

# Truckee Meadows Fire Protection District

June 30, 2019





Financial Statements  
June 30, 2019

# 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, 2019, 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, 2019, 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.

### **Correction of an Error**

As discussed in Note 10 to the financial statements, a certain error occurred in the recognition of amounts due for workers' compensation claims, resulting in the overstatement of amounts previously reported for due to other governments for the year ended June 30, 2018, and were discovered by management during the current year. Accordingly, amounts for due to other governments, have resulted in a restatement of net position as of July 1, 2018. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9, budgetary comparison information and reconciliation on pages 38-40, schedule of changes in net other postemployment benefit liability and related ratios on page 41, schedule of District's contributions – other postemployment benefits on page 42, schedule of District's share of net pension liability on page 43, and schedule of District's contributions – PERS on page 44, and the notes to the required supplementary information on page 45 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 financial 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report November 27, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 27, 2019



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, 2019.

## 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 \$14,354,273 which includes \$28,587,268 net investment in capital assets, \$1,627,417 restricted for wildland fire emergencies, \$4,504,973 restricted for capital projects, \$1,153,004 restricted for claims, and (\$21,518,389) which is the unrestricted net position. Governmental activities include all funds of the District.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$16,560,199 a decrease of \$557,799 or 3.26% in comparison with the prior year. This decrease was primarily caused by general increases in costs including increases to salaries through a new negotiated agreement and increases in health care costs, exceeding the increases in revenues. Approximately 57.09% 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, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference 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, 2019, were \$51,775,636 with capital assets, net of accumulated depreciation, accounting for \$28,587,268 of that total. Total deferred outflows of resources of the District at June 30, 2019 were \$10,688,660 all of which is related to post employment costs including health benefits and pension. Of the total liabilities of \$45,551,283, approximately 93.7% or \$42,668,639 represent liabilities related to long-term liabilities of the District. This is an increase of \$8,365,711 in liabilities in comparison with the prior year which was primarily caused by the increase in compensated absences of \$1,943,412 due to changes to the sick accrual payouts in the collective bargaining agreements and increases in other postemployment benefit liability and net pension liability of \$2,767,223 and \$3,802,822, respectively, due to changes in actuary assumptions and valuations. These increases were offset by the decrease in due to other governments related to timing of year end payments and the correction of an error and the tax refund liability due to the repayment plan. Total deferred inflows of resources of the District at June 30, 2019 were \$2,558,740 all of which is related to post employment costs including health benefits and pension.

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, 2019 were \$32,907,199 consisting primarily of taxes and intergovernmental revenues, while total expenses were \$34,083,907. This resulted in a decrease in net position of \$1,176,708 or 7.6% from prior year as restated. The decrease was primarily caused by non-cash related expenses, including, increases in other postemployment benefit liability, pension liability and compensate absences liability. The District's net position still remains 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 10 and 11 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 fund.

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

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

The District maintains 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 12 through 15 of this report.

**Proprietary funds.** The District maintains one type of proprietary fund, which is an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's functions. The District's internal service fund is used to account for its workers' compensation liability. Because these services benefit governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements. The internal service fund is reported in the proprietary fund financial statements and can be found on pages 16 through 18 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 19 through 37 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 immediately following the notes to the financial statements. These reconciliations can be found on pages 40 and 46 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, 2019, the District's total net position was \$14,354,273, which is a \$1,176,708 decrease from the prior year, as restated. The primary reason for the decrease was the increase in other postemployment benefit liability, pension liability and compensate absences liability.

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

	Governmental Activities	
	2019	2018
Current and other assets	\$ 23,188,368	\$ 22,534,763
Capital assets	28,587,268	27,518,018
Total assets	51,775,636	50,052,781
Deferred outflows of resources	10,688,660	5,315,274
Other liabilities	2,882,644	2,852,656
Long-term liabilities	42,668,639	34,332,916
Total liabilities	45,551,283	37,185,572
Deferred inflows of resources	2,558,740	2,927,238
Net position:		
Investment in capital assets	28,587,268	27,518,018
Restricted	7,285,394	7,409,004
Unrestricted	(21,518,389)	(19,671,777)
Total net position	\$ 14,354,273	\$ 15,255,245

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 \$14,354,273. 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, 2019 was \$28,587,268. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

# Truckee Meadows Fire Protection District

## Management's Discussion and Analysis

June 30, 2019

An additional portion of the District's net position \$7,285,394 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 (\$21,518,389).

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 accounting standard requiring the reporting of the Net Pension Liability on the balance sheet.

### Truckee Meadows Fire Protection District's Changes in Net Position

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Revenues:		
Program revenues:		
Charges for services	\$ 525,145	\$ 558,158
Capital grants and contributions	-	4,900
Operating grants and contributions	100	1,350
General revenues:		
Property taxes	18,494,193	17,635,993
Consolidated taxes	8,725,419	8,346,596
Other taxes	1,699,759	1,404,966
Unrestricted investment earnings	733,940	104,431
Reimbursements	1,828,454	1,460,477
Other	900,189	100,713
Total revenues	32,907,199	29,617,584
Expenses:		
Public safety	34,083,907	31,855,973
Increase (Decrease) in net position	(1,176,708)	(2,238,389)
Net position, July 1	15,255,245	18,355,713
Prior period adjustment	275,736	(862,079)
Net position, June 30	\$ 14,354,273	\$ 15,255,245

**Total Revenues.** The District's total revenues increased by \$3,289,615, or 11.11%. The primary increase was caused by an increase of property tax, consolidated tax revenue and one-time revenues resulting from the sale of land owned by the District. Also included in the increase is a \$352,824 increase in unrealized gains which may not be realized if the market experiences declines compared to a reported unrealized loss of \$288,937 in fiscal year 2018.

**Total Expenses.** The District's total expenses increased by \$2,227,934 or by 6.99% which was primarily due to the adoption of a new collective bargaining agreement which increased substantially the amount of accrued sick leave that is paid out at retirement and increases in employee benefits related to retirement including the costs of required contributions to PERS and contributions to the other post-employment benefits plan trust.

**Net Position.** The District's total net position decreased by \$1,176,708 during the fiscal year ended June 30, 2019, and was partially offset by a prior period adjustment due to the correction of an error of \$275,736. The District's total net position decreased by \$3,100,468 during the fiscal year ended June 30, 2018, including a prior period adjustment of \$862,079. The decrease in total net position in the fiscal year ended June 30, 2019 was primarily caused by increased contributions to the other postemployment benefit plan trust, and non-cash expenses, including change in pension related liabilities and an increase in compensate absences liability. The correction of an error relates to over billed amounts for workers' compensation costs. See Note 10 on page 37 for more information.

