



AGENDA

CITY COUNCIL SPECIAL MEETING

55 West Williams Avenue Fallon, NV

February 27, 2026 at 1:00 PM

The Honorable City Council will meet in a special meeting on February 27, 2026 at 1:00 p.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 ended June 30, 2025. **(For Possible Action)**

5. Consideration and possible approval and adoption of Resolution No. 26-02-01: A resolution authorizing a temporary interfund loan from the Landfill Enterprise Fund to the Sewer Enterprise Fund in the amount of Four Hundred Thousand Dollars (\$400,000.00), and other matters properly related thereto. **(For possible action)**

6. Consideration and possible approval and adoption of Resolution No. 26-02-02: A resolution authorizing a temporary interfund loan from the Landfill Enterprise Fund to the Water Enterprise Fund in the amount of Six Hundred Thousand Dollars (\$600,000.00), and other matters properly related thereto. **(For possible action)**

7. Consideration and possible approval and adoption of Resolution No. 26-02-03: A resolution authorizing a temporary interfund loan from the General Fund to the Airport Fund in the amount of Six Hundred Sixty-Eight Thousand, Six Hundred Fifty-Six Dollars (\$668,656.00), and other matters properly related thereto. **(For possible action)**

8. Public Comments **(For discussion only)**

9. Council and Staff Reports **(For discussion only)**

This agenda has been posted on or before 9:00 a.m. on February 24, 2026 at City Hall, City's website (<https://fallonnevada.gov>) and the State of Nevada public notice website (<https://notice.nv.gov/>).

The supporting material for this meeting is also available to the public on the City's website (<https://fallonnevada.gov>) and the State of Nevada public notice website (<https://notice.nv.gov/>) or by contacting Elsie Lee, Deputy City Clerk, City Clerk's Office, City Hall, 55 West Williams Avenue, Fallon, Nevada, 775-423-5104

/s/ 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.



CITY OF FALLON

REQUEST FOR COUNCIL ACTION

DATE SUBMITTED: February 23, 2026
 AGENDA DATE: February 27, 2026
 TO: The Honorable City Council
 FROM: Michael O'Neill, City Clerk/Treasurer
 AGENDA ITEM TITLE: Consideration and possible approval of the City of Fallon's Annual Comprehensive Financial Report for the year ended June 30, 2025. **(For Possible Action)**

TYPE OF ACTION REQUESTED:

Resolution	Ordinance
X Formal Action/Motion	Other

POSSIBLE COUNCIL ACTION: Motion to approve the City of Fallon's Annual Comprehensive Financial Report for the year ended June 30, 2026.

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 and Teri Gage, Partner with Eide Bailly, will present the audit report to the City Council. If approved, the Annual Comprehensive Financial Report for the year ended June 30, 2025 will be forwarded to the Nevada Department of Taxation as required.

FISCAL IMPACT: N/A

FUNDING SOURCE: N/A

PREPARED BY: Michael O'Neill, City Clerk/Treasurer

TO BE PRESENTED TO COUNCIL BY: Michael O'Neill, City Clerk/Treasurer

Annual Comprehensive Financial Report
For the Year Ended June 30, 2025
City of Fallon, Nevada

Prepared by City Clerk-Treasurer's Office
Michael O'Neill, City Clerk-Treasurer
City of Fallon, Nevada
55 West Williams Avenue
Fallon, Nevada 89406

City of Fallon, Nevada

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June 30, 2025

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INTRODUCTORY SECTION

Ken Tedford
MAYOR



Kelly Frost
Councilwoman

Karla Kent
Councilwoman

Paul W. Harmon
Councilman

February 20, 2026

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

The Annual Comprehensive Financial Report for the City of Fallon for the fiscal year ended June 30, 2025, 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 an independent certified public accountant 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, 2025, are free of material misstatement. The independent audit involved examining on a testing 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, 2025, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction. 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 9,600 residents and occupies a land area of four square miles. The City's center is at the intersection of US Highway 50 and US Highway 95.

The City of Fallon operates under a strong Mayoral form of government. The Mayor is elected at-large in the City, serving as the Chief Executive Officer responsible for the day-to-day operations and oversight of the City government, City personnel and the City's enterprises. The Mayor

is not a member of the City Council and does not vote on matters brought before the City Council. The Mayor presides over City Council meetings in order to preserve order and decorum. The Mayor is also responsible for the appointment of all executive officers, with such appointments subject to confirmation by the City Council. The City has three City Councilmembers elected for staggered terms of four years. One Councilmember represents each of the three wards dividing the City. 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 coming 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 of 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 a 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 formal City Council approval in a public meeting. 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 these governmental type services, the City provides a variety of utility services in enterprise funds which include electric, water, water treatment, sewer, sanitation, and a landfill.

Local Economic Conditions and Outlook

Agriculture in all aspects remains a vital part of the local economy in Fallon. All 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 to Fallon is being home of the United States Navy’s Naval Air Station Fallon (NAS Fallon). With over 1,200 active military service members and employing numerous civilian support staff, NAS Fallon is a major employer for the community. The Navy’s Strike Fighter Tactics Instructor program, popularly known as TOPGUN, was transferred to Fallon in 1996 making NAS Fallon 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 an enormous economic impact to the community.



Steady population growth and a low unemployment rate (5.1%) continue to allow the City’s economy to be stable. The City continues to see growth in terms of assessed value and taxable sales to support general governmental services. The City’s property tax rate remains unchanged, and it is unlikely to change unless the Nevada legislature makes changes to the existing statutory cap limits. As such, increases in property tax revenues can only be attained by increases in assessed value. The total City assessed value increased by \$4,674,640 or 1.5% from the previous fiscal year. Property tax collections increased by \$153,480 or 7% from the previous fiscal year. Consolidated tax revenues (CTX) are comprised of sales tax, excise tax and motor vehicle taxes which are calculated and distributed pursuant to Nevada State law. The City saw a positive increase in CTX distributions during the year, receiving an additional \$139,107, which was a 5.6% increase over the previous fiscal year.

The City continues to face challenges that include supply chain delays, high energy prices, inflation, and uncertainty due to conflicts overseas. Even faced with these challenges, the City has adapted and continues to provide a welcoming and attractive community for its citizens and visitors.

Long-Term Financial Planning

The City will continue to utilize its financial forecasting models to assist with operating and capital budget planning. Management will continue to work with consultants to support forecasting and planning needs of all the City’s municipal infrastructure and 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 compliant with this requirement as the FY2025/2026 budget, as submitted and approved by the State, includes an ending fund balance that is 12.3% of prior year expenditures.

Legal Level of Budgetary Control - 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 in excess of originally budgeted appropriations are allowable if the expenses do not cause a deficit in net position and the budget is adjusted in a manner provided by law, per NAC 354.481.

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, submitted to the Nevada Department of Taxation and presented to the Churchill County Debt Commission.

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. The City 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,



Michael O’Neill
City Clerk/Treasurer

PRINCIPAL OFFICIALS
OF THE CITY OF FALLON, NEVADA
2024 - 2025

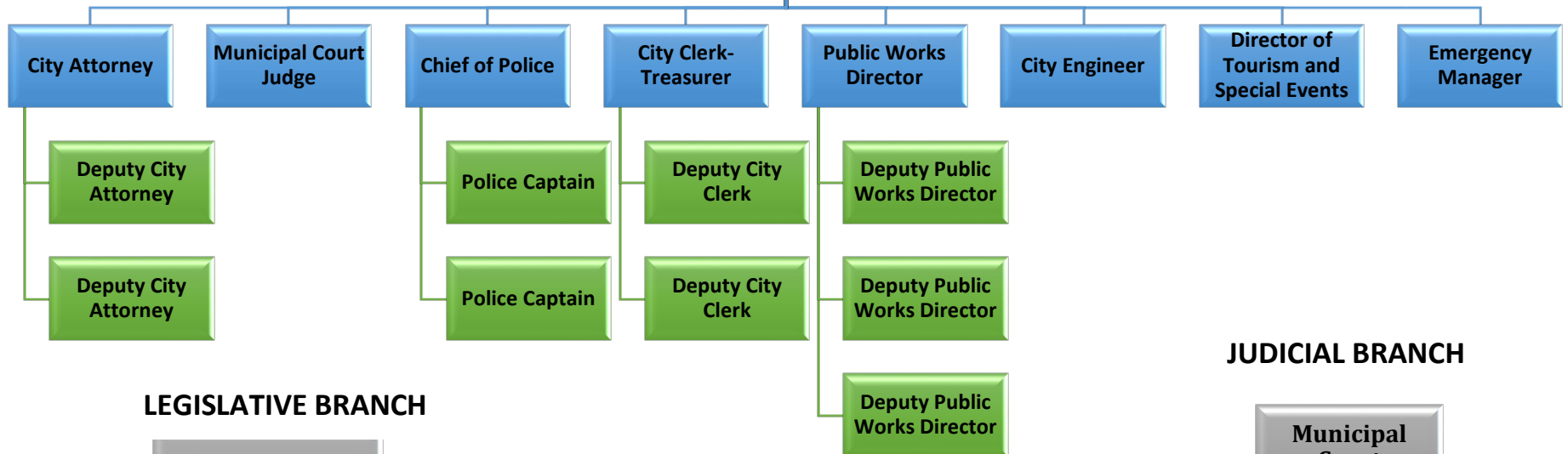
Office	Name	Term of Office	Term Expires
Mayor	Ken Tedford	Four Years	January 2029
Council Member Ward 1	Kelly Frost	Four Years	January 2027
Council Member Ward 2	Karla Kent	Four Years	January 2029
Council Member Ward 3	Paul Harmon	Four Years	January 2027
City Attorney	Michael Mackedon	Two Years	February 2025
City Attorney	Trent deBraga	Two Years	January 2027
Deputy City Attorney	Sean Rowe	Two Years	January 2027
Deputy City Attorney	Trent deBraga	Two Years	March 2025
Deputy City Attorney	T. Jaren Stanton	Two Years	January 2027
Chief of Staff	Robert Erickson	Two Years	January 2027
Municipal Court Judge	Michael Lister	Two Years	January 2027
City Clerk-Treasurer	Michael O' Neil	Two Years	January 2027
Deputy City Clerk-Treasurer	Elsie Lee	Two Years	January 2027
Deputy City Clerk-Treasurer	Michael Anderson	Two Years	December 2025
Public Works Director	Brian Byrd	Two Years	January 2027
Deputy Public Works Director	Erik Fain	Two Years	January 2027
Deputy Public Works Director	Adrieen Noriega	Two Years	January 2027
Deputy Public Works Director	Glen Radtke	Two Years	December 2024
Deputy Public Works Director	Marco Guerrero	Two Years	January 2027
City Engineer	Derek Zimney	Two Years	January 2027
Chief of Police	Ron Wenger	Two Years	September 2025
Chief of Police	Daniel Babiarz	Two Years	January 2027
Police Captain	John Riley	Two Years	January 2027
Police Captain	Daniel Babiarz	Two Years	July 2025
Police Captain	Jose Perez	Two Years	January 2027
Emergency Manager	Steven Endacott	Two Years	January 2027
Director of Tourism and Special Events	Jane Moon	Two Years	January 2027
Judge Pro-Term	Charles Knittle	Two Years	January 2027
Judge Pro-Term	Jared Dooley	Two Years	December 2024

City of Fallon Organizational Chart

EXECUTIVE BRANCH

Mayor and Chief
Executive Officer

Chief of Staff



LEGISLATIVE BRANCH

City Council

Convention &
Tourism
Authority

Fire Board

JUDICIAL BRANCH

Municipal
Court

FINANCIAL SECTION

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, 2025, 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 of Fallon, as of June 30, 2025, 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.

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, the schedule of revenues, expenditures, and changes in fund balance – budget (budgetary basis) and actual - General Fund, the reconciliation of the General Fund (budgetary basis) to the General Fund (GAAP basis) schedule of revenues, expenditures, and changes in fund balances, the schedule of revenues, expenditures, and changes in fund balances - budget (GAAP basis) and actual - Airport Fund, notes to the required supplementary information, the schedule of changes in the City's total OPEB liability and related ratios – City of Fallon Employee Health Benefit Plan (COFEHBP), the schedule of changes in the City's total OPEB liability and related ratios - State of Nevada Public

Employee's Benefit Plan (PEBP), the schedule of the City's share of the net pension liability, and the schedule of the City's contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis, the schedule of changes in the City's total OPEB liability and related ratios – City of Fallon Employee Health Benefit Plan (COFEHBP), the schedule of changes in the City's total OPEB liability and related ratios – State of Nevada Public Employee's Benefit Plan (PEBP), the schedule of the City's share of the net pension liability, and the schedule of the City's contributions in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison and reconciliation information for the General Fund and Airport Fund and related notes are the responsibility of management and were derived from and relate directly to underlying accounting and other records used to prepare the basic financial statements. The budgetary comparison and reconciliation information for the General Fund and Airport Fund and related notes have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the budgetary comparison and reconciliation information for the General Fund and Airport Fund and related notes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules including budgetary comparisons, and reconciliation information, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Fees Imposed Subject to the Provisions of NRS 354.5989 is presented for purposes of additional analysis as required by Nevada Revised Statutes and is also not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In

our opinion, the combining and individual fund financial statements and schedules, including budgetary comparisons, reconciliation information, the Schedule of Fees Imposed Subject to the Provisions of NRS 354.5989, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report February 20, 2026, 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
February 20, 2026

CITY OF FALLON

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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, 2025. 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 \$72,006,698. Governmental activities contributed \$29,634,558 or 41% of the total net position while the business-type activities contributed \$42,372,140 or 59% of the total net position.
- The assets and deferred outflows of resources of the City of Fallon (government-wide) exceeded liabilities and deferred inflows of resources at June 30, 2025 by \$72,006,698 (net position), an increase of 2% from the prior year's net position. The net position is primarily represented by the City's net investment in capital assets.
- The unassigned fund balance for the General Fund totaled \$2,509,290 which represents 17% of the General Fund's total expenditures for the year ended June 30, 2025.

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. Additional supplemental information is also contained in this report to provide broader understanding of the City and its operations.

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 comparable manner to the financial statements issued by 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 reported in this statement for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both financial statements provided on a 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. Governmental activities of the City include general government, public safety, judicial, public works, culture and recreation, and community support. Business-type activities of the City include utility services for electric, water, sewer, sanitation, landfill, and water treatment. Also, included in the business-type activities are internal service funds for data processing and public works related to support for the governmental activities and utility services.

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 states and local governments, uses fund accounting to demonstrate and ensure compliance with financial and operational legal requirements. All the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

Governmental Funds

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

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

The City of Fallon maintains seventeen 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 and Airport funds because they both qualify as major funds under the definition GASB 34. Information for the remaining funds, which meet the definition of non-major funds, is aggregated for reporting purposes.

Proprietary Funds

The City maintains both 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, Landfill and Water Treatment enterprise funds.

Notes to the Financial Statements

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

Other information

Individual and combining fund statements along with budgetary and statistical schedules are presented immediately following the notes to the City's basic financial statements. These statements and schedules provide added detail to enhance the City's basic financial statements.

Financial Statement Analysis

Government-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 \$72,006,698 as of June 30, 2025. When compared to the prior fiscal year, the City's net position increased \$1,250,857 or 2%.

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, building, machinery, equipment, infrastructure / utility systems). The investment value of \$77,358,307 is reported net of any related debt that is still outstanding which was used to acquire those assets. Capital assets are used by the City 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 the analysis of the City's net position.

The City of Fallon's Net Position

	Governmental Activities		Business-Type Activities		Total	
	FY25	FY24	FY25	FY24	FY25	FY24
Current and Other Assets	\$ 11,897,559	\$ 7,561,054	\$ 15,984,769	\$ 13,885,922	\$ 27,882,328	\$ 21,446,976
Capital Assets, Net	<u>41,395,135</u>	<u>39,332,269</u>	<u>54,083,453</u>	<u>53,746,287</u>	<u>95,478,588</u>	<u>93,078,556</u>
Total assets	53,292,694	46,893,323	70,068,222	67,632,209	123,360,916	114,525,532
Deferred Outflows of Resources	<u>5,290,749</u>	<u>5,282,695</u>	<u>2,565,793</u>	<u>2,665,430</u>	<u>7,856,542</u>	<u>7,948,125</u>
Total assets and deferred outflows of resources	<u>58,583,443</u>	<u>52,176,018</u>	<u>72,634,015</u>	<u>70,297,639</u>	<u>131,217,458</u>	<u>122,473,657</u>
Current Liabilities	3,790,464	1,594,689	4,986,646	3,956,192	8,777,110	5,550,881
Noncurrent Liabilities	<u>22,609,671</u>	<u>20,778,269</u>	<u>23,830,659</u>	<u>24,596,602</u>	<u>46,440,330</u>	<u>45,374,871</u>
Total liabilities	26,400,135	22,372,958	28,817,305	28,552,794	55,217,440	50,925,752
Deferred Inflows of Resources	<u>2,548,750</u>	<u>518,217</u>	<u>1,444,570</u>	<u>273,847</u>	<u>3,993,320</u>	<u>792,064</u>
Total liabilities and deferred inflows of resources	<u>28,948,885</u>	<u>22,891,175</u>	<u>30,261,875</u>	<u>28,826,641</u>	<u>59,210,760</u>	<u>51,717,816</u>
Net Position						
Net investment in capital assets	36,860,286	36,221,857	40,498,021	41,084,051	77,358,307	77,305,908
Restricted	206,242	299,420	712,466	810,694	918,708	1,110,114
Unrestricted	<u>(7,431,970)</u>	<u>(7,236,434)</u>	<u>1,161,653</u>	<u>(423,747)</u>	<u>(6,270,317)</u>	<u>(7,660,181)</u>
Total Net Position	<u>\$ 29,634,558</u>	<u>\$ 29,284,843</u>	<u>\$ 42,372,140</u>	<u>\$ 41,470,998</u>	<u>\$ 72,006,698</u>	<u>\$ 70,755,841</u>

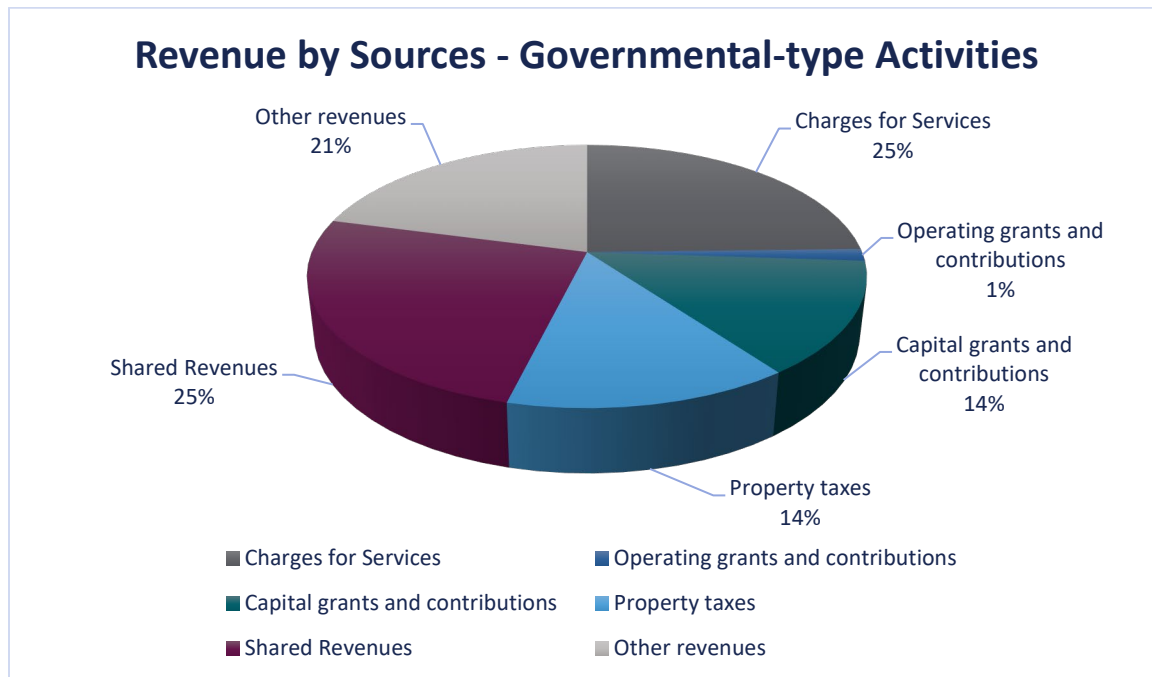
The governmental and business-type activities for the fiscal year ending June 30, 2025 are presented in the City's Changes in Net Position statement. Governmental activities increased the City's net position by \$349,715 and business-type activities increased the City's net position by \$901,142. At June 30, 2025, the City has a negative unrestricted net position of (\$6,270,317) primarily due to the City's pension liability of \$19,526,321. Included here are schedules and charts that provide additional details of the City's changes in net position and to facilitate comparison year over year.

City of Fallon's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	FY25	FY24	FY25	FY24	FY25	FY24
Revenues						
Program revenues						
Charges for services	\$ 3,926,977	\$ 3,778,551	\$ 26,803,163	\$ 25,642,929	\$ 30,730,140	\$ 29,421,480
Operating grants and contributions	233,506	583,579	-	39,723	233,506	623,302
Capital grants and contributions	2,211,029	2,282,902	585,072	395,653	2,796,101	2,678,555
General revenues						
Property taxes	2,222,151	2,068,671	-	-	2,222,151	2,068,671
Shared revenues	4,035,040	3,910,154	-	-	4,035,040	3,910,154
Other revenues	3,330,281	3,411,549	269,307	566,718	3,599,588	3,978,267
Total revenues	<u>15,958,984</u>	<u>16,035,406</u>	<u>27,657,542</u>	<u>26,645,023</u>	<u>43,616,526</u>	<u>42,680,429</u>
Expenses						
General government	3,108,919	3,295,947	-	-	3,108,919	3,295,947
Judicial	1,307,052	1,392,950	-	-	1,307,052	1,392,950
Public safety	7,061,944	7,248,242	-	-	7,061,944	7,248,242
Public works	963,381	969,779	-	-	963,381	969,779
Culture and recreation	1,533,271	1,715,127	-	-	1,533,271	1,715,127
Community support	1,433,185	1,377,814	-	-	1,433,185	1,377,814
Interest on long-term debt	201,517	38,411	-	-	201,517	38,411
Electric	-	-	14,319,425	14,447,665	14,319,425	14,447,665
Water	-	-	2,294,352	2,419,955	2,294,352	2,419,955
Sewer	-	-	2,966,894	2,858,585	2,966,894	2,858,585
Water treatment	-	-	2,299,406	2,464,829	2,299,406	2,464,829
Sanitation	-	-	2,910,150	2,781,106	2,910,150	2,781,106
Landfill	-	-	1,966,173	1,565,460	1,966,173	1,565,460
Total expenses	<u>15,609,269</u>	<u>16,038,270</u>	<u>26,756,400</u>	<u>26,537,600</u>	<u>42,365,669</u>	<u>42,575,870</u>
Excess (Deficiency) of Revenues Over (Under) Expenses	349,715	(2,864)	901,142	107,423	1,250,857	104,559
Transfers	-	(300,000)	-	300,000	-	-
Change in Net Position	<u>349,715</u>	<u>(302,864)</u>	<u>901,142</u>	<u>407,423</u>	<u>1,250,857</u>	<u>104,559</u>
Net Position at July 1	<u>29,284,843</u>	<u>29,587,707</u>	<u>41,470,998</u>	<u>41,063,575</u>	<u>70,755,841</u>	<u>70,651,282</u>
Net Position at June 30	<u>\$ 29,634,558</u>	<u>\$ 29,284,843</u>	<u>\$ 42,372,140</u>	<u>\$ 41,470,998</u>	<u>\$ 72,006,698</u>	<u>\$ 70,755,841</u>

Governmental Activities – Revenues

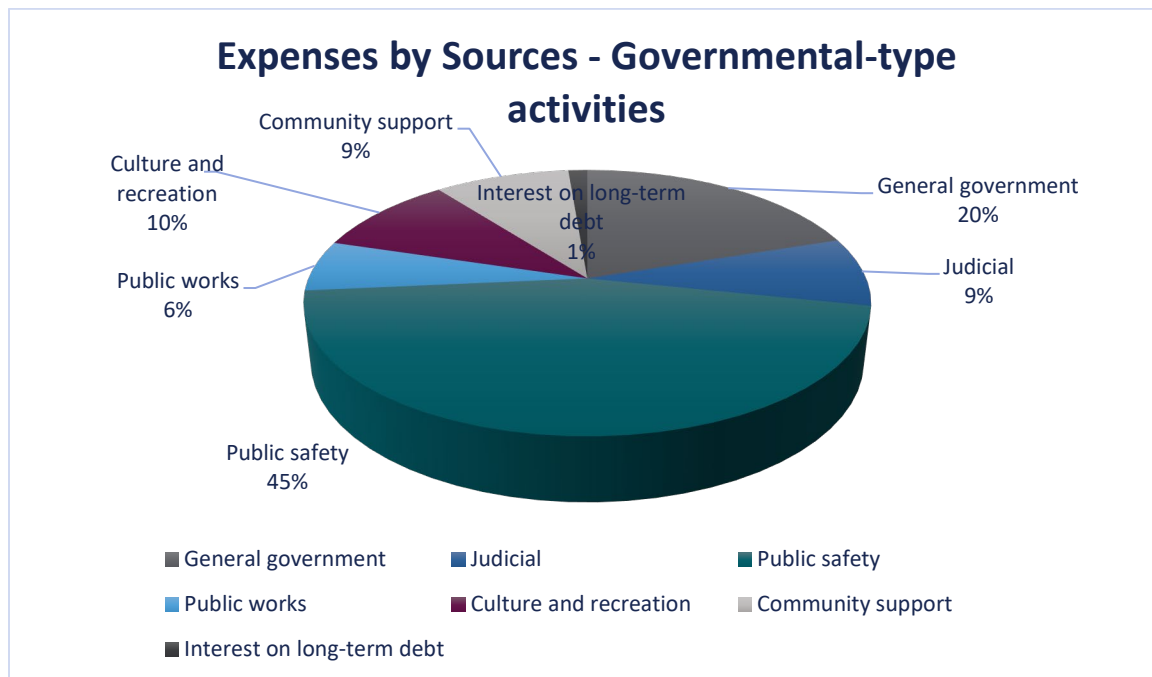
	FY 2025 Revenues	FY 2024 Revenues	Increase (Decrease)	Percent Change
Governmental Activities				
Charges for services	\$ 3,926,977	\$ 3,778,551	\$ 148,426	4%
Operating grants and contributions	233,506	583,579	(350,073)	-60%
Capital grants and contributions	2,211,029	2,282,902	(71,873)	-3%
Property taxes	2,222,151	2,068,671	153,480	7%
Shared revenues	4,035,040	3,910,154	124,886	3%
Other revenues	3,330,281	3,411,549	(81,268)	-2%
Total	<u>\$ 15,958,984</u>	<u>\$ 16,035,406</u>	<u>\$ (76,422)</u>	<u>0%</u>



Total revenues for governmental activities had a minor decrease of (\$76,422) or 0.5% when compared to the prior fiscal year. Charges for Services had a slight increase of 4% from the prior year primarily due to onetime fees charged to a property owner during a road improvement project and increased building permit fees. The operating grants and contributions reflected a (\$350,073) or (60%) decrease resulting from the school resource officer program with Churchill County School District that was suspended during the year, one-time grants from Churchill County and a reduction in grant amounts from the Department of Justice. Capital Grants and Contributions decreased (\$71,873) comprised of the addition of a grant from the Federal Aviation Administration (FAA) to construct and rehabilitate a taxi lane at the City's municipal airport and reduced by less funding from the Regional Transportation Commission (RTC) for local street improvements. Capital grants from the FAA can vary by year based on the size of projects and the availability of grant funding. The size and scope of street improvement projects, funded primarily by the RTC, were smaller during the current fiscal year as several large initiatives were completed in the prior year. Property taxes continue to improve each year with a \$153,480 or 7% increase in the current year. Property tax rates are statutorily capped in Nevada, but the City continues to have steady growth in both population and assessed property values. Shared revenues changed by \$124,886 which is a 3% increase compared to the prior year. The largest source of the shared revenues received by the City is payments under the Consolidated Taxes program (CTX) in Nevada which includes a share of sales tax, excise taxes and motor vehicle taxes collected.

