final Budget to Actual
	Original	Final		
Other local government shared revenue				
County gaming tax	\$ 100,000	\$ 100,000	\$ 124,586	\$ 24,586
Other local government grants				
Contribution from County	-	40,000	764,308	724,308
Regional streets reimbursements	-	1,400,000	1,400,000	-
Grant from Churchill County	43,765	43,765	43,765	-
	<u>43,765</u>	<u>1,483,765</u>	<u>2,208,073</u>	<u>724,308</u>
Total intergovernmental	<u>9,448,124</u>	<u>10,888,124</u>	<u>9,678,158</u>	<u>(1,209,966)</u>
Charges for services				
General government				
Building and zoning fees	75,000	75,000	63,648	(11,352)
Enterprise funds administrative support	2,060,080	2,370,080	2,370,816	736
Land rent	24,000	24,000	24,000	-
Other assessments and fees	10,000	10,000	18,831	8,831
	<u>2,169,080</u>	<u>2,479,080</u>	<u>2,477,295</u>	<u>(1,785)</u>
Public safety				
County reimbursement for Fire department expenses	225,000	290,000	245,783	(44,217)
Animal control fees	10,000	10,000	12,736	2,736
	<u>235,000</u>	<u>300,000</u>	<u>258,519</u>	<u>(41,481)</u>
Judicial				
Reimbursement for Judicial District No. 3 juvenile court master	25,000	25,000	32,712	7,712
Culture and recreation				
Swimming pool concession	17,000	17,000	12,767	(4,233)
Swimming pool fees	18,000	18,000	29,086	11,086
Gym use fees	10,000	10,000	12,957	2,957
	<u>45,000</u>	<u>45,000</u>	<u>54,810</u>	<u>9,810</u>
Total charges for services	<u>2,474,080</u>	<u>2,849,080</u>	<u>2,823,336</u>	<u>(25,744)</u>
Fines and forfeits				
Court fines and forfeited bail	85,000	100,000	58,626	(41,374)
Miscellaneous				
Investment income	2,000	92,000	68,802	(23,198)
Miscellaneous	4,000	4,000	6,288	2,288
Total miscellaneous	<u>6,000</u>	<u>96,000</u>	<u>75,090</u>	<u>(20,910)</u>
Total revenues	<u>17,049,197</u>	<u>19,139,197</u>	<u>17,785,628</u>	<u>(1,353,569)</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, 2023

	Budgeted Amounts		Actual Amount	Variance with Final Budget to Actual
	Original	Final		
<b>Expenditures</b>				
General government and administration				
Executive				
Mayor and chief of staff				
Salaries and wages	\$ 60,392	\$ 102,392	\$ 100,152	\$ 2,240
Employee benefits	40,306	55,306	52,812	2,494
Services and supplies	11,974	11,974	4,879	7,095
	<u>112,672</u>	<u>169,672</u>	<u>157,843</u>	<u>11,829</u>
Legislative				
City council				
Salaries and wages	77,292	77,292	69,662	7,630
Employee benefits	37,234	37,234	33,396	3,838
Services and supplies	856	856	1,187	(331)
	<u>115,382</u>	<u>115,382</u>	<u>104,245</u>	<u>11,137</u>
Administrative				
Salaries and wages	703,173	723,173	725,031	(1,858)
Employee benefits	323,639	349,639	352,863	(3,224)
Services and supplies	148,311	148,311	116,927	31,384
	<u>1,175,123</u>	<u>1,221,123</u>	<u>1,194,821</u>	<u>26,302</u>
City hall				
Services and supplies	87,330	87,330	100,869	(13,539)
Capital outlay	350,000	100,000	91,145	8,855
	<u>437,330</u>	<u>187,330</u>	<u>192,014</u>	<u>(4,684)</u>
General expenditures				
Services and supplies	706,899	966,899	949,378	17,521
Capital outlay	-	250,000	212,166	37,834
	<u>706,899</u>	<u>1,216,899</u>	<u>1,161,544</u>	<u>55,355</u>
Total general government and administration	<u>2,547,406</u>	<u>2,910,406</u>	<u>2,810,467</u>	<u>99,939</u>
Judicial				
City attorney				
Salaries and wages	407,617	407,617	400,132	7,485
Employee benefits	162,984	214,984	196,729	18,255
Services and supplies	289,700	277,700	272,449	5,251
	<u>860,301</u>	<u>900,301</u>	<u>869,310</u>	<u>30,991</u>
Municipal court				
Salaries and wages	241,826	301,826	298,604	3,222
Employee benefits	118,270	118,270	123,560	(5,290)
Services and supplies	30,868	30,868	23,658	7,210
Capital outlay	-	-	5,683	(5,683)
	<u>390,964</u>	<u>450,964</u>	<u>451,505</u>	<u>(541)</u>
Total judicial	<u>1,251,265</u>	<u>1,351,265</u>	<u>1,320,815</u>	<u>30,450</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, 2023

	Budgeted Amounts		Actual Amount	Variance with Final Budget to Actual
	Original	Final		
Public safety				
Police department				
Salaries and wages	\$ 3,295,800	\$ 3,175,800	\$ 3,152,440	\$ 23,360
Employee benefits	1,778,725	1,698,725	1,692,812	5,913
Services and supplies	360,461	540,461	453,448	87,013
Capital outlay	100,000	50,000	57,421	(7,421)
	<u>5,534,986</u>	<u>5,464,986</u>	<u>5,356,121</u>	<u>108,865</u>
Fire department				
Salaries and wages	336,218	336,218	319,168	17,050
Employee benefits	342,104	342,104	367,036	(24,932)
Services and supplies	200,029	220,029	289,746	(69,717)
Capital outlay	-	50,000	47,186	2,814
	<u>878,351</u>	<u>948,351</u>	<u>1,023,136</u>	<u>(74,785)</u>
Civil defense				
Salaries and wages	51,706	51,706	53,695	(1,989)
Employee benefits	5,837	5,837	5,968	(131)
Services and supplies	2,029	2,029	2,598	(569)
	<u>59,572</u>	<u>59,572</u>	<u>62,261</u>	<u>(2,689)</u>
Task force				
Salaries and Wages	5,000	5,000	8,265	(3,265)
Services and supplies	1,000	1,000	4,503	(3,503)
	<u>6,000</u>	<u>6,000</u>	<u>12,768</u>	<u>(6,768)</u>
Total public safety	<u>6,478,909</u>	<u>6,478,909</u>	<u>6,454,286</u>	<u>24,623</u>
Public works				
Street department				
Services and supplies	200,000	1,225,000	1,094,852	130,148
Capital outlay	100,000	5,000,000	3,161,708	1,838,292
Total public works	<u>300,000</u>	<u>6,225,000</u>	<u>4,256,560</u>	<u>1,968,440</u>
Culture and recreation				
Parks department				
Salaries and wages	521,422	491,422	518,472	(27,050)
Employee benefits	257,578	222,578	189,874	32,704
Services and supplies	388,022	638,022	717,287	(79,265)
Capital outlay	-	2,782,000	1,593,070	1,188,930
Total culture and recreation	<u>1,167,022</u>	<u>4,134,022</u>	<u>3,018,703</u>	<u>1,115,319</u>
Total expenditures	<u>11,744,602</u>	<u>21,099,602</u>	<u>17,860,831</u>	<u>3,238,771</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>5,304,595</u>	<u>(1,960,405)</u>	<u>(75,203)</u>	<u>1,885,202</u>

DRAFT

This page intentionally left blank.



City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –  
 General Fund  
 Year Ended June 30, 2023

	Budgeted Amounts		Actual Amount	Variance with Final Budget to Actual
	Original	Final		
Other Financing Sources (Uses)				
Transfers in	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Transfers out	(5,340,000)	(2,140,000)	(2,013,581)	126,419
Total other financing sources (uses)	(5,290,000)	(2,090,000)	(1,963,581)	126,419
Net Change in Fund Balances	14,595	(4,050,405)	(2,038,784)	2,011,621
Fund Balance, Beginning of Year	937,535	5,002,535	5,656,036	653,501
Fund Balance, End of Year	\$ 952,130	\$ 952,130	\$ 3,617,252	\$ 2,665,122

DRAFT

	General Fund (Budgetary Basis)	Internally Reported Funds			
		Parking Lot Fund	Secured Freight Yard Fund	Drug Forfeiture Fund	Unemployment Compensation Fund
<b>Revenues</b>					
Taxes					
Ad valorem	\$ 1,838,465	\$ -	\$ -	\$ -	\$ -
Other	1,216,261	-	-	-	-
Charges for services	2,823,336	-	37,840	-	-
Intergovernmental	9,678,158	-	-	-	-
Licenses and permits	2,095,692	-	-	-	-
Fines and forfeitures	58,626	-	-	-	-
Miscellaneous					
Investment income	68,802	123	-	-	-
Other	6,288	-	-	-	-
Total revenues	<u>17,785,628</u>	<u>123</u>	<u>37,840</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>					
Current					
General government and administration	2,507,156	-	-	-	-
Judicial	1,315,132	-	-	-	-
Public safety	6,349,679	-	-	-	-
Public works	1,094,852	-	-	-	-
Culture and recreation	1,425,633	-	-	-	-
Community support	-	-	-	-	-
Capital outlay					
General government and administration	303,311	-	-	-	-
Judicial	5,683	-	-	-	-
Public safety	104,607	-	-	-	-
Public works	3,161,708	-	-	-	-
Culture and recreation	1,593,070	-	-	-	-
Community support	-	-	-	-	-
Total expenditures	<u>17,860,831</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(75,203)</u>	<u>123</u>	<u>37,840</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	50,000	-	-	-	-
Transfers out	(2,013,581)	-	(50,000)	-	-
Total other financing sources	<u>(1,963,581)</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(2,038,784)	123	(12,160)	-	-
Fund Balances, Beginning of Year	5,656,036	8,026	59,327	1,663	409
Fund Balances, End of Year	<u>\$ 3,617,252</u>	<u>\$ 8,149</u>	<u>\$ 47,167</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, 2023

Internally Reported Funds						Eliminations	General Fund as Reported on Statement of Revenues, Expenditures and Changes in Fund Balances (GAAP Basis)
Convention Center Fund	Compensated Absence Fund	Fire Truck Reserve Fund	Mayor's Youth Fund	Mayor's Century Fund	Martin Vusich Self-Sustaining Centennial Fund		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,838,465
-	-	-	-	-	-	-	1,216,261
29,303	-	-	-	-	-	-	2,890,479
-	-	-	-	-	-	-	9,678,158
-	-	-	-	-	-	-	2,095,692
-	-	-	-	-	-	-	58,626
1,844	-	-	581	-	24	-	71,374
5	-	-	36,063	-	-	-	42,356
31,152	-	-	36,644	-	24	-	17,891,411
-	-	-	45,874	-	-	-	2,553,030
-	-	-	-	-	-	-	1,315,132
-	-	-	-	-	-	-	6,349,679
-	-	-	-	-	-	-	1,094,852
-	-	-	-	-	-	-	1,425,633
478,556	-	-	-	-	-	-	478,556
-	-	-	-	-	-	-	303,311
-	-	-	-	-	-	-	5,683
-	-	-	-	-	-	-	104,607
-	-	-	-	-	-	-	3,161,708
-	-	-	-	-	-	-	1,593,070
7,800	-	-	-	-	-	-	7,800
486,356	-	-	45,874	-	-	-	18,393,061
(455,204)	-	-	(9,230)	-	24	-	(501,650)
335,000	-	-	-	-	-	(50,000)	335,000
-	-	-	-	-	-	50,000	(2,013,581)
335,000	-	-	-	-	-	-	(1,678,581)
(120,204)	-	-	(9,230)	-	24	-	(2,180,231)
208,848	25	161	45,736	1,998	7,975	-	5,990,204
\$ 88,644	\$ 25	\$ 161	\$ 36,506	\$ 1,998	\$ 7,999	\$ -	\$ 3,809,973

**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. In the Proprietary Funds, actual expenses may not exceed the sum of budgeted operating and nonoperating expenses. The governmental functions of the General Fund are general government, public safety, judicial, public works, culture and recreation, and community support.

