

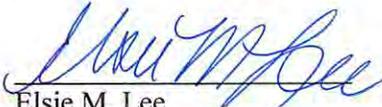
AGENDA
CITY OF FALLON – CITY COUNCIL
55 West Williams Avenue
Fallon, Nevada
January 9, 2023 – 9:00 a.m.

The Honorable City Council will meet in a special meeting on January 9, 2023 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’s Annual Comprehensive Financial Report for the year end June 30, 2022. **(For possible action)**
5. Public Comments **(For discussion only)**
6. Council and Staff Reports **(For discussion only)**
7. Executive Session (closed):
 - Discuss Litigation Matters **(For discussion only)** (NRS 241 et.seq.)
 - Negotiations with Operating Engineers Local Union No. 3 **(For discussion only)**
 - Negotiations with Fallon Peace Officers Association **(For discussion only)**

This agenda has been posted on or before 9:00 a.m. on January 4, 2023 at City Hall, District Court Building, Churchill County Office Complex, Churchill County Public Library and posted to the City’s website (<https://fallonnevada.gov>) and the State of Nevada public notice website (<https://notice.nv.gov/>). Members of the public may request the supporting material for this meeting by contacting Elsie M. Lee, Deputy City Clerk, City Clerk’s Office, City Hall, 55 West Williams Avenue, Fallon, Nevada, 775-423-5104. The supporting material for this meeting is also available to the public on the City’s website (<https://fallonnevada.gov>) and the State of Nevada public notice website (<https://notice.nv.gov/>).


Elsie M. Lee

NOTICE TO PERSONS WITH DISABILITIES: Reasonable effort will be made to assist and accommodate physically handicapped persons desiring to attend the meeting. Please call the City Clerk's Office at 775-423-5104 in advance so that arrangements may be conveniently made.

January 9, 2023

Agenda Item 4

Consideration and possible approval of the City of Fallon's Annual Comprehensive Financial Report for the year end June 30, 2022. **(For possible action)**

FALLON

Incorporated 1908

**CITY OF FALLON
REQUEST FOR COUNCIL ACTION**

Agenda Item No. 4

DATE SUBMITTED: December 30, 2022

AGENDA DATE REQUESTED: January 9, 2023

TO: The Honorable City Council

FROM: Sean Richardson, City Clerk/Treasurer

SUBJECT TITLE: Consideration and possible approval of the City of Fallon's Annual Comprehensive Financial Report for the year ended June 30, 2022. (For Possible Action)

TYPE OF ACTION REQUESTED: (Check One)

Resolution

Ordinance

Formal Action/Motion

Other – Review & Discussion

RECOMMENDED COUNCIL ACTION: Motion to approve the City of Fallon's Annual Comprehensive Financial Report for the year ended June 30, 2022.

DISCUSSION: Pursuant to NRS 354.624, the City shall provide an annual audit of its financial statements. The City engaged Eide Bailly LLP to perform the annual audit. Mary Cain, Senior Audit Manager, will present the audit report to the City Council. If approved, the Annual Comprehensive Financial Report for the year ended June 30, 2022 will be forwarded to the Nevada Department of Taxation as required.

PREPARED BY: Sean Richardson, City Clerk/Treasurer

FISCAL IMPACT: N/A

FUNDING SOURCE: N/A

Annual Comprehensive Financial Report
For the Year Ended June 30, 2022
City of Fallon, Nevada

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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INTRODUCTORY SECTION

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Ken Tedford
MAYOR

December 28, 2022

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



James D. Richardson
Councilman

Kelly Frost
Councilwoman

Karla K. Kent
Councilwoman

The Annual Comprehensive Financial Report for the City of Fallon for the fiscal year ended June 30, 2022 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, 2022 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, 2022, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the Government



The City of Fallon is the county seat for Churchill County located in the western portion of northern Nevada. The City of Fallon was incorporated in 1908 and is the only incorporated City within the County. The City now has a population exceeding 9,000 residents and occupies a land area of 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 and a low unemployment rate (3.4%) 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 \$14,888,024 or 7.3% from the previous fiscal year. Property tax collections, however, decreased by \$10,623 or .6% 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 with this fiscal year showing being no different with an increase of \$122,370 or 5.1% from the previous fiscal year. All City utility enterprises remain very steady and stable.

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

Long-Term Financial Planning

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

Relevant Financial Policies

Ending Fund Balance Reserves – In compliance with State law, the City’s policy requires the General Fund to have a budgeted, unreserved fund balance of at least 4% of prior year expenditures. The City is in compliance with this requirement as the FY22/23 budget includes a budgeted ending fund balance of 8.1% as submitted and approved by the State.

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

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

Awards

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fallon, Nevada for its annual comprehensive financial report for the fiscal year ended June 30, 2021. 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 annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

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

Respectfully submitted,



Sean C. Richardson, CPA
City Clerk/Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Fallon
Nevada**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

PRINCIPAL OFFICIALS
OF THE CITY OF FALLON, NEVADA
2021-2022

Office	Name	Term of Office	Term Expires
Mayor	Ken Tedford	Four Years	January 2025
Council Member Ward 1	Kelly Frost	Four Years	January 2023
Council Member Ward 2	Karla Kent	Four Years	January 2025
Council Member Ward 3	James Richardson	Four Years	January 2023
City Attorney	Michael Mackedon	Two Years	January 2024
Deputy Assistant City Attorney	Sean Rowe	Two Years	January 2024
Deputy Assistant City Attorney	Trent deBraga	Two Years	January 2024
Chief of Staff	Robert Erickson	Two Years	January 2024
Municipal Court Judge	Michael Lister	Two Years	January 2024
City Clerk-Treasurer	Sean Richardson	Two Years	January 2024
Deputy City Clerk-Treasurer	Elsie Lee	Two Years	January 2024
Deputy City Clerk-Treasurer	Michael O'Neill	Two Years	January 2024
Public Works Director	Brian Byrd	Two Years	January 2024
Deputy Public Works Director	Ryan Swirczek	Two Years	January 2024
Deputy Public Works Director	Adrian Noriega	Two Years	January 2024
Deputy Public Works Director	Kevin Gulley	Two Years	January 2024
City Engineer	Derek Zimney	Two Years	January 2024
Chief of Police	Kris Alexander	Two Years	January 2024
Police Captain	Ron Wenger	Two Years	January 2024
Police Captain	John Frandsen	Two Years	January 2024
Emergency Manager	Steven Endacott	Two Years	January 2024
Director of Tourism and Special Events	Jane Moon	Two Years	January 2024

City of Fallon Organizational Chart

EXECUTIVE BRANCH

Mayor and Chief Executive Officer

Chief of Staff

City Attorney Municipal Court Judge Chief of Police City Clerk-Treasurer Public Works Director City Engineer Director of Tourism and Special Events Emergency Manager

Deputy City Attorney
Deputy City Attorney

Police Captain
Police Captain

Deputy City Clerk
Deputy City Clerk

Deputy Public Works Director
Deputy Public Works Director
Deputy Public Works Director

LEGISLATIVE BRANCH

City Council

Convention & Tourism Authority

Fire Board

JUDICIAL BRANCH

Municipal Court

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FINANCIAL SECTION

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fallon, Nevada, (the City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 1 and 16 to the financial statements, the City has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, Leases, for the year ended June 30, 2022. Accordingly, a restatement has been made to the business type-activities and the Electric Major Fund net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 22, the budgetary comparison and reconciliation information for the General Fund on pages 70 through 74, notes to the required supplementary information-budgetary reporting on page 75, the schedule of changes in the City's total OPEB liability and related ratios – City of Fallon Employee Health Benefit Plan (COFEHBP) on page 76, the schedule of changes in the City's total OPEB liability and related ratios – State of Nevada Public Employee's Benefit Plan (PEBP) on page 77, the schedule of the City's share of the net pension liability on page 78, and the schedule of the City's contributions on page 79 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules including budgetary comparisons, and reconciliation information, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Fees Imposed Subject to the Provisions of NRS 354.5989 is presented for purposes of additional analysis as required by Nevada Revised Statutes and is also not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the 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 and is also not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules, including budgetary comparisons, and reconciliation information, the Schedule of Fees Imposed Subject to the Provisions of NRS 354.5989, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subject to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, including budgetary comparisons, reconciliation information, the Schedule of Fees Imposed Subject to the Provisions of NRS 354.5989, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Elko, Nevada
December 28, 2022

CITY OF FALLON

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022. 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 \$67,745,208. Governmental activities contributed \$27,939,578 or 41% of the total net position while the business-type activities contributed \$39,805,630 or 59% 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, 2022 by \$67,745,208 (net position), an increase of 9.2 % from the prior year as restated net position. The net position is primarily represented by the City's net investment in capital assets.
- Fund balance for the General Fund totaled \$5,990,204 which includes a \$4.5 million committed fund balance stemming from the State Local Fiscal Recovery Funds (SLFRF). The two balances netted compute to \$1,490,204 or 11.1% of the total General Fund expenditures.

Financial Overview

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

The City of Fallon maintains 17 separate funds that make up the governmental fund category. Information is presented separately in the governmental balance sheet and the governmental statement of revenues, expenditures, and changes in fund balance for the General Fund because it qualifies as a major fund under the GASB 34 definition. Information for the remaining funds, which meet the definition of non-major funds, is aggregated for reporting purposes.

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

Proprietary Funds

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

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

Notes to the Financial Statements

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

Other information

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

Financial Statement Analysis

Governmental-wide Financial Analysis

Values reported as net position can provide an indication of a government's financial position. A comparison of assets, deferred outflows of resources, liabilities and deferred inflows of resources for the government-wide financial statements reflect a net position of \$67,745,208 as of June 30, 2022. When compared to the prior fiscal year as restated, the City's net position increased \$5,725,782 or 9.2%. The increase was due to grant funds of the first tranche of the SLFRF.

The largest portion of the City's net position reflects its investment in capital assets (e.g. land, building, machinery, equipment, infrastructure, utility systems). The investment value of \$69,095,926 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.

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The City of Fallon's Net Position

	Governmental Activities		Business-Type Activities		Total	
	FY22	FY21	FY22	FY21 (as restated)	FY22	FY21 (as restated)
Current and Other Assets	\$ 8,908,014	\$ 5,278,588	\$ 14,370,936	\$ 16,435,406	\$ 23,278,950	\$ 21,713,994
Capital Assets, Net	31,756,739	31,881,644	47,528,897	47,091,484	79,285,636	78,973,128
Total assets	40,664,753	37,160,232	61,899,833	63,526,890	102,564,586	100,687,122
Deferred Outflows of Resources	5,412,945	2,353,572	2,148,524	1,041,225	7,561,469	3,394,797
Total assets and deferred outflows of resources	46,077,698	39,513,804	64,048,357	64,568,115	110,126,055	104,081,919
Current Liabilities	1,727,682	2,603,782	4,114,368	4,790,646	5,842,050	7,394,428
Noncurrent liabilities	9,856,313	13,688,049	17,554,247	20,078,591	27,410,560	33,766,640
Total liabilities	11,583,995	16,291,831	21,668,615	24,869,237	33,252,610	41,161,068
Deferred Inflows of Resources	6,554,125	642,424	2,574,112	259,001	9,128,237	901,425
Total liabilities and deferred inflows of resources	18,138,120	16,934,255	24,242,727	25,128,238	42,380,847	42,062,493
Net Position						
Net investment in capital assets	31,170,497	31,163,713	37,925,429	36,322,149	69,095,926	67,485,862
Restricted	389,334	289,077	727,150	685,378	1,116,484	974,455
Unrestricted	(3,620,253)	(8,873,241)	1,153,051	2,432,350	(2,467,202)	(6,440,891)
Total Net Position	\$ 27,939,578	\$ 22,579,549	\$ 39,805,630	\$ 39,439,877	\$ 67,745,208	\$ 62,019,426

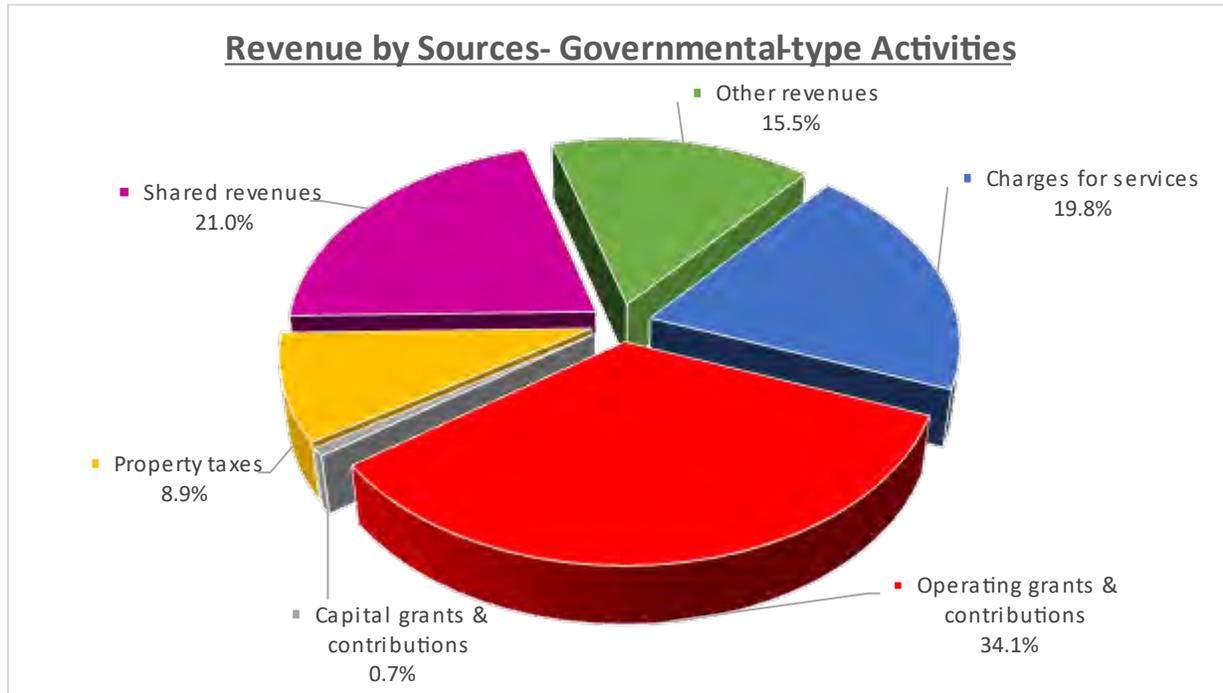
The governmental and business-type activities for fiscal year 2021-2022 are presented in the City's Changes in Net Position schedule. As indicated in the schedule, government activities increased the City's net position by \$5,360,029 and business-type activities increased the City's net position by \$365,753. The City has a negative unrestricted net position value of \$3,620,253 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	
	FY22	FY21	FY22	FY21 (as restated)	FY22	FY21 (as restated)
Revenues						
Program revenues						
Charges for services	\$ 3,727,685	\$ 3,705,907	\$ 20,669,778	\$ 20,830,353	\$ 24,397,463	\$ 24,536,260
Operating grants and contributions	6,450,924	2,933,890	56,734	299,640	6,507,658	3,233,530
Capital grants and contributions	126,358	794,200	1,463,717	996,455	1,590,075	1,790,655
General revenues						
Property taxes	1,687,126	1,613,756	-	-	1,687,126	1,613,756
Shared revenues	3,955,363	3,595,307	-	-	3,955,363	3,595,307
Other revenues	2,923,708	2,698,227	15,183	31,610	2,938,891	2,729,837
Total revenues	18,871,164	15,341,287	22,205,412	22,158,058	41,076,576	37,499,345
Expenses						
General government	2,379,011	2,452,247	-	-	2,379,011	2,452,247
Judicial	1,179,970	1,045,921	-	-	1,179,970	1,045,921
Public Safety	5,977,521	5,983,856	-	-	5,977,521	5,983,856
Public Works	1,203,386	1,023,028	-	-	1,203,386	1,023,028
Culture and Recreation	1,571,883	1,065,268	-	-	1,571,883	1,065,268
Community Support	999,364	1,578,438	-	-	999,364	1,578,438
Electric	-	-	12,417,995	11,578,355	12,417,995	11,578,355
Water	-	-	1,987,371	2,046,330	1,987,371	2,046,330
Sewer	-	-	2,424,561	2,353,040	2,424,561	2,353,040
Sanitation	-	-	2,048,318	2,014,502	2,048,318	2,014,502
Landfill	-	-	1,938,640	1,866,584	1,938,640	1,866,584
Water Treatment	-	-	1,222,774	1,305,939	1,222,774	1,305,939
Total expenses	13,311,135	13,148,758	22,039,659	21,164,750	35,350,794	34,313,508
Change in Net Position	5,560,029	2,192,529	165,753	993,308	5,725,782	3,185,837
Transfers	(200,000)	7,433,080	200,000	(7,433,080)	-	-
Net Position at July 1	22,579,549	12,953,940	39,439,877	45,879,649	62,019,426	58,833,589
Net Position at June 30	<u>\$ 27,939,578</u>	<u>\$ 22,579,549</u>	<u>\$ 39,805,630</u>	<u>\$ 39,439,877</u>	<u>\$ 67,745,208</u>	<u>\$ 62,019,426</u>

Governmental Activities – Revenues

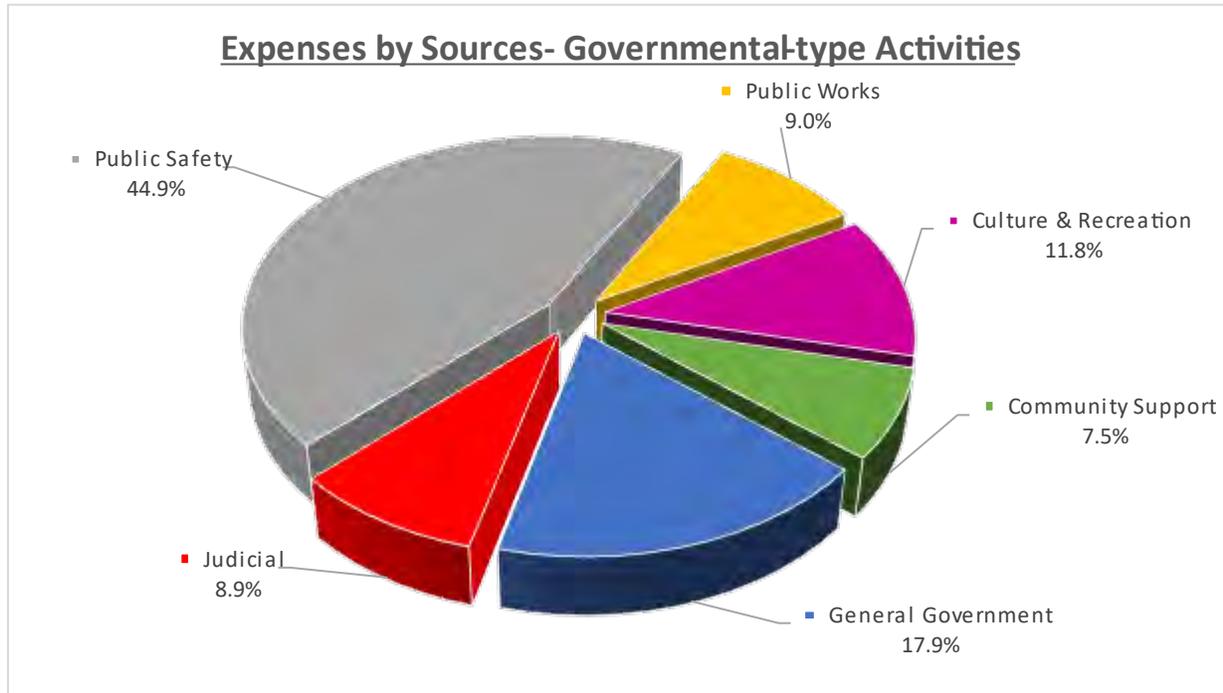
Governmental Activities	FY 2022 Revenues	FY 2021 Revenues	Increase (Decrease)	Percent Change
Charges for services	\$ 3,727,685	\$ 3,705,907	\$ 21,778	1%
Operating grants and contributions	6,450,924	2,933,890	3,517,034	120%
Capital grants and contributions	126,358	794,200	(667,842)	-84%
Property taxes	1,687,126	1,613,756	73,370	5%
Shared revenues	3,955,363	3,595,307	360,056	10%
Other revenues	2,923,708	2,698,227	225,481	8%
Total	\$ 18,871,164	\$ 15,341,287	\$ 3,529,877	23%



Total revenues for governmental activities had significant increases as revenues increased by \$3,529,877 or 23% when compared to the prior fiscal year. Charges for services remained steady with just a slight increase from the prior year. The largest revenue source increase was in operating grants & contributions reflecting a \$3,517,034 or 120% increase. The significant increase is attributable to the first tranche payment for the SLFRF. Capital grants and contributions had a 84% 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. Property taxes remain stable with an increase of 5%. The City continues to have steady growth in both population and assessed value. Shared revenues increased \$360,056 or 10%. The largest source of the shared revenue category is consolidated taxes (CTX) which includes sales tax, excise taxes and motor vehicle tax. CTX increased 5.1% from the previous fiscal year.

Governmental Activities – Expenses

	FY 2022 Expenses	FY 2021 Expenses	Increase (Decrease)	Percent Change
Governmental Activities				
General Government	\$ 2,379,011	\$ 2,452,247	\$ (73,236)	-3%
Judicial	1,179,970	1,045,921	134,049	13%
Public Safety	5,977,521	5,983,856	(6,335)	0%
Public Works	1,203,386	1,023,028	180,358	18%
Culture and Recreation	1,571,883	1,065,268	506,615	48%
Community Support	999,364	1,578,438	(579,074)	-37%
Total	\$ 13,311,135	\$ 13,148,758	\$ 162,377	1%



As noted above, total governmental activities expenses were \$13,311,135 in the current year compared to \$13,148,758 in the prior year which is a \$162,377 or 1% increase. The general government function includes the departments/offices of the City Council, Mayor, Clerk/Treasurer, Administration and City Hall. The general government expenses reflect a decrease of 3% which was comprised of the annual merit and cost of living increases to salaries and wages less the reduction of net pension liability. The judicial function includes the office of the City Attorney and the Municipal Court. The 13% increase in judicial expenses from the prior year is due to salary adjustments, merit increases and cost of living adjustments along with general overhead increases. Public safety represents the largest portion of the expenses in governmental-type activities at 44.9% in the current fiscal year. Public safety is comprised of the police department, animal control, fire department and civil defense. This function remained unchanged from the prior year even though there were increases in salaries and wages due to the annual merit and cost of living adjustments. However, the reduction of net pension liability offset the majority. The public works function shows an increase as the City continues to provide more resources to maintain and improve the street infrastructure. The culture and recreation function includes all city parks, city gym, outdoor pool and other public facilities. The 48% increase can be contributed to the fully opening of all City facilities to pre-pandemic levels. In addition, the City held several special events. Community support function reflects a decrease of 37%. Even though the City provided similar support funding in years past, the prior year included a large donation to the County for the construction of an events center in our community.

