



# TRUCKEE MEADOWS FIRE PROTECTION DISTRICT

## STAFF REPORT

Board Meeting Date: December 17, 2019

**DATE:** December 4, 2019

**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, 2019 as presented; approve the re-appropriation of \$300,509.22 for the fiscal year 2020 budget, consisting of \$33,700 in the General Fund and \$266,809.22 in the Capital Projects Fund for purchase order encumbrances committed in fiscal year 2019 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

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### SUMMARY

Recommendation to accept the Truckee Meadows Fire Protection District's Audited Financial Statements for the Fiscal Year ended June 30, 2019 as presented and approve the re-appropriation of \$300,509 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, 2019 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, 2019.

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 FY18-19.

### 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

**AGENDA ITEM #10**

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, 2019 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, 2019 was \$8,995,640, an increase of \$1,196,802 or 15% from the prior year. This increase was primarily caused by active efforts to control costs at the end of the year to mitigate unknown costs of labor negotiations extending into late fiscal year and by not funding the Capital Projects Fund or to the Sick and Annual Comp Benefits fund during fiscal year 2019 and allowing those funds to be funded by beginning balances only. The total fund balance of \$8,995,640 equates to 15.35% or approximately 3.8 months' worth of expenditures compared to prior year's ending fund balance of \$7,798,838 which was 29.4% or approximately 3.5 months' worth of expenditures.

In FY 18-19, the total General Fund expenditures were \$28,166,774 which was \$2,137,877 or 7% under budget. The General Fund revenues and other sources were under budget by \$218,191 or 1%.

**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 in deposits per year for emergency operations, primarily wildland fire operations. As of June 30, from the General Fund were received by the Capital Projects Fund. The Fund did receive \$1,008,689 in proceeds from asset disposition approximately \$950,000 was a one-time source from the sale of previous station 14 land on Virginia Street that finalized during the fiscal year. Total expenditures for FY18-19 were \$3,335,263 which included the completion of two water tenders, the purchase of two type I engines, property purchase in Hidden Valley, and new extrication equipment.

**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, TMFPD bought-out all claims presented prior to July 1, 2012. The District remains liable for heart and lung claims presented after July 1, 2012. During fiscal year 2019 the District hired an actuary to review the details of the actuary valuations used as a basis in the buy-out agreement to determine whether heart and lung claims were included or excluded from the buy-out. Based on the findings of the actuary, it was determined that heart and lung claims were included in the buy-out. Invoices billed and accrued had included heart and lung claims presented prior to July 1, 2012 based on the results of the actuary review, the prior year

accruals through June 30, 2018 were removed and presented as a prior period adjustment of \$275,736. As of June 30, 2019, the District had restricted net position of \$1,153,004 restricted for claims payments.

**Other Funds:**

As of June 30, 2019, the District's Stabilization Fund had a fund balance of \$613,906 which is consistent with prior years. The fund is available to be utilized for decreases in revenues and for emergencies. As of June 30, 2019, the Sick and Annual Comp Benefits Fund had a fund balance of \$821,489 which is a decrease of \$57,216 from the prior year. The fund balance of \$821,489 represents 17.39% of the \$4,724,006 compensated balance liability at June 30, 2019. 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, 2019.

**FISCAL IMPACT**

None.

**RECOMMENDATION**

Accept the Truckee Meadows Fire Protection District's Audited Financial Statements for the Fiscal Year ended June 30, 2019 as presented and approve the re-appropriation of \$300,509 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, 2019 as presented and approve the re-appropriation of \$300,509 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."*