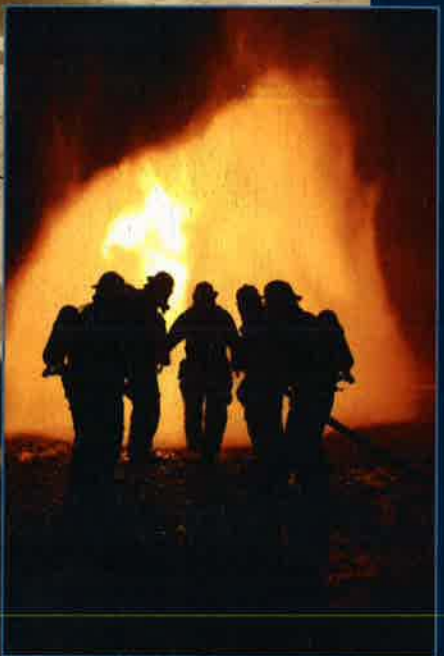


Truckee Meadows Fire Protection District

June 30, 2014



**TRUCKEE MEADOWS
FIRE PROTECTION DISTRICT**

June 30, 2014

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT

June 30, 2014

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June 30, 2014

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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

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedule of funding progress on pages 4A-4H, 34-36, and 37-38, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and schedules, including budgetary comparisons and reconciliations 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, including budgetary comparisons and reconciliations are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statement and schedules, including budgetary comparisons and reconciliations are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 18, 2014 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* in considering the District's internal control over financial reporting and compliance.

Kafoury, Armstrong & Co.

Reno, Nevada
November 18, 2014

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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, 2014.

FINANCIAL HIGHLIGHTS

- The assets of the District's governmental activities exceeded its liabilities at the close of the most recent fiscal year by \$35,938,328 of which \$11,005,457 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. Governmental activities include all funds of the District.
- The District took over the administration and operations of the Sierra Fire Protection District through an Interlocal Agreement for Consolidated Fire Service as of April 1, 2012. The Sierra Fire Protection District paid the District \$5,805,825 for this service in fiscal year 2014.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$15,003,825, a decrease of \$928,168 or 5.8% in comparison with the prior year. This decrease was caused by the implementation of the District's capital improvement program where capital equipment purchases and the construction of the Mogul Fire Station were paid with cash instead of acquiring debt. Approximately 50.0% of the combined ending fund balance is available for spending at the government's discretion (unassigned fund balance).

OVERVIEW OF THE FINANCIAL STATEMENTS

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 required and other supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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, 2014, were \$40,408,944 with capital assets, net of accumulated depreciation, accounting for \$15,577,467 of that total. Of the total liabilities of \$4,470,616, approximately 56.9% represent liabilities related to long-term liabilities of the District.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the

underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Total revenues for the year ended June 30, 2014 were \$24,357,502 consisting primarily of taxes and intergovernmental revenues, while total expenses were \$22,249,275. This resulted in an increase in net position of \$2,108,227, an indication that the financial condition of the District improved during the year which was primarily caused by a reduction of expenses caused by the re-establishment of the operations of the District and the administrative and operational efficiencies achieved through the consolidation with the Sierra Fire Protection District.

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 5 and 6 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 the proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating 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 three 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, Emergency Fund and Capital Projects Fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for each of its funds. A budgetary comparison statement or schedule has been provided for each fund to demonstrate compliance with the budget. The governmental fund financial statements and the reconciliations to the government-wide financial statements can be found on pages 7-10 of this report.

Proprietary funds. The District maintains two types of proprietary funds, which are both internal service funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's functions. The District uses two internal service funds to account for its workers' compensation liability and health benefits liability. Because these services benefit governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements. The internal service funds are reported in the proprietary fund financial statements and can be found on pages 11-13 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 14-33 of this report.

Other information. The District maintains a stabilization fund for internal purposes. This fund does not meet the definition of a special revenue fund under Governmental Accounting Standards Board (GASB) Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which was implemented in 2011 by the District. The activity for this fund is included in the General Fund in the basic financial statements; however, since the District prepares a budget for this fund, a reconciliation of budgetary basis financial statements to GAAP basis financial statements is presented immediately following the notes to the financial statements. These reconciliations can be found on pages 36 and 39 of this report.

Currently known facts. On September 15, 2014, the City of Reno filed a lawsuit against the District alleging the District owes the City \$851,826 for an increase in the indirect costs in FY 09-10 and FY 10-11 than the City originally charged the District. It is the preliminary assessment of the District's counsel that the accusations are without merit. In management's opinion, the ultimate liability of the suit, if any, would not have a material effect on the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2014, the District's total net position was \$35,938,328, which is a \$2,108,227 increase from the prior year. The primary reason for the increase was due to a decrease in the expenses of the District due to the re-establishment of the operations of the District and the administrative and operational efficiencies achieved through the consolidation with the Sierra Fire Protection District.

Truckee Meadows Fire Protection District's Net Position

	Governmental Activities	
	2014	2013
Current and other assets	\$24,831,477	\$25,840,071
Capital assets	<u>15,577,467</u>	<u>11,918,430</u>
Total assets	<u>40,408,944</u>	<u>37,758,501</u>
Other liabilities	1,926,394	1,393,087
Long-term liabilities	<u>2,544,222</u>	<u>2,535,313</u>
Total liabilities	<u>4,470,616</u>	<u>3,928,400</u>
Net position:		
Net investment in capital assets	15,577,467	11,918,430
Restricted	9,355,404	10,726,807
Unrestricted	<u>11,005,457</u>	<u>11,184,864</u>
Total net position	<u>\$35,938,328</u>	<u>\$33,830,101</u>

The assets of the District's governmental activities exceeded its liabilities at the close of the most recent fiscal year by \$35,938,328. Net position includes the District's net investment in capital assets (e.g., land, buildings, machinery, and equipment). The net investment in capital assets as of June 30, 2014 was \$15,577,467. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the District's net position (26%) represents resources that are subject to external restrictions on how they may be used, such as the retiree health benefits, capital projects and emergencies. The remaining balance of unrestricted net position, \$11,005,457, 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 position. The same situation held true for the prior fiscal year.

Truckee Meadows Fire Protection District's Changes in Net Position

	Governmental Activities	
	2014	2013
Revenues:		
Program revenues:		
Charges for services	\$ 6,374,245	\$ 6,535,583
Capital grants and contributions	750,000	94,895
Operating grants and contributions	135,732	430,620
General revenues:		
Property taxes	10,105,769	10,014,802
Consolidated taxes	5,206,953	4,981,492
Other taxes	685,215	639,462
Unrestricted investment earnings	322,274	(25,792)
Reimbursements	369,243	267,296
Other	408,071	322,078
Total revenues	<u>24,357,502</u>	<u>23,260,436</u>
Expenses:		
Public safety	<u>22,249,275</u>	<u>19,570,758</u>
Increase in net position	2,108,227	3,689,678
Net position, July 1	<u>33,830,101</u>	<u>30,140,423</u>
Net position, June 30	<u>\$35,938,328</u>	<u>\$33,830,101</u>

Total Revenues. The District's total revenues increased by \$1,097,066, or 4.7%, however, the increase is primarily due to the \$750,000 reimbursement by the Sierra Fire Protection District for their portion of the Mogul Fire Station cost. The remaining \$347,066 increase was caused primarily by an increase of property tax and consolidated tax revenue which reflects a recovering economy.

