



Truckee Meadows Fire Protection District

June 30, 2017



Financial Statements
June 30, 2017

Truckee Meadows Fire Protection District

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Independent Auditor's Report

To the Honorable Board of Fire Commissioners
Truckee Meadows Fire Protection District
Reno, Nevada

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, 2017, 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 on 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress, schedule of proportionate share of the net pension liability, and schedule of contributions on pages 4-10, 40-43, 44, 45 and 46, 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 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 our report dated November 30, 2017 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 solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Reno, Nevada
November 30, 2017

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, 2017.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$18,355,713 of which includes \$22,514,395 net investment in capital assets, \$1,192,390 restricted for wildland fire emergencies, \$10,208,733 restricted for capital projects, \$2,500 restricted for equipment, \$1,087,841 restricted for claims, and (\$16,650,146) which is the unrestricted net position. Governmental activities include all funds of the District.
- The District merged the administration and operations of the Sierra Fire Protection District into the District as of July 1, 2016. The beginning net position of \$4,088,643 of The Sierra Fire Protection District was recorded as a prior period adjustment to the District's beginning net position.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$23,063,987, an increase of \$3,838,364 or 19.96% in comparison with the prior year. This increase was primarily caused by the merger of operations of the Sierra Fire Protection District. Approximately 43.59% 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, 2017, were \$50,597,293 with capital assets, net of accumulated depreciation, accounting for \$22,514,395 of that total. Of the total liabilities of \$38,250,180, approximately 94.19% represent liabilities related to long-term liabilities of the District. This is an increase of \$8,909,697 in liabilities in comparison with the prior year which was primarily caused by the increase in the Net Pension Liability, the increase in other post-employment benefits related to the merger of Sierra Fire Protection District and the increase in estimated claims and judgements liability.

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, 2017 were \$28,323,826 consisting primarily of taxes and intergovernmental revenues, while total expenses were \$30,595,260. This resulted in a decrease in net position of \$2,271,434 or 13.73% from prior year. The decrease was primarily caused by a one-time increase in estimated workers compensation claims costs. The District's net position as of year-end is strong.

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 11 and 12 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 13-16 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 the District is fully insured for employee health benefit, the health benefits liability internal service fund was deemed no longer necessary and closed during fiscal year 2017. 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 17-19 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 20-39 of this report.

Other information. The District maintains a stabilization fund and a sick annual comp benefits fund for internal purposes. These funds do not meet the definition of special revenue funds 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 these funds is included in the General Fund in the basic financial statements; however, since the District prepares a budget for these funds, a reconciliation of budgetary basis financial statements to GAAP basis financial statements is presented on pages 43 and 48 of this report.

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, 2017, the District's total net position was \$18,355,713, which is a \$1,817,209 increase from the prior year. The primary reason for the increase was the prior period adjustment of \$4,088,643 related to the merger of the Sierra Fire Protection District operations.

Truckee Meadows Fire Protection District's Net Position

	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Current and other assets	\$28,082,898	\$25,739,297
Capital assets	<u>22,514,395</u>	<u>17,671,594</u>
Total assets	<u>50,597,293</u>	<u>43,410,891</u>
Deferred outflows of resources	<u>8,437,304</u>	<u>5,749,113</u>
Other liabilities	2,221,324	1,461,457
Long-term liabilities	<u>36,028,856</u>	<u>27,879,026</u>
Total liabilities	<u>38,250,180</u>	<u>29,340,483</u>
Deferred inflows of resources	<u>2,428,704</u>	<u>3,281,017</u>
Net position:		
Investment in capital assets	22,514,395	17,671,594
Restricted	12,491,464	11,590,181
Unrestricted	<u>(16,650,146)</u>	<u>(12,723,271)</u>
Total net position	<u>\$ 18,355,713</u>	<u>\$16,538,504</u>

The assets and deferred outflows of resources of the District's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$18,355,713. 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, 2017 was \$22,514,395. 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 \$12,491,464 represents resources that are subject to external restrictions on how they may be used, such as the workers' compensation claims, capital projects and emergencies. The remaining balance of unrestricted net position was (\$16,650,146).

At the end of the current fiscal year, the District is able to report positive balances in two of the three categories of net position. The negative unrestricted net position was caused by the implementation of a new accounting standard requiring the reporting of the Net Pension Liability on the balance sheet.

Truckee Meadows Fire Protection District's Changes in Net Position

	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Revenues:		
Program revenues:		
Charges for services	\$ 602,279	\$ 7,230,944
Capital grants and contributions	13,122	-
Operating grants and contributions	15,599	82,699
General revenues:		
Property taxes	17,100,142	11,099,590
Consolidated taxes	7,713,537	5,874,270
Other taxes	1,298,648	818,165
Unrestricted investment earnings	38,285	509,202
Reimbursements	1,403,146	414,085
Other	<u>139,068</u>	<u>601,690</u>
Total revenues	<u>28,323,826</u>	<u>26,630,645</u>
Expenses:		
Public safety	<u>30,595,260</u>	<u>24,435,890</u>
Increase (Decrease) in net position	(2,271,434)	2,194,755
Net position, July 1	16,538,504	14,343,749
Prior period adjustment	<u>4,088,643</u>	<u>-</u>
Net position, June 30	<u>\$18,355,713</u>	<u>\$16,538,504</u>

Total Revenues. The District's total revenues increased by \$1,693,181 or 6.36%. The primary increase was caused by an increase of property tax, consolidated tax revenue and other revenues which reflects the combined tax basis due to the merger with Sierra Fire Protection basis and a recovering economy. This increase was partially offset by a decrease in charges for service due to a reduction in fees collected from Sierra Fire Protection District under the previous interlocal agreement during fiscal year 2016.

Total Expenses. The District's total expenses increased by \$6,159,370 or by 25.21% which was primarily due to an increase in workers compensation claims costs and continued growth of the District.

Net Position. The District's total net position increased by \$1,817,209 during the fiscal year ended June 30, 2017, and \$2,194,755 during the fiscal year ended June 30, 2016. The increase in total net position in the fiscal year ended June 30, 2017 was primarily caused by the prior period adjustment of related to the merger of the Sierra Fire Protection District operations.

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 \$23,063,987, an increase of \$3,838,364 or 19.96% in comparison with the prior year. This increase was primarily caused by the merger of operations of the Sierra Fire Protection District. Approximately 43.59% of the combined ending fund balance is available for spending at the government's discretion (unassigned fund balance).

The General Fund is the primary operating fund of the District. For the fiscal year ended June 30, 2017, the total fund balance for the General Fund was \$11,586,645. The total fund balance includes an assigned fund balance of \$5,530,895, which consists of \$64,551 assigned for encumbrances and appropriated fund balance, \$4,021,596 assigned to pay out accrued sick and annual compensation balances, and \$591,314 assigned for stabilization needs. The remaining fund balance consists of \$2,500 restricted for equipment purchase, \$21,089 in nonspendable fund balance, and \$10,053,757 unassigned.

The total fund balance for the General Fund in the amount of \$11,586,645 is an increase of \$41,297 from the prior year. This increase is primarily caused by the merger of operations of the Sierra Fire Protection District offset by an increase in transfers to the Capital Projects Fund.

As a measure of the General Fund's liquidity, it may be useful to compare the June 30, 2017, total fund balance not attributable to the Stabilization Fund or the Sick Annual Comp Benefits Fund of \$10,141,897 to fund expenditures. The fund balance represents 43.86% of total General Fund expenditures. This represents approximately 5 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 2017, the District incurred large wildland fires within its jurisdiction; and 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 \$957,710. The Emergency Fund balance as of June 30, 2017 was \$1,192,390. The Capital Projects Fund activity in fiscal year 2017 included, among other things, the purchase of radios, command vehicles, 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, 2017, was \$1,087,841. The Health Benefits Fund was closed during fiscal year 2017. In fiscal year 2017, the District fully funded its workers' compensation liabilities. In fiscal year 2018, the District budgeted to continue to fully fund the District's workers' compensation liabilities.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The District's net investment in capital assets as of June 30, 2017, amounts to \$22,514,395 (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

- The District relies primarily on two types of tax revenues. The first of these is ad valorem or property taxes and is directly affected by the assessed property tax values in Washoe County, Nevada. Property tax revenues are projected to increase for 2017-2018. Assessed values increased by 3.15% for the coming fiscal year.
- The second significant tax revenue for the District, the consolidated tax, consists primarily of sales taxes. For the year ended June 30, 2017, taxable sales in Washoe County increased by 5.8% over the previous fiscal year. The District budgeted sales tax revenue consistent with projections obtained from the State of Nevada Department of Taxation.

