

**AGENDA
CITY OF FALLON – CITY COUNCIL
55 West Williams Avenue
Fallon, Nevada
December 22, 2020 – 9:00 a.m.**

The Honorable City Council will meet in a special meeting on December 22, 2020 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 three 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. Consideration and possible approval of the City of Fallon Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. **(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)**

Pursuant to Governor Sisolak's Declaration of Emergency Directive 006 entered on March 22, 2020, and extended by Emergency Directive 016 entered on April 29, 2020, by Emergency Directive 018 entered on May 7, 2020, by Emergency Directive 021 entered on May 28, 2020, by Emergency Directive 026 entered on June 29, 2020 and by Emergency Directive 029 entered on July 31, 2020, this agenda has been posted on or before 9:00 a.m. on December 17, 2020 at City Hall, to the City's website (<https://fallonnevada.gov>) and to 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, at (775) 423-5104 or

elee@fallonnevada.gov. 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/>).



Sean C. Richardson

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

December 17, 2020

Agenda Item 4

Consideration and possible approval of the City of Fallon Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. **(For possible action)**

Comprehensive Annual Financial Report
For the Year Ended June 30, 2020
City of Fallon, Nevada

DRAFT

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

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DATE PENDING

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

The Comprehensive Annual Financial Report for the City of Fallon for the fiscal year ended June 30, 2020 is hereby submitted in accordance with Nevada Revised Statutes 354.624. State law requires that local governments provide an annual audit of its financial statements by independent certified public accountants in accordance with generally accepted auditing standards.

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

The City of Fallon's financial statements have been audited by Eide Bailly LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Fallon for the fiscal year ended June 30, 2020 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the City of Fallon's financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Fallon included a federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The single audit conforms with the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits. These standards require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements

involving the administration of federal awards. These reports are available in the compliance section of this report.

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

Profile of the Government



The City of Fallon is the county seat for Churchill County located in the western portion of northern Nevada. The City of Fallon was incorporated in 1908 and is the only incorporated City within the County. The City now has a population exceeding 9,000 residents and occupies a land area of 3.8 square miles. The City's center is at the intersection of US Highway 50 and US Highway 95.

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

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

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

The City of Fallon provides a full range of municipal services including police law enforcement, fire protection, animal control, street repair and maintenance, building and planning, municipal court services, emergency management, convention center, various parks and recreational activities, various special events, tourism and economic development, municipal airport, and various general

administrative services. In addition to the governmental type services, the City provides a variety of utility services in our enterprise funds which include electric, water, water treatment, sewer, sanitation with the City's transfer station, and landfill.

Local Economic Conditions and Outlook

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

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



Steady population growth (.6%) and a low unemployment rate (5.7%) continue to allow the City's economy to be stable. The City continues to see growth in terms of assessed value and taxable sales to support general governmental services. The City's property tax rate remains unchanged and it is unlikely to change unless the Nevada legislature makes changes to the existing statutory cap limits. As such, increases in property tax revenues can only be attained by increases in assessed value. The total City assessed value increased by \$4,710,583 or 2.4% from the previous fiscal year. Property tax collections increased by \$56,854 or 4.0% from the previous fiscal year. Consolidated tax revenues (CTAX) are comprised of sales tax of taxable sales and excise taxes which are calculated and distributed pursuant to State law. CTAX has been increasing for several years and this fiscal year was no different as CTAX increased by \$125,797 or 6.55% from the previous fiscal year. All City utility enterprises remain very steady and stable.

This fiscal year included the introduction of the Covid-19 pandemic which has affected the entire world, our community and the City. In response to the pandemic and hoping to slow the spread of the virus, Nevada's Governor, Steve Sisolak, closed all "non-essential" businesses in March 2020 and instituted a number of Emergency Directives which have impacted business, travel and everyday life. Many of these Emergency Directives are still in effect today. The business closures coupled with travel restrictions had dramatic impacts to several of the City's revenue streams. The revenue sources hit the hardest include room tax, gaming tax and State grants. As of today, most businesses are open at least partially with guidelines and restrictions set by the Governor's Office. The pandemic is far from over and many unknowns remain.

Long-Term Financial Planning

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

Relevant Financial Policies

Ending Fund Balance Reserves – In compliance with State law, the City's policy requires the General Fund to have a budgeted, unreserved fund balance of at least 4% of prior year expenditures. The City is in compliance with this requirement as the FY20/21 budget includes a budgeted ending fund balance of 6.7% as submitted and approved by the State.

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

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

Awards

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fallon, Nevada for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the twentieth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

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

Sean C. Richardson, CPA
City Clerk/Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Fallon
Nevada**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

**PRINCIPAL OFFICIALS OF THE CITY OF FALLON, NEVADA
2019-2020**

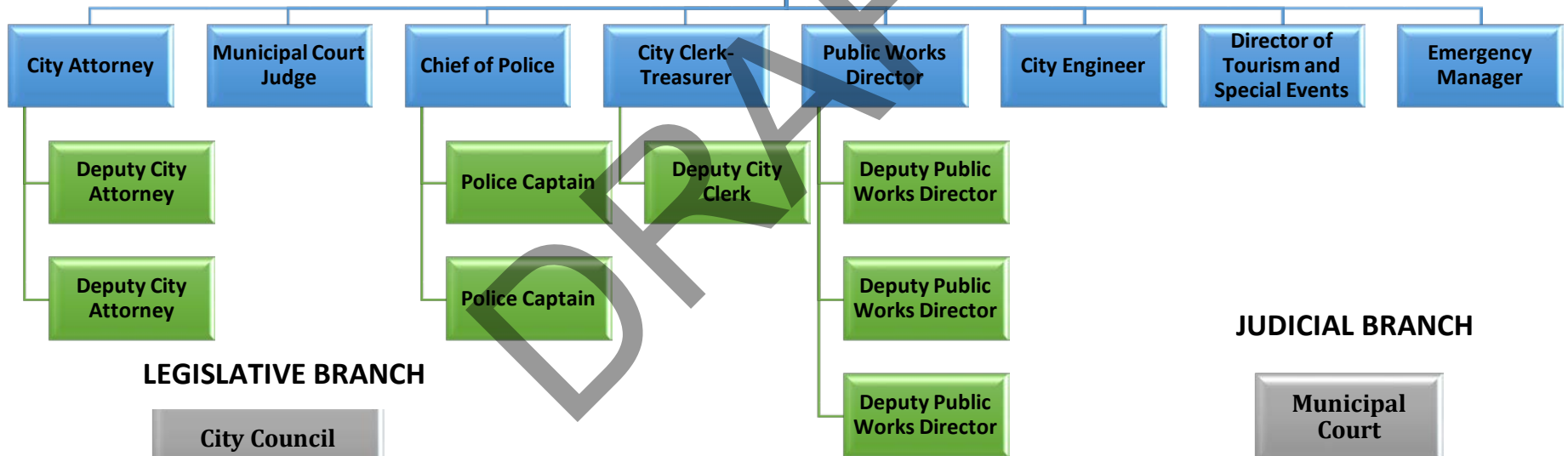
Office	Name	Term of Office	Term Expires
Mayor	Ken Tedford	Four Years	December 2024
City Councilmember Ward 1	Kelly Frost	Four Years	December 2022
City Councilmember Ward 2	Karla Kent	Four Years	December 2024
City Councilmember Ward 3	James Richardson	Four Years	December 2022
City Attorney	Michael Mackedon	Two Years	June 30, 2021
Deputy City Attorney	Leonard Mackedon	Two Years	June 30, 2021
Deputy City Attorney	Trent deBraga	Two Years	June 30, 2021
Chief of Staff	Robert Erquiaga	Two Years	June 30, 2021
Municipal Court Judge	Michael Lister	Two Years	June 30, 2021
Chief of Police	Kevin Gehman	Two Years	June 30, 2021
Police Captain	Ron Wenger	Two Years	June 30, 2021
Police Captain	Kris Alexander	Two Years	June 30, 2021
City Clerk-Treasurer	Sean Richardson	Two Years	June 30, 2021
Deputy City Clerk	Elsie Lee	Two Years	June 30, 2021
Public Works Director	Brian Byrd	Two Years	June 30, 2021
Deputy Public Works Director	Ryan Swirczek	Two Years	June 30, 2021
Deputy Public Works Director	Adrian Noriega	Two Years	June 30, 2021
Deputy Public Works Director	Kevin Gulley	Two Years	June 30, 2021
City Engineer	Derek Zimney	Two Years	June 30, 2021
Director of Tourism and Special Events	Jane Moon	Two Years	June 30, 2021
Emergency Manager	Steven Endacott	Two Years	June 30, 2021

City of Fallon Organizational Chart

EXECUTIVE BRANCH

Mayor and Chief
Executive Officer

Chief of Staff



JUDICIAL BRANCH

Municipal
Court

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, 2020, 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 accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2020, 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 11 through 21, the budgetary comparison and reconciliation information for the General Fund on pages 68 through 72, notes to the required supplementary information-budgetary reporting on page 73, 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, and the schedule of the City's contributions on page 77 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 required supplementary information 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.

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 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 and statistical sections 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 **DATE PENDING**, 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.

CITY OF FALLON

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The management of the City of Fallon (the City) offers readers of the City's financial statements this narrative overview and analysis of financial activities of the City for the fiscal year ended June 30, 2020. We encourage readers to read this information in conjunction with the transmittal letter and financial statements to enhance the understanding of the financial information presented.

Financial Highlights

- The financial statements are prepared in conformance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government*, which presents the City of Fallon's financial information on a government-wide basis enhancing analysis, short and long-term, and accountability for the use of total resources.
- The auditor's report offers an unmodified opinion on the financial statements, the best opinion that can be attained.
- Government-wide net position equals \$58,833,589. Governmental activities contributed \$12,953,940 or 22% of the total net position while the business-type activities contributed \$45,879,649 or 78% of the total net position.
- The assets and deferred outflows of resources of the City of Fallon (government-wide) exceeded its liabilities and deferred inflows of resources at June 30, 2020 by \$58,833,589 (net position), an increase of \$6,434,910 or 12.3% from the prior year net position. The net position is primarily represented by the City's net investment in capital assets.
- Unassigned fund balance for the General Fund totaled \$573,336 or 5.8% of the total General Fund expenditures.

Financial Overview

This discussion and analysis is intended to serve as an introduction to the City of Fallon's basic financial statements. The basic financial statements comprise three components: government-wide financial statements, fund financial statements and notes to the financial statements. Additionally, supplemental information to the financial statements is contained in this report.

Government-wide Financial Statements

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

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

The *Statement of Activities* presents the changes which have occurred in the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

Fund Financial Statements

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

Governmental Funds

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

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

The City of Fallon maintains 16 separate funds that make up the governmental fund category. Information is presented separately in the governmental balance sheet and the governmental statement of revenues, expenditures, and changes in fund balance for the General Fund because it qualifies as a major fund under the GASB 34 definition. Information for the remaining funds, which meet the definition of non-major funds, is aggregated for reporting purposes.

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

Proprietary Funds

The City maintains enterprise and internal service proprietary fund types. Enterprise funds are used to account for functions presented in the business-type section of the government-wide financial statements. Enterprise funds of the City consist of electric, water, sewer, sanitation, landfill, water treatment, and water treatment replacement funds. The internal service funds are used to account for and allocate internal costs to the various City functions. The City uses internal service funds to account for its public works department activities and data processing systems.

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

Notes to the Financial Statements

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

Other information

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

Financial Statement Analysis

Governmental-wide Financial Analysis

Values reported as net position can provide an indication of a government's financial position. A comparison of assets, deferred outflows of resources, liabilities and deferred inflows of resources for the government-wide financial statements reflect a net position of \$58,833,589 as of June 30, 2020. When compared to the prior fiscal year, the City's net position increased \$6,434,910 or 12.3%. The increase was primarily due to donations from Churchill County and the Pennington Foundation for the construction of the Fallon Youth Center.

The largest portion of the City's net position reflects its investment in capital assets (e.g. land, building, machinery, equipment, infrastructure, utility systems). The investment value of \$65,110,230 is reported net of any related debt still outstanding which was used to acquire those assets. Capital assets are used by the City of Fallon to provide services to citizens and customers, and thus are not available for future spending, and cannot be liquidated to pay off related debt.

The following table is provided to enhance analysis.

The City of Fallon's Net Position

	Governmental Activities		Business-Type Activities		Total	
	FY20	FY19	FY20	FY19	FY20	FY19
Current and Other Assets	\$ 2,745,383	\$ 2,382,766	\$ 15,783,773	\$ 19,545,494	\$ 18,529,156	\$ 21,928,260
Capital Assets, Net	22,297,090	22,424,619	53,305,457	46,400,066	75,602,547	\$ 68,824,685
Total assets	25,042,473	24,807,385	69,089,230	65,945,560	94,131,703	90,752,945
Deferred Outflows of Resources	2,443,255	1,992,113	1,048,137	791,302	3,491,392	2,783,415
Total assets and deferred outflows of resources	27,485,728	26,799,498	70,137,367	66,736,862	97,623,095	93,536,360
Current Liabilities	970,924	938,945	3,941,291	6,882,657	4,912,215	7,821,602
Noncurrent liabilities	12,640,553	11,966,282	19,945,790	20,491,066	32,586,343	32,457,348
Total liabilities	13,611,477	12,905,227	23,887,081	27,373,723	37,498,558	40,278,950
Deferred Inflows of Resources	920,311	620,603	370,637	238,128	1,290,948	858,731
Total liabilities and deferred inflows of resources	14,531,788	13,525,830	24,257,718	27,611,851	38,789,506	41,137,681
Net Position						
Net investment in capital assets	22,180,925	22,255,494	42,929,305	37,663,396	65,110,230	59,918,890
Restricted	196,706	142,045	643,606	601,834	840,312	743,879
Unrestricted	(9,423,691)	(9,123,871)	2,306,738	859,781	(7,116,953)	(8,264,090)
Total Net Position	\$ 12,953,940	\$ 13,273,668	\$ 45,879,649	\$ 39,125,011	\$ 58,833,589	\$ 52,398,679

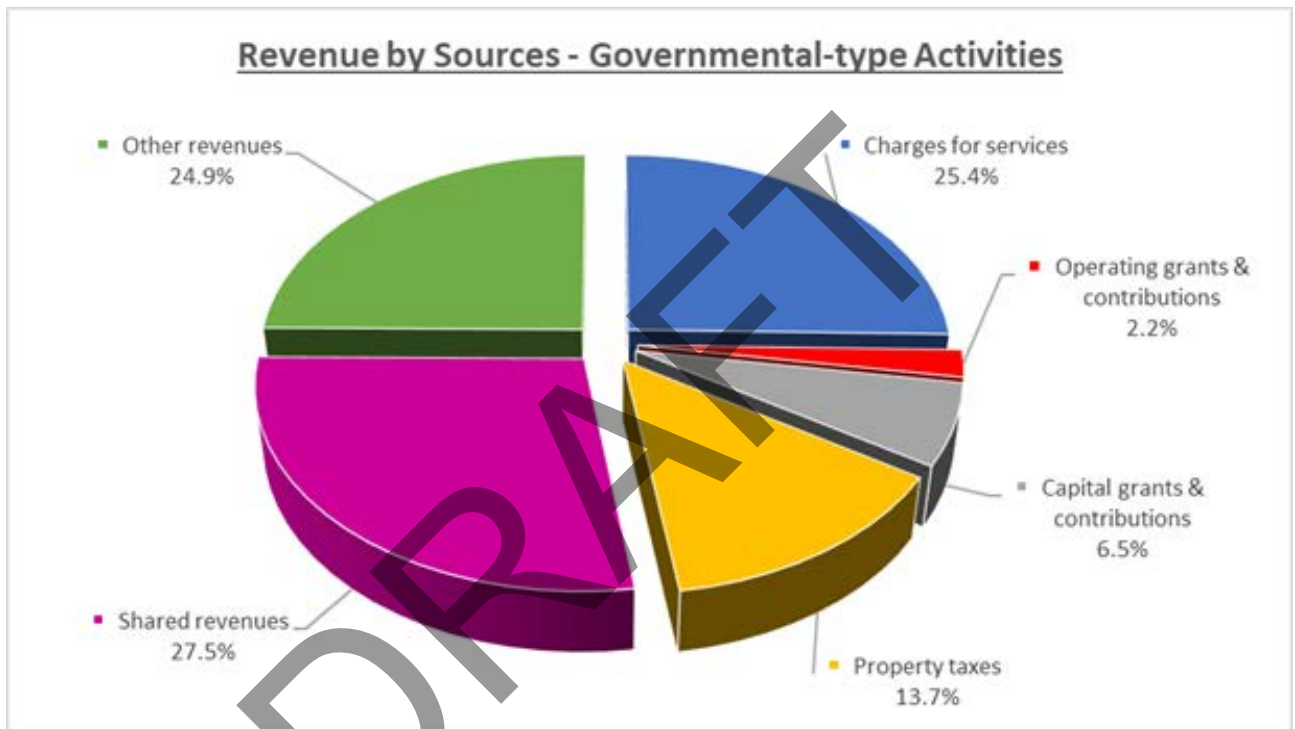
The governmental and business-type activities for fiscal year 2019-2020 are presented in the City's Changes in Net Position schedule. As indicated in the schedule, government activities decreased the City's net position by \$319,728 and business-type activities increased the City's net position by \$6,754,638. The City has a negative unrestricted net position value of \$9,423,691 in its governmental activities due to the City's pension liability.

City of Fallon's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	FY20	FY19	FY20	FY19	FY20	FY19
Revenues						
Program revenues						
Charges for services	\$ 2,881,347	\$ 2,862,137	\$ 19,748,755	\$ 19,806,957	\$ 22,630,102	\$ 22,669,094
Operating grants and contributions	245,080	297,996	6,946	268,104	252,026	566,100
Capital grants and contributions	738,431	853,806	7,007,528	168,126	7,745,959	1,021,932
General revenues						
Property taxes	1,553,934	1,506,099	-	-	1,553,934	1,506,099
Shared revenues	3,121,222	2,999,257	-	-	3,121,222	2,999,257
Other revenues	2,824,999	2,793,159	230,323	380,001	3,055,322	3,173,160
Total revenues	11,365,013	11,312,454	26,993,552	20,623,188	38,358,565	31,935,642
Expenses						
General government	2,157,829	2,110,517	-	-	2,157,829	2,110,517
Judicial	1,019,477	895,751	-	-	1,019,477	895,751
Public Safety	5,847,604	5,264,999	-	-	5,847,604	5,264,999
Public Works	903,708	925,217	-	-	903,708	925,217
Culture and Recreation	1,008,468	1,241,382	-	-	1,008,468	1,241,382
Community Support	747,655	724,909	-	-	747,655	724,909
Electric	-	-	11,014,169	10,569,966	11,014,169	10,569,966
Water	-	-	2,017,614	1,979,607	2,017,614	1,979,607
Sewer	-	-	2,274,086	2,276,356	2,274,086	2,276,356
Sanitation	-	-	2,115,784	2,123,220	2,115,784	2,123,220
Landfill	-	-	2,048,355	1,876,143	2,048,355	1,876,143
Water Treatment	-	-	768,906	1,175,638	768,906	1,175,638
Total expenses	11,684,741	11,162,775	20,238,914	20,000,930	31,923,655	31,163,705
Change in Net Position	(319,728)	149,679	6,754,638	622,258	6,434,910	771,937
Net Position at July 1	13,273,668	13,123,989	39,125,011	38,502,753	52,398,679	51,626,742
Net Position at June 30	\$ 12,953,940	\$ 13,273,668	\$ 45,879,649	\$ 39,125,011	\$ 58,833,589	\$ 52,398,679

Governmental Activities – Revenues

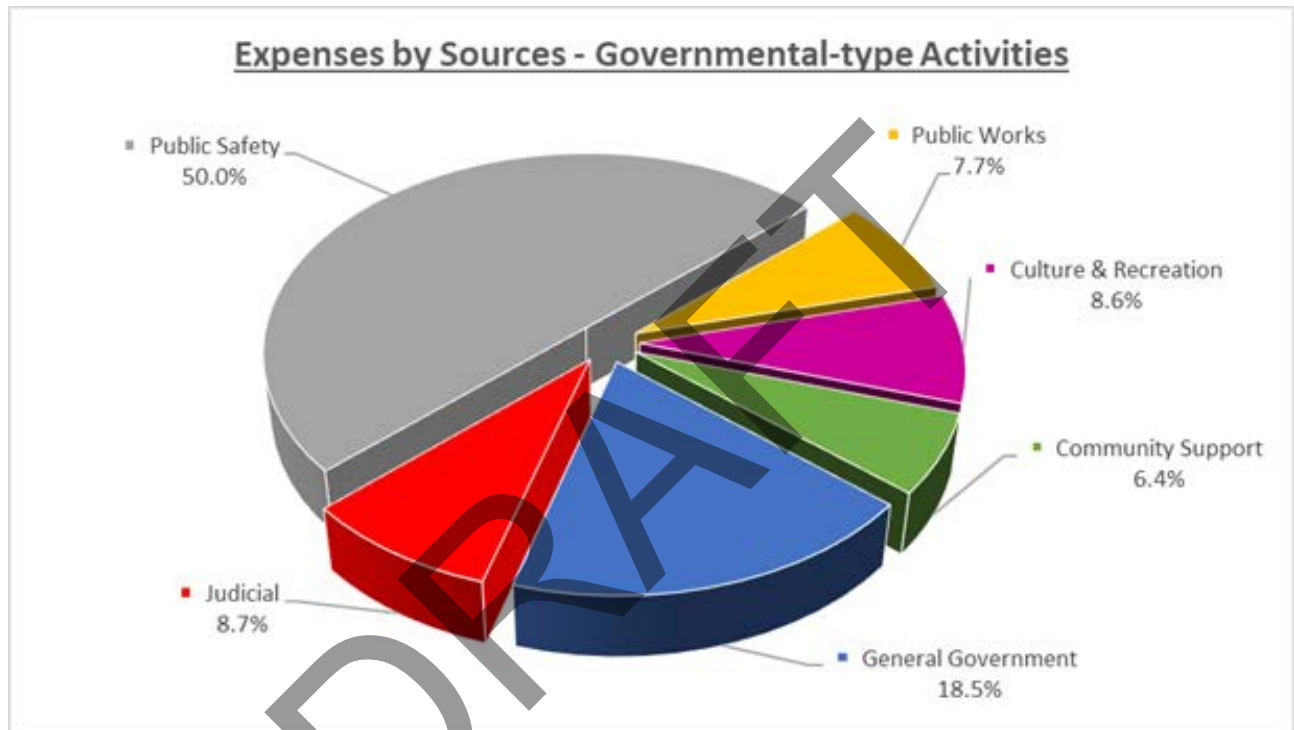
	FY 2020 Revenues	FY 2019 Revenues	Increase (Decrease)	Percent Change
Governmental Activities				
Charges for services	\$ 2,881,347	\$ 2,862,137	\$ 19,210	1%
Operating Grants and contributions	245,080	297,996	(52,916)	-18%
Capital Grants and contributions	738,431	853,806	(115,375)	-14%
Property Taxes	1,553,934	1,506,099	47,835	3%
Shared Revenues	3,121,222	2,999,257	121,965	4%
Other revenues	2,824,999	2,793,159	31,840	1%
Total	<u>\$ 11,365,013</u>	<u>\$ 11,312,454</u>	<u>\$ 52,559</u>	<u>0%</u>



Total revenues for governmental activities were stable as revenues reflected a slight increase of \$52,559 or less than 1% when compared to the prior fiscal year. Operating grants & contributions reflect an 18% decrease due to the change in how the State distributes the Highway 95 Economic Development grant. In fiscal year 2019-2020, the City no longer received grant funds to be a pass-through for other local governments. Capital grants and contributions reflect a 14% decrease due to the difference in grant funding for the City's municipal airport. Capital grants from the Federal Aviation Administration can vary year to year based on the size of the project and the availability of grant funding. Shared revenues increased \$121,965 or 4%. The largest source of the shared revenue category is consolidated taxes (CTX) which includes sales tax, excise tax and motor vehicle tax. CTX increased \$125,797 or 6.6% from the previous fiscal year.