DRAFT

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, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 85,138	\$ 103,705	\$ 97,978	\$ 68,978	\$ 64,390	\$ 67,663
Interest	32,233	45,528	44,394	32,044	30,964	26,095
Difference between expected and actual experience	-	(324,256)	-	267,947	-	-
Changes of assumptions or other inputs	(281,507)	9,035	24,246	155,462	16,077	(46,319)
Benefit payments	(44,387)	(52,462)	(47,210)	(32,179)	(27,745)	(29,438)
Net Change in Total OPEB Liability	(208,523)	(218,450)	119,408	492,252	83,686	18,001
Total OPEB Liability, July 1	1,415,637	1,634,087	1,514,679	1,022,427	938,741	920,740
Total OPEB Liability, June 30	<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	\$ 8,208,769	\$ 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	14.71%	18.61%	22.03%	21.23%	15.76%	14.94%

Notes to Schedule:

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, 2023

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

Notes to Schedule:

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 the City's Share of the Total Pension Liability  
Public Employees' Retirement System (PERS)  
Last Ten Fiscal Years\*

Fiscal Year Ending	City's Proportion of the Total Pension Liability	City's Proportionate Share of the Total 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%
2022	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%

\* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

	2021 through 2022	2020 through 2017	2016 through 2014
Inflation rate	2.50%	2.75%	3.50%
Payroll growth	3.50%	5.00%	5.00%
Investment rate of return/discount rate	7.25%	7.50%	8.00%
Productivity pay increase	0.50%	0.50%	0.75%
Projected salary increases			
Regular**	4.20% to 9.10%	4.25% to 9.15%	4.60% to 9.75%
Police/Fire**	4.60% to 14.50%	4.55% to 13.90%	5.25% to 14.50%
Consumer price index	2.50%	2.75%	3.50%
Mortality rates			
Healthy***	Pub-2010 General and Safety Healthy Retiree and Employee	Headcount-Weighted RP-2014 Healthy	RP-2000 Combined Healthy Mortality Table
Disabled	Pub-2010 Non-Safety and Safety Disabled Retiree Amount-Weighted	Headcount-Weighted RP-2014 Disabled	RP-2000 Disabled Retiree 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%

\* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

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

DRAFT

This page intentionally left blank.

Supplementary Information  
City of Fallon, Nevada

DRAFT

	Internally Reported Funds				
	General Fund (Budgetary Basis)	Parking Lot Fund	Secured Freight Yard Fund	Drug Forfeiture Fund	Unemployment Compensation Fund
<b>Assets</b>					
Cash, cash equivalents and investments	\$ 3,416,065	\$ 8,149	\$ 47,167	\$ 1,663	\$ 409
Due from other governments	2,047,954	-	-	-	-
Due from other funds	986,464	-	-	-	-
Receivables, net of allowances for uncollectible accounts (where applicable)					
Taxes	16,490	-	-	-	-
Accounts	93,414	-	-	-	-
Grant	583,174	-	-	-	-
Restricted assets					
Cash and investments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 7,143,561</b>	<b>\$ 8,149</b>	<b>\$ 47,167</b>	<b>\$ 1,663</b>	<b>\$ 409</b>
<b>Liabilities</b>					
Accounts payable	\$ 2,981,253	\$ -	\$ -	\$ -	\$ -
Accrued payroll and related liabilities	435,447	-	-	-	-
Due to other governments	99,681	-	-	-	-
<b>Total liabilities</b>	<b>3,516,381</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - property taxes	9,928	-	-	-	-
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>3,526,309</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>					
Restricted	36,805	-	-	-	-
Committed					
Public works	-	8,149	-	-	-
Public safety	-	-	-	1,663	-
Unemployment compensation	-	-	-	-	409
Community support	-	-	47,167	-	-
Compensated absence	-	-	-	-	-
Mayor's Youth	-	-	-	-	-
Assigned for subsequent year operations	1,657,207	-	-	-	-
Unassigned	1,923,240	-	-	-	-
<b>Total fund balances</b>	<b>3,617,252</b>	<b>8,149</b>	<b>47,167</b>	<b>1,663</b>	<b>409</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 7,143,561</b>	<b>\$ 8,149</b>	<b>\$ 47,167</b>	<b>\$ 1,663</b>	<b>\$ 409</b>

City of Fallon, Nevada  
 Reconciliation of the General Fund (Budgetary Basis) to the General Fund (GAAP Basis)  
 Combining Balance Sheet  
 June 30, 2023

Internally Reported Funds						General Fund as Reported on Balance Sheet (GAAP Basis)
Convention Center Fund	Compensated Absence Fund	Fire Truck Reserve Fund	Mayor's Youth Fund	Mayor's Century Fund	Martin Vusich Self-Sustaining Centennial Fund	
\$ 122,279	\$ 25	\$ 161	\$ 38,523	\$ 1,998	\$ -	\$ 3,636,439
-	-	-	-	-	-	2,047,954
-	-	-	-	-	-	986,464
-	-	-	-	-	-	16,490
-	-	-	-	-	-	93,414
-	-	-	-	-	-	583,174
-	-	-	-	-	7,999	7,999
<u>\$ 122,279</u>	<u>\$ 25</u>	<u>\$ 161</u>	<u>\$ 38,523</u>	<u>\$ 1,998</u>	<u>\$ 7,999</u>	<u>\$ 7,371,934</u>
\$ 14,153	\$ -	\$ -	\$ 2,017	\$ -	\$ -	\$ 2,997,423
19,089	-	-	-	-	-	454,536
393	-	-	-	-	-	100,074
<u>33,635</u>	<u>-</u>	<u>-</u>	<u>2,017</u>	<u>-</u>	<u>-</u>	<u>3,552,033</u>
-	-	-	-	-	-	9,928
<u>33,635</u>	<u>-</u>	<u>-</u>	<u>2,017</u>	<u>-</u>	<u>-</u>	<u>3,561,961</u>
-	-	-	-	-	7,999	44,804
-	-	-	-	-	-	8,149
-	-	161	-	-	-	1,824
-	-	-	-	-	-	409
88,644	-	-	-	-	-	135,811
-	25	-	-	1,998	-	2,023
-	-	-	36,506	-	-	36,506
-	-	-	-	-	-	-
-	-	-	-	-	-	1,657,207
-	-	-	-	-	-	1,923,240
<u>88,644</u>	<u>25</u>	<u>161</u>	<u>36,506</u>	<u>1,998</u>	<u>7,999</u>	<u>3,809,973</u>
<u>\$ 122,279</u>	<u>\$ 25</u>	<u>\$ 161</u>	<u>\$ 38,523</u>	<u>\$ 1,998</u>	<u>\$ 7,999</u>	<u>\$ 7,371,934</u>

Special Revenue Funds				
	Convention and Tourism Authority Fund	Airport Fund	American Rescue Plan Act Resource Fund	Totals
<b>Assets</b>				
Cash, cash equivalents and investments	\$ 586,142	\$ 247,253	\$ -	\$ 833,395
Due from other governments	82,500	76	-	82,576
Receivables, net of allowances for uncollectible (where applicable)				
Accounts	103,973	3,352	-	107,325
Assessments	-	-	-	-
Grants	-	221,411	-	221,411
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 772,615</u>	<u>\$ 472,092</u>	<u>\$ -</u>	<u>\$ 1,244,707</u>
<b>Liabilities</b>				
Accounts payable	\$ 182,811	\$ 35,940	\$ -	\$ 218,751
Due to other governments	4,332	123	-	4,455
Unearned revenue	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>187,143</u>	<u>36,063</u>	<u>-</u>	<u>223,206</u>
<b>Fund Balances</b>				
Restricted				
Capital projects	-	-	-	-
Committed	585,472	436,029	-	1,021,501
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>585,472</u>	<u>436,029</u>	<u>-</u>	<u>1,021,501</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 772,615</u>	<u>\$ 472,092</u>	<u>\$ -</u>	<u>\$ 1,244,707</u>

City of Fallon, Nevada  
Combining Balance Sheet – Nonmajor Governmental Funds  
June 30, 2023

Debt Service Fund	Capital Project Funds			Total Nonmajor Governmental Funds
	Land Reserve and Park Acquisition and Development Capital Projects Fund	Special Ad Valorem Capital Projects Fund	Totals	
\$ -	\$ 38,673	\$ 413,142	\$ 451,815	\$ 1,285,210
-	-	-	-	82,576
-	-	-	-	107,325
4,800	-	-	-	4,800
-	-	-	-	221,411
<u>\$ 4,800</u>	<u>\$ 38,673</u>	<u>\$ 413,142</u>	<u>\$ 451,815</u>	<u>\$ 1,701,322</u>
\$ -	\$ -	\$ -	\$ -	\$ 218,751
-	-	-	-	4,455
4,800	-	-	-	4,800
<u>4,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>228,006</u>
-	38,673	413,142	451,815	451,815
-	-	-	-	1,021,501
-	38,673	413,142	451,815	1,473,316
<u>\$ 4,800</u>	<u>\$ 38,673</u>	<u>\$ 413,142</u>	<u>\$ 451,815</u>	<u>\$ 1,701,322</u>