## 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 \$16,560,199, a decrease of \$557,799 or 3.26% in comparison with the prior year. This decrease was primarily caused by the increases in employee related costs of salaries and benefits. Approximately 57.09% 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, 2019, the total fund balance for the General Fund was \$10,431,035. The total fund balance includes an assigned fund balance of \$970,710 which consists of \$149,221 assigned for encumbrances and appropriated fund balance and \$821,489 assigned to pay out accrued sick and annual compensation balances. The remaining fund balance consists of, \$6,432 in nonspendable fund balance, and \$9,453,893 unassigned.

The total fund balance for the General Fund in the amount of \$10,431,035 is an increase of \$1,161,912 from the prior year. This increase is primarily caused by not making any transfers to fund capital projects.

As a measure of the General Fund's liquidity, it may be useful to compare the June 30, 2019, total fund balance not attributable to the Stabilization Fund or the Sick Annual Comp Benefits Fund of \$8,995,640 to fund expenditures. The fund balance represents 31.94% of total General Fund expenditures. This represents approximately 3.8 months' worth of expenditures. The fund balance will give the District's General Fund sufficient cash flow to meet its operational obligations.

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 2019, 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 \$1,120,505. The Emergency Fund balance as of June 30, 2019 was \$1,587,416.

The Capital Projects Fund activity in fiscal year 2019 included, among other things, the purchase of two new fire engines, completion of two water tenders and command vehicles.

**Proprietary funds.** The District's proprietary fund provides information on the workers' compensation program of the District. The net position of the Workers' Compensation Internal Service Fund as of June 30, 2019, was \$1,153,004. In fiscal year 2019, the District fully funded its workers' compensation liabilities. In fiscal year 2020, 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, 2019, amounts to \$28,587,268 (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 2019-2020. Assessed values increased by 7.12% 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, 2019, taxable sales in Washoe County increased by 3.5% 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 2020 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, 2019

	Governmental Activities
<b>Assets</b>	
Cash and investments	\$ 19,690,824
Accounts receivable	195,767
Taxes receivable	159,950
Due from other governments, net of allowance for doubtful accounts	3,020,482
Interest receivable	78,138
Deposits	43,207
Capital assets, not being depreciated	4,372,603
Capital assets being depreciated, net of accumulated depreciation	24,214,665
<b>Total assets</b>	<b>51,775,636</b>
<b>Deferred Outflows of Resources</b>	
Pension related amounts	8,285,202
Other postemployment benefits related amounts	2,403,458
<b>Total deferred outflows of resources</b>	<b>10,688,660</b>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	2,559,289
Due to other governments	156,355
Other postemployment benefits liability, defined contribution plan	167,000
<b>Noncurrent liabilities</b>	
Due within one year	
Claims and judgments	55,506
Compensated absences	1,813,318
Tax refund	165,885
Due in more than one year	
Claims and judgments	1,335,463
Compensated absences	2,910,688
Net other postemployment benefits liability	4,296,791
Net pension liability	32,090,988
<b>Total liabilities</b>	<b>45,551,283</b>
<b>Deferred Inflows of Resources</b>	
Other postemployment benefits related amounts	231,221
Pension related amounts	2,327,519
<b>Total deferred inflows of resources</b>	<b>2,558,740</b>
<b>Net Position</b>	
Investment in capital assets	28,587,268
Restricted for	
Wildland fire emergencies	1,627,417
Capital projects	4,504,973
Claims	1,153,004
Unrestricted	(21,518,389)
<b>Total net position</b>	<b>\$ 14,354,273</b>

# Truckee Meadows Fire Protection District

Statement of Activities  
Year Ended June 30, 2019

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
				Governmental Activities
Governmental activities				
Public safety	\$ 34,083,907	\$ 525,145	\$ 100	\$ (33,558,662)
General Revenues				
Ad valorem taxes				18,494,193
Intergovernmental Revenues				
Consolidated taxes				8,725,419
SCCRT-AB104				1,662,289
Real property transfer tax				37,470
Licenses and permits				36,123
Reimbursements				1,828,454
Unrestricted investment earnings				733,940
Other				13,126
Gain on sale of assets				850,940
Total general revenues				32,381,954
Change in Net Position				(1,176,708)
Net Position, Beginning of Year				15,255,245
Prior Period Adjustment				275,736
Net Position, Beginning of Year, as restated				15,530,981
Net Position, End of Year				\$ 14,354,273



# Truckee Meadows Fire Protection District

## Balance Sheet - Governmental Funds

June 30, 2019

	General Fund (GAAP Basis)	Emergency Fund	Capital Projects Fund	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 11,037,615	\$ 1,391,180	\$ 4,718,206	\$ 17,147,001
Accounts receivable	181,927	-	13,840	195,767
Taxes receivable	159,950	-	-	159,950
Due from other governments, net of allowance for doubtful accounts	2,760,041	260,441	-	3,020,482
Interest receivable	48,881	-	19,544	68,425
Deposits	6,432	-	36,775	43,207
<b>Total assets</b>	<b>\$ 14,194,846</b>	<b>\$ 1,651,621</b>	<b>\$ 4,788,365</b>	<b>\$ 20,634,832</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 2,309,221	\$ 5,774	\$ 244,294	\$ 2,559,289
Due to other governments	126,039	18,430	2,323	146,792
Other postemployment benefits liability, defined contribution plan	167,000	-	-	167,000
<b>Total liabilities</b>	<b>2,602,260</b>	<b>24,204</b>	<b>246,617</b>	<b>2,873,081</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues				
Property taxes	124,525	-	-	124,525
Intergovernmental	1,037,026	-	-	1,037,026
Reimbursements	-	40,001	-	40,001
<b>Total deferred inflows of resources</b>	<b>1,161,551</b>	<b>40,001</b>	<b>-</b>	<b>1,201,552</b>
<b>Fund Balances</b>				
Nonspendable	6,432	-	36,775	43,207
Restricted	-	1,587,416	4,504,973	6,092,389
Assigned	970,710	-	-	970,710
Unassigned	9,453,893	-	-	9,453,893
<b>Total fund balances</b>	<b>10,431,035</b>	<b>1,587,416</b>	<b>4,541,748</b>	<b>16,560,199</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 14,194,846</b>	<b>\$ 1,651,621</b>	<b>\$ 4,788,365</b>	<b>\$ 20,634,832</b>

Truckee Meadows Fire Protection District  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
June 30, 2019