Governmental Activities – Expenses

	FY 2020 Expenses	FY 2019 Expenses	Increase (Decrease)	Percent Change
Governmental Activities				
General Government	\$ 2,157,829	\$ 2,110,517	\$ 47,312	2%
Judicial	1,019,477	895,751	123,726	14%
Public Safety	5,847,604	5,264,999	582,605	11%
Public Works	903,708	925,217	(21,509)	-2%
Culture and Recreation	1,008,468	1,241,382	(232,914)	-19%
Community Support	747,655	724,909	22,746	3%
Total	<u>\$ 11,684,741</u>	<u>\$ 11,162,775</u>	<u>\$ 521,966</u>	<u>4%</u>



As noted above, total governmental activities expenses were \$11,684,741 in the current year compared to \$11,162,775 in the prior year which is a \$521,966 or 4% increase. The general government function includes the departments/offices of the City Council, Mayor, Clerk/Treasurer, Administration and City Hall. The general government expenses reflected a slight increase of 2% which includes annual merit and cost of living increases to salaries and wages. The judicial function includes the office of the City Attorney and the Municipal Court. The 14% increase in judicial expenses from the prior year is due to the newly appointed Deputy City Attorney employed the entire 2019-2020 fiscal year. Public safety represents the largest portion of the expenses in governmental-type activities at 50% in the current fiscal year. Public safety is comprised of the police department, animal control, fire department and civil defense. The 11% increase is primarily due to the hiring of two student resource officers and purchasing two new patrol vehicles with all necessary upfitting and equipment. The culture and recreation function includes all city parks, city gym, outdoor pool and other public facilities. The 19% decrease in expenses can be contributed to the Covid-19 pandemic. Strict mandates and protocols were set by the Nevada's Governor, Steve Sisolak, instituting Emergency Directives for local government's public facilities. As such many of our facilities were closed temporary and/or open with limited capacity.

Business-type Activities

Business Type Activities – Revenue

	FY 2020 Charge for Service	FY 2019 Charge for Service	Increase (Decrease)	Percent Change
Business-Type Activities				
Electric	\$ 11,064,394	\$ 11,258,578	\$ (194,184)	-2%
Water	1,606,525	1,598,798	7,727	0%
Sewer	2,379,247	2,294,442	84,805	4%
Water Treatment	1,685,367	1,682,985	2,382	0%
Sanitation	1,789,679	1,731,660	58,019	3%
Landfill	1,223,543	1,240,494	(16,951)	-1%
Total	<u>\$ 19,748,755</u>	<u>\$ 19,806,957</u>	<u>\$ (58,202)</u>	<u>0%</u>

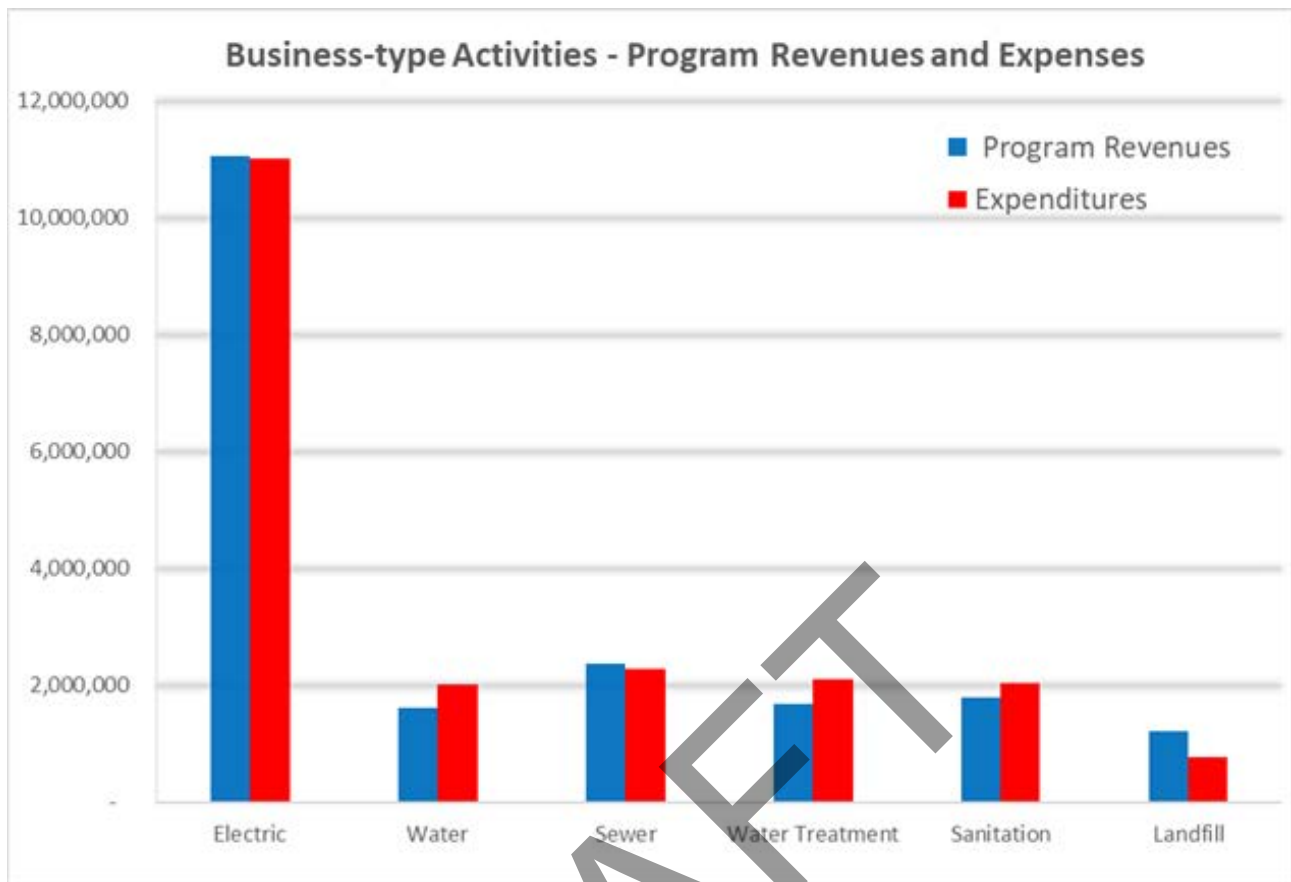
Overall, the total revenues for business-type activities are consistent with the prior year with a slight decrease of \$58,202 which is less than 1%. Even without additional customers or rate changes, charge for service for the electric and water utilities can vary year to year based on weather and conservation efforts. Both Sewer and Sanitation revenues reflected increases of 4% and 3% from the prior year which was attributed to a slight increase in customers.

Business Type Activities – Expenses

	FY 2020 Expenses	FY 2019 Expenses (As Restated)	Increase (Decrease)	Percent Change
Business-Type Activities				
Electric	\$ 11,014,169	\$ 10,569,966	\$ 444,203	4%
Water	2,017,614	1,979,607	38,007	2%
Sewer	2,274,086	2,276,356	(2,270)	0%
Water Treatment	2,115,784	2,123,220	(7,436)	0%
Sanitation	2,048,355	1,876,143	172,212	9%
Landfill	768,906	1,175,638	(406,732)	-35%
Total	<u>\$ 20,238,914</u>	<u>\$ 20,000,930</u>	<u>\$ 237,984</u>	<u>1%</u>

Total expenses of business-type activities remain flat with a \$237,984 increase or 1%. The electric enterprise showed a 4% increase which is largely comprised of the electric purchase costs difference from the previous fiscal year. Sanitation enterprise reflects a 9% increase due to the repair of a roll off truck involved in an accident with additional extraordinary repairs and maintenance. The landfill enterprise reports a 35% decrease in expenses due to the change in the closure costs estimate. The most recent estimate by the consultants reduced the estimated liability \$375,000 from the prior year.

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



Financial Analysis of the Government's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the City of Fallon's governmental funds reported combined ending fund balance of \$2,022,925 an increase of \$299,541 in comparison with the prior year.

The primary operating fund of the City of Fallon is the General Fund. For the fiscal year ended June 30, 2020, the fund balance in the General Fund was \$1,423,649 of which \$117,519 is non-spendable, \$44,778 restricted for private grants, \$227,385 committed, and \$460,631 assigned for subsequent year operations. The remaining fund balance \$573,336 was unassigned as of June 30, 2020. As a measure of the General Fund's liquidity, it is useful to compare the total unassigned fund balance to total fund expenditures. Unassigned fund balance represents 5.8% of total fund expenditures.

The General Fund balance increased by \$308,622 or 27.7% during the fiscal year. This is a result of the levels of revenue, expenditures and transfers. Revenues totaling \$9,843,750 reflects an increase of 2% from the prior year. A couple of factors attributed to the increase including property tax revenues due to increased assessed value and CTX due to increased taxable sales. General Fund expenditures of \$9,917,795 also increased from the

previous year but at a lower rate of 1.6% than revenues. A majority of the expenditure increase can be attributed to personnel costs – salaries/wages and employee benefits. Eligible employees received their merit increase and nearly all employees received a cost of living adjustment. Lastly, the increase in other financing sources(uses) was \$95,797 compared to the prior year. This source relates to transfers of room tax from the Convention and Tourism Fund.

Proprietary Funds

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

The net position of the business-type activities totals \$45,879,649 which is an increase of \$6,754,638. The increase is attributable to contributions made by the Pennington Foundation in the amount of \$6,045,000 and Churchill County in the amount of \$775,000 for the construction of a youth center facility.

General Fund Budgetary Highlights

The General Fund total revenues in the original budget were \$9,857,832 and augmented to \$10,008,390 for an increase of \$150,558. The actual revenues were \$9,756,767 which was \$251,623 less than the final budget. The variance between actual and the final budgeted revenues consisted of reductions in local grants, state economic development assistance and reimbursements for fire department expenses.

The General Fund total expenditures original budget of \$9,899,544 was augmented the same \$150,558 as the revenues to \$10,050,102. Actual expenditures of \$9,421,248 came in under the final budget amount by \$628,854. The variance between actual and the final budgeted expenditures included savings in the fire department as two senior personnel retired, streets department with less repairs and maintenance and parks department due to temporary closures/limited capacity.

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

Capital Assets Activity

The City of Fallon's investment in capital assets for its governmental and business-type activities as of June 30, 2020 was \$75,602,547 (net of accumulated depreciation).

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

City of Fallon Assets (Net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Land	\$ 815,947	\$ 815,947	\$ 2,287,657	\$ 2,288,073	\$ 3,103,604	\$ 3,104,020
Construction in progress	194,445	611,034	9,718,166	2,773,687	9,912,611	3,384,721
Buildings and improvements	3,891,183	4,055,573	1,026,112	1,095,847	4,917,295	5,151,420
Machinery and equipment	1,673,975	1,656,557	2,361,370	1,898,789	4,035,345	3,555,346
Infrastructure	15,721,540	15,285,508	37,912,152	38,343,670	53,633,692	53,629,178
Total	<u>\$ 22,297,090</u>	<u>\$ 22,424,619</u>	<u>\$ 53,305,457</u>	<u>\$ 46,400,066</u>	<u>\$ 75,602,547</u>	<u>\$ 68,824,685</u>

Significant additions in the current year for governmental activities include Construction in Progress (CIP) airport pavement rehabilitation, airport perimeter fence, convention center equipment, fire department duty rig, police department patrol vehicles with equipment, CIP Front Street and CIP Downtown Streetscape Phase IV.

Significant additions in the current year for business-type activities include CIP Front Street, CIP New River Substation, CIP New River Feeders, CIP Pennington Youth Center, CIP D Street, CIP electric meter project, manhole rehabilitation, Vac-Con excavator truck and Kenworth roll off truck.

Long-term Debt Activity

Notes payable, bonds payable, capital leases and other liabilities outstanding at June 30, 2020, totaled \$14,923,433 net of premiums. Debt for governmental activities reported a balance of \$512,203 which is 3.4% of total debt outstanding. Business-type activities debt totaled \$14,411,230 or 96.6% of total debt outstanding.

The City incurred new debt in the current fiscal year in the amount of \$489,990 for the acquisition of a vacuum truck.

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

Other Economic Factors

The Covid-19 pandemic has had a great impact on our local economy. As a result of the pandemic, businesses had to follow the guidelines and restrictions from the Governor's Office. These mandates included temporary closures, limitations of capacity, strict safety protocols and various other measures. As of the date of the audit letter, the pandemic is still ongoing with many unknowns and no clear end date.

Requests for Information

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

City of Fallon, Nevada
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets			
Cash and investments	\$ 1,756,442	\$ 5,788,550	\$ 7,544,992
Due from other governments	554,533	-	554,533
Receivables, net of allowances for uncollectible accounts (where applicable)			
Taxes	10,739	-	10,739
Accounts	114,443	3,577,883	3,692,326
Assessments	4,800	-	4,800
Grants	115,066	765	115,831
Other	-	74,713	74,713
Internal balances	81,387	(81,387)	-
Parts inventory	-	45,319	45,319
Total current assets	<u>2,637,410</u>	<u>9,405,843</u>	<u>12,043,253</u>
Noncurrent assets			
Restricted assets			
Cash and investments	107,973	5,228,530	5,336,503
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	1,010,392	12,005,823	13,016,215
Other capital assets, net of depreciation	21,286,698	41,299,634	62,586,332
Total noncurrent assets	<u>22,405,063</u>	<u>59,683,387</u>	<u>82,088,450</u>
Total assets	<u>25,042,473</u>	<u>69,089,230</u>	<u>94,131,703</u>
Deferred Outflows of Resources			
Deferred outflows related to other postemployment benefits	310,589	170,039	480,628
Deferred outflows related to pensions	2,132,666	878,098	3,010,764
Total deferred outflows of resources	<u>2,443,255</u>	<u>1,048,137</u>	<u>3,491,392</u>

City of Fallon, Nevada
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 238,952	\$ 2,209,439	\$ 2,448,391
Accrued payroll and related liabilities	294,731	140,903	435,634
Accrued interest payable	-	127,065	127,065
Unearned revenue	104,800	-	104,800
Customer deposits, payable from restricted cash	-	338,746	338,746
Due to other governments	75,742	-	75,742
Current portion of compensated absences	200,395	95,754	296,149
Current maturities of long-term debt	56,304	1,029,384	1,085,688
Total current liabilities	<u>970,924</u>	<u>3,941,291</u>	<u>4,912,215</u>
Noncurrent liabilities			
Other postemployment benefits liability	1,709,728	976,995	2,686,723
Net pension liability	10,675,321	4,227,380	14,902,701
Compensated absences, net of current portion	195,643	93,469	289,112
Estimated liability for landfill closure and post-closure care costs	-	1,055,000	1,055,000
Bonds, notes and leases payable, net of current portion	59,861	13,592,946	13,652,807
Total noncurrent liabilities	<u>12,640,553</u>	<u>19,945,790</u>	<u>32,586,343</u>
Total liabilities	<u>13,611,477</u>	<u>23,887,081</u>	<u>37,498,558</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	<u>920,311</u>	<u>370,637</u>	<u>1,290,948</u>
Net Position			
Net investment in capital assets	22,180,925	42,929,305	65,110,230
Restricted for			
Private grants	44,778	-	44,778
Capital projects	151,928	643,606	795,534
Unrestricted	<u>(9,423,691)</u>	<u>2,306,738</u>	<u>(7,116,953)</u>
Total net position	<u>\$ 12,953,940</u>	<u>\$ 45,879,649</u>	<u>\$ 58,833,589</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	\$ (2,157,829)	\$ 2,721,603	\$ 197,414	\$ -
Judicial	(1,019,477)	115,461	-	-
Public safety	(5,838,231)	13,234	-	-
Public works	(903,708)	-	-	738,431
Culture and recreation	(1,008,468)	31,049	-	-
Community support	(747,655)	-	47,666	-
Interest on long-term debt	(9,373)	-	-	-
Total government activities	(11,684,741)	2,881,347	245,080	738,431
Business-Type Activities				
Electric	(11,014,169)	11,064,394	-	6,833,547
Water	(2,017,614)	1,606,525	6,946	89,981
Sewer	(2,274,086)	2,379,247	-	60,000
Water treatment	(2,115,784)	1,685,367	-	24,000
Sanitation	(2,048,355)	1,789,679	-	-
Landfill	(768,906)	1,223,543	-	-
Total business-type activities	(20,238,914)	19,748,755	6,946	7,007,528
Total primary government	\$ (31,923,655)	\$ 22,630,102	\$ 252,026	\$ 7,745,959
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, 2020

Net (Expenses) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ 761,188	\$ -	\$ 761,188
(904,016)	-	(904,016)
(5,824,997)	-	(5,824,997)
(165,277)	-	(165,277)
(977,419)	-	(977,419)
(699,989)	-	(699,989)
(9,373)	-	(9,373)
(7,819,883)	-	(7,819,883)
-	6,883,772	6,883,772
-	(314,162)	(314,162)
-	165,161	165,161
-	(406,417)	(406,417)
-	(258,676)	(258,676)
-	454,637	454,637
-	6,524,315	6,524,315
(7,819,883)	6,524,315	(1,295,568)
1,553,934	-	1,553,934
616,671	-	616,671
146,140	-	146,140
2,358,411	-	2,358,411
290,329	-	290,329
1,086,237	-	1,086,237
989,598	-	989,598
229,621	-	229,621
3,624	230,323	233,947
225,590	-	225,590
7,500,155	230,323	7,730,478
(319,728)	6,754,638	6,434,910
13,273,668	39,125,011	52,398,679
\$ 12,953,940	\$ 45,879,649	\$ 58,833,589