These factors were considered in preparing the District's budget for the 2018 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, 1001 East Ninth Street, Reno, Nevada 89512.

Truckee Meadows Fire Protection District
Statement of Net Position
June 30, 2017

	Governmental Activities
Assets	
Cash and investments	\$ 25,572,503
Restricted cash and investments	2,500
Accounts receivable	182,542
Taxes receivable	223,482
Due from other governments	1,934,134
Interest receivable	70,429
Deposits	82,651
Prepays	14,657
Capital assets, not being depreciated	3,203,386
Capital assets, net of accumulated depreciation	19,311,009
Total assets	<u>50,597,293</u>
Deferred Outflows of Resources	
Pension related amounts	<u>8,437,304</u>
Liabilities	
Accounts payable and accrued liabilities	1,803,257
Due to other governments	418,067
Noncurrent liabilities	
Due within one year	
Claims and judgments	96,133
Compensated absences	1,330,050
Tax refund	62,212
Due in more than one year	
Claims and judgments	1,232,996
Compensated absences	999,693
Tax refund	311,060
Other postemployment benefits	2,799,509
Net pension liability	29,197,203
Total liabilities	<u>38,250,180</u>
Deferred Inflows of Resources	
Pension related amounts	<u>2,428,704</u>
Net Position	
Investment in capital assets	22,514,395
Restricted for	
Wildland fire emergencies	1,192,390
Capital projects	10,208,733
Equipment purchase	2,500
Claims	1,087,841
Unrestricted	<u>(16,650,146)</u>
Total net position	<u><u>\$ 18,355,713</u></u>

Truckee Meadows Fire Protection District
Statement of Activities
Year Ended June 30, 2017

Functions/Programs	Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities					Governmental Activities
Public safety	\$ 30,595,260	\$ 602,279	\$ 13,122	\$ 15,599	\$ (29,964,260)
General Revenues					
Ad valorem taxes					17,100,142
Intergovernmental Revenues					
Consolidated taxes					7,713,537
SCCRT-AB104					1,224,262
Real property transfer tax					74,386
Licenses and permits					125,208
Reimbursements					1,403,146
Unrestricted investment earnings					38,285
Other					13,860
Total general revenues					27,692,826
Change in Net Position					(2,271,434)
Net Position, Beginning of Year					16,538,504
Prior Period Adjustment					4,088,643
Net Position, Beginning of Year, as restated					20,627,147
Net Position, End of Year					\$ 18,355,713

Truckee Meadows Fire Protection District
Balance Sheet – Governmental Funds
June 30, 2017

	General Fund (GAAP Basis)	Emergency Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash and investments	\$ 11,243,031	\$ 1,197,910	\$ 10,521,887	\$ 22,962,828
Restricted cash and investments	2,500	-	-	2,500
Accounts receivable	158,285	-	24,257	182,542
Taxes receivable	223,482	-	-	223,482
Due from other governments	1,746,533	187,601	-	1,934,134
Interest receivable	35,165	-	28,893	64,058
Deposits	6,432	-	76,219	82,651
Prepaid	14,657	-	-	14,657
Total assets	\$ 13,430,085	\$ 1,385,511	\$ 10,651,256	\$ 25,466,852
Liabilities				
Accounts payable and accrued liabilities	\$ 1,431,433	\$ 5,520	\$ 366,304	\$ 1,803,257
Due to other governments	218,991	-	-	218,991
Total liabilities	1,650,424	5,520	366,304	2,022,248
Deferred Inflows of Resources				
Unavailable revenues				
Property taxes	193,016	-	-	193,016
Reimbursements	-	187,601	-	187,601
Total deferred inflows of resources	193,016	187,601	-	380,617
Fund Balances				
Nonspendable	21,089	-	76,219	97,308
Restricted	2,500	1,192,390	10,208,733	11,403,623
Assigned	5,530,895	-	-	5,530,895
Unassigned	6,032,161	-	-	6,032,161
Total fund balances	11,586,645	1,192,390	10,284,952	23,063,987
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,430,085	\$ 1,385,511	\$ 10,651,256	\$ 25,466,852

Truckee Meadows Fire Protection District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2017

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

Total fund balances - total governmental funds		\$ 23,063,987
Capital assets used in governmental activities are not financial resources, and, therefore are not reported in the funds.		
Governmental capital assets	36,779,811	
Less accumulated depreciation	<u>(14,265,416)</u>	
		22,514,395
Deferred inflows of resources are not available to pay for current period expenditures, and, therefore, are deferred in the funds.		
		380,617
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the funds.		
Compensated absences	(2,329,743)	
Tax refund	(373,272)	
Other postemployment benefits	(2,799,509)	
Net pension liability	<u>(29,197,203)</u>	
		(34,699,727)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	8,437,304	
Deferred inflows of resources related to pensions	<u>(2,428,704)</u>	
		6,008,600
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		
		<u>1,087,841</u>
Net position of governmental activities		<u><u>\$ 18,355,713</u></u>

Truckee Meadows Fire Protection District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2017

	General Fund (GAAP Basis)	Emergency Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Taxes	\$ 17,026,920	\$ -	\$ -	\$ 17,026,920
Licenses and permits	125,208	-	-	125,208
Intergovernmental	9,603,184	-	-	9,603,184
Charges for services	11,280	-	-	11,280
Miscellaneous	385,200	851,450	69,104	1,305,754
Total revenues	<u>27,151,792</u>	<u>851,450</u>	<u>69,104</u>	<u>28,072,346</u>
Expenditures				
Current				
Public safety	23,167,634	957,710	751,743	24,877,087
Capital outlay	35,970	-	2,378,677	2,414,647
Total expenditures	<u>23,203,604</u>	<u>957,710</u>	<u>3,130,420</u>	<u>27,291,734</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,948,188</u>	<u>(106,260)</u>	<u>(3,061,316)</u>	<u>780,612</u>
Other Financing Sources (Uses)				
Transfers in	616,544	-	6,300,000	6,916,544
Transfers out	(6,650,000)	-	-	(6,650,000)
Sale of capital assets	29,593	-	24,257	53,850
Total other financing sources (uses)	<u>(6,003,863)</u>	<u>-</u>	<u>6,324,257</u>	<u>320,394</u>
Net Change in Fund Balances	<u>(2,055,675)</u>	<u>(106,260)</u>	<u>3,262,941</u>	<u>1,101,006</u>
Fund Balances, Beginning of Year	11,545,348	658,264	7,022,011	19,225,623
Prior Period Adjustment	<u>2,096,972</u>	<u>640,386</u>	<u>-</u>	<u>2,737,358</u>
Fund Balances, Beginning, as Restated	<u>13,642,320</u>	<u>1,298,650</u>	<u>7,022,011</u>	<u>21,962,981</u>
Fund Balances, End of Year	<u><u>\$ 11,586,645</u></u>	<u><u>\$ 1,192,390</u></u>	<u><u>\$ 10,284,952</u></u>	<u><u>\$ 23,063,987</u></u>

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
Year Ended June 30, 2017

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

Net change in fund balances - total governmental funds		\$ 1,101,006
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.		
Expenditures for capital assets	2,191,414	
Less current year depreciation/amortization	<u>(1,348,462)</u>	
		842,952
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. Thus, the change in net position differs from the change in fund balances by the change in unavailable revenue.		
		259,342
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	(342,479)	
Change in tax refund	(373,272)	
Change in postemployment benefits	<u>(488,496)</u>	
		(1,204,247)
In the statement of activities, the gain or loss on the disposal of capital assets is reported. In the governmental funds, the gain or loss is not reported. Thus, the change in net position differs from the change in fund balances by the cost of the assets sold less the balance in accumulated depreciation.		
		(151,966)
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned is reported as pension expense.		
Pension contributions	3,793,840	
Pension expense	<u>(4,091,777)</u>	
		(297,937)
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.		
		<u>(2,820,584)</u>
Change in net position of governmental activities		<u>\$ (2,271,434)</u>

