

**AGENDA
CITY OF FALLON – CITY COUNCIL
55 West Williams Avenue
Fallon, Nevada
December 17, 2018 – 9:00 a.m.**

The Honorable City Council will meet in a regularly scheduled meeting on December 17, 2018 at 9:00 a.m. in the City Council Chambers, 55 West Williams Avenue, Fallon, Nevada.

Items on the agenda may be taken out of order. The Council may combine two or more agenda items for consideration. The Council may remove an item from the agenda or delay discussion relating to an item on the agenda at any time. Unless otherwise allowed by the City Council, public comments by an individual will be limited to five minutes.

1. Pledge of Allegiance to the Flag.
2. Certification of Compliance with Posting Requirements.
3. Public Comments: General in nature, not relative to any agenda items.
No action may be taken on a matter raised under this item until the matter has been specifically included on an agenda as an item upon which action will be taken. **(For discussion only)**
4. Approval of Warrants: **(For possible action)**
 - A) Accounts Payable
 - B) Payroll
 - C) Customer Deposit
5. Approval of City of Fallon June 30, 2018 Audited Financial Statements. **(For possible action)**
6. Consideration and possible approval of purchase of real property from James L. O'Brien consisting of approximately 0.130 acres of land located on South Carson Street, Fallon, Nevada (APN #001-537-02) for the total purchase price of Forty-Seven Thousand Dollars (\$47,000). **(For possible action)**
7. Public Comments **(For discussion only)**
8. Council and Staff Reports **(For discussion only)**
9. Executive Session (closed):

Discuss Litigation Matters **(For discussion only)** (NRS 241 et.seq.)
Negotiations with Operating Engineers Local Union No. 3 **(For discussion only)**

Negotiations with Fallon Peace Officers Association **(For discussion only)**

This agenda has been posted on or before 9:00 a.m. on December 12, 2018 at City Hall, District Court Building, Churchill County Office Complex, Churchill County Public Library and posted to the City's website (<https://fallonnevada.gov>) and the State of Nevada public notice website (<https://notice.nv.gov/>). Members of the public may request the supporting material for this meeting by contacting Elsie M. Lee, Deputy City Clerk, City Clerk's Office, City Hall, 55 West Williams Avenue, Fallon, Nevada, (775) 423-5104. The supporting material for this meeting is also available to the public on the City's website (<https://fallonnevada.gov>) and the State of Nevada public notice website (<https://notice.nv.gov/>).


Elsie M. Lee

NOTICE TO PERSONS WITH DISABILITIES: Reasonable effort will be made to assist and accommodate physically handicapped persons desiring to attend the meeting. Please call the City Clerk's Office at 423-5104 in advance so that arrangements may be conveniently made.

December 17, 2018

Agenda Item 5

Approval of City of Fallon June 30,
2018 Audited Financial Statements.
(For possible action)

Incorporated 1908

Request for Council Action

Agenda item 5

Date Submitted: December 10, 2018

From: City Clerk Treasurer Cordes

Agenda Date Requested: December 17, 2018

To: The Honorable City Council

Subject Title Approval of City of Fallon June 30, 2018 Audited Financial Statements

Type of Action Requested: Approval or disapproval of City of Fallon June 30, 2018 Audited Financial Statements

Recommended Council Action: Approve City of Fallon June 30, 2018 Audited Financial Statements

Discussion: Pursuant to NRS 354.624 the City shall provide for an annual audit of its financial statements. The City engaged the CPA firm of Eide Bailly to perform the audit. The auditor will present to the City Council their report of the audit. The audit committee consists of Councilman Robert Erickson, City Attorney Mike Mackedon and Legal and Administrative Director Robert Erquiaga. The audit committee works with the auditor regarding the timing, progression and the recommendations and findings of the auditor.

Fiscal Impact: NA

Funding Source: NA

Alternatives: NA

Prepared by: Gary Cordes, Clerk Treasurer 

Presented By: Audit Committee Members Councilman Erickson, City Attorney Mike Mackedon and Legal and Administrative Director Robert Erquiaga



Comprehensive Annual Financial Report
For the Year Ended June 30, 2018

City of Fallon, Nevada

Prepared by City Clerk-Treasurer's Office
Gary C. Cordes, City Clerk-Treasurer
City of Fallon, Nevada
55 West Williams Avenue
Fallon, Nevada 89406

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INTRODUCTORY SECTION

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Ken Tedford, Jr.
MAYOR

December 6, 2018

To the Honorable Ken Tedford, Mayor
Members of the City Council
Citizens of the City of Fallon, Nevada



Robert H. Erickson
Councilman

James D. Richardson
Councilman

Kelly Frost
Councilwoman

Nevada Law, See: Nevada Revised Statutes (NRS) 354.624, requires that each local government of the State of Nevada publish financial statements in conformity with generally accepted accounting principles ("GAAP") and have the same audited in accordance with generally accepted auditing standards by an independent certified public accountant. Pursuant to that requirement, we hereby submit the comprehensive annual financial report ("CAFR") of the City of Fallon, Nevada ("the City") for the fiscal year ended June 30, 2018.

This report consists of management representations concerning the finances of the City. 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 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's financial statements in conformity with GAAP. Because the costs of internal controls should not outweigh their benefits, the City's comprehensive framework of internal control 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's financial statements have been audited by Eide Bailly LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statement; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2018 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A. Management has also included certain general background information about the City of Fallon in this letter of transmittal for the benefit of readers of the report. The City's MD&A can be found immediately following the report of the independent auditors.

Profile Of the Fallon Area

The City of Fallon is located in Churchill County in west central Nevada, approximately 60 miles east of Reno, Nevada. Fallon is the county seat for Churchill County and the only incorporated city within Churchill County. Fallon was incorporated on December 3, 1908 and, at the time of incorporation, was one square mile in area. The City now has a population of approximately 8,700 citizens and occupies an area of 3.8 square miles. Highway 50 (the Lincoln Highway) runs east and west through the City and intersects U.S. 95 at the City's center, which runs north and south.

Churchill County is home to the Newlands Reclamation Project, and Fallon is the commercial hub for the agriculture industry that developed following the completion of the Newlands Project. The area is home to Fallon Naval Air Station and the naval Top Gun training facility, where nearly all naval pilots receive advanced tactical training in the vast interior regions of the county.

The area has extensive wetlands of international significance to migrating waterfowl and shorebirds. The open space that surrounds the City provides a natural setting for outdoor recreation, limited only by the imagination of those who appreciate its beauty and the freedom it offers. The City proper has beautifully maintained public parks, a public swimming pool (in which it has taken great pride for more than seventy years), ball parks and athletic facilities for all of its citizens, including a newly constructed public gymnasium. The Mayor and City Council support cultural events throughout each year. The Churchill Arts Council, a non-profit institution, has restored the historic Oats Park School and now hosts world-class visual and performing arts programs that rival those of any other small city in America. The Fallon area has a stock car race track, a premier drag-racing track, and a fine trap club. Importantly, the City has a thriving business community which the Mayor and City council promote and support. The City has restored the downtown business district, has created a business park to attract new business and industry, and sponsors a variety of events to promote tourism and stimulate commerce, including a signature program instituted to encourage citizens within the area to eat, play, shop and attend community events, called "Live Local Fallon".

Profile of Fallon City Government

The City of Fallon is a "general law" city authorized by NRS Chapter 266 and enjoys considerable local governmental autonomy. The chief executive officer is the Mayor, who serves a four-year term. An elected City Council – consisting of three members, each elected from a ward for an alternating four-year term - acts as the legislative branch of government. The City governs itself in accordance with a strong mayoral model without a city manager. Consistent with this model, the Mayor, who is not a member of the City Council, manages the day to day affairs of the City, executes the policies enacted by the City Council, presides at all City Council meetings, appoints the management staff for the City subject to the approval of the City Council, and is invested with extraordinary executive authority in periods of emergency or crises. 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 paid without approval of the City Council, following a scheduled and notice public hearing.

City of Fallon Services, Utilities and Enterprises

From the date of its incorporation in 1908, the City of Fallon, because of its remote location from any other community upon which it could depend, has had to develop its own municipal services for its

citizens. Consequently, the City now provides more municipal services than do most communities of any size. Among other enterprises, the City owns its own electrical utility, water utility, wastewater treatment enterprise, water treatment enterprise, garbage enterprise, sanitation and transfer station enterprise and landfill enterprise.

The City operates its municipal electric utility as expressly authorized under Nevada Law, including NRS 704.340. The City's municipal electric utility serves approximately 4,809 residential and commercial customers within its 3.8 square mile service territory utilizing 47 miles of distribution lines. The electric utility's total energy for fiscal year 2018 was 93,396,854 kWh (a 4.10% increase from fiscal year 2017) and the peak load was 21,077 kWh (a 2.08% increase from fiscal year 2017).

The City is a member of the Utah Associated Municipal Power Systems ("UAMPS"). The City appoints a representative to serve on the UAMPS Board of Directors and utilizes UAMPS for resource planning and management, new project evaluation, market purchasing, pool buying and selling, scheduling and general electric advice and counsel.

As a member of UAMPS, the City receives energy from several sources including planned market purchases and the Horse Butte Wind Project, in which the City has an entitlement share of approximately 3MW of nameplate capacity. The City previously negotiated new 5-year planned market purchases that began on April 1, 2017 and made planned supplemental market purchases for June, July, August and September for 2017, 2018 and 2019 in order to better serve the City's summer loads. The City continues to focus on securing and developing a portfolio of resources that provides firm, long term, affordable, environmentally conscious and reliable energy to serve the City's current and future needs.

During fiscal year 2018, the City continued to pursue multi-year improvement projects in the electrical utility, including a new substation and a system-wide meter replacement program.

Year in and year out, the City has historically and conscientiously worked to improve the quality of municipal services, but the focus changes, in any given fiscal year, depending on its budget and its operational priorities, both planned and unplanned. Currently, the infrastructure for each of these major enterprises is sized and designed to meet the present and projected needs of the City including anticipated increases in demand as the City grows in population.

The Local Economy

The local economy for the Fallon area has gradually but steadily improved after experiencing a downturn in certain sectors during the general economic recession that beset the national economy that commenced in late 2007.

The milk processing plant owned and operated by the Dairy Farmers of America which is located in the City's New River Business Park adds an important new component to the local agricultural economy, especially the expanding dairy industry.

Long Term Financial Planning

The City continues to use its business planning and budget process to review funding priorities for long-term operating and capital needs of the City. The City continues to monitor the costs associated with operating its several municipal utilities services.

Cash Management policies and practices

It is the policy of the City to invest public funds in conformance with Nevada Revised Statutes. Cash on hand is invested in the State of Nevada Local Government Investment Pool. The City has access to its funds daily and as a result of this liquidity, the average yield from the investments is less than 1%. All bank balances as of the balance sheet date are entirely insured or collateralized by FDIC insurance and by the office of the State Treasurer of Nevada Collateral Pool.

Pension Information

The City contributes to the Public Employees Retirement System of Nevada (“PERS”), a cost sharing multiple-employer pension plan administered by the Retirement Board of PERS. Additional information regarding the City defined benefit pension plan can be found in Note 11 to the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Report for the year ended June 30, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, the contents of which conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The City has received a Certificate of Achievement for each of the last nineteen years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

The preparation of this report could not have been accomplished without the efficient and dedicated staff of the City Clerk Treasurers Office. Our auditors, Eide Bailly LLP provide the expert support and guidance that make the preparation of this report possible. I would also like to express my thanks to the department heads, employees of the City, and its citizens whose continued cooperation, support, and assistance have contributed greatly to the financial stability of the City.

Respectfully submitted,



GARY C. CORDES, CPA
City Clerk Treasurer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Fallon
Nevada**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Merrill

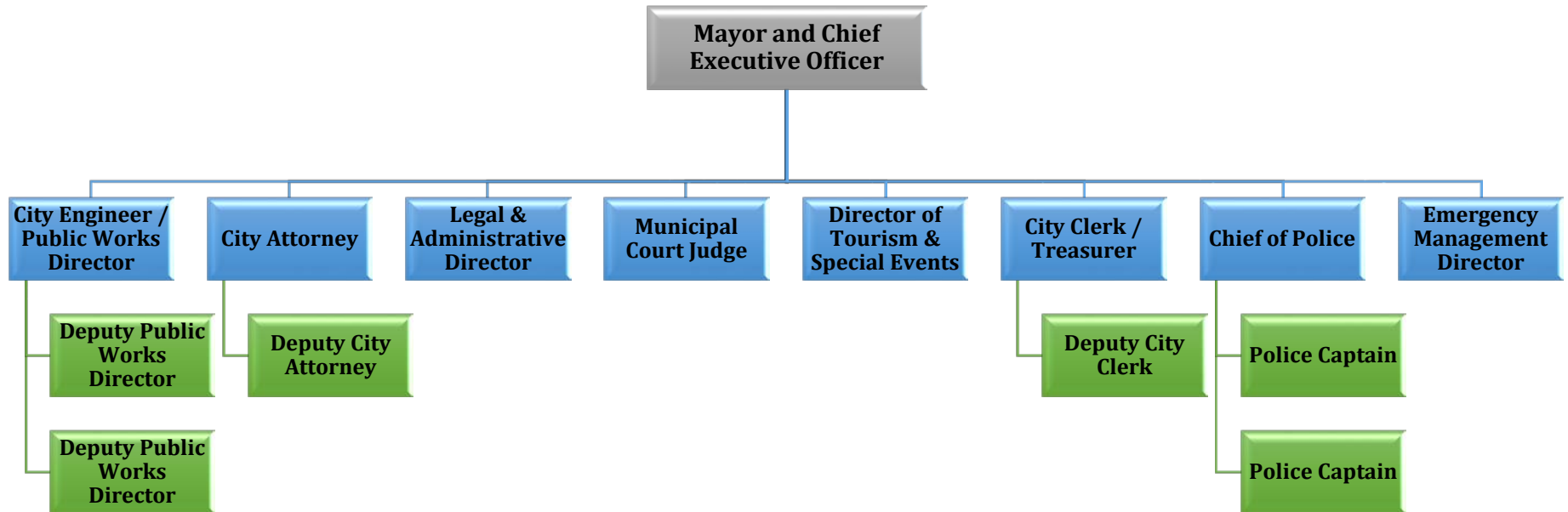
Executive Director/CEO

PRINCIPAL OFFICIALS
OF THE CITY OF FALLON, NEVADA
2017-2018

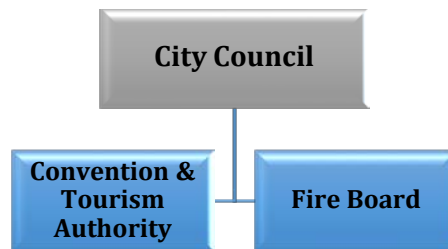
Office	Name	Term of Office	Term Expires
Mayor	Ken Tedford	Four Years	June 15, 2019
Council Member Ward 1	Kelly Frost	Four Years	June 15, 2021
Council Member Ward 2	Robert Erickson	Four Years	June 15, 2019
Council Member Ward 3	James Richardson	Four Years	June 15, 2021
City Attorney	Michael Mackedon	Two Years	June 15, 2019
Assistant City Attorney	Leonard Mackedon	Two Years	June 15, 2019
Legal and Administrative Director	Robert Erquiaga	Two Years	June 15, 2019
Municipal Judge	Michael Lister	Two Years	June 15, 2019
City Clerk and Treasurer	Gary C. Cordes	Two Years	June 15, 2019
Deputy City Clerk and Treasurer	Elsie Lee	Two Years	June 15, 2019
Public Works Director	Brian Byrd	Two Years	June 15, 2019
Deputy Public Works Director	Ryan Swirzek	Two Years	June 15, 2019
Deputy Public Works Director	Adrian Noriega	Two Years	June 15, 2019
Chief of Police	Kevin Gehman	Two Years	June 15, 2019
Police Captain	Kris Alexander	Two Years	June 15, 2019
Police Captain	Ron Wenger	Two Years	June 15, 2019
Emergency Management Director	Steven M. Endacott	Two Years	June 15, 2019
Director of Tourism and Special Events	Jane Moon	Two Years	June 15, 2019

City of Fallon Organizational Chart

EXECUTIVE BRANCH



LEGISLATIVE BRANCH



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FINANCIAL SECTION

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fallon, Nevada, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Notes 1 and 16 to the financial statements, the City has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which has resulted in a restatement of net position as of July 1, 2017. Our opinions are not modified with respect to this matter.

Correction of Error

As discussed in Note 16 to the financial statements, certain errors occurred in the determination or classification of payments to satisfy employee contribution requirements in the adoption, as of July 1, 2016, of GASB Statement No. 82, *Pension Issues – An amendment of GASB Statements No. 67, No. 68, and No. 73*, resulting in the overstatement of amounts previously reported for deferred outflows of resources, net pension liability-related amounts for the year ended June 30, 2017, and were discovered by management during the current year based on communications from the Public Employee's Retirement System of Nevada (PERS), including a restated Schedule of Employer Allocations for GASB 82 Implementation. Accordingly, amounts for deferred outflows of resources, net pension liability-related amounts, have resulted in a restatement of net position as of July 1, 2017. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 21, the budgetary comparison and reconciliation information for the General Fund on pages 68 through 72, the schedule of changes in the City's total OPEB liability and related ratios – City of Fallon Employee Health Benefit Plan (COFEHBP) on page 74, 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 75, the schedule of the City's share of the net pension liability on page 76, the schedule of the City's contributions on page 77, and the notes to the required supplementary information on page 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 net pension liability, and the schedule of the City's contributions in accordance with auditing standards generally accepted in the United States of America which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our

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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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fallon, Nevada's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules including budgetary comparisons, statistical section, and the schedule of fees imposed subject to the provisions of NRS 354.5989 – limitation of fees for business licenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund statements and schedules including budgetary comparisons, and the schedule of fees imposed subject to the provisions of NRS 354.5989 – limitation of fees for business licenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund statements and schedules including budgetary comparisons, and the schedule of fees imposed subject to the provisions of NRS 354.5989 – limitation of fees for business licenses, are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2018, on our consideration of the City of Fallon, Nevada's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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

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opinion on the effectiveness of the City of Fallon'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 of Fallon, Nevada's internal control over financial reporting and compliance.

Erde Sallie LLP

Elko, Nevada
December 6, 2018

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Management's Discussion and Analysis

As management of the City of Fallon (the City), we offer readers of the Comprehensive Annual Financial Report (CAFR) this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which can be found on pages 1-4 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City of Fallon exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$51,626,742 (net position). Unrestricted net position is the amount of funds available to meet the City's ongoing obligations to citizens and creditors. The negative unrestricted net position value of \$617,500 is comprised primarily of a deficit in the governmental activities of \$9,207,858. This deficit resulted from the recognition of the City's net pension liability associated with governmental activities when GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27 was implemented in fiscal year 2015. More information regarding the net pension liability can be found in Note 11 of the financial statements.
- The City's net position decreased \$355,195 during the current fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$314,585 or 3.34% of the total General Fund expenditures.
- During the fiscal year the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The implementation of this standard improves the usefulness of information and improves accounting and financial reporting for postemployment benefits other than pensions (OPEB). The standard resulted in a prior period adjustment.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements.

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to a private sector business.

The *statement of net position* presents information on all the City's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, judicial, public works, culture and recreation and community support. *The business-type activities* of the City include electric, water, sewer, sanitation, landfill and water treatment activities.

The government-wide financial statements can be found on pages 22-24 of this report.

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 of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City'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 reconciliations to facilitate this comparison between government funds and government activities.

The City maintains one major governmental fund and five nonmajor governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance. Data from debt service, capital projects, and other special revenue government funds is combined into a single aggregated presentation. Individual fund data for the nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its governmental and proprietary funds. Budgetary comparison schedules have been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 25-28 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The City uses enterprise funds to account for its electric, water, water treatment, sewer, sanitation, and landfill activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its public works department activities and for its 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 the electric, water, water treatment, sewer, sanitation and landfill operations. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report. The basic proprietary fund financial statements can be found on pages 29-33 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34-67 of this report.

Combining statements. The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise and internal service funds are presented immediately following the required supplementary information starting at page 78.

Government-wide Financial Analysis

City of Fallon's Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$51,626,742 at the close of the most recent fiscal year.

By far the largest portion of the City of Fallon's net position (99%) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment.) The City of Fallon uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Fallon's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City of Fallon's Net Position

	Governmental Activities		Business-Type Activities		Total	
	FY18	FY17 (as restated)	FY18	FY17 (as restated)	FY18	FY17 (as restated)
Current and other assets	\$ 2,193,845	\$ 1,491,909	\$ 20,263,389	\$ 9,969,865	\$ 22,457,234	\$ 11,461,774
Capital assets, net	22,503,453	22,788,694	45,330,581	45,778,538	67,834,034	68,567,232
Total assets	24,697,298	24,280,603	65,593,970	55,748,403	90,291,268	80,029,006
Deferred outflows of resources	1,773,713	2,032,156	702,775	806,039	2,476,488	2,838,195
Total assets and deferred outflows of resources	26,471,011	26,312,759	66,296,745	56,554,442	92,767,756	82,867,201
Current Liabilities	1,033,840	716,180	6,163,780	2,625,148	7,197,620	3,341,328
Noncurrent liabilities	11,541,712	11,577,255	21,329,119	14,434,999	32,870,831	26,012,254
Total liabilities	12,575,552	12,293,435	27,492,899	17,265,092	40,068,451	29,558,527
Deferred inflows of resources	771,470	710,301	301,093	272,056	1,072,563	982,357
Total liabilities and deferred inflows of resources	13,347,022	13,003,736	27,793,992	17,881,528	41,141,014	30,540,884
Net Position						
Net investment in capital assets	22,284,515	22,788,694	29,352,333	35,461,651	51,636,848	58,250,345
Restricted	47,332	22,488	560,062	518,290	607,394	540,778
Unrestricted	(9,207,858)	(9,502,159)	8,590,358	2,692,973	(617,500)	(6,809,186)
Total net position	\$ 13,123,989	\$ 13,309,023	\$ 38,502,753	\$ 38,672,914	\$ 51,626,742	\$ 51,981,937

An additional portion of the City's net position (1%) represents resources that are subject to external restrictions on how they may be used. The City has a negative unrestricted net position value of \$617,500 due to the City's pension liability.

At the end of the current fiscal year, the City's governmental activities reported a decrease in net position of \$185,034 due to expenses exceeding revenues. The business type activities reported a decrease in net position of \$170,161 due to expenses exceeding revenues.

The following table summarizes the change in net position for the current fiscal year:

City of Fallon's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	FY18	FY17 (as restated)	FY18	FY17 (as restated)	FY18	FY17 (as restated)
Revenues						
Program revenues						
Charges for services	\$ 2,647,451	\$ 2,516,089	\$ 19,972,680	\$ 19,400,682	\$ 22,620,131	\$ 21,916,771
Operating grants and contributions	176,200	497,776	145,977	67,351	322,177	565,127
Capital grants and contributions	266,747	529,347	155,980	99,885	422,727	629,232
General revenues						
Property taxes	1,451,714	1,464,486	-	-	1,451,714	1,464,486
Shared revenues	3,135,219	2,618,929	-	-	3,135,219	2,618,929
Other revenues	2,862,350	2,702,403	160,976	25,726	3,023,326	2,728,129
Total revenues	10,539,681	10,329,030	20,435,613	19,593,644	30,975,294	29,922,674
Expenses						
General government	1,877,667	1,724,327	-	-	1,877,667	1,724,327
Judicial	812,490	870,745	-	-	812,490	870,745
Public Safety	5,323,002	4,519,279	-	-	5,323,002	4,519,279
Public Works	938,738	1,472,354	-	-	938,738	1,472,354
Culture and Recreation	1,089,382	1,040,484	-	-	1,089,382	1,040,484
Community Support	683,436	878,404	-	-	683,436	878,404
Electric	-	-	10,454,940	10,982,239	10,454,940	10,982,239
Water	-	-	2,009,341	1,747,700	2,009,341	1,747,700
Sewer	-	-	2,365,524	2,278,430	2,365,524	2,278,430
Sanitation	-	-	1,872,199	1,666,462	1,872,199	1,666,462
Landfill	-	-	1,754,151	1,102,283	1,754,151	1,102,283
Water Treatment	-	-	2,149,619	1,786,845	2,149,619	1,786,845
Total expenses	10,724,715	10,505,593	20,605,774	19,563,959	31,330,489	30,069,552
Change in Net Position	(185,034)	(176,563)	(170,161)	29,685	(355,195)	(146,878)
Net Position at July 1	13,309,023	13,485,586	38,672,914	38,643,229	51,981,937	52,128,815
Net Position at June 30	<u>\$ 13,123,989</u>	<u>\$ 13,309,023</u>	<u>\$ 38,502,753</u>	<u>\$ 38,672,914</u>	<u>\$ 51,626,742</u>	<u>\$ 51,981,937</u>

Governmental Activities – Expenses

	FY 2018 Expenses	FY 2017 Expenses (as restated)	Increase (Decrease)	Percent Change
Governmental Activities				
General Government	\$ 1,877,667	\$ 1,724,327	\$ 153,340	9%
Judicial	812,490	870,745	(58,255)	-7%
Public Safety	5,323,002	4,519,279	803,723	18%
Public Works	938,738	1,472,354	(533,616)	-36%
Culture and Recreation	1,089,382	1,040,484	48,898	5%
Community Support	683,436	878,404	(194,968)	-22%
Total	<u>\$ 10,724,715</u>	<u>\$ 10,505,593</u>	<u>\$ 219,122</u>	<u>2%</u>

The major sources of expenses for the general government and administration are the offices of Mayor, City Council, City Clerk-Treasurer and City Hall. These offices provide the support to other functions of government and the City's enterprise functions.