City of Fallon, Nevada
Balance Sheet – Governmental Funds
June 30, 2020

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and investments	\$ 1,252,430	\$ 504,012	\$ 1,756,442
Due from other governments	527,426	27,107	554,533
Due from other funds	66,882	-	66,882
Receivables, net of allowances for uncollectible accounts (where applicable)			
Taxes	10,739	-	10,739
Accounts	70,944	43,499	114,443
Assessments	-	4,800	4,800
Grant	59,173	55,893	115,066
Advances to other funds	117,519	-	117,519
Restricted assets			
Cash and investments	107,973	-	107,973
Total assets	\$ 2,213,086	\$ 635,311	\$ 2,848,397
Liabilities			
Accounts payable	\$ 209,529	\$ 29,423	\$ 238,952
Accrued payroll and related liabilities	294,731	-	294,731
Due to other governments	73,930	1,812	75,742
Due to other funds	20,603	-	20,603
Advances from other funds	82,411	-	82,411
Unearned revenue	100,000	4,800	104,800
Total liabilities	781,204	36,035	817,239
Deferred Inflows of Resources			
Unavailable revenue - property taxes	8,233	-	8,233
Total Liabilities and Deferred Inflows of Resources	789,437	36,035	825,472
Fund Balances			
Nonspendable	117,519	-	117,519
Restricted			
Private grants	44,778	-	44,778
Capital projects	-	151,928	151,928
Committed	227,385	182,324	409,709
Assigned for subsequent year operations	460,631	265,024	725,655
Unassigned	573,336	-	573,336
Total fund balances	1,423,649	599,276	2,022,925
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,213,086	\$ 635,311	\$ 2,848,397

City of Fallon, Nevada
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2020

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

Total fund balance - governmental funds		\$ 2,022,925
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	45,082,424	
Accumulated depreciation	<u>(22,785,334)</u>	
		22,297,090
Property taxes receivable are not available to pay current period expenditures and, therefore, are deferred in the governmental funds balance sheet.		
		8,233
Certain liabilities are not reported in the governmental funds because they are not due and payable in the current period.		
Other postemployment benefits liability	(1,709,728)	
Net pension liability	(10,675,321)	
Compensated absences	(396,038)	
Note payable	<u>(116,165)</u>	
		(12,897,252)
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	2,132,666	
Deferred inflows of resources related to pensions	(920,311)	
Deferred outflows of resources related to other postemployment benefits	<u>310,589</u>	
		<u>1,522,944</u>
Net position of governmental activities		<u>\$ 12,953,940</u>

City of Fallon, Nevada
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2020

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Taxes			
Ad valorem	\$ 1,474,927	\$ 83,432	\$ 1,558,359
Other	1,118,069	616,671	1,734,740
Charges for services	2,316,870	35,804	2,352,674
Intergovernmental	3,021,526	785,497	3,807,023
Licenses and permits	1,733,763	-	1,733,763
Fines and forfeitures	89,275	-	89,275
Miscellaneous			
Investment income	2,635	989	3,624
Other	86,685	-	86,685
Total revenues	<u>9,843,750</u>	<u>1,522,393</u>	<u>11,366,143</u>
Expenditures			
Current			
General government and administration	1,882,766	-	1,882,766
Judicial	976,453	-	976,453
Public safety	5,414,050	-	5,414,050
Public works	60,833	38,193	99,026
Culture and recreation	875,993	-	875,993
Community support	470,916	232,135	703,051
Capital outlay			
Public safety	148,335	40,626	188,961
Public works	64,755	775,520	840,275
Community support	23,694	-	23,694
Debt service			
Principal retirement	-	52,960	52,960
Interest and fiscal charges	-	9,373	9,373
Total expenditures	<u>9,917,795</u>	<u>1,148,807</u>	<u>11,066,602</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(74,045)</u>	<u>373,586</u>	<u>299,541</u>
Other Financing Sources (Uses)			
Transfers in	550,000	167,333	717,333
Transfers out	<u>(167,333)</u>	<u>(550,000)</u>	<u>(717,333)</u>
Total other financing sources (uses)	<u>382,667</u>	<u>(382,667)</u>	<u>-</u>
Net Change in Fund Balances	308,622	(9,081)	299,541
Fund Balances, Beginning of Year	<u>1,115,027</u>	<u>608,357</u>	<u>1,723,384</u>
Fund Balances, End of Year	<u>\$ 1,423,649</u>	<u>\$ 599,276</u>	<u>\$ 2,022,925</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, 2020

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

Net change in fund balances - total governmental funds	\$ 299,541	
<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	\$ 1,052,930	
Current year depreciation	<u>(1,180,459)</u>	(127,529)
<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		(4,425)
<p>Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense.</p>		
Pension contributions	798,868	
Pension expense	<u>(1,184,239)</u>	(385,371)
<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		52,960
<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	76,695	
Other postemployment benefits expense	<u>(248,079)</u>	(171,384)
<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>16,480</u>
Change in net position of governmental activities	\$	<u><u>(319,728)</u></u>

Business-Type Activities - Enterprise Funds			
	Electric	Water	Sewer
Assets			
Current assets			
Cash and investments	\$ 2,716,803	\$ 323,657	\$ 1,700,856
Accounts receivable, net of allowance for doubtful accounts	2,617,964	196,982	261,459
Grant receivables	-	765	-
Other receivables	74,713	-	-
Due from other funds	-	44,690	-
Parts inventory	-	45,319	-
Total current assets	<u>5,409,480</u>	<u>611,413</u>	<u>1,962,315</u>
Noncurrent Assets			
Restricted assets			
Cash and investments			
Customer deposits	335,826	2,920	-
Bond payable	4,246,178	-	-
Capital projects	-	-	-
Assets held for resale	1,099,400	-	-
Deposits held by others	50,000	-	-
Advances to other funds	-	44,692	-
Capital assets			
Land and construction in progress	10,599,978	367,918	613,841
Other capital assets, net of depreciation	3,806,138	5,855,929	15,159,369
Total noncurrent assets	<u>20,137,520</u>	<u>6,271,459</u>	<u>15,773,210</u>
Total assets	<u>25,547,000</u>	<u>6,882,872</u>	<u>17,735,525</u>
Deferred Outflows of Resources			
Deferred outflows related to other postemployment benefits	38,126	29,147	10,227
Deferred outflows related to pensions	186,186	136,390	75,073
Total deferred outflows of resources	<u>224,312</u>	<u>165,537</u>	<u>85,300</u>

See Notes to Financial Statements

City of Fallon, Nevada
Statement of Net Position – Proprietary Funds
June 30, 2020

Business-Type Activities - Enterprise Funds				Business-Type Activities - Internal Service Funds
Water Treatment	Sanitation	Nonmajor Enterprise Funds	Total	
\$ 387,308	\$ 62,430	\$ 500,375	\$ 5,691,429	\$ 97,121
175,453	154,982	171,043	3,577,883	-
-	-	-	765	-
-	-	-	74,713	-
414,103	-	-	458,793	-
-	-	-	45,319	-
976,864	217,412	671,418	9,848,902	97,121
-	-	-	338,746	-
-	-	-	4,246,178	-
-	-	643,606	643,606	-
-	-	-	1,099,400	-
-	-	-	50,000	-
196,411	-	-	241,103	-
72,854	154,980	196,252	12,005,823	-
14,747,169	698,527	941,623	41,208,755	90,879
15,016,434	853,507	1,781,481	59,833,611	90,879
15,993,298	1,070,919	2,452,899	69,682,513	188,000
14,722	21,691	11,503	125,416	44,623
87,319	114,891	49,780	649,639	228,459
102,041	136,582	61,283	775,055	273,082

Business-Type Activities - Enterprise Funds			
	Electric	Water	Sewer
Liabilities			
Current liabilities			
Accounts payable	\$ 1,634,340	\$ 27,968	\$ 354,679
Accrued payroll and related liabilities	23,828	26,904	8,419
Accrued interest payable	27,731	16,556	79,439
Customer deposits, payable from restricted cash	335,826	2,920	-
Current portion of compensated absences	15,745	17,316	15,143
Current maturities of long-term debt	396,387	220,765	319,387
Due to other funds	11,919	-	66,000
Total current liabilities	2,445,776	312,429	843,067
Noncurrent liabilities			
Other postemployment benefits liability	255,046	148,171	70,756
Net pension liability	877,807	583,545	435,236
Compensated absences, net of current portion	15,369	16,902	14,782
Estimated liability for landfill closure and postclosure care costs	-	-	-
Bonds and leases payable, net of current portion	5,628,943	1,316,387	6,439,266
Advances from other funds	11,921	-	214,000
Total noncurrent liabilities	6,789,086	2,065,005	7,174,040
Total liabilities	9,234,862	2,377,434	8,017,107
Deferred Inflows of Resources			
Deferred inflows related to pensions	75,730	56,444	34,238
Net Position			
Net investment in capital assets	12,626,964	4,686,695	9,014,557
Restricted for Capital projects	-	-	-
Unrestricted (deficit)	3,833,756	(72,164)	754,923
Total net position (deficit)	\$ 16,460,720	\$ 4,614,531	\$ 9,769,480

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

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

Net position of business-type activities

City of Fallon, Nevada
Statement of Net Position – Proprietary Funds
June 30, 2020

Business-Type Activities - Enterprise Funds				Business-Type Activities - Internal Service Funds
Water Treatment	Sanitation	Nonmajor Enterprise Funds	Total	
\$ 67,422	\$ 93,497	\$ 22,631	\$ 2,200,537	\$ 8,902
12,278	17,493	11,418	100,340	40,563
-	3,242	97	127,065	-
-	-	-	338,746	-
8,092	17,856	4,375	78,527	17,227
-	85,599	7,246	1,029,384	-
-	413,679	13,474	505,072	-
<u>87,792</u>	<u>631,366</u>	<u>59,241</u>	<u>4,379,671</u>	<u>66,692</u>
85,923	127,706	55,324	742,926	234,069
422,035	634,069	279,268	3,231,960	995,420
7,900	17,430	4,270	76,653	16,816
-	-	1,055,000	1,055,000	-
-	208,350	-	13,592,946	-
-	46,398	3,892	276,211	-
<u>515,858</u>	<u>1,033,953</u>	<u>1,397,754</u>	<u>18,975,696</u>	<u>1,246,305</u>
<u>603,650</u>	<u>1,665,319</u>	<u>1,456,995</u>	<u>23,355,367</u>	<u>1,312,997</u>
<u>34,662</u>	<u>55,238</u>	<u>17,616</u>	<u>273,928</u>	<u>96,709</u>
14,820,023	559,558	1,130,629	42,838,426	90,879
-	-	643,606	643,606	-
637,004	(1,072,614)	(734,664)	3,346,241	(1,039,503)
<u>\$ 15,457,027</u>	<u>\$ (513,056)</u>	<u>\$ 1,039,571</u>	<u>46,828,273</u>	<u>\$ (948,624)</u>
			<u>(948,624)</u>	
			<u>\$ 45,879,649</u>	

Business-Type Activities - Enterprise Funds			
	Electric	Water	Sewer
Operating Revenues			
Charges for services	\$ 11,064,394	\$ 1,606,525	2,379,247
Operating grants	-	6,946	-
Miscellaneous	-	-	-
Total operating revenues	11,064,394	1,613,471	2,379,247
Operating Expenses			
Salaries and wages	558,639	483,580	146,571
Employee benefits	309,739	312,643	93,728
Services and supplies	1,062,437	227,030	502,418
Electric energy purchased	5,506,175	-	-
Depreciation	444,196	274,202	620,932
Data processing use fee	71,942	37,752	13,144
Public works use fee	419,253	218,913	76,272
In lieu of taxes and franchise taxes	815,367	248,651	437,380
General fund administrative support	1,140,618	155,538	142,577
Total operating expenses	10,328,366	1,958,309	2,033,022
Operating Income (Loss)	736,028	(344,838)	346,225
Nonoperating Revenues (Expenses)			
Investment income	189,565	7,577	31,001
Economic development	(133,309)	-	-
Quality of life promotion	(327,419)	-	-
Interest expense	(174,986)	(33,132)	(231,946)
Total nonoperating revenues (expenses)	(446,149)	(25,555)	(200,945)
Income (Loss) Before Capital Contributions and Transfers	289,879	(370,393)	145,280
Capital Contributions	6,833,547	89,981	60,000
Transfers In	-	-	-
Transfers Out	-	-	-
Change in Net Position	7,123,426	(280,412)	205,280
Net Position, Beginning of Year	9,337,294	4,894,943	9,564,200
Net Position (Deficit), End of Year	\$ 16,460,720	\$ 4,614,531	\$ 9,769,480
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			

City of Fallon, Nevada
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
Year Ended June 30, 2020

Business-Type Activities - Enterprise Funds				Business-Type Activities - Internal Service Funds
Water Treatment	Sanitation	Nonmajor Enterprise Funds	Total	
\$ 1,420,057	1,789,679	\$ 1,223,543	\$ 19,483,445	\$ 1,260,000
-	-	-	6,946	-
265,310	-	-	265,310	-
1,685,367	1,789,679	1,223,543	19,755,701	1,260,000
230,538	339,816	196,135	1,955,279	732,640
143,308	275,911	126,001	1,261,330	423,021
581,379	874,747	(11,290)	3,236,721	209,697
-	-	-	5,506,175	-
382,113	127,807	107,476	1,956,726	23,129
37,753	12,628	11,782	185,001	-
218,917	76,272	65,374	1,075,001	-
346,544	119,551	108,342	2,075,835	-
149,058	200,904	155,538	1,944,233	-
2,089,610	2,027,636	759,358	19,196,301	1,388,487
(404,243)	(237,957)	464,185	559,400	(128,487)
888	278	820	230,129	194
-	-	-	(133,309)	-
-	-	-	(327,419)	-
-	(11,654)	(1,680)	(453,398)	-
888	(11,376)	(860)	(683,997)	194
(403,355)	(249,333)	463,325	(124,597)	(128,293)
24,000	-	-	7,007,528	-
-	-	41,772	41,772	-
(41,772)	-	-	(41,772)	-
(421,127)	(249,333)	505,097	6,882,931	(128,293)
15,878,154	(263,723)	534,474		(820,331)
\$ 15,457,027	\$ (513,056)	\$ 1,039,571		\$ (948,624)
			(128,293)	
			\$ 6,754,638	

	Business-Type Activities - Enterprise Funds		
	Electric	Water	Sewer
Operating Activities			
Cash from customers	\$ 9,488,585	\$ 1,597,540	\$ 2,350,068
Cash from other funds for services	38,642	40,793	-
Payments to suppliers for goods and services	(7,164,119)	(810,821)	(429,532)
Payments to employees for services	(555,928)	(477,290)	(144,306)
Payments to other funds for services	(1,955,985)	(404,189)	(579,957)
Net Cash from (used for) Operating Activities	(148,805)	(53,967)	1,196,273
Noncapital Financing Activities			
Repayments on interfund advances	(11,919)	-	(66,000)
Receipts from interfund advances	-	221,677	-
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Net Cash from (used for) Noncapital Financing Activities	(11,919)	221,677	(66,000)
Capital and Related Financing Activities			
Purchase of property, plant, and equipment	(7,115,221)	(176,942)	(1,386,447)
Principal payments on debt	(372,000)	(201,556)	(290,000)
Connection fees	13,547	89,981	60,000
Proceeds from issuance of debt	163,330	163,330	163,330
Grant funding	3,022,500	-	-
Interest paid on debt	(175,385)	(34,142)	(260,413)
Net Cash from (used for) Capital and Related Financing Activities	(4,463,229)	(159,329)	(1,713,530)
Investing Activities			
Interest on cash and investments	189,565	7,577	31,001
Net Change in Cash and Cash Equivalents	(4,434,388)	15,958	(552,256)
Cash and Cash Equivalents, Beginning of Year	11,733,195	310,619	2,253,112
Cash and Cash Equivalents, End of Year	\$ 7,298,807	\$ 326,577	\$ 1,700,856

See Notes to Financial Statements

City of Fallon, Nevada
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2020

Business-Type Activities - Enterprise Funds				Business-Type Activities - Internal Service Funds
Water Treatment	Sanitation	Nonmajor Enterprise Funds	Total	
\$ 1,673,219	\$ 1,757,955	\$ 1,387,404	\$ 18,254,771	\$ -
-	-	-	79,435	1,260,000
(966,137)	(1,193,994)	(192,763)	(10,757,366)	(891,985)
(229,958)	(335,063)	(564,396)	(2,306,941)	(392,316)
(495,602)	(320,455)	(263,880)	(4,020,068)	-
(18,478)	(91,557)	366,365	1,249,831	(24,301)
(234,297)	316,321	(13,474)	(9,369)	-
-	-	-	221,677	-
-	-	41,772	41,772	-
(41,772)	-	-	(41,772)	-
(276,069)	316,321	28,298	212,308	-
(38,436)	(165,226)	-	(8,882,272)	-
-	(83,178)	(66,475)	(1,013,209)	-
24,000	-	-	187,528	-
-	-	-	489,990	-
-	-	-	3,022,500	-
-	(12,521)	(1,583)	(484,044)	-
(14,436)	(260,925)	(68,058)	(6,679,507)	-
888	278	820	230,129	194
(308,095)	(35,883)	327,425	(4,987,239)	(24,107)
695,403	98,313	816,556	15,907,198	121,228
<u>\$ 387,308</u>	<u>\$ 62,430</u>	<u>\$ 1,143,981</u>	<u>\$ 10,919,959</u>	<u>\$ 97,121</u>

	Business-Type Activities - Enterprise Funds		
	Electric	Water	Sewer
Reconciliation of Operating Income (Loss) to Net Cash from (used for) Operating Activities			
Operating income (loss)	\$ 736,028	\$ (344,838)	\$ 346,225
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities			
Depreciation	444,196	274,202	620,932
Amortization	-	-	(50,453)
Pension contributions	(76,623)	(58,528)	(20,993)
Pension expense	113,585	86,762	31,119
OPEB expense	16,909	16,573	5,023
Economic development nonop expense	(133,309)	-	-
Quality of life promotion nonop expense	(327,419)	-	-
Changes in			
Accounts receivable	(1,537,167)	24,861	(29,179)
Inventory	-	(42,158)	-
Accounts payable	587,035	(20,886)	284,259
Landfill closure costs	-	-	-
Accrued payroll and related liabilities	2,711	6,290	-
Compensated absences	2,923	2,305	7,075
Customer deposits	22,326	1,450	2,265
Net Cash from (used for) Operating Activities	<u>\$ (148,805)</u>	<u>\$ (53,967)</u>	<u>\$ 1,196,273</u>
Reconciliation of Total Cash and Cash Equivalents:			
Current assets - cash and cash equivalents	\$ 2,716,803	\$ 323,657	\$ 1,700,856
Restricted assets - cash and cash equivalents	<u>4,582,004</u>	<u>2,920</u>	<u>-</u>
Total cash and investments	<u>\$ 7,298,807</u>	<u>\$ 326,577</u>	<u>\$ 1,700,856</u>

See Notes to Financial Statements

City of Fallon, Nevada
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2020

Business-Type Activities - Enterprise Funds				Business-Type Activities - Internal Service Funds
Water Treatment	Sanitation	Nonmajor Enterprise Funds	Total	
\$ (404,243)	\$ (237,957)	\$ 464,185	\$ 559,400	\$ (128,487)
382,113	127,807	107,476	1,956,726	23,129
-	-	-	(50,453)	-
(33,144)	(44,084)	(20,938)	(254,310)	(104,339)
49,134	65,349	31,039	376,988	154,672
7,163	11,645	6,722	64,035	25,108
-	-	-	(133,309)	-
-	-	-	(327,419)	-
(12,148)	(31,724)	163,861	(1,421,496)	-
-	-	-	(42,158)	-
(11,981)	10,267	(15,635)	833,059	(7,212)
-	-	(375,000)	(375,000)	-
578	4,753	3,372	17,704	9,978
2,329	2,387	1,283	18,302	2,850
1,721	-	-	27,762	-
<u>\$ (18,478)</u>	<u>\$ (91,557)</u>	<u>\$ 366,365</u>	<u>\$ 1,249,831</u>	<u>\$ (24,301)</u>
\$ 387,308	\$ 62,430	\$ 500,375	\$ 5,691,429	\$ 97,121
-	-	643,606	5,228,530	-
<u>\$ 387,308</u>	<u>\$ 62,430</u>	<u>\$ 1,143,981</u>	<u>\$ 10,919,959</u>	<u>\$ 97,121</u>

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the activities of the City of Fallon, Nevada. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Eliminations have been made to minimize the double counting of internal activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity is offset by program revenues. *Direct expenses* are those that are specifically associated with a specific function or business-type activity. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items properly not included among program revenues are reported instead as general revenues.

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

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

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

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

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

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

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City's Special Revenue Funds include the Convention and Tourism Authority Fund 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 *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, 2020, are as follows:

Fund Type	Outstanding Balance	Allowance for Doubtful Accounts	Net
Enterprise Funds			
Electric	\$ 2,696,373	\$ 78,409	\$ 2,617,964
Water	208,873	11,891	196,982
Sewer	277,396	15,937	261,459
Water Treatment	186,544	11,091	175,453
Nonmajor	372,107	46,082	326,025
	<u>\$ 3,741,293</u>	<u>\$ 163,410</u>	<u>\$ 3,577,883</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 employer's proportionate contribution, and the City's contributions subsequent to the measurement date reported in the government-wide financial statement of net position under the accrual basis of accounting.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents 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 pensions resulting from differences between expected and actual experience, the difference between projected and actual earnings on pension plan investments, and changes in the City's proportion and differences between the City's contributions and the employer's proportionate contribution reported in the government-wide financial statement of net position under the accrual basis of accounting. The City also reflects deferred inflows of resources which are unavailable revenue reported in the governmental funds balance sheet for delinquent property taxes that arise under the modified accrual basis of accounting.

