

**TRUCKEE MEADOWS  
FIRE PROTECTION DISTRICT**  
(a component unit of Washoe County, Nevada)

**June 30, 2010**



TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
JUNE 30, 2010

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(a component unit of Washoe County, Nevada)  
JUNE 30, 2010

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**KAFOURY, ARMSTRONG & CO.**  
A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

### Independent Auditor's Report

To the Honorable Board of Fire Commissioners of  
Truckee Meadows Fire Protection District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Truckee Meadows Fire Protection District (the "District") (a component unit of Washoe County, Nevada) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund and the Pre-Funded Retiree Health Benefits Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2010, on our consideration of the District'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and schedule of funding progress on pages 3A through 3G and 35, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.





Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Kafoury, Armstrong & Co.*

Reno, Nevada  
November 22, 2010



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Truckee Meadows Fire Protection District's (the District) finances, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2010.

### FINANCIAL HIGHLIGHTS

- The assets of the District's governmental activities exceeded its liabilities at the close of the most recent fiscal year by \$27,039,756 of which \$7,041,050 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. Governmental activities include all funds of the District.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$16,255,783, an increase of \$1,112,640 or 7% in comparison with the prior year. Approximately 66% of this total amount is available for spending at the government's discretion (unreserved fund balance).
- The District experienced its tenth year of operations under the Interlocal Agreement with the City of Reno for consolidated fire services. During the fiscal year, the District paid the City of Reno \$13,059,507 for this service.
- For FY 09-10, the District's Government Wide revenues and expenditures were fairly equal denoting a break-even financial status. The District's total revenues were \$18,667,344 while the total expenses were \$18,611,300 for a slight net increase of \$56,044.

### OVERVIEW OF THE FINANCIAL STATEMENT

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

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

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Total assets of the District at June 30, 2010 were \$37,196,987 with capital assets, net of accumulated depreciation, accounting for \$13,137,965 of that total. Of the total liabilities of \$10,157,231, approximately 83% represent liabilities related to long-term debt of the District.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Total revenues and expenses were fairly equal denoting a break even financial status for FY 09-10. Total revenues for the year ended June 30, 2010 were \$18,667,344 consisting primarily of taxes and intergovernmental revenues, while total expenses were \$18,611,300. This resulted in a moderate increase in net assets of \$56,044, an indication that the financial condition of the District improved slightly during the year. The specific items responsible for the improved financial condition are discussed below.

Both of the government-wide financial statements show the public safety function of the District, which is principally supported by taxes and intergovernmental revenues (governmental activities). All governmental activities of the District are included in the public safety function since the District is a single-purpose entity.

The government-wide financial statements can be found on pages 4 and 5 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District fall into the governmental funds category, except for one proprietary fund.

**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 a government'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 District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Pre-Funded Retiree Health Benefits Fund and Capital Projects Fund, all of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements and individual fund schedules elsewhere in this report.

The District adopts an annual appropriated budget for each of its funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the budget. The basic governmental fund financial statements and the reconciliations to the government-wide financial statements can be found on pages 6-11 of this report.

**Proprietary funds.** The District maintains one type of proprietary fund, an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's functions. The District uses an internal service fund to account for its workers' compensation liability. Because this service benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements. The internal service fund is reported in the proprietary fund financial statements and can be found on pages 12-14 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15-34 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining statements and individual fund schedules can be found on pages 36-45 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As of June 30, 2010, the District's total net assets were \$27,039,756, which is a \$56,044 increase from the prior year. The primary reasons for the increase were due to an increase in the fund balance of the General Fund as discussed in the governmental funds section of this discussion and analysis.

### Truckee Meadows Fire Protection District's Net Assets

	Governmental Activities	
	2009	2010
Current and other assets	\$21,279,232	\$24,059,022
Capital assets	13,519,704	13,137,965
Total assets	34,798,936	37,196,987
Other liabilities	201,576	1,761,363
Long-term liabilities	7,613,648	8,395,868
Total liabilities	7,815,224	10,157,231
Net assets:		
Invested in capital assets	13,519,704	13,137,965
Restricted	6,875,308	6,860,741
Unrestricted	6,588,700	7,041,050
Total net assets	\$26,983,712	\$27,039,756

The net assets of the District's governmental activities exceeded its liabilities at the close of the most recent fiscal year by \$27,039,756. The net assets include the District's investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The investment in capital assets as of June 30, 2010 was \$13,137,965. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets (25%) represents resources that are subject to external restrictions on how they may be used, such as the retiree health benefits or emergencies. The remaining balance of unrestricted net assets, \$7,041,050, may be used to meet the District's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

#### **Truckee Meadows Fire Protection District's Changes in Net Assets**

	<b>Governmental Activities</b>	
	<b>2009</b>	<b>2010</b>
Revenues:		
Program revenues:		
Charges for services	\$ 111,843	\$ -
General revenues:		
Property taxes	11,784,890	11,913,804
Consolidated taxes	5,111,309	4,560,526
Other taxes	705,206	625,725
Unrestricted investment earnings	951,639	685,238
Reimbursements	-	769,047
Other	39,087	113,004
Total revenues	<u>18,703,974</u>	<u>18,667,344</u>
Expenses:		
Public safety	<u>17,715,554</u>	<u>18,611,300</u>
Increase in net assets	988,420	56,044
Net assets, July 1	<u>25,995,292</u>	<u>26,983,712</u>
Net assets, June 30	<u>\$26,983,712</u>	<u>\$27,039,756</u>

**Total Revenues.** The District's total revenues decreased by \$36,630, or .2% primarily due to the decline in consolidated taxes received for the State and investment earnings. This decrease was budgeted for and expected.

**Total Expenses.** The District's total expenses increased by \$895,746 or 5% due to increased payments for sick and annual leave buy-outs and increase in the payments to the City of Reno according to amendment one of the Interlocal Agreement.

**Net Assets.** The District's total net assets increased by \$56,044 during the fiscal year ended June 30, 2010, and \$988,420 during the fiscal year ended June 30, 2009. The increase in expenditures explains most of the reduction in net assets as the revenues remained fairly consistent with a slight decrease of \$36,630 or .2%.

## **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

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

As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$16,255,783 an increase of \$1,112,640 or 7% in comparison with the prior year. Approximately 66% of this total amount is unreserved fund balances.

The increase in the District's combined governmental fund balances of \$1,112,640 or 7% noted above is primarily due to an anticipated increase in the General Fund fund balance due to a decreased funding for large capital projects. It is also important to note, the Capital Projects Fund balance increased by \$325,541 over the prior year due to the accumulation of funding to construct Fire Station 16 in East Washoe Valley on a pay as you go basis and the carryover of career apparatus and equipment projects which were not completed in FY 2010. The increase in the Pre-Funded Retiree Health Benefits Fund balance in the amount of \$141,913 is due to the District's continuing commitment to pre-fund the benefits while incurring limited expenditures.