Governmental Activities – Expenses

	FY 2025 Expenses	FY 2024 Expenses	Increase (Decrease)	Percent Change
Governmental Activities				
General government	\$ 3,108,919	\$ 3,295,947	\$ (187,028)	-6%
Judicial	1,307,052	1,392,950	(85,898)	-6%
Public safety	7,061,944	7,248,242	(186,298)	-3%
Public works	963,381	969,779	(6,398)	-1%
Culture and recreation	1,533,271	1,715,127	(181,856)	-11%
Community support	1,433,185	1,377,814	55,371	4%
Interest on long-term debt	201,517	38,411	163,106	425%
Total	<u>\$ 15,609,269</u>	<u>\$ 16,038,270</u>	<u>\$ (429,001)</u>	<u>-3%</u>



Total governmental activities expenses were \$15,609,269 in the current year compared to \$16,038,270 in the prior year which is a (\$429,001) or (3%) decrease. Most functions in the governmental activities saw a marginal decrease year over year due to general operating and cost savings efforts. A larger decrease was seen in the culture and recreation function of (11%) due to staffing vacancies during the year. Debt issued at the end of the prior and current years caused an increase of \$163,106 or 425% in interest on long-term debt. These debt issuances were made for current and planned improvements to the City's parks, streets, and the municipal airport.

Business-type Activities

Business Type Activities – Revenue

	FY 2025 Charges for Service	FY 2024 Charges for Service	Increase (Decrease)	Percent Change
Business-Type Activities				
Electric	\$ 14,470,154	\$ 13,970,666	\$ 499,488	4%
Water	1,960,851	1,905,777	55,074	3%
Sewer	3,152,935	3,047,821	105,114	3%
Water treatment	1,764,112	1,762,177	1,935	0%
Sanitation	3,120,994	2,838,022	282,972	10%
Landfill	2,334,117	2,118,466	215,651	10%
Total	<u>\$ 26,803,163</u>	<u>\$ 25,642,929</u>	<u>\$ 1,160,234</u>	<u>5%</u>

The Business-Type Activities saw a 5% growth in revenue totaling \$1,160,234. All Business-Type activities, except for Landfill, have rate adjustments implemented each July 1st. The Electric, Water, and Sewer fixed service rates were adjusted 2.5 % based on the annual percentage change in the Consumer Price Index for all Urban Consumers (CPI-U) – Pacific Cities and US City Average West. The Sanitation service rates were adjusted 4.3% based on the annual percentage change in the CPI-U - US City Average, Garbage and Trash Collection. These CPI-U increases combined with new customer volume and increased usage for Electric, Water, and particularly Sanitation, and Landfill accounted for the revenue growth seen during the year.

Business Type Activities – Expenses

	FY 2025 Expenses	FY 2024 Expenses	Increase (Decrease)	Percent Change
Business-Type Activities				
Electric	\$ 14,319,425	\$ 14,447,665	\$ (128,240)	-1%
Water	2,294,352	2,419,955	(125,603)	-5%
Sewer	2,966,894	2,858,585	108,309	4%
Water treatment	2,910,150	2,781,106	129,044	5%
Sanitation	1,966,173	2,781,106	(814,933)	-29%
Landfill	2,299,406	2,464,829	(165,423)	-7%
Total	<u>\$ 26,756,400</u>	<u>\$ 27,753,246</u>	<u>\$ (996,846)</u>	<u>-4%</u>

Total expenses of the Business-Type activities collectively had a 1% increase of \$218,800 in expenses year over year. All Business-Type activities continue to see increased costs because of inflationary pressures which have also led to increases in the overhead reimbursement each activity pays to the General Fund. Additionally, a cost-of-living adjustment effect July 1, 2024 impacted labor expenses for several of the activities. Presented are some specific highlights for each of the activities that also contributed to the year-over-year variation.

Electric activity highlights:

- Increased power purchases to meet customer demand; however, favorable rate mix led to overall savings.
- Reduction in non-operating expenses through cost savings programs.

Water activity highlights:

- Savings resulted from adjustments to staffing levels.
- Favorable impact from implementation of GASB 101 - *Compensated Absences*.

Sewer activity highlights:

- Reduction in operating expenses due to cost savings programs.
- Favorable impact from implementation of GASB 101 - *Compensated Absences*.
- Reduction in interest expense resulting from the refunding of a bond payable to the State of Nevada.

Water Treatment activity highlights:

- Savings resulting from adjustments to staffing levels.

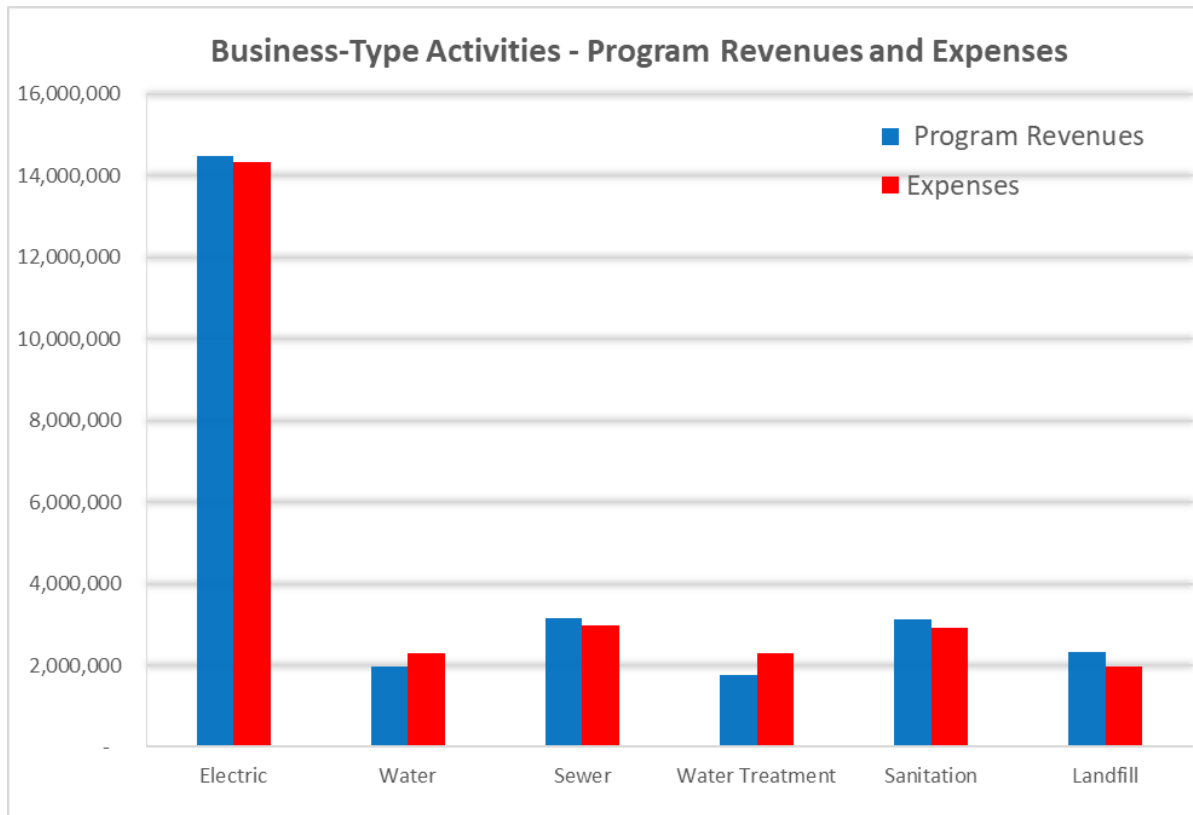
Sanitation activity highlights:

- Increased depreciation related to garbage truck fleet modernization.
- Increased in lieu payments to the General Fund for franchise taxes as the result of increases in revenue.

Landfill activity highlights:

- Staffing increases.
- Increased depreciation related to site improvements and purchase of a new bulldozer.
- Increased in lieu payments to the General Fund for franchise taxes as the result of increases in revenue.
- Increased spending on engineering consultants to ensure compliance with environmental standards and site permitting.

The following chart compares the revenues and expenses for the Business-Type activities:



Financial Analysis of the Government's Funds

As noted earlier, the City of Fallon uses fund accounting to demonstrate and ensure 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. The unassigned fund balance in particular serves as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year the City of Fallon's governmental funds reported a combined fund balance of \$7,821,684, an increase of \$1,744,790 from the prior year.

The primary operating fund of the City is the General Fund. As of June 30, 2025, the General Fund's ending fund balance was \$7,667,986 of which \$44,951 was restricted for private grants, \$4,442,200 was restricted as unspent bond proceeds for capital projects, \$135,002 was committed for specific purposes and \$536,543 was assigned for subsequent year operations. The remaining fund balance of \$2,509,290 was unassigned. A measure of the General Fund's liquidity is the comparison of the total unassigned fund balance to total General Fund's expenditures. The General Fund unassigned fund balance as of June 30, 2025, represents 17% of the fund's expenditures for the fiscal year ended June 30, 2025.

The General Fund's fund balance increased by \$2,562,681 during the fiscal year. Revenues totaling \$13,961,792 reflected a decrease of (3.34%) from the prior year. General Fund expenditures of \$14,474,766 showed a decrease from the previous year of (\$2,960,690) which is a (16.98%) change. These year over year reductions in the General Fund are primarily the result of changes in the size and scope of street improvement projects as several large initiatives were completed in the prior year. In addition, total net transfers decreased by (\$384,089) as transfers in from the Convention and Tourism Authority special revenue fund decreased.

The Airport Fund became a major fund in the current year, it's ending fund balance deficit of \$107,885. The deficit was a result of grant revenues totaling \$1,366,842 being received beyond 60 days of year end for a capital project at the Fallon Municipal Airport, therefore these funds were included in unavailable revenue deferred inflows of resources.

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 of \$42,372,140 showed an increase of \$901,142 or 2%.

General Fund Budgetary Highlights

The General Fund's total revenues in the original budget were \$12,957,023, augmented to \$13,785,290 for an increase of \$828,267. The actual revenues of \$13,852,726 were an increase of \$67,436 over the final augmented budget. The difference between actual and the budgeted revenues was due to higher Intergovernmental revenues and increased Charges for Services being offset by reduced License and Permit revenues.

The General Fund total expenditures originally budgeted at \$14,555,146 were augmented by \$2,289,000 to \$16,844,146. Actual expenditures of \$13,926,552 came in under the final augmented budget amount by \$2,917,594. The variance between actual and final budgeted expenditures was the result of delays in planned improvement projects for buildings, parks and streets combined with staffing vacancies in the Administrative and Public Safety departments.

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

Airport Fund Budgetary Highlights

The Airport Fund's total revenues in the original budget were \$35,110, augmented to \$1,633,110 due to an expected Airport Improvement Grant. The total expenditures per the original budget were \$375,000, augmented for \$1,625,000 for the capital outlay at the Fallon Municipal Airport. In addition the budget was augmented for \$1,102,660 from a medium term obligation to fund capital projects.

Capital Assets Activity

The City of Fallon's investment in capital assets for its Governmental and Business-Type activities as of June 30, 2025 net of accumulated depreciation was \$95,478,588. The investment in capital assets includes Land, Construction in Progress (CIP), Buildings and Improvements, Machinery and Equipment, and Infrastructure. The schedule included here compares the balances in these distinct categories from the current to previous year:

City of Fallon Assets (Net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	FY25	FY24	FY25	FY24	FY25	FY24
Land	\$ 1,183,965	\$ 1,183,965	\$ 2,287,657	\$ 2,287,657	\$ 3,471,622	\$ 3,471,622
Construction in progress	3,697,141	340,522	2,571,764	2,445,257	6,268,905	2,785,779
Buildings and improvements	12,020,385	12,513,353	2,642,264	2,763,656	14,662,649	15,277,009
Machinery and equipment	1,642,716	1,695,211	5,859,288	4,695,992	7,502,004	6,391,203
Infrastructure	22,850,928	23,599,218	40,068,841	40,859,848	62,919,769	64,459,066
Right to use leased assets	-	-	68,791	72,476	68,791	72,476
IT subscription assets	-	-	584,848	621,401	584,848	621,401
Total	<u>\$ 41,395,135</u>	<u>\$ 39,332,269</u>	<u>\$ 54,083,453</u>	<u>\$ 53,746,287</u>	<u>\$ 95,478,588</u>	<u>\$ 93,078,556</u>

Significant additions to Governmental activities for CIP were made during the year as work progressed on taxi lane improvements at the City's municipal airport. This work is primarily funded by grants received from the Federal Aviation Administration. Additionally, the City continued street maintenance work with the most recent project's completion delayed by weather until after year-end.

Additions in the current year for the Business-Type Activities consisted largely of equipment purchases of a new bulldozer in the Landfill activity and new garbage trucks in the Sanitation activity. Various additions to CIP were made in the Electric activity as part of a multi-year electric meter replacement project and electrical substation repairs and updates. Additions to Infrastructure were made in the Sewer activity for responses to aging manholes and the Water Treatment activity completed a renovation of a three-million-gallon storage tank.

Additional details for Capital Assets can be found in Note 5 to the financial statements.

Long-term Debt Activity

Notes payable, bonds payable, leases and other liabilities, net of premiums, outstanding at June 30, 2025, totaled \$25,523,395. Debt for governmental activities reported a balance of \$8,590,412 which is 34% of the City's total debt outstanding. Business-type activities debt totaled \$16,932,984 or 66% of the total debt outstanding. All debt obligations were paid as scheduled.

Two new debt issues occurred during the year.

- A six-million-dollar bond was issued in support of park, street and utility system improvements. The proceeds were allocated across the funds as follows: General Fund - \$3,173,266, Airport Fund - \$1,012,658, Water Fund - \$466,835, and Sewer Fund - \$1,347,241.
- The Sewer fund refunded a bond with the Nevada Bond Bank with a new issue of a \$4,080,000 bond.

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

Other Economic Factors

The City is continuing to be influenced by global factors including supply chain issues, increased inflation, interest rate variability, and political instability.

The rising costs of labor such as wages, fringe benefits, and contribution rates to the Nevada Public Employees Retire System continue to place pressure on the City as it works to maintain efficient and cost-effective services to its citizens.

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 who have 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.

BASIC FINANCIAL STATEMENTS

City of Fallon, Nevada
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets			
Cash, cash equivalents and investments	\$ 3,512,072	\$ 6,200,595	\$ 9,712,667
Due from other governments	1,285,251	-	1,285,251
Receivables, net of allowances for uncollectible accounts (where applicable)			
Taxes	13,253	-	13,253
Accounts	156,113	2,913,082	3,069,195
Assessments	4,800	-	4,800
Grants	1,468,418	-	1,468,418
Other	7,306	192,913	200,219
Prepays	-	6,234	6,234
Parts inventory	-	197,233	197,233
Total current assets	6,447,213	9,510,057	15,957,270
Noncurrent assets			
Restricted assets			
Cash and investments	5,450,346	5,798,054	11,248,400
Assets held for resale	-	626,658	626,658
Deposits held by others	-	50,000	50,000
Capital assets			
Land and construction in progress	4,881,106	4,859,421	9,740,527
Other capital assets, net of depreciation	36,514,029	48,570,393	85,084,422
Right-to-use leased assets, net of amortization	-	68,791	68,791
Right-to-use IT subscription assets, net of amortization	-	584,848	584,848
Total noncurrent assets	46,845,481	60,558,165	107,403,646
Total assets	53,292,694	70,068,222	123,360,916
Deferred Outflows of Resources			
Deferred outflows related to other postemployment benefits	234,221	138,026	372,247
Deferred outflows related to pensions	5,056,528	2,427,767	7,484,295
Total deferred outflows of resources	5,290,749	2,565,793	7,856,542
Total Assets and Deferred Outflows of Resources	58,583,443	72,634,015	131,217,458

City of Fallon, Nevada
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 2,014,538	\$ 2,395,403	\$ 4,409,941
Accrued payroll and related liabilities	508,857	249,821	758,678
Accrued interest payable	78,752	147,888	226,640
Unearned revenue	8,742	65,954	74,696
Customer deposits, payable from restricted cash	-	444,662	444,662
Due to other governments	167,197	-	167,197
Current portion of compensated absences	254,826	92,710	347,536
Current portion of lease liability	-	2,183	2,183
Current portion of IT subscription liability	-	18,670	18,670
Current maturities of bonds, notes and financed purchases	757,552	1,569,355	2,326,907
Total current liabilities	3,790,464	4,986,646	8,777,110
Noncurrent liabilities			
Other postemployment benefits liability	1,286,910	744,880	2,031,790
Net pension liability	13,744,727	5,781,593	19,526,320
Compensated absences, net of current portion	94,359	113,003	207,362
Estimated liability for landfill closure and post-closure care costs	-	1,561,000	1,561,000
Lease liability	-	74,510	74,510
IT subscription liability	-	607,238	607,238
Bonds, notes and financed purchases, net of current portion	7,483,675	14,948,435	22,432,110
Total noncurrent liabilities	22,609,671	23,830,659	46,440,330
Total liabilities	26,400,135	28,817,305	55,217,440
Deferred Inflows of Resources			
Deferred inflows related to other postemployment benefits	293,261	172,822	466,083
Deferred inflows related to pensions	2,255,489	1,082,917	3,338,406
Deferred gain on refunding	-	188,831	188,831
Total deferred inflows of resources	2,548,750	1,444,570	3,993,320
Total Liabilities and Deferred Inflows of Resources	28,948,885	30,261,875	59,210,760
Net Position			
Net investment in capital assets	36,860,286	40,498,021	77,358,307
Restricted for			
Community support	44,951	-	44,951
Capital projects	161,291	712,466	873,757
Unrestricted	(7,431,970)	1,161,653	(6,270,317)
Total net position	\$ 29,634,558	\$ 42,372,140	\$ 72,006,698

City of Fallon, Nevada
Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government and administration	\$ (3,108,919)	\$ 3,649,526	\$ 172,882	\$ -	\$ 713,489	\$ -	\$ 713,489
Judicial	(1,307,052)	63,529	-	-	(1,243,523)	-	(1,243,523)
Public safety	(7,061,944)	50,183	-	-	(7,011,761)	-	(7,011,761)
Public works	(963,381)	-	-	1,805,984	842,603	-	842,603
Culture and recreation	(1,533,271)	163,739	-	405,045	(964,487)	-	(964,487)
Community support	(1,433,185)	-	60,624	-	(1,372,561)	-	(1,372,561)
Interest on long-term debt	(201,517)	-	-	-	(201,517)	-	(201,517)
Total governmental activities	(15,609,269)	3,926,977	233,506	2,211,029	(9,237,757)	-	(9,237,757)
Business-Type Activities							
Electric	(14,319,425)	14,470,154	-	243,522	-	394,251	394,251
Water	(2,294,352)	1,960,851	-	207,500	-	(126,001)	(126,001)
Sewer	(2,966,894)	3,152,935	-	93,000	-	279,041	279,041
Water treatment	(2,299,406)	1,764,112	-	41,050	-	(494,244)	(494,244)
Sanitation	(2,910,150)	3,120,994	-	-	-	210,844	210,844
Landfill	(1,966,173)	2,334,117	-	-	-	367,944	367,944
Total business-type activities	(26,756,400)	26,803,163	-	585,072	-	631,835	631,835
Total primary government	\$ (42,365,669)	\$ 30,730,140	\$ 233,506	\$ 2,796,101	(9,237,757)	631,835	(8,605,922)
General revenues and transfers							
Taxes							
Ad valorem					2,222,151	-	2,222,151
Occupancy					836,904	-	836,904
Fuel					158,436	-	158,436
Unrestricted intergovernmental - consolidated taxes					3,039,700	-	3,039,700
Franchise taxes					282,019	-	282,019
Enterprise funds in lieu of taxes					1,305,211	-	1,305,211
Enterprise funds in lieu of franchise taxes					1,301,472	-	1,301,472
Unrestricted gaming licenses					115,083	-	115,083
Unrestricted investment earnings					77,461	269,307	346,768
Miscellaneous					249,035	-	249,035
Total general revenues and transfers					9,587,472	269,307	9,856,779
Change in Net Position					349,715	901,142	1,250,857
Net Position, Beginning of Year					29,284,843	41,470,998	70,755,841
Net Position, End of Year					\$ 29,634,558	\$ 42,372,140	\$ 72,006,698

City of Fallon, Nevada
Balance Sheet – Governmental Funds
June 30, 2025

	General Fund	Airport Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash, cash equivalents and investments	\$ 3,333,352	\$ -	\$ 178,720	\$ 3,512,072
Due from other governments	1,275,178	74	9,999	1,285,251
Receivables, net of allowances for uncollectible accounts (where applicable)				
Taxes	13,253	-	-	13,253
Accounts	66,338	615	89,160	156,113
Assessments	-	-	4,800	4,800
Grant	41,176	1,366,842	60,400	1,468,418
Other	6,826	480	-	7,306
Due from other funds	688,656	-	-	688,656
Restricted assets				
Cash and investments	4,450,346	1,000,000	-	5,450,346
Total assets	<u>\$ 9,875,125</u>	<u>\$ 2,368,011</u>	<u>\$ 343,079</u>	<u>\$ 12,586,215</u>
Liabilities				
Accounts payable	\$ 1,521,215	\$ 420,342	\$ 72,981	\$ 2,014,538
Accrued payroll and related liabilities	508,857	-	-	508,857
Due to other governments	163,426	56	3,715	167,197
Due to other funds	-	688,656	-	688,656
Unearned revenue	3,942	-	4,800	8,742
Total liabilities	<u>2,197,440</u>	<u>1,109,054</u>	<u>81,496</u>	<u>3,387,990</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	9,699	-	-	9,699
Unavailable revenue - grants	-	1,366,842	-	1,366,842
Total deferred inflows of resources	<u>9,699</u>	<u>1,366,842</u>	<u>-</u>	<u>1,376,541</u>
Total Liabilities and Deferred Inflows of Resources	<u>2,207,139</u>	<u>2,475,896</u>	<u>81,496</u>	<u>4,764,531</u>
Fund Balances				
Restricted				
Community support	44,951	-	-	44,951
Capital projects	-	-	161,291	161,291
Unspent bond proceeds - capital projects	4,442,200	1,000,000	-	5,442,200
Committed				
Public works	8,217	-	-	8,217
Public safety	1,824	-	-	1,824
Unemployment compensation	409	-	-	409
Community support	110,016	-	100,292	210,308
Compensated absences	2,023	-	-	2,023
Mayor's Youth	12,513	-	-	12,513
Assigned for subsequent year operations	536,543	-	-	536,543
Unassigned	2,509,290	(1,107,885)	-	1,401,405
Total fund balances (deficit)	<u>7,667,986</u>	<u>(107,885)</u>	<u>261,583</u>	<u>7,821,684</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 9,875,125</u>	<u>\$ 2,368,011</u>	<u>\$ 343,079</u>	<u>\$ 12,586,215</u>

City of Fallon, Nevada

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

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

Total fund balance - governmental funds		\$ 7,821,684
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	\$ 70,008,701	
Accumulated depreciation	<u>(28,613,566)</u>	41,395,135
Grant revenues receivable are not available to pay current period expenditures and, therefore, are deferred in the governmental funds balance sheet.		
		1,366,842
Property tax receivable are not available to pay current period expenditures and, therefore, are deferred in the governmental funds balance sheet.		
		9,699
Certain liabilities are not reported in the governmental funds because they are not due and payable in the current period.		
Other postemployment benefits liability	(1,286,910)	
Net pension liability	(13,744,727)	
Compensated absences	(349,185)	
Accrued Interest Payable	(78,752)	
Bonds, notes and financed purchases payable	<u>(8,241,227)</u>	(23,700,801)
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	5,056,528	
Deferred inflows of resources related to pensions	(2,255,489)	
Deferred outflows of resources related to other postemployment benefits	234,221	
Deferred inflows of resources related to other postemployment benefits	<u>(293,261)</u>	<u>2,741,999</u>
Net position of governmental activities		<u>\$ 29,634,558</u>

City of Fallon, Nevada

Statement of Revenues, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2025

	General Fund	Airport Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes				
Ad valorem	\$ 2,119,915	\$ -	\$ 104,888	\$ 2,224,803
Other	2,249,902	-	836,904	3,086,806
Charges for services	3,351,095	33,166	-	3,384,261
Intergovernmental	3,916,106	224	60,400	3,976,730
Licenses and permits	2,164,324	-	-	2,164,324
Fines and forfeitures	37,907	-	-	37,907
Miscellaneous				
Investment income	76,807	480	174	77,461
Other	45,736	-	64,024	109,760
Total revenues	<u>13,961,792</u>	<u>33,870</u>	<u>1,066,390</u>	<u>15,062,052</u>
Expenditures				
Current				
General government and administration	2,749,720	-	-	2,749,720
Judicial	1,251,833	-	-	1,251,833
Public safety	6,497,034	-	-	6,497,034
Public works	110,671	63,029	-	173,700
Culture and recreation	1,249,779	-	-	1,249,779
Community support	492,491	-	887,101	1,379,592
Capital outlay				
General government and administration	8,698	-	-	8,698
Public safety	115,233	-	-	115,233
Public works	1,720,483	1,522,713	-	3,243,196
Culture and recreation	226,060	-	-	226,060
Community support	13,098	-	-	13,098
Debt service				
Principal retirement	-	-	400,306	400,306
Interest and fiscal charges	-	-	155,271	155,271
Bond issuance costs	39,666	-	-	39,666
Total expenditures	<u>14,474,766</u>	<u>1,585,742</u>	<u>1,442,678</u>	<u>17,503,186</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(512,974)</u>	<u>(1,551,872)</u>	<u>(376,288)</u>	<u>(2,441,134)</u>
Other Financing Sources (Uses)				
Transfers in	500,000	75,000	555,577	1,130,577
Transfers out	(597,611)	(32,966)	(500,000)	(1,130,577)
Proceeds from medium-term obligation	3,173,266	1,012,658	-	4,185,924
Total other financing sources	<u>3,075,655</u>	<u>1,054,692</u>	<u>55,577</u>	<u>4,185,924</u>
Net Change in Fund Balances	<u>2,562,681</u>	<u>(497,180)</u>	<u>(320,711)</u>	<u>1,744,790</u>
Fund Balances, Beginning of Year, as previously reported	5,105,305	-	971,589	6,076,894
Adjustment (Note 18)	-	389,295	(389,295)	-
Fund Balances, Beginning of Year, as restated	<u>5,105,305</u>	<u>389,295</u>	<u>582,294</u>	<u>6,076,894</u>
Fund Balances (deficit), End of Year	<u>\$ 7,667,986</u>	<u>\$ (107,885)</u>	<u>\$ 261,583</u>	<u>\$ 7,821,684</u>