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

Total fund balances - total governmental funds		\$ 16,560,199
Capital assets used in governmental activities are not financial resources, and, therefore are not reported in the funds.		
Governmental capital assets	45,239,032	
Less accumulated depreciation	<u>(16,651,764)</u>	
		28,587,268
Deferred inflows of resources are not available to pay for current period expenditures, and, therefore, are deferred in the funds.		1,201,552
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the funds.		
Compensated absences	(4,724,006)	
Tax refund	(165,885)	
Net other postemployment benefits liability	(4,296,791)	
Net pension liability	<u>(32,090,988)</u>	
		(41,277,670)
Deferred outflows and inflows of resources related to other post-employment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to OPEB	2,403,458	
Deferred inflows of resources related to OPEB	<u>(231,221)</u>	
		2,172,237
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	8,285,202	
Deferred inflows of resources related to pensions	<u>(2,327,519)</u>	
		5,957,683
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>1,153,004</u>
Net position of governmental activities		<u><u>\$ 14,354,273</u></u>

Truckee Meadows Fire Protection District

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

Year Ended June 30, 2019

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	General Fund (GAAP Basis)	Emergency Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Taxes	\$ 18,467,318	\$ -	\$ -	\$ 18,467,318
Licenses and permits	36,123	-	-	36,123
Intergovernmental	9,906,554	-	-	9,906,554
Charges for services	6,743	-	-	6,743
Miscellaneous	969,601	1,522,958	204,410	2,696,969
Total revenues	<u>29,386,339</u>	<u>1,522,958</u>	<u>204,410</u>	<u>31,113,707</u>
Expenditures				
Current				
Public safety	28,224,427	1,120,505	571,127	29,916,059
Capital outlay	-	-	2,764,136	2,764,136
Total expenditures	<u>28,224,427</u>	<u>1,120,505</u>	<u>3,335,263</u>	<u>32,680,195</u>
Excess (Deficiency) of Revenues over Expenditures	1,161,912	402,453	(3,130,853)	(1,566,488)
Other Financing Sources (Uses)				
Sale of capital assets	-	-	1,008,689	1,008,689
Net Change in Fund Balances	1,161,912	402,453	(2,122,164)	(557,799)
Fund Balances, Beginning of Year	<u>9,269,123</u>	<u>1,184,963</u>	<u>6,663,912</u>	<u>17,117,998</u>
Fund Balances, End of Year	<u>\$ 10,431,035</u>	<u>\$ 1,587,416</u>	<u>\$ 4,541,748</u>	<u>\$ 16,560,199</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, 2019

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

Net change in fund balances - total governmental funds \$ (557,799)

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	2,766,790	
Less current year depreciation/amortization	<u>(1,539,791)</u>	1,226,999

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.

847,573

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	(1,943,412)	
Change in tax refund	<u>207,387</u>	(1,736,025)

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.

(157,749)

Governmental funds report pension and other postemployment benefits (OPEB) contributions as expenditures. However, in the Statement of Activities, the cost of pension and OPEB benefits earned is reported as pension expense.

OPEB contributions	463,000	
OPEB expense	(856,255)	
Pension contributions	2,293,573	
Pension expense	<u>(2,738,560)</u>	(838,242)

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.

38,535

Change in net position of governmental activities \$ (1,176,708)

Truckee Meadows Fire Protection District  
Statement of Net Position - Proprietary Fund - Workers' Compensation Internal Service Fund  
June 30, 2019

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	Governmental Activities Internal Service Funds
Assets	
Current assets	
Cash and investments	\$ 2,543,823
Interest receivable	9,713
	<hr/>
Total assets	2,553,536
	<hr/>
Liabilities	
Current liabilities	
Due to other governments	9,563
Claims and judgments	55,506
	<hr/>
Total current liabilities	65,069
Noncurrent liabilities	
Claims and judgments	1,335,463
	<hr/>
Total liabilities	1,400,532
	<hr/>
Net Position	
Restricted for claims	\$ 1,153,004
	<hr/> <hr/>

Truckee Meadows Fire Protection District  
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund  
Year Ended June 30, 2019

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	Governmental Activities Internal Service Funds
Operating Expenses	
Services and supplies	
Claims	\$ 54,608
Miscellaneous	1,836
	<hr/>
Total operating expenses	56,444
	<hr/>
Nonoperating Revenues (Expenses)	
Investment earnings	45,592
Net increase in the fair value of investments	49,387
	<hr/>
Total nonoperating revenues (expenses)	94,979
	<hr/>
Change in Net Position	38,535
	<hr/>
Net Position, Beginning of Year	838,733
Prior Period Adjustment	275,736
	<hr/>
Net Position, Beginning of Year, as restated	1,114,469
	<hr/>
Net Position, End of Year	\$ 1,153,004
	<hr/> <hr/>

# Truckee Meadows Fire Protection District

## Statement of Cash Flows - Proprietary Fund

Year Ended June 30, 2019

	Governmental Activities Internal Service Funds
Operating Activities	
Cash payments for services and supplies	\$ (27,631)
Investing Activities	
Investment earnings	94,845
Net Change in Cash and Cash Equivalents	67,214
Cash and Cash Equivalents, Beginning of Year	2,476,609
Cash and Cash Equivalents, End of Year	\$ 2,543,823
Reconciliation of operating income (loss) to net cash from (used for) operating activities	
Operating income (loss)	\$ (56,444)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities:	
Change in	
Due to other governments	(840)
Pending claims	29,653
Total adjustments	28,813
Net Cash used for Operating Activities	\$ (27,631)

**Note 1 - Summary of Significant Accounting Policies****Reporting Entity**

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

The County has no financial benefit or burden relationship with the District and the District is a legally separate organization from the County. However, the Board of County Commissioners acts as the Board of Fire Commissioners of the District and as such, as defined in governmental accounting standards generally accepted in the United States of America, the District has been classified as a discretely presented component unit of the County.

**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 fund's 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 Fund is the only proprietary fund. The financial statements of the Internal Service Fund is 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 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 Fund, proprietary fund, accounts for the workers' compensation 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 Fund generally may not exceed budgeted amounts.

#### **Cash Deposited and Invested with Washoe County Treasurer**

A majority of 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. The District's cash and investments pooled with Washoe County funds and the District's payroll cash account are available upon demand, therefore 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. 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**

The allowance method is used to provide for estimated uncollectible amounts. At June 30, 2019, the allowance for uncollectible accounts was \$10,017 in the Emergency Fund.

**Capital Assets**

Capital assets, which include land, buildings and improvements, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of 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 and other postemployment benefits.

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 and the net other postemployment liability on the Statement of Net Position. In addition, the District recognizes deferred inflows of resources as they relate to property taxes, consolidated taxes and wildland fire reimbursements in the governmental fund financial statements.

