

**NORTH LYON COUNTY  
FIRE PROTECTION DISTRICT,  
LYON COUNTY, NEVADA  
JUNE 30, 2016**



**Independent Auditor's Report**

To the Board of the North Lyon County Fire  
Protection District, Lyon County, Nevada

**Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of the North Lyon County Fire Protection District, Lyon County, Nevada as of and for the year ended June 30, 2016, 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 of 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, business-type activities and each major fund of the North Lyon County Fire Protection District, Lyon County, Nevada as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Funding Progress-Other Postemployment Benefits, Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of the District's Contributions on pages 3-A through 3-G and pages 27 through 29, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 31, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Lyon County Fire Protection District, Lyon County, Nevada's internal control over financial reporting and compliance.

Yerington, Nevada  
December 31, 2016

Arrighi, Blake - Assessor, LLC

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the North Lyon County Fire Protection District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the North Lyon County Fire Protection District's fiscal year ended June 30, 2016.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the North Lyon County Fire Protection District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1,668,432 (net position). The District has a negative unrestricted net position of \$1,040,755.
- The District's total net position increased by \$474,465.
- As of the close of the current fiscal year, the District's General Fund reported an ending fund balance of \$307,404, a decrease of \$25,014 in comparison with the prior year. Fund balance for the General Fund was approximately 22% of total General Fund expenditures.
- The District's Acquisition Fund reported an ending fund balance of \$85,724, a decrease of \$79,153 in comparison with the prior year. Of this amount, \$42,000 is reserved for debt service.
- The Ambulance Fund's net position increased during the year by \$437,016 from \$23,651 to \$460,667.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the North Lyon County Fire Protection 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 financial statements.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the North Lyon County Fire Protection District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources less liabilities and deferred inflows of resources, with the difference being 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.



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.

Both of the government-wide financial statements detail the governmental activity of the Public Safety function of the North Lyon County Fire Protection District that is principally supported by ad valorem taxes.

The government-wide financial statements can be found on pages 4-5 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources. The North Lyon County Fire Protection District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District uses two governmental funds and one 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 the District'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 Fund Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The basic governmental fund financial statements can be found on pages 6-10 of this report.

**Proprietary Funds.** The District maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements. The District uses an enterprise fund to account for ambulance operations provided to the citizens within the District. The District's major proprietary fund is the Ambulance Enterprise Fund.

The North Lyon County Fire Protection District adopts an annual appropriated budget for its funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The proprietary fund financial statements can be found on pages 11-13 of this report.

**Notes to Financial Statements.** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-26 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. In the case of the North Lyon County Fire Protection District, net position was \$1,668,432 at the close of the most recent fiscal year.

The largest portion of the North Lyon County Fire Protection District's net position reflects its net investment in capital assets, which exceeds total net position by a significant amount. \$42,000 of net position is restricted for debt service. The difference is a deficit of unrestricted net position of \$1,040,755. The North Lyon County Fire Protection District uses these capital assets to provide services to members; consequently, these assets are not available for future spending.

#### North Lyon County Fire Protection District's Net Position

	Governmental	Business-type	Total
Current and other assets	\$ 503,243	\$ 1,180,304	\$ 1,683,547
Capital assets	2,924,469	266,289	3,190,758
Total assets	3,427,712	1,446,593	4,874,305
Deferred inflows of resources	138,143	169,180	307,323
Other liabilities	195,891	105,715	301,606
Long-term liabilities	1,867,555	903,395	2,770,950
Total liabilities	2,063,446	1,009,110	3,072,556
Deferred outflows of resources	294,644	145,996	440,640
Net position (restated):			
Net investment in capital assets	2,400,898	266,289	2,667,187
Restricted for debt service	42,000	-	42,000
Unrestricted	(1,235,133)	194,378	(1,040,755)
Total net position	\$ 1,207,765	\$ 460,667	\$ 1,668,432

At the end of the current fiscal year, the District had negative balances in unrestricted net position for the governmental fund.