	Special Revenue Funds			Totals
	Convention and Tourism Authority Fund	Airport Fund	American Rescue Plan Act Resource Fund	
Revenues				
Taxes				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Occupancy tax	989,170	-	-	989,170
Residential park construction tax	-	-	-	-
Charges for services	-	35,173	-	35,173
Intergovernmental	82,774	316,332	1,914,630	2,313,736
Miscellaneous				
Investment income	8,839	3,728	-	12,567
Total revenues	<u>1,080,783</u>	<u>355,233</u>	<u>1,914,630</u>	<u>3,350,646</u>
Expenditures				
Current				
Public works	-	54,559	-	54,559
Community support	808,805	-	52,052	860,857
Capital outlay				
Public works	-	331,060	-	331,060
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>808,805</u>	<u>385,619</u>	<u>52,052</u>	<u>1,246,476</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>271,978</u>	<u>(30,386)</u>	<u>1,862,578</u>	<u>2,104,170</u>
Other Financing Sources (Uses)				
Transfer in	-	75,000	-	75,000
Transfers out	<u>(335,000)</u>	<u>(33,076)</u>	<u>(1,862,578)</u>	<u>(2,230,654)</u>
Total other financing sources (uses)	<u>(335,000)</u>	<u>41,924</u>	<u>(1,862,578)</u>	<u>(2,155,654)</u>
Net Change in Fund Balances	(63,022)	11,538	-	(51,484)
Fund Balances, Beginning of Year	<u>648,494</u>	<u>424,491</u>	<u>-</u>	<u>1,072,985</u>
Fund Balances, End of Year	<u>\$ 585,472</u>	<u>\$ 436,029</u>	<u>\$ -</u>	<u>\$ 1,021,501</u>



City of Fallon, Nevada  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –  
Nonmajor Governmental Funds  
Year Ended June 30, 2023

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		
\$ -	\$ -	\$ 95,869	\$ 95,869	\$ 95,869
-	-	-	-	989,170
-	4,580	-	4,580	4,580
-	-	-	-	35,173
-	-	-	-	2,313,736
-	583	6,229	6,812	19,379
-	5,163	102,098	107,261	3,457,907
-	-	-	-	54,559
-	-	-	-	860,857
-	-	-	-	331,060
64,954	-	-	-	64,954
6,703	-	-	-	6,703
71,657	-	-	-	1,318,133
(71,657)	5,163	102,098	107,261	2,139,774
71,657	-	-	-	146,657
-	-	-	-	(2,230,654)
71,657	-	-	-	(2,083,997)
-	5,163	102,098	107,261	55,777
-	33,510	311,044	344,554	1,417,539
\$ -	\$ 38,673	\$ 413,142	\$ 451,815	\$ 1,473,316

DRAFT

This page intentionally left blank.

## 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, 2023

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes			
Occupancy tax	\$ 950,000	\$ 989,170	\$ 39,170
Intergovernmental revenue			
State grant	40,000	82,774	42,774
Miscellaneous			
Investment income	200	8,839	8,639
Total revenues	<u>990,200</u>	<u>1,080,783</u>	<u>90,583</u>
Expenditures			
Community support			
Services and supplies	<u>600,000</u>	<u>808,805</u>	<u>(208,805)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>390,200</u>	<u>271,978</u>	<u>(118,222)</u>
Other Financing Sources (Uses)			
Transfers out	<u>(550,000)</u>	<u>(335,000)</u>	<u>215,000</u>
Net Change in Fund Balance	(159,800)	(63,022)	96,778
Fund Balance, Beginning of Year	<u>542,734</u>	<u>648,494</u>	<u>105,760</u>
Fund Balance, End of Year	<u>\$ 382,934</u>	<u>\$ 585,472</u>	<u>\$ 202,538</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, 2023

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services			
Lease fees	\$ 30,000	\$ 35,173	\$ 5,173
Intergovernmental revenue			
Fuel taxes	100	130	30
Federal grants			
Airport Improvement Program	-	316,202	316,202
Contribution from County	500,000	-	(500,000)
Miscellaneous			
Investment income	10	3,728	3,718
Total revenues	<u>530,110</u>	<u>355,233</u>	<u>(174,877)</u>
Expenditures			
Public works			
Services and supplies	75,000	54,559	20,441
Capital outlay	1,000,000	331,060	668,940
Total expenditures	<u>1,075,000</u>	<u>385,619</u>	<u>689,381</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(544,890)</u>	<u>(30,386)</u>	<u>514,504</u>
Other Financing Sources (Uses)			
Transfers in	200,000	75,000	(125,000)
Transfer out	(35,000)	(33,076)	1,924
Total other financing sources (uses)	<u>165,000</u>	<u>41,924</u>	<u>(123,076)</u>
Net Change in Fund Balance	(379,890)	11,538	391,428
Fund Balance, Beginning of Year	432,882	424,491	(8,391)
Fund Balance, End of Year	<u>\$ 52,992</u>	<u>\$ 436,029</u>	<u>\$ 383,037</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, 2023

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Intergovernmental revenue			
Federal grants			
American Rescue Plan Act	\$ -	\$ 1,914,630	\$ 1,914,630
Expenditures			
Community Support			
Services and supplies	1,100,000	52,052	1,047,948
Capital outlay	8,000,000	-	8,000,000
Total expenditures	<u>9,100,000</u>	<u>52,052</u>	<u>9,047,948</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,100,000)</u>	<u>1,862,578</u>	<u>10,962,578</u>
Other Financing Sources (Uses)			
Transfers in	5,100,000	-	(5,100,000)
Transfer out	-	(1,862,578)	(1,862,578)
Total other financing sources (uses)	<u>5,100,000</u>	<u>(1,862,578)</u>	<u>(6,962,578)</u>
Net Change in Fund Balance	(4,000,000)	-	4,000,000
Fund Balance, Beginning of Year	<u>4,000,000</u>	<u>-</u>	<u>(4,000,000)</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.

DRAFT

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, 2023

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
Debt service			
Principal retirement	64,974	64,954	20
Interest and fiscal charges	<u>6,683</u>	<u>6,703</u>	<u>(20)</u>
Total expenditures	<u>71,657</u>	<u>71,657</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(71,657)	(71,657)	-
Other Financing Sources (Uses)			
Transfers in	<u>75,000</u>	<u>71,657</u>	<u>(3,343)</u>
Net Change in Fund Balance	3,343	-	(3,343)
Fund Balance, Beginning of Year	<u>3,288</u>	<u>-</u>	<u>(3,288)</u>
Fund Balance, End of Year	<u>\$ 6,631</u>	<u>\$ -</u>	<u>\$ (6,631)</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, 2023

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes			
Residential park construction fees	\$ 6,000	\$ 4,580	\$ (1,420)
Miscellaneous			
Investment income	<u>10</u>	<u>583</u>	<u>573</u>
Total revenues	<u>6,010</u>	<u>5,163</u>	<u>(847)</u>
Expenditures			
Culture and recreation			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	6,010	5,163	(847)
Fund Balance, Beginning of Year	<u>23,501</u>	<u>33,510</u>	<u>10,009</u>
Fund Balance, End of Year	<u>\$ 29,511</u>	<u>\$ 38,673</u>	<u>\$ 9,162</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, 2023

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes			
Ad valorem taxes	\$ 90,000	\$ 95,869	\$ 5,869
Miscellaneous			
Investment income	-	6,229	6,229
Total revenue	<u>90,000</u>	<u>102,098</u>	<u>12,098</u>
Expenditures			
Public safety			
Capital outlay	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Net Change in Fund Balance	(110,000)	102,098	212,098
Fund Balance, Beginning of Year	<u>258,257</u>	<u>311,044</u>	<u>52,787</u>
Fund Balance, End of Year	<u>\$ 148,257</u>	<u>\$ 413,142</u>	<u>\$ 264,885</u>

DRAFT

This page intentionally left blank.

## 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, 2023

	Nonmajor Enterprise Funds		
	Landfill	Water Treatment Replacement	Total
<b>Assets</b>			
<b>Current assets</b>			
Cash, cash equivalents and investments	\$ 1,680,801	\$ -	\$ 1,680,801
Accounts receivable, net of allowance for doubtful accounts	242,849	-	242,849
Due from other funds	500,000	-	500,000
<b>Total current assets</b>	<b>2,423,650</b>	<b>-</b>	<b>2,423,650</b>
<b>Noncurrent assets</b>			
<b>Restricted assets</b>			
Cash and investments	-	768,922	768,922
<b>Capital assets</b>			
Land and construction in progress	196,252	-	196,252
Other capital assets, net of depreciation	715,465	-	715,465
<b>Total noncurrent assets</b>	<b>911,717</b>	<b>768,922</b>	<b>1,680,639</b>
<b>Total assets</b>	<b>3,335,367</b>	<b>768,922</b>	<b>4,104,289</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to other postemployment benefits	9,784	-	9,784
Deferred outflows related to pension	126,004	-	126,004
<b>Total deferred outflows     of resources</b>	<b>135,788</b>	<b>-</b>	<b>135,788</b>

City of Fallon, Nevada  
Combining Statement of Net Position – Nonmajor Proprietary Funds  
June 30, 2023

	Nonmajor Enterprise Funds		
	Landfill	Water Treatment Replacement	Total
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 81,864	\$ -	\$ 81,864
Accrued payroll and related liabilities	11,702	-	11,702
Accrued interest payable	186	-	186
Current portion of compensated absences	8,327	-	8,327
Current maturities of long-term debt	5,839	-	5,839
<b>Total current liabilities</b>	<b>107,918</b>	<b>-</b>	<b>107,918</b>
<b>Noncurrent liabilities</b>			
Other postemployment benefits liability	41,721	-	41,721
Net pension liability	372,130	-	372,130
Compensated absences, net of current portion	9,299	-	9,299
Estimated liability for landfill closure and postclosure care costs	1,446,000	-	1,446,000
Bonds payable, net of current portion	41,226	-	41,226
<b>Total noncurrent liabilities</b>	<b>1,910,376</b>	<b>-</b>	<b>1,910,376</b>
<b>Total liabilities</b>	<b>2,018,294</b>	<b>-</b>	<b>2,018,294</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to other postemployment benefits	11,643	-	11,643
Deferred inflows related to pensions	1,888	-	1,888
<b>Total deferred inflows     of resources</b>	<b>13,531</b>	<b>-</b>	<b>13,531</b>
<b>Net Position</b>			
Net investment in capital assets	864,652	-	864,652
Restricted for capital projects	-	768,922	768,922
Unrestricted (deficit)	574,678	-	574,678
<b>Total net position</b>	<b>\$ 1,439,330</b>	<b>\$ 768,922</b>	<b>\$ 2,208,252</b>