General Government and administration increased 9% this fiscal year. \$111,484 in capital improvements were made to City Clerk's, City Engineer's and Public Works Director's office to provide for additional storage and a meeting room. Additional staff were employed in the City Clerk's office to improve customer service.

The City Attorney's Office was reorganized resulting in reduced staff for fiscal year 2018.

Public Safety increased by 18% during the fiscal year. A significant portion of the Police Dispatch Communication System was replaced in the amount of \$265,792.

Public Works decreased by 36% during the fiscal year. Capital Projects in the Airport Fund vary each year pursuant to an airport master plan and available federal aviation grants.

Governmental Activities – Revenues

	FY 2018 Revenues	FY 2017 Revenues	Increase (Decrease)	Percent Change
Governmental Activities				
Charges for services	\$ 2,647,451	\$ 2,516,089	\$ 131,362	5%
Operating Grants and contributions	176,200	497,776	(321,576)	-65%
Capital Grants and contributions	266,747	529,347	(262,600)	-50%
Property Taxes	1,451,714	1,464,486	(12,772)	-1%
Shared Revenues	3,135,219	2,618,929	516,290	20%
Other revenues	2,862,350	2,702,403	159,947	6%
Total	<u>\$ 10,539,681</u>	<u>\$ 10,329,030</u>	<u>\$ 210,651</u>	<u>2%</u>

Shared revenues increased by 20%. The largest contributor to this category is consolidated tax which includes sales tax and motor vehicle tax. During the fiscal year a large construction project occurred in Churchill County which benefits the City's apportionment of sales tax. Revenue from shared revenues will fluctuate from year to year.

Operating Grants and contributions decreased by 65%. During the fiscal year 2017 the City was awarded pass-through grants from Community Development Block Grant to the Fallon Food

Hub. The amount in pass-through from Community Development Block Grant to the Fallon Food Hub was less in fiscal year 2018. In fiscal year 2018 the City received \$11,136 less in grants from Nevada State Tourism. The number and amount of tourism grants will fluctuate from year to year.

Capital Grants decreased by 50%. The City has a municipal airport which receives capital grants from the Federal Aviation Administration for approved projects and availability of the grant money. The projects constructed each year based on the airport master plan and available grant money. Enterprise Funds administrative support. This amount will fluctuate from year to year based on actual costs.

Business Type Activities – Revenue

	FY 2018 Charge for Service	FY 2017 Charge for Service	Increase (Decrease)	Percent Change
Business-Type Activities				
Electric	\$ 11,454,055	\$ 11,079,233	\$ 374,822	3%
Water	1,603,782	1,624,941	(21,159)	-1%
Sewer	2,245,391	2,193,105	52,286	2%
Water Treatment	1,673,309	1,663,627	9,682	1%
Sanitation	1,702,518	1,662,649	39,869	2%
Landfill	1,293,625	1,177,127	116,498	10%
Total	<u>\$ 19,972,680</u>	<u>\$ 19,400,682</u>	<u>\$ 571,998</u>	<u>3%</u>

Charge for service for Electric increased 3% and charge for Water decreased 1%. Electric and Water use fees can vary based on weather and conservation efforts.

The landfill revenues increased 10% as a result of new commercial customers from other communities in Nevada. Landfill revenues can also vary based on the volumes of construction and demolition.

Business Type Activities – Expenses

	FY 2018 Expenses	FY 2017 Expenses (as restated)	Increase (Decrease)	Percent Change
Business-Type Activities				
Electric	\$ 10,454,940	\$ 10,982,239	\$ (527,299)	-5%
Water	2,009,341	1,747,700	261,641	15%
Sewer	2,365,524	2,278,430	87,094	4%
Water Treatment	1,872,199	1,786,845	85,354	5%
Sanitation	1,754,151	1,666,462	87,689	5%
Landfill	2,149,619	1,102,283	1,047,336	95%
Total	<u>\$ 20,605,774</u>	<u>\$ 19,563,959</u>	<u>\$ 1,041,815</u>	<u>5%</u>

Electric expenses decreased 5%. On April 1, 2017 the City began its new planned market purchase contract for electricity. The cost of electricity for fiscal year 2018 was significantly less than the prior year.

Water expenses increased 15% during the fiscal year. During fiscal year 2017 several long time employees retired. During fiscal year 2018 the replacements had gained experience to resume and improve on all the preventative maintenance programs.

Landfill expenses increased by 95% over the prior year. During fiscal year 2018 The City adjusted its estimate for landfill closure liability in the amount of \$942,000. In fiscal year 2017 the adjustment was \$48,500. Every five years a photometric survey is performed of the remaining landfill capacity. The survey was performed fiscal year 2018.

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 government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Fallon's governmental funds reported combined ending fund balances of \$1,438,948 an increase of \$483,998 in comparison with the prior year.

The General Fund is the chief operating fund of the City of Fallon. At the end of the current fiscal year, actual fund balance, budgetary basis, of the general fund was \$838,369. The anticipated beginning fund balance for fiscal year 2019 budget was anticipated at \$981,199.

The fund balance of the City of Fallon General Fund, budgetary basis, increased by \$160,737 during the fiscal year.

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. The net position of the enterprise funds totals \$38,502,753 which is a decrease of \$818,053, which includes the prior period adjustment. By engaging consulting expert engineers, the City has a capital replacement plan in place which will retire inefficient infrastructure which will improve both reliability and reduce operational costs. The City Council has the exclusive power to adjust user fees as necessary.

General Fund Budgetary Highlights

During the year there was a \$832,439 increase in appropriations between the original and the final amended budget. Following are the main components of the increase:

- The General Fund Expenditures Capital Outlay was augmented in the amount of \$111,484. Capital improvements were made to the City Clerk's, City Engineer's and Public Works Director's office to provide additional storage and a meeting room.
- The Parks Department Capital Outlay was augmented in the amount of \$70,062. A concrete walking path was constructed, and a tractor implement was purchased.
- The Police Department Capital Outlay was augmented in the amount of \$325,787. A portion of the Police Communication System was replaced. The source of funds for this augmentation was proceeds from medium term financing.
- Revenues were higher than anticipated which provided funds for other increased appropriations.

Capital Asset and Debt Administration

Capital Assets. The City of Fallon's investment in capital assets for its governmental and business-type activities as of June 30, 2018 totals \$67,834,034 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, machinery and equipment.

City of Fallon Assets (Net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	FY18	FY17	FY18	FY17	FY18	FY17
Land	\$ 765,431	\$ 765,431	\$ 2,119,094	\$ 1,792,699	\$ 2,884,525	\$ 2,558,130
Construction in progress	340,185	54,372	781,534	65,824	1,121,719	120,196
Buildings and improvements	4,198,966	4,220,120	1,165,582	1,235,318	5,364,548	5,455,438
Machinery and equipment	1,846,312	1,647,820	1,781,891	1,638,216	3,628,203	3,286,036
Infrastructure	15,352,559	16,100,951	39,482,480	41,046,481	54,835,039	57,147,432
Total	<u>\$ 22,503,453</u>	<u>\$ 22,788,694</u>	<u>\$ 45,330,581</u>	<u>\$ 45,778,538</u>	<u>\$ 67,834,034</u>	<u>\$ 68,567,232</u>

Significant additions in the current year for the Governmental Activities were the remodel of City Hall offices, the Airport master capital plan update, a public address system in the City Council Chambers, and the replacement of a portion of the Police Department Communications System.

Significant additions in the current year for the Business-Type Activities were the purchase of land adjoining the Public Work Yard, an odor control system for the sewer collection system and software at the Water Treatment Plant.

For additional details regarding capital assets please refer to Note 5 beginning on page 44.

Long-term Debt Activity

The General Fund owes the Enterprise Funds \$354,563 for advances made in purchasing equipment and infrastructure. State Statutes limit the total debt to 30% of its total assessed valuation.

For Governmental Activities current year increases in long-term debt included a \$265,792 medium-term obligation from KS Bank. The purpose of the borrowing was to replace a portion of the Police Department Communication System.

For Business-Type Activities current year increases in long-term debt included a \$6,333,000 bond from Branch Bank & Trust. The purpose of the borrowing is to improve the electrical infrastructure system.

Additional information of the City of Fallon's long-term debt can be found in note 6 on page 47-51 of this report.

Economic Factors and Next Year's Budget and Rates

The City will continue its annual process of reviewing user fees for the utility enterprise funds. The City of Fallon does not enjoy home rule in establishing revenue flows to its governmental activities. The Nevada State Legislature creates the rules governing the amount of taxation and the amount to be distributed to local governments. To that extent, the City must continue monitoring not only economic trends in Fallon but the entire state. All of these factors were considered in preparing the City of Fallon budget for fiscal year 2019. The City's inflationary rates for goods and services are comparable with regional rates. Annually the City reviews the following data points regarding the enterprise funds: working capital, capital replacement and retirement, personnel succession and operational costs.

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 that have an interest in the City of Fallon. Questions concerning any of the information provided in this report or requests of additional financial information should be addressed to the City of Fallon City Clerk-Treasurer's Office, 55 West William Avenue, Fallon, Nevada 89406.



BASIC FINANCIAL STATEMENTS

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City of Fallon, Nevada
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets			
Cash and investments	\$ 1,409,483	\$ 5,586,054	\$ 6,995,537
Due from other governments	502,393	-	502,393
Receivables, net of allowances for uncollectible accounts (where applicable)			
Taxes	14,869	-	14,869
Accounts	150,924	2,228,544	2,379,468
Assessments	4,800	-	4,800
Grants	136,849	89,004	225,853
Other	-	16,802	16,802
Internal balances	(133,398)	133,398	-
Parts inventory	-	3,161	3,161
Total current assets	<u>2,085,920</u>	<u>8,056,963</u>	<u>10,142,883</u>
Noncurrent assets			
Restricted assets			
Cash and investments	107,925	11,057,026	11,164,951
Assets held for resale	-	1,099,400	1,099,400
Deposits held by others	-	50,000	50,000
Capital assets			
Land and construction in progress	1,105,616	2,900,628	4,006,244
Other capital assets, net of depreciation	<u>21,397,837</u>	<u>42,429,953</u>	<u>63,827,790</u>
Total noncurrent assets	<u>22,611,378</u>	<u>57,537,007</u>	<u>80,148,385</u>
Total assets	<u>24,697,298</u>	<u>65,593,970</u>	<u>90,291,268</u>
Deferred Outflows of Resources			
Deferred outflows related to other postemployment benefits	65,941	38,545	104,486
Deferred outflows related to pensions	<u>1,707,772</u>	<u>664,230</u>	<u>2,372,002</u>
Total deferred outflows of resoruces	<u>1,773,713</u>	<u>702,775</u>	<u>2,476,488</u>

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City of Fallon, Nevada
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 253,929	\$ 1,534,408	\$ 1,788,337
Accrued payroll and related liabilities	264,864	112,090	376,954
Accrued interest payable	-	166,902	166,902
Other accrued liabilities	-	-	-
Unearned revenue	111,398	3,247,500	3,358,898
Customer deposits, payable from restricted cash	-	286,688	286,688
Due to other governments	111,806	-	111,806
Current portion of compensated absences	242,030	79,903	321,933
Current maturities of long-term debt	49,813	736,289	786,102
Total current liabilities	<u>1,033,840</u>	<u>6,163,780</u>	<u>7,197,620</u>
Noncurrent liabilities			
Other postemployment benefits liability	1,168,587	683,775	1,852,362
Net pension liability	10,028,737	3,920,522	13,949,259
Compensated absences, net of current portion	175,263	57,863	233,126
Estimated liability for landfill closure and postclosure care costs	-	1,425,000	1,425,000
Bonds, notes and leases payable, net of current portion	169,125	15,241,959	15,411,084
Total noncurrent liabilities	<u>11,541,712</u>	<u>21,329,119</u>	<u>32,870,831</u>
Total liabilities	<u>12,575,552</u>	<u>27,492,899</u>	<u>40,068,451</u>
Deferred Inflows of Resources			
Deferred inflows related to other postemployment benefits	26,594	15,242	41,836
Deferred inflows related to pensions	744,876	285,851	1,030,727
Total deferred inflows of resources	<u>771,470</u>	<u>301,093</u>	<u>1,072,563</u>
Net Position			
Net investment in capital assets	22,284,515	29,352,333	51,636,848
Restricted for			
Private grants	30,804	-	30,804
Capital projects	16,528	560,062	576,590
Unrestricted	(9,207,858)	8,590,358	(617,500)
Total net position	<u>\$ 13,123,989</u>	<u>\$ 38,502,753</u>	<u>\$ 51,626,742</u>

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government and administration	\$ (1,877,667)	\$ 2,479,274	\$ 130,872	\$ -
Judicial	(812,490)	124,017	-	-
Public safety	(5,307,215)	6,672	-	-
Public works	(938,738)	-	-	266,747
Culture and recreation	(1,089,382)	37,488	-	-
Community support	(683,436)	-	45,328	-
Interest on long-term debt	(15,787)	-	-	-
Total government activities	(10,724,715)	2,647,451	176,200	266,747
Business-Type Activities				
Electric	(10,454,940)	11,454,055	7,775	10,985
Water	(2,009,341)	1,603,782	138,202	68,129
Sewer	(2,365,524)	2,245,391	-	51,000
Water Treatment	(1,872,199)	1,673,309	-	25,866
Sanitation	(1,754,151)	1,702,518	-	-
Landfill	(2,149,619)	1,293,625	-	-
Total business-type activities	(20,605,774)	19,972,680	145,977	155,980
Total primary government	\$ (31,330,489)	\$ 22,620,131	\$ 322,177	\$ 422,727
General revenues				
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				
Total general revenues				
Change in Net Position				
Net Position, Beginning of Year, as Previously Reported				
Prior Period Adjustment				
Net Position, Beginning of Year, as Restated				
Net Position, End of Year				

See Notes to Financial Statements

City of Fallon, Nevada
Statement of Activities
Year Ended June 30, 2018

Net (Expenses) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ 732,479	\$ -	\$ 732,479
(688,473)	-	(688,473)
(5,300,543)	-	(5,300,543)
(671,991)	-	(671,991)
(1,051,894)	-	(1,051,894)
(638,108)	-	(638,108)
(15,787)	-	(15,787)
(7,634,317)	-	(7,634,317)
-	1,017,875	1,017,875
-	(199,228)	(199,228)
-	(69,133)	(69,133)
-	(173,024)	(173,024)
-	(51,633)	(51,633)
-	(855,994)	(855,994)
-	(331,137)	(331,137)
(7,634,317)	(331,137)	(7,965,454)
1,451,714	-	1,451,714
791,038	-	791,038
154,833	-	154,833
2,189,348	-	2,189,348
245,067	-	245,067
1,035,423	-	1,035,423
957,855	-	957,855
236,670	-	236,670
1,659	121,622	123,281
385,676	39,354	425,030
7,449,283	160,976	7,610,259
(185,034)	(170,161)	(355,195)
14,684,700	39,320,806	54,005,506
(1,375,677)	(647,892)	(2,023,569)
13,309,023	38,672,914	51,981,937
\$ 13,123,989	\$ 38,502,753	\$ 51,626,742

City of Fallon, Nevada
Balance Sheet – Governmental Funds
June 30, 2018

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and investments	\$ 954,553	\$ 454,930	\$ 1,409,483
Due from other governments	453,130	49,263	502,393
Due from other funds	66,882	-	66,882
Receivables, net of allowances for uncollectible accounts (where applicable)			
Taxes	14,869	-	14,869
Accounts	73,267	77,657	150,924
Assessments	-	4,800	4,800
Grant	20,606	116,243	136,849
Advances to other funds	251,283	-	251,283
Restricted assets			
Cash and investments	107,925	-	107,925
Total assets	<u><u>\$ 1,942,515</u></u>	<u><u>\$ 702,893</u></u>	<u><u>\$ 2,645,408</u></u>
Liabilities			
Accounts payable	\$ 160,631	\$ 93,298	\$ 253,929
Accrued payroll and related liabilities	264,864	-	264,864
Due to other governments	108,570	3,236	111,806
Due to other funds	53,959	97,000	150,959
Advances from other funds	300,604	-	300,604
Unearned revenue	106,598	4,800	111,398
Total liabilities	<u><u>995,226</u></u>	<u><u>198,334</u></u>	<u><u>1,193,560</u></u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	12,900	-	12,900
Fund Balances			
Nonspendable	251,283	-	251,283
Restricted			
Private grants	30,804	-	30,804
Capital projects	-	16,528	16,528
Committed	93,095	488,031	581,126
Assigned for subsequent year operations	244,622	-	244,622
Unassigned	314,585	-	314,585
Total fund balances	<u><u>934,389</u></u>	<u><u>504,559</u></u>	<u><u>1,438,948</u></u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 1,942,515</u></u>	<u><u>\$ 702,893</u></u>	<u><u>\$ 2,645,408</u></u>

City of Fallon, Nevada
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2018

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

Total fund balance - governmental funds		\$ 1,438,948
Capital assets used in governmental activities are not current financial resources and, therefore are not reported in the governmental funds.		
Governmental capital assets	42,901,839	
Accumulated depreciation	<u>(20,398,386)</u>	
		22,503,453
Property taxes receivable are not available to pay current period expenditures and, therefore are deferred in the governmental funds balance sheet.		
		12,900
Certain liabilities are not reported in the governmental funds because they are not due and payable in the current period.		
Other postemployment benefits liability	(1,168,587)	
Net pension liability	(10,028,737)	
Compensated absences	(417,293)	
Note payable	<u>(218,938)</u>	
		(11,833,555)
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	1,707,772	
Deferred inflows of resources related to pensions	(744,876)	
Deferred outflows of resources related to other postemployment benefits	65,941	
Deferred inflows of resources related to other postemployment benefits	<u>(26,594)</u>	
		<u>1,002,243</u>
Net position of governmental activities		<u><u>\$ 13,123,989</u></u>

City of Fallon, Nevada
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2018

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Taxes			
Ad valorem	\$ 1,380,357	\$ 77,940	\$ 1,458,297
Other	1,107,765	780,498	1,888,263
Charges for services	2,169,585	35,200	2,204,785
Intergovernmental	2,832,903	362,454	3,195,357
Licenses and permits	1,637,686	-	1,637,686
Fines and forfeitures	100,367	-	100,367
Miscellaneous			
Investment income	1,127	532	1,659
Other	49,179	125	49,304
Total revenues	<u>9,278,969</u>	<u>1,256,749</u>	<u>10,535,718</u>
Expenditures			
Current			
General government and administration	1,759,607	-	1,759,607
Judicial	797,204	-	797,204
Public safety	5,021,060	-	5,021,060
Public works	103,852	57,172	161,024
Culture and recreation	964,095	-	964,095
Community support	416,228	197,330	613,558
Capital outlay			
General government and administration	132,422	-	132,422
Public safety	392,139	77,398	469,537
Public works	-	285,813	285,813
Culture and recreation	50,551	-	50,551
Debt service			
Principal retirement	-	46,854	46,854
Interest and fiscal charges	-	15,787	15,787
Total expenditures	<u>9,637,158</u>	<u>680,354</u>	<u>10,317,512</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(358,189)</u>	<u>576,395</u>	<u>218,206</u>
Other Financing Sources (Uses)			
Transfers in	380,000	96,670	476,670
Transfers out	(96,670)	(380,000)	(476,670)
Proceeds from medium - term obligation	265,792	-	265,792
Total other financing sources (uses)	<u>549,122</u>	<u>(283,330)</u>	<u>265,792</u>
Net Change in Fund Balances	190,933	293,065	483,998
Fund Balances, Beginning of Year	<u>743,456</u>	<u>211,494</u>	<u>954,950</u>
Fund Balances, End of Year	<u>\$ 934,389</u>	<u>\$ 504,559</u>	<u>\$ 1,438,948</u>

See Notes to Financial Statements

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, 2018

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

Net change in fund balances - total governmental funds	\$	483,998
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Governmental funds report capital outlay as expenditures and the proceeds from the sale of assets as other financing 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.

Expenditures for capital assets	938,323		
Current year depreciation	<u>(1,223,564)</u>		(285,241)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the government funds.

Change in unavailable revenues - property taxes		3,957
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Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense.

Pension contributions	702,860		
Pension expense	<u>(798,939)</u>		(96,079)

The issuance of long-term debt (i.e. notes payable) provides current financial resources to governmental funds, while the repayment of the principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Proceeds from medium - term obligation	(265,792)		
Principal payments made in current year	<u>46,854</u>		(218,938)

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.

Other postemployment benefits contributions	65,941		
Other postemployment benefits expense	<u>(45,799)</u>		20,142

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.

Change in long-term compensated absences		<u>(92,873)</u>
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Change in net position of governmental activities	\$	<u><u>(185,034)</u></u>
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Business-Type Activities - Enterprise Funds			
	Electric	Water	Sewer
Assets			
Current assets			
Cash and investments	\$ 1,640,614	\$ 400,763	\$ 2,282,852
Accounts receivable, net of allowance for doubtful accounts	1,271,668	186,252	245,649
Grant receivables	5,203	41,557	-
Other receivables	16,802	-	-
Due from other funds	-	78,046	-
Parts inventory	-	3,161	-
Total current assets	<u>2,934,287</u>	<u>709,779</u>	<u>2,528,501</u>
Noncurrent Assets			
Restricted assets			
Cash and investments			
Customer deposits	284,333	2,355	-
Bond payable	6,311,764	-	-
Fallon Youth Center	3,648,512	-	-
Capital project	250,000	-	-
Assets held for resale	1,099,400	-	-
Deposits held by others	50,000	-	-
Advances to other funds	-	311,059	-
Capital assets			
Land and construction in progress	1,273,094	347,973	855,475
Other capital assets, net of depreciation	<u>4,233,919</u>	<u>6,259,002</u>	<u>14,436,931</u>
Total noncurrent assets	<u>17,151,022</u>	<u>6,920,389</u>	<u>15,292,406</u>
Total assets	<u>20,085,309</u>	<u>7,630,168</u>	<u>17,820,907</u>
Deferred Outflows of Resources			
Deferred outflows related to other postemployment benefits	10,796	5,490	3,057
Deferred outflows related to pensions	<u>138,824</u>	<u>92,235</u>	<u>71,833</u>
Total deferred outflows of resources	<u>149,620</u>	<u>97,725</u>	<u>74,890</u>

See Notes to Financial Statements

City of Fallon, Nevada
Statement of Net Position – Proprietary Funds
June 30, 2018

Business-Type Activities - Enterprise Funds				Business-Type Activities - Internal Service Funds
Water Treatment	Landfill	Nonmajor Enterprise Funds	Total	
\$ 710,018	\$ 312,684	\$ 163,311	\$ 5,510,242	\$ 75,812
169,054	231,371	124,550	2,228,544	-
-	35,736	-	82,496	6,508
-	-	-	16,802	-
146,103	-	-	224,149	-
-	-	-	3,161	-
<u>1,025,175</u>	<u>579,791</u>	<u>287,861</u>	<u>8,065,394</u>	<u>82,320</u>
-	-	-	286,688	-
-	-	560,062	6,871,826	-
-	-	-	3,648,512	-
-	-	-	250,000	-
-	-	-	1,099,400	-
-	-	-	50,000	-
294,617	-	-	605,676	-
72,854	196,252	154,980	2,900,628	-
<u>15,457,922</u>	<u>1,160,524</u>	<u>782,447</u>	<u>42,330,745</u>	<u>99,208</u>
<u>15,825,393</u>	<u>1,356,776</u>	<u>1,497,489</u>	<u>58,043,475</u>	<u>99,208</u>
<u>16,850,568</u>	<u>1,936,567</u>	<u>1,785,350</u>	<u>66,108,869</u>	<u>181,528</u>
3,443	1,910	5,069	29,765	8,780
<u>67,882</u>	<u>44,437</u>	<u>100,665</u>	<u>515,876</u>	<u>148,354</u>
<u>71,325</u>	<u>46,347</u>	<u>105,734</u>	<u>545,641</u>	<u>157,134</u>

Business-Type Activities - Enterprise Funds			
	Electric	Water	Sewer
Liabilities			
Current liabilities			
Accounts payable	\$ 1,045,151	\$ 37,870	\$ 130,394
Accrued payroll and related liabilities	19,255	21,752	4,329
Accrued interest payable	28,577	19,760	113,603
Unearned revenue	3,247,500	-	-
Customer deposits, payable from restricted cash	284,333	2,355	-
Current portion of compensated absences	15,150	14,946	9,374
Current maturities of long-term debt	99,000	196,849	275,000
Due to other funds	11,919	-	66,000
Total current liabilities	4,750,885	293,532	598,700
Noncurrent liabilities			
Other postemployment benefits liability	195,389	95,382	54,647
Net pension liability	811,050	526,833	423,929
Compensated absences, net of current portion	10,971	10,824	6,788
Estimated liability for landfill closure and postclosure care costs	-	-	-
Bonds and leases payable, net of current portion	6,234,000	1,575,378	6,988,892
Advances from other funds	35,759	-	346,000
Total noncurrent liabilities	7,287,169	2,208,417	7,820,256
Total liabilities	12,038,054	2,501,949	8,418,956
Deferred Inflows of Resources			
Deferred inflows related to other postemployment benefits	2,598	3,033	1,025
Deferred inflows related to pensions	57,181	40,195	31,694
Total deferred outflows of resources	59,779	43,228	32,719
Net Position			
Net investment in capital assets	(825,987)	4,834,748	8,028,514
Restricted for Capital projects	-	-	-
Unrestricted	8,963,083	347,968	1,415,608
Total net position (deficit)	\$ 8,137,096	\$ 5,182,716	\$ 9,444,122