Total Expenses. The District's total expenses increased by \$2,678,517 or by 13.7% due primarily to the second full year's consolidation of fire operations with the Sierra Fire Protection District and the completion of hiring District staff.

Net Position. The District's total net position increased by \$2,108,227 during the fiscal year ended June 30, 2014, and \$3,689,678 during the fiscal year ended June 30, 2013. The increase in total net position in the fiscal year ended June 30, 2014 was primarily caused by an increased revenue due to the economic recovery and savings of expenditures caused by the re-establishment of the operations of the District and the administrative and operational efficiencies achieved through the consolidation with the Sierra Fire Protection District.

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, unassigned 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 \$15,003,825, a decrease of \$928,168 or 5.8% in comparison with the prior year. This decrease was primarily caused by the implementation of the District's capital improvement program where capital equipment purchases and the Mogul Fire Station construction were paid with cash instead of acquiring debt. Approximately 50.0% of the total amount of ending fund balances is unassigned fund balances.

The General Fund is the primary operating fund of the District. For the fiscal year ended June 30, 2014, the total fund balance for the General Fund was \$10,902,802. The total fund balance included \$3,408,291 assigned for encumbrances and appropriated fund balance. The remaining fund balance of \$7,494,511 is unassigned and consists of the General Fund unassigned fund balance of \$6,921,313 and the Stabilization Fund unassigned fund balance of \$573,198.

The total fund balance for the General Fund in the amount of \$10,902,802 is an increase of \$418,237 from the prior year. This increase was attributable to the improving economy and budget savings due to the re-establishment of the operations of the District and the administrative and operational efficiencies achieved through the consolidation with the Sierra Fire Protection District.

As a measure of the General Fund's liquidity, it may be useful to compare the June 30, 2014, total fund balance not attributable to the Stabilization Fund of \$10,329,604 to fund expenditures. The fund balance represents 53.1% of total General Fund expenditures. This represents approximately 6 months worth of expenditures. The fund balance will give the District's General Fund sufficient cash flow to meet its operational obligations in the future and the ability to pay for large wildland fires as they occur.

The District's Emergency Fund was established according to NRS 474 for the funding for unforeseen emergencies, primarily large wildland fires and other natural disasters. In fiscal year 2014, the District did not incur any large wildland fires within its jurisdiction, however, it provided fire suppression services to other entities for a fee and paid for the State wildland fire insurance program and other expenditures which totaled \$468,654. The District distributed \$150,000 in property tax revenue to the Emergency Fund to help pay for future large wildland fires. The Emergency Fund balance as of June 30, 2014 was \$771,851.

The Capital Projects Fund activity in fiscal year 2014 included, among other things, projects related to the construction of the Mogul Fire Station and the purchase of several pieces of apparatus.

Proprietary funds. The District's proprietary funds provide information on the workers' compensation and health benefit programs of the District. The net position of the Workers' Compensation Internal Service Fund as of June 30, 2014, was \$3,473,244. The net position of the Health Benefits Fund was \$1,781,137. In fiscal year 2014, the District fully funded its workers' compensation and health benefits liabilities. In fiscal year 2015, the District budgeted to continue to fully fund the District's workers' compensation and health benefits liabilities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the District augmented services and supplies in the General Fund to account for the payment of \$1,194,869 to Sierra Fire Protection District representing \$988,826 in operational savings from the previous year and \$206,043 for the Arrowcreek Station's Cost Share agreement.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The District's net investment in capital assets as of June 30, 2014, amounts to \$15,577,467 (net of accumulated depreciation). This net 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. Refer to Note 5 for further detail.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- Nevada's local governments rely heavily on sales tax as a primary revenue source. Washoe County's taxable sales reflect the current recovery of the U.S. and Nevada economy and compares favorably to Statewide and Clark County for fiscal year 2014 as demonstrated below.

Percentage Increase (Decrease) in Taxable Sales Over Prior Year

Entity	Fiscal Year			
	2011	2012	2013	2014
Statewide	5.7%	7.6%	5.2%	4.9%
Clark County	3.9%	7.0%	4.8%	7.6%
Washoe County	2.0%	4.5%	5.5%	9.4%

- Washoe County's taxable gaming revenues were basically flat over the prior year with a .04% decrease in fiscal year 2014 over the prior year which demonstrates the nation's modest economic recovery while California gaming continues to affect the local gaming industry. Clark County saw a .11% increase over the prior year and the State of Nevada saw a .002%

decrease, or relatively flat. The taxable gaming revenue trend reflects the modest national and statewide economic recovery.

- The June 2014 unemployment rate in Washoe County was 7.3% which compares favorably to the June 2013 unemployment rate of 9.8%. Washoe County's June 2014 unemployment rate of 7.3% is somewhat more favorable than the Clark County unemployment rate of 7.9%. The statewide unemployment rate was 7.8% at June 30, 2014 which compares favorably to the 9.9% statewide unemployment rate at June 30, 2013.
- Over the past five years, the TMFPD assessed value has declined from \$3,060,211,189 in fiscal year 2009 to \$1,922,591,304 in fiscal year 2014, or by 37%. This is a significant decline and was caused primarily by the high unemployment and high amount of foreclosures in Washoe County, however, the trend was more favorable in 2014. Washoe County's foreclosure rate in August, 2014 was .12% compared to August, 2013 which was .24% while the Nevada foreclosure rate was .19% and the national foreclosure rate was .09%. The decline of assessed value created a loss of property tax revenues from \$11,547,973 in fiscal year 2009 to \$10,105,769 in fiscal year 2014 for a \$1,442,204 or 12.5% decrease in annual on-going property tax revenues. For fiscal year 2015, the District experienced an increase in its assessed value caused by an increase in the property values and a lower number of foreclosures in Washoe County.

These factors were considered in preparing the District's budget for the 2015 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 Truckee Meadows/Sierra Fire Protection District, 1001 East Ninth Street, Reno, Nevada 89512.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and investments	\$ 20,650,712
Accounts receivable	625
Taxes receivable	165,399
Due from other governments	1,481,080
Interest receivable	51,547
Deposits	1,480,776
Net OPEB asset	1,001,338
Capital assets, not being depreciated	3,528,972
Capital assets, net of accumulated depreciation	<u>12,048,495</u>
Total Assets	<u>40,408,944</u>
LIABILITIES	
Accounts payable and accrued liabilities	1,815,079
Due to other governments	111,315
Noncurrent liabilities:	
Due within one year	1,170,270
Due in more than one year	<u>1,373,952</u>
Total Liabilities	<u>4,470,616</u>
NET POSITION	
Net investment in capital assets	15,577,467
Restricted for:	
Wildland fire emergencies	771,851
Capital projects	3,329,172
Claims	5,254,381
Unrestricted	<u>11,005,457</u>
Total Net Position	<u><u>\$ 35,938,328</u></u>

See accompanying notes.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

FUNCTIONS/PROGRAMS	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>PROGRAM REVENUES</u>		<u>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION</u>
			<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>GOVERNMENTAL ACTIVITIES</u>
Governmental activities:					
Public safety	<u>\$ 22,249,275</u>	<u>\$ 6,374,245</u>	<u>\$ 750,000</u>	<u>\$ 135,732</u>	<u>\$ (14,989,298)</u>
GENERAL REVENUES					
					10,105,769
Ad valorem taxes					
INTERGOVERNMENTAL REVENUES					
					5,206,953
Consolidated taxes					
SCCRT-AB104					654,633
Real property transfer tax					30,582
Licenses and permits					2,850
Reimbursements					369,243
Unrestricted investment earnings					322,274
Other					<u>405,221</u>
Total General Revenues					<u>17,097,525</u>
Change in Net Position					2,108,227
NET POSITION, July 1					<u>33,830,101</u>
NET POSITION, June 30					<u>\$ 35,938,328</u>