City of Fallon, Nevada

Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Proprietary Funds  
Year Ended June 30, 2023

	Nonmajor Enterprise Funds		
	Landfill	Water Treatment Replacement	Total
Operating Revenues			
Charges for services	1,721,837	\$ -	\$ 1,721,837
Operating Expenses			
Salaries and wages	191,457	-	191,457
Employee benefits	118,294	-	118,294
Services and supplies	440,940	-	440,940
Depreciation	92,046	-	92,046
Data processing use fee	18,720	-	18,720
Public works use fee	84,240	-	84,240
In lieu of taxes and franchise taxes	118,612	-	118,612
General fund administrative support	134,352	-	134,352
Total operating expenses	1,198,661	-	1,198,661
Operating Income	523,176	-	523,176
Nonoperating Revenues (Expenses)			
Investment income	25,344	-	25,344
Interest expense	(606)	-	(606)
Total nonoperating revenues (expenses)	24,738	-	24,738
Income before Transfers	547,914	-	547,914
Transfers in	-	41,772	41,772
Change in Net Position	547,914	41,772	589,686
Net Position, Beginning of Year	891,416	727,150	1,618,566
Net Position, End of Year	\$ 1,439,330	\$ 768,922	\$ 2,208,252



City of Fallon, Nevada  
Combining Statement of Cash Flows – Nonmajor Proprietary Funds  
Year Ended June 30, 2023

	Nonmajor Enterprise Funds		
	Landfill	Water Treatment Replacement	Total
Operating Activities			
Cash received from customers	\$ 1,677,021	\$ -	\$ 1,677,021
Cash payments to suppliers for goods and services	(426,354)	-	(426,354)
Cash payments to employees for services	(307,173)	-	(307,173)
Cash paid to other funds for services	(252,964)	-	(252,964)
Net Cash from Operating Activities	690,530	-	690,530
Noncapital Financing Activities			
Transfers from other funds	(250,000)	41,772	(208,228)
Capital and Related Financing Activities			
Purchase of property, plant, and equipment	(68,159)	-	(68,159)
Principal payments on debt	(5,780)	-	(5,780)
Interest paid on debt	(628)	-	(628)
Net Cash used for Capital and Related Financing Activities	(74,567)	-	(74,567)
Investing Activities			
Interest on cash and investments	25,344	-	25,344
Net Change in Cash and Cash Equivalents	391,307	41,772	433,079
Cash and Cash Equivalents, Beginning of Year	1,289,494	727,150	2,016,644
Cash and Cash Equivalents, End of Year	\$ 1,680,801	\$ 768,922	\$ 2,449,723

City of Fallon, Nevada  
Combining Statement of Cash Flows – Nonmajor Proprietary Funds  
Year Ended June 30, 2023

	Nonmajor Enterprise Funds		
	Landfill	Water Treatment Replacement	Total
<b>Reconciliation of Operating Income to Net</b>			
<b>Cash From Operating Activities</b>			
Operating income	\$ 523,176	\$ -	\$ 523,176
Adjustments to reconcile operating income to net cash from operating activities			
Depreciation	92,046	-	92,046
Pension expense	14,560	-	14,560
OPEB expense	(3,171)	-	(3,171)
Change in			
Accounts receivable	(44,816)	-	(44,816)
Due from other funds		-	-
Accounts payable	46,623	-	46,623
Landfill closure costs	55,000	-	55,000
Accrued payroll and related liabilities	2,578	-	2,578
Compensated absences	4,534	-	4,534
<b>Net Cash from Operating Activities</b>	<b><u>\$ 690,530</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 690,530</u></b>
<b>Reconciliation of Total Cash and Cash Equivalents</b>			
Current assets - cash and investments	\$ 1,680,801	\$ -	\$ 1,680,801
Restricted assets - cash and investments	-	768,922	768,922
<b>Total cash and cash equivalents</b>	<b><u>\$ 1,680,801</u></b>	<b><u>\$ 768,922</u></b>	<b><u>\$ 2,449,723</u></b>

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, 2023

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 12,650,000	\$ 11,997,193	\$ (652,807)
Miscellaneous	-	69,921	69,921
	<u>12,650,000</u>	<u>12,067,114</u>	<u>(582,886)</u>
Total operating revenues			
Operating Expenses			
Salaries and wages	815,825	607,316	208,509
Employee benefits	286,853	321,298	(34,445)
Services and supplies	1,155,000	1,151,492	3,508
Electric energy purchased	8,138,000	7,707,223	430,777
Depreciation/amortization	525,000	553,943	(28,943)
Data processing use fee	108,000	124,800	(16,800)
Public works use fee	663,040	561,600	101,440
In lieu of taxes and franchise taxes	854,278	852,998	1,280
General Fund administrative support	1,270,383	1,343,460	(73,077)
	<u>13,816,379</u>	<u>13,224,130</u>	<u>592,249</u>
Total operating expenses			
Operating Income (Loss)	<u>(1,166,379)</u>	<u>(1,157,016)</u>	<u>9,363</u>
Nonoperating Revenues (Expenses)			
Investment income	8,000	121,974	113,974
Economic development	(270,000)	(288,884)	(18,884)
Quality of life promotion	(650,000)	(672,603)	(22,603)
Interest expense	(72,000)	(95,014)	(23,014)
	<u>(984,000)</u>	<u>(934,527)</u>	<u>49,473</u>
Total nonoperating revenues (expenses)			
Income (Loss) Before Capital Contributions	(2,150,379)	(2,091,543)	58,836
Capital Contributions	50,000	30,894	(19,106)
Change in Net Position	<u>\$ (2,100,379)</u>	<u>(2,060,649)</u>	<u>\$ 39,730</u>
Net Position, Beginning of Year		<u>7,929,875</u>	
Net Position, End of Year		<u>\$ 5,869,226</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, 2023

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 1,801,000	\$ 1,678,072	\$ (122,928)
Operating grant	14,000	25,000	11,000
<b>Total operating revenues</b>	<b>1,815,000</b>	<b>1,703,072</b>	<b>(111,928)</b>
Operating Expenses			
Salaries and wages	488,856	454,526	34,330
Employee benefits	219,721	255,541	(35,820)
Services and supplies	398,002	339,467	58,535
Depreciation	295,000	310,967	(15,967)
Data processing use fee	54,000	62,400	(8,400)
Public works use fee	331,520	280,800	50,720
In lieu of taxes and franchise taxes	258,970	267,008	(8,038)
General Fund administrative support	259,504	229,176	30,328
<b>Total operating expenses</b>	<b>2,305,573</b>	<b>2,199,885</b>	<b>105,688</b>
Operating Income (Loss)	(490,573)	(496,813)	(6,240)
Nonoperating Revenues (Expenses)			
Investment income	1,500	12,624	11,124
Interest expense	(22,429)	(20,527)	1,902
<b>Total nonoperating revenues (expenses)</b>	<b>(20,929)</b>	<b>(7,903)</b>	<b>13,026</b>
Income (Loss) Before Capital Contributions	(511,502)	(504,716)	6,786
Capital Contributions	100,000	179,140	79,140
Transfers in	-	1,045,728	1,045,728
<b>Change in Net Position</b>	<b>\$ (411,502)</b>	<b>720,152</b>	<b>\$ 1,131,654</b>
Net Position, Beginning of Year		5,389,453	
Net Position, End of Year		<b>\$ 6,109,605</b>	

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, 2023

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
Charges for services	<u>\$ 2,467,500</u>	<u>\$ 2,510,371</u>	<u>\$ 42,871</u>
Operating Expenses			
Salaries and wages	223,937	210,439	13,498
Employee benefits	121,451	84,326	37,125
Services and supplies	795,025	737,070	57,955
Depreciation	675,000	709,472	(34,472)
Data processing use fee	18,900	21,840	(2,940)
Public works use fee	118,532	98,280	20,252
In lieu of taxes and franchise taxes	478,079	492,042	(13,963)
General Fund administrative support	215,308	213,372	1,936
Total operating expenses	<u>2,646,232</u>	<u>2,566,841</u>	<u>79,391</u>
Operating Income (Loss)	<u>(178,732)</u>	<u>(56,470)</u>	<u>122,262</u>
Nonoperating Revenues (Expenses)			
Investment income	1,000	25,956	24,956
Interest expense	<u>(232,139)</u>	<u>(212,962)</u>	<u>19,177</u>
Total nonoperating revenues (expenses)	<u>(231,139)</u>	<u>(187,006)</u>	<u>44,133</u>
Income (Loss) Before Capital Contributions	<u>(409,871)</u>	<u>(243,476)</u>	<u>166,395</u>
Capital Contributions	<u>50,000</u>	<u>123,000</u>	<u>73,000</u>
Change in Net Position	<u>\$ (359,871)</u>	<u>1,196,374</u>	<u>\$ 1,556,245</u>
Net Position, Beginning of Year		<u>10,092,292</u>	
Net Position, End of Year		<u>\$ 11,288,666</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, 2023

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 1,595,000	\$ 1,472,156	\$ (122,844)
Miscellaneous	308,000	263,543	(44,457)
Total operating revenues	<u>1,903,000</u>	<u>1,735,699</u>	<u>(167,301)</u>
Operating Expenses			
Salaries and wages	330,267	234,126	96,141
Employee benefits	142,362	156,234	(13,872)
Services and supplies	570,405	706,578	(136,173)
Depreciation	390,000	390,454	(454)
Data processing use fee	54,000	62,400	(8,400)
Public works use fee	281,520	280,800	720
In lieu of taxes and franchise taxes	358,740	361,294	(2,554)
General Fund administrative support	159,504	221,280	(61,776)
Total operating expenses	<u>2,286,798</u>	<u>2,413,166</u>	<u>(126,368)</u>
Operating Income (Loss)	<u>(383,798)</u>	<u>(677,467)</u>	<u>(293,669)</u>
Nonoperating Revenues (Expenses)			
Investment income	500	15,768	15,268
Interest expense	(679)	(693)	(14)
Total nonoperating revenues (expenses)	<u>(179)</u>	<u>15,075</u>	<u>15,254</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(383,977)</u>	<u>(662,392)</u>	<u>(278,415)</u>
Capital Contributions	25,000	57,000	32,000
Transfers Out	<u>(41,772)</u>	<u>(41,772)</u>	<u>-</u>
Change in Net Position	<u>\$ (400,749)</u>	<u>(647,164)</u>	<u>\$ (246,415)</u>
Net Position, Beginning of Year		<u>14,970,155</u>	
Net Position, End of Year		<u>\$ 14,322,991</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, 2023