Truckee Meadows Fire Protection District
Statement of Net Position – Proprietary Fund
June 30, 2017

	Governmental Activities Internal Service Funds
Assets	
Current assets	
Cash and investments	\$ 2,609,675
Interest receivable	<u>6,371</u>
Total assets	<u>2,616,046</u>
Liabilities	
Current liabilities	
Due to other governments	199,076
Claims and judgments	96,133
Noncurrent liabilities	
Claims and judgments	<u>1,232,996</u>
Total liabilities	<u>1,528,205</u>
Net Position	
Restricted	<u><u>\$ 1,087,841</u></u>

Truckee Meadows Fire Protection District
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund
Year Ended June 30, 2017

	Governmental Activities Internal Service Funds
Operating Expenses	
Services and supplies	
Claims	\$ 2,543,610
Miscellaneous	<u>2,568</u>
Total operating expenses	<u>2,546,178</u>
Nonoperating Revenues (Expenses)	
Investment earnings	41,147
Net decrease in the fair value of investments	<u>(49,009)</u>
Total nonoperating revenues (expenses)	<u>(7,862)</u>
Loss Before Transfers	<u>(2,554,040)</u>
Transfers In	
General Fund	350,000
Transfers Out	
General Fund	<u>(616,544)</u>
Total transfers	<u>(266,544)</u>
Change in Net Position	(2,820,584)
Net Position, Beginning of Year	<u>3,908,425</u>
Net Position, End of Year	<u><u>\$ 1,087,841</u></u>

Truckee Meadows Fire Protection District
Statement of Cash Flows – Proprietary Fund
Year Ended June 30, 2017

	Governmental Activities Internal Service Funds
Operating Activities	
Cash payments for services and supplies	<u>\$ (1,615,762)</u>
Noncapital Financing Activities	
Transfers in	350,000
Transfers out	<u>(616,544)</u>
Net Cash from (used for) Noncapital Financing Activities	<u>(266,544)</u>
Investing Activities	
Investment earnings	<u>(3,499)</u>
Net Change in Cash and Cash Equivalents	(1,885,805)
Cash and Cash Equivalents, Beginning of Year	<u>4,495,480</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 2,609,675</u></u>
Reconciliation of operating income (loss) to net cash from (used for)	
operating activities	
Operating income (loss)	\$ (2,546,178)
Adjustments to reconcile operating income (loss) to net cash	
from (used for) operating activities:	
Change in	
Due to other governments	134,287
Pending claims	<u>796,129</u>
Total adjustments	<u>930,416</u>
Net Cash used for Operating Activities	<u><u>\$ (1,615,762)</u></u>

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. As of July 1, 2016, Sierra Fire Protection District's operations were consolidated into the District, as such; the District's beginning balances have been restated to include the July 1, 2016 balances of Sierra Fire Protection District in accordance with Government Accounting Standards Board Statement No. 69, *Government Combinations and Disposals of Government Operations*.

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.

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, postemployment 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. The effect of interfund activity has been removed from the government-wide financial statements.

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.
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.

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. 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.

Taxes Receivable

Real and personal property taxes receivable reflect only those taxes receivable from the delinquent roll years. Delinquent taxes from all roll years prior to 2014-2015 have been written off. 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.

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:

Land improvements	40 years
Buildings	40 years
Building improvements	20 years
Vehicles and equipment	5-20 years

Pension

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and Governmental Funds Balance Sheet may report a separate section for deferred outflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District recognizes deferred outflow of resources as it related to the net pension liability.

In addition to liabilities, the Statement of Net Position and Governmental Funds Balance Sheet may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents and acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District recognizes deferred inflow of resources as it relates to the net pension liability on the Statement of Net Position. In addition, the District recognizes deferred inflows of resources as they relate to property taxes and wildland fire reimbursements in the governmental fund financial statements.

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 through constitutional provisions or enabling legislation). For the District, the restricted fund balance consists of restricted assets for capital projects, emergency resources and contributions to be used for specific purpose. 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 and amounts internally reported for sick and annual compensation benefits and stabilization purposes. 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.

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.

Implementation of GASB Statement No. 77

As of July 1, 2016, the Truckee Meadows Fire Protection District adopted GASB Statement No. 77, *Tax Abatement Disclosures*. The implementation of this standard requires governments to disclosure information related to tax abatements. The additional disclosures required by this standard are included in Note 10.

Implementation of GASB Statement No. 82

As of July 1, 2016, the Truckee Meadows Fire Protection District adopted GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*. The implementation of this standard clarified data is presented in disclosures and required supplementary information related to pensions. The required supplementary information and disclosures included in Note 8 have been updated in accordance with this standard.

Note 2 - Compliance with Nevada Revised Statutes and the Nevada Administrative Code

While it appears that the actual expenses of the Workers' Compensation Internal Service Fund is over the statutory limit of \$1,350,000, per NRS 354.626 subsection 2, the NRS provides an exception directly related to a program of insurance. The District conformed to all significant statutory and administrative code constraints on its financial administration during the year.

Note 3 - Cash and Investments

The District is a voluntary participant in the Washoe County Investment Pool (WCIP). The Washoe County Board of County Commissioners administers and is responsible for the WCIP in accordance with NRS 355.175. The investment pool is not registered with the SEC as an investment company. Public Financial Management, LLC determines the fair value of the investment pool monthly. Washoe County has not provided or obtained any legally binding guarantees during the audit period to support these values. Each participant's share is equal to their investment plus or minus their pro-rata portion of monthly interest income and realized and unrealized gains/losses. The related fair value is determined as follows:

	<u>June 30, 2017</u>
	<u>Fair Value</u>
Washoe County Investment Pool	<u>\$ 25,575,003</u>

Credit Risk

Fixed income securities are subject to credit risk. Credit risk refers to the risk that a borrower will default on debt by failing to make required payments. The District does not hold any such investments directly, but participates in the WCIP. The WCIP is unrated by recognized statistical rating agencies

Custodial Credit Risk

Custodial credit risk is the risk that an entity's deposits, which are in the possession of an outside party, will not be returned to the entity if the counterparty fails. The District is a participant in the WCIP. Balances in the WCIP are covered by one or more of the following: Federal depository insurance, the Securities Investor Protection Corporation, collateral held by the District's agent in the District's name, or by collateral held by depositories in the name of the Nevada Collateral Pool, and the balances are not exposed to custodial credit risk.

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

Governmental Activities

	TMFPD 7/1/2016, Balance	SFPD 7/1/2016, Balance	Balance 7/1/2016, as restated	Increases	Decreases	Balance June 30, 2017
Capital assets, not being depreciated						
Land	\$ 2,073,174	\$ 121,000	\$ 2,194,174	\$ -	\$ -	\$ 2,194,174
Construction in progress	206,555	51,114	257,669	1,471,534	(719,991)	1,009,212
Total capital assets, not being depreciated	<u>2,279,729</u>	<u>172,114</u>	<u>2,451,843</u>	<u>1,471,534</u>	<u>(719,991)</u>	<u>3,203,386</u>
Capital assets, being depreciated						
Land improvements	344,132	24,105	368,237	25,110	-	393,347
Buildings and building improvements	11,942,390	2,901,259	14,843,649	24,490	-	14,868,139
Vehicles and equipment	<u>14,383,001</u>	<u>3,307,257</u>	<u>17,690,258</u>	<u>1,285,976</u>	<u>(661,295)</u>	<u>18,314,939</u>
Total capital assets, being depreciated	<u>26,669,523</u>	<u>6,232,621</u>	<u>32,902,144</u>	<u>1,335,576</u>	<u>(661,295)</u>	<u>33,576,425</u>
Less accumulated depreciation for						
Land improvements	(198,376)	(10,150)	(208,526)	(19,303)	-	(227,829)
Buildings and building improvements	(4,341,085)	(392,041)	(4,733,126)	(441,482)	-	(5,174,608)
Vehicles and equipment	<u>(6,738,197)</u>	<u>(1,850,729)</u>	<u>(8,588,926)</u>	<u>(887,677)</u>	<u>613,624</u>	<u>(8,862,979)</u>
Total accumulated depreciation	<u>(11,277,658)</u>	<u>(2,252,920)</u>	<u>(13,530,578)</u>	<u>(1,348,462)</u>	<u>613,624</u>	<u>(14,265,416)</u>
Total capital assets, being depreciated, net	<u>15,391,865</u>	<u>3,979,701</u>	<u>19,371,566</u>	<u>(12,886)</u>	<u>(47,671)</u>	<u>19,311,009</u>
Governmental activities capital assets, net	<u>\$ 17,671,594</u>	<u>\$ 4,151,815</u>	<u>\$ 21,823,409</u>	<u>\$ 1,458,648</u>	<u>\$ (767,662)</u>	<u>\$ 22,514,395</u>

The increase in accumulated depreciation includes depreciation expense of \$1,348,462 charged to the public safety function.