Business-type Activities

Business Type Activities – Revenue

	FY 2022 Charge for Service	FY 2021 Charge for Service	Increase (Decrease)	Percent Change
Business-Type Activities				
Electric	\$ 11,200,848	\$ 11,328,706	\$ (127,858)	-1%
Water	1,662,559	1,616,639	45,920	3%
Sewer	2,214,775	2,348,424	(133,649)	-6%
Water Treatment	1,718,301	1,711,032	7,269	0%
Sanitation	2,424,453	2,237,762	186,691	8%
Landfill	1,448,842	1,587,790	(138,948)	-9%
Total	<u>\$ 20,669,778</u>	<u>\$ 20,830,353</u>	<u>\$ (160,575)</u>	<u>-1%</u>

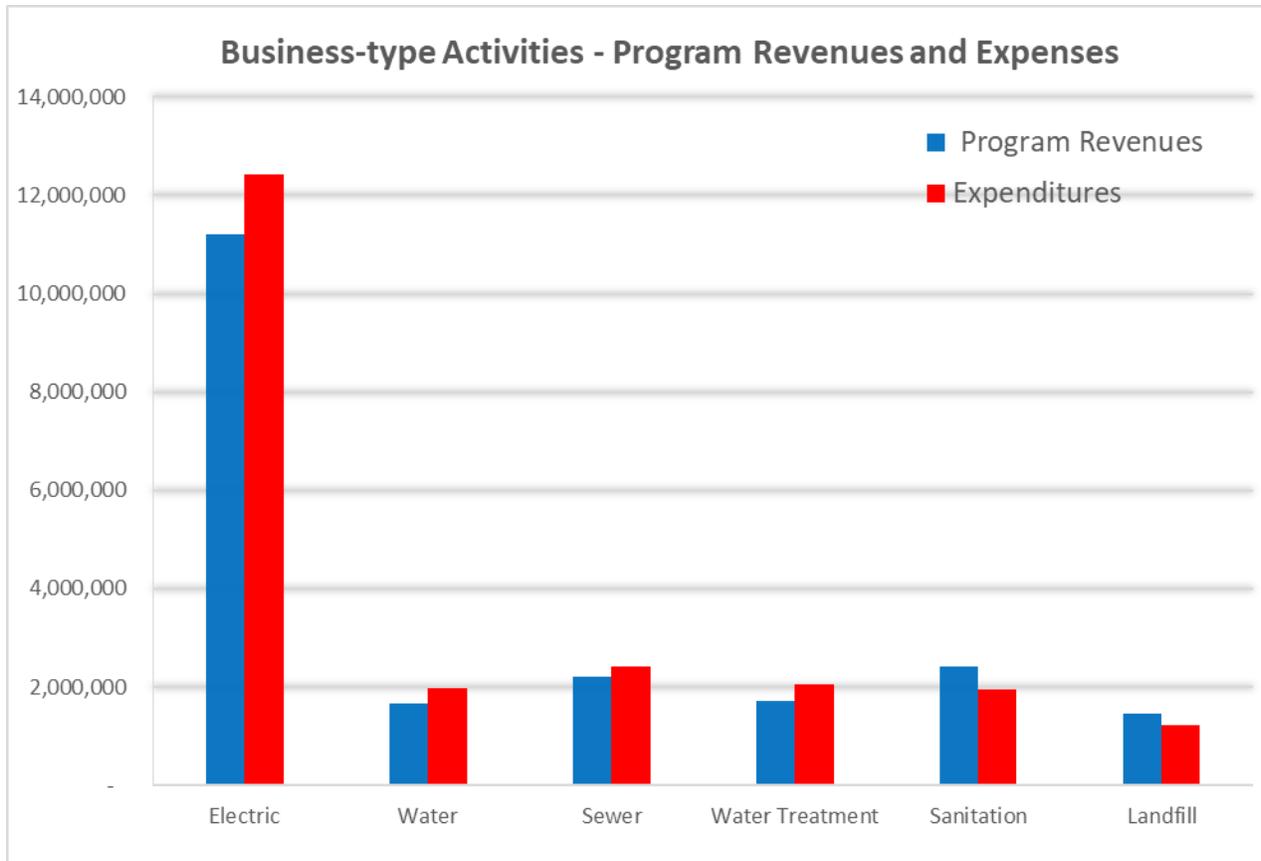
Overall, the total revenues for business-type activities experienced a \$160,575 or 1% decrease from the prior year. Even without additional customers or rate changes, charge for service for the electric, water and water treatment utilities can vary year to year based on weather and conservation efforts. The sanitation revenues show a \$186,691 or 8% increase as the rate change in the prior year was implemented the entire fiscal year. The landfill revenues show a \$138,948 or 9% decrease as the usage and tonnage at the landfill was significantly lower from the previous year.

Business Type Activities – Expenses

	FY 2022 Expenses	FY 2021 Expenses (as restated)	Increase (Decrease)	Percent Change
Business-Type Activities				
Electric	\$ 12,417,995	\$ 11,578,355	\$ 839,640	7%
Water	1,987,371	2,046,330	(58,959)	-3%
Sewer	2,424,561	2,353,040	71,521	3%
Water Treatment	2,048,318	2,014,502	33,816	2%
Sanitation	1,938,640	1,866,584	72,056	4%
Landfill	1,222,774	1,305,939	(83,165)	-6%
Total	<u>\$ 22,039,659</u>	<u>\$ 21,164,750</u>	<u>\$ 874,909</u>	<u>4%</u>

Total expenses of business-type activities reflected a \$874,909 increase of 4%. The electric enterprise showed a 7% increase which can be attributable to electric purchase costs and promotion expenses. Water enterprise had a 3% decrease as this department was not fully staffed in the current year. The Sewer and Water Treatment enterprises both showed slight increases of 3% and 2% respectively. The increase is due to annual merit and cost increases to salaries and wages. Sanitation enterprise reflects a 4% increase due to the significant fuel price increases from the prior year. The landfill enterprise reports a 6% decrease in expenses due to this department not fully staffed in the current year. In addition, the significant fuel cost increase was offset by savings in operating and maintenance.

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 \$7,407,743 an increase of \$4,432,565 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, 2022, the fund balance in the General Fund was \$5,990,204 of which \$9,703 is non-spendable, \$44,780 is restricted for private grants, and \$4,826,193 is committed. The remaining fund balance \$1,109,528 was unassigned as of June 30, 2022. 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 8.3% of total fund expenditures.

The General Fund balance increased by \$4,291,580 during the fiscal year. This is a result of the levels of revenue, expenditures and transfers. Revenues totaling \$17,615,710 reflects an increase of 28.6% from the prior year. Majority of the increase is attributed to the first tranche payment of grant funds for the SLFRF. General Fund expenditures of \$13,428,401 showed a decrease from the previous year at 4.1%. Several factors attributed to the decrease including a \$1 million contribution to Churchill County for the construction of the 3C Event Center and two major street projects all in the prior year.

Proprietary Funds

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

The net position of the business-type activities remained flat with a total \$39,805,630 which is an increase of \$365,753 or .1%.

General Fund Budgetary Highlights

The General Fund total revenues in the original budget were \$10,009,438 and augmented to \$13,233,938 for an increase of \$3,224,500. The actual revenues were \$17,484,374 which was \$4,250,436 more than the final budget. The variance when comparing the difference between actual and the final budgeted revenues is due to the SLFRF.

The General Fund total expenditures original budget of \$10,545,026 was augmented \$2,962,500 for a total budget of \$13,507,526. Actual expenditures of \$12,915,024 came in under the final budget amount by \$592,502. The variances between actual and the final budgeted expenditures was mainly due to the city hall admin, police department and street department coming in under the augmented final budget.

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, 2022 was \$79,285,636 (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	
	FY22	FY21	FY22	FY21 (as restated)	FY22	FY21 (as restated)
Land	\$ 840,947	\$ 815,947	\$ 2,287,657	\$ 2,287,657	\$ 3,128,604	\$ 3,103,604
Construction in progress	595,207	2,656,873	1,331,562	2,406,745	1,926,769	5,063,618
Buildings and improvements	10,491,069	10,989,867	1,022,935	956,377	11,514,004	11,946,244
Machinery and equipment	1,859,501	1,557,916	2,761,695	2,170,804	4,621,196	3,728,720
Infrastructure	17,970,015	15,861,041	40,045,878	39,187,077	58,015,893	55,048,118
Right to use leased assets	-	-	79,170	82,824	79,170	82,824
Total	\$ 31,756,739	\$ 31,881,644	\$ 47,528,897	\$ 47,091,484	\$ 79,285,636	\$ 78,973,128

Significant additions in the current year for governmental activities include Construction in Progress (CIP) airport runway lights, (CIP) airport FBO building, (CIP) multiple street projects, Pennington Youth Center improvements, fire department equipment/apparatus, police department vehicle and equipment, Front Street reconstruction, and Maine Streetscape project.

Significant additions in the current year for business-type activities include (CIP) New River Feeders, telescopic aerial device, electric meter replacement, Maine/Front street electric improvements, public work vehicles, CAT loader, roll offs, waste wheelers, sewer equipment, Maine/Front street sewer improvements, Maine/Front street water improvements, and roof improvements for Water Treatment plant.

See Note 5 for additional details.

Long-term Debt Activity

Notes payable, bonds payable, leases and other liabilities outstanding at June 30, 2022, totaled \$14,474,735 net of premiums. Debt for governmental activities reported a balance of \$946,317 which is 6.6% of total debt outstanding. Business-type activities debt totaled \$13,528,418 or 93.4% of total debt outstanding.

No additional debt was issued in the fiscal year and all debt obligations were paid as scheduled.

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

Other Economic Factors

Factors caused by the Covid-19 pandemic have significantly decreased as our society seems to be slowly getting back to pre-pandemic life. However, other economic factors have emerged recently. The other factors include supply chain issues, inflation, fuel prices, and the war in Ukraine. These factors have not only had international effects, but also in our local community

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

City of Fallon, Nevada
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets			
Cash, cash equivalents and investments	\$ 7,830,229	\$ 5,692,457	\$ 13,522,686
Due from other governments	660,162	50,459	710,621
Receivables, net of allowances for uncollectible accounts (where applicable)			
Taxes	19,191	-	19,191
Accounts	183,098	2,348,435	2,531,533
Assessments	4,800	-	4,800
Grants	192,856	-	192,856
Other	-	156,192	156,192
Prepays	9,703	-	9,703
Parts inventory	-	102,886	102,886
Total current assets	8,900,039	8,350,429	17,250,468
Noncurrent assets			
Restricted assets			
Cash and investments	7,975	4,871,107	4,879,082
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	1,436,154	3,619,219	5,055,373
Other capital assets, net of depreciation	30,320,585	43,830,508	74,151,093
Right to use leased assets, net of amortization	-	79,170	79,170
Total noncurrent assets	31,764,714	53,549,404	85,314,118
Total assets	40,664,753	61,899,833	102,564,586
Deferred Outflows of Resources			
Deferred outflows related to other postemployment benefits	286,449	157,807	444,256
Deferred outflows related to pensions	5,126,496	1,990,717	7,117,213
Total deferred outflows of resources	5,412,945	2,148,524	7,561,469

City of Fallon, Nevada
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 887,454	\$ 2,185,918	\$ 3,073,372
Accrued payroll and related liabilities	425,258	180,169	605,427
Accrued interest payable	-	98,212	98,212
Unearned revenue	4,800	-	4,800
Customer deposits, payable from restricted cash	-	393,950	393,950
Due to other governments	174,256	-	174,256
Current portion of compensated absences	170,940	83,052	253,992
Current portion of lease liability	-	1,475	1,475
Current maturities of long-term debt	64,974	1,171,592	1,236,566
	<u>1,727,682</u>	<u>4,114,368</u>	<u>5,842,050</u>
Noncurrent liabilities			
Other postemployment benefits liability	1,533,322	896,759	2,430,081
Net pension liability	7,612,588	2,994,189	10,606,777
Compensated absences, net of current portion	189,135	91,891	281,026
Estimated liability for landfill closure and post-closure care costs	-	1,391,000	1,391,000
Lease Liability	-	79,727	79,727
Bonds, notes and financed purchases, net of current portion	521,268	12,100,681	12,621,949
	<u>9,856,313</u>	<u>17,554,247</u>	<u>27,410,560</u>
Total liabilities			
	<u>11,583,995</u>	<u>21,668,615</u>	<u>33,252,610</u>
Deferred Inflows of Resources			
Deferred inflows related to other postemployment benefits	216,437	102,740	319,177
Deferred inflows related to pensions	6,337,688	2,471,372	8,809,060
	<u>6,554,125</u>	<u>2,574,112</u>	<u>9,128,237</u>
Total deferred inflows of resources			
	<u>6,554,125</u>	<u>2,574,112</u>	<u>9,128,237</u>
Total Liabilities and Deferred Inflows of Resources			
	<u>18,138,120</u>	<u>24,242,727</u>	<u>42,380,847</u>
Net Position			
Net investment in capital assets	31,170,497	37,925,429	69,095,926
Restricted for			
Private grants	44,780	-	44,780
Capital projects	344,554	727,150	1,071,704
Unrestricted	(3,620,253)	1,153,051	(2,467,202)
	<u>\$ 27,939,578</u>	<u>\$ 39,805,630</u>	<u>\$ 67,745,208</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	\$ (2,379,011)	\$ 3,590,441	\$ 6,271,181	\$ 82,378
Judicial	(1,179,970)	79,010	-	-
Public safety	(5,975,512)	18,789	-	-
Public works	(1,203,386)	-	-	43,980
Culture and recreation	(1,571,883)	39,445	-	-
Community support	(999,364)	-	179,743	-
Interest on long-term debt	(2,009)	-	-	-
Total government activities	(13,311,135)	3,727,685	6,450,924	126,358
Business-Type Activities				
Electric	(12,417,995)	11,200,848	-	115,422
Water	(1,987,371)	1,662,559	56,734	695,895
Sewer	(2,424,561)	2,214,775	-	435,000
Water treatment	(2,048,318)	1,718,301	-	217,400
Sanitation	(1,938,640)	2,424,453	-	-
Landfill	(1,222,774)	1,448,842	-	-
Total business-type activities	(22,039,659)	20,669,778	56,734	1,463,717
Total primary government	\$ (35,350,794)	\$ 24,397,463	\$ 6,507,658	\$ 1,590,075

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
Transfers

Total general revenues and transfers

Change in Net Position

Net Position, Beginning of Year, as restated

Net Position, End of Year

City of Fallon, Nevada
Statement of Activities
Year Ended June 30, 2022

<u>Net (Expenses) Revenue and Changes in Net Position</u>		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ 7,564,989	\$ -	\$ 7,564,989
(1,100,960)	-	(1,100,960)
(5,956,723)	-	(5,956,723)
(1,159,406)	-	(1,159,406)
(1,532,438)	-	(1,532,438)
(819,621)	-	(819,621)
(2,009)	-	(2,009)
<u>(3,006,168)</u>	<u>-</u>	<u>(3,006,168)</u>
-	(1,101,725)	(1,101,725)
-	427,817	427,817
-	225,214	225,214
-	(112,617)	(112,617)
-	485,813	485,813
-	226,068	226,068
<u>-</u>	<u>150,570</u>	<u>150,570</u>
<u>(3,006,168)</u>	<u>150,570</u>	<u>(2,855,598)</u>
1,687,126	-	1,687,126
916,969	-	916,969
164,894	-	164,894
2,873,500	-	2,873,500
282,616	-	282,616
1,138,372	-	1,138,372
1,053,841	-	1,053,841
227,800	-	227,800
650	15,183	15,833
220,429	-	220,429
(200,000)	200,000	-
<u>8,366,197</u>	<u>215,183</u>	<u>8,581,380</u>
<u>5,360,029</u>	<u>365,753</u>	<u>5,725,782</u>
<u>22,579,549</u>	<u>39,439,877</u>	<u>62,019,426</u>
<u>\$ 27,939,578</u>	<u>\$ 39,805,630</u>	<u>\$ 67,745,208</u>

City of Fallon, Nevada
Balance Sheet – Governmental Funds
June 30, 2022

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash, cash equivalents and investments	\$ 6,387,680	\$ 1,442,549	\$ 7,830,229
Due from other governments	595,086	65,076	660,162
Receivables, net of allowances for uncollectible accounts (where applicable)			
Taxes	19,191	-	19,191
Accounts	74,131	108,967	183,098
Assessments	-	4,800	4,800
Grant	187,781	5,075	192,856
Prepays	9,703	-	9,703
Restricted assets			
Cash and investments	7,975	-	7,975
	<u>7,975</u>	<u>-</u>	<u>7,975</u>
Total assets	<u>\$ 7,281,547</u>	<u>\$ 1,626,467</u>	<u>\$ 8,908,014</u>
Liabilities			
Accounts payable	\$ 687,989	\$ 199,466	\$ 887,455
Accrued payroll and related liabilities	425,258	-	425,258
Due to other governments	169,594	4,662	174,256
Unearned revenue	-	4,800	4,800
	<u>-</u>	<u>4,800</u>	<u>4,800</u>
Total liabilities	<u>1,282,841</u>	<u>208,928</u>	<u>1,491,769</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	8,502	-	8,502
	<u>8,502</u>	<u>-</u>	<u>8,502</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,291,343</u>	<u>208,928</u>	<u>1,500,271</u>
Fund Balances			
Nonspendable	9,703	-	9,703
Restricted			
Private grants	44,780	-	44,780
Capital projects	-	344,554	344,554
Committed			
Capital projects	4,500,000	-	4,500,000
Public works	8,026	424,491	432,517
Public safety	1,824	-	1,824
Unemployment compensation	409	-	409
Community support	268,175	648,494	916,669
Compensated absence	2,023	-	2,023
Mayor's Youth	45,736	-	45,736
Unassigned	1,109,528	-	1,109,528
	<u>1,109,528</u>	<u>-</u>	<u>1,109,528</u>
Total fund balances	<u>5,990,204</u>	<u>1,417,539</u>	<u>7,407,743</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 7,281,547</u>	<u>\$ 1,626,467</u>	<u>\$ 8,908,014</u>

City of Fallon, Nevada
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2022

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

Total fund balance - governmental funds		\$ 7,407,743
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	\$ 56,244,195	
Accumulated depreciation	<u>(24,487,456)</u>	31,756,739
Property taxes receivable are not available to pay current period expenditures and, therefore, are deferred in the governmental funds balance sheet.		
		8,502
Certain liabilities are not reported in the governmental funds because they are not due and payable in the current period.		
Other postemployment benefits liability	(1,533,322)	
Net pension liability	(7,612,588)	
Compensated absences	(360,075)	
Note payable	<u>(586,242)</u>	(10,092,227)
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred outflows of resources related to pensions	5,126,496	
Deferred inflows of resources related to pensions	(6,337,688)	
Deferred outflows of resources related to other postemployment benefits	286,449	
Deferred inflows of resources related to other postemployment benefits	<u>(216,437)</u>	<u>(1,141,179)</u>
Net position of governmental activities		<u>\$ 27,939,578</u>

City of Fallon, Nevada
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2022

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Taxes			
Ad valorem	\$ 1,601,116	\$ 87,761	\$ 1,688,877
Other	1,485,332	916,969	2,402,301
Charges for services	2,764,314	25,387	2,789,701
Intergovernmental	9,482,050	232,587	9,714,637
Licenses and permits	2,188,558	-	2,188,558
Fines and forfeitures	51,127	-	51,127
Miscellaneous			
Investment income	529	122	651
Other	42,684	244	42,928
Total revenues	<u>17,615,710</u>	<u>1,263,070</u>	<u>18,878,780</u>
Expenditures			
Current			
General government and administration	2,264,934	-	2,264,934
Judicial	1,261,880	-	1,261,880
Public safety	6,459,401	-	6,459,401
Public works	587,921	40,562	628,483
Culture and recreation	1,229,691	-	1,229,691
Community support	468,743	525,351	994,094
Capital outlay			
General government and administration	163,556	-	163,556
Public safety	448,787	-	448,787
Public works	495,214	118,203	613,417
Culture and recreation	41,068	-	41,068
Community support	7,206	-	7,206
Debt service			
Principal retirement	-	131,689	131,689
Interest and fiscal charges	-	2,009	2,009
Total expenditures	<u>13,428,401</u>	<u>817,814</u>	<u>14,246,215</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,187,309</u>	<u>445,256</u>	<u>4,632,565</u>
Other Financing Sources (Uses)			
Transfers in	480,000	208,698	688,698
Transfers out	(375,729)	(512,969)	(888,698)
Total other financing sources	<u>104,271</u>	<u>(304,271)</u>	<u>(200,000)</u>
Net Change in Fund Balances	4,291,580	140,985	4,432,565
Fund Balances, Beginning of Year	<u>1,698,624</u>	<u>1,276,554</u>	<u>2,975,178</u>
Fund Balances, End of Year	<u>\$ 5,990,204</u>	<u>\$ 1,417,539</u>	<u>\$ 7,407,743</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, 2022

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

Net change in fund balances - total governmental funds	\$	4,432,565
<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	\$	1,365,169
Current year depreciation		(1,122,456)
Sale/disposition of assets		(367,618)
		(124,905)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the government funds.</p>		
Change in unavailable revenues - property taxes		(1,751)
<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		947,414
Pension expense		(65,560)
		881,854
<p>The issuance of long-term debt (i.e. notes payable) provides current financial resources to governmental funds, but the issuing of debt increases long-term liabilities in the statement of net position. Repayment of long-term liabilities is an expenditure in the governmental funds but the repayment reduces long-term debt in the statement of net position. In addition, governmental funds report the effect of premiums when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal payments made in current year		131,689
<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		101,707
Other postemployment benefits expense		(88,555)
		13,152
<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		27,425
Change in net position of governmental activities	\$	5,360,029

	Business-Type Activities - Enterprise Funds		
	Electric	Water	Sewer
Assets			
Current assets			
Cash, cash equivalents and investments	\$ 1,699,880	\$ 313,216	\$ 993,879
Accounts receivable, net of allowance for doubtful accounts	1,214,212	212,991	268,472
Other receivables	156,192	-	-
Due from other funds	-	-	-
Due from other governments	50,459	-	-
Parts inventory	-	102,886	-
Total current assets	<u>3,120,743</u>	<u>629,093</u>	<u>1,262,351</u>
Noncurrent Assets			
Restricted assets			
Cash and investments			
Customer deposits	388,193	5,757	-
Bond payable	3,750,007	-	-
Capital projects	-	-	-
Assets held for resale	1,099,400	-	-
Deposits held by others	50,000	-	-
Capital assets			
Land and construction in progress	1,411,494	450,203	542,843
Other capital assets, net of depreciation	6,415,482	6,217,213	15,094,308
Right to use Leased assets, net of amortization	79,170	-	-
Total noncurrent assets	<u>13,193,746</u>	<u>6,673,173</u>	<u>15,637,151</u>
Total assets	<u>16,314,489</u>	<u>7,302,266</u>	<u>16,899,502</u>
Deferred Outflows of Resources			
Deferred outflows related to other postemployment benefits	35,704	27,026	9,443
Deferred outflows related to pensions	415,652	301,126	161,260
Total deferred outflows of resources	<u>451,356</u>	<u>328,152</u>	<u>170,703</u>

See Notes to Financial Statements

City of Fallon, Nevada
Statement of Net Position – Proprietary Funds
June 30, 2022

Business-Type Activities - Enterprise Funds				Business-Type Activities - Internal Service Funds
Water Treatment	Sanitation	Nonmajor Enterprise Funds	Total	
\$ 1,252,527	\$ 102,103	\$ 1,289,494	\$ 5,651,099	\$ 41,358
192,217	262,510	198,033	2,348,435	-
-	-	-	156,192	-
-	-	250,000	250,000	-
-	-	-	50,459	-
-	-	-	102,886	-
<u>1,444,744</u>	<u>364,613</u>	<u>1,737,527</u>	<u>8,559,071</u>	<u>41,358</u>
-	-	-	393,950	-
-	-	-	3,750,007	-
-	-	727,150	727,150	-
-	-	-	1,099,400	-
-	-	-	50,000	-
72,854	154,980	196,252	2,828,626	790,593
14,075,218	1,065,677	739,352	43,607,250	223,258
-	-	-	79,170	-
<u>14,148,072</u>	<u>1,220,657</u>	<u>1,662,754</u>	<u>52,535,553</u>	<u>1,013,851</u>
<u>15,592,816</u>	<u>1,585,270</u>	<u>3,400,281</u>	<u>61,094,624</u>	<u>1,055,209</u>
13,687	20,104	10,574	116,538	41,269
<u>186,320</u>	<u>235,077</u>	<u>117,850</u>	<u>1,417,285</u>	<u>573,432</u>
<u>200,007</u>	<u>255,181</u>	<u>128,424</u>	<u>1,533,823</u>	<u>614,701</u>