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
Charges for services	<u>\$ 2,346,000</u>	<u>\$ 2,721,407</u>	<u>\$ 375,407</u>
Operating Expenses			
Salaries and wages	488,066	471,811	16,255
Employee benefits	298,370	304,989	(6,619)
Services and supplies	1,051,657	1,038,521	13,136
Depreciation	140,000	136,958	3,042
Data processing use fee	149,267	21,840	127,427
Public works use fee	214,177	98,280	115,897
In lieu of taxes and franchise taxes	98,532	163,730	(65,198)
General Fund administrative support	<u>53,900</u>	<u>229,176</u>	<u>(175,276)</u>
Total operating expenses	<u>2,493,969</u>	<u>2,465,305</u>	<u>28,664</u>
Operating Income	<u>(147,969)</u>	<u>256,102</u>	<u>404,071</u>
Nonoperating Revenues (Expenses)			
Investment income	50	246	196
Interest expense	<u>(4,100)</u>	<u>(3,400)</u>	<u>700</u>
Total nonoperating revenues (expenses)	<u>(4,050)</u>	<u>(3,154)</u>	<u>896</u>
Change in Net Position	<u>\$ (152,019)</u>	<u>252,948</u>	<u>\$ 404,967</u>
Net Position, Beginning of Year		<u>342,605</u>	
Net Position, End of Year		<u>\$ 595,553</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, 2023

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
Charges for services	<u>\$ 2,100,000</u>	<u>\$ 1,721,837</u>	<u>\$ (378,163)</u>
Operating Expenses			
Salaries and wages	303,302	191,457	111,845
Employee benefits	163,546	118,294	45,252
Services and supplies	745,000	440,940	304,060
Depreciation	115,000	92,046	22,954
Data processing use fee	15,912	18,720	(2,808)
Public works use fee	74,909	84,240	(9,331)
In lieu of taxes and franchise taxes	128,266	118,612	9,654
General fund administrative support	<u>104,024</u>	<u>134,352</u>	<u>(30,328)</u>
Total operating expenses	<u>1,649,959</u>	<u>1,198,661</u>	<u>451,298</u>
Operating Income	<u>450,041</u>	<u>523,176</u>	<u>73,135</u>
Nonoperating Revenues (Expenses)			
Investment income	101	25,344	25,243
Interest expense	<u>(594)</u>	<u>(606)</u>	<u>(12)</u>
Total nonoperating revenues (expenses)	<u>(493)</u>	<u>24,738</u>	<u>25,231</u>
Change in Net Position	<u>\$ 449,548</u>	<u>547,914</u>	<u>\$ 98,366</u>
Net Position, Beginning of Year		<u>891,416</u>	
Net Position, End of Year		<u>\$ 1,439,330</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, 2023

---

	Budgeted	Actual	Variance
Operating Revenues	\$ -	\$ -	\$ -
Transfers In	41,772	41,772	-
Change in Net Position	\$ 41,772	41,772	\$ -
Net Position, Beginning of Year		727,150	
Net Position, End of Year		\$ 768,922	

DRAFT

## 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.

DRAFT

City of Fallon, Nevada  
Combining Statement of Net Position – Internal Service Funds  
June 30, 2023

	Data Processing Internal Service Fund	Public Works Internal Service Fund	Total Internal Service Funds
<b>Assets</b>			
Current assets			
Cash, cash equivalents and investments	\$ 994	\$ -	\$ 994
Prepays	3,331	-	3,331
Total current assets	<u>4,325</u>	<u>-</u>	<u>4,325</u>
Noncurrent assets			
Capital assets			
Other capital assets, net of depreciation	29,383	2,220,507	2,249,890
Total assets	<u>33,708</u>	<u>2,220,507</u>	<u>2,254,215</u>
Deferred Outflows of Resources			
Deferred outflows related to other post employment benefits	-	37,512	37,512
Deferred outflows related to pensions	-	706,349	706,349
Total deferred outflows of resources	<u>-</u>	<u>743,861</u>	<u>743,861</u>
Liabilities			
Current liabilities			
Accounts payable	6,644	9,913	16,557
Accrued payroll and related liabilities	-	65,339	65,339
Due to other funds	-	391,874	391,874
Current portion of compensated absences	-	28,285	28,285
Total current liabilities	<u>6,644</u>	<u>495,411</u>	<u>502,055</u>
Noncurrent liabilities			
Other postemployment benefit liability	-	168,208	168,208
Net pension liability	-	1,564,243	1,564,243
Compensated absences	-	31,587	31,587
Total noncurrent liabilities	<u>-</u>	<u>1,764,038</u>	<u>1,764,038</u>
Total liabilities	<u>6,644</u>	<u>2,259,449</u>	<u>2,266,093</u>
Deferred Inflows of Resources			
Deferred inflows related to other postemployment benefits	-	52,609	52,609
Deferred inflows related to pensions	-	10,581	10,581
Total deferred inflows of resources	<u>-</u>	<u>63,190</u>	<u>63,190</u>
Net Position			
Net investment in capital assets	29,383	2,220,507	2,249,890
Unrestricted (deficit)	(2,319)	(1,578,778)	(1,581,097)
Total net position	<u>\$ 27,064</u>	<u>\$ 641,729</u>	<u>\$ 668,793</u>

City of Fallon, Nevada

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

Year Ended June 30, 2023

---

	Data Processing Internal Service Fund	Public Works Internal Service Fund	Total Internal Service Funds
Operating Revenues			
Charges for services			
User fees	\$ 312,000	\$ 1,404,000	\$ 1,716,000
Operating Expenses			
Salaries and wages	-	910,437	910,437
Employee benefits	-	495,016	495,016
Services and supplies	290,556	159,865	450,421
Depreciation	7,817	46,215	54,032
Total operating expenses	298,373	1,611,533	1,909,906
Operating Income (Loss)	13,627	(207,533)	(193,906)
Nonoperating Revenues (Expenses)			
Investment income	15	-	15
Income before Transfers	13,642	(207,533)	(193,891)
Transfers in	-	1,400,000	1,400,000
Change in Net Position	13,642	1,192,467	1,206,109
Net Position, Beginning of Year	13,422	(550,738)	(537,316)
Net Position, End of Year	\$ 27,064	\$ 641,729	\$ 668,793

City of Fallon, Nevada  
Combining Statement of Cash Flows – Internal Service Funds  
Year Ended June 30, 2023

	Data Processing Internal Service Fund	Public Works Internal Service Fund	Total Internal Service Funds
<b>Operating Activities</b>			
Cash received from other funds for services	\$ 312,000	\$ 1,404,000	\$ 1,716,000
Cash payments to suppliers for goods and services	(301,580)	(561,192)	(862,772)
Cash payments to employees for services	-	(1,395,410)	(1,395,410)
<b>Net Cash from (used for) Operating Activities</b>	<b>10,420</b>	<b>(552,602)</b>	<b>(542,182)</b>
<b>Noncapital Financing Activities</b>			
Interfund advances	-	391,874	391,874
Transfers from other funds	-	1,400,000	1,400,000
<b>Net Cash from Noncapital Financing Activities</b>	<b>-</b>	<b>1,791,874</b>	<b>1,791,874</b>
<b>Capital and Related Financing Activities</b>			
Purchase of property, plant, and equipment	(11,487)	(1,278,584)	(1,290,071)
<b>Investing Activities</b>			
Interest on cash and investments	15	-	15
<b>Net Change in Cash and Cash Equivalents</b>	<b>(1,052)</b>	<b>(39,312)</b>	<b>(40,364)</b>
Cash and Cash Equivalents, Beginning of Year	2,046	39,312	41,358
Cash and Cash Equivalents, End of Year	\$ 994	\$ -	\$ 994
<b>Reconciliation of operating income to net cash from (used for) operating activities</b>			
Operating income (loss)	\$ 13,627	\$ (207,533)	\$ (193,906)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities			
Depreciation	7,817	46,215	54,032
Pension expense	-	81,630	81,630
OPEB Expense	-	(15,079)	(15,079)
Changes in			
Accounts payable	(7,693)	(481,056)	(488,749)
Accrued payroll and related liabilities	(3,331)	10,042	6,711
Accrued compensated absences	-	13,179	13,179
<b>Net Cash from (used for) Operating Activities</b>	<b>\$ 10,420</b>	<b>\$ (552,602)</b>	<b>\$ (542,182)</b>

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, 2023

---

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
Charges for services	<u>\$ 320,000</u>	<u>\$ 312,000</u>	<u>\$ (8,000)</u>
Operating Expenses			
Services and supplies	310,000	290,556	19,444
Depreciation	<u>7,000</u>	<u>7,817</u>	<u>(817)</u>
Total operating expenses	<u>317,000</u>	<u>298,373</u>	<u>18,627</u>
Operating Income (Loss)	<u>3,000</u>	<u>13,627</u>	<u>10,627</u>
Nonoperating Revenues (Expenses)			
Investment income	<u>10</u>	<u>15</u>	<u>5</u>
Change in Net Position	<u><u>\$ 3,010</u></u>	<u>13,642</u>	<u><u>\$ 10,632</u></u>
Net Position, Beginning of Year		<u>13,422</u>	
Net Position, End of Year		<u><u>\$ 27,064</u></u>	

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, 2023

---

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
Charges for services	<u>\$ 1,607,600</u>	<u>\$ 1,404,000</u>	<u>\$ (203,600)</u>
Operating Expenses			
Salaries and wages	918,500	910,437	8,063
Employee benefits	408,466	495,016	(86,550)
Services and supplies	188,223	159,865	28,358
Depreciation	<u>60,000</u>	<u>46,215</u>	<u>13,785</u>
Total operating expenses	<u>1,575,189</u>	<u>1,611,533</u>	<u>(36,344)</u>
Operating Income (Loss)	<u>32,411</u>	<u>(207,533)</u>	<u>(239,944)</u>
Nonoperating Revenues (Expenses)			
Investment income	<u>20</u>	<u>-</u>	<u>(20)</u>
Transfers In	<u>-</u>	<u>1,400,000</u>	<u>1,400,000</u>
Change in Net Position	<u>\$ 32,431</u>	<u>1,192,467</u>	<u>\$ 1,160,036</u>
Net Position, Beginning of Year		<u>(550,738)</u>	
Net Position, End of Year		<u>\$ 641,729</u>	

## 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, 2023

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Miscellaneous			
Investment income	\$ 10	\$ 123	\$ 113
Expenditures	-	-	-
Net Change in Fund Balance	10	123	113
Fund Balance, Beginning of Year	8,035	8,026	(9)
Fund Balance, End of Year	<u>\$ 8,045</u>	<u>\$ 8,149</u>	<u>\$ 104</u>