**Long-Term Liabilities**

In the government-wide financial statements and the proprietary fund, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net 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 and accrued comp time upon death, retirement, termination or permanent disability. Employees who are members of the International Association of Fire Fighters (IAFF) Local 2487 upon death, retirement or permanent disability after twenty years of enrollment with the Public Employees' Retirement System of the State of Nevada (PERS) shall be compensated for total accrued sick leave at the rate of 75% for every hour earned increasing by 5% per year up to a maximum of 100% at 25 years of PERS enrollment. For employees who are not members of IAFF Local 2487, 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, 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 and proprietary fund financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by 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.

When an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available, the District considers restricted funds to have been spent first.

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 and emergency resources. The assigned fund balance includes amounts that are constrained by the District's intent to be used for specific purposes and consists of the District's encumbrances as approved by the Board of Fire Commissioners and the amount of fund balance to be expended in the ensuing fiscal year as approved by the Board of Fire Commissioners and amounts internally reported for sick and annual compensation benefits. 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.

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

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

**Note 3 - Cash and Investments**

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 \$ 19,625,547 as of June 30, 2019. The District's total cash and investments is as follows at June 30, 2019:

Cash	\$ 65,277
WCIP	<u>19,625,547</u>
Total cash and investments	<u><u>\$ 19,690,824</u></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. Balances in the WCIP and the District's Payroll account 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, 2019 was as follows:

## Government Activities:

	Balance July 01, 2018	Increases	Decreases	Balance June 30, 2019
Capital assets, not being depreciated				
Land	\$ 2,194,174	\$ 165,135	\$ -	\$ 2,359,309
Construction in progress	350,162	2,432,955	(769,823)	2,013,294
Total capital assets, not being depreciated	<u>2,544,336</u>	<u>2,598,090</u>	<u>(769,823)</u>	<u>4,372,603</u>
Capital assets, being depreciated				
Land improvements	406,687	-	(25,311)	381,376
Buildings and building improvements	21,505,858	-	(36,928)	21,468,930
Vehicles and equipment	18,435,339	938,523	(357,739)	19,016,123
Total capital assets, being depreciated	<u>40,347,884</u>	<u>938,523</u>	<u>(419,978)</u>	<u>40,866,429</u>
Less accumulated depreciation for				
Land improvements	(243,690)	(14,874)	10,019	(248,545)
Buildings and building improvements	(5,532,351)	(561,855)	26,693	(6,067,513)
Vehicles and equipment	(9,598,161)	(963,062)	225,517	(10,335,706)
Total accumulated depreciation	<u>(15,374,202)</u>	<u>(1,539,791)</u>	<u>262,229</u>	<u>(16,651,764)</u>
Total capital assets, being depreciated, net	<u>24,973,682</u>	<u>(601,268)</u>	<u>(157,749)</u>	<u>24,214,665</u>
Governmental activities capital assets, net	<u>\$27,518,018</u>	<u>\$ 1,996,822</u>	<u>\$ (927,572)</u>	<u>\$ 28,587,268</u>

The increase in accumulated depreciation includes depreciation expense of \$1,539,791 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, 2019. Long-term liability activity for the year ended June 30, 2019, was as follows:

	Amount Outstanding July 1, 2018	Additions	Reductions	Amount Outstanding June 30, 2019	Due Within One Year
Compensated absences	\$2,780,594	\$3,463,825	\$1,520,413	\$ 4,724,006	\$1,813,318
Claims and judgments	1,361,316	54,608	24,955	1,390,969	55,506
Tax refund	373,272	-	207,387	165,885	165,885
	<u>\$4,515,182</u>	<u>\$3,518,433</u>	<u>\$1,752,755</u>	<u>\$ 6,280,860</u>	<u>\$2,034,709</u>

The tax refund liability of \$165,885 consists of a pending refund due to the State of Nevada-Department of Taxation for overpaid Nevada State Use taxes. Compensated absences are generally liquidated from the General Fund and claims and judgments are liquidated from the Workers' Compensation Internal Service Fund. The tax refund will be liquidated from the General Fund.

**Note 6 - Postemployment Benefits Other than Pensions (OPEB)****Defined Benefit Plan****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.

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.

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, 1001 E. 9<sup>th</sup> Street Ste D200, Reno, Nevada, 89512.

Employees covered by benefit terms. As of the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments:	56
Active employees:	133

### Actuarial assumptions and other inputs

The District's total OPEB liability of \$9,817,792 was measured as of June 30, 2018 was based on the valuation date of July 1, 2018. Projections of the sharing of benefit-related costs are based on established pattern of practice. Actuary valuations include projections of the sharing of benefit-related costs that are based on an established pattern of practice. The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial funding method	Entry Age Normal
Amortization method	Level Percent of Pay
Inflation	3%
Salary increases	
0-4 years of service	8.00%
5 + years of service	3.00%
Discount rate	6.00%
Healthcare cost trend rates	
Pre-Medicare	Range between 4.6% to 7.0% annually
Medicare	Range between 4.6% to 6.7% annually
Retirees' share of benefit-related costs	
Retirees before June 30, 2012 under City of Reno Plan	
(Pre-65)	40% retiree and dependent
(Post-65)	50% retiree and 100% dependent
Retirees hired on or before July 1, 2014	50% retiree and 100% dependent
Retirees hired after July 1, 2014	100% retiree and dependent

The investment rate of return of 6.00%, net of investment expenses, was selected by the District. This is based on the investment policy of State of Nevada's Retiree Benefit Investment Fund (RBIF) where the District invests its assets to fund its OPEB liabilities. This rate is derived based on the RBIF's investment policy (shown in the table below), and includes a 3.00% long-term inflation assumption.

<u>Asset Class</u>	<u>Asset allocation</u>
Foreign Developed Equity	21.00%
U.S. Fixed Income	30.00%
U.S. Large Cap Equity	49.00%



The discount rate was based on the long term rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits to the extent that plan assets are projected to cover benefit payments and administrative expenses. To the extent that OPEB plan assets are insufficient to finance all OPEB benefits, the discount rate should be based on 20-year tax-exempt AA or higher Municipal Bonds as of the Measurement Date. Based on the District's current funding policy of funding the Trust annually to maintain a funded percentage of at least 80%, the Fiduciary Net Position and future expected contributions and earnings are projected to be sufficient such that the Trust remains solvent. Therefore, a discount rate of 6.00% is used in calculating the total OPEB liability.

Mortality rates for healthy life were based on the RP-2014 Male and Female Healthy Annuitant mortality tables adjusted to reflect Mortality Improvement Scale MP-2018 from the 2006 base year, and projected forward using projection scale MP-2018 on a generational basis.

The number of participants in the plan is not large enough to provide credible data to perform an experience study to establish demographic assumptions for termination, retirement, and mortality. The demographic assumptions used in the June 30, 2018 valuation of OPEB liabilities were developed based Nevada Public Employees Retirement System demographic assumptions.