See accompanying notes.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	GENERAL FUND (GAAP BASIS)	EMERGENCY FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and investments	\$ 10,826,408	\$ 798,323	\$ 2,618,242	\$ 14,242,973
Accounts receivable	625	-	-	625
Taxes receivable	165,399	-	-	165,399
Due from other governments:				
Consolidated taxes	917,311	-	-	917,311
AB 104, fair share	171,459	-	-	171,459
Other	385,339	6,971	-	392,310
Interest receivable	26,547	-	8,358	34,905
Deposits	-	-	1,480,776	1,480,776
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 12,493,088</u>	<u>\$ 805,294</u>	<u>\$ 4,107,376</u>	<u>\$ 17,405,758</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,036,875	\$ -	\$ 778,204	\$ 1,815,079
Due to other governments	84,843	26,472	-	111,315
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>1,121,718</u>	<u>26,472</u>	<u>778,204</u>	<u>1,926,394</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	132,414	-	-	132,414
Unavailable revenue - reimbursement	336,154	6,971	-	343,125
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>468,568</u>	<u>6,971</u>	<u>-</u>	<u>475,539</u>
FUND BALANCES				
Nonspendable	-	-	1,480,776	1,480,776
Restricted	-	771,851	1,848,396	2,620,247
Assigned				
Encumbrances	48,712	-	-	48,712
Subsequent year use of fund balance	3,359,579	-	-	3,359,579
Unassigned	7,494,511	-	-	7,494,511
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>10,902,802</u>	<u>771,851</u>	<u>3,329,172</u>	<u>15,003,825</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 12,493,088</u>	<u>\$ 805,294</u>	<u>\$ 4,107,376</u>	<u>\$ 17,405,758</u>

See accompanying notes.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total Fund Balances for Governmental Funds as shown on the Balance Sheet \$ 15,003,825

Amounts reported for Governmental Activities in the Statement of
Net Position is different because:

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

Governmental capital assets

\$ 24,856,620

Less: Accumulated depreciation

(9,279,153)

15,577,467

Deferred inflows of resources are not available to pay for current
period expenditures and, therefore, are deferred in the funds

475,539

The net OPEB asset is not a current financial resource and,
therefore, is not reported in the funds

1,001,338

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

Compensated absences

(1,374,222)

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

5,254,381

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

\$ 35,938,328

See accompanying notes.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	GENERAL FUND (GAAP BASIS)	EMERGENCY FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 9,958,383	\$ 150,000	\$ -	\$ 10,108,383
Licenses and permits	2,850	-	-	2,850
Intergovernmental	13,049,793	102,953	-	13,152,746
Charges for services	11,070	-	-	11,070
Miscellaneous	481,278	401,165	68,461	950,904
Total Revenues	23,503,374	654,118	68,461	24,225,953
EXPENDITURES				
Current:				
Public safety	19,453,899	468,654	660,957	20,583,510
Capital outlay	-	-	4,589,373	4,589,373
Total Expenditures	19,453,899	468,654	5,250,330	25,172,883
Excess (Deficiency) of Revenues over (under) Expenditures	4,049,475	185,464	(5,181,869)	(946,930)
OTHER FINANCING SOURCES (USES)				
Proceeds from asset disposition	18,762	-	-	18,762
Transfers in	-	-	3,650,000	3,650,000
Transfers out	(3,650,000)	-	-	(3,650,000)
Total Other Financing Sources (Uses)	(3,631,238)	-	3,650,000	18,762
Net Change in Fund Balances	418,237	185,464	(1,531,869)	(928,168)
FUND BALANCES, July 1	10,484,565	586,387	4,861,041	15,931,993
FUND BALANCES, June 30	\$ 10,902,802	\$ 771,851	\$ 3,329,172	\$ 15,003,825

See accompanying notes.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
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, 2014

Net Change in Fund Balances for Governmental Funds as shown on the Statement of Revenues, Expenditures, and Changes in Fund Balances	\$	(928,168)
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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.		3,659,037
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Some revenues reported in the governmental funds were reported on the statement of activities in the prior year		(49,320)
--	--	----------

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:

Change in compensated absences	(324,909)	
Change in postemployment benefits	(223,415)	
		(548,324)

The internal service funds are used by management to account for the costs of retiree health medical expenses and workers' compensation. The net revenue of the internal service funds is reported with governmental activities.		(24,998)
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Change in Net Position of Governmental Activities as shown on the Statement of Activities	\$	2,108,227
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See accompanying notes.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
ASSETS	
Current assets:	
Cash and investments	\$ 6,407,739
Interest receivable	<u>16,642</u>
Total Assets	<u>6,424,381</u>
LIABILITIES	
Current liabilities:	
Short-term portion of long-term liabilities:	
Claims and judgments	498,157
Noncurrent liabilities	
Claims and judgments	<u>671,843</u>
Total Liabilities	<u>1,170,000</u>
NET POSITION	
Restricted	<u><u>\$ 5,254,381</u></u>

See accompanying notes.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
OPERATING REVENUE	
Miscellaneous	\$ 2,479
OPERATING EXPENSES	
Services and supplies:	
Claims	117,064
Operating Income (Loss)	(114,585)
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	86,945
Net increase in the fair value of investments	2,642
Total Nonoperating Revenues (Expenses)	89,587
Change in Net Position	(24,998)
NET POSITION, July 1	5,279,379
NET POSITION, June 30	\$ 5,254,381

See accompanying notes.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	
Cash Flows From Operating Activities:	
Cash payments from others	\$ 2,479
Cash payments for services and supplies	(532,687)
Net Cash Provided (Used) by Operating Activities	(530,208)
Cash Flows From Investing Activities:	
Investment earnings	92,605
Net Increase (Decrease) in Cash and Cash Equivalents	(437,603)
CASH AND CASH EQUIVALENTS, July 1	6,845,342
CASH AND CASH EQUIVALENTS, June 30	\$ 6,407,739
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (114,585)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Change in assets and liabilities:	
Decrease in pending claims	(316,000)
Decrease in accounts payable	(99,623)
Total Adjustments	(415,623)
Net Cash Provided (Used) by Operating Activities	\$ (530,208)

See accompanying notes.

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TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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.

Prior to July 1, 2012, the District was considered a blended component unit of Washoe County. Although the District is a legally separate organization, the County was financially accountable, as defined in governmental accounting standards generally accepted in the United States of America, for Truckee Meadows Fire Protection District. Financial accountability was determined primarily by the Board of County Commissioners' participation as the governing body of the District. As of July 1, 2012, the County has no financial benefit or burden relationship with the District and, as such, the District has been reclassified from a blended component unit to a discretely presented component unit.