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

Net assets (liabilities) of certain internal service funds are reported with business-type activities for the current year

Net position of business-type activities

See Notes to Financial Statements

City of Fallon, Nevada
Statement of Net Position – Proprietary Funds
June 30, 2018

Business-Type Activities - Enterprise Funds				Business-Type Activities - Internal Service Funds
Water Treatment	Landfill	Nonmajor Enterprise Funds	Total	
\$ 80,523	\$ 151,009	\$ 69,229	\$ 1,514,176	\$ 20,232
8,922	13,399	14,050	81,707	30,383
-	-	4,962	166,902	-
-	-	-	3,247,500	-
-	-	-	286,688	-
6,648	8,048	14,017	68,183	11,720
-	84,597	80,843	736,289	-
-	13,474	48,679	140,072	-
96,093	270,527	231,780	6,241,517	62,335
60,655	32,629	89,370	528,072	155,703
393,912	266,476	605,003	3,027,203	893,319
4,815	5,828	10,150	49,376	8,487
-	1,425,000	-	1,425,000	-
-	66,558	377,131	15,241,959	-
-	30,840	143,756	556,355	-
459,382	1,827,331	1,225,410	20,827,965	1,057,509
555,475	2,097,858	1,457,190	27,069,482	1,119,844
1,547	1,302	2,241	11,746	3,496
26,912	14,528	47,960	218,470	67,381
28,459	15,830	50,201	230,216	70,877
15,530,776	1,205,621	479,453	29,253,125	99,208
-	-	560,062	560,062	-
807,183	(1,336,395)	(655,822)	9,541,625	(951,267)
\$ 16,337,959	\$ (130,774)	\$ 383,693	39,354,812	\$ (852,059)
			(852,059)	
			\$ 38,502,753	

	Business-Type Activities - Enterprise Funds		
	Electric	Water	Sewer
Operating Revenues			
Charges for services	\$ 11,404,619	\$ 1,603,782	2,245,391
Operating grants	7,775	131,694	-
Miscellaneous	49,436	-	-
Total operating revenues	11,461,830	1,735,476	2,245,391
Operating Expenses			
Salaries and wages	426,779	498,271	168,409
Employee benefits	191,706	175,178	51,212
Services and supplies	930,722	408,578	572,635
Electric energy purchased	5,166,662	-	-
Depreciation	463,396	299,361	607,574
Data processing use fee	80,000	40,000	14,000
Public works use fee	328,000	164,000	57,400
In lieu of taxes and franchise taxes	788,339	245,043	420,996
General fund administrative support	1,051,828	122,502	185,865
Total operating expenses	9,427,432	1,952,933	2,078,091
Operating Income (Loss)	2,034,398	(217,457)	167,300
Nonoperating Revenues (Expenses)			
Investment income	82,964	8,235	29,054
Economic development	(313,312)	-	-
Quality of life promotion	(478,657)	-	-
Insurance reimbursement	-	-	39,354
Bond issuance costs	(75,846)	-	-
Interest expense	(128,200)	(40,662)	(281,922)
Total nonoperating revenues (expenses)	(913,051)	(32,427)	(213,514)
Income (Loss) Before Capital Contributions and Transfers	1,121,347	(249,884)	(46,214)
Capital Contributions	10,985	68,129	51,000
Transfers In	-	-	-
Transfers Out	-	-	-
Change in Net Position	1,132,332	(181,755)	4,786
Net Position, Beginning of Year, as Previously Reported	7,160,302	5,447,725	9,500,181
Prior Period Adjustment	(155,538)	(83,254)	(60,845)
Net Position, Beginning of Year, as Restated	7,004,764	5,364,471	9,439,336
Net Position (Deficit), End of Year	\$ 8,137,096	\$ 5,182,716	\$ 9,444,122

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, 2018

Business-Type Activities - Enterprise Funds				Business-Type Activities - Internal Service Funds
Water Treatment	Landfill	Nonmajor Enterprise Funds	Total	
\$ 1,402,348	\$ 1,257,889	\$ 1,702,518	\$ 19,616,547	\$ 1,020,000
-	35,736	-	175,205	6,508
270,961	-	-	320,397	-
1,673,309	1,293,625	1,702,518	20,112,149	1,026,508
254,170	213,959	368,186	1,929,774	574,393
73,833	129,861	235,324	857,114	258,242
524,322	1,439,751	663,347	4,539,355	243,656
-	-	-	5,166,662	-
374,595	127,224	155,300	2,027,450	19,353
-	12,000	14,000	160,000	-
164,000	49,200	57,400	820,000	-
341,894	94,688	102,319	1,993,279	-
126,726	67,587	135,175	1,689,683	-
1,859,540	2,134,270	1,731,051	19,183,317	1,095,644
(186,231)	(840,645)	(28,533)	928,832	(69,136)
769	247	260	121,529	93
-	-	-	(313,312)	-
-	-	-	(478,657)	-
-	-	-	39,354	-
-	-	-	(75,846)	-
-	(10,625)	(17,589)	(478,998)	-
769	(10,378)	(17,329)	(1,185,930)	93
(185,462)	(851,023)	(45,862)	(257,098)	(69,043)
25,866	-	-	155,980	-
-	-	41,772	41,772	-
(41,772)	-	-	(41,772)	-
(201,368)	(851,023)	(4,090)	(101,118)	(69,043)
16,599,933	762,377	481,810		(631,522)
(60,606)	(42,128)	(94,027)		(151,494)
16,539,327	720,249	387,783		(783,016)
\$ 16,337,959	\$ (130,774)	\$ 383,693		\$ (852,059)
			(69,043)	
			\$ (170,161)	

	Business-Type Activities - Enterprise Funds		
	Electric	Water	Sewer
Operating Activities			
Cash from customers	\$ 11,099,076	\$ 1,648,388	\$ 2,314,543
Cash from other funds for services	57,211	131,694	-
Payments to suppliers for goods and services	(7,412,842)	(805,364)	(750,944)
Payments to employees for services	(426,806)	(483,825)	(179,589)
Payments to other funds for services	(1,840,167)	(367,545)	(606,861)
Net Cash from Operating Activities	1,476,472	123,348	777,149
Noncapital Financing Activities			
Repayments on interfund advances	(11,919)	-	(66,000)
Receipts from interfund advances	-	78,046	-
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Net cash from (used for) noncapital financing activities	(11,919)	78,046	(66,000)
Capital and Related Financing Activities			
Purchase of property, plant, and equipment	(409,102)	(173,085)	(554,165)
Proceeds from issuing debt	6,333,000	-	-
Principal payments on debt	-	(192,249)	(265,000)
Connection fees	10,985	68,129	51,000
Insurance reimbursement	-	-	39,354
Grant funding received in advance	3,247,500	-	-
Bond issuance costs	(75,846)	-	-
Interest paid on debt	(99,623)	(42,806)	(287,415)
Net cash from (used for) capital and related financing activities	9,006,914	(340,011)	(1,016,226)
Investing Activities			
Interest on cash and investments	82,964	8,235	29,054
Net Change in Cash and Cash Equivalents	10,554,431	(130,382)	(276,023)
Cash and Cash Equivalents, Beginning of Year	1,580,792	533,500	2,558,875
Cash and Cash Equivalents, End of Year	\$ 12,135,223	\$ 403,118	\$ 2,282,852

See Notes to Financial Statements

City of Fallon, Nevada
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2018

Business-Type Activities - Enterprise Funds				Business-Type Activities - Internal Service Funds
Water Treatment	Landfill	Nonmajor Enterprise Funds	Total	
\$ 1,739,170	\$ 1,232,061	\$ 1,762,526	\$ 19,795,764	\$ -
-	-	-	188,905	1,020,000
(754,787)	(211,799)	(966,396)	(10,902,132)	(517,869)
(252,668)	(604,627)	(369,004)	(2,316,519)	(569,571)
(468,620)	(162,275)	(237,494)	(3,682,962)	-
263,095	253,360	189,632	3,083,056	(67,440)
-	(13,474)	(48,679)	(140,072)	-
49,103	-	-	127,149	-
-	-	41,772	41,772	-
(41,772)	-	-	(41,772)	-
7,331	(13,474)	(6,907)	(12,923)	-
(197,208)	(222,674)	(42,518)	(1,598,752)	-
-	-	-	6,333,000	-
-	(80,119)	(78,589)	(615,957)	-
25,866	-	-	155,980	-
-	-	-	39,354	-
-	-	-	3,247,500	-
-	-	-	(75,846)	-
-	(10,625)	(18,418)	(458,887)	-
(171,342)	(313,418)	(139,525)	7,026,392	-
769	247	260	121,529	93
99,853	(73,285)	43,460	10,218,054	(67,347)
610,165	385,969	679,913	6,349,214	143,159
<u>\$ 710,018</u>	<u>\$ 312,684</u>	<u>\$ 723,373</u>	<u>\$ 16,567,268</u>	<u>\$ 75,812</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)	\$ 2,034,398	\$ (217,457)	\$ 167,300
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities			
Depreciation	463,396	299,361	607,574
Amortization	-	-	(55,684)
Pension contributions	(57,202)	(32,884)	(30,127)
Pension expense	65,021	37,379	34,245
OPEB expense	(1,469)	(2,302)	(776)
Economic development nonop expense	(313,312)	-	-
Quality of life promotion nonop expense	(478,657)	-	-
Changes in			
Accounts receivable	(306,045)	44,606	69,152
Inventory	-	4,596	-
Accounts payable	87,596	1,464	20,119
Landfill closure costs	-	-	-
Accrued payroll and related liabilities	(27)	14,446	(11,180)
Compensated absences	(9,761)	(25,651)	(23,474)
Customer deposits	(7,466)	(210)	-
Net Cash from Operating Activities	<u>\$ 1,476,472</u>	<u>\$ 123,348</u>	<u>\$ 777,149</u>
Reconciliation of total cash and cash equivalents:			
Current assets - cash and cash equivalents	\$ 1,640,614	\$ 400,763	\$ 2,282,852
Restricted assets - cash and cash equivalents	<u>10,494,609</u>	<u>2,355</u>	<u>-</u>
Total cash and investments	<u>\$ 12,135,223</u>	<u>\$ 403,118</u>	<u>\$ 2,282,852</u>
Noncash capital and related financing activities			
Amortization of bond premium	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,684</u>

See Notes to Financial Statements

City of Fallon, Nevada
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2018

Business-Type Activities - Enterprise Funds				Business-Type Activities - Internal Service Funds
Water Treatment	Landfill	Nonmajor Enterprise Funds	Total	
\$ (186,231)	\$ (840,645)	\$ (28,533)	\$ 928,832	\$ (69,136)
374,595	127,224	155,300	2,027,450	19,353
-	-	-	(55,684)	-
(27,272)	(22,349)	(44,403)	(214,237)	(67,441)
31,000	25,404	50,472	243,521	76,660
(1,172)	(986)	(1,697)	(8,402)	(3,234)
-	-	-	(313,312)	-
-	-	-	(478,657)	-
65,861	(61,564)	60,008	(127,982)	(6,508)
-	-	-	4,596	-
31,123	77,843	(469)	217,676	(11,882)
-	942,000	-	942,000	-
1,501	2,160	(818)	6,082	4,823
(26,310)	4,273	(228)	(81,151)	(10,075)
-	-	-	(7,676)	-
<u>\$ 263,095</u>	<u>\$ 253,360</u>	<u>\$ 189,632</u>	<u>\$ 3,083,056</u>	<u>\$ (67,440)</u>
\$ 710,018	\$ 312,684	\$ 163,311	\$ 5,510,242	\$ 75,812
-	-	560,062	11,057,026	-
<u>\$ 710,018</u>	<u>\$ 312,684</u>	<u>\$ 723,373</u>	<u>\$ 16,567,268</u>	<u>\$ 75,812</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,684</u>	<u>\$ -</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.

Implementation of GASB Statement No. 75

As of July 1, 2017, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this standard improves the usefulness of information about and improves accounting and financial reporting for postemployment benefits other than pensions (other postemployment benefits or OPEB). The effect of the implementation of this standard on beginning net position is disclosed in Note 16 to the financial statements and the additional disclosures required by this standard are included in Note 10.

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

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

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City's Special Revenue Funds include the Convention and Tourism Authority Fund and the Airport 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 *Sanitation Enterprise Fund* accounts for the provision of sanitation 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, 2018, are as follows:

Fund Type	Outstanding Balance	Allowance for Doubtful Accounts	Net
Enterprise Funds			
Electric	\$ 1,328,148	\$ 56,480	\$ 1,271,668
Water	194,142	7,890	186,252
Sewer	256,860	11,211	245,649
Water Treatment	177,420	8,366	169,054
Landfill	266,153	34,782	231,371
Nonmajor	130,624	6,074	124,550
	<u>\$ 2,353,347</u>	<u>\$ 124,803</u>	<u>\$ 2,228,544</u>

Inventories

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.

Restricted Assets

City policy requires that certain resources be set aside pursuant to external requirements. These amounts are reported as restricted assets.

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. 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:

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

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 nonappointed 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.

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, represents the consumption of net position/fund balance that applies to a future period(s) 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 the City's contributions subsequent to the measurement date of the net other postemployment liability. The City reflects deferred outflows of resources which are related to pensions resulting from the City's contribution subsequent to the measurement date and the net pension liability and change in the City's proportion and differences between the City's contributions and the City's proportionate contribution reported in the government-wide financial statement of net position under the accrual basis of accounting.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reported deferred inflows of resources related to other postemployment benefits resulting from changes in assumptions and other inputs. The City also reflects deferred inflows of resources which are related to pensions resulting from difference between expected and actual experience and the difference between the projected and actual earnings on pension plan investments 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 net pension liability and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of the State of Nevada (PERS) Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Equity

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

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

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

- Nonspendable fund balance – These items are legally or contractually required to be maintained intact or are not in a spendable form, such as inventories, prepaids, and long-term receivables, including advances to other funds.
- Restricted fund balance – These amounts are constrained to being used for specific purposes by external parties, constitutional provisions or enabling legislation, such as debt service.
- Committed fund balance – These amounts can only be used for specific purposes as set forth by the City Council, the City's highest level of decision making authority. A resolution by the Council must be made prior to the end of the reporting period, in order to establish an ending fund balance commitment for any specific purpose. This formal action is also required to modify or rescind an established commitment.

- 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.
- 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.

Note 2 - Stewardship, Compliance and Accountability

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 must be held by the governing body not sooner than the third Monday in May and not later than the last day 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 of the General, Special Revenue and Capital Projects Funds. 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.

Compliance

The following are apparent violations of NRS 354.626:

- The sum of operating and nonoperating expenses in the Landfill Fund exceeded appropriations by \$804,066.

Note 3 - Cash and Investments

The City's cash and investments is as follows at June 30, 2018:

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
Cash and investment balances held by:			
Governmental Funds	\$ 107,925	\$ 1,409,483	\$ 1,517,408
Proprietary Funds	<u>11,057,026</u>	<u>5,586,054</u>	<u>16,643,080</u>
 Total cash and investments	 <u><u>\$ 11,164,951</u></u>	 <u><u>\$ 6,995,537</u></u>	 <u><u>\$ 18,160,488</u></u>
 Total investments			
State of Nevada Local Government Investment Pool		\$ 12,132,116 *	
 Total cash		<u>6,028,372</u>	
 Total cash and investments		<u><u>\$ 18,160,488</u></u>	

* represents average weighted maturity of 142 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 fair value. Fair value is determined on a daily basis. 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 – 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 of \$6,007,851 were covered by FDIC insurance and collateralized by the Office of the State Treasurer/Nevada Collateral Pool as of June 30, 2018.

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 that attached on July 1.

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, 2018:

Governmental activities

	Balance at July 1, 2017	Additions	Disposals	Balance at June 30, 2018
Capital assets, not being depreciated				
Land	\$ 765,431	\$ -	\$ -	\$ 765,431
Construction in progress	54,372	477,087	(191,274)	340,185
Total capital assets, not being depreciated	819,803	477,087	(191,274)	1,105,616
Capital assets, being depreciated				
Infrastructure	30,303,539	35,242	-	30,338,781
Buildings and improvements	6,066,452	156,032	-	6,222,484
Machinery and equipment	4,773,722	461,236	-	5,234,958
Total capital assets, being depreciated	41,143,713	652,510	-	41,796,223
Less accumulated depreciation				
Infrastructure	(14,202,588)	(783,634)	-	(14,986,222)
Buildings and improvements	(1,846,332)	(177,186)	-	(2,023,518)
Machinery and equipment	(3,125,902)	(262,744)	-	(3,388,646)
Total accumulated depreciation	(19,174,822)	(1,223,564)	-	(20,398,386)
Total capital assets, being depreciated, net	21,968,891	(571,054)	-	21,397,837
Governmental activities capital assets, net	\$ 22,788,694	\$ (93,967)	\$ (191,274)	\$ 22,503,453

City of Fallon, Nevada
Notes to Financial Statements
June 30, 2018

Business-type activities				
	Balance at July 1, 2017	Additions	Disposals	Balance at June 30, 2018
Capital assets, not being depreciated				
Land	\$ 1,792,699	\$ 326,395	\$ -	\$ 2,119,094
Construction in progress	65,824	715,710	-	781,534
Total capital assets, not being depreciated	1,858,523	1,042,105	-	2,900,628
Capital assets, being depreciated				
Buildings and improvements	2,054,086	-	-	2,054,086
Machinery and equipment	6,238,295	501,495	(19,325)	6,720,465
Electric, water, and sewer System	71,451,139	70,704	-	71,521,843
Total capital assets, being depreciated	79,743,520	572,199	(19,325)	80,296,394
Less accumulated depreciation				
Buildings and improvements	(818,768)	(69,736)	-	(888,504)
Machinery and equipment	(4,600,079)	(342,362)	3,867	(4,938,574)
Electric, water, and sewer system	(30,404,658)	(1,634,705)	-	(32,039,363)
Total accumulated depreciation	(35,823,505)	(2,046,803)	3,867	(37,866,441)
Total capital assets, being depreciated, net	43,920,015	(1,474,604)	(15,458)	42,429,953
Business-type activities capital assets, net	\$ 45,778,538	\$ (432,499)	\$ (15,458)	\$ 45,330,581

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

Governmental activities

General Government and Administration

City Clerk	\$ 4,790
City Hall	32,523
	<u>37,313</u>

Judicial

Municipal Court	<u>5,515</u>
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Public Safety

Police	142,456
Task Force	3,520
Animal Control	474
Fire	69,184
	<u>215,634</u>

Public Works

Street, Curb & Gutter	625,020
Airport	152,693
	<u>777,713</u>

Culture and Recreation

Centennial	2,200
Parks	118,726
	<u>120,926</u>

Community Support

Administrative Buildings	43,117
Convention Center	23,346
	<u>66,463</u>

Total governmental activities	<u><u>\$ 1,223,564</u></u>
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Business-type activities

Electric Fund	\$ 463,396
Water Fund	299,361
Sewer Fund	607,574
Water Treatment Fund	374,595
Sanitation Fund	155,300
Landfill Fund	127,224

Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets

	<u>19,353</u>
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Total business-type activities	<u><u>\$ 2,046,803</u></u>
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Note 6 - Long-Term Debt

The following schedule summarizes the changes in long-term debt:

Governmental activities

	Balance July 1, 2017	Additions	(Reductions)	Balance June 30, 2018
Medium - Term Obligation				
\$265,792 to KS State Bank dated 07/17 with monthly payments of \$5,156 including interest at 6.14%	\$ -	\$ 265,792	\$ (46,854)	\$ 218,938
Less amount classified as current	-	-	(49,813)	(49,813)
Long-term portion	-	265,792	(96,667)	169,125
Other Liabilities				
Compensated absences	324,420	338,598	(245,725)	417,293
Less amount classified as current	(188,164)	-	(53,866)	(242,030)
Long-term portion	136,256	338,598	(299,591)	175,263
Total Medium - Term Obligation and Other Liabilities				
Governmental activities	324,420	604,390	(292,579)	636,231
Less amount classified as current	(188,164)	-	(103,679)	(291,843)
Long-term portion	\$ 136,256	\$ 604,390	\$ (396,258)	\$ 344,388

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.

City of Fallon, Nevada
Notes to Financial Statements
June 30, 2018

Business-type activities

	Balance July 1, 2017	Additions	(Reductions)	Balance June 30, 2018
Bonds Payable				
Electric Enterprise Fund				
\$6,333,000 bond payable to Branch Bank & Trust dated 11/17 with semi annual payments of \$540,500 with interest at 2.7%	\$ -	\$ 6,333,000	\$ -	\$ 6,333,000
Less amount classified as current	-	-	(99,000)	(99,000)
Long-term portion	-	6,333,000	(99,000)	6,234,000
Water Enterprise Fund				
\$1,156,127 bond payable to State of Nevada dated 01/16; secured by pledged revenues; semi-annual payments of \$58,822 with interest at 2.23%	1,063,021	-	(95,353)	967,668
Less amount classified as current	(95,373)	-	(2,262)	(97,635)
Long-term portion	967,648	-	(97,615)	870,033
\$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%	901,455	-	(96,896)	804,559
Less amount classified as current	(96,896)	-	(2,318)	(99,214)
Long-term portion	804,559	-	(99,214)	705,345
Water Enterprise Fund Totals	1,964,476	-	(192,249)	1,772,227
Less amount classified as current	(192,269)	-	(4,580)	(196,849)
Long-term portion	1,772,207	-	(196,829)	1,575,378
Sewer Enterprise Fund				
\$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%	7,025,000	-	(265,000)	6,760,000
Less amount classified as current	(265,000)	-	(10,000)	(275,000)
Long-term portion	6,760,000	-	(275,000)	6,485,000

City of Fallon, Nevada
Notes to Financial Statements
June 30, 2018

	Balance July 1, 2017	Additions	(Reductions)	Balance June 30, 2018
Capital Leases				
Sanitation Enterprise Fund				
\$405,763 capital lease with Nevada State Bank dated 10/16; semi-annual payments of \$36,708 with interest at 2.75%	\$ 372,371	\$ -	\$ (63,611)	\$ 308,760
Less amount classified as current	(63,611)	-	(1,761)	(65,372)
Long-term portion	308,760	-	(65,372)	243,388
 \$172,735 capital lease with ZB, N.A. dated 10/2016; semi-annual payments of \$10,158 with interest at 3.33%	164,191	-	(14,977)	149,214
Less amount classified as current	(14,698)	-	(773)	(15,471)
Long-term portion	149,493	-	(15,750)	133,743
 Sanitation Enterprise Fund Totals	536,562	-	(78,588)	457,974
Less amount classified as current	(78,309)	-	(2,534)	(80,843)
Long-term portion	458,253	-	(81,122)	377,131
 Landfill Enterprise Fund				
\$398,153 capital lease with Government Leasing LLC, dated April 16, 2015, annual payments of \$7,562 at 5.45%	231,273	-	(80,118)	151,155
Less amount classified as current	(80,119)	-	(4,478)	(84,597)
Long-term portion	151,154	-	(84,596)	66,558
 Other Liabilities				
Compensated absences	\$ 228,992	\$ 181,155	\$ (272,381)	\$ 137,766
Less amount classified as current	(138,494)	-	58,591	(79,903)
Long-term portion	90,498	181,155	(213,790)	57,863
 Total Bonds Payable, Capital Leases and Other Liabilities				
Business-type activities	9,986,303	6,514,155	(888,336)	15,612,122
Unamortized net bond premium	559,576	-	(55,684)	503,892
Less amounts classified as current	(754,191)	-	(62,001)	(816,192)
Long-term portion	\$ 9,791,688	\$ 6,514,155	\$ (1,006,021)	\$ 15,299,822

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The assets acquired with capital leases and the corresponding accumulated depreciation as of June 30, 2018 are as follows:

	Capitalized Cost	Accumulated Depreciation
Sanitation Enterprise Fund		
Side loader	\$ 75,065	\$ 20,257
Sweeper	229,283	53,499
Rear loader	75,065	20,257
Rough terrain forklift	26,350	7,111
	<u>\$ 405,763</u>	<u>\$ 101,124</u>
 Alley Trailer	 \$ 19,875	 \$ 1,672
Roll-off bins	61,360	6,960
Bins	22,960	2,239
Waste wheelers	66,981	6,506
	<u>\$ 171,176</u>	<u>\$ 17,377</u>
 Landfill Enterprise Fund		
Tipper	<u>\$ 398,153</u>	<u>\$ 127,627</u>

Annual requirements to amortize the City's bonds payable and capital leases as of June 30, 2018:

	Governmental Activities		Electric Enterprise Fund		Water Enterprise Fund		Sewer Enterprise Fund	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2019	\$ 12,056	\$ 49,813	\$ 169,655	\$ 99,000	\$ 38,429	\$ 196,849	\$ 274,163	\$ 275,000
2020	8,910	52,960	163,296	372,000	34,013	201,556	260,413	290,000
2021	5,566	56,304	153,117	382,000	29,492	206,378	245,913	305,000
2022	2,009	59,861	142,655	393,000	24,862	211,314	230,663	320,000
2023	-	-	131,909	403,000	20,122	216,369	214,663	335,000
2024-	-	-	487,971	2,186,000	32,754	739,761	857,463	1,895,000
2029-	-	-	165,145	1,971,000	-	-	454,775	2,300,000
2034-	-	-	7,115	527,000	-	-	62,800	1,040,000
	<u>\$ 28,541</u>	<u>\$ 218,938</u>	<u>\$ 1,420,863</u>	<u>\$ 6,333,000</u>	<u>\$ 179,672</u>	<u>\$ 1,772,227</u>	<u>\$ 2,600,853</u>	<u>\$ 6,760,000</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 \$1,951,899. For the current year, principal and interest paid on the bonds totaled \$277,733. Net pledged revenues totaled \$529,985.

