

**AGENDA  
CITY OF FALLON – CITY COUNCIL  
55 West Williams Avenue  
Fallon, Nevada  
December 13, 2019 – 9:00 a.m.**

The Honorable City Council will meet in a special meeting on December 13, 2019 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 City of Fallon June 30, 2019 Audited Financial Statements. **(For possible action)**
5. Public Comments **(For discussion only)**
6. Council and Staff Reports **(For discussion only)**
7. 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 10, 2019 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 13, 2019

Agenda Item 4

Approval of City of Fallon June 30, 2019 Audited  
Financial Statements. (**For possible action**)

Incorporated 1908



**Request for Council Action**

Agenda item 4

**Date Submitted:** December 2, 2019

**From:** City Clerk Treasurer Cordes

**Agenda Date Requested:** December 13, 2019

**To:** The Honorable City Council

**Subject Title** Approval of City of Fallon June 30, 2019 Audited Financial Statements

**Type of Action Requested:** Approval or disapproval of City of Fallon June 30, 2019 Audited Financial Statements

**Recommended Council Action:** Approve City of Fallon June 30, 2019 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 Councilwoman Karla Kent, 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 Councilwoman Karla Kent, City Attorney Mike Mackedon and Legal and Administrative Director Robert Erquiaga



Comprehensive Annual Financial Report  
For the Year Ended June 30, 2019

## 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



## Introductory Section

City Clerk Treasurer's Letter of Transmittal.....	1
GFOA Certificate of Achievement for Excellence in Financial Reporting.....	6
Principal Officials of the City of Fallon, Nevada.....	7
Organizational Chart .....	8

## Financial Section

Independent Auditor's Report.....	9
Management's Discussion and Analysis .....	12

## Basic Financial Statements

## Government-Wide Financial Statements

Statement of Net Position .....	22
Statement of Activities.....	24

## Fund Financial Statements

Balance Sheet – Governmental Funds .....	25
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	26
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	27
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	28
Statement of Net Position – Proprietary Funds.....	29
Statement of Net Position – Proprietary Funds.....	30
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	31
Statement of Cash Flows – Proprietary Funds.....	32
Notes to Financial Statements .....	34

## Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual – General Fund.....	68
Reconciliation of the General Fund (Budgetary Basis) to the General Fund (GAAP Basis) Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	72
Notes to Required Supplementary Information .....	73
Schedule of Changes in the City's Total OPEB Liability and Related Ratios – City of Fallon Employee Health Benefit Plan (COFEHBP) .....	74
Schedule of Changes in the City's Total OPEB Liability and Related Ratios –State of Nevada Public Employee's Benefit Plan (PEBP) .....	75
Schedule of the City's Share of the Net Pension Liability .....	76
Schedule of City Contributions .....	77

## Supplementary Information

Reconciliation of the General Fund (Budgetary Basis) to the General Fund (GAAP Basis) Combining Balance Sheet .....	78
---	----

*This page intentionally left blank*



Combining Balance Sheet – Nonmajor Governmental Funds .....	79
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds .....	80
Nonmajor Governmental Funds	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual	
Convention and Tourism Authority Fund .....	81
Airport Fund .....	82
Debt Service Fund .....	83
Land Reserve and Park Acquisitions and Development Capital Projects Fund .....	84
Special Ad Valorem Capital Projects Fund .....	85
Nonmajor Proprietary Funds	
Combining Statement of Net Position – Nonmajor Proprietary Funds .....	86
Combining Statement of Net Position – Nonmajor Proprietary Funds .....	87
Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Proprietary Funds ...	88
Combining Statement of Cash Flows – Nonmajor Proprietary Funds .....	89
Major Proprietary Funds	
Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual	
Electric Enterprise Fund .....	91
Water Enterprise Fund .....	92
Sewer Enterprise Fund .....	93
Water Treatment Enterprise Fund .....	94
Nonmajor Proprietary Funds	
Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual	
Landfill Enterprise Fund .....	95
Sanitation Enterprise Fund .....	96
Water Treatment Replacement Enterprise Fund .....	97
Combining Statement of Net Position – Internal Service Funds .....	98
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds .....	99
Combining Statement of Cash Flows – Internal Service Funds .....	100
Schedule of Revenues, Expenditures, and Changes in Net Position – Budget (GAAP Basis) and Actual	
Data Processing Internal Service Fund .....	101
Public Works Internal Service Fund .....	102
Internally Reported Governmental Funds	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual	
Parking Lot Fund .....	103
Secured Freight Yard Fund .....	104
Drug Forfeiture Fund .....	105
Unemployment Compensation Fund .....	106
Convention Center Fund .....	107
Compensated Absences Fund .....	108
Fire Truck Reserve Fund .....	109
Mayor’s Youth Fund .....	110
Mayor’s Century Fund .....	111
Martin Vusich Self-Sustaining Centennial Fund .....	112
Schedule of Fees Imposed Subject to the Provisions of NRS 354.5989 – Limitations of Fees for Business Licenses .....	113

*This page intentionally left blank*

Statistical Section (Unaudited)

Schedule No. 1 – Net Position by Component.....	115
Schedule No. 2 – Change in Net Position.....	116
Schedule No. 3 – Fund Balances, Governmental Funds .....	118
Schedule No. 4 – Changes in Fund Balances, Governmental Funds .....	119
Schedule No. 5 – Assessed and Estimated Actual Value of Taxable Property.....	120
Schedule No. 6 – Property Tax Rates – Direct and Overlapping Governments.....	121
Schedule No. 7 – Principal Property Owners .....	122
Schedule No. 8 – Electric User Fees .....	123
Schedule No. 9 – Principal Electric Users.....	124
Schedule No. 10 – Ratio of Outstanding Debt by Type.....	125
Schedule No. 11 – Ratio of General Bonded Debt Outstanding .....	126
Schedule No. 12 – Computation of General Obligation Direct and Overlapping Debt.....	127
Schedule No. 13 – Computation of Legal Debt Margin .....	128
Schedule No. 14 – Demographic Statistics.....	129
Schedule No. 15 – Major Employers.....	130
Schedule No. 16 – Full-Time Equivalent City of Fallon, Nevada Employees by Function/Program.....	131
Schedule No. 17 – Operating Indicators by Function/Program .....	132
Schedule No. 18 – Capital Assets Statistics by Function/Program .....	133
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	134
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance .....	136
Auditor’s Comments .....	139
Schedule of Expenditures and Federal Awards .....	141
Notes to Schedule of Expenditures and Federal Awards.....	142
Schedule of Findings and Questioned Costs .....	143

*This page intentionally left blank*

## INTRODUCTORY SECTION



*This page intentionally left blank*

Ken Tedford  
MAYOR



James D. Richardson  
Councilman

Kelly Frost  
Councilwoman

Karla K. Kent  
Councilwoman

December 9, 2019

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

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, 2019.

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, 2019, 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, 2019 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 9,000 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 4,808 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 2019 was 92,318,976 kWh (a 1.15 % decrease from fiscal year 2018) and the peak load was 21,420 kWh (a 1.63% increase from fiscal year 2018).

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 2019, 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, 2018. 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,

A handwritten signature in blue ink, reading "G C Cordes". The signature is fluid and cursive, with the first name "G" and last name "Cordes" clearly visible.

GARY C. CORDES, CPA  
City Clerk Treasurer

*This page intentionally left blank*



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, 2018**

*Christopher P. Morill*

Executive Director/CEO

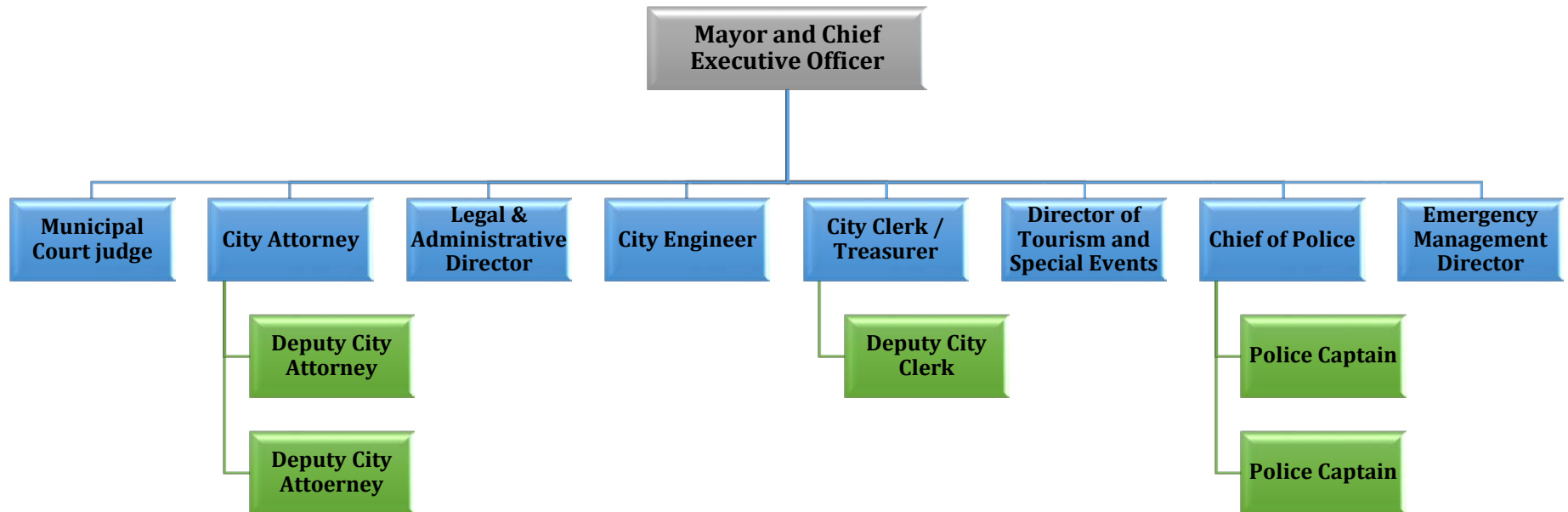
PRINCIPAL OFFICIALS  
OF THE CITY OF FALLON, NEVADA  
2018-2019

Office	Name	Term of Office	Term Expires
Mayor	Ken Tedford	Four Years	December 1, 2024
Council Member Ward 1	Kelly Frost	Four Years	December 1, 2022
Council Member Ward 2	Karla Kent	Four Years	December 1, 2024
Council Member Ward 3	James Richardson	Four Years	December 1, 2022
City Attorney	Michael Mackedon	Two Years	June 30, 2021
Assistant City Attorney	Leonard Mackedon	Two Years	June 30, 2021
Legal and Administrative Director	Robert Erquiaga	Two Years	June 30, 2021
Municipal Judge	Michael Lister	Two Years	June 30, 2021
City Clerk and Treasurer	Gary C. Cordes	Two Years	June 30, 2021
Deputy City Clerk and Treasurer	Elsie Lee	Two Years	June 30, 2021
Public Works Director	Brian Byrd	Two Years	June 30, 2021
Deputy Public Works Director	Ryan Swirzek	Two Years	June 30, 2021
City Engineer	Derek Zimney	Two Years	June 30, 2021
Chief of Police	Kevin Gehman	Two Years	June 30, 2021
Police Captain	Kris Alexander	Two Years	June 30, 2021
Police Captain	Ron Wenger	Two Years	June 30, 2021
Emergency Manager	Steven M. Endacott	Two Years	June 30, 2021
Director of Tourism and Special Events	Jane Moon	Two Years	June 30, 2021

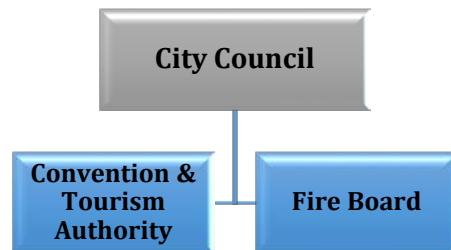


# City of Fallon Organizational Chart

## EXECUTIVE BRANCH



## LEGISLATIVE BRANCH



## JUDICIAL BRANCH



*This page intentionally left blank*

## FINANCIAL SECTION



*This page intentionally left blank*



## Independent Auditor's Report

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

### Report on the 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, 2019, 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 fair 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 from 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.

*This page intentionally left blank*

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

### **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, 2019, 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.

### **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 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.



*This page intentionally left blank*

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules including budgetary comparisons, statistical section, 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 accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the financial statements.

The combining and individual nonmajor fund statements and schedules including budgetary comparisons, the schedule of fees imposed subject to the provisions of NRS 354.5989 – limitation of fees for business licenses, and the Schedule of Expenditures of Federal Awards are 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, the schedule of fees imposed subject to the provisions of NRS 354.5989 – limitation of fees for business licenses, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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 9, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Elko, Nevada  
December 9, 2019

*This page intentionally left blank*

## 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, 2019. 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 1-5 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 \$ 52,398,679 (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 \$ 8,264,090 is comprised primarily of a deficit in the governmental activities of \$ 9,123,871. 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 \$ 771,937 during the current fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$ 602,347 or 6.2 % of the total General Fund expenditures.

### 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 \$ 52,398,679 at the close of the most recent fiscal year.

By far the largest portion of the City of Fallon's net position 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	
	FY19	FY18	FY19	FY18	FY19	FY18
Current and Other Assets	\$ 2,382,766	\$ 2,193,845	\$ 19,545,494	\$ 20,263,389	\$ 21,928,260	\$ 22,457,234
Capital Assets, Net	22,424,619	22,503,453	46,400,066	45,330,581	68,824,685	67,834,034
Total assets	24,807,385	24,697,298	65,945,560	65,593,970	90,752,945	90,291,268
Deferred Outflows of Resources	1,992,113	1,773,713	791,302	702,775	2,783,415	2,476,488
Total assets and deferred outflows of resources	26,799,498	26,471,011	66,736,862	66,296,745	93,536,360	92,767,756
Current Liabilities	938,945	1,033,840	6,882,657	6,136,780	7,821,602	7,170,620
Noncurrent liabilities	11,966,282	11,541,712	20,491,066	21,329,119	32,457,348	32,870,831
Total liabilities	12,905,227	12,575,552	27,373,723	27,492,899	40,278,950	40,068,451
Deferred Inflows of Resources	620,603	771,470	238,128	301,093	858,731	1,072,563
Total liabilities and deferred inflows of resources	13,525,830	13,347,022	27,611,851	27,793,992	41,137,681	41,141,014
Net Position						
Net investment in capital assets	22,255,494	22,284,515	37,663,396	35,664,097	59,918,890	57,948,612
Restricted	142,045	47,332	601,834	560,062	743,879	607,394
Unrestricted	(9,123,871)	(9,207,858)	859,781	2,278,594	(8,264,090)	(6,929,264)
Total Net Position	\$ 13,273,668	\$ 13,123,989	\$ 39,125,011	\$ 38,502,753	\$ 52,398,679	\$ 51,626,742

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 \$8,264,090 due to the City's pension liability.

At the end of the current fiscal year, the City's governmental activities reported an increase in net position of \$ 149,679 due to revenues exceeding expenses. The business type activities reported an increase in net position of \$ 622,258 due to revenues exceeding expenses.

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	
	FY19	FY18	FY19	FY18	FY19	FY18
Revenues						
Program revenues						
Charges for services	\$ 2,862,137	\$ 2,647,451	\$ 19,806,957	\$ 19,972,680	\$ 22,669,094	\$ 22,620,131
Operating grants and contributions	297,996	176,200	268,104	145,977	566,100	322,177
Capital grants and contributions	853,806	266,747	168,126	155,980	1,021,932	422,727
General revenues						
Property taxes	1,506,099	1,451,714	-	-	1,506,099	1,451,714
Shared revenues	2,999,257	3,135,219	-	-	2,999,257	3,135,219
Other revenues	2,793,159	2,862,350	380,001	160,976	3,173,160	3,023,326
Total revenues	11,312,454	10,539,681	20,623,188	20,435,613	31,935,642	30,975,294
Expenses						
General government	2,110,517	1,877,667	-	-	2,110,517	1,877,667
Judicial	895,751	812,490	-	-	895,751	812,490
Public Safety	5,264,999	5,323,002	-	-	5,264,999	5,323,002
Public Works	925,217	938,738	-	-	925,217	938,738
Culture and Recreation	1,241,382	1,089,382	-	-	1,241,382	1,089,382
Community Support	724,909	683,436	-	-	724,909	683,436
Electric	-	-	10,569,966	10,454,940	10,569,966	10,454,940
Water	-	-	1,979,607	2,009,341	1,979,607	2,009,341
Sewer	-	-	2,276,356	2,365,524	2,276,356	2,365,524
Sanitation	-	-	2,123,220	1,872,199	2,123,220	1,872,199
Landfill	-	-	1,876,143	1,754,151	1,876,143	1,754,151
Water Treatment	-	-	1,175,638	2,149,619	1,175,638	2,149,619
Total expenses	11,162,775	10,724,715	20,000,930	20,605,774	31,163,705	31,330,489
Change in Net Position	149,679	(185,034)	622,258	(170,161)	771,937	(355,195)
Net Position at July 1	13,123,989	13,309,023	38,502,753	38,672,914	51,626,742	51,981,937
Net Position at June 30	<u>\$ 13,273,668</u>	<u>\$ 13,123,989</u>	<u>\$ 39,125,011</u>	<u>\$ 38,502,753</u>	<u>\$ 52,398,679</u>	<u>\$ 51,626,742</u>



### Governmental Activities – Expenses

	FY 2019 Expenses	FY 2018 Expenses	Increase (Decrease)	Percent Change
Governmental Activities				
General Government	\$ 2,110,517	\$ 1,877,667	\$ 232,850	12%
Judicial	895,751	812,490	83,261	10%
Public Safety	5,264,999	5,323,002	(58,003)	-1%
Public Works	925,217	938,738	(13,521)	-1%
Culture and Recreation	1,241,382	1,089,382	152,000	14%
Community Support	724,909	683,436	41,473	6%
Total	<u>\$ 11,162,775</u>	<u>\$ 10,724,715</u>	<u>\$ 438,060</u>	<u>4%</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 12% this fiscal year. Additional staff were employed in the City Clerk's office to improve customer service.

Judicial increased by 10% during the fiscal year. A significant portion of this increase was due to the appointment of an additional Deputy City Attorney.

Culture and recreation increased by 14% during the fiscal year. Additional efforts were made in rehabbing many of the City's parks.

### Governmental Activities – Revenues

	FY 2019 Revenues	FY 2018 Revenues	Increase (Decrease)	Percent Change
Governmental Activities				
Charges for services	\$ 2,862,137	\$ 2,647,451	\$ 214,686	8%
Operating Grants and contributions	297,996	176,200	121,796	69%
Capital Grants and contributions	853,806	266,747	587,059	220%
Property Taxes	1,506,099	1,451,714	54,385	4%
Shared Revenues	2,999,257	3,135,219	(135,962)	-4%
Other revenues	2,793,159	2,862,350	(69,191)	-2%
Total	<u>\$ 11,312,454</u>	<u>\$ 10,539,681</u>	<u>\$ 772,773</u>	<u>7%</u>

Shared revenues decreased by 4 %. The largest contributor to this category is consolidated tax which includes sales tax and motor vehicle tax. During the prior 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 increased by 69%. During the fiscal year 2018 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 more in fiscal year 2019.

Capital Grants increased by 220%. 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.

### Business Type Activities – Revenue

	FY 2019 Charge for Service	FY 2018 Charge for Service	Increase (Decrease)	Percent Change
Business-Type Activities				
Electric	\$ 11,258,578	\$ 11,454,055	\$ (195,477)	-2%
Water	1,598,798	1,603,782	(4,984)	0%
Sewer	2,294,442	2,245,391	49,051	2%
Water Treatment	1,682,985	1,673,309	9,676	1%
Sanitation	1,731,660	1,702,518	29,142	2%
Landfill	1,240,494	1,293,625	(53,131)	-4%
Total	<u>\$ 19,806,957</u>	<u>\$ 19,972,680</u>	<u>\$ (165,723)</u>	<u>-1%</u>

Charge for service for electric decreased 2% and charge for water decreased slightly. Electric and water use fees can vary based on weather and conservation efforts.