As of April 1, 2012, an Interlocal Agreement for Fire Services and Consolidation (Agreement) became effective between the Truckee Meadows Fire Protection District and the Sierra Fire Protection District. Under the Agreement, the two Fire Districts consolidated fire department administration and operations, although the two Fire Districts remain legally separate governmental entities. The major points of the Agreement in effect as of April 1, 2012 are listed below:

- The Sierra Fire Protection District will continue to levy taxes and make equal monthly installments to the Truckee Meadows Fire Protection District to fund its portion of the Consolidated Budget.
- All Sierra Fire Protection District employees became employees of the Truckee Meadows Fire Protection District. All sick leave and vacation hours accrued by the District at the time of transfer to the Truckee Meadows Fire Protection District transferred with Sierra Fire employees. Health insurance and workers' compensation benefits are paid by the Truckee Meadows Fire Protection District through the Consolidated Budget.
- Each Fire District retained their separate interests in and ownership of real property, equipment and rolling stock while the Truckee Meadows Fire Protection District provides for the repair and maintenance of such assets. The cost of insuring and replacing these assets is the responsibility of each District.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

- The Truckee Meadows Fire Protection District provides comprehensive general liability insurance for all claims arising out of acts or omissions of personnel; the Sierra Fire Protection District continues coverage for the actions of the District's Board of Fire Commissioners.
- Dispatch services are provided to both Fire Districts by the Washoe County Sheriff's Department.
- Other costs paid by each District separately include debt service, independent contractors hired by each District, actuarial studies, annual audits, retiree health costs, wildland fire emergency expenditures and any other costs needed to sustain a local government.

Government-Wide and Fund Financial Statements:

The government-wide financial statements (Statement of Net Position 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 and the proprietary funds' 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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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 inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report deferred inflows of resources 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.

The District initially utilizes restricted resources to finance qualifying activities prior to unrestricted resources, which are utilized as they are needed.

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 position, 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's Internal Service Funds are the only proprietary funds. The financial statements of the Internal Service Funds 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.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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.

The Wildland Fire Emergency Reserve Fund (The Emergency Fund), a special revenue fund under Nevada Revised Statutes (NRS), was created to account for the cost of unforeseen large wildland fire emergencies pursuant to NRS 474.510.

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 Funds, proprietary funds, account for the workers' compensation activity and the health benefits activity.

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 within 30 days of adjournment of the legislative session.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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 externally reported funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. In addition, budgets are required for the internally reported special revenue fund.
6. Pursuant to Nevada Revised Statute 354.598005 the person designated to administer the budget may transfer appropriations within any function. Budget amounts may be transferred between functions within a fund if the governing body is advised of the action at the next regular meeting and the action is recorded in the official minutes of the meeting. Transfer of appropriations between funds or from the contingency account or 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 augmented 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 Funds generally may not exceed budgeted amounts.

Cash Deposited and Invested with Washoe County Treasurer:

All cash transactions of the District are handled by the Washoe County Treasurer's office. Cash balances are pooled 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.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Taxes Receivable:

Real and personal 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.

Personal property taxes receivable reflect only those taxes management believes to be collectible. Delinquent taxes from all other prior years have been written off.

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

Receivables:

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

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 one year. 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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Long-Term Liabilities:

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

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 after ten years of full-time employment or its equivalent if the employee has not served as a full-time employee for reasons other than discharge for just cause, an employee shall be compensated for total accrued sick leave at the rate of one hour for every three hours earned up to a maximum hour limitation.

Fund Equity:

In the government-wide 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 the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if applicable.

Restricted Net Position – Consists of net position with constraints placed on its use either by (1) external groups such as creditors, contributors, or laws or regulations; (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 governmental fund financial statements, fund balances are classified based primarily on the extent to which the District is bound to observe constraints imposed on the use of the resources in the fund. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form. The restricted fund balance occurs when constraints are placed on the use of resources externally (such as through debt covenants or laws or regulations of other governments or imposed by law

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

through constitutional provisions or enabling legislation). For the District, the restricted fund balance consists of restricted assets for capital projects and emergency resources. The assigned fund balance includes amounts that are constrained by the District's intent to be used for specific purposes and consists of the District's encumbrances as approved by the Board of Fire Commissioners and the amount of fund balance to be expended in the ensuing fiscal year as approved by the Board of Fire Commissioners. The remaining fund balance is shown as unassigned. When expenditures are incurred for purposes for which amounts in any unrestricted fund balance classifications could be used, committed funds, if any, are to be spent first, assigned funds second, and unassigned funds last.

Property Taxes:

All real property in the 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 Nevada Revised Statutes (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.

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.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Reconciliation of Government-Wide and Fund Financial Statements:

- A. 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 position - 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 \$3,659,037 difference are as follows:

Capital outlay	\$4,589,373
Less: Amounts not capitalized	(55,548)
Less: Depreciation expense	<u>(874,788)</u>
Net adjustment to increase <i>net change in fund balances - governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u>\$3,659,037</u>

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

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

NOTE 3 - Cash and Investments:

All cash and investments of the District are included in the investment pool of the County Treasurer. 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. Public Financial Management, LLC 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.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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, 2014 was \$20,650,712.

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.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NRS 355.172 requires the Treasurer or her 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 Wells Fargo Bank.

As of June 30, 2014, 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:					
Certificate of Deposit	\$ 2,829,912	\$ 62,423	\$ 2,767,489	\$ -	\$ -
U.S. Treasury Securities	4,382,331	401	2,568,606	1,622,540	190,784
U.S. Agency Securities	9,447,639	2,298	7,625,112	973,580	846,649
Collateralized Mortgage Obligations	2,696	-	2,696	-	-
Corporate Note	3,988,134	-	3,476,262	511,872	-
Total Investments	\$ 20,650,712	\$ 65,122	\$16,440,165	\$ 3,107,992	\$ 1,037,433

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, 2014, were 0.32% 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, 2014, was approximately 3.15 years.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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.	\$ 627,522	3.0%
<u>Callable U.S. Agency and Corporate Note 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.	\$ 1,336,540	6.5%
Total	\$ 1,964,062	

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, 4%; and obligations issued by local governments of the State of Nevada, 25%.

At June 30, 2014, the following investments exceeded 5% of the District's total investments:

Fannie Mae	19.57%
Federal Home Loan Banks	11.48%
Freddie Mac	12.87%
U.S. Treasury Securities	21.21%

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 - Capital Assets:

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 721,545	\$ -	\$ -	\$ 721,545
Construction in progress	<u>292,206</u>	<u>4,457,170</u>	<u>(1,941,949)</u>	<u>2,807,427</u>
Total capital assets not being depreciated	<u>1,013,751</u>	<u>4,457,170</u>	<u>(1,941,949)</u>	<u>3,528,972</u>
Capital assets, being depreciated:				
Land improvements	263,322	-	-	263,322
Buildings and building improvements	9,054,089	-	-	9,054,089
Vehicles and equipment	<u>10,067,382</u>	<u>2,018,604</u>	<u>(75,749)</u>	<u>12,010,237</u>
Total capital assets being depreciated	<u>19,384,793</u>	<u>2,018,604</u>	<u>(75,749)</u>	<u>21,327,648</u>
Less accumulated depreciation for:				
Land improvements	(168,653)	(7,562)	-	(176,215)
Buildings and building improvements	(3,333,709)	(287,753)	-	(3,621,462)
Vehicles and equipment	<u>(4,977,752)</u>	<u>(579,473)</u>	<u>75,749</u>	<u>(5,481,476)</u>
Total accumulated depreciation	<u>(8,480,114)</u>	<u>(874,788)</u>	<u>75,749</u>	<u>(9,279,153)</u>
Total capital assets being depreciated, net	<u>10,904,679</u>	<u>1,143,816</u>	<u>-</u>	<u>12,048,495</u>
Governmental activities capital assets, net	<u>\$ 11,918,430</u>	<u>\$5,600,986</u>	<u>\$(1,941,949)</u>	<u>\$15,577,467</u>

The increase in accumulated depreciation includes depreciation expense of \$874,788 charged to the public safety function.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 - Long-Term Liabilities:

The District does not have any general obligation bonds outstanding as of June 30, 2014. Long-term liability activity for the year ended June 30, 2014, was as follows:

	Amount Outstanding July 1, 2013	Additions	Reductions	Amount Outstanding June 30, 2014	Due Within One Year
Compensated absences	\$1,049,313	\$ 962,674	\$ 637,765	\$1,374,222	\$ 672,113
Claims and judgments	1,486,000	-	316,000	1,170,000	498,157
Total Long-Term Liabilities	<u>\$2,535,313</u>	<u>\$ 962,674</u>	<u>\$ 953,765</u>	<u>\$2,544,222</u>	<u>\$1,170,270</u>

Compensated absences are generally liquidated from the General Fund and claims and judgments are liquidated from the Workers' Compensation Internal Service Fund.