DRAFT

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, 2023

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services			
Use fee	\$ 30,000	\$ 37,840	\$ 7,840
Expenditures	-	-	-
Excess (Deficiency) of Revenues over Expenditures	30,000	37,840	7,840
Other Financing Sources (Uses)			
Transfers Out	(50,000)	(50,000)	-
Net Change in Fund Balance	(20,000)	(12,160)	7,840
Fund Balance, Beginning of Year	40,560	59,327	18,767
Fund Balance, End of Year	<u>\$ 20,560</u>	<u>\$ 47,167</u>	<u>\$ 26,607</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, 2023

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

DRAFT

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, 2023

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

DRAFT

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, 2023

	Budgeted	Actual	Variance
Revenues			
Charges for services	\$ 40,000	\$ 29,303	\$ (10,697)
Miscellaneous			
Investment income	400	1,844	1,444
Other	-	5	5
Total revenue	<u>40,400</u>	<u>31,152</u>	<u>(9,248)</u>
Expenditures			
Community support			
Salaries and wages	238,427	254,898	(16,471)
Employee benefits	113,197	90,146	23,051
Services and supplies	300,000	133,512	166,488
Capital outlay	-	7,800	(7,800)
Total expenditures	<u>651,624</u>	<u>486,356</u>	<u>165,268</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(611,224)</u>	<u>(455,204)</u>	<u>156,020</u>
Other Financing Sources (Uses)			
Transfers In	<u>550,000</u>	<u>335,000</u>	<u>(215,000)</u>
Net Change in Fund Balance	(61,224)	(120,204)	(58,980)
Fund Balance, Beginning of Year	<u>96,978</u>	<u>208,848</u>	<u>111,870</u>
Fund Balance, End of Year	<u>\$ 35,754</u>	<u>\$ 88,644</u>	<u>\$ 52,890</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, 2023

	<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>

DRAFT

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, 2023

	<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>

DRAFT

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, 2023

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Miscellaneous			
Investment income	\$ 25	\$ 581	\$ 556
Other	20,000	36,063	16,063
Total revenues	<u>20,025</u>	<u>36,644</u>	<u>16,619</u>
Expenditures			
General government and administration			
Services and supplies	50,000	45,874	4,126
Net Change in Fund Balance	(29,975)	(9,230)	20,745
Fund Balance, Beginning of Year	40,175	45,736	5,561
Fund Balance, End of Year	<u>\$ 10,200</u>	<u>\$ 36,506</u>	<u>\$ 26,306</u>

DRAFT



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, 2023

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

DRAFT

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, 2023

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Miscellaneous			
Investment income	\$ 5	\$ 24	\$ 19
Net Change in Fund Balance	<u>5</u>	<u>24</u>	<u>19</u>
Fund Balance, Beginning of Year	<u>7,979</u>	<u>7,975</u>	<u>(4)</u>
Fund Balance, End of Year	<u>\$ 7,984</u>	<u>\$ 7,999</u>	<u>\$ 15</u>

DRAFT

Fee calculated on a Percentage of Gross Revenue

Adjusted Base at June 30, 2022		\$	75,672
Adjustment to Base			
Base year			
1. Percentage increase in population of local government	0.51%		
2. Percentage Change in CPI	<u>3.50%</u>		
			<u>4.01%</u>
Adjusted Base at June 30, 2023			3,032
Adjusted Base at June 30, 2023			78,704
Actual Revenue			<u>342,685</u>
Actual Amount (over) under Allowable Amount		\$	<u><u>(263,981)</u></u>



STATISTICAL SECTION

(Unaudited)

DRAFT

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. The City implemented GASB 34 in 2004, and schedules presenting government-wide information include information beginning in that year.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net investment in										
capital assets										
Restricted	\$ 23,307,955	\$ 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
Unrestricted	47,385	45,481	75,699	22,488	47,332	142,045	194,706	289,077	389,334	496,619
Unrestricted	115,754	(8,285,798)	(8,245,310)	(8,126,482)	(9,207,858)	(9,123,871)	(9,421,691)	(8,873,241)	(3,620,253)	(6,446,973)
Total Governmental Activities										
Net position	<u>\$ 21,714,231</u>	<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>
Business-Type Activities										
Net investment in										
capital assets										
Restricted	\$ 39,129,180	\$ 38,628,318	\$ 36,480,987	\$ 35,461,651	\$ 35,664,097	\$ 37,663,396	\$ 42,929,305	\$ 36,321,493	\$ 37,925,429	\$ 41,823,701
Unrestricted	1,418,050	1,278,023	476,518	518,290	560,062	601,834	643,606	685,378	727,150	768,922
Unrestricted	1,884,139	(657,862)	2,298,201	3,340,865	2,278,594	859,781	2,306,738	2,433,006	1,153,051	(1,529,537)
Total Business-type Activities										
Net position	<u>\$ 42,431,369</u>	<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>\$ 41,063,086</u>
Primary Government										
Net investment in										
capital assets										
Restricted	\$ 62,437,135	\$ 61,619,853	\$ 59,423,492	\$ 58,250,345	\$ 57,948,612	\$ 59,918,890	\$ 65,110,230	\$ 69,095,926	\$ 69,095,926	\$ 77,361,762
Unrestricted	1,465,435	1,323,504	552,217	540,778	607,394	743,879	838,312	1,116,484	1,116,484	1,265,541
Unrestricted	1,999,893	(8,943,660)	(5,947,109)	(4,785,617)	(6,929,264)	(8,264,090)	(7,114,953)	(2,467,202)	(2,467,202)	(7,976,510)
Total Primary Government										
Net Position	<u>\$ 65,902,463</u>	<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>\$ 70,650,793</u>

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
<b>Governmental activities</b>										
General government	\$ 1,690,306	\$ 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
Judicial	823,861	862,440	963,156	950,603	812,490	895,751	1,019,477	1,045,921	1,179,970	1,385,007
Public safety	4,346,890	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
Public works	831,615	881,147	951,133	1,470,832	938,738	925,217	903,708	1,023,028	1,203,386	1,744,371
Culture and recreation	1,014,544	964,657	78,657	111,121	1,089,382	1,241,382	1,008,468	1,065,268	1,571,883	1,594,346
Community support	689,458	756,851	821,635	862,084	683,436	724,909	747,655	1,578,438	999,364	1,394,129
Interest on long-term debt	8,777	5,167	4,006	1,522	15,787	12,674	9,373	7,041	2,009	6,664
<b>Total Governmental Activities Expenses</b>	<b>9,405,451</b>	<b>9,694,760</b>	<b>9,928,029</b>	<b>10,417,224</b>	<b>10,724,715</b>	<b>11,162,775</b>	<b>11,684,741</b>	<b>13,148,758</b>	<b>13,311,135</b>	<b>15,944,984</b>
<b>Business-type activities</b>										
Electric	10,422,927	10,947,716	11,048,834	10,971,517	10,454,940	10,569,966	11,014,169	11,578,355	12,417,995	14,358,194
Water	1,665,541	1,702,062	1,688,182	1,741,801	2,009,341	1,979,607	2,017,614	2,046,330	1,987,371	2,259,193
Sewer	2,076,229	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
Water treatment	1,845,066	1,818,524	1,854,313	1,781,997	1,872,199	2,123,220	2,115,784	2,014,502	2,048,318	2,452,340
Sanitation	1,344,200	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
Landfill	679,391	750,100	870,612	1,098,943	2,149,619	1,175,638	768,906	1,305,939	1,222,774	1,210,901
<b>Total Business-Type Activities Expenses</b>	<b>18,033,354</b>	<b>18,707,621</b>	<b>19,422,292</b>	<b>19,528,544</b>	<b>20,605,774</b>	<b>20,000,930</b>	<b>20,238,914</b>	<b>21,164,750</b>	<b>22,039,659</b>	<b>25,556,583</b>
<b>Total Primary Government Expenses</b>	<b>\$ 27,438,805</b>	<b>\$ 28,402,381</b>	<b>\$ 29,350,321</b>	<b>\$ 29,945,768</b>	<b>\$ 31,330,489</b>	<b>\$ 31,163,705</b>	<b>\$ 31,923,655</b>	<b>\$ 34,313,508</b>	<b>\$ 35,350,794</b>	<b>\$ 41,501,567</b>
<b>Program Revenues</b>										
<b>Governmental activities</b>										
<b>Charges for services</b>										
General government	\$ 2,154,830	\$ 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
Judicial	49,651	65,323	84,280	124,688	124,017	136,571	115,461	103,284	79,010	81,436
Public safety	16,762	862	3,232	6,390	6,672	6,087	13,234	9,709	18,789	15,492
Culture and recreation	35,251	32,143	37,018	37,123	37,488	42,700	31,049	19,615	39,445	42,043
Operating grants and contributions	993,904	592,598	540,447	497,776	176,200	297,996	245,080	2,933,890	6,450,924	4,319,176
Capital grants and contributions	1,617,270	243,049	539,632	529,347	266,747	853,806	738,431	794,200	126,358	3,578,780
<b>Total Governmental Activities Program Revenues</b>	<b>4,867,668</b>	<b>3,028,014</b>	<b>3,466,612</b>	<b>3,543,212</b>	<b>3,090,398</b>	<b>4,013,939</b>	<b>3,864,858</b>	<b>7,433,997</b>	<b>10,304,967</b>	<b>11,495,235</b>
<b>Business-type activities</b>										
<b>Charges for services</b>										
Electric	10,025,997	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
Water	1,650,118	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
Sewer	1,488,056	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
Sanitation	1,292,460	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
Landfill	656,032	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
Water treatment	1,663,804	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
Operating grants and contributions	43,049	33,585	58,407	67,351	145,977	18,104	6,946	299,640	56,734	25,000
Capital grants and contributions	460,953	107,836	178,707	99,885	155,980	418,126	7,007,528	996,455	1,463,717	390,034
<b>Total Business-Type Activities Program Revenues</b>	<b>17,280,469</b>	<b>18,809,574</b>	<b>19,413,752</b>	<b>19,567,918</b>	<b>20,274,637</b>	<b>20,243,187</b>	<b>26,763,229</b>	<b>22,126,448</b>	<b>22,190,229</b>	<b>22,849,534</b>