General revenues:			
Property taxes	1,161,624	-	1,161,624
Other taxes	127,585	-	127,585
Other	61,648	3,923	65,571
Total revenues	<u>1,985,638</u>	<u>2,295,362</u>	<u>4,281,000</u>
Expenses:			
Public safety	1,285,056	-	1,285,056
Debt service	313,133	-	313,133
Ambulance	-	2,208,346	2,208,346
Total expenses	<u>1,598,189</u>	<u>2,208,346</u>	<u>3,806,535</u>
Excess of revenues over expenses	387,449	87,016	474,465
Transfers:	<u>(350,000)</u>	<u>350,000</u>	<u>-</u>
Change in net position	37,449	437,016	474,465
Net position, beginning	1,170,316	23,651	1,193,967
Net position, ending	<u>\$ 1,207,765</u>	<u>\$ 460,667</u>	<u>\$ 1,668,432</u>

**Governmental activities.** Governmental activities increased the North Lyon County Fire Protection District's net position by \$37,449.

**Business-type activities.** Proprietary activities increased the North Lyon County Fire Protection District's net position by \$437,016.

### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S GENERAL FUND**

As noted earlier, the North Lyon County Fire Protection District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the North Lyon County Fire Protection 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 Board's financing requirements. In particular, fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the North Lyon County Fire Protection District's General Fund reported an ending fund balance of \$307,404, a decrease of \$25,014 in comparison with the prior year. The decrease was mainly due to an increase in expenditures.

As a measure of the General Fund's liquidity, it may be useful to compare ending fund balance to total fund expenditures. Ending fund balance represents approximately 22% of total General Fund expenditures.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The District augmented the General Fund budget by \$258,015 to account for mutual aid received. An automatic grant augmentation of \$304,009 also occurred during the year.

### **CAPITAL ASSET ADMINISTRATION**

**Capital Assets.** The North Lyon County Fire Protection District's investment in capital assets (net of accumulated depreciation) for its governmental activities of \$2,924,469 and for its business-type activities of \$266,289 at June 30, 2016. This investment included buildings and improvements and equipment. The total decrease in the North Lyon County Fire Protection District's investment in capital assets for the current fiscal year was 1.8%.

Major capital asset events during the current fiscal year included the following:

- Ambulance chassis for \$158,485.
- The purchase of a Type III Brush truck for \$289,799.

#### **North Lyon County Fire Protection District's Capital Assets Governmental Activities (net of depreciation)**

	<u>2016</u>	<u>2015</u>
Land	\$ 273,293	\$ 273,293
Buildings and improvements	1,776,978	1,827,908
Equipment	874,198	657,004
Total capital assets	<u>\$ 2,924,469</u>	<u>\$ 2,758,205</u>

#### **North Lyon County Fire Protection District's Capital Assets Business-Type Activities (net of depreciation)**

	<u>2016</u>	<u>2015</u>
Land	\$ -	\$ -
Buildings and improvements	-	-
Equipment	124,038	142,251
Total capital assets	<u>\$ 124,038</u>	<u>\$ 142,251</u>

Additional information on the North Lyon County Fire Protection District's capital assets can be found in Note 4 on page 19 of this report.

### **DEBT ADMINISTRATION**

As of June 30, 2016, the District had \$522,756 in outstanding debt for the Consolidated Tax Revenue Bond Series 2004. There was a principal reduction of \$18,623 on this debt during the fiscal year.

The District did not issue any new debt in fiscal year 2015-2016. Additional information on the North Lyon County Fire Protection District's debt can be found in Note 7 on page 21 of this report.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

- The ad valorem taxes are projected to be approximately \$45,000 higher for the next fiscal year.

This factor was considered in preparing the North Lyon County Fire Protection District's budget for the 2017 fiscal year.

### **REQUESTS FOR INFORMATION**

The financial report is designed to provide a general overview of the North Lyon County Fire Protection 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 North Lyon County Fire Protection District, 195 E. Main Street, Fernley, Nevada 89408.