Note 5 - Long-Term Liabilities

The District does not have any general obligation bonds outstanding as of June 30, 2017. Long-term liability activity for the year ended June 30, 2017, was as follows:

	Amount Outstanding July 1, 2016	Additions	Reductions	Amount Outstanding June 30, 2017	Due Within One Year
Compensated absences	\$ 1,987,264	\$ 1,413,611	\$ 1,071,132	\$ 2,329,743	\$ 1,330,050
Claims and judgments	533,000	2,543,610	1,747,481	1,329,129	96,133
Tax refund	-	373,272	-	373,272	62,212
	<u>\$ 2,520,264</u>	<u>\$ 4,330,493</u>	<u>\$ 2,818,613</u>	<u>\$ 4,032,144</u>	<u>\$ 1,488,395</u>

The tax refund liability of \$373,272 consists of a pending refund due to the State of Nevada-Department of Taxation for overpaid Nevada State Use taxes. Compensated absences and the net pension liability 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, 2017 consisted of the following:

	Transfer in			
	General Fund	Capital Projects Fund	Workers' Compensation Fund	Total Transfers out
Transfers out				
General Fund	\$ -	\$ 6,300,000	\$ 350,000	\$ 6,650,000
Health Benefits Fund	616,544	-	-	616,544
	<u>\$ 616,544</u>	<u>\$ 6,300,000</u>	<u>\$ 350,000</u>	<u>\$ 7,266,544</u>

The transfer from the General Fund to the Capital Projects Fund was used to move unrestricted, one-time savings to fund one-time capital outlay expenditures. The transfer from the General Fund to the Workers' Compensation Fund was to fund higher than anticipated workers' compensation claims. The transfer from the Health Benefits Internal Service Fund to the General Fund was used to close the Health Benefits Internal Service Fund. The District is fully insured for employee health benefits; therefore the use of the internal service fund is no longer necessary.

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 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, 2017 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>
2015	\$ 214,891	\$ -	0.00%	\$ (786,447)
2016	257,678	-	0.00%	(528,769)
2017	488,496	-	0.00%	2,799,509

The net OPEB obligation (asset) as of June 30, 2017, was calculated as follows:

Determination of Annual Required Contribution:

Normal cost	\$ 436,941
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	<u>126,921</u>
Annual Required Contribution (ARC)	<u><u>\$ 563,862</u></u>

Determination of Net OPEB Obligation (Asset):

Annual Required Contribution	\$ 563,862
Interest on prior year net OPEB obligation (asset)	161,771
Adjustment to ARC	<u>(237,137)</u>
Annual OPEB Cost	488,496
Retiree benefit plan costs paid by district	-
District contributions made to OPEB Trust	<u>-</u>
Change in net OPEB obligation (asset)	488,496
Net OPEB Obligation (Asset), Beginning of Year, as restated	<u>2,311,013</u>
Net OPEB Obligation (Asset), End of Year	<u><u>\$ 2,799,509</u></u>

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

Actuarial valuation date	July 1, 2016
Accrued actuarial liability (a)	\$ 6,128,670
Actuarial value of plan assets (b)	<u>4,972,679</u>
Unfunded actuarial accrued liability (asset) (a-b)	<u>\$ 1,155,991</u>
Funded ratio (b/a)	81.1%
Covered payroll* (active plan members) (c)	\$ 8,442,493
Unfunded actuarial accrued liability (asset) as a percentage of covered payroll [(a - b)/c]	13.69%

*The covered payroll for active plan members for the District's retiree group medical plan reported above represents salaries and wages for the 9 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, 2017 as well as employees who were hired by the District prior to July 1, 2014. The UAAL shown includes the District's proportionate share of the liability, based on service earned prior to July 1, 2000 for the 43 employees who transferred employment to the City of Reno and retired during the term of the Interlocal Agreement as well as current eligible employees.

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, 2014, using the Projected Unit Credit Method. Significant actuarial assumptions used were a 7.00% effective annual discount rate and an initial 9.84% health cost trend for non-Medicare and 7.00% for Medicare. The non-Medicare health cost trend assumes a staggered decline before an ultimate trend rate of 4.75% for 2074 and beyond. The Medicare health cost trend assumes a staggered decline before an ultimate trend rate of 5.00% for 2075 and beyond. The actuarial assumptions also assume that Medicare will be the primary coverage once the retiree reaches the age of 65. 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 a 15 year closed amortization period.

Note 8 - Defined Benefit Pension Plan

Plan Description

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

Benefits Provided

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

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

Post-retirement increases are provided by authority of NRS 286.575 - .579.

Vesting

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service. Regular members entering PERS on or after July 1, 2015 are eligible for retirement at age 65 with five years of service, or at age 62 with ten years of service, or at age 55 with thirty years of service, or at any age with 33 1/3 years of service.

Police/Fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service. Police/Fire members entering PERS on or after January 1, 2010, are eligible for retirement at 65 with five years of service, or age 60 with ten years of service, or age 50 with twenty years of service, or at any age with thirty years of service. Only service performed in a position as a police officer or firefighter may be counted towards eligibility for retirement as Police/Fire accredited service.

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

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

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

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

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

For the fiscal years ended June 30, 2016 and 2017 the Statutory Employer/employee matching rates were 14.50% for Regular and 20.75% for Police/Fire. The Employer-pay contribution (EPC) rate for fiscal years ending June 30, 2016 and 2017 was 28.00% for Regular and 40.50% for Police/Fire.

The District's contributions were \$3,793,840 for the year ended June 30, 2017.

PERS Investment Policy

PERS' policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

The following was the PERS Board adopted policy target asset allocation as of June 30, 2016:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%

As of June 30, 2016, PERS' long-term inflation assumption was 3.5%.

Net Pension Liability

At June 30, 2017, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's allocation percentage of the net pension liability was based on the District's total contributions due on wages paid during the measurement period. The District's proportion of the net pension liability is based on its combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2016. At June 30, 2016, the District's proportion was .21696 percent, which is a decrease of .00433 from the portion measured as of June 30, 2015.

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the District as of June 30, 2016, calculated using the discount rate of 8.00%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current discount rate:

	1% Decrease in Discount Rate (7.00%)	Discount Rate (8.00%)	1% Increase in Discount Rate (9.00%)
Net Pension Liability	\$ 42,797,396	\$ 29,197,203	\$ 17,882,010

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website.

Actuarial Assumptions

The District's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	3.50%
Payroll Growth	5.00% including inflation
Investment Rate of Return	8.00%
Productivity Pay Increase	0.75%
Projected Salary Increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.5%, depending on service Rates include inflation and productivity increases
Consumer Price Index	3.50%
Other Assumptions	Same as those used in the June 30, 2016 funding actuarial valuation

Mortality rates for non-disabled male regular members were based on the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA. Mortality rates for non-disabled female regular members were based on the RP-2000 Combined Healthy Mortality Table, projected to 2013 with Scale AA, set back one year. Mortality rates for all non-disabled police/fire members were based on the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set forward one year. The mortality table used in the actuarial valuation to project mortality rates for all disabled regular members and all disabled police/fire members is the RP-2000 Disabled Retiree Mortality Table projected to 2013 with Scale AA, set forward three years.