The landfill revenues decreased 4%. Landfill revenues can also vary based on the volumes of construction and demolition.

### Business Type Activities – Expenses

	FY 2019 Expenses	FY 2018 Expenses (As Restated)	Increase (Decrease)	Percent Change
Business-Type Activities				
Electric	\$ 10,569,966	\$ 10,454,940	\$ 115,026	1%
Water	1,979,607	2,009,341	(29,734)	-1%
Sewer	2,276,356	2,365,524	(89,168)	-4%
Water Treatment	2,123,220	1,872,199	251,021	13%
Sanitation	1,876,143	1,754,151	121,992	7%
Landfill	1,175,638	2,149,619	(973,981)	-45%
Total	<u>\$ 20,000,930</u>	<u>\$ 20,605,774</u>	<u>\$ (604,844)</u>	<u>-3%</u>

Water Treatment expenses increased 13% during the fiscal year. During fiscal year 2019 several large maintenance projects were completed.

Landfill expenses decreased by 45% over the prior year. During fiscal year 2019 the City adjusted its estimate for landfill closure liability in the amount of \$5,000. In fiscal year 2018 the adjustment was \$942,000. 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 \$ 1,723,384 an increase of \$ 284,436 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 \$995,855. The anticipated beginning fund balance for fiscal year 2020 budget was anticipated at \$977,680.

The fund balance of the City of Fallon General Fund, budgetary basis, increased by \$162,486 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 \$ 39,125,011 which is an increase of \$ 622,258. 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 \$481,858 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 \$84,311. Capital improvements were made to the City Hall and adjacent property was purchased near City Hall for Parking.
- The Public Works Department Capital Outlay was augmented in the amounts of \$100,000. The source of funds for this augmentation was grant funding from the State of Nevada Department of Transportation to provide pedestrian enhancements on Maine Street.
- 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, 2019 totals \$68,824,685 (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	
	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018
Land	\$ 815,947	\$ 765,431	\$ 2,288,073	\$ 2,119,094	\$ 3,104,020	\$ 2,884,525
Construction in progress	611,034	340,185	2,773,687	781,534	3,384,721	1,121,719
Buildings and improvements	4,055,573	4,198,966	1,095,847	1,165,582	5,151,420	5,364,548
Machinery and equipment	1,656,557	1,846,312	1,898,789	1,781,891	3,555,346	3,628,203
Infrastructure	15,285,508	15,352,559	38,343,670	39,482,480	53,629,178	54,835,039
Total	<u>\$ 22,424,619</u>	<u>\$ 22,503,453</u>	<u>\$ 46,400,066</u>	<u>\$ 45,330,581</u>	<u>\$ 68,824,685</u>	<u>\$ 67,834,034</u>

Significant additions in the current year for the Governmental Activities were the purchase of property near City Hall, the Airport master capital plan update, and Airport Improvement Projects.

Significant additions in the current year for the Business-Type Activities were the purchase of land adjoining the Sewer Treatment Plant and construction in progress of an electrical substation.

For additional details regarding capital assets please refer to Note 5 beginning on page 45.

### Long-term Debt Activity

The General Fund owes the Enterprise Funds \$300,604 for advances made in purchasing equipment and infrastructure. State Statutes limit the total debt to 30% of its total assessed valuation.

Additional information of the City of Fallon's long-term debt can be found in note 6 on page 48-52 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 2020. 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



*This page intentionally left blank*

City of Fallon, Nevada  
Statement of Net Position  
June 30, 2019

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets			
Cash and investments	\$ 1,516,112	\$ 4,918,476	\$ 6,434,588
Due from other governments	527,720	-	527,720
Receivables, net of allowances for uncollectible accounts (where applicable)			
Taxes	17,282	-	17,282
Accounts	142,612	2,086,231	2,228,843
Assessments	4,800	-	4,800
Grants	197,206	67,965	265,171
Other	-	77,669	77,669
Internal balances	(130,921)	130,921	-
Parts inventory	-	3,161	3,161
Total current assets	<u>2,274,811</u>	<u>7,284,423</u>	<u>9,559,234</u>
Noncurrent assets			
Restricted assets			
Cash and investments	107,955	11,111,671	11,219,626
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	1,426,981	5,061,760	6,488,741
Other capital assets, net of depreciation	20,997,638	41,338,306	62,335,944
Total noncurrent assets	<u>22,532,574</u>	<u>58,661,137</u>	<u>81,193,711</u>
Total assets	<u>24,807,385</u>	<u>65,945,560</u>	<u>90,752,945</u>
Deferred Outflows of Resources			
Deferred outflows related to other postemployment benefits	65,709	38,420	104,129
Deferred outflows related to pensions	1,926,404	752,882	2,679,286
Total deferred outflows of resources	<u>1,992,113</u>	<u>791,302</u>	<u>2,783,415</u>



*This page intentionally left blank*

City of Fallon, Nevada  
Statement of Net Position  
June 30, 2019

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 237,656	\$ 1,383,592	\$ 1,621,248
Accrued payroll and related liabilities	259,815	110,956	370,771
Accrued interest payable	-	157,709	157,709
Unearned revenue	104,800	3,797,500	3,902,300
Customer deposits, payable from restricted cash	-	314,970	314,970
Due to other governments	44,453	-	44,453
Current portion of compensated absences	239,261	97,482	336,743
Current maturities of long-term debt	52,960	1,020,448	1,073,408
Total current liabilities	<u>938,945</u>	<u>6,882,657</u>	<u>7,821,602</u>
Noncurrent liabilities			
Other postemployment benefits liability	1,279,117	744,776	2,023,893
Net pension liability	10,397,743	4,070,147	14,467,890
Compensated absences, net of current portion	173,257	70,589	243,846
Estimated liability for landfill closure and post-closure care costs	-	1,430,000	1,430,000
Bonds, notes and leases payable, net of current portion	116,165	14,175,554	14,291,719
Total noncurrent liabilities	<u>11,966,282</u>	<u>20,491,066</u>	<u>32,457,348</u>
Total liabilities	<u>12,905,227</u>	<u>27,373,723</u>	<u>40,278,950</u>
Deferred Inflows of Resources			
Deferred inflows related to other postemployment benefits	14,346	8,484	22,830
Deferred inflows related to pensions	606,257	229,644	835,901
Total deferred inflows of resources	<u>620,603</u>	<u>238,128</u>	<u>858,731</u>
Net Position			
Net investment in capital assets	22,255,494	37,663,396	59,918,890
Restricted for			
Private grants	35,017	-	35,017
Capital projects	107,028	601,834	708,862
Unrestricted	(9,123,871)	859,781	(8,264,090)
Total net position	<u>\$ 13,273,668</u>	<u>\$ 39,125,011</u>	<u>\$ 52,398,679</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	\$ (2,110,517)	\$ 2,676,779	\$ 248,679	\$ -
Judicial	(895,751)	136,571	-	-
Public safety	(5,252,325)	6,087	-	-
Public works	(925,217)	-	-	853,806
Culture and recreation	(1,241,382)	42,700	-	-
Community support	(724,909)	-	49,317	-
Interest on long-term debt	(12,674)	-	-	-
Total government activities	<u>(11,162,775)</u>	<u>2,862,137</u>	<u>297,996</u>	<u>853,806</u>
Business-Type Activities				
Electric	(10,569,966)	11,258,578	250,000	15,045
Water	(1,979,607)	1,598,798	18,104	72,081
Sewer	(2,276,356)	2,294,442	-	54,000
Water treatment	(2,123,220)	1,682,985	-	27,000
Sanitation	(1,876,143)	1,731,660	-	-
Landfill	(1,175,638)	1,240,494	-	-
Total business-type activities	<u>(20,000,930)</u>	<u>19,806,957</u>	<u>268,104</u>	<u>168,126</u>
Total primary government	<u>\$ (31,163,705)</u>	<u>\$ 22,669,094</u>	<u>\$ 566,100</u>	<u>\$ 1,021,932</u>
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				
Net Position, End of Year				

See Notes to Financial Statements

City of Fallon, Nevada  
Statement of Activities  
Year Ended June 30, 2019

Net (Expenses) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ 814,941	\$ -	\$ 814,941
(759,180)	-	(759,180)
(5,246,238)	-	(5,246,238)
(71,411)	-	(71,411)
(1,198,682)	-	(1,198,682)
(675,592)	-	(675,592)
(12,674)	-	(12,674)
(7,148,836)	-	(7,148,836)
-	953,657	953,657
-	(290,624)	(290,624)
-	72,086	72,086
-	(413,235)	(413,235)
-	(144,483)	(144,483)
-	64,856	64,856
-	242,257	242,257
(7,148,836)	242,257	(6,906,579)
1,506,099	-	1,506,099
634,963	-	634,963
153,488	-	153,488
2,210,806	-	2,210,806
266,781	-	266,781
1,051,149	-	1,051,149
968,305	-	968,305
246,933	-	246,933
3,563	308,317	311,880
256,428	71,684	328,112
7,298,515	380,001	7,678,516
149,679	622,258	771,937
13,123,989	38,502,753	51,626,742
\$ 13,273,668	\$ 39,125,011	\$ 52,398,679

City of Fallon, Nevada  
Balance Sheet – Governmental Funds  
June 30, 2019

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and investments	\$ 983,143	\$ 532,969	\$ 1,516,112
Due from other governments	467,438	60,282	527,720
Due from other funds	66,882	-	66,882
Receivables, net of allowances for uncollectible accounts (where applicable)			
Taxes	17,282	-	17,282
Accounts	70,494	72,118	142,612
Assessments	-	4,800	4,800
Grant	128,523	68,683	197,206
Advances to other funds	184,401	-	184,401
Restricted assets			
Cash and investments	107,955	-	107,955
<b>Total assets</b>	<b>\$ 2,026,118</b>	<b>\$ 738,852</b>	<b>\$ 2,764,970</b>
<b>Liabilities</b>			
Accounts payable	\$ 196,566	\$ 41,090	\$ 237,656
Accrued payroll and related liabilities	259,815	-	259,815
Due to other governments	41,448	3,005	44,453
Due to other funds	53,959	81,600	135,559
Advances from other funds	246,645	-	246,645
Unearned revenue	100,000	4,800	104,800
<b>Total liabilities</b>	<b>898,433</b>	<b>130,495</b>	<b>1,028,928</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property taxes	12,658	-	12,658
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>911,091</b>	<b>130,495</b>	<b>1,041,586</b>
<b>Fund Balances</b>			
Nonspendable	184,401	-	184,401
Restricted			
Private grants	35,017	-	35,017
Capital projects	-	107,028	107,028
Committed	111,217	505,841	617,058
Assigned for subsequent year operations	182,045	-	182,045
Unassigned	602,347	(4,512)	597,835
<b>Total fund balances</b>	<b>1,115,027</b>	<b>608,357</b>	<b>1,723,384</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 2,026,118</b>	<b>\$ 738,852</b>	<b>\$ 2,764,970</b>

City of Fallon, Nevada  
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2019

---

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

Total fund balance - governmental funds		\$ 1,723,384
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	44,029,494	
Accumulated depreciation	<u>(21,604,875)</u>	
		22,424,619
Property taxes receivable are not available to pay current period expenditures and, therefore, are deferred in the governmental funds balance sheet.		
		12,658
Certain liabilities are not reported in the governmental funds because they are not due and payable in the current period.		
Other postemployment benefits liability	(1,279,117)	
Net pension liability	(10,397,743)	
Compensated absences	(412,518)	
Note payable	<u>(169,125)</u>	
		(12,258,503)
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	1,926,404	
Deferred inflows of resources related to pensions	(606,257)	
Deferred outflows of resources related to other postemployment benefits	65,709	
Deferred inflows of resources related to other postemployment benefits	<u>(14,346)</u>	
		<u>1,371,510</u>
Net position of governmental activities		<u><u>\$ 13,273,668</u></u>

City of Fallon, Nevada  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2019

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Taxes			
Ad valorem	\$ 1,418,073	\$ 88,269	\$ 1,506,342
Other	1,120,944	634,963	1,755,907
Charges for services	2,400,527	34,710	2,435,237
Intergovernmental	2,958,174	900,814	3,858,988
Licenses and permits	1,655,902	-	1,655,902
Fines and forfeitures	110,826	-	110,826
Miscellaneous			
Investment income	2,384	1,177	3,561
Other	(11,456)	224	(11,232)
Total revenues	<u>9,655,374</u>	<u>1,660,157</u>	<u>11,315,531</u>
Expenditures			
Current			
General government and administration	1,937,229	-	1,937,229
Judicial	890,001	-	890,001
Public safety	5,186,268	-	5,186,268
Public works	95,354	50,459	145,813
Culture and recreation	946,264	-	946,264
Community support	450,572	247,048	697,620
Capital outlay			
General government and administration	86,811	-	86,811
Public safety	74,325	-	74,325
Public works	80,402	909,494	989,896
Community support	14,380	-	14,380
Debt service			
Principal retirement	-	49,813	49,813
Interest and fiscal charges	-	12,675	12,675
Total expenditures	<u>9,761,606</u>	<u>1,269,489</u>	<u>11,031,095</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(106,232)</u>	<u>390,668</u>	<u>284,436</u>
Other Financing Sources (Uses)			
Transfers in	415,000	128,130	543,130
Transfers out	(128,130)	(415,000)	(543,130)
Total other financing sources (uses)	<u>286,870</u>	<u>(286,870)</u>	<u>-</u>
Net Change in Fund Balances	180,638	103,798	284,436
Fund Balances, Beginning of Year	<u>934,389</u>	<u>504,559</u>	<u>1,438,948</u>
Fund Balances, End of Year	<u>\$ 1,115,027</u>	<u>\$ 608,357</u>	<u>\$ 1,723,384</u>

City of Fallon, Nevada

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances  
to the Statement of Activities  
Year Ended June 30, 2019

---

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

Net change in fund balances - total governmental funds	\$	284,436	
<p>Governmental funds report capital outlay as expenditures and the proceeds from the sale of assets as other financial sources. However, in the government-wide statement of activities and changes in net position, the cost of those assets is depreciated over their estimated useful lives and only the gain or loss is recorded when assets are sold or disposed of.</p>			
Expenditures for capital assets	\$	1,159,099	
Current year depreciation		(1,234,155)	
Sale/disposition of assets		<u>(3,778)</u>	
			(78,834)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the government funds.</p>			
Change in unavailable revenues - property taxes			(242)
<p>Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense.</p>			
Pension contributions		750,413	
Pension expense		<u>(762,168)</u>	
			(11,755)
<p>The issuance of long-term debt (i.e. notes payable) provides current financial resources to governmental funds, while the 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.</p>			
Principal payments made in current year			49,813
<p>The liability for other postemployment benefits is not recorded in the governmental funds, but it is reported in the statement of net position. This is the current year change in the liability, reported as an expense in the statement of activities.</p>			
Other postemployment benefits contributions		104,129	
Other postemployment benefits expense		<u>(193,093)</u>	
			(88,964)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>			
Change in long-term compensated absences			<u>(4,775)</u>
Change in net position of governmental activities	\$		<u><u>149,679</u></u>



Business-Type Activities - Enterprise Funds			
	Electric	Water	Sewer
Assets			
Current assets			
Cash and investments	\$ 1,226,549	\$ 309,149	\$ 2,253,112
Accounts receivable, net of allowance for doubtful accounts	1,077,841	181,051	232,280
Grant receivables	-	41,557	-
Other receivables	77,669	-	-
Due from other funds	-	78,046	-
Parts inventory	-	3,161	-
Total current assets	<u>2,382,059</u>	<u>612,964</u>	<u>2,485,392</u>
Noncurrent Assets			
Restricted assets			
Cash and investments			
Customer deposits	313,500	1,470	-
Bond payable	6,459,332	-	-
Fallon Youth Center	3,733,814	-	-
Capital project	-	-	-
Assets held for resale	1,099,400	-	-
Deposits held by others	50,000	-	-
Advances to other funds	-	233,013	-
Capital assets			
Land and construction in progress	3,680,216	354,306	603,152
Other capital assets, net of depreciation	<u>4,052,639</u>	<u>5,966,801</u>	<u>14,404,543</u>
Total noncurrent assets	<u>19,388,901</u>	<u>6,555,590</u>	<u>15,007,695</u>
Total assets	<u>21,770,960</u>	<u>7,168,554</u>	<u>17,493,087</u>
Deferred Outflows of Resources			
Deferred outflows related to other postemployment benefits	10,771	5,468	3,050
Deferred outflows related to pensions	<u>157,076</u>	<u>102,898</u>	<u>80,836</u>
Total deferred outflows of resources	<u>167,847</u>	<u>108,366</u>	<u>83,886</u>

See Notes to Financial Statements

City of Fallon, Nevada  
Statement of Net Position – Proprietary Funds  
June 30, 2019

Business-Type Activities - Enterprise Funds			Business-Type Activities - Internal Service Funds
Water Treatment	Nonmajor Enterprise Funds	Total	
\$ 695,403	\$ 313,035	\$ 4,797,248	\$ 121,228
163,305	431,754	2,086,231	-
-	26,408	67,965	-
-	-	77,669	-
130,703	-	208,749	-
-	-	3,161	-
<u>989,411</u>	<u>771,197</u>	<u>7,241,023</u>	<u>121,228</u>
1,721	-	316,691	-
-	-	6,459,332	-
-	-	3,733,814	-
-	601,834	601,834	-
-	-	1,099,400	-
-	-	50,000	-
245,514	-	478,527	-
72,854	351,232	5,061,760	-
<u>15,090,109</u>	<u>1,710,206</u>	<u>41,224,298</u>	<u>114,008</u>
<u>15,410,198</u>	<u>2,663,272</u>	<u>59,025,656</u>	<u>114,008</u>
<u>16,399,609</u>	<u>3,434,469</u>	<u>66,266,679</u>	<u>235,236</u>
3,433	6,950	29,672	8,748
<u>76,210</u>	<u>169,071</u>	<u>586,091</u>	<u>166,791</u>
<u>79,643</u>	<u>176,021</u>	<u>615,763</u>	<u>175,539</u>

Business-Type Activities - Enterprise Funds			
	Electric	Water	Sewer
Liabilities			
Current liabilities			
Accounts payable	\$ 1,047,305	\$ 48,854	\$ 70,420
Accrued payroll and related liabilities	21,117	20,614	6,154
Accrued interest payable	28,130	17,565	107,906
Unearned revenue	3,797,500	-	-
Customer deposits, payable from restricted cash	313,500	1,470	-
Current portion of compensated absences	16,351	18,510	13,253
Current maturities of long-term debt	372,000	201,556	290,000
Due to other funds	11,919	-	66,000
Total current liabilities	5,607,822	308,569	553,733
Noncurrent liabilities			
Other postemployment benefits liability	207,264	106,070	57,890
Net pension liability	841,857	544,829	439,125
Compensated absences, net of current portion	11,840	13,403	9,597
Estimated liability for landfill closure and postclosure care costs	-	-	-
Bonds and leases payable, net of current portion	5,862,000	1,373,822	6,645,776
Advances from other funds	23,840	-	280,000
Total noncurrent liabilities	6,946,801	2,038,124	7,432,388
Total liabilities	12,554,623	2,346,693	7,986,121
Deferred Inflows of Resources			
Deferred inflows related to other postemployment benefits	1,282	1,849	666
Deferred inflows related to pensions	45,608	33,435	25,986
Total deferred outflows of resources	46,890	35,284	26,652
Net Position			
Net investment in capital assets	7,958,187	4,745,729	8,071,919
Restricted for			
Capital projects	-	-	-
Unrestricted	1,379,107	149,214	1,492,281
Total net position (deficit)	\$ 9,337,294	\$ 4,894,943	\$ 9,564,200
Amounts reported for business-type activities in the statement of net position are different because:			
Net position (liabilities) of certain internal service funds are reported with business-type activities for the current year			
Net position of business-type activities			

See Notes to Financial Statements

City of Fallon, Nevada  
Statement of Net Position – Proprietary Funds  
June 30, 2019