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 432,445	\$ 690,482	1,122,927
Cash restricted for debt service	42,000	-	42,000
Taxes receivable	16,824	-	16,824
Accounts receivable	5,622	489,822	495,444
Bond issuance costs, net	6,352	-	6,352
Capital assets not being depreciated	273,293	-	273,293
Capital assets (net of accumulated depreciation)	2,651,176	266,289	2,917,465
<b>TOTAL ASSETS</b>	<u>3,427,712</u>	<u>1,446,593</u>	<u>4,874,305</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension outflows	138,143	169,180	307,323
<b>LIABILITIES</b>			
Accounts payable	67,370	62,457	129,827
Accrued liabilities	22,379	3,882	26,261
Interest payable	815	-	815
Other post employment benefits	3,668	-	3,668
Compensated absences	85,798	39,376	125,174
Noncurrent liabilities			
Due within one year	19,529	-	19,529
Due in more than one year	503,227	-	503,227
Net pension liability	1,360,660	903,395	2,264,055
<b>TOTAL LIABILITIES</b>	<u>2,063,446</u>	<u>1,009,110</u>	<u>3,072,556</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension inflows	294,644	145,996	440,640
<b>NET POSITION</b>			
Net investment in capital assets	2,400,898	266,289	2,667,187
Restricted for debt service	42,000	-	42,000
Unrestricted	(1,235,133)	194,378	(1,040,755)
<b>TOTAL NET POSITION</b>	<u>\$ 1,207,765</u>	<u>\$ 460,667</u>	<u>\$ 1,668,432</u>

See accompanying notes.

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

FUNCTION/PROGRAM	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Public safety	\$ 1,285,056	\$ 330,772	\$ 304,009	\$ -	\$ (650,275)	\$ -	\$ (650,275)
Debt service:							
Public Safety	\$ 289,551				(289,551)		\$ (289,551)
Interest and fiscal charges	23,852	-	-	-	(23,852)	-	(23,852)
Total Governmental Activities	1,598,459	330,772	304,009	-	(963,678)	-	(963,678)
Business-type activities:							
Ambulance	2,208,346	2,291,439	-	-	-	83,093	83,093
Total	<u>\$ 3,806,805</u>	<u>\$ 2,622,211</u>	<u>\$ 304,009</u>	<u>\$ -</u>	<u>(963,678)</u>	<u>83,093</u>	<u>(880,585)</u>
GENERAL REVENUES							
Taxes:							
Property taxes					1,161,624	-	1,161,624
Consolidated taxes					127,585	-	127,585
Interest income					1,486	742	2,228
Miscellaneous					60,432	3,181	63,613
Transfers					(350,000)	350,000	-
TOTAL GENERAL REVENUES					<u>1,001,127</u>	<u>353,923</u>	<u>1,355,050</u>
CHANGE IN NET POSITION					37,449	437,016	474,465
NET POSITION, BEGINNING OF YEAR					<u>1,170,316</u>	<u>23,651</u>	<u>1,193,967</u>
NET POSITION, END OF YEAR					<u>\$ 1,207,765</u>	<u>\$ 460,667</u>	<u>\$ 1,668,432</u>

See accompanying notes.

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2016**

	<u>GENERAL FUND</u>	<u>ACQUISITION FUND</u>	<u>TOTAL</u>
<b>ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>			
Assets:			
Cash and investments	\$ 388,721	\$ 43,724	\$ 432,445
Cash restricted for debt service	-	42,000	42,000
Taxes receivable	16,824	-	16,824
Accounts receivable	5,622	-	5,622
	<u>411,167</u>	<u>85,724</u>	<u>496,891</u>
Total Assets			
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 411,167</u>	<u>\$ 85,724</u>	<u>\$ 496,891</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; FUND BALANCE</b>			
Liabilities:			
Accounts payable	\$ 67,370	\$ -	\$ 67,370
Accrued liabilities	22,379	-	22,379
	<u>89,749</u>	<u>-</u>	<u>89,749</u>
Total Liabilities			
Deferred inflows of resources:			
Deferred for property taxes	<u>14,014</u>	<u>-</u>	<u>14,014</u>
<b>FUND BALANCE</b>			
Restricted	-	42,000	42,000
Assigned	172,681	43,724	216,405
Unassigned	134,723	-	134,723
	<u>307,404</u>	<u>85,724</u>	<u>393,128</u>
Total Fund Balance			
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 411,167</u>	<u>\$ 85,724</u>	<u>\$ 496,891</u>

See accompanying notes.