See Notes to Financial Statements

City of Fallon, Nevada

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Year Ended June 30, 2025

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

Net change in fund balances - total governmental funds	\$	1,744,790
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.		
Expenditures for capital assets	\$	3,606,285
Current year depreciation		<u>(1,543,419)</u>
		2,062,866
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the government funds.		
Change in unavailable revenues - property taxes		(2,652)
Change in unavailable revenues - grants		912,921
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense.		
Pension contributions		1,028,971
Pension expense		<u>(1,563,132)</u>
		(534,161)
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.		
Principal payments made in current year		400,306
Change in bond interest payable		(46,247)
Issuances of debt made in current year		<u>(4,185,924)</u>
The liability for other postemployment benefits is not recorded in the governmental funds, but it is reported in the statement of net position. This is the current year change in the liability, reported as an expense in the statement of activities.		
Other postemployment benefits contributions		75,770
Other postemployment benefits expense		<u>(69,489)</u>
		6,281
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Change in long-term compensated absences		<u>(8,465)</u>
Change in net position of governmental activities	\$	<u>349,715</u>

City of Fallon, Nevada
Statement of Net Position – Proprietary Funds
June 30, 2025

	Business-Type Activities - Enterprise Funds						Nonmajor Enterprise Funds	Total	Business-Type Activities - Internal Service Funds
	Electric	Water	Sewer	Water Treatment	Sanitation	Landfill			
Assets									
Current assets									
Cash, cash equivalents and investments	\$ 949,971	\$ 176,163	\$ 712,984	\$ 465,053	\$ 634,558	\$ 2,943,597	\$ -	\$ 5,882,326	\$ 318,269
Accounts receivable, net of allowance for doubtful accounts	1,593,543	219,910	316,519	178,448	299,540	305,122	-	2,913,082	-
Other receivables	179,289	1,001	639	-	2,801	9,183	-	192,913	-
Due from other funds	-	-	-	-	-	1,000,000	-	1,000,000	-
Prepays	-	-	-	-	-	-	-	-	6,234
Parts inventory	-	197,233	-	-	-	-	-	197,233	-
Total current assets	<u>2,722,803</u>	<u>594,307</u>	<u>1,030,142</u>	<u>643,501</u>	<u>936,899</u>	<u>4,257,902</u>	<u>-</u>	<u>10,185,554</u>	<u>324,503</u>
Noncurrent Assets									
Restricted assets									
Cash and investments									
Customer deposits	411,968	22,194	-	-	-	-	-	434,162	-
Bond payable	938,131	461,000	1,330,400	-	405,672	1,516,223	-	4,651,426	-
Capital projects	-	-	-	-	-	-	712,466	712,466	-
Assets held for resale	626,658	-	-	-	-	-	-	626,658	-
Deposits held by others	50,000	-	-	-	-	-	-	50,000	-
Capital assets									
Land and construction in progress	2,641,406	646,931	1,146,998	72,854	154,980	196,252	-	4,859,421	-
Other capital assets, net of depreciation	5,946,993	6,673,420	15,940,949	13,077,249	2,058,578	2,806,455	-	46,503,644	2,066,749
Right-to-use leased assets, net of amortization	68,791	-	-	-	-	-	-	68,791	-
Right-to-use IT subscription assets, net of amortization	356,757	228,091	-	-	-	-	-	584,848	-
Total noncurrent assets	<u>11,040,704</u>	<u>8,031,636</u>	<u>18,418,347</u>	<u>13,150,103</u>	<u>2,619,230</u>	<u>4,518,930</u>	<u>712,466</u>	<u>58,491,416</u>	<u>2,066,749</u>
Total assets	<u>13,763,507</u>	<u>8,625,943</u>	<u>19,448,489</u>	<u>13,793,604</u>	<u>3,556,129</u>	<u>8,776,832</u>	<u>712,466</u>	<u>68,676,970</u>	<u>2,391,252</u>
Deferred Outflows of Resources									
Deferred outflows related to other postemployment benefits	32,149	15,573	9,834	5,632	21,452	11,064	-	95,704	42,322
Deferred outflows related to pensions	544,975	275,255	157,006	104,465	371,381	178,272	-	1,631,354	796,413
Total deferred outflows of resources	<u>577,124</u>	<u>290,828</u>	<u>166,840</u>	<u>110,097</u>	<u>392,833</u>	<u>189,336</u>	<u>-</u>	<u>1,727,058</u>	<u>838,735</u>

City of Fallon, Nevada
Statement of Net Position – Proprietary Funds
June 30, 2025

	Business-Type Activities - Enterprise Funds						Nonmajor Enterprise Funds	Total	Business-Type Activities - Internal Service Funds
	Electric	Water	Sewer	Water Treatment	Sanitation	Landfill			
Liabilities									
Current liabilities									
Accounts payable	\$ 1,296,413	\$ 88,550	\$ 375,437	\$ 89,484	\$ 440,858	\$ 64,503	\$ -	\$ 2,355,245	\$ 40,158
Accrued payroll and related liabilities	55,713	17,091	16,196	12,345	36,794	25,320	-	163,459	86,362
Accrued interest payable	9,830	5,215	88,571	160	10,293	33,819	-	147,888	-
Unearned revenue	65,954	-	-	-	-	-	-	65,954	-
Customer deposits, payable from restricted cash	411,968	22,194	-	-	-	10,500	-	444,662	-
Current portion of compensated absences	15,921	11,031	7,746	9,489	15,681	12,618	-	72,486	20,224
Current portion of lease liability	2,183	-	-	-	-	-	-	2,183	-
Current portion of IT subscription liability	11,389	7,281	-	-	-	-	-	18,670	-
Current maturities of long-term debt	519,146	234,910	460,423	6,842	147,047	200,987	-	1,569,355	-
Due to other funds	-	600,000	400,000	-	-	-	-	1,000,000	-
Total current liabilities	<u>2,388,517</u>	<u>986,272</u>	<u>1,348,373</u>	<u>118,320</u>	<u>650,673</u>	<u>347,747</u>	<u>-</u>	<u>5,839,902</u>	<u>146,744</u>
Noncurrent liabilities									
Other postemployment benefits liability	203,196	112,434	55,882	68,129	95,677	40,065	-	575,383	169,497
Net pension liability	1,259,558	743,415	526,543	470,744	887,257	386,992	-	4,274,509	1,507,084
Compensated absences, net of current portion	19,405	13,445	9,442	11,566	19,113	15,381	-	88,352	24,651
Estimated liability for landfill closure and postclosure care costs	-	-	-	-	-	1,561,000	-	1,561,000	-
Lease liability	74,510	-	-	-	-	-	-	74,510	-
IT subscription liability	370,414	236,824	-	-	-	-	-	607,238	-
Bonds and notes payable, net of current portion	3,668,228	660,401	5,607,157	33,533	1,219,746	3,759,370	-	14,948,435	-
Total noncurrent liabilities	<u>5,595,311</u>	<u>1,766,519</u>	<u>6,199,024</u>	<u>583,972</u>	<u>2,221,793</u>	<u>5,762,808</u>	<u>-</u>	<u>22,129,427</u>	<u>1,701,232</u>
Total liabilities	<u>7,983,828</u>	<u>2,752,791</u>	<u>7,547,397</u>	<u>702,292</u>	<u>2,872,466</u>	<u>6,110,555</u>	<u>-</u>	<u>27,969,329</u>	<u>1,847,976</u>
Deferred Inflows of Resources									
Deferred inflows related to other postemployment benefits	40,254	19,499	12,313	7,052	26,860	13,854	-	119,832	52,990
Deferred inflows related to pensions	243,089	122,779	70,033	46,597	165,656	79,519	-	727,673	355,244
Deferred gain on refunding	-	-	188,831	-	-	-	-	188,831	-
Total deferred outflows of resources	<u>283,343</u>	<u>142,278</u>	<u>271,177</u>	<u>53,649</u>	<u>192,516</u>	<u>93,373</u>	<u>-</u>	<u>1,036,336</u>	<u>408,234</u>
Net Position									
Net investment in capital assets	5,140,642	6,829,678	11,854,955	13,109,728	937,696	558,573	-	38,431,272	2,066,749
Restricted for capital projects	-	-	-	-	-	-	712,466	712,466	-
Unrestricted (deficit)	932,818	(807,976)	(58,200)	38,032	(53,716)	2,203,667	-	2,254,625	(1,092,972)
Total net position	<u>\$ 6,073,460</u>	<u>\$ 6,021,702</u>	<u>\$ 11,796,755</u>	<u>\$ 13,147,760</u>	<u>\$ 883,980</u>	<u>\$ 2,762,240</u>	<u>\$ 712,466</u>	<u>41,398,363</u>	<u>\$ 973,777</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								973,777	
Net position of business-type activities								<u>\$ 42,372,140</u>	

City of Fallon, Nevada
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
Year Ended June 30, 2025

	Business-Type Activities - Enterprise Funds						Nonmajor Enterprise Funds	Total	Business-Type Activities - Internal Service Funds
	Electric	Water	Sewer	Water Treatment	Sanitation	Landfill			
Operating Revenues									
Charges for services	\$ 14,466,184	\$ 1,960,851	\$ 3,152,935	\$ 1,507,013	\$ 3,120,994	\$ 2,334,117	\$ -	\$ 26,542,094	\$ 2,390,000
Operating grants	-	-	-	-	-	-	-	-	-
Miscellaneous	3,970	-	-	257,099	-	-	-	261,069	-
Total operating revenues	14,470,154	1,960,851	3,152,935	1,764,112	3,120,994	2,334,117	-	26,803,163	2,390,000
Operating Expenses									
Salaries and wages	784,273	379,897	239,899	137,397	523,314	269,921	-	2,334,701	1,032,414
Employee benefits	405,638	181,606	90,433	69,022	387,400	169,459	-	1,303,558	620,547
Services and supplies	1,321,448	360,120	628,414	649,327	1,137,970	572,477	-	4,669,756	545,291
Electric energy purchased	6,685,538	-	-	-	-	-	-	6,685,538	-
Depreciation/amortization	581,178	359,987	786,774	394,582	181,474	303,054	-	2,607,049	98,420
Data processing use fee	146,000	73,000	25,550	73,000	25,550	21,900	-	365,000	-
Public works use fee	810,000	405,000	141,750	405,000	141,750	121,500	-	2,025,000	-
In lieu of taxes and franchise taxes	992,934	300,000	551,198	355,292	193,946	182,598	-	2,575,968	-
General fund administrative support	1,499,066	225,293	233,958	233,959	259,954	147,307	-	2,599,537	-
Total operating expenses	13,226,075	2,284,903	2,697,976	2,317,579	2,851,358	1,788,216	-	25,166,107	2,296,672
Operating Income (Loss)	1,244,079	(324,052)	454,959	(553,467)	269,636	545,901	-	1,637,056	93,328
Nonoperating Revenues (Expenses)									
Investment income	73,262	12,851	1,644	439	40,077	140,726	-	268,999	308
Economic development	(158,425)	-	-	-	-	-	-	(158,425)	-
Quality of life promotion	(876,679)	-	-	-	-	-	-	(876,679)	-
Gain on sale of assets held for sale	-	-	-	-	-	-	-	-	-
Insurance reimbursement	-	-	-	-	-	-	-	-	-
RTC reimbursement	-	-	-	-	-	-	-	-	-
Bond issuance costs	-	(5,835)	(92,980)	-	-	25,000	-	(73,815)	-
Interest expense	(95,576)	(22,280)	(182,471)	(493)	(65,325)	(208,557)	-	(574,702)	-
Total nonoperating revenues (expenses)	(1,057,418)	(15,264)	(273,807)	(54)	(25,248)	(42,831)	-	(1,414,622)	308
Income (Loss) Before Capital Contributions and Transfers	186,661	(339,316)	181,152	(553,521)	244,388	503,070	-	222,434	93,636
Capital Contributions	243,522	207,500	93,000	41,050	-	-	-	585,072	-
Transfers In	-	-	-	140,000	-	-	41,772	181,772	-
Transfers Out	-	-	-	(41,772)	-	-	(140,000)	(181,772)	-
Change in Net Position	430,183	(131,816)	274,152	(414,243)	244,388	503,070	(98,228)	807,506	93,636
Net Position, Beginning of Year	5,643,277	6,153,518	11,522,603	13,562,003	639,592	2,259,170	810,694		880,141
Net Position, End of Year	\$ 6,073,460	\$ 6,021,702	\$ 11,796,755	\$ 13,147,760	\$ 883,980	\$ 2,762,240	\$ 712,466		\$ 973,777

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

93,636

\$ 901,142

City of Fallon, Nevada
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2025

	Business-Type Activities - Enterprise Funds						Nonmajor Enterprise Funds	Total	Business-Type Activities - Internal Service Funds
	Electric	Water	Sewer	Water Treatment	Sanitation	Landfill			
Operating Activities									
Cash from customers	\$ 14,514,132	\$ 1,935,388	\$ 3,149,221	\$ 1,761,270	\$ 3,100,000	\$ 2,242,552	\$ -	\$ 26,702,563	\$ -
Cash from other funds for services	-	-	-	-	-	-	-	-	2,390,000
Payments to suppliers for goods and services	(9,828,654)	(785,066)	(526,398)	(1,091,659)	(916,714)	(588,520)	-	(13,737,011)	(439,297)
Payments to employees for services	(1,118,089)	(588,618)	(356,721)	(221,476)	(897,188)	(398,662)	-	(3,580,754)	(1,653,214)
Payments to other funds for services	(2,492,000)	(525,293)	(785,156)	(589,249)	(453,900)	(329,905)	-	(5,175,503)	-
Net Cash from (used for) Operating Activities	1,075,389	36,411	1,480,946	(141,114)	832,198	925,465	-	4,209,295	297,489
Noncapital Financing Activities									
Receipts from interfund advances	-	-	-	140,000	-	-	(140,000)	-	-
Transfers to/from other funds	-	-	-	(41,772)	-	-	41,772	-	-
Net Cash from (used for) Noncapital Financing Activities	-	-	-	98,228	-	-	(98,228)	-	-
Capital and Related Financing Activities									
Purchase of property, plant, and equipment	(628,068)	(113,943)	(392,062)	(164,560)	(702,575)	(1,041,450)	-	(3,042,658)	-
Proceeds from issuance of debt	-	466,835	5,940,053	-	-	-	-	6,406,888	-
Bond issuance costs	-	(5,835)	(92,980)	-	-	25,000	-	(73,815)	-
Principal payments on debt	(512,159)	(249,737)	(4,909,578)	(6,741)	(140,295)	(190,898)	-	(6,009,408)	-
Connection fees	243,522	207,500	93,000	41,050	-	-	-	585,072	-
Deferred charges	(7,193)	-	-	-	-	-	-	(7,193)	-
Principal payment on lease liability	(2,103)	-	-	-	-	-	-	(2,103)	-
Principal payment on IT subscription liability	(10,163)	(6,497)	-	-	-	-	-	(16,660)	-
Interest paid on debt	(99,597)	(23,448)	(185,347)	(519)	(62,730)	(210,168)	-	(581,809)	-
Net Cash from (used for) Capital and Related Financing Activities	(1,015,761)	274,875	453,086	(130,770)	(905,600)	(1,417,516)	-	(2,741,686)	-
Investing Activities									
Interest on cash and investments	68,457	11,850	1,005	439	37,276	131,543	-	250,570	308
Net Change in Cash and Cash Equivalents	128,085	323,136	1,935,037	(173,217)	(36,126)	(360,508)	(98,228)	1,718,179	297,797
Cash and Cash Equivalents, Beginning of Year	2,171,985	336,221	108,347	638,270	1,076,356	4,820,328	810,694	9,962,201	20,472
Cash and Cash Equivalents, End of Year	\$ 2,300,070	\$ 659,357	\$ 2,043,384	\$ 465,053	\$ 1,040,230	\$ 4,459,820	\$ 712,466	\$ 11,680,380	\$ 318,269

City of Fallon, Nevada
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2025

	Business-Type Activities - Enterprise Funds								Business-Type Activities - Internal Service Funds
	Electric	Water	Sewer	Water Treatment	Sanitation	Landfill	Nonmajor Enterprise Funds	Total	
Reconciliation of Operating Income (Loss) to Net Cash from (used for) Operating Activities									
Operating income (loss)	\$ 1,244,079	\$ (324,052)	\$ 454,959	\$ (553,467)	\$ 269,636	\$ 545,901	\$ -	\$ 1,637,056	\$ 93,328
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities									
Depreciation/amortization	581,178	359,987	786,774	394,582	181,474	303,054	-	2,607,049	98,420
Amortization expense	-	-	(45,896)	-	-	-	-	(45,896)	-
Pension expense	57,571	29,077	16,585	11,035	39,232	18,832	-	172,332	84,133
OPEB expense	(862)	(418)	(263)	(151)	(576)	(296)	-	(2,566)	(1,136)
Economic development expense	(158,425)	-	-	-	-	-	-	(158,425)	-
Quality of life promotion expense	(876,679)	-	-	-	-	-	-	(876,679)	-
Changes in									
Accounts receivable	43,978	(14,772)	(3,714)	(2,842)	(20,994)	(66,565)	-	(64,909)	-
Inventory	-	3,196	-	-	-	-	-	3,196	-
Prepays	-	-	-	-	-	-	-	-	(2,731)
Accounts payable	183,076	49,856	297,121	23,609	345,716	42,357	-	941,735	16,759
Landfill closure costs	-	-	-	-	-	60,000	-	60,000	-
Accrued payroll and related liabilities	(3,433)	(16,929)	(448)	(6,054)	1,546	12,513	-	(12,805)	22,240
Compensated absences	18,548	(38,843)	(24,172)	(7,826)	16,164	9,669	-	(26,460)	(13,524)
Customer deposits	(13,642)	(10,691)	-	-	-	-	-	(24,333)	-
Net Cash from (used for) Operating Activities	<u>\$ 1,075,389</u>	<u>\$ 36,411</u>	<u>\$ 1,480,946</u>	<u>\$ (141,114)</u>	<u>\$ 832,198</u>	<u>\$ 925,465</u>	<u>\$ -</u>	<u>\$ 4,209,295</u>	<u>\$ 297,489</u>
Reconciliation of Total Cash and Cash Equivalents:									
Current assets - cash and cash equivalents	\$ 949,971	\$ 176,163	\$ 712,984	\$ 465,053	\$ 634,558	\$ 2,943,597	\$ -	\$ 5,882,326	\$ 318,269
Restricted assets - cash and cash equivalents	1,350,099	483,194	1,330,400	-	405,672	1,516,223	712,466	5,798,054	-
Total cash and investments	<u>\$ 2,300,070</u>	<u>\$ 659,357</u>	<u>\$ 2,043,384</u>	<u>\$ 465,053</u>	<u>\$ 1,040,230</u>	<u>\$ 4,459,820</u>	<u>\$ 712,466</u>	<u>\$ 11,680,380</u>	<u>\$ 318,269</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 *Airport Fund* revenues are derived from charges for services with expenditures expended on the operation and maintenance of the airport.

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.

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

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 *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 *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.

City of Fallon, Nevada
Notes to Financial Statements
June 30, 2025

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, 2025, are as follows:

Fund Type	Outstanding Balance	Allowance for Doubtful Accounts	Net
Enterprise Funds			
Electric	\$ 1,661,323	\$ 67,780	\$ 1,593,543
Water	229,140	9,230	219,910
Sewer	331,569	15,050	316,519
Water treatment	185,618	7,170	178,448
Sanitation	311,194	11,654	299,540
Nonmajor	316,792	11,670	305,122
	<u>\$ 3,035,636</u>	<u>\$ 122,554</u>	<u>\$ 2,913,082</u>

Inventories and Prepaids

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

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

Restricted Assets

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

Capital Assets

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

Depreciation is computed using the straight-line method over the following estimated useful lives:

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

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

Right-to-use IT subscription assets are recognized at the IT subscription commencement date and represent the City's right to use an underlying IT asset for the subscription term. Right-to-use IT subscription assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use IT subscription assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method.

Impairment

The City reviews the carrying value of property and equipment for impairment whenever events and circumstances indicated that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In the case where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there was no impairment at June 30, 2025.

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. 101, *Compensated Absences*.

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

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

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

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

Deferred Inflows and Outflows of Resources

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

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents a consumption of acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City reported deferred inflows of resources related to other postemployment benefits resulting from changes of assumptions and other inputs. The City reported deferred inflows of resources related to pensions resulting from differences between expected and actual experience, the difference between projected and actual earnings on pension plan investments, and changes in the City's proportion and differences between the City's contributions and the employer's proportionate contribution reported in the government-wide financial statement of net position under the accrual basis of accounting. The City reported deferred inflows of resources related to the deferred gain on refunding in the Sewer Enterprise Fund and the business-type activities. The City also reflects deferred inflows of resources which are unavailable revenue reported in the governmental funds balance sheet for delinquent property taxes and grants 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. The assigned fund balance is for subsequent year operations.
- **Unassigned fund balance** – The residual classification for the General Fund that is available to spend. The General Fund is the only fund that reports a positive unassigned fund balance. In governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When an expenditure is incurred, and both restricted and unrestricted resources are available, the portion of the fund balance that was restricted for those purposes shall be reduced first. If no restricted resources exist, then the unrestricted fund balance shall be reduced. Furthermore, when an expenditure is incurred for purposes which amounts of committed, assigned, or unassigned are considered to have been spent, and any of these unrestricted fund balance classifications could be used, they are considered to be spent in the above order. Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Use of Estimates

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

Adoption of New Accounting Standards

As of July 1, 2024, the City adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. There was no significant effect on the City’s financial statements as a result of the implementation of this standard.

As of July 1, 2024, the City adopted GASB Statement No. 102, *Certain Risk Disclosures*, which requires management to evaluate whether there are risks related to a government's vulnerabilities due to certain concentrations or constraints that require disclosure. This statement was implemented during the year ended June 30, 2025, without impact to the City.

Note 2 - Nevada Revised Statutes and Nevada Administrative Code Compliance

The City conformed to all significant statutory and legal constraints on its financial administration during the year, with the following possible exceptions:

Nevada Administrative Code (NAC) 354.750

The City did not complete a physical inventory observation biannually. The last physical inventory observation was performed June 30, 2022.

Nevada Revised Statutes (NRS) 354.6118

NRS 354.6118 requires that interfund loans are approved at a public hearing. Loans from the General Fund to the Airport Fund totaling \$668,656 were not approved at a public hearing. Loans from the Landfill Fund to the Water Fund totaling \$600,000 and to the Sewer Fund totaling \$400,000 that were extended for another one year term were not approved at a public hearing.

Nevada Revised Statutes (NRS) 354.626

NRS 354.626 states that the fund balance of a governmental fund may not be used unless appropriated in a manner provided by law. The Airport Fund reported a deficit fund balance of \$107,883 for the year ended June 30, 2025.

City of Fallon, Nevada
Notes to Financial Statements
June 30, 2025

Note 3 - Cash and Investments

The City's cash and investments is as follows at June 30, 2025:

	Restricted	Unrestricted	Total
Cash and investment balances held by			
Governmental Funds	\$ 5,450,346	\$ 3,512,072	\$ 8,962,418
Proprietary Funds	5,798,054	6,200,595	11,998,649
 Total cash and investments	 <u>\$ 11,248,400</u>	 <u>\$ 9,712,667</u>	 <u>\$ 20,961,067</u>
 Total investments			
State of Nevada Local Government Investment Pool		*	\$ 12,959,574
 Total cash			 <u>8,001,493</u>
 Total cash and investments			 <u>\$ 20,961,067</u>

* represents average weighted maturity of 49.5 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, 2025. Nevada Revised Statutes (NRS 355.170) set forth acceptable investments for Nevada local governments. The City has not adopted a formal investment policy that would further limit its exposure to certain risks as set forth below:

Interest Rate Risk – Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from a rise in interest rates. As noted above the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates beyond those specified in the statute.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality rating of its investments. LGIP is an unrated external investment pool and as noted above, the City does not have a formal investment policy that specifies minimum acceptable credit ratings beyond those specified in the statute.

Custodial Credit Risk – Deposits – For deposits, custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City's bank deposits are covered by FDIC insurance or are collateralized by the Office of the State Treasurer/Nevada Collateral Pool. The City participates in the State of Nevada Collateral Pool which requires depositories to maintain as collateral acceptable securities having a fair value of at least 102 percent of the amount of the uninsured balances of the public money held by the depository. Under NRS 356.360, the State Treasurer manages and monitors all collateral for all public monies deposited by members of the pool. As of June 30, 2025, all deposits were collateralized under the Nevada Pooled Collateral Program or insured by the Federal Deposit Insurance Corporation (FDIC).

Note 4 - Property Taxes

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

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

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

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

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

City of Fallon, Nevada
Notes to Financial Statements
June 30, 2025

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2025:

Governmental Activities

	Balance at July 1, 2024	Additions	Disposals	Transfers	Balance at June 30, 2025
Capital assets, not being depreciated					
Land	\$ 1,183,965	\$ -	\$ -	\$ -	\$ 1,183,965
Construction in progress	340,522	3,405,484	-	(48,865)	3,697,141
Total capital assets, not being depreciated	1,524,487	3,405,484	-	(48,865)	4,881,106
Capital assets, being depreciated					
Infrastructure	42,650,026	-	-	48,865	42,698,891
Buildings and improvements	16,372,946	8,190	-	-	16,381,136
Machinery and equipment	5,854,957	192,611	-	-	6,047,568
Total capital assets, being depreciated	64,877,929	200,801	-	48,865	65,127,595
Less accumulated depreciation					
Infrastructure	(19,050,808)	(797,155)	-	-	(19,847,963)
Buildings and improvements	(3,859,593)	(501,158)	-	-	(4,360,751)
Machinery and equipment	(4,159,746)	(245,106)	-	-	(4,404,852)
Total accumulated depreciation	(27,070,147)	(1,543,419)	-	-	(28,613,566)
Total capital assets, being depreciated, net	37,807,782	(1,342,618)	-	48,865	36,514,029
Governmental Activities Capital Assets, Net	\$ 39,332,269	\$ 2,062,866	\$ -	\$ -	\$ 41,395,135

The main components of construction in progress consists of an airport taxi lane and entrance road project and street corrective maintenance projects.

City of Fallon, Nevada
Notes to Financial Statements
June 30, 2025

Business-type Activities

	Balance at July 1, 2024	Additions	Disposals	Transfers	Balance at June 30, 2025
Capital assets, not being depreciated					
Land	\$ 2,287,657	\$ -	\$ -	\$ -	\$ 2,287,657
Construction in progress	2,445,257	490,419	-	(363,912)	2,571,764
Total capital assets, not being depreciated	4,732,914	490,419	-	(363,912)	4,859,421
Capital assets, being depreciated					
Buildings and improvements	4,143,227	5,868	-	-	4,149,095
Machinery and equipment	11,891,723	1,858,591	-	-	13,750,314
Electric, water, and sewer system	83,037,870	687,757	-	363,912	84,089,539
Total capital assets, being depreciated	99,072,820	2,552,216	-	363,912	101,988,948
Less accumulated depreciation					
Buildings and improvements	(1,379,571)	(127,260)	-	-	(1,506,831)
Machinery and equipment	(7,195,731)	(695,295)	-	-	(7,891,026)
Electric, water, and sewer system	(42,178,022)	(1,842,676)	-	-	(44,020,698)
Total accumulated depreciation	(50,753,324)	(2,665,231)	-	-	(53,418,555)
Right to use leased assets being amortized					
Right to use communications tower	83,530	-	-	-	83,530
Less accumulated amortization for					
Right to use communications tower	(11,054)	(3,685)	-	-	(14,739)
Net right to use leased assets	72,476	(3,685)	-	-	68,791
IT Subscription assets being amortized					
IT Subscription Assets	694,506	-	-	-	694,506
Less accumulated amortization for					
IT Subscription assets	(73,105)	(36,553)	-	-	(109,658)
Net IT Subscription assets	621,401	(36,553)	-	-	584,848
Total capital assets, being depreciated/amortized, net	49,013,373	(153,253)	-	363,912	49,224,032
Business-type Activities Capital Assets, Net	\$ 53,746,287	\$ 337,166	\$ -	\$ -	\$ 54,083,453

The main components of construction in progress consists of electric meters, electric transformers, and a dewater press.