The General Fund is the chief operating fund of the District. For the fiscal year ended June 30, 2010, the fund balance for the General Fund was \$4,897,149. The unreserved fund balance is over the budgeted fiscal year 2011 unreserved beginning fund balance by \$138,740, which is a 3% increase over the \$4,481,397 designated for future expenditures for the General Fund.

As a measure of the General Fund's liquidity, it may be useful to compare the June 30, 2010 unreserved fund balance of \$4,675,192 to fund expenditures. Unreserved fund balance represents 27% of total General Fund expenditures and other financing uses. This represents approximately 3 months worth of expenditures and other financing uses. The fund balance will give the District's General Fund sufficient cash flow to meet its operational obligations now and in the future. In the FY 10-11 budget, the District will continue to fully fund liabilities for employee benefits. In addition, accumulated General Fund balance will be transferred as budgeted to the Capital Projects Fund for District Fire Station construction projects and capital equipment purchases.

The General Fund's actual revenues of \$18,052,608 were \$97,013 or .5% under budget primarily due to less than expected collection of consolidated taxes.

**Proprietary fund.** The District's proprietary fund provides information on the workers' compensation program of the District. The net assets of the Workers' Compensation Internal Service Fund as of June 30, 2010 were \$895,776. In FY 09-10, the District fully funded its workers' compensation liabilities. In FY 10-11, the District budgeted to fully fund the District's workers' compensation liabilities.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets.** The District's investment in capital assets as of June 30, 2010, amounts to \$13,137,965 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and building improvements, and vehicles and equipment. Refer to Note 4 for further detail.

**Long-term debt.** At the end of the fiscal year, the District had no bonded debt outstanding. No additional bonded debt was incurred during the year. Refer to Note 5 for further detail.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- Nevada's local governments heavily rely upon the sales tax as a primary revenue source. Washoe County's taxable sales reflect the current economic downturn of the U.S. and Nevada economy.

### Percentage Increase (Decrease) in Taxable Sales Over Prior Year

Entity	FY 06-07	FY 07-08	FY 08-09	FY 09-10
Statewide	(0.3%)	(2.5%)	(12.7%)	(10.3%)
Clark County	(0.1%)	(0.9%)	(12.7%)	(10.9%)
Washoe County	(3.0%)	(5.3%)	(16.4%)	(9.3%)

- Washoe County's taxable gaming revenues experienced an 8.78% decrease in FY 09-10 over the prior year, which demonstrates the nation's economic downturn and California gaming continues to affect the local gaming industry. In FY 07-08, gaming revenues in Washoe County experienced a 7.87% decrease and in FY 08-09 gaming revenues decreased by 13%. In contrast, Clark County experienced a decrease of 1.42% decrease in FY 07-08 and a 14% decrease in FY 08-09 and a 4.90% decrease in FY 09-10. The statewide average decrease in the taxable gaming revenues for FY 07-08 was 1.87% but declined further in FY 08-09 by 13.72% and again in FY 09-10 by 5.64%. The taxable gaming revenue trend downwards reflects the national and statewide economic downturn.
- The June 2010 unemployment rate in Washoe County was 13.6% which compares unfavorably to the June 2009 unemployment rate of 11.7%. Washoe County's June 2010 unemployment rate of 13.6% is somewhat more favorable than the Clark County unemployment rate of 14.6% and the statewide unemployment rate of 14.3% for the same period.



- Over the past two years, the TMFPD assessed value has decline from \$3,060,211,189 to \$2,677,001,657 or 12.5%. This is a significant decline and was caused primarily by the high unemployment and high amount of foreclosures in Washoe County. Washoe County's foreclosure filing rate for October 2010 is one in every 120 homes while the national foreclosure rate was 1 in every 389 homes. Even though the assessed value declined by 12.5% over the past two years, it is important to note this did not decrease the amount of property tax revenues the District receives due to the current Nevada tax law.

These factors were considered in preparing the District's budget for the 2010-2011 fiscal year.

## **REQUESTS FOR INFORMATION**

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Washoe County Manager's Office, 1001 East Ninth Street, Reno, Nevada 89512.



TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

	GOVERNMENTAL ACTIVITIES
<b>ASSETS</b>	
Cash and investments	\$ 22,477,236
Taxes receivable	331,415
Due from other governments	950,362
Interest receivable	78,052
Inventory, base stock	221,957
Capital assets, not being depreciated	759,489
Capital assets, net of accumulated depreciation	<u>12,378,476</u>
 Total Assets	 <u>37,196,987</u>
 <b>LIABILITIES</b>	
Accounts payable and accrued liabilities	48,256
Due to other governments	1,713,107
Noncurrent liabilities:	
Due within one year	2,945,475
Due in more than one year	<u>5,450,393</u>
 Total Liabilities	 <u>10,157,231</u>
 <b>NET ASSETS</b>	
Invested in capital assets	13,137,965
Restricted for:	
Retiree health benefits	5,231,204
Emergencies	733,761
Claims	895,776
Unrestricted	<u>7,041,050</u>
 Total Net Assets	 <u><u>\$ 27,039,756</u></u>

See accompanying notes.

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TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
	EXPENSES	CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS	
Governmental activities:				
Public safety	\$ 18,611,300	\$ -	\$ -	\$ (18,611,300)
GENERAL REVENUES				
				11,913,804
Ad valorem taxes				4,560,526
Consolidated taxes				604,350
SCCR taxes-AB104				21,375
Real property transfer tax				13,004
Licenses and permits				100,000
Other miscellaneous				769,047
Reimbursements				685,238
Unrestricted investment earnings				
Total General Revenues				18,667,344
Change in Net Assets				56,044
NET ASSETS, JULY 1				26,983,712
NET ASSETS, JUNE 30				\$ 27,039,756

See accompanying notes.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

	GENERAL FUND	PRE-FUNDED RETIREE HEALTH BENEFITS FUND	CAPITAL PROJECTS FUND
<b>ASSETS</b>			
Cash and investments	\$ 3,913,667	\$ 5,231,438	\$ 4,872,153
Taxes receivable	331,415	-	-
Due from other governments:			
Consolidated taxes	792,776	-	-
AB 104, fair share	157,586	-	-
Interest receivable	17,130	17,905	16,759
Inventory, base stock	221,957	-	-
<b>Total Assets</b>	<b>\$ 5,434,531</b>	<b>\$ 5,249,343</b>	<b>\$ 4,888,912</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 12,537	\$ -	\$ 35,719
Due to other governments	265,168	18,139	224
Deferred revenue, property taxes	259,677	-	-
<b>Total Liabilities</b>	<b>537,382</b>	<b>18,139</b>	<b>35,943</b>
<b>FUND BALANCES</b>			
Reserved for:			
Inventory	221,957	-	-
Retiree health benefits	-	5,231,204	-
Unreserved:			
Designated for encumbrances	55,055	-	103,431
Designated for future years' expenditures:			
General Fund	4,481,397	-	-
Special Revenue Funds	-	-	-
Capital Projects Fund	-	-	4,542,043
Undesignated:			
General Fund	138,740	-	-
Special Revenue Funds	-	-	-
Capital Projects Fund	-	-	207,495
<b>Total Fund Balances</b>	<b>4,897,149</b>	<b>5,231,204</b>	<b>4,852,969</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,434,531</b>	<b>\$ 5,249,343</b>	<b>\$ 4,888,912</b>

See accompanying notes.

OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 1,272,617	\$ 15,289,875
-	331,415
-	792,776
-	157,586
1,844	53,638
-	221,957
<u>\$ 1,274,461</u>	<u>\$ 16,847,247</u>
\$ -	\$ 48,256
-	283,531
-	259,677
-	591,464
-	221,957
-	5,231,204
-	158,486
-	4,481,397
1,268,949	1,268,949
-	4,542,043
-	138,740
5,512	5,512
-	207,495
<u>1,274,461</u>	<u>16,255,783</u>
<u>\$ 1,274,461</u>	<u>\$ 16,847,247</u>

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**TRUCKEE MEADOWS FIRE PROTECTION DISTRICT**  
(a component unit of Washoe County, Nevada)  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

Total Fund Balances for Governmental Funds as shown on the Balance Sheet \$ 16,255,783

Amounts reported for Governmental Activities in the Statement of  
Net Assets are different because:

Capital assets used in Governmental Activities are not financial  
resources and, therefore, are not reported in the funds

Governmental capital assets

\$ 20,329,737

Less: Accumulated depreciation

(7,191,772)

13,137,965

Deferred revenue is not available to pay for current-period  
expenditures and, therefore, is deferred in the funds

259,677

Long-term liabilities are not due and payable in the current period  
and, therefore, are not reported in the funds

(3,509,445)

Internal service funds are used by management to charge the cost  
of certain activities to individual funds. The net assets of the  
Internal Service Fund are reported with Governmental Activities

895,776

Total Net Assets for Governmental Activities as shown on the Statement of  
Net Assets

\$ 27,039,756

See accompanying notes.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	GENERAL FUND	PRE-FUNDED RETIREE HEALTH BENEFITS FUND	CAPITAL PROJECTS FUND
REVENUES			
Taxes	\$ 11,879,570	\$ -	\$ -
Licenses and permits	13,004	-	-
Intergovernmental	5,286,251	-	-
Miscellaneous	873,783	164,098	148,173
Total Revenues	<u>18,052,608</u>	<u>164,098</u>	<u>148,173</u>
EXPENDITURES			
Current:			
Public safety	14,608,636	147,185	323,067
Capital outlay	-	-	499,565
Total Expenditures	<u>14,608,636</u>	<u>147,185</u>	<u>822,632</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,443,972</u>	<u>16,913</u>	<u>(674,459)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from asset disposition	7,842	-	-
Transfers in	31,168	125,000	1,000,000
Transfers out	(2,575,000)	-	-
Total Other Financing Sources (Uses)	<u>(2,535,990)</u>	<u>125,000</u>	<u>1,000,000</u>
Net Change in Fund Balances	907,982	141,913	325,541
FUND BALANCES, July 1	<u>3,989,167</u>	<u>5,089,291</u>	<u>4,527,428</u>
FUND BALANCES, June 30	<u>\$ 4,897,149</u>	<u>\$ 5,231,204</u>	<u>\$ 4,852,969</u>

See accompanying notes.

OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 11,879,570
-	13,004
-	5,286,251
58,572	1,244,626
58,572	18,423,451
290,200	15,369,088
-	499,565
290,200	15,868,653
(231,628)	2,554,798
-	7,842
-	1,156,168
(31,168)	(2,606,168)
(31,168)	(1,442,158)
(262,796)	1,112,640
1,537,257	15,143,143
\$ 1,274,461	\$ 16,255,783

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TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

Net Change in Fund Balances - Governmental Funds	\$	1,112,640
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Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		(353,095)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the Governmental Funds.		34,234
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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 governmental funds.

Due on interlocal agreement	\$	(533,833)	
Change in compensated absences		255,128	
Change in post employment benefits		(522,046)	
Disposition of capital assets		(28,644)	
			(829,395)

The internal service fund is used by management to charge costs of retiree medical expenses. The net revenue of the internal service fund is reported with governmental activities.		91,660
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Change in Net Assets of Governmental Activities	\$	56,044
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TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2010

	2010 BUDGETED AMOUNTS	
	ORIGINAL	FINAL
REVENUES		
Taxes:		
Ad valorem, general	\$ 11,532,090	\$ 11,532,090
Ad valorem, AB 104	196,832	196,832
Licenses and permits:		
Gaming, AB 104	21,025	21,025
Intergovernmental:		
Consolidated taxes	4,717,882	4,717,882
Real property transfer tax, AB 104	35,324	35,324
Supplemental city/county relief tax, AB 104	606,466	606,466
Interlocal cooperative agreement, fire suppression	100,000	100,000
Charges for services:		
Building and zoning fees	5,000	5,000
Miscellaneous:		
Investment earnings	175,000	175,000
Net increase in the fair value of investments	-	-
Reimbursements	-	-
Other	760,002	760,002
Total Revenues	18,149,621	18,149,621
EXPENDITURES		
Current:		
Public safety function:		
Fire:		
Salaries and wages	90,000	90,000
Employee benefits	50,000	50,000
Services and supplies	14,551,314	14,751,314
Total Expenditures	14,691,314	14,891,314
Excess of Revenues over Expenditures	3,458,307	3,258,307
OTHER FINANCING SOURCES (USES)		
Proceeds from asset disposition	-	-
Transfers in	31,268	31,268
Transfers out	(2,575,000)	(2,575,000)
Contingency	(250,000)	(50,000)
Total Other Financing Sources (Uses)	(2,793,732)	(2,593,732)
Net Change in Fund Balances	664,575	664,575
FUND BALANCES, July 1	3,165,476	3,165,476
FUND BALANCES, June 30	\$ 3,830,051	\$ 3,830,051

See accompanying notes.