Business-Type Activities - Enterprise Funds			Business-Type Activities - Internal Service Funds
Water Treatment	Nonmajor Enterprise Funds	Total	
\$ 79,403	\$ 121,496	\$ 1,367,478	\$ 16,114
11,700	20,786	80,371	30,585
-	4,108	157,709	-
-	-	3,797,500	-
-	-	314,970	-
7,924	23,352	79,390	18,092
-	156,892	1,020,448	-
-	62,153	140,072	-
<u>99,027</u>	<u>388,787</u>	<u>6,957,938</u>	<u>64,791</u>
65,752	136,480	573,456	171,320
407,967	911,932	3,145,710	924,437
5,738	16,910	57,488	13,101
-	1,430,000	1,430,000	-
-	293,956	14,175,554	-
-	112,443	416,283	-
<u>479,457</u>	<u>2,901,721</u>	<u>19,798,491</u>	<u>1,108,858</u>
<u>578,484</u>	<u>3,290,508</u>	<u>26,756,429</u>	<u>1,173,649</u>
982	1,939	6,718	1,766
<u>21,632</u>	<u>47,292</u>	<u>173,953</u>	<u>55,691</u>
<u>22,614</u>	<u>49,231</u>	<u>180,671</u>	<u>57,457</u>
15,162,963	1,610,590	37,549,388	114,008
-	601,834	601,834	-
<u>715,191</u>	<u>(1,941,673)</u>	<u>1,794,120</u>	<u>(934,339)</u>
<u>\$ 15,878,154</u>	<u>\$ 270,751</u>	<u>39,945,342</u>	<u>\$ (820,331)</u>
		<u>(820,331)</u>	
		<u>\$ 39,125,011</u>	

Business-Type Activities - Enterprise Funds			
	Electric	Water	Sewer
Operating Revenues			
Charges for services	\$ 11,258,578	\$ 1,598,798	2,293,392
Operating grants	250,000	18,104	-
Miscellaneous	-	-	1,050
Total operating revenues	11,508,578	1,616,902	2,294,442
Operating Expenses			
Salaries and wages	505,213	451,609	138,911
Employee benefits	228,278	224,641	73,690
Services and supplies	1,057,297	309,608	519,915
Electric energy purchased	5,174,605	-	-
Depreciation	459,063	299,613	610,722
Data processing use fee	90,970	45,480	15,920
Public works use fee	410,337	221,663	77,587
In lieu of taxes and franchise taxes	785,178	247,852	425,401
General fund administrative support	1,184,204	149,139	148,002
Total operating expenses	9,895,145	1,949,605	2,010,148
Operating Income (Loss)	1,613,433	(332,703)	284,294
Nonoperating Revenues (Expenses)			
Investment income	258,641	9,299	37,752
Economic development	(166,899)	-	-
Quality of life promotion	(337,992)	-	-
Insurance reimbursement	-	-	12,497
Interest expense	(182,030)	(36,450)	(268,465)
Total nonoperating revenues (expenses)	(428,280)	(27,151)	(218,216)
Income (Loss) Before Capital Contributions and Transfers	1,185,153	(359,854)	66,078
Capital Contributions	15,045	72,081	54,000
Transfers In	-	-	-
Transfers Out	-	-	-
Change in Net Position	1,200,198	(287,773)	120,078
Net Position, Beginning of Year	8,137,096	5,182,716	9,444,122
Net Position (Deficit), End of Year	\$ 9,337,294	\$ 4,894,943	\$ 9,564,200
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, 2019

Business-Type Activities - Enterprise Funds			Business-Type Activities - Internal Service Funds
Water Treatment	Nonmajor Enterprise Funds	Total	
\$ 1,411,455	\$ 2,972,154	\$ 19,534,377	\$ 1,302,768
-	-	268,104	-
271,530	-	272,580	-
1,682,985	2,972,154	20,075,061	1,302,768
216,109	575,292	1,887,134	659,463
111,485	360,707	998,801	313,495
670,420	1,193,242	3,750,482	275,412
-	-	5,174,605	-
383,524	238,764	1,991,686	22,953
45,480	29,570	227,420	-
221,674	144,087	1,075,348	-
343,207	217,993	2,019,631	-
137,769	275,916	1,895,030	-
2,129,668	3,035,571	19,020,137	1,271,323
(446,683)	(63,417)	1,054,924	31,445
1,650	692	308,034	283
-	-	(166,899)	-
-	-	(337,992)	-
-	59,187	71,684	-
-	(20,402)	(507,347)	-
1,650	39,477	(632,520)	283
(445,033)	(23,940)	422,404	31,728
27,000	-	168,126	-
-	41,772	41,772	-
(41,772)	-	(41,772)	-
(459,805)	17,832	590,530	31,728
16,337,959	252,919		(852,059)
\$ 15,878,154	\$ 270,751		\$ (820,331)

31,728  
\$ 622,258

	Business-Type Activities - Enterprise Funds		
	Electric	Water	Sewer
Operating Activities			
Cash from customers	\$ 11,599,557	\$ 1,603,999	\$ 2,307,811
Cash from other funds for services	47,184	18,104	-
Payments to suppliers for goods and services	(7,421,422)	(775,050)	(790,139)
Payments to employees for services	(503,351)	(452,747)	(137,086)
Payments to other funds for services	(1,969,382)	(396,991)	(573,403)
Net Cash from (used for) Operating Activities	1,752,586	(2,685)	807,183
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	(2,684,904)	(13,746)	(326,010)
Insurance reimbursement	-	-	-
Principal payments on debt	(99,000)	(196,849)	(275,000)
Connection fees	15,045	72,081	54,000
Insurance reimbursement	-	-	12,497
Grant funding received in advance	550,000	-	-
Interest paid on debt	(182,477)	(38,645)	(274,162)
Net Cash from (used for) Capital and Related Financing Activities	(2,401,336)	(177,159)	(808,675)
Investing Activities			
Interest on cash and investments	258,641	9,299	37,752
Net Cash from Investing Activities	258,641	9,299	37,752
Net Change in Cash and Cash Equivalents	(402,028)	(92,499)	(29,740)
Cash and Cash Equivalents, Beginning of Year	12,135,223	403,118	2,282,852
Cash and Cash Equivalents, End of Year	\$ 11,733,195	\$ 310,619	\$ 2,253,112

See Notes to Financial Statements

City of Fallon, Nevada  
Statement of Cash Flows – Proprietary Funds  
Year Ended June 30, 2019

Business-Type Activities - Enterprise Funds			Business-Type Activities - Internal Service Funds
Water Treatment	Nonmajor Enterprise Funds	Total	
\$ 1,688,733	\$ 2,905,649	\$ 20,105,749	\$ -
-	-	65,288	1,309,276
(1,044,714)	(1,804,933)	(11,836,258)	(891,354)
(213,328)	(581,956)	(1,888,468)	(335,036)
(480,976)	(493,909)	(3,914,661)	-
(50,285)	24,851	2,531,650	82,886
64,503	(62,153)	(75,569)	-
-	-	78,046	-
-	41,772	41,772	-
(41,772)	-	(41,772)	-
22,731	(20,381)	2,477	-
(15,711)	(6,000)	(3,046,371)	(37,753)
-	59,187	59,187	-
-	(158,281)	(729,130)	-
27,000	-	168,126	-
-	-	12,497	-
-	-	550,000	-
-	(21,256)	(516,540)	-
11,289	(126,350)	(3,502,231)	(37,753)
1,650	692	308,034	283
1,650	692	308,034	283
(14,615)	(121,188)	(660,070)	45,416
710,018	1,036,057	16,567,268	75,812
<u>\$ 695,403</u>	<u>\$ 914,869</u>	<u>\$ 15,907,198</u>	<u>\$ 121,228</u>



City of Fallon, Nevada  
Statement of Cash Flows – Proprietary Funds  
Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds		
	Electric	Water	Sewer
Reconciliation of Operating Income (Loss) to Net Cash from (used for) Operating Activities			
Operating income (loss)	\$ 1,613,433	\$ (332,703)	\$ 284,294
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities			
Depreciation	459,063	299,613	610,722
Amortization	-	-	(53,116)
Pension contributions	(62,649)	(36,598)	(30,903)
Pension expense	63,630	37,171	31,387
OPEB expense	13,794	9,527	2,891
Economic development nonop expense	(166,899)	-	-
Quality of life promotion nonop expense	(337,992)	-	-
Changes in			
Accounts receivable	138,163	5,201	13,369
Inventory	-	-	-
Accounts payable	2,154	10,984	(59,974)
Landfill closure costs	-	-	-
Accrued payroll and related liabilities	1,862	(1,138)	-
Compensated absences	(1,140)	6,143	6,688
Customer deposits	29,167	(885)	1,825
Net Cash from (used for) Operating Activities	<u>\$ 1,752,586</u>	<u>\$ (2,685)</u>	<u>\$ 807,183</u>
Reconciliation of Total Cash and Cash Equivalents:			
Current assets - cash and cash equivalents	\$ 1,226,549	\$ 309,149	\$ 2,253,112
Restricted assets - cash and cash equivalents	<u>10,506,646</u>	<u>1,470</u>	<u>-</u>
Total cash and investments	<u>\$ 11,733,195</u>	<u>\$ 310,619</u>	<u>\$ 2,253,112</u>

See Notes to Financial Statements

City of Fallon, Nevada  
Statement of Cash Flows – Proprietary Funds  
Year Ended June 30, 2019

Business-Type Activities - Enterprise Funds			Business-Type Activities - Internal Service Funds
Water Treatment	Nonmajor Enterprise Funds	Total	
\$ (446,683)	\$ (63,417)	\$ 1,054,924	\$ 31,445
383,524	238,764	1,991,686	22,953
-	-	(53,116)	-
(28,582)	(82,267)	(240,999)	(63,282)
29,030	83,555	244,773	64,273
4,541	12,907	43,660	13,919
-	-	(166,899)	-
-	-	(337,992)	-
5,749	(66,505)	95,977	6,508
-	-	-	-
(1,120)	(98,742)	(146,698)	(4,118)
-	5,000	5,000	-
2,778	(6,663)	(3,161)	202
2,199	2,219	16,109	10,986
(1,721)	-	28,386	-
<u>\$ (50,285)</u>	<u>\$ 24,851</u>	<u>\$ 2,531,650</u>	<u>\$ 82,886</u>
\$ 695,403	\$ 313,035	\$ 4,797,248	\$ 121,228
-	601,834	11,109,950	-
<u>\$ 695,403</u>	<u>\$ 914,869</u>	<u>\$ 15,907,198</u>	<u>\$ 121,228</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. 88**

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statement as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date of the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provide for direct borrowings and direct placements of debt separately from other debt.

The additional disclosures required by this standard are included in Note 6.

The City of Fallon has implemented the provision of this statement as of July 1, 2018.

### **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.

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

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus*, and the *accrual basis of accounting*, as are the proprietary funds financial statements. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be measurable when the amount of the transaction can be determined and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. When revenues are due but will not be collected within this 60-day period, the receivable is recorded, and an offsetting deferred inflow of resources account is established. Thus, in subsequent periods, when both revenue recognition criteria are met, the deferred inflow of resources is removed, and revenue is recognized. Expenditures generally are recorded when liabilities are incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, postemployment benefits, and claims and judgments are recorded only when payment is due.

Property taxes, consolidated tax revenue (sales tax, cigarette taxes, business services tax, and liquor taxes), room taxes, gaming taxes, gasoline taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided and used and other charges between

the City's business-type activities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

#### **Cash and Investments**

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

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

- Certain "A" rated notes and bonds purchased by a registered broker-dealer that are issued by corporations organized and operating in the United States and that mature within five (5) years from the date of purchase; asset-backed securities and collateralized mortgage obligations rated "AAA" or higher by a nationally recognized rating service. These investments must not, in the aggregate, exceed 20 percent of the total portfolio at the time of purchase, nor include notes and bonds issued by any one corporation in excess of 25 percent of such investments
- United States bonds and debentures maturing within ten (10) years from the date of purchase
- Certain farm loan bonds
- Bills and notes of the United States Treasury, maturing within ten (10) years from the date of purchase
- Obligations of an agency of the United States or a corporation sponsored by the government, maturing within ten (10) years from the date of purchase
- Obligations of state and local governments if, (1) the interest is exempt for federal income tax purposes and (2) the obligations have been rated "A" or higher by a nationally recognized bond credit rating agency
- Negotiable and nonnegotiable certificates of deposit from commercial banks and insured savings and loan associations
- State of Nevada Local Government Pooled Investment Fund
- Certain securities issued by local governments of the State of Nevada
- Certain bankers' acceptances
- Certain short-term paper issued by a corporation organized and operating in the United States
- Other securities expressly provided by other statutes, including repurchase agreements
- Certain "AAA" rated mutual funds that invest in (1) securities issued by the Federal Government or agencies of the Federal Government, (2) Master, bank notes or other short-term commercial paper rates

as “A-1” or “P-1” issued by a corporation or depository institution organized, licensed and operating in the United States and/or (3) Repurchase agreements that are fully collateralized by (1) and (2) above.

### Cash Equivalents

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

### Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” Significant interfund balances not expected to be collected within one year are classified as advances on the fund financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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

Taxes may be paid in four installments payable on the third Monday in August, and the first Monday in October, January, and March to the County Clerk/Treasurer of Churchill County in which the City of Fallon is located. Penalties are assessed if a taxpayer fails to pay an installment within ten days of the installment due date. After a two-year waiting period, if the taxes remain unpaid, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by the owner and such persons as described by statute by paying all back taxes and accumulated penalties, interest and costs before sale. Secured roll property taxes receivable reflect only those taxes receivable from the last two delinquent roll years.

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

Receivables in proprietary fund types have arisen in the ordinary course of business. Proprietary accounts receivable and the related allowance for doubtful accounts at June 30, 2019, are as follows:

Fund Type	Outstanding Balance	Allowance for Doubtful Accounts	Net
Enterprise Funds			
Electric	\$ 1,134,215	\$ 56,374	\$ 1,077,841
Water	189,030	7,979	181,051
Sewer	243,747	11,467	232,280
Water Treatment	171,705	8,400	163,305
Nonmajor	473,024	41,270	431,754
	<u>\$ 2,211,721</u>	<u>\$ 125,490</u>	<u>\$ 2,086,231</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:

	Estimated Useful Life (Years)
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 differences between expected and actual experience, changes in assumptions, change in the City's proportion and differences between the City's contributions and the City's proportionate contribution, and the City's contributions subsequent to the measurement date reported in the government-wide financial statement of net position under the accrual basis of accounting.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents 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, the difference between the projected and actual earnings on pension plan investments, 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. 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. Commitments generally include funds for the Convention and Tourism Authority and for other special projects.
- Assigned fund balance – Assignments are neither restrictions nor commitments and represent the City’s intent to use funds for a specific purpose. These assignments, however, are not legally binding and are meant to reflect intended future use of the City’s ending fund balance. The City Council with the Mayor has the authority to assign amounts of ending fund balance through a formal resolution.
- 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.

## **Use of Estimates**

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

## **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 are held in May.
3. Prior to June 1, at a public hearing, the City Council indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the City Council. The final budget must then be forwarded to the Nevada Tax Commission for final approval.
4. Formal budgetary integration in the financial records of the General, Special Revenue, Capital Projects, Debt Service, and Proprietary Funds is employed in order to enhance management control during the year. All funds have legally adopted budgets.
5. Budgets for all funds are adopted on a basis consistent with GAAP, except for the funds which are combined for external reporting (the General Fund, Parking Lot Fund, Secured Freight Yard Fund, Unemployment Compensation Fund, Convention Center Fund, Compensated Absence Fund, Fire Truck Reserve Fund, Mayor's Youth Fund, Mayor's Century Fund, and the Martin Vusich Self-Sustaining Centennial Fund). Appropriations lapse at year-end.
6. Budget amounts within funds and between funds may be transferred if amounts do not exceed the original budget. Such transfers are to be approved by the City Council. Budget augmentations in excess of original budgetary amounts for any function or fund may not be made without prior approval of the City Council, following a scheduled and noticed public hearing. The budget reflected in the financial statements has been amended from original amounts in accordance with state statute.

In accordance with state statute, actual expenditures may not exceed budgetary appropriations of the various governmental functions 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 City conformed to all significant constraints on its financial administration during the year.

**Note 3 - Cash and Investments**

The City's cash and investments is as follows at June 30, 2019:

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
Cash and investment balances held by			
Governmental Funds	\$ 107,955	\$ 1,516,112	\$ 1,624,067
Proprietary Funds	<u>11,111,671</u>	<u>4,918,476</u>	<u>16,030,147</u>
Total cash and investments	<u>\$ 11,219,626</u>	<u>\$ 6,434,588</u>	<u>\$ 17,654,214</u>
Total investments			
State of Nevada Local Government Investment Pool		\$ 12,416,528 *	
Total cash		<u>5,237,686</u>	
Total cash and investments		<u>\$ 17,654,214</u>	

\* represents average weighted maturity of 116 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 \$ 5,202,442 were covered by FDIC insurance and collateralized by the Office of the State Treasurer/Nevada Collateral Pool as of June 30, 2019.