City of Fallon, Nevada
Notes to Financial Statements
June 30, 2025

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

Governmental Activities

General Government and Administration

Administrative Buildings	\$ 222,869
Government Funds	778
City clerk	4,189
City hall	41,929
	<u>269,765</u>

Judicial

Municipal court	<u>5,277</u>
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Public Safety

Police	139,041
Task force	1,251
Animal control	899
Fire	35,095
	<u>176,286</u>

Public Works

Street, curb & gutter	509,106
Airport	280,576
	<u>789,682</u>

Culture and Recreation

Centennial	2,200
Parks	265,244
	<u>267,444</u>

Community Support

Administrative buildings	<u>34,965</u>
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Total governmental activities	<u><u>\$ 1,543,419</u></u>
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Business-type Activities

Electric Fund	\$ 581,178
Water Fund	359,987
Sewer Fund	786,774
Water Treatment Fund	394,582
Sanitation Fund	181,474
Landfill Fund	303,054
Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets	<u>98,420</u>

Total business-type activities	<u><u>\$ 2,705,469</u></u>
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City of Fallon, Nevada
Notes to Financial Statements
June 30, 2025

Note 6 - Long-Term Debt

The following schedule summarizes the changes in long-term obligations, other than pensions, other postemployment benefits and the post-closure liability:

Governmental Activities

	Balance July 1, 2024	Additions	(Reductions)	Balance June 30, 2025
<u>Medium - Term Obligation</u>				
Direct Borrowings:				
\$358,800 to Zions Bank dated 12/20 with semi-annual payments of \$19,250 including interest at 1.19%	\$ 241,674	\$ -	\$ (35,700)	\$ 205,974
Less amount classified as current	(35,701)	-	(538)	(36,239)
Long-term portion	<u>205,973</u>	<u>-</u>	<u>(36,238)</u>	<u>169,735</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%	213,935	-	(30,606)	183,329
Less amount classified as current	(30,606)	-	(462)	(31,068)
Long-term portion	<u>183,329</u>	<u>-</u>	<u>(31,068)</u>	<u>152,261</u>
 \$4,000,000 to JPMorgan Chase Bank dated 4/24 with variable semi-annual payments with interest at 3.94%	4,000,000	-	(334,000)	3,666,000
Less amount classified as current	(334,000)	-	(13,000)	(347,000)
Long-Term Portion	<u>3,666,000</u>	<u>-</u>	<u>(347,000)</u>	<u>3,319,000</u>
 \$4,185,924 to Flagstar Public Funding Corp. dated 12/2025 with variable semi-annual payments with interest at 4.33%	-	4,185,924	-	4,185,924
Less amount classified as current	-	(343,245)	-	(343,245)
Long-Term Portion	<u>-</u>	<u>3,842,679</u>	<u>-</u>	<u>3,842,679</u>
 <u>Other Liabilities</u>				
Compensated absences	357,650	295,528	(303,993)	349,185
Less amount classified as current	(160,926)		(93,900)	(254,826)
Long-term portion	<u>196,724</u>	<u>295,528</u>	<u>(397,893)</u>	<u>94,359</u>
 <u>Total Medium - Term Obligation and Other Liabilities</u>				
Governmental activities	4,813,259	4,481,452	(704,299)	8,590,412
Less amount classified as current	(561,233)	(343,245)	(107,900)	(1,012,378)
 Long-term portion	<u>\$ 4,252,026</u>	<u>\$ 4,138,207</u>	<u>\$ (812,199)</u>	<u>\$ 7,578,034</u>

Payments on the bonds payable that pertain to the City's governmental activities are made by the nonmajor governmental debt service fund.

City of Fallon, Nevada
Notes to Financial Statements
June 30, 2025

Business-type Activities

	Balance July 1, 2024	Additions	(Reductions)	Balance June 30, 2025
<u>Bonds and Lease Payable</u>				
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%	\$ 448,404	\$ -	\$ (64,138)	\$ 384,266
Less amount classified as current	(64,178)	-	(968)	(65,146)
Long-term portion	384,226	-	(65,106)	319,120
 \$5,580,000 to JP Morgan Chase Bank dated 08/20 with semi-annual payments of \$251,000 with interest at 1.33%	4,251,108	-	(448,000)	3,803,108
Less amount classified as current	(448,000)	-	(6,000)	(454,000)
Long-term portion	3,803,108	-	(454,000)	3,349,108
 Lease liabilities	78,796	-	(2,103)	76,693
Less amount classified as current	(2,103)	-	(80)	(2,183)
Long-term portion	76,693	-	(2,183)	74,510
 IT subscription liabilities	391,966	-	(10,163)	381,803
Less amount classified as current	(10,163)	-	(1,226)	(11,389)
Long-term portion	381,803	-	(11,389)	370,414
 Electric Enterprise Funds Totals	5,170,274	-	(524,404)	4,645,870
Less amount classified as current	(524,444)	-	(8,274)	(532,718)
 Long-term portion	\$ 4,645,830	\$ -	\$ (532,678)	\$ 4,113,152
 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%	\$ 345,674	\$ -	\$ (112,512)	\$ 233,162
Less amount classified as current	(112,512)	-	(2,691)	(115,203)
Long-term portion	233,162	-	(115,203)	117,959
 \$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%	172,520	-	(114,332)	58,188
Less amount classified as current	(114,332)	-	56,144	(58,188)
Long-term portion	58,188	-	(58,188)	-

City of Fallon, Nevada
Notes to Financial Statements
June 30, 2025

Business-type Activities (Continued)

	Balance July 1, 2024	Additions	(Reductions)	Balance June 30, 2025
Direct Borrowings:				
\$230,078 to Zions Bank dated 12/20 with semi-annual payments of \$12,000 with interest at 1.19%	\$ 160,019	\$ -	\$ (22,893)	\$ 137,126
Less amount classified as current	<u>(22,893)</u>	<u>-</u>	<u>(345)</u>	<u>(23,238)</u>
Long-term portion	<u>137,126</u>	<u>-</u>	<u>(23,238)</u>	<u>113,888</u>
 \$466,835 to Flagstar Public Funding Corp. dated 12/25 with variable semi-annual payments with interest at 4.33%	 -	 466,835	 -	 466,835
Less amount classified as current	<u>-</u>	<u>(38,281)</u>	<u>-</u>	<u>(38,281)</u>
Long-term portion	<u>-</u>	<u>428,554</u>	<u>-</u>	<u>428,554</u>
 IT subscription liabilities	 250,602		 (6,497)	 244,105
Less amount classified as current	<u>(6,497)</u>		<u>(784)</u>	<u>(7,281)</u>
Long-term portion	<u>244,105</u>	<u>-</u>	<u>(7,281)</u>	<u>236,824</u>
 Water Enterprise Fund totals	 928,815	 466,835	 (256,234)	 1,139,416
Less amount classified as current	<u>(256,234)</u>	<u>(38,281)</u>	<u>52,324</u>	<u>(242,191)</u>
 Long-term portion	<u>\$ 672,581</u>	<u>\$ 428,554</u>	<u>\$ (203,910)</u>	<u>\$ 897,225</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%	\$ 4,885,000	\$ -	\$ (4,885,000)	\$ -
Less amount classified as current	<u>(365,000)</u>	<u>-</u>	<u>365,000</u>	<u>-</u>
Long-term portion	<u>4,520,000</u>	<u>-</u>	<u>(4,520,000)</u>	<u>-</u>
 \$4,080,000 bond payable to State of Nevada Bond Bank dated 11/24; variable payments of \$505,000 per year with interest at 5.00%	 -	 4,080,000	 -	 4,080,000
Less amount classified as current	<u>-</u>	<u>(325,000)</u>	<u>-</u>	<u>(325,000)</u>
Long-term portion	<u>-</u>	<u>3,755,000</u>	<u>-</u>	<u>3,755,000</u>

City of Fallon, Nevada
Notes to Financial Statements
June 30, 2025

Business-type Activities (Continued)

	Balance July 1, 2024	Additions	(Reductions)	Balance June 30, 2025
Direct Borrowings:				
\$247,013 to Zions Bank dated 12/20 with semi-annual payments of \$13,000 with interest at 1.19%	\$ 171,797	\$ -	\$ (24,578)	\$ 147,219
Less amount classified as current	<u>(24,578)</u>	<u>-</u>	<u>(371)</u>	<u>(24,949)</u>
Long-term portion	<u>147,219</u>	<u>-</u>	<u>(24,949)</u>	<u>122,270</u>
 \$1,347,241 to Flagstar Public Funding Corp. dated 12/25 with variable semi-annual payments with interest at 4.33%	 -	 1,347,241	 -	 1,347,241
Less amount classified as current	<u>-</u>	<u>(110,474)</u>	<u>-</u>	<u>(110,474)</u>
Long-term portion	<u>-</u>	<u>1,236,767</u>	<u>-</u>	<u>1,236,767</u>
 Sewer Enterprise Fund Totals	 5,056,797	 5,427,241	 (4,909,578)	 5,574,460
Less amount classified as current	<u>(389,578)</u>	<u>(435,474)</u>	<u>364,629</u>	<u>(460,423)</u>
Long-term portion	<u>\$ 4,667,219</u>	<u>\$ 4,991,767</u>	<u>\$ (4,544,949)</u>	<u>\$ 5,114,037</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%	\$ 58,895	\$ -	\$ (8,434)	\$ 50,461
Less amount classified as current	<u>(8,426)</u>	<u>-</u>	<u>(127)</u>	<u>(8,553)</u>
Long-term portion	<u>50,469</u>	<u>-</u>	<u>(8,561)</u>	<u>41,908</u>
 \$172,735 financed purchase with ZB, N.A. dated 10/16; semi-annual payments of \$10,158 with interest at 3.33%	 48,193	 -	 (18,861)	 29,332
Less amount classified as current	<u>(18,861)</u>	<u>-</u>	<u>(633)</u>	<u>(19,494)</u>
Long-term portion	<u>29,332</u>	<u>-</u>	<u>(19,494)</u>	<u>9,838</u>
 \$1,400,000 to JPMorgan Chase Bank dated 5/24 with variable semi-annual payments with interest at 4.6%	 1,400,000	 -	 (113,000)	 1,287,000
Less amount classified as current	<u>(89,000)</u>	<u>-</u>	<u>(30,000)</u>	<u>(119,000)</u>
Long-term portion	<u>1,311,000</u>	<u>-</u>	<u>(143,000)</u>	<u>1,168,000</u>
 Sanitation Enterprise Fund Totals	 1,507,088	 -	 (140,295)	 1,366,793
Less amount classified as current	<u>(116,287)</u>	<u>-</u>	<u>(30,760)</u>	<u>(147,047)</u>
Long-term portion	<u>\$ 1,390,801</u>	<u>\$ -</u>	<u>\$ (171,055)</u>	<u>\$ 1,219,746</u>

City of Fallon, Nevada
Notes to Financial Statements
June 30, 2025

Business-type Activities (Continued)

	Balance July 1, 2024	Additions	(Reductions)	Balance June 30, 2025
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%	\$ 41,255	\$ -	\$ (5,898)	\$ 35,357
Less amount classified as current	<u>(5,898)</u>	<u>-</u>	<u>(89)</u>	<u>(5,987)</u>
Long-term portion	<u>35,357</u>	<u>-</u>	<u>(5,987)</u>	<u>29,370</u>
 \$4,110,000 to Flagstar Public Funding Corp dated 11/23 with variable semi-annual payments with interest at 5.22%	4,110,000	-	(185,000)	3,925,000
Less amount classified as current	<u>(185,000)</u>	<u>-</u>	<u>(10,000)</u>	<u>(195,000)</u>
Long-term portion	<u>3,925,000</u>	<u>-</u>	<u>(195,000)</u>	<u>3,730,000</u>
 Landfill Enterprise Fund Totals	4,151,255	-	(190,898)	3,960,357
Less amount classified as current	<u>(190,898)</u>	<u>-</u>	<u>(10,089)</u>	<u>(200,987)</u>
 Long-term portion	<u>\$ 3,960,357</u>	<u>\$ -</u>	<u>\$ (200,987)</u>	<u>\$ 3,759,370</u>
 Water Treatment Enterprise Fund				
Direct Borrowings:				
\$67,744 to Zions Bank dated 12/20 with semi-annual payments of \$3,750 with interest at 1.19%	\$ 47,116	\$ -	\$ (6,741)	\$ 40,375
Less amount classified as current	<u>(6,741)</u>	<u>-</u>	<u>(101)</u>	<u>(6,842)</u>
 Long-term portion	<u>\$ 40,375</u>	<u>\$ -</u>	<u>\$ (6,842)</u>	<u>\$ 33,533</u>
 <u>Other Liabilities</u>				
Compensated absences	\$ 245,698	\$ 187,395	\$ (227,380)	\$ 205,713
Less amount classified as current	<u>(110,553)</u>	<u>17,843</u>	<u>-</u>	<u>(92,710)</u>
Long-term portion	<u>135,145</u>	<u>205,238</u>	<u>(227,380)</u>	<u>113,003</u>
 <u>Total Bonds Payable, Financed Purchases and Other Liabilities</u>				
Business-type activities	17,107,043	6,081,471	(6,255,530)	16,932,984
Unamortized net bond premium	228,058	512,812	(247,750)	493,120
Less amounts classified as current	<u>(1,594,735)</u>	<u>(455,912)</u>	<u>367,729</u>	<u>(1,682,918)</u>
 Long-term portion	<u>\$ 15,740,366</u>	<u>\$ 6,138,371</u>	<u>\$ (6,135,551)</u>	<u>\$ 15,743,186</u>

City of Fallon, Nevada
Notes to Financial Statements
June 30, 2025

Annual requirements to amortize the City's bonds payable, leases and financed purchases as of June 30, 2025:

	Governmental Activities		Electric Enterprise Fund		Water Enterprise Fund		Sewer Enterprise Fund	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2026	\$ 328,506	\$ 757,552	\$ 69,080	\$ 532,718	\$ 35,865	\$ 242,191	\$ 263,453	\$ 460,423
2027	300,680	786,537	61,708	540,357	31,222	189,309	242,608	480,261
2028	270,148	817,581	54,202	548,710	26,914	74,336	220,320	500,795
2029	238,359	849,627	46,577	557,331	24,490	77,347	197,053	526,331
2030	205,266	883,037	38,723	566,004	21,900	80,419	172,559	551,967
2031-2035	488,870	4,146,893	37,511	1,541,886	53,874	475,814	454,360	3,054,683
2036-2040	-	-	4,866	336,938	-	-	-	-
2041-2045	-	-	1,235	21,926	-	-	-	-
	<u>\$ 1,831,829</u>	<u>\$ 8,241,227</u>	<u>\$ 313,902</u>	<u>\$ 4,645,870</u>	<u>\$ 194,265</u>	<u>\$ 1,139,416</u>	<u>\$ 1,550,353</u>	<u>\$ 5,574,460</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 \$298,537. For the current year, principal and interest paid on the bonds totaled \$7,187. Net pledged revenues totaled \$1,041,955.

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 2024. 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 \$5,284,500. For the current year, principal and interest paid on the bonds totaled \$1,204,500. Net pledged revenues totaled \$1,795,544.

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. 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 \$4,008,905. For the current year, principal and interest paid on the bonds totaled \$205,798. Net pledged revenues totaled \$4,785,815.

City of Fallon, Nevada
Notes to Financial Statements
June 30, 2025

Sanitation Enterprise Fund		Landfill Enterprise Fund		Water Treatment Enterprise Fund		Total Business-Type	
Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
\$ 60,573	\$ 147,047	\$ 200,181	\$ 200,987	\$ 440	\$ 6,842	\$ 629,592	\$ 1,590,208
54,341	142,586	189,642	212,017	358	6,876	579,879	1,571,406
48,369	138,722	92,217	223,105	276	6,978	442,298	1,492,646
42,284	144,849	86,481	234,194	192	7,079	397,077	1,547,131
35,922	150,934	154,527	247,254	107	7,147	423,738	1,603,725
74,791	642,655	648,196	1,416,771	33	5,453	1,268,765	7,137,262
-	-	236,309	1,426,029	-	-	241,175	1,762,967
-	-	-	-	-	-	1,235	21,926
<u>\$ 316,280</u>	<u>\$ 1,366,793</u>	<u>\$ 1,607,553</u>	<u>\$ 3,960,357</u>	<u>\$ 1,406</u>	<u>\$ 40,375</u>	<u>\$ 3,983,759</u>	<u>\$ 16,727,271</u>

Note 7 - Lease Activities

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present values, (2) lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged 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 to significantly affect the amount of the lease liability.

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. The amortization period is 21 years for right-to-use leases assets.

Remaining principal and interest payments on leases are as follows:

Year Ending December 31,	Electric Enterprise Fund	
	Principal	Interest
2026	\$ 2,183	\$ 2,060
2027	2,244	1,999
2028	2,301	1,942
2029	2,584	1,872
2030	3,087	1,793
2031-2035	17,015	7,629
2036-2041	25,353	4,866
2041-2045	21,926	1,235
	<u>\$ 76,693</u>	<u>\$ 23,396</u>

Note 8 - Subscription-Based Information Technology Arrangements (SBITAs)

The City has entered into a SBITA contract for IT software for utility meters in a prior year. As of June 30, 2025, the value of the subscription liability was \$625,908. The City is required to make annual principal and interest payments through July 15, 2040; payments increase ratably throughout the term of the agreement. The subscription has an interest rate of 4%. The amortization period is 20 years for SBITA's.

City of Fallon, Nevada
Notes to Financial Statements
June 30, 2025

A summary of the changes in IT subscription liabilities during the year ended June 30, 2025 is as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Due Within One Year
Electric Fund					
IT Subscription Liabilities	\$ 391,966	\$ -	\$ (10,163)	\$ 381,803	\$ 11,389
Water Fund					
IT Subscription Liabilities	250,602	-	(6,497)	244,105	7,281
Total IT Subscription Liabilities	<u>\$ 642,568</u>	<u>\$ -</u>	<u>\$ (16,660)</u>	<u>\$ 625,908</u>	<u>\$ 18,670</u>

Remaining principal and interest payments on subscriptions are as follows:

	Electric Enterprise Fund		Water Enterprise Fund	
	Principal	Interest	Principal	Interest
2026	\$ 11,389	\$ 15,272	\$ 7,281	\$ 9,764
2027	12,644	14,816	8,083	9,473
2028	13,973	14,310	8,934	9,149
2029	15,343	13,789	9,810	8,816
2030	16,869	13,138	10,785	8,400
Thereafter	311,585	84,265	199,212	53,874
	<u>\$ 381,803</u>	<u>\$ 155,590</u>	<u>\$ 244,105</u>	<u>\$ 99,476</u>

Note 9 - Interfund Balances and Activity

Due To/From Other Funds

A summary of amounts due from and to other funds as of June 30, 2025, is as follows:

Due From	Due To Landfill Fund
Water Fund	\$ 600,000
Sewer Enterprise Fund	400,000
Total	<u>\$ 1,000,000</u>
Due From	Due To General Fund
Airport Fund	<u>\$ 688,656</u>

City of Fallon, Nevada
Notes to Financial Statements
June 30, 2025

Amounts due from and due to other funds represent the portion of the City's interfund balances that are expected to be repaid in the upcoming year. The Water and Sewer Funds Enterprise Funds owe the Landfill Fund for operating expenses. The Airport Fund owes the General Fund for capital outlay expenses.

Transfers From/To Other Funds

A summary of transfers between funds during the year ended June 30, 2025 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Activities</u>		
General Fund	\$ 500,000	\$ 597,611
Nonmajor Governmental Funds		
Convention and Tourism Authority Fund	-	300,000
Airport Fund	75,000	32,966
Special ad valorem capital projects Fund	-	200,000
Debt Service Fund	555,577	-
	<u>1,130,577</u>	<u>1,130,577</u>
Total governmental activities	<u>1,130,577</u>	<u>1,130,577</u>
<u>Business-type Activities</u>		
Water Treatment Fund	140,000	41,772
Nonmajor Enterprise Funds		
Water Treatment Replacement Fund	41,772	140,000
	<u>181,772</u>	<u>181,772</u>
Total enterprise funds	<u>181,772</u>	<u>181,772</u>
Total transfers	<u>\$ 1,312,349</u>	<u>\$ 1,312,349</u>

The principal purpose of the interfund transfers between the governmental funds is to subsidize programs in accordance with the City Council's approved budget. The General Fund transfer out to the Nonmajor Airport Fund was to fund a match for a grant. The Major Airport Fund transfers out to the Nonmajor Debt Service Fund was to fund debt payments. The transfer between the Water Treatment Enterprise Fund and the Nonmajor Water Treatment Replacement Enterprise Fund was made in accordance with an agreement with the State of Nevada Water Financing Board.

Note 10 - 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 11 - 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 \$1,561,000 as of June 30, 2025, which is based on 29.72% usage (filled) of the landfill. It is estimated that an additional \$2,933,328 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 (\$4,494,328) 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, 2025. 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, 2024	Additions	(Reductions)	June 30, 2025
Estimated Liability of Landfill Closure and Postclosure Care Costs	\$ 1,501,000	\$ 60,000	\$ -	\$ 1,561,000

Note 12 - Postemployment Retirement Health Insurance Benefit

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

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

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

City of Fallon, Nevada
Notes to Financial Statements
June 30, 2025

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, which is treated as a single-employer defined benefit OPEB plan for financial reporting purposes, is 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 \$879 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, 2025, the following employees were covered by the benefit terms:

	COFEHBP	PEBP	Total
Inactive Employees or Beneficiaries			
Currently Receiving Benefits	24	28	52
Active Employees	112	-	112
	<u>136</u>	<u>28</u>	<u>164</u>

City of Fallon, Nevada
Notes to Financial Statements
June 30, 2025

Total OPEB Liability – The City’s total OPEB liability of \$2,031,790 was measured as of June 30, 2025, and was determined by an actuarial valuation as of June 30, 2023.

	COFEHBP	PEBP	Total
Total OPEB Liability	\$ 1,330,738	\$ 701,052	\$ 2,031,790

Assumptions and Other Inputs – The total OPEB liability in the June 30, 2023, 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	3.93%	3.93%
Health care trend rates	6.5% for 2025, decreasing decreasing down to 3.9% by 2075	6.5% for 2025, decreasing decreasing down to 3.9% by 2075
Retirees' share of benefit - related costs	100% of premium	0% to 100% of premium amounts based on years of service

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

For the COFEHBP and PEBP Plans, mortality rates for 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, 2023 valuation were based on the results of actual census data for June 30, 2023.

City of Fallon, Nevada
Notes to Financial Statements
June 30, 2025

Changes in the Total OPEB Liability –

	COFEHBP	PEBP	Total
Balance at June 30, 2024	\$ 1,318,498	\$ 747,781	\$ 2,066,279
Changes for the Year			
Service cost	63,867	-	63,867
Interest	49,359	26,275	75,634
Differences between expected and actual experience	-	-	-
Changes in assumptions or other inputs	(40,849)	(17,260)	(58,109)
Benefit payments	(60,137)	(55,744)	(115,881)
Net Changes	12,240	(46,729)	(34,489)
Balance at June 30, 2025	\$ 1,330,738	\$ 701,052	\$ 2,031,790

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 3.65% to 3.93%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the City, as well as what the City's Total OPEB liability would be if it were calculated using a discount rate that is 1-percentage lower (2.93%) or 1-percentage-point higher (4.93%) than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
COFEHBP OPEB Liability	\$ 1,484,723	\$ 1,330,738	\$ 1,197,724
PEBP OPEB Liability	766,057	701,052	644,790
Total OPEB Liability	\$ 2,250,780	\$ 2,031,790	\$ 1,842,514

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 (5.5%) or 1-percentage-point higher (7.5%) 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	\$ 1,198,851	\$ 1,330,738	\$ 1,490,676
PEBP OPEB Liability	645,143	701,052	764,519
Total OPEB Liability	\$ 1,843,994	\$ 2,031,790	\$ 2,255,195

City of Fallon, Nevada
Notes to Financial Statements
June 30, 2025

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2025, the City recognized OPEB expense (negative OPEB expense) of \$110,439:

COFEHBP	\$ 101,422
PEBP	<u>9,017</u>
	<u><u>\$ 110,439</u></u>

At June 30, 2025, 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	\$ 251,826	\$ 466,083	\$ -	\$ -	\$ 251,826	\$ 466,083
Contributions subsequent to the measurement date	<u>64,358</u>	<u>-</u>	<u>56,063</u>	<u>-</u>	<u>120,421</u>	<u>-</u>
	<u><u>\$ 316,184</u></u>	<u><u>\$ 466,083</u></u>	<u><u>\$ 56,063</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 372,247</u></u>	<u><u>\$ 466,083</u></u>

The \$120,421 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2026.

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
2026	\$ 11,804	\$ -	\$ 11,804
2027	11,804	-	11,804
2028	8,799	-	8,799
2029	8,359	-	8,359
2030	34,168	-	34,168
Thereafter	139,323	-	139,323

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

Note 13 - Defined Benefit Pension Plan

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

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

Monthly benefit allowances for members are computed as 2.5 percent of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering PERS on or after January 1, 2010, there is a 2.50% service time factor. Regular members entering PERS on or after July 1, 2015, have a 2.25% multiplier for all years of service. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - 286.579.

Vesting – Regular members entering PERS prior to January 1, 2010 are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with 30 years of service. Regular members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, or any age with 30 years of service. Regular members entering PERS on or after July 1, 2015 are eligible for retirement at age 65 with five years of service, or at age 62 with ten years of service, or at age 55 with 30 years of service, or at any age with 33 1/3 years of service.

Police/Fire members entering PERS prior to January 1, 2010 are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with 20 years of service, or at any age with 25 years of service. Police/Fire members entering PERS on or after January 1, 2010, are eligible for retirement at 65 with five years of service, or age 60 with 10 years of service, at age 50 with 20 years of service, or at any age with 30 years of service. Police/Fire members entering the System on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, and at age 50 with 20 years of service. Only service performed in a position as a police officer or firefighter may be counted towards to eligibility for retirement as Police/Fire accredited service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both Regular and Police/Fire members become fully vested as to benefits upon completion of five years of service.

City of Fallon, Nevada
Notes to Financial Statements
June 30, 2025

Contributions – The authority for establishing and amending the obligation to make contributions and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. One plan provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only. Under the matching Employee/Employer Contribution plan a member may upon termination of service for which contribution is required, withdraw employee contributions which have been credited to their account. All membership rights and active service credit in the System are canceled upon withdrawal of contributions from the member's account. If EPC was selected, the member cannot convert to the Employee/Employer Contribution plan.

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

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

The actuary funding method used is the Entry Age Actuarial Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal years ended June 30, 2025 and 2024, the Statutory Employer/Employee matching rate for Regular members was 17.50% and 17.50%, respectively; the rate was 25.75% and 25.75%, respectively, for Police/Fire. The Employer-Pay Contribution (EPC) rate was 33.50% and 33.50%, respectively, for Regular members for the fiscal years ended June 30, 2025 and 2024; the rate was 50% and 50.00%, respectively, for Police/Fire.