2010

ACTUAL	VARIANCE WITH FINAL BUDGET
\$ 11,685,720 193,850	\$ 153,630 (2,982)
13,004	(8,021)
4,560,526	(157,356)
21,375	(13,949)
604,350	(2,116)
100,000	-
-	(5,000)
102,872	(72,128)
43,516	43,516
727,395	727,395
-	(760,002)
<u>18,052,608</u>	<u>(97,013)</u>
488,035	(398,035)
21,759	28,241
<u>14,098,842</u>	<u>652,472</u>
<u>14,608,636</u>	<u>282,678</u>
<u>3,443,972</u>	<u>185,665</u>
7,842	7,842
31,168	(100)
<u>(2,575,000)</u>	-
-	<u>50,000</u>
<u>(2,535,990)</u>	<u>57,742</u>
907,982	243,407
<u>3,989,167</u>	<u>823,691</u>
<u>\$ 4,897,149</u>	<u>\$ 1,067,098</u>

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
PRE-FUNDED RETIREE HEALTH BENEFITS FUND  
FOR THE YEAR ENDED JUNE 30, 2010

	2010 BUDGETED AMOUNTS	
	ORIGINAL	FINAL
REVENUES		
Miscellaneous:		
Investment earnings	\$ 165,000	\$ 165,000
Net increase in the fair value of investments	-	-
Total Revenues	165,000	165,000
EXPENDITURES		
Current:		
Public safety function:		
Fire:		
Services and supplies	300,000	300,000
Excess (Deficiency) of Revenues over Expenditures	(135,000)	(135,000)
OTHER FINANCING SOURCES		
Transfers in	125,000	125,000
Net Change in Fund Balances	(10,000)	(10,000)
FUND BALANCES, July 1	4,989,951	4,989,951
FUND BALANCES, June 30	\$ 4,979,951	\$ 4,979,951

See accompanying notes.



2010

ACTUAL	VARIANCE WITH FINAL BUDGET
\$ 107,645	\$ (57,355)
56,453	56,453
<u>164,098</u>	<u>(902)</u>
<u>147,185</u>	<u>152,815</u>
16,913	151,913
<u>125,000</u>	-
141,913	151,913
<u>5,089,291</u>	<u>99,340</u>
<u>\$ 5,231,204</u>	<u>\$ 251,253</u>

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2010

	GOVERNMENTAL ACTIVITIES WORKERS' COMPENSATION INTERNAL SERVICE FUND
ASSETS	
Current assets:	
Cash and investments	\$ 7,187,361
Interest receivable	<u>24,414</u>
Total Assets	<u>7,211,775</u>
LIABILITIES	
Current liabilities:	
Due to other governments	1,429,576
Short-term portion of long-term liabilities:	
Claims and judgements	<u>1,246,145</u>
Total current liabilities	2,675,721
Noncurrent liabilities	
Claims and judgements	<u>3,640,278</u>
Total Liabilities	<u>6,315,999</u>
NET ASSETS	
Restricted	<u>\$ 895,776</u>

See accompanying notes.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2010

	GOVERNMENTAL ACTIVITIES WORKERS' COMPENSATION INTERNAL SERVICE FUND
OPERATING EXPENSES	
Payments to other governments	\$ 1,567,999
Operating Loss	(1,567,999)
NONOPERATING REVENUES	
Investment earnings	133,459
Net increase in the fair value of investments	76,200
Total Nonoperating Revenues	209,659
Loss before Transfers	(1,358,340)
TRANSFERS IN	1,450,000
Change in Net Assets	91,660
NET ASSETS, July 1	804,116
NET ASSETS, June 30	\$ 895,776

See accompanying notes.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2010

	GOVERNMENTAL ACTIVITIES WORKERS' COMPENSATION INTERNAL SERVICE FUND
INCREASE IN CASH AND CASH EQUIVALENTS	
Cash Flows From Operating Activities:	
Cash payments to other governments	\$ (260,280)
Cash Flows From Noncapital Financing Activities:	
Transfers from General Fund	1,450,000
Cash Flows From Investing Activities:	
Investment earnings	213,093
Net Increase in Cash and Cash Equivalents	1,402,813
CASH AND CASH EQUIVALENTS, JULY 1, 2009	5,784,548
CASH AND CASH EQUIVALENTS, JUNE 30, 2010	\$ 7,187,361
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating loss	\$ (1,567,999)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Change in assets and liabilities:	
Decrease in pending claims	(18,531)
Increase in amounts due to other governments	1,326,250
Total Adjustments	1,307,719
Net Cash Provided (Used) by Operating Activities	\$ (260,280)

See accompanying notes.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 - Summary of Significant Accounting Policies:

Reporting Entity:

Truckee Meadows Fire Protection District (District) is a municipality of the State of Nevada located in Washoe County, Nevada. The District is governed by the Board of Fire Commissioners. The Washoe County Board of County Commissioners functions as the Board of Fire Commissioners of the District.

The District is considered a component unit of Washoe County. Although the District is a legally separate organization, the County is financially accountable, as defined in governmental accounting standards generally accepted in the United States of America, for Truckee Meadows Fire Protection District. Financial accountability is determined primarily by the Board of County Commissioners' participation as the governing body of the District.

As of July 1, 2000, an Interlocal Agreement for Fire Services and Consolidation (Agreement) became effective for the District and the City of Reno (City). The Agreement was automatically renewed through June 30, 2011; renewal for successive four-year periods will be automatic unless written notice is given by either party pursuant to the Agreement. The major points of the Agreement are listed below:

- The District will continue to levy taxes and make equal monthly installments to the City to fund its portion (percentage) of the Consolidated Budget.
- All District employees became employees of the City. All sick leave and vacation hours accrued by the District at the time of transfer to the City transferred with District employees. Payout, at time of separation from the City, is allocated in accordance with the percentage of time the employee was employed by each entity. Health insurance benefits are paid by the City through the Consolidated Budget. The District will fund workers' compensation claims and insurance and continue to pay pre-funding of the service costs of the retiree health insurance plan for District employees transferring to the City.
- The District maintained its interest in and ownership of real property, with the City maintaining such property up to amounts budgeted annually in the Consolidated Budget for each career station. The District pays for amounts in excess of the budgeted maintenance amounts and also pays for the replacement of capital assets through the Capital Improvement Program. The District has retained ownership of equipment and rolling stock, providing for insurance and costs of replacement; the City has assumed normal maintenance and repair of such items.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

- The City provides comprehensive general liability insurance for all claims arising out of acts or omissions of personnel; the District continues coverage for the actions of the District Board of Fire Commissioners.
- Dispatch service is under a separate agreement between the District and the City.
- Other costs paid by the District include debt service, independent contractors hired by the District, actuarial studies, specific Washoe County services, fuels management services, funded contingencies, and annual audits.
- Savings in excess of 1% as a result of the Agreement will be split between the District and the City based upon the ratio that each contributed to the Consolidated Budget.