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of the State of Nevada (PERS) Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Equity

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

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

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

- Nonspendable fund balance – These items are legally or contractually required to be maintained intact or are not in a spendable form, such as inventories, prepaids, and long-term receivables, including advances to other funds.
- Restricted fund balance – These amounts are constrained to being used for specific purposes by external parties, constitutional provisions or enabling legislation, such as debt service.

- Committed fund balance –These amounts can only be used for specific purposes as set forth by the City Council, the City’s highest level of decision-making authority. A resolution by the Council must be made prior to the end of the reporting period, in order to establish an ending fund balance commitment for any specific purpose. This formal action is also required to modify or rescind an established commitment. Commitments generally include funds for the Convention and Tourism Authority, the Airport, and for other special projects.
- Assigned fund balance – Assignments are neither restrictions nor commitments and represent the City’s intent to use funds for a specific purpose. These assignments, however, are not legally binding and are meant to reflect intended future use of the City’s ending fund balance. The City Council with the Mayor has the authority to assign amounts of ending fund balance through a formal resolution.
- 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, 2020:

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
Cash and investment balances held by			
Governmental Funds	\$ 107,973	\$ 1,756,442	\$ 1,864,415
Proprietary Funds	<u>5,228,530</u>	<u>5,788,550</u>	<u>11,017,080</u>
Total cash and investments	<u>\$ 5,336,503</u>	<u>\$ 7,544,992</u>	<u>\$ 12,881,495</u>
Total investments			
State of Nevada Local Government Investment Pool		* \$ 7,633,167	
Total cash			<u>5,248,328</u>
Total cash and investments			<u>\$ 12,881,495</u>

* represents average weighted maturity of 130 days

The City is a voluntary participant in the State of Nevada Local Government Investment Pool (LGIP), which has regulatory oversight from the Board of Finance of the State of Nevada. The City's investment in the LGIP is equal

to its original investment plus monthly allocation of interest income, and realized and unrealized gains and losses, which is the same as the value of pool shares. The City's investment in the LGIP is reported at Net Asset Value. The City is able to withdraw funds on a daily basis and has no outstanding, unfunded commitments as of June 30, 2020. 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 \$5,173,642 were covered by FDIC insurance and collateralized by the Office of the State Treasurer/Nevada Collateral Pool as of June 30, 2020.

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, 2020:

Governmental Activities

	Balance at July 1, 2019	Additions	Disposals	Transfers	Balance at June 30, 2020
Capital assets, not being depreciated					
Land	\$ 815,947	\$ -	\$ -	\$ -	\$ 815,947
Construction in progress	611,034	110,982	-	(527,571)	194,445
Total capital assets, not being depreciated	1,426,981	110,982	-	(527,571)	1,010,392
Capital assets, being depreciated					
Infrastructure	31,057,828	719,625	-	527,571	32,305,024
Buildings and improvements	6,258,779	15,808	-	-	6,274,587
Machinery and equipment	5,285,906	206,515	-	-	5,492,421
Total capital assets, being depreciated	42,602,513	941,948	-	527,571	44,072,032
Less accumulated depreciation					
Infrastructure	(15,772,320)	(811,164)	-	-	(16,583,484)
Buildings and improvements	(2,203,206)	(180,198)	-	-	(2,383,404)
Machinery and equipment	(3,629,349)	(189,097)	-	-	(3,818,446)
Total accumulated depreciation	(21,604,875)	(1,180,459)	-	-	(22,785,334)
Total capital assets, being depreciated, net	20,997,638	(238,511)	-	527,571	21,286,698
Governmental Activities Capital Assets, Net	\$ 22,424,619	\$ (127,529)	\$ -	\$ -	\$ 22,297,090

Construction in progress consists of the Airport Pavement Rehabilitation, Front/Maine Street Access, and D Street Phase 1 and 2 projects.

City of Fallon, Nevada
Notes to Financial Statements
June 30, 2020

Business-type Activities

	Balance at July 1, 2019	Additions	Disposals	Transfers	Balance at June 30, 2020
Capital Assets, Not Being Depreciated					
Land	\$ 2,288,073	\$ -	\$ (416)	\$ -	\$ 2,287,657
Construction in progress	2,773,687	7,040,482	-	(96,003)	9,718,166
Total capital assets, not being depreciated	5,061,760	7,040,482	(416)	(96,003)	12,005,823
Capital assets, being depreciated					
Buildings and improvements	2,054,086	-	-	-	2,054,086
Machinery and equipment	7,163,270	784,897	-	-	7,948,167
Electric, water, and sewer System	-	-	-	-	-
	72,002,030	1,057,308	-	96,003	73,155,341
Total capital assets, being depreciated	81,219,386	1,842,205	-	96,003	83,157,594
Less accumulated depreciation					
Buildings and improvements	(958,239)	(69,735)	-	-	(1,027,974)
Machinery and equipment	(5,264,481)	(322,316)	-	-	(5,586,797)
Electric, water, and sewer system	(33,658,360)	(1,587,804)	2,975	-	(35,243,189)
Total accumulated depreciation	(39,881,080)	(1,979,855)	2,975	-	(41,857,960)
Total capital assets, being depreciated, net	41,338,306	(137,650)	2,975	96,003	41,299,634
Business-type Activities Capital Assets, Net	\$ 46,400,066	\$ 6,902,832	\$ 2,559	\$ -	\$ 53,305,457

Construction in progress consists of the Fallon Youth Center, New River Substation, New River Feeder, and Manhole Rehabilitation projects.

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

Governmental Activities

General Government and Administration

City clerk	\$ 4,189
City hall	35,644
	<u>39,833</u>

Judicial

Municipal court	<u>4,466</u>
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Public Safety

Police	113,609
Task force	1,962
Animal control	474
Fire	<u>30,346</u>
	<u>146,391</u>

Public Works

Street, curb & gutter	608,665
Airport	196,030
	<u>804,695</u>

Culture and Recreation

Centennial	2,200
Parks	<u>114,722</u>
	<u>116,922</u>

Community Support

Administrative buildings	38,998
Convention center	<u>29,154</u>
	<u>68,152</u>

Total governmental activities

\$ 1,180,459

Business-type Activities

Electric Fund	\$ 444,196
Water Fund	274,202
Sewer Fund	620,932
Water Treatment Fund	382,113
Sanitation Fund	127,807
Landfill Fund	107,476

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

23,129

Total business-type activities

\$ 1,979,855

Note 6 - Long-Term Debt

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

Governmental Activities

	Balance July 1, 2019	Additions	(Reductions)	Balance June 30, 2020
<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%	\$ 169,125	\$ -	\$ (52,960)	\$ 116,165
Less Amount Classified as Current	(52,960)	-	(3,344)	(56,304)
Long-term portion	116,165	-	(56,304)	59,861
<u>Other Liabilities</u>				
Compensated absences	412,518	401,917	(418,397)	396,038
Less amount classified as current	(239,261)	38,866	-	(200,395)
Long-term portion	173,257	440,783	(418,397)	195,643
<u>Total Medium - Term Obligation and Other Liabilities</u>				
Governmental activities	581,643	401,917	(471,357)	512,203
Less amount classified as current	(292,221)	38,866	(3,344)	(256,699)
Long-term portion	\$ 289,422	\$ 440,783	\$ (474,701)	\$ 255,504

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, 2019	Additions	(Reductions)	Balance June 30, 2020
<u>Bonds Payable</u>				
Electric Enterprise Fund				
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%	\$ 6,234,000	\$ -	\$ (372,000)	\$ 5,862,000
Less amount classified as current	(372,000)	-	(10,000)	(382,000)
Long-term portion	5,862,000	-	(382,000)	5,480,000

City of Fallon, Nevada
Notes to Financial Statements
June 30, 2020

	Balance July 1, 2019	Additions	(Reductions)	Balance June 30, 2020
Direct Borrowing:				
\$163,330 (1/3 portion) capital lease ZB, N.A. dated 4/14/20 with semi-annual payments of \$18,500 with interest at 2.98%	\$ -	\$ 163,330	\$ -	\$ 163,330
Less Amount classified as current	-	-	(14,387)	(14,387)
Long Term Portion	-	163,330	(14,387)	148,943
Electric Enterprise Funds Totals	6,234,000	163,330	(372,000)	6,025,330
Less amount classified as current	(372,000)	-	(24,387)	(396,387)
Long-term portion	<u>\$ 5,862,000</u>	<u>\$ 163,330</u>	<u>\$ (396,387)</u>	<u>\$ 5,628,943</u>
Water Enterprise Fund				
Direct Placements:				
\$1,156,127 bond payable to State of Nevada dated 01/06; secured by pledged revenues; semi-annual payments of \$58,822 with interest at 2.23%	\$ 870,033	\$ -	\$ (99,969)	\$ 770,064
Less amount classified as current	(99,969)	-	(2,394)	(102,363)
Long-term portion	770,064	-	(102,363)	667,701
\$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%	705,345	-	(101,587)	603,758
Less amount classified as current	(101,587)	-	(2,428)	(104,015)
Long-term portion	603,758	-	(104,015)	499,743
Direct Borrowing:				
\$163,330 (1/3 portion) capital lease ZB, N.A. dated 4/14/20 with semi-annual payments of \$18,500 with interest at 2.98%	-	163,330	-	163,330
Less Amount classified as current	-	-	(14,387)	(14,387)
Long Term Portion	-	163,330	(14,387)	148,943
Water Enterprise Fund totals	1,575,378.00	163,330	(201,556)	1,537,152
Less amount classified as current	(201,556)	-	(19,209)	(220,765)
Long-term portion	<u>\$ 1,373,822</u>	<u>\$ 163,330</u>	<u>\$ (220,765)</u>	<u>\$ 1,316,387</u>

	Balance July 1, 2019	Additions	(Reductions)	Balance June 30, 2020
Sewer Enterprise Fund				
Direct Placement:				
\$7,285,000 bond payable to State of Nevada Bond Bank dated 11/15; variable payments of \$552,413 per year with interest at approximately 3.17%	\$ 6,485,000	\$ -	\$ (290,000)	\$ 6,195,000
Less amount classified as current	(290,000)	-	(15,000)	(305,000)
Long-term portion	6,195,000	-	(305,000)	5,890,000
Direct Borrowing:				
\$163,330 (1/3 portion) capital lease ZB, N.A. dated 4/14/20 with semi-annual payments of \$18,500 with interest at 2.98%	-	163,330	-	163,330
Less Amount classified as current	-	-	(14,387)	(14,387)
Long Term Portion	-	163,330	(14,387)	148,943
Sewer Enterprise Fund Totals	6,485,000	163,330	(290,000)	6,358,330
Less amount classified as current	(290,000)	-	(29,387)	(319,387)
Long-term portion	\$ 6,195,000	\$ 163,330	\$ (319,387)	\$ 6,038,943
Capital Leases				
Sanitation Enterprise Fund				
Direct Borrowings:				
\$405,763 capital lease with Nevada State Bank dated 10/16; semi-annual payments of \$36,708 with interest at 2.75%	\$ 243,387	\$ -	\$ (67,183)	\$ 176,204
Less amount classified as current	(67,181)	-	(1,891)	(69,072)
Long-term portion	176,206	-	(69,074)	107,132
\$172,735 capital lease with ZB, N.A. dated 10/16; semi-annual payments of \$10,158 with interest at 3.33%	133,740	-	(15,995)	117,745
Less amount classified as current	(15,990)	-	(537)	(16,527)
Long-term portion	117,750	-	(16,532)	101,218
Sanitation Enterprise Fund Totals	377,127	-	(83,178)	293,949
Less amount classified as current	(83,171)	-	(2,428)	(85,599)
Long-term portion	\$ 293,956	\$ -	\$ (85,606)	\$ 208,350
Landfill Enterprise Fund				
Direct Borrowing:				
\$398,153 capital lease with Government Leasing, LLC, dated 04/15; annual payments of \$7,562 at 5.45%	\$ 73,721	\$ -	\$ (66,475)	\$ 7,246
Less amount classified as current	(73,721)	-	66,475	(7,246)
Long-term portion	\$ -	\$ -	\$ -	\$ -

	Balance July 1, 2019	Additions	(Reductions)	Balance June 30, 2020
<u>Other Liabilities</u>				
Compensated absences	168,071	174,136	(152,984)	189,223
Less amount classified as current	(97,482)	1,728	-	(95,754)
Long-term portion	70,589	175,864	(152,984)	93,469
<u>Total Bonds Payable, Capital Leases and Other Liabilities</u>				
Business-type activities	14,913,297	664,126	(1,166,193)	14,411,230
Unamortized net bond premium	450,776	-	(50,453)	400,323
Less amounts classified as current	(1,117,930)	1,728	(8,936)	(1,125,138)
Long-term portion	<u>\$ 14,246,143</u>	<u>\$ 665,854</u>	<u>\$ (1,225,582)</u>	<u>\$ 13,686,415</u>

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, 2020 are as follows:

	Capitalized Cost	Accumulated Depreciation
Electric, Water, and Sewer Fund		
Vac-Con Hydro Excavator	<u>\$ 489,990</u>	<u>\$ 10,443</u>
Sanitation Enterprise Fund		
Side loader	\$ 75,065	\$ 45,279
Sweeper	229,283	129,927
Rear loader	75,065	45,279
Rough terrain forklift	26,350	15,894
	<u>\$ 405,763</u>	<u>\$ 236,379</u>
Alley Trailer	\$ 19,875	\$ 5,647
Roll-off bins	61,360	15,141
Bins	22,960	5,301
Waste wheelers	66,981	15,437
	<u>\$ 171,176</u>	<u>\$ 41,526</u>
Landfill Enterprise Fund		
Tipper	<u>\$ 398,153</u>	<u>\$ 207,258</u>

Annual requirements to amortize the City's bonds payable and capital leases as of June 30, 2020:

	Governmental Activities		Electric Enterprise Fund		Water Enterprise Fund	
	Interest	Principal	Interest	Principal	Interest	Principal
2021	\$ 5,565	\$ 56,304	\$ 156,891	\$ 396,387	\$ 33,266	\$ 220,765
2022	2,007	59,861	146,984	407,783	29,192	226,097
2023	-	-	135,795	418,181	24,008	231,550
2024	-	-	124,309	429,588	18,698	237,133
2025	-	-	112,516	441,010	13,262	242,854
2026-2030	-	-	408,859	2,892,381	14,512	378,753
2031-2035	-	-	28,270	1,040,000	-	-
2036-2040	-	-	-	-	-	-
	<u>\$ 7,572</u>	<u>\$ 116,165</u>	<u>\$ 1,113,624</u>	<u>\$ 6,025,330</u>	<u>\$ 132,938</u>	<u>\$ 1,537,152</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 \$1,620,090. For the current year, principal and interest paid on the bonds totaled \$235,569. Net pledged revenues totaled \$590,328.

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 \$8,450,312. For the current year, principal and interest paid on the bonds totaled \$550,913. Net pledged revenues totaled \$1,667,969.

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 \$7,135,954. For the principal and interest paid on the bonds was \$535,296. Net pledged revenues totaled \$3,624,292.

Sewer Enterprise Fund		Sanitation Enterprise Fund		Landfill Enterprise Fund		Total Business-Type	
Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
\$ 249,686	\$ 319,387	\$ 8,162	\$ 85,599	\$ 316	\$ 7,246	\$ 448,321	\$ 1,029,384
234,991	334,783	5,696	88,035	-	-	416,863	1,056,698
218,548	350,181	3,158	53,864	-	-	381,509	1,053,776
201,342	365,588	2,067	18,248	-	-	346,416	1,050,557
190,375	381,010	1,454	18,861	-	-	317,607	1,083,735
796,397	2,602,381	987	29,343	-	-	1,220,755	5,902,857
200,643	2,005,000	-	-	-	-	228,913	3,045,000
-	-	-	-	-	-	-	-
<u>\$ 2,091,982</u>	<u>\$ 6,358,330</u>	<u>\$ 21,524</u>	<u>\$ 293,950</u>	<u>\$ 316</u>	<u>\$ 7,246</u>	<u>\$ 3,360,384</u>	<u>\$ 14,222,007</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, 2020, is as follows:

Due From	Due To			Total
	General Fund	Water Enterprise Fund	Water Treatment Enterprise Fund	
General Fund	\$ -	\$ -	\$ 20,603 ^a	\$ 20,603
Electric Enterprise Fund	-	11,919 ^b	-	11,919
Sewer Enterprise Fund	37,500 ^c	-	28,500 ^d	66,000
Non-major Enterprise Funds				
Landfill Fund	13,474 ^e	-	-	13,474
Sanitation Fund	15,908 ^f	32,771 ^g	365,000 ^h	413,679
Total	<u>\$ 66,882</u>	<u>\$ 44,690</u>	<u>\$ 414,103</u>	<u>\$ 525,675</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, 2020, is as follows:

Advances From	Advances To			Total
	General Fund	Water Enterprise Fund	Water Treatment Enterprise Fund	
General Fund	\$ -	\$ -	82,411 ^a	\$ 82,411
Electric Enterprise Fund	-	11,921 ^b	-	11,921
Sewer Enterprise Fund	100,000 ^c	-	114,000 ^d	214,000
Non-major Enterprise Funds				
Landfill Fund	3,892 ^e	-	-	3,892
Sanitation Fund	13,627 ^f	32,771 ^g	-	46,398
Total	<u>\$ 117,519</u>	<u>\$ 44,692</u>	<u>\$ 196,411</u>	<u>\$ 358,622</u>

The amounts payable to the Water Enterprise Fund from Electrical Enterprise Fund (\$23,840 with 2% interest)^b 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 the Water Treatment Enterprise Fund (\$103,014 with 0% interest)^a for overpayments by the Water Treatment Enterprise Fund of overhead and fees. The Sewer Enterprise Fund (\$137,500 with 0% interest)^c, the Nonmajor Landfill Enterprise Fund (\$17,366 with 0% interest)^e, and the Nonmajor Sanitation Enterprise Fund (\$29,535 with 0% interest)^f owe the General Fund for underpayment of overhead and fees by these three funds.

The Sewer Enterprise Fund owes the Water Treatment Enterprise Fund (\$142,500 with 0% interest)^d as a loan for operating purposes.

The amounts payable to the Water Enterprise Fund from the Nonmajor Sanitation Enterprise Fund (\$65,542 with 0% interest)^g relate to a capital acquisition loan made to the Sanitation Enterprise Fund for the acquisition of a Transfer Station in prior years.

The Nonmajor Sanitation Enterprise Fund owes the Water Treatment Fund (\$365,000 with 0% interest)^h as a loan for operating purposes.

Annual requirements of the General Fund obligations to other funds as of June 30, 2020 follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2021	\$ -	\$ 20,603
2022	-	20,603
2023	-	20,603
2024	-	20,603
2025	-	20,602
	<u>\$ -</u>	<u>\$ 103,014</u>

Annual requirements of the Electrical Enterprise Fund obligations to other funds as of June 30, 2020 follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2021	\$ 477	\$ 11,919
2022	240	11,921
	<u>\$ 717</u>	<u>\$ 23,840</u>

Annual requirements of the Sewer Enterprise Fund obligations to other funds as of June 30, 2020 follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2021	\$ -	\$ 66,000
2022	-	66,000
2023	-	66,000
2024	-	53,500
2025	-	28,500
	<u>\$ -</u>	<u>\$ 280,000</u>

Annual requirements of the Nonmajor Landfill Enterprise Fund obligations to other funds as of June 30, 2020 follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2021	\$ 477	\$ 13,474
2022	240	3,892
	<u>\$ 717</u>	<u>\$ 17,366</u>

Annual requirements of the Nonmajor Sanitation Enterprise Fund obligations to other funds as of June 30, 2020 follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2021	\$ 1,311	\$ 413,679
2022	655	46,398
	<u>\$ 1,966</u>	<u>\$ 460,077</u>

Transfers From/To Other Funds

A summary of transfers between funds during the year ended June 30, 2020 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Activities</u>		
General Fund	\$ 550,000	\$ (167,333)
Nonmajor Governmental Funds		
Convention and tourism authority fund	-	(550,000)
Airport fund	105,000	-
Debt service fund	62,333	-
	<u>717,333</u>	<u>(717,333)</u>
Total governmental activities		
	<u>717,333</u>	<u>(717,333)</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>\$ 759,105</u>	<u>\$ (759,105)</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 \$1,055,000 as of June 30, 2020, which is based on 29.54% usage (filled) of the landfill. It is estimated that an additional \$2,560,492 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 (\$3,615,492) 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, 2020. 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, 2019</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>June 30, 2020</u>
Estimated Liability of Landfill Closure and Postclosure Care Costs	<u>\$ 1,430,000</u>	<u>\$ -</u>	<u>\$ 375,000</u>	<u>\$ 1,055,000</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 Statute 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 \$946 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, 2019 the following employees were covered by the benefit terms:

	COFEHBP	PEBP	Total
Inactive Employees or Beneficiaries			
Currently Receiving Benefits	21	31	52
Active Employees	106	-	106
	<u>127</u>	<u>31</u>	<u>158</u>

Total OPEB Liability - The City's total OPEB liability of \$2,686,723 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

	COFEHBP	PEBP	Total
Total OPEB Liability	\$ 1,514,679	\$ 1,172,044	\$ 2,686,723

Assumptions and Other Inputs - The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs for COFEHBP and PEBP, applied to all periods included in the measurement, unless otherwise specified:

	COFEHBP	PEBP
Method	Entry age normal	Entry age normal
General inflation	2.50%	2.50%
Salary increases	3.00% per year	N/A
Discount rate	2.79%	2.79%
Health care trend rates	5.40% for 2020, decreasing fluctuating down to 4% by 2075	5.40% for 2020, decreasing fluctuating down to 4% by 2075
Retirees' share of benefit - related costs	100% of premium	0% to 100% of premium amounts based on years of service

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

For the COFEHBP and PEBP Plans, mortality rates for 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 set forward four years. Adjustments for mortality improvements were based on applying the MacLeod Watts Scale 2020 on a generational basis, based on data from the Society of Actuaries Mortality Improvement Scale MP-2019 Annual Report and the demographic assumptions used in the 2019 Annual Report of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published April 2019.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actual census data for the period of July 1, 2018 through June 30, 2019.