The City's contributions were \$1,523,007 for the year ended June 30, 2025.

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, 2024:

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. Fixed Income	28%	2.25%
Real Estate	6%	6.65%
Private markets	6%	0.50%
	<u>100%</u>	

City of Fallon, Nevada
Notes to Financial Statements
June 30, 2025

As of June 30, 2024, PERS' long-term inflation assumption was 2.50%.

Net Pension Liability – At June 30, 2025, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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 (\$19,526,320) 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, 2024, the City's proportion was 0.10807 percent which was a decrease of 0.01144 percent from its proportion measured as of June 30, 2023.

Pension Liability Discount Rate Sensitivity – The following presents the net pension liability of the City measured as of June 30, 2025, 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	\$ 31,400,702	\$ 19,526,320	\$ 9,729,843

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

Actuarial Assumptions – The City's net pension liability was measured as of June 30, 2024, and the net pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The net 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, 2023 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, 2024, 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 net pension liability was 7.25% as of June 30, 2024. 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 net pension liability as of June 30, 2024.

City of Fallon, Nevada
Notes to Financial Statements
June 30, 2025

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2025, the City recognized pension expense of \$790,625. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,142,440	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,923,595
Changes in assumptions	1,259,962	-
Changes in the City's proportion and differences between the City's contributions and the employer's proportionate contributions	558,886	1,414,811
City contributions subsequent to the measurement date	<u>1,523,007</u>	<u>-</u>
	<u>\$ 7,484,295</u>	<u>\$ 3,338,406</u>

The \$1,523,007 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, 2026.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined is 5.64 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:

<u>Year Ending June 30,</u>	
2026	\$ 459,527
2027	2,370,888
2028	(41,743)
2029	(295,790)
2030	130,000
Thereafter	-

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

Note 14 - Related Party Transactions

The City of Fallon paid \$20,000 per month for administrative support, office facilities, including equipment and personnel and related professional licensing and continuing education to a private legal practice owned separately by City of Fallon attorney's. The total expenditure for the year ended June 30, 2025 was \$240,000, which is recorded in the City Attorney Department in the General Fund.

Note 15 - Tax Abatements

For the fiscal year ended June 30, 2025, the City of Fallon's revenues were reduced by a total amount of \$325,482 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 16 - 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, the Cyrq Patua Geothermal, Solar plant, Red Mesa Tapaha Solar Project, Sunnyside Waste Heat Facility Project and locally generated hydroelectric. The City's current market purchase contract, which was executed on August 22, 2023, began on January 1, 2024, 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 the Cyrq Patua Geothermal and Solar plant in November 2018, with the City entitled to 1 MW of geothermal and solar energy. In April 2023, the Red Mesa Tapaha Solar Project went online which the City agreed to purchase 1 MW over the next 25 years. Starting in November 2023 the City begun receiving power from the Sunnyside Waste Heat Facility Project. The City was entitled to 0.49 MW of production from the facility through December 2028. Due to a catastrophic failure the project ended early, and the City stopped receiving power from the project in August 2025. Beginning in March 2024, the City agreed to purchasing local hydroelectric power generated by the power plants known as 'Old Lahontan Power Plant' and '26' Drop Power Plant' from the Truckee-Carson Irrigation District (TCID). The agreement with TCID was replaced in March 2025 to incorporate the power production from 'New Lahontan Dam' power station. The new agreement with TCID includes the option to extend it for an additional five years until December 31, 2035, provided the parties can mutually agree to a modification of the agreement.

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 2025, the City's total UAMPS billings were \$4,805,349, total TCID billings were \$625,679, and total NV Energy transmission billings were \$665,925. The City's total revenue generated from excess power sales through the UAMPS power pool was \$355,617.

On June 3, 2025, the City approved a construction contract for the Fallon Municipal Airport Reconstruct West Portion of Taxi Lanes and Additive Option Schedule B in the amount of \$1,240,000, this project will be 95% grant funded.

On June 3, 2025, the City approved an engineering contract totaling \$201,537 for the Fallon Municipal Airport Reconstruct West Portion of Taxi Lanes and Additive Option Schedule B, this project will be 95% grant funded.

On June 3, 2025, the City approved an engineering design contract for the Kaiser Street Roadway Reconstruction Project totaling \$402,995.

On June 3, 2025, the City approved an engineering services contract for US 50 Signalization Project totaling \$111,242.

On June 17, 2025, the City approved a construction contract for the Rattlesnake Hill Water Tank Demolition and Site Preparation project in the amount of \$1,095,000, this project will be 100% grant funded.

On June 17, 2025, the City approved an engineering services contract for a Fixed Base Operations Facility at the Fallon Municipal Airport in the amount of \$230,400.

On June 17, 2025, the City approved an engineering contract for \$163,700 to construct a new taxi lane at the Fallon Municipal Airport in the amount of \$163,700, this project will be 95% grant funded.

Note 17 - Special Ad Valorem Capital Projects Fund

Pursuant to NRS 354.598155(4) the audit report must disclose in detail the projects that have been funded with money from this fund. During the year ended June 30, 2025, the City spent \$200,000 on a transfer to the General Fund to purchase a patrol car and fund street corrective maintenance projects.

City of Fallon, Nevada
Notes to Financial Statements
June 30, 2025

Note 18 - Adjustments to Beginning Balances

During fiscal year 2025, there was a change within the financial reporting entity which resulted in the Airport Special Revenue Fund being reported as a major governmental fund instead of a nonmajor governmental fund. This change was due to an increase in the funds liabilities which exceeded the thresholds for classification as a major fund in comparison to the City's other funds. The reclassification had no impact on the total governmental fund balances but is reflected in the current year's fund financial statements.

	June 30, 2024 As Previously Reported	Change to or Within the Financial Reporting Entity	June 30, 2024 As Restated
Governmental Funds			
Major Fund			
General Fund	\$ 5,105,305	\$ -	\$ 5,105,305
Airport Fund	-	389,295	389,295
Nonmajor Funds	971,589	(389,295)	582,294
	<u>\$ 6,076,894</u>	<u>\$ -</u>	<u>\$ 6,076,894</u>
Total Governmental Funds			

Note 19 - Subsequent Events

On February 17, 2026, the City approved an engineering services contract for the Auction Road Rehabilitation Project totaling \$452,954, this project will be 95% grant funded.

On February 17, 2026, the City approved a construction contract for the US 50 Signalization Project totaling \$932,737, the project will be 95% grant funded.

On February 17, 2026, the City approved the purchase of a parcel at 515/525 N. Maine Street in the City of Fallon totaling \$250,000.

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule-General Fund (Budgetary Basis)

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

Budgetary Comparison Schedule-Airport Fund (Budgetary 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, 2025

	Budgeted Amounts		Actual Amount	Variance with Final Budget to Actual
	Original	Final		
Revenues				
Taxes				
Ad valorem	\$ 2,100,507	\$ 2,100,507	\$ 2,119,915	\$ 19,408
One cent option	36,421	36,421	34,691	(1,730)
Regional streets and highways	400,000	940,000	910,000	(30,000)
Enterprise funds in lieu of taxes	1,258,065	1,305,211	1,305,211	-
Total taxes	3,794,993	4,382,139	4,369,817	(12,322)
Licenses and permits				
Business licenses and permits				
Business licenses and permits	356,530	356,530	335,240	(21,290)
Local liquor licenses	40,745	40,745	42,325	1,580
City gaming licenses	47,283	47,283	43,544	(3,739)
Franchise taxes				
Enterprise funds in lieu of franchise taxes	1,155,686	1,301,472	1,301,472	-
Natural gas	283,322	283,322	221,132	(62,190)
Cable television	78,252	78,252	60,887	(17,365)
	1,961,818	2,107,604	2,004,600	(103,004)
Nonbusiness licenses and permits				
Building permits	126,630	126,630	130,864	4,234
Electric permits	66,707	66,707	8,132	(58,575)
Miscellaneous permits	11,381	11,381	13,030	1,649
Plumbing permits	10,699	10,699	7,698	(3,001)
	215,417	215,417	159,724	(55,693)
Total licenses and permits	2,177,235	2,323,021	2,164,324	(158,697)
Intergovernmental revenues				
Federal grants-in-aid				
Federal Task Force Grant	-	-	49,217	49,217
Bulletproof vest grant	-	-	1,801	1,801
CDBG	-	-	405,045	405,045
United We Stand	-	30,000	49,599	19,599
Emergency management				
Assistance	28,083	28,083	-	(28,083)
County	-	-	28,500	28,500
Contributions from Churchill County School District	200,000	200,000	-	(200,000)
	228,083	258,083	534,162	276,079
State shared revenues				
State Perm School Fund	-	-	1,760	1,760
Motor vehicle tax (1.75)	46,339	46,339	44,372	(1,967)
Motor vehicle fuel tax (2.35)	79,373	79,373	79,373	-
State gaming licenses	116,137	116,137	115,083	(1,054)
Consolidated tax distribution	2,584,225	2,584,225	2,619,953	35,728
AB 104 fair share	400,000	400,000	419,747	19,747
State marijuana distribution	10,000	10,000	10,641	641
State grant - Highway 95	63,000	63,000	47,250	(15,750)
	3,299,074	3,299,074	3,338,179	39,105

See Notes to Required Supplementary Information

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –
General Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual Amount	Variance with Final Budget to Actual
	Original	Final		
Other local government shared revenue				
County gaming tax	\$ 127,090	\$ 127,090	\$ -	\$ (127,090)
Other local government grants				
Grant from Churchill County	43,765	43,765	43,765	-
Total intergovernmental	3,698,012	3,728,012	3,916,106	188,094
Charges for services				
General government				
Building and zoning fees	38,189	38,189	72,553	34,364
Enterprise funds administrative support	2,706,921	2,722,256	2,599,536	(122,720)
Land rent	24,000	24,000	24,000	-
Other assessments and fees	19,592	19,592	9,004	(10,588)
	2,788,702	2,804,037	2,705,093	(98,944)
Public safety				
County reimbursement for				
Fire department expenses	255,713	255,713	303,409	47,696
Animal control fees	16,888	16,888	48,299	31,411
	272,601	272,601	351,708	79,107
Judicial				
Reimbursement for Judicial District No. 3 juvenile court master	33,700	33,700	30,616	(3,084)
Culture and recreation				
Swimming pool concession	14,075	14,075	33,119	19,044
Swimming pool fees	32,635	32,635	49,778	17,143
Gym use fees	13,349	13,349	13,603	254
Grants-in-Aid	-	50,000	100,358	50,358
	60,059	110,059	196,858	86,799
Total charges for services	3,155,062	3,220,397	3,284,275	63,878
Fines and forfeits				
Court fines and forfeited bail	62,788	62,788	37,907	(24,881)
Miscellaneous				
Investment income	63,160	63,160	76,612	13,452
Miscellaneous	5,773	5,773	3,685	(2,088)
Total miscellaneous	68,933	68,933	80,297	11,364
Total revenues	12,957,023	13,785,290	13,852,726	67,436

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual –
General Fund
Year Ended June 30, 2025

	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	\$ 147,204	\$ 149,204	\$ 142,593	\$ 6,611
Employee benefits	82,383	85,383	80,394	4,989
Services and supplies	9,998	11,098	9,683	1,415
	<u>239,585</u>	<u>245,685</u>	<u>232,670</u>	<u>13,015</u>
Legislative				
City council				
Salaries and wages	66,134	69,134	66,030	3,104
Employee benefits	39,312	43,312	39,246	4,066
Services and supplies	1,102	1,502	1,063	439
	<u>106,548</u>	<u>113,948</u>	<u>106,339</u>	<u>7,609</u>
Administrative				
Salaries and wages	788,071	698,071	644,308	53,763
Employee benefits	428,162	378,862	351,334	27,528
Services and supplies	126,456	162,856	131,839	31,017
	<u>1,342,689</u>	<u>1,239,789</u>	<u>1,127,481</u>	<u>112,308</u>
City hall				
Services and supplies	112,066	112,066	93,671	18,395
Capital outlay	-	210,040	8,698	201,342
	<u>112,066</u>	<u>322,106</u>	<u>102,369</u>	<u>219,737</u>
General expenditures				
Services and supplies	1,091,785	1,295,285	1,146,934	148,351
Capital outlay	-	130,000	-	130,000
	<u>1,091,785</u>	<u>1,425,285</u>	<u>1,146,934</u>	<u>278,351</u>
Total general government and administration	<u>2,892,673</u>	<u>3,346,813</u>	<u>2,715,793</u>	<u>631,020</u>
Judicial				
City attorney				
Salaries and wages	419,047	409,047	385,557	23,490
Employee benefits	226,264	225,864	215,005	10,859
Services and supplies	283,428	306,428	300,033	6,395
	<u>928,739</u>	<u>941,339</u>	<u>900,595</u>	<u>40,744</u>
Municipal court				
Salaries and wages	239,526	244,526	226,972	17,554
Employee benefits	111,162	119,662	108,274	11,388
Services and supplies	25,089	23,089	15,992	7,097
	<u>375,777</u>	<u>387,277</u>	<u>351,238</u>	<u>36,039</u>
Total judicial	<u>1,304,516</u>	<u>1,328,616</u>	<u>1,251,833</u>	<u>76,783</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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget to Actual
Public safety				
Police department				
Salaries and wages	\$ 3,220,726	\$ 3,250,726	\$ 3,080,483	\$ 170,243
Employee benefits	2,003,977	1,911,977	1,781,602	130,375
Services and supplies	438,562	630,162	531,232	98,930
Capital outlay	100,000	132,000	115,233	16,767
	<u>5,763,265</u>	<u>5,924,865</u>	<u>5,508,550</u>	<u>416,315</u>
Fire department				
Salaries and wages	339,765	371,765	348,203	23,562
Employee benefits	443,461	430,461	392,264	38,197
Services and supplies	295,569	308,569	264,274	44,295
	<u>1,078,795</u>	<u>1,110,795</u>	<u>1,004,741</u>	<u>106,054</u>
Civil defense				
Salaries and wages	52,999	57,999	54,207	3,792
Employee benefits	5,978	6,338	5,037	1,301
Services and supplies	2,755	2,755	1,824	931
	<u>61,732</u>	<u>67,092</u>	<u>61,068</u>	<u>6,024</u>
Task force				
Salaries and wages	8,000	15,000	12,594	2,406
Services and supplies	5,000	29,600	25,314	4,286
	<u>13,000</u>	<u>44,600</u>	<u>37,908</u>	<u>6,692</u>
Total public safety	<u>6,916,792</u>	<u>7,147,352</u>	<u>6,612,267</u>	<u>535,085</u>
Public works				
Street department				
Services and supplies	500,000	218,000	110,671	107,329
Capital outlay	500,000	2,011,000	1,720,483	290,517
Total public works	<u>1,000,000</u>	<u>2,229,000</u>	<u>1,831,154</u>	<u>397,846</u>
Culture and recreation				
Parks department				
Salaries and wages	537,106	562,106	505,957	56,149
Employee benefits	215,822	165,822	143,454	22,368
Services and supplies	688,237	734,437	600,368	134,069
Capital outlay	1,000,000	1,330,000	226,060	1,103,940
Total culture and recreation	<u>2,441,165</u>	<u>2,792,365</u>	<u>1,475,839</u>	<u>1,316,526</u>
Debt service				
Bond issuance costs	-	-	39,666	(39,666)
Total expenditures	<u>14,555,146</u>	<u>16,844,146</u>	<u>13,926,552</u>	<u>2,917,594</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(1,598,123)</u>	<u>(3,058,856)</u>	<u>(73,826)</u>	<u>2,985,030</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, 2025

	Budgeted Amounts		Actual Amount	Variance with Final Budget to Actual
	Original	Final		
Other Financing Sources (Uses)				
Transfers in	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Transfers out	(615,000)	(865,000)	(847,611)	17,389
Proceed from medium - term obligation	-	3,173,267	3,173,266	(1)
Total other financing sources (uses)	(365,000)	2,558,267	2,575,655	17,388
Net Change in Fund Balances	(1,963,123)	(500,589)	2,501,829	3,002,418
Fund Balance, Beginning of Year	3,044,356	4,984,822	5,023,009	38,187
Fund Balance, End of Year	<u>\$ 1,081,233</u>	<u>\$ 4,484,233</u>	<u>\$ 7,524,838</u>	<u>\$ 3,040,605</u>

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, 2025

	General Fund (Budgetary Basis)	Internally Reported Funds										Eliminations	General Fund as Reported on Statement of Revenues, Expenditures and Changes in Fund Balances (GAAP Basis)
		Parking Lot Fund	Secured Freight Yard Fund	Drug Forfeiture Fund	Unemployment Compensation Fund	Convention Center Fund	Compensated Absences Fund	Fire Truck Reserve Fund	Mayor's Youth Fund	Mayor's Century Fund	Martin Vusich Self-Sustaining Centennial Fund		
Revenues													
Taxes													
Ad valorem	\$ 2,119,915	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,119,915
Other	2,249,902	-	-	-	-	-	-	-	-	-	-	-	2,249,902
Charges for services	3,284,275	-	39,754	-	-	27,066	-	-	-	-	-	-	3,351,095
Intergovernmental	3,916,106	-	-	-	-	-	-	-	-	-	-	-	3,916,106
Licenses and permits	2,164,324	-	-	-	-	-	-	-	-	-	-	-	2,164,324
Fines and forfeitures	37,907	-	-	-	-	-	-	-	-	-	-	-	37,907
Miscellaneous													
Investment income	76,612	8	-	-	-	118	-	-	14	-	55	-	76,807
Other	3,685	-	-	-	-	-	-	-	42,051	-	-	-	45,736
Total revenues	<u>13,852,726</u>	<u>8</u>	<u>39,754</u>	<u>-</u>	<u>-</u>	<u>27,184</u>	<u>-</u>	<u>-</u>	<u>42,065</u>	<u>-</u>	<u>55</u>	<u>-</u>	<u>13,961,792</u>
Expenditures													
Current													
General government and administration	2,707,095	-	-	-	-	-	-	-	42,625	-	-	-	2,749,720
Judicial	1,251,833	-	-	-	-	-	-	-	-	-	-	-	1,251,833
Public safety	6,497,034	-	-	-	-	-	-	-	-	-	-	-	6,497,034
Public works	110,671	-	-	-	-	-	-	-	-	-	-	-	110,671
Culture and recreation	1,249,779	-	-	-	-	-	-	-	-	-	-	-	1,249,779
Community support	-	-	-	-	-	492,491	-	-	-	-	-	-	492,491
Capital outlay													
General government and administration	8,698	-	-	-	-	-	-	-	-	-	-	-	8,698
Judicial	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	115,233	-	-	-	-	-	-	-	-	-	-	-	115,233
Public works	1,720,483	-	-	-	-	-	-	-	-	-	-	-	1,720,483
Culture and recreation	226,060	-	-	-	-	-	-	-	-	-	-	-	226,060
Community support	-	-	-	-	-	13,098	-	-	-	-	-	-	13,098
Debt service													
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond issuance costs	39,666	-	-	-	-	-	-	-	-	-	-	-	39,666
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>13,926,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>505,589</u>	<u>-</u>	<u>-</u>	<u>42,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,474,766</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(73,826)</u>	<u>8</u>	<u>39,754</u>	<u>-</u>	<u>-</u>	<u>(478,405)</u>	<u>-</u>	<u>-</u>	<u>(560)</u>	<u>-</u>	<u>55</u>	<u>-</u>	<u>(512,974)</u>
Other Financing Sources (Uses)													
Transfers in	250,000	-	-	-	-	550,000	-	-	-	-	-	(300,000)	500,000
Transfers out	(847,611)	-	(50,000)	-	-	-	-	-	-	-	-	300,000	(597,611)
Proceeds from medium-term obligation	3,173,266	-	-	-	-	-	-	-	-	-	-	-	3,173,266
Total other financing sources (uses)	<u>2,575,655</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>550,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,075,655</u>
Net Change in Fund Balances	2,501,829	8	(10,246)	-	-	71,595	-	-	(560)	-	55	-	2,562,681
Fund Balances, Beginning of Year	5,023,009	8,209	32,790	1,663	409	15,877	25	161	13,073	1,998	8,091	-	5,105,305
Fund Balances, End of Year	<u>\$ 7,524,838</u>	<u>\$ 8,217</u>	<u>\$ 22,544</u>	<u>\$ 1,663</u>	<u>\$ 409</u>	<u>\$ 87,472</u>	<u>\$ 25</u>	<u>\$ 161</u>	<u>\$ 12,513</u>	<u>\$ 1,998</u>	<u>\$ 8,146</u>	<u>\$ -</u>	<u>\$ 7,667,986</u>

See Notes to Required Supplementary Information

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual –
 Airport Fund
 Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Charges for services				
Lease fees	\$ 35,000	\$ 48,000	\$ 33,166	\$ (14,834)
Intergovernmental revenue				
Fuel taxes	100	100	224	124
Federal grants				
Airport Improvement Program	-	1,585,000	-	(1,585,000)
Miscellaneous				
Investment income	10	10	480	470
Total revenues	35,110	1,633,110	33,870	(1,599,240)
Expenditures				
Public works				
Services and supplies	75,000	85,000	63,029	21,971
Capital outlay	300,000	1,925,000	1,522,713	402,287
Total expenditures	375,000	2,010,000	1,585,742	424,258
Excess (Deficiency) of Revenues Over (Under) Expenditures	(339,890)	(376,890)	(1,551,872)	(1,174,982)
Other Financing Sources (Uses)				
Proceeds from medium-term obligation	-	1,012,660	1,012,658	(2)
Transfers in	75,000	75,000	75,000	-
Transfer out	(35,000)	(35,000)	(32,966)	2,034
Total other financing sources	40,000	1,052,660	1,054,692	2,032
Net Change in Fund Balance	(299,890)	675,770	(497,180)	(1,172,950)
Fund Balance, Beginning of Year	336,139	375,479	389,295	13,816
Fund Balance (deficit), End of Year	\$ 36,249	\$ 1,051,249	\$ (107,885)	\$ (1,159,134)

Note 1 - Note 1 - Internally Reported (Budgetary Basis) Funds

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

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

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

Budgets and Budgetary Accounting

The City adheres to the Local Government Budget and Finance Act incorporated within the statutes of the State of Nevada, in which annual budgets are legally adopted for all funds. The Act and City policy include the following procedures to establish the budgetary data, which is reflected in these financial statements:

1. On or before April 15, the Mayor of the City of Fallon files a tentative budget with the Nevada Department of Taxation for all funds.
2. Public budget hearings on the tentative budget are held in May.
3. Prior to June 1, at a public hearing, the City Council indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the City Council. The final budget must then be forwarded to the Nevada Tax Commission for final approval.
4. Formal budgetary integration in the financial records of the General, Special Revenue, Capital Projects, Debt Service, and Proprietary Funds is employed in order to enhance management control during the year. All funds have legally adopted budgets.
5. Budgets for all funds are adopted on a basis consistent with GAAP, except for the funds which are combined for external reporting (the General Fund, Parking Lot Fund, Secured Freight Yard Fund, Unemployment Compensation Fund, Convention Center Fund, Compensated Absence Fund, Fire Truck Reserve Fund, Mayor's Youth Fund, Mayor's Century Fund, and the Martin Vusich Self-Sustaining Centennial Fund). Appropriations lapse at year-end.
6. Budget amounts within funds and between funds may be transferred if amounts do not exceed the original budget. Such transfers are to be approved by the City Council. Budget augmentations in excess of original budgetary amounts for any function or fund may not be made without prior approval of the City Council, following a scheduled and noticed public hearing. The budget reflected in the financial statements has been amended from original amounts in accordance with state statute.

City of Fallon, Nevada
Notes to Required Supplementary Information
Year Ended June 30, 2025

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. The governmental functions of the General Fund are general government, public safety, judicial, public works, culture and recreation, and community support. In the proprietary funds, actual expenses in excess of original budget appropriations are allowable as long as the expenses do not cause a deficit in net position and the budget is adjusted in a manner provided by law, per NAC 354.481.

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, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service cost	\$ 63,867	\$ 59,108	\$ 85,138	\$ 103,705	\$ 97,978	\$ 68,978	\$ 64,390	\$ 67,663
Interest	49,359	50,685	32,233	45,528	44,394	32,044	30,964	26,095
Difference between expected and actual experience	-	(4,985)	-	(324,256)	-	267,947	-	-
Changes of assumptions or other inputs	(40,849)	60,520	(281,507)	9,035	24,246	155,462	16,077	(46,319)
Benefit payments	(60,137)	(53,944)	(44,387)	(52,462)	(47,210)	(32,179)	(27,745)	(29,438)
Net Change in Total OPEB Liability	12,240	111,384	(208,523)	(218,450)	119,408	492,252	83,686	18,001
Total OPEB Liability, July 1	1,318,498	1,207,114	1,415,637	1,634,087	1,514,679	1,022,427	938,741	920,740
Total OPEB Liability, June 30	<u>\$ 1,330,738</u>	<u>\$ 1,318,498</u>	<u>\$ 1,207,114</u>	<u>\$ 1,415,637</u>	<u>\$ 1,634,087</u>	<u>\$ 1,514,679</u>	<u>\$ 1,022,427</u>	<u>\$ 938,741</u>
Covered-Employee Payroll	\$ 8,687,396	\$ 8,583,802	\$ 8,208,769	\$ 7,608,155	\$ 7,418,849	\$ 7,136,089	\$ 6,489,134	\$ 6,283,621
Total OPEB Liability as a Percentage of Covered-Employee Payroll	15.32%	15.36%	14.71%	18.61%	22.03%	21.23%	15.76%	14.94%

Notes to Schedule:

Changes of Assumptions: In 2025, there was a change in the discount rate from 3.65% to 3.93%.

Changes of Assumptions: In 2024, there was a change in the discount rate from 4.09% to 3.65%.

Changes of Assumptions: In 2023, there was a change in the discount rate from 2.18% to 4.09%.

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

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

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

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

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

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

City of Fallon, Nevada

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

June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Interest	\$ 26,275	\$ 32,078	\$ 21,448	\$ 29,780	\$ 31,756	\$ 28,772	\$ 27,395	\$ 25,914
Difference between expected and actual experience	-	(59,755)	-	(72,720)	-	64,237	-	-
Changes of assumptions or other inputs	(17,260)	21,196	(160,385)	(32,149)	16,457	149,519	137,191	(42,387)
Benefit payments	(55,744)	(60,067)	(61,178)	(60,022)	(70,702)	(71,950)	(76,741)	(73,725)
Net Change in Total OPEB Liability	(46,729)	(66,548)	(200,115)	(135,111)	(22,489)	170,578	87,845	(90,198)
Total OPEB Liability, July 1	747,781	814,329	1,014,444	1,149,555	1,172,044	1,001,466	913,621	1,003,819
Total OPEB Liability, June 30	<u>\$ 701,052</u>	<u>\$ 747,781</u>	<u>\$ 814,329</u>	<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	N/A - Retirees	N/A - Retirees	N/A - Retirees
Total OPEB Liability as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Changes of Assumptions: In 2025, there was a change in the discount rate from 3.65% to 3.93%.

Changes of Assumptions: In 2024, there was a change in the discount rate from 4.09% to 3.65%.

Changes of Assumptions: In 2023, there was a change in the discount rate from 2.18% to 4.09%.