Government-Wide and Fund Financial Statements:

The government-wide financial statements (Statement of Net Assets and the Statement of Activities) report information about the activities of the District. The effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of the public safety function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements provide information about the funds of the District. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

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

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Expenditures generally are recorded when the related liabilities are incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, post employment benefits, and claims and judgments, are recorded only when payment is due.

Property taxes, licenses and permits, intergovernmental revenues, and interest earnings 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. Other revenue items are considered to be measurable and available only when cash is received by the District.

The focus of proprietary fund measurement is upon determination of operating income or loss, changes in net assets, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for internal service funds include the cost of services (employee benefits). All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The District first utilizes restricted resources to finance qualifying activities, then unrestricted resources if they are needed.

The District's Internal Service Fund is the only proprietary fund. The financial statements of the Internal Service Fund are consolidated into the governmental column when presented in the government-wide financial statements. The costs of these services are reported in the public safety function.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

The Pre-Funded Retiree Health Benefits Fund, a special revenue fund, accounts for the accumulation of financial resources for the future payment of health benefits of retirees.

The Capital Projects Fund, a capital projects fund, accounts for the financial resources to be used for the acquisition and construction of major capital assets.

Additionally, the District reports the following fund type:

The Internal Service Fund accounts for the workers' compensation activity.

Private-sector standards of accounting and financial reporting issued on or before (but not subsequent to) November 30, 1989 are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Budgets and Budgetary Accounting:

Truckee Meadows Fire Protection District adheres to the Local Government Budget and Finance Act incorporated within the statutes of the State of Nevada, which include the following major procedures to establish the budgetary data, which is reflected in these financial statements:

1. On or before April 15, the Board of Fire Commissioners files a tentative budget with the Nevada Department of Taxation for all funds.
2. Public hearings on the tentative budget are held on the third Monday in May in conjunction with Washoe County's budget hearing.
3. Prior to June 1, at a public hearing, the Board 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 Board. The final budget must then be forwarded to the Department of Taxation for compliance with State laws and regulations. In any year in which legislative action, which was not anticipated, affects the local government's final budget, the Board may file an amended final budget before August 15 of the budget year.



TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

4. Formal budgetary integration in the financial records of all funds is employed to enhance management control during the year. Unencumbered appropriations lapse at the end of the year.
5. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
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 Board of Fire Commissioners. Budget augmentations in excess of original budgetary amounts may not be made without prior approval of the Board of Fire Commissioners, following a scheduled and noticed public hearing, as necessary. The budget was amended as set forth above during the year.
7. In accordance with state statute, actual expenditures generally may not exceed budgetary appropriations of the public safety function of the General Fund, Special Revenue Funds, and Capital Projects Fund. Also, actual operating and non-operating expenses of the Internal Service Fund generally may not exceed budgeted amounts.

Cash Deposited and Invested with Washoe County Treasurer:

The majority of all cash transactions of the District are handled by the Washoe County Treasurer's office. Cash balances are combined and, to the extent practicable, invested as permitted by law in combination with Washoe County funds.

For purposes of the Statement of Cash Flows, cash equivalents are defined as short-term, highly liquid investments, generally with original maturities of three months or less. Since all cash and investments of the District are pooled with Washoe County funds and are available upon demand, all cash and investments of the District are considered to be cash equivalents.

Taxes Receivable:

Real property taxes receivable reflect only those taxes receivable from the delinquent roll years. No provision for uncollectible accounts has been established since management does not anticipate any material collection loss in respect to the remaining balances.

Amounts not collected within 60 days after year-end have been recorded as deferred revenue at the governmental fund level.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

Receivables:

Management does not anticipate any material collection losses in respect to the receivable balances.

Inventory:

The General Fund of the District maintains a base stock of inventory of protective clothing and various supplies from which items are recorded as expenditures when consumed rather than when purchased.

Inventory is carried at base cost in accordance with the Interlocal Agreement for Fire Services and Consolidation. Inventory amounts at year-end are reported as a reservation of fund balance in the General Fund.

Capital Assets:

Capital assets, which include land, buildings and improvements, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Property, plant, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	40
Buildings	40
Building improvements	20
Vehicles and equipment	5-20

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

Long-Term Debt:

In the government-wide financial statements and the proprietary fund, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets.

When applicable, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences:

The costs involved in vacation time and sick leave benefits are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured as a result of employee resignations and retirements; costs are recorded as payroll costs only when the accumulated benefits are paid or accrued as a result of a termination of service.

The District provides for payment of accrued vacation. Upon death, retirement, permanent disability, or termination of an employee, accumulated sick leave benefits are generally payable for amounts in excess of base hours at a rate of one hour for every two hours earned up to a maximum hour limitation.

The District is responsible for payment of these costs based on the percentage of District employment to total employment service for employees transferred to the City of Reno based on the Interlocal Agreement for Fire Services and Consolidation.

Fund Equity:

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

Invested in Capital Assets, Net of Related Debt – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if applicable.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

Restricted Net Assets – Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, contributors, or laws or regulations; (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent the budgeted opening fund balance in the District's 2010-11 budget and amounts for encumbrances. Amounts in excess of these designations of fund balance are shown as undesignated.

Property Taxes:

All real property in Truckee Meadows Fire Protection District is assigned a parcel number in accordance with state law, with each parcel being subject to physical reappraisal every five years. A factoring system is used to adjust the appraised value during the years between physical appraisals. The valuation of the property and its improvements is being assessed at 35 percent of "taxable value" as defined by statute. The amount of tax levied is determined 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 \$100 of assessed valuation; however, as a result of the legislative action the tax rate was further limited to \$3.64 per \$100 of assessed valuation except in cases of severe financial emergency as defined in NRS 354.705 or as a result of the State of Nevada rate.

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

Taxes may be paid in four installments payable on the third Monday in August, and the first Mondays in October, January, and March, to the Treasurer of Washoe County. 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 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.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

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. In Washoe County, taxes on motor vehicles are collected by a State agency and remitted to the local governments in the County as part of the Consolidated Tax distribution.