NOTE 6 - Interfund Activity:

Interfund transfers for the year ended June 30, 2014 consisted of the following:

Interfund Transfer:

<u>Transfer from:</u>	<u>Transfer to:</u>	<u>Amount:</u>
General Fund	Capital Projects Fund	\$ 3,650,000

The Transfer was used to move unrestricted, one-time savings in the General Fund to the Capital Projects Fund to fund one-time capital outlay expenditures.

NOTE 7 - Postemployment Health Care Benefits:

Plan Description and Eligibility:

Prior to July 1, 2000, the District provided health insurance benefits to retired employees through a single-employer defined benefit plan. At June 30, 2000, ten retirees were participating in the District's health benefits program. On July 1, 2000, pursuant to an Interlocal Agreement for Fire Services and Consolidation, District fire operations were transferred to the City of Reno and the City accepted liability for the ten retirees under this plan. In accordance with the Interlocal Agreement, the District pays a proportionate share of employees' retiree health benefit costs based on service earned prior to July 1, 2000, for those employees who transferred employment to the City of Reno and retired prior to June 30, 2012 or during the term of the Interlocal Agreement. Health benefits under the City's plan included medical, prescription, vision, dental and life insurance. As of July 1, 2010, the

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Plan is administered through an irrevocable trust, Washoe County, Nevada OPEB Trust (Trust), established on May 11, 2010, by the Board of Washoe County Commissioners. The Trust, a multiple-employer trust, was created to fund and account for the participating employers' costs of retiree healthcare benefits pursuant to Nevada Revised Statutes 287.017. The District is a participating employer in the Trust. Complete financial statements of the Trust may be obtained by writing to: OPEB Trust, c/o Washoe County Comptroller's Office, P.O. Box 11130, Reno, Nevada, 89520.

The Interlocal Agreement was terminated on June 30, 2012, and the District assumed responsibility for its own fire district operations as of July 1, 2012. As of June 30, 2012, in preparation of standing up the new fire operations, 11 former Reno firefighters transferred to the District with the provision the District would provide retiree health benefits for those 11 employees. Any former District employees remaining employed by the City of Reno as of July 1, 2012 retained retiree health benefits with the City and the City retained the liability for those employees. Benefits under the new District plan, a single-employer defined benefit plan, include health, dental, vision and prescription coverage. Eligible retirees who retire from the District will be required to pay for 50% of the retirees' health insurance premium and 100% of the cost of coverage for their families. Eligibility requirements, benefit levels, employee contributions and employer contributions may be amended by the mutual agreement of the Truckee Meadows Fire Protection District and the District's Fire Firefighters' Association.

Funding Policy and Annual OPEB Cost:

The amount of annual contributions each year are established through the annual budget process by the District's Board of Fire Commissioners and may be amended through negotiations with the employee association. The required contributions are based on projected pay-as-you-go financing requirements, with an additional amount, generally equal to the normal cost, to prefund benefits.

The annual OPEB Cost, the percentage of OPEB cost contributed to the Trust, and the net OPEB obligation (asset) at June 30, 2014 and the two preceding years were as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
2012	\$ 47,558	\$ -	0.00%	\$(1,295,031)
2013	70,278	-	0.00%	(1,224,753)
2014	223,415	-	0.00%	(1,001,338)

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

The net OPEB obligation (asset) as of June 30, 2014, was calculated as follows:

Determination of Annual Required Contribution:

Normal cost	\$ 144,970
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	<u>50,387</u>

Annual Required Contribution (ARC) \$ 195,357

Determination of Net OPEB Obligation:

Annual Required Contribution	\$ 195,357
Interest on prior year Net OPEB Obligation (Asset)	(85,733)
Adjustment to ARC	<u>113,791</u>

Annual OPEB Cost 223,415

Retiree Benefit Plan Costs Paid by District	-
District Contributions Made to Trust	<u>-</u>

Increase (Decrease) in Net OPEB Obligation 223,415

Net OPEB Obligation (Asset) – Beginning of Year (1,224,753)

Net OPEB Obligation (Asset) – End of Year \$(1,001,338)

The funded status as of the most recent actuarial valuation was as follows:

Valuation date	7/1/2013
Actuarial Accrued Liability (AAL)	\$4,079,936
Actuarial Value of Plan Assets	<u>3,573,083</u>
Unfunded Actuarial Accrued Liability (Asset) (UAAL)	<u>\$ 506,853</u>
Funded Ratio (Actual Value of Plan Assets/AAL)	87.6%
Covered Payroll (Active Plan Members)*	\$797,886
UAAL as a Percentage of Covered Payroll	63.5%

*The covered payroll for active plan members for the District's retiree group medical plan reported above represents salaries and wages for the 10 former Reno firefighters who transferred from the City of Reno to the District in June 2012 and who were still employed by the District at June 30, 2014. The UAAL shown includes the District's proportionate share of the liability, based on service earned prior to July 1, 2000 for the 45 employees

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

who transferred employment to the City of Reno and retired during the term of the Interlocal Agreement.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information. The schedule will show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

An actuarial valuation of retiree health and life benefits was completed as of July 1, 2013, using the Projected Unit Credit Method. Significant actuarial assumptions used were a 7.00% effective annual discount rate and an initial 8.00% health cost trend reduced by 2.25% for 2016, .50% for 2017, and incrementally thereafter until it reaches 4.50% for 2082 and beyond. The actuarial assumptions also include the employees would not be enrolled in Medicare. The Actuarial Accrued Liability (AAL) is the actuarial present value of benefits attributed to employee service rendered prior to the valuation date. The AAL equals the present value of benefits multiplied by a fraction equal to service date over service at expected retirement. The Normal Cost is the actuarial present value of benefits attributed to one year of service. This equals the present value of benefits divided by service at expected retirement. The plan's unfunded actuarial accrued liability is being amortized as a level dollar amount over an eighteen year closed amortization period.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8 - Pension Program:

State of Nevada's Public Employees Retirement System:

Plan Description: The Truckee Meadows Fire Protection District (the District) contributes to the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing, multiple employer, defined benefit plan administered by the Public Employees Retirement System of the State of Nevada. In fiscal year 2011-12, the District was reorganized to consolidate administration and operations with the Sierra Fire Protection District and to stand up its own operations apart from the City of Reno. The District began contributing to PERS beginning in fiscal year 2011-12. PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. The Public Employees Retirement System of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

Funding Policy: Plan members are funded under one of two methods. Under the employer pay contribution plan method the District is required to contribute all amounts due under the plan. The second method for providing benefits is the employer/employee paid contribution plan where employees are required to contribute a percentage of their compensation to the Plan while the District is required to match that contribution. The contribution requirements of plan members and the District are established and may be amended by Chapter 286 of Nevada Statutes.