#### Changes in the OPEB Liability

	Total OPEB Liability	Increase/ (Decrease) in Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2018 (Measurement Date June 30, 2017)	<u>\$ 6,846,342</u>	<u>\$ 5,316,774</u>	<u>\$ 1,529,568</u>
Charges for the year:			
Service Cost	417,213	-	417,213
Interest on the total OPEB liability	501,045	-	501,045
Changes of benefit terms	-	-	-
Differences between actual and expected experience with regard to economic or demographic factors	(27,487)	-	(27,487)
Changes of assumptions	2,295,853	-	2,295,853
Benefit payments	(215,174)	(215,174)	-
Net investment income	-	435,094	(435,094)
Administrative expense	-	(15,693)	15,693
Total Changes	<u>2,971,450</u>	<u>204,227</u>	<u>2,767,223</u>
Balance at June 30, 2019 (Measurement Date June 30, 2018)	<u>\$ 9,817,792</u>	<u>\$ 5,521,001</u>	<u>\$ 4,296,791</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 7.00 percent as of the measurement date of June 30, 2017 to 6.00 percent as of the measurement date of June 30, 2018 and a change in the long-term inflation assumption from 2.50 percent as of the measurement date of June 30, 2017 to 3.00 percent as of the measurement date of June 30, 2018.

**Sensitivity of the total OPEB liability to changes in the discount rate.**

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.0 percent) or 1-percentage-point higher (7.0 percent) than the current discount rate:

	1% Decrease in Discount Rate (5.00%)	Discount Rate (6.00%)	1% Increase in Discount Rate (7.00%)
Net OPEB liability	\$ 5,375,268	\$ 4,296,791	\$ 3,349,420

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.**

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease in Healthcare Cost Trend	Healthcare Cost Trend	1% Increase in Healthcare Cost Trend
Net OPEB liability	\$ 3,125,922	\$ 4,296,791	\$ 5,685,013

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2019, the District recognized OPEB expense of \$856,255. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 23,232	\$ -
Changes in assumptions or other inputs	-	1,940,458
Net difference between projected and actual earnings	207,989	-
District contributions subsequent to the measurement date	N/A	463,000
Total	\$ 231,221	\$ 2,403,458

Deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date in the amount of \$463,000 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020.

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

<u>Year ended June 30,</u>	Recognized Deferred (Inflows)/Outflows of Resources
2020	\$ 286,534
2021	286,534
2022	286,535
2023	336,968
2024	351,140
Thereafter	<u>161,526</u>
Total	\$ <u>1,709,237</u>

### **Defined Contribution Plan:**

#### **Plan Description and Eligibility**

During the year ended June 30, 2019, the District agreed to participate in a Post-Employment Health Plan (PEHP) a defined contribution plan for collectively bargained public employees. International Association of Fire Fighters Local 2487 (Local 2487) will determine the plan administrator for the PEHP and the District agreed to contribute to the PEHP on behalf of the employees. As of June 30, 2019, the plan administrator has not yet been determined.

Employees who are members of Local 2487 non-supervisory group hired with the District on or before July 1 2014, will have a one-time contribution of \$1,000 made by the District to the employee's PEHP account for the fiscal year ending June 30, 2019; thereafter an annual contribution of \$120 will be made by the District to the employee's PEHP account. Employees who are members of Local 2487 non-supervisory group hired with the District after July 1, 2014 will have an annual contribution of \$2,500 made by the District to the employee's PEHP account. The employee will pay all associated account administrative fees for the PEHP to keep the account in good standing. The vesting period, if any, and uses of forfeitures will be determined in the plan document once the plan administrator is determined and the plan document is adopted by the District and Local 2487.

There are no assets accumulated in a trust as of June 30, 2019. Contribution rates are established within the collective bargaining unit agreement and may be amended with by mutual agreement of the District and Local 2487.

The District recognized an OPEB expense related to the defined contribution plan in the amount of \$167,000 and an outstanding liability of \$167,000 as of June 30, 2019.

### **Note 7 - 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 factor is 2.67% of average compensation. For members entering PERS on or after January 1, 2010, there is a 2.5% service time factor and for regular members entering PERS on or after July 1, 2015, there is a 2.25% factor. 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 entering PERS prior to January 1, 2010, are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 years of service, or at any age with 30 years of service. Regular members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of service, or age 62 with 10 years of service, or any age with 30 years of service. Regular members who entered PERS on or after July 1, 2015, are eligible for retirement at age 65 with 5 years of service, or at age 62 with 10 years of service or at age 55 with 30 years of service or any age with 33 1/3 years of service.

Police/Fire members entering PERS prior to January 1, 2010, are eligible for retirement at age 65 with 5 years of service, at age 55 with 10 years of service, at age 50 with 20 years of service, or at any age with 25 years of service. Police/Fire members entering PERS on or after January 1, 2010, are eligible for retirement at 65 with 5 years of service, or age 60 with 10 years of service, or age 50 with 20 years of service, or at any age with 30 years of service. 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 Actuarial Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal years ended June 30, 2018 and 2019 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, 2018 and 2019 was 28.00% for Regular and 40.50% for Police/Fire.

The District's contributions were \$2,293,573 for the year ended June 30, 2019.

### **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 PERS.

The following was the PERS Board adopted policy target asset allocation as of June 30, 2018:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return
Domestic Stocks	42%	5.50%
International Stocks	18%	5.75%
U.S. Bonds	30%	0.25%
Private Markets	10%	6.80%

As of June 30, 2018, PERS' long-term inflation assumption was 2.75%.

### **Net Pension Liability**

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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 employer contributions relative to the total employer contributions for all employers for the period ended June 30, 2018. At June 30, 2018, the District's proportion was .23531%, which is an increase of .02261 from the proportion measured as of June 30, 2017.

**Pension Liability Discount Rate Sensitivity**

The following presents the net pension liability of the District as of June 30, 2019, calculated using the discount rate of 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current discount rate:

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Net Pension Liability	\$ 48,937,458	\$ 32,090,988	\$ 18,092,553

**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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.75%
Payroll Growth	5.00% including inflation
Investment Rate of Return	7.50%
Productivity Pay Increase	0.50%
Projected Salary Increases	Regular: 4.25% to 9.15%, depending on service Police/Fire: 4.55% to 13.9%, depending on service Rates include inflation and productivity increases
Consumer Price Index	2.75%
Other Assumptions	Same as those used in the June 30, 2018 funding actuarial valuation

Mortality rates for regular and police/fire members are based on the following table:

Healthy:	Headcount–Weighted RP-2014 Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries.
	For ages less than 50 <sup>1</sup> , mortality rates are based on the Headcount–Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for healthy annuitants at age 50 to the mortality rate for employees at age 50. The mortality rates are then projected to 2020 with Scale MP-2016.
	<sup>1</sup> The RP-2014 Healthy Anuitant Mortality Tables have rates only for ages 50 and later.
Disabled:	Headcount–Weighted RP-2014 Disabled Retiree Table, set forward four years.
Pre-Retirement:	Headcount–Weighted RP-2014 Employee Table, projected to 2020 with Scale MP-2016.