Reconciliation of Government-Wide and Fund Financial Statements:

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets:

The governmental funds Balance Sheet includes a reconciliation between *total fund balance - governmental funds* and *total net assets - governmental activities*. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds". The details of the \$3,509,445 difference are as follows:

Compensated absences	\$1,213,126
Other post employment benefits	1,762,486
Due on interlocal agreement	<u>533,833</u>
Net adjustment to reduce <i>total fund balance - governmental funds</i> to arrive at <i>total net assets - governmental activities</i>	<u>\$3,509,445</u>

B. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities:

The governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between *net change in fund balances - total governmental funds* and *change in net assets - governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains "Governmental Funds report capital outlays as expenditures while the Statement of Activities allocates the cost of those assets over their estimated useful lives and reports depreciation expense." The details of the \$(353,095) difference are as follows:

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

Capital outlay	\$ 499,565
Plus: Amounts under the capitalization threshold and restated	(73,678)
Less: Depreciation expense	<u>(778,982)</u>
Net adjustment to decrease <i>net change in fund balances - governmental funds</i> to arrive at <i>change in net assets - governmental activities</i>	<u>\$(353,095)</u>

NOTE 2 - Compliance with Nevada Revised Statutes and the Nevada Administrative Code:

The District conformed to all significant statutory constraints on its financial administration during the year.

NOTE 3 - Cash and Investments:

The District is an internal participant in the external investment pool maintained by Washoe County. Investments are recorded at fair value. The Board of County Commissioners has overall responsibility for investment of County funds in accordance with Nevada Revised Statute 355.175. The Washoe County Chief Investment Official is the Washoe County Treasurer, under authority delegated by the Board of County Commissioners. The Treasurer may delegate investment responsibilities to the Treasurer's office employees. The Investment Committee created by Washoe County Code Section 15.220 has been delegated the investment decision making authority in Washoe County and serves also in an advisory capacity to the Treasurer and Board of County Commissioners. The external investment pool is not registered with the SEC as an investment company. The Bank of New York determines the fair value of Washoe County investments monthly. Washoe County has not provided or obtained any legally binding guarantees during the period to support the value of the shares.

The District's investment in the Washoe County external investment pool is equal to its original investment plus monthly allocations of interest income and realized and unrealized gains and losses, as applicable. The determination of realized gains and losses is independent of the determination of the net change in the fair value of investments. Realized gains and losses on investments that were held by the County during a previous accounting period(s) but sold during the current period were used to compute the change in the fair value of investments for the previous year(s) as well as the current year. The District's investment in the external investment pool at June 30, 2010 was \$22,477,236.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

Investments:

As noted above, the District's investments are held by Washoe County in the external investment pool. As such, the District's investments are governed by the investment policy of Washoe County. The County has a formal investment policy that, in the opinion of management, is designed to insure conformity with State Statutes and seeks to limit exposure to investment risk. Pursuant to NRS 355.170, Washoe County may invest in the following types of securities:

- Obligations of the United States, or an agency or instrumentality of the United States, or a corporation sponsored by the government, maturing within ten (10) years from the date of purchase.
- Time certificates of deposit from commercial banks and insured savings and loan associations within the State of Nevada, and certain farm loan bonds.
- Certain securities issued by local governments of the State of Nevada and other securities expressly provided by other statutes, including repurchase agreements.
- Money market mutual funds that are registered with the Securities and Exchange Commission, are AAA rated and invest only in securities of the Federal Government or fully collateralized repurchase agreements.
- Commercial paper issued by a corporation organized and operating in the United States or by a depository institution licensed by the United States or any state operating in the United States that is rated by a nationally recognized rating services as "A-1," "P-1" or its equivalent, or better, provided the aggregate value does not exceed 20 percent of the total portfolio.
- Notes, bonds and other unconditional obligations for the payment of money issued by corporations organized and operating in the United States that have a remaining term to maturity of no more than 5 years and are rated by a nationally recognized rating service as "A" or its equivalent, or better.

NRS 355.172 requires the Treasurer or his agent to take physical possession of securities purchased as an investment by the County in the name of Washoe County. If the securities purchased are subject to repurchase by the seller, the County may, in lieu of the requirement of possession, obtain a fully perfected, first-priority security interest having a fair market value equal to or greater than the repurchase price of the securities.

Investments are recorded at fair value. Interest earned on investments is allocated to certain funds based on average daily cash balances.

Pooled investments are carried at fair value determined by quoted market prices, net of accrued interest. All pooled investments are physically collateralized and held by Bank of New York, except for the Money Market Mutual Funds.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

As of June 30, 2010, the District had the following investments and maturities:

		Investment Maturities (in Years)			
	Fair Value	Less than 1	1 to 4	4 to 6	6 to 10
INVESTMENTS:					
Money Market Mutual Fund	\$ 277,382	\$ 277,382	\$ -	\$ -	\$ -
Commercial Paper	2,555,465	2,555,465	-	-	-
U.S. Treasury Securities	2,850,036	3,093	2,051,050	-	795,893
U.S. Agency Securities	12,788,178	884,279	7,899,116	1,572,918	2,2431,865
Collateralized Mortgage Obligations	669,767	-	-	-	669,767
Corporate Note - TLGP	1,874,258	-	1,874,258	-	-
Corporate Note	<u>1,462,150</u>	<u>235,690</u>	<u>1,226,460</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$22,477,236</u>	<u>\$3,955,909</u>	<u>\$13,050,884</u>	<u>\$1,572,918</u>	<u>\$3,897,525</u>

*Interest Rate Risk.* Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. This risk can be reduced by diversifying the durations of the fixed-income investments that are held at a given time. The County's investment policy requires twelve to eighteen months of projected cash flow to be in investments maturing in one year or less. Investments maturing in less than one year at June 30, 2010 were 18% of the District's investments. The County's strategic investment plan seeks to obtain the desired average maturity of 2 to 4 years. The average maturity of the external pool at June 30, 2010 was approximately 3.25 years.



TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

The external investment pool invests in the following types of securities that are considered to be highly sensitive to interest rate changes:

INVESTMENT	FAIR MARKET VALUE	% OF TOTAL POOL INVESTMENTS
<u>U.S. Agency Mortgage Backed Securities and Collateralized Mortgage Obligations</u> - When interest rates fall, mortgages are refinanced and paid off early and the reduced stream of future interest payments diminish fair value.	\$1,877,163	8.4%
<u>U.S. Agency Callable Step-Up-Notes</u> - On specified dates, the issuer can call the security. If the security is not called, the interest rate is increased by a specified amount. Prevailing interest rates may go up faster than the increase in the coupon interest rate.	666,520	3.0%
<u>U.S. Agency Callable Securities</u> - On specified dates, the issuer can call the security. Because they are subject to early repayment, the fair value of these securities is more sensitive in a period of declining interest rates.	<u>2,772,669</u>	<u>12.3%</u>
Total	<u>\$5,316,352</u>	<u>23.7%</u>

*Credit Risk.* Washoe County's Investment Pool is an unrated external investment pool. Nevada Revised Statute's allow investments in obligations of the U.S. Treasury and U.S. agencies, municipal bonds issued by local governments of the State of Nevada, corporate bonds rated "A" or better by a nationally recognized rating service, commercial paper rated "A-1," "P-1" or better by a nationally recognized rating service, repurchase agreements, certificates of deposits, money market mutual funds rated "AAA" by a nationally recognized rating service or other securities in which banking institutions may legally invest. County policy does not further restrict these investments.