The District's contribution rates based on employee members covered payroll and amounts contributed (equal to the required contributions) for fiscal year 2013-14 is as follows:

Fiscal Year	Employer Paid Contribution Rate		Employee/Employer Paid Contribution Rate		Total Contribution
	Regular Members	Police/ Fire	Regular Members	Police/ Fire	
2011-12	23.75%	39.75%	12.25%	20.25%	\$ 344,486
2012-13	23.75%	39.75%	12.25%	20.25%	\$2,711,873
2013-14	25.75%	40.50%	13.25%	20.75%	\$3,109,471

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 - Risk Management:

The District is exposed, as are all entities, to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has joined together with similar public agencies throughout the State of Nevada to create a pool, Nevada Public Agency Insurance Pool (NPAIP), under the Nevada Interlocal Cooperation Act. Property and liability is fully insured with NPAIP with a \$5,000 deductible. The District pays an annual premium to the Pool for its general insurance coverage. The Pool is considered a self-sustaining risk pool that provides coverage for its members up to \$10 million per event. Property, crime and equipment breakdown coverage is provided to its members up to \$300,000,000 per loss with various sub-limits established for earthquake, flood, equipment breakdown, and money and securities.

The District self-funded its health benefits until June 1, 2013. The Health Benefits fund was established to account for life insurance, medical, prescription, dental and vision programs. The self-funded plans contained within the Health Benefits fund are handled through contracts with an external claims administrator and through the purchase of various insurance plans. As of June 1, 2013, the District purchased a guaranteed health benefit plan and is no longer self-funded.

During the term of the Reno/Truckee Meadows Fire Protection District Interlocal Agreement, workers' compensation was fully insured with the City of Reno's self-funded workers' compensation plan. Due to the termination of the Agreement, as of July 1, 2012, the District is no longer self-funded with the City of Reno but has purchased a guaranteed workers compensation insurance plan. However, the District is still required to pay workers' compensation claims costs to the City of Reno for those years the District was self-funded through the City of Reno's workers' compensation plan.

During the fiscal year ended June 30, 2004, the District and the City of Reno instituted a "pay as you go" system for workers' compensation claims. The District shared the combined losses with the Reno Fire Department (RFD). Each year, the District was assigned the portion of paid losses corresponding to the ratio of employees originally transferred from the District to the total number of current RFD employees. The ratio applied to the District for the fiscal year ended June 30, 2012, which was the last fiscal year of the Agreement, was 25%. The District established the Workers' Compensation Fund to account for this program. During the fiscal year ended June 30, 2014, the District paid the City of Reno the amount of \$149,361 for the purpose of buying out its workers' compensation liability for fiscal year 2009.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

The liability for workers' compensation was determined through an actuarial valuation performed for the District as of December 31, 2011. Using a 70% probability level set by the actuary, claims of \$2,424,922 were determined to be long-term in nature. The non-discounted carrying amount of unpaid claims was \$2,903,000. The interest rate used for discount was 3%. Allocated loss adjustment expense is included in the actuarial calculation. Under the plan, the District and the City of Reno self-insure up to a maximum of \$2.5 million for each workers' compensation claim. Claims incurred prior to fiscal year 2004 remain the liability of the City of Reno under the guaranteed payment plan in effect prior to July 1, 2003.

Claims' liability and activity for the fiscal years ended June 30 were as follows:

Claims liability, June 30, 2011	\$2,424,922
Claims and changes in estimates	118,938
Claims paid	<u>(549,860)</u>
Claims liability, June 30, 2012	1,994,000
Claims and changes in estimates	16,731
Claims paid	<u>(524,731)</u>
Claims liability, June 30, 2013	1,486,000
Claims and changes in estimates	97,734
Claims paid	<u>(413,734)</u>
Claims liability, June 30, 2014	<u>\$1,170,000</u>

NOTE 10 – Subsequent Events:

On September 15, 2014, the City of Reno filed a lawsuit against the District alleging the District owes the City \$851,826 for an increase in the Indirect Costs in FY 09-10 and FY 10-11 over what the City originally charged the District. It is the preliminary assessment of the District's counsel that the accusations are without merit. In management's opinion, the ultimate liability of the suit, if any, would not have a material effect on the financial statements.

**TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2014**

	2014 BUDGETED AMOUNTS		2014	
	ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes:				
Ad valorem, general	\$ 9,715,510	\$ 9,715,510	\$ 9,816,203	\$ 100,693
Ad valorem, AB 104	149,102	149,102	142,180	(6,922)
Licenses and permits:				
Gaming, AB 104	6,695	6,695	2,100	(4,595)
Other	-	-	750	750
Intergovernmental:				
Federal grants	-	356,188	46,929	(309,259)
Consolidated taxes	5,005,337	5,005,337	5,206,953	201,616
Real property transfer tax, AB 104	25,026	25,026	30,582	5,556
Supplemental city/county relief tax, AB 104	667,025	667,025	654,633	(12,392)
Interlocal cooperative agreement, fire suppression	6,405,825	6,405,825	7,110,696	704,871
Charges for services:				
Services to other agencies	320,000	320,000	10,000	(310,000)
Other	-	-	1,070	1,070
Miscellaneous:				
Investment earnings	150,000	150,000	155,334	5,334
Net increase in the fair value of investments	-	-	667	667
Other	50,000	54,820	317,052	262,232
Total Revenues	22,494,520	22,855,528	23,495,149	639,621
EXPENDITURES				
Current:				
Public safety function:				
Fire:				
Salaries and wages	10,342,019	10,526,301	9,544,924	981,377
Employee benefits	5,621,572	5,692,398	5,175,745	516,653
Services and supplies	4,829,113	6,129,398	4,732,735	1,396,663
Total Expenditures	20,792,704	22,348,097	19,453,404	2,894,693
Excess (deficiency) of Revenues over (under) Expenditures	1,701,816	507,431	4,041,745	3,534,314
OTHER FINANCING SOURCES (USES)				
Proceeds from asset disposition	-	-	18,762	18,762
Transfers out	(3,650,000)	(3,650,000)	(3,650,000)	-
Contingency	(350,000)	(350,000)	-	350,000
Total Other Financing Sources (Uses)	(4,000,000)	(4,000,000)	(3,631,238)	368,762
Net Change in Fund Balances	(2,298,184)	(3,492,569)	410,507	3,903,076
FUND BALANCES, July 1	9,919,097	9,919,097	9,919,097	-
FUND BALANCES, June 30	\$ 7,620,913	\$ 6,426,528	\$ 10,329,604	\$ 3,903,076

See accompanying notes to Required Supplementary Information.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
EMERGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>2014 BUDGETED AMOUNTS</u>		<u>2014</u>	
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES				
Taxes:				
Ad valorem, general	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
Intergovernmental:				
State grants	-	-	102,953	102,953
Miscellaneous:				
Other	-	-	401,165	401,165
	<u>150,000</u>	<u>150,000</u>	<u>654,118</u>	<u>504,118</u>
Total Revenues				
EXPENDITURES				
Current:				
Public safety function:				
Fire:				
Expenditures	<u>975,000</u>	<u>975,000</u>	<u>468,654</u>	<u>506,346</u>
Net Change in Fund Balances	(825,000)	(825,000)	185,464	1,010,464
FUND BALANCES, July 1	<u>885,843</u>	<u>885,843</u>	<u>586,387</u>	<u>(299,456)</u>
FUND BALANCES, June 30	<u>\$ 60,843</u>	<u>\$ 60,843</u>	<u>\$ 771,851</u>	<u>\$ 711,008</u>