**NORTH LYON COUNTY FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2016**

Fund Balances - Governmental Funds		\$ 393,128
<p>Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Funds.</p>		
Governmental capital assets	4,922,393	
Less: Accumulated depreciation	<u>(1,997,924)</u>	2,924,469
<p>Other assets used in Governmental Activities are not financial resources, and therefore, are not reported in the Governmental Funds.</p>		
Bond and note issuance costs	17,894	
Less: Accumulated amortization	<u>(11,542)</u>	6,352
<p>Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the Governmental Funds.</p>		
Other postemployment benefits liability	(3,668)	
Bond payable	(522,756)	
Accrued interest	(815)	
Compensated absences	(85,798)	
Net pension liability	<u>(1,360,660)</u>	(1,973,697)
Deferred outflows of resources reported in the Statement of Net Position		138,143
Deferred inflows of resources reported in the Statement of Net Position		(294,644)
Deferred revenue represents amounts that were not available to fund current expenditures and, therefore, are not reported in Governmental Funds.		<u>14,014</u>
Total Net Position of Governmental Activities		<u>\$ 1,207,765</u>

See accompanying notes.

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2016**

	GENERAL FUND	ACQUISITION FUND	TOTAL GOVERNMENTAL FUNDS
	<u>          </u>	<u>          </u>	<u>          </u>
REVENUES			
Taxes	\$ 1,162,909	\$ -	\$ 1,162,909
Intergovernmental	431,594	-	431,594
Charges for services	330,772	-	330,772
Miscellaneous	60,234	398	60,632
	<u>1,985,509</u>	<u>398</u>	<u>1,985,907</u>
Total Revenues			
EXPENDITURES			
Current:			
Public safety	1,408,523	289,551	1,698,074
Debt service:			
Principal	-	18,623	18,623
Interest	-	23,377	23,377
	<u>1,408,523</u>	<u>331,551</u>	<u>1,740,074</u>
Total Expenditures			
Excess (Deficiency) of Revenues over Expenditures	<u>576,986</u>	<u>(331,153)</u>	<u>245,833</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	252,000	252,000
Transfers out	(602,000)	-	(602,000)
	<u>(602,000)</u>	<u>252,000</u>	<u>(350,000)</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	(25,014)	(79,153)	(104,167)
Fund Balance, July 1	<u>332,418</u>	<u>164,877</u>	<u>497,295</u>
Fund Balance, June 30	<u>\$ 307,404</u>	<u>\$ 85,724</u>	<u>\$ 393,128</u>

See accompanying notes.

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

Net Change in Fund Balance - Governmental Funds \$ (104,167)

Governmental Funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense:

Expenditures for capital assets	318,419	
Less: Current year depreciation	<u>(152,155)</u>	166,264

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in Governmental Funds.

Change in deferred revenue	534
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The issuance of long-term debt provides current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statements of Net Position. Repayment of the bond principal is an expenditure in the Governmental Funds, but the payment reduces long-term liabilities on the Statement of Net Position.

Principal payments	18,623
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The liability for other postemployment benefits is not recorded in the Governmental Funds, but is reported in the statement of net position. This is a current year charge in the liability, reported as an expense in the Statement of Activities.

Change in other postemployment benefit liability	(479)
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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.

Pensions	(39,682)	
Amortization of current year bond premium, discount costs	(344)	
Change in compensated absences	<u>(3,300)</u>	<u>(43,326)</u>

Change in Net Position of Governmental Activities	<u>\$ 37,449</u>
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**NORTH LYON COUNTY FIRE PROTECTION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2016**