	Business-Type Activities - Enterprise Funds		
	Electric	Water	Sewer
Liabilities			
Current liabilities			
Accounts payable	\$ 1,210,772	\$ 79,560	\$ 133,844
Accrued payroll and related liabilities	39,384	28,199	9,168
Accrued interest payable	13,481	11,441	71,142
Customer deposits, payable from restricted cash	388,193	5,757	-
Current portion of compensated absences	3,838	15,916	26,747
Current portion of lease liability	1,475	-	-
Current maturities of long-term debt	497,889	238,801	359,993
Due to other funds	-	-	-
Total current liabilities	<u>2,155,032</u>	<u>379,674</u>	<u>600,894</u>
Noncurrent liabilities			
Other postemployment benefits liability	239,588	135,494	64,918
Net pension liability	618,449	394,077	349,724
Compensated absences, net of current portion	4,247	17,610	29,595
Estimated liability for landfill closure and postclosure care costs	-	-	-
Lease Liability	79,727	-	-
Bonds and notes payable, net of current portion	5,205,936	922,422	5,738,210
Total noncurrent liabilities	<u>6,147,947</u>	<u>1,469,603</u>	<u>6,182,447</u>
Total liabilities	<u>8,302,979</u>	<u>1,849,277</u>	<u>6,783,341</u>
Deferred Inflows of Resources			
Deferred inflows related to other postemployment benefits	20,019	16,877	7,114
Deferred inflows related to pensions	512,972	374,811	187,458
Total deferred outflows of resources	<u>532,991</u>	<u>391,688</u>	<u>194,572</u>
Net Position			
Net investment in capital assets	5,871,126	5,506,193	9,538,948
Restricted for capital projects	-	-	-
Unrestricted (deficit)	2,058,749	(116,740)	553,344
Total net position (deficit)	<u>\$ 7,929,875</u>	<u>\$ 5,389,453</u>	<u>\$ 10,092,292</u>

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

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

Net position of business-type activities

City of Fallon, Nevada
Statement of Net Position – Proprietary Funds
June 30, 2022

Business-Type Activities - Enterprise Funds				Business-Type Activities - Internal Service Funds
Water Treatment	Sanitation	Nonmajor Enterprise Funds	Total	
\$ 119,048	\$ 102,145	\$ 35,243	\$ 1,680,612	\$ 505,306
19,473	19,524	9,124	124,872	55,297
238	1,702	208	98,212	-
-	-	-	393,950	-
900	7,270	6,215	60,886	22,166
-	-	-	1,475	-
6,605	62,524	5,780	1,171,592	-
-	250,000	-	250,000	-
<u>146,264</u>	<u>443,165</u>	<u>56,570</u>	<u>3,781,599</u>	<u>582,769</u>
79,119	117,560	50,435	687,114	209,645
310,486	493,071	206,972	2,372,779	621,410
993	8,043	6,877	67,365	24,526
-	-	1,391,000	1,391,000	-
-	-	-	79,727	-
<u>53,789</u>	<u>133,259</u>	<u>47,065</u>	<u>12,100,681</u>	<u>-</u>
<u>444,387</u>	<u>751,933</u>	<u>1,702,349</u>	<u>16,698,666</u>	<u>855,581</u>
<u>590,651</u>	<u>1,195,098</u>	<u>1,758,919</u>	<u>20,480,265</u>	<u>1,438,350</u>
8,705	13,128	6,890	72,733	30,007
<u>223,312</u>	<u>289,620</u>	<u>144,330</u>	<u>1,732,503</u>	<u>738,869</u>
<u>232,017</u>	<u>302,748</u>	<u>151,220</u>	<u>1,805,236</u>	<u>768,876</u>
14,087,678	1,024,874	882,759	36,911,578	1,013,851
-	-	727,150	727,150	-
<u>882,477</u>	<u>(682,269)</u>	<u>8,657</u>	<u>2,704,218</u>	<u>(1,551,167)</u>
<u>\$ 14,970,155</u>	<u>\$ 342,605</u>	<u>\$ 1,618,566</u>	40,342,946	<u>\$ (537,316)</u>
			<u>(537,316)</u>	
			<u>\$ 39,805,630</u>	

	Business-Type Activities - Enterprise Funds		
	Electric	Water	Sewer
Operating Revenues			
Charges for services	\$ 11,059,959	\$ 1,662,559	\$ 2,214,775
Operating grants	-	56,734	-
Miscellaneous	140,889	-	-
Total operating revenues	<u>11,200,848</u>	<u>1,719,293</u>	<u>2,214,775</u>
Operating Expenses			
Salaries and wages	538,726	454,173	191,405
Employee benefits	178,480	146,304	72,841
Services and supplies	1,089,619	361,600	499,769
Electric energy purchased	6,505,497	-	-
Depreciation/amortization	544,197	300,119	684,342
Data processing use fee	98,800	49,400	17,290
Public works use fee	561,476	276,000	96,600
In lieu of taxes and franchise taxes	845,820	253,892	468,705
General fund administrative support	1,257,804	156,372	176,772
Total operating expenses	<u>11,620,419</u>	<u>1,997,860</u>	<u>2,207,724</u>
Operating Income (Loss)	<u>(419,571)</u>	<u>(278,567)</u>	<u>7,051</u>
Nonoperating Revenues (Expenses)			
Investment income	11,958	1,145	1,855
Economic development	(212,474)	-	-
Quality of life promotion	(492,870)	-	-
RTC reimbursement	-	95,866	-
Bond issuance costs	(68,704)	-	-
Interest expense	(96,612)	(25,528)	(229,443)
Total nonoperating revenues (expenses)	<u>(858,702)</u>	<u>71,483</u>	<u>(227,588)</u>
Income (Loss) Before Capital Contributions and Transfers	(1,278,273)	(207,084)	(220,537)
Capital Contributions	115,422	600,029	435,000
Transfers In	-	-	-
Transfers Out	-	-	-
Change in Net Position	<u>(1,162,851)</u>	<u>392,945</u>	<u>214,463</u>
Net Position, Beginning of Year, as restated	<u>9,092,726</u>	<u>4,996,508</u>	<u>9,877,829</u>
Net Position (Deficit), End of Year	<u>\$ 7,929,875</u>	<u>\$ 5,389,453</u>	<u>\$ 10,092,292</u>

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

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

Change in net position of business-type activities

City of Fallon, Nevada
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
Year Ended June 30, 2022

Business-Type Activities - Enterprise Funds				Business-Type Activities - Internal Service Funds
Water Treatment	Sanitation	Nonmajor Enterprise Funds	Total	
\$ 1,428,474	\$ 2,424,453	\$ 1,448,842	\$ 20,239,062	\$ 1,627,000
-	-	-	56,734	-
<u>289,827</u>	<u>-</u>	<u>-</u>	<u>430,716</u>	<u>-</u>
<u>1,718,301</u>	<u>2,424,453</u>	<u>1,448,842</u>	<u>20,726,512</u>	<u>1,627,000</u>
234,263	353,282	185,406	1,957,255	807,547
83,313	242,586	85,942	809,466	269,483
546,850	753,791	539,860	3,791,489	333,067
-	-	-	6,505,497	-
385,658	145,181	96,336	2,155,833	35,768
49,400	17,290	14,820	247,000	-
276,000	96,600	82,800	1,389,476	-
351,706	146,340	125,751	2,192,214	-
<u>156,372</u>	<u>190,368</u>	<u>101,988</u>	<u>2,039,676</u>	<u>-</u>
<u>2,083,562</u>	<u>1,945,438</u>	<u>1,232,903</u>	<u>21,087,906</u>	<u>1,445,865</u>
<u>(365,261)</u>	<u>479,015</u>	<u>215,939</u>	<u>(361,394)</u>	<u>181,135</u>
105	8	108	15,179	4
-	-	-	(212,474)	-
-	-	-	(492,870)	-
-	-	-	95,866	-
-	-	-	(68,704)	-
<u>(773)</u>	<u>(5,808)</u>	<u>(676)</u>	<u>(358,840)</u>	<u>-</u>
<u>(668)</u>	<u>(5,800)</u>	<u>(568)</u>	<u>(1,021,843)</u>	<u>4</u>
(365,929)	473,215	215,371	(1,383,237)	181,139
217,400	-	-	1,367,851	-
-	-	41,772	41,772	200,000
<u>(41,772)</u>	<u>-</u>	<u>-</u>	<u>(41,772)</u>	<u>-</u>
<u>(190,301)</u>	<u>473,215</u>	<u>257,143</u>	<u>(15,386)</u>	<u>381,139</u>
<u>15,160,456</u>	<u>(130,610)</u>	<u>1,361,423</u>		<u>(918,455)</u>
<u>\$ 14,970,155</u>	<u>\$ 342,605</u>	<u>\$ 1,618,566</u>		<u>\$ (537,316)</u>

381,139

\$ 365,753

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>
Operating Activities			
Cash from customers	\$ 12,013,576	\$ 1,712,074	\$ 2,219,195
Cash from other funds for services	-	-	-
Payments to suppliers for goods and services	(9,722,621)	(1,285,606)	(1,074,295)
Payments to employees for services	(534,099)	(454,448)	(193,139)
Payments to other funds for services	<u>(2,103,624)</u>	<u>(410,264)</u>	<u>(645,477)</u>
Net Cash from (used for) Operating Activities	<u>(346,768)</u>	<u>(438,244)</u>	<u>306,284</u>
Noncapital Financing Activities			
Repayments on interfund advances	-	(500,000)	-
Receipts from interfund advances	-	32,771	-
Transfers from other funds	-	-	-
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash from (used for) Noncapital Financing Activities	<u>-</u>	<u>(467,229)</u>	<u>-</u>
Capital and Related Financing Activities			
Purchase of property, plant, and equipment	(395,080)	(256,663)	(350,338)
Principal payments on debt	(494,543)	(233,423)	(343,713)
Connection fees	115,422	600,029	435,000
Grant funding	-	684,560	-
Interest paid on debt	<u>(97,799)</u>	<u>(27,965)</u>	<u>(233,574)</u>
Net Cash from (used for) Capital and Related Financing Activities	<u>(872,000)</u>	<u>766,538</u>	<u>(492,625)</u>
Investing Activities			
Interest on cash and investments	<u>11,958</u>	<u>1,145</u>	<u>1,855</u>
Net Change in Cash and Cash Equivalents	(1,206,810)	(137,790)	(184,486)
Cash and Cash Equivalents, Beginning of Year	<u>7,044,890</u>	<u>456,763</u>	<u>1,178,365</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,838,080</u>	<u>\$ 318,973</u>	<u>\$ 993,879</u>

See Notes to Financial Statements

City of Fallon, Nevada
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2022

Business-Type Activities - Enterprise Funds				Business-Type Activities - Internal Service Funds
Water Treatment	Sanitation	Nonmajor Enterprise Funds	Total	
\$ 1,744,305	\$ 2,397,386	\$ 1,219,610	\$ 21,306,146	\$ -
-	-	-	-	1,627,000
(907,538)	(1,154,017)	(574,634)	(14,718,711)	(1,042,828)
(227,157)	(355,763)	(189,013)	(1,953,619)	43,068
(508,078)	(336,708)	(227,739)	(4,231,890)	-
<u>101,532</u>	<u>550,898</u>	<u>228,224</u>	<u>401,926</u>	<u>627,240</u>
200,000	-	-	(300,000)	-
-	3,602	-	36,373	-
-	-	41,772	41,772	200,000
(41,772)	-	-	(41,772)	-
<u>158,228</u>	<u>3,602</u>	<u>41,772</u>	<u>(263,627)</u>	<u>200,000</u>
(78,873)	(640,255)	-	(1,721,209)	(907,805)
(6,503)	(96,736)	(5,690)	(1,180,608)	-
217,400	-	-	1,367,851	-
-	-	-	684,560	-
(799)	(6,778)	(701)	(367,616)	-
<u>131,225</u>	<u>(743,769)</u>	<u>(6,391)</u>	<u>(1,217,022)</u>	<u>(907,805)</u>
<u>105</u>	<u>8</u>	<u>108</u>	<u>15,179</u>	<u>4</u>
391,090	(189,261)	263,713	(1,063,544)	(80,561)
<u>861,437</u>	<u>291,364</u>	<u>1,752,931</u>	<u>11,585,750</u>	<u>121,919</u>
<u>\$ 1,252,527</u>	<u>\$ 102,103</u>	<u>\$ 2,016,644</u>	<u>\$ 10,522,206</u>	<u>\$ 41,358</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)	\$ (419,571)	\$ (278,567)	\$ 7,051
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities			
Depreciation	540,543	300,119	684,342
Amortization	3,654	-	(44,688)
Pension contributions	(76,468)	(56,077)	(26,703)
Pension expense	5,292	3,883	1,847
OPEB expense	(1,216)	(1,025)	(432)
Economic development expense	(212,474)	-	-
Quality of life promotion expense	(492,870)	-	-
Changes in			
Due from other funds	500,000	-	-
Accounts receivable	332,545	(5,917)	5,435
Inventory	-	(6,469)	-
Accounts payable	(562,205)	(396,380)	(329,600)
Landfill closure costs	-	-	-
Accrued payroll and related liabilities	4,627	(275)	(1,734)
Compensated absences	(304)	1,247	10,766
Customer deposits	31,679	1,217	-
Net Cash from (used for) Operating Activities	<u>\$ (346,768)</u>	<u>\$ (438,244)</u>	<u>\$ 306,284</u>
Reconciliation of Total Cash and Cash Equivalents:			
Current assets - cash and cash equivalents	\$ 1,699,880	\$ 313,216	\$ 993,879
Restricted assets - cash and cash equivalents	<u>4,138,200</u>	<u>5,757</u>	<u>-</u>
Total cash and investments	<u>\$ 5,838,080</u>	<u>\$ 318,973</u>	<u>\$ 993,879</u>

See Notes to Financial Statements

City of Fallon, Nevada
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2022

Business-Type Activities - Enterprise Funds				Business-Type Activities - Internal Service Funds
Water Treatment	Sanitation	Nonmajor Enterprise Funds	Total	
\$ (365,261)	\$ 479,015	\$ 215,939	\$ (361,394)	\$ 181,135
385,658	145,181	96,336	2,152,179	35,768
-	-	-	(41,034)	-
-	-	-	(159,248)	-
(30,787)	(38,336)	(20,903)	(79,004)	(104,305)
(529)	(798)	(419)	(4,419)	(1,826)
-	-	-	(212,474)	-
-	-	-	(492,870)	-
-	-	-	500,000	-
26,004	(27,068)	20,767	351,766	-
-	-	(250,000)	(256,469)	-
78,958	(1,248)	(2,833)	(1,213,308)	486,741
-	-	171,000	171,000	-
7,105	(2,481)	(3,607)	3,635	21,504
384	(3,367)	1,944	10,670	8,223
-	-	-	32,896	-
<u>\$ 101,532</u>	<u>\$ 550,898</u>	<u>\$ 228,224</u>	<u>\$ 401,926</u>	<u>\$ 627,240</u>
\$ 1,252,527	\$ 102,103	\$ 1,289,494	\$ 5,651,099	\$ 41,358
-	-	727,150	4,871,107	-
<u>\$ 1,252,527</u>	<u>\$ 102,103</u>	<u>\$ 2,016,644</u>	<u>\$ 10,522,206</u>	<u>\$ 41,358</u>

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

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

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

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

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

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

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

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

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

Enterprise funds:

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

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

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

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

Cash and Investments

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

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

- Certain “A” rated notes and bonds purchased by a registered broker-dealer that are issued by corporations organized and operating in the United States and that mature within five (5) years from the date of purchase; asset-backed securities and collateralized mortgage obligations rated “AAA” or higher by a nationally recognized rating service. These investments must not, in the aggregate, exceed 20 percent of the total portfolio at the time of purchase, nor include notes and bonds issued by any one corporation in excess of 25 percent of such investments
- United States bonds and debentures maturing within ten (10) years from the date of purchase
- Certain farm loan bonds
- Bills and notes of the United States Treasury, maturing within ten (10) years from the date of purchase
- Obligations of an agency of the United States or a corporation sponsored by the government, maturing within ten (10) years from the date of purchase
- Obligations of state and local governments if, (1) the interest is exempt for federal income tax purposes and (2) the obligations have been rated “A” or higher by a nationally recognized bond credit rating agency
- Negotiable and nonnegotiable certificates of deposit from commercial banks and insured savings and loan associations
- State of Nevada Local Government Pooled Investment Fund
- Certain securities issued by local governments of the State of Nevada
- Certain bankers’ acceptances
- Certain short-term paper issued by a corporation organized and operating in the United States
- Other securities expressly provided by other statutes, including repurchase agreements
- Certain “AAA” rated mutual funds that invest in (1) securities issued by the Federal Government or agencies of the Federal Government, (2) Master, bank notes or other short-term commercial paper rates as “A-1” or “P-1” issued by a corporation or depository institution organized, licensed, and operating in the United States and/or (3) Repurchase agreements that are fully collateralized by (1) and (2) above.

Cash Equivalents

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

Receivables and Payables

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

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

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

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

Receivables in proprietary fund types have arisen in the ordinary course of business. Proprietary accounts receivable and the related allowance for doubtful accounts at June 30, 2022, are as follows:

Fund Type	Outstanding Balance	Allowance for Doubtful Accounts	Net
Enterprise Funds			
Electric	\$ 1,269,344	\$ 55,132	\$ 1,214,212
Water	221,030	8,039	212,991
Sewer	279,546	11,074	268,472
Water Treatment	199,359	7,142	192,217
Sanitation	272,398	9,888	262,510
Nonmajor	205,277	7,244	198,033
	<u>\$ 2,446,954</u>	<u>\$ 98,519</u>	<u>\$ 2,348,435</u>

Inventories and Prepaids

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

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

Restricted Assets

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

Capital Assets

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

Right to use leased assets are recognized at the lease commencement date and represent the City’s right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful live of the underlying asset using the straight-line method. The amortization period is 22 years.

Long-Term Liabilities

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

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

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

A liability for compensated absences is reported in the governmental funds, primarily the General Fund, only if they have matured as a result of employee resignations, terminations, and retirements. For governmental fund types, bond premiums and discounts are recognized during the current period. The face amount of bonds is reported as other financing sources, as are bond premiums. Bond discounts are recorded as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

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

Deferred Inflows and Outflows of Resources

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

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

Pensions

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

Equity

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

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

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

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

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

When an expenditure is incurred, and both restricted and unrestricted resources are available, the portion of the fund balance that was restricted for those purposes shall be reduced first. If no restricted resources exist, then the unrestricted fund balance shall be reduced. Furthermore, when an expenditure is incurred for purposes which amounts of committed, assigned, or unassigned are considered to have been spent, and any of these unrestricted fund balance classifications could be used, they are considered to be spent in the above order.

Use of Estimates

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

Implementation of GASB Statement No. 87

As of July 1, 2021, the City of Fallon adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain right to use leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 16 and the additional disclosures required by this standard are included in Notes 5, 6, 7 and 16.

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 (excluding the debt service function) of the General, Special Revenue and Capital Projects Funds. Per NRS 354.626, expenditures over budgeted appropriations are allowed for bond repayments, medium term obligation repayments, and other long term contracts expressly authorized by law. In the Proprietary Funds, actual expenses may not exceed the sum of budgeted operating and nonoperating expenses. The governmental functions of the General Fund are general government, public safety, judicial, public works, culture and recreation, and community support.

Compliance

The City conformed to all significant statutory and legal 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, 2022:

	Restricted	Unrestricted	Total
Cash and investment balances held by			
Governmental Funds	\$ 7,975	\$ 7,830,229	\$ 7,838,204
Proprietary Funds	4,871,107	5,692,457	10,563,564
Total cash and investments	\$ 4,879,082	\$ 13,522,686	\$ 18,401,768
Total investments			
State of Nevada Local Government Investment Pool		*	\$ 10,257,102
Total cash			8,144,666
Total cash and investments			\$ 18,401,768

* represents average weighted maturity of 125 days

The City is a voluntary participant in the State of Nevada Local Government Investment Pool (LGIP), which has regulatory oversight from the Board of Finance of the State of Nevada. The City's investment in the LGIP is equal to its original investment plus monthly allocation of interest income, and realized and unrealized gains and losses, which is the same as the value of pool shares. The City's investment in the LGIP is reported at Net Asset Value. The City is able to withdraw funds on a daily basis and has no outstanding, unfunded commitments as of June 30, 2022. 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 \$8,161,130 were covered by FDIC insurance and collateralized by the Office of the State Treasurer/Nevada Collateral Pool as of June 30, 2022.

Note 4 - Property Taxes

All real property in the City is assigned a parcel number by the Churchill County Assessor in accordance with state law, with each parcel being subject to physical reappraisal every five years. Annual adjustments are made to the assessed valuation to reflect general changes in property values that are attached on July 1. The tax is due and payable July 1, or the taxpayer is offered four installments being third Monday in August, first Monday in October, first Monday in January and first Monday in March. The assessed valuation of the property and its improvements is computed at 35 percent of "taxable value" as defined by statute. The amount of tax levied is developed by multiplying the assessed value by the tax rate applicable to the area in which the property is located. The maximum tax rate was established in the state constitution at \$5 per one hundred dollars of assessed valuation. As a result of the 1979 legislative session, the tax rate was further limited to \$3.64 per one hundred dollars of assessed valuation, except in cases of severe financial emergency as defined by NRS 354.705.

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

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

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

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

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2022:

Governmental Activities

	Balance at July 1, 2021	Additions	Disposals	Transfers	Balance at June 30, 2022
Capital assets, not being depreciated					
Land	\$ 815,947	\$ 100,000	\$ (75,000)	\$ -	\$ 840,947
Construction in progress	2,656,873	583,307	-	(2,644,973)	595,207
Total capital assets, not being depreciated	<u>3,472,820</u>	<u>683,307</u>	<u>(75,000)</u>	<u>(2,644,973)</u>	<u>1,436,154</u>
Capital assets, being depreciated					
Infrastructure	33,000,706	58,734	(13,288)	2,644,973	35,691,125
Buildings and improvements	13,707,667	103,400	(285,000)	-	13,526,067
Machinery and equipment	5,546,525	519,728	(475,404)	-	5,590,849
Total capital assets, being depreciated	<u>52,254,898</u>	<u>681,862</u>	<u>(773,692)</u>	<u>2,644,973</u>	<u>54,808,041</u>
Less accumulated depreciation					
Infrastructure	(17,139,665)	(581,445)	-	-	(17,721,110)
Buildings and improvements	(2,717,800)	(359,362)	42,164	-	(3,034,998)
Machinery and equipment	(3,988,609)	(181,649)	438,910	-	(3,731,348)
Total accumulated depreciation	<u>(23,846,074)</u>	<u>(1,122,456)</u>	<u>481,074</u>	<u>-</u>	<u>(24,487,456)</u>
Total capital assets, being depreciated, net	<u>28,408,824</u>	<u>(440,594)</u>	<u>(292,618)</u>	<u>2,644,973</u>	<u>30,320,585</u>
Governmental Activities Capital Assets, Net	<u>\$ 31,881,644</u>	<u>\$ 242,713</u>	<u>\$ (367,618)</u>	<u>\$ -</u>	<u>\$ 31,756,739</u>

Construction in progress consists of the Airport Runway Lights, Airport Fixed Base Operations Building, Airport Taxi Way G Relocation, City Hall Generator, A Street Reconstruction, Broadway/Sherman reconstruction, and Whitaker/Rancho reconstruction projects.

The City exchanged land and a building with Churchill County for land Churchill County owned. The fair market value of the land received was \$100,000 and the City reported a loss of \$217,835 on the transaction.

