



TRUCKEE MEADOWS FIRE PROTECTION DISTRICT

STAFF REPORT

Board Meeting Date: December 18, 2018

DATE: December 3, 2018

TO: Truckee Meadows Fire Protection District Board of Fire Commissioners

FROM: Cindy Vance, CPA, Chief Fiscal Officer

SUBJECT: Recommendation to accept Truckee Meadows Fire Protection District's Audited Financial Statements for the Fiscal Year ended June 30, 2018 as presented; approve the re-appropriation of \$1,818,267.53 for the fiscal year 2019 budget, consisting of \$36,673.75 in the General Fund and \$1,781,593.78 in the Capital Projects Fund for purchase order encumbrances committed in fiscal year 2018 and authorize the District to proceed with distribution of the Financial Statements for public record, as required by law. (All Commission Districts) FOR POSSIBLE ACTION

SUMMARY

Recommendation to accept the Truckee Meadows Fire Protection District's Audited Financial Statements for the Fiscal Year ended June 30, 2018 as presented and approve the re-appropriation of \$1,818,267.53 for the fiscal year 2019 budget, consisting of \$36,673.75 in the General Fund and \$1,781,593.78 in the Capital Projects Fund for purchase order encumbrances committed in fiscal year 2018 and authorize the District to proceed with distribution of the Financial Statements for public record, as required by law.

Please find attached the Truckee Meadows Fire Protection District's financial statements for the fiscal year ended June 30, 2018 which were audited by Eide Bailly LLP. The auditor's opinion of the financial statements is an "unqualified" opinion which means the financial statements present fairly, in all material respects, the respective financial position of the District's governmental activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2018.

The auditors have stated in the report the auditors found the District conformed to all significant statutory constraints on its financial administration during the year and that there were no material weaknesses or significant deficiencies reported.

It is recommended the Truckee Meadows Fire Protection District Board of Fire Commissioners accept the District's Audited Financial Statements for FY17-18.

Strategic Objective supported by this item: *Sustainability of our financial, social and natural resources.*

PREVIOUS ACTION

None

BACKGROUND

NRS 354.624 requires the District to issue an annual report on its financial position and operations for the fiscal year. The Financial Report must be audited in accordance with generally accepted auditing standards in the United States, including findings on compliance with statutes and regulations, and an expression of opinion on the financial statements. The audit must be conducted by a certified public accountant.

The reports, opinion and findings of the auditor contained in the CAFR must be presented at a meeting of the Board of Fire Commissioners held not more than 30 days after the report is dated, and filed as public record with the County Clerk and the Department of Taxation.

The highlights of the Truckee Meadows Fire Protection District's Audited Financial Statements for the Fiscal Year Ended June 30, 2018 are as follows:

General Fund:

The Truckee Meadows Fire Protection District's finances are stable in the short-term and long-term. The General Fund's (Budgetary Basis) fund balance as of June 30, 2018 was \$7,798,838, a decrease of \$2,343,059 or 23% from the prior year. This decrease was planned and is primarily caused by the transfer out of \$4,300,000 to the Capital Projects Fund for the completion of Station 33 and apparatus needs. The total fund balance of \$7,798,838 equates to 29.4% or approximately three and a half months' worth of expenditures compared to prior year's ending fund balance of \$10,141,897 which was 43.86% or approximately five months' worth of expenditures.

In FY 17-18, the total General Fund expenditures were \$26,527,486 which was \$1,519,403 or 5.4% under budget. The General Fund revenues and other sources were over budget by \$1,076,223 or 3.9%.

Emergency Fund:

The Wildland Fire Emergency Fund was established to fund the District's emergency and wildland fire liability. NRS 474 allows Fire Districts to set aside up to \$1.5 million per year for emergency operations, primarily wildland fire operations. As of June 30, 2018, the fund balance was \$1,184,963. This fund balance was carried forward to FY 18-19 to allow for District funding for the cost of future wildland fires and other emergencies.

Capital Projects Fund:

The TMFPD Capital Projects Fund is used to fund the purchase of equipment, building improvements and construction projects for the District. As of June 30, 2018, the Capital Projects Fund Balance was \$6,663,912. This fund balance was carried forward to FY18-19 to allow for Districts funding of equipment, building improvement and construction projects for FY18-19 while the District develops a comprehensive facility and rolling stock plan and a related funding plan.

Workers' Compensation Fund:

In FY 03-04, the District established the Workers' Compensation Internal Service Fund in order to account for the District's liability for workers' compensation claims. Per the Reno/TMFPD Interlocal Agreement, the TMFPD shall pay a pro rata share of the Reno Fire Department workers' compensation claims based upon the number of positions attributable to the TMFPD vs. the total Reno Fire Department staff. With the termination of the TMFPD/Reno Interlocal Agreement, the TMFPD will continue to pay their proportionate share of actual costs for the remaining year of the 5 year buy-out. During fiscal year 2018 the District purchased the final year of the 5 year buy-out and only remains

responsible for future heart and lung claims. As of June 30, 2018, the District had restricted net position of \$838,733.

Other Funds:

As of June 30, 2018, the District's Stabilization Fund had a fund balance of \$591,580 which is consistent with prior years. The fund is available to be utilized for decreases in revenues and for emergencies. As of June 30, 2018, the Sick and Annual Comp Benefits Fund had a fund balance of \$878,705 which is an increase of \$25,271 from the prior year due to budgeted transfers from the General fund offset by payouts of \$74,729. The fund balance of \$878,705 represents 31.6% of the \$2,780,594 compensated balance liability at June 30, 2018. This fund was established to be used for the significant retirement payouts related to sick and compensated time benefits.

Conclusion

The Truckee Meadows Fire Protection District is financially sound as of June 30, 2018.

FISCAL IMPACT

By acknowledging receipt of the Financial Statements, the Board is also approving the re-appropriation of \$1,818,267.53 for the fiscal year 2019 budget, consisting of \$36,673.75 in the General Fund and \$1,781,593.78 in the Capital Projects Fund for purchase order encumbrances committed in fiscal year 2018.

RECOMMENDATION

Accept the Truckee Meadows Fire Protection District's Audited Financial Statements for the Fiscal Year ended June 30, 2018 as presented and approve the re-appropriation of \$1,818,267.53 for the fiscal year 2019 budget, consisting of \$36,673.75 in the General Fund and \$1,781,593.78 in the Capital Projects Fund for purchase order encumbrances committed in fiscal year 2018 and authorize the District to proceed with distribution of the Financial Statements for public record, as required by law.

POSSIBLE MOTION

Should the Board agree with staff's recommendation a possible motion would be:

"I move to accept the Truckee Meadows Fire Protection District's Audited Financial Statements for the Fiscal Year ended June 30, 2018 as presented and approve the re-appropriation of \$1,818,267.53 for the fiscal year 2019 budget, consisting of \$36,673.75 in the General Fund and \$1,781,593.78 in the Capital Projects Fund for purchase order encumbrances committed in fiscal year 2018 and authorize the District to proceed with distribution of the Financial Statements for public record, as required by law."