**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, 2019:

Governmental Activities

	Balance at July 1, 2018	Additions	Disposals	Balance at June 30, 2019
Capital assets, not being depreciated				
Land	\$ 765,431	\$ 50,516	\$ -	\$ 815,947
Construction in progress	340,185	270,849	-	611,034
Total capital assets, not being depreciated	1,105,616	321,365	-	1,426,981
Capital assets, being depreciated				
Infrastructure	30,338,781	719,047	-	31,057,828
Buildings and improvements	6,222,484	36,295	-	6,258,779
Machinery and equipment	5,234,958	82,392	(31,444)	5,285,906
Total capital assets, being depreciated	41,796,223	837,734	(31,444)	42,602,513
Less accumulated depreciation				
Infrastructure	(14,986,222)	(786,098)	-	(15,772,320)
Buildings and improvements	(2,023,518)	(179,688)	-	(2,203,206)
Machinery and equipment	(3,388,646)	(268,369)	27,666	(3,629,349)
Total accumulated depreciation	(20,398,386)	(1,234,155)	27,666	(21,604,875)
Total capital assets, being depreciated, net	21,397,837	(396,421)	(3,778)	20,997,638
Governmental Activities Capital Assets, Net	\$ 22,503,453	\$ (75,056)	\$ (3,778)	\$ 22,424,619

Business-type Activities

	Balance at July 1, 2018	Additions	Disposals	Balance at June 30, 2019
Capital Assets, Not Being Depreciated				
Land	\$ 2,119,094	\$ 168,979	\$ -	\$ 2,288,073
Construction in progress	781,534	1,992,153	-	2,773,687
Total capital assets, not being depreciated	2,900,628	2,161,132	-	5,061,760
Capital assets, being depreciated				
Buildings and improvements	2,054,086	-	-	2,054,086
Machinery and equipment	6,720,465	442,805	-	7,163,270
Electric, water, and sewer System	71,521,843	480,187	-	72,002,030
Total capital assets, being depreciated	80,296,394	922,992	-	81,219,386
Less accumulated depreciation				
Buildings and improvements	(888,504)	(69,735)	-	(958,239)
Machinery and equipment	(4,938,574)	(325,907)	-	(5,264,481)
Electric, water, and sewer system	(32,039,363)	(1,618,997)	-	(33,658,360)
Total accumulated depreciation	(37,866,441)	(2,014,639)	-	(39,881,080)
Total capital assets, being depreciated, net	42,429,953	(1,091,647)	-	41,338,306
Business-type Activities Capital Assets, Net	\$ 45,330,581	\$ 1,069,485	\$ -	\$ 46,400,066

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

Governmental Activities

General Government and Administration

City clerk	\$ 4,189
City hall	74,293
	<u>78,482</u>

Judicial

Municipal court	<u>5,311</u>
-----------------	--------------

Public Safety

Police	159,664
Task force	3,520
Animal control	474
Fire	57,369
	<u>221,027</u>

Public Works

Street, curb & gutter	625,019
Airport	154,384
	<u>779,403</u>

Culture and Recreation

Centennial	2,200
Parks	120,948
	<u>123,148</u>

Community Support

Administrative buildings	23,346
Convention center	3,438
	<u>26,784</u>

Total governmental activities	<u><u>\$ 1,234,155</u></u>
-------------------------------	----------------------------

Business-type Activities

Electric Fund	\$ 459,063
Water Fund	299,613
Sewer Fund	610,722
Water Treatment Fund	383,524
Sanitation Fund	127,340
Landfill Fund	111,424

Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets	<u>22,953</u>
---	---------------

Total business-type activities	<u><u>\$ 2,014,639</u></u>
--------------------------------	----------------------------



**Note 6 - Long-Term Debt**

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

Governmental Activities

	Balance July 1, 2018	Additions	(Reductions)	Balance June 30, 2019
<u>Medium - Term Obligation</u>				
Direct Borrowing:				
\$265,792 to KS State Bank dated 07/17				
with monthly payments of \$5,156				
including interest at 6.14%	\$ 218,938	\$ -	\$ (49,813)	\$ 169,125
Less Amount Classified as Current	(49,813)	-	(3,147)	(52,960)
Long-term portion	169,125	-	(52,960)	116,165
<u>Other Liabilities</u>				
Compensated absences	417,293	324,194	(328,969)	412,518
Less amount classified as current	(242,030)	2,769	-	(239,261)
Long-term portion	175,263	326,963	(328,969)	173,257
<u>Total Medium - Term Obligation and Other Liabilities</u>				
Governmental activities	636,231	324,194	(378,782)	581,643
Less amount classified as current	(291,843)	2,769	(3,147)	(292,221)
Long-term portion	\$ 344,388	\$ 326,963	\$ (381,929)	\$ 289,422

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

Business-type Activities

	Balance July 1, 2018	Additions	(Reductions)	Balance June 30, 2019
<b>Bonds Payable</b>				
<b>Electric Enterprise Fund</b>				
Direct Borrowing:				
\$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	\$ -	\$ (99,000)	\$ 6,234,000
Less amount classified as current	(99,000)	-	(273,000)	(372,000)
Long-term portion	6,234,000	-	(372,000)	5,862,000
<b>Water Enterprise Fund</b>				
Direct Placements:				
\$1,156,127 bond payable to State of Nevada dated 01/06; secured by pledged revenues; semi-annual payments of \$58,822 with interest at 2.23%	967,668	-	(97,635)	870,033
Less amount classified as current	(97,635)	-	(2,334)	(99,969)
Long-term portion	870,033	-	(99,969)	770,064
\$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%	804,559	-	(99,214)	705,345
Less amount classified as current	(99,214)	-	(2,373)	(101,587)
Long-term portion	705,345	-	(101,587)	603,758
Water Enterprise Fund totals	1,772,227	-	(196,849)	1,575,378
Less amount classified as current	(196,849)	-	(4,707)	(201,556)
Long-term portion	1,575,378	-	(201,556)	1,373,822
<b>Sewer Enterprise Fund</b>				
Direct Placement:				
\$7,285,000 bond payable to State of Nevada Bond Bank dated 11/15; variable payments of \$552,413 per year with interest at approximately 3.17%	6,760,000	-	(275,000)	6,485,000
Less amount classified as current	(275,000)	-	(15,000)	(290,000)
Long-term portion	\$ 6,485,000	\$ -	\$ (290,000)	\$ 6,195,000

	Balance July 1, 2018	Additions	(Reductions)	Balance June 30, 2019
<u>Capital Leases</u>				
<b>Sanitation Enterprise Fund</b>				
Direct Borrowings:				
\$405,763 capital lease with Nevada State Bank dated 10/16; semi-annual payments of \$36,708 with interest at 2.75%	\$ 308,760	\$ -	\$ (65,373)	\$ 243,387
Less amount classified as current	(65,372)	-	(1,809)	(67,181)
Long-term portion	243,388	-	(67,182)	176,206
\$172,735 capital lease with ZB, N.A. dated 10/16; semi-annual payments of \$10,158 with interest at 3.33%	149,214	-	(15,474)	133,740
Less amount classified as current	(15,471)	-	(519)	(15,990)
Long-term portion	133,743	-	(15,993)	117,750
Sanitation Enterprise Fund Totals	457,974	-	(80,847)	377,127
Less amount classified as current	(80,843)	-	(2,328)	(83,171)
Long-term portion	377,131	-	(83,175)	293,956
<b>Landfill Enterprise Fund</b>				
Direct Borrowing:				
\$398,153 capital lease with Government Leasing, LLC, dated 04/15; annual payments of \$7,562 at 5.45%	151,155	-	(77,434)	73,721
Less amount classified as current	(84,597)	10,876	-	(73,721)
Long-term portion	66,558	10,876	(77,434)	-
<u>Other Liabilities</u>				
Compensated absences	137,766	213,397	(183,092)	168,071
Less amount classified as current	(79,903)	-	(17,579)	(97,482)
Long-term portion	57,863	213,397	(200,671)	70,589
<u>Total Bonds Payable, Capital Leases and Other Liabilities</u>				
<u>Total Bonds Payable, Capital Leases and Other Liabilities</u>				
Business-type activities	15,612,122	213,397	(912,222)	14,913,297
Unamortized net bond premium	503,892	-	(53,116)	450,776
Less amounts classified as current	(816,192)	10,876	(312,614)	(1,117,930)
Long-term portion	\$ 15,299,822	\$ 224,273	\$ (1,277,952)	\$ 14,246,143

The equipment listed below is pledged as collateral for the capital leases that the equipment was purchased with.

The assets acquired with capital leases and the corresponding accumulated depreciation as of June 30, 2019 are as follows:

	Capitalized Cost	Accumulated Depreciation
<b>Sanitation Enterprise Fund</b>		
Side loader	\$ 75,065	\$ 32,768
Sweeper	229,283	91,713
Rear loader	75,065	32,768
Rough terrain forklift	26,350	11,503
	<u>\$ 405,763</u>	<u>\$ 168,752</u>
 Alley Trailer	 \$ 19,875	 \$ 3,659
Roll-off bins	61,360	11,050
Bins	22,960	3,770
Waste wheelers	66,981	10,972
	<u>\$ 171,176</u>	<u>\$ 29,451</u>
 <b>Landfill Enterprise Fund</b>		
Tipper	<u>\$ 398,153</u>	<u>\$ 167,442</u>

Annual requirements to amortize the City's bonds payable and capital leases as of June 30, 2019:

	Governmental Activities		Electric Enterprise Fund		Water Enterprise Fund	
	Interest	Principal	Interest	Principal	Interest	Principal
2020	\$ 8,910	\$ 52,960	\$ 163,296	\$ 372,000	\$ 34,013	\$ 201,556
2021	5,566	56,304	153,117	382,000	29,492	206,378
2022	2,009	59,861	142,655	393,000	24,862	211,314
2023	-	-	131,909	403,000	20,122	216,369
2024			120,879	414,000	15,268	221,545
2025-2030	-	-	428,153	2,245,000	17,485	518,216
2031-2035	-	-	111,200	2,025,000	-	-
2035-2040	-	-	-	-	-	-
	<u>\$ 16,485</u>	<u>\$ 169,125</u>	<u>\$ 1,251,209</u>	<u>\$ 6,234,000</u>	<u>\$ 141,242</u>	<u>\$ 1,575,378</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 \$1,716,620. For the current year, principal and interest paid on the bonds totaled \$273,707. Net pledged revenues totaled \$622,242.

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 \$8,811,691. For the current year, principal and interest paid on the bonds totaled \$549,163. Net pledged revenues totaled \$ 1,616,651.

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 \$7,485,209. For the principal and interest paid on the bonds was \$438,309. Net pledged revenues totaled \$4,264,666.

Sewer Enterprise Fund		Sanitation Enterprise Fund		Landfill Enterprise Fund		Total Business-Type	
Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
\$ 260,413	\$ 290,000	\$ 10,560	\$ 83,172	\$ 1,521	\$ 73,721	\$ 469,803	\$ 1,020,449
245,913	305,000	8,163	85,569	-	-	436,685	978,947
230,663	320,000	5,696	88,036	-	-	403,876	1,012,350
214,663	335,000	3,158	53,866	-	-	369,852	1,008,235
197,913	350,000	2,067	18,248	-	-	336,127	1,003,793
781,113	1,975,000	2,441	48,236	-	-	1,229,192	4,786,452
374,813	2,380,000	-	-	-	-	486,013	4,405,000
21,200	530,000	-	-	-	-	21,200	530,000
<u>\$ 2,326,691</u>	<u>\$ 6,485,000</u>	<u>\$ 32,085</u>	<u>\$ 377,127</u>	<u>\$ 1,521</u>	<u>\$ 73,721</u>	<u>\$ 3,752,748</u>	<u>\$ 14,745,226</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, 2019, is as follows:

Due From	Due To			Total
	General Fund	Water Enterprise Fund	Water Treatment Enterprise Fund	
General Fund	\$ -	\$ 33,356 <sup>a</sup>	\$ 20,603 <sup>b</sup>	\$ 53,959
Non-major Governmental Fund	-	-	81,600 <sup>h</sup>	81,600
Electric Enterprise Fund	-	11,919 <sup>c</sup>	-	11,919
Sewer Enterprise Fund	37,500 <sup>d</sup>	-	28,500 <sup>e</sup>	66,000
Non-major Enterprise Funds				
Landfill Fund	13,474 <sup>i</sup>	-	-	13,474
Sanitation Fund	15,908 <sup>f</sup>	32,771 <sup>g</sup>	-	48,679
Total	<u>\$ 66,882</u>	<u>\$ 78,046</u>	<u>\$ 130,703</u>	<u>\$ 275,631</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, 2019, is as follows:

Advances To	Advances From			Total
	General Fund	Water Enterprise Fund	Water Treatment Enterprise Fund	
General Fund	\$ -	\$ 143,631 <sup>a</sup>	\$ 103,014 <sup>b</sup>	\$ 246,645
Electric Enterprise Fund	-	23,840 <sup>c</sup>	-	23,840
Sewer Enterprise Fund	137,500 <sup>d</sup>	-	142,500 <sup>e</sup>	280,000
Non-major Enterprise Funds				
Landfill Fund	17,366 <sup>i</sup>	-	-	17,366
Sanitation Fund	29,535 <sup>f</sup>	65,542 <sup>g</sup>	-	95,077
Total	<u>\$ 184,401</u>	<u>\$ 233,013</u>	<u>\$ 245,514</u>	<u>\$ 662,928</u>

The amounts payable to the Water Enterprise Fund from the General Fund (\$23,157 with 2% interest)<sup>a</sup> and Electrical Enterprise Fund (\$35,759 with 2% interest)<sup>c</sup> 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 (\$153,830 with 0% interest)<sup>a</sup> and the Water Treatment Enterprise Fund (\$123,617 with 0% interest)<sup>b</sup> for overpayments by the Water Enterprise Fund and the Water Treatment Enterprise Fund of overhead and fees. The Sewer Enterprise Fund (\$175,000 with 0% interest)<sup>d</sup>, and the Nonmajor Landfill Enterprise Fund (\$30,840 with 0% interest)<sup>i</sup> the Nonmajor Sanitation Enterprise Fund (\$45,443 with 0% interest)<sup>f</sup> owe the General Fund for underpayment of overhead and fees by these three funds.

The Sewer Enterprise Fund owes the Water Treatment Enterprise Fund (\$171,000 with 0% interest)<sup>e</sup> as a loan for operating purposes.

The amounts payable to the Water Enterprise Fund from the Nonmajor Sanitation Enterprise Fund (\$98,313 with 0% interest)<sup>g</sup> relate to a capital acquisition loan made to the Sanitation Enterprise Fund for the acquisition of a Transfer Station in prior years.

The Airport Fund owes the Water Treatment Fund (\$81,600 with 0% interest)<sup>h</sup> as a loan for the Fallon Municipal Airport Perimeter Fence and Gates Project until FAA grant funding is received.

Annual requirements of the General Fund obligations to other funds as of June 30, 2019 follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2020	\$ 463	\$ 53,959
2021	309	53,959
2022	157	53,962
2023	-	46,241
2024	-	46,241
2025	-	46,242
	<u>\$ 929</u>	<u>\$ 300,604</u>

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

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2020	<u>\$ -</u>	<u>\$ 81,600</u>



Annual requirements of the Electrical Enterprise Fund obligations to other funds as of June 30, 2019 follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2020	\$ 715	\$ 11,919
2021	477	11,919
2022	240	11,921
	<u>\$ 1,432</u>	<u>\$ 35,759</u>

Annual requirements of the Sewer Enterprise Fund obligations to other funds as of June 30, 2019 follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2020	\$ -	\$ 66,000
2021	-	66,000
2022	-	66,000
2023	-	66,000
2024	-	66,000
2025	-	16,000
	<u>\$ -</u>	<u>\$ 346,000</u>

Annual requirements of the Nonmajor Landfill Enterprise Fund obligations to other funds as of June 30, 2019 follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2020	\$ -	\$ 13,474
2021	-	13,474
2022	-	3,892
	<u>\$ -</u>	<u>\$ 30,840</u>

Annual requirements of the Nonmajor Sanitation Enterprise Fund obligations to other funds as of June 30, 2019 follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2020	\$ 1,966	\$ 48,679
2021	1,311	48,679
2022	655	46,398
	<u>\$ 3,932</u>	<u>\$ 143,756</u>

### Transfers From/To Other Funds

A summary of transfers between funds during the year ended June 30, 2019 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Activities</u>		
General Fund	\$ 415,000	\$ (128,130)
Nonmajor Governmental Funds		
Convention and tourism authority fund	-	(415,000)
Airport fund	65,642	-
Debt service fund	62,488	-
	<u>543,130</u>	<u>(543,130)</u>
<u>Business-type Activities</u>		
Water Treatment Enterprise Fund	-	(41,772)
Nonmajor Enterprise Funds		
Water treatment replacement 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>\$ 584,902</u>	<u>\$ (584,902)</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 \$1,430,000 as of June 30, 2019, which is based on 28.7% usage (filled) of the landfill. It is estimated that an additional \$3,593,529 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 (\$5,032,529) 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, 2019. 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, 2018</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>June 30, 2019</u>
Estimated Liability of Landfill Closure and Postclosure Care Costs	<u>\$ 1,425,000</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 1,430,000</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 a single-employer defined benefit OPEB plan administered by a nine-member governing board. Nevada Revised Statute 287.023 allows certain retired employees of governmental entities with the State of Nevada to join the State's Public Employee Benefits Program. Nevada Revised Statute 287.023 sunsetted the option to join PEBP for 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 \$983 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:

	COFEHBP	PEBP	Total
Inactive Employees or Beneficiaries			
Currently Receiving Benefits	15	31	46
Active Employees	106	-	106
	<u>121</u>	<u>31</u>	<u>152</u>

Total OPEB Liability - The City's total OPEB liability of \$2,023,893 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

	COFEHBP	PEBP	Total
Total OPEB Liability	\$ 1,022,427	\$ 1,001,466	\$ 2,023,893

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:

	COFEHBP	PEBP
General inflation	2.75%	2.75%
Salary increases	4.00% per year	N/A
Discount rate	2.98%	2.98%
Health care trend rates	6.25% for 2019, decreasing 0.25% per year to an ultimate rate of 5.00% for 2024 and later years	6.25% for 2019, decreasing 0.25% per year to an ultimate rate of 5.00% for 2024 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 –

	COFEHBP	PEBP	Total
Balance at June 30, 2018	\$ 938,741	\$ 913,621	\$ 1,852,362
Changes for the Year			
Service cost	64,390	-	64,390
Interest	30,964	27,395	58,359
Changes in assumptions or other inputs	16,077	137,191	153,268
Benefit payments	(27,745)	(76,741)	(104,486)
Net Changes	83,686	87,845	171,531
Balance at June 30, 2019	\$ 1,022,427	\$ 1,001,466	\$ 2,023,893

Changes in Assumptions - COFEHBP and PEBP changes in assumptions and other inputs reflect a change in discount rate from 3.13 % to 2.98 %.

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 (1.98%) or 1-percentage-point higher (3.98%) than the current discount rate:

	1% Decrease in Discount Rate (1.98%)	Discount Rate (2.98%)	1% Increase in Discount Rate (3.98%)
COFEHBP OPEB Liability	\$ 1,138,610	\$ 1,022,427	\$ 921,243
PEBP OPEB Liability	1,110,430	1,001,466	909,222
	\$ 2,249,040	\$ 2,023,893	\$ 1,830,465

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 (6.25% decreasing to 5.25%)	Healthcare Cost Trend Rate (6.25%)	1% Increase in Healthcare Cost Trend Rate (6.25% increasing to 7.25%)
COFEHBP OPEB Liability	<u>\$ 858,495</u>	<u>\$ 1,022,427</u>	<u>\$ 1,267,857</u>
PEBP OPEB Liability	<u>\$ 913,542</u>	<u>\$ 1,001,466</u>	<u>\$ 1,102,910</u>
Total OPEB Liability	<u>\$ 1,772,037</u>	<u>\$ 2,023,893</u>	<u>\$ 2,370,767</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2019, the City recognized OPEB expense (negative OPEB expense) of \$257,012:

COFEHBP	\$ 92,426
PEBP	<u>164,586</u>
	<u>\$ 257,012</u>

At June 30, 2019, 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	\$ -	\$ (22,830)	\$ -	\$ -	\$ -	\$ (22,830)
Contributions Subsequent to the Measurement Date	32,179	-	71,950	-	104,129	-
	<u>\$ 32,179</u>	<u>\$ (22,830)</u>	<u>\$ 71,950</u>	<u>\$ -</u>	<u>\$ 104,129</u>	<u>\$ (22,830)</u>

The \$104,129 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, 2020.

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

Year Ending June 30,	COFEHBP	PEBP	Total
2020	\$ 2,928	\$ -	\$ 2,928
2021	2,928	-	2,928
2022	2,928	-	2,928
2023	2,928	-	2,928
2024	2,928	-	2,928
Thereafter	8,190	-	8,190

#### **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 entering PERS prior to January 1, 2010 are eligible for retirement at age 65 with five 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 five 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 five 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 entering PERS prior to January 1, 2010 are eligible for retirement at age 65 with five 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 five 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. One plan provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only. Under the matching Employee/Employer Contribution plan a member may upon termination of service for which contribution is required, withdraw employee contributions which have been credited to their account. All membership rights and active service credit in the System are canceled upon withdrawal of contributions from the member's account. If EPC was selected, the member cannot covert to the Employee/Employer Contribution plan.

PERS' basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

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

The actuary funding method used is the Entry Age 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, 2019, 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 \$1,054,692 for the year ended June 30, 2019.

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, 2018:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return
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, 2018, PERS' long-term inflation assumption was 2.75%.

Net Pension Liability – At June 30, 2019, the City reported a liability for its proportionate share of the net pension liability of \$14,467,890. The net pension liability was measured as of June 30, 2018, 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, 2018, the City's proportion was 0.10609 percent which was an increase of .00121 from its proportion measured as of June 30, 2017 of 0.10488 percent.

Pension Liability Discount Rate Sensitivity – The following presents the net pension liability of the City measured as of June 30, 2018, 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	\$ 22,062,947	\$ 14,467,890	\$ 8,156,840

Pension Plan Fiduciary Net Position and Additional Information – Detailed information about the pension plan's fiduciary net position and additional information 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, 2018, 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, 2018 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 six years is a provision made for future mortality improvement.