Changes in the Total OPEB Liability –

	COFEHBP	PEBP	Total
Balance at June 30, 2019	\$ 1,022,427	\$ 1,001,466	\$ 2,023,893
Changes for the Year			
Service cost	68,978	-	68,978
Interest	32,044	28,772	60,816
Differences between expected and actual experience	267,947	64,237	332,184
Changes in assumptions or other inputs	155,462	149,519	304,981
Benefit payments	(32,179)	(71,950)	(104,129)
Net Changes	492,252	170,578	662,830
Balance at June 30, 2020	\$ 1,514,679	\$ 1,172,044	\$ 2,686,723

Changes in Assumptions - COFEHBP changes in assumptions and other inputs reflect an increase in participation rates from 25% to 25% and a change in discount rate from 2.98 % to 2.79 %. PEBP changes in assumptions and inputs reflect a change in mortality assumption and a change in discount from 2.98% to 2.79%.

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 (1.79%) or 1-percentage-point higher (3.79%) than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
COFEHBP OPEB Liability	\$ 1,698,524	\$ 1,514,679	\$ 1,356,820
PEBP OPEB Liability	1,313,555	1,172,044	1,053,251
	\$ 3,012,079	\$ 2,686,723	\$ 2,410,071

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage lower (4.40%) or 1-percentage-point higher (6.40%) than the current healthcare cost trend rates:

	1% Decrease in Healthcare Cost Trend Rate	Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
COFEHBP OPEB Liability	\$ 1,355,151	\$ 1,514,679	\$ 1,707,308
PEBP OPEB Liability	\$ 1,059,237	\$ 1,172,044	\$ 1,303,147
Total OPEB Liability	\$ 2,414,388	\$ 2,686,723	\$ 3,010,455

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2020, the City recognized OPEB expense (negative OPEB expense) of \$381,413:

COFEHBP	\$ 138,885
PEBP	242,528
	<u>\$ 381,413</u>

At June 30, 2020, 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	\$ 362,716	\$ -	\$ -	\$ -	\$ 362,716	\$ -
Contributions Subsequent to the Measurement Date	47,210	-	70,702	-	117,912	-
	<u>\$ 409,926</u>	<u>\$ -</u>	<u>\$ 70,702</u>	<u>\$ -</u>	<u>\$ 480,628</u>	<u>\$ -</u>

The \$117,912 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, 2021.

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
2021	\$ (37,863)	\$ -	\$ (37,863)
2022	(37,863)	-	(37,863)
2023	(37,863)	-	(37,863)
2024	(37,863)	-	(37,863)
2025	(37,863)	-	(37,863)
Thereafter	(173,401)	-	(173,401)

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 ten years of service, or at any age with 30 years of service. Regular members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, or any age with 30 years of service. Regular members entering PERS on or after July

1, 2015 are eligible for retirement at age 65 with five years of service, or at age 62 with ten years of service, or at age 55 with 30 years of service, or at any age with 33 1/3 years of service.

Police/Fire members entering PERS prior to January 1, 2010 are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with 20 years of service, or at any age with 25 years of service. Police/Fire members entering PERS on or after January 1, 2010, are eligible for retirement at 65 with five years of service, or age 60 with 10 years of service, or age 50 with 20 years of service, or at any age with 30 years of service. Police/Fire members entering the System on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, at age 50 with 20 years of service, and at any age with 33 1/3 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 actuarial 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, 2020, the Statutory Employer/employee matching rates were 15.25% for Regular and 22.00% for Police/Fire. The Employer-pay contribution (EPC) rates were 29.25% for Regular and 42.50% for Police/Fire.

The City's contributions were \$1,159,860 for the year ended June 30, 2020.

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, 2019:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return
Domestic Equity	42%	5.50%
International Equity	18%	5.50%
Domestic Fixed Income	30%	0.75%
Private Markets	10%	6.65%

As of June 30, 2019, PERS' long-term inflation assumption was 2.75%.

Net Pension Liability – At June 30, 2020, the City reported a liability for its proportionate share of the net pension liability of \$14,902,701. The net pension liability was measured as of June 30, 2019, 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, 2019, the City's proportion was 0.10929 percent which was an increase of 0.0032 from its proportion measured as of June 30, 2018 of 0.10609 percent.

Pension Liability Discount Rate Sensitivity – The following presents the net pension liability of the City measured as of June 30, 2019, 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	\$ 23,075,029	\$ 14,902,701	\$ 8,109,423

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, 2019, 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%
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, 2019 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, 2019 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, 2019. 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, 2019, 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, 2019.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2020, the City recognized pension expense of \$1,715,895. At June 30, 2020, 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	\$ 558,834	\$ 429,849
Net difference between projected and actual earnings on pension plan investments	-	741,357
Changes in assumptions	606,478	-
Changes in the City's proportion and differences between the City's contributions and the employer's proportionate contributions	685,592	119,742
City contributions subsequent to the measurement date	1,159,860	-
	<u>\$ 3,010,764</u>	<u>\$ 1,290,948</u>

The \$1,159,860 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, 2021.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined is 6.18 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>	
2021	\$ 212,312
2022	(146,401)
2023	163,192
2024	183,548
2025	128,698
Thereafter	18,607

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

Note 12 - Deficit Net Position

The following funds have a deficit net position/fund balance as of June 30, 2020:

Sanitation Enterprise Fund	\$ (513,056)
Public Works Internal Service Fund	(982,692)

Note 13 - Tax Abatements

For the fiscal year ended June 30, 2020, the City of Fallon's revenues were reduced by a total amount of \$1,116 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. The City began receiving energy from the Cyrq Patua Geothermal and Solar plant in November 2018, with the City being entitled to up to 1 MW of geothermal and solar energy.

As a member of UAMPS, the City participates in the UAMPS power pool, which allows the City to buy energy from other UAMPS members during times of shortage and to sell energy to other UAMPS members during times of excess. For fiscal year 2020, the City's total UAMPS billings were \$4,664,891, total NV Energy transmission billings were \$689,539, and the City's total revenue generated from excess power sales through the UAMPS power pool was \$90,076.

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, \$105,269 was spent on this project as of June 30, 2020.

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, \$5,109,190 was spent on this project as of June 30, 2020.

On May 20, 2019, the City approved a contract to complete the Manhole Rehabilitation Phase II project in the amount of \$1,275,275. As of June 30, 2020, \$1,057,308 was spent on this project.

On October 21, 2019, the City approved a contract for engineering services for the rehabilitation of Airport Pavements at the Fallon Municipal Airport in the amount of \$63,070, 93.75% to be paid for with grant funding. As of June 30, 2020, \$55,893 was spent on this project.

On December 16, 2019, the City approved a construction contract for the New River Substation project in the amount of \$997,293. As of June 30, 2020, \$968,610 was spent on this project.

On May 4, 2020, the City approved a construction contract for the Fallon Municipal Airport Rehabilitation of Airport Pavement Project in the amount of \$589,000 to be paid for with grant funding, nothing was spent on this project as of June 30, 2020.

Note 15 - Subsequent Events

The City has evaluated subsequent events through DATE PENDING, which is the date these financial statements were available to be issued.

On July 6, 2020, the City Council approved a construction contract to complete the Downtown Streetscape Improvement Phase IV project in the amount of \$1,649,875, \$1,200,000 of this project will be paid for with grant funding.

On July 20, 2020, the City Council approved issuing Electric Revenue Refunding Bonds in the amount \$5,580,000. The bonds were issued in August 2020 and the proceeds were used to pay off the Electric System Revenue Bonds issued in 2017.

On September 21, 2020, the City Council approved a construction contract for the completion of the Front Street Reconstruction project in the amount of \$2,349,000.

On October 19, 2020, the City Council approved a construction contract to complete the 2020 Preventative Maintenance project in the amount of \$297,000.

On November 2, 2020, the City Council approved medium term obligations in the amount of \$2,000,000 to finance improvements to City Hall and the City's public works building, the construction of a new fixed base operator building at the City's airport, and refinancing certain outstanding obligations of the City. This financing was not issued as of the date the financial statements.

General Operations

The City has been negatively impacted by the effects of the world-wide coronavirus pandemic. The City is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the City's financial position is not known.

The City is receiving \$1,578,755 in CARES Act funding, a portion of these funds will be spent on public safety salaries and benefits. In addition, on November 15, 2020 the City made a \$800,000 contribution to Churchill County for the construction of a new Civic Center, this contribution was paid for with CARES Act funding.

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –
General Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget to Actual
Revenues				
Taxes				
Ad valorem	\$ 1,519,671	\$ 1,519,671	\$ 1,474,927	\$ (44,744)
One cent option	34,000	34,000	31,832	(2,168)
Regional streets reimbursements	90,000	90,000	-	(90,000)
Enterprise funds in lieu of taxes	1,086,234	1,086,234	1,086,237	3
Total taxes	2,729,905	2,729,905	2,592,996	(136,909)
Licenses and permits				
Business licenses and permits				
Business licenses and permits	267,000	267,000	273,729	6,729
Local liquor licenses	31,000	31,000	36,388	5,388
City gaming licenses	44,000	44,000	28,879	(15,121)
Franchise taxes				
Enterprise funds in lieu of franchise taxes	1,000,762	1,000,762	989,598	(11,164)
Natural gas	185,392	185,392	202,365	16,973
Cable television	94,300	94,300	87,964	(6,336)
	1,622,454	1,622,454	1,618,923	(3,531)
Nonbusiness licenses and permits				
Building permits	110,000	110,000	101,287	(8,713)
Electric permits	3,750	3,750	2,995	(755)
Miscellaneous permits	1,700	1,700	3,648	1,948
Plumbing permits	5,000	5,000	6,910	1,910
	120,450	120,450	114,840	(5,610)
Total licenses and permits	1,742,904	1,742,904	1,733,763	(9,141)
Intergovernmental revenues				
Federal grants-in-aid				
Federal Task Force Grant	-	13,088	16,272	3,184
CDBG	-	87,487	87,487	-
Emergency management assistance	28,100	28,100	28,083	(17)
ICETEA Phase IV	-	-	24,527	24,527
United we stand grant	-	-	9,857	9,857
Contributions from Churchill County School District	-	40,483	40,484	1
	28,100	169,158	206,710	37,552
State shared revenues				
State Perm School Fund	-	-	2,955	2,955
Motor vehicle tax (1.75)	42,500	42,500	37,602	(4,898)
Motor vehicle fuel tax (2.35)	79,400	79,400	76,706	(2,694)
State gaming licenses	131,235	131,235	127,709	(3,526)
Consolidated tax distribution	1,951,975	1,951,975	2,046,037	94,062
AB 104 fair share	275,000	275,000	312,373	37,373
State grant - Highway 95	150,000	150,000	55,000	(95,000)
State Marijuana Distribution	11,465	11,465	11,207	(258)
	2,641,575	2,641,575	2,669,589	28,014

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –
General Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual Amount	Variance with Final Budget to Actual
	Original	Final		
Other local government shared revenue				
County gaming tax	\$ 106,000	\$ 106,000	\$ 101,912	\$ (4,088)
Other local government grants				
Grant from Churchill County	118,765	118,765	43,315	(75,450)
Total intergovernmental	2,894,440	3,035,498	3,021,526	(13,972)
Charges for services				
General government				
Building and zoning fees	27,000	27,000	27,419	419
Enterprise funds administrative support	1,944,231	1,944,231	1,944,233	2
Land rent	24,000	24,000	24,000	-
Animal control fees	-	9,500	9,231	(269)
Other assessments and fees	-	-	8,758	8,758
	1,995,231	2,004,731	2,013,641	8,910
Public safety				
County reimbursement for Fire department expenses	270,639	270,639	162,966	(107,673)
Judicial				
Reimbursement for Judicial District No. 3 for juvenile court master	21,013	21,013	24,231	3,218
Culture and recreation				
Swimming pool concession	19,000	19,000	18,395	(605)
Swimming pool fees	30,000	30,000	15,146	(14,854)
Gym use fees	7,700	7,700	15,904	8,204
	56,700	56,700	49,445	(7,255)
Total charges for services	2,343,583	2,353,083	2,250,283	(102,800)
Fines and forfeits				
Court fines and forfeited bail	120,000	120,000	89,275	(30,725)
Miscellaneous				
Investment income	-	-	2,162	2,162
Miscellaneous	27,000	27,000	66,762	39,762
Total miscellaneous	27,000	27,000	68,924	41,924
Total revenues	9,857,832	10,008,390	9,756,767	(251,623)

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –
General Fund
Year Ended June 30, 2020

	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	\$ 74,491	\$ 74,491	\$ 64,678	\$ 9,813
Employee benefits	41,199	41,199	37,901	3,298
Services and supplies	4,000	4,000	7,268	(3,268)
	<u>119,690</u>	<u>119,690</u>	<u>109,847</u>	<u>9,843</u>
Legislative				
City council				
Salaries and wages	66,422	66,422	66,042	380
Employee benefits	40,891	40,891	31,538	9,353
Services and supplies	1,500	1,500	1,036	464
	<u>108,813</u>	<u>108,813</u>	<u>98,616</u>	<u>10,197</u>
Administrative				
Salaries and wages	631,529	556,529	538,571	17,958
Employee benefits	305,718	280,718	264,451	16,267
Services and supplies	132,200	132,200	146,438	(14,238)
	<u>1,069,447</u>	<u>969,447</u>	<u>949,460</u>	<u>19,987</u>
City hall				
Services and supplies	82,082	112,082	108,686	3,396
General expenditures				
Services and supplies	578,100	665,587	614,220	51,367
Capital Outlay	100,000	-	-	-
	<u>678,100</u>	<u>665,587</u>	<u>614,220</u>	<u>51,367</u>
Total general government and administration	<u>2,058,132</u>	<u>1,975,619</u>	<u>1,880,829</u>	<u>94,790</u>
Judicial				
City attorney				
Salaries and wages	336,155	351,155	333,215	17,940
Employee benefits	156,013	161,013	152,804	8,209
Services and supplies	131,000	131,000	118,860	12,140
	<u>623,168</u>	<u>643,168</u>	<u>604,879</u>	<u>38,289</u>
Municipal court				
Salaries and wages	218,768	233,768	225,879	7,889
Employee benefits	106,065	106,065	105,513	552
Services and supplies	28,600	38,600	40,182	(1,582)
	<u>353,433</u>	<u>378,433</u>	<u>371,574</u>	<u>6,859</u>
Total judicial	<u>976,601</u>	<u>1,021,601</u>	<u>976,453</u>	<u>45,148</u>
Public safety				
Police department				
Salaries and wages	2,557,169	2,720,240	2,699,991	20,249
Employee benefits	1,385,558	1,500,558	1,525,744	(25,186)
Services and supplies	414,177	424,177	394,760	29,417
Capital outlay	120,097	120,097	115,427	4,670
	<u>4,477,001</u>	<u>4,765,072</u>	<u>4,735,922</u>	<u>29,150</u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –
General Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget to Actual
Fire department				
Salaries and wages	\$ 326,467	\$ 276,467	\$ 204,574	\$ 71,893
Employee benefits	322,205	287,205	298,609	(11,404)
Services and supplies	240,000	275,000	232,108	42,892
Capital outlay	35,000	35,000	32,908	2,092
	<u>923,672</u>	<u>873,672</u>	<u>768,199</u>	<u>105,473</u>
Civil defense				
Salaries and wages	45,373	45,373	45,379	(6)
Employee benefits	4,829	4,829	4,873	(44)
Services and supplies	3,000	3,000	2,104	896
	<u>53,202</u>	<u>53,202</u>	<u>52,356</u>	<u>846</u>
Task force				
Salaries and Wages	-	-	4,560	(4,560)
Services and supplies	-	-	1,348	(1,348)
	<u>-</u>	<u>-</u>	<u>5,908</u>	<u>(5,908)</u>
Total public safety	<u>5,453,875</u>	<u>5,691,946</u>	<u>5,562,385</u>	<u>129,561</u>
Public works				
Street department				
Services and supplies	285,000	285,000	60,833	224,167
Capital outlay	130,000	75,000	64,755	10,245
Total public works	<u>415,000</u>	<u>360,000</u>	<u>125,588</u>	<u>234,412</u>
Culture and recreation				
Parks department				
Salaries and wages	426,074	426,074	397,008	29,066
Employee benefits	164,984	169,984	162,571	7,413
Services and supplies	404,878	404,878	316,414	88,464
Total culture and recreation	<u>995,936</u>	<u>1,000,936</u>	<u>875,993</u>	<u>124,943</u>
Total expenditures	<u>9,899,544</u>	<u>10,050,102</u>	<u>9,421,248</u>	<u>628,854</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(41,712)</u>	<u>(41,712)</u>	<u>335,519</u>	<u>377,231</u>
Other Financing Sources (Uses)				
Transfers in	27,000	27,000	24,250	(2,750)
Transfers out	(167,333)	(167,333)	(167,333)	-
Total other financing sources (uses)	<u>(140,333)</u>	<u>(140,333)</u>	<u>(143,083)</u>	<u>(2,750)</u>
Net Change in Fund Balances	<u>(182,045)</u>	<u>(182,045)</u>	<u>192,436</u>	<u>374,481</u>
Fund Balance, Beginning of Year	<u>977,680</u>	<u>977,680</u>	<u>995,855</u>	<u>18,175</u>
Fund Balance, End of Year	<u>\$ 795,635</u>	<u>\$ 795,635</u>	<u>\$ 1,188,291</u>	<u>\$ 392,656</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	\$ 1,474,927	\$ -	\$ -	\$ -	\$ -
Other	1,118,069	-	-	-	-
Charges for services	2,250,283	-	28,074	-	-
Intergovernmental	3,021,526	-	-	-	-
Licenses and permits	1,733,763	-	-	-	-
Fines and forfeitures	89,275	-	-	-	-
Miscellaneous					
Investment income	2,162	16	-	-	-
Other	66,762	-	-	-	-
Total revenues	9,756,767	16	28,074	-	-
Expenditures					
Current					
General government and administration	1,880,829	-	-	-	14
Judicial	976,453	-	-	-	-
Public safety	5,414,050	-	-	-	-
Public works	60,833	-	-	-	-
Culture and recreation	875,993	-	-	-	-
Community support	-	-	-	-	-
Capital outlay					
Public safety	148,335	-	-	-	-
Public works	64,755	-	-	-	-
Community support	-	-	-	-	-
Total expenditures	9,421,248	-	-	-	14
Excess (Deficiency) of Revenues Over (Under) Expenditures	335,519	16	28,074	-	(14)
Other Financing Sources (Uses)					
Transfers in	24,250	-	-	-	-
Transfers out	(167,333)	-	(24,250)	-	-
Total other financing sources (uses)	(143,083)	-	(24,250)	-	-
Net Change in Fund Balances	192,436	16	3,824	-	(14)
Fund Balances, Beginning of Year	995,855	8,009	8,464	1,663	423
Fund Balances, End of Year	\$ 1,188,291	\$ 8,025	\$ 12,288	\$ 1,663	\$ 409

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, 2020

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		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,474,927
-	-	-	-	-	-	-	1,118,069
38,513	-	-	-	-	-	-	2,316,870
-	-	-	-	-	-	-	3,021,526
-	-	-	-	-	-	-	1,733,763
-	-	-	-	-	-	-	89,275
362	-	-	77	-	18	-	2,635
-	-	-	19,923	-	-	-	86,685
38,875	-	-	20,000	-	18	-	9,843,750
-	-	-	1,923	-	-	-	1,882,766
-	-	-	-	-	-	-	976,453
-	-	-	-	-	-	-	5,414,050
-	-	-	-	-	-	-	60,833
-	-	-	-	-	-	-	875,993
470,916	-	-	-	-	-	-	470,916
-	-	-	-	-	-	-	148,335
-	-	-	-	-	-	-	64,755
23,694	-	-	-	-	-	-	23,694
494,610	-	-	1,923	-	-	-	9,917,795
(455,735)	-	-	18,077	-	18	-	(74,045)
550,000	-	-	-	-	-	(24,250)	550,000
-	-	-	-	-	-	24,250	(167,333)
550,000	-	-	-	-	-	-	382,667
94,265	-	-	18,077	-	18	-	308,622
69,131	25	161	21,343	1,998	7,955	-	1,115,027
\$ 163,396	\$ 25	\$ 161	\$ 39,420	\$ 1,998	\$ 7,973	\$ -	\$ 1,423,649

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.