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 \$9,360,853. For the current year, principal and interest paid on the bonds totaled \$549,163. Net pledged revenues totaled \$1,521,542.

The City has pledged future electric utility customer revenues and nonoperating revenues, net of specified operating expenses to repay electric utility bonds issued in November 2017. Proceeds from the bonds will provide financing for electrical system updates. The bonds are intended to be paid solely from electric utility customer net revenues and are payable through fiscal year 2032. The total principal and interest to be paid on the bonds is \$7,753,861. For the current year there was no principal due and the interest paid on the bonds was \$85,021. Net pledged revenues totaled \$9,995,587.

Sanitation Enterprise Fund		Landfill Enterprise Fund		Total Business-Type	
Interest	Principal	Interest	Principal	Interest	Principal
\$ 12,889	\$ 80,843	\$ 6,147	\$ 84,597	\$ 501,283	\$ 736,289
10,560	83,172	1,521	66,558	469,803	1,013,286
8,163	85,569	-	-	436,685	978,947
5,696	88,036	-	-	403,876	1,012,350
3,158	53,866	-	-	369,852	1,008,235
4,508	66,488	-	-	1,382,696	4,887,249
-	-	-	-	619,920	4,271,000
-	-	-	-	69,915	1,567,000
<u>\$ 44,974</u>	<u>\$ 457,974</u>	<u>\$ 7,668</u>	<u>\$ 151,155</u>	<u>\$ 4,254,030</u>	<u>\$ 15,474,356</u>

Note 7 - Interfund Balances and Activity

Due To/From Other Funds

A summary of amounts due from and to other funds as of June 30, 2018, is as follows:

Due From	Due To			Total
	General Fund	Water Enterprise Fund	Water Treatment Enterprise Fund	
General Fund	\$ -	\$ 33,356 ^a	\$ 20,603 ^b	\$ 53,959
Non-major Governmental Fund	-	-	97,000 ^h	97,000
Electric Enterprise Fund	-	11,919 ^c	-	11,919
Sewer Enterprise Fund	37,500 ^d	-	28,500 ^e	66,000
Lanfill Fund	13,474 ⁱ	-	-	13,474
Non-major Enterprise Funds	15,908 ^f	32,771 ^g	-	48,679
Total	<u>\$ 66,882</u>	<u>\$ 78,046</u>	<u>\$ 146,103</u>	<u>\$ 291,031</u>

Amounts due from and due to other funds represent the portion of the City's interfund balances that are expected to be repaid in the upcoming year. The purpose of the interfund balances, the long-term portion (i.e. advances to/from), and related repayment terms are reflected in the Interfund Advances summary below.

Interfund Advances

A summary of interfund advances as of June 30, 2018, is as follows:

Advances To	Advances From			Total
	General Fund	Water Enterprise Fund	Water Treatment Enterprise Fund	
General Fund	\$ -	\$ 176,987 ^a	\$ 123,617 ^b	\$ 300,604
Electric Enterprise Fund	-	35,759 ^c	-	35,759
Sewer Enterprise Fund	175,000 ^d	-	171,000 ^e	346,000
Lanfill Fund	30,840 ⁱ	-	-	30,840
Non-major Enterprise Funds	45,443 ^f	98,313 ^g	-	143,756
Total	<u>\$ 251,283</u>	<u>\$ 311,059</u>	<u>\$ 294,617</u>	<u>\$ 856,959</u>

The amounts payable to the Water Enterprise Fund from the General Fund (\$30,875 with 2% interest)^a and Electrical Enterprise Fund (\$47,678 with 2% interest)^c are due to the Water Enterprise Fund for financing the purchase of 40 S. Carson Street in fiscal year 2009. The entire purchase and subsequent improvements costs were charged to the Water Enterprise Fund based on its ability to finance the project. The amount payable in the other funds is based on an estimated department usage of the property.

The General Funds owes both the Water Enterprise Fund (\$179,468 with 0% interest)^a and the Water Treatment Enterprise Fund (\$144,220 with 0% interest)^b for overpayments by the Water Enterprise Fund and the Water Treatment Enterprise Fund of overhead and fees. The Sewer Enterprise Fund (\$212,500 with 0% interest)^d, and the Landfill Enterprise Fund (\$44,314 with 0% interest)ⁱ the Nonmajor Sanitation Enterprise Fund (\$61,351 with 0% interest)^f owe the General Fund for underpayment of overhead and fees by these three funds.

The Sewer Enterprise Fund owes the Water Treatment Enterprise Fund (\$199,500 with 0% interest)^e as a loan for operating purposes.

The amounts payable to the Water Enterprise Fund from the Nonmajor Sanitation Enterprise Fund (\$131,084 with 0% interest)^g relate to a capital acquisition loan made to the Sanitation Enterprise Fund for the acquisition of a Transfer Station in prior years.

Annual requirements of the General Fund obligations to other funds as of June 30, 2018 follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2019	\$ 618	\$ 53,959
2020	463	53,959
2021	309	53,959
2022	157	53,962
2023	-	46,241
2024-2025	-	92,483
	<u>\$ 1,547</u>	<u>\$ 354,563</u>

Annual requirements of the nonmajor Airport Fund obligations to other funds as of June 30, 2018 follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2019	<u>\$ -</u>	<u>\$ 97,000</u>

Annual requirements of the Electrical Enterprise Fund obligations to other funds as of June 30, 2018 follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2019	\$ 954	\$ 11,919
2020	715	11,919
2021	477	11,919
2022	240	11,921
	<u>\$ 2,386</u>	<u>\$ 47,678</u>

Annual requirements of the Sewer Enterprise Fund obligations to other funds as of June 30, 2018 follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2019	\$ -	\$ 66,000
2020	-	66,000
2021	-	66,000
2022	-	66,000
2023	-	66,000
2024-2025	-	82,000
	<u>\$ -</u>	<u>\$ 412,000</u>

Annual requirements of the Landfill Enterprise Fund obligations to other funds as of June 30, 2018 follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2019	\$ -	\$ 13,474
2020	-	13,474
2021	-	13,474
2022	-	3,892
	<u>\$ -</u>	<u>\$ 44,314</u>

Annual requirements of the Nonmajor Enterprise Funds obligations to other funds as of June 30, 2018 follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2019	\$ 2,622	\$ 48,679
2020	1,966	\$ 48,679
2021	1,311	\$ 48,679
2022	655	46,398
	<u>\$ 6,554</u>	<u>\$ 192,435</u>

Transfers From/To Other Funds

A summary of transfers between funds during the year ended June 30, 2018 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Activities</u>		
General fund	\$ 380,000	\$ (96,670)
Nonmajor governmental funds		
Convention and tourism fund	-	(380,000)
Airport fund	34,029	-
Debt service fund	62,641	-
	<u>476,670</u>	<u>(476,670)</u>
Total governmental activities		
	<u>476,670</u>	<u>(476,670)</u>
<u>Business-type Activities</u>		
Water treatment enterprise fund	-	(41,772)
Nonmajor enterprise funds		
Water treatment replacment fund	41,772	-
	<u>41,772</u>	<u>(41,772)</u>
Total enterprise funds		
	<u>41,772</u>	<u>(41,772)</u>
Total transfers	<u>\$ 518,442</u>	<u>\$ (518,442)</u>

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 transfer in from the Nonmajor Convention and Tourism Fund was to fund the convention center. The General Fund transfer out to the Nonmajor Airport Fund was to fund a match for a grant. The General Fund transfer 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 Fund was made in accordance with an agreement with the State of Nevada Water Financing Board.

Note 8 - Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. 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 9 - 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 \$1,425,000 as of June 30, 2018, which is based on 27.9% usage (filled) of the landfill. It is estimated that an additional \$3,684,196 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 2113). The estimated total current cost of the landfill closure and postclosure care (\$5,109,196) 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, 2018. 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:

	<u>July 1, 2017</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>June 30, 2018</u>
Estimated liability of landfill closure and postclosure care costs	<u>\$ 483,000</u>	<u>\$ 942,000</u>	<u>\$ -</u>	<u>\$ 1,425,000</u>

Note 10 - 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 an agent multiple-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 County employees who retired from the County 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 \$876 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, 2017 the following employees were covered by the benefit terms:

	<u>COFEHBP</u>	<u>PEBP</u>
Inactive employees or beneficiaries currently receiving benefits	15	31
Active employees	106	-
	<u>121</u>	<u>31</u>

Total OPEB Liability - The City's total OPEB liability of \$1,852,362 was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

	<u>COFEHBP</u>	<u>PEBP</u>
Total OPEB Liability	<u>\$ 938,741</u>	<u>\$ 913,621</u>

Assumptions and Other Inputs - The total OPEB liability in the June 30, 2017 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:

	<u>COFEHBP</u>	<u>PEBP</u>
General inflation	2.75%	2.75%
Salary increases	4.00% per year	N/A
Assumed wage inflation	3.00% per year	N/A
Discount rate	3.13%	3.13%
Health care trend rates	6.50% for 2018, decreasing 0.25% per year to an ultimate rate of 5.00% for 2024 and later years	6.50% for 2018, decreasing 0.50% per year to an ultimate rate of 5.00% for 2023 and later years
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 non-disabled male and female regular and safety members were based on the Headcount-Weighted RP-2014 Healthy Annuitant Table set forward one year. Mortality rates for all disabled were based on the Headcount-Weighted RP-2014 Employee Table. Adjustments for mortality improvements were based on applying the MacLeod Watts Scale 2017 on a generational basis from 2015 forward, based on data from the Society of Actuaries Mortality Improvement Scale MP-2016 Report and the demographic assumptions used in the 2016 Annual Report of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds.

Changes in the Total OPEB Liability –

	<u>COFEHBP</u>	<u>PEBP</u>	<u>Total</u>
Balance at June 30, 2017	\$ 920,740	\$ 1,003,819	\$ 1,924,559
Changes for the year:			
Service cost	67,663	-	67,663
Interest	26,095	25,914	52,009
Changes in assumptions or other inputs	(46,319)	(42,387)	(88,706)
Benefit payments	(29,438)	(73,725)	(103,163)
Net changes	18,001	(90,198)	(72,197)
Balance at June 30, 2018	\$ 938,741	\$ 913,621	\$ 1,852,362

Changes in Assumptions - COFEHBP and PEBP changes in assumptions and other inputs reflect a change in discount rate from 2.68% to 3.13%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the City, as well as what the City's Total OPEB liability would be if it were calculated using a discount rate that is 1-percentage lower (2.13%) or 1-percentage-point higher (4.13%) than the current discount rate:

	1% Decrease in Discount Rate (2.13%)	Discount Rate (3.13%)	1% Increase in Discount Rate (4.13%)
COFEHBP OPEB Liability	\$ 1,045,789	\$ 938,741	\$ 845,572
PEBP OPEB Liability	1,012,398	913,621	829,938
	<u>\$ 2,058,187</u>	<u>\$ 1,852,362</u>	<u>\$ 1,675,510</u>

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

	1% Decrease in Healthcare Cost Trend Rate (6.50% decreasing to 5.50%)	Healthcare Cost Trend Rate (6.50%)	1% Increase in Healthcare Cost Trend Rate (6.50% increasing to 7.50%)
COFEHBP OPEB Liability	<u>\$ 803,005</u>	<u>\$ 938,741</u>	<u>\$ 1,140,558</u>
	1% Decrease in Healthcare Cost Trend Rate (6.50% decreasing to 5.50%)	Healthcare Cost Trend Rate (6.50%)	1% Increase in Healthcare Cost Trend Rate (6.50% increasing to 7.50%)
PEBP OPEB Liability	<u>\$ 834,022</u>	<u>\$ 913,621</u>	<u>\$ 1,005,412</u>
Total OPEB Liability	<u>\$ 1,637,027</u>	<u>\$ 1,852,362</u>	<u>\$ 2,145,970</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2018, the City recognized OPEB expense (negative OPEB expense) of \$72,801:

COFEHBP	\$ 89,274
PEBP	<u>(16,473)</u>
	<u><u>\$ 72,801</u></u>

At June 30, 2018, 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	\$ -	\$ (41,836)	\$ -	\$ -	\$ -	\$ (41,836)
Contributions Subsequent to the Measurement Date	<u>27,745</u>	<u>-</u>	<u>76,741</u>	<u>-</u>	<u>104,486</u>	<u>-</u>
Total	<u><u>\$ 27,745</u></u>	<u><u>\$ (41,836)</u></u>	<u><u>\$ 76,741</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 104,486</u></u>	<u><u>\$ (41,836)</u></u>

The \$41,836 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 ending June 30, 2019.

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30:</u>	COFEHBP	PEBP	Total
2019	\$ 4,484	\$ -	\$ 4,484
2020	4,484	-	4,484
2021	4,484	-	4,484
2022	4,484	-	4,484
2023	4,484	-	4,484
Thereafter	19,416	-	19,416

Note 11 - 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% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering PERS on or after January 1, 2010, there is a 2.5% multiplier and for regular members entering PERS on or after July 1, 2015, there is 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 are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 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 5 years of service, or age 62 with 10 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 5 years of service, or at age 62 with 10 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 are eligible for retirement at age 65 with 5 years of service, at age 55 with 10 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 5 years of service, or age 60 with 10 years of service, or age 50 with 20 years of service, or at any age with 30 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 5 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. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

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

For the fiscal year ended June 30, 2018, the Statutory Employer/employee matching rates were 14.50% for Regular and 20.75% for Police/Fire. The Employer-pay contribution (EPC) rates were 28.00% for Regular and 40.50% for Police/Fire.

The City's contributions were \$984,537 for the year ended June 30, 2018.

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, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Geometric Expected Real Rate of Return</u>
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%

As of June 30, 2017, PERS' long-term inflation assumption was 2.75%.

Net Pension Liability – At June 30, 2018, the City reported a liability for its proportionate share of the net pension liability of \$13,949,259. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in PERS pension plan relative to the total contributions of all participating PERS employers and members. At June 30, 2017, the City's proportion was 0.10488 percent which was a decrease of .0083 from its proportion measured as of June 30, 2016.

Pension Liability Discount Rate Sensitivity – The following presents the net pension liability of the City measured as of June 30, 2017, calculated using the discount rate of 7.50%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current discount rate:

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Net Pension Liability	\$ 21,087,385	\$ 13,949,259	\$ 8,020,934

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

Actuarial Assumptions – The City’s net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.75%
Payroll Growth	5.00% including inflation
Investment Rate of Return	7.50%
Productivity Pay Increase	0.50%
Projected Salary Increases	Regular: 4.25% to 9.15%, depending on service Police/Fire: 4.55% to 13.90%, depending on service Rates include inflation and productivity increases
Consumer Price Index	2.75%
Other Assumptions	Same as those used in the June 30, 2017 funding actuarial valuation

Mortality rates for healthy members were based on the Headcount-Weighted RP-2014 Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. For ages less than 50, mortality rates are based on the Headcount-Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for healthy annuitants at age 50 to the mortality rate for employees at age 50. The mortality rates are then projected to 2020 with Scale MP-2016. Mortality rates for disabled were based on the Headcount-Weighted RP-2014 Disabled Retiree Table, set forward four years. Mortality rates for pre-retirement were based on Headcount-Weighted RP-2014 Employee Table, projected to 2020 with Scale MP-2016. The additional projection of 6 years is a provision made for future mortality improvement.

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of the experience review completed in 2017.

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan’s fiduciary net position at June 30, 2017, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

Changes in assumptions include changes in the inflation rate and consumer price index from 3.50% to 2.75%, changes in the investment rate of return from 8.00% to 7.50%, changes in the productivity pay increase from 0.75% to 0.50%, and changes in the projected salary increases. In addition, the mortality rates are now based on the Headcount-Weighed RP-2014 Mortality Tables rather than the RP-2000 Mortality Tables.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2018, the City recognized pension expense of \$1,119,120. At June 30, 2018, 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	\$ -	\$ 915,323
Net difference between projected and actual earnings on pension plan investments	90,567	-
Changes in assumptions	925,370	
Changes in the City's proportion and differences between the City's contributions and the employer's proportionate contributions	371,528	115,404
City contributions subsequent to the measurement date	984,537	-
	<u>\$ 2,372,002</u>	<u>\$ 1,030,727</u>

The \$984,537 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined is 6.39 years.

Other estimated amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2019	\$ 175,819
2020	(398,145)
2021	(157,955)
2022	187,649
2023	(110,452)
Thereafter	(53,654)

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

Note 12 - Deficit Net Position

The following funds have a deficit net position/fund balance as of June 30, 2018:

Landfill	(130,774)
Sanitation Enterprise Fund	(176,369)
Public Works Internal Service Fund	(879,508)

Note 13 - Tax Abatements

For the fiscal year ended June 30, 2018, the City of Fallon's revenues were reduced by a total amount of \$91,102 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 and the Horse Butte Wind project. The City's previous planned market purchase contract expired on March 31, 2017 and its new planned market purchase contract, which was executed on April 22, 2014, began on April 1, 2017 with a term of 5 years. On February 17, 2017, the City made planned supplemental market purchases for June, July, August and September for 2017, 2018 and 2019 in order to better serve the City's summer loads. 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 at least the next 20 years.

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 2018, the City's total UAMPS billings were \$4,253,866, total NV Energy transmission billings were \$717,520, and the City's total revenue generated from excess power sales through the UAMPS power pool was \$73,351.

On May 15, 2018, the City awarded a contract to complete the site development for the Fallon Youth Center for \$1,227,000, nothing was spent on this project as of June 30, 2018.

On May 15, 2018, the City awarded a construction contract for the Fallon Municipal Airport reconstruct of center aprons and connectors project for \$589,000, nothing was spent on this project as of June 30, 2018.

On May 15, 2018, the City awarded a service contract for the construction administration support services relating to the Fallon Municipal Airport reconstruct center aprons and connectors project for \$96,720, nothing was spent on this project as of June 30, 2018.

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On April 3, 2018, the City awarded a construction contract for the US 50 Signal Interconnect project for \$243,170. This project will be funded by up to \$250,000 through the Nevada Department of Transportation and additional funding of \$70,000 will be needed to complete the project and includes the purchase of required software to integrate the signals to a central point.

Note 15 - Subsequent Events

On October 1, 2018, the City approved a contract for engineering services for Phase 4 of the Downtown Streetscape Enhancement Project in the amount of \$95,925.

On October 1, 2018, the City approved a contract for engineering services for the reconstruction and enhancement of portions of Front, Esmeralda, and Douglas Streets in the amount of \$365,300.

On November 5, 2018, the City approved the purchase of 16.5 acres of land near the Fallon Sewer Enterprise Facility for \$165,000.

Note 16 - Prior Period adjustment

Correction of Error

During 2018, the City identified misstatements in the June 30, 2017 financial statements related to the determination or classification of payments to satisfy employee contribution requirements in the adoption, as of July 1, 2016, of GASB Statement No. 82, *Pension Issues – An amendment of GASB Statements No. 67, No. 68, and No. 73*. Based on the restated Schedule of Employer Allocations for GASB 82 Implementation provided by the Public Employee's Retirement System of Nevada (PERS), beginning net position was restated as of July 1, 2017 to report the previous overstatement of the balances reported for deferred outflows of resources, net pension-liability amounts at June 30, 2017.

Adoption of New Standard

As of July 1, 2017, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report the cost and obligations associated with other postemployment benefits other than pensions in their financial statements, including additional note disclosures and required supplementary information. Beginning net position was restated to retroactively remove the prior OPEB liability reported under GASB Statement No. 45 and adopt the provisions of GASB Statement No. 75 to report the beginning total OPEB liability and deferred outflows of resources related to contributions made after the measurement date.

The changes to beginning net position are as follows:

		Business-Type Activities		
	Governmental Activities	Electric	Water	Sewer
Net Position at June 30, 2017, as Originally Reported	\$ 14,684,700	\$ 7,160,302	\$ 5,447,725	\$ 9,500,181
Deferred inflows of resources related to 2016 deferrals for the difference between employer contributions and proportionate share contributions	(123,514)	(10,054)	(5,779)	(5,295)
Deferred outflows of resources related to the City contributions subsequent to the measurement date	(728,255)	(59,264)	(34,070)	(31,213)
Net Position at July 1, 2017, as Restated for				
Correction of Error	13,832,931	7,090,984	5,407,876	9,463,673
Remove previously reported OPEB Liability previously reported under GASB Statement No. 45	625,473	102,936	51,818	29,055
Add Total OPEB Liability under GASB Statement No. 75 at June 30, 2017	(1,214,481)	(199,871)	(100,616)	(56,416)
Deferred outflows of resources related to contributions made during the year ended June 30, 2017 (the period following the measurement date)	65,100	10,715	5,393	3,024
Net Position at July 1, 2017, as Restated	<u>\$ 13,309,023</u>	<u>\$ 7,004,764</u>	<u>\$ 5,364,471</u>	<u>\$ 9,439,336</u>

Business-Type Activities					
Water Treatment	Landfill	Nonmajor Enterprise Funds	Business-Type Activities Internal Service Funds	Total Business-type Activities	Total
\$ 16,599,933	\$ 762,377	\$ 481,810	\$ (631,522)	\$ 39,320,806	\$ 54,005,506
(4,810)	(3,928)	(7,804)	(11,853)	(49,523)	(173,037)
<u>(28,478)</u>	<u>(23,155)</u>	<u>(46,002)</u>	<u>(69,870)</u>	<u>(292,052)</u>	<u>(1,020,307)</u>
16,566,645	735,294	428,004	(713,245)	38,979,231	52,812,162
32,613	17,962	48,018	83,296	365,698	991,171
(63,325)	(34,876)	(93,237)	(161,737)	(710,078)	(1,924,559)
<u>3,394</u>	<u>1,869</u>	<u>4,998</u>	<u>8,670</u>	<u>38,063</u>	<u>103,163</u>
<u>\$ 16,539,327</u>	<u>\$ 720,249</u>	<u>\$ 387,783</u>	<u>\$ (783,016)</u>	<u>\$ 38,672,914</u>	<u>\$ 51,981,937</u>

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REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule-General Fund (Budgetary Basis)

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

Notes to Required Supplementary Information

Schedules of Changes in the City's Total OPEB Liability and Related
Ratios

Schedule of City's Share of the Net Pension Liability

Schedule of City Contributions

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City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –
General Fund

Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget to Actual
Revenues				
Taxes				
Ad valorem	\$ 1,434,446	\$ 1,434,446	\$ 1,380,357	\$ (54,089)
One cent option	31,000	31,000	33,823	2,823
Regional streets reimbursements	300,000	300,000	38,519	(261,481)
Enterprise funds in lieu of taxes	1,035,425	1,035,425	1,035,423	(2)
Total taxes	2,800,871	2,800,871	2,488,122	(312,749)
Licenses and permits				
Business licenses and permits				
Business licenses and permits	275,000	275,000	265,468	(9,532)
Local liquor licenses	34,000	34,000	30,543	(3,457)
City gaming licenses	43,000	43,000	42,204	(796)
Franchise taxes				
Enterprise funds in lieu of franchise taxes	957,855	957,855	957,855	-
Natural gas	120,000	140,750	153,561	12,811
Cable television	92,000	92,000	91,506	(494)
	1,521,855	1,542,605	1,541,137	(1,468)
Nonbusiness licenses and permits				
Building permits	75,000	80,000	86,070	6,070
Electric permits	1,000	1,000	3,555	2,555
Miscellaneous permits	1,000	1,000	1,545	545
Plumbing permits	5,250	7,250	5,379	(1,871)
	82,250	89,250	96,549	7,299
Total licenses and permits	1,604,105	1,631,855	1,637,686	5,831
Intergovernmental revenues				
Federal grants-in-aid				
Narcotics task force	9,500	9,500	9,648	148
Emergency management assistance	26,000	26,000	28,083	2,083
FEMA Grant High Water	-	-	5,004	5,004
CDBG	-	25,000	24,485	(515)
United we stand grant	-	14,325	10,857	(3,468)
	35,500	74,825	78,077	3,253
State shared revenues				
Motor vehicle tax (1.75)	38,000	38,000	41,637	3,637
Motor vehicle fuel tax (2.35)	80,000	80,000	79,373	(627)
State gaming licenses	131,235	131,235	131,228	(7)
Consolidated tax distribution	1,652,000	1,921,266	1,900,065	(21,201)
AB 104 fair share	263,000	295,250	289,283	(5,967)
State grant - Highway 95	120,000	150,000	152,244	2,244
State Marijuana Distribution	-	11,788	11,789	1
	2,284,235	2,627,539	2,605,619	(21,920)

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –
General Fund
Year Ended June 30, 2018
(Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget to Actual
Other local government shared revenue				
County gaming tax	\$ 91,000	\$ 106,350	\$ 105,442	\$ (908)
Other local government grants				
Grant from Churchill County	43,765	43,765	43,765	-
Total intergovernmental	2,454,500	2,852,479	2,832,903	(19,575)
Charges for services				
General government				
Building and zoning fees	17,500	19,500	19,605	105
Enterprise funds administrative support	1,482,793	1,710,341	1,689,686	(20,655)
Land rent	24,000	24,000	24,000	-
Other assessments and fees	-	-	15,326	15,326
	1,524,293	1,753,841	1,748,617	(5,224)
Public safety				
County reimbursement for Fire department expenses	250,000	255,000	251,990	(3,010)
Judicial				
Reimbursement for Judicial District No. 3 for juvenile court master	21,013	21,013	24,880	3,867
Culture and recreation				
Swimming pool concession	18,000	18,000	18,593	593
Swimming pool fees	28,000	28,000	29,834	1,834
Gym use fees	9,000	9,000	7,654	(1,346)
	55,000	55,000	56,081	1,081
Total charges for services	1,850,306	2,084,854	2,081,568	(3,286)
Fines and forfeits				
Court fines and forfeited bail	125,000	132,000	100,367	(31,633)
Miscellaneous				
Investment income	-	-	1,036	1,036
Miscellaneous	54,000	54,000	29,345	(24,655)
Total miscellaneous	54,000	54,000	30,381	(23,619)
Total revenues	8,888,782	9,556,059	9,171,027	(385,031)