City of Fallon, Nevada
Notes to Financial Statements
June 30, 2022

Business-type Activities	Balance at July 1, 2021 as Restated	Additions	Disposals	Transfers	Balance at June 30, 2022
Capital assets, not being depreciated					
Land	\$ 2,287,657	\$ -	\$ -	\$ -	\$ 2,287,657
Construction in progress	2,406,745	1,244,454	-	(2,319,637)	1,331,562
Total capital assets, not being depreciated	<u>4,694,402</u>	<u>1,244,454</u>	<u>-</u>	<u>(2,319,637)</u>	<u>3,619,219</u>
Capital assets, being depreciated					
Buildings and improvements	2,054,086	136,989	-	-	2,191,075
Machinery and equipment	8,078,818	1,001,454	(55,335)	-	9,024,937
Electric, water, and sewer system	76,092,299	246,117	-	2,319,637	78,658,053
Total capital assets, being depreciated	<u>86,225,203</u>	<u>1,384,560</u>	<u>(55,335)</u>	<u>2,319,637</u>	<u>89,874,065</u>
Less accumulated depreciation					
Buildings and improvements	(1,097,709)	(70,431)	-	-	(1,168,140)
Machinery and equipment	(5,908,014)	(410,563)	55,335	-	(6,263,242)
Electric, water, and sewer system	(36,905,222)	(1,706,953)	-	-	(38,612,175)
Total accumulated depreciation	<u>(43,910,945)</u>	<u>(2,187,947)</u>	<u>55,335</u>	<u>-</u>	<u>(46,043,557)</u>
Right to use leased assets being amortized					
Right to use communications tower	82,824	-	-	-	82,824
Less accumulated amortization for					
Right to use communications tower	-	(3,654)	-	-	(3,654)
Net right to use leased assets	<u>82,824</u>	<u>(3,654)</u>	<u>-</u>	<u>-</u>	<u>79,170</u>
Total capital assets, being depreciated, net	<u>42,397,082</u>	<u>(807,041)</u>	<u>-</u>	<u>2,319,637</u>	<u>43,909,678</u>
Business-type Activities Capital Assets, Net	<u>\$ 47,091,484</u>	<u>\$ 437,413</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,528,897</u>

Construction in progress consists of the New River Feeders, Electric Meter Replacement, Transformer Replacement, Water Tank Replacement, Dewatering Press, and Public Works Building projects.

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

Governmental Activities

General Government and Administration

City clerk	\$ 4,189
City hall	36,331
	40,520

Judicial

Municipal court	4,466
	4,466

Public Safety

Police	117,533
Task force	1,251
Animal control	474
Fire	13,996
	133,254

Public Works

Street, curb & gutter	327,954
Airport	246,950
	574,904

Culture and Recreation

Centennial	2,200
Parks	115,399
	117,599

Community Support

Administrative buildings	220,391
Convention center	31,322
	251,713

Total governmental activities	\$ 1,122,456
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Business-type Activities

Electric Fund	\$ 544,197
Water Fund	300,119
Sewer Fund	684,342
Water Treatment Fund	385,658
Sanitation Fund	145,181
Landfill Fund	96,336
Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets	35,768

Total business-type activities	\$ 2,191,601
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Note 6 - Long-Term Debt

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

Governmental Activities

	Balance July 1, 2021	Additions	(Reductions)	Balance June 30, 2022
<u>Medium - Term Obligation:</u>				
Direct Borrowings:				
\$265,792 to KS State Bank dated 07/17 with monthly payments of \$5,156 including interest at 6.14%	\$ 59,861	\$ -	\$ (59,861)	\$ -
Less amount classified as current	<u>(59,861)</u>	<u>-</u>	<u>59,861</u>	<u>-</u>
Long-term portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$358,800 to Zions Bank dated 12/20 with semi-annual payments of \$19,250 including interest at 1.19%	354,315	-	(42,298)	312,017
Less amount classified as current	<u>(34,445)</u>	<u>-</u>	<u>(538)</u>	<u>(34,983)</u>
Long-term portion	<u>319,870</u>	<u>-</u>	<u>(42,836)</u>	<u>277,034</u>
Airport Special Revenue Fund \$307,600 to Zions Bank dated 12/20 with semi annual payments of \$16,500 including interest at 1.19%	303,755	-	(29,530)	274,225
Less amount classified as current	<u>(29,530)</u>	<u>-</u>	<u>(461)</u>	<u>(29,991)</u>
Long-term portion	<u>274,225</u>	<u>-</u>	<u>(29,991)</u>	<u>244,234</u>
<u>Other Liabilities</u>				
Compensated absences	387,500	314,153	(341,578)	360,075
Less amount classified as current	<u>(186,789)</u>	<u>15,849</u>	<u>-</u>	<u>(170,940)</u>
Long-term portion	<u>200,711</u>	<u>330,002</u>	<u>(341,578)</u>	<u>189,135</u>
<u>Total Medium - Term Obligation and Other Liabilities</u>				
Governmental activities	1,105,431	314,153	(473,267)	946,317
Less amount classified as current	<u>(310,625)</u>	<u>15,849</u>	<u>58,862</u>	<u>(235,914)</u>
Long-term portion	<u>\$ 794,806</u>	<u>\$ 330,002</u>	<u>\$ (414,405)</u>	<u>\$ 710,403</u>

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

Business-type Activities

	Balance July 1, 2021 as restated	Additions	(Reductions)	Balance June 30, 2022
Bonds and Lease Payable				
Electric Enterprise Fund				
Direct Borrowings:				
\$644,809 to Zions Bank dated 12/20 with semi-annual payments of \$35,000 with interest at 1.19%				
	\$ 636,745	\$ -	\$ (61,920)	\$ 574,825
Less amount classified as current	(61,921)	-	32	(61,889)
Long-term portion	<u>574,824</u>	<u>-</u>	<u>(61,888)</u>	<u>512,936</u>
\$5,580,000 to JP Morgan Chase Bank dated 08/20 with semi-annual payments of \$251,000 with interest at 1.33%				
	5,560,000	-	(431,000)	5,129,000
Less amount classified as current	(431,000)	-	(5,000)	(436,000)
Long-term portion	<u>5,129,000</u>	<u>-</u>	<u>(436,000)</u>	<u>4,693,000</u>
Lease liabilities	82,824	-	(1,622)	81,202
Less amount classified as current	(1,622)	-	147	(1,475)
Long-term portion	<u>81,202</u>	<u>-</u>	<u>(1,475)</u>	<u>79,727</u>
Electric Enterprise Funds Totals	6,279,569	-	(494,542)	5,785,027
Less amount classified as current	(494,543)	-	(4,821)	(499,364)
Long-term portion	<u>\$ 5,785,026</u>	<u>\$ -</u>	<u>\$ (499,363)</u>	<u>\$ 5,285,663</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%				
	\$ 667,701	\$ -	\$ (104,830)	\$ 562,871
Less amount classified as current	(104,809)	-	(2,507)	(107,316)
Long-term portion	<u>562,892</u>	<u>-</u>	<u>(107,337)</u>	<u>455,555</u>
\$996,087 bond payable to State of Nevada dated 01/16; secured by pledged revenues; semi-annual payments of \$57,835 with interest at 2.23%				
	499,743	-	(106,506)	393,237
Less amount classified as current	(106,505)	-	(2,547)	(109,052)
Long-term portion	<u>393,238</u>	<u>-</u>	<u>(109,053)</u>	<u>284,185</u>
Direct Borrowings:				
\$230,078 to Zions Bank dated 12/20 with semi-annual payments of \$12,000 with interest at 1.19%				
	227,202	-	(22,087)	205,115
Less amount classified as current	(22,087)	-	(346)	(22,433)
Long-term portion	<u>205,115</u>	<u>-</u>	<u>(22,433)</u>	<u>182,682</u>

Business-type Activities (Continued)

	Balance July 1, 2021 as restated	Additions	(Reductions)	Balance June 30, 2022
Water Enterprise Fund totals	\$ 1,394,646	\$ -	\$ (233,423)	\$ 1,161,223
Less amount classified as current	<u>(233,401)</u>	<u>-</u>	<u>(5,400)</u>	<u>(238,801)</u>
Long-term portion	<u>\$ 1,161,245</u>	<u>\$ -</u>	<u>\$ (238,823)</u>	<u>\$ 922,422</u>
Sewer Enterprise Fund				
Direct Placement:				
\$7,285,000 bond payable to State of Nevada Bond Bank dated 11/15; variable payments of \$552,413 per year with interest at approximately 3.17%				
	\$ 5,890,000	\$ -	\$ (320,000)	\$ 5,570,000
Less amount classified as current	<u>(320,000)</u>	<u>-</u>	<u>(15,000)</u>	<u>(335,000)</u>
Long-term portion	<u>5,570,000</u>	<u>-</u>	<u>(335,000)</u>	<u>5,235,000</u>
Direct Borrowing:				
\$247,013 to Zions Bank dated 12/20 with semi-annual payments of \$13,000 with interest at 1.19%				
	243,925	-	(23,713)	220,212
Less amount classified as current	<u>(23,713)</u>	<u>-</u>	<u>(1,280)</u>	<u>(24,993)</u>
Long-term portion	<u>220,212</u>	<u>-</u>	<u>(24,993)</u>	<u>195,219</u>
Sewer Enterprise Fund Totals	6,133,925	-	(343,713)	5,790,212
Less amount classified as current	<u>(343,713)</u>	<u>-</u>	<u>(16,280)</u>	<u>(359,993)</u>
Long-term portion	<u>\$ 5,790,212</u>	<u>\$ -</u>	<u>\$ (359,993)</u>	<u>\$ 5,430,219</u>
Sanitation Enterprise Fund				
Direct Borrowings:				
\$84,680 to Zions Bank dated 12/20 with semi-annual payments of \$4,500 with interest at 1.19%				
	\$ 83,622	\$ -	\$ (8,130)	\$ 75,492
Less amount classified as current	<u>(8,130)</u>	<u>-</u>	<u>(565)</u>	<u>(8,695)</u>
Long-term portion	<u>75,492</u>	<u>-</u>	<u>(8,695)</u>	<u>66,797</u>
\$405,763 financed purchase with Nevada State Bank dated 10/16; semi-annual payments of \$36,708 with interest at 2.75%				
	107,566	-	(71,393)	36,173
Less amount classified as current	<u>(70,954)</u>	<u>-</u>	<u>34,781</u>	<u>(36,173)</u>
Long-term portion	<u>36,612</u>	<u>-</u>	<u>(36,612)</u>	<u>-</u>
\$172,735 financed purchase with ZB, N.A. dated 10/16; semi-annual payments of \$10,158 with interest at 3.33%				
	101,331	-	(17,213)	84,118
Less amount classified as current	<u>(17,081)</u>	<u>-</u>	<u>(575)</u>	<u>(17,656)</u>
Long-term portion	<u>84,250</u>	<u>-</u>	<u>(17,788)</u>	<u>66,462</u>

Business-type Activities (Continued)

	Balance July 1, 2021 as restated	Additions	(Reductions)	Balance June 30, 2022
Sanitation Enterprise Fund Totals	\$ 292,519	\$ -	\$ (96,736)	\$ 195,783
Less amount classified as current	(96,165)	-	33,641	(62,524)
Long-term portion	<u>\$ 196,354</u>	<u>\$ -</u>	<u>\$ (63,095)</u>	<u>\$ 133,259</u>
Landfill Enterprise Fund				
Direct Borrowings:				
\$59,276 to Zions Bank dated 12/20 with semi-annual payments of \$3,500 with interest at 1.19%	\$ 58,535	\$ -	\$ (5,690)	\$ 52,845
Less amount classified as current	(5,691)	-	(89)	(5,780)
Long-term portion	<u>52,844</u>	<u>-</u>	<u>(5,779)</u>	<u>47,065</u>
Landfill Enterprise Fund Totals	58,535	-	(5,690)	52,845
Less amount classified as current	(5,691)	-	(89)	(5,780)
Long-term portion	<u>\$ 52,844</u>	<u>\$ -</u>	<u>\$ (5,779)</u>	<u>\$ 47,065</u>
Water Treatment Enterprise Fund				
Direct Borrowing:				
\$67,744 to Zions Bank dated 12/20 with semi-annual payments of \$3,750 with interest at 1.19%	\$ 66,897	\$ -	\$ (6,503)	\$ 60,394
Less amount classified as current	(6,503)	-	(102)	(6,605)
Long-term portion	<u>\$ 60,394</u>	<u>\$ -</u>	<u>\$ (6,605)</u>	<u>\$ 53,789</u>
<u>Other Liabilities</u>				
Compensated absences	\$ 156,051	\$ 134,314	\$ (115,422)	\$ 174,943
Less amount classified as current	(75,222)	(7,830)	-	(83,052)
Long-term portion	<u>80,829</u>	<u>126,484</u>	<u>(115,422)</u>	<u>91,891</u>
<u>Total Bonds Payable, Financed Purchases and Other Liabilities</u>				
Business-type activities	14,382,142	134,314	(1,296,029)	13,220,427
Unamortized net bond premium	352,679	-	(44,688)	307,991
Less amounts classified as current	<u>(1,255,238)</u>	<u>(7,830)</u>	<u>6,949</u>	<u>(1,256,119)</u>
Long-term portion	<u>\$ 13,479,583</u>	<u>\$ 126,484</u>	<u>\$ (1,333,768)</u>	<u>\$ 12,272,299</u>

Annual requirements to amortize the City's bonds payable, leases and financed purchases as of June 30, 2022:

	Governmental Activities		Electric Enterprise Fund		Water Enterprise Fund		Sewer Enterprise Fund	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2023	\$ 6,683	\$ 64,974	\$ 74,000	\$ 499,364	\$ 22,429	\$ 238,801	\$ 217,139	\$ 359,993
2024	5,906	65,641	67,374	507,229	17,307	244,208	200,101	374,331
2025	5,121	66,307	60,634	514,302	12,067	249,737	189,310	389,578
2026	4,326	67,307	53,808	521,329	6,704	196,629	178,066	399,949
2027	3,523	67,639	46,892	527,713	3,193	141,312	159,019	420,072
2028-2032	5,976	254,374	130,912	2,659,013	2,064	90,536	533,752	2,316,289
2033-2037	-	-	9,940	517,480	-	-	124,005	1,530,000
2038-2042	-	-	3,492	26,533	-	-	-	-
2043-2047	-	-	281	12,064	-	-	-	-
	<u>\$ 31,535</u>	<u>\$ 586,242</u>	<u>\$ 447,333</u>	<u>\$ 5,785,027</u>	<u>\$ 63,764</u>	<u>\$ 1,161,223</u>	<u>\$ 1,601,392</u>	<u>\$ 5,790,212</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 \$1,009,006. For the current year, principal and interest paid on the bonds totaled \$236,197. Net pledged revenues totaled \$717,050.

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 \$7,154,701. For the current year, principal and interest paid on the bonds totaled \$550,663. Net pledged revenues totaled \$1,452,615.

The City has pledged future electric utility customer revenues and nonoperating revenue, net of specified operating expenses to repay electric utility bonds issued in August 2020. Proceeds from the bonds provided refunding of the electric utility bonds issued in November 2017. The bonds are intended to be paid solely from electric utility customer net revenues and are payable through fiscal year 2033. The total principal and interest to be paid on the bonds is \$5,513,251. For the current year, principal and interest paid on the bonds totaled \$502,082. Net pledged revenues totaled \$2,434,610.

Sanitation Enterprise Fund		Landfill Enterprise Fund		Water Treatment Replacemen Enterprise Fund		Total Business-Type	
Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
\$ 4,007	\$ 62,524	\$ 594	\$ 5,780	\$ 679	\$ 6,605	\$ 318,848	\$ 1,173,067
2,817	26,589	525	5,839	600	6,673	288,724	1,164,869
2,105	27,287	456	5,898	521	6,741	265,093	1,193,543
1,371	28,048	385	5,987	440	6,842	240,774	1,158,784
614	18,453	313	6,017	358	6,876	210,389	1,120,443
760	32,882	532	23,324	608	26,657	668,628	5,148,701
-	-	-	-	-	-	133,945	2,047,480
-	-	-	-	-	-	3,492	26,533
-	-	-	-	-	-	281	12,064
<u>\$ 11,674</u>	<u>\$ 195,783</u>	<u>\$ 2,805</u>	<u>\$ 52,845</u>	<u>\$ 3,206</u>	<u>\$ 60,394</u>	<u>\$ 2,130,174</u>	<u>\$ 13,045,484</u>

Note 7 - Lessee Activities

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

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

Note 8 - Interfund Balances and Activity

Due To/From Other Funds

A summary of amounts due from and to other funds as of June 30, 2022, is as follows:

Due From	Due To Landfill Fund
Sanitation Fund	\$ 250,000
Total	\$ 250,000

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 Sanitation Enterprise Fund owes the Landfill Fund for operating expenses.

Transfers From/To Other Funds

A summary of transfers between funds during the year ended June 30, 2022 is as follows:

	Transfers In	Transfers Out
<u>Governmental Activities</u>		
General Fund	\$ 480,000	\$ (375,729)
Nonmajor Governmental Funds		
Convention and tourism authority fund	-	(480,000)
Airport fund	75,000	(32,969)
Debt service fund	133,698	-
	688,698	(888,698)
<u>Business-type Activities</u>		
Water Treatment Enterprise Fund	-	(41,772)
Nonmajor Enterprise Funds		
Water treatment replacement fund	41,772	-
	41,772	(41,772)
Public Works Internal Service Fund	200,000	-
	\$ 930,470	\$ (930,470)

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 Convention and Tourism Authority Fund transfer out to the General Fund is to pay for convention center operating expenditures. The General Fund transfer out to the Nonmajor Airport Fund was to fund a match for a grant. The General Fund and Nonmajor Airport Fund transfers out to the Nonmajor Debt Service Fund was to fund debt payments. The transfer between the Water Treatment Enterprise Fund and the Nonmajor Water Treatment Replacement Enterprise Fund was made in accordance with an agreement with the State of Nevada Water Financing Board. The General Fund transfer out to the Public Works Internal Service Fund was to fund operating expenses.

Note 9 - Risk Management

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

Note 10 - Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require that the City of Fallon place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs is \$1,391,000 as of June 30, 2022, which is based on 31.44% usage (filled) of the landfill. It is estimated that an additional \$3,033,405 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 (\$4,424,405) 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, 2022. However, the actual cost of closure and postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

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

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

	July 1, 2021	Additions	(Reductions)	June 30, 2022
Estimated Liability of Landfill Closure and Postclosure Care Costs	\$ 1,220,000	\$ 171,000	\$ -	\$ 1,391,000

Note 11 - Postemployment Retirement Health Insurance Benefit

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

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

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

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

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

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

PEBP provides medical, prescription, vision, life, and accident insurance, and dental for retirees. Retirees can choose between a self-funded preferred provider organization (PPO) and a health maintenance organization (HMO) plan. Retirees are responsible for payment of unsubsidized premiums. The City is required to provide a subsidy for their retirees who have elected to join PEBP. Contribution requirements for plan members and the participating employers are assessed by the PEBP Board annually. The contributions required for PEBP subsidies depends on the date of retirement and years of PERS service former employees earned in total and while working for the City. The subsidy ranges from a minimum of \$3 to a maximum of \$799 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, 2022, the following employees were covered by the benefit terms:

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

Total OPEB Liability – The City’s total OPEB liability of \$2,430,081 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

	COFEHBP	PEBP	Total
Total OPEB Liability	\$ 1,415,637	\$ 1,014,444	\$ 2,430,081

Assumptions and Other Inputs – The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs for COFEHBP and PEBP, applied to all periods included in the measurement, unless otherwise specified:

	COFEHBP	PEBP
Method	Entry age normal	Entry age normal
General inflation	2.50%	2.50%
Salary increases	3.00% per year	N/A
Discount rate	2.18%	2.18%
Health care trend rates	5.80% for 2023, decreasing fluctuating down to 3.9% by 2076	5.80% for 2023, decreasing fluctuating down to 3.9% by 2076
Retirees' share of benefit - related costs	100% of premium	0% to 100% of premium amounts based on years of service

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

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of actual census data for June 30, 2021.

Changes in the Total OPEB Liability –

	<u>COFEHBP</u>	<u>PEBP</u>	<u>Total</u>
Balance at June 30, 2021	\$ 1,634,087	\$ 1,149,555	\$ 2,783,642
Changes for the Year			
Service cost	103,705	-	103,705
Interest	45,528	29,780	75,308
Differences between expected and actual experience	(324,256)	(72,720)	(396,976)
Changes in assumptions or other inputs	9,035	(32,149)	(23,114)
Benefit payments	(52,462)	(60,022)	(112,484)
Net Changes	<u>(218,450)</u>	<u>(135,111)</u>	<u>(353,561)</u>
Balance at June 30, 2022	<u>\$ 1,415,637</u>	<u>\$ 1,014,444</u>	<u>\$ 2,430,081</u>

Changes in Assumptions – COFEHBP and PEBP changes in assumptions and other inputs reflect updated assumed rates of mortality, retirement, and other separation (termination) of service, updated medical trend rates and a change in discount rate from 2.66 % to 2.18%.

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 (1.18%) or 1-percentage-point higher (3.18%) than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
COFEHBP OPEB Liability	\$ 1,591,735	\$ 1,415,637	\$ 1,264,711
PEBP OPEB Liability	1,128,166	1,014,444	917,806
	<u>\$ 2,719,901</u>	<u>\$ 2,430,081</u>	<u>\$ 2,182,517</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage lower (4.8%) or 1-percentage-point higher (6.8%) than the current healthcare cost trend rates:

	1% Decrease in Healthcare Cost Trend Rate	Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
COFEHBP OPEB Liability	\$ 1,270,575	\$ 1,415,637	\$ 1,591,913
PEBP OPEB Liability	923,587	1,014,444	1,118,672
Total OPEB Liability	\$ 2,194,162	\$ 2,430,081	\$ 2,710,585

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the City recognized OPEB expense (negative OPEB expense) of \$86,173:

COFEHBP	\$ 161,262
PEBP	(75,089)
	\$ 86,173

At June 30, 2022, 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	\$ 338,691	\$ 319,177	\$ -	\$ -	\$ 338,691	\$ 319,177
Contributions subsequent to the measurement date	44,387	-	61,178	-	105,565	-
	\$ 383,078	\$ 319,177	\$ 61,178	\$ -	\$ 444,256	\$ 319,177

The \$105,565 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, 2023.

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

Year Ending June 30,	COFEHBP	PEBP	Total
2023	\$ (12,029)	\$ -	\$ (12,029)
2024	(12,029)	-	(12,029)
2025	(12,029)	-	(12,029)
2026	(12,029)	-	(12,029)
2027	(12,029)	-	(12,029)
Thereafter	40,631	-	40,631

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

Note 12 - Defined Benefit Pension Plan

Plan Description – The City of Fallon contributes to the Public Employees’ Retirement System of the State of Nevada (PERS). PERS administers a cost-sharing, multiple-employer, defined benefit public employees’ retirement system which includes both Regular and Police/Fire members. PERS was established by the Nevada Legislature in 1947, effective July 1, 1948. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits Provided – Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member’s highest average compensation in any 36 consecutive months with special provisions for members entering PERS on or after January 1, 2010 and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5 percent of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering PERS on or after January 1, 2010, there is a 2.50% 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 convert to the Employee/Employer Contribution plan.

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

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

The actuary funding method used is the Entry Age 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, 2022, the Statutory Employer/Employee matching rate for Regular members was 15.50%; the rate was 22.75% for Police/Fire. For the fiscal year ending June 30, 2021, the Statutory Employer/Employee matching rate for regular members was 15.25%; the rate was 22.00% for Police/Fire. The Employer-Pay Contribution (EPC) rate was 29.75% for Regular members for the fiscal year ended June 30, 2022; the rate was 44.00% for Police/Fire. The Employer-Pay Contribution (EPC) rate was 29.25% for Regular members for the fiscal year ended June 30, 2021; the rate was 42.50% for Police/Fire.

The City's contributions were \$1,315,443 for the year ended June 30, 2022.

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, 2021:

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

As of June 30, 2021, PERS' long-term inflation assumption was 2.50%.