Actuarial assumptions used in the June 30, 2016 valuation were based on the results of the experience review completed in 2013.

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2016. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2016, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2016.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2017, the District recognized pension expense of \$4,091,777. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,955,120
Changes in assumptions or other inputs		
Net difference between projected and actual earnings on pension plan investments	2,714,243	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	1,929,221	473,584
District contributions subsequent to the measurement date	3,793,840	-
	<u>\$ 8,437,304</u>	<u>\$ 2,428,704</u>
Total		

Deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date in the amount of \$3,793,840 will be recognized as a reduction of the net pension liability in the year ending June 30, 2018.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined at July 1, 2015 (the beginning of the measurement period ended June 30, 2016) is 6.48 years.

Other estimated amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	
2018	\$ 110,285
2019	110,285
2020	1,297,646
2021	790,609
2022	(33,324)
Thereafter	<u>(60,741)</u>
Total	<u><u>\$ 2,214,760</u></u>

Additional Information

The PERS Comprehensive Annual Financial Report (CAFR) is available on the PERS website at www.nvpers.org under Quick Links – Publications.

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, 2017, the TMFPD paid the City of Reno \$1,548,405 for the purpose of buying out its final year of workers' compensation liability for fiscal year 2012. Claims incurred prior to fiscal year 2012 remain the liability of the City of Reno under the buyout agreement. TMFPD will remain responsible for future Heart and Lung related workers' compensation claims on a "pay as you go" system.

Claims' liability and activity for the past two years were as follows:

Claims liability, July 1, 2015	\$ 855,000
Claims and changes in estimates	166,623
Claims paid	<u>(488,623)</u>
Claims liability, June 30, 2016	533,000
Claims and changes in estimates	2,543,610
Claims paid	<u>(1,747,481)</u>
Claims liability, June 30, 2017	<u><u>\$ 1,329,129</u></u>

Note 10 - Tax Abatement

The District's tax revenues were reduced by \$323,820 under agreements entered into by the State Nevada. The state agreements include a partial abatement of one or more of personal property and local sales and use taxes imposed on aircraft, components of aircraft and other personal property used for certain purposes related to aircraft, a partial abatement of one or more of property and local sales and use taxes imposed on a new or expanded data center and a partial abatement of sales and use taxes imposed on eligible machinery or equipment used by certain new or expanded businesses.

Note 11 - Merger – Sierra Fire Protection District

Effective July 1, 2016, the District merged with Sierra Fire Protection District (SFPD) in accordance with Washoe County Ordinance 1577. All of the Sierra Fire Protection District's fire services, powers, functions, responsibilities and obligations conferred upon and exercised by the Sierra Fire Protection District were assumed by the District.

Truckee Meadows Fire Protection District
Notes to Financial Statements
June 30, 2017

In accordance with GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, SFPD was merged into the District, with the District as the continuing entity. As such, the net Position and fund balances of SFPD, after applicable adjustments and eliminations, as of the beginning of the District's fiscal year, July 1, 2016 were combined with the District as of that date, resulting in a restatement of the District's beginning net position of \$4,088,643, General Fund beginning fund balance of \$2,096,972 and Emergency Special Revenue Fund beginning fund balance of \$640,386. The revenues and expenditures of SFPD were accounted for and incorporated into the District from July 1, 2016 forward.

The following table presents the financial position of SFPD's General Fund and Emergency Special Revenue Fund as of July 1, 2016:

	General Fund	Wildland Fire Emergency Fund
Assets		
Cash and investments	\$ 1,743,222	\$ 640,386
Taxes receivable	49,099	-
Due from other governments	346,933	-
Interest receivable	6,397	-
	<u>2,145,651</u>	<u>640,386</u>
Total assets	<u>\$ 2,145,651</u>	<u>\$ 640,386</u>
Liabilities		
Accounts payable and accrued liabilities	<u>\$ 9,427</u>	<u>\$ -</u>
Deferred Inflows of Resources		
Unavailable revenues		
Property taxes	<u>39,252</u>	<u>-</u>
Fund Balances		
Restricted	-	640,386
Assigned	<u>2,096,972</u>	<u>-</u>
Total fund balances	<u>2,096,972</u>	<u>640,386</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,145,651</u>	<u>\$ 640,386</u>

The District reclassified SFPD's net OPEB asset to offset the District's net OPEB liability. Prior to the merger, all SFPD employees transferred to the District under the terms of an Interlocal Agreement for Fire Services and Consolidation between the two Districts. The health insurance benefits for SFPD were through the Truckee Meadows Fire Protection District Retiree Group Medical Plan; however, the liability for the payment for those retiree health benefits was retained by each District. As part of the merger, the liability for the payment of retiree health benefits is retained in total by the District.

Truckee Meadows Fire Protection District
Notes to Financial Statements
June 30, 2017

The following table presents the financial position of SFPD and the District as of July 1, 2016, adjustments and restated balances:

	TMFPD June 30, 2016	SFPD June 30, 2016	Adjustments	Merged Balances July 1, 2016
Assets				
Cash and investments	\$ 23,449,768	\$ 2,383,608	\$ -	\$ 25,833,376
Accounts receivable	141,966	-	-	141,966
Taxes receivable	102,242	49,099	-	151,341
Due from other governments	1,451,072	346,933	-	1,798,005
Interest receivable	59,048	6,397	-	65,445
Deposits	6,432	-	-	6,432
Net OPEB asset	528,769	-	(528,769)	-
Capital assets, not being depreciated	2,279,729	172,114	-	2,451,843
Capital assets, net of accumulated depreciati	15,391,865	3,979,701	-	19,371,566
Total assets	43,410,891	6,937,852	(528,769)	49,819,974
Deferred Outflows of Resources				
Pension related amounts	5,749,113	-	-	5,749,113
Liabilities				
Accounts payable and accrued liabilities	1,314,967	9,427	-	1,324,394
Due to other governments	133,368	-	-	133,368
Unearned reveune	13,122	-	-	13,122
Noncurrent liabilities				
Due within one year				
Claims and judgments	533,000	-	-	533,000
Compensated absences	1,145,260	-	-	1,145,260
Due in more than one year				
Compensated absences	842,004	-	-	842,004
Other postemployment benefits	-	2,839,782	(528,769)	2,311,013
Net pension liability	25,358,762	-	-	25,358,762
Total liabilities	29,340,483	2,849,209	(528,769)	31,660,923
Deferred Inflows of Resources				
Pension related amounts	3,281,017	-	-	3,281,017
Net Position				
Investment in capital assets	17,671,594	4,151,815	-	21,823,409
Restricted for				-
Wildland fire emergencies	659,745	640,386	-	1,300,131
Capital projects	7,022,011	-	-	7,022,011
Claims	3,908,425	-	-	3,908,425
Unrestricted	(12,723,271)	(703,558)	-	(13,426,829)
Total net position	\$ 16,538,504	\$ 4,088,643	\$ -	\$ 20,627,147



Required Supplementary Information

Truckee Meadows Fire Protection District

Truckee Meadows Fire Protection District
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund
(Budgetary Basis)
Year Ended June 30, 2017
(Page 1 of 2)

	2017 Budgeted Amounts		2017	
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes				
Ad valorem, general	\$ 16,662,942	\$ 16,662,942	\$ 16,784,509	\$ 121,567
Ad valorem, AB 104	195,000	195,000	242,411	47,411
Licenses and permits				
Gaming, AB 104	3,500	3,500	123,928	120,428
Other	1,000	1,000	1,280	280
Intergovernmental				
Consolidated taxes	7,630,189	7,630,189	7,713,537	83,348
Real property transfer tax, AB 104	42,083	42,083	74,386	32,303
Supplemental city/county relief tax, AB 104	940,480	940,480	1,224,262	283,782
Interlocal cooperative agreement fire suppression	554,204	554,204	590,999	36,795
Local contributions	3,033,909	3,033,909	-	(3,033,909)
Charges for services				
Services to other agencies	10,000	10,000	10,000	-
Other	800	800	1,280	480
Miscellaneous				
Investment earnings	130,000	130,000	189,843	59,843
Net increase (decrease) in the fair value of investments	-	-	(200,539)	(200,539)
Reimbursements	500	500	365,576	365,076
Other	32,504	32,504	29,459	(3,045)
Total revenues	29,237,111	29,237,111	27,150,931	(2,086,180)
Expenditures				
Current				
Public safety function				
Fire				
Salaries and wages	13,187,423	13,187,423	12,478,928	708,495
Employee benefits	7,088,476	7,088,476	6,507,985	580,491
Services and supplies	5,328,844	5,328,844	4,098,551	1,230,293
Capital outlay	-	-	35,970	(35,970)
Total expenditures	25,604,743	25,604,743	23,121,434	2,483,309
Excess (Deficiency) of Revenues over Expenditures	3,632,368	3,632,368	4,029,497	397,129