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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, 2020

	2020	2019	2018
Total OPEB Liability			
Service Cost	\$ 68,978	\$ 64,390	\$ 67,663
Interest	32,044	30,964	26,095
Difference between Expected and Actual Experience	267,947	-	-
Changes of Assumptions or Other Inputs	155,462	16,077	(46,319)
Benefit Payments	(32,179)	(27,745)	(29,438)
Net Change in Total OPEB Liability	492,252	83,686	18,001
Total OPEB Liability, July 1	1,022,427	938,741	920,740
Total OPEB Liability, June 30	<u>\$ 1,514,679</u>	<u>\$ 1,022,427</u>	<u>\$ 938,741</u>
Covered-Employee Payroll	\$ 7,136,089	\$ 6,489,134	\$ 6,283,621
Total OPEB Liability as a Percentage of Covered-Employee Payroll	21.23%	15.76%	14.94%

Notes to Schedule:

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

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

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

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

City of Fallon, Nevada

Schedule of Changes in the City's Total OPEB Liability and Related Ratios –State of Nevada Public Employee's
Benefit Plan (PEBP)
June 30, 2020

	2020	2019	2018
Total OPEB Liability			
Interest	\$ 28,772	\$ 27,395	\$ 25,914
Difference between Expected and Actual Experience	64,237	-	-
Changes of Assumptions or Other Inputs	149,519	137,191	(42,387)
Benefit Payments	(71,950)	(76,741)	(73,725)
Net Change in Total OPEB Liability	170,578	87,845	(90,198)
Total OPEB Liability, July 1	1,001,466	913,621	1,003,819
Total OPEB Liability, June 30	<u>\$ 1,172,044</u>	<u>\$ 1,001,466</u>	<u>\$ 913,621</u>
Covered-Employee Payroll	N/A	N/A	N/A
Total OPEB Liability as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A

Notes to Schedule:

Changes of Assumptions: In 2020, changes of assumptions and other inputs reflect updated mortality assumptions and a change in discount rate from 2.98% to 2.79%.

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

Covered-employee payroll is not applicable (N/A) as PEBP is a closed plan and has no covered-employee payroll.

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%
2019	0.10929%	14,902,701	6,960,975	214.09%	74.46%

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

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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%
2020	1,159,860	1,159,860	-	7,253,341	15.99%

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

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

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Supplementary Information
City of Fallon, Nevada

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	General Fund (Budgetary Basis)	Internally Reported Funds			
		Parking Lot Fund	Secured Freight Yard Fund	Drug Forfeiture Fund	Unemployment Compensation Fund
Assets					
Cash and investments	\$ 1,005,560	\$ 8,025	\$ 12,288	\$ 1,663	\$ 409
Due from other governments	527,426	-	-	-	-
Due from other funds	66,882	-	-	-	-
Receivables, net of allowances for uncollectible accounts (where applicable)					
Taxes	10,739	-	-	-	-
Accounts	70,944	-	-	-	-
Grant	59,173	-	-	-	-
Advances to other funds	117,519	-	-	-	-
Restricted assets					
Cash and investments	100,000	-	-	-	-
Total assets	<u>\$ 1,958,243</u>	<u>\$ 8,025</u>	<u>\$ 12,288</u>	<u>\$ 1,663</u>	<u>\$ 409</u>
Liabilities					
Accounts payable	\$ 201,885	\$ -	\$ -	\$ -	\$ -
Accrued payroll and related liabilities	282,890	-	-	-	-
Due to other governments	73,930	-	-	-	-
Due to other funds	20,603	-	-	-	-
Advances from other funds	82,411	-	-	-	-
Unearned revenue	100,000	-	-	-	-
Total liabilities	<u>761,719</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources					
Unavailable revenue - property taxes	8,233	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	<u>769,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Nonspendable	117,519	-	-	-	-
Restricted	36,805	-	-	-	-
Committed	-	8,025	12,288	1,663	409
Assigned for subsequent year operations	460,631	-	-	-	-
Unassigned	573,336	-	-	-	-
Total fund balances	<u>1,188,291</u>	<u>8,025</u>	<u>12,288</u>	<u>1,663</u>	<u>409</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,958,243</u>	<u>\$ 8,025</u>	<u>\$ 12,288</u>	<u>\$ 1,663</u>	<u>\$ 409</u>

City of Fallon, Nevada
Reconciliation of the General Fund (Budgetary Basis) to the General Fund (GAAP Basis)
Combining Balance Sheet
June 30, 2020

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	
\$ 182,881	\$ 25	\$ 161	\$ 39,420	\$ 1,998	\$ -	\$ 1,252,430
-	-	-	-	-	-	527,426
-	-	-	-	-	-	66,882
-	-	-	-	-	-	10,739
-	-	-	-	-	-	70,944
-	-	-	-	-	-	59,173
-	-	-	-	-	-	117,519
-	-	-	-	-	7,973	107,973
<u>\$ 182,881</u>	<u>\$ 25</u>	<u>\$ 161</u>	<u>\$ 39,420</u>	<u>\$ 1,998</u>	<u>\$ 7,973</u>	<u>\$ 2,213,086</u>
\$ 7,644	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 209,529
11,841	-	-	-	-	-	294,731
-	-	-	-	-	-	73,930
-	-	-	-	-	-	20,603
-	-	-	-	-	-	82,411
-	-	-	-	-	-	100,000
19,485	-	-	-	-	-	781,204
-	-	-	-	-	-	8,233
19,485	-	-	-	-	-	789,437
-	-	-	-	-	-	117,519
-	-	-	-	-	7,973	44,778
163,396	25	161	39,420	1,998	-	227,385
-	-	-	-	-	-	460,631
-	-	-	-	-	-	573,336
163,396	25	161	39,420	1,998	7,973	1,423,649
<u>\$ 182,881</u>	<u>\$ 25</u>	<u>\$ 161</u>	<u>\$ 39,420</u>	<u>\$ 1,998</u>	<u>\$ 7,973</u>	<u>\$ 2,213,086</u>

Special Revenue Funds				
	Convention and Tourism Authority Fund	Airport Fund	Totals	Debt Service Fund
Assets				
Cash and investments	\$ 349,941	\$ 9,675	\$ 359,616	\$ -
Due from other governments	19,500	75	19,575	-
Receivables, net of allowances for uncollectible (where applicable)				
Accounts	43,499	-	43,499	-
Assessments	-	-	-	4,800
Grants	-	55,893	55,893	-
Total assets	<u>\$ 412,940</u>	<u>\$ 65,643</u>	<u>\$ 478,583</u>	<u>\$ 4,800</u>
Liabilities				
Accounts payable	\$ 24,875	\$ 4,548	\$ 29,423	\$ -
Due to other governments	1,812	-	1,812	-
Unearned revenue	-	-	-	4,800
Total liabilities	<u>26,687</u>	<u>4,548</u>	<u>31,235</u>	<u>4,800</u>
Fund Balances				
Restricted				
Capital projects	-	-	-	-
Committed	121,229	61,095	182,324	-
Assigned for subsequent year operations	265,024	-	265,024	-
Total fund balances	<u>386,253</u>	<u>61,095</u>	<u>447,348</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 412,940</u>	<u>\$ 65,643</u>	<u>\$ 478,583</u>	<u>\$ 4,800</u>

City of Fallon, Nevada
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2020

Capital Project Funds			
Land Reserve and Park Acquisition and Development Capital Projects Fund	Special Ad Valorem Capital Projects Fund	Totals	Total Nonmajor Governmental Funds
\$ 15,085	\$ 129,311	\$ 144,396	\$ 504,012
-	7,532	7,532	27,107
-	-	-	43,499
-	-	-	4,800
-	-	-	55,893
<u>\$ 15,085</u>	<u>\$ 136,843</u>	<u>\$ 151,928</u>	<u>\$ 635,311</u>
\$ -	\$ -	\$ -	\$ 29,423
-	-	-	1,812
-	-	-	4,800
-	-	-	36,035
15,085	136,843	151,928	151,928
-	-	-	182,324
-	-	-	265,024
<u>15,085</u>	<u>136,843</u>	<u>151,928</u>	<u>599,276</u>
<u>\$ 15,085</u>	<u>\$ 136,843</u>	<u>\$ 151,928</u>	<u>\$ 635,311</u>

Special Revenue Funds				
	Convention and Tourism Authority Fund	Airport Fund	Totals	Debt Service Fund
Revenues				
Taxes				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Occupancy tax	614,861	-	614,861	-
Residential park construction tax	-	-	-	-
Charges for services	-	35,804	35,804	-
Intergovernmental	47,000	738,497	785,497	-
Miscellaneous				
Investment income	686	19	705	-
Other	-	-	-	-
Total revenues	662,547	774,320	1,436,867	-
Expenditures				
Current				
Public works	-	38,193	38,193	-
Community support	232,135	-	232,135	-
Capital outlay				
Public safety	-	-	-	-
Public works	-	775,520	775,520	-
Debt service				
Principal retirement	-	-	-	52,960
Interest and fiscal charges	-	-	-	9,373
Total expenditures	232,135	813,713	1,045,848	62,333
Excess (Deficiency) of Revenues Over (Under) Expenditures	430,412	(39,393)	391,019	(62,333)
Other Financing Sources (Uses)				
Transfers in	-	105,000	105,000	62,333
Transfers out	(550,000)	-	(550,000)	-
Total other financing sources (uses)	(550,000)	105,000	(445,000)	62,333
Net Change in Fund Balances	(119,588)	65,607	(53,981)	-
Fund Balances, Beginning of Year	505,841	(4,512)	501,329	-
Fund Balances, End of Year	\$ 386,253	\$ 61,095	\$ 447,348	\$ -

City of Fallon, Nevada
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Governmental Funds
Year Ended June 30, 2020

Capital Project Funds			
Land Reserve and Park Acquisitions and Development Capital Projects Fund	Special Ad Valorem Capital Projects Fund	Totals	Total Nonmajor Governmental Funds
\$ -	\$ 83,432	\$ 83,432	\$ 83,432
-	-	-	614,861
1,810	-	1,810	1,810
-	-	-	35,804
-	-	-	785,497
30	254	284	989
-	-	-	-
1,840	83,686	85,526	1,522,393
-	-	-	38,193
-	-	-	232,135
-	40,626	40,626	40,626
-	-	-	775,520
-	-	-	52,960
-	-	-	9,373
-	40,626	40,626	1,148,807
1,840	43,060	44,900	373,586
-	-	-	167,333
-	-	-	(550,000)
-	-	-	(382,667)
1,840	43,060	44,900	(9,081)
13,245	93,783	107,028	608,357
\$ 15,085	\$ 136,843	\$ 151,928	\$ 599,276

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, 2020

	Budgeted	Actual	Variance
Revenues			
Taxes			
Occupancy tax	\$ 775,000	\$ 614,861	\$ (160,139)
Intergovernmental revenue			
State grant	45,000	47,000	2,000
Miscellaneous			
Investment income	-	686	686
Other	-	-	-
Total revenues	<u>820,000</u>	<u>662,547</u>	<u>(157,453)</u>
Expenditures			
Community support			
Services and supplies	<u>380,000</u>	<u>232,135</u>	<u>147,865</u>
Total expenditures	<u>380,000</u>	<u>232,135</u>	<u>147,865</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>440,000</u>	<u>430,412</u>	<u>(9,588)</u>
Other Financing Sources (Uses)			
Transfers out	<u>(615,000)</u>	<u>(550,000)</u>	<u>65,000</u>
Net Change in Fund Balance	(175,000)	(119,588)	55,412
Fund Balance, Beginning of Year	<u>624,854</u>	<u>505,841</u>	<u>(119,013)</u>
Fund Balance, End of Year	<u>\$ 449,854</u>	<u>\$ 386,253</u>	<u>\$ (63,601)</u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual –
 Airport Fund
 Year Ended June 30, 2020

	Budgeted	Actual	Variance
Revenues			
Charges for services			
Lease fees	\$ 30,200	\$ 35,804	\$ 5,604
Intergovernmental revenue			
Fuel taxes	828	666	(162)
Federal grants			
Airport Improvement Program	804,269	730,543	(73,726)
State grants			
State grant	-	7,288	7,288
Miscellaneous			
Investment income	-	19	19
Total revenues	<u>835,297</u>	<u>774,320</u>	<u>(60,977)</u>
Expenditures			
Public works			
Services and supplies	43,500	38,193	5,307
Capital outlay	<u>827,769</u>	<u>775,520</u>	<u>52,249</u>
Total expenditures	<u>871,269</u>	<u>813,713</u>	<u>57,556</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,972)	(39,393)	(3,421)
Other Financing Sources (Uses)			
Transfers in	<u>105,000</u>	<u>105,000</u>	<u>-</u>
Net Change in Fund Balance	69,028	65,607	(3,421)
Fund Balance, Beginning of Year	<u>18,025</u>	<u>(4,512)</u>	<u>(22,537)</u>
Fund Balance, End of Year	<u>\$ 87,053</u>	<u>\$ 61,095</u>	<u>\$ (25,958)</u>

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, 2020

	Budgeted	Actual	Variance
Revenues	\$ -	\$ -	\$ -
Expenditures			
Debt service			
Principal retirement	52,960	52,960	-
Interest and fiscal charges	9,373	9,373	-
Total expenditures	62,333	62,333	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(62,333)	(62,333)	-
Other Financing Sources (Uses)			
Transfers in	62,333	62,333	-
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -

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City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual –
Land Reserve and Park Acquisitions and Development Capital Projects Fund
Year Ended June 30, 2020

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes			
Residential park construction fees	\$ 1,000	\$ 1,810	\$ 810
Miscellaneous			
Investment income	<u>-</u>	<u>30</u>	<u>30</u>
Total revenues	<u>1,000</u>	<u>1,840</u>	<u>840</u>
Expenditures			
Culture and recreation			
Capital outlay	<u>13,291</u>	<u>-</u>	<u>(13,291)</u>
Net Change in Fund Balance	(12,291)	1,840	14,131
Fund Balance, Beginning of Year	<u>12,291</u>	<u>13,245</u>	<u>954</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ 15,085</u></u>	<u><u>\$ 15,085</u></u>

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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, 2020

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes			
Ad valorem taxes	\$ 75,000	\$ 83,432	\$ 8,432
Miscellaneous			
Investment income	<u>-</u>	<u>254</u>	<u>254</u>
Total revenue	<u>75,000</u>	<u>83,686</u>	<u>8,686</u>
Expenditures			
Public safety			
Capital outlay	<u>75,000</u>	<u>40,626</u>	<u>34,374</u>
Net Change in Fund Balance	-	43,060	43,060
Fund Balance, Beginning of Year	<u>-</u>	<u>93,783</u>	<u>93,783</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 136,843</u>	<u>\$ 136,843</u>

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City of Fallon, Nevada
Combining Statement of Net Position – Nonmajor Proprietary Funds
June 30, 2020

	Nonmajor Enterprise Funds		
	Landfill	Water Treatment Replacement	Total
Assets			
Current assets			
Cash and investments	\$ 500,375	\$ -	\$ 500,375
Accounts receivable, net of allowance for doubtful accounts	171,043	-	171,043
Total current assets	671,418	-	671,418
Noncurrent assets			
Restricted assets			
Cash and investments	-	643,606	643,606
Capital assets			
Land and construction in progress	196,252	-	196,252
Other capital assets, net of depreciation	941,623	-	941,623
Total noncurrent assets	1,137,875	643,606	1,781,481
Total assets	1,809,293	643,606	2,452,899
Deferred Outflows of Resources			
Deferred outflows related to other postemployment benefits	11,503	-	11,503
Deferred outflows related to pension	49,780	-	49,780
Total deferred outflows of resources	61,283	-	61,283

City of Fallon, Nevada
Combining Statement of Net Position – Nonmajor Proprietary Funds
June 30, 2020

	Nonmajor Enterprise Funds		
	Landfill	Water Treatment Replacement	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 22,631	\$ -	\$ 22,631
Accrued payroll and related liabilities	11,418	-	11,418
Accrued interest payable	97	-	97
Current portion of compensated absences	4,375	-	4,375
Current maturities of long-term debt	7,246	-	7,246
Due to other funds	13,474	-	13,474
Total current liabilities	59,241	-	59,241
Noncurrent liabilities			
Other postemployment benefits liability	55,324	-	55,324
Net pension liability	279,268	-	279,268
Compensated absences, net of current portion	4,270	-	4,270
Estimated liability for landfill closure and postclosure care costs	1,055,000	-	1,055,000
Capital lease payable, net of current portion	-	-	-
Advances from other funds	3,892	-	3,892
Total noncurrent liabilities	1,397,754	-	1,397,754
Total liabilities	1,456,995	-	1,456,995
Deferred Inflows of Resources			
Deferred inflows related to pensions	17,616	-	17,616
Net Position			
Net investment in capital assets	1,130,629	-	1,130,629
Restricted for capital projects	-	643,606	643,606
Unrestricted (deficit)	(734,664)	-	(734,664)
Total net position	\$ 395,965	\$ 643,606	\$ 1,039,571

City of Fallon, Nevada

Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Proprietary Funds

Year Ended June 30, 2020

	Nonmajor Enterprise Funds		
	Landfill	Water Treatment Replacement	Total
Operating Revenues			
Charges for services	\$ 1,223,543	\$ -	\$ 1,223,543
Operating Expenses			
Salaries and wages	196,135	-	196,135
Employee benefits	126,001	-	126,001
Services and supplies	(11,290)	-	(11,290)
Depreciation	107,476	-	107,476
Data processing use fee	11,782	-	11,782
Public works use fee	65,374	-	65,374
In lieu of taxes and franchise taxes	108,342	-	108,342
General fund administrative support	155,538	-	155,538
Total operating expenses	759,358	-	759,358
Operating Income (Loss)	464,185	-	464,185
Nonoperating Revenues (Expenses)			
Investment income	820	-	820
Interest expense	(1,680)	-	(1,680)
Total nonoperating revenues (expenses)	(860)	-	(860)
Income before Transfers	463,325	-	463,325
Transfers in	-	41,772	41,772
Change in Net Position	463,325	41,772	505,097
Net Position, Beginning of Year	(67,360)	601,834	534,474
Net Position, End of Year	\$ 395,965	\$ 643,606	\$ 1,039,571

City of Fallon, Nevada
Combining Statement of Cash Flows – Nonmajor Proprietary Funds
Year Ended June 30, 2020

	Nonmajor Enterprise Funds		
	Landfill	Water Treatment Replacement	Total
Operating Activities			
Cash received from customers	\$ 1,387,404	\$ -	\$ 1,387,404
Cash payments to suppliers for goods and services	(192,763)	-	(192,763)
Cash payments to employees for services	(564,396)	-	(564,396)
Cash paid to other funds for services	(263,880)	-	(263,880)
Net Cash from Operating Activities	366,365	-	366,365
Noncapital Financing Activities			
Repayments on interfund advances	(13,474)	-	(13,474)
Transfers from other funds	-	41,772	\$ 41,772
Net Cash from (used for) Noncapital Financing Activities	(13,474)	41,772	28,298
Capital and Related Financing Activities			
Purchase of property, plant, and equipment	-	-	-
Insurance reimbursement	-	-	-
Principal payments on debt	(66,475)	-	(66,475)
Interest paid on debt	(1,583)	-	(1,583)
Net Cash used for Capital and Related Financing Activities	(68,058)	-	(68,058)
Investing Activities			
Interest on cash and investments	820	-	820
Net Change in Cash and Cash Equivalents	285,653	41,772	327,425
Cash and Cash Equivalents, Beginning of Year	214,722	601,834	816,556
Cash and Cash Equivalents, End of Year	\$ 500,375	\$ 643,606	\$ 1,143,981

City of Fallon, Nevada
Combining Statement of Cash Flows – Nonmajor Proprietary Funds
Year Ended June 30, 2020

	Nonmajor Enterprise Funds		
	Landfill	Water Treatment Replacement	Total
Reconciliation of Operating Income (Loss) to Net Cash From (Used For) Operating Activities			
Operating income (loss)	\$ 464,185	\$ -	\$ 464,185
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities			
Depreciation	107,476	-	107,476
Pension contributions	(20,938)	-	(20,938)
Pension expense	31,039	-	31,039
OPEB expense	6,722	-	6,722
Change in			
Accounts receivable	163,861	-	163,861
Accounts payable	(15,635)	-	(15,635)
Landfill closure costs	(375,000)	-	(375,000)
Accrued payroll and related liabilities	3,372	-	3,372
Compensated absences	1,283	-	1,283
Net Cash from Operating Activities	<u>\$ 366,365</u>	<u>\$ -</u>	<u>\$ 366,365</u>
Reconciliation of Total Cash and Cash Equivalents			
Current assets - cash and investments	\$ 500,375	\$ -	\$ 500,375
Restricted assets - cash and investments	-	643,606	643,606
Total cash and cash equivalents	<u>\$ 500,375</u>	<u>\$ 643,606</u>	<u>\$ 1,143,981</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, 2020