Net Pension Liability – At June 30, 2022, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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 (\$10,606,777) was based on the City's share of contributions in the PERS pension plan relative to the total contributions of all participating PERS employers. At June 30, 2021, the City's proportion was 0.11631 percent which was an increase of 0.00511 from its proportion measured as of June 30, 2020 of 0.11120 percent.

Pension Liability Discount Rate Sensitivity – The following presents the net pension liability of the City measured as of June 30, 2022, calculated using the discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current discount rate:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability	\$ 21,117,752	\$ 10,606,777	\$ 1,936,082

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 Annual Comprehensive Financial Report, available on the PERS website.

Actuarial Assumptions – The City’s net pension liability was measured as of June 30, 2021, 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	2.50%
Payroll Growth	3.50%
Investment Rate of Return/ Discount Rate	7.25%
Productivity Pay Increase	0.50%
Projected Salary Increases	Regular: 4.20% to 9.10%, depending on service Police/Fire: 4.60% to 14.50%, depending on service Rates include inflation and productivity increases
Consumer Price Index	2.50%
Other Assumptions	Same as those used in the June 30, 2021 funding actuarial valuation

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

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

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

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

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

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of the experience study for the period of July 1, 2016 through June 30, 2020.

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2021, which decreased from 7.50% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except the projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

Change in Assumptions – The PERS plan reflects the following change in assumptions from June 30, 2020 to June 30, 2021:

- • The inflation rate decreased from 2.75% to 2.50%.
- • Payroll growth decreased from 5.00% to 3.50%.
- • Investment rate of return/discount rate decreased from 7.50% to 7.25%.
- • Projected salary increases declined from 4.25% to 9.15% to 4.20% to 9.10% for Regular members and increased from 4.55% to 13.90% to 4.60% to 14.50% for Police/Fire members.
- • The consumer price index decreased from 2.75% to 2.50%.
- • Mortality rates were changed from Headcount-Weighted RP-2014 Tables to Pub-2010 Mortality Tables.
- • Future mortality improvement was changed from 6 years to the Generational Projection Scale MP-2020.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2022, the City recognized pension expense of \$87,896. At June 30, 2022, 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	\$ 1,174,910	\$ 74,647
Net difference between projected and actual earnings on pension plan investments	-	8,654,792
Changes in assumptions	3,521,633	-
Changes in the City's proportion and differences between the City's contributions and the employer's proportionate contributions	1,105,227	79,621
City contributions subsequent to the measurement date	1,315,443	-
	\$ 7,117,213	\$ 8,809,060

The \$1,315,443 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined is 6.14 years.

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

Year Ending June 30,	
2023	\$ (961,747)
2024	(940,200)
2025	(997,719)
2026	(1,147,693)
2027	913,148
Thereafter	126,921

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

Note 13 - Deficit Net Position

The following funds have a deficit net position/fund balance as of June 30, 2022:

Public Works Internal Service Fund	\$ (550,738)
------------------------------------	--------------

Note 14 - Tax Abatements

For the fiscal year ended June 30, 2022, the City of Fallon’s revenues were reduced by a total amount of \$22,017 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 15 - Commitments and Contingencies

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

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

As a member of UAMPS, the City participates in the UAMPS power pool, which allows the City to buy energy from other UAMPS members during times of shortage and to sell energy to other UAMPS members during times of excess. For fiscal year 2022, the City's total UAMPS billings were \$5,786,063, total NV Energy transmission billings were \$668,597, and the City's total revenue generated from excess power sales through the UAMPS power pool was \$92,442.

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, \$206,412 was spent on this project as of June 30, 2022.

On February 1, 2021, the City approved a contract for engineering services for the Relocation of the Taxiway G project at the Fallon Municipal Airport in the amount of \$60,000, \$3,643 was spent on this project as of June 30, 2022.

On May 17, 2021, the City approved a contract for design services for a new Fixed Base Operations Center at the Fallon Municipal Airport in the amount of \$104,758, \$65,359 was spent on this project as of June 30, 2022.

On May 17, 2021, the City approved a construction contract for the Fallon Municipal Airport Runway 3-21 Edge Light Replacement project in the amount of \$105,890. As of June 30, 2022, no funds have been spent on this project.

On June 7, 2021, the City approved a contract for administration support services for the Runway 3-21 Edge Light Replacement project in the amount of \$149,974. As of June 30, 2022, no funds have been spent on this project.

On August 16, 2021, the City approved a contract for engineering and construction services for the reconstruction and enhancement of portions of Sherman and Broadway Street in the amount of \$385,500, \$175,505 was spent on this project as of June 30, 2022.

On August 16, 2021, the City approved a contract for engineering and construction services for the Rattlesnake Hill Water Tank Replacement project in the amount of \$497,000, \$102,230 was spent on this project as of June 30, 2022.

On March 1, 2022, the City approved a contract to complete the Public Works Building Remodel in the amount of \$1,736,000, \$748,671 was spent on this project as of June 30, 2022.

On March 15, 2022, the City approved a contract for engineering services for the Wastewater Treatment Dewatering Press in the amount of \$812,600, \$33,165 was spent on this project as of June 30, 2022.

On March 15, 2022, the City approved a contract for engineering services for the A Street Reconstruction project in the amount of \$135,250, \$47,775 was spent on this project as of June 30, 2022.

On June 7, 2022, the City approved a contract for engineering services for the Court Street Reconstruction project in the amount of \$139,000. As of June 30, 2022, no funds have been spent on this project.

On June 7, 2022, the City approved a contract for engineering services for the Oak Park Splash Reconstruction project in the amount of \$90,950. As of June 30, 2022, no funds have been spent on this project.

On June 7, 2022, the City approved a contract for engineering services related to a Facilities Plan for the potential expansion of the Wastewater Treatment Plant project in the amount of \$190,200. As of June 30, 2022, no funds have been spent on this project.

Note 16 - GASB Statement No 87 Implementation

As of July 1, 2021, the City adopted GASB Statement No. 87, Leases. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard also requires lessors to recognize a lease receivable and deferred inflow of resources. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

	Business-Type Activities
Recognition of the right to use leased asset	\$ 82,824
Recognition of lease liability	(82,824)
Effect on Net Position at July 1, 2021	\$ -

Note 17 - New Fund

On May 23, 2022, the City approved the American Rescue Plan Act Resource Fund as a Special Revenue Fund.

Note 18 - Subsequent Events

The City has evaluated subsequent events through December 28, 2022, which is the date these financial statements were available to be issued.

On August 16, 2022, the City approved a construction contract for the 2022 Preventive Maintenance project in the amount of \$774,007.

On August 16, 2022, the City approved a contract for engineering services for the Reconstruction of Taxi Lanes and Entrance Road project in the amount of \$189,200.

On August 16, 2022, the City approved a construction contract for the Sherman Street and North Broadway Street Rehabilitation project in the amount of \$3,300,186.

On October 7, 2022, the City approved a construction contract for the roadway rehabilitation project in the amount of \$3,250,000.

On November 15, 2022, the City approved the purchase of land located at 900 Lovelock Highway, Fallon in the amount of \$180,000.

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

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REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule-General Fund (Budgetary Basis)

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

Notes to Required Supplementary Information

Schedule of Funding Progress-Other Post Employment Benefit

Plans Schedule of City's Share of the Net Pension Liability

Schedule of City Contributions

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –
General Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amount	Variance with Final Budget to Actual
	Original	Final		
Revenues				
Taxes				
Ad valorem	\$ 1,591,061	\$ 1,601,061	\$ 1,601,116	\$ 55
One cent option	34,124	34,124	39,412	5,288
Regional streets reimbursements	100,000	305,000	307,548	2,548
Enterprise funds in lieu of taxes	1,150,000	1,150,000	1,138,372	(11,628)
Total taxes	2,875,185	3,090,185	3,086,448	(3,737)
Licenses and permits				
Business licenses and permits				
Business licenses and permits	275,000	310,000	311,363	1,363
Local liquor licenses	36,000	36,000	38,996	2,996
City gaming licenses	28,000	28,000	42,989	14,989
Franchise taxes				
Enterprise funds in lieu of franchise taxes	1,000,000	1,000,000	1,053,841	53,841
Natural gas	200,000	200,000	200,553	553
Cable television	84,000	84,000	82,063	(1,937)
Total franchise taxes	1,623,000	1,658,000	1,729,805	71,805
Nonbusiness licenses and permits				
Building permits	60,000	360,000	393,099	33,099
Electric permits	5,000	13,000	13,299	299
Miscellaneous permits	4,000	24,000	26,477	2,477
Plumbing permits	6,000	26,000	25,878	(122)
Total nonbusiness licenses and permits	75,000	423,000	458,753	35,753
Total licenses and permits	1,698,000	2,081,000	2,188,558	107,558
Intergovernmental revenues				
Federal grants-in-aid				
Federal Task Force Grant	-	35,000	57,164	22,164
COVID-19 Coronavirus SLFRF	-	1,824,500	5,709,135	3,884,635
CDBG	-	82,000	82,378	378
Emergency management assistance	28,083	28,083	45,536	17,453
NDOT grant	-	-	111,696	111,696
Contributions from Churchill County School District	150,000	150,000	137,151	(12,849)
Total federal grants-in-aid	178,083	2,119,583	6,143,060	4,023,477
State shared revenues				
State Perm School Fund	-	-	4,315	4,315
Motor vehicle tax (1.75)	39,300	39,300	46,109	6,809
Motor vehicle fuel tax (2.35)	79,373	79,373	79,373	-
State gaming licenses	100,000	100,000	122,860	22,860
Consolidated tax distribution	2,267,031	2,467,031	2,504,019	36,988
AB 104 fair share	320,000	350,000	369,481	19,481
State grant - Highway 95	55,000	55,000	55,000	-
State Marijuana Distribution	12,000	12,000	9,128	(2,872)
Total state shared revenues	2,872,704	3,102,704	3,190,285	87,581

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –
General Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amount	Variance with Final Budget to Actual
	Original	Final		
Other local government shared revenue				
County gaming tax	\$ 100,000	\$ 100,000	\$ 104,940	\$ 4,940
Other local government grants				
Grant from Churchill County	43,764	43,764	43,765	1
Total intergovernmental	3,194,551	5,366,051	9,482,050	4,115,999
Charges for services				
General government				
Building and zoning fees	25,000	185,000	210,820	25,820
Enterprise funds administrative support	1,839,702	2,034,702	2,039,676	4,974
Land rent	24,000	24,000	24,000	-
Other assessments and fees	8,000	8,000	12,006	4,006
	1,896,702	2,251,702	2,286,502	34,800
Public safety				
County reimbursement for				
Fire department expenses	175,000	275,000	275,566	566
Animal control fees	10,000	10,000	15,568	5,568
	185,000	285,000	291,134	6,134
Judicial				
Reimbursement for Judicial District No. 3 for juvenile court master	20,000	20,000	28,796	8,796
Culture and recreation				
Swimming pool concession	16,000	16,000	15,137	(863)
Swimming pool fees	14,000	14,000	23,315	9,315
Gym use fees	12,000	12,000	16,130	4,130
	42,000	42,000	54,582	12,582
Total charges for services	2,143,702	2,598,702	2,661,014	62,312
Fines and forfeits				
Court fines and forfeited bail	90,000	90,000	51,127	(38,873)
Miscellaneous				
Investment income	-	-	503	503
Miscellaneous	8,000	8,000	14,674	6,674
Total miscellaneous	8,000	8,000	15,177	7,177
Total revenues	10,009,438	13,233,938	17,484,374	4,250,436

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –
General Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amount	Variance with Final Budget to Actual
	Original	Final		
Expenditures				
General government and administration				
Executive				
Mayor and chief of staff				
Salaries and wages	\$ 75,350	\$ 75,350	\$ 59,616	\$ 15,734
Employee benefits	36,774	36,774	35,173	1,601
Services and supplies	7,112	7,112	9,304	(2,192)
	<u>119,236</u>	<u>119,236</u>	<u>104,093</u>	<u>15,143</u>
Legislative				
City council				
Salaries and wages	66,430	66,430	66,842	(412)
Employee benefits	33,280	33,280	31,117	2,163
Services and supplies	1,014	1,014	332	682
	<u>100,724</u>	<u>100,724</u>	<u>98,291</u>	<u>2,433</u>
Administrative				
Salaries and wages	651,215	736,215	731,953	4,262
Employee benefits	328,234	355,234	349,373	5,861
Services and supplies	143,289	143,289	123,282	20,007
	<u>1,122,738</u>	<u>1,234,738</u>	<u>1,204,608</u>	<u>30,130</u>
City hall				
Services and supplies	106,350	106,350	101,942	4,408
Capital outlay	350,000	350,000	60,156	289,844
	<u>456,350</u>	<u>456,350</u>	<u>162,098</u>	<u>294,252</u>
General expenditures				
Services and supplies	578,450	743,450	718,572	24,878
Capital outlay	-	105,000	103,400	1,600
	<u>578,450</u>	<u>848,450</u>	<u>821,972</u>	<u>26,478</u>
Total general government and administration				
	<u>2,377,498</u>	<u>2,759,498</u>	<u>2,391,062</u>	<u>368,436</u>
Judicial				
City attorney				
Salaries and wages	338,443	380,443	380,287	156
Employee benefits	163,012	180,012	176,212	3,800
Services and supplies	119,977	284,977	282,316	2,661
	<u>621,432</u>	<u>845,432</u>	<u>838,815</u>	<u>6,617</u>
Municipal court				
Salaries and wages	241,826	268,826	268,714	112
Employee benefits	117,805	120,805	116,365	4,440
Services and supplies	40,559	48,559	37,986	10,573
	<u>400,190</u>	<u>438,190</u>	<u>423,065</u>	<u>15,125</u>
Total judicial				
	<u>1,021,622</u>	<u>1,283,622</u>	<u>1,261,880</u>	<u>21,742</u>
Public safety				
Police department				
Salaries and wages	3,008,295	3,148,295	3,157,043	(8,748)
Employee benefits	1,670,428	1,705,428	1,694,764	10,664
Services and supplies	398,471	615,471	513,971	101,500
Capital outlay	100,000	125,000	163,352	(38,352)
	<u>5,177,194</u>	<u>5,594,194</u>	<u>5,529,130</u>	<u>65,064</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, 2022

	Budgeted Amounts		Actual Amount	Variance with Final Budget to Actual
	Original	Final		
Fire department				
Salaries and wages	\$ 260,729	\$ 305,729	\$ 301,698	\$ 4,031
Employee benefits	308,800	370,800	359,686	11,114
Services and supplies	234,290	352,290	346,530	5,760
Capital outlay	-	275,000	263,134	11,866
	<u>803,819</u>	<u>1,303,819</u>	<u>1,271,048</u>	<u>32,771</u>
Civil defense				
Salaries and wages	45,826	56,326	56,101	225
Employee benefits	5,306	6,306	5,944	362
Services and supplies	2,124	6,124	5,912	212
	<u>53,256</u>	<u>68,756</u>	<u>67,957</u>	<u>799</u>
Task force				
Salaries and Wages	5,000	8,000	9,014	(1,014)
Services and supplies	1,000	16,000	8,738	7,262
Capital outlay	-	23,000	22,301	699
	<u>6,000</u>	<u>47,000</u>	<u>40,053</u>	<u>6,947</u>
Total public safety	<u>6,040,269</u>	<u>7,013,769</u>	<u>6,908,188</u>	<u>105,581</u>
Public works				
Street department				
Services and supplies	100,000	560,000	587,921	(27,921)
Capital outlay	100,000	595,000	495,214	99,786
Total public works	<u>200,000</u>	<u>1,155,000</u>	<u>1,083,135</u>	<u>71,865</u>
Culture and recreation				
Parks department				
Salaries and wages	422,819	537,819	535,697	2,122
Employee benefits	205,797	220,797	195,609	25,188
Services and supplies	277,021	494,021	498,385	(4,364)
Capital outlay	-	43,000	41,068	1,932
Total culture and recreation	<u>905,637</u>	<u>1,295,637</u>	<u>1,270,759</u>	<u>24,878</u>
Total expenditures	<u>10,545,026</u>	<u>13,507,526</u>	<u>12,915,024</u>	<u>592,502</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(535,588)</u>	<u>(273,588)</u>	<u>4,569,350</u>	<u>4,842,938</u>
Other Financing Sources (Uses)				
Transfers in	35,000	35,000	35,000	-
Transfers out	<u>(302,326)</u>	<u>(564,326)</u>	<u>(375,729)</u>	<u>188,597</u>
Total other financing sources (uses)	<u>(267,326)</u>	<u>(529,326)</u>	<u>(340,729)</u>	<u>188,597</u>
Net Change in Fund Balances	<u>(802,914)</u>	<u>(802,914)</u>	<u>4,228,621</u>	<u>5,031,535</u>
Fund Balance, Beginning of Year	<u>1,627,354</u>	<u>1,627,354</u>	<u>1,427,415</u>	<u>(199,939)</u>
Fund Balance, End of Year	<u>\$ 824,440</u>	<u>\$ 824,440</u>	<u>\$ 5,656,036</u>	<u>\$ 4,831,596</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	\$ 1,601,116	\$ -	\$ -	\$ -	\$ -
Other	1,485,332	-	-	-	-
Charges for services	2,661,014	-	53,767	-	-
Intergovernmental	9,482,050	-	-	-	-
Licenses and permits	2,188,558	-	-	-	-
Fines and forfeitures	51,127	-	-	-	-
Miscellaneous					
Investment income	503	1	-	-	-
Other	14,674	-	-	-	-
Total revenues	<u>17,484,374</u>	<u>1</u>	<u>53,767</u>	<u>-</u>	<u>-</u>
Expenditures					
Current					
General government and administration	2,227,506	-	-	-	-
Judicial	1,261,880	-	-	-	-
Public safety	6,459,401	-	-	-	-
Public works	587,921	-	-	-	-
Culture and recreation	1,229,691	-	-	-	-
Community support	-	-	-	-	-
Capital outlay					
General government and administration	163,556	-	-	-	-
Public safety	448,787	-	-	-	-
Public works	495,214	-	-	-	-
Culture and recreation	41,068	-	-	-	-
Community support	-	-	-	-	-
Total expenditures	<u>12,915,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,569,350</u>	<u>1</u>	<u>53,767</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)					
Transfers in	35,000	-	-	-	-
Transfers out	(375,729)	-	(35,000)	-	-
Total other financing sources	<u>(340,729)</u>	<u>-</u>	<u>(35,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	4,228,621	1	18,767	-	-
Fund Balances, Beginning of Year	<u>1,427,415</u>	<u>8,025</u>	<u>40,560</u>	<u>1,663</u>	<u>409</u>
Fund Balances, End of Year	<u>\$ 5,656,036</u>	<u>\$ 8,026</u>	<u>\$ 59,327</u>	<u>\$ 1,663</u>	<u>\$ 409</u>

See Notes to Required Supplementary Information

City of Fallon, Nevada

Reconciliation of the General Fund (Budgetary Basis) to the General Fund (GAAP Basis) Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2022

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		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,601,116
-	-	-	-	-	-	-	1,485,332
49,533	-	-	-	-	-	-	2,764,314
-	-	-	-	-	-	-	9,482,050
-	-	-	-	-	-	-	2,188,558
-	-	-	-	-	-	-	51,127
20	-	-	4	-	1	-	529
-	-	-	28,010	-	-	-	42,684
<u>49,553</u>	<u>-</u>	<u>-</u>	<u>28,014</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>17,615,710</u>
-	-	-	37,428	-	-	-	2,264,934
-	-	-	-	-	-	-	1,261,880
-	-	-	-	-	-	-	6,459,401
-	-	-	-	-	-	-	587,921
-	-	-	-	-	-	-	1,229,691
468,743	-	-	-	-	-	-	468,743
-	-	-	-	-	-	-	163,556
-	-	-	-	-	-	-	448,787
-	-	-	-	-	-	-	495,214
-	-	-	-	-	-	-	41,068
7,206	-	-	-	-	-	-	7,206
<u>475,949</u>	<u>-</u>	<u>-</u>	<u>37,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,428,401</u>
<u>(426,396)</u>	<u>-</u>	<u>-</u>	<u>(9,414)</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>4,187,309</u>
480,000	-	-	-	-	-	(35,000)	480,000
-	-	-	-	-	-	35,000	(375,729)
<u>480,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,271</u>
53,604	-	-	(9,414)	-	1	-	4,291,580
155,244	25	161	55,150	1,998	7,974	-	1,698,624
<u>\$ 208,848</u>	<u>\$ 25</u>	<u>\$ 161</u>	<u>\$ 45,736</u>	<u>\$ 1,998</u>	<u>\$ 7,975</u>	<u>\$ -</u>	<u>\$ 5,990,204</u>

Note 1 - Internally Reported (Budgetary Basis) Funds

The accompanying Reconciliation of the General Fund (Budgetary Basis) to the General Fund (GAAP Basis) presents balances combined for external reporting purposes.

Budget to actual comparisons are presented for all funds of the City, as required by Nevada Revised Statutes. Such budget comparisons are required to be presented using the budget as adopted and approved by the State of Nevada Department of Taxation. However, guidance provided in governmental accounting standards specify that ten of these internally reported funds of the City of Fallon, not meeting the definition of special revenue funds, do not qualify to be separately presented for external reporting purposes.

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

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, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 103,705	\$ 97,978	\$ 68,978	\$ 64,390	\$ 67,663
Interest	45,528	44,394	32,044	30,964	26,095
Difference between expected and actual experience	(324,256)	-	267,947	-	-
Changes of assumptions or other inputs	9,035	24,246	155,462	16,077	(46,319)
Benefit payments	<u>(52,462)</u>	<u>(47,210)</u>	<u>(32,179)</u>	<u>(27,745)</u>	<u>(29,438)</u>
Net Change in Total OPEB Liability	(218,450)	119,408	492,252	83,686	18,001
Total OPEB Liability, July 1	<u>1,634,087</u>	<u>1,514,679</u>	<u>1,022,427</u>	<u>938,741</u>	<u>920,740</u>
Total OPEB Liability, June 30	<u><u>\$ 1,415,637</u></u>	<u><u>\$ 1,634,087</u></u>	<u><u>\$ 1,514,679</u></u>	<u><u>\$ 1,022,427</u></u>	<u><u>\$ 938,741</u></u>
Covered-Employee Payroll	\$ 7,608,155	\$ 7,418,849	\$ 7,136,089	\$ 6,489,134	\$ 6,283,621
Total OPEB Liability as a Percentage of Covered-Employee Payroll	18.61%	22.03%	21.23%	15.76%	14.94%

Notes to Schedule:

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

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

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

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

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

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

City of Fallon, Nevada

Schedule of Changes in the City's Total OPEB Liability and Related Ratios – State of Nevada Public Employee's Benefit Plan (PEBP)
June 30, 2022

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

Notes to Schedule:

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

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

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*

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

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

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

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

***Amount-Weighted Above-Median.

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

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

* 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.