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of the experience review completed in 2017.

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2018. 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, 2018, 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, 2018.

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

For the year ended June 30, 2019, the District recognized pension expense of \$2,738,560. At June 30, 2019, 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	\$ 1,005,321	\$ 1,489,573
Changes in assumptions or other inputs	1,690,992	
Net difference between projected and actual earnings on pension plan investments	-	152,784
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	3,295,316	685,162
District contributions subsequent to the measurement date	2,293,573	-
Total	<u>\$ 8,285,202</u>	<u>\$ 2,327,519</u>

Deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date in the amount of \$2,293,573 will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

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, 2017 (the beginning of the measurement period ended June 30, 2018) is 6.22 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>	
2020	\$ 1,274,763
2021	827,393
2022	34,476
2023	626,520
2024	752,264
Thereafter	<u>148,694</u>
Total	<u>\$ 3,664,110</u>

**Additional Information**

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



**Note 8 - 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 is fully insured for property and auto loss and liability with a \$2,500 to \$5,000 deductible. This District is covered up to a policy limit per occurrence of \$22,879,807 and \$11,000,000 per occurrence in general liability. The District's policy contains various sub-limits established for earthquake, flood, equipment breakdown, errors and omissions and other items.

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). The District established the Workers' Compensation Fund to account for this program. The District bought out all workers' compensation liability for all claims incurred prior to July 1, 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, 2017	\$ 1,329,129
Claims and changes in estimates	67,236
Claims paid	<u>(35,049)</u>
Claims liability, June 30, 2018	1,361,316
Claims and changes in estimates	54,608
Claims paid	<u>(24,955)</u>
Claims liability, June 30, 2019	<u><u>\$ 1,390,969</u></u>

**Note 9 - Tax Abatement**

The District's tax revenues were reduced by \$207,410 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 on renewable energy facilities, and use taxes imposed on eligible machinery or equipment used by certain new or expanded businesses.

**Note 10 – Correction of an Error**

During 2019, the District identified misstatements in the June 30, 2018 financial statements related to the accrual of amounts owed for workers' compensation claims to another local government. It was determined that invoices accrued included, in error claims, that the District is not obligated to pay. Beginning net position was restated to remove amounts accrued in error. The correction is as follows.

	Governmental Activities	Internal Service Fund
Net position at June 30, 2018, as previously reported	\$ 15,255,245	\$ 838,733
Prior period adjustment		
Restatement of due to other governments	<u>275,736</u>	<u>275,736</u>
Net position at June 30, 2018, as restated	<u><u>\$ 15,530,981</u></u>	<u><u>\$ 1,114,469</u></u>

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, 2019

	2019 Budgeted Amounts		2019	
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes				
Ad valorem, general	\$ 18,570,260	\$ 18,570,260	\$ 18,390,739	\$ (179,521)
Ad valorem, AB 104	236,506	236,506	76,579	(159,927)
Licenses and permits				
Gaming, AB 104	30,000	30,000	35,073	5,073
Other	1,000	1,000	1,050	50
Intergovernmental				
Consolidated taxes	8,597,967	8,597,967	8,725,419	127,452
Real property transfer tax, AB 104	52,436	52,436	37,470	(14,966)
Supplemental city/county relief tax, AB 104	933,741	933,741	625,263	(308,478)
Interlocal cooperative agreement fire suppression	585,000	585,000	518,402	(66,598)
Charges for services				
Services to other agencies	10,000	10,000	6,003	(3,997)
Other	20,000	20,000	740	(19,260)
Miscellaneous				
Investment earnings	120,000	120,000	199,253	79,253
Net increase (decrease) in the fair value of investments	-	-	221,413	221,413
Reimbursements	411,358	411,358	512,946	101,588
Other	10,000	13,499	13,226	(273)
Total revenues	<u>29,578,268</u>	<u>29,581,767</u>	<u>29,363,576</u>	<u>(218,191)</u>
Expenditures				
Current				
Public safety function				
Fire				
Salaries and wages	15,375,622	15,678,990	15,214,222	464,768
Employee benefits	8,769,174	8,774,201	8,126,428	647,773
Services and supplies	5,856,356	5,851,460	4,826,124	1,025,336
Total expenditures	<u>30,001,152</u>	<u>30,304,651</u>	<u>28,166,774</u>	<u>2,137,877</u>
Excess (Deficiency) of Revenues over Expenditures	(422,884)	(722,884)	1,196,802	1,919,686
Other Financing Sources (Uses)				
Contingency	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(722,884)	(722,884)	1,196,802	1,919,686
Fund Balances, Beginning of Year	<u>6,887,250</u>	<u>6,887,250</u>	<u>7,798,838</u>	<u>911,588</u>
Fund Balances, End of Year	<u>\$ 6,164,366</u>	<u>\$ 6,164,366</u>	<u>\$ 8,995,640</u>	<u>\$ 2,831,274</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, 2019

	2019 Budgeted Amounts		2019	
	Original	Final	Actual	Variance with Final Budget
Revenues				
Miscellaneous				
Other	\$ 300,000	\$ 300,000	\$ 1,522,958	\$ 1,222,958
Expenditures				
Current				
Public safety function				
Fire				
Salaries and wages	1,100,000	1,100,000	790,077	309,923
Employee benefits	25,000	25,000	11,345	13,655
Services and supplies	315,000	315,000	319,083	(4,083)
Total expenditures	1,440,000	1,440,000	1,120,505	319,495
Net Change in Fund Balances	(1,140,000)	(1,140,000)	402,453	1,542,453
Fund Balances, Beginning of the Year	1,251,949	1,251,949	1,184,963	(66,986)
Fund Balances, End of Year	\$ 111,949	\$ 111,949	\$ 1,587,416	\$ 1,475,467

# Truckee Meadows Fire Protection District

Reconciliation of the General Fund Schedule of Revenue, 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, 2019

	General Fund (Budgetary Basis)	Internally Reported Funds	Eliminations	General Fund (GAAP Basis)
Revenues				
Taxes	\$ 18,467,318	\$ -	\$ -	\$ 18,467,318
Licenses and permits	36,123	-	-	36,123
Intergovernmental	9,906,554	-	-	9,906,554
Charges for services	6,743	-	-	6,743
Miscellaneous	946,838	22,763	-	969,601
Total revenues	29,363,576	22,763	-	29,386,339
Expenditures				
Current				
Public safety	28,166,774	57,653	-	28,224,427
Net Change in Fund Balances	1,196,802	(34,890)	-	1,161,912
Fund Balances, Beginning of Year	7,798,838	1,470,285	-	9,269,123
Fund Balances, End of Year	\$ 8,995,640	\$ 1,435,395	\$ -	\$ 10,431,035