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 11,432,000	\$ 11,064,394	\$ (367,606)
Operating Expenses			
Salaries and wages	564,721	558,639	6,082
Employee benefits	224,860	309,739	(84,879)
Services and supplies	1,145,887	1,062,437	83,450
Electric energy purchased	5,300,000	5,506,175	(206,175)
Depreciation	500,000	444,196	55,804
Data processing use fee	119,800	71,942	47,858
Public works use fee	507,352	419,253	88,099
In lieu of taxes and franchise taxes	822,971	815,367	7,604
General Fund administrative support	1,129,015	1,140,618	(11,603)
Total operating expenses	10,314,606	10,328,366	(13,760)
Operating Income (Loss)	1,117,394	736,028	(381,366)
Nonoperating Revenues (Expenses)			
Investment income	50,000	189,565	139,565
Economic development	(170,000)	(133,309)	36,691
Quality of life promotion	(600,000)	(327,419)	272,581
Interest expense	(190,091)	(174,986)	15,105
Total nonoperating revenues (expenses)	(910,091)	(446,149)	463,942
Income (Loss) Before Capital Contributions and Transfers	207,303	289,879	82,576
Capital Contributions	15,000	6,833,547	6,818,547
Change in Net Position	\$ 222,303	7,123,426	\$ 6,901,123
Net Position, Beginning of Year		9,337,294	
Net Position, End of Year		\$ 16,460,720	

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, 2020

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 1,600,000	\$ 1,606,525	\$ 6,525
Operating grant	20,000	6,946	(13,054)
Total operating revenues	1,620,000	1,613,471	(6,529)
Operating Expenses			
Salaries and wages	494,750	483,580	11,170
Employee benefits	192,404	312,643	(120,239)
Services and supplies	316,180	227,030	89,150
Depreciation	325,000	274,202	50,798
Data processing use fee	59,900	37,752	22,148
Public works use fee	253,676	218,913	34,763
In lieu of taxes and franchise taxes	253,649	248,651	4,998
General Fund administrative support	166,426	155,538	10,888
Total operating expenses	2,061,985	1,958,309	103,676
Operating Income (Loss)	(441,985)	(344,838)	97,147
Nonoperating Revenues (Expenses)			
Investment income	12,000	7,577	(4,423)
Interest expense	(55,053)	(33,132)	21,921
Total nonoperating revenues (expenses)	(43,053)	(25,555)	17,498
Income (Loss) Before Capital Contributions and Transfers	(485,038)	(370,393)	114,645
Capital Contributions	50,000	89,981	39,981
Change in Net Position	\$ (435,038)	(280,412)	\$ 154,626
Net Position, Beginning of Year		4,894,943	
Net Position, End of Year		\$ 4,614,531	

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, 2020

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 2,280,000	\$ 2,379,247	\$ 99,247
Operating Expenses			
Salaries and wages	181,000	146,571	34,429
Employee benefits	70,523	93,728	(23,205)
Services and supplies	591,333	502,418	88,915
Depreciation	625,000	620,932	4,068
Data processing use fee	20,965	13,144	7,821
Public works use fee	88,787	76,272	12,515
In lieu of taxes and franchise taxes	434,981	437,380	(2,399)
General Fund administrative support	154,178	142,577	11,601
Total operating expenses	2,166,767	2,033,022	133,745
Operating Income (Loss)	113,233	346,225	232,992
Nonoperating Revenues (Expenses)			
Investment income	5,000	31,001	26,001
Interest expense	(283,813)	(231,946)	51,867
Total nonoperating revenues (expenses)	(278,813)	(200,945)	77,868
Income (Loss) Before Capital Contributions and Transfers	(165,580)	145,280	310,860
Capital Contributions	50,000	60,000	10,000
Change in Net Position	\$ (115,580)	205,280	\$ 320,860
Net Position, Beginning of Year		9,564,200	
Net Position, End of Year		\$ 9,769,480	

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, 2020

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 1,430,000	\$ 1,420,057	\$ (9,943)
Miscellaneous	271,000	265,310	(5,690)
Total operating revenues	1,701,000	1,685,367	(15,633)
Operating Expenses			
Salaries and wages	239,941	230,538	9,403
Employee benefits	89,907	143,308	(53,401)
Services and supplies	582,771	581,379	1,392
Depreciation	380,000	382,113	(2,113)
Data processing use fee	51,805	37,753	14,052
Public works use fee	253,676	218,917	34,759
In lieu of taxes and franchise taxes	346,203	346,544	(341)
General Fund administrative support	146,012	149,058	(3,046)
Total operating expenses	2,090,315	2,089,610	705
Operating Income (Loss)	(389,315)	(404,243)	(14,928)
Nonoperating Revenues (Expenses)			
Investment income	500	888	388
Income (Loss) Before Capital Contributions and Transfers	(388,815)	(403,355)	(14,540)
Capital Contributions	30,000	24,000	(6,000)
Transfers Out	(41,772)	(41,772)	-
Change in Net Position	\$ (400,587)	(421,127)	\$ (20,540)
Net Position, Beginning of Year		15,878,154	
Net Position, End of Year		\$ 15,457,027	

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, 2020

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 1,760,000	\$ 1,789,679	\$ 29,679
Operating Expenses			
Salaries and wages	391,303	339,816	51,487
Employee benefits	239,135	275,911	(36,776)
Services and supplies	825,185	874,747	(49,562)
Depreciation	155,000	127,807	27,193
Data processing use fee	20,965	12,628	8,337
Public works use fee	88,787	76,272	12,515
In lieu of taxes and franchise taxes	118,148	119,551	(1,403)
General Fund administrative support	197,339	200,904	(3,565)
Total operating expenses	2,035,862	2,027,636	8,226
Operating Income (Loss)	(275,862)	(237,957)	37,905
Nonoperating Revenues (Expenses)			
Investment income	125	278	153
Interest expense	(12,525)	(11,654)	871
Total nonoperating revenues (expenses)	(12,400)	(11,376)	1,024
Change in Net Position	\$ (288,262)	(249,333)	\$ 38,929
Net Position, Beginning of Year		(263,723)	
Net Position, End of Year		\$ (513,056)	

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, 2020

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
Charges for services	<u>\$ 1,300,000</u>	<u>\$ 1,223,543</u>	<u>\$ (76,457)</u>
Operating Expenses			
Salaries and wages	212,460	196,135	16,325
Employee benefits	137,697	126,001	11,696
Services and supplies	595,929	(11,290)	607,219
Depreciation	128,000	107,476	20,524
Data processing use fee	17,970	11,782	6,188
Public works use fee	76,103	65,374	10,729
In lieu of taxes and franchise taxes	111,043	108,342	2,701
General fund administrative support	<u>151,261</u>	<u>155,538</u>	<u>(4,277)</u>
Total operating expenses	<u>1,430,463</u>	<u>759,358</u>	<u>671,105</u>
Operating Income (Loss)	<u>(130,463)</u>	<u>464,185</u>	<u>594,648</u>
Nonoperating Revenues (Expenses)			
Investment income	-	820	820
Interest expense	<u>(1,521)</u>	<u>(1,680)</u>	<u>(159)</u>
Total nonoperating revenues (expenses)	<u>(1,521)</u>	<u>(860)</u>	<u>661</u>
Change in Net Position	<u><u>\$ (131,984)</u></u>	<u>463,325</u>	<u><u>\$ 595,309</u></u>
Net Position, Beginning of Year		<u>(67,360)</u>	
Net Position, End of Year		<u><u>\$ 395,965</u></u>	

City of Fallon, Nevada

Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual –
Water Treatment Replacement Enterprise Fund
Year Ended June 30, 2020

	<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>601,834</u>	
Net Position, End of Year		<u><u>\$ 643,606</u></u>	

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City of Fallon, Nevada
Combining Statement of Net Position – Internal Service Funds
June 30, 2020

	Data Processing Internal Service Fund	Public Works Internal Service Fund	Total Internal Service Funds
Assets			
Current assets			
Cash and investments	\$ 21,609	\$ 75,512	\$ 97,121
Noncurrent assets			
Capital assets			
Other capital assets, net of depreciation	18,822	72,057	90,879
Total assets	40,431	147,569	188,000
Deferred Outflows of Resources			
Deferred outflows related to other post employment benefits	-	44,623	44,623
Deferred outflows related to pensions	-	228,459	228,459
Total deferred outflows of resources	-	273,082	273,082
Liabilities			
Current liabilities			
Accounts payable	6,363	2,539	8,902
Accrued payroll and related liabilities	-	40,563	40,563
Current portion of compensated absences	-	17,227	17,227
Total current liabilities	6,363	60,329	66,692
Noncurrent liabilities			
Other postemployment benefit liability	-	234,069	234,069
Net pension liability	-	995,420	995,420
Compensated absences	-	16,816	16,816
Total noncurrent liabilities	-	1,246,305	1,246,305
Total liabilities	6,363	1,306,634	1,312,997
Deferred Inflows of Resources			
Deferred inflows related to pensions	-	96,709	96,709
Net Position			
Net investment in capital assets	18,822	72,057	90,879
Unrestricted (deficit)	15,246	(1,054,749)	(1,039,503)
Total net position	\$ 34,068	\$ (982,692)	\$ (948,624)

City of Fallon, Nevada

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

Year Ended June 30, 2020

	Data Processing Internal Service Fund	Public Works Internal Service Fund	Total Internal Service Funds
Operating Revenues			
Charges for services			
User fees	\$ 185,000	\$ 1,075,000	\$ 1,260,000
Operating Expenses			
Salaries and wages	-	732,640	732,640
Employee benefits	-	423,021	423,021
Services and supplies	161,920	47,777	209,697
Depreciation	5,386	17,743	23,129
Total operating expenses	167,306	1,221,181	1,388,487
Operating Income (Loss)	17,694	(146,181)	(128,487)
Nonoperating Revenues (Expenses)			
Investment income	42	152	194
Change in Net Position	17,736	(146,029)	(128,293)
Net Position, Beginning of Year	16,332	(836,663)	(820,331)
Net Position, End of Year	\$ 34,068	\$ (982,692)	\$ (948,624)

City of Fallon, Nevada
Combining Statement of Cash Flows – Internal Service Funds
Year Ended June 30, 2020

	Data Processing Internal Service Fund	Public Works Internal Service Fund	Total Internal Service Funds
Operating Activities			
Cash received from other funds for services	\$ 185,000	\$ 1,075,000	\$ 1,260,000
Cash payments to suppliers for goods and services	(169,321)	(722,664)	(891,985)
Cash payments to employees for services	-	(392,316)	(392,316)
Net Cash from Operating Activities	15,679	(39,980)	(24,301)
Investing Activities			
Interest on cash and investments	42	152	194
Net Change in Cash and Cash Equivalents	15,721	(39,828)	(24,107)
Cash and Cash Equivalents, Beginning of Year	5,888	115,340	121,228
Cash and Cash Equivalents, End of Year	\$ 21,609	\$ 75,512	\$ 97,121
Reconciliation of operating income to net cash from (used for) operating activities			
Operating income (loss)	\$ 17,694	\$ (146,181)	\$ (128,487)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities			
Depreciation	5,386	17,743	23,129
Pension contributions	-	(104,339)	(104,339)
Pension expense	-	154,672	154,672
OPEB Expense	-	25,108	25,108
Changes in			
Accounts receivable	-	-	-
Accounts payable	(7,401)	189	(7,212)
Accrued payroll and related liabilities	-	9,978	9,978
Accrued compensated absences	-	2,850	2,850
Net Cash from Operating Activities	\$ 15,679	\$ (39,980)	\$ (24,301)

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, 2020

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
Charges for services	\$ 291,403	\$ 185,000	\$ (106,403)
Operating Expenses			
Salaries and wages	68,200	-	68,200
Employee benefits	29,092	-	29,092
Services and supplies	186,500	161,920	24,580
Depreciation	5,500	5,386	114
Total operating expenses	<u>289,292</u>	<u>167,306</u>	<u>121,986</u>
Operating Income (Loss)	<u>2,111</u>	<u>17,694</u>	<u>15,583</u>
Nonoperating Revenues (Expenses)			
Investment income	<u>-</u>	<u>42</u>	<u>42</u>
Change in Net Position	<u>\$ 2,111</u>	17,736	<u>\$ 15,625</u>
Net Position, Beginning of Year		<u>16,332</u>	
Net Position, End of Year		<u>\$ 34,068</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, 2020

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 1,268,379	\$ 1,075,000	\$ (193,379)
Operating Expenses			
Salaries and wages	772,833	732,640	40,193
Employee benefits	376,293	423,021	(46,728)
Services and supplies	61,500	47,777	13,723
Depreciation	20,000	17,743	2,257
Total operating expenses	1,230,626	1,221,181	9,445
Operating Income (Loss)	37,753	(146,181)	(183,934)
Nonoperating Revenues (Expenses)			
Investment income	-	152	152
Change in Net Position	\$ 37,753	(146,029)	\$ (183,782)
Net Position, Beginning of Year		(836,663)	
Net Position, End of Year		\$ (982,692)	

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, 2020

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Miscellaneous			
Investment income	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ 16</u>
Expenditures			
Public works			
Capital outlay	<u>7,992</u>	<u>-</u>	<u>(7,992)</u>
Net Change in Fund Balance	(7,992)	16	8,008
Fund Balance, Beginning of Year	<u>7,992</u>	<u>8,009</u>	<u>17</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ 8,025</u></u>	<u><u>\$ 8,025</u></u>

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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, 2020

	Budgeted	Actual	Variance
Revenues			
Charges for services			
Use fee	\$ 27,000	\$ 28,074	\$ 1,074
Expenditures	-	-	-
Excess (Deficiency) of Revenues over Expenditures	27,000	28,074	1,074
Other Financing Sources (Uses)			
Transfers Out	(27,000)	(24,250)	2,750
Net Change in Fund Balance	-	3,824	3,824
Fund Balance, Beginning of Year	-	8,464	8,464
Fund Balance, End of Year	\$ -	\$ 12,288	\$ 12,288

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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, 2020

	<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>1,663</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>

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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, 2020

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues	\$ -	\$ -	\$ -
Expenditures			
General government and administration			
Services and supplies	<u>2,000</u>	<u>14</u>	<u>1,986</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,000)</u>	<u>(14)</u>	<u>1,986</u>
Net Change in Fund Balance	(2,000)	(14)	1,986
Fund Balance, Beginning of Year	<u>2,103</u>	<u>423</u>	<u>(1,680)</u>
Fund Balance, End of Year	<u>\$ 103</u>	<u>\$ 409</u>	<u>\$ 306</u>

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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, 2020

	Budgeted	Actual	Variance
Revenues			
Charges for services	\$ 59,100	\$ 38,513	\$ (20,587)
Miscellaneous			
Investment income	-	362	362
Total revenue	59,100	38,875	(20,225)
Expenditures			
Community support			
Salaries and wages	227,810	249,921	(22,111)
Employee benefits	99,594	100,123	(529)
Services and supplies	167,800	120,872	46,928
Capital outlay	150,000	23,694	126,306
Total expenditures	645,204	494,610	150,594
Excess (Deficiency) of Revenues over Expenditures	(586,104)	(455,735)	130,369
Other Financing Sources (Uses)			
Transfers In	615,000	550,000	(65,000)
Net Change in Fund Balance	28,896	94,265	65,369
Fund Balance, Beginning of Year	52,334	69,131	16,797
Fund Balance, End of Year	\$ 81,230	\$ 163,396	\$ 82,166

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, 2020

	<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>

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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, 2020

	<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><u>\$ 161</u></u>	<u><u>\$ 161</u></u>	<u><u>\$ -</u></u>

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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, 2020

	Budgeted	Actual	Variance
Revenues			
Miscellaneous			
Investment income	\$ -	\$ 77	\$ 77
Other	15,000	19,923	4,923
Total revenues	15,000	20,000	5,000
Expenditures			
General government and administration			
Services and supplies	20,000	1,923	18,077
Net Change in Fund Balance	(5,000)	18,077	23,077
Fund Balance, Beginning of Year	22,121	21,343	(778)
Fund Balance, End of Year	\$ 17,121	\$ 39,420	\$ 22,299

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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, 2020

	<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>

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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, 2020

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Miscellaneous			
Investment income	\$ 25	\$ 18	\$ (7)
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	25	18	(7)
Fund Balance, Beginning of Year	<u>7,950</u>	<u>7,955</u>	<u>5</u>
Fund Balance, End of Year	<u><u>\$ 7,975</u></u>	<u><u>\$ 7,973</u></u>	<u><u>\$ (2)</u></u>

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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, 2020

Adjusted Base at June 30, 2019	\$ 63,836
Adjustment to Base	
Base year	
1. Percentage increase in population of local government	1.05%
2. Percentage Change in CPI	<u>2.80%</u>
	<u>3.85%</u>
	2,459
Adjust Base at June 30, 2020	66,295
Actual Revenue	<u>273,729</u>
Actual Amount (over) under Allowable Amount	<u><u>\$ (207,434)</u></u>

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

Section Contents

Financial Trends Information

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

Revenue Capacity Information

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

Debt Capacity Information

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

Demographic and Economic Information

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

Operating Information

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

Sources: Unless otherwise noted, the information in these schedules is derived from comprehensive annual financial reports for the relevant year. The City implemented GASB 34 in 2004, and schedules presenting government-wide information include information beginning in that year.

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net investment in										
capital assets	\$ 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	\$ 22,180,925
Restricted	53,741	13,523	31,780	47,385	45,481	75,699	22,488	47,332	142,045	194,706
Unrestricted	(24,396)	974,025	(18,345)	115,754	(8,285,798)	(8,245,310)	(8,126,482)	(9,207,858)	(9,123,871)	(9,421,691)
Total Governmental Activities										
Net position	<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>	<u>\$ 12,953,940</u>
Business-Type Activities										
Net investment in										
capital assets	\$ 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	42,929,305
Restricted	1,267,451	1,310,017	1,375,253	1,418,050	1,278,023	476,518	518,290	560,062	601,834	643,606
Unrestricted	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	2,306,738
Total Business-type Activities										
Net position	<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>	<u>\$ 45,879,649</u>
Primary Government										
Net investment in										
capital assets	\$ 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	65,110,230
Restricted	1,321,192	1,323,540	1,407,033	1,465,435	1,323,504	552,217	540,778	607,394	743,879	838,312
Unrestricted	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)	(7,114,953)
Total Primary Government										
Net Position	<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>	<u>\$ 58,833,589</u>

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

		Fiscal Year Ended June 30,									
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses											
Governmental Activities											
General Government	\$	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	\$ 2,157,829
Judicial		708,373	500,984	472,202	823,861	862,440	963,156	950,603	812,490	895,751	1,019,477
Public Safety		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	5,838,231
Public Works		726,877	1,230,342	823,527	831,615	881,147	951,133	1,470,832	938,738	925,217	903,708
Culture and Recreation		720,572	241,276	785,431	1,014,544	964,657	78,657	111,121	1,089,382	1,241,382	1,008,468
Community Support		1,384,681	1,210,080	695,612	689,458	756,851	821,635	862,084	683,436	724,909	747,655
Interest on Long-Term Debt		18,696	14,935	11,019	8,777	5,167	4,006	1,522	15,787	12,674	9,373
Total Governmental Activities Expenses		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	11,684,741
Business-Type Activities											
Electric		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	11,014,169
Water		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	2,017,614
Sewer		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	2,274,086
Water Treatment		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	2,115,784
Sanitation		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	2,048,355
Landfill		576,334	635,378	660,531	679,391	750,100	870,612	1,098,943	2,149,619	1,175,638	768,906
Total Business-Type Activities Expenses		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	20,238,914
Total Primary Government Expenses	\$	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	\$ 31,923,655
Program Revenues											
Governmental Activities											
Charges for Services											
General Government	\$	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	2,721,603
Judicial		66,525	66,257	345,589	49,651	65,323	84,280	124,688	124,017	136,571	115,461
Public Safety		27,095	-	87,137	16,762	862	3,232	6,390	6,672	6,087	13,234
Culture and Recreation		21,852	23,055	28,066	35,251	32,143	37,018	37,123	37,488	42,700	31,049
Operating Grants and Contributions		776,893	1,246,162	745,343	993,904	592,598	540,447	497,776	176,200	297,996	245,080
Capital Grants and Contributions		2,485,172	820,342	1,865,122	1,617,270	243,049	539,632	529,347	266,747	853,806	738,431
Total Governmental Activities		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	3,864,858
Program Revenues											
Business-Type Activities											
Charges for Services											
Electric		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	11,064,394
Water		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	1,606,525
Sewer		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	2,379,247
Sanitation		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	1,789,679
Landfill		584,604	525,413	497,039	656,032	909,205	1,053,283	1,177,127	1,293,625	1,240,494	1,223,543
Water Treatment		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	1,685,367
Operating Grants and Contributions		69,662	82,902	116,124	43,049	33,585	58,407	67,351	145,977	18,104	6,946
Capital Grants and Contributions		-	3,081,919	101,329	460,953	107,836	178,707	99,885	155,980	418,126	7,007,528
Total Business-Type Activities		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	26,763,229