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

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

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

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

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

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

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.10807%	0.11952%	0.11967%	0.11631%	0.11120%	0.10929%	0.10609%	0.10488%	0.10571%	0.10841%
City's proportionate share of the net pension liability	\$ 19,526,320	\$ 21,815,200	\$ 21,605,456	\$ 10,606,777	\$ 15,488,462	\$ 14,902,701	\$ 14,467,890	\$ 13,949,259	\$ 14,226,075	\$ 12,011,007
City's covered payroll	\$ 8,174,539	\$ 8,314,076	\$ 7,915,074	\$ 7,542,900	\$ 7,253,341	\$ 6,960,975	\$ 6,044,815	\$ 5,642,407	\$ 5,364,398	\$ 5,122,504
City's proportionate share of the pension liability as a percentage of its covered payroll	238.87%	262.39%	272.97%	140.62%	213.54%	214.09%	239.34%	247.22%	265.19%	234.48%
Plan fiduciary net position as a percentage of the total pension liability	78.11%	76.16%	75.12%	77.04%	77.04%	74.46%	74.40%	74.42%	72.23%	75.13%
	2024 through 2021				2020 through 2017			2016 through 2015		
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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution*	\$ 1,523,007	\$ 1,745,906	\$ 1,377,804	\$ 1,315,443	\$ 1,220,521	\$ 1,159,860	\$ 1,054,692	\$ 984,537	\$ 941,075	\$ 898,775
Contributions in relation to the statutorily required contribution*	1,523,007	1,745,906	1,377,804	1,315,443	1,220,521	1,159,860	1,054,692	984,537	941,075	898,775
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 8,174,539	\$ 8,039,862	\$ 8,314,076	\$ 7,915,074	\$ 7,542,900	\$ 7,253,341	\$ 6,960,975	\$ 6,044,815	\$ 5,642,407	\$ 5,364,398
Contributions as a percentage of covered payroll	18.63%	21.72%	16.57%	16.62%	16.18%	15.99%	15.15%	16.29%	16.68%	16.75%

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

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Supplementary Information
City of Fallon, Nevada

City of Fallon, Nevada
Reconciliation of the General Fund (Budgetary Basis) to the General Fund (GAAP Basis)
Combining Balance Sheet
June 30, 2025

	General Fund (Budgetary Basis)	Internally Reported Funds										General Fund as Reported on Balance Sheet (GAAP Basis)
		Parking Lot Fund	Secured Freight Yard Fund	Drug Forfeiture Fund	Unemployment Compensation Fund	Convention Center Fund	Compensated Absences Fund	Fire Truck Reserve Fund	Mayor's Youth Fund	Mayor's Century Fund	Martin Vusich Self-Sustaining Centennial Fund	
Assets												
Cash, cash equivalents and investments	\$ 3,165,435	\$ 8,217	\$ 19,355	\$ 1,663	\$ 409	\$ 121,788	\$ 25	\$ 161	\$ 14,301	\$ 1,998	\$ -	\$ 3,333,352
Due from other governments	1,275,178	-	-	-	-	-	-	-	-	-	-	1,275,178
Receivables, net of allowances for uncollectible accounts (where applicable)												
Taxes	13,253	-	-	-	-	-	-	-	-	-	-	13,253
Accounts	63,149	-	3,189	-	-	-	-	-	-	-	-	66,338
Grant	41,176	-	-	-	-	-	-	-	-	-	-	41,176
Other	6,826	-	-	-	-	-	-	-	-	-	-	6,826
Prepays	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	688,656	-	-	-	-	-	-	-	-	-	-	688,656
Restricted assets												
Cash and investments	4,442,200	-	-	-	-	-	-	-	-	-	8,146	4,450,346
Total assets	\$ 9,695,873	\$ 8,217	\$ 22,544	\$ 1,663	\$ 409	\$ 121,788	\$ 25	\$ 161	\$ 14,301	\$ 1,998	\$ 8,146	\$ 9,875,125
Liabilities												
Accounts payable	\$ 1,504,554	\$ -	\$ -	\$ -	\$ -	\$ 14,873	\$ -	\$ -	\$ 1,788	\$ -	\$ -	\$ 1,521,215
Accrued payroll and related liabilities	489,803	-	-	-	-	19,054	-	-	-	-	-	508,857
Due to other governments	163,037	-	-	-	-	389	-	-	-	-	-	163,426
Unearned revenue	3,942	-	-	-	-	-	-	-	-	-	-	3,942
Total liabilities	2,161,336	-	-	-	-	34,316	-	-	1,788	-	-	2,197,440
Deferred Inflows of Resources												
Unavailable revenue - property taxes	9,699	-	-	-	-	-	-	-	-	-	-	9,699
Total Liabilities and Deferred Inflows of Resources	2,171,035	-	-	-	-	34,316	-	-	1,788	-	-	2,207,139
Fund Balances												
Restricted - community support	36,805	-	-	-	-	-	-	-	-	-	8,146	44,951
Restricted - unspent bond proceeds												
Capital projects	4,442,200	-	-	-	-	-	-	-	-	-	-	4,442,200
Committed												
Public works	-	8,217	-	-	-	-	-	-	-	-	-	8,217
Public safety	-	-	-	1,663	-	-	-	161	-	-	-	1,824
Unemployment compensation	-	-	-	-	409	-	-	-	-	-	-	409
Community support	-	-	22,544	-	-	87,472	-	-	-	-	-	110,016
Compensated absences	-	-	-	-	-	-	25	-	-	1,998	-	2,023
Mayor's Youth	-	-	-	-	-	-	-	-	12,513	-	-	12,513
Assigned for subsequent year operations	536,543	-	-	-	-	-	-	-	-	-	-	536,543
Unassigned	2,509,290	-	-	-	-	-	-	-	-	-	-	2,509,290
Total fund balances	7,524,838	8,217	22,544	1,663	409	87,472	25	161	12,513	1,998	8,146	7,667,986
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,695,873	\$ 8,217	\$ 22,544	\$ 1,663	\$ 409	\$ 121,788	\$ 25	\$ 161	\$ 14,301	\$ 1,998	\$ 8,146	\$ 9,875,125

City of Fallon, Nevada
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds			Capital Project Funds			Total Nonmajor Governmental Funds
	Convention and Tourism Authority Fund	Totals	Debt Service Fund	Land Reserve and Park Acquisition Development Capital Projects Fund	Special Ad Valorem Capital Projects Fund	Totals	
Assets							
Cash, cash equivalents and investments	\$ 27,428	\$ 27,428	\$ -	\$ 42,152	\$ 109,140	\$ 151,292	\$ 178,720
Due from other governments	-	-	-	-	9,999	9,999	9,999
Receivables, net of allowances for uncollectible (where applicable)							
Accounts	89,160	89,160	-	-	-	-	89,160
Assessments	-	-	4,800	-	-	-	4,800
Grants	60,400	60,400	-	-	-	-	60,400
Total assets	<u>\$ 176,988</u>	<u>\$ 176,988</u>	<u>\$ 4,800</u>	<u>\$ 42,152</u>	<u>\$ 119,139</u>	<u>\$ 161,291</u>	<u>\$ 343,079</u>
Liabilities							
Accounts payable	\$ 72,981	\$ 72,981	\$ -	\$ -	\$ -	\$ -	\$ 72,981
Due to other governments	3,715	3,715	-	-	-	-	3,715
Unearned revenue	-	-	4,800	-	-	-	4,800
Total liabilities	<u>76,696</u>	<u>76,696</u>	<u>4,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,496</u>
Fund Balances							
Restricted							
Capital projects	-	-	-	42,152	119,139	161,291	161,291
Committed	100,292	100,292	-	-	-	-	100,292
Total fund balances	<u>100,292</u>	<u>100,292</u>	<u>-</u>	<u>42,152</u>	<u>119,139</u>	<u>161,291</u>	<u>261,583</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 176,988</u>	<u>\$ 176,988</u>	<u>\$ 4,800</u>	<u>\$ 42,152</u>	<u>\$ 119,139</u>	<u>\$ 161,291</u>	<u>\$ 343,079</u>

City of Fallon, Nevada

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2025

	Special Revenue Funds			Capital Project Funds			Total Nonmajor Governmental Funds
	Convention and Tourism Authority Fund	Totals	Debt Service Fund	Land Reserve and Park Acquisition Development Capital Projects Fund	Special Ad Valorem Capital Projects Fund	Totals	
Revenues							
Taxes							
Ad valorem	\$ -	\$ -	\$ -	\$ -	\$ 104,888	\$ 104,888	\$ 104,888
Occupancy tax	835,172	835,172	-	-	-	-	835,172
Residential park construction tax	-	-	-	1,732	-	1,732	1,732
Intergovernmental	60,400	60,400	-	-	-	-	60,400
Miscellaneous							
Investment income	27	27	-	41	106	147	174
Other	64,024	64,024	-	-	-	-	64,024
Total revenues	959,623	959,623	-	1,773	104,994	106,767	1,066,390
Expenditures							
Current							
Community support	887,101	887,101	-	-	-	-	887,101
Debt service							
Principal retirement	-	-	400,306	-	-	-	400,306
Interest and fiscal charges	-	-	155,271	-	-	-	155,271
Total expenditures	887,101	887,101	555,577	-	-	-	1,442,678
Excess (Deficiency) of Revenues Over (Under) Expenditures	72,522	72,522	(555,577)	1,773	104,994	106,767	(376,288)
Other Financing Sources (Uses)							
Transfer in	-	-	555,577	-	-	-	555,577
Transfers out	(300,000)	(300,000)	-	-	(200,000)	(200,000)	(500,000)
Total other financing sources (uses)	(300,000)	(300,000)	555,577	-	(200,000)	(200,000)	55,577
Net Change in Fund Balances	(227,478)	(227,478)	-	1,773	(95,006)	(93,233)	(320,711)
Fund Balances, Beginning of Year, as previously reported	327,770	717,065	-	40,379	214,145	254,524	971,589
Adjustment (Note 18)	-	(389,295)	-	-	-	-	(389,295)
Fund Balances, Beginning of Year, as restated	327,770	327,770	-	40,379	214,145	254,524	582,294
Fund Balances, End of Year	\$ 100,292	\$ 100,292	\$ -	\$ 42,152	\$ 119,139	\$ 161,291	\$ 261,583

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.

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, 2025

	Budgeted	Actual	Variance
Revenues			
Taxes			
Occupancy tax	\$ 900,000	\$ 835,172	\$ (64,828)
Intergovernmental revenue			
State grant	60,000	60,400	400
Miscellaneous			
Investment income	200	27	(173)
Other - ice rink	62,800	64,024	1,224
Total revenues	<u>1,023,000</u>	<u>959,623</u>	<u>(63,377)</u>
Expenditures			
Community support			
Services and supplies	<u>924,800</u>	<u>887,101</u>	<u>37,699</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>98,200</u>	<u>72,522</u>	<u>(25,678)</u>
Other Financing Sources (Uses)			
Transfers out	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
Net Change in Fund Balance	(201,800)	(227,478)	(25,678)
Fund Balance, Beginning of Year	<u>327,672</u>	<u>327,770</u>	<u>98</u>
Fund Balance, End of Year	<u>\$ 125,872</u>	<u>\$ 100,292</u>	<u>\$ (25,580)</u>

DEBT SERVICE FUND

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

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, 2025

	Budgeted	Actual	Variance
Revenues	\$ -	\$ -	\$ -
Expenditures			
Debt service			
Principal retirement	467,000	400,306	66,694
Interest and fiscal charges	108,000	155,271	(47,271)
Total expenditures	575,000	555,577	19,423
Excess (Deficiency) of Revenues Over (Under) Expenditures	(575,000)	(555,577)	19,423
Other Financing Sources (Uses)			
Transfers in	575,000	555,577	(19,423)
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -

CAPITAL PROJECTS FUNDS

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

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

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

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual –
Land Reserve and Park Acquisitions and Development Capital Projects Fund
Year Ended June 30, 2025

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes			
Residential park construction fees	\$ 6,000	\$ 1,732	\$ (4,268)
Miscellaneous			
Investment income	<u>10</u>	<u>41</u>	<u>31</u>
Total revenues	<u>6,010</u>	<u>1,773</u>	<u>(4,237)</u>
Net Change in Fund Balance	6,010	1,773	(4,237)
Fund Balance, Beginning of Year	<u>44,683</u>	<u>40,379</u>	<u>(4,304)</u>
Fund Balance, End of Year	<u>\$ 50,693</u>	<u>\$ 42,152</u>	<u>\$ (8,541)</u>

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual –
Special Ad Valorem Capital Projects Fund
Year Ended June 30, 2025

	Budgeted	Actual	Variance
Revenues			
Taxes			
Ad valorem taxes	\$ 90,000	\$ 104,888	\$ 14,888
Miscellaneous			
Investment income	-	106	106
Total revenue	90,000	104,994	14,994
Expenditures			
Public safety			
Capital outlay	50,000	-	50,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	40,000	104,994	64,994
Other Financing Sources (Uses)			
Transfers out	(200,000)	(200,000)	-
Net Change in Fund Balance	(160,000)	(95,006)	64,994
Fund Balance, Beginning of Year	173,142	214,145	41,003
Fund Balance, End of Year	\$ 13,142	\$ 119,139	\$ 105,997

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ENTERPRISE FUNDS

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

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

City of Fallon, Nevada
Statement of Net Position – Nonmajor Proprietary Fund
June 30, 2025

	Nonmajor Enterprise Funds Water Treatment Replacement
Assets	
Noncurrent assets	
Restricted assets	
Cash and investments	\$ 712,466
Net Position	
Restricted for capital projects	712,466
Total net position	\$ 712,466

City of Fallon, Nevada

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

Year Ended June 30, 2025

	Nonmajor Enterprise Funds Water Treatment Replacement
Transfers in	\$ 41,772
Transfers out	(140,000)
Change in Net Position	(98,228)
Net Position, Beginning of Year	810,694
Net Position, End of Year	\$ 712,466

City of Fallon, Nevada
Statement of Cash Flows – Nonmajor Proprietary Fund
Year Ended June 30, 2025

	Nonmajor Enterprise Funds Water Treatment Replacement
Noncapital Financing Activities	
Advances to other funds	\$ (140,000)
Transfers from other funds	41,772
Net Change in Cash and Cash Equivalents	(98,228)
Cash and Cash Equivalents, Beginning of Year	810,694
Cash and Cash Equivalents, End of Year	\$ 712,466
Reconciliation of Total Cash and Cash Equivalents	
Current assets - cash and investments	\$ -
Restricted assets - cash and investments	712,466
Total cash and cash equivalents	\$ 712,466

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, 2025

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 14,030,000	\$ 14,466,184	\$ 436,184
Miscellaneous	100,000	3,970	(96,030)
Total operating revenues	14,130,000	14,470,154	340,154
Operating Expenses			
Salaries and wages	822,250	784,273	37,977
Employee benefits	349,230	405,638	(56,408)
Services and supplies	1,363,260	1,321,448	41,812
Electric energy purchased	7,120,000	6,685,538	434,462
Depreciation/amortization	600,000	581,178	18,822
Data processing use fee	146,000	146,000	-
Public works use fee	810,000	810,000	-
In lieu of taxes and franchise taxes	992,934	992,934	-
General Fund administrative support	1,569,834	1,499,066	70,768
Total operating expenses	13,773,508	13,226,075	547,433
Operating Income	356,492	1,244,079	887,587
Nonoperating Revenues (Expenses)			
Investment income	50,000	73,262	23,262
Economic development	(170,000)	(158,425)	11,575
Quality of life promotion	(900,000)	(876,679)	23,321
Interest expense	(76,000)	(95,576)	(19,576)
Total nonoperating (expenses)	(1,096,000)	(1,057,418)	38,582
Income (Loss) Before Capital Contributions	(739,508)	186,661	926,169
Capital Contributions	242,000	243,522	1,522
Change in Net Position	\$ (497,508)	430,183	\$ 927,691
Net Position, Beginning of Year		5,643,277	
Net Position, End of Year		\$ 6,073,460	

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, 2025

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 1,905,500	\$ 1,960,851	\$ 55,351
Operating grant	50,000	-	(50,000)
Total operating revenues	1,955,500	1,960,851	5,351
Operating Expenses			
Salaries and wages	473,235	379,897	93,338
Employee benefits	265,505	181,606	83,899
Services and supplies	413,729	360,120	53,609
Depreciation/amortization	340,000	359,987	(19,987)
Data processing use fee	73,000	73,000	-
Public works use fee	405,000	405,000	-
In lieu of taxes and franchise taxes	300,000	300,000	-
General Fund administrative support	235,929	225,293	10,636
Total operating expenses	2,506,398	2,284,903	221,495
Operating (Loss)	(550,898)	(324,052)	226,846
Nonoperating Revenues (Expenses)			
Investment income	5,000	12,851	7,851
Interest expense	(13,400)	(22,280)	(8,880)
Bond issuance costs	(6,500)	(5,835)	665
Total nonoperating (expenses)	(14,900)	(15,264)	(364)
Income (Loss) Before Capital Contributions	(565,798)	(339,316)	226,482
Capital Contributions	203,000	207,500	4,500
Change in Net Position	\$ (362,798)	(131,816)	\$ 230,982
Net Position, Beginning of Year		6,153,518	
Net Position, End of Year		\$ 6,021,702	

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, 2025

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 2,950,800	\$ 3,152,935	\$ 202,135
Miscellaneous	50,000	-	(50,000)
Total operating revenues	3,000,800	3,152,935	152,135
Operating Expenses			
Salaries and wages	256,458	239,899	16,559
Employee benefits	89,968	90,433	(465)
Services and supplies	769,924	628,414	141,510
Depreciation	790,000	786,774	3,226
Data processing use fee	25,550	25,550	-
Public works use fee	141,750	141,750	-
In lieu of taxes and franchise taxes	551,198	551,198	-
General Fund administrative support	245,003	233,958	11,045
Total operating expenses	2,869,851	2,697,976	171,875
Operating Income	130,949	454,959	324,010
Nonoperating Revenues (Expenses)			
Investment income	1,000	1,644	644
Bond issuance cost	(42,000)	(92,980)	(50,980)
Interest expense	(216,000)	(182,471)	33,529
Total nonoperating (expenses)	(257,000)	(273,807)	(16,807)
Income (Loss) Before Capital Contributions	(126,051)	181,152	307,203
Capital Contributions	90,000	93,000	3,000
Change in Net Position	\$ (36,051)	274,152	\$ 310,203
Net Position, Beginning of Year		11,522,603	
Net Position, End of Year		\$ 11,796,755	

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, 2025

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 1,500,000	\$ 1,507,013	\$ 7,013
Miscellaneous	280,000	257,099	(22,901)
Total operating revenues	1,780,000	1,764,112	(15,888)
Operating Expenses			
Salaries and wages	236,867	137,397	99,470
Employee benefits	141,547	69,022	72,525
Services and supplies	735,124	649,327	85,797
Depreciation	421,000	394,582	26,418
Data processing use fee	73,000	73,000	-
Public works use fee	405,000	405,000	-
In lieu of taxes and franchise taxes	355,292	355,292	-
General Fund administrative support	245,003	233,959	11,044
Total operating expenses	2,612,833	2,317,579	295,254
Operating (Loss)	(832,833)	(553,467)	279,366
Nonoperating Revenues (Expenses)			
Investment income	200	439	239
Interest expense	(600)	(493)	107
Total nonoperating (expenses)	(400)	(54)	346
Income (Loss) Before Capital Contributions and Transfers	(833,233)	(553,521)	279,712
Capital Contributions	39,000	41,050	2,050
Transfers In	140,000	140,000	-
Transfers Out	(41,772)	(41,772)	-
Change in Net Position	\$ (696,005)	(414,243)	\$ 281,762
Net Position, Beginning of Year		13,562,003	
Net Position, End of Year		\$ 13,147,760	

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, 2025

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 2,912,000	\$ 3,120,994	\$ 208,994
Miscellaneous	25,000	-	(25,000)
Total operating revenues	2,937,000	3,120,994	183,994
Operating Expenses			
Salaries and wages	564,360	523,314	41,046
Employee benefits	368,005	387,400	(19,395)
Services and supplies	1,199,280	1,137,970	61,310
Depreciation	180,000	181,474	(1,474)
Data processing use fee	25,550	25,550	-
Public works use fee	141,750	141,750	-
In lieu of taxes and franchise taxes	193,946	193,946	-
General Fund administrative support	272,226	259,954	12,272
Total operating expenses	2,945,117	2,851,358	93,759
Operating Income (Loss)	(8,117)	269,636	277,753
Nonoperating Revenues (Expenses)			
Investment income	50	40,077	40,027
Interest expense	(69,000)	(65,325)	3,675
Total nonoperating (expenses)	(68,950)	(25,248)	43,702
Change in Net Position	\$ (77,067)	244,388	\$ 321,455
Net Position, Beginning of Year		639,592	
Net Position, End of Year		\$ 883,980	

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, 2025

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 2,209,000	\$ 2,334,117	\$ 125,117
Operating Expenses			
Salaries and wages	281,260	269,921	11,339
Employee benefits	156,152	169,459	(13,307)
Services and supplies	590,775	572,477	18,298
Depreciation	400,000	303,054	96,946
Data processing use fee	21,900	21,900	-
Public works use fee	121,500	121,500	-
In lieu of taxes and franchise taxes	182,598	182,598	-
General fund administrative support	154,261	147,307	6,954
Total operating expenses	1,908,446	1,788,216	120,230
Operating Income	300,554	545,901	245,347
Nonoperating Revenues (Expenses)			
Investment income	40,000	140,726	100,726
Interest expense	(211,000)	(208,557)	2,443
Bond issuance costs reimbursed	25,000	25,000	-
Total nonoperating (expenses)	(146,000)	(42,831)	103,169
Change in Net Position	\$ 154,554	503,070	\$ 348,516
Net Position, Beginning of Year		2,259,170	
Net Position, End of Year		\$ 2,762,240	

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, 2025

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues	\$ -	\$ -	\$ -
Transfers Out	(140,000)	(140,000)	-
Transfers In	<u>41,772</u>	<u>41,772</u>	-
Change in Net Position	<u>\$ (98,228)</u>	<u>(98,228)</u>	<u>\$ -</u>
Net Position, Beginning of Year		<u>810,694</u>	
Net Position, End of Year		<u>\$ 712,466</u>	

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COMBINING FINANCIAL STATEMENTS

Internal Service Funds

City of Fallon, Nevada
Combining Statement of Net Position – Internal Service Funds
June 30, 2025

	Data Processing Internal Service Fund	Public Works Internal Service Fund	Total Internal Service Funds
Assets			
Current assets			
Cash, cash equivalents and investments	\$ 50,696	\$ 267,573	\$ 318,269
Prepays	6,234	-	6,234
Total current assets	56,930	267,573	324,503
Noncurrent assets			
Capital assets			
Other capital assets, net of depreciation	12,883	2,053,866	2,066,749
Total assets	69,813	2,321,439	2,391,252
Deferred Outflows of Resources			
Deferred outflows related to other post employment benefits	-	42,322	42,322
Deferred outflows related to pensions	-	796,413	796,413
Total deferred outflows of resources	-	838,735	838,735
Liabilities			
Current liabilities			
Accounts payable	14,278	25,880	40,158
Accrued payroll and related liabilities	-	86,362	86,362
Current portion of compensated absences	-	20,224	20,224
Total current liabilities	14,278	132,466	146,744
Noncurrent liabilities			
Other postemployment benefit liability	-	169,497	169,497
Total pension liability	-	1,507,084	1,507,084
Compensated absences	-	24,651	24,651
Total noncurrent liabilities	-	1,701,232	1,701,232
Total liabilities	14,278	1,833,698	1,847,976
Deferred Inflows of Resources			
Deferred inflows related to other postemployment benefits	-	52,990	52,990
Deferred inflows related to pensions	-	355,244	355,244
Total deferred inflows of resources	-	408,234	408,234
Net Position			
Net investment in capital assets	12,883	2,053,866	2,066,749
Unrestricted (deficit)	42,652	(1,135,624)	(1,092,972)
Total net position	\$ 55,535	\$ 918,242	\$ 973,777

City of Fallon, Nevada

Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds
Year Ended June 30, 2025

	Data Processing Internal Service Fund	Public Works Internal Service Fund	Total Internal Service Funds
Operating Revenues			
Charges for services			
User fees	\$ 365,000	\$ 2,025,000	\$ 2,390,000
Operating Expenses			
Salaries and wages	-	1,032,414	1,032,414
Employee benefits	-	620,547	620,547
Services and supplies	335,756	209,535	545,291
Depreciation	7,846	90,574	98,420
Total operating expenses	343,602	1,953,070	2,296,672
Operating Income (Loss)	21,398	71,930	93,328
Nonoperating Revenues (Expenses)			
Investment income	49	259	308
Change in Net Position	21,447	72,189	93,636
Net Position, Beginning of Year	34,088	846,053	880,141
Net Position, End of Year	\$ 55,535	\$ 918,242	\$ 973,777

City of Fallon, Nevada
Combining Statement of Cash Flows – Internal Service Funds
Year Ended June 30, 2025

	Data Processing Internal Service Fund	Public Works Internal Service Fund	Total Internal Service Funds
Operating Activities			
Cash received from other funds for services	\$ 365,000	\$ 2,025,000	\$ 2,390,000
Cash payments to suppliers for goods and services	(330,522)	(108,775)	(439,297)
Cash payments to employees for services	-	(1,653,214)	(1,653,214)
Net Cash from Operating Activities	34,478	263,011	297,489
Investing Activities			
Interest on cash and investments	49	259	308
Net Change in Cash and Cash Equivalents	34,527	263,270	297,797
Cash and Cash Equivalents, Beginning of Year	16,169	4,303	20,472
Cash and Cash Equivalents, End of Year	\$ 50,696	\$ 267,573	\$ 318,269
Reconciliation of operating income to net cash from (used for) operating activities			
Operating income (loss)	\$ 21,398	\$ 71,930	\$ 93,328
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities			
Depreciation	7,846	90,574	98,420
Pension expense	-	84,133	84,133
OPEB Expense	-	(1,136)	(1,136)
Changes in			
Prepaid expense	(2,731)		(2,731)
Accounts payable	7,965	8,794	16,759
Accrued payroll and related liabilities	-	22,240	22,240
Accrued compensated absences	-	(13,524)	(13,524)
Net Cash from Operating Activities	\$ 34,478	\$ 263,011	\$ 297,489

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, 2025

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 365,000	\$ 365,000	\$ -
Operating Expenses			
Services and supplies	345,500	335,756	9,744
Depreciation	10,500	7,846	2,654
Total operating expenses	356,000	343,602	12,398
Operating Income	9,000	21,398	12,398
Nonoperating Revenues (Expenses)			
Investment income	10	49	39
Change in Net Position	\$ 9,010	21,447	\$ 12,437
Net Position, Beginning of Year		34,088	
Net Position, End of Year		\$ 55,535	

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, 2025

	Budgeted	Actual	Variance
Operating Revenues			
Charges for services	\$ 2,025,000	\$ 2,025,000	\$ -
Operating Expenses			
Salaries and wages	1,080,020	1,032,414	47,606
Employee benefits	584,000	620,547	(36,547)
Services and supplies	230,495	209,535	20,960
In lieu of tax & fees	30,715	-	30,715
Depreciation	92,000	90,574	1,426
Total operating expenses	2,017,230	1,953,070	64,160
Operating Income	7,770	71,930	64,160
Nonoperating Revenues (Expenses)			
Investment income	5	259	254
Change in Net Position	\$ 7,775	72,189	\$ 64,414
Net Position, Beginning of Year		846,053	
Net Position, End of Year		\$ 918,242	

INTERNALLY REPORTED GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

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

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –
 Parking Lot Fund
 Year Ended June 30, 2025

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Miscellaneous			
Investment income	\$ 10	\$ 8	\$ (2)
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	10	8	(2)
Fund Balance, Beginning of Year	<u>8,159</u>	<u>8,209</u>	<u>50</u>
Fund Balance, End of Year	<u>\$ 8,169</u>	<u>\$ 8,217</u>	<u>\$ 48</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, 2025

	Budgeted	Actual	Variance
Revenues			
Charges for services			
Use fee	\$ 30,000	\$ 39,754	\$ 9,754
Expenditures	-	-	-
Excess (Deficiency) of Revenues over Expenditures	30,000	39,754	9,754
Other Financing Sources (Uses)			
Transfers Out	(50,000)	(50,000)	-
Net Change in Fund Balance	(20,000)	(10,246)	9,754
Fund Balance, Beginning of Year	27,167	32,790	5,623
Fund Balance, End of Year	\$ 7,167	\$ 22,544	\$ 15,377

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, 2025

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

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –
Unemployment Compensation Fund
Year Ended June 30, 2025

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
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, 2025

	Budgeted	Actual	Variance
Revenues			
Charges for services	\$ 40,000	\$ 27,066	\$ (12,934)
Miscellaneous			
Investment income	100	118	18
Total revenue	40,100	27,184	(12,916)
Expenditures			
Community support			
Salaries and wages	306,240	246,788	59,452
Employee benefits	145,813	100,256	45,557
Services and supplies	190,000	145,447	44,553
Capital outlay	-	13,098	(13,098)
Total expenditures	642,053	505,589	136,464
Excess (Deficiency) of Revenues over Expenditures	(601,953)	(478,405)	123,548
Other Financing Sources (Uses)			
Transfers In	550,000	550,000	-
Net Change in Fund Balance	(51,953)	71,595	123,548
Fund Balance, Beginning of Year	110,655	15,877	(94,778)
Fund Balance, End of Year	\$ 58,702	\$ 87,472	\$ 28,770

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, 2025

	<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, 2025

	<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, 2025

	Budgeted	Actual	Variance
Revenues			
Miscellaneous			
Investment income	\$ 10	\$ 14	\$ 4
Other	40,000	42,051	2,051
Total revenues	40,010	42,065	2,055
Expenditures			
General government and administration			
Services and supplies	60,000	42,625	17,375
Net Change in Fund Balance	(19,990)	(560)	19,430
Fund Balance, Beginning of Year	21,516	13,073	(8,443)
Fund Balance, End of Year	\$ 1,526	\$ 12,513	\$ 10,987

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, 2025

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

City of Fallon, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Budgetary Basis) and Actual –
 Martin Vusich Self-Sustaining Centennial Fund
 Year Ended June 30, 2025

	Budgeted	Actual	Variance
Revenues			
Miscellaneous			
Investment income	\$ 1	\$ 55	\$ 54
Net Change in Fund Balance	1	55	54
Fund Balance, Beginning of Year	8,000	8,091	91
Fund Balance, End of Year	\$ 8,001	\$ 8,146	\$ 145

City of Fallon, Nevada

Schedule of Fees Imposed Subject to the Provisions of NRS 354.5989 – Limitation of Fees for Business Licenses
Year Ended June 30, 2025

Fee calculated on a Percentage of Gross Revenue

Adjusted Base at June 30, 2024		\$ 83,055
Adjustment to Base		
Base year		
1. Percentage increase in population of local government	2.61%	
2. Percentage Change in CPI	<u>2.30%</u>	
		<u>4.91%</u>
		<u>4,079</u>
Adjusted Base at June 30, 2025		87,134
Actual Revenue		<u>335,240</u>
Actual Amount under Allowable Amount		<u>\$ (248,106)</u>

STATISTICAL SECTION

(Unaudited)

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.