Truckee Meadows Fire Protection District  
Schedule of Changes in Net Other Postemployment Benefit Liability and Related Ratios  
Last Ten Fiscal Years

	2018	2017
Total OPEB liability		
Service cost	\$ 417,213	\$ 405,061
Interest on the total OPEB liability	501,045	455,572
Differences between actual and expected experience with regard to economic or demographic factors	(27,487)	-
Changes of assumptions	2,295,853	-
Benefit payments	(215,174)	(230,891)
Net change in total OPEB liability	2,971,450	629,742
Total OPEB liability-beginning	6,846,342	6,216,600
Total OPEB liability-ending (a)	<u>\$ 9,817,792</u>	<u>\$ 6,846,342</u>
Plan fiduciary net position		
Benefit payments	\$ (215,174)	\$ (230,891)
Net investment income	435,094	591,731
Administrative expense	(15,693)	(16,744)
Net change in plan fiduciary net position	204,227	344,096
Plan fiduciary net position-beginning	5,316,774	4,972,678
Plan fiduciary net position-ending (b)	<u>\$ 5,521,001</u>	<u>\$ 5,316,774</u>
District's net OPEB liability-ending (a) - (b)	<u>\$ 4,296,791</u>	<u>\$ 1,529,568</u>
Plan fiduciary net position as a percentage of the total OPEB liability	56.2%	77.7%
Covered-employee payroll	\$ 15,660,842	\$ 13,199,783
District's net OPEB liability as a percentage of covered-employee payroll	27.4%	11.6%

\* GASB Statement No. 75 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 - Other Postemployment Benefits  
Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 1,037,001	\$ 650,895
Contributions in relation to the actuarially determined contribution	<u>463,000</u>	<u>-</u>
Contribution (deficiency) excess	<u>\$ (574,001)</u>	<u>\$ (650,895)</u>
Covered-employee payroll	\$ 16,004,299	\$ 15,660,842
Contributions as a percentage of covered payroll	2.89%	0.00%

\* GASB Statement No. 75 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 Share of Net Pension Liability  
Public Employee's Retirement System of Nevada (PERS)  
Last Ten Plan Years

	<u>District's portion of the net pension liability</u>	<u>District's proportionate share of the net pension liability</u>	<u>District's covered payroll</u>	<u>District's proportionate share of the net pension liability as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2018	0.23531%	\$ 32,090,988	\$ 11,003,348	291.65%	75.24%
2017	0.21270%	\$ 28,288,166	\$ 9,712,107	291.27%	74.42%
2016	0.21696%	\$ 29,197,203	\$ 9,271,513	314.91%	72.23%
2015	0.22129%	\$ 25,358,762	\$ 8,435,593	300.62%	75.13%
2014	0.20583%	\$ 21,451,071	\$ 7,783,987	275.58%	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

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	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution (deficiency) excess	Employer's covered payroll	Contributions as a percentage of covered payroll
2019	\$ 2,293,573	\$ 2,293,573	\$ -	\$11,759,724	19.50%
2018	2,156,034	2,156,034	-	11,003,348	19.59%
2017	1,896,920	1,896,920	-	9,712,107	19.53%
2016	1,835,776	1,835,776	-	9,271,513	19.80%
2015	1,707,868	1,707,868	-	8,435,593	20.25%

\* 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 District's Contributions, OPEB**

Actuarially determined contribution rates are calculated as of July 1, 2018, two years prior to the end of the fiscal year in which contributions are reported and projected forward to June 30, 2019.

Methods and assumptions used to determine contribution rates:

Actuarial funding method	Entry Age Normal
Amortization method	Level Percent of Pay
Inflation	3%
Salary increases	
0-4 years of service	8.00%
5 + years of service	3.00%
Discount rate	6.00%
Healthcare cost trend rates	
Pre-Medicare	Range between 4.6% to 7.0% annually
Medicare	Range between 4.6% to 6.7% annually
Retirees' share of benefit-related costs	
Retirees before June 30, 2012 under City of Reno Plan	
(Pre-65)	40% retiree and dependent
(Post-65)	50% retiree and 100% dependent
Retirees hired on or before July 1, 2014	50% retiree and 100% dependent
Retirees hired after July 1, 2014	100% retiree and dependent

Changes of assumptions and other inputs reflect a change in the discount rate from 7.00 percent as of the measurement date of June 30, 2017 to 6.00 percent as of the measurement date of June 30, 2018 and a change in the long-term inflation assumption from 2.50 percent as of the measurement date of June 30, 2017 to 3.00 percent as of the measurement date of June 30, 2018.

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, 2019

	General Fund (Budgetary Basis)	Internally Reported Funds	General Fund (GAAP Basis)
<b>Assets</b>			
Cash and investments	\$ 9,594,039	\$ 1,443,576	\$ 11,037,615
Accounts receivable	181,927	-	181,927
Taxes receivable	159,950	-	159,950
Due from other governments	2,760,041	-	2,760,041
Interest receivable	46,555	2,326	48,881
Deposits	6,432	-	6,432
<b>Total assets</b>	<b>12,748,944</b>	<b>1,445,902</b>	<b>14,194,846</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	2,298,714	10,507	2,309,221
Due to other governments	126,039	-	126,039
Other postemployment benefits liability, defined contribution plan	167,000	-	167,000
<b>Total liabilities</b>	<b>2,591,753</b>	<b>10,507</b>	<b>2,602,260</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue			
Property taxes	124,525	-	124,525
Intergovernmental	1,037,026	-	1,037,026
<b>Total deferred inflows of resources</b>	<b>1,161,551</b>	<b>-</b>	<b>1,161,551</b>
<b>Fund Balances</b>			
Nonspendable	6,432	-	6,432
Assigned	149,221	821,489	970,710
Unassigned	8,839,987	613,906	9,453,893
<b>Total fund balances</b>	<b>8,995,640</b>	<b>1,435,395</b>	<b>10,431,035</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 12,748,944</b>	<b>\$ 1,445,902</b>	<b>\$ 14,194,846</b>

# Truckee Meadows Fire Protection District

Combining Balance Sheet - Internally Reported (Budgetary Basis) Funds Reported as Part of the General Fund  
for External Reporting Purposes  
(GAAP Basis) - Governmental Funds  
June 30, 2019