Supplementary Information
City of Fallon, Nevada

	Internally Reported Funds				
	General Fund (Budgetary Basis)	Parking Lot Fund	Secured Freight Yard Fund	Drug Forfeiture Fund	Unemployment Compensation Fund
Assets					
Cash, cash equivalents and investments	\$ 6,029,377	\$ 8,026	\$ 59,327	\$ 1,663	\$ 409
Due from other governments	595,086	-	-	-	-
Receivables, net of allowances for uncollectible accounts (where applicable)					
Taxes	19,191	-	-	-	-
Accounts	74,131	-	-	-	-
Grant	187,781	-	-	-	-
Prepays	9,703				
Restricted assets					
Cash and investments	-	-	-	-	-
Total assets	\$ 6,915,269	\$ 8,026	\$ 59,327	\$ 1,663	\$ 409
Liabilities					
Accounts payable	\$ 674,808	\$ -	\$ -	\$ -	\$ -
Accrued payroll and related liabilities	406,720	-	-	-	-
Due to other governments	169,203	-	-	-	-
Total liabilities	1,250,731	-	-	-	-
Deferred Inflows of Resources					
Unavailable revenue - property taxes	8,502	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	1,259,233	-	-	-	-
Fund Balances					
Nonspendable	9,703	-	-	-	-
Restricted	36,805	-	-	-	-
Committed					
Capital projects	4,500,000	-	-	-	-
Public works	-	8,026	-	-	-
Public safety	-	-	-	1,663	-
Unemployment compensatic	-	-	-	-	409
Community support	-	-	59,327	-	-
Compensated absence	-	-	-	-	-
Mayor's Youth	-	-	-	-	-
Unassigned	1,109,528	-	-	-	-
Total fund balances	5,656,036	8,026	59,327	1,663	409
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,915,269	\$ 8,026	\$ 59,327	\$ 1,663	\$ 409

City of Fallon, Nevada
 Reconciliation of the General Fund (Budgetary Basis) to the General Fund (GAAP Basis)
 Combining Balance Sheet
 June 30, 2022

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	
\$ 240,958	\$ 25	\$ 161	\$ 45,736	\$ 1,998	\$ -	\$ 6,387,680
-	-	-	-	-	-	595,086
-	-	-	-	-	-	19,191
-	-	-	-	-	-	74,131
-	-	-	-	-	-	187,781
-	-	-	-	-	-	9,703
-	-	-	-	-	7,975	7,975
<u>\$ 240,958</u>	<u>\$ 25</u>	<u>\$ 161</u>	<u>\$ 45,736</u>	<u>\$ 1,998</u>	<u>\$ 7,975</u>	<u>\$ 7,281,547</u>
\$ 13,181	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 687,989
18,538	-	-	-	-	-	425,258
391	-	-	-	-	-	169,594
<u>32,110</u>	-	-	-	-	-	<u>1,282,841</u>
-	-	-	-	-	-	8,502
<u>32,110</u>	-	-	-	-	-	<u>1,291,343</u>
-	-	-	-	-	-	9,703
-	-	-	-	-	7,975	44,780
-	-	-	-	-	-	-
-	-	-	-	-	-	4,500,000
-	-	-	-	-	-	8,026
-	-	161	-	-	-	1,824
-	-	-	-	-	-	409
208,848	-	-	-	-	-	268,175
-	25	-	-	1,998	-	2,023
-	-	-	45,736	-	-	45,736
-	-	-	-	-	-	1,109,528
<u>208,848</u>	<u>25</u>	<u>161</u>	<u>45,736</u>	<u>1,998</u>	<u>7,975</u>	<u>5,990,204</u>
<u>\$ 240,958</u>	<u>\$ 25</u>	<u>\$ 161</u>	<u>\$ 45,736</u>	<u>\$ 1,998</u>	<u>\$ 7,975</u>	<u>\$ 7,281,547</u>

Special Revenue Funds				
	Convention and Tourism Authority Fund	Airport Fund	American Rescue Plan Act Resource Fund	Totals
Assets				
Cash, cash equivalents and investments	\$ 638,430	\$ 459,565	\$ -	\$ 1,097,995
Due from other governments	65,000	76	-	65,076
Receivables, net of allowances for uncollectible (where applicable)				
Accounts	108,967	-	-	108,967
Assessments	-	-	-	-
Grants	-	5,075	-	5,075
Total assets	<u>\$ 812,397</u>	<u>\$ 464,716</u>	<u>\$ -</u>	<u>\$ 1,277,113</u>
Liabilities				
Accounts payable	\$ 159,363	\$ 40,103	\$ -	\$ 199,466
Due to other governments	4,540	122	-	4,662
Unearned revenue	-	-	-	-
Total liabilities	<u>163,903</u>	<u>40,225</u>	<u>-</u>	<u>204,128</u>
Fund Balances				
Restricted				
Capital projects	-	-	-	-
Committed	648,494	424,491	-	1,072,985
Total fund balances	<u>648,494</u>	<u>424,491</u>	<u>-</u>	<u>1,072,985</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 812,397</u>	<u>\$ 464,716</u>	<u>\$ -</u>	<u>\$ 1,277,113</u>

City of Fallon, Nevada
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2022

Debt Service Fund	Capital Project Funds			Totals	Total Nonmajor Governmental Funds
	Land Reserve and Park Acquisition and Development Capital Projects Fund	Special Ad Valorem Capital Projects Fund			
\$ -	\$ 33,510	\$ 311,044	\$ 344,554	\$ 1,442,549	
-	-	-	-	65,076	
-	-	-	-	108,967	
4,800	-	-	-	4,800	
-	-	-	-	5,075	
<u>\$ 4,800</u>	<u>\$ 33,510</u>	<u>\$ 311,044</u>	<u>\$ 344,554</u>	<u>\$ 1,626,467</u>	
\$ -	\$ -	\$ -	\$ -	\$ 199,466	
-	-	-	-	4,662	
4,800	-	-	-	4,800	
<u>4,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>208,928</u>	
-	33,510	311,044	344,554	344,554	
-	-	-	-	1,072,985	
-	33,510	311,044	344,554	1,417,539	
<u>\$ 4,800</u>	<u>\$ 33,510</u>	<u>\$ 311,044</u>	<u>\$ 344,554</u>	<u>\$ 1,626,467</u>	

	Special Revenue Funds			Totals
	Convention and Tourism Authority Fund	Airport Fund	American Rescue Plan Act Resource Fund	
Revenues				
Taxes				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Occupancy tax	901,453	-	-	901,453
Residential park construction tax	-	-	-	-
Charges for services	-	25,387	-	25,387
Intergovernmental	81,500	53,027	98,060	232,587
Miscellaneous				
Investment income	54	39	-	93
Other	244	-	-	244
Total revenues	<u>983,251</u>	<u>78,453</u>	<u>98,060</u>	<u>1,159,764</u>
Expenditures				
Current				
Public works	-	40,562	-	40,562
Community support	427,291	-	98,060	525,351
Capital outlay				
Public works	-	118,203	-	118,203
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>427,291</u>	<u>158,765</u>	<u>98,060</u>	<u>684,116</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>555,960</u>	<u>(80,312)</u>	<u>-</u>	<u>475,648</u>
Other Financing Sources (Uses)				
Transfer in	-	75,000	-	75,000
Transfers out	<u>(480,000)</u>	<u>(32,969)</u>	<u>-</u>	<u>(512,969)</u>
Total other financing sources (uses)	<u>(480,000)</u>	<u>42,031</u>	<u>-</u>	<u>(437,969)</u>
Net Change in Fund Balances	75,960	(38,281)	-	37,679
Fund Balances, Beginning of Year	<u>572,534</u>	<u>462,772</u>	<u>-</u>	<u>1,035,306</u>
Fund Balances, End of Year	<u>\$ 648,494</u>	<u>\$ 424,491</u>	<u>\$ -</u>	<u>\$ 1,072,985</u>

City of Fallon, Nevada
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Governmental Funds
Year Ended June 30, 2022

Debt Service Fund	Capital Project Funds			Totals	Total Nonmajor Governmental Funds
	Land Reserve and Park Acquisitions and Development Capital Projects Fund	Special Ad Valorem Capital Projects Fund			
\$ -	\$ -	\$ 87,761	\$ 87,761	\$ 87,761	\$ 87,761
-	-	-	-	-	901,453
-	15,516	-	15,516	15,516	15,516
-	-	-	-	-	25,387
-	-	-	-	-	232,587
-	3	26	29	122	122
-	-	-	-	-	244
-	15,519	87,787	103,306	1,263,070	1,263,070
-	-	-	-	-	40,562
-	-	-	-	-	525,351
-	-	-	-	-	118,203
131,689	-	-	-	-	131,689
2,009	-	-	-	-	2,009
133,698	-	-	-	-	817,814
(133,698)	15,519	87,787	103,306	445,256	445,256
133,698	-	-	-	-	208,698
-	-	-	-	-	(512,969)
133,698	-	-	-	-	(304,271)
-	15,519	87,787	103,306	140,985	140,985
-	17,991	223,257	241,248	1,276,554	1,276,554
\$ -	\$ 33,510	\$ 311,044	\$ 344,554	\$ 1,417,539	\$ 1,417,539

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SPECIAL REVENUE FUNDS

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

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

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

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

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City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual –
 Convention and Tourism Authority Fund
 Year Ended June 30, 2022

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes			
Occupancy tax	\$ 900,000	\$ 901,453	\$ 1,453
Intergovernmental revenue			
State grant	55,000	81,500	26,500
Miscellaneous			
Investment income	500	54	(446)
Other	-	244	244
	<u>955,500</u>	<u>983,251</u>	<u>27,751</u>
Total revenues			
Expenditures			
Community support			
Services and supplies	<u>435,000</u>	<u>427,291</u>	<u>7,709</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>520,500</u>	<u>555,960</u>	<u>35,460</u>
Other Financing Sources (Uses)			
Transfers out	<u>(515,000)</u>	<u>(480,000)</u>	<u>35,000</u>
Net Change in Fund Balance	5,500	75,960	70,460
Fund Balance, Beginning of Year	<u>304,553</u>	<u>572,534</u>	<u>267,981</u>
Fund Balance, End of Year	<u><u>\$ 310,053</u></u>	<u><u>\$ 648,494</u></u>	<u><u>\$ 338,441</u></u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual –
 Airport Fund
 Year Ended June 30, 2022

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services			
Lease fees	\$ 35,000	\$ 25,387	\$ (9,613)
Intergovernmental revenue			
Fuel taxes	500	183	(317)
Federal grants			
Airport Improvement Program	-	52,844	52,844
Contribution from County	425,000	-	(425,000)
Miscellaneous			
Investment income	15	39	24
Total revenues	<u>460,515</u>	<u>78,453</u>	<u>(382,062)</u>
Expenditures			
Public works			
Services and supplies	40,000	40,562	(562)
Capital outlay	900,000	118,203	781,797
Total expenditures	<u>940,000</u>	<u>158,765</u>	<u>781,235</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(479,485)</u>	<u>(80,312)</u>	<u>399,173</u>
Other Financing Sources (Uses)			
Transfers in	200,000	75,000	(125,000)
Transfer out	(32,969)	(32,969)	-
	<u>167,031</u>	<u>42,031</u>	<u>(125,000)</u>
Net Change in Fund Balance	(312,454)	(38,281)	274,173
Fund Balance, Beginning of Year	<u>337,073</u>	<u>462,772</u>	<u>125,699</u>
Fund Balance, End of Year	<u>\$ 24,619</u>	<u>\$ 424,491</u>	<u>\$ 399,872</u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual –
 American Rescue Plan Act Resource Fund
 Year Ended June 30, 2022

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Intergovernmental revenue			
Federal grants			
American Rescue Plan Act	\$ 98,060	\$ 98,060	\$ -
Total revenues	<u>98,060</u>	<u>98,060</u>	<u>-</u>
Expenditures			
Community Support			
Services and supplies	<u>98,060</u>	<u>98,060</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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DEBT SERVICE FUND

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

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City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual –
Debt Service Fund
Year Ended June 30, 2022

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
Debt service			
Principal retirement	123,533	131,689	(8,156)
Interest and fiscal charges	<u>9,762</u>	<u>2,009</u>	<u>7,753</u>
Total expenditures	<u>133,295</u>	<u>133,698</u>	<u>(403)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(133,295)	(133,698)	(403)
Other Financing Sources (Uses)			
Transfers in	<u>133,295</u>	<u>133,698</u>	<u>403</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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CAPITAL PROJECTS FUNDS

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

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

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

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City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual –
Land Reserve and Park Acquisitions and Development Capital Projects Fund
Year Ended June 30, 2022

	Budgeted	Actual	Variance
Revenues			
Taxes			
Residential park construction fees	\$ 1,000	\$ 15,516	\$ 14,516
Miscellaneous			
Investment income	30	3	(27)
Total revenues	1,030	15,519	14,489
Expenditures			
Culture and recreation			
Capital outlay	-	-	-
Net Change in Fund Balance	1,030	15,519	14,489
Fund Balance, Beginning of Year	15,865	17,991	2,126
Fund Balance, End of Year	\$ 16,895	\$ 33,510	\$ 16,615

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, 2022

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes			
Ad valorem taxes	\$ 90,000	\$ 87,761	\$ (2,239)
Miscellaneous			
Investment income	-	26	26
Total revenue	<u>90,000</u>	<u>87,787</u>	<u>(2,213)</u>
Expenditures			
Public safety			
Capital outlay	<u>150,000</u>	<u>-</u>	<u>150,000</u>
Net Change in Fund Balance	(60,000)	87,787	147,787
Fund Balance, Beginning of Year	<u>146,843</u>	<u>223,257</u>	<u>76,414</u>
Fund Balance, End of Year	<u>\$ 86,843</u>	<u>\$ 311,044</u>	<u>\$ 224,201</u>

ENTERPRISE FUNDS

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

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

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City of Fallon, Nevada
Combining Statement of Net Position – Nonmajor Proprietary Funds
June 30, 2022

	Nonmajor Enterprise Funds		
	Landfill	Water Treatment Replacement	Total
Assets			
Current assets			
Cash, cash equivalents and investments	\$ 1,289,494	\$ -	\$ 1,289,494
Accounts receivable, net of allowance for doubtful accounts	198,033	-	198,033
Due from other funds	250,000	-	250,000
Total current assets	1,737,527	-	1,737,527
Noncurrent assets			
Restricted assets			
Cash and investments	-	727,150	727,150
Capital assets			
Land and construction in progress	196,252	-	196,252
Other capital assets, net of depreciation	739,352	-	739,352
Total noncurrent assets	935,604	727,150	1,662,754
Total assets	2,673,131	727,150	3,400,281
Deferred Outflows of Resources			
Deferred outflows related to other postemployment benefits	10,574	-	10,574
Deferred outflows related to pension	117,850	-	117,850
Total deferred outflows of resources	128,424	-	128,424

City of Fallon, Nevada
Combining Statement of Net Position – Nonmajor Proprietary Funds
June 30, 2022

	Nonmajor Enterprise Funds		
	Landfill	Water Treatment Replacement	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 35,243	\$ -	\$ 35,243
Accrued payroll and related liabilities	9,124	-	9,124
Accrued interest payable	208	-	208
Current portion of compensated absences	6,215	-	6,215
Current maturities of long-term debt	5,780	-	5,780
Total current liabilities	56,570	-	56,570
Noncurrent liabilities			
Other postemployment benefits liability	50,435	-	50,435
Net pension liability	206,972	-	206,972
Compensated absences, net of current portion	6,877	-	6,877
Estimated liability for landfill closure and postclosure care costs	1,391,000	-	1,391,000
Bonds payable, net of current portion	47,065	-	47,065
Total noncurrent liabilities	1,702,349	-	1,702,349
Total liabilities	1,758,919	-	1,758,919
Deferred Inflows of Resources			
Deferred inflows related to other postemployment benefits	6,890	-	6,890
Deferred inflows related to pensions	144,330	-	144,330
Total deferred inflows of resources	151,220	-	151,220
Net Position			
Net investment in capital assets	882,759	-	882,759
Restricted for capital projects	-	727,150	727,150
Unrestricted (deficit)	8,657	-	8,657
Total net position	\$ 891,416	\$ 727,150	\$ 1,618,566

City of Fallon, Nevada

Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Proprietary Funds
Year Ended June 30, 2022

	Nonmajor Enterprise Funds		
	Landfill	Water Treatment Replacement	Total
Operating Revenues			
Charges for services	\$ 1,448,842	\$ -	\$ 1,448,842
Operating Expenses			
Salaries and wages	185,406	-	185,406
Employee benefits	85,942	-	85,942
Services and supplies	539,860	-	539,860
Depreciation	96,336	-	96,336
Data processing use fee	14,820	-	14,820
Public works use fee	82,800	-	82,800
In lieu of taxes and franchise taxes	125,751	-	125,751
General fund administrative support	101,988	-	101,988
Total operating expenses	1,232,903	-	1,232,903
Operating Income	215,939	-	215,939
Nonoperating Revenues (Expenses)			
Investment income	108	-	108
Interest expense	(676)	-	(676)
Total nonoperating revenues (expenses)	(568)	-	(568)
Income before Transfers	215,371	-	215,371
Transfers in	-	41,772	41,772
Change in Net Position	215,371	41,772	257,143
Net Position, Beginning of Year	676,045	685,378	1,361,423
Net Position, End of Year	\$ 891,416	\$ 727,150	\$ 1,618,566

City of Fallon, Nevada
Combining Statement of Cash Flows – Nonmajor Proprietary Funds
Year Ended June 30, 2022

	Nonmajor Enterprise Funds		
	Landfill	Water Treatment Replacement	Total
Operating Activities			
Cash received from customers	\$ 1,219,610	\$ -	\$ 1,219,610
Cash payments to suppliers for goods and services	(574,634)	-	(574,634)
Cash payments to employees for services	(189,013)	-	(189,013)
Cash paid to other funds for services	(227,739)	-	(227,739)
Net Cash from Operating Activities	<u>228,224</u>	<u>-</u>	<u>228,224</u>
Noncapital Financing Activities			
Transfers from other funds	<u>-</u>	<u>41,772</u>	<u>41,772</u>
Capital and Related Financing Activities			
Principal payments on debt	(5,690)	-	(5,690)
Interest paid on debt	(701)	-	(701)
Net Cash used for Capital and Related Financing Activities	<u>(6,391)</u>	<u>-</u>	<u>(6,391)</u>
Investing Activities			
Interest on cash and investments	<u>108</u>	<u>-</u>	<u>108</u>
Net Change in Cash and Cash Equivalents	221,941	41,772	263,713
Cash and Cash Equivalents, Beginning of Year	<u>1,067,553</u>	<u>685,378</u>	<u>1,752,931</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,289,494</u></u>	<u><u>\$ 727,150</u></u>	<u><u>\$ 2,016,644</u></u>

City of Fallon, Nevada
Combining Statement of Cash Flows – Nonmajor Proprietary Funds
Year Ended June 30, 2022

	Nonmajor Enterprise Funds		
	Landfill	Water Treatment Replacement	Total
Reconciliation of Operating Income to Net Cash From Operating Activities			
Operating income	\$ 215,939	\$ -	\$ 215,939
Adjustments to reconcile operating income to net cash from operating activities			
Depreciation	96,336	-	96,336
Pension contributions	-	-	-
Pension expense	(20,903)	-	(20,903)
OPEB expense	(419)	-	(419)
Change in			
Accounts receivable	20,767	-	20,767
Due from other funds	(250,000)	-	(250,000)
Accounts payable	(2,833)	-	(2,833)
Landfill closure costs	171,000	-	171,000
Accrued payroll and related liabilities	(3,607)	-	(3,607)
Compensated absences	1,944	-	1,944
Net Cash from Operating Activities	<u>\$ 228,224</u>	<u>\$ -</u>	<u>\$ 228,224</u>
Reconciliation of Total Cash and Cash Equivalents			
Current assets - cash and investments	\$ 1,289,494	\$ -	\$ 1,289,494
Restricted assets - cash and investments	-	727,150	727,150
Total cash and cash equivalents	<u>\$ 1,289,494</u>	<u>\$ 727,150</u>	<u>\$ 2,016,644</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, 2022

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 11,150,000	\$ 11,059,959	\$ (90,041)
Miscellaneous	-	140,889	140,889
Total operating revenues	<u>11,150,000</u>	<u>11,200,848</u>	<u>50,848</u>
Operating Expenses			
Salaries and wages	861,492	538,726	322,766
Employee benefits	351,260	178,480	172,780
Services and supplies	1,059,781	1,089,619	(29,838)
Electric energy purchased	7,014,000	6,505,497	508,503
Depreciation/amortization	480,000	544,197	(64,197)
Data processing use fee	73,644	98,800	(25,156)
Public works use fee	465,120	561,476	(96,356)
In lieu of taxes and franchise taxes	810,481	845,820	(35,339)
General Fund administrative support	1,018,669	1,257,804	(239,135)
Total operating expenses	<u>12,134,447</u>	<u>11,620,419</u>	<u>514,028</u>
Operating Income (Loss)	<u>(984,447)</u>	<u>(419,571)</u>	<u>564,876</u>
Nonoperating Revenues (Expenses)			
Investment income	30,000	11,958	(18,042)
Economic development	(175,000)	(212,474)	(37,474)
Quality of life promotion	(475,000)	(492,870)	(17,870)
Bond issuance costs	-	(68,704)	(68,704)
Interest expense	(78,293)	(96,612)	(18,319)
Total nonoperating revenues (expenses)	<u>(698,293)</u>	<u>(858,702)</u>	<u>(160,409)</u>
Income (Loss) Before Capital Contributions	(1,682,740)	(1,278,273)	404,467
Capital Contributions	<u>50,000</u>	<u>115,422</u>	<u>65,422</u>
Change in Net Position	<u>\$ (1,632,740)</u>	<u>(1,162,851)</u>	<u>\$ 469,889</u>
Net Position, Beginning of Year		<u>9,092,726</u>	
Net Position, End of Year		<u>\$ 7,929,875</u>	

City of Fallon, Nevada

Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual –
Water Enterprise Fund
Year Ended June 30, 2022

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 1,683,000	\$ 1,662,559	\$ (20,441)
Operating grant	-	56,734	56,734
	<u>1,683,000</u>	<u>1,719,293</u>	<u>36,293</u>
Total operating revenues			
Operating Expenses			
Salaries and wages	540,054	454,173	85,881
Employee benefits	252,610	146,304	106,306
Services and supplies	333,149	361,600	(28,451)
Depreciation	295,000	300,119	(5,119)
Data processing use fee	40,698	49,400	(8,702)
Public works use fee	282,040	276,000	6,040
In lieu of taxes and franchise taxes	256,404	253,892	2,512
General Fund administrative support	148,928	156,372	(7,444)
	<u>2,148,883</u>	<u>1,997,860</u>	<u>151,023</u>
Total operating expenses			
Operating Income (Loss)	<u>(465,883)</u>	<u>(278,567)</u>	<u>187,316</u>
Nonoperating Revenues (Expenses)			
Investment income	5,000	1,145	(3,855)
Interest expense	(32,064)	(25,528)	6,536
RTC reimbursement	-	95,866	95,866
	<u>(27,064)</u>	<u>71,483</u>	<u>98,547</u>
Total nonoperating revenues (expenses)			
Income (Loss) Before Capital Contributions	(492,947)	(207,084)	285,863
Capital Contributions	<u>100,000</u>	<u>600,029</u>	<u>500,029</u>
Change in Net Position	<u>\$ (392,947)</u>	<u>392,945</u>	<u>\$ 785,892</u>
Net Position, Beginning of Year		<u>4,996,508</u>	
Net Position, End of Year		<u>\$ 5,389,453</u>	

City of Fallon, Nevada

Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual –
Sewer Enterprise Fund
Year Ended June 30, 2022

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
Charges for services	<u>\$ 2,291,900</u>	<u>\$ 2,214,775</u>	<u>\$ (77,125)</u>
Operating Expenses			
Salaries and wages	200,620	191,405	9,215
Employee benefits	92,678	72,841	19,837
Services and supplies	573,090	499,769	73,321
Depreciation	650,000	684,342	(34,342)
Data processing use fee	13,566	17,290	(3,724)
Public works use fee	85,680	96,600	(10,920)
In lieu of taxes and franchise taxes	474,451	468,705	5,746
General Fund administrative support	<u>178,714</u>	<u>176,772</u>	<u>1,942</u>
Total operating expenses	<u>2,268,799</u>	<u>2,207,724</u>	<u>61,075</u>
Operating Income (Loss)	<u>23,101</u>	<u>7,051</u>	<u>(16,050)</u>
Nonoperating Revenues (Expenses)			
Investment income	20,000	1,855	(18,145)
Interest expense	<u>(233,425)</u>	<u>(229,443)</u>	<u>3,982</u>
Total nonoperating revenues (expenses)	<u>(213,425)</u>	<u>(227,588)</u>	<u>(14,163)</u>
Income (Loss) Before Capital Contributions	(190,324)	(220,537)	(30,213)
Capital Contributions	<u>100,000</u>	<u>435,000</u>	<u>335,000</u>
Change in Net Position	<u>\$ (90,324)</u>	<u>214,463</u>	<u>\$ 304,787</u>
Net Position, Beginning of Year		<u>9,877,829</u>	
Net Position, End of Year		<u>\$ 10,092,292</u>	