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

	Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities										
Net investment in capital assets	\$ 22,942,505	\$ 22,788,694	\$ 22,284,515	\$ 22,255,494	\$ 22,180,925	\$ 31,163,713	\$ 31,170,497	\$ 35,538,061	\$ 36,221,857	\$ 36,860,286
Restricted	75,699	22,488	47,332	142,045	194,706	289,077	389,334	496,619	299,420	206,242
Unrestricted	(8,245,310)	(8,126,482)	(9,207,858)	(9,123,871)	(9,421,691)	(8,873,241)	(3,620,253)	(6,446,973)	(7,236,434)	(7,431,970)
Total Governmental Activities										
Net position	<u>\$ 14,772,894</u>	<u>\$ 14,684,700</u>	<u>\$ 13,123,989</u>	<u>\$ 13,273,668</u>	<u>\$ 12,953,940</u>	<u>\$ 22,579,549</u>	<u>\$ 27,939,578</u>	<u>\$ 29,587,707</u>	<u>\$ 29,284,843</u>	<u>\$ 29,634,558</u>
Business-Type Activities										
Net investment in capital assets	\$ 36,480,987	\$ 35,461,651	\$ 35,664,097	\$ 37,663,396	\$ 42,929,305	\$ 36,321,493	\$ 37,925,429	\$ 41,824,190	\$ 41,084,051	\$ 40,498,021
Restricted	476,518	518,290	560,062	601,834	643,606	685,378	727,150	768,922	810,694	712,466
Unrestricted	2,298,201	3,340,865	2,278,594	859,781	2,306,738	2,433,006	1,153,051	(1,529,537)	(423,747)	1,161,653
Total Business-type Activities										
Net position	<u>\$ 39,255,706</u>	<u>\$ 39,320,806</u>	<u>\$ 38,502,753</u>	<u>\$ 39,125,011</u>	<u>\$ 45,879,649</u>	<u>\$ 39,439,877</u>	<u>\$ 39,805,630</u>	<u>\$ 41,063,575</u>	<u>\$ 41,470,998</u>	<u>\$ 42,372,140</u>
Primary Government										
Net investment in capital assets	\$ 59,423,492	\$ 58,250,345	\$ 57,948,612	\$ 59,918,890	\$ 65,110,230	\$ 69,095,926	\$ 69,095,926	\$ 77,362,251	\$ 77,305,908	\$ 77,358,307
Restricted	552,217	540,778	607,394	743,879	838,312	1,116,484	1,116,484	1,265,541	1,110,114	918,708
Unrestricted	(5,947,109)	(4,785,617)	(6,929,264)	(8,264,090)	(7,114,953)	(2,467,202)	(2,467,202)	(7,976,510)	(7,660,181)	(6,270,317)
Total Primary Government										
Net Position	<u>\$ 54,028,600</u>	<u>\$ 54,005,506</u>	<u>\$ 51,626,742</u>	<u>\$ 52,398,679</u>	<u>\$ 58,833,589</u>	<u>\$ 67,745,208</u>	<u>\$ 67,745,208</u>	<u>\$ 70,651,282</u>	<u>\$ 70,755,841</u>	<u>\$ 72,006,698</u>

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

	Fiscal Year Ended June 30,										
	2016	2017	#	2018	2019	2020	2021	2022	2023	2024	2025
Expenses											
Governmental activities											
General government	\$ 1,584,856	\$ 1,716,962		\$ 1,877,667	\$ 2,110,517	\$ 2,157,829	\$ 2,452,247	\$ 2,379,011	\$ 2,775,232	\$ 3,295,947	\$ 3,108,919
Judicial	963,156	950,603		812,490	895,751	1,019,477	1,045,921	1,179,970	1,385,007	1,392,950	1,307,052
Public safety	5,524,586	5,304,100		5,307,215	5,252,325	5,838,231	5,976,815	5,975,512	7,045,235	7,248,242	7,061,944
Public works	951,133	1,470,832		938,738	925,217	903,708	1,023,028	1,203,386	1,744,371	969,779	963,381
Culture and recreation	78,657	111,121		1,089,382	1,241,382	1,008,468	1,065,268	1,571,883	1,594,346	1,715,127	1,533,271
Community support	821,635	862,084		683,436	724,909	747,655	1,578,438	999,364	1,394,129	1,377,814	1,433,185
Interest on long-term debt	4,006	1,522		15,787	12,674	9,373	7,041	2,009	6,664	38,411	201,517
Total Governmental Activities Expenses	9,928,029	10,417,224		10,724,715	11,162,775	11,684,741	13,148,758	13,311,135	15,944,984	16,038,270	15,609,269
Business-type activities											
Electric	11,048,834	10,971,517		10,454,940	10,569,966	11,014,169	11,578,355	12,417,995	14,343,451	14,447,665	14,319,425
Water	1,688,182	1,741,801		2,009,341	1,979,607	2,017,614	2,046,330	1,987,371	2,273,448	2,419,955	2,294,352
Sewer	2,483,442	2,274,025		2,365,524	2,276,355	2,274,086	2,353,040	2,424,561	2,793,376	2,858,585	2,966,894
Water treatment	1,854,313	1,781,997		1,872,199	2,123,220	2,115,784	2,014,502	2,048,318	2,452,640	2,464,829	2,299,406
Sanitation	1,476,909	1,660,261		1,754,151	1,876,144	2,048,355	1,866,584	1,938,640	2,482,278	2,781,106	2,910,150
Landfill	870,612	1,098,943		2,149,619	1,175,638	768,906	1,305,939	1,222,774	1,210,901	1,565,460	1,966,173
Total Business-Type Activities Expenses	19,422,292	19,528,544		20,605,774	20,000,930	20,238,914	21,164,750	22,039,659	25,556,094	26,537,600	26,756,400
Total Primary Government Expenses	\$ 29,350,321	\$ 29,945,768		\$ 31,330,489	\$ 31,163,705	\$ 31,923,655	\$ 34,313,508	\$ 35,350,794	\$ 41,501,078	\$ 42,575,870	\$ 42,365,669
Program Revenues											
Governmental activities											
Charges for services											
General government	\$ 2,262,003	\$ 2,347,888		\$ 2,479,274	\$ 2,676,779	\$ 2,721,603	\$ 3,573,299	\$ 3,590,441	\$ 3,458,308	\$ 3,654,464	\$ 3,649,526
Judicial	84,280	124,688		124,017	136,571	115,461	103,284	79,010	81,436	71,536	63,529
Public safety	3,232	6,390		6,672	6,087	13,234	9,709	18,789	15,492	(706)	50,183
Culture and recreation	37,018	37,123		37,488	42,700	31,049	19,615	39,445	42,043	53,257	163,739
Operating grants and contributions	540,447	497,776		176,200	297,996	245,080	2,933,890	6,450,924	4,319,176	583,579	233,506
Capital grants and contributions	539,632	529,347		266,747	853,806	738,431	794,200	126,358	3,578,780	2,282,902	2,211,029
Total Governmental Activities Program Revenues	3,466,612	3,543,212		3,090,398	4,013,939	3,864,858	7,433,997	10,304,967	11,495,235	6,645,032	6,371,512
Business-type activities											
Charges for services											
Electric	11,159,460	11,079,233		11,454,055	11,258,578	11,064,394	11,328,706	11,200,848	12,067,114	13,970,666	14,470,154
Water	1,617,927	1,624,941		1,603,782	1,598,798	1,606,525	1,616,639	1,662,559	1,678,072	1,905,777	1,960,851
Sewer	2,153,618	2,193,105		2,245,391	2,294,442	2,379,247	2,348,424	2,214,775	2,510,371	3,047,821	3,152,935
Sanitation	1,539,717	1,662,649		1,702,518	1,731,660	1,789,679	2,237,762	2,424,453	1,735,699	1,762,177	1,764,112
Landfill	1,053,283	1,177,127		1,293,625	1,240,494	1,223,543	1,587,790	1,448,842	2,721,407	2,838,022	3,120,994
Water treatment	1,652,633	1,663,627		1,673,309	1,682,985	1,685,367	1,711,032	1,718,301	1,721,837	2,118,466	2,334,117
Operating grants and contributions	58,407	67,351		145,977	18,104	6,946	299,640	56,734	25,000	39,723	-
Capital grants and contributions	178,707	99,885		155,980	418,126	7,007,528	996,455	1,463,717	390,034	395,653	585,072
Total Business-Type Activities Program Revenues	19,413,752	19,567,918		20,274,637	20,243,187	26,763,229	22,126,448	22,190,229	22,849,534	26,078,305	27,388,235

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

	Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Primary Government										
Program revenue	\$ 22,880,364	\$ 23,111,130	\$ 23,365,035	\$ 24,257,126	\$ 30,628,087	\$ 29,560,445	\$ 32,495,196	\$ 34,344,769	\$ 32,723,337	\$ 33,759,747
Net (Expense)/Revenue										
Governmental activities	\$ (6,874,012)	\$ (7,634,317)	\$ (7,148,836)	\$ (7,819,883)	\$ (5,714,761)	\$ (3,006,168)	\$ (3,006,168)	\$ (4,449,749)	\$ (9,393,238)	\$ (9,237,757)
Business-type activities	39,374	(331,137)	242,257	6,524,315	961,698	150,570	150,570	(2,706,560)	(459,295)	631,835
Total Primary Government										
Net (Expense)/Revenue	\$ (6,834,638)	\$ (7,965,454)	\$ (6,906,579)	\$ (1,295,568)	\$ (4,753,063)	\$ (2,855,598)	\$ (2,855,598)	\$ (7,156,309)	\$ (9,852,533)	\$ (8,605,922)
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Ad valorem	\$ 1,432,225	\$ 1,464,486	\$ 1,451,714	\$ 1,506,099	\$ 1,553,934	\$ 1,613,756	\$ 1,687,126	\$ 1,935,759	\$ 2,068,671	\$ 2,222,151
Occupancy	511,550	617,231	791,038	634,963	616,671	693,698	916,969	993,750	841,970	836,904
Fuel	146,852	149,425	154,833	153,488	146,140	163,234	164,894	157,091	165,395	158,436
Unrestricted intergovernmental - consolidated taxes	1,820,223	1,852,273	2,189,348	2,210,806	2,358,411	2,738,375	2,873,500	2,896,181	2,902,789	3,039,700
Franchise fees	209,800	225,997	245,067	266,781	290,329	256,793	282,616	350,975	397,298	282,019
Enterprise funds in lieu of taxes	1,013,832	1,026,663	1,035,423	1,051,149	1,086,237	1,099,701	1,138,372	1,183,054	1,233,397	1,305,211
Enterprise funds in lieu of franchise fees	836,698	932,537	957,855	968,305	989,598	997,886	1,053,841	1,072,630	1,133,025	1,301,472
Unrestricted gaming licenses	221,291	227,671	236,670	246,933	229,621	209,001	227,800	238,435	179,589	115,083
Investment earnings	216	712	1,659	3,563	3,624	2,700	650	90,753	34,829	77,461
Gain (loss) on disposal	-	-	385,676	-	-	-	-	-	-	-
Miscellaneous	290,406	288,823	-	256,428	225,590	132,146	220,429	941,828	433,411	249,035
Transfers	-	-	-	-	-	7,433,080	(200,000)	(3,762,578)	(300,000)	-
Total Governmental Activities	6,483,093	6,785,818	7,449,283	7,298,515	7,500,155	15,340,370	8,366,197	6,097,878	9,090,374	9,587,472
Business-type activities										
Investment earnings	15,767	25,726	121,622	308,317	230,323	31,610	15,183	201,927	249,561	269,307
Miscellaneous	-	-	39,354	71,684	-	-	-	-	317,157	-
Transfers	-	-	-	-	-	(7,433,080)	200,000	3,762,578	300,000	-
Total Business-Type Activities	15,767	25,726	160,976	380,001	230,323	(7,401,470)	215,183	3,964,505	866,718	269,307
Total Primary Government										
General Revenues	\$ 6,498,860	\$ 6,811,544	\$ 7,610,259	\$ 7,678,516	\$ 7,730,478	\$ 7,938,900	\$ 8,581,380	\$ 10,062,383	\$ 9,957,092	\$ 9,856,779
Change in Net Position										
Governmental activities	\$ (848,499)	\$ 300,447	\$ (521,368)	\$ 1,785,394	\$ 12,334,202	\$ 5,360,029	\$ 5,360,029	\$ 1,648,129	\$ (302,864)	\$ 349,715
Business-type activities	7,227	65,100	(170,161)	622,258	6,754,638	365,753	365,753	1,257,945	407,423	901,142
Total Primary Government										
Change in net position	\$ (841,272)	\$ 365,547	\$ (691,529)	\$ 2,407,652	\$ 19,088,840	\$ 5,725,782	\$ 5,725,782	\$ 2,906,074	\$ 104,559	\$ 1,250,857

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

	Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	\$ 435,047	\$ 318,165	\$ 251,283	\$ 184,401	\$ 117,519	\$ 36,382	\$ 9,703	\$ -	\$ -	\$ -
Restricted	7,877	7,901	30,804	35,017	42,778	47,829	44,780	496,619	44,896	4,487,151
Committed	38,603	63,689	93,095	111,217	227,385	263,235	4,826,193	1,206,223	74,205	135,002
Assigned	-	-	244,622	182,045	460,631	802,914	-	1,657,207	1,963,123	536,543
Unassigned	217,024	353,701	314,585	602,347	575,336	548,264	1,109,528	1,923,240	3,023,081	2,509,290
Total Fund Balance	<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>	<u>\$ 5,283,289</u>	<u>\$ 5,105,305</u>	<u>\$ 7,667,986</u>
All Other Governmental Funds										
Restricted	\$ 67,822	\$ 14,587	\$ 16,528	\$ 107,028	\$ 151,928	\$ 241,248	\$ 344,554	\$ 344,554	\$ 254,524	\$ 1,161,291
Committed										
Special revenue funds	142,596	238,127	488,031	505,841	182,324	1,035,306	1,072,985	1,072,985	717,065	100,292
Assigned	-	(41,220)	-	(4,512)	265,024	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	(1,107,885)
Total All Other Governmental Funds	<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>	<u>\$ 1,417,539</u>	<u>\$ 971,589</u>	<u>\$ 153,698</u>

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

	Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Taxes										
Ad valorem	\$ 1,434,369	\$ 1,468,645	\$ 1,458,297	\$ 1,506,342	\$ 1,558,359	\$ 1,611,739	\$ 1,688,877	\$ 1,934,334	\$ 2,066,247	\$ 2,224,803
Other	1,908,027	1,800,835	1,888,263	1,755,907	1,734,740	2,407,799	2,402,301	2,210,011	3,911,293	3,086,806
Charges for services	1,985,398	2,093,854	2,204,785	2,435,237	2,352,674	2,156,816	2,789,701	2,925,652	3,230,189	3,384,261
Intergovernmental	2,641,090	3,234,913	3,195,357	3,858,988	3,807,023	7,360,827	9,714,637	11,991,894	4,045,872	3,976,730
Licenses and permits	1,443,031	1,559,042	1,637,686	1,655,902	1,733,763	1,690,390	2,188,558	2,095,692	2,116,687	2,164,324
Fines and forfeitures	99,612	104,829	100,367	110,826	89,275	76,524	51,127	58,626	40,910	37,907
Investment income	216	712	1,659	3,561	3,624	2,700	651	90,753	34,829	77,461
Miscellaneous	80,110	70,361	49,304	(11,232)	86,685	29,135	42,928	42,356	113,098	109,760
Total revenues	9,591,853	10,333,191	10,535,718	11,315,531	11,366,143	15,335,930	18,878,780	21,349,318	15,559,125	15,062,052
Expenditures										
General government	1,847,679	1,850,200	1,759,607	1,937,229	1,882,766	3,123,914	2,264,934	2,553,030	2,830,488	2,749,720
Judicial	879,269	849,025	797,204	890,001	976,453	1,018,640	1,261,880	1,315,132	1,298,096	1,251,833
Public safety	4,705,691	4,874,293	5,021,060	5,186,268	5,414,050	5,671,106	6,459,401	6,349,679	6,463,884	6,497,034
Public works	194,239	157,869	161,024	145,813	99,026	473,060	628,483	1,149,411	251,642	173,700
Culture and recreation	864,388	904,883	964,095	946,264	875,993	939,439	1,229,691	1,425,633	1,438,640	1,249,779
Community support	780,116	601,882	613,558	697,620	703,051	540,069	994,094	1,339,413	1,315,258	1,379,592
Capital outlay	711,176	1,017,599	938,323	1,165,412	1,052,930	3,212,173	1,274,034	5,507,239	4,710,965	3,606,285
Debt service										
Principal	58,143	29,937	46,854	49,813	52,960	64,634	131,689	64,954	65,640	400,307
Bond issuance costs	-	-	-	-	-	-	-	-	85,000	39,666
Interest	4,006	1,522	15,787	12,675	9,373	7,042	2,009	6,703	5,906	155,270
Total expenditures	10,044,707	10,287,210	10,317,512	11,031,095	11,066,602	15,050,077	14,246,215	19,711,194	18,465,519	17,503,186
Excess (Deficiency) of Revenues over Expenditures	(452,854)	45,981	218,206	284,436	299,541	285,853	4,632,565	1,638,124	(2,906,394)	(2,441,134)
Other Financing Sources (Uses)										
Transfers in	447,149	420,311	476,670	543,130	717,333	586,870	688,698	481,657	896,546	1,130,577
Transfers out	(447,149)	(420,311)	(476,670)	(543,130)	(717,333)	(586,870)	(888,698)	(4,244,235)	(1,196,547)	(1,130,577)
Proceeds from medium-term obligations	-	-	265,792	-	-	666,400	-	-	4,000,000	4,185,924
Total other financing sources (uses)	-	-	265,792	-	-	666,400	(200,000)	(3,762,578)	3,699,999	4,185,924
Net Change in Fund Balance	\$ (452,854)	\$ 45,981	\$ 483,998	\$ 284,436	\$ 299,541	\$ 952,253	\$ 4,432,565	\$ (2,124,454)	\$ 793,605	\$ 1,744,790
Debt Service as a Percentage of Noncapital Expenditures	0.7%	0.3%	0.7%	0.6%	0.6%	0.6%	1.0%	0.5%	1.2%	4.5%

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		
2016	\$ 170,266,718	\$ 22,545,162	\$ 192,811,880	\$ 550,891,086	35.0
2017	173,246,534	19,765,825	193,012,359	551,463,883	35.0
2018	176,224,659	18,391,674	194,616,333	556,046,666	35.0
2019	181,042,699	17,075,191	198,117,890	566,051,114	35.0
2020	185,839,256	16,989,217	202,828,473	579,509,923	35.0
2021	188,422,571	15,283,557	203,706,128	582,017,509	35.0
2022	202,285,305	16,308,847	218,594,152	624,554,720	35.0
2023	261,234,835	14,145,676	275,380,511	786,801,460	35.0
2024	284,106,484	20,025,079	304,131,563	868,947,323	35.0
2025	289,622,217	19,183,986	308,806,203	882,303,437	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

Fiscal Year	City of Fallon	State of Nevada	School District	County	Special Districts	Total
2016	0.8271	0.1700	1.3000	1.2529	0.1100	3.6600
2017	0.8271	0.1700	1.3000	1.2529	0.1100	3.6600
2018	0.7971	0.1700	1.3000	1.2829	0.1100	3.6600
2019	0.7971	0.1700	1.3000	1.2829	0.1100	3.6600
2020	0.7971	0.1700	1.3000	1.2829	0.1100	3.6600
2021	0.7971	0.1700	1.3000	1.2829	0.1100	3.6600
2022	0.7971	0.1700	1.3000	1.2829	0.1100	3.6600
2023	0.7971	0.1700	1.3000	1.2829	0.1100	3.6600
2024	0.7971	0.1700	1.3000	1.2829	0.1100	3.6600
2025	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, 2025

Taxpayer	Product/Service	Rank	Fiscal Year 2025		
			Taxable Estimated Appraised Value (1)	Taxable Assessed Value	Approximate Percentage of Taxable Assessed Valuation
Ormat Nevada Inc.	Geothermal	1	\$ 212,291,200	\$ 74,301,920	6.60%
ENEL Stillwater LLC (Stillwater Plant)	Engineering &	2	162,342,951	56,820,033	5.00%
NV Energy Combined	Utilities	3	93,755,211	32,814,324	2.90%
Union Pacific Railroad	Transportation	4	77,870,526	27,254,684	2.40%
Gradient Resources In. (Patua)	Geothermal	5	53,255,643	18,639,475	1.60%
CYRQ Energy Inc.	Geothermal	6	38,879,729	13,607,905	1.20%
Quail Hollow, LLC.	Milk Processing	7	33,770,109	11,819,538	1.00%
Safety-Kleen Systems, Inc.	Oil Recycling	8	19,442,003	6,804,701	0.60%
Great Basin Gas Transmission Co.	Utilities	9	18,247,071	6,386,475	0.60%
Wal-Mart Stores Inc.	Retail	10	17,966,826	6,288,389	0.60%

Taxpayer	Product/Service	Rank	Fiscal Year 2016		
			Taxable Estimated Appraised Value (1)	Taxable Assessed Value	Approximate Percentage of Taxable Assessed Valuation
ENEL Stillwater LLC (Stillwater Plant)	Geothermal	1	\$ 273,024,389	\$ 95,558,536	15.78%
NV Energy Combined	Utility	2	101,407,260	35,492,541	5.86%
Terra-Gen Dixie Valley LLC	Geothermal	3	70,966,943	24,838,430	4.10%
Union Pacific Railroad	Railroad	4	47,103,920	16,486,372	2.72%
Gradient Resources In. (Patua)	Geothermal	5	42,713,414	14,949,695	2.47%
Ormat Nevada Inc.	Geothermal	6	36,175,543	12,661,440	2.09%
Southwest Gas Corporation	Utilities	7	34,372,860	12,030,501	1.99%
US Bank National Association	Banking	8	33,621,500	11,767,525	1.94%
URS Federal Services	Engineering & Construction	9	31,024,646	10,858,626	1.79%
Bango Oil, LLC	Oil Recycling	10	21,323,803	7,463,331	1.23%

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,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Number of Meters	4,908	4,879	4,873	4,876	4,874	4,971	5,021	5,047	5,053	5,062
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	0.1503	0.1503	0.1503
Base Fee for Electrical	\$ 12.02	\$ 12.02	\$ 12.02	\$ 12.02	\$ 12.02	\$ 12.02	\$ 12.02	\$ 25.00	\$ 25.00	\$ 25.90

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, 2025

Employer	2025		2016	
	User Fees	Rank	User Fees	Rank
Dairy Farmers of America	\$ 1,607,633	1	\$ 1,100,850	1
Churchill County School District	615,841	2	478,421	2
Walmart	457,867	3	433,250	3
Churchill Community Hospital	400,113	4	409,564	4
Safeway	211,032	5	232,308	5
Highland Manor	194,768	6	181,564	8
City of Fallon Waste Water Plant	177,177	7	182,308	7
Bonanza Casino	152,853	8	N/A	N/A
Kennametal	149,368	9	219,055	6
Gemini	125,541	10	165,268	9

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
2016	29,937	-	\$ 161,675	\$ 2,168,335	\$ 7,285,000	\$ 6,288	\$ 25,509	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	-	-	-	1,964,476	7,025,000	-	-	-	-	-	-	-	-
2018	-	218,938	6,333,000	1,772,227	6,760,000	-	-	-	-	-	-	-	-
2019	-	169,125	6,234,000	1,575,378	6,485,000	-	-	-	-	-	-	-	-
2020	-	116,165	5,862,000	1,373,822	6,195,000	-	-	-	-	-	-	-	-
2021	-	717,931	5,560,000	1,167,444	5,890,000	-	-	636,749	227,202	227,202	83,621	58,535	66,897
2022	-	586,242	5,129,000	956,108	5,570,000	-	-	574,825	205,115	220,212	75,492	52,845	60,394
2023	-	529,140	4,693,108	739,739	5,235,000	-	-	511,937	182,682	196,128	67,236	47,065	53,789
2024		4,455,609	4,251,108	518,194	4,885,000	1,400,000	4,110,000	448,404	160,019	171,797	58,895	41,255	47,116
2025	-	8,241,226	3,803,108	291,350	4,080,000	1,287,000	3,925,000	384,266	603,961	1,494,460	50,461	35,357	40,375

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			
2016	\$ -	\$ 307,150	\$ -	\$ -	\$ -	\$ 9,983,894	2.70%	1,125
2017	536,562	231,273	-	-	-	9,757,311	2.64%	1,081
2018	457,974	151,155	-	-	-	15,693,294	3.98%	1,720
2019	377,127	73,721	-	-	-	14,914,351	3.54%	1,624
2020	293,949	7,246	163,330	163,330	163,330	14,338,172	3.11%	1,561
2021	208,897	-	-	-	-	14,844,478	N/A	1,637
2022	120,291	-	-	-	-	13,558,395	N/A	1,486
2023	66,450	-	-	-	-	12,322,274	N/A	1,324
2024	48,193	-	-	-	-	20,595,590	3.97%	2,156
2025	29,332	-	-	-	-	24,265,896	4.50%	2,525

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic Statistics on Schedule 14 for personal income and population data.