	Sick Annual Comp Benefits Fund	Stabilization Fund	Internally Reported Total
Assets			
Cash and investments	\$ 831,996	\$ 611,580	\$ 1,443,576
Interest receivable	-	2,326	2,326
Total assets	<u>831,996</u>	<u>613,906</u>	<u>1,445,902</u>
Liabilities			
Accounts payable and accrued liabilities	10,507	-	10,507
Fund Balances			
Assigned	821,489		821,489
Unassigned	-	613,906	613,906
Total fund balances	<u>821,489</u>	<u>613,906</u>	<u>1,435,395</u>
Total Liabilities and Fund Balances	<u>\$ 831,996</u>	<u>\$ 613,906</u>	<u>\$ 1,445,902</u>

Truckee Meadows Fire Protection District  
Combining 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, 2019

	Sick Annual Comp Benefits Fund	Stabilization Fund	Internally Reported Total
Revenues			
Miscellaneous	\$ -	\$ 22,763	\$ 22,763
Expenditures			
Current			
Public safety	57,216	437	57,653
Net Change in Fund Balances	(57,216)	22,326	(34,890)
Fund Balances, Beginning of Year	878,705	591,580	1,470,285
Fund Balances, End of Year	\$ 821,489	\$ 613,906	\$ 1,435,395

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, 2019

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	<u>2019 Budgeted Amounts</u>		<u>2019</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Expenditures				
Public safety function				
Fire				
Salaries and wages	\$ 700,000	\$ 700,000	\$ 57,216	\$ 642,784
Employee benefits	25,000	25,000	-	25,000
Net Change in Fund Balance	(725,000)	(725,000)	(57,216)	667,784
Fund Balance, Beginning of Year	773,509	773,509	878,705	105,196
Fund Balance, End of Year	<u>\$ 48,509</u>	<u>\$ 48,509</u>	<u>\$ 821,489</u>	<u>\$ 772,980</u>



# Truckee Meadows Fire Protection District

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Stabilization Fund Year Ended June 30, 2019

	2019 Budgeted Amounts		2019	
	Original	Final	Actual	Variance with Final Budget
Revenues				
Miscellaneous				
Investment earnings	\$ 5,000	\$ 5,000	\$ 10,875	\$ 5,875
Net increase (decrease) in the fair value of investments	-	-	11,888	11,888
Total revenues	5,000	5,000	22,763	17,763
Expenditures				
Current:				
Public safety function				
Fire				
Services and supplies	500,000	500,000	437	499,563
Excess (Deficiency) of Revenues over Expenditures	(495,000)	(495,000)	22,326	517,326
Fund Balance, Beginning of Year	597,798	597,798	591,580	(6,218)
Fund Balance, End of Year	\$ 102,798	\$ 102,798	\$ 613,906	\$ 511,108

Truckee Meadows Fire Protection District

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -  
Capital Projects Fund  
Year Ended June 30, 2019

	2019 Budgeted Amounts		2019	
	Original	Final	Actual	Variance with Final Budget
Revenues				
Miscellaneous				
Investment earnings	\$ 10,000	\$ 10,000	\$ 102,672	\$ 92,672
Net decrease in the fair value of investments	-	-	92,860	92,860
Reimbursements	-	-	8,878	8,878
Total revenues	10,000	10,000	204,410	194,410
Expenditures				
Current:				
Public safety function				
Fire				
Services and supplies	1,003,000	1,003,000	571,127	431,873
Capital outlay	5,328,594	5,328,594	2,764,136	2,564,458
Total expenditures	6,331,594	6,331,594	3,335,263	2,996,331
Excess (Deficiency) of Revenues over Expenditures	(6,321,594)	(6,321,594)	(3,130,853)	3,190,741
Other Financing Sources (Uses)				
Proceeds from asset disposition	-	-	1,008,689	1,008,689
Net Change in Fund Balance	(6,321,594)	(6,321,594)	(2,122,164)	4,199,430
Fund Balance, Beginning of Year	6,653,740	6,653,740	6,663,912	10,172
Fund Balance, End of Year	\$ 332,146	\$ 332,146	\$ 4,541,748	\$ 4,209,602

Truckee Meadows Fire Protection District  
Schedule of Revenue, Expenses, and Changes in Net Position - Budget and Actual  
Workers' Compensation Fund  
Year Ended June 30, 2019

	2019 Budgeted Amounts		2019	
	Original	Final	Actual	Variance with Final Budget
Operating Expenses				
Services and supplies				
Claims	\$ 500,000	\$ 500,000	\$ 54,608	\$ 445,392
Miscellaneous	7,500	7,500	1,836	5,664
Total operating expenses	507,500	507,500	56,444	451,056
Nonoperating Revenues (Expenses)				
Investment earnings	-	-	45,592	45,592
Net increase (decrease) in the fair value of investments	-	-	49,387	49,387
Total nonoperating revenues (expenses)	-	-	94,979	94,979
Change in Net Position	<u>\$ (507,500)</u>	<u>\$ (507,500)</u>	\$ 38,535	<u>\$ 546,035</u>
Net Position, Beginning of Year			838,733	
Prior Period Adjustment			<u>275,736</u>	
Net Position, Beginning of Year, as restated			<u>1,114,469</u>	
Net Position, End of Year			<u>\$ 1,153,004</u>	

Truckee Meadows Fire Protection District  
Schedule of Cash Flows - Budget and Actual - Worker's Compensation Fund  
Year Ended June 30, 2019

	2019 Budgeted Amounts		2019	
	Original	Final	Actual	Variance with Final Budget
Operating Activities				
Cash payments for services and supplies	\$ (507,500)	\$ (507,500)	\$ (27,631)	\$ 479,869
Investing Activities				
Investment earnings	-	-	94,845	94,845
Net Change in Cash and Cash Equivalents	(507,500)	(507,500)	67,214	574,714
Cash and Cash Equivalents, Beginning of Year	2,170,963	2,170,963	2,476,609	305,646
Cash and Cash Equivalents, End of Year	<u>\$ 1,663,463</u>	<u>\$ 1,663,463</u>	<u>\$ 2,543,823</u>	<u>\$ 880,360</u>
Reconciliation of operating income (loss) to net cash from (used for) operating activities				
Operating income (loss)			\$ (56,444)	
Adjustments to reconcile operating loss to net cash used for operating activities				
Change in				
Due to other governments			(840)	
Pending claims			29,653	
Total adjustments			28,813	
Net Cash Provided used for Operating Activities			<u>\$ (27,631)</u>	



**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, 2019, 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 27, 2019.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

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

Reno, Nevada  
November 27, 2019



### **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, 2019, and the related notes to the financial statements, nothing came to our attention that caused us to believe that the 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, 2018.

#### **Prior Year Recommendations**

There were no findings for the year ended June 30, 2018.

#### **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 27, 2019