Actuarial assumptions used in the June 30, 2018 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, 2018. 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, 2018.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2019, the City recognized pension expense of \$1,071,213. At June 30, 2019, 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	\$ 453,235	\$ 671,555
Net difference between projected and actual earnings on pension plan investments	-	68,880
Changes in assumptions	762,362	-
Changes in the City's proportion and differences between the City's contributions and the employer's proportionate contributions	408,997	95,466
City contributions subsequent to the measurement date	1,054,692	-
	<u>\$ 2,679,286</u>	<u>\$ 835,901</u>

The \$1,054,692 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, 2020.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined is 6.22 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 Ending June 30,</u>	
2020	\$ 430,729
2021	187,766
2022	(161,435)
2023	140,659
2024	166,336
Thereafter	24,638

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](http://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, 2019:

Airport Fund	\$ (4,512)
Sanitation Enterprise Fund	(263,723)
Landfill	(67,360)
Public Works Internal Service Fund	(836,663)

## **Note 13 - Tax Abatements**

For the fiscal year ended June 30, 2019, the City of Fallon's revenues were reduced by a total amount of \$324,810 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 2019, the City's total UAMPS billings were \$4,514,543, total NV Energy transmission billings were \$673,531, and the City's total revenue generated from excess power sales through the UAMPS power pool was \$80,365.

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, \$23,766 was spent on this project as of June 30, 2019.

On March 25, 2019 the City approved the construction contract for the William N. Pennington Fallon Youth Center in the amount of \$5,339,400, no monies were spent on this project as of June 30, 2019.

On May 20, 2019, the City approved a contract to complete the Manhole Rehabilitation Phase II project in the amount of \$1,275,275, \$231,231 was spent on this project as of June 30, 2019.

#### **Note 15 - Subsequent Events**

On October 21, 2019, the City approved a contract for engineering services for the rehabilitation of Airport Pavement at the Fallon Municipal Airport in the amount of \$63,070. 93.75% to be paid for with grant funding.



## REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule-General Fund (Budgetary Basis)

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

Notes to Required Supplementary Information

Schedule of 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

*This page intentionally left blank*

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –  
General Fund  
Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget to Actual
Revenues				
Taxes				
Ad valorem	\$ 1,449,839	\$ 1,449,839	\$ 1,418,073	\$ (31,766)
One cent option	32,000	33,800	33,185	(615)
Regional streets reimbursements	95,000	95,000	36,610	(58,390)
Enterprise funds in lieu of taxes	1,051,149	1,051,149	1,051,149	-
Total taxes	2,627,988	2,629,788	2,539,017	(90,771)
Licenses and permits				
Business licenses and permits				
Business licenses and permits	267,000	277,000	274,649	(2,351)
Local liquor licenses	29,000	30,900	31,247	347
City gaming licenses	43,000	44,000	38,085	(5,915)
Franchise taxes				
Enterprise funds in lieu of franchise taxes	968,305	968,305	968,305	-
Natural gas	140,000	176,600	176,676	76
Cable television	92,000	92,500	90,105	(2,395)
	1,539,305	1,589,305	1,579,067	(10,238)
Nonbusiness licenses and permits				
Building permits	95,000	108,572	64,703	(43,869)
Electric permits	3,000	3,000	2,627	(373)
Miscellaneous permits	1,500	1,500	2,640	1,140
Plumbing permits	5,250	6,000	6,865	865
	104,750	119,072	76,835	(42,237)
Total licenses and permits	1,644,055	1,708,377	1,655,902	(52,475)
Intergovernmental revenues				
Federal grants-in-aid				
Emergency management assistance	-	-	28,083	28,083
CDBG	-	17,821	19,513	1,692
Emergency management performance	20,000	28,100	28,840	740
United we stand grant	-	25,646	14,479	(11,167)
Highway planning and construction	-	-	66,448	66,448
	20,000	71,567	157,363	85,796
State shared revenues				
Motor vehicle tax (1.75)	39,000	41,600	40,930	(670)
Motor vehicle fuel tax (2.35)	80,000	80,000	79,373	(627)
State gaming licenses	131,235	131,235	131,282	47
Consolidated tax distribution	1,785,083	1,849,317	1,920,240	70,923
AB 104 fair share	270,000	296,000	290,566	(5,434)
State grant - Highway 95	150,000	150,000	156,598	6,598
State Marijuana Distribution	10,000	11,800	11,465	(335)
	2,465,318	2,559,952	2,630,454	70,502



City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –  
General Fund  
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amount	Variance with Final Budget to Actual
	Original	Final		
Other local government shared revenue				
County gaming tax	\$ 96,000	\$ 110,000	\$ 115,651	\$ 5,651
Other local government grants				
Contribution from County for Ped Enhancement	-	100,000	-	(100,000)
Grant from Churchill County	43,765	54,706	54,706	-
	43,765	154,706	54,706	(100,000)
Total intergovernmental	2,625,083	2,896,225	2,958,174	61,949
Charges for services				
General government				
Building and zoning fees	17,500	23,500	23,504	4
Enterprise funds administrative support	1,787,505	1,952,614	1,895,030	(57,584)
Land rent	24,000	24,000	24,000	-
Other assessments and fees	-	-	16,639	16,639
	1,829,005	2,000,114	1,959,173	(40,941)
Public safety				
County reimbursement for Fire department expenses	250,000	285,000	256,290	(28,710)
Judicial				
Reimbursement for Judicial District No. 3 for juvenile court master	21,000	21,000	22,857	1,857
Culture and recreation				
Swimming pool concession	20,000	20,000	20,808	808
Swimming pool fees	30,000	30,000	29,058	(942)
Gym use fees	9,000	9,000	13,703	4,703
	59,000	59,000	63,569	4,569
Total charges for services	2,159,005	2,365,114	2,301,889	(63,225)
Fines and forfeits				
Court fines and forfeited bail	125,000	125,000	110,826	(14,174)
Miscellaneous				
Investment income	500	500	2,071	1,571
Miscellaneous	65,000	90,927	(38,800)	(129,727)
Total miscellaneous	65,500	91,427	(36,729)	(128,156)
Total revenues	9,246,631	9,815,931	9,529,079	(286,852)

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –  
General Fund  
Year Ended June 30, 2019

	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	\$ 73,171	\$ 73,171	\$ 63,738	\$ 9,433
Employee benefits	36,752	36,752	35,380	1,372
Services and supplies	3,500	3,500	2,843	657
	<u>113,423</u>	<u>113,423</u>	<u>101,961</u>	<u>11,462</u>
Legislative				
City council				
Salaries and wages	67,231	68,611	68,610	1
Employee benefits	48,780	48,931	48,997	(66)
Services and supplies	1,500	1,500	1,161	339
	<u>117,511</u>	<u>119,042</u>	<u>118,768</u>	<u>274</u>
Administrative				
Salaries and wages	587,342	595,642	545,443	50,199
Employee benefits	300,740	303,160	259,518	43,642
Services and supplies	125,700	143,900	137,534	6,366
	<u>1,013,782</u>	<u>1,042,702</u>	<u>942,495</u>	<u>100,207</u>
City hall				
Services and supplies	95,515	95,515	85,416	10,099
Capital outlay	200,000	284,311	86,811	197,500
	<u>295,515</u>	<u>379,826</u>	<u>172,227</u>	<u>207,599</u>
General expenditures				
Services and supplies	589,050	644,550	664,042	(19,492)
	<u>589,050</u>	<u>644,550</u>	<u>664,042</u>	<u>(19,492)</u>
Total general government and administration	<u>2,129,281</u>	<u>2,299,543</u>	<u>1,999,493</u>	<u>300,050</u>
Judicial				
City attorney				
Salaries and wages	231,048	294,990	291,927	3,063
Employee benefits	95,495	128,003	129,495	(1,492)
Services and supplies	126,000	126,000	124,140	1,860
	<u>452,543</u>	<u>548,993</u>	<u>545,562</u>	<u>3,431</u>
Municipal court				
Salaries and wages	226,164	226,164	214,372	11,792
Employee benefits	101,364	101,363	99,686	1,677
Services and supplies	22,032	32,533	30,381	2,152
Capital outlay	75,000	75,000	-	75,000
	<u>424,560</u>	<u>435,060</u>	<u>344,439</u>	<u>90,621</u>
Total judicial	<u>877,103</u>	<u>984,053</u>	<u>890,001</u>	<u>94,052</u>
Public safety				
Police department				
Salaries and wages	2,557,169	2,557,169	2,484,533	72,636
Employee benefits	1,353,491	1,353,491	1,374,627	(21,136)
Services and supplies	400,658	400,658	385,042	15,616
Capital outlay	94,173	94,173	68,012	26,161
	<u>4,405,491</u>	<u>4,405,491</u>	<u>4,312,214</u>	<u>93,277</u>

*This page intentionally left blank*

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –  
General Fund  
Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget to Actual
Fire department				
Salaries and wages	\$ 312,184	\$ 312,184	\$ 316,807	\$ (4,623)
Employee benefits	308,818	308,818	330,448	(21,630)
Services and supplies	200,000	216,000	243,071	(27,071)
Capital outlay	-	27,000	-	27,000
	<u>821,002</u>	<u>864,002</u>	<u>890,326</u>	<u>(26,324)</u>
Civil defense				
Salaries and wages	45,329	45,329	44,014	1,315
Employee benefits	3,627	3,627	4,881	(1,254)
Services and supplies	3,395	3,395	2,713	682
	<u>52,351</u>	<u>52,351</u>	<u>51,608</u>	<u>743</u>
Task force				
Services and supplies	<u>15,000</u>	<u>15,000</u>	<u>132</u>	<u>14,868</u>
Total public safety	<u>5,293,844</u>	<u>5,336,844</u>	<u>5,254,280</u>	<u>82,564</u>
Public works				
Street department				
Services and supplies	95,000	145,000	95,354	49,646
Capital outlay	-	100,000	80,402	19,598
Total public works	<u>95,000</u>	<u>245,000</u>	<u>175,756</u>	<u>69,244</u>
Culture and recreation				
Parks department				
Salaries and wages	433,625	438,458	408,213	30,245
Employee benefits	146,454	153,267	149,331	3,936
Services and supplies	452,958	452,958	388,720	64,238
Total culture and recreation	<u>1,033,037</u>	<u>1,044,683</u>	<u>946,264</u>	<u>98,419</u>
Total expenditures	<u>9,428,265</u>	<u>9,910,123</u>	<u>9,265,794</u>	<u>644,329</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(181,634)</u>	<u>(94,192)</u>	<u>263,285</u>	<u>357,477</u>
Other Financing Sources (Uses)				
Transfers in	29,500	29,500	27,331	(2,169)
Transfers out	<u>(92,488)</u>	<u>(179,930)</u>	<u>(128,130)</u>	<u>51,800</u>
Total other financing sources (uses)	<u>(62,988)</u>	<u>(150,430)</u>	<u>(100,799)</u>	<u>49,631</u>
Net Change in Fund Balances	(244,622)	(244,622)	162,486	407,108
Fund Balance, Beginning of Year	<u>981,199</u>	<u>981,199</u>	<u>833,369</u>	<u>(147,830)</u>
Fund Balance, End of Year	<u>\$ 736,577</u>	<u>\$ 736,577</u>	<u>\$ 995,855</u>	<u>\$ 259,278</u>

	General Fund (Budgetary Basis)	Internally Reported Funds			
		Parking Lot Fund	Secured Freight Yard Fund	Drug Forfeiture Fund	Unemployment Compensation Fund
Revenues					
Taxes					
Ad valorem	\$ 1,418,073	\$ -	\$ -	\$ -	\$ -
Other	1,120,944	-	-	-	-
Charges for services	2,301,889	-	35,795	-	-
Intergovernmental	2,958,174	-	-	-	-
Licenses and permits	1,655,902	-	-	-	-
Fines and forfeitures	110,826	-	-	-	-
Miscellaneous					
Investment income	2,071	17	-	-	-
Other	(38,800)	-	-	6,313	-
Total revenues	9,529,079	17	35,795	6,313	-
Expenditures					
Current					
General government and administration	1,912,682	-	-	-	2,680
Judicial	890,001	-	-	-	-
Public safety	5,186,268	-	-	-	-
Public works	95,354	-	-	-	-
Culture and recreation	946,264	-	-	-	-
Community support	-	-	-	-	-
Capital outlay					
General government and administration	86,811	-	-	-	-
Public safety	68,012	-	-	6,313	-
Public works	80,402	-	-	-	-
Culture and recreation	-	-	-	-	-
Community support	-	-	-	-	-
Total expenditures	9,265,794	-	-	6,313	2,680
Excess (Deficiency) of Revenues Over (Under) Expenditures	263,285	17	35,795	-	(2,680)
Other Financing Sources (Uses)					
Transfers in	27,331	-	-	-	-
Transfers out	(128,130)	-	(27,331)	-	-
Total other financing sources (uses)	(100,799)	-	(27,331)	-	-
Net Change in Fund Balances	162,486	17	8,464	-	(2,680)
Fund Balances, Beginning of Year	833,369	7,992	-	1,663	3,103
Fund Balances, End of Year	\$ 995,855	\$ 8,009	\$ 8,464	\$ 1,663	\$ 423

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, 2019

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		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,418,073
-	-	-	-	-	-	-	1,120,944
62,843	-	-	-	-	-	-	2,400,527
-	-	-	-	-	-	-	2,958,174
-	-	-	-	-	-	-	1,655,902
-	-	-	-	-	-	-	110,826
208	-	-	58	-	30	-	2,384
-	-	-	21,031	-	-	-	(11,456)
63,051	-	-	21,089	-	30	-	9,655,374
-	-	-	21,867	-	-	-	1,937,229
-	-	-	-	-	-	-	890,001
-	-	-	-	-	-	-	5,186,268
-	-	-	-	-	-	-	95,354
-	-	-	-	-	-	-	946,264
450,572	-	-	-	-	-	-	450,572
-	-	-	-	-	-	-	86,811
-	-	-	-	-	-	-	74,325
-	-	-	-	-	-	-	80,402
-	-	-	-	-	-	-	-
14,380	-	-	-	-	-	-	14,380
464,952	-	-	21,867	-	-	-	9,761,606
(401,901)	-	-	(778)	-	30	-	(106,232)
415,000	-	-	-	-	-	(27,331)	415,000
-	-	-	-	-	-	27,331	(128,130)
415,000	-	-	-	-	-	-	286,870
13,099	-	-	(778)	-	30	-	180,638
56,032	25	161	22,121	1,998	7,925	-	934,389
\$ 69,131	\$ 25	\$ 161	\$ 21,343	\$ 1,998	\$ 7,955	\$ -	\$ 1,115,027

**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, 2019

---

	2019	2018
Total OPEB Liability		
Service Cost	\$ 64,390	\$ 67,663
Interest	30,964	26,095
Changes of Assumptions or Other Inputs	16,077	(46,319)
Benefit Payments	(27,745)	(29,438)
Net Change in Total OPEB Liability	83,686	18,001
Total OPEB Liability, July 1	938,741	920,740
Total OPEB Liability, June 30	<u>\$ 1,022,427</u>	<u>\$ 938,741</u>
Covered Payroll	\$ 6,489,134	\$ 6,283,621
Total OPEB Liability as a Percentage of Covered Payroll	15.76%	14.94%

Notes to Schedule:

Changes of Assumptions: A change in discount rate from 3.13% to 2.98% was 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, 2019

---

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Interest	\$ 27,395	\$ 25,914
Changes of Assumptions or Other Inputs	137,191	(42,387)
Benefit Payments	<u>(76,741)</u>	<u>(73,725)</u>
Net Change in Total OPEB Liability	87,845	(90,198)
Total OPEB Liability, July 1	<u>913,621</u>	<u>1,003,819</u>
Total OPEB Liability, June 30	<u><u>\$ 1,001,466</u></u>	<u><u>\$ 913,621</u></u>
Covered Payroll	N/A	N/A
Total OPEB Liability as a Percentage of Covered Payroll	N/A	N/A

Notes to Schedule:

Changes of Assumptions: A change in discount rate from 3.13% to 2.98% was 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%
2018	0.10609%	14,467,890	6,044,815	239.34%	74.40%

\* 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%
2019	1,054,692	1,054,692	-	6,960,975	15.15%

\* 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.



Supplementary Information  
City of Fallon, Nevada

		Internally Reported Funds			
	General Fund (Budgetary Basis)	Parking Lot Fund	Secured Freight Yard Fund	Drug Forfeiture Fund	Unemployment Compensation Fund
<b>Assets</b>					
Cash and investments	\$ 845,253	\$ 8,009	\$ 8,464	\$ 1,663	\$ 423
Due from other governments	467,438	-	-	-	-
Due from other funds	66,882	-	-	-	-
Receivables, net of allowances for uncollectible accounts (where applicable)					
Taxes	17,282	-	-	-	-
Accounts	69,014	-	-	-	-
Grant	128,523	-	-	-	-
Advances to other funds	184,401	-	-	-	-
Restricted assets					
Cash and investments	100,000	-	-	-	-
<b>Total assets</b>	<b>\$ 1,878,793</b>	<b>\$ 8,009</b>	<b>\$ 8,464</b>	<b>\$ 1,663</b>	<b>\$ 423</b>
<b>Liabilities</b>					
Accounts payable	\$ 178,908	\$ -	\$ -	\$ -	\$ -
Accrued payroll and related liabilities	249,320	-	-	-	-
Due to other governments	41,448	-	-	-	-
Due to other funds	53,959	-	-	-	-
Advances from other funds	246,645	-	-	-	-
Unearned revenue	100,000	-	-	-	-
<b>Total liabilities</b>	<b>870,280</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows or Resources</b>					
Unavailable revenue - property taxes	12,658	-	-	-	-
<b>Fund Balances</b>					
Nonspendable	184,401	-	-	-	-
Restricted	27,062	-	-	-	-
Committed	-	8,009	8,464	1,663	423
Assigned for subsequent year operations	182,045	-	-	-	-
Unassigned	602,347	-	-	-	-
<b>Total fund balances</b>	<b>995,855</b>	<b>8,009</b>	<b>8,464</b>	<b>1,663</b>	<b>423</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,878,793</b>	<b>\$ 8,009</b>	<b>\$ 8,464</b>	<b>\$ 1,663</b>	<b>\$ 423</b>

City of Fallon, Nevada

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

Combining Balance Sheet

June 30, 2019

---

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	
\$ 90,706	\$ 25	\$ 161	\$ 26,441	\$ 1,998	\$ -	\$ 983,143
-	-	-	-	-	-	467,438
-	-	-	-	-	-	66,882
-	-	-	-	-	-	17,282
1,480	-	-	-	-	-	70,494
-	-	-	-	-	-	128,523
-	-	-	-	-	-	184,401
-	-	-	-	-	7,955	107,955
<u>\$ 92,186</u>	<u>\$ 25</u>	<u>\$ 161</u>	<u>\$ 26,441</u>	<u>\$ 1,998</u>	<u>\$ 7,955</u>	<u>\$ 2,026,118</u>
\$ 12,560	\$ -	\$ -	\$ 5,098	\$ -	\$ -	\$ 196,566
10,495	-	-	-	-	-	259,815
-	-	-	-	-	-	41,448
-	-	-	-	-	-	53,959
-	-	-	-	-	-	246,645
-	-	-	-	-	-	100,000
<u>23,055</u>	<u>-</u>	<u>-</u>	<u>5,098</u>	<u>-</u>	<u>-</u>	<u>898,433</u>
-	-	-	-	-	-	12,658
-	-	-	-	-	-	184,401
-	-	-	-	-	7,955	35,017
69,131	25	161	21,343	1,998	-	111,217
-	-	-	-	-	-	182,045
-	-	-	-	-	-	602,347
<u>69,131</u>	<u>25</u>	<u>161</u>	<u>21,343</u>	<u>1,998</u>	<u>7,955</u>	<u>1,115,027</u>
<u>\$ 92,186</u>	<u>\$ 25</u>	<u>\$ 161</u>	<u>\$ 26,441</u>	<u>\$ 1,998</u>	<u>\$ 7,955</u>	<u>\$ 2,026,118</u>