*Concentration of Credit Risk.* Washoe County's investment policy places no limit on amounts invested in direct obligations of the U.S. Treasury and securities backed by the full faith and credit of the U.S. Government, while placing the following limits per issuer on all other securities: Federal Agency Securities, 35%; Federal Agency Mortgage Backed Securities, 15%; Money Market Funds, 45%; corporate bonds and notes, 25%; obligations issued by local governments of the State of Nevada, 25% and commercial paper, 20%.

At June 30, 2010, the following investments exceeded 5% of the District's total investments:

Federal Home Loan Bank	12.1%
Fannie Mae	19.6%
Freddie Mac	26.1%

THE STATE OF NEW YORK  
 COUNTY OF ...  
 ...

"We hereby certify that the following is the best and most correct copy of the original as the same appears on file in the office of the County Clerk."

No. of Total Investment	Fair Market Value	Description
100	\$100.00	...
100	\$100.00	...
100	\$100.00	...
100	\$100.00	...

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TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 4 - Capital Assets:

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 482,098	\$ -	\$ -	\$ 482,098
Construction in progress	<u>173,083</u>	<u>425,887</u>	<u>321,579</u>	<u>277,391</u>
Total capital assets not being depreciated	<u>655,181</u>	<u>425,887</u>	<u>321,579</u>	<u>759,489</u>
Capital assets, being depreciated:				
Land improvements	241,336	-	3,325	238,011
Buildings and building improvements	8,951,071	-	48,746	8,902,325
Vehicles and equipment	<u>10,315,697</u>	<u>321,579</u>	<u>207,364</u>	<u>10,429,912</u>
Total capital assets being depreciated	<u>19,508,104</u>	<u>321,579</u>	<u>259,435</u>	<u>19,570,248</u>
Less accumulated depreciation for:				
Land improvements	(140,341)	(6,373)	641	(146,073)
Buildings and building improvements	(2,230,373)	(283,673)	23,650	(2,490,396)
Vehicles and equipment	<u>(4,272,867)</u>	<u>(488,936)</u>	<u>206,500</u>	<u>(4,555,303)</u>
Total accumulated depreciation	<u>(6,643,581)</u>	<u>(778,982)</u>	<u>230,791</u>	<u>(7,191,772)</u>
Total capital assets being depreciated, net	<u>12,864,523</u>	<u>(457,403)</u>	<u>28,644</u>	<u>12,378,476</u>
Governmental activities capital assets, net	<u>\$13,519,704</u>	<u>\$ (31,516)</u>	<u>\$350,223</u>	<u>\$13,137,965</u>

The increase in accumulated depreciation includes depreciation expense of \$778,982 charged to the public safety function.

NOTE 5 - Long-Term Debt:

On May 11, 2010 The Board of Fire Commissioners approved Amendment No. 1 to the Interlocal agreement for Fire Service and Consolidation dated July 1, 2004. This amendment reallocated cost savings previously earned and allocated proportionately, to a new method in which the cost savings earned by one party would benefit that party. This change reallocated cost savings, and both parties agreed that the Truckee Meadows Fire Protection District shall pay the City of Reno \$1,033,833 in Fiscal Year 2009-10 and 2010-11 as mutually agreed to by the parties. At June 30, 2010 the District owed a balance of \$533,833 to the City of Reno.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 9 - Subsequent Events:

Effective July 1, 2010, the Board of Fire Commissioners approved participating in the Washoe County, Nevada OPEB Trust Fund. The Government Accounting Standards Board (GASB) Statement No. 45, requires public entities that provide non-pension Other Post Employment Benefits (OPEB) such as healthcare to calculate the actuarially determined liability for such benefits and disclose the total liability, the annual amount necessary to fund the liability over a specific period, and the level of funding actually set aside to meet the obligations.

As of June 30, 2010, \$5,231,204 has been set aside to pre-fund the District's future liability. As of June 30, 2010, the estimated Actuarial Accrued Liability was \$4,472,236. In order to apply the assets set aside, against this liability, GASB 45 requires the assets be in an irrevocable trust. State law now allows the creation of such trust funds with appropriate investment mechanisms for the purpose of meeting the GASB 45 requirements. In addition, the assets could be invested in equity securities through the trust which is intended to produce higher returns in order to lower the related retiree health benefit liability.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
SCHEDULE OF FUNDING PROGRESS –  
OTHER POST EMPLOYMENT BENEFITS  
JUNE 30, 2010

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>AAL Unit Credit</u>	<u>UAAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
7/01/2006	<u>\$ -</u>	<u>\$4,374,648</u>	<u>\$4,374,648</u>	<u>0.0%</u>	N/A	N/A
7/01/2009	<u>\$ -</u>	<u>\$4,472,236</u>	<u>\$4,472,236</u>	<u>0.0%</u>	N/A	N/A

NOTE 1 – SCHEDULE OF FUNDING PROGRESS

The District implemented GASB Statement No. 45 prospectively for the fiscal year ended June 30, 2008. Information in the Schedule of Funding Progress for prior years is not available.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2010

	2010 BUDGETED AMOUNTS	
	ORIGINAL	FINAL
EXPENDITURES		
Debt service:		
Principal retirement	\$ -	\$ -
Interest	-	-
Fiscal charges	-	-
Total Expenditures	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-
OTHER FINANCING SOURCES (USES)		
Transfers out	(31,268)	(31,268)
Net Change in Fund Balances	(31,268)	(31,268)
FUND BALANCES, July 1	31,268	31,268
FUND BALANCES, June 30	\$ -	\$ -

2010	
ACTUAL	VARIANCE WITH FINAL BUDGET
\$ -	\$ -
-	-
-	-
-	-
-	-
-	-
(31,168)	100
(31,168)	100
31,168	(100)
\$ -	\$ -

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2010

	2010 BUDGETED AMOUNTS	
	ORIGINAL	FINAL
REVENUES		
Miscellaneous:		
Investment earnings	\$ 100,000	\$ 100,000
Net increase in the fair value of investments	-	-
Total Revenues	100,000	100,000
EXPENDITURES		
Current:		
Public safety function:		
Fire:		
Services and supplies	444,643	444,643
Capital outlay	4,257,500	4,257,500
Total Expenditures	4,702,143	4,702,143
Excess (Deficiency) of Revenues over Expenditures	(4,602,143)	(4,602,143)
OTHER FINANCING SOURCES (USES)		
Transfers in	1,000,000	1,000,000
Contingency	-	-
Total Other Financing Sources (Uses)	1,000,000	1,000,000
Net Change in Fund Balances	(3,602,143)	(3,602,143)
FUND BALANCES, July 1	3,710,055	3,710,055
FUND BALANCES, June 30	\$ 107,912	\$ 107,912