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Primary Government										
Program revenue	\$ 22,148,137	\$ 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
Net (Expense)/Revenue										
Governmental activities	\$ (6,666,746)	\$ (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)
Business-type activities	101,953	(8,540)	39,374	(331,137)	242,257	6,524,315	961,698	150,570	150,570	(2,707,049)
Total Primary Government										
Net (Expense)/Revenue	\$ (6,564,793)	\$ (6,469,957)	\$ (6,834,638)	\$ (7,965,454)	\$ (6,906,579)	\$ (1,295,568)	\$ (4,753,063)	\$ (2,855,598)	\$ (2,855,598)	\$ (7,156,798)
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Ad valorem	\$ 1,414,750	\$ 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
Occupancy	575,389	496,450	511,550	617,231	791,038	634,963	616,671	693,698	916,969	993,750
Fuel	146,174	137,741	146,852	149,425	154,833	153,488	146,140	163,234	164,894	157,091
Unrestricted intergovernmental -										
consolidated taxes	1,676,871	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
Franchise fees	182,547	226,475	209,800	225,997	245,067	266,781	290,329	256,793	282,616	350,975
Enterprise funds in lieu of taxes	972,732	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
Enterprise funds in lieu of franchise fees	818,777	810,031	836,698	932,537	957,855	968,305	989,598	997,886	1,053,841	1,072,630
Unrestricted gaming licenses	238,604	265,856	221,291	227,671	236,670	246,933	229,621	209,001	227,800	238,435
Investment earnings	916	216	216	712	1,659	3,563	3,624	2,700	650	90,753
Gain (loss) on disposal	-	-	-	-	385,676	-	-	-	-	-
Miscellaneous	284,886	332,497	290,406	288,823	-	256,428	225,590	132,146	220,429	941,828
Transfers	(17,000)	-	-	-	-	-	-	7,433,080	(200,000)	(3,762,578)
Total Governmental Activities	6,294,646	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
Business-type activities										
Investment earnings	14,614	9,856	15,767	25,726	121,622	308,317	230,323	31,610	15,183	201,927
Miscellaneous	-	-	-	-	39,354	71,684	-	-	-	-
Transfers	17,000	-	-	-	-	-	-	(7,433,080)	200,000	3,762,578
Total Business-Type Activities	31,614	9,856	15,767	25,726	160,976	380,001	230,323	(7,401,470)	215,183	3,964,505
Total Primary Government										
General Revenues	\$ 6,326,260	\$ 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
Change in Net Position										
Governmental activities	\$ (53,393)	\$ (390,919)	\$ (848,499)	\$ 300,447	\$ (521,368)	\$ 1,785,394	\$ 12,334,202	\$ 5,360,029	\$ 5,360,029	\$ 1,648,129
Business-type activities	(721,271)	111,809	7,227	65,100	(170,161)	622,258	6,754,638	365,753	365,753	1,257,456
Total Primary Government										
Change in net position	\$ (774,664)	\$ (279,110)	\$ (841,272)	\$ 365,547	\$ (691,529)	\$ 2,407,652	\$ 19,088,840	\$ 5,725,782	\$ 5,725,782	\$ 2,905,585



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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ -	\$ 713,266	\$ 435,047	\$ 318,165	\$ 251,283	\$ 184,401	\$ 117,519	\$ 36,382	\$ 9,703	\$ -
Restricted	7,836	7,853	7,877	7,901	30,804	35,017	42,778	47,829	44,780	496,619
Committed	35,443	93,091	38,603	63,689	93,095	111,217	227,385	263,235	4,826,193	1,206,223
Assigned	-	-	-	-	244,622	182,045	460,631	802,914	-	1,657,207
Unassigned	993,751	283,448	217,024	353,701	314,585	602,347	575,336	548,264	1,109,528	1,923,240
<b>Total Fund Balance</b>	<b><u>\$ 1,037,030</u></b>	<b><u>\$ 1,097,658</u></b>	<b><u>\$ 698,551</u></b>	<b><u>\$ 743,456</u></b>	<b><u>\$ 934,389</u></b>	<b><u>\$ 1,115,027</u></b>	<b><u>\$ 1,423,649</u></b>	<b><u>\$ 1,698,624</u></b>	<b><u>\$ 5,990,204</u></b>	<b><u>\$ 5,283,289</u></b>
All Other Governmental Funds										
Restricted	\$ 39,549	\$ 37,628	\$ 67,822	\$ 14,587	\$ 16,528	\$ 107,028	\$ 151,928	\$ 241,248	\$ 344,554	\$ 344,554
Committed										
Special revenue funds	233,172	226,537	142,596	238,127	488,031	505,841	182,324	1,035,306	1,072,985	1,072,985
Assigned	-	-	-	(41,220)	-	(4,512)	265,024	-	-	-
<b>Total All Other Governmental Funds</b>	<b><u>\$ 272,721</u></b>	<b><u>\$ 264,165</u></b>	<b><u>\$ 210,418</u></b>	<b><u>\$ 211,494</u></b>	<b><u>\$ 504,559</u></b>	<b><u>\$ 608,357</u></b>	<b><u>\$ 599,276</u></b>	<b><u>\$ 1,276,554</u></b>	<b><u>\$ 1,417,539</u></b>	<b><u>\$ 1,417,539</u></b>

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
Taxes										
Ad valorem	\$ 1,425,622	\$ 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
Other	2,435,006	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
Charges for services	1,765,655	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
Intergovernmental	2,630,439	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
Licenses and permits	1,526,056	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
Fines and forfeitures	28,816	44,310	99,612	104,829	100,367	110,826	89,275	76,524	51,127	58,626
Investment income	915	215	216	712	1,659	3,561	3,624	2,700	651	90,753
Miscellaneous	102,776	117,636	80,110	70,361	49,304	(11,232)	86,685	29,135	42,928	42,356
<b>Total revenues</b>	<b>9,915,285</b>	<b>9,434,865</b>	<b>9,591,853</b>	<b>10,333,191</b>	<b>10,535,718</b>	<b>11,315,531</b>	<b>11,366,143</b>	<b>15,335,930</b>	<b>18,878,780</b>	<b>21,349,318</b>
<b>Expenditures</b>										
General government	1,593,820	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
Judicial	821,910	875,768	879,269	849,025	797,204	890,001	976,453	1,018,640	1,261,880	1,315,132
Public safety	4,159,520	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
Public works	122,079	138,928	194,239	157,869	161,024	145,813	99,026	473,060	628,483	1,149,411
Culture and recreation	899,668	834,703	864,388	904,883	964,095	946,264	875,993	939,439	1,229,691	1,425,633
Community support	619,494	696,774	780,116	601,882	613,558	697,620	703,051	540,069	994,094	1,339,413
Capital outlay	1,383,426	787,213	711,176	1,017,599	938,323	1,165,412	1,052,930	3,212,173	1,274,034	5,507,239
Debt service										
Principal	56,912	55,901	58,143	29,937	46,854	49,813	52,960	64,634	131,689	64,954
Interest	8,777	5,167	4,006	1,522	15,787	12,675	9,373	7,042	2,009	6,703
<b>Total expenditures</b>	<b>9,665,606</b>	<b>9,382,793</b>	<b>10,044,707</b>	<b>10,287,210</b>	<b>10,317,512</b>	<b>11,031,095</b>	<b>11,066,602</b>	<b>15,050,077</b>	<b>14,246,215</b>	<b>19,711,194</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>249,679</b>	<b>52,072</b>	<b>(452,854)</b>	<b>45,981</b>	<b>218,206</b>	<b>284,436</b>	<b>299,541</b>	<b>285,853</b>	<b>4,632,565</b>	<b>1,638,124</b>
<b>Other Financing Sources (Uses)</b>										
Transfers in	375,282	461,068	447,149	420,311	476,670	543,130	717,333	586,870	688,698	481,657
Transfers out	(392,282)	(461,068)	(447,149)	(420,311)	(476,670)	(543,130)	(717,333)	(586,870)	(888,698)	(4,244,235)
Proceeds from medium - term obligations	-	-	-	-	265,792	-	-	666,400	-	-
<b>Total other financing sources (uses)</b>	<b>(17,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>265,792</b>	<b>-</b>	<b>-</b>	<b>666,400</b>	<b>(200,000)</b>	<b>(3,762,578)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 232,679</b>	<b>\$ 52,072</b>	<b>\$ (452,854)</b>	<b>\$ 45,981</b>	<b>\$ 483,998</b>	<b>\$ 284,436</b>	<b>\$ 299,541</b>	<b>\$ 952,253</b>	<b>\$ 4,432,565</b>	<b>\$ (2,124,454)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>0.8%</b>	<b>0.7%</b>	<b>0.7%</b>	<b>0.3%</b>	<b>0.7%</b>	<b>0.6%</b>	<b>0.6%</b>	<b>0.6%</b>	<b>1.0%</b>	<b>0.5%</b>

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		
2014	\$ 195,882,509	\$ 16,555,277	\$212,437,786	\$606,965,103	35.0
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

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

<u>Fiscal Year</u>	<u>City of Fallon</u>	<u>State of Nevada</u>	<u>School District</u>	<u>County</u>	<u>Special Districts</u>	<u>Total</u>
2014	0.8371	0.1700	1.3000	1.2229	0.1100	3.6600
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

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

City of Fallon, Nevada  
Schedule No. 7 – Principal Property Owners  
June 30, 2023

Taxpayer	Product/Service	Rank	Fiscal Year 2023		
			Taxable Estimated Appraised Value (1)	Taxable Assessed Value	Approximate Percentage of Taxable Assessed Valuation
ENEL Stillwater LLC (Stillwater Plant)	Geothermal	1	\$ 150,937,274	\$ 52,828,046	5.64%
NV Energy Combined	Utilities	2	93,778,680	32,822,538	3.50%
Union Pacific Railroad	Transportation	3	70,821,211	24,787,424	2.65%
Gradient Resources In. (Patua)	Geothermal	4	52,486,900	18,370,415	1.96%
ORNI 423 LLC	Engineering & Construction	5	51,424,420	17,998,547	1.92%
Frontier Airlines	Transportation	6	47,263,023	16,542,058	1.77%
Ormat Nevada Inc.	Geothermal	7	45,618,706	15,966,547	1.70%
Spirit Airlines	Transportation	8	45,018,829	15,756,590	1.68%
Terra-Gen Dixie Valley LLC	Geothermal	9	42,094,140	14,732,949	1.57%
CYRQ Energy Inc.	Geothermal	10	39,723,626	13,903,269	1.48%

Taxpayer	Product/Service	Rank	Fiscal Year 2014		
			Taxable Estimated Appraised Value (1)	Taxable Assessed Value	Approximate Percentage of Taxable Assessed Valuation
ENEL Stillwater LLC (Stillwater Plant)	Geothermal	1	\$ 227,195,143	\$ 79,518,300	12.21%
Sierra Pacific Power Company	Utility	2	103,422,171	36,197,960	5.56%
Terra-Gen Dixie Valley LLC	Geothermal	3	72,417,666	25,346,183	3.89%
Patua Project LLC	Geothermal	4	39,392,751	13,787,463	2.12%
Union Pacific Railroad	Railroad	5	33,960,371	11,886,130	1.82%
Southwest Gas Corp	Utility	6	32,125,946	11,244,081	1.73%
Northrop Grumman	Contractor	7	29,778,574	10,422,501	1.60%
AT&T Communications, INC.	Communications	8	21,559,069	7,545,674	1.16%
Quail Hollow LLC	Milk Processing	9	19,102,366	6,685,828	1.03%
Rocket DrillCo LLC	Geothermal	10	18,810,966	6,583,838	1.01%