Continued

Truckee Meadows Fire Protection District
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund
(Budgetary Basis)
Year Ended June 30, 2017
(Page 2 of 2)

	2017 Budgeted Amounts		2017	
	Original	Final	Actual	Variance with Final Budget
Other Financing Sources (Uses)				
Proceeds from asset disposition	\$ -	\$ -	\$ 29,593	\$ 29,593
Transfers in				
Health Benefits Fund	638,592	638,592	616,544	(22,048)
Transfers out				
Capital Projects Fund	(6,300,000)	(6,300,000)	(6,300,000)	-
Workers' Compensation	-	(350,000)	(350,000)	-
Sick Annual Comp Benefits	(600,000)	(600,000)	(600,000)	-
Contingency	(350,000)	-	-	-
Total other financing sources (uses)	<u>(6,611,408)</u>	<u>(6,611,408)</u>	<u>(6,603,863)</u>	<u>7,545</u>
Net Change in Fund Balances	<u>(2,979,040)</u>	<u>(2,979,040)</u>	<u>(2,574,366)</u>	<u>404,674</u>
Fund Balances, Beginning of Year	9,755,783	9,755,783	10,619,291	863,508
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>2,096,972</u>	<u>2,096,972</u>
Fund Balances, Beginning of Year, as Restated	<u>9,755,783</u>	<u>9,755,783</u>	<u>12,716,263</u>	<u>2,960,480</u>
Fund Balances, End of Year	<u>\$ 6,776,743</u>	<u>\$ 6,776,743</u>	<u>\$ 10,141,897</u>	<u>\$ 3,365,154</u>

Truckee Meadows Fire Protection District

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Major Special
Revenue Fund – Emergency Fund
Year Ended June 30, 2017

	2017 Budgeted Amounts		2017	
	Original	Final	Actual	Variance with Final Budget
Revenues				
Miscellaneous				
Other	\$ 640,386	\$ 640,386	\$ 851,450	\$ 211,064
Expenditures				
Public safety function				
Fire				
Salaries and wages	850,000	850,000	720,855	129,145
Employee benefits	25,000	25,000	12,334	12,666
Services and supplies	290,000	290,000	224,521	65,479
Total expenditures	1,165,000	1,165,000	957,710	207,290
Net Change in Fund Balances	(524,614)	(524,614)	(106,260)	418,354
Fund Balances, Beginning of the Year	653,002	653,002	658,264	5,262
Prior Period Adjustment	-	-	640,386	640,386
Fund Balances, Beginning of the Year, as Restated	653,002	653,002	1,298,650	645,648
Fund Balances, End of Year	\$ 128,388	\$ 128,388	\$ 1,192,390	\$ 1,064,002

Truckee Meadows Fire Protection District

Reconciliation of the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budgetary Basis) to the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (GAAP Basis)
Year Ended June 30, 2017

	General Fund (Budgetary Basis)	Internally Reported Funds	Eliminations	General Fund (GAAP Basis)
Revenues				
Taxes	\$ 17,026,920	\$ -	\$ -	\$ 17,026,920
Licenses and permits	125,208	-	-	125,208
Intergovernmental	9,603,184	-	-	9,603,184
Charges for services	11,280	-	-	11,280
Miscellaneous	384,339	861	-	385,200
Total revenues	<u>27,150,931</u>	<u>861</u>	<u>-</u>	<u>27,151,792</u>
Expenditures				
Current				
Public safety	23,085,464	82,170	-	23,167,634
Capital Outlay	35,970	-	-	35,970
Total expenditures	<u>23,121,434</u>	<u>82,170</u>	<u>-</u>	<u>23,203,604</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,029,497</u>	<u>(81,309)</u>	<u>-</u>	<u>3,948,188</u>
Other Financing Sources (Uses)				
Proceeds from asset disposition	29,593	-	-	29,593
Transfers in	616,544	600,000	(600,000)	616,544
Transfers out	(7,250,000)	-	600,000	(6,650,000)
Total other financing sources (uses)	<u>(6,603,863)</u>	<u>600,000</u>	<u>-</u>	<u>(6,003,863)</u>
Net Change in Fund Balances	<u>(2,574,366)</u>	<u>518,691</u>	<u>-</u>	<u>(2,055,675)</u>
Fund Balances, Beginning of Year	10,619,291	926,057	-	11,545,348
Prior Period Adjustment	<u>2,096,972</u>	<u>-</u>	<u>-</u>	<u>2,096,972</u>
Fund Balances, Beginning of Year as Restated	<u>12,716,263</u>	<u>926,057</u>	<u>-</u>	<u>13,642,320</u>
Fund Balances, End of Year	<u>\$ 10,141,897</u>	<u>\$ 1,444,748</u>	<u>\$ -</u>	<u>\$ 11,586,645</u>

Truckee Meadows Fire Protection District
Schedule of Funding Progress – Other Postemployment Benefits
June 30, 2017

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Plan Assets (b)	Unfunded AAL (UALL) (a-b)	Funded Ratio (b/a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(a-b)/c]
7/1/2013	\$ 4,079,936	\$ 3,573,083	\$ 506,853	87.58%	\$ 797,886	63.52 %
7/1/2014	3,293,617	3,981,559	(687,942)	120.89%	5,034,484	(13.66)%
7/1/2016	6,128,670	4,972,679	1,155,991	81.14%	8,442,493	13.69%

Truckee Meadows Fire Protection District
Schedule of District's Share of Net Pension Liability
Public Employee's Retirement System of Nevada (PERS)
Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's portion of net the pension liability	0.21696%	0.22129%	0.20583%
District's proportionate share of the net pension liability	\$ 29,197,203	\$ 25,358,762	\$ 21,451,071
District's covered payroll	\$ 9,271,513	\$ 8,435,593	\$ 7,783,987
District's proportional share of the net pension liability as a percentage of its covered payroll	314.91%	300.62%	275.58%
Plan fiduciary net position as a percentage of the total pension liability	72.23%	75.13%	76.31%

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

Truckee Meadows Fire Protection District
Schedule of District's Contributions
Public Employee's Retirement System of Nevada (PERS)
Last Ten Fiscal Years

	2017	2016	2015
Statutorily required contribution	\$ 3,793,840	\$ 3,671,552	\$ 3,415,736
Contributions in relation to the statutorily required contribution	\$ 3,793,840	\$ 3,671,552	\$ 3,415,736
Contribution (deficiency) excess	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 9,340,999	\$ 9,271,513	\$ 8,435,593
Contributions as a percentage of covered payroll	40.61%	39.60%	40.49%

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

Note 1 - Internally Reported (Budgetary Basis) Funds

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

Budget to actual comparisons are presented for all funds of the District, as required by Nevada Revised Statutes. Such budget comparisons are required to be presented using the budget as adopted and approved by the State of Nevada Department of Taxation. However, guidance provided by Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, specifies that two of these internally reported funds of the District do not meet the definition of special revenue funds and do not qualify to be separately presented for external reporting purposes.

These internally reported special revenue funds of the District (Sick Annual Comp Benefits Fund and Stabilization Fund) are combined with the General Fund for external reporting purposes.