	Special Revenue Funds			
	Convention and Tourism Authority Fund	Airport Fund	Totals	Debt Service Fund
Assets				
Cash and investments	\$ 414,014	\$ 23,209	\$ 437,223	\$ -
Due from other governments	49,000	-	49,000	-
Receivables, net of allowances for uncollectible (where applicable)				
Accounts	72,118	-	72,118	-
Assessments	-	-	-	4,800
Grants	-	68,683	68,683	-
Total assets	<u>\$ 535,132</u>	<u>\$ 91,892</u>	<u>\$ 627,024</u>	<u>\$ 4,800</u>
Liabilities				
Accounts payable	\$ 26,286	\$ 14,804	\$ 41,090	\$ -
Due to other governments	3,005	-	3,005	-
Due to other funds	-	81,600	81,600	-
Unearned revenue	-	-	-	4,800
Total liabilities	<u>29,291</u>	<u>96,404</u>	<u>125,695</u>	<u>4,800</u>
Fund Balances				
Restricted				
Capital projects	-	-	-	-
Committed	505,841	-	505,841	-
Unassigned	-	(4,512)	(4,512)	-
Total fund balances	<u>505,841</u>	<u>(4,512)</u>	<u>501,329</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 535,132</u>	<u>\$ 91,892</u>	<u>\$ 627,024</u>	<u>\$ 4,800</u>

City of Fallon, Nevada  
Combining Balance Sheet – Nonmajor Governmental Funds  
June 30, 2019

Capital Project Funds			
Land Reserve and Park Acquisition and Development Capital Projects Fund	Special Ad Valorem Capital Projects Fund	Totals	Total Nonmajor Governmental Funds
\$ 13,245	\$ 82,501	\$ 95,746	\$ 532,969
-	11,282	11,282	60,282
-	-	-	72,118
-	-	-	4,800
-	-	-	68,683
<u>\$ 13,245</u>	<u>\$ 93,783</u>	<u>\$ 107,028</u>	<u>\$ 738,852</u>
\$ -	\$ -	\$ -	\$ 41,090
-	-	-	3,005
-	-	-	81,600
-	-	-	4,800
<u>-</u>	<u>-</u>	<u>-</u>	<u>130,495</u>
13,245	93,783	107,028	107,028
-	-	-	505,841
-	-	-	(4,512)
<u>13,245</u>	<u>93,783</u>	<u>107,028</u>	<u>608,357</u>
<u>\$ 13,245</u>	<u>\$ 93,783</u>	<u>\$ 107,028</u>	<u>\$ 738,852</u>



	Special Revenue Funds			
	Convention and Tourism Authority Fund	Airport Fund	Totals	Debt Service Fund
Revenues				
Taxes				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Occupancy tax	632,943	-	632,943	-
Residential park construction tax	-	-	-	-
Charges for services	-	34,710	34,710	-
Intergovernmental	49,000	851,814	900,814	-
Miscellaneous				
Investment income	915	51	966	-
Other	-	224	224	-
Total revenues	<u>682,858</u>	<u>886,799</u>	<u>1,569,657</u>	<u>-</u>
Expenditures				
Current				
Public works	-	50,459	50,459	-
Community support	247,048	-	247,048	-
Capital outlay				
Public works	-	909,494	909,494	-
Debt service				
Principal retirement	-	-	-	49,813
Interest and fiscal charges	-	-	-	12,675
Total expenditures	<u>247,048</u>	<u>959,953</u>	<u>1,207,001</u>	<u>62,488</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>435,810</u>	<u>(73,154)</u>	<u>362,656</u>	<u>(62,488)</u>
Other Financing Sources (Uses)				
Transfers in	-	65,642	65,642	62,488
Transfers out	<u>(415,000)</u>	<u>-</u>	<u>(415,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(415,000)</u>	<u>65,642</u>	<u>(349,358)</u>	<u>62,488</u>
Net Change in Fund Balances	20,810	(7,512)	13,298	-
Fund Balances, Beginning of Year	<u>485,031</u>	<u>3,000</u>	<u>488,031</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 505,841</u>	<u>\$ (4,512)</u>	<u>\$ 501,329</u>	<u>\$ -</u>

City of Fallon, Nevada  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –  
Nonmajor Governmental Funds  
Year Ended June 30, 2019

Capital Project Funds			
Land Reserve and Park Acquisitions and Development Capital Projects Fund	Special Ad Valorem Capital Projects Fund	Totals	Total Nonmajor Governmental Funds
\$ -	\$ 88,269	\$ 88,269	\$ 88,269
-	-	-	632,943
2,020	-	2,020	2,020
-	-	-	34,710
-	-	-	900,814
29	182	211	1,177
-	-	-	224
2,049	88,451	90,500	1,660,157
-	-	-	50,459
-	-	-	247,048
-	-	-	909,494
-	-	-	49,813
-	-	-	12,675
-	-	-	1,269,489
2,049	88,451	90,500	390,668
-	-	-	128,130
-	-	-	(415,000)
-	-	-	(286,870)
2,049	88,451	90,500	103,798
11,196	5,332	16,528	504,559
\$ 13,245	\$ 93,783	\$ 107,028	\$ 608,357

*This page intentionally left blank*



## SPECIAL REVENUE FUNDS

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

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

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

*This page intentionally left blank*

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, 2019

	Budgeted	Actual	Variance
Revenues			
Taxes			
Occupancy tax	\$ 650,000	632,943	\$ (17,057)
Intergovernmental revenue			
State grant	-	49,000	49,000
Miscellaneous			
Investment income	-	915	915
Total revenues	650,000	682,858	32,858
Expenditures			
Community support			
Services and supplies	415,187	247,048	168,139
Excess (Deficiency) of Revenues Over (Under) Expenditures	234,813	435,810	(135,281)
Other Financing Sources (Uses)			
Transfers out	(500,000)	(415,000)	85,000
Net Change in Fund Balance	(265,187)	20,810	285,997
Fund Balance, Beginning of Year	331,194	485,031	153,837
Fund Balance, End of Year	\$ 66,007	\$ 505,841	\$ 439,834

City of Fallon, Nevada

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

Airport Fund

Year Ended June 30, 2019

	Budgeted	Actual	Variance
Revenues			
Charges for services			
Lease fees	\$ 36,600	\$ 34,710	\$ (1,890)
Intergovernmental revenue			
Fuel taxes	823	317	(506)
Federal grants			
Airport Improvement Program	1,069,156	851,497	(217,659)
Miscellaneous			
Investment income	-	51	51
Other	-	224	224
Total revenues	<u>1,106,579</u>	<u>886,799</u>	<u>(219,780)</u>
Expenditures			
Public works			
Services and supplies	74,163	50,459	23,704
Capital outlay	<u>1,094,013</u>	<u>909,494</u>	<u>184,519</u>
Total expenditures	<u>1,168,176</u>	<u>959,953</u>	<u>208,223</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(61,597)	(73,154)	(11,557)
Other Financing Sources (Uses)			
Transfers in	<u>100,442</u>	<u>65,642</u>	<u>(34,800)</u>
Net Change in Fund Balance	38,845	(7,512)	(46,357)
Fund Balance, Beginning of Year	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 41,845</u>	<u>\$ (4,512)</u>	<u>\$ (46,357)</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.





*This page intentionally left blank*

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, 2019

	Budgeted	Actual	Variance
Revenues	\$ -	\$ -	\$ -
Expenditures			
Debt service			
Principal retirement	49,560	49,813	(253)
Interest and fiscal charges	12,928	12,675	253
Total expenditures	62,488	62,488	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(62,488)	(62,488)	-
Other Financing Sources (Uses)			
Transfers in	62,488	62,488	-
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -

*This page intentionally left blank*



## 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.

*This page intentionally left blank*

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, 2019

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes			
Residential park construction fees	\$ -	\$ 2,020	\$ 2,020
Miscellaneous			
Investment income	-	29	29
Total revenues	-	2,049	2,049
Expenditures	10,589	-	(10,589)
Net Change in Fund Balance	(10,589)	2,049	12,638
Fund Balance, Beginning of Year	10,589	11,196	607
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 13,245</u>	<u>\$ 13,245</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, 2019

	Budgeted	Actual	Variance
Revenues			
Taxes			
Ad valorem taxes	\$ 75,000	\$ 88,269	\$ 13,269
Miscellaneous			
Investmetn income	-	182	182
Total revenue	75,000	88,451	13,451
Expenditures			
Public safety			
Capital outlay	75,000	-	75,000
Net Change in Fund Balance	-	88,451	88,451
Fund Balance, Beginning of Year	-	5,332	5,332
Fund Balance, End of Year	\$ -	\$ 93,783	\$ 93,783



## 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.



*This page intentionally left blank*

City of Fallon, Nevada  
Combining Statement of Net Position – Nonmajor Proprietary Funds  
June 30, 2019

	Nonmajor Enterprise Funds			
	Sanitation	Landfill	Water Treatment Replacement	Total
Assets				
Current assets				
Cash and investments	\$ 98,313	\$ 214,722	\$ -	\$ 313,035
Accounts receivable, net of allowance for doubtful accounts	123,258	308,496	-	431,754
Grants receivable	-	26,408	-	26,408
Total current assets	221,571	549,626	-	771,197
Noncurrent assets				
Restricted assets				
Cash and investments	-	-	601,834	601,834
Capital assets				
Land and construction in progress	154,980	196,252	-	351,232
Other capital assets, net of depreciation	661,107	1,049,099	-	1,710,206
Total noncurrent assets	816,087	1,245,351	601,834	2,663,272
Total assets	1,037,658	1,794,977	601,834	3,434,469
Deferred Outflows of Resources				
Deferred outflows related to other postemployment benefits	5,051	1,899	-	6,950
Deferred outflows related to pension	116,521	52,550	-	169,071
Total deferred outflows of resources	121,572	54,449	-	176,021

City of Fallon, Nevada  
Combining Statement of Net Position – Nonmajor Proprietary Funds  
June 30, 2019

	Nonmajor Enterprise Funds			
	Sanitation	Landfill	Water Treatment Replacement	Total
Liabilities				
Current liabilities				
Accounts payable	\$ 83,230	\$ 38,266	\$ -	\$ 121,496
Accrued payroll and related liabilities	12,740	8,046	-	20,786
Accrued interest payable	4,108	-	-	4,108
Current portion of compensated absences	19,082	4,270	-	23,352
Current maturities of long-term debt	83,171	73,721	-	156,892
Due to other funds	48,679	13,474	-	62,153
Total current liabilities	<u>251,010</u>	<u>137,777</u>	<u>-</u>	<u>388,787</u>
Noncurrent liabilities				
Other postemployment benefits liability	98,153	38,327	-	136,480
Net pension liability	631,764	280,168	-	911,932
Compensated absences, net of current portion	13,818	3,092	-	16,910
Estimated liability for landfill closure and postclosure care costs	-	1,430,000	-	1,430,000
Capital lease payable, net of current portion	293,956	-	-	293,956
Bonds Payable	-	-	-	-
Advances from other funds	95,077	17,366	-	112,443
Total noncurrent liabilities	<u>1,132,768</u>	<u>1,768,953</u>	<u>-</u>	<u>2,901,721</u>
Total liabilities	<u>1,383,778</u>	<u>1,906,730</u>	<u>-</u>	<u>3,290,508</u>
Deferred Inflows of Resources				
Deferred inflows related to other postemployment benefits	1,268	671	-	1,939
Deferred inflows related to pensions	37,907	9,385	-	47,292
Total deferred inflows of resources	<u>39,175</u>	<u>10,056</u>	<u>-</u>	<u>49,231</u>
Net Position				
Net investment in capital assets	438,960	1,171,630	-	1,610,590
Restricted for capital projects	-	-	601,834	601,834
Unrestricted (deficit)	(702,683)	(1,238,990)	-	(1,941,673)
Total net position	<u>\$ (263,723)</u>	<u>\$ (67,360)</u>	<u>\$ 601,834</u>	<u>\$ 270,751</u>

City of Fallon, Nevada

Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Proprietary Funds  
Year Ended June 30, 2019

	Nonmajor Enterprise Funds			
	Sanitation	Landfill	Water Treatment Replacement	Total
Operating Revenues				
Charges for services	\$ 1,731,660	\$ 1,240,494	\$ -	\$ 2,972,154
Operating Expenses				
Salaries and wages	371,078	204,214	-	575,292
Employee benefits	251,842	108,865	-	360,707
Services and supplies	717,896	475,346	-	1,193,242
Depreciation	127,340	111,424	-	238,764
Data processing use fee	15,920	13,650	-	29,570
Public works use fee	77,587	66,500	-	144,087
In lieu of taxes and franchise taxes	115,612	102,381	-	217,993
General fund administrative support	186,471	89,445	-	275,916
Total operating expenses	1,863,746	1,171,825	-	3,035,571
Operating Income (Loss)	(132,086)	68,669	-	(63,417)
Nonoperating Revenues (Expenses)				
Investment income	199	493	-	692
Interest expense	(14,654)	(5,748)	-	(20,402)
Insurance reimbursement	59,187	-	-	59,187
Total nonoperating revenues (expenses)	44,732	(5,255)	-	39,477
Income before Transfers	(87,354)	63,414	-	(23,940)
Transfers in	-	-	41,772	41,772
Change in Net Position	(87,354)	63,414	41,772	17,832
Net Position, Beginning of Year	(176,369)	(130,774)	560,062	252,919
Net Position, End of Year	\$ (263,723)	\$ (67,360)	\$ 601,834	\$ 270,751

City of Fallon, Nevada  
Combining Statement of Cash Flows – Nonmajor Proprietary Funds  
Year Ended June 30, 2019

	Nonmajor Enterprise Funds			
	Sanitation	Landfill	Water Treatment Replacement	Total
Operating Activities				
Cash received from customers	\$ 1,732,952	\$ 1,172,697	\$ -	\$ 2,905,649
Cash payments to suppliers for goods and services	(1,031,832)	(773,101)	-	(1,804,933)
Cash payments to employees for services	(372,387)	(209,569)	-	(581,956)
Cash paid to other funds for services	(302,083)	(191,826)	-	(493,909)
Net Cash from Operating Activities	26,650	(1,799)	-	24,851
Noncapital Financing Activities				
Repayments on interfund advances	(48,679)	(13,474)	-	(62,153)
Transfers from other funds	-	-	41,772	\$ 41,772
Net Cash from (used for) Noncapital Financing Activities	(48,679)	(13,474)	41,772	(20,381)
Capital and Related Financing Activities				
Purchase of property, plant, and equipment	(6,000)	-	-	(6,000)
Insurance reimbursement	59,187	-	-	59,187
Principal payments on debt	(80,847)	(77,434)	-	(158,281)
Interest paid on debt	(15,508)	(5,748)	-	(21,256)
Net Cash used for Capital and Related Financing Activities	(43,168)	(83,182)	-	(126,350)
Investing Activities				
Interest on cash and investments	199	493	-	692
Net Change in Cash and Cash Equivalents	(64,998)	(97,962)	41,772	(121,188)
Cash and Cash Equivalents, Beginning of Year	163,311	312,684	560,062	1,036,057
Cash and Cash Equivalents, End of Year	\$ 98,313	\$ 214,722	\$ 601,834	\$ 914,869

City of Fallon, Nevada  
Combining Statement of Cash Flows – Nonmajor Proprietary Funds  
Year Ended June 30, 2019

	Nonmajor Enterprise Funds			
	Sanitation	Landfill	Water Treatment Replacement	Total
Reconciliation of Operating Income (Loss) to Net Cash From (Used For) Operating Activities				
Operating income (loss)	\$ (132,086)	\$ 68,669	\$ -	\$ (63,417)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities				
Depreciation	127,340	111,424	-	238,764
Pension contributions	(54,423)	(27,844)	-	(82,267)
Pension expense	55,275	28,280	-	83,555
OPEB expense	7,828	5,079	-	12,907
Change in				
Accounts receivable	1,292	(67,797)	-	(66,505)
Accounts payable	14,001	(112,743)	-	(98,742)
Landfill closure costs	-	5,000	-	5,000
Accrued payroll and related liabilities	(1,310)	(5,353)	-	(6,663)
Compensated absences	8,733	(6,514)	-	2,219
Net Cash from Operating Activities	<u>\$ 26,650</u>	<u>\$ (1,799)</u>	<u>\$ -</u>	<u>\$ 24,851</u>
Reconciliation of Total Cash and Cash Equivalents				
Current assets - cash and investments	\$ 98,313	\$ 214,722	\$ -	\$ 313,035
Restricted assets - cash and investments	<u>-</u>	<u>-</u>	<u>601,834</u>	<u>601,834</u>
Total cash and cash equivalents	<u>\$ 98,313</u>	<u>\$ 214,722</u>	<u>\$ 601,834</u>	<u>\$ 914,869</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, 2019

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 11,399,000	\$ 11,258,578	\$ (140,422)
Operating grants	-	250,000	250,000
Miscellaneous	48,000	-	(48,000)
Total operating revenues	11,447,000	11,508,578	61,578
Operating Expenses			
Salaries and wages	636,101	505,213	130,888
Employee benefits	269,336	228,278	41,058
Services and supplies	1,175,700	1,057,297	118,403
Electric energy purchased	5,450,000	5,174,605	275,395
Depreciation	500,000	459,063	40,937
Data processing use fee	109,172	90,970	18,202
Public works use fee	489,836	410,337	79,499
In lieu of taxes and franchise taxes	867,968	785,178	82,790
General Fund administrative support	1,188,945	1,184,204	4,741
Total operating expenses	10,687,058	9,895,145	791,913
Operating Income (Loss)	759,942	1,613,433	853,491
Nonoperating Revenues (Expenses)			
Investment income	10,000	258,641	248,641
Economic development	(242,000)	(166,899)	75,101
Quality of life promotion	(625,000)	(337,992)	287,008
Interest expense	(195,689)	(182,030)	13,659
Total nonoperating revenues (expenses)	(1,052,689)	(428,280)	624,409
Income (Loss) Before Capital Contributions and Transfers	(292,747)	1,185,153	1,477,900
Capital Contributions	-	15,045	15,045
Change in Net Position	\$ (292,747)	1,200,198	\$ 1,492,945
Net Position, Beginning of Year		8,137,096	
Net Position, End of Year		\$ 9,337,294	

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, 2019

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 1,615,000	\$ 1,598,798	\$ (16,202)
Operating grant	41,000	18,104	(22,896)
Total operating revenues	<u>1,656,000</u>	<u>1,616,902</u>	<u>(39,098)</u>
Operating Expenses			
Salaries and wages	450,404	451,609	(1,205)
Employee benefits	199,233	224,641	(25,408)
Services and supplies	379,557	309,608	69,949
Depreciation	325,000	299,613	25,387
Data processing use fee	54,586	45,480	9,106
Public works use fee	244,918	221,663	23,255
In lieu of taxes and franchise taxes	247,852	247,852	-
General Fund administrative support	149,736	149,139	597
Total operating expenses	<u>2,051,286</u>	<u>1,949,605</u>	<u>101,681</u>
Operating Income (Loss)	<u>(395,286)</u>	<u>(332,703)</u>	<u>62,583</u>
Nonoperating Revenues (Expenses)			
Investment income	4,149	9,299	5,150
Interest expense	(59,469)	(36,450)	23,019
Total nonoperating revenues (expenses)	<u>(55,320)</u>	<u>(27,151)</u>	<u>28,169</u>
Income (Loss) Before Capital Contributions and Transfers	(450,606)	(359,854)	90,752
Capital Contributions	<u>-</u>	<u>72,081</u>	<u>72,081</u>
Change in Net Position	<u>\$ (450,606)</u>	<u>(287,773)</u>	<u>\$ 162,833</u>
Net Position, Beginning of Year		<u>5,182,716</u>	
Net Position, End of Year		<u>\$ 4,894,943</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, 2019

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 2,225,778	2,293,392	\$ 67,614
Miscellaneous	-	1,050	1,050
Total operating revenues	<u>2,225,778</u>	<u>2,294,442</u>	<u>68,664</u>
Operating Expenses			
Salaries and wages	206,627	138,911	67,716
Employee benefits	99,890	73,690	26,200
Services and supplies	534,326	519,915	14,411
Depreciation	657,574	610,722	46,852
Data processing use fee	19,105	15,920	3,185
Public works use fee	85,721	77,587	8,134
In lieu of taxes and franchise taxes	425,401	425,401	-
General Fund administrative support	148,594	148,002	592
Total operating expenses	<u>2,177,238</u>	<u>2,010,148</u>	<u>167,090</u>
Operating Income (Loss)	<u>48,540</u>	<u>284,294</u>	<u>235,754</u>
Nonoperating Revenues (Expenses)			
Investment income	-	37,752	37,752
Insurance reimbursement	-	12,497	12,497
Interest expense	(297,563)	(268,465)	29,098
Total nonoperating revenues (expenses)	<u>(297,563)</u>	<u>(218,216)</u>	<u>79,347</u>
Income (Loss) Before Capital Contributions and Transfers	(249,023)	66,078	315,101
Capital Contributions	<u>-</u>	<u>54,000</u>	<u>54,000</u>
Change in Net Position	<u>\$ (249,023)</u>	<u>120,078</u>	<u>\$ 369,101</u>
Net Position, Beginning of Year		<u>9,444,122</u>	
Net Position, End of Year		<u>\$ 9,564,200</u>	