2010

ACTUAL	VARIANCE WITH FINAL BUDGET
\$ 95,260 52,913	\$ (4,740) 52,913
148,173	48,173
323,067 499,565	121,576 3,757,935
822,632	3,879,511
(674,459)	3,927,684
1,000,000	-
-	-
1,000,000	-
325,541	3,927,684
4,527,428	817,373
\$ 4,852,969	\$ 4,745,057

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS - BUDGET AND ACTUAL  
WORKERS' COMPENSATION INTERNAL SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2010

	2010 BUDGETED AMOUNTS	
	ORIGINAL	FINAL
OPERATING EXPENSES		
Services and supplies	\$ 1,568,000	\$ 1,568,000
Operating Loss	(1,568,000)	(1,568,000)
NONOPERATING REVENUES		
Investment earnings	150,000	150,000
Net increase in the fair value of investments	-	-
Total Nonoperating Revenues	150,000	150,000
Loss Before Transfers	(1,418,000)	(1,418,000)
TRANSFERS IN	1,450,000	1,450,000
Change in Net Assets	\$ 32,000	\$ 32,000
NET ASSETS, July 1		
NET ASSETS, June 30		

2010

ACTUAL	VARIANCE WITH FINAL BUDGET
\$ 1,567,999	\$ 1
(1,567,999)	1
133,459	(16,541)
76,200	76,200
209,659	59,659
(1,358,340)	59,660
1,450,000	-
91,660	\$ 59,660
804,116	
\$ 895,776	

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
(a component unit of Washoe County, Nevada)  
SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL  
WORKERS' COMPENSATION INTERNAL SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2010

	2010 BUDGETED AMOUNTS	
	ORIGINAL	FINAL
INCREASE IN CASH AND CASH EQUIVALENTS		
Cash Flows From Operating Activities:		
Cash payments for services and supplies	\$ (1,200,000)	\$ (1,200,000)
Cash Flows From Noncapital Financing Activities:		
Transfers from General Fund	1,450,000	1,450,000
Cash Flows From Investing Activities:		
Investment earnings	150,000	150,000
Net Increase in Cash and Cash Equivalents	400,000	400,000
CASH AND CASH EQUIVALENTS, JULY 1, 2009	5,663,678	5,663,678
CASH AND CASH EQUIVALENTS, JUNE 30, 2010	\$ 6,063,678	\$ 6,063,678
RECONCILIATION OF OPERATING LOSS TO NET		
CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating loss		
Adjustments to reconcile operating loss to		
net cash provided (used) by operating activities:		
Change in assets and liabilities:		
Decrease in pending claims		
Increase in accounts payable		
Total Adjustments		
Net Cash Used by Operating Activities		

2010	
ACTUAL	VARIANCE WITH FINAL BUDGET
\$ (260,280)	\$ 939,720
1,450,000	-
213,093	63,093
1,402,813	1,002,813
5,784,548	120,870
\$ 7,187,361	\$ 1,123,683
\$ (1,567,999)	
(18,531)	
1,326,250	
1,307,719	
\$ (260,280)	





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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 Board of Fire Commissioners of  
Truckee Meadows Fire Protection District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Truckee Meadows Fire Protection District (District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting:**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 10-1 to be a material weakness.





Compliance and Other Matters:

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

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the District's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Fire Commissioners, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Kafoury, Armstrong & Co.*

Reno, Nevada  
November 22, 2010



**TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2010**

***Finding Related to the Financial Statements Reported in Accordance with GAGAS:***

**Finding 10-1**

***Criteria and Condition:*** Generally accepted accounting principles require that governments report the Government Wide financial statements using the accrual basis of accounting, which provides that expenses be recognized as soon as a liability is incurred, regardless of the timing of related cash outflows.

During our testing of the amended interlocal agreement between the City of Reno (the City) and the Truckee Meadows Fire Protection District (the District), we noted an unrecorded liability in the amount of \$533,833 that impact Government-wide financial statements. An amendment approved by the District on May 11, 2010, provided that \$1,033,833 was owed to the City for a change in the cost savings allocation for all prior years (through May 11, 2010). The amendment provided that the amount could be paid under a payment schedule that was mutually agreed to by the District and the City. The schedule agreed to called for a payment of \$500,000 prior to June 30, 2010 and the remainder after June 30, 2010. The District paid \$500,000 to the City prior to June 30, 2010 but did not record the liability for the remaining \$533,833 at June 30, 2010 on the Government-wide financial statements.

***Effect:*** Liabilities were understated and expenses were understated by \$533,833 at June 30, 2010, which resulted in net assets being overstated by a like amount on the Government-wide financial statements.

***Cause:*** The District reported the liability and expenses under the cash basis of accounting rather than under the accrual basis of accounting.

***Recommendation:*** We recommend a secondary review of all amounts owed at year end be performed in order to ensure the correct basis of accounting is being followed.

***Management's Response:*** Management concurs with this recommendation. A secondary review of all amounts owed at year end will be performed.





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Independent Accountant's Report

To the Honorable Board of Fire Commissioners of  
Truckee Meadows Fire Protection District

We have reviewed the assertion provided by management in accordance with Nevada Revised Statute 354.624 (5) (a):

- The identified funds are being used expressly for the purposes for which they were created,
- The funds are administered in accordance with accounting principles generally accepted in the United States of America,
- The reserved fund balances and net assets in the funds were reasonable and necessary to carry out the purposes of the funds at June 30, 2010 (based on the interpretation of reasonable and necessary provided by the Legislative Counsel Bureau),
- The sources of revenues, including transfers, available for the funds are as noted in the financial statements,
- The funds conformed to significant statutory and regulatory constraints on their financial administration during the year ended June 30, 2010,
- The balances and net assets of the funds are as noted in the financial statements.

This assertion is the responsibility of management of Truckee Meadows Fire Protection District.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the assertion. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that the assertion provided by management referred to above is not fairly stated in all material respects.

*Kafoury, Armstrong & Co.*

Reno, Nevada  
November 22, 2010



## **AUDITOR'S COMMENTS**

### **STATUTE COMPLIANCE**

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

### **PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE**

The District conformed to all significant statutory constraints on its financial administration during the year ended June 30, 2009.

### **PRIOR YEAR RECOMMENDATIONS**

There were no specific recommendations made in the audit report for the year ended June 30, 2009.

### **CURRENT YEAR RECOMMENDATIONS**

Our current year recommendation is included in the Schedule of Findings and Responses.