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Number of Meters	5,078	4,844	4,908	4,879	4,873	4,876	4,874	4,971	5,021	5,047
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	0.12524	0.1503
Base Fee for Electrical	\$ 3.02	\$ 12.02	\$ 12.02	\$ 12.02	\$ 12.02	\$ 12.02	\$ 12.02	\$ 12.02	\$ 12.02	\$ 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, 2023

Employer	2023		2014	
	User Fees	Rank	User Fees	Rank
Dairy Farmers of America	\$ 1,405,874	1	\$ 325,920	4
Churchill County School District	536,468	2	538,672	1
Walmart	391,105	3	468,485	2
Churchill Community Hospital	362,894	4	411,086	3
Safeway	175,212	5	212,220	5
Highland Manor	165,736	6	175,974	7
City of Fallon Waste Water Plant	152,121	7	157,837	10
Bonanza Casino	139,118	8	N/A	N/A
Gemini	131,280	9	N/A	N/A
Kennametal	127,303	10	207,208	6

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
2014	\$ 143,982	\$ -	\$ 777,513	\$ 2,844,398	\$ 5,874,502	\$ 30,236	\$ 196,274	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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

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			
2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,868,919	2.90%	1,142
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

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)
2014	\$ 143,982	\$ 9,722,923	\$ 9,866,905	1.63%	1,133.35
2015	88,080	9,138,733	9,226,813	1.86%	1,069.30
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

\* 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, 2023

	General Obligation Debt	Revenue Bond & Capital Leases	Net Debt Outstanding	% Applicable(1)	Applicable Net Debt
<u>Direct</u>					
City of Fallon	\$ 12,322,333	\$ -	\$ 12,322,333	100.00%	<u>\$ 12,322,333</u>
<u>Overlapping</u>					
State of Nevada (1)	1,132,610,000	-	\$ 1,132,610,000	0.1700%	1,925,437
Churchill County (2)	36,175,677	-	\$ 36,175,677	27.51%	9,951,929
Churchill County School District (3)	22,295,000	-	\$ 22,295,000	27.51%	<u>6,133,355</u>
Total overlapping debt					<u>18,010,720</u>
Total direct and overlapping Debt					<u><u>\$ 30,333,053</u></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.

Estimated Assessed Value	\$ 275,380,511
Debt Limit - 30 Percent of Total	<u>30%</u>
Assessed Value	82,614,153
Less Total Amount of Debt Applicable to Debt Limit	<u>12,322,333</u>
Legal Debt Margin	<u><u>\$ 70,291,820</u></u>

Note: Legal debt margin as set forth in NRS 266.600

DRAFT

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)
2014	8,706	\$ 331,402,596	\$ 38,066	9.60%
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	Unavailable	Unavailable	5.10%

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, 2023

Employer	2023			2014		
	Employees	Rank	Percentage of Total County Employment (1)	Employees	Rank	Percentage of Total County Employment (1)
N.A.S Fallon - Military Personnel	1,200	1	11.2%	883	1	9.40%
Amentum - NAS Fallon Contractor	700	2	6.5%	-	-	-
Churchill County School District	400	3	2.3%	600-699	2	5.46%
Banner Churchill Community Hospital	250-499	4	2.3%	200-299	3	2.94%
Wal-Mart Supercenter	250-499	5	2.3%	200-299	4	2.10%
Churchill County	200-299	6	1.9%	200-299	5	2.10%
A&K Earthmovers	100-249	7	0.9%	100-199	8	1.26%
Chugach Support Services Inc.	100-249	8	0.9%	100-199	9	1.26%
Stockman's Casino	100-249	9	0.9%	-	-	-
New Millennium Building System	100-249	10	0.9%	-	-	-
Bonanza/Nuggett Casino	100-249	11	0.9%	-	-	-
City of Fallon	100-249	12	0.9%	-	-	-

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
General Government	6	6	5	5	8	12	10	14	16	15
Judicial	6	6	6	7	5	7	6	6	6	7
Public Safety	36	34	40	33	40	38	42	43	40	39
Culture and Recreation	5	5	7	5	4	5	6	3	4	5
Community Support	4	4	4	5	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>
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>

Source: City Clerk/Treasurer's Office

DRAFT

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

Function/Program	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Police Department</b>										
Calls for service	10,285	10,062	9,870	8,201	9,584	10,001	8,712	8,511	9,085	8,986
Citations issued	879	823	750	615	939	718	450	186	343	507
Arrests	670	657	562	513	539	727	424	346	390	435
Animal Shelter intake	1,850	1,690	1,621	1,364	1,439	1,521	1,365	1,016	1,224	1,960
<b>Municipal Court</b>										
Criminal Charges filed	491	543	492	438	441	413	369	329	513	183
Traffic Charges filed	857	551	432	537	925	1,103	629	435	251	318
<b>Fire Department</b>										
Emergency responses	70	76	68	66	60	65	62	91	129	137
<b>Landfill</b>										
Refuse received (tons)	29,091	60,785	67,452	87,702	93,975	89,052	85,417	142,645	90,656	92,152
<b>Water</b>										
Water Pumped (thousands of gallons)	726,181	773,039	754,438	622,846	626,800	630,074	654,544	637,296	630,434	625,475
<b>Electric</b>										
Metered KWH purchased	87,952,000	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
Usage @ system peak	18,539	19,509	20,523	20,648	21,077	21,420	21,277	21,237	59,327	23,303
<b>Other Public Works</b>										
Street reconstruction (feet)	100	-	-	-	-	-	-	-	-	-
Building permits issued	160	172	185	248	237	283	311	508	492	336
<b>Sewer</b>										
Treated Effluent (Average Daily in millions/gallons)	1.024	0.997	1.039	0.93	1.08	1.12	1.24	1.11	1.12	1.14

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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

DRAFT

DRAFT

This page intentionally left blank.

**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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 11, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness 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, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a significant deficiency.

DRAFT

## **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 Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Elko, Nevada  
January 11, 2024

DRAFT

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

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

**Report on Compliance for the Major Federal Program**

**Qualified Opinion**

We have audited the City of Fallon, Nevada’s (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City’s major federal program for the year ended June 30, 2023. The City’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

*Qualified Opinion on the Coronavirus State and Local Fiscal Recovery Funds*

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major Federal program identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2023.

**Basis for Qualified Opinion**

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

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



DRAFT

### *Matter Giving Rise to Qualified Opinion on the Coronavirus State and Local Fiscal Recovery Funds*

As described in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding Assistance Listing Number 21.027, Coronavirus State and Local Fiscal Recovery Funds as described in finding number 2023-002 for reporting.

Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

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

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

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

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

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

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

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

DRAFT

## Report on Internal Control over Compliance

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a material weakness.

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

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

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

Elko, Nevada  
January 11, 2024

DRAFT

## **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, 2023, 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**

There was no statute noncompliance in the prior year.

### **Prior Year Recommendations**

Current year finding 2023-001 is a repeat finding from the prior year.

### **Current Year Recommendations**

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

### **NRS 354.598155**

The financial statements of the Special Ad Valorem Capital Projects Fund are included in our report. There were no expenditures from this fund during the current year.

Elko, Nevada  
January 11, 2024

DRAFT

City of Fallon, Nevada  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal Financial Assistance Listing</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
U.S. Department of Transportation			
Direct Award:			
Airport Improvement Program	20.106	n/a	\$ 135,546
Airport Improvement Program	20.106	n/a	<u>180,656</u>
			<u>316,202</u>
U.S. Department of Treasury			
Passed through State of Nevada			
Governor's Finance Office:			
COVID -19 Coronavirus Local Fiscal Recovery Funds	21.027	NV6600	<u>5,807,195</u>
U.S. Department of Homeland Security			
Passed through State of Nevada Department of Motor Vehicles and Public Safety			
Division of Emergency Management:			
COVID-19 Emergency Management Preparedness Grant	97.042	EMF-2022-EP-00002	<u>28,422</u>
			<u>28,422</u>
U.S. Department of Housing & Urban Development			
Passed through Nevada Governor's Office of Economic Development:			
Community Development Block Grant			
Broadway/Sherman St. Reconstruction	14.227	21/PF/04	<u>724,308</u>
U.S. Department of Justice			
Passed through State of Nevada Office of Traffic Safety:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	21-JAG-08/22-JAG-07	<u>24,927</u>
Total Federal Financial Assistance			<u>\$ 6,901,054</u>



**Note A - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Fallon under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Fallon, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the City of Fallon.

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

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

**Note C - Indirect Cost Rate**

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

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major program:	
Material weaknesses identified	Yes
Significant deficiency identified not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516	Yes

**Identification of major programs:**

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing</u>
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**Section II – Financial Statement Finding**

**2023-001      Report Preparation and Audit Adjustments  
Significant Deficiency**

*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.

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

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

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

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

**Section III – Findings and Questioned Costs for Federal Awards**

**2023-002 U.S. Department of Treasury  
Passed Through State of Nevada Governor’s Finance Office  
COVID-19 Coronavirus State and Local Fiscal Recovery Funds, Federal Financial Assistance  
Listing 21.027**

**Reporting  
Material Weakness in Internal Control over Compliance and Material Noncompliance**

*Criteria:* The OMB compliance supplement requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting information or performance records, and are fairly presented in accordance with government requirements.

The City of Fallon is required to submit the Project and Expenditure Report quarterly. The following are key line items on the Project and Expenditure report: current period obligation, cumulative obligation, current period expenditure, cumulative expenditure, subawards, and detailed information on loans issued.

*Condition:* We noted the City incorrectly reported projected obligations and expenditures, however the amount shown in the total was amounts actually spent for this grant.

*Cause:* The City did not have adequate internal controls for accurate reporting.

*Effect:* Inaccurate information may be reported to the federal awarding agency.

*Questioned Costs:* None reported.

*Context/Sampling:* All reports submitted during the year were tested.

*Repeat Finding from Prior Year:* No.

*Recommendation:* We recommend City of Fallon enhance internal controls to ensure its reports are accurate and reviewed by someone other than the preparer prior to submission.

*Views of Responsible Officials:* Management will closely review the Project and Expenditure Report User Guide to ensure future reports are in compliance and are properly reviewed prior to submission.