City of Fallon, Nevada

Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual –
Water Treatment Enterprise Fund
Year Ended June 30, 2022

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 1,690,000	\$ 1,428,474	\$ (261,526)
Miscellaneous	-	289,827	289,827
Total operating revenues	<u>1,690,000</u>	<u>1,718,301</u>	<u>28,301</u>
Operating Expenses			
Salaries and wages	263,128	234,263	28,865
Employee benefits	117,877	83,313	34,564
Services and supplies	610,797	546,850	63,947
Depreciation	385,000	385,658	(658)
Data processing use fee	40,698	49,400	(8,702)
Public works use fee	257,040	276,000	(18,960)
In lieu of taxes and franchise taxes	355,670	351,706	3,964
General Fund administrative support	142,971	156,372	(13,401)
Total operating expenses	<u>2,173,181</u>	<u>2,083,562</u>	<u>89,619</u>
Operating Income (Loss)	<u>(483,181)</u>	<u>(365,261)</u>	<u>117,920</u>
Nonoperating Revenues (Expenses)			
Investment income	1,000	105	(895)
Interest expense	(757)	(773)	(16)
Total nonoperating revenues (expenses)	<u>243</u>	<u>(668)</u>	<u>(911)</u>
Income (Loss) Before Capital Contributions and Transfers	(482,938)	(365,929)	117,009
Capital Contributions	25,000	217,400	192,400
Transfers Out	(41,772)	(41,772)	-
Change in Net Position	<u>\$ (499,710)</u>	<u>(190,301)</u>	<u>\$ 309,409</u>
Net Position, Beginning of Year		<u>15,160,456</u>	
Net Position, End of Year		<u>\$ 14,970,155</u>	

City of Fallon, Nevada

Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual –
Sanitation Enterprise Fund
Year Ended June 30, 2022

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
Charges for services	<u>\$ 2,100,000</u>	<u>\$ 2,424,453</u>	<u>\$ 324,453</u>
Operating Expenses			
Salaries and wages	344,502	353,282	(8,780)
Employee benefits	243,194	242,586	608
Services and supplies	950,254	753,791	196,463
Depreciation	132,000	145,181	(13,181)
Data processing use fee	13,566	17,290	(3,724)
Public works use fee	85,680	96,600	(10,920)
In lieu of taxes and franchise taxes	127,182	146,340	(19,158)
General Fund administrative support	<u>172,756</u>	<u>190,368</u>	<u>(17,612)</u>
Total operating expenses	<u>2,069,134</u>	<u>1,945,438</u>	<u>123,696</u>
Operating Income	<u>30,866</u>	<u>479,015</u>	<u>448,149</u>
Nonoperating Revenues (Expenses)			
Investment income	200	8	(192)
Interest expense	<u>(6,643)</u>	<u>(5,808)</u>	<u>835</u>
Total nonoperating revenues (expenses)	<u>(6,443)</u>	<u>(5,800)</u>	<u>643</u>
Change in Net Position	<u>\$ 24,423</u>	<u>473,215</u>	<u>\$ 448,792</u>
Net Position, Beginning of Year		<u>(130,610)</u>	
Net Position, End of Year		<u>\$ 342,605</u>	

City of Fallon, Nevada

Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual –
Landfill Enterprise Fund
Year Ended June 30, 2022

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
Charges for services	<u>\$ 1,500,000</u>	<u>\$ 1,448,842</u>	<u>\$ (51,158)</u>
Operating Expenses			
Salaries and wages	231,246	185,406	45,840
Employee benefits	130,524	85,942	44,582
Services and supplies	625,800	539,860	85,940
Depreciation	115,000	96,336	18,664
Data processing use fee	11,628	14,820	(3,192)
Public works use fee	73,440	82,800	(9,360)
In lieu of taxes and franchise taxes	109,690	125,751	(16,061)
General fund administrative support	<u>125,100</u>	<u>101,988</u>	<u>23,112</u>
Total operating expenses	<u>1,422,428</u>	<u>1,232,903</u>	<u>189,525</u>
Operating Income	<u>77,572</u>	<u>215,939</u>	<u>138,367</u>
Nonoperating Revenues (Expenses)			
Investment income	1,000	108	(892)
Interest expense	<u>(663)</u>	<u>(676)</u>	<u>(13)</u>
Total nonoperating revenues (expenses)	<u>337</u>	<u>(568)</u>	<u>(905)</u>
Change in Net Position	<u>\$ 77,909</u>	<u>215,371</u>	<u>\$ 137,462</u>
Net Position, Beginning of Year		<u>676,045</u>	
Net Position, End of Year		<u>\$ 891,416</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, 2022

	<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>\$ 41,772</u>	41,772	<u>\$ -</u>
Net Position, Beginning of Year		<u>685,378</u>	
Net Position, End of Year		<u>\$ 727,150</u>	

COMBINING FINANCIAL STATEMENTS

Internal Service Funds

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City of Fallon, Nevada
Combining Statement of Net Position – Internal Service Funds
June 30, 2022

	Data Processing Internal Service Fund	Public Works Internal Service Fund	Total Internal Service Funds
Assets			
Current assets			
Cash, cash equivalents and investments	\$ 2,046	\$ 39,312	\$ 41,358
Noncurrent assets			
Land and construction in progress			
Capital assets	-	790,593	790,593
Other capital assets, net of depreciation	25,712	197,546	223,258
Total noncurrent assets	25,712	988,139	1,013,851
Total assets	27,758	1,027,451	1,055,209
Deferred Outflows of Resources			
Deferred outflows related to other post employment benefits	-	41,269	41,269
Deferred outflows related to pensions	-	573,432	573,432
Total deferred outflows of resources	-	614,701	614,701
Liabilities			
Current liabilities			
Accounts payable	14,336	490,970	505,306
Accrued payroll and related liabilities	-	55,297	55,297
Current portion of compensated absences	-	22,166	22,166
Total current liabilities	14,336	568,433	582,769
Noncurrent liabilities			
Other postemployment benefit liability	-	209,645	209,645
Net pension liability	-	621,410	621,410
Compensated absences	-	24,526	24,526
Total noncurrent liabilities	-	855,581	855,581
Total liabilities	14,336	1,424,014	1,438,350
Deferred Inflows of Resources			
Deferred inflows related to other postemployment benefits	-	30,007	30,007
Deferred inflows related to pensions	-	738,869	738,869
Total deferred inflows of resources	-	768,876	768,876
Net Position			
Net investment in capital assets	25,712	988,139	1,013,851
Unrestricted (deficit)	(12,290)	(1,538,877)	(1,551,167)
Total net position	\$ 13,422	\$ (550,738)	\$ (537,316)

City of Fallon, Nevada

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

Year Ended June 30, 2022

	<u>Data Processing Internal Service Fund</u>	<u>Public Works Internal Service Fund</u>	<u>Total Internal Service Funds</u>
Operating Revenues			
Charges for services			
User fees	\$ 247,000	\$ 1,380,000	\$ 1,627,000
Operating Expenses			
Salaries and wages	-	807,547	807,547
Employee benefits	-	269,483	269,483
Services and supplies	261,497	71,570	333,067
Depreciation	5,423	30,345	35,768
Total operating expenses	<u>266,920</u>	<u>1,178,945</u>	<u>1,445,865</u>
Operating Income (Loss)	<u>(19,920)</u>	<u>201,055</u>	<u>181,135</u>
Nonoperating Revenues (Expenses)			
Investment income	<u>-</u>	<u>4</u>	<u>4</u>
Income before Transfers	<u>(19,920)</u>	<u>201,059</u>	<u>181,139</u>
Transfers in	<u>-</u>	<u>200,000</u>	<u>200,000</u>
Change in Net Position	<u>(19,920)</u>	<u>401,059</u>	<u>381,139</u>
Net Position, Beginning of Year	<u>33,342</u>	<u>(951,797)</u>	<u>(918,455)</u>
Net Position, End of Year	<u><u>\$ 13,422</u></u>	<u><u>\$ (550,738)</u></u>	<u><u>\$ (537,316)</u></u>

City of Fallon, Nevada
Combining Statement of Cash Flows – Internal Service Funds
Year Ended June 30, 2022

	Data Processing Internal Service Fund	Public Works Internal Service Fund	Total Internal Service Funds
Operating Activities			
Cash received from other funds for services	\$ 247,000	\$ 1,380,000	\$ 1,627,000
Cash payments to suppliers for goods and services	(256,785)	(786,043)	(1,042,828)
Cash payments to employees for services	-	43,068	43,068
Net Cash from (used for) Operating Activities	(9,785)	637,025	627,240
Noncapital Financing Activities			
Transfers from other funds	-	200,000	200,000
Capital and Related Financing Activities			
Purchase of property, plant, and equipment	(17,699)	(890,106)	(907,805)
Investing Activities			
Interest on cash and investments	-	4	4
Net Change in Cash and Cash Equivalents	(27,484)	(53,077)	(80,561)
Cash and Cash Equivalents, Beginning of Year	29,530	92,389	121,919
Cash and Cash Equivalents, End of Year	<u>\$ 2,046</u>	<u>\$ 39,312</u>	<u>\$ 41,358</u>
Reconciliation of operating income to net cash from (used for) operating activities			
Operating income (loss)	\$ (19,920)	\$ 201,055	\$ 181,135
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities			
Depreciation	5,423	30,345	35,768
Pension expense	-	(104,305)	(104,305)
OPEB Expense	-	(1,826)	(1,826)
Changes in			
Accounts payable	4,712	482,029	486,741
Accrued payroll and related liabilities	-	21,504	21,504
Accrued compensated absences	-	8,223	8,223
Net Cash from (used for) Operating Activities	<u>\$ (9,785)</u>	<u>\$ 637,025</u>	<u>\$ 627,240</u>

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INTERNAL SERVICE FUNDS

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

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

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City of Fallon, Nevada

Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual –
Data Processing Internal Service Fund
Year Ended June 30, 2022

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
Charges for services	<u>\$ 278,800</u>	<u>\$ 247,000</u>	<u>\$ (31,800)</u>
Operating Expenses			
Services and supplies	280,000	261,497	18,503
Depreciation	<u>7,000</u>	<u>5,423</u>	<u>1,577</u>
Total operating expenses	<u>287,000</u>	<u>266,920</u>	<u>20,080</u>
Operating Income (Loss)	<u>(8,200)</u>	<u>(19,920)</u>	<u>(11,720)</u>
Change in Net Position	<u><u>\$ (8,200)</u></u>	<u>(19,920)</u>	<u><u>\$ (11,720)</u></u>
Net Position, Beginning of Year		<u>33,342</u>	
Net Position, End of Year		<u><u>\$ 13,422</u></u>	

City of Fallon, Nevada

Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual –
Public Works Internal Service Fund
Year Ended June 30, 2022

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
Charges for services	<u>\$ 1,324,000</u>	<u>\$ 1,380,000</u>	<u>\$ 56,000</u>
Operating Expenses			
Salaries and wages	802,187	807,547	(5,360)
Employee benefits	385,823	269,483	116,340
Services and supplies	89,927	71,570	18,357
Depreciation	<u>30,000</u>	<u>30,345</u>	<u>(345)</u>
Total operating expenses	<u>1,307,937</u>	<u>1,178,945</u>	<u>128,992</u>
Operating Income (Loss)	<u>16,063</u>	<u>201,055</u>	<u>184,992</u>
Nonoperating Revenues (Expenses)			
Investment income	<u>-</u>	<u>4</u>	<u>4</u>
Transfers In	<u>261,000</u>	<u>200,000</u>	<u>(61,000)</u>
Change in Net Position	<u>\$ 277,063</u>	<u>401,059</u>	<u>\$ 123,996</u>
Net Position, Beginning of Year		<u>(951,797)</u>	
Net Position, End of Year		<u>\$ (550,738)</u>	

INTERNALLY REPORTED GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

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

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City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –
 Parking Lot Fund
 Year Ended June 30, 2022

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Miscellaneous			
Investment income	<u>\$ 15</u>	<u>\$ 1</u>	<u>\$ (14)</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	15	1	(14)
Fund Balance, Beginning of Year	<u>\$ 8,040</u>	<u>\$ 8,025</u>	<u>\$ (15)</u>
Fund Balance, End of Year	<u><u>\$ 8,055</u></u>	<u><u>\$ 8,026</u></u>	<u><u>\$ (29)</u></u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –
Secured Freight Yard Fund
Year Ended June 30, 2022

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services			
Use fee	\$ 30,000	\$ 53,767	\$ 23,767
Expenditures	-	-	-
Excess (Deficiency) of Revenues over Expenditures	30,000	53,767	23,767
Other Financing Sources (Uses)			
Transfers Out	(35,000)	(35,000)	-
Net Change in Fund Balance	(5,000)	18,767	23,767
Fund Balance, Beginning of Year	12,288	40,560	28,272
Fund Balance, End of Year	<u>\$ 7,288</u>	<u>\$ 59,327</u>	<u>\$ 52,039</u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –
 Drug Forfeiture Fund
 Year Ended June 30, 2022

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

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, 2022

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
General government and administration			
Employee benefits	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,000)</u>	<u>-</u>	<u>2,000</u>
Other Financing Sources (Uses)			
Transfers In	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning of Year	<u>409</u>	<u>409</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 409</u></u>	<u><u>\$ 409</u></u>	<u><u>\$ -</u></u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –
Convention Center Fund
Year Ended June 30, 2022

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services	\$ 35,000	\$ 49,533	\$ 14,533
Miscellaneous			
Investment income	400	20	(380)
Total revenue	<u>35,400</u>	<u>49,553</u>	<u>14,153</u>
Expenditures			
Community support			
Salaries and wages	257,442	257,482	(40)
Employee benefits	99,403	88,917	10,486
Services and supplies	140,000	122,344	17,656
Capital outlay	8,000	7,206	794
Total expenditures	<u>504,845</u>	<u>475,949</u>	<u>28,896</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(469,445)</u>	<u>(426,396)</u>	<u>43,049</u>
Other Financing Sources (Uses)			
Transfers In	<u>515,000</u>	<u>480,000</u>	<u>(35,000)</u>
Net Change in Fund Balance	45,555	53,604	8,049
Fund Balance, Beginning of Year	<u>284,387</u>	<u>155,244</u>	<u>(129,143)</u>
Fund Balance, End of Year	<u>\$ 329,942</u>	<u>\$ 208,848</u>	<u>\$ (121,094)</u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –
Compensated Absences Fund
Year Ended June 30, 2022

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

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –
 Fire Truck Reserve Fund
 Year Ended June 30, 2022

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
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>

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, 2022

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Miscellaneous			
Investment income	\$ 50	\$ 4	\$ (46)
Other	35,000	28,010	(6,990)
Total revenues	<u>35,050</u>	<u>28,014</u>	<u>(7,036)</u>
Expenditures			
General government and administration			
Services and supplies	<u>50,000</u>	<u>37,428</u>	<u>12,572</u>
Net Change in Fund Balance	(14,950)	(9,414)	5,536
Fund Balance, Beginning of Year	<u>19,470</u>	<u>55,150</u>	<u>35,680</u>
Fund Balance, End of Year	<u>\$ 4,520</u>	<u>\$ 45,736</u>	<u>\$ 41,216</u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –
 Mayor’s Century Fund
 Year Ended June 30, 2022

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

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, 2022

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Miscellaneous			
Investment income	\$ 20	\$ 1	\$ (19)
Expenditures	-	-	-
Net Change in Fund Balance	20	1	(19)
Fund Balance, Beginning of Year	<u>7,993</u>	<u>7,974</u>	<u>(19)</u>
Fund Balance, End of Year	<u>\$ 8,013</u>	<u>\$ 7,975</u>	<u>\$ (38)</u>

Fee calculated on a Percentage of Gross Revenue

Adjusted Base at June 30, 2021		\$	70,304
Adjustment to Base			
Base year			
1. Percentage decrease in population of local government	-1.17%		
2. Percentage Change in CPI	<u>8.80%</u>		
			<u>7.63%</u>
			5,368
Adjusted Base at June 30, 2022			75,672
Actual Revenue			<u>311,363</u>
Actual Amount (over) under Allowable Amount		\$	<u><u>(235,691)</u></u>

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STATISTICAL SECTION

(Unaudited)

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

Section Contents

Financial Trends Information

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

Revenue Capacity Information

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

Debt Capacity Information

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

Demographic and Economic Information

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

Operating Information

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

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

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net investment in										
capital assets										
Restricted	\$ 21,700,796	\$ 23,307,955	\$ 22,991,535	\$ 22,942,505	\$ 22,788,694	\$ 22,284,515	\$ 22,255,494	\$ 22,180,925	\$ 31,163,713	\$ 31,170,497
Unrestricted	31,780	47,385	45,481	75,699	22,488	47,332	142,045	194,706	289,077	389,334
Unrestricted	(18,345)	115,754	(8,285,798)	(8,245,310)	(8,126,482)	(9,207,858)	(9,123,871)	(9,421,691)	(8,873,241)	(3,620,253)
Total Governmental Activities										
Net position	<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>	<u>\$ 22,579,549</u>	<u>\$ 27,939,578</u>
Business-Type Activities										
Net investment in										
capital assets										
Restricted	\$ 38,257,895	\$ 39,129,180	\$ 38,628,318	\$ 36,480,987	\$ 35,461,651	\$ 35,664,097	\$ 37,663,396	\$ 42,929,305	\$ 36,321,493	\$ 37,925,429
Unrestricted	1,375,253	1,418,050	1,278,023	476,518	518,290	560,062	601,834	643,606	685,378	727,150
Unrestricted	3,519,492	1,884,139	(657,862)	2,298,201	3,340,865	2,278,594	859,781	2,306,738	2,433,006	1,153,051
Total Business-type Activities										
Net position	<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>	<u>\$ 39,439,877</u>	<u>\$ 39,805,630</u>
Primary Government										
Net investment in										
capital assets										
Restricted	\$ 59,958,691	\$ 62,437,135	\$ 61,619,853	\$ 59,423,492	\$ 58,250,345	\$ 57,948,612	\$ 59,918,890	\$ 65,110,230	\$ 67,485,206	\$ 69,095,926
Unrestricted	1,407,033	1,465,435	1,323,504	552,217	540,778	607,394	743,879	838,312	974,455	1,116,484
Unrestricted	3,501,147	1,999,893	(8,943,660)	(5,947,109)	(4,785,617)	(6,929,264)	(8,264,090)	(7,114,953)	(6,440,235)	(2,467,202)
Total Primary Government										
Net Position	<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>	<u>\$ 62,019,426</u>	<u>\$ 67,745,208</u>

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities										
General Government	\$ 1,663,467	\$ 1,690,306	\$ 1,678,298	\$ 1,584,856	\$ 1,716,962	\$ 1,877,667	\$ 2,110,517	\$ 2,157,829	\$ 2,452,247	\$ 2,379,011
Judicial	472,202	823,861	862,440	963,156	950,603	812,490	895,751	1,019,477	1,045,921	1,179,970
Public Safety	4,358,133	4,346,890	4,546,200	5,524,586	5,304,100	5,307,215	5,252,325	5,838,231	5,976,815	5,975,512
Public Works	823,527	831,615	881,147	951,133	1,470,832	938,738	925,217	903,708	1,023,028	1,203,386
Culture and Recreation	785,431	1,014,544	964,657	78,657	111,121	1,089,382	1,241,382	1,008,468	1,065,268	1,571,883
Community Support	695,612	689,458	756,851	821,635	862,084	683,436	724,909	747,655	1,578,438	999,364
Interest on Long-Term Debt	11,019	8,777	5,167	4,006	1,522	15,787	12,674	9,373	7,041	2,009
Total Governmental Activities Expenses	8,809,391	9,405,451	9,694,760	9,928,029	10,417,224	10,724,715	11,162,775	11,684,741	13,148,758	13,311,135
Business-Type Activities										
Electric	10,015,264	10,422,927	10,947,716	11,048,834	10,971,517	10,454,940	10,569,966	11,014,169	11,578,355	12,417,995
Water	1,672,477	1,665,541	1,702,062	1,688,182	1,741,801	2,009,341	1,979,607	2,017,614	2,046,330	1,987,371
Sewer	1,948,418	2,076,229	2,139,039	2,483,442	2,274,025	2,365,524	2,276,355	2,274,086	2,353,040	2,424,561
Water Treatment	1,763,149	1,845,066	1,818,524	1,854,313	1,781,997	1,872,199	2,123,220	2,115,784	2,014,502	2,048,318
Sanitation	1,503,218	1,344,200	1,350,180	1,476,909	1,660,261	1,754,151	1,876,144	2,048,355	1,866,584	1,938,640
Landfill	660,531	679,391	750,100	870,612	1,098,943	2,149,619	1,175,638	768,906	1,305,939	1,222,774
Total Business-Type Activities Expenses	17,563,057	18,033,354	18,707,621	19,422,292	19,528,544	20,605,774	20,000,930	20,238,914	21,164,750	22,039,659
Total Primary Government Expenses	\$ 26,372,448	\$ 27,438,805	\$ 28,402,381	\$ 29,350,321	\$ 29,945,768	\$ 31,330,489	\$ 31,163,705	\$ 31,923,655	\$ 34,313,508	\$ 35,350,794
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	\$ 1,439,704	\$ 2,154,830	\$ 2,094,039	\$ 2,262,003	\$ 2,347,888	\$ 2,479,274	\$ 2,676,779	\$ 2,721,603	\$ 3,573,299	\$ 3,590,441
Judicial	345,589	49,651	65,323	84,280	124,688	124,017	136,571	115,461	103,284	79,010
Public Safety	87,137	16,762	862	3,232	6,390	6,672	6,087	13,234	9,709	18,789
Culture and Recreation	28,066	35,251	32,143	37,018	37,123	37,488	42,700	31,049	19,615	39,445
Operating Grants and Contributions	745,343	993,904	592,598	540,447	497,776	176,200	297,996	245,080	2,933,890	6,450,924
Capital Grants and Contributions	1,865,122	1,617,270	243,049	539,632	529,347	266,747	853,806	738,431	794,200	126,358
Total Governmental Activities Program Revenues	4,510,961	4,867,668	3,028,014	3,466,612	3,543,212	3,090,398	4,013,939	3,864,858	7,433,997	10,304,967
Business-Type Activities										
Charges for Services										
Electric	9,635,057	10,025,997	11,241,606	11,159,460	11,079,233	11,454,055	11,258,578	11,064,394	11,328,706	11,200,848
Water	1,669,083	1,650,118	1,668,072	1,617,927	1,624,941	1,603,782	1,598,798	1,606,525	1,616,639	1,662,559
Sewer	1,474,150	1,488,056	1,784,577	2,153,618	2,193,105	2,245,391	2,294,442	2,379,247	2,348,424	2,214,775
Sanitation	1,289,746	1,292,460	1,400,656	1,539,717	1,662,649	1,702,518	1,731,660	1,789,679	2,237,762	2,424,453
Landfill	497,039	656,032	909,205	1,053,283	1,177,127	1,293,625	1,240,494	1,223,543	1,587,790	1,448,842
Water Treatment	1,677,903	1,663,804	1,664,037	1,652,633	1,663,627	1,673,309	1,682,985	1,685,367	1,711,032	1,718,301
Operating Grants and Contributions	116,124	43,049	33,585	58,407	67,351	145,977	18,104	6,946	299,640	56,734
Capital Grants and Contributions	101,329	460,953	107,836	178,707	99,885	155,980	418,126	7,007,528	996,455	1,463,717
Total Business-Type Activities Program Revenues	16,460,431	17,280,469	18,809,574	19,413,752	19,567,918	20,274,637	20,243,187	26,763,229	22,126,448	22,190,229