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –
General Fund
Year Ended June 30, 2018
(Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget to Actual
Expenditures				
General government and administration				
Executive				
Mayor and chief of staff				
Salaries and wages	\$ 64,992	\$ 65,368	\$ 65,772	\$ (404)
Employee benefits	37,184	36,150	36,051	99
Services and supplies	3,000	3,500	3,493	7
	<u>105,176</u>	<u>105,018</u>	<u>105,316</u>	<u>(298)</u>
Legislative				
City council				
Salaries and wages	65,272	65,272	64,072	1,200
Employee benefits	50,686	48,684	48,538	146
Services and supplies	1,500	1,500	1,005	495
	<u>117,458</u>	<u>115,456</u>	<u>113,615</u>	<u>1,841</u>
Administrative				
Salaries and wages	417,650	464,680	466,811	(2,131)
Employee benefits	208,167	230,729	228,687	2,042
Services and supplies	127,800	131,517	122,469	9,048
Capital outlay	-	20,326	20,938	(612)
	<u>753,617</u>	<u>847,252</u>	<u>838,905</u>	<u>8,347</u>
City hall				
Services and supplies	95,542	97,992	96,044	1,948
Capital outlay	-	111,484	111,484	-
	<u>95,542</u>	<u>209,476</u>	<u>207,528</u>	<u>1,948</u>
General expenditures				
Services and supplies	532,764	654,737	606,481	48,256
Total general government and administration	<u>1,604,557</u>	<u>1,931,939</u>	<u>1,871,845</u>	<u>60,094</u>
Judicial				
City attorney				
Salaries and wages	218,977	224,239	224,325	(86)
Employee benefits	93,303	93,614	95,378	(1,764)
Services and supplies	126,000	145,449	146,782	(1,333)
	<u>438,280</u>	<u>463,302</u>	<u>466,485</u>	<u>(3,183)</u>
Municipal court				
Salaries and wages	202,773	208,480	207,610	870
Employee benefits	100,777	99,132	98,890	242
Services and supplies	30,250	45,167	24,219	20,948
	<u>333,800</u>	<u>352,779</u>	<u>330,719</u>	<u>22,060</u>
Total judicial	<u>772,080</u>	<u>816,081</u>	<u>797,204</u>	<u>18,877</u>
Public safety				
Police department				
Salaries and wages	2,425,145	2,402,755	2,395,160	7,595
Employee benefits	1,347,573	1,324,003	1,322,292	1,711
Services and supplies	451,179	451,179	361,018	90,161
Capital outlay	49,566	375,353	392,139	(16,786)
	<u>4,273,463</u>	<u>4,553,290</u>	<u>4,470,609</u>	<u>82,681</u>

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City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –
General Fund
Year Ended June 30, 2018
(Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget to Actual
Fire department				
Salaries and wages	\$ 293,716	\$ 293,716	\$ 286,618	\$ 7,098
Employee benefits	319,259	312,511	323,572	(11,061)
Services and supplies	218,450	237,706	266,449	(28,743)
Capital outlay	-	58,773	-	58,773
	<u>831,425</u>	<u>902,706</u>	<u>876,639</u>	<u>26,067</u>
Civil defense				
Salaries and wages	42,961	44,008	44,008	-
Employee benefits	4,669	4,747	4,742	5
Services and supplies	3,300	4,163	3,990	173
	<u>50,930</u>	<u>52,918</u>	<u>52,740</u>	<u>178</u>
Task force				
Services and supplies	8,000	20,000	13,211	6,789
Total public safety	<u>5,163,818</u>	<u>5,528,914</u>	<u>5,413,199</u>	<u>115,715</u>
Public works				
Street department				
Services and supplies	55,416	55,416	103,852	(48,436)
Capital outlay	300,000	242,400	-	242,400
Total public works	<u>355,416</u>	<u>297,816</u>	<u>103,852</u>	<u>193,964</u>
Culture and recreation				
Parks department				
Salaries and wages	431,053	427,977	417,604	10,373
Employee benefits	175,692	190,673	139,333	51,340
Services and supplies	360,704	432,297	407,158	25,139
Capital Outlay	-	70,062	50,551	19,511
Total culture and recreation	<u>967,449</u>	<u>1,121,009</u>	<u>1,014,646</u>	<u>106,363</u>
Total expenditures	<u>8,863,320</u>	<u>9,695,759</u>	<u>9,200,746</u>	<u>495,013</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>25,462</u>	<u>(139,700)</u>	<u>(29,719)</u>	<u>109,982</u>
Other Financing Sources (Uses)				
Transfers in	28,000	28,000	26,794	(1,206)
Transfers out	(160,686)	(113,441)	(102,130)	11,311
Proceeds from medium - term obligation	-	265,792	265,792	-
Total other financing sources (uses)	<u>(132,686)</u>	<u>180,351</u>	<u>190,456</u>	<u>10,105</u>
Net Change in Fund Balances	<u>(107,224)</u>	<u>40,651</u>	<u>160,737</u>	<u>120,087</u>
Fund Balance, Beginning of Year	<u>797,640</u>	<u>649,765</u>	<u>672,632</u>	<u>22,867</u>
Fund Balance, End of Year	<u>\$ 690,416</u>	<u>\$ 690,416</u>	<u>\$ 833,369</u>	<u>\$ 142,954</u>

		Internally Reported Funds			
	General Fund (Budgetary Basis)	Parking Lot Fund	Secured Freight Yard Fund	Drug Forfeiture Fund	Unemployment Compensation Fund
Revenues					
Taxes					
Ad valorem	\$ 1,380,357	\$ -	\$ -	\$ -	\$ -
Other	1,107,765	-	-	-	-
Charges for services	2,081,568	-	26,794	-	-
Intergovernmental	2,832,903	-	-	-	-
Licenses and permits	1,637,686	-	-	-	-
Fines and forfeitures	100,367	-	-	-	-
Miscellaneous					
Investment income	1,036	9	-	-	-
Other	29,345	-	-	-	-
Total revenues	9,171,027	9	26,794	-	-
Expenditures					
Current					
General government and administration	1,739,423	-	-	-	1,591
Judicial	797,204	-	-	-	-
Public safety	5,021,060	-	-	-	-
Public works	103,852	-	-	-	-
Culture and recreation	964,095	-	-	-	-
Community support	-	-	-	-	-
Capital outlay					
General government and administration	132,422	-	-	-	-
Public safety	392,139	-	-	-	-
Culture and recreation	50,551	-	-	-	-
Total expenditures	9,200,746	-	-	-	1,591
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,719)	9	26,794	-	(1,591)
Other Financing Sources (Uses)					
Transfers in	26,794	-	-	-	5,460
Transfers out	(102,130)	-	(26,794)	-	-
Proceeds from medium - term obligation	265,792	-	-	-	-
Total other financing sources (uses)	190,456	-	(26,794)	-	5,460
Net Change in Fund Balances	160,737	9	-	-	3,869
Fund Balances, Beginning of Year	672,632	7,983	-	1,663	(766)
Fund Balances, End of Year	\$ 833,369	\$ 7,992	\$ -	\$ 1,663	\$ 3,103

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, 2018

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		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,380,357
-	-	-	-	-	-	-	1,107,765
61,223	-	-	-	-	-	-	2,169,585
-	-	-	-	-	-	-	2,832,903
-	-	-	-	-	-	-	1,637,686
-	-	-	-	-	-	-	100,367
34	-	-	24	-	24	-	1,127
-	-	-	19,834	-	-	-	49,179
61,257	-	-	19,858	-	24	-	9,278,969
-	-	-	18,593	-	-	-	1,759,607
-	-	-	-	-	-	-	797,204
-	-	-	-	-	-	-	5,021,060
-	-	-	-	-	-	-	103,852
-	-	-	-	-	-	-	964,095
416,228	-	-	-	-	-	-	416,228
-	-	-	-	-	-	-	132,422
-	-	-	-	-	-	-	392,139
-	-	-	-	-	-	-	50,551
416,228	-	-	18,593	-	-	-	9,637,158
(354,971)	-	-	1,265	-	24	-	(358,189)
380,000	-	-	-	-	-	(32,254)	380,000
-	-	-	-	-	-	32,254	(96,670)
-	-	-	-	-	-	-	265,792
380,000	-	-	-	-	-	-	549,122
25,029	-	-	1,265	-	24	-	190,933
31,003	25	161	20,856	1,998	7,901	-	743,456
\$ 56,032	\$ 25	\$ 161	\$ 22,121	\$ 1,998	\$ 7,925	\$ -	\$ 934,389

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.

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, 2018

	2018
Total OPEB Liability	
Service Cost	\$ 67,663
Interest	26,095
Changes of Assumptions or Other Inputs	(46,319)
Benefit Payments	(29,438)
Net Change in Total OPEB Liability	18,001
Total OPEB Liability, July 1	920,740
Total OPEB Liability, June 30	\$ 938,741
Covered Payroll	\$ 6,283,621
Total OPEB Liability as a Percentage of Covered Payroll	14.94%

Notes to Schedule:

Changes of Assumptions: Changes of assumptions and other inputs reflect updated mortality assumptions, projection of future improvement in mortality rates, and a slight increase in the assumed healthcare trend for years 2020 through 2022 as expected to impact the required subsidy. In addition, participants were updated. A change in discount rate from 2.68% to 3.13% was also made.

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, 2018

	<u>2018</u>
Total OPEB Liability	
Interest	\$ 25,914
Changes of Assumptions or Other Inputs	(42,387)
Benefit Payments	<u>(73,725)</u>
Net Change in Total OPEB Liability	(90,198)
Total OPEB Liability, July 1	<u>1,003,819</u>
Total OPEB Liability, June 30	<u><u>\$ 913,621</u></u>
Covered Payroll	N/A
Total OPEB Liability as a Percentage of Covered Payroll	N/A

Notes to Schedule:

Changes of Assumptions: Changes of assumptions and other inputs reflect updated mortality assumptions, projection of future improvement in mortality rates, and a slight increase in the assumed healthcare trend for years 2020 through 2022 as expected to impact the required subsidy. In addition, participants were updated. A change in discount rate from 2.68% to 3.13% was also made.

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

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

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

<u>Fiscal Year Ending</u>	<u>City's Proportion of the Net Pension Liability</u>	<u>City's Proportionate Share of the Net Pension Liability</u>	<u>City's Covered Payroll</u>	<u>City's Proportionate Share of the Pension Liability as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
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%

* 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 Authority will present information for those years for which information is available.

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

<u>Fiscal Year Ending</u>	<u>Statutorily Required Contribution **</u>	<u>Contributions in Relation to the Statutorily Required Contribution**</u>	<u>Contribution Deficiency (Excess)</u>	<u>City's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
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%

* 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 Authority will present information for those years for which information is available.

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

Changes in assumptions include changes in the inflation rate and consumer price index from 3.5% to 2.75%, changes in the investment rate of return from 8.00% to 7.50%, changes in the productivity pay increase from 0.75% to 0.50%, and changes in the projected salary increases. In addition, the mortality rates are now based on the Headcount-Weighted RP-2014 Mortality Tables rather than the RP-2000 Mortality Tables.



Supplementary Information
City of Fallon, Nevada

	General Fund (Budgetary Basis)	Internally Reported Funds			
		Parking Lot Fund	Secured Freight Yard Fund	General and Drug Forfeiture Fund	Unemployment Compensation Fund
Assets					
Cash and investments	\$ 834,107	\$ 7,992	\$ -	\$ 1,663	\$ 3,103
Due from other governments	453,130	-	-	-	-
Due from other funds	66,882	-	-	-	-
Receivables, net of allowances for uncollectible accounts (where applicable)					
Taxes	14,869	-	-	-	-
Accounts	70,166	-	-	-	-
Grant	20,606	-	-	-	-
Advances to other funds	251,283	-	-	-	-
Restricted assets					
Cash and investments	100,000	-	-	-	-
Total assets	<u>\$ 1,811,043</u>	<u>\$ 7,992</u>	<u>\$ -</u>	<u>\$ 1,663</u>	<u>\$ 3,103</u>
Liabilities					
Accounts payable	\$ 143,058	\$ -	\$ -	\$ -	\$ -
Accrued payroll and related liabilities	251,985	-	-	-	-
Due to other governments	108,570	-	-	-	-
Due to other funds	53,959	-	-	-	-
Advances from other funds	300,604	-	-	-	-
Unearned revenue	106,598	-	-	-	-
Total liabilities	<u>964,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows or Resources					
Unavailable revenue - property taxes	12,900	-	-	-	-
Fund Balances					
Nonspendable	251,283	-	-	-	-
Restricted	22,879	-	-	-	-
Committed	-	7,992	-	1,663	3,103
Assigned for subsequent year operations	244,622	-	-	-	-
Unassigned	314,585	-	-	-	-
Total fund balances	<u>833,369</u>	<u>7,992</u>	<u>-</u>	<u>1,663</u>	<u>3,103</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,811,043</u>	<u>\$ 7,992</u>	<u>\$ -</u>	<u>\$ 1,663</u>	<u>\$ 3,103</u>

City of Fallon, Nevada
Reconciliation of the General Fund (Budgetary Basis) to the General Fund (GAAP Basis)
Combining Balance Sheet
June 30, 2018

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	
\$ 83,383	\$ 25	\$ 161	\$ 22,121	\$ 1,998	\$ -	\$ 954,553
-	-	-	-	-	-	453,130
-	-	-	-	-	-	66,882
-	-	-	-	-	-	14,869
3,101	-	-	-	-	-	73,267
-	-	-	-	-	-	20,606
-	-	-	-	-	-	251,283
-	-	-	-	-	7,925	107,925
<u>\$ 86,484</u>	<u>\$ 25</u>	<u>\$ 161</u>	<u>\$ 22,121</u>	<u>\$ 1,998</u>	<u>\$ 7,925</u>	<u>\$ 1,942,515</u>
\$ 17,573	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160,631
12,879	-	-	-	-	-	264,864
-	-	-	-	-	-	108,570
-	-	-	-	-	-	53,959
-	-	-	-	-	-	300,604
-	-	-	-	-	-	106,598
<u>30,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>995,226</u>
-	-	-	-	-	-	12,900
-	-	-	-	-	-	251,283
-	-	-	-	-	7,925	30,804
56,032	25	161	22,121	1,998	-	93,095
-	-	-	-	-	-	244,622
-	-	-	-	-	-	314,585
<u>56,032</u>	<u>25</u>	<u>161</u>	<u>22,121</u>	<u>1,998</u>	<u>7,925</u>	<u>934,389</u>
<u>\$ 86,484</u>	<u>\$ 25</u>	<u>\$ 161</u>	<u>\$ 22,121</u>	<u>\$ 1,998</u>	<u>\$ 7,925</u>	<u>\$ 1,942,515</u>

Special Revenue Funds				
	Convention and Tourism Authority Fund	Airport Fund	Totals	Debt Service Fund
Assets				
Cash and investments	\$ 388,081	\$ 55,084	\$ 443,165	\$ -
Due from other governments	44,500	-	44,500	-
Receivables, net of allowances for uncollectible (where applicable)				
Accounts	77,657	-	77,657	-
Assessments	-	-	-	4,800
Grants	-	116,243	116,243	-
Total assets	<u>\$ 510,238</u>	<u>\$ 171,327</u>	<u>\$ 681,565</u>	<u>\$ 4,800</u>
Liabilities				
Accounts payable	\$ 21,971	\$ 71,327	\$ 93,298	\$ -
Due to other governments	3,236	-	3,236	-
Due to other funds	-	97,000	97,000	-
Unearned revenue	-	-	-	4,800
Total liabilities	<u>25,207</u>	<u>168,327</u>	<u>193,534</u>	<u>4,800</u>
Fund Balances				
Restricted				
Capital projects	-	-	-	-
Committed	485,031	3,000	488,031	-
Unassigned	-	-	-	-
Total fund balances	<u>485,031</u>	<u>3,000</u>	<u>488,031</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 510,238</u>	<u>\$ 171,327</u>	<u>\$ 681,565</u>	<u>\$ 4,800</u>

City of Fallon, Nevada
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2018

Capital Project Funds			
Land Reserve and Park Acquisition and Development Capital Projects Fund	Special Ad Valorem Capital Projects Fund	Totals	Total Nonmajor Governmental Funds
\$ 11,196	\$ 569	\$ 11,765	\$ 454,930
-	4,763	4,763	49,263
-	-	-	77,657
-	-	-	4,800
-	-	-	116,243
<u>\$ 11,196</u>	<u>\$ 5,332</u>	<u>\$ 16,528</u>	<u>\$ 702,893</u>
\$ -	\$ -	\$ -	\$ 93,298
-	-	-	3,236
-	-	-	97,000
-	-	-	4,800
<u>-</u>	<u>-</u>	<u>-</u>	<u>198,334</u>
11,196	5,332	16,528	16,528
-	-	-	488,031
-	-	-	-
<u>11,196</u>	<u>5,332</u>	<u>16,528</u>	<u>504,559</u>
<u>\$ 11,196</u>	<u>\$ 5,332</u>	<u>\$ 16,528</u>	<u>\$ 702,893</u>

	Special Revenue Funds			
	Convention and Tourism Authority Fund	Airport Fund	Totals	Debt Service Fund
Revenues				
Taxes				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Occupancy tax	779,138	-	779,138	-
Residential park construction tax	-	-	-	-
Charges for services	-	35,200	35,200	-
Intergovernmental	44,500	317,954	362,454	-
Miscellaneous				
Investment income	471	22	493	-
Other	125	-	125	-
Total revenues	824,234	353,176	1,177,410	-
Expenditures				
Current				
Public works	-	57,172	57,172	-
Community support	197,330	-	197,330	-
Capital outlay				
Public safety	-	-	-	-
Public works	-	285,813	285,813	-
Debt service				
Principal retirement	-	-	-	46,854
Interest and fiscal charges	-	-	-	15,787
Total expenditures	197,330	342,985	540,315	62,641
Excess (Deficiency) of Revenues Over (Under) Expenditures	626,904	10,191	637,095	(62,641)
Other Financing Sources (Uses)				
Transfers in	-	34,029	34,029	62,641
Transfers out	(380,000)	-	(380,000)	-
Total other financing sources (uses)	(380,000)	34,029	(345,971)	62,641
Net Change in Fund Balances	246,904	44,220	291,124	-
Fund Balances, Beginning of Year	238,127	(41,220)	196,907	-
Fund Balances, End of Year	\$ 485,031	\$ 3,000	\$ 488,031	\$ -

City of Fallon, Nevada
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Governmental Funds
Year Ended June 30, 2018

Capital Project Funds			
Land Reserve and Park Acquisitions and Development Capital Projects Fund	Special Ad Valorem Capital Projects Fund	Totals	Total Nonmajor Governmental Funds
\$ -	\$ 77,940	\$ 77,940	\$ 77,940
-	-	-	779,138
1,360	-	1,360	1,360
-	-	-	35,200
-	-	-	362,454
12	27	39	532
-	-	-	125
<u>1,372</u>	<u>77,967</u>	<u>79,339</u>	<u>1,256,749</u>
-	-	-	57,172
-	-	-	197,330
-	77,398	77,398	77,398
-	-	-	285,813
-	-	-	46,854
-	-	-	15,787
<u>-</u>	<u>77,398</u>	<u>77,398</u>	<u>680,354</u>
<u>1,372</u>	<u>569</u>	<u>1,941</u>	<u>576,395</u>
-	-	-	96,670
-	-	-	(380,000)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(283,330)</u>
1,372	569	1,941	293,065
9,824	4,763	14,587	211,494
<u>\$ 11,196</u>	<u>\$ 5,332</u>	<u>\$ 16,528</u>	<u>\$ 504,559</u>

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SPECIAL REVENUE FUNDS

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

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

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

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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, 2018

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes			
Occupancy tax	\$ 590,000	779,138	\$ 189,138
Intergovernmental revenue			
State grant	45,500	44,500	(1,000)
Miscellaneous			
Investment income	-	471	471
Other	7,000	125	(6,875)
	<u>642,500</u>	<u>824,234</u>	<u>181,734</u>
Total revenues			
Expenditures			
Community support			
Services and supplies	<u>320,687</u>	<u>197,330</u>	<u>123,357</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	321,813	626,904	305,091
Other Financing Sources (Uses)			
Transfers out	<u>(460,390)</u>	<u>(380,000)</u>	<u>80,390</u>
Net Change in Fund Balance	(138,577)	246,904	385,481
Fund Balance, Beginning of Year	<u>166,577</u>	<u>238,127</u>	<u>71,550</u>
Fund Balance, End of Year	<u><u>\$ 28,000</u></u>	<u><u>\$ 485,031</u></u>	<u><u>\$ 457,031</u></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, 2018

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services			
Lease fees	\$ 39,059	\$ 35,200	\$ (3,859)
Intergovernmental revenue			
Fuel taxes	-	828	828
Federal grants			
Airport Improvement Program	1,490,625	316,056	(1,174,569)
State grants			
State grant	-	1,070	1,070
Miscellaneous			
Investment income	-	22	22
	<u>1,529,684</u>	<u>353,176</u>	<u>(1,176,508)</u>
Total revenues			
Expenditures			
Public works			
Services and supplies	34,500	57,172	(22,672)
Capital outlay	1,590,000	285,813	1,304,187
	<u>1,624,500</u>	<u>342,985</u>	<u>1,281,515</u>
Total expenditures			
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(94,816)	10,191	105,007
Other Financing Sources (Uses)			
Transfers in	94,217	34,029	(60,188)
Net Change in Fund Balance	(599)	44,220	44,819
Fund Balance, Beginning of Year	7,838	(41,220)	(49,058)
Fund Balance, End of Year	<u>\$ 7,239</u>	<u>\$ 3,000</u>	<u>\$ (4,239)</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.

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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, 2018

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
Debt service			
Principal retirement	48,028	46,854	1,174
Interest and fiscal charges	<u>12,981</u>	<u>15,787</u>	<u>(2,806)</u>
Total expenditures	<u>61,009</u>	<u>62,641</u>	<u>(1,632)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(61,009)	(62,641)	(1,632)
Other Financing Sources (Uses)			
Transfers in	<u>61,009</u>	<u>62,641</u>	<u>1,632</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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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.

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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, 2018

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes			
Residential park construction fees	\$ -	\$ 1,360	\$ 1,360
Miscellaneous			
Investment income	-	12	12
	<u>-</u>	<u>12</u>	<u>12</u>
Total revenues	-	1,372	1,372
	<u>-</u>	<u>1,372</u>	<u>1,372</u>
Expenditures	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	1,372	1,372
Fund Balance, Beginning of Year	9,307	9,824	517
	<u>9,307</u>	<u>9,824</u>	<u>517</u>
Fund Balance, End of Year	\$ 9,307	\$ 11,196	\$ 1,889
	<u>\$ 9,307</u>	<u>\$ 11,196</u>	<u>\$ 1,889</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, 2018

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes			
Ad valorem taxes	\$ 77,500	\$ 77,940	\$ 440
Miscellaneous			
Investmetn income	-	27	27
	<u>77,500</u>	<u>77,967</u>	<u>467</u>
Total revenue			
Expenditures			
Public safety			
Capital outlay	109,870	77,398	32,472
Net Change in Fund Balance	(32,370)	569	32,939
Fund Balance, Beginning of Year	<u>32,370</u>	<u>4,763</u>	<u>(27,607)</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 5,332</u>	<u>\$ 5,332</u>



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.