Note 2 - Schedule of Funding Progress

Effective July 1, 2016, the District merged with Sierra Fire Protection District (SFPD) in accordance with Washoe County Ordinance 1577. All of the Sierra Fire Protection District's fire services, powers, functions, responsibilities and obligations conferred upon and exercised by the Sierra Fire Protection District were assumed by the District. As such, the net Position and fund balances of SFPD, after applicable adjustments and eliminations, as of the beginning of the District's fiscal year, July 1, 2016 were combined with the District

The District reclassified SFPD's net OPEB asset to offset the District's net OPEB liability. Prior to the merger, all SFPD employees transferred to the District under the terms of an Interlocal Agreement for Fire Services and Consolidation between the two Districts. The health insurance benefits for SFPD were through the Truckee Meadows Fire Protection District Retiree Group Medical Plan; however, the liability for the payment for those retiree health benefits was retained by each District. As part of the merger, the liability for the payment of retiree health benefits is retained in total by the District.

The Actuarial Accrued Liability (AAL) increased by \$2,835,053 and covered payroll increased by \$3,408,009 between the actuary valuation dated July 1, 2014 and the actuarial valuation date of July 1, 2016, primarily due to the merger with SFPD. The AAL decreased by \$786,319 between the actuary valuation dated July 1, 2013 and the actuarial valuation date of July 1, 2014, primarily due to a change under the current labor agreement, requiring retirees to enroll in Medicare at 65. Covered payroll increased by \$4,236,598 during this same period due to temporarily opening the plan to allow enrollment of active employees hired prior to July 1, 2014.

The District joined the Washoe County, Nevada OPEB Trust in the fiscal year 2011. Information on employer contributions can be found in the Trust's separately issued OPEB Trust, c/o Washoe County Comptroller's office, PO Box 11130, Reno, NV 89520.

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Supplementary Information

Truckee Meadows Fire Protection District

Truckee Meadows Fire Protection District

Reconciliation of the General Fund Balance Sheet (Budgetary Basis) to the General Fund Balance Sheet
(GAAP Basis) – Governmental Funds

June 30, 2017

	General Fund (Budgetary Basis)	Internally Reported Funds	General Fund (GAAP Basis)
Assets			
Cash and investments	\$ 9,799,838	\$ 1,443,193	\$ 11,243,031
Restricted cash and investments	2,500	-	2,500
Accounts receivable	158,285	-	158,285
Taxes receivable	223,482	-	223,482
Due from other governments	1,746,533	-	1,746,533
Interest receivable	33,610	1,555	35,165
Deposits	6,432	-	6,432
Prepaid	14,657	-	14,657
	<u>\$ 11,985,337</u>	<u>\$ 1,444,748</u>	<u>\$ 13,430,085</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 1,431,433	\$ -	\$ 1,431,433
Due to other governments	218,991	-	218,991
	<u>1,650,424</u>	<u>-</u>	<u>1,650,424</u>
Deferred Inflows of Resources			
Unavailable revenue			
Property taxes	193,016	-	193,016
	<u>193,016</u>	<u>-</u>	<u>193,016</u>
Fund Balances			
Nonspendable	21,089	-	21,089
Restricted	2,500	-	2,500
Assigned	4,086,147	1,444,748	5,530,895
Unassigned	6,032,161	-	6,032,161
	<u>10,141,897</u>	<u>1,444,748</u>	<u>11,586,645</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,985,337</u>	<u>\$ 1,444,748</u>	<u>\$ 13,430,085</u>

Truckee Meadows Fire Protection District

Combing Balance Sheet – Internally Reported (Budgetary Basis) Funds Reported as Part of the General Fund for
 External Reporting Purposes
 June 30, 2017

	Sick Annual Comp Benefits Fund	Stabilization Fund	Internally Reported Total
Assets			
Cash and investments	\$ 853,434	\$ 589,759	\$ 1,443,193
Interest receivable	-	1,555	1,555
Total assets	<u>\$ 853,434</u>	<u>\$ 591,314</u>	<u>\$ 1,444,748</u>
Fund Balances			
Assigned	<u>\$ 853,434</u>	<u>\$ 591,314</u>	<u>\$ 1,444,748</u>

Truckee Meadows Fire Protection District

Combing Statement of Revenues, Expenditures, and Changes in Fund Balances – Internally Reported (Budgetary
Basis) Funds Reported as Part of the General Fund for External Reporting Purposes
Year Ended June 30, 2017

	Sick Annual Comp Benefits Fund	Stabilization Fund	Internally Reported Total
Revenues			
Miscellaneous	\$ -	\$ 861	\$ 861
Expenditures			
Current			
Public safety	81,691	479	82,170
Excess (Deficiency) of Revenues over Expenditures	(81,691)	382	(81,309)
Other Financing Sources (Uses)			
Transfers in	600,000	-	600,000
Net Change in Fund Balances	518,309	382	518,691
Fund Balances, Beginning of Year	335,125	590,932	926,057
Fund Balances, End of Year	<u>\$ 853,434</u>	<u>\$ 591,314</u>	<u>\$ 1,444,748</u>

Truckee Meadows Fire Protection District

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Sick Annual Comp
Benefits Fund
Year Ended June 30, 2017

	2017 Budgeted Amounts		2017	
	Original	Final	Actual	Variance with Final Budget
Revenues				
Miscellaneous				
Investment earnings	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Expenditures				
Public safety function				
Fire				
Salaries and wages	800,000	800,000	81,691	718,309
Employee benefits	20,000	20,000	-	20,000
Total expenditures	820,000	820,000	81,691	738,309
Excess (Deficiency) of Revenues over Expenditures	(810,000)	(810,000)	(81,691)	728,309
Other Financing Sources (Uses)				
Transfers in				
General Fund	600,000	600,000	600,000	-
Net Change in Fund Balance	(210,000)	(210,000)	518,309	728,309
Fund Balance, Beginning of Year	333,419	333,419	335,125	1,706
Fund Balance, End of Year	<u>\$ 123,419</u>	<u>\$ 123,419</u>	<u>\$ 853,434</u>	<u>\$ 730,015</u>

Truckee Meadows Fire Protection District

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Stabilization Fund

Year Ended June 30, 2017

	2017 Budgeted Amounts		2017	
	Original	Final	Actual	Variance with Final Budget
Revenues				
Miscellaneous				
Investment earnings	\$ 7,000	\$ 7,000	\$ 7,868	\$ 868
Net increase (decrease) in the fair value of investments	-	-	(7,007)	(7,007)
Total revenues	7,000	7,000	861	(6,139)
Expenditures				
Public safety function				
Fire				
Services and supplies	500,000	500,000	479	499,521
Excess (Deficiency) of Revenues over Expenditures	(493,000)	(493,000)	382	493,382
Fund Balance, Beginning of Year	585,050	585,050	590,932	5,882
Fund Balance, End of Year	\$ 92,050	\$ 92,050	\$ 591,314	\$ 499,264

Truckee Meadows Fire Protection District

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Projects Fund

Year Ended June 30, 2017

	2017 Budgeted Amounts		2017	
	Original	Final	Actual	Variance with Final Budget
Revenues				
Miscellaneous				
Investment earnings	\$ 50,000	\$ 50,000	\$ 123,065	\$ 73,065
Net decrease in the fair value of investments	-	-	(67,083)	(67,083)
Other	-	-	13,122	13,122
Total revenues	50,000	50,000	69,104	19,104
Expenditures				
Public safety function				
Fire				
Services and supplies	1,192,957	1,192,957	751,743	441,214
Capital outlay	11,285,954	11,285,954	2,378,677	8,907,277
Total expenditures	12,478,911	12,478,911	3,130,420	9,348,491
Excess (Deficiency) of Revenues over Expenditures	(12,428,911)	(12,428,911)	(3,061,316)	9,367,595
Other Financing Sources (Uses)				
Proceeds from asset disposition	-	-	24,257	24,257
Transfers in				
General Fund	6,300,000	6,300,000	6,300,000	-
Total other financing sources (uses)	6,300,000	6,300,000	6,324,257	24,257
Net Change in Fund Balance	(6,128,911)	(6,128,911)	3,262,941	9,391,852
Fund Balance, Beginning of Year	6,656,872	6,656,872	7,022,011	365,139
Fund Balance, End of Year	\$ 527,961	\$ 527,961	\$ 10,284,952	\$ 9,756,991

Truckee Meadows Fire Protection District
Combining Statement of Net Position – Internal Service Funds
June 30, 2017