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Primary Government										
Program Revenue	\$ 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	\$ 30,628,087
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	(7,819,883)
Business-Type Activities	575,370	4,601,491	(1,102,626)	(752,885)	101,953	(8,540)	39,374	(331,137)	242,257	6,524,315
Total Primary Government										
Net (Expense)/Revenue	\$ (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)	\$ (1,295,568)
General Revenues and Other										
Changes in Net Position										
Governmental Activities										
Taxes										
Ad Valorem	\$ 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	\$ 1,553,934
Occupancy	513,969	512,270	482,423	575,389	496,450	511,550	617,231	791,038	634,963	616,671
Fuel	159,229	149,098	143,386	146,174	137,741	146,852	149,425	154,833	153,488	146,140
Unrestricted Intergovernmental -										
Consolidated Taxes	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	2,358,411
Franchise Fees	167,064	165,460	146,557	182,547	226,475	209,800	225,997	245,067	266,781	290,329
Enterprise Funds in Lieu of Taxes	-	-	244,777	972,732	984,100	1,013,832	1,026,663	1,035,423	1,051,149	1,086,237
Enterprise Funds in Lieu of										
Franchise Fees	-	-	830,705	818,777	810,031	836,698	932,537	957,855	968,305	989,598
Unrestricted Gaming Licenses	247,386	251,811	235,449	238,604	265,856	221,291	227,671	236,670	246,933	229,621
Investment Earnings	4,125	2,999	854	916	216	216	712	1,659	3,563	3,624
Gain (Loss) on Disposal	-	617,786	-	-	-	-	-	385,676	-	-
Miscellaneous	292,724	185,264	338,701	284,886	332,497	290,406	288,823	-	256,428	225,590
Transfers	2,411,346	2,513,908	(16,008)	(17,000)	-	-	-	-	-	-
Total Governmental Activities	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	7,500,155
Business-Type Activities										
Investment Earnings	16,422	12,065	13,213	14,614	9,856	15,767	25,726	121,622	308,317	230,323
Miscellaneous	-	-	-	-	-	-	-	39,354	71,684	-
Transfers	(2,411,346)	(2,513,908)	16,008	17,000	-	-	-	-	-	-
Total Business-Type Activities	(2,394,924)	(2,501,843)	29,221	31,614	9,856	15,767	25,726	160,976	380,001	230,323
Total Primary Government										
General Revenues	\$ 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	\$ 7,730,478
Change in Net Position										
Governmental Activities	\$ 1,100,799	\$ 1,433,787	\$ 1,142,631	\$ 1,756,863	\$ (258,722)	\$ 21,676	\$ (88,194)	\$ (185,034)	\$ 149,679	\$ (319,728)
Business-Type Activities	(1,819,554)	(1,926,473)	(1,073,405)	(721,271)	111,809	7,227	65,100	(170,161)	622,258	6,754,638
Total Primary Government										
Change in Net Position	\$ (718,755)	\$ (492,686)	\$ 69,226	\$ 1,035,592	\$ (146,913)	\$ 28,903	\$ (23,094)	\$ (355,195)	\$ 771,937	\$ 6,434,910

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 713,266	\$ 435,047	\$ 318,165	\$ 251,283	\$ 184,401	\$ 117,519
Restricted	7,270	7,452	7,639	7,836	7,853	7,877	7,901	30,804	35,017	42,778
Committed	222,493	39,392	56,428	35,443	93,091	38,603	63,689	93,095	111,217	227,385
Assigned	-	-	-	-	-	-	-	244,622	182,045	460,631
Unassigned	561,202	1,545,464	833,575	993,751	283,448	217,024	353,701	314,585	602,347	575,336
Total Fund Balance	<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>	<u>\$ 1,423,649</u>
All Other Governmental Funds										
Restricted	\$ 46,471	\$ 6,071	\$ 23,734	\$ 39,549	\$ 37,628	\$ 67,822	\$ 14,587	\$ 16,528	\$ 107,028	\$ 151,928
Committed										
Special revenue funds	131,332	319,954	155,696	233,172	226,537	142,596	238,127	488,031	505,841	182,324
Assigned	(103,871)	-	-	-	-	-	(41,220)	-	(4,512)	265,024
Total All Other Governmental Funds	<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>	<u>\$ 599,276</u>

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes										
Ad valorem	\$ 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	\$ 1,558,359
Other	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	1,734,740
Charges for services	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	2,352,674
Intergovernmental	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	3,807,023
Licenses and permits	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	1,733,763
Fines and forfeitures	46,663	48,050	38,469	28,816	44,310	99,612	104,829	100,367	110,826	89,275
Investment income	4,115	3,000	854	915	215	216	712	1,659	3,561	3,624
Miscellaneous	217,822	112,726	171,538	102,776	117,636	80,110	70,361	49,304	(11,232)	86,685
Total revenues	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	11,366,143
Expenditures										
General government	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	1,882,766
Judicial	706,627	499,238	470,456	821,910	875,768	879,269	849,025	797,204	890,001	976,453
Public safety	4,738,261	4,346,180	4,166,150	4,159,520	4,474,236	4,705,691	4,874,293	5,021,060	5,186,268	5,414,050
Public works	173,733	150,712	158,210	122,079	138,928	194,239	157,869	161,024	145,813	99,026
Culture and recreation	651,174	605,738	693,373	899,668	834,703	864,388	904,883	964,095	946,264	875,993
Community support	615,523	628,434	658,983	619,494	696,774	780,116	601,882	613,558	697,620	703,051
Capital outlay	3,701,207	1,616,274	3,060,593	1,383,426	787,213	711,176	1,017,599	938,323	1,165,412	1,052,930
Debt service:										
Principal	91,580	95,341	99,257	56,912	55,901	58,143	29,937	46,854	49,813	52,960
Interest	18,696	14,935	11,019	8,777	5,167	4,006	1,522	15,787	12,675	9,373
Total expenditures	12,184,245	9,364,669	10,838,628	9,665,606	9,382,793	10,044,707	10,287,210	10,317,512	11,031,095	11,066,602
Excess (Deficiency) of Revenues over Expenditures	(3,338,404)	(2,129,077)	(830,127)	249,679	52,072	(452,854)	45,981	218,206	284,436	299,541
Other Financing Sources (Uses)										
Transfers in	3,039,276	3,099,198	473,683	375,282	461,068	447,149	420,311	476,670	543,130	717,333
Transfers out	(627,930)	(585,290)	(489,691)	(392,282)	(461,068)	(447,149)	(420,311)	(476,670)	(543,130)	(717,333)
Proceeds from the sale of capital assets	-	617,786	-	-	-	-	-	-	-	-
Proceeds from medium - term obligations	-	-	-	-	-	-	-	265,792	-	-
Total other financing sources (uses)	2,411,346	3,131,694	(16,008)	(17,000)	-	-	-	265,792	-	-
Net Change in Fund Balance	\$ (927,058)	\$ 1,002,617	\$ (846,135)	\$ 232,679	\$ 52,072	\$ (452,854)	\$ 45,981	\$ 483,998	\$ 284,436	\$ 299,541
Debt Service as a Percentage of Noncapital Expenditures	1.3%	1.4%	1.4%	0.8%	0.7%	0.7%	0.3%	0.7%	0.6%	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		
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	193,012,359	551,463,883	35.0
2018	176,224,659	18,391,674	194,616,333	556,046,666	35.0
2019	181,042,699	17,075,191	198,117,890	566,051,114	35.0
2020	185,839,256	16,989,217	202,828,473	579,509,923	35.0

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
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
2020	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, 2020

Taxpayer	Product/Service	Rank	Fiscal Year 2020		
			Taxable Estimated Appraised Value (1)	Taxable Assessed Value	Approximate Percentage of Taxable Assessed Valuation
ENEL Stillwater LLC (Stillwater Plant)	Geothermal	1	\$ 201,922,917	\$ 70,673,021	9.31%
Ormat Nevada Inc.	Geothermal	2	54,393,443	19,037,705	2.51%
Terra-Gen Dixie Valley LLC	Geothermal	3	53,247,311	18,636,559	2.46%
ORNI 423 LLC	Engineering & Construction	4	41,506,907	14,527,416	1.91%
URS Federal Services	Banking	5	26,448,560	9,256,996	1.22%
US Bank National Association	Geothermal	6	23,343,637	8,170,273	1.08%
Quail Hollow LLC	Environmental Services	7	20,560,571	7,196,200	0.95%
Safety-Kleen System Inc.	Retail	8	18,558,571	6,495,500	0.86%
Wal-Mart Stores Inc.	Retail	9	15,100,249	5,285,087	0.70%
Kennametal Inc.	Minerals	10	14,900,060	5,215,021	0.69%

Taxpayer	Product/Service	Rank	Fiscal Year 2011		
			Taxable Estimated Appraised Value (1)	Taxable Assessed Value	Approximate Percentage of Taxable Assessed Valuation
ENEL Stillwater LLC (Stillwater Plant)	Geothermal	1	\$ 267,382,574	\$ 93,583,901	12.76%
ENEL Saltwater Wells Plant Geotherma	Geothermal	2	104,298,591	36,504,507	4.98%
Terra-Gen Dixie Valley LLC	Geothermal	3	55,472,269	19,415,294	2.65%
Northrop Grumman	Contractor	4	26,838,237	9,393,383	1.28%
Ormat Nevada, Inc. Desert Peak	Geothermal	5	24,148,571	8,452,000	1.15%
Rocket Drill Co LLC.	Geothermal	6	19,701,611	6,895,564	0.94%
Magma Energy (Constellation Power)	Geothermal	7	18,800,000	6,580,000	0.90%
Ormat Nevada, Inc. Desert Peak	Geothermal	8	15,002,857	5,251,000	0.72%
Walk-Mart Inc.	Retail	9	11,910,220	4,168,577	0.57%
Moltan	Geothermal	10	7,856,249	2,749,687	0.37%

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Number of Meters	4,833	4,844	4,841	5,078	4,844	4,908	4,879	4,873	4,876	4,874
Annual Average Day Demand per Customer (1)	751	763	763	763	763	763	763	763	763	763
Direct Rate per KWH	0.12524	0.12524	0.12524	0.12524	0.12524	0.12524	0.12524	0.12524	0.12524	0.012524
Base Fee for Electrical	\$ 3.02	\$ 3.02	\$ 3.02	\$ 3.02	\$ 12.02	\$ 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, 2020

Employer	2020		2011	
	User Fees	Rank	User Fees	Rank
Dairy Farmers of America	\$ 1,368,431	1	N/A	N/A
Churchill County School District	474,161	2	513,238	2
Walmart	458,629	3	526,694	1
Churchill Community Hospital	365,486	4	413,513	3
Safeway	212,264	5	221,075	6
Highland Manor	178,120	6	N/A	N/A
City of Fallon Waste Water Plant	168,100	7	168,274	7
Gemini	144,850	8	N/A	N/A
Kennametal	127,487	9	224,166	5
Bonanza Casino	121,694	10	144,622	9

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)
	Bonds Payable	Medium-Term Obligation	Electric Bonds	Water Bonds	Sewer Bonds	Sanitation Bonds	Landfill Bonds	Sanitation Capital Leases	Landfill Capital Lease	Electric Capital Lease	Water Capital Lease	Sewer Capital Lease			
2011	\$ 395,493	\$ -	\$ 1,866,027	\$ 3,638,081	\$ 6,741,626	\$ 124,544	\$ 738,122	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,503,893	4.31%	1,517
2012	300,152	-	1,478,887	3,366,114	6,470,804	84,872	565,092	-	-	-	-	-	12,265,921	4.02%	1,425
2013	200,895	-	1,075,985	3,062,905	6,170,479	43,550	384,566	-	-	-	-	-	10,938,380	3.48%	1,256
2014	143,982	-	777,513	2,844,398	5,874,502	30,236	196,274	-	-	-	-	-	9,866,905	2.98%	1,133
2015	88,080	-	475,646	2,625,469	5,565,085	18,497	75,046	-	378,990	-	-	-	9,226,813	2.71%	1,067
2016	29,937	-	161,675	2,168,335	7,285,000	6,288	25,509	-	307,150	-	-	-	9,983,894	2.87%	1,138
2017	-	-	-	1,964,476	7,025,000	-	-	536,562	231,273	-	-	-	9,757,311	N/A	1,100
2018	-	218,938	6,333,000	1,772,227	6,760,000	-	-	457,974	151,155	-	-	-	15,693,294	N/A	1,738
2019	-	169,125	6,234,000	1,575,378	6,485,000	-	-	377,127	73,721	-	-	-	14,914,351	N/A	1,634
2020	-	116,165	5,862,000	1,373,822	6,195,000	-	-	293,949	7,246	163,330	163,330	163,330	14,338,172	N/A	1,561

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)
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%	1,256.42
2014	143,982	9,722,923	9,866,905	1.63%	1,133.35
2015	88,080	9,138,733	9,226,813	1.86%	1,069.30
2016	29,937	9,953,957	9,983,894	1.81%	1,138.41
2017	-	9,757,291	9,757,291	1.77%	1,099.54
2018	218,938	15,474,356	15,693,294	2.82%	1,737.91
2019	169,125	14,745,226	14,914,351	2.63%	1,634.45
2020	116,165	14,222,007	14,338,172	2.47%	1,561.21

* Does not include compensated absences liability

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

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

City of Fallon, Nevada

Schedule No. 12 – Computation of General Obligation Direct and Overlapping Debt

June 30, 2020

	General Obligation Debt	Revenue Bond & Capital Leases	Net Debt Outstanding	% Applicable(1)	Applicable Net Debt
<u>Direct</u>					
City of Fallon	\$ 7,576,068	\$ 6,762,104	\$ 14,338,172	100.00%	<u>\$ 14,338,172</u>
<u>Overlapping</u>					
State of Nevada (1)	933,706,000	-	933,706,000	0.15%	1,400,559
Churchill County (2)	14,241,549	-	14,241,549	23.92%	3,406,579
Churchill County School District (3)	30,676,200	-	30,676,200	23.92%	<u>7,337,747</u>
Total overlapping debt					<u>26,483,057</u>
Total direct and overlapping Debt					<u><u>\$ 26,483,057</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, 2020

Estimated Assessed Value	\$ 202,828,473
Debt Limit - 30 Percent of Total	<u>30%</u>
Assessed Value	60,848,542
Less Total Amount of Debt Applicable to Debt Limit	<u>14,338,172</u>
Legal Debt Margin	<u><u>\$ 46,510,370</u></u>

Note: Legal debt margin as set forth in NRS 266.600

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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)
2011	8,903	\$ 313,127,413	35,171	13.10%
2012	8,609	305,369,839	35,471	11.20%
2013	8,706	314,504,250	36,125	9.30%
2014	8,706	331,402,596	38,066	9.60%
2015	8,645	339,912,755	39,319	6.90%
2016	8,770	347,607,720	39,636	5.60%
2017	8,874	369,238,266	41,609	4.30%
2018	9,030	394,258,830	43,661	3.90%
2019	9,125	Unavailable	Unavailable	3.60%
2020	9,184	Unavailable	Unavailable	5.70%

Sources:

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

City of Fallon, Nevada
Schedule No. 15 – Major Employers
June 30, 2020

Employer	2020			2011		
	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	11.90%	1800-1899	1	14.29%
Churchill County School District	400	2	4.76%	600-699	2	5.02%
Banner Churchill Community Hospital	250-499	3	3.57%	300-399	3	5.02%
Wal-Mart Supercenter	250-499	4	3.57%	200-299	4	1.93%
Stockman's Casino	250-499	5	3.57%			
Churchill County	200-299	6	2.98%	200-299	5	1.93%
Dyncorp International LLC	200-299	7	2.98%	-	-	-
URS Federal Solution, Inc.	200-299	8	2.98%	-	-	-
A&K Earthmovers	100-249	9	2.38%	-	-	-
Chugach Support Services Inc.	100-249	10	2.38%	100-199	6	1.16%
New Millennium Building System	100-249	11	2.38%	-	-	-
Bonanza/Nuggett Casino	100-249	12	2.38%	-	-	-

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	6	6	6	6	6	5	5	8	12	10
Judicial	5	4	4	6	6	6	7	5	7	6
Public Safety	33	36	36	36	34	40	33	40	38	42
Culture and Recreation	3	4	4	5	5	7	5	4	5	6
Community Support	5	3	3	4	4	4	5	4	4	4
Enterprise Funds	<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>	<u>37</u>
Total	<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>	<u>105</u>

Source: City Clerk/Treasurer's Office

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

Function/Program	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police Department										
Calls for service	11,102	10,346	10,096	10,285	10,062	9,870	8,201	9,584	10,001	8,712
Citations issued	985	879	914	879	823	750	615	939	718	450
Arrests	573	697	560	670	657	562	513	539	727	424
Animal Shelter intake	2,012	1,891	1,825	1,850	1,690	1,621	1,364	1,439	1,521	1,365
Municipal Court										
Criminal Charges filed	299	285	288	491	543	492	438	441	413	369
Traffic Charges filed	724	571	1,094	857	551	432	537	925	1,103	629
Fire Department										
Emergency responses	58	46	69	70	76	68	66	60	65	62
Landfill										
Refuse received (tons)	31,897	27,963	24,902	29,091	60,785	67,452	87,702	93,975	89,052	85,417
Water										
Water Pumped (thousands of gal)	640,767	605,851	731,091	726,181	773,039	754,438	622,846	626,800	630,074	654,544
Electric										
Metered KWH purchased	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	91,128,447
Usage @ system peak	17,385	17,640	18,005	18,539	19,509	20,523	20,648	21,077	21,420	21,277
Other Public Works										
Street reconstruction (feet)	685	100	6,717	100	-	-	-	-	-	-
Building permits issued	164	168	167	160	172	185	248	237	283	311
Sewer										
Treated Effluent (Average Daily in millions/gallons)	0.901	0.833	0.961	1.024	0.997	1.039	0.93	1.08	1.12	1.24

Source: City Clerk/Treasurer's Office

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

Function/Program	Fiscal Year Ended June 30,										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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)	43.64	43.64	43.64	43.64	44.28	44.28	44.28	44.28	44.28	44.28	44.28
Traffic signals	6	6	6	6	6	6	6	6	6	6	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	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2
Water Treatment											
Treatment Capacity (millions of gallons/day)	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	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

**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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated DATE PENDING.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness the City's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

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

City's Response to Findings

The City's response to the 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 the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Elko, Nevada

DATE PENDING

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

To the Honorable Mayor and Members of the City Council
City of Fallon, Nevada
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, 2020. 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 and our 2020 audit in accordance with 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.

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, 2020.

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness. However, material weaknesses may exist that have not been identified.

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

Elko, Nevada

DATE PENDING

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, 2020, 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, 2019.

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.

NRS 354.598155

The financial statements of the Special Ad Valorem Capital Projects Fund are included in our report. The expenditures totaling \$40,626 were made to purchase a patrol car for the police department.

Elko, Nevada

DATE PENDING

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City of Fallon, Nevada
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

<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	3-32-0008-021-2019	\$ 674,649
Airport Improvement Program	20.106	3-32-0008-022-2020	55,893
			<u>730,542</u>
Highway Planning and Construction Cluster			
Passed through State of Nevada			
Department of Transportation:			
Highway Planning and Construction	20.205	74182	24,527
Total U.S. Department of Transportation			<u>\$ 755,069</u>
<u>U.S. Department of Homeland Security</u>			
Passed through State of Nevada Emergency Response Commission:			
Emergency Response Commission Grant	97.055	20-UWS-02-01	\$ 9,857
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
Total U.S. Department of Homeland Security			<u>\$ 37,940</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	\$ 87,487
Total U.S. Department of Housing and Urban Development			<u>\$ 87,487</u>
<u>U.S. Department of Justice</u>			
Passed through State of Nevada Office of Traffic Safety:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	19/JAG/12	\$ 16,272
Total U.S. Department of Justice			<u>\$ 16,272</u>
Total Expenditures of Federal Awards			<u>\$ 896,768</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, 2020. 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	Yes
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	None reported
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	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Airport 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

2020-001 Report Preparation and Audit Adjustments Material Weakness

<i>Criteria:</i>	Management of the City of Fallon is responsible for establishing and maintaining an effective system of internal control over financial reporting. One of the key components of an effective system of internal control is a finance staff with adequate resources available to prepare the financial statements in accordance with generally accepted accounting principles. Additionally, a good system of internal control contemplates an adequate system for recording and processing entries material to the financial statements.
<i>Condition:</i>	<p>Based on our audit procedures performed as of June 30, 2020, we proposed the following material audit adjustment to properly state various account balances in order to fairly present the financial statements in accordance with generally accepted accounting principles:</p> <ul style="list-style-type: none">• Capital assets and contract retainage were understated by \$226,073 in the Electric Fund and the Business -Type Activities government-wide statements.
<i>Cause:</i>	<p>Given the daily responsibilities of management, the resources of time and training necessary to prepare the City's financial statements in accordance with generally accepted accounting principles are not available. As a result, the City has chosen to contract with Eide Bailly LLP to prepare the financial statements. This circumstance is not unusual in an organization of this size, due to time constraints of management and costs associated with compliance of the standards. However, management has not implemented sufficient procedures to capture the necessary information needed for the financial statements and related disclosures to be prepared in all material respects.</p>
<i>Effect:</i>	<p>The City's financial records required audit adjustments in order for the financial statements to be in accordance with generally accepted accounting principles. Internally prepared financial information may not be accurate and full disclosure financial statements may not be available as timely as they would be if prepared by the City's personnel.</p>
<i>Recommendation:</i>	<p>We recommend Management perform a detailed review of all financial statements and fund trial balances throughout the year to ensure that all significant transactions have been appropriately reported. In addition, Management and Those Charged with Governance should annually make the decision to accept the degree of risk associated with this condition because of costs or other considerations.</p>

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

Section III – Federal Award Findings and Questioned Costs

None reported.

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