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Primary Government										
Program Revenue	\$ 20,971,392	\$ 22,148,137	\$ 21,837,588	\$ 22,880,364	\$ 23,111,130	\$ 23,365,035	\$ 24,257,126	\$ 30,628,087	\$ 29,560,445	\$ 32,495,196
Net (Expense)/Revenue										
Governmental Activities	(4,298,430)	(4,537,783)	(6,666,746)	(6,461,417)	(6,874,012)	(7,634,317)	(7,148,836)	(7,819,883)	(5,714,761)	(3,006,168)
Business-Type Activities	(1,102,626)	(752,885)	101,953	(8,540)	39,374	(331,137)	242,257	6,524,315	961,698	150,570
Total Primary Government	\$ (5,401,056)	\$ (5,290,668)	\$ (6,564,793)	\$ (6,469,957)	\$ (6,834,638)	\$ (7,965,454)	\$ (6,906,579)	\$ (1,295,568)	\$ (4,753,063)	\$ (2,855,598)
General Revenues and Other										
Changes in Net Position										
Governmental Activities										
Taxes										
Ad Valorem	\$ 1,395,726	\$ 1,414,750	\$ 1,437,550	\$ 1,432,225	\$ 1,464,486	\$ 1,451,714	\$ 1,506,099	\$ 1,553,934	\$ 1,613,756	\$ 1,687,126
Occupancy	482,423	575,389	496,450	511,550	617,231	791,038	634,963	616,671	693,698	916,969
Fuel	143,386	146,174	137,741	146,852	149,425	154,833	153,488	146,140	163,234	164,894
Unrestricted Intergovernmental -										
Consolidated Taxes	1,638,491	1,676,871	1,717,108	1,820,223	1,852,273	2,189,348	2,210,806	2,358,411	2,738,375	2,873,500
Franchise Fees	146,557	182,547	226,475	209,800	225,997	245,067	266,781	290,329	256,793	282,616
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	1,099,701	1,138,372
Enterprise Funds in Lieu of										
Franchise Fees	830,705	818,777	810,031	836,698	932,537	957,855	968,305	989,598	997,886	1,053,841
Unrestricted Gaming Licenses	235,449	238,604	265,856	221,291	227,671	236,670	246,933	229,621	209,001	227,800
Investment Earnings	854	916	216	216	712	1,659	3,563	3,624	2,700	650
Gain (Loss) on Disposal	-	-	-	-	-	385,676	-	-	-	-
Miscellaneous	338,701	284,886	332,497	290,406	288,823	-	256,428	225,590	132,146	220,429
Transfers	(16,008)	(17,000)	-	-	-	-	-	-	7,433,080	(200,000)
Total Governmental Activities	5,441,061	6,294,646	6,408,024	6,483,093	6,785,818	7,449,283	7,298,515	7,500,155	15,340,370	8,366,197
Business-Type Activities										
Investment Earnings	13,213	14,614	9,856	15,767	25,726	121,622	308,317	230,323	31,610	15,183
Miscellaneous	-	-	-	-	-	39,354	71,684	-	-	-
Transfers	16,008	17,000	-	-	-	-	-	-	(7,433,080)	200,000
Total Business-Type Activities	29,221	31,614	9,856	15,767	25,726	160,976	380,001	230,323	(7,401,470)	215,183
Total Primary Government	\$ 5,470,282	\$ 6,326,260	\$ 6,417,880	\$ 6,498,860	\$ 6,811,544	\$ 7,610,259	\$ 7,678,516	\$ 7,730,478	\$ 7,938,900	\$ 8,581,380
Change in Net Position										
Governmental Activities	\$ 1,142,631	\$ 1,756,863	\$ (258,722)	\$ 21,676	\$ (88,194)	\$ (185,034)	\$ 149,679	\$ (319,728)	\$ 9,625,609	\$ 5,360,029
Business-Type Activities	(1,073,405)	(721,271)	111,809	7,227	65,100	(170,161)	622,258	6,754,638	(6,439,772)	365,753
Total Primary Government	\$ 69,226	\$ 1,035,592	\$ (146,913)	\$ 28,903	\$ (23,094)	\$ (355,195)	\$ 771,937	\$ 6,434,910	\$ 3,185,837	\$ 5,725,782

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ -	\$ -	\$ 713,266	\$ 435,047	\$ 318,165	\$ 251,283	\$ 184,401	\$ 117,519	\$ 36,382	\$ 9,703
Restricted	7,639	7,836	7,853	7,877	7,901	30,804	35,017	42,778	47,829	44,780
Committed	56,428	35,443	93,091	38,603	63,689	93,095	111,217	227,385	263,235	4,826,193
Assigned	-	-	-	-	-	244,622	182,045	460,631	802,914	-
Unassigned	833,575	993,751	283,448	217,024	353,701	314,585	602,347	575,336	548,264	1,109,528
Total Fund Balance	<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>	<u>\$ 1,698,624</u>	<u>\$ 5,990,204</u>
All Other Governmental Funds										
Restricted	\$ 23,734	\$ 39,549	\$ 37,628	\$ 67,822	\$ 14,587	\$ 16,528	\$ 107,028	\$ 151,928	\$ 241,248	\$ 344,554
Committed										
Special revenue funds	155,696	233,172	226,537	142,596	238,127	488,031	505,841	182,324	1,035,306	1,072,985
Assigned	-	-	-	-	(41,220)	-	(4,512)	265,024	-	-
Total All Other Governmental Funds	<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>	<u>\$ 1,276,554</u>	<u>\$ 1,417,539</u>

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes										
Ad valorem	\$ 1,405,371	\$ 1,425,622	\$ 1,436,376	\$ 1,434,369	\$ 1,468,645	\$ 1,458,297	\$ 1,506,342	\$ 1,558,359	\$ 1,611,739	\$ 1,688,877
Other	1,034,444	2,435,006	1,862,076	1,908,027	1,800,835	1,888,263	1,755,907	1,734,740	2,407,799	2,402,301
Charges for services	1,453,548	1,765,655	1,866,758	1,985,398	2,093,854	2,204,785	2,435,237	2,352,674	2,156,816	2,789,701
Intergovernmental	4,442,624	2,630,439	2,699,826	2,641,090	3,234,913	3,195,357	3,858,988	3,807,023	7,360,827	9,714,637
Licenses and permits	1,461,653	1,526,056	1,407,668	1,443,031	1,559,042	1,637,686	1,655,902	1,733,763	1,690,390	2,188,558
Fines and forfeitures	38,469	28,816	44,310	99,612	104,829	100,367	110,826	89,275	76,524	51,127
Investment income	854	915	215	216	712	1,659	3,561	3,624	2,700	651
Miscellaneous	171,538	102,776	117,636	80,110	70,361	49,304	(11,232)	86,685	29,135	42,928
Total revenues	10,008,501	9,915,285	9,434,865	9,591,853	10,333,191	10,535,718	11,315,531	11,366,143	15,335,930	18,878,780
Expenditures										
General government	1,520,587	1,593,820	1,514,103	1,847,679	1,850,200	1,759,607	1,937,229	1,882,766	3,123,914	2,264,934
Judicial	470,456	821,910	875,768	879,269	849,025	797,204	890,001	976,453	1,018,640	1,261,880
Public safety	4,166,150	4,159,520	4,474,236	4,705,691	4,874,293	5,021,060	5,186,268	5,414,050	5,671,106	6,459,401
Public works	158,210	122,079	138,928	194,239	157,869	161,024	145,813	99,026	473,060	628,483
Culture and recreation	693,373	899,668	834,703	864,388	904,883	964,095	946,264	875,993	939,439	1,229,691
Community support	658,983	619,494	696,774	780,116	601,882	613,558	697,620	703,051	540,069	994,094
Capital outlay	3,060,593	1,383,426	787,213	711,176	1,017,599	938,323	1,165,412	1,052,930	3,212,173	1,274,034
Debt service:										
Principal	99,257	56,912	55,901	58,143	29,937	46,854	49,813	52,960	64,634	131,689
Interest	11,019	8,777	5,167	4,006	1,522	15,787	12,675	9,373	7,042	2,009
Total expenditures	10,838,628	9,665,606	9,382,793	10,044,707	10,287,210	10,317,512	11,031,095	11,066,602	15,050,077	14,246,215
Excess (Deficiency) of Revenues over Expenditures	(830,127)	249,679	52,072	(452,854)	45,981	218,206	284,436	299,541	285,853	4,632,565
Other Financing Sources (Uses)										
Transfers in	473,683	375,282	461,068	447,149	420,311	476,670	543,130	717,333	586,870	688,698
Transfers out	(489,691)	(392,282)	(461,068)	(447,149)	(420,311)	(476,670)	(543,130)	(717,333)	(586,870)	(888,698)
Proceeds from medium - term obligations	-	-	-	-	-	265,792	-	-	666,400	-
Total other financing sources (uses)	(16,008)	(17,000)	-	-	-	265,792	-	-	666,400	(200,000)
Net Change in Fund Balance	\$ (846,135)	\$ 232,679	\$ 52,072	\$ (452,854)	\$ 45,981	\$ 483,998	\$ 284,436	\$ 299,541	\$ 952,253	\$ 4,432,565
Debt Service as a Percentage of Noncapital Expenditures	1.4%	0.8%	0.7%	0.7%	0.3%	0.7%	0.6%	0.6%	0.6%	1.0%

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		
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
2021	188,422,571	15,283,557	203,706,128	582,017,509	35.0
2022	202,285,305	16,308,847	218,594,152	624,554,720	35.0

Source: Churchill County Assessor's Office

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

<u>Fiscal Year</u>	<u>City of Fallon</u>	<u>State of Nevada</u>	<u>School District</u>	<u>County</u>	<u>Special Districts</u>	<u>Total</u>
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
2021	0.7971	0.1700	1.3000	1.2829	0.1100	3.6600
2022	0.7971	0.1700	1.3000	1.2829	0.1100	3.6600

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

City of Fallon, Nevada
Schedule No. 7 – Principal Property Owners
June 30, 2022

Taxpayer	Product/Service	Rank	Fiscal Year 2022		
			Taxable Estimated Appraised Value (1)	Taxable Assessed Value	Approximate Percentage of Taxable Assessed Valuation
ENEL Stillwater LLC (Stillwater Plant)	Geothermal	1	\$ 173,808,289	\$ 60,832,901	6.94%
NV Energy Combined	Utilities	2	92,290,726	32,301,754	3.68%
Union Pacific Railroad	Transportation	3	68,761,009	24,066,353	2.74%
Gradient Resources In. (Patus Project)	Geothermal	4	54,181,040	18,963,364	2.16%
ORNI 423 LLC	Engineering & Construction	5	53,171,257	18,609,940	2.12%
Terra-Gen Dixie Valley LLC	Geothermal	6	50,178,820	17,562,587	2.00%
Ormat Nevada Inc.	Geothermal	7	48,037,617	16,813,166	1.92%
CYRQ Energy Inc.	Geothermal	8	44,921,729	15,722,605	1.79%
URS Federal Services	Federal Contractor	9	22,236,214	7,782,675	0.89%
US Bank National Association	Banking	10	18,574,503	6,501,076	0.74%

Taxpayer	Product/Service	Rank	Fiscal Year 2013		
			Taxable Estimated Appraised Value (1)	Taxable Assessed Value	Approximate Percentage of Taxable Assessed Valuation
ENEL Stillwater LLC (Stillwater Plant)	Geothermal	1	\$ 164,654,049	\$ 57,628,917	8.52%
Sierra Pacific Power Company	Utility	2	89,379,160	31,282,706	4.63%
Terra-Gen Dixie Valley LLC	Geothermal	3	72,652,120	25,428,242	3.76%
Northrop Grumman	Contractor	4	38,444,689	13,455,641	1.99%
ENEL Saltwater Wells Plant Geotherma	Geothermal	5	35,923,294	12,573,153	1.86%
Ormat Nevada, Inc. Desert Peak	Geothermal	6	30,324,451	10,613,558	1.57%
Union Pacific Railroad	Railroad	7	27,811,823	9,734,138	1.44%
AT&T Communications, INC.	Communications	8	26,842,737	9,394,958	1.39%
Southwest Gas Corp	Utility	9	26,041,049	9,114,367	1.35%
Magma Energy (Constellation Power)	Geothermal	10	21,110,906	7,388,817	1.09%

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number of Meters	4,841	5,078	4,844	4,908	4,879	4,873	4,876	4,874	4,971	5,021
Annual Average Day Demand per Customer (1)	763	763	763	763	763	763	763	763	763	763
Direct Rate per KWH	0.12524	0.12524	0.12524	0.12524	0.12524	0.12524	0.12524	0.12524	0.12524	0.12524
Base Fee for Electrical	\$ 3.02	\$ 3.02	\$ 12.02	\$ 12.02	\$ 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, 2022

Employer	2022		2013	
	User Fees	Rank	User Fees	Rank
Dairy Farmers of America	\$ 1,387,714	1	N/A	N/A
Churchill County School District	490,481	2	\$ 552,365	1
Walmart	364,003	3	537,452	2
Churchill Community Hospital	355,386	4	426,950	3
Safeway	194,065	5	213,729	5
Highland Manor	163,399	6	168,796	6
City of Fallon Waste Water Plant	159,154	7	159,552	8
Gemini	140,423	8	N/A	N/A
Bonanza Casino	137,175	9	131,983	10
The Depot Casino	111,394	10	N/A	N/A

Source: City of Fallon

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

Fiscal Year	Governmental Activities		Business-Type Activities										
	Bonds Payable	Medium-Term Obligation	Electric Bonds	Water Bonds	Sewer Bonds	Sanitation Bonds	Landfill Bonds	Electric Medium-Term Obligation	Water Medium-Term Obligation	Sewer Medium-Term Obligation	Sanitation Medium-Term Obligation	Landfill Medium-Term Obligation	Water - Treatment Medium-Term Obligation
2013	\$ 200,895	\$ -	\$ 1,075,985	\$ 3,062,905	\$ 6,170,479	\$ 43,550	\$ 384,566	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2014	143,982	-	777,513	2,844,398	5,874,502	30,236	196,274	-	-	-	-	-	-
2015	88,080	-	475,646	2,625,469	5,565,085	18,497	75,046	-	-	-	-	-	-
2016	29,937	-	161,675	2,168,335	7,285,000	6,288	25,509	-	-	-	-	-	-
2017	-	-	-	1,964,476	7,025,000	-	-	-	-	-	-	-	-
2018	-	218,938	6,333,000	1,772,227	6,760,000	-	-	-	-	-	-	-	-
2019	-	169,125	6,234,000	1,575,378	6,485,000	-	-	-	-	-	-	-	-
2020	-	116,165	5,862,000	1,373,822	6,195,000	-	-	-	-	-	-	-	-
2021	-	717,931	5,560,000	1,167,444	5,890,000	-	-	636,749	227,202	227,202	83,621	58,535	66,897
2022	-	586,242	5,129,000	956,108	5,570,000	-	-	574,825	205,115	220,212	75,492	52,845	60,394

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

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

Fiscal Year	Business-Type Activities					Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Sanitation Financed Purchases	Landfill Financed Purchases	Electric Financed Purchases	Water Financed Purchases	Sewer Financed Purchases			
2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,940,393	3.48%	1,257
2014	-	-	-	-	-	9,868,919	2.98%	1,134
2015	-	378,990	-	-	-	9,226,813	2.71%	1,067
2016	-	307,150	-	-	-	9,983,894	2.87%	1,138
2017	536,562	231,273	-	-	-	9,757,311	2.64%	1,100
2018	457,974	151,155	-	-	-	15,693,294	3.98%	1,738
2019	377,127	73,721	-	-	-	14,914,351	3.54%	1,634
2020	293,949	7,246	163,330	163,330	163,330	14,338,172	3.11%	1,561
2021	208,897	-	-	-	-	14,844,478	N/A	1,637
2022	120,291	-	-	-	-	13,558,395	N/A	1,486

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

Fiscal Year	Governmental Activities	Business Type Activities	Total*	Percentage of Actual Property Value (1)	Per Capita (2)
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
2021	717,931	14,143,270	14,861,201	2.55%	1,637.23
2022	586,242	12,964,281	13,558,395	2.17%	1,486.18

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

Schedule No. 12 – Computation of General Obligation Direct and Overlapping Debt
June 30, 2022

	General Obligation Debt	Revenue Bond & Capital Leases	Net Debt Outstanding	% Applicable(1)	Applicable Net Debt
<u>Direct</u>					
City of Fallon	\$ 13,558,463	\$ -	\$ 13,558,463	100.00%	<u>\$ 13,558,463</u>
<u>Overlapping</u>					
State of Nevada (1)	1,258,830,000	-	1,258,830,000	0.1600%	2,014,128
Churchill County (2)	37,519,862	-	37,519,862	26.25%	9,848,964
Churchill County School District (3)	24,384,300	-	24,384,300	26.25%	<u>6,400,879</u>
Total overlapping debt					<u>18,263,971</u>
Total direct and overlapping Debt					<u><u>\$ 31,822,434</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, 2022

Estimated Assessed Value	\$ 218,594,152
Debt Limit - 30 Percent of Total	<u>30%</u>
Assessed Value	65,578,246
Less Total Amount of Debt Applicable to Debt Limit	<u>13,558,463</u>
Legal Debt Margin	<u><u>\$ 52,019,783</u></u>

Note: Legal debt margin as set forth in NRS 266.600

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

Fiscal Year	Population (1)	Total Personal Income	Per Capita Personal Income (2)	Unemployment Rate (3)
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	421,109,625	46,149	3.60%
2020	9,184	459,943,904	50,081	5.70%
2021	9,077	Unavailable	Unavailable	3.90%
2022	9,123	Unavailable	Unavailable	3.40%

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, 2022

Employer	2022			2013		
	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	10.96%	1,120	1	9.40%
Churchill County School District	400	2	4.38%	600-699	2	5.46%
Banner Churchill Community Hospital	250-499	3	2.74%	300-399	3	2.94%
Wal-Mart Supercenter	250-499	4	2.74%	200-299	4	2.10%
Stockman's Casino	250-499	5	2.74%	-	-	-
Churchill County	200-299	6	2.20%	200-299	5	2.10%
Dyncorp International LLC	200-299	7	2.20%	-	-	-
A&K Earthmovers	100-249	8	1.10%	100-199	8	1.26%
Chugach Support Services Inc.	100-249	9	1.10%	100-199	9	1.26%
New Millennium Building System	100-249	10	1.10%	-	-	-
Bonanza/Nuggett Casino	100-249	11	1.10%	-	-	-
City of Fallon	100-249	12	1.10%	-	-	-

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government	6	6	6	5	5	8	12	10	14	16
Judicial	4	6	6	6	7	5	7	6	6	6
Public Safety	36	36	34	40	33	40	38	42	43	40
Culture and Recreation	4	5	5	7	5	4	5	6	3	4
Community Support	3	4	4	4	5	4	4	4	4	4
Enterprise Funds	34	28	46	30	48	43	41	37	36	45
Total	<u>87</u>	<u>85</u>	<u>101</u>	<u>92</u>	<u>103</u>	<u>104</u>	<u>107</u>	<u>105</u>	<u>106</u>	<u>115</u>

Source: City Clerk/Treasurer's Office

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

Function/Program	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police Department										
Calls for service	10,096	10,285	10,062	9,870	8,201	9,584	10,001	8,712	8,511	9,085
Citations issued	914	879	823	750	615	939	718	450	186	343
Arrests	560	670	657	562	513	539	727	424	346	390
Animal Shelter intake	1,825	1,850	1,690	1,621	1,364	1,439	1,521	1,365	1,016	1,224
Municipal Court										
Criminal Charges filed	288	491	543	492	438	441	413	369	329	513
Traffic Charges filed	1,094	857	551	432	537	925	1,103	629	435	251
Fire Department										
Emergency responses	69	70	76	68	66	60	65	62	91	129
Landfill										
Refuse received (tons)	24,902	29,091	60,785	67,452	87,702	93,975	89,052	85,417	142,645	90,656
Water										
Water Pumped (thousands of gallons)	731,091	726,181	773,039	754,438	622,846	626,800	630,074	654,544	637,296	630,434
Electric										
Metered KWH purchased	75,748,807	87,952,000	83,575,000	86,034,000	89,720,451	93,396,854	92,318,976	91,128,447	92,173,684	93,278,289
Usage @ system peak	18,005	18,539	19,509	20,523	20,648	21,077	21,420	21,277	21,237	59,327
Other Public Works										
Street reconstruction (feet)	6,717	100	-	-	-	-	-	-	-	-
Building permits issued	167	160	172	185	248	237	283	311	508	492
Sewer										
Treated Effluent (Average Daily in millions/gallons)	0.961	1.024	0.997	1.039	0.93	1.08	1.12	1.24	1.11	1.12

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	17	17	17	17	17	17	17	17	17	17
Fire Stations	1	1	1	1	1	1	1	1	1	1
Other Public Works										
Streets (miles)	43.64	44.28	44.28	44.28	44.28	44.28	44.28	44.28	44.28	44.28
Traffic signals	6	6	6	6	6	6	6	6	6	6
Parks and Recreation										
Acreage	32	32	32	32	32	32	32	32	32	32
Developed playgrounds	9	9	9	9	9	9	9	9	9	9
Water										
Storage Capacity (millions of gallons)	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2
Water Treatment										
Treatment Capacity (millions of gallons/day)	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7
Sewer Treatment										
Treatment Capacity (millions of gallons/day)	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2

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COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fallon, Nevada, (the City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 28, 2022.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

City's Response to Findings

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

Purpose of this Report

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



Elko, Nevada
December 28, 2022



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

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Fallon, Nevada’s (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City’s major federal program for the year ended June 30, 2022. 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.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on managements response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questions costs. Management’s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a significant deficiency.

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

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

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



Elko, Nevada
December 28, 2022



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, 2022, and the related notes to the financial statements, except as noted below, nothing came to our attention that caused us to believe the City failed to comply with the specific requirements of Nevada Revised Statutes cited below. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

Current Year Statute Compliance

The required disclosure on compliance with Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 2 to the financial statements.

Progress on Prior Year Statute Compliance

In the prior year, apparent over expenditures of NRS 354.626 occurred in various funds. The City monitored expenditures during the current year in order to prevent over expenditures.

In the prior year we noted noncompliance with NAC 354.750. No such instances were noted in the current year.

Prior Year Recommendations

Current year finding 2022-001 is a repeat finding from the prior year.

Current Year Recommendations

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

NRS 354.598155

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

Eide Bailly LLP

Elko, Nevada
December 28, 2022

City of Fallon, Nevada
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal Financial Assistance Listing/ Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</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 Front St. Redevelopment Project	14.228	19/PF.04	<u>\$ 82,378</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 and 20/JAG/10	<u>55,000</u>
<u>U.S. Department of Transportation</u>			
Direct Award			
Airport Improvement Program	20.106	N/A	<u>52,844</u>
Passed through State of Nevada Department of Transportation:			
Highway Planning and Construction Cluster Highway Planning and Construction	20.205	74182	<u>110,229</u>
Total U.S. Department of Transportation			<u>163,073</u>
<u>U.S. Department of Treasury</u>			
Passed through State of Nevada Governor's Finance Office:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	NV6600	<u>5,807,195</u>
<u>U.S. Department of Homeland Security</u>			
Passed through State of Nevada Department of Motor Vehicles and Public Safety Division of Emergency Management:			
Emergency Management Preparedness Grant	97.042	EMF-2020-EP-00005	<u>28,083</u>
Total Federal Financial Assistance			<u>\$ 6,135,729</u>

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Fallon under programs of the federal government for the year ended June 30, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Fallon, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the City of Fallon.

Note B - Summary of Significant Accounting Policies

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

Note C - Indirect Cost Rate

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

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing/CFDA Number</u>
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Finding

**2022-001 Report Preparation and Audit Adjustments
Significant Deficiency**

Criteria: Management of the City of Fallon is responsible for establishing and maintaining an effective system of internal control over financial reporting. One of the key components of an effective system of internal control is a finance staff with adequate resources available to prepare the financial statements in accordance with generally accepted accounting principles.

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

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

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

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

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