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City of Fallon, Nevada
Combining Statement of Net Position – Nonmajor Proprietary Funds
June 30, 2018

	Nonmajor Enterprise Funds		
	Sanitation	Water Treatment Replacement	Total
Assets			
Current assets			
Cash and investments	\$ 163,311	\$ -	\$ 163,311
Accounts receivable, net of allowance for doubtful accounts	124,550	-	124,550
Total current assets	287,861	-	287,861
Noncurrent assets			
Restricted assets			
Cash and investments	-	560,062	560,062
Capital assets			
Land and construction in progress	154,980	-	154,980
Other capital assets, net of depreciation	782,447	-	782,447
Total noncurrent assets	937,427	560,062	1,497,489
Total assets	1,225,288	560,062	1,785,350
Deferred Outflows of Resources			
Deferred outflows related to other postemployment benefits	5,069	-	5,069
Deferred outflows related to pension	100,665	-	100,665
Total deferred outflows of resources	105,734	-	105,734
Liabilities			
Current liabilities			
Accounts payable	69,229	-	69,229
Accrued payroll and related liabilities	14,050	-	14,050
Accrued interest payable	4,962	-	4,962
Current portion of compensated absences	14,017	-	14,017
Current maturities of long-term debt	80,843	-	80,843
Due to other funds	48,679	-	48,679
Total current liabilities	231,780	-	231,780
Noncurrent liabilities			
Other postemployment benefits liability	89,370	-	89,370
Net pension liability	605,003	-	605,003
Compensated absences, net of current portion	10,150	-	10,150
Capital lease payable, net of current portion	377,131	-	377,131
Advances from other funds	143,756	-	143,756
Total noncurrent liabilities	1,225,410	-	1,225,410
Total liabilities	1,457,190	-	1,457,190
Deferred Inflows of Resources			
Deferred inflows related to other postemployment benefits	2,241	-	2,241
Deferred inflows related to pensions	47,960	-	47,960
Total deferred inflows of resources	50,201	-	50,201
Net Position			
Net investment in capital assets	479,453	-	479,453
Restricted for capital projects	-	560,062	560,062
Unrestricted (deficit)	(655,822)	-	(655,822)
Total net position	\$ (176,369)	\$ 560,062	\$ 383,693

City of Fallon, Nevada

Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Proprietary Funds
Year Ended June 30, 2018

	Nonmajor Enterprise Funds		
	Sanitation	Water Treatment Replacement	Total
Operating Revenues			
Charges for services	\$ 1,702,518	\$ -	\$ 1,702,518
Total operating revenues	1,702,518	-	1,702,518
Operating Expenses			
Salaries and wages	368,186	-	368,186
Employee benefits	235,324	-	235,324
Services and supplies	663,347	-	663,347
Depreciation	155,300	-	155,300
Data processing use fee	14,000	-	14,000
Public works use fee	57,400	-	57,400
In lieu of taxes and franchise taxes	102,319	-	102,319
General fund administrative support	135,175	-	135,175
Total operating expenses	1,731,051	-	1,731,051
Operating Income (Loss)	(28,533)	-	(28,533)
Nonoperating Revenues (Expenses)			
Investment income	260	-	260
Interest expense	(17,589)	-	(17,589)
Total nonoperating revenues (expenses)	(17,329)	-	(17,329)
Income before Transfers	(45,862)	-	(45,862)
Transfers in	-	41,772	41,772
Change in Net Position	(45,862)	41,772	(4,090)
Net Position, Beginning of Year as Previously Reported	(36,480)	518,290	481,810
Prior Period Adjustment	(94,027)	-	(94,027)
Net Position, Beginning of Year, as Restated	(130,507)	518,290	387,783
Net Position, End of Year	\$ (176,369)	\$ 560,062	\$ 383,693

City of Fallon, Nevada
Combining Statement of Cash Flows – Nonmajor Proprietary Funds
Year Ended June 30, 2018

	Nonmajor Enterprise Funds		
	Sanitation	Water Treatment Replacement	Total
Operating Activities			
Cash received from customers	\$ 1,762,526	\$ -	\$ 1,762,526
Cash payments to suppliers for goods and services	(966,396)	-	(966,396)
Cash payments to employees for services	(369,004)	-	(369,004)
Cash paid to other funds for services	(237,494)	-	(237,494)
Net Cash from Operating Activities	189,632	-	189,632
Noncapital Financing Activities			
Repayments on interfund advances	(48,679)	-	(48,679)
Transfers from other funds	-	41,772	41,772
Net Cash from (used for) Noncapital Financing Activities	(48,679)	41,772	(6,907)
Capital and Related Financing Activities			
Purchase of property, plant, and equipment	(42,518)	-	(42,518)
Proceeds from issuing debt	-	-	-
Principal payments on debt	(78,589)	-	(78,589)
Interest paid on debt	(18,418)	-	(18,418)
Net Cash used for Capital and Related Financing Activities	(139,525)	-	(139,525)
Investing Activities			
Interest on cash and investments	260	-	260
Net Change in Cash and Cash Equivalents	1,688	41,772	43,460
Cash and Cash Equivalents, Beginning of Year	161,623	518,290	679,913
Cash and Cash Equivalents, End of Year	\$ 163,311	\$ 560,062	\$ 723,373

City of Fallon, Nevada
Combining Statement of Cash Flows – Nonmajor Proprietary Funds
Year Ended June 30, 2018

	Nonmajor Enterprise Funds		
	Sanitation	Water Treatment Replacement	Total
Reconciliation of operating income (loss) to net cash from (used for) operating activities			
Operating income (loss)	\$ (28,533)	\$ -	\$ (28,533)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities			
Depreciation	155,300	-	155,300
Pension contributions	(44,403)	-	(44,403)
Pension expense	50,472	-	50,472
OPEB expense	(1,697)	-	(1,697)
Change in			
Accounts receivable	60,008	-	60,008
Accounts payable	(469)	-	(469)
Accrued payroll and related liabilities	(818)	-	(818)
Compensated absences	(228)	-	(228)
Net Cash from Operating Activities	<u>\$ 189,632</u>	<u>\$ -</u>	<u>\$ 189,632</u>
Reconciliation of total cash and cash equivalents:			
Current assets - cash and investments	\$ 163,311	\$ -	\$ 163,311
Restricted assets - cash and investments	<u>-</u>	<u>560,062</u>	<u>560,062</u>
Total cash and cash equivalents	<u>\$ 163,311</u>	<u>\$ 560,062</u>	<u>\$ 723,373</u>

City of Fallon, Nevada

Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual –
Electric Enterprise Fund
Year Ended June 30, 2018

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 10,917,000	\$ 11,404,619	\$ 487,619
Operating grants	-	7,775	7,775
Miscellaneous	8,050	49,436	41,386
Total operating revenues	10,925,050	11,461,830	536,780
Operating Expenses			
Salaries and wages	544,254	426,779	117,475
Employee benefits	248,302	191,706	56,596
Services and supplies	987,017	930,722	56,295
Electric energy purchased	6,600,000	5,166,662	1,433,338
Depreciation	510,000	463,396	46,604
Data processing use fee	92,000	80,000	12,000
Public works use fee	478,570	328,000	150,570
In lieu of taxes and franchise taxes	788,339	788,339	-
General Fund administrative support	1,064,687	1,051,828	12,859
Total operating expenses	11,313,169	9,427,432	1,885,737
Operating Income (Loss)	(388,119)	2,034,398	2,422,517
Nonoperating Revenues (Expenses)			
Investment income	-	82,964	82,964
Economic development	(326,228)	(313,312)	12,916
Quality of life promotion	(753,940)	(478,657)	275,283
Bond issuance costs	-	(75,846)	(75,846)
Interest expense	(98,323)	(128,200)	(29,877)
Total nonoperating revenues (expenses)	(1,178,491)	(913,051)	265,440
Income (Loss) Before Capital Contributions and Transfers	(1,566,610)	1,121,347	2,687,957
Capital Contributions	-	10,985	10,985
Change in Net Position	\$ (1,566,610)	1,132,332	\$ 2,698,942
Net Position, Beginning of Year, as Previously Reported		7,160,302	
Prior Period Adjustment		(155,538)	
Net Position, Beginning of Year, as Restated		7,004,764	
Net Position, End of Year		\$ 8,137,096	

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, 2018

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 1,626,744	\$ 1,603,782	\$ (22,962)
Operating grant	48,000	131,694	83,694
Total operating revenues	<u>1,674,744</u>	<u>1,735,476</u>	<u>60,732</u>
Operating Expenses			
Salaries and wages	506,500	498,271	8,229
Employee benefits	190,305	175,178	15,127
Services and supplies	485,735	408,578	77,157
Depreciation	296,000	299,361	(3,361)
Data processing use fee	46,000	40,000	6,000
Public works use fee	239,285	164,000	75,285
In lieu of taxes and franchise taxes	245,043	245,043	-
General Fund administrative support	124,000	122,502	1,498
Total operating expenses	<u>2,132,868</u>	<u>1,952,933</u>	<u>179,935</u>
Operating Income (Loss)	<u>(458,124)</u>	<u>(217,457)</u>	<u>240,667</u>
Nonoperating Revenues (Expenses)			
Investment income	4,049	8,235	4,186
Interest expense	(42,742)	(40,662)	2,080
Total nonoperating revenues (expenses)	<u>(38,693)</u>	<u>(32,427)</u>	<u>6,266</u>
Income (Loss) Before Capital Contributions and Transfers	(496,817)	(249,884)	246,933
Capital Contributions	<u>-</u>	<u>68,129</u>	<u>68,129</u>
Change in Net Position	<u>\$ (496,817)</u>	<u>(181,755)</u>	<u>\$ 315,062</u>
Net Position, Beginning of Year, as Previously Reported		5,447,725	
Prior Period Adjustment		<u>(83,254)</u>	
Net Position, Beginning of Year, as Restated		<u>5,364,471</u>	
Net Position, End of Year		<u>\$ 5,182,716</u>	

City of Fallon, Nevada
Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual –
Sewer Enterprise Fund
Year Ended June 30, 2018

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 2,170,000	2,245,391	\$ 75,391
Operating Expenses			
Salaries and wages	259,944	168,409	91,535
Employee benefits	127,544	51,212	76,332
Services and supplies	672,945	572,635	100,310
Depreciation	601,000	607,574	(6,574)
Data processing use fee	21,420	14,000	7,420
Public works use fee	83,750	57,400	26,350
In lieu of taxes and franchise taxes	420,996	420,996	-
General Fund administrative support	188,138	185,865	2,273
Total operating expenses	2,375,737	2,078,091	297,646
Operating Income (Loss)	(205,737)	167,300	373,037
Nonoperating Revenues (Expenses)			
Investment income	4,000	29,054	25,054
Insurance reimbursement	-	39,354	39,354
Interest expense	(287,413)	(281,922)	5,491
Total nonoperating revenues (expenses)	(283,413)	(213,514)	69,899
Income (Loss) Before Capital Contributions and Transfers	(489,150)	(46,214)	442,936
Capital Contributions	12,000	51,000	39,000
Change in Net Position	\$ (477,150)	4,786	\$ 481,936
Net Position, Beginning of Year, as Previously Reported		9,500,181	
Prior Period Adjustment		(60,845)	
Net Position, Beginning of Year, as Restated		9,439,336	
Net Position, End of Year		\$ 9,444,122	

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, 2018

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 1,655,000	\$ 1,402,348	\$ (252,652)
Miscellaneous	-	270,961	270,961
Total operating revenues	<u>1,655,000</u>	<u>1,673,309</u>	<u>18,309</u>
Operating Expenses			
Salaries and wages	253,921	254,170	(249)
Employee benefits	110,022	73,833	36,189
Services and supplies	651,900	524,318	127,582
Depreciation	365,940	374,599	(8,659)
Data processing use fee	22,143	-	22,143
Public works use fee	239,285	164,000	75,285
In lieu of taxes and franchise taxes	341,894	341,894	-
General Fund administrative support	128,276	126,726	1,550
Total operating expenses	<u>2,113,381</u>	<u>1,859,540</u>	<u>253,841</u>
Operating Income (Loss)	<u>(458,381)</u>	<u>(186,231)</u>	<u>272,150</u>
Nonoperating Revenues (Expenses)			
Investment income	<u>-</u>	<u>769</u>	<u>769</u>
Income (Loss) Before Capital Contributions and Transfers	(458,381)	(185,462)	272,919
Capital Contributions	-	25,866	25,866
Transfers Out	<u>(41,772)</u>	<u>(41,772)</u>	<u>-</u>
Change in Net Position	<u><u>\$ (500,153)</u></u>	<u><u>(201,368)</u></u>	<u><u>\$ 298,785</u></u>
Net Position, Beginning of Year, as Previously Reported		16,599,933	
Prior Period Adjustment		<u>(60,606)</u>	
Net Position, Beginning of Year, as Restated		<u>16,539,327</u>	
Net Position, End of Year		<u><u>\$ 16,337,959</u></u>	

City of Fallon, Nevada

Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual –
Landfill Enterprise Fund
Year Ended June 30, 2018

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 1,068,460	\$ 1,257,889	\$ 189,429
Operating grants	-	35,736	35,736
	<u>1,068,460</u>	<u>1,293,625</u>	<u>225,165</u>
Operating Total operating revenues			
Operating Expenses			
Salaries and wages	218,237	213,959	4,278
Employee benefits	127,189	129,861	(2,672)
Services and supplies	567,792	1,439,751	(871,959)
Depreciation	168,299	127,224	41,075
Data processing use fee	13,800	12,000	1,800
Public works use fee	71,785	49,200	22,585
In lieu of taxes and franchise taxes	94,688	94,688	-
General fund administrative support	68,414	67,587	827
	<u>1,330,204</u>	<u>2,134,270</u>	<u>(804,066)</u>
Total operating expenses			
Operating Income (Loss)	<u>(261,744)</u>	<u>(840,645)</u>	<u>(578,901)</u>
Nonoperating Revenues (Expenses)			
Investment income	-	247	247
Interest expense	(10,625)	(10,625)	-
	<u>(10,625)</u>	<u>(10,378)</u>	<u>247</u>
Total nonoperating revenues (expenses)			
Income (loss) before transfers	(272,369)	(851,023)	(578,654)
Change in Net Position	<u>\$ (272,369)</u>	<u>(851,023)</u>	<u>\$ (578,654)</u>
Net Position, Beginning of Year, as originally reported		762,377	
Prior period adjustment		<u>(42,128)</u>	
Net Position, Beginning of Year, as Restated		<u>720,249</u>	
Net Position, End of Year		<u>\$ (130,774)</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, 2018

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 1,635,700	\$ 1,702,518	\$ 66,818
Operating Expenses			
Salaries and wages	372,463	368,186	4,277
Employee benefits	250,412	235,324	15,088
Services and supplies	659,233	663,347	(4,114)
Depreciation	204,639	155,300	49,339
Data processing use fee	16,100	14,000	2,100
Public works use fee	83,750	57,400	26,350
In lieu of taxes and franchise taxes	102,319	102,319	-
General Fund administrative support	136,827	135,175	1,652
Total operating expenses	1,825,743	1,731,051	94,692
Operating Income (Loss)	(190,043)	(28,533)	161,510
Nonoperating Revenues (Expenses)			
Investment income	-	260	260
Interest expense	(18,430)	(17,589)	841
Total nonoperating revenues (expenses)	(18,430)	(17,329)	1,101
Change in Net Position	\$ (208,473)	(45,862)	\$ 162,611
Net Position, Beginning of of Year, as Previously Reported		(36,480)	
Priod Period adjustment		(94,027)	
Net Position, Beginning of Year, as Restated		(130,507)	
Net Position, End of Year		\$ (176,369)	

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, 2018

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues	\$ -	\$ -	\$ -
Transfers In	<u>41,772</u>	<u>41,772</u>	<u>-</u>
Change in Net Position	<u>\$ 41,772</u>	41,772	<u>\$ -</u>
Net Position, Beginning of Year		<u>518,290</u>	
Net Position, End of Year		<u>\$ 560,062</u>	

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COMBINING FINANCIAL STATEMENTS

Internal Service Funds

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City of Fallon, Nevada
Combining Statement of Net Position – Internal Service Funds
June 30, 2018

	Data Processing Internal Service Fund	Public Works Internal Service Fund	Total Internal Service Funds
Assets			
Current assets			
Cash and investments	\$ 10,543	\$ 65,269	\$ 75,812
Grants Receivables	-	6,508	6,508
Total current assets	<u>10,543</u>	<u>71,777</u>	<u>82,320</u>
Noncurrent assets			
Capital assets			
Other capital assets, net of depreciation	29,594	69,614	99,208
Total assets	<u>40,137</u>	<u>141,391</u>	<u>181,528</u>
Deferred Outflows of Resources			
Deferred outflows related to other post employment benefits	-	8,780	8,780
Deferred outflows related to pensions	-	148,354	148,354
Total deferred outflows of resoruces	<u>-</u>	<u>157,134</u>	<u>157,134</u>
Liabilities			
Current liabilities			
Accounts payable	12,688	7,544	20,232
Accrued payroll and related liabilities	-	30,383	30,383
Current portion of compensated absences	-	11,720	11,720
Total current liabilities	<u>12,688</u>	<u>49,647</u>	<u>62,335</u>
Noncurrent liabilities			
Other postemployment benefit liability	-	155,703	155,703
Net pension liability	-	893,319	893,319
Compensated absences	-	8,487	8,487
Total noncurrent liabilities	<u>-</u>	<u>1,057,509</u>	<u>1,057,509</u>
Total liabilities	<u>12,688</u>	<u>1,107,156</u>	<u>1,119,844</u>
Deferred Inflows of Resources			
Deferred inflows related to other postemployment benefits	-	3,496	3,496
Deferred inflows related to pensions	-	67,381	67,381
Total deferred inflows of resoruces	<u>-</u>	<u>70,877</u>	<u>70,877</u>
Net Position			
Net investment in capital assets	29,594	69,614	99,208
Unrestricted	(2,145)	(949,122)	(951,267)
Total net position	<u>\$ 27,449</u>	<u>\$ (879,508)</u>	<u>\$ (852,059)</u>

City of Fallon, Nevada

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

Year Ended June 30, 2018

	Data Processing Internal Service Fund	Public Works Internal Service Fund	Total Internal Service Funds
Operating Revenues			
Charges for services			
User fees	\$ 180,000	\$ 840,000	\$ 1,020,000
Grant Revenue	-	6,508	6,508
	<u>180,000</u>	<u>846,508</u>	<u>1,026,508</u>
Total revenues			
Operating Expenses			
Salaries and wages	-	574,393	574,393
Employee benefits	-	258,242	258,242
Services and supplies	197,239	46,417	243,656
Depreciation	5,386	13,967	19,353
	<u>202,625</u>	<u>893,019</u>	<u>1,095,644</u>
Total operating expenses			
Operating Income (Loss)	<u>(22,625)</u>	<u>(46,511)</u>	<u>(69,136)</u>
Nonoperating Revenues (Expenses)			
Investment income	<u>11</u>	<u>82</u>	<u>93</u>
Total nonoperating revenues (expenses)			
	<u>11</u>	<u>82</u>	<u>93</u>
Change in Net Position	<u>(22,614)</u>	<u>(46,429)</u>	<u>(69,043)</u>
Net Position, Beginning of Year, as Previously Reported	50,063	(681,585)	(631,522)
Prior Period Adjustment	<u>-</u>	<u>(151,494)</u>	<u>(151,494)</u>
Net Position, Beginning of Year	<u>50,063</u>	<u>(833,079)</u>	<u>(783,016)</u>
Net Position, End of Year	<u>\$ 27,449</u>	<u>\$ (879,508)</u>	<u>\$ (852,059)</u>

City of Fallon, Nevada
Combining Statement of Cash Flows – Internal Service Funds
Year Ended June 30, 2018

	Data Processing Internal Service Fund	Public Works Internal Service Fund	Total Internal Service Funds
Operating Activities			
Cash received from other funds for services	\$ 180,000	\$ 840,000	\$ 1,020,000
Cash payments to suppliers for goods and services	(210,369)	(307,500)	(517,869)
Cash payments to employees for services	-	(569,571)	(569,571)
Net Cash from Operating Activities	<u>(30,369)</u>	<u>(37,071)</u>	<u>(67,440)</u>
Investing Activities			
Interest on cash and investments	<u>11</u>	<u>82</u>	<u>93</u>
Net Change in Cash and Cash Equivalents	(30,358)	(36,989)	(67,347)
Cash and Cash Equivalents, Beginning of Year	<u>40,901</u>	<u>102,258</u>	<u>143,159</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 10,543</u></u>	<u><u>\$ 65,269</u></u>	<u><u>\$ 75,812</u></u>
Reconciliation of operating income to net cash from (used for) operating activities			
Operating income (loss)	\$ (22,625)	\$ (46,511)	\$ (69,136)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities			
Depreciation	5,386	13,967	19,353
Pension contributions	-	(67,441)	(67,441)
Pension expense	-	76,660	76,660
OPEB Expense	-	(3,234)	(3,234)
Changes in			
Accounts receivable	-	(6,508)	(6,508)
Accounts payable	(13,130)	1,248	(11,882)
Accrued payroll and related liabilities	-	4,823	4,823
Accrued compensated absences	-	(10,075)	(10,075)
Net Cash from Operating Activities	<u><u>\$ (30,369)</u></u>	<u><u>\$ (37,071)</u></u>	<u><u>\$ (67,440)</u></u>

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INTERNAL SERVICE FUNDS

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

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

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City of Fallon, Nevada

Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual –
Data Processing Internal Service Fund
Year Ended June 30, 2018

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
Charges for services	<u>\$ 230,000</u>	<u>\$ 180,000</u>	<u>\$ (50,000)</u>
Operating Expenses			
Services and supplies	219,900	197,239	22,661
Depreciation	<u>10,100</u>	<u>5,386</u>	<u>4,714</u>
Total operating expenses	<u>230,000</u>	<u>202,625</u>	<u>27,375</u>
Operating Income (Loss)	<u>-</u>	<u>(22,625)</u>	<u>(22,625)</u>
Nonoperating Revenues (Expenses)			
Investment income	<u>-</u>	<u>11</u>	<u>11</u>
Change in Net Position	<u>\$ -</u>	<u>(22,614)</u>	<u>\$ (22,614)</u>
Net Position, Beginning of Year		<u>50,063</u>	
Net Position, End of Year		<u><u>\$ 27,449</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, 2018

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
Charges for services	\$ 1,196,424	\$ 840,000	\$ (356,424)
Grant revenue	-	6,508	6,508
	<u>1,196,424</u>	<u>846,508</u>	<u>(349,916)</u>
Operating Expenses			
Salaries and wages	681,297	574,393	106,904
Employee benefits	299,157	258,242	40,915
Services and supplies	57,970	46,417	11,553
Depreciation	1,000	13,967	(12,967)
	<u>1,039,424</u>	<u>893,019</u>	<u>146,405</u>
Operating Income (Loss)	<u>157,000</u>	<u>(46,511)</u>	<u>(203,511)</u>
Nonoperating Revenues (Expenses)			
Investment income	-	82	82
Change in Net Position	<u>\$ 157,000</u>	<u>(46,429)</u>	<u>\$ (203,429)</u>
Net Position, Beginning of Year, as Previously Reported		(681,585)	
Prior Period Adjustment		<u>(151,494)</u>	
Net Position, Beginning of Year, as Restated		<u>(833,079)</u>	
Net Position, End of Year		<u>\$ (879,508)</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.