	Governmental Activities		
	Workers' Compensation Internal Service Fund	Health Benefits Internal Service Fund	Total
Assets			
Current assets			
Cash and investments	\$ 2,609,675	\$ -	\$ 2,609,675
Interest receivable	6,371	-	6,371
Total assets	2,616,046	-	2,616,046
Liabilities			
Current liabilities			
Due to other governments	199,076	-	199,076
Claims and judgments	96,133	-	96,133
Total current liabilities	295,209	-	295,209
Noncurrent liabilities			
Claims and judgments	1,232,996	-	1,232,996
Total liabilities	1,528,205	-	1,528,205
Net Position			
Restricted	\$ 1,087,841	\$ -	\$ 1,087,841

Truckee Meadows Fire Protection District
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds
Year Ended June 30, 2017

	Governmental Activities		
	Workers' Compensation Internal Service Fund	Health Benefits Internal Service Fund	Total
Operating Expenses			
Services and supplies			
Claims	\$ 2,543,610	\$ -	\$ 2,543,610
Miscellaneous	2,568	-	2,568
Total operating expenses	2,546,178	-	2,546,178
Nonoperating Revenues (Expenses)			
Investment earnings	41,147	-	41,147
Net increase in the fair value of investments	(49,009)	-	(49,009)
Total nonoperating revenues (expenses)	(7,862)	-	(7,862)
Income (Loss) Before Transfers	(2,554,040)	-	(2,554,040)
Transfers			
Transfers in			
General Fund	350,000	-	350,000
Transfers out			
General Fund	-	(616,544)	(616,544)
Total transfers	350,000	(616,544)	(266,544)
Change in Net Position	(2,204,040)	(616,544)	(2,820,584)
Net Position, Beginning of Year	3,291,881	616,544	3,908,425
Net Position, End of Year	\$ 1,087,841	\$ -	\$ 1,087,841

Truckee Meadows Fire Protection District
Combining Statement of Cash Flows – Internal Service Funds
Year Ended June 30, 2017

	Governmental Activities		
	Workers' Compensation Internal Service Fund	Health Benefits Internal Service Fund	Total
Operating Activities			
Cash payments for services and supplies	\$ (1,615,762)	\$ -	\$ (1,615,762)
Noncapital Financing Activities			
Transfers in	350,000	-	350,000
Transfers out	-	(616,544)	(616,544)
Net Cash from (used for) Noncapital Financing Activities	350,000	(616,544)	(266,544)
Investing Activities			
Investment earnings	(4,766)	1,267	(3,499)
Net Change in Cash and Cash Equivalents	(1,270,528)	(615,277)	(1,885,805)
Cash and Cash Equivalents, Beginning of Year	3,880,203	615,277	4,495,480
Cash and Cash Equivalents, End of Year	\$ 2,609,675	\$ -	\$ 2,609,675
Reconciliation of operating income (loss) to net cash from (used for) operating activities			
Operating income (loss)	\$ (2,546,178)	\$ -	\$ (2,546,178)
Adjustments to reconcile operating loss to net cash used for operating activities			
Change in			
Due to other governments	134,287	-	134,287
Pending claims	796,129	-	796,129
Total adjustments	930,416	-	930,416
Net Cash used for Operating Activities	\$ (1,615,762)	\$ -	\$ (1,615,762)

Truckee Meadows Fire Protection District

Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual – Workers’ Compensation Fund

Year Ended June 30, 2017

	2017 Budgeted Amounts		2017	
	Original	Final	Actual	Variance with Final Budget
Operating Expenses				
Services and supplies				
Claims	\$ 995,000	\$ 1,345,000	\$ 2,543,610	\$ (1,198,610)
Miscellaneous	5,000	5,000	2,568	2,432
Total operating expenses	1,000,000	1,350,000	2,546,178	(1,196,178)
Nonoperating Revenues (Expenses)				
Investment earnings	50,000	50,000	41,147	(8,853)
Net increase (decrease) in the fair value of investments	-	-	(49,009)	(49,009)
Total nonoperating revenues (expenses)	50,000	50,000	(7,862)	(57,862)
Income (Loss) Before Transfers	(950,000)	(1,300,000)	(2,554,040)	(1,254,040)
Transfers In (Out)				
Transfers in General Fund	-	350,000	350,000	-
Change in Net Position	<u>\$ (950,000)</u>	<u>\$ (950,000)</u>	<u>\$ (2,204,040)</u>	<u>\$ (1,254,040)</u>
Net Position, Beginning of Year			<u>3,291,881</u>	
Net Position, End of Year			<u>\$ 1,087,841</u>	

Truckee Meadows Fire Protection District
Schedule of Cash Flows – Budget and Actual – Workers’ Compensation Fund
Year Ended June 30, 2017

	2017 Budgeted Amounts		2017	
	Original	Final	Actual	Variance with Final Budget
Operating Activities				
Cash payments for services and supplies	\$ (1,000,000)	\$ (1,350,000)	\$ (1,615,762)	\$ (265,762)
Noncapital Financing Activities				
Transfers in	-	350,000	350,000	-
Investing Activities				
Investment earnings	50,000	50,000	(4,766)	(54,766)
Net Change in Cash and Cash Equivalents	(950,000)	(950,000)	(1,270,528)	(320,528)
Cash and Cash Equivalents, Beginning of Year	4,062,548	4,062,548	3,880,203	(182,345)
Cash and Cash Equivalents, End of Year	<u>\$ 3,112,548</u>	<u>\$ 3,112,548</u>	<u>\$ 2,609,675</u>	<u>\$ (502,873)</u>
Reconciliation of operating income (loss) to net cash from (used for) operating activities				
Operating income (loss)			\$ (2,546,178)	
Adjustments to reconcile operating loss to net cash used for operating activities				
Change in				
Due to other governments			134,287	
Pending claims			796,129	
Total adjustments			930,416	
Net Cash Provided used for Operating Activities			<u>\$ (1,615,762)</u>	

Truckee Meadows Fire Protection District

Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual – Health Benefits Fund

Year Ended June 30, 2017

	2017 Budgeted Amounts		2017	
	Original	Final	Actual	Variance with Final Budget
Transfers In (Out)				
General Fund	\$ (638,592)	\$ (638,592)	\$ (616,544)	\$ 22,048
Change in Net Position	<u>\$ (638,592)</u>	<u>\$ (638,592)</u>	(616,544)	<u>\$ 22,048</u>
Net Position, Beginning of Year			<u>616,544</u>	
Net Position, End of Year			<u>\$ -</u>	

Truckee Meadows Fire Protection District
Schedule of Cash Flows – Budget and Actual – Health Benefits Fund
Year Ended June 30, 2017

	2017 Budgeted Amounts		2017	
	Original	Final	Actual	Variance with Final Budget
Noncapital Financing Activities				
Transfers out	\$ (638,592)	\$ (638,592)	\$ (616,544)	\$ 22,048
Investing Activities				
Investment earnings (loss)	-	-	1,267	1,267
Net Change in Cash and Cash Equivalents	(638,592)	(638,592)	(615,277)	23,315
Cash and Cash Equivalents, Beginning of Year	638,592	638,592	615,277	(23,315)
Cash and Cash Equivalents, End of Year	\$ -	\$ -	\$ -	\$ -



**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
Truckee Meadows Fire Protection District
Reno, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2017, 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 30, 2017.

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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Reno, Nevada
November 30, 2017



Auditor's Comments

To the Honorable Board of Fire Commissioners
Truckee Meadows Fire Protection District
Reno, Nevada

In connection with our audit of 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) as of and for the year ended June 30, 2017, and the related notes to the financial statements, nothing came to our attention that caused us to believe that Truckee Meadows Fire Protection District failed to comply with the specific requirements of Nevada Revised Statutes cited below. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they related to accounting matters.

Current Year Statute Compliance

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

Progress on Prior Year Statute Compliance

The District reported no instances of noncompliance with significant constraints on its financial administration during the year ended June 30, 2016.

Prior Year Recommendations

The prior year finding 2016-A was corrected.

Current Year Recommendations

We noted no material weaknesses and reported no significant deficiencies in internal control for the current year.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Reno, Nevada
November 30, 2017