City of Fallon, Nevada

Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual –  
Water Treatment Enterprise Fund  
Year Ended June 30, 2019

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 1,667,000	\$ 1,411,455	\$ (255,545)
Miscellaneous	-	271,530	271,530
Total operating revenues	1,667,000	1,682,985	15,985
Operating Expenses			
Salaries and wages	213,943	216,109	(2,166)
Employee benefits	114,631	111,485	3,146
Services and supplies	674,305	670,420	3,885
Depreciation	424,596	383,524	41,072
Data processing use fee	54,586	45,480	9,106
Public works use fee	244,918	221,674	23,244
In lieu of taxes and franchise taxes	343,207	343,207	-
General Fund administrative support	138,320	137,769	551
Total operating expenses	2,208,506	2,129,668	78,838
Operating Income (Loss)	(541,506)	(446,683)	94,823
Nonoperating Revenues (Expenses)			
Investment income	500	1,650	1,150
Income (Loss) Before Capital Contributions and Transfers	(541,006)	(445,033)	95,973
Capital Contributions	-	27,000	27,000
Transfers Out	(41,772)	(41,772)	-
Change in Net Position	\$ (582,778)	(459,805)	\$ 122,973
Net Position, Beginning of Year		16,337,959	
Net Position, End of Year		\$ 15,878,154	

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, 2019

---

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 1,170,000	\$ 1,240,494	\$ 70,494
Operating Expenses			
Salaries and wages	255,151	204,214	50,937
Employee benefits	132,540	108,865	23,675
Services and supplies	560,763	475,346	85,417
Depreciation	155,223	111,424	43,799
Data processing use fee	16,376	13,650	2,726
Public works use fee	73,475	66,500	6,975
In lieu of taxes and franchise taxes	102,381	102,381	-
General fund administrative support	89,804	89,445	359
Total operating expenses	1,385,713	1,171,825	213,888
Operating Income (Loss)	(215,713)	68,669	284,382
Nonoperating Revenues (Expenses)			
Investment income	-	493	493
Interest expense	(6,147)	(5,748)	399
Total nonoperating revenues (expenses)	(6,147)	(5,255)	892
Change in Net Position	<u>\$ (221,860)</u>	<u>63,414</u>	<u>\$ 285,274</u>
Net Position, Beginning of Year		<u>(130,774)</u>	
Net Position, End of Year		<u>\$ (67,360)</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, 2019

---

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 1,768,000	\$ 1,731,660	\$ (36,340)
Operating Expenses			
Salaries and wages	389,456	371,078	18,378
Employee benefits	240,677	251,842	(11,165)
Services and supplies	681,932	717,896	(35,964)
Depreciation	165,639	127,340	38,299
Data processing use fee	19,105	15,920	3,185
Public works use fee	85,721	77,587	8,134
In lieu of taxes and franchise taxes	115,612	115,612	-
General Fund administrative support	187,217	186,471	746
Total operating expenses	1,885,359	1,863,746	21,613
Operating Income (Loss)	(117,359)	(132,086)	(14,727)
Nonoperating Revenues (Expenses)			
Investment income	-	199	199
Interest expense	(15,512)	(14,654)	858
Miscellaneous Revenue	-	59,187	59,187
Total nonoperating revenues (expenses)	(15,512)	44,732	60,244
Change in Net Position	\$ (132,871)	(87,354)	\$ 45,517
Net Position, Beginning of Year		(176,369)	
Net Position, End of Year		\$ (263,723)	

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, 2019

---

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Transfers In	<u>41,772</u>	<u>41,772</u>	<u>-</u>
Change in Net Position	<u><u>\$ 41,772</u></u>	<u>41,772</u>	<u><u>\$ -</u></u>
Net Position, Beginning of Year		<u>560,062</u>	
Net Position, End of Year		<u><u>\$ 601,834</u></u>	

## COMBINING FINANCIAL STATEMENTS

Internal Service Funds



*This page intentionally left blank*

City of Fallon, Nevada  
Combining Statement of Net Position – Internal Service Funds  
June 30, 2019

	Data Processing Internal Service Fund	Public Works Internal Service Fund	Total Internal Service Funds
<b>Assets</b>			
Current assets			
Cash and investments	\$ 5,888	\$ 115,340	\$ 121,228
Noncurrent assets			
Capital assets			
Other capital assets, net of depreciation	24,208	89,800	114,008
Total assets	30,096	205,140	235,236
Deferred Outflows of Resources			
Deferred outflows related to other post employment benefits	-	8,748	8,748
Deferred outflows related to pensions	-	166,791	166,791
Total deferred outflows of resources	-	175,539	175,539
<b>Liabilities</b>			
Current liabilities			
Accounts payable	13,764	2,350	16,114
Accrued payroll and related liabilities	-	30,585	30,585
Current portion of compensated absences	-	18,092	18,092
Total current liabilities	13,764	51,027	64,791
Noncurrent liabilities			
Other postemployment benefit liability	-	171,320	171,320
Net pension liability	-	924,437	924,437
Compensated absences	-	13,101	13,101
Total noncurrent liabilities	-	1,108,858	1,108,858
Total liabilities	13,764	1,159,885	1,173,649
Deferred Inflows of Resources			
Deferred inflows related to other postemployment benefits	-	1,766	1,766
Deferred inflows related to pensions	-	55,691	55,691
Total deferred inflows of resources	-	57,457	57,457
<b>Net Position</b>			
Net investment in capital assets	24,208	89,800	114,008
Unrestricted	(7,876)	(926,463)	(934,339)
Total net position	\$ 16,332	\$ (836,663)	\$ (820,331)



City of Fallon, Nevada

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

Year Ended June 30, 2019

---

	Data Processing Internal Service Fund	Public Works Internal Service Fund	Total Internal Service Funds
Operating Revenues			
Charges for services			
User fees	\$ 227,420	\$ 1,075,348	\$ 1,302,768
Operating Expenses			
Salaries and wages	-	659,463	659,463
Employee benefits	-	313,495	313,495
Services and supplies	233,164	42,248	275,412
Depreciation	5,386	17,567	22,953
Total operating expenses	238,550	1,032,773	1,271,323
Operating Income (Loss)	(11,130)	42,575	31,445
Nonoperating Revenues (Expenses)			
Investment income	13	270	283
Change in Net Position	(11,117)	42,845	31,728
Net Position, Beginning of Year	27,449	(879,508)	(852,059)
Net Position, End of Year	\$ 16,332	\$ (836,663)	\$ (820,331)

City of Fallon, Nevada  
Combining Statement of Cash Flows – Internal Service Funds  
Year Ended June 30, 2019

	Data Processing Internal Service Fund	Public Works Internal Service Fund	Total Internal Service Funds
Operating Activities			
Cash received from other funds for services	\$ 227,420	\$ 1,081,856	\$ 1,309,276
Cash payments to suppliers for goods and services	(232,088)	(659,266)	(891,354)
Cash payments to employees for services	-	(335,036)	(335,036)
Net Cash from Operating Activities	<u>(4,668)</u>	<u>87,554</u>	<u>82,886</u>
Capital and Related Financing Activities			
Purchase of property, plant, and equipment	-	(37,753)	(37,753)
Investing Activities			
Interest on cash and investments	<u>13</u>	<u>270</u>	<u>283</u>
Net Change in Cash and Cash Equivalents	(4,655)	50,071	45,416
Cash and Cash Equivalents, Beginning of Year	<u>10,543</u>	<u>65,269</u>	<u>75,812</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 5,888</u></u>	<u><u>\$ 115,340</u></u>	<u><u>\$ 121,228</u></u>
Reconciliation of operating income to net cash from (used for) operating activities			
Operating income (loss)	\$ (11,130)	\$ 42,575	\$ 31,445
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities			
Depreciation	5,386	17,567	22,953
Pension contributions	-	(63,282)	(63,282)
Pension expense	-	64,273	64,273
OPEB Expense	-	13,919	13,919
Changes in			
Accounts receivable	-	6,508	6,508
Accounts payable	1,076	(5,194)	(4,118)
Accrued payroll and related liabilities	-	202	202
Accrued compensated absences	-	10,986	10,986
Net Cash from Operating Activities	<u><u>\$ (4,668)</u></u>	<u><u>\$ 87,554</u></u>	<u><u>\$ 82,886</u></u>

*This page intentionally left blank*

## 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.



*This page intentionally left blank*

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, 2019

---

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
Charges for services	<u>\$ 272,930</u>	<u>\$ 227,420</u>	<u>\$ (45,510)</u>
Operating Expenses			
Salaries and wages	64,889	-	64,889
Employee benefits	28,041	-	28,041
Services and supplies	174,800	233,164	(58,364)
Depreciation	<u>5,200</u>	<u>5,386</u>	<u>(186)</u>
Total operating expenses	<u>272,930</u>	<u>238,550</u>	<u>34,380</u>
Operating Income (Loss)	<u>-</u>	<u>(11,130)</u>	<u>(11,130)</u>
Nonoperating Revenues (Expenses)			
Investment income	<u>-</u>	<u>13</u>	<u>13</u>
Change in Net Position	<u><u>\$ -</u></u>	<u>(11,117)</u>	<u><u>\$ (11,117)</u></u>
Net Position, Beginning of Year		<u>27,449</u>	
Net Position, End of Year		<u><u>\$ 16,332</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, 2019

---

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
Charges for services	<u>\$ 1,224,590</u>	<u>\$ 1,075,348</u>	<u>\$ (149,242)</u>
Operating Expenses			
Salaries and wages	761,861	659,463	102,398
Employee benefits	336,756	313,495	23,261
Services and supplies	56,000	42,248	13,752
Depreciation	<u>20,668</u>	<u>17,567</u>	<u>3,101</u>
Total operating expenses	<u>1,175,285</u>	<u>1,032,773</u>	<u>142,512</u>
Operating Income (Loss)	<u>49,305</u>	<u>42,575</u>	<u>(6,730)</u>
Nonoperating Revenues (Expenses)			
Investment income	<u>-</u>	<u>270</u>	<u>270</u>
Change in Net Position	<u><u>\$ 49,305</u></u>	<u><u>42,845</u></u>	<u><u>\$ (6,460)</u></u>
Net Position, Beginning of Year		<u>(879,508)</u>	
Net Position, End of Year		<u><u>\$ (836,663)</u></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 Absences 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.



*This page intentionally left blank*

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, 2019

---

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Miscellaneous			
Investment income	\$ -	\$ 17	\$ 17
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	17	17
Fund Balance, Beginning of Year	<u>7,978</u>	<u>7,992</u>	<u>14</u>
Fund Balance, End of Year	<u>\$ 7,978</u>	<u>\$ 8,009</u>	<u>\$ 31</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, 2019

	Budgeted	Actual	Variance
Revenues			
Charges for services			
Use fee	\$ 29,500	\$ 35,795	\$ 6,295
Expenditures	-	-	-
Excess (Deficiency) of Revenues over Expenditures	29,500	35,795	6,295
Other Financing Sources (Uses)			
Transfers Out	(29,500)	(27,331)	2,169
Net Change in Fund Balance	-	8,464	8,464
Fund Balance, Beginning of Year	67	-	(67)
Fund Balance, End of Year	\$ 67	\$ 8,464	\$ 8,397

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, 2019

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Miscellaneous			
Other	<u>\$ 6,313</u>	<u>\$ 6,313</u>	<u>\$ -</u>
Expenditures			
Public safety			
Capital outlay	<u>6,313</u>	<u>6,313</u>	<u>-</u>
Total expenditures	<u>6,313</u>	<u>6,313</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning of Year	<u>1,663</u>	<u>1,663</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 1,663</u></u>	<u><u>\$ 1,663</u></u>	<u><u>\$ -</u></u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –  
Unemployment Compensation Fund  
Year Ended June 30, 2019

---

	Budgeted	Actual	Variance
Revenues	\$ -	\$ -	\$ -
Expenditures			
General government and administration			
Employee benefits	14,500	2,680	11,820
Services and supplies	5,221	-	5,221
Total expenditures	19,721	2,680	17,041
Excess (Deficiency) of Revenues over Expenditures	(19,721)	(2,680)	17,041
Other Financing Sources (Uses)			
Transfers In	17,000	-	(17,000)
Net Change in Fund Balance	(2,721)	(2,680)	41
Fund Balance, Beginning of Year	1,000	3,103	2,103
Fund Balance, End of Year	\$ (1,721)	\$ 423	\$ 2,144

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, 2019

	Budgeted	Actual	Variance
Revenues			
Charges for services	\$ 57,500	\$ 62,843	\$ 5,343
Miscellaneous			
Investment income	-	208	208
Total revenue	57,500	63,051	5,551
Expenditures			
Community support			
Salaries and wages	246,734	241,521	5,213
Employee benefits	94,171	94,829	(658)
Services and supplies	136,635	114,222	22,413
Capital outlay	87,732	14,380	73,352
Total expenditures	565,272	464,952	100,320
Excess (Deficiency) of Revenues over Expenditures	(507,772)	(401,901)	105,871
Other Financing Sources (Uses)			
Transfers In	500,000	415,000	(85,000)
Net Change in Fund Balance	(7,772)	13,099	20,871
Fund Balance, Beginning of Year	11,837	56,032	44,195
Fund Balance, End of Year	\$ 4,065	\$ 69,131	\$ 65,066

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, 2019

---

	<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, 2019

	<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, 2019

	Budgeted	Actual	Variance
Revenues			
Miscellaneous			
Investment income	\$ -	\$ 58	\$ 58
Other	20,500	21,031	531
Total revenues	20,500	21,089	589
Expenditures			
General government and administration			
Services and supplies	25,500	21,867	3,633
Net Change in Fund Balance	(5,000)	(778)	4,222
Fund Balance, Beginning of Year	20,856	22,121	1,265
Fund Balance, End of Year	\$ 15,856	\$ 21,343	\$ 5,487

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, 2019

---

	<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, 2019

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Miscellaneous			
Investment income	\$ -	\$ 30	\$ 30
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	30	30
Fund Balance, Beginning of Year	<u>7,901</u>	<u>7,925</u>	<u>24</u>
Fund Balance, End of Year	<u>\$ 7,901</u>	<u>\$ 7,955</u>	<u>\$ 54</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, 2019

---

Adjusted Base at June 30, 2018		\$ 60,247
Adjustment to Base		
Base year		
1. Percentage increase in population of local government	1.76%	
2. Percentage Change in CPI	<u>4.20%</u>	
		<u>5.96%</u>
		3,589
Adjust Base at June 30, 2019		63,836
Actual Revenue		<u>274,649</u>
Actual Amount (over) under Allowable Amount		<u><u>\$ (210,813)</u></u>

*This page intentionally left blank*

STATISTICAL SECTION

(Unaudited)



*This page intentionally left blank*

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net investment in										
capital assets	\$ 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	\$ 22,255,494
Restricted	7,137	53,741	13,523	31,780	47,385	45,481	75,699	22,488	47,332	142,045
Unrestricted	1,055,491	(24,396)	974,025	(18,345)	115,754	(8,285,798)	(8,245,310)	(8,126,482)	(9,207,858)	(9,123,871)
Total Governmental Activities										
Net position	<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>	<u>\$ 13,273,668</u>
Business-Type Activities										
Net investment in										
capital assets	\$ 38,807,213	\$ 38,346,761	\$ 37,604,435	\$ 38,257,895	\$ 39,129,180	\$ 38,628,318	\$ 36,480,987	\$ 35,461,651	\$ 35,664,097	\$ 37,663,396
Restricted	1,222,251	1,267,451	1,310,017	1,375,253	1,418,050	1,278,023	476,518	518,290	560,062	601,834
Unrestricted	3,898,951	2,494,647	5,311,593	3,519,492	1,884,139	(657,862)	2,298,201	3,340,865	2,278,594	859,781
Total Business-type Activities										
Net position	<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>	<u>\$ 39,125,011</u>
Primary Government										
Net investment in										
capital assets	\$ 56,130,789	\$ 57,804,419	\$ 57,188,487	\$ 59,958,691	\$ 62,437,135	\$ 61,619,853	\$ 59,423,492	\$ 58,250,345	\$ 57,948,612	\$ 59,918,890
Restricted	1,229,388	1,321,192	1,323,540	1,407,033	1,465,435	1,323,504	552,217	540,778	607,394	743,879
Unrestricted	4,954,442	2,470,251	6,285,618	3,501,147	1,999,893	(8,943,660)	(5,947,109)	(4,785,617)	(6,929,264)	(8,264,090)
Total Primary Government										
Net Position	<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>	<u>\$ 52,398,679</u>

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

		Fiscal Year Ended June 30,									
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses											
Governmental Activities											
General Government	\$	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	\$ 2,110,517
Judicial		689,050	708,373	500,984	472,202	823,861	862,440	963,156	950,603	812,490	895,751
Public Safety		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	5,252,325
Public Works		763,519	726,877	1,230,342	823,527	831,615	881,147	951,133	1,470,832	938,738	925,217
Culture and Recreation		729,596	720,572	241,276	785,431	1,014,544	964,657	78,657	111,121	1,089,382	1,241,382
Community Support		667,436	1,384,681	1,210,080	695,612	689,458	756,851	821,635	862,084	683,436	724,909
Interest on Long-Term Debt		22,129	18,696	14,935	11,019	8,777	5,167	4,006	1,522	15,787	12,674
Total Governmental Activities Expenses		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	11,162,775
Business-Type Activities											
Electric		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	10,569,966
Water		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	1,979,607
Sewer		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	2,276,355
Water Treatment		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	2,123,220
Sanitation		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	1,876,144
Landfill		632,715	576,334	635,378	660,531	679,391	750,100	870,612	1,098,943	2,149,619	1,175,638
Total Business-Type Activities Expenses		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	20,000,930
Total Primary Government Expenses	\$	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	\$ 31,163,705
Program Revenues											
Governmental Activities											
Charges for Services											
General Government	\$	727,088	\$ 701,253	\$ 686,342	\$ 1,439,704	\$ 2,154,830	\$ 2,094,039	\$ 2,262,003	\$ 2,347,888	\$ 2,479,274	\$ 2,676,779
Judicial		66,886	66,525	66,257	345,589	49,651	65,323	84,280	124,688	124,017	136,571
Public Safety		33,058	27,095	-	87,137	16,762	862	3,232	6,390	6,672	6,087
Culture and Recreation		23,688	21,852	23,055	28,066	35,251	32,143	37,018	37,123	37,488	42,700
Operating Grants and Contributions		893,665	776,893	1,246,162	745,343	993,904	592,598	540,447	497,776	176,200	297,996
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	853,806
Total Governmental Activities		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	4,013,939
Program Revenues											
Business-Type Activities											
Charges for Services											
Electric		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	11,258,578
Water		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	1,598,798
Sewer		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	2,294,442
Sanitation		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	1,731,660
Landfill		1,434,106	584,604	525,413	497,039	656,032	909,205	1,053,283	1,177,127	1,293,625	1,240,494
Water Treatment		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	1,682,985
Operating Grants and Contributions		21,055	69,662	82,902	116,124	43,049	33,585	58,407	67,351	145,977	18,104
Capital Grants and Contributions		-	-	3,081,919	101,329	460,953	107,836	178,707	99,885	155,980	418,126
Total Business-Type Activities		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	20,243,187