See accompanying notes to Required Supplementary Information.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
RECONCILIATION OF THE GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
TO THE GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2014

	GENERAL FUND (BUDGETARY BASIS)	INTERNALLY REPORTED STABILIZATION FUND	GENERAL FUND (GAAP BASIS)
REVENUES			
Taxes	\$ 9,958,383	\$ -	\$ 9,958,383
Licenses and permits	2,850	-	2,850
Intergovernmental	13,049,793	-	13,049,793
Charges for services	11,070	-	11,070
Miscellaneous	473,053	8,225	481,278
	<hr/>	<hr/>	<hr/>
Total Revenues	23,495,149	8,225	23,503,374
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
Public safety	19,453,404	495	19,453,899
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues over (under) Expenditures	4,041,745	7,730	4,049,475
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Proceeds from asset disposition	18,762	-	18,762
Transfers out	(3,650,000)	-	(3,650,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(3,631,238)	-	(3,631,238)
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	410,507	7,730	418,237
	<hr/>	<hr/>	<hr/>
FUND BALANCES, July 1	9,919,097	565,468	10,484,565
	<hr/>	<hr/>	<hr/>
FUND BALANCES, June 30	\$ 10,329,604	\$ 573,198	\$ 10,902,802
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to Required Supplementary Information.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014

Schedule of Funding Progress – Other Postemployment Benefits

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Unit Credit</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
7/01/2009	\$ -	\$4,472,236	\$4,472,236	0.0%	N/A	N/A
7/01/2011	\$3,533,063	\$3,361,331	\$ (171,732)	105.1%	\$793,352	(21.65)%
7/01/2013	\$3,573,083	\$4,079,936	\$ 506,853	87.6%	\$797,886	63.52%

Trend Analysis

The Actuarial Accrued Liability (AAL) increased by \$718,605 since the last valuation due primarily to a change in assumption from one that assumed all eligible retirees would enroll in Medicare at age 65 to one that acknowledged that under the current agreement, there is no requirement that retirees enroll in Medicare.

See accompanying notes to Required Supplementary Information.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014

NOTE 1 - Reconciliation of the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) to the General Fund Statement of Revenues, Expenditures and Changes in Fund Balances (GAAP Basis):

The accompanying Reconciliation of the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) to the General Fund Statement of Revenues, Expenditures and Changes in Fund Balances (GAAP Basis) presents balances combined for external reporting purposes.

Budget to actual comparisons are presented for all funds of the District, as required by Nevada Revised Statutes. Such budget comparisons are required to be presented using the budget adopted and approved by the State of Nevada Department of Taxation. However, guidance provided in governmental accounting standards specifies that one of these internally reported funds of the District does not meet the definition of a special revenue fund and does not qualify to be separately presented for external reporting purposes.

This internally reported special revenue fund of the District (Stabilization Fund) is combined with the General Fund for external reporting purposes.

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GENERAL FUND BALANCE SHEET (BUDGETARY BASIS) TO THE
GENERAL FUND BALANCE SHEET (GAAP BASIS)
JUNE 30, 2014

	GENERAL FUND (BUDGETARY BASIS)	INTERNALLY REPORTED STABILIZATION FUND	GENERAL FUND (GAAP BASIS)
ASSETS			
Cash and investments	\$ 10,254,569	\$ 571,839	\$ 10,826,408
Accounts receivable	625	-	625
Taxes receivable	165,399	-	165,399
Due from other governments			
Consolidated taxes	917,311	-	917,311
AB 104, fair share	171,459	-	171,459
Other	385,339	-	385,339
Interest receivable	25,188	1,359	26,547
	<u>11,919,890</u>	<u>573,198</u>	<u>12,493,088</u>
Total Assets	\$ 11,919,890	\$ 573,198	\$ 12,493,088
LIABILITIES			
Accounts payable and accrued liabilities	\$ 1,036,875	-	\$ 1,036,875
Due to other governments	84,843	-	84,843
	<u>1,121,718</u>	<u>-</u>	<u>1,121,718</u>
Total Liabilities	1,121,718	-	1,121,718
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	132,414	-	132,414
Unavailable revenue - reimbursement	336,154	-	336,154
	<u>468,568</u>	<u>-</u>	<u>468,568</u>
Total Deferred Inflows of Resources	468,568	-	468,568
FUND BALANCES			
Assigned	3,408,291	-	3,408,291
Unassigned	6,921,313	573,198	7,494,511
	<u>10,329,604</u>	<u>573,198</u>	<u>10,902,802</u>
Total Fund Balances	10,329,604	573,198	10,902,802
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,919,890	\$ 573,198	\$ 12,493,088

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STABILIZATION FUND
FOR THE YEAR ENDED JUNE 30, 2014

	2014 BUDGETED AMOUNTS		2014	
	ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Miscellaneous:				
Investment earnings	\$ 7,000	\$ 7,000	\$ 7,988	\$ 988
Net increase in the fair value of investments	-	-	237	237
Total Revenues	7,000	7,000	8,225	1,225
EXPENDITURES				
Current:				
Public safety function:				
Fire:				
Expenditures	500,000	500,000	495	499,505
Excess (Deficiency) of Revenues over (under) Expenditures	(493,000)	(493,000)	7,730	500,730
FUND BALANCES, July 1	572,334	572,334	565,468	(6,866)
FUND BALANCES, June 30	\$ 79,334	\$ 79,334	\$ 573,198	\$ 493,864

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>2014 BUDGETED AMOUNTS</u>		<u>2014</u>	
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES				
Miscellaneous:				
Investment earnings	\$ 85,000	\$ 85,000	\$ 56,337	\$ (28,663)
Net increase in the fair value of investments	-	-	12,124	12,124
Total Revenues	<u>85,000</u>	<u>85,000</u>	<u>68,461</u>	<u>(16,539)</u>
EXPENDITURES				
Current:				
Public safety function:				
Fire:				
Services and supplies	1,119,053	1,119,053	660,957	458,096
Capital outlay	<u>6,565,529</u>	<u>6,565,529</u>	<u>4,589,373</u>	<u>1,976,156</u>
Total Expenditures	<u>7,684,582</u>	<u>7,684,582</u>	<u>5,250,330</u>	<u>2,434,252</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(7,599,582)</u>	<u>(7,599,582)</u>	<u>(5,181,869)</u>	<u>2,417,713</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>3,650,000</u>	<u>3,650,000</u>	<u>3,650,000</u>	<u>-</u>
Net Change in Fund Balances	<u>(3,949,582)</u>	<u>(3,949,582)</u>	<u>(1,531,869)</u>	<u>2,417,713</u>
FUND BALANCES, July 1	<u>4,861,041</u>	<u>4,861,041</u>	<u>4,861,041</u>	<u>-</u>
FUND BALANCES, June 30	<u>\$ 911,459</u>	<u>\$ 911,459</u>	<u>\$ 3,329,172</u>	<u>\$ 2,417,713</u>

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
 COMBINING STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2014