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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, 2018

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Miscellaneous			
Investment income	\$ -	\$ 9	\$ 9
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	9	9
Fund Balance, Beginning of Year	<u>7,978</u>	<u>7,983</u>	<u>5</u>
Fund Balance, End of Year	<u><u>\$ 7,978</u></u>	<u><u>\$ 7,992</u></u>	<u><u>\$ 14</u></u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –
Secured Freight Yard Fund
Year Ended June 30, 2018

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services			
Use fee	\$ 28,000	\$ 26,794	\$ (1,206)
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	28,000	26,794	(1,206)
Other Financing Sources (Uses)			
Transfers Out	<u>(28,000)</u>	<u>(26,794)</u>	<u>1,206</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning of Year	<u>67</u>	<u>-</u>	<u>(67)</u>
Fund Balance, End of Year	<u><u>\$ 67</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (67)</u></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, 2018

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Miscellaneous			
Other	\$ -	\$ -	\$ -
Expenditures			
Public safety			
Capital outlay	<u>1,663</u>	<u>-</u>	<u>1,663</u>
Net Change in Fund Balance	(1,663)	-	1,663
Fund Balance, Beginning of Year	<u>1,663</u>	<u>1,663</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ 1,663</u></u>	<u><u>\$ 1,663</u></u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –
Unemployment Compensation Fund
Year Ended June 30, 2018

	Budgeted	Actual	Variance
Revenues	\$ -	\$ -	\$ -
Expenditures			
General government and administration			
Employee benefits	5,440	-	5,440
Services and supplies	2,060	1,591	469
Total expenditures	7,500	1,591	5,909
Excess (Deficiency) of Revenues over Expenditures	(7,500)	(1,591)	5,909
Other Financing Sources (Uses)			
Transfers In	7,500	5,460	(2,040)
Net Change in Fund Balance	-	3,869	3,869
Fund Balance, Beginning of Year	1,000	(766)	(1,766)
Fund Balance, End of Year	\$ 1,000	\$ 3,103	\$ 2,103

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, 2018

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services	\$ 66,100	\$ 61,223	\$ (4,877)
Miscellaneous			
Investment income	<u>-</u>	<u>34</u>	<u>34</u>
Total revenue	<u>66,100</u>	<u>61,257</u>	<u>(4,843)</u>
Expenditures			
Community support			
Salaries and wages	202,400	197,473	4,927
Employee benefits	109,152	75,705	33,447
Services and supplies	117,938	143,050	(25,112)
Capital outlay	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total expenditures	<u>529,490</u>	<u>416,228</u>	<u>113,262</u>
Excess (Deficiency) of Revenues over Expenditures	(463,390)	(354,971)	108,419
Other Financing Sources (Uses)			
Transfers In	<u>460,390</u>	<u>380,000</u>	<u>(80,390)</u>
Net Change in Fund Balance	(3,000)	25,029	28,029
Fund Balance, Beginning of Year	<u>11,837</u>	<u>31,003</u>	<u>19,166</u>
Fund Balance, End of Year	<u><u>\$ 8,837</u></u>	<u><u>\$ 56,032</u></u>	<u><u>\$ 47,195</u></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, 2018

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues	\$ -	\$ -	\$ -
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning of Year	<u>25</u>	<u>25</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 25</u></u>	<u><u>\$ 25</u></u>	<u><u>\$ -</u></u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –
Fire Truck Reserve Fund
Year Ended June 30, 2018

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues	\$ -	\$ -	\$ -
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning of Year	<u>161</u>	<u>161</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 161</u>	<u>\$ 161</u>	<u>\$ -</u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –
Mayor's Youth Fund
Year Ended June 30, 2018

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Miscellaneous			
Investment income	\$ -	\$ 24	\$ 24
Other	<u>14,390</u>	<u>19,834</u>	<u>5,444</u>
Total revenues	<u>14,390</u>	<u>19,858</u>	<u>5,468</u>
Expenditures			
General government and administration			
Services and supplies	<u>22,897</u>	<u>18,593</u>	<u>4,304</u>
Net Change in Fund Balance	(8,507)	1,265	9,772
Fund Balance, Beginning of Year	<u>20,856</u>	<u>20,856</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 12,349</u></u>	<u><u>\$ 22,121</u></u>	<u><u>\$ 9,772</u></u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –
Mayor’s Century Fund
Year Ended June 30, 2018

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues	\$ -	\$ -	\$ -
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning of Year	<u>1,998</u>	<u>1,998</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 1,998</u></u>	<u><u>\$ 1,998</u></u>	<u><u>\$ -</u></u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –
Martin Vusich Self-Sustaining Centennial Fund
Year Ended June 30, 2018

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Miscellaneous			
Investment income	\$ -	\$ 24	\$ 24
Expenditures	<u> -</u>	<u> -</u>	<u> -</u>
Net Change in Fund Balance	-	24	24
Fund Balance, Beginning of Year	<u>7,901</u>	<u>7,901</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 7,901</u></u>	<u><u>\$ 7,925</u></u>	<u><u>\$ 24</u></u>

City of Fallon, Nevada

Schedule of Fees Imposed Subject to the Provisions of NRS 354.5989 – Limitation of Fees for Business Licenses
Year Ended June 30, 2018

Fee calculated on a Percentage of Gross Revenue

Adjusted base at June 30, 2017	\$ 317,152
Percentage change in CPI	<u>0.027</u>
Increase for CPI	8,563
Adjust base at June 30, 2018	325,715
Actual Revenue	<u>265,468</u>
Actual Amount (over) under Allowable Amount	<u>\$ 60,247</u>

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STATISTICAL SECTION

(Unaudited)

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This part of the City of Fallon's comprehensive annual 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 comprehensive annual 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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net investment in capital assets	\$ 16,707,000	\$ 17,323,576	\$ 19,457,658	\$ 19,584,052	\$ 21,700,796	\$ 23,307,955	\$ 22,991,535	\$ 22,942,505	\$ 22,788,694	\$ 22,284,515
Restricted	6,751	7,137	53,741	13,523	31,780	47,385	45,481	75,699	22,488	47,332
Unrestricted	1,372,830	1,055,491	(24,396)	974,025	(18,345)	115,754	(8,285,798)	(8,245,310)	(8,126,482)	(9,207,858)
Total Governmental Activities										
Net Position	<u>\$ 18,086,581</u>	<u>\$ 18,386,204</u>	<u>\$ 19,487,003</u>	<u>\$ 20,571,600</u>	<u>\$ 21,714,231</u>	<u>\$ 23,471,094</u>	<u>\$ 14,751,218</u>	<u>\$ 14,772,894</u>	<u>\$ 14,684,700</u>	<u>\$ 13,123,989</u>
Business-Type Activities										
Net investment in capital assets	\$ 38,262,460	\$ 38,807,213	\$ 38,346,761	\$ 37,604,435	\$ 38,257,895	\$ 39,129,180	\$ 38,628,318	\$ 36,480,987	\$ 35,461,651	\$ 29,352,333
Restricted	1,009,848	1,222,251	1,267,451	1,310,017	1,375,253	1,418,050	1,278,023	476,518	518,290	560,062
Unrestricted	6,806,987	3,898,951	2,494,647	5,311,593	3,519,492	1,884,139	(657,862)	2,298,201	3,340,865	8,590,358
Total Business-type Activities										
Net Position	<u>\$ 46,079,295</u>	<u>\$ 43,928,415</u>	<u>\$ 42,108,859</u>	<u>\$ 44,226,045</u>	<u>\$ 43,152,640</u>	<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>
Primary Government										
Net investment in capital assets	\$ 54,969,460	\$ 56,130,789	\$ 57,804,419	\$ 57,188,487	\$ 59,958,691	\$ 62,437,135	\$ 61,619,853	\$ 59,423,492	\$ 58,250,345	\$ 51,636,848
Restricted	1,016,599	1,229,388	1,321,192	1,323,540	1,407,033	1,465,435	1,323,504	552,217	540,778	607,394
Unrestricted	8,179,817	4,954,442	2,470,251	6,285,618	3,501,147	1,999,893	(8,943,660)	(5,947,109)	(4,785,617)	(617,500)
Total Primary Government										
Net Position	<u>\$ 64,165,876</u>	<u>\$ 62,314,619</u>	<u>\$ 61,595,862</u>	<u>\$ 64,797,645</u>	<u>\$ 64,866,871</u>	<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>

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities:										
General Government	\$ 2,210,413	\$ 1,771,835	\$ 1,631,467	\$ 1,544,267	\$ 1,663,467	\$ 1,690,306	\$ 1,678,298	\$ 1,584,856	\$ 1,716,962	\$ 1,877,667
Judicial	713,537	689,050	708,373	500,984	472,202	823,861	862,440	963,156	950,603	812,490
Public Safety	4,894,433	4,875,489	4,967,076	4,581,672	4,358,133	4,346,890	4,546,200	5,524,586	5,304,100	5,307,215
Public Works	754,740	763,519	726,877	1,230,342	823,527	831,615	881,147	951,133	1,470,832	938,738
Culture and Recreation	749,635	729,596	720,572	241,276	785,431	1,014,544	964,657	78,657	111,121	1,089,382
Community Support	748,646	667,436	1,384,681	1,210,080	695,612	689,458	756,851	821,635	862,084	683,436
Interest on Long-Term Debt	26,375	22,129	18,696	14,935	11,019	8,777	5,167	4,006	1,522	15,787
Total Governmental Activities Expenses	10,097,779	9,519,054	10,157,742	9,323,556	8,809,391	9,405,451	9,694,760	9,928,029	10,417,224	10,724,715
Business-Type Activities:										
Electric	9,489,520	8,891,024	9,827,698	8,617,209	10,015,264	10,422,927	10,947,716	11,048,834	10,971,517	10,454,940
Water	1,572,806	1,598,562	1,392,630	1,525,067	1,672,477	1,665,541	1,702,062	1,688,182	1,741,801	2,009,341
Sewer	1,636,478	1,746,405	1,619,512	1,689,474	1,948,418	2,076,229	2,139,039	2,483,442	2,274,025	2,365,524
Water Treatment	1,441,476	1,572,909	1,452,017	1,419,518	1,763,149	1,845,066	1,818,524	1,854,313	1,781,997	1,872,199
Sanitation	1,338,256	1,222,852	1,226,505	1,142,227	1,503,218	1,344,200	1,350,180	1,476,909	1,660,261	1,754,151
Landfill	890,356	632,715	576,334	635,378	660,531	679,391	750,100	870,612	1,098,943	2,149,619
Water Treatment Replacement	27,460	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Expenses	16,396,352	15,664,467	16,094,696	15,028,873	17,563,057	18,033,354	18,707,621	19,422,292	19,528,544	20,605,774
Total Primary Government Expenses	\$ 26,494,131	\$ 25,183,521	\$ 26,252,438	\$ 24,352,429	\$ 26,372,448	\$ 27,438,805	\$ 28,402,381	\$ 29,350,321	\$ 29,945,768	\$ 31,330,489
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 851,324	\$ 727,088	\$ 701,253	\$ 686,342	\$ 1,439,704	\$ 2,154,830	\$ 2,094,039	\$ 2,262,003	\$ 2,347,888	\$ 2,479,274
Judicial	62,205	66,886	66,525	66,257	345,589	49,651	65,323	84,280	124,688	124,017
Public Safety	33,968	33,058	27,095	-	87,137	16,762	862	3,232	6,390	6,672
Culture and Recreation	25,012	23,688	21,852	23,055	28,066	35,251	32,143	37,018	37,123	37,488
Operating Grants and Contributions	1,360,170	893,665	776,893	1,246,162	745,343	993,904	592,598	540,447	497,776	176,200
Capital Grants and Contributions	-	407,889	2,485,172	820,342	1,865,122	1,617,270	243,049	539,632	529,347	266,747
Total Governmental Activities	2,332,679	2,152,274	4,078,790	2,842,158	4,510,961	4,867,668	3,028,014	3,466,612	3,543,212	3,090,398
Business-Type Activities:										
Charges for Services:										
Electric	9,647,758	9,371,229	9,832,725	9,866,351	9,635,057	10,025,997	11,241,606	11,159,460	11,079,233	11,454,055
Water	1,798,044	1,799,652	1,658,508	1,665,696	1,669,083	1,650,118	1,668,072	1,617,927	1,624,941	1,603,782
Sewer	1,610,754	1,552,037	1,472,988	1,475,345	1,474,150	1,488,056	1,784,577	2,153,618	2,193,105	2,245,391
Sanitation	1,648,296	1,638,216	1,417,550	1,292,512	1,289,746	1,292,460	1,400,656	1,539,717	1,662,649	1,702,518
Landfill	1,347,719	1,434,106	584,604	525,413	497,039	656,032	909,205	1,053,283	1,177,127	1,293,625
Water Treatment	908,373	653,269	1,634,029	1,640,226	1,677,903	1,663,804	1,664,037	1,652,633	1,663,627	1,673,309
Operating Grants and Contributions	-	21,055	69,662	82,902	116,124	43,049	33,585	58,407	67,351	145,977
Capital Grants and Contributions	240,349	-	-	3,081,919	101,329	460,953	107,836	178,707	99,885	155,980
Total Business-Type Activities	17,201,293	16,469,564	16,670,066	19,630,364	16,460,431	17,280,469	18,809,574	19,413,752	19,567,918	20,274,637

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Primary Government										
Program Revenue	\$ 19,533,972	\$ 18,621,838	\$ 20,748,856	\$ 22,472,522	\$ 20,971,392	\$ 22,148,137	\$ 21,837,588	\$ 22,880,364	\$ 23,111,130	\$ 23,365,035
Net (Expense)/Revenue										
Governmental Activities	\$ (7,765,100)	\$ (7,366,780)	\$ (6,078,952)	\$ (6,481,398)	\$ (4,298,430)	\$ (4,537,783)	\$ (6,666,746)	\$ (6,461,417)	\$ (6,874,012)	\$ (7,634,317)
Business-Type Activities	804,941	805,097	575,370	4,601,491	(1,102,626)	(752,885)	101,953	(8,540)	39,374	(331,137)
Total Primary Government Net (Expense)/Revenue	\$ (6,960,159)	\$ (6,561,683)	\$ (5,503,582)	\$ (1,879,907)	\$ (5,401,056)	\$ (5,290,668)	\$ (6,564,793)	\$ (6,469,957)	\$ (6,834,638)	\$ (7,965,454)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Ad Valorem	\$ 1,661,861	\$ 1,812,103	\$ 1,733,690	\$ 1,488,485	\$ 1,395,726	\$ 1,414,750	\$ 1,437,550	\$ 1,432,225	\$ 1,464,486	\$ 1,451,714
Occupancy	488,235	493,757	513,969	512,270	482,423	575,389	496,450	511,550	617,231	791,038
Fuel	151,270	136,455	159,229	149,098	143,386	146,174	137,741	146,852	149,425	154,833
Unrestricted Intergovernmental - Consolidated Taxes	2,099,815	1,544,262	1,650,218	1,625,658	1,638,491	1,676,871	1,717,108	1,820,223	1,852,273	2,189,348
Franchise Fees	169,476	175,913	167,064	165,460	146,557	182,547	226,475	209,800	225,997	245,067
Enterprise Funds in Lieu of Taxes	-	-	-	-	244,777	972,732	984,100	1,013,832	1,026,663	1,035,423
Enterprise Funds in Lieu of Franchise Fees	-	-	-	-	830,705	818,777	810,031	836,698	932,537	957,855
Unrestricted Gaming Licenses	278,526	241,502	247,386	251,811	235,449	238,604	265,856	221,291	227,671	236,670
Investment Earnings	25,244	3,517	4,125	2,999	854	916	216	216	712	1,659
Gain (Loss) on Disposal	-	-	-	617,786	-	-	-	-	-	385,676
Miscellaneous	276,773	278,174	292,724	185,264	338,701	284,886	332,497	290,406	288,823	-
Transfers	2,586,569	2,980,720	2,411,346	2,513,908	(16,008)	(17,000)	-	-	-	-
Total Governmental Activities	7,737,769	7,666,403	7,179,751	7,512,739	5,441,061	6,294,646	6,408,024	6,483,093	6,785,818	7,449,283
Business-Type Activities:										
Investment Earnings	113,046	24,744	16,422	12,065	13,213	14,614	9,856	15,767	25,726	121,622
Miscellaneous	-	-	-	-	-	-	-	-	-	39,354
Transfers	(2,586,569)	(2,980,720)	(2,411,346)	(2,513,908)	16,008	17,000	-	-	-	-
Total Business-Type Activities	(2,473,523)	(2,955,976)	(2,394,924)	(2,501,843)	29,221	31,614	9,856	15,767	25,726	160,976
Total Primary Government General Revenues	\$ 5,264,246	\$ 4,710,427	\$ 4,784,827	\$ 5,010,896	\$ 5,470,282	\$ 6,326,260	\$ 6,417,880	\$ 6,498,860	\$ 6,811,544	\$ 7,610,259
Change in Net Position										
Governmental Activities	\$ (27,331)	\$ 299,623	\$ 1,100,799	\$ 1,433,787	\$ 1,142,631	\$ 1,756,863	\$ (258,722)	\$ 21,676	\$ (88,194)	\$ (185,034)
Business-Type Activities	(1,668,582)	(2,150,879)	(1,819,554)	(1,926,473)	(1,073,405)	(721,271)	111,809	7,227	65,100	(170,161)
Total Primary Government Change in Net Positon	\$ (1,695,913)	\$ (1,851,256)	\$ (718,755)	\$ (492,686)	\$ 69,226	\$ 1,035,592	\$ (146,913)	\$ 28,903	\$ (23,094)	\$ (355,195)

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

	Fiscal Year Ended June 30,									
	2009	2010	2011*	2012	2013	2014	2015	2016	2017	2018
General fund										
Unreserved	\$ 1,060,940	\$ 813,022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-	-	-	713,266	435,047	318,165	251,283
Restricted	-	-	7,270	7,452	7,639	7,836	7,853	7,877	7,901	30,804
Committed	-	-	222,493	39,392	56,428	35,443	93,091	38,603	63,689	93,095
Assigned	-	-	-	-	-	-	-	-	-	244,622
Unassigned	-	-	561,202	1,545,464	833,575	993,751	283,448	217,024	353,701	314,585
Total fund balance	<u>\$ 1,060,940</u>	<u>\$ 813,022</u>	<u>\$ 790,965</u>	<u>\$ 1,592,308</u>	<u>\$ 897,642</u>	<u>\$ 1,037,030</u>	<u>\$ 1,097,658</u>	<u>\$ 698,551</u>	<u>\$ 743,456</u>	<u>\$ 934,389</u>
All other governmental funds										
Reserved	\$ 6,751	\$ 7,137	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	754,746	920,841	-	-	-	-	-	-	-	-
Capital projects funds	133,969	50,955	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	46,471	6,071	23,734	39,549	37,628	67,822	14,587	16,528
Committed:										
Special revenue funds	-	-	131,332	319,954	155,696	233,172	226,537	142,596	238,127	488,031
Unassigned	-	-	(103,871)	-	-	-	-	-	(41,220)	-
Total all other governmental funds	<u>\$ 895,466</u>	<u>\$ 978,933</u>	<u>\$ 73,932</u>	<u>\$ 326,025</u>	<u>\$ 179,430</u>	<u>\$ 272,721</u>	<u>\$ 264,165</u>	<u>\$ 210,418</u>	<u>\$ 211,494</u>	<u>\$ 504,559</u>

* Due to implementation of GASB 54 fund balance classifications changed in fiscal year 2011.

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes										
Ad valorem	\$ 1,633,731	\$ 1,811,583	\$ 1,732,339	\$ 1,500,873	\$ 1,405,371	\$ 1,425,622	\$ 1,436,376	\$ 1,434,369	\$ 1,468,645	\$ 1,458,297
Other	889,224	797,277	1,149,362	1,062,918	1,034,444	2,435,006	1,862,076	1,908,027	1,800,835	1,888,263
Charges for services	428,490	447,152	485,069	429,409	1,453,548	1,765,655	1,866,758	1,985,398	2,093,854	2,204,785
Intergovernmental	3,488,792	2,868,059	4,683,506	3,549,923	4,442,624	2,630,439	2,699,826	2,641,090	3,234,913	3,195,357
Licenses and permits	574,099	532,469	526,965	528,693	1,461,653	1,526,056	1,407,668	1,443,031	1,559,042	1,637,686
Fines and forfeitures	42,343	47,024	46,663	48,050	38,469	28,816	44,310	99,612	104,829	100,367
Investment income	25,245	3,517	4,115	3,000	854	915	215	216	712	1,659
Miscellaneous	373,826	330,367	217,822	112,726	171,538	102,776	117,636	80,110	70,361	49,304
Total revenues	7,455,750	6,837,448	8,845,841	7,235,592	10,008,501	9,915,285	9,434,865	9,591,853	10,333,191	10,535,718
Expenditures										
General government	2,083,996	1,595,626	1,487,444	1,407,817	1,520,587	1,593,820	1,514,103	1,847,679	1,850,200	1,759,607
Judicial	702,890	687,304	706,627	499,238	470,456	821,910	875,768	879,269	849,025	797,204
Public safety	4,666,577	4,652,849	4,738,261	4,346,180	4,166,150	4,159,520	4,474,236	4,705,691	4,878,293	5,021,060
Public works	268,818	234,879	173,733	150,712	158,210	122,079	138,928	194,239	157,869	161,024
Culture and recreation	706,236	668,673	651,174	605,738	693,373	899,668	834,703	864,388	904,883	964,095
Community support	717,746	630,975	615,523	628,434	658,983	619,494	696,774	780,116	601,882	613,558
Capital outlay	1,668,724	1,404,774	3,701,207	1,616,274	3,060,593	1,383,426	787,213	711,176	1,017,599	938,323
Debt service:										
Principal	87,373	88,409	91,580	95,341	99,257	56,912	55,901	58,143	29,937	46,854
Interest	26,373	22,130	18,696	14,935	11,019	8,777	5,167	4,006	1,522	15,787
Total expenditures	10,928,733	9,985,619	12,184,245	9,364,669	10,838,628	9,665,606	9,382,793	10,044,707	10,291,210	10,317,512
Excess (deficiency) of revenues over expenditures	(3,472,983)	(3,145,171)	(3,338,404)	(2,129,077)	(830,127)	249,679	52,072	(452,854)	45,981	218,206
Other Financing										
Sources (Uses)										
Transfers in	3,026,001	3,487,205	3,039,276	3,099,198	473,683	375,282	461,068	447,149	420,311	476,670
Transfers out	(439,432)	(506,485)	(627,930)	(585,290)	(489,691)	(392,282)	(461,068)	(447,149)	(420,311)	(476,670)
Proceeds from the sale of capital assets	-	-	-	617,786	-	-	-	-	-	-
Proceeds from medium - term obligation	-	-	-	-	-	-	-	-	-	265,792
Total other financing sources (uses)	2,586,569	2,980,720	2,411,346	3,131,694	(16,008)	(17,000)	-	-	-	265,792
Net change in fund balance	\$ (886,414)	\$ (164,451)	\$ (927,058)	\$ 1,002,617	\$ (846,135)	\$ 232,679	\$ 52,072	\$ (452,854)	\$ 45,981	\$ 483,998
Debt service as a percentage of noncapital expenditures	1.2%	1.3%	1.3%	1.4%	1.4%	0.8%	0.7%	0.7%	0.3%	0.7%

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		
2009	\$ -	\$ -	\$ 237,859,374	\$679,598,211	35.0
2010	-	-	241,530,761	690,087,889	35.0
2011	-	-	221,228,851	632,082,431	35.0
2012	* -	-	160,428,538	458,367,251	35.0
2013	137,433,652	8,961,209	146,394,861	418,271,031	35.0
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	193,010,539	551,458,683	35.0
2018	176,224,659	18,391,674	194,616,333	556,046,666	35.0

Source: Churchill County Assessor's Office

* Earliest year assessed value detail was provided by the County.

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>
2009	0.8371	0.1700	1.3000	1.2229	0.1100	3.6400
2010	0.8371	0.1700	1.3000	1.2229	0.1100	3.6400
2011	0.8371	0.1700	1.3000	1.2229	0.1100	3.6400
2012	0.8371	0.1700	1.3000	1.2229	0.1100	3.6400
2013	0.8371	0.1700	1.3000	1.2229	0.1100	3.6400
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

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

City of Fallon, Nevada
Schedule No. 7 – Principal Property Owners
June 30, 2018

Taxpayer	Product/Service	Rank	Fiscal Year 2018		
			Taxable Estimated Appraised Value (1)	Taxable Assessed Value	Approximate Percentage of Taxable Assessed Valuation
ENEL Stillwater LLC (Stillwater Plant)	Geothermal	1	\$ 236,574,731	\$ 82,801,156	10.34%
Terra-Gen Dixie Valley LLC	Geothermal	2	67,360,111	23,576,039	2.94%
Ormat Nevada Inc	Geothermal	3	34,463,889	12,062,361	1.51%
URS Federal Services (NorthropGrumman)	Engineering & Construction	4	30,538,394	10,688,438	1.33%
US Bank National Association	Banking	5	25,731,149	9,005,902	1.12%
Quail Hollow LLC	Geothermal	6	17,468,057	6,120,120	0.76%
Safety-Kleen Systems, Inc	Environmental Services	7	16,575,517	5,801,431	0.72%
Walmart Stores	Retail	8	15,197,323	5,319,063	0.66%
CYRQ Energy Inc	Geothermal	9	9,841,537	3,444,538	0.43%
New Millennium Building Systems LLC	Manufacturing	10	9,596,626	3,358,819	0.42%

Taxpayer	Product/Service	Rank	Fiscal Year 2009		
			Taxable Estimated Appraised Value (1)	Taxable Assessed Value	Approximate Percentage of Taxable Assessed Valuation
ENEL Stillwater LLC (Stillwater Plant)	Geothermal	1	\$ 73,650,314	\$ 25,777,610	3.55%
Terra-Gen Dixie Valley LLC	Geothermal	2	63,455,606	22,209,462	3.06%
Ormat Nevada Inc	Geothermal	3	54,189,371	18,966,280	2.61%
URS Federal Services (NorthropGrumman)	Engineering & Construction	4	38,538,771	13,488,570	1.86%
US Bank National Association	Banking	5	22,557,006	7,895,089	1.09%
Quail Hollow LLC	Geothermal	6	16,537,006	5,787,952	0.80%
Safety-Kleen Systems, Inc	Environmental Services	7	16,462,486	5,761,870	0.79%
Walmart Stores	Retail	8	16,438,537	5,753,488	0.79%
CYRQ Energy Inc	Geothermal	9	12,514,463	4,380,062	0.60%
New Millennium Building Systems LLC	Manufacturing	10	7,338,029	2,568,310	0.35%

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Number of Customers	4,882	4,768	4,833	4,844	4,841	5,078	4,844	4,908	4,879	4,873
Annual Average Day Demand per Customer (1)	740	740	751	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	0.12524
Base Fee for Electrical	\$ 3.02	\$ 3.02	\$ 3.02	\$ 3.02	\$ 3.02	\$ 3.02	\$ 12.02	\$ 12.02	\$ 12.02	\$ 12.02

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, 2018

Employer	2018		2010 *	
	User Fees	Rank	User Fees	Rank
Dairy Farmers of America	\$ 1,308,809	1	N/A	N/A
Churchill County School District	496,434	2	514,170	1
Walmart	473,121	3	340,358	3
Churchill Community Hospital	384,920	4	412,552	2
Safeway	238,883	5	279,027	4
Kennametal	172,056	6	104,753	5
Highland Manor	165,879	7	225,536	8
City of Fallon Waste Water Plant	159,644	8	173,726	6
Bonanza Casino	139,580	9	N/A	N/A
Stockman's Casino	133,344	10	N/A	N/A

Source: City of Fallon

* Earliest year information available in utility billing system.