City of Fallon, Nevada

Schedule No. 11 – Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Governmental Activities	Business Type Activities	Total*	Percentage of Actual Property Value (1)	Per Capita (2)
2016	\$ 29,937	\$ 9,953,957	\$ 9,983,894	1.81%	\$ 1,138
2017	-	9,757,291	9,757,291	1.77%	1,100
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	13,550,523	2.17%	1,486.18
2023	529,140	11,793,134	12,322,274	1.57%	1,323.84
2024	4,455,609	16,139,981	20,595,590	2.37%	2,156.38
2025	8,241,226	16,024,670	24,265,896	2.80%	2,525

* Does not include compensated absences liability

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

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

City of Fallon, Nevada

Schedule No. 12 – Computation of General Obligation Direct and Overlapping Debt
June 30, 2025

	General Obligation Debt	Revenue Bond & Capital Leases	Net Debt Outstanding	% Applicable(1)	Applicable Net Debt
<u>Direct</u>					
City of Fallon	\$ 24,265,896	\$ -	\$ 24,265,896	100.00%	<u>\$ 24,265,896</u>
<u>Overlapping</u>					
State of Nevada (1)	1,342,855,000	-	1,342,855,000	0.17%	2,282,854
Churchill County (2)	20,134,506	-	20,134,506	27.51%	5,539,003
Churchill County School District (3)	18,310,000	-	18,310,000	27.51%	<u>5,037,081</u>
Total overlapping debt					<u>12,858,938</u>
Total direct and overlapping debt					<u>\$ 37,124,834</u>

Sources:

(1) State of Nevada

(2) Churchill County

(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, 2025

Estimated Assessed Value	\$ 308,806,203
Debt Limit - 30 Percent of Total	<u>30%</u>
Assessed value	92,641,861
Less total amount of debt applicable to debt limit	<u>24,265,896</u>
Legal Debt Margin	<u><u>\$ 68,375,965</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)
2016	8,770	\$ 347,607,720	\$ 39,636	5.60%
2017	8,874	369,238,266	41,609	4.30%
2018	9,030	394,258,830	43,661	3.90%
2019	9,125	421,109,625	46,149	3.60%
2020	9,184	459,943,904	50,081	5.70%
2021	9,077	502,303,026	55,338	3.90%
2022	9,123	494,521,338	54,206	3.40%
2023	9,308	492,836,945	\$52,948	5.10%
2024	9,551	518,552,443	54,293	4.70%
2025	9,610	544,742,850	56,685	5.10%

Sources:

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

City of Fallon, Nevada
Schedule No. 15 – Major Employers
June 30, 2025

Employer	2024			2016		
	Employees	Rank	Percentage of Total County Employment (1)	Employees	Rank	Percentage of Total County Employment (1)
N.A.S Fallon - Military Personnel	1,200	1	11.2%	883	1	7.46%
Amentum - NAS Fallon Contractor	700	2	6.5%	-	-	-
Churchill County School District	400	3	2.3%	600-699	2	5.46%
Banner Churchill Community Hospital	250-499	4	2.3%	200-299	3	2.11%
Wal-Mart Supercenter	250-499	5	2.3%	200-299	4	2.11%
Churchill County	200-299	6	1.9%	200-299	5	2.11%
A&K Earthmovers	100-249	7	0.9%	100-199	8	1.27%
Chugach Support Services Inc.	100-249	8	0.9%	100-199	9	1.27%
Stockman's Casino	100-249	9	0.9%	-	-	-
New Millennium Building System	100-249	10	0.9%	100-199	10	1.27%

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,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government	5	5	8	12	10	14	16	15	13	12
Judicial	6	7	5	7	6	6	6	7	6	5
Public Safety	40	33	40	38	42	43	40	39	33	37
Culture and Recreation	7	5	4	5	6	3	4	5	3	6
Community Support	4	5	4	4	4	4	4	4	4	4
Enterprise Funds	30	48	43	41	37	36	45	47	46	38
Total	92	103	104	107	105	106	115	117	105	102

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,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police Department										
Calls for service	9,870	8,201	9,584	10,001	8,712	8,511	9,085	8,986	8,865	8,242
Citations issued	750	615	939	718	450	186	343	507	246	367
Arrests	562	513	539	727	424	346	390	435	452	396
Animal Shelter intake	1,621	1,364	1,439	1,521	1,365	1,016	1,224	1,960	1,500	1,529
Municipal Court										
Criminal Charges filed	492	438	441	413	369	329	513	183	246	265
Traffic Charges filed	432	537	925	1,103	629	435	251	318	303	326
Fire Department										
Emergency responses	68	66	60	65	62	91	129	137	181	134
Landfill										
Refuse received (tons)	67,452	87,702	93,975	89,052	85,417	142,645	90,656	92,152	103,973	69,118
Water										
Water Pumped (thousands of gallons)	754,438	622,846	626,800	630,074	654,544	637,296	630,434	625,475	639,571	642,995
Electric										
Metered KWH purchased	86,034,000	89,720,451	93,396,854	92,318,976	91,128,447	92,173,684	93,278,289	94,671,914	99,723,861	110,225,428
Usage @ system peak	20,523	20,648	21,077	21,420	21,277	21,237	59,327	23,303	28,121	33,946
Other Public Works										
Street reconstruction (feet)	-	-	-	-	-	-	-	-	790	-
Building permits issued	185	248	237	283	311	508	492	336	261	321
Sewer										
Treated Effluent (Average Daily in millions/gallons)	1.039	0.93	1.08	1.12	1.24	1.11	1.12	1.14	1.22	1.18

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,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	17	17	17	17	17	17	17	17	17	22
Fire Stations	1	1	1	1	1	1	1	1	1	1
Other Public Works										
Streets (miles)	44.28	44.28	44.28	44.28	44.28	44.28	44.28	44.28	44.28	44.28
Traffic signals	6	6	6	6	6	6	6	6	6	6
Parks and Recreation										
Acreage	32	32	32	32	32	32	32	32	32	32
Developed playgrounds	9	9	9	9	9	9	9	9	9	9
Water										
Storage capacity (millions of gallons)	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	3.4
Water Treatment										
Treatment capacity (millions of gallons/day)	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7
Sewer Treatment										
Treatment capacity (millions of gallons/day)	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2

COMPLIANCE SECTION

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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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fallon, Nevada, (the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 20, 2026.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2025-001, 2025-002 and 2025-003 that we consider to be significant deficiencies.

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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Elko, Nevada
February 20, 2026

**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 Major Federal Program

We have audited City of Fallon's (the City's) 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 programs for the year ended June 30, 2025. 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 of Fallon complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2025.

Basis for Opinion on 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 the 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 programs.

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 each 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.

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 2025-004 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
February 20, 2026

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, 2025, 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 the City reported they did not comply with NAC 354.750 to complete a biannual physical inventory observation. While efforts were made to perform an inventory observation, it was not completed in the year ended June 30, 2025 as such, noncompliance is not corrected.

Prior Year Recommendations

Current year finding 2025-001 is a repeat finding from the prior year.

Current Year Recommendations

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

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

Elko, Nevada
February 20, 2026

City of Fallon, Nevada
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Transportation Direct Award:			
Airport Improvement Program	20.106	3-32-0008-029-2024	\$ 1,301,029
U.S. Department of Justice Direct Award:			
Patrick Leahy Bulletproof Vest Partnership Program	16.607	n/a	1,801
Passed through State of Nevada Office of Traffic Safety: Edward Byrne Memorial Justice Assistance Grant Program	16.738	23-JAG-05/23-JAG-13	41,508
Total U.S. Department of Justice			43,309
Total Federal Financial Assistance			\$ 1,344,338

City of Fallon, Nevada
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

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, 2025. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Fallon, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the City of Fallon.

Note B - Summary of Significant Accounting Policies

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

Note C - Indirect Cost Rate

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

City of Fallon, Nevada
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

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

City of Fallon, Nevada
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section II – Financial Statement Findings

2025-001 Report Preparation Significant Deficiency

<i>Criteria:</i>	Management of the City of Fallon is responsible for establishing and maintaining an effective system of internal control over financial reporting. One of the key components of an effective system of internal control is a finance staff with adequate resources available to prepare the financial statements in accordance with generally accepted accounting principles.
<i>Condition:</i>	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.
<i>Cause:</i>	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.
<i>Effect:</i>	The City's internally prepared records upon which financial statements are prepared do not contain all information required by generally accepted accounting principles.
<i>Recommendation:</i>	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.
<i>Views of Responsible Officials:</i>	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.

City of Fallon, Nevada
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

2025-002 Bank Reconciliations and Adjusting Journal Entries
Significant Deficiency

Criteria: Management of the City of Fallon (the City) 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 controls is an effective review process over account reconciliations and adjusting journal entries.

Condition: The City's bank reconciliations were not reviewed for accuracy by a party other than the preparer and the City did not have a review process in place for adjusting journal entries prepared by management.

Cause: The City did not have adequate internal controls in place to ensure bank reconciliations and adjusting journal entries were properly reviewed by a party other than the preparer.

Effect: Misstatement may occur and not be corrected or detected in a timely manner. Our audit procedures did note any errors relating to the items tested.

Recommendation: We recommend management designate an individual to be responsible for the additional review procedures over bank reconciliation and adjusting journal entries in a timely manner.

Views of Responsible Officials: Management concurs with the audit finding regarding the review of bank reconciliations and adjusting journal entries.

During the period under audit, bank reconciliations were prepared in a timely manner and adjusting journal entries were properly recorded and maintained in the accounting records, however, a formal documented review process was not consistently followed. Staffing vacancies in key positions during the year limited the City's ability to implement a consistent process.

To strengthen internal controls and address the impact of staffing shortages all bank reconciliations and adjusting journal entries will be reviewed by someone other than the preparer. Evidence of the review will be documented.

City of Fallon, Nevada
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

**2025-003 Employee Benefit Expenses
Significant Deficiency**

Criteria: Management of the City of Fallon (the City) 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 maintaining comprehensive employee benefit policies including all benefits offered to employees of the City.

Condition: The City does not maintain a comprehensive employee benefit policy that covers the types of benefits to be paid out to employees. In the current year the City paid out employee benefits which were not defined in the City's policies. In addition, the payment of these types of benefits may create a taxable event that would need to be evaluated.

Cause: The City did not have sufficient internal control policies in place to cover all employee related benefits to be paid.

Effect: The City could potentially pay benefit related costs not in accordance with a policy and these expenses could create a taxable event.

Recommendation: We recommend management evaluate its existing policies and procedures to determine whether enhancements are needed to address all potential employee benefit payments.

Views of Responsible Officials: Management acknowledges the observation regarding the documentation of employee benefits within a formal policy. The City administers employee benefits in accordance with approved budgets, employment agreements, and longstanding administrative practices.

The City understands the importance of maintaining clear, comprehensive, and formal benefit policies. To strengthen internal controls and improve transparency, management will conduct a review of all currently provided employee benefits and evaluate existing policies, employment agreements, and practices to ensure consistency and completeness.

The City remains committed to strong governance, compliance with applicable regulations, and continuous improvement of its policies and internal controls.

City of Fallon, Nevada
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section III – Findings and Questioned Costs for Federal Awards

**2025-004 U.S. Department of Transportation
Airport Improvement Program
Assistance Listing 20.106**

**Reporting
Significant Deficiency in Internal Control over Compliance**

<i>Criteria:</i>	The OMB compliance supplement requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting information or performance records, and are fairly presented in accordance with government requirements. The City of Fallon is required to submit and SF-425 annually. Recipients use the Federal Financial Report (FFR) as a standardized format to report expenditures under federal awards as well as, when applicable, cash status.
<i>Condition:</i>	We noted the City incorrectly reported federal share of expenditures and recipient share of expenditures.
<i>Cause:</i>	The City did not have adequate internal controls for accurate reporting.
<i>Effect:</i>	Inaccurate information may be reported to the federal awarding agency.
<i>Questioned Costs:</i>	None reported.
<i>Context/Sampling:</i>	All reports submitted during the year were tested.
<i>Repeat Finding from Prior Year:</i>	No.
<i>Recommendation:</i>	We recommend City of Fallon enhance internal controls to ensure its reports are accurate.
<i>Views of Responsible Officials:</i>	Management concurs with the finding regarding reported federal share of expenditures and recipient share of expenditures. Grant management procedures have been updated to include a secondary review of all reports prior to submission to the awarding agency.



CITY OF FALLON

REQUEST FOR COUNCIL ACTION

DATE SUBMITTED: February 23, 2026
 AGENDA DATE: February 27, 2026
 TO: The Honorable City Council
 FROM: Michael O'Neill, City Clerk/Treasurer
 AGENDA ITEM TITLE: Consideration and possible approval and adoption of Resolution No. 26-02-01: A resolution authorizing a temporary interfund loan from the Landfill Enterprise Fund to the Sewer Enterprise Fund in the amount of Four Hundred Thousand Dollars (\$400,000.00), and other matters properly related thereto. **(For possible action)**

TYPE OF ACTION REQUESTED:

- | | |
|--|--|
| ☒ Resolution | ☐ Ordinance |
| ☐ Formal Action/Motion | ☐ Other – Discussion Only |

RECOMMENDED COUNCIL ACTION: Motion to approve and adopt Resolution No. 26-02-01: A resolution authorizing a temporary interfund loan from the Landfill Enterprise Fund to the Sewer Enterprise Fund in the amount of Four Hundred Thousand Dollars (\$400,000.00), and other matters properly related thereto.

DISCUSSION: The Sewer Enterprise Fund has limited cash resources for capital assets and infrastructure improvements. A utility rate increase was made July 1, 2025, based on the Consumer Price Index for all Urban Consumers – Pacific Cities and US City Average West (CPI) and an additional rate adjustment is scheduled on July 1, 2026.

To properly authorize a temporary interfund loan, the Council must comply with NRS 354.6118 and NAC 354.290. The proposed Resolution, and the findings and determinations contained therein, satisfy those requirements. If approved, the proposed temporary interfund loan will be repaid in full within one (1) year after the date on which the loan is made and will bear no interest.

FISCAL IMPACT: Interfund Loan between Landfill and Sewer Enterprise Funds

FUNDING SOURCE: Landfill Fund

PREPARED BY: Michael O'Neill, City Clerk/Treasurer

RESOLUTION NO. 26-02-01

A RESOLUTION AUTHORIZING A TEMPORARY INTERFUND LOAN
FROM THE LANDFILL ENTERPRISE FUND TO THE SEWER
ENTERPRISE FUND IN THE AMOUNT OF FOUR HUNDRED
THOUSAND DOLLARS (\$400,000), AND OTHER MATTERS PROPERLY
RELATED THERETO.

WHEREAS, the Sewer Enterprise Fund has limited cash resources for capital and infrastructure improvement projects; and

WHEREAS, the Sewer Enterprise Fund has a temporary interfund loan in the total amount of Four Hundred Thousand Dollars (\$400,000.00) outstanding to the Landfill Enterprise Fund ("the Loan"); and

WHEREAS, the temporary interfund loan is, by its terms, to be repaid in full within a year; and

WHEREAS, the Sewer Enterprise Fund increased its utility rates based on the Consumer Price Index for all Urban Consumers – Pacific Cities and US City Average West (CPI) on July 1 2025; and

WHEREAS, the Sewer Enterprise Fund will have another rate increase based on CPI effective July 1, 2026 but will investigate an additional rate increase during the next fiscal year; and

WHEREAS, the increased utility rates would allow for more resources for the loan repayment.

NOW, THEREFORE, BE IT FOUND AND DETERMINED by the City Council of the City of Fallon that:

1. A properly noticed public hearing was held on February 27, 2026 to consider the Loan;
2. A sufficient amount of money is available in the Landfill Enterprise Fund for the Loan and the money is not restricted as to its use;
3. The Loan will not compromise the economic viability of the Landfill Enterprise Fund;
4. The money for the Loan will not be obtained from the proceeds from the sale of a bond; and
5. The Loan is not made from a debt service fund or from a fund established or maintained as a fund dedicated to the payment of bonded debt and interest.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Fallon that, based upon the findings and determinations set forth herein, a loan from the Landfill

Enterprise Fund to the Sewer Enterprise Fund in the total amount of Four Hundred Thousand Dollars (\$400,000.00) is hereby authorized on the following terms and conditions:

1. The Loan will be repaid in full within one (1) year after the date on which the Loan is made;
2. The Loan will be repaid by the Sewer Enterprise Fund in payments of such amount and at such times as deemed appropriate, so long as the entire Loan is repaid in full within one (1) year as set forth above; and
3. No interest will be charged for the Loan.

BE IT FURTHER RESOLVED that the City Clerk/Treasurer shall file a copy of this Resolution with the Nevada Department of Taxation.

BE IT FURTHER RESOLVED that the City Council agrees to notify the Nevada Department of Taxation when the Loan has been repaid in full.

BE IT FURTHER RESOLVED that this Resolution shall be effective immediately upon approval and adoption.

APPROVED AND ADOPTED by the City Council of the City of Fallon, Nevada this 27th day of February, 2026.

Those voting aye:
 Those voting nay:
 Those absent:
 Those abstaining:

 KEN TEDFORD
 Mayor

ATTEST: _____
 MICHAEL O'NEILL
 City Clerk/Treasurer



CITY OF FALLON

REQUEST FOR COUNCIL ACTION

DATE SUBMITTED: February 23, 2026
 AGENDA DATE: February 27, 2026
 TO: The Honorable City Council
 FROM: Michael O'Neill, City Clerk/Treasurer
 AGENDA ITEM TITLE: Consideration and possible approval and adoption of Resolution No. 26-02-02: A resolution authorizing a temporary interfund loan from the Landfill Enterprise Fund to the Water Enterprise Fund in the amount of Six Hundred Thousand Dollars (\$600,000.00), and other matters properly related thereto.
(For possible action)

TYPE OF ACTION REQUESTED:

- | | |
|--|--|
| ☒ Resolution | ☐ Ordinance |
| ☐ Formal Action/Motion | ☐ Other – Discussion Only |

RECOMMENDED COUNCIL ACTION: Motion to approve and adopt Resolution No. 26-02-02: A resolution authorizing a temporary interfund loan from the Landfill Enterprise Fund to the Water Enterprise Fund in the amount of Six Hundred Thousand Dollars (\$600,000.00), and other matters properly related thereto.

DISCUSSION: The Water Enterprise Fund has limited cash resources for capital assets and infrastructure improvements. A utility rate increase was made July 1, 2025, based on the Consumer Price Index for all Urban Consumers – Pacific Cities and US City Average West (CPI) and an additional rate adjustment is scheduled on July 1, 2026.

To properly authorize a temporary interfund loan, the Council must comply with NRS 354.6118 and NAC 354.290. The proposed Resolution, and the findings and determinations contained therein, satisfy those requirements. If approved, the proposed temporary interfund loan will be repaid in full within one (1) year after the date on which the loan is made and will bear no interest.

FISCAL IMPACT: Interfund Loan between Landfill and Water Enterprise Funds

FUNDING SOURCE: Landfill Fund

PREPARED BY: Michael O'Neill, City Clerk/Treasurer

RESOLUTION NO. 26-02-02

A RESOLUTION AUTHORIZING A TEMPORARY INTERFUND LOAN
FROM THE LANDFILL ENTERPRISE FUND TO THE WATER
ENTERPRISE FUND IN THE AMOUNT OF SIX HUNDRED THOUSAND
DOLLARS (\$600,000), AND OTHER MATTERS PROPERLY RELATED
THERE TO.

WHEREAS, the Water Enterprise Fund has limited cash resources for capital and infrastructure improvement projects; and

WHEREAS, the Water Enterprise Fund has a temporary interfund loan in the total amount of Six Hundred Thousand Dollars (\$600,000.00) from the Landfill Enterprise Fund ("the Loan"); and

WHEREAS, the temporary interfund loan is, by its terms, to be repaid in full within a year; and

WHEREAS, the Water Enterprise Fund increased its utility rates based on the Consumer Price Index for all Urban Consumers – Pacific Cities and US City Average West (CPI) on July 1 2025; and

WHEREAS, the Water Enterprise Fund will have another rate increase based on CPI effective July 1, 2026 but will investigate an additional rate increase during the next fiscal year; and

WHEREAS, the increased utility rates would allow for more resources for the loan repayment.

NOW, THEREFORE, BE IT FOUND AND DETERMINED by the City Council of the City of Fallon that:

1. A properly noticed public hearing was held on February 27, 2026 to consider the Loan;
2. A sufficient amount of money is available in the Landfill Enterprise Fund for the Loan and the money is not restricted as to its use;
3. The Loan will not compromise the economic viability of the Landfill Enterprise Fund;
4. The money for the Loan will not be obtained from the proceeds from the sale of a bond; and
5. The Loan is not made from a debt service fund or from a fund established or maintained as a fund dedicated to the payment of bonded debt and interest.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Fallon that, based upon the findings and determinations set forth herein, a loan from the Landfill

Enterprise Fund to the Water Enterprise Fund in the total amount of Six Hundred Thousand Dollars (\$600,000.00) is hereby authorized on the following terms and conditions:

1. The Loan will be repaid in full within one (1) year after the date on which the Loan is made;
2. The Loan will be repaid by the Water Enterprise Fund in payments of such amount and at such times as deemed appropriate, so long as the entire Loan is repaid in full within one (1) year as set forth above; and
3. No interest will be charged for the Loan.

BE IT FURTHER RESOLVED that the City Clerk/Treasurer shall file a copy of this Resolution with the Nevada Department of Taxation.

BE IT FURTHER RESOLVED that the City Council agrees to notify the Nevada Department of Taxation when the Loan has been repaid in full.

BE IT FURTHER RESOLVED that this Resolution shall be effective immediately upon approval and adoption.

APPROVED AND ADOPTED by the City Council of the City of Fallon, Nevada this 27th day of February, 2026.

Those voting aye:
 Those voting nay:
 Those absent:
 Those abstaining:

 KEN TEDFORD
 Mayor

ATTEST: _____
 MICHAEL O'NEILL
 City Clerk/Treasurer



CITY OF FALLON

REQUEST FOR COUNCIL ACTION

DATE SUBMITTED: February 23, 2026
 AGENDA DATE: February 27, 2026
 TO: The Honorable City Council
 FROM: Michael O'Neill, City Clerk/Treasurer
 AGENDA ITEM TITLE: Consideration and possible approval and adoption of Resolution No. 26-02-03: A resolution authorizing a temporary interfund loan from the General Fund to the Airport Fund in the amount of Six Hundred Sixty-Eight Thousand, Six Hundred Fifty-Six Dollars (\$668,656.00), and other matters properly related thereto. **(For possible action)**

TYPE OF ACTION REQUESTED:

- | | |
|--|---|
| ☒ Resolution | ☐ Ordinance |
| ☐ Formal Action/Motion | ☒ Other – Discussion Only |

RECOMMENDED COUNCIL ACTION: Motion to approve and adopt Resolution No. 26-02-03: A resolution authorizing a temporary interfund loan from the General Fund to the Airport Fund in the amount of Six Hundred Sixty-Eight Thousand, Six Hundred Fifty-Six Dollars (\$668,656.00), and other matters properly related thereto.

DISCUSSION: The Airport Fund had limited cash resources for infrastructure improvements that were primarily funded by a reimbursement grant from the Federal Aviation Administration (FAA). A delay in receipt of this grant funding resulted in an interfund loan from the General Fund to the Airport fund on June 30, 2025. Grant funding was received from the FAA in October 2025 from the FFA and the interfund loan was repaid.

To properly authorize a temporary interfund loan, the Council must comply with NRS 354.6118 and NAC 354.290 which includes the provision that approval of interfund loans are made at a public meeting.

FISCAL IMPACT: Interfund Loan between the General and Airport Funds.

FUNDING SOURCE: General Fund

PREPARED BY: Michael O'Neill, City Clerk/Treasurer

RESOLUTION NO. 26-02-03

A RESOLUTION AUTHORIZING A TEMPORARY INTERFUND LOAN
FROM THE GENERAL FUND TO THE AIRPORT FUND IN THE AMOUNT
OF SIX HUNDRED SIXTY-EIGHT THOUSAND SIX HUNDRED FIFTY-SIX
DOLLARS (\$668,656.00), AND OTHER MATTERS PROPERLY
RELATED THERETO.

WHEREAS, the Airport Fund had limited cash resources for infrastructure improvements on June 30, 2025; and

WHEREAS, the Airport had a temporary interfund loan in the amount of Six Hundred Sixty-Eight Thousand Six Hundred Fifty-Six Dollars (\$668,656.00) outstanding on June 30, 2025, to the General Fund ("the Loan") to fund these improvements; and

WHEREAS, the Airport Fund received funds via a reimbursement grant from the Federal Aviation Administration (FAA) in October 2025; and

WHEREAS, the grant funds received from the FAA were reimbursement for the FAA's share of infrastructure improvements completed; and

WHEREAS, these grant funds were used to repay the Loan on October 17, 2025.

NOW, THEREFORE, BE IT FOUND AND DETERMINED by the City Council of the City of Fallon that:

1. A properly noticed public hearing was held on February 27, 2026, to consider the Loan;
2. The Loan was repaid on October 17, 2025;
3. The money for the Loan was not obtained from the proceeds from the sale of a bond; and
4. The Loan was not made from a debt service fund or from a fund established or maintained as a fund dedicated to the payment of bonded debt and interest.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Fallon that, based upon the findings and determinations set forth herein, a loan from the General Fund to the Airport Fund in the total amount of Six Hundred Sixty-Eight Thousand Six Hundred Fifty-Six Dollars (\$668,656.00) is hereby authorized on the following terms and conditions:

1. The Loan was repaid in full within one (1) year after the date on which the Loan was made;
2. The Loan was repaid by the Airport Fund in single payment on October 17, 2025; and
3. No interest was charged for the Loan.

BE IT FURTHER RESOLVED that the City Clerk/Treasurer shall file a copy of this Resolution with the Nevada Department of Taxation.

BE IT FURTHER RESOLVED that the City Council agrees to notify the Nevada Department of Taxation when the Loan has been repaid in full.

BE IT FURTHER RESOLVED that this Resolution shall be effective immediately upon approval and adoption.

APPROVED AND ADOPTED by the City Council of the City of Fallon, Nevada this 27th day of February, 2026.

Those voting aye:

Those voting nay:

Those absent:

Those abstaining:

KEN TEDFORD
Mayor

ATTEST: _____
MICHAEL O'NEILL
City Clerk/Treasurer