	GOVERNMENTAL ACTIVITIES		
	WORKERS'	HEALTH	
	COMPENSATION	BENEFITS	
	INTERNAL SERVICE	INTERNAL SERVICE	
	FUND	FUND	TOTAL
ASSETS			
Current assets:			
Cash and investments	\$ 4,631,940	\$ 1,775,799	\$ 6,407,739
Interest receivable	11,304	5,338	16,642
Total Assets	4,643,244	1,781,137	6,424,381
LIABILITIES			
Current liabilities:			
Short-term portion of long-term liabilities:			
Claims and judgments	498,157	-	498,157
Noncurrent liabilities:			
Claims and judgments	671,843	-	671,843
Total Liabilities	1,170,000	-	1,170,000
NET POSITION			
Restricted	\$ 3,473,244	\$ 1,781,137	\$ 5,254,381

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	GOVERNMENTAL ACTIVITIES		
	WORKERS' COMPENSATION INTERNAL SERVICE FUND	HEALTH BENEFITS INTERNAL SERVICE FUND	TOTAL
OPERATING REVENUE			
Miscellaneous	\$ -	\$ 2,479	\$ 2,479
OPERATING EXPENSES			
Services and supplies:			
Claims	97,734	19,330	117,064
Operating Income (Loss)	(97,734)	(16,851)	(114,585)
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	64,851	22,094	86,945
Net increase in the fair value of investments	1,944	698	2,642
Total Nonoperating Revenues (Expenses)	66,795	22,792	89,587
Change in Net Position	(30,939)	5,941	(24,998)
NET POSITION, July 1	3,504,183	1,775,196	5,279,379
NET POSITION, June 30	\$ 3,473,244	\$ 1,781,137	\$ 5,254,381

**TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	GOVERNMENTAL ACTIVITIES		TOTAL
	WORKERS' COMPENSATION INTERNAL SERVICE FUND	HEALTH BENEFITS INTERNAL SERVICE FUND	
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash Flows From Operating Activities:			
Cash payments from others	\$ -	\$ 2,479	\$ 2,479
Cash payments for services and supplies	(488,367)	(44,320)	(532,687)
Net Cash Provided (Used) by Operating Activities	(488,367)	(41,841)	(530,208)
Cash Flows From Investing Activities:			
Investment earnings (loss)	70,134	22,471	92,605
Net Increase (Decrease) in Cash and Cash Equivalents	(418,233)	(19,370)	(437,603)
CASH AND CASH EQUIVALENTS, JULY 1	5,050,173	1,795,169	6,845,342
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 4,631,940</u>	<u>\$ 1,775,799</u>	<u>\$ 6,407,739</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (97,734)	\$ (16,851)	\$ (114,585)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Change in assets and liabilities:			
Decrease in pending claims	(316,000)	-	(316,000)
Decrease in accounts payable	(74,633)	(24,990)	(99,623)
Total Adjustments	(390,633)	(24,990)	(415,623)
Net Cash Provided (Used) by Operating Activities	<u>\$ (488,367)</u>	<u>\$ (41,841)</u>	<u>\$ (530,208)</u>

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
WORKERS' COMPENSATION FUND
FOR THE YEAR ENDED JUNE 30, 2014

	2014 BUDGETED AMOUNTS		2014	
	ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET
OPERATING EXPENSES				
Services and supplies				
Claims	\$ 1,000,000	\$ 1,000,000	\$ 97,734	\$ 902,266
NONOPERATING REVENUES				
Investment earnings	65,000	65,000	64,851	(149)
Net increase in the fair value of investments	-	-	1,944	1,944
Total Nonoperating Revenues	65,000	65,000	66,795	1,795
Change in Net Position	\$ (935,000)	\$ (935,000)	(30,939)	\$ 904,061
NET POSITION, July 1			3,504,183	
NET POSITION, June 30			\$ 3,473,244	

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL
WORKERS' COMPENSATION FUND
FOR THE YEAR ENDED JUNE 30, 2014

	2014 BUDGETED AMOUNTS		2014	
	ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
Cash Flows From Operating Activities:				
Cash payments for services and supplies	\$ (1,000,000)	\$ (1,000,000)	\$ (488,367)	\$ 511,633
Cash Flows From Investing Activities:				
Investment earnings	65,000	65,000	70,134	5,134
Net Increase (Decrease) in Cash and Cash Equivalents	(935,000)	(935,000)	(418,233)	516,767
CASH AND CASH EQUIVALENTS, JULY 1	5,276,768	5,276,768	5,050,173	(226,595)
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 4,341,768</u>	<u>\$ 4,341,768</u>	<u>\$ 4,631,940</u>	<u>\$ 290,172</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)			<u>\$ (97,734)</u>	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Change in assets and liabilities:				
Decrease in pending claims			(316,000)	
Decrease in accounts payable			<u>(74,633)</u>	
Total Adjustments			<u>(390,633)</u>	
Net Cash Provided (Used) by Operating Activities			<u>\$ (488,367)</u>	

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
HEALTH BENEFITS FUND
FOR THE YEAR ENDED JUNE 30, 2014

	2014 BUDGETED AMOUNTS		2014	
	ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET
OPERATING REVENUES				
Miscellaneous	\$ -	\$ -	\$ 2,479	\$ 2,479
OPERATING EXPENSES				
Services and supplies	250,000	250,000	19,330	230,670
Operating Income (Loss)	(250,000)	(250,000)	(16,851)	233,149
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	100	100	22,094	21,994
Net increase in the fair value of investments	-	-	698	698
Total Nonoperating Revenues (Expenses)	100	100	22,792	22,692
Change in Net Position	<u>\$ (249,900)</u>	<u>\$ (249,900)</u>	\$ 5,941	<u>\$ 255,841</u>
NET POSITION, July 1			<u>1,775,196</u>	
NET POSITION, June 30			<u>\$ 1,781,137</u>	

**TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL
HEALTH BENEFITS FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	2014 BUDGETED AMOUNTS		2014	
	ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
Cash Flows From Operating Activities:				
Cash received from others	\$ -	\$ -	\$ 2,479	\$ 2,479
Cash payments for services and supplies	(250,000)	(250,000)	(44,320)	205,680
Net Cash Provided (Used) by Operating Activities	(250,000)	(250,000)	(41,841)	208,159
Cash Flows From Investing Activities:				
Investment earnings (loss)	100	100	22,471	22,371
Net Increase (Decrease) in Cash and Cash Equivalents	(249,900)	(249,900)	(19,370)	230,530
CASH AND CASH EQUIVALENTS, JULY 1	1,705,007	1,705,007	1,795,169	90,162
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 1,455,107</u>	<u>\$ 1,455,107</u>	<u>\$ 1,775,799</u>	<u>\$ 320,692</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)			<u>\$ (16,851)</u>	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Change in assets and liabilities:				
Increase (decrease) in:				
Accounts payable			<u>(24,990)</u>	
Net Cash Provided (Used) by Operating Activities			<u>\$ (41,841)</u>	

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

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Truckee Meadows Fire Protection District (the District) (a component unit of Washoe County, Nevada) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 18, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Kafoury, Armstrong & Co.

Reno, Nevada
November 18, 2014

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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, 2013.

PRIOR YEAR RECOMMENDATIONS

There were no financial statement findings included in the prior year report.

CURRENT YEAR RECOMMENDATIONS

We did not find any financial weaknesses of a magnitude to justify inclusion within our audit report.