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Primary Government										
Program Revenue	\$ 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	\$ 24,257,126
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (7,148,836)
Business-Type Activities	805,097	575,370	4,601,491	(1,102,626)	(752,885)	101,953	(8,540)	39,374	(331,137)	242,257
Total Primary Government										
Net (Expense)/Revenue	\$ (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)	\$ (6,906,579)
General Revenues and Other										
Changes in Net Position										
Governmental Activities										
Taxes										
Ad Valorem	\$ 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	\$ 1,506,099
Occupancy	493,757	513,969	512,270	482,423	575,389	496,450	511,550	617,231	791,038	634,963
Fuel	136,455	159,229	149,098	143,386	146,174	137,741	146,852	149,425	154,833	153,488
Unrestricted Intergovernmental -										
Consolidated Taxes	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	2,210,806
Franchise Fees	175,913	167,064	165,460	146,557	182,547	226,475	209,800	225,997	245,067	266,781
Enterprise Funds in Lieu of Taxes	-	-	-	244,777	972,732	984,100	1,013,832	1,026,663	1,035,423	1,051,149
Enterprise Funds in Lieu of										
Franchise Fees	-	-	-	830,705	818,777	810,031	836,698	932,537	957,855	968,305
Unrestricted Gaming Licenses	241,502	247,386	251,811	235,449	238,604	265,856	221,291	227,671	236,670	246,933
Investment Earnings	3,517	4,125	2,999	854	916	216	216	712	1,659	3,563
Gain (Loss) on Disposal	-	-	617,786	-	-	-	-	-	385,676	-
Miscellaneous	278,174	292,724	185,264	338,701	284,886	332,497	290,406	288,823	-	256,428
Transfers	2,980,720	2,411,346	2,513,908	(16,008)	(17,000)	-	-	-	-	-
Total Governmental Activities	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	7,298,515
Business-Type Activities										
Investment Earnings	24,744	16,422	12,065	13,213	14,614	9,856	15,767	25,726	121,622	308,317
Miscellaneous	-	-	-	-	-	-	-	-	39,354	71,684
Transfers	(2,980,720)	(2,411,346)	(2,513,908)	16,008	17,000	-	-	-	-	-
Total Business-Type Activities	(2,955,976)	(2,394,924)	(2,501,843)	29,221	31,614	9,856	15,767	25,726	160,976	380,001
Total Primary Government										
General Revenues	\$ 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	\$ 7,678,516
Change in Net Position										
Governmental Activities	\$ 299,623	\$ 1,100,799	\$ 1,433,787	\$ 1,142,631	\$ 1,756,863	\$ (258,722)	\$ 21,676	\$ (88,194)	\$ (185,034)	\$ 149,679
Business-Type Activities	(2,150,879)	(1,819,554)	(1,926,473)	(1,073,405)	(721,271)	111,809	7,227	65,100	(170,161)	622,258
Total Primary Government										
Change in Net Position	\$ (1,851,256)	\$ (718,755)	\$ (492,686)	\$ 69,226	\$ 1,035,592	\$ (146,913)	\$ 28,903	\$ (23,094)	\$ (355,195)	\$ 771,937

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

	Fiscal Year Ended June 30,									
	2010	2011*	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Unreserved	\$ 813,022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-	-	713,266	435,047	318,165	251,283	184,401
Restricted	-	7,270	7,452	7,639	7,836	7,853	7,877	7,901	30,804	35,017
Committed	-	222,493	39,392	56,428	35,443	93,091	38,603	63,689	93,095	111,217
Assigned	-	-	-	-	-	-	-	-	244,622	182,045
Unassigned	-	561,202	1,545,464	833,575	993,751	283,448	217,024	353,701	314,585	602,347
Total Fund Balance	<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>	<u>\$ 1,115,027</u>
All Other Governmental Funds										
Reserved	\$ 7,137	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in										
Special revenue funds	920,841	-	-	-	-	-	-	-	-	-
Capital projects funds	50,955	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Restricted	-	46,471	6,071	23,734	39,549	37,628	67,822	14,587	16,528	107,028
Committed										
Special revenue funds	-	131,332	319,954	155,696	233,172	226,537	142,596	238,127	488,031	505,841
Unassigned	-	(103,871)	-	-	-	-	-	(41,220)	-	(4,512)
Total All Other Governmental Funds	<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>	<u>\$ 608,357</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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes										
Ad valorem	\$ 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	\$ 1,506,342
Other	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	1,755,907
Charges for services	447,152	485,069	429,409	1,453,548	1,765,655	1,866,758	1,985,398	2,093,854	2,204,785	2,435,237
Intergovernmental	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	3,858,988
Licenses and permits	532,469	526,965	528,693	1,461,653	1,526,056	1,407,668	1,443,031	1,559,042	1,637,686	1,655,902
Fines and forfeitures	47,024	46,663	48,050	38,469	28,816	44,310	99,612	104,829	100,367	110,826
Investment income	3,517	4,115	3,000	854	915	215	216	712	1,659	3,561
Miscellaneous	330,367	217,822	112,726	171,538	102,776	117,636	80,110	70,361	49,304	(11,232)
Total revenues	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	11,315,531
Expenditures										
General government	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	1,937,229
Judicial	687,304	706,627	499,238	470,456	821,910	875,768	879,269	849,025	797,204	890,001
Public safety	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	5,186,268
Public works	234,879	173,733	150,712	158,210	122,079	138,928	194,239	157,869	161,024	145,813
Culture and recreation	668,673	651,174	605,738	693,373	899,668	834,703	864,388	904,883	964,095	946,264
Community support	630,975	615,523	628,434	658,983	619,494	696,774	780,116	601,882	613,558	697,620
Capital outlay	1,404,774	3,701,207	1,616,274	3,060,593	1,383,426	787,213	711,176	1,017,599	938,323	1,165,412
Debt service:										
Principal	88,409	91,580	95,341	99,257	56,912	55,901	58,143	29,937	46,854	49,813
Interest	22,130	18,696	14,935	11,019	8,777	5,167	4,006	1,522	15,787	12,675
Total expenditures	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	11,031,095
Excess (Deficiency) of Revenues over Expenditures	(3,145,171)	(3,338,404)	(2,129,077)	(830,127)	249,679	52,072	(452,854)	45,981	218,206	284,436
Other Financing Sources (Uses)										
Transfers in	3,487,205	3,039,276	3,099,198	473,683	375,282	461,068	447,149	420,311	476,670	543,130
Transfers out	(506,485)	(627,930)	(585,290)	(489,691)	(392,282)	(461,068)	(447,149)	(420,311)	(476,670)	(543,130)
Proceeds from the sale of capital assets	-	-	617,786	-	-	-	-	-	-	-
Proceeds from medium - term obligations	-	-	-	-	-	-	-	-	265,792	-
Total other financing sources (uses)	2,980,720	2,411,346	3,131,694	(16,008)	(17,000)	-	-	-	265,792	-
Net Change in Fund Balance	\$ (164,451)	\$ (927,058)	\$ 1,002,617	\$ (846,135)	\$ 232,679	\$ 52,072	\$ (452,854)	\$ 45,981	\$ 483,998	\$ 284,436
Debt Service as a Percentage of Noncapital Expenditures	1.3%	1.3%	1.4%	1.4%	0.8%	0.7%	0.7%	0.3%	0.7%	0.6%

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		
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
2019	181,042,689	17,075,191	198,117,890	566,051,114	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

Fiscal Year	City of Fallon	State of Nevada	School District	County	Special Districts	Total
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
2019	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, 2019

Taxpayer	Product/Service	Rank	Fiscal Year 2019		
			Taxable Estimated Appraised Value (1)	Taxable Assessed Value	Approximate Percentage of Taxable Assessed Valuation
ENEL Stillwater LLC (Stillwater Plant)	Geothermal	1	\$ 208,368,089	\$ 72,928,831	8.68%
Ormat Nevada Inc.	Geothermal	2	55,225,480	19,328,918	2.30%
Terra-Gen Dixie Valley LLC	Geothermal	3	52,571,157	18,462,905	2.20%
ORNI 423 LLC	Engineering & Construction	4	40,904,874	14,316,706	1.70%
URS Federal Services	Banking	5	25,310,706	8,858,747	1.05%
US Bank National Association	Geothermal	6	22,794,234	7,977,982	0.95%
Quail Hollow LLC	Environmental Services	7	17,734,537	6,207,088	0.74%
Safety-Kleen Systems Inc.	Retail	8	15,779,134	5,522,697	0.66%
Wal-Mart Stores Inc.	Retail	9	14,498,229	5,074,380	0.60%
Kennametal, Inc.	Minerals	10	12,969,720	4,539,402	0.54%

Taxpayer	Product/Service	Rank	Fiscal Year 2010		
			Taxable Estimated Appraised Value (1)	Taxable Assessed Value	Approximate Percentage of Taxable Assessed Valuation
ENEL Stillwater LLC (Stillwater Plant)	Geothermal	1	\$ 198,115,543	\$ 69,340,440	8.77%
Sierra Pacific Power	Utility	2	75,411,634	26,394,072	3.34%
Terra-Gen Dixie Valley LLC	Geothermal	3	56,856,286	19,899,700	2.52%
Ormat Nevada, Inc	Geothermal	4	40,454,829	14,191,040	1.79%
Southwest Gas	Base Contractor	5	26,645,934	9,326,077	1.18%
Rocket Drill Co LLC	Utility	6	23,472,260	8,215,291	1.04%
Wal-Mart Stores Inc.	Geothermal	7	21,659,137	7,580,698	0.96%
Union Pacific System	Retail	8	19,106,649	6,687,327	0.85%
AT & T Communication Inc.	Railroad	9	17,342,694	6,069,943	0.77%
New Millennium Building Systems LLC	Communications	10	15,649,646	5,477,376	0.69%

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Number of Customers	4,768	4,833	4,844	4,841	5,078	4,844	4,908	4,879	4,873	4,876
Annual Average Day Demand per Customer (1)	740	751	763	763	763	763	763	763	763	763
Direct Rate per KWH	0.12524	0.12524	0.12524	0.12524	0.12524	0.12524	0.12524	0.12524	0.12524	0.12524
Base Fee for Electrical	\$ 3.02	\$ 3.02	\$ 3.02	\$ 3.02	\$ 3.02	\$ 12.02	\$ 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, 2019

Employer	2019		2010	
	User Fees	Rank	User Fees	Rank
Dairy Farmers of America	\$ 1,272,778	1	N/A	N/A
Churchill County School District	546,502	2	514,170	1
Walmart	472,215	3	340,358	3
Churchill Community Hospital	384,686	4	412,552	2
Safeway	229,014	5	279,027	4
Highland Manor	174,079	7	225,536	8
City of Fallon Waste Water Plant	162,830	8	173,726	6
Kennametal	151,523	8	104,753	5
Gemini	141,765	9	N/A	N/A
Bonanza Casino	140,242	10	N/A	N/A

Source: City of Fallon

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

Fiscal Year	Governmental Activities		Business-Type Activities							Total Primary Government	Percentage of Personal Income (1)	Per Capita (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				
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%	188	1
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
2019	-	169,125	6,234,000	1,575,378	6,485,000	-	-	377,127	73,721	14,914,351	N/A	-	1,652

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)
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	-	15,693,294	15,693,294	0.08%	1,694.24
2019	-	14,914,351	14,914,351	0.025%	1,582.99

(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, 2019

---

	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	\$ 169,125	\$ 169,125	\$ -	100.00%	<u>\$ -</u>
<u>Overlapping</u>					
State of Nevada (1)	1,284,715,000	-	1,284,715,000	0.18%	2,312,487
Churchill County (2)	14,559,164	-	14,559,164	24.64%	3,587,378
Churchill County School District (3)	32,990,494	-	32,990,494	24.64%	<u>8,128,858</u>
Total overlapping debt					<u>14,028,723</u>
Total direct and overlapping Debt					<u><u>\$ 14,028,723</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, 2019

---

Estimated Assessed Value	\$ 198,117,890
Debt Limit - 30 Percent of Total Assessed Value	<div>30%</div> <div><u>59,435,367</u></div>
Less Total Amount of Debt Applicable to Debt Limit	<div><u>15,764,149</u></div>
Legal Debt Margin	<div><u>\$ 43,671,218</u></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

Fiscal Year	Population (1)	Total Personal Income	Per Capita Personal Income (2)	Unemployment Rate (3)
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	\$345,967,730	39,449	4.20%
2018	8,874	Unavailable	Unavailable	3.80%
2019	9,030	Unavailable	Unavailable	4.00%

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, 2019

Employer	2019			2009		
	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	9.44%	1800-1899	1	14.66%
Churchill County School District	500-599	2	5.66%	700-799	2	5.94%
Banner Churchill Community Hospital	200-299	3	2.83%	300-399	3	2.77%
Wal-Mart Supercenter	200-299	4	2.83%	300-399	4	2.77%
Churchill County	200-299	5	2.83%	200-299	5	2.77%
Dyncorp International LLC	200-299	6	2.83%	-	-	-
Commander Navy Installations	200-299	7	2.83%	-	-	-
A&K Earthmovers	100-199	8	1.89%	100-199	7	1.19%
Chugach Support Services Inc.	100-199	9	1.49%	-	-	-
New Millennium Building System	100-199	10	1.89%	-	-	-
URS Federal Solutions Inc.	100-199	11	1.89%	-	-	-
City of Fallon	100-199	12	1.89%	-	-	-

Source: Churchill Economic Development Authority

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



City of Fallon, Nevada

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

---

Function/Program	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	7	6	6	6	6	6	5	5	8	12
Judicial	5	5	4	4	6	6	6	7	5	7
Public Safety	44	33	36	36	36	34	40	33	40	38
Culture and Recreation	4	3	4	4	5	5	7	5	4	5
Community Support	4	5	3	3	4	4	4	5	4	4
Enterprise Funds	<u>35</u>	<u>28</u>	<u>34</u>	<u>34</u>	<u>28</u>	<u>46</u>	<u>30</u>	<u>48</u>	<u>43</u>	<u>41</u>
Total	<u>99</u>	<u>80</u>	<u>87</u>	<u>87</u>	<u>85</u>	<u>101</u>	<u>92</u>	<u>103</u>	<u>104</u>	<u>107</u>

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police Department										
Calls for service	11,732	11,102	10,346	10,096	10,285	10,062	9,870	8,201	9,584	10,001
Citations issued	850	985	879	914	879	823	750	615	939	718
Arrests	863	573	697	560	670	657	562	513	539	727
Animal Shelter intake	2,031	2,012	1,891	1,825	1,850	1,690	1,621	1,364	1,439	1,521
Municipal Court										
Criminal Charges filed	259	299	285	288	491	543	492	438	441	413
Traffic Charges filed	1,106	724	571	1,094	857	551	432	537	925	1,103
Fire Department										
Emergency responses	36	58	46	69	70	76	68	66	60	65
Landfill										
Refuse received (tons)	39,285	31,897	27,963	24,902	29,091	60,785	67,452	87,702	93,975	89,052
Water										
Water Pumped (thousands of gal	698,526	640,767	605,851	731,091	726,181	773,039	754,438	622,846	626,800	630,074
Electric										
Metered KWH purchased	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	92,318,976
Usage @ system peak	17,851	17,385	17,640	18,005	18,539	19,509	20,523	20,648	21,077	21,420
Other Public Works										
Street reconstruction (feet)	1,718	685	100	6,717	100	-	-	-	-	-
Building permits issued	198	164	168	167	160	172	185	248	237	283
Sewer										
Treated Effluent (Average Daily in millions/gallons)	0.841	0.901	0.833	0.961	1.024	0.997	1.039	0.93	1.08	1.12

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	2019
Police											
Stations	1	1	1	1	1	1	1	1	1	1	1
Patrol Units	17	17	17	17	17	17	17	17	17	17	17
Fire Stations	1	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	44.28
Traffic signals	6	6	6	6	6	6	6	6	6	6	6
Parks and Recreation											
Acreage	32	32	32	32	32	32	32	32	32	32	32
Developed playgrounds	9	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	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	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	2.2

## COMPLIANCE SECTION



*This page intentionally left blank*



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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, 2019, 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 9, 2019.

**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 entity'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.

*This page intentionally left blank*

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

**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 "Elko Bailly LLP".

Elko, Nevada  
December 9, 2019



*This page intentionally left blank*



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

To the Honorable Board of City Commissioners  
Fallon, Nevada

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

We have audited City of Fallon, Nevada's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2019. The City's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

*This page intentionally left blank*

### **Opinion on the Major Federal Program**

In our opinion, City of Fallon complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

### **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses and significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as finding 2019-001 that we consider to be a material weakness.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

*This page intentionally left blank*

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

*Edie Sully LLP*

Elko, Nevada  
December 9, 2019

*This page intentionally left blank*



## **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, 2019, 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. 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, 2018.

### **Prior Year Recommendations**

The prior year audit findings were implemented.

### **Current Year Recommendations**

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



*This page intentionally left blank*

**NRS 354.598155**

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

*Edie Sully LLP*

Elko, Nevada  
December 9, 2019

*This page intentionally left blank*

City of Fallon, Nevada  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2019

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Passthrough/Grantor Identifying Number</u>	<u>Expenditures</u>
<u>U.S. Department of Transportation</u>			
Direct Award:			
Airport Improvement Program	20.106	3-32-0008-019-2017	\$ 192,415
Airport Improvement Program	20.106	3-32-0008-021-2019	39,911
Airport Improvement Program	20.106	3-32-0008-020-2018	619,173
			<u>851,499</u>
Highway Planning and Construction Cluster			
Passed through State of Nevada			
Department of Administration:			
Highway Planning and Construction	20.205	P-006-18-816	28,840
Passed through State of Nevada			
Department of Transportation:			
Highway Planning and Construction	20.205	74182	66,448
			<u>95,288</u>
Total Highway Planning and Construction Cluster			<u>95,288</u>
Total U.S. Department of Transportation			<u>\$ 946,787</u>
<u>U.S. Department of Homeland Security</u>			
Passed through State of Nevada Emergency :			
Response Commission			
Emergency Response Commission Grant	97.055	19-uws.02-01	\$ 14,479
Passed through State of Nevada Department of			
Motor Vehicles and Public Safety			
Division of Emergency Management:			
Emergency Management Preparedness Grant	97.042	9704217	28,083
			<u>42,562</u>
Total U.S. Department of Homeland Security			<u>\$ 42,562</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Nevada Governor's Office of Economic			
Development:			
Community Development Block Grants/ State's			
Program and Non-entitlement Grants in Hawaii	14.228	17/ACQ/02	\$ 19,513
			<u>19,513</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 19,513</u>
Total Expenditures of Federal Awards			<u>\$ 1,008,862</u>

**Note A -       Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of City of Fallon under programs of the federal government for the year ended June 30, 2019. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Fallon, it is not intended to and does not present the financial position, changes in financial position, or cash flows of City of Fallon.

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

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

**Note C-       Indirect Cost Rate**

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

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

**Financial Statements**

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

**Federal Awards**

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

**Identification of major programs:**

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Aiport Improvement Program	20.106
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**Section II – Financial Statement Finding**

None reported.

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

**2019-001      U.S. Department of Transportation  
Airport Improvement Program, CFDA 20.106**

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

*Grant Award Number:*                      Affects the grant award included under CFDA 20.106.

*Criteria:*    2 CFR 200.313 requires that reports submitted to the Federal awarding agency include all activity of the report period and are presented in accordance with program requirements.

*Condition:*    During our audit testing of reporting over the federal fiscal year ended September 30, 2018 SF-425, *Federal Financial Report*, we noted that the report due 90 days after the federal fiscal year (December 31, 2018) was not submitted during City of Fallon’s fiscal year.

*Cause:*    The City of Fallon did not have adequate controls in place to ensure that the required SF-425 was submitted.

*Effect:*    The required SF-425 was not submitted in accordance with grant requirements.

*Questioned Costs:*                                      None.

*Context/Sampling:*                                      The nonstatistical population of two annual SF-425s related to the program were selected for testing. One report was not submitted

*Repeat Finding from  
Prior Year:*    No

*Recommendation:*                                      We recommend the City of Fallon enhance controls to provide for the submission of required reports.

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