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

Fiscal Year	Governmental Activities		Business-Type Activities							Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Bonds Payable	Medium - Term Obligation	Electric Bonds	Water Bonds	Sewer Bonds	Sanitation Bonds	Landfill Bonds	Sanitation Capital Leases	Landfill Capital Lease			
2009	575,482	-	2,695,631	2,501,206	7,124,588	246,490	1,062,749	-	-	14,206,146	4.89%	1,534
2010	487,073	-	2,238,017	2,437,967	7,000,685	183,149	903,920	-	-	13,250,811	4.49%	1,454
2011	395,493	-	1,866,027	3,638,081	6,741,626	124,544	738,122	-	-	13,503,893	4.50%	1,517
2012	300,152	-	1,478,887	3,366,114	6,470,804	84,872	565,092	-	-	12,265,921	4.18%	1,411
2013	200,895	-	1,075,985	3,062,905	6,170,479	43,550	384,566	-	-	10,938,380	3.80%	1,294
2014	143,982	-	777,513	2,844,398	5,874,502	30,236	196,274	-	-	9,866,905	3.30%	1,176
2015	88,080	-	475,646	2,625,469	5,565,085	18,497	75,046	-	378,990	9,226,813	2.87%	1,060
2016	29,937	-	161,675	2,168,335	7,285,000	6,288	25,509	-	307,150	9,983,894	3.06%	1,155
2017	-	-	-	1,964,476	7,025,000	-	-	536,562	231,273	9,757,311	N/A	1,113
2018	-	218,938	6,333,000	1,772,227	6,760,000	-	-	457,974	151,155	15,693,294	N/A	1,768

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. 11 – Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Bonds Payable	Business Type Activities	Total	Percentage of Actual Property Value (1)	Per Capita (2)
2009	\$ 575,482	\$ 13,630,664	\$ 14,206,146	2.09%	\$ 1,534.47
2010	487,073	12,763,738	13,250,811	1.92%	1,454.06
2011	395,493	13,108,400	13,503,893	2.14%	1,516.78
2012	300,152	11,965,770	12,265,922	2.68%	1,424.78
2013	200,895	10,737,485	10,938,380	2.62%	1,294.02
2014	143,982	9,722,923	9,866,905	1.63%	1,176.03
2015	88,080	9,138,733	9,226,813	1.86%	1,059.82
2016	29,937	9,953,957	9,983,894	1.81%	1,154.87
2017	-	9,757,291	9,757,291	1.77%	1,112.58
2018	-	14,865,227	14,865,227	0.08%	1,694.24

(1) See the Schedule of Assessed and Estimated Actual Value

(2) Population can be found in the Schedule of Demographic Statistics

City of Fallon, Nevada
Schedule No. 12 – Computation of General Obligation Direct and Overlapping Debt
June 30, 2018

	Total Notes Payable/ General Obligation Debt	Presently Self-Supporting General Obligation Debt	Net Debt Outstanding	% Applicable(1)	Applicable Net Debt
<u>Direct</u>					
City of Fallon	\$ 14,865,227	\$ 14,865,227	\$ -	100.00%	<u>\$ -</u>
<u>Overlapping</u>					
State of Nevada (1)	1,653,663,000	295,593,000	1,358,070,000	0.18%	2,455,140
Churchill County (2)	15,601,318	-	15,601,318	24.64%	3,844,680
Churchill County School District (3)	34,760,700	-	34,760,700	24.64%	<u>8,566,185</u>
Total overlapping debt					<u>14,866,005</u>
Total direct and overlapping Debt					<u><u>\$ 14,866,005</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.

City of Fallon, Nevada
Schedule No. 13 – Computation of Legal Debt Margin
June 30, 2018

Estimated Assessed Value	\$ 194,616,333
Debt Limit - 30 Percent of Total Assessed Value	<div style="display: inline-block; text-align: right;">30%</div> <div style="border-top: 1px solid black; display: inline-block; text-align: right;">58,384,900</div>
Less Total Amount of Debt Applicable to Debt Limit	<div style="border-top: 1px solid black; display: inline-block; text-align: right;">14,865,227</div>
Legal Debt Margin	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; text-align: right;">\$ 43,519,673</div>

Note: Legal debt margin as set forth in NRS 266.600

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

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Total Personal Income</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2009	9,258	\$ 290,756,748	\$ 31,406	9.00%
2010	9,113	295,060,714	32,378	11.40%
2011	8,903	299,755,107	33,669	10.90%
2012	8,690	293,522,130	33,777	9.80%
2013	8,453	287,647,137	34,029	8.10%
2014	8,390	299,447,490	35,691	6.40%
2015	8,706	321,042,456	36,876	7.10%
2016	8,645	326,521,650	37,770	5.10%
2017	8,770	Unavailable	Unavailable	4.20%
2018	8,874	Unavailable	Unavailable	4.70%

Sources:

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

City of Fallon, Nevada
Schedule No. 15 – Major Employers
June 30, 2018

Employer	2018			2008		
	Employees	Rank	Percentage of Total County Employment (1)	Employees	Rank	Percentage of Total County Employment (1)
N.A.S Fallon - Military Personnel	1,000	1	9.92%	1,663	1	13.33%
Churchill County School District	500-599	2	5.46%	712	2	5.62%
Banner Churchill Community Hospital	200-299	3	2.48%	400	3	3.16%
Wal-Mart Supercenter	200-299	4	2.48%	210	8	1.66%
Churchill County	200-299	5	2.48%	220	7	1.74%
Dyncorp International LLC	200-299	6	2.48%	-	-	-
Commander Navy Installations	200-299	7	2.48%	-	-	-
A&K Earthmovers	100-199	8	1.49%	-	-	-
Chugach Support Services Inc.	100-199	9	1.49%	-	-	-
New Millennium Building System	100-199	10	1.49%	-	-	-
URS Federal Solutions Inc.	100-199	11	1.49%	-	-	-
City of Fallon	100-199	12	1.49%	133	9	1.05%

Source: Churchill Economic Development Authority

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

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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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	8	7	6	6	6	6	6	5	5	8
Judicial	3	5	5	4	4	6	6	6	7	5
Public safety	40	44	33	36	36	36	34	40	33	40
Culture and recreation	4	4	3	4	4	5	5	7	5	4
Community support	4	4	5	3	3	4	4	4	5	4
Enterprise funds	41	35	28	34	34	28	46	30	48	43
Total	100	99	80	87	87	85	101	92	103	104

Source: City Treasurer, Gary Cordes

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

Function/Program	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police Department										
Calls for service	13,427	11,732	11,102	10,346	10,096	10,285	10,062	9,870	8,201	9,584
Citations issued	890	850	985	879	914	879	823	750	615	939
Arrests	999	863	573	697	560	670	657	562	513	539
Animal Shelter intake	2,207	2,031	2,012	1,891	1,825	1,850	1,690	1,621	1,364	1,439
Municipal Court										
Criminal Charges filed	375	259	299	285	288	491	543	492	438	441
Traffic Charges filed	853	1,106	724	571	1,094	857	551	432	537	925
Fire Department										
Emergency responses	51	36	58	46	69	70	76	68	66	60
Landfill										
Refuse received (tons)	87,964	39,285	31,897	27,963	24,902	29,091	60,785	67,452	87,702	93,975
Water										
Water Pumped (thousands of gallons)	718,937	698,526	640,767	605,851	731,091	726,181	773,039	754,438	622,846	626,800
Electric										
Metered KWH purchased	82,424,291	87,289,000	75,012,000	76,171,000	75,748,807	87,952,000	83,575,000	86,034,000	89,720,451	93,396,854
Usage @ system peak	18,192	17,851	17,385	17,640	18,005	18,539	19,509	20,523	20,648	21,077
Other Public Works										
Street reconstruction (feet)	5,010	1,718	685	100	6,717	100	-	-	-	-
Building permits issued	175	198	164	168	167	160	172	185	248	237
Sewer										
Treated Effluent (Average Daily in millions/gallons)	0.851	0.841	0.901	0.833	0.961	1.024	0.997	1.039	0.93	1.08

Source: City Treasurer, Gary Cordes

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

Function/Program	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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)	43.56	43.64	43.64	43.64	43.64	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)	3.2	3.2	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

Source: City Treasurer, Gary Cordes

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COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 6, 2018.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Elko, Nevada
December 6, 2018

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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, 2018, and the related notes to the financial statements, 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 other than the violations reported in Note 2 to the financial statements. 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.

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

The City of Fallon conformed to all significant statutory constraints on its financial administration for the year ended June 30, 2017.

Prior Year Recommendations

The prior year audit findings were implemented.

Current Year Recommendations

We noted no material weakness and reported no significant deficiencies in internal controls.

NRS 354.598155

The financial statements of the Special Ad Valorem Capital Projects Fund are included in our report. The expenditures totaling \$77,398 were made for building improvements, purchase of a patrol car for the police department and concert walking path improvements in City parks, which is in compliance with statute.

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

Elko, Nevada
December 6, 2018

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December 17, 2018

Agenda Item 6

Consideration and possible approval of purchase of real property from James L. O'Brien consisting of approximately 0.130 acres of land located on South Carson Street, Fallon, Nevada (APN #001-537-02) for the total purchase price of Forty-Seven Thousand Dollars (\$47,000). **(For possible action)**

**CITY OF FALLON
REQUEST FOR COUNCIL ACTION**

Agenda Item No. 6

DATE SUBMITTED: December 10, 2018

AGENDA DATE REQUESTED: December 17, 2018

TO: The Honorable City Council

FROM: Michael F. Mackedon, City Attorney

SUBJECT TITLE: Consideration and possible approval of purchase of real property from James L. O'Brien consisting of approximately 0.130 acres of land located on South Carson Street, Fallon, Nevada (APN #001-537-02) for the total purchase price of Forty-Seven Thousand Dollars (\$47,000). **(For possible action)**

TYPE OF ACTION REQUESTED: (Check One)

- | | |
|--|------------------------------------|
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Ordinance |
| <input checked="" type="checkbox"/> Formal Action/Motion | <input type="checkbox"/> Other |

RECOMMENDED COUNCIL ACTION: Motion to approve purchase of real property from James L. O'Brien consisting of approximately 0.130 acres of land located on South Carson Street, Fallon, Nevada (APN #001-537-02) for the total purchase price of Forty-Seven Thousand Dollars (\$47,000).

DISCUSSION: The City has entered into negotiations with James L. O'Brien for the potential purchase of approximately 0.130 acres of land located on South Carson Street, Fallon, Nevada. The property consists of a paved parking lot, which the City currently leases from Mr. O'Brien for parking for citizens and tourists visiting City Hall and attending special events, and for City employees who work in and around City Hall. If this transaction is approved and completed, the City would own this parcel outright and would no longer be subject to the monthly lease payment to Mr. O'Brien.

FISCAL IMPACT: Forty-Seven Thousand Dollars (\$47,000) less monthly lease payment the City is currently paying to James L. O'Brien

FUNDING SOURCE: The General Fund

PREPARED BY: Robert Erquiaga, Legal and Administrative Director

DATE: December 10, 2018

Section 2.1 Purchase. O'BRIEN agrees to sell and COF agrees to purchase The Property on the terms and conditions set forth in this Agreement.

Section 2.2 Consideration. The purchase price for The Property ("Purchase Price") shall be FORTY- SEVEN THOUSAND DOLLARS (\$47,000.00) payable in cash at close of escrow.

ARTICLE III

Title

Section 3.1 Title to The Property. Title shall be evidenced by a Grant, Bargain and Sale Deed conveying good and marketable title to The Property to COF in fee simple, free and clear of all liens and encumbrances subject only to the title exceptions approved by COF during the Investigation Period described below. O'BRIEN shall furnish to COF a standard ALTA owner's policy of title insurance issued by Western Nevada Title Company in favor of COF in the amount of the Purchase Price, insuring title to The Property.

Section 3.2 Permitted Exceptions. Within three (3) days from the date of this Agreement, O'BRIEN and COF shall open an escrow with the Escrow Agent and COF shall order a preliminary title report ("Title Report") on The Property with instructions to provide a copy of said report to O'BRIEN upon its completion. COF shall be allowed ten (10) days from the receipt of the Title Report to examine the title to The Property and to give notice to O'BRIEN of any objections thereto. All exceptions to the title contained in the Title Report (other than monetary liens) shall be deemed permitted exceptions unless written notice of objection is given by COF to O'BRIEN within said ten (10) days. If COF objects to any exceptions to the title, O'BRIEN shall use due diligence to the extent applicable, to remove such exceptions at O'BRIEN's own expense before the Closing Date. If O'BRIEN is unwilling or unable to remove such COF objections, O'BRIEN shall so notify COF

1 within ten (10) days of receipt of said objections and, in that event, COF may terminate this
2 Agreement.

3 **ARTICLE IV**

4 **COF's Investigation Period**

5 Section 4.1 Investigation Period. COF, at its sole cost and expense, shall have a
6 period of thirty (30) days from the date of this Agreement within which to make an
7 investigation (the "Investigation Period") of all aspects of The Property including, but not
8 limited to, matters affecting or relating to title to The Property, all rights and easements
9 appurtenant thereto, its boundaries and acreage, legal access thereto, its zoning, its
10 environmental condition, the authority of governmental bodies and agencies over it and
11 activities occurring thereon and matters affecting the condition of any existing
12 improvements.
13

14 Section 4.2 O'BRIEN's Duty to Cooperate. O'BRIEN hereby grants to COF and
15 COF's respective agents, representatives, employees and engineers, permission to enter
16 upon The Property to make all such inspections, and to conduct all such investigations
17 which COF in its sole discretion deems necessary or appropriate. O'BRIEN agrees to
18 cooperate fully in aid of COF's investigations by furnishing to COF upon request; copies of
19 all records, maps, agreements, and other information in O'BRIEN's possession or control
20 regarding The Property. COF shall defend, indemnify and hold harmless, O'BRIEN from all
21 actions, claims, demands, liabilities, attorneys' fees, costs, expenses and damages which
22 might in any manner be imposed on or incurred by O'BRIEN as result of any act or
23 omission on the part of COF, and its respective agents, representatives, employees and
24 engineers.
25
26
27
28

Section 4.3 Investigation Period; COF's Right to Terminate Agreement. The parties acknowledge that the provisions of Sections 4.1 and 4.2 are made solely for the benefit of COF to investigate matters described in Section 4.1. If at any time during the Investigation Period, COF deems The Property unfit or unsuitable for its purposes for any reason, COF may terminate this Agreement without further obligation.

In the event COF exercises its right to terminate this Agreement within the Investigative Period by notifying O'BRIEN in the manner provided in Section 7.5 below then this Agreement shall have no further force or effect and neither party shall be liable to the other by virtue of the agreement. Nevertheless, if this Agreement is terminated at the option of the COF, COF shall be obligated to pay all fees incurred to date including, but not limited to, monies owed to Western Nevada Title Company as of the time of termination.

ARTICLE V

Closing Date and Closing Date Obligation

Section 5.1 Closing Date. The "Closing Date" shall be at such time as all funds are deposited to escrow and Escrow Agent can provide a policy of title insurance in favor of COF in the amount of the Purchase Price, subject only to the exceptions described in Section 3.1 and 3.3 above.

Section 5.2 Apportionment of Certain Times; Deferred Taxes. All real property taxes, and assessments of whatsoever nature shall be apportioned as of the close of escrow

In making apportionments, all property taxes, assessments and similar items will be prorated on the basis of the number of days in the period in question before and after said date. The amounts to be apportioned under the provisions of this Section shall be apportioned and paid as soon as they can be calculated.

1 Section 5.3 COF's Obligations. On or before the Closing Date, COF shall deliver to
2 the Escrow Agent the following:

- 3 a) All of the escrow fees and closing costs;
- 4 b) All of the cost of title insurance
- 5 c) All of the Real Property Transfer Tax. (if any Owed)
- 6 d) Cash or a certified check in an amount equal to the Purchase Price;
- 7 e) The cost of recording the Deed; and
- 8 f) An amount equal to COF's share of items to be apportioned as
9 provided in Section 5.2.

11 Section 5.4 O'BRIEN's Obligations. On or before the Closing Date, O'BRIEN shall
12 deliver to the Escrow Agent the executed Grant, Bargain and Sale Deed and pay the
13 following from its proceeds at close of escrow:

- 14 a) The signed Grant, Bargain and Sale Deed in favor of COF.
- 15 b) The amount equal to O'Brien's share of items to be apportioned as
16 provided in Section 5.2

18 Section 5.5 Escrow Agent's Obligations. On the Closing Date, the Escrow Agent
19 shall:

- 20 a) Issue and deliver to COF a standard ALTA form of owner's protection
21 policy of title insurance in favor of COF in the amount of the Purchase
22 Price;
- 23 b) Record the original of the Grant, Bargain and Sale Deed and deliver
24 the same to the COF;
- 25 c) Pay all sums deposited by COF to O'BRIEN (less O'Brien's share of
26 apportionments as set forth in Section 5.2;
- 27
- 28

- 1 d) Pay itself its escrow fee and its premium on its title policy; and
2 e) Close the Escrow.

3 **ARTICLE VI**

4 **O'BRIEN's Representations, Warranties and Covenants**

5 O'BRIEN Represents that as of the date of this Agreement and through the Closing
6 Date that:

7
8 Section 6.1 O'BRIEN is the sole owner of The Property and has good and
9 marketable fee title thereto. In this regard, title to the real property is held by O'BRIEN as
10 "a married man as to his sole and separate property". O'BRIEN understand that Nevada
11 community property law may require the Escrow Agent to obtain a signed release from the
12 spouse of O'BRIEN and O'BRIEN cooperate to the best of his ability to obtain a signature
13 from his spouse releasing any community property interest she may have in The Property.
14

15 Section 6.2 O'BRIEN shall place no additional liens or encumbrances on or against
16 The Property.

17 Section 6.3 This Agreement is a legal, valid and binding obligation of O'BRIEN and
18 is enforceable against O'BRIEN in accordance with all material terms.

19 Section 6.4 To the best of O'BRIEN's knowledge there are no claims, litigations,
20 actions, suits or proceedings, administrative or judicial, filed or pending against O'BRIEN
21 with respect to The Property, this Agreement or the transactions contemplated hereby, at
22 law or in equity, before any federal, state or local court, regulatory agency or other
23 government agency; there are no claims that O'BRIEN's operation of The Property has not
24 complied with all applicable laws that are now in effect that pertain to The Property.
25
26
27
28

Section 6.5 The O'BRIEN is in exclusive possession of The Property and to the best of O'BRIEN's knowledge, no other person, firm or corporation has any claim of possession that is not a matter of record.

Section 6.6 O'BRIEN has not and, to the best of O'BRIEN's knowledge, no other party has used, generated, released, discharged, stored or disposed of any hazardous materials on, under, in or about The Property or transported any hazardous materials to or from The Property.

Section 6.7 To the best of O'BRIEN's knowledge there are no underground storage tanks, whether containing a hazardous material or any other substance, located on The Property. O'BRIEN hereby agrees to indemnify and hold COF harmless from any and all actions, loss, liability, damage, cost or expense, resulting from O'BRIEN's activities during O'BRIEN's ownership of The Property for violation of any federal, state or local environmental laws or hazardous waste or hazardous substance laws. This indemnification and hold harmless agreement shall benefit COF from the date of this Agreement and shall not terminate upon the expiration, or termination of this Agreement, but shall continue thereafter in any event.

ARTICLE VII

Miscellaneous

Section 7.1 Breach of Representations, Warranties and Covenants. All representations, warranties and covenants made as part of this Agreement are material and are relied upon by the parties.

Section 7.2 Successors and Assigns. This Agreement shall be binding not only upon the parties but also upon their respective heirs, personal representatives, assigns and other successors in interest.

1 Section 7.3 Time. Time is of the essence of this Agreement. In the event that any
2 data specified in this Agreement falls on Saturday, Sunday or a public holiday, such date
3 shall be deemed to be the succeeding day on which the public agencies and major banks are
4 open for business.

5 Section 7.4 Execution of Additional Documents. In addition to documents and
6 other matters specifically referenced in this Agreement, O'BRIEN and COF agree to execute
7 and/or deliver or cause to be executed and/or delivered such other documents and /or
8 materials, including additional escrow instructions carrying out the terms and conditions
9 of this Agreement, as may be reasonably necessary to affect the transaction contemplated
10 by this Agreement.

11 Section 7.5 Notices and Other Communications. Every notice or other
12 communication required or contemplated by this Agreement by any party shall be in
13 writing delivered either by a) personal delivery b) prepaid overnight delivery service or c)
14 facsimile addressed to the party for whom intended at the address specified in this Section:
15
16

17
18 To O'BRIEN: James L. O'Brien
19 915 Wade Lane
20 Fallon, NV 89406

21 To COF: CITY OF FALLON
22 City Attorney
23 179 S. La Verne St.
24 Fallon, NV 89406

25 Notices by overnight delivery service shall be effective on the date they are officially
26 recorded as delivered to the intended recipient. All notices delivered in person or sent by
27 facsimile shall be deemed to have been delivered to and received by the addressees and
28 shall be effective on the date of personal delivery or on the date sent, respectively. Notice

1 not given in writing shall be effective only if acknowledged in writing by a duly authorized
2 representative of the party to whom it was given.

3 Section 7.6 Governing Law/Venue. The validity, construction and enforceability
4 of this Agreement shall be governed in all respects by the laws of Nevada applicable to
5 agreements negotiated, executed and performed in Nevada by Nevada residents, whether
6 one or more of the parties shall now by or hereafter become a resident of another state.
7 Venue shall be the Tenth Judicial District Court in and for Churchill County, Nevada.
8

9 Section 7.7 Entire Agreement; Modification; Waiver. This Agreement constitutes
10 the entire agreement between COF and O'BRIEN pertaining to the subject matter contained
11 in it and supersedes all prior and contemporaneous agreements, representations and
12 understandings. No supplement, modifications or amendments of this Agreement shall be
13 binding unless executed in writing by all the parties. No waiver of any of the provisions of
14 this Agreement shall be deemed or shall constitute a waiver of any other provision,
15 whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver
16 shall be binding unless executed in writing by the party making the waiver.
17

18 Section 7.8 Counterparts. This Agreement may be executed in one or more
19 counterparts, and each counterpart shall constitute an original instrument, but all such
20 counterparts shall only constitute one and the same instrument.
21

22 Section 7.9 Captions. The captions of this Agreement do not in any way limit or
23 amplify the terms and provisions of this Agreement.

24 Section 7.10 Merger. The obligations of O'BRIEN and COF pursuant to this
25 Agreement shall survive the close of escrow contemplated hereunder and shall not be
26 deemed to merge with the deed of conveyance.
27
28

Section 7.11 Attorney's Fees. In the event of any litigation between the parties hereto arising out of this Agreement or, if one party seeks to judicially enforce the terms of this Agreement, the prevailing party shall be reimbursed for all reasonable costs, including, but not limited to, reasonable attorney's fees.

Section 7.12 Severability. Each provision of this Agreement is severable from any and all other provisions of this Agreement. Should any provision(s) of this Agreement be for any reason unenforceable, the balance shall nonetheless be of full force and effect.

IN WITNESS WHEREOF, the O'BRIEN and COF have executed this Agreement on the
date first above written.

CITY OF FALLON
BY:

KEN TEDFORD
Mayor

James L. O'Brien

Attest:

CITY CLERK:

GARY C. CORDES

WESTERN NEVADA TITLE COMPANY, hereby accepts the foregoing Agreement as instructions to it.

DATED: This ____ day of _____, 2018.

WESTERN NEVADA TITLE COMPANY

By: _____

Title: _____

01-53



19 N. TOWNSHIP
29 E. RANGE
31 SECTION

NOTE: This plot is for assessment use only and does not represent a survey. No liability is assumed as to the accuracy of the data delineated herein. Use of this plot for other than assessment purposes is prohibited. Church County expressly disclaims any liability for use other than for assessment purposes.

LEGEND
ZONING
ELLIPSE
BRACKET
PARCEL #
ROAD
EASEMENT

ZONE
PER CITY MAP

LAST REVISED:
JUNE 14, 2012

STATE OF NEVADA
COUNTY OF CHURCHILL
REVISED BY:
ASSESSOR
FISCAL YEAR
2017/2018

1"=100'
01-53

WILLIAMS TRACT

WILLIAMS STREET

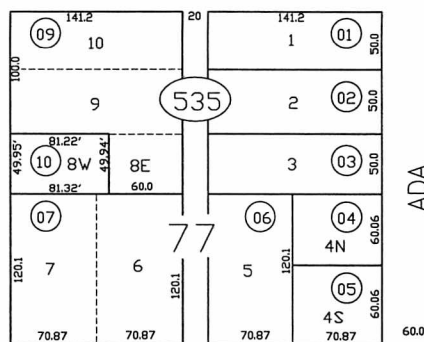
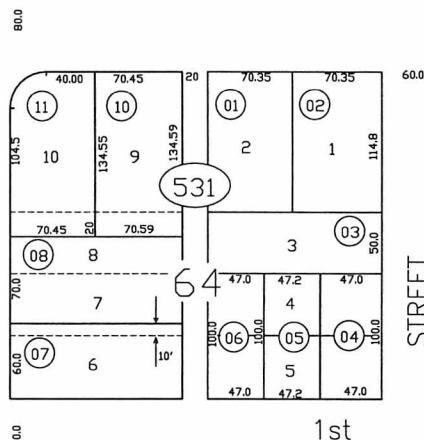
STREET

38

STREET

TAYLOR

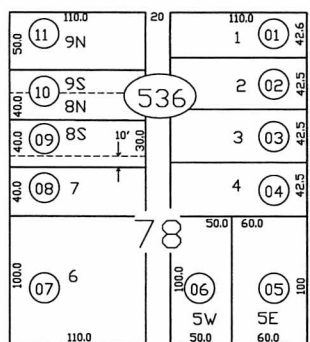
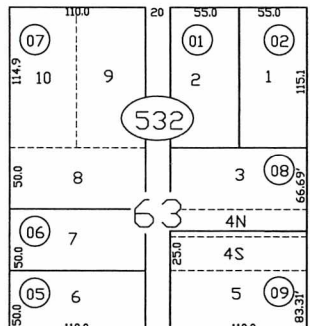
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CENTER

STREET

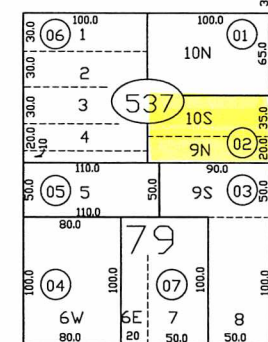
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52

STREET

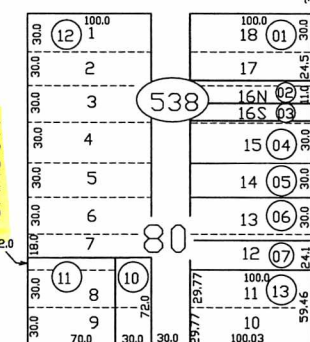
LAVERNE



STREET

STREET

CARSON



STREET

MAINE

54

99.5