**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)**

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET	2015
	ORIGINAL	FINAL			
<b>REVENUES</b>					
Taxes:					
Ad valorem	\$ 1,232,678	\$ 1,232,678	\$ 1,162,909	\$ (69,769)	\$ 1,223,293
Intergovernmental:					
Federal grants:					
Staffing for Adequate Fire & Emergency Response Grants	-	270,831	270,831	-	208,433
Homeland Security Grant	-	15,758	15,758	-	-
OTS Grant	-	17,420	17,420	-	-
State shared revenues:					
Risk Management Grant	-	-	-	-	1,375
Consolidated tax distribution	149,653	149,653	127,585	(22,068)	148,729
	<u>149,653</u>	<u>453,662</u>	<u>431,594</u>	<u>(22,068)</u>	<u>358,537</u>
Charges for services:					
Mutual Aid	-	258,015	258,015	-	255,821
Cost recovery	13,000	13,000	8,492	(4,508)	15,091
Inspection fees and permits	9,520	9,520	8,910	(610)	10,980
Fire and safety reviews	20,000	20,000	55,355	35,355	37,951
	<u>42,520</u>	<u>300,535</u>	<u>330,772</u>	<u>30,237</u>	<u>319,843</u>
Miscellaneous:					
Investment income	360	360	1,087	727	685
Other	-	-	59,147	59,147	12,986
	<u>360</u>	<u>360</u>	<u>60,234</u>	<u>59,874</u>	<u>13,671</u>
Total Revenues	<u>1,425,211</u>	<u>1,987,235</u>	<u>1,985,509</u>	<u>(1,726)</u>	<u>1,915,344</u>
<b>EXPENDITURES</b>					
Public Safety:					
Salaries and wages	524,506	674,506	607,746	66,760	544,925
Employee benefits	318,741	343,741	338,791	4,950	312,194
Services and supplies	183,692	570,716	143,567	427,149	487,565
Capital Outlay	-	-	318,419	318,419	-
Total Expenditures	<u>1,026,939</u>	<u>1,588,963</u>	<u>1,408,523</u>	<u>817,278</u>	<u>1,344,684</u>
Excess (Deficiency) of Revenues over Expenditures	<u>398,272</u>	<u>398,272</u>	<u>576,986</u>	<u>178,714</u>	<u>570,660</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Contingency	(30,808)	(30,808)	-	30,808	-
Transfer out:					
Ambulance Fund	(350,000)	(350,000)	(350,000)	-	(350,000)
Acquisition Fund	(252,000)	(252,000)	(252,000)	-	(182,499)
Total Other Financing Sources (Uses)	<u>(632,808)</u>	<u>(632,808)</u>	<u>(602,000)</u>	<u>30,808</u>	<u>(532,499)</u>
Net Changes in Fund Balance	(234,536)	(234,536)	(25,014)	209,522	38,161
Fund Balance, July 1	300,169	300,169	332,418	32,249	294,257
Fund Balance, June 30	<u>\$ 65,633</u>	<u>\$ 65,633</u>	<u>\$ 307,404</u>	<u>\$ 241,771</u>	<u>\$ 332,418</u>

See accompanying notes.

NORTH LYON COUNTY FIRE PROTECTION DISTRICT  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 JUNE 30, 2016

	AMBULANCE FUND
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 690,482
Accounts receivable	489,822
Total Current Assets	1,180,304
Noncurrent Assets:	
Equipment	346,376
Less: Accumulated depreciation	80,087
Total Noncurrent Assets	266,289
Total Assets	1,446,593
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred pension outflows	169,180
<b>LIABILITIES</b>	
Accounts payable	62,457
Accrued salaries	3,882
Compensated absences	39,376
Net pension liability	903,395
Total Liabilities	1,009,110
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred pension inflows	145,996
<b>NET POSITION</b>	
Net investment in capital assets	266,289
Unrestricted	194,378
Total Net Position	\$ 460,667

See accompanying notes.

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT**  
**PROPRIETARY FUND**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>AMBULANCE FUND</u>
OPERATING REVENUES	
Charges for services	\$ 2,286,439
OPERATING EXPENSES	
Salaries and wages	535,000
Employee benefits	280,525
Services and supplies	173,923
Depreciation	34,739
Bad debts	<u>1,184,159</u>
Total Operating Expenses	<u>2,208,346</u>
Operating Income (Loss)	<u>78,093</u>
NONOPERATING REVENUE	
Investment income	742
Miscellaneous revenue	<u>3,181</u>
Income Before Capital Contributions and Transfers	82,016
CAPITAL CONTRIBUTIONS	<u>5,000</u>
TRANSFERS	
General Fund	<u>350,000</u>
Change in Net Position	437,016
Net Position, July 1	<u>23,651</u>
Net Position, June 30	<u><u>\$ 460,667</u></u>

See accompanying notes.

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT  
 PROPRIETARY FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2016**

	<u>AMBULANCE FUND</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from ambulance fees	\$ 1,157,926
Cash payments for employee services	(835,665)
Cash payments for goods and services	<u>(157,711)</u>
Net Cash Provided (Used) by Operating Activities	<u>164,550</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Proceeds from grants	5,000
Purchase of equipment	<u>(158,777)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(153,777)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Transfers in	<u>350,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Income from investments	<u>742</u>
Net Increase in Cash and Cash Equivalents	361,515
CASH AND CASH EQUIVALENTS, July 1	<u>328,967</u>
CASH AND CASH EQUIVALENTS, June 30	<u><u>\$ 690,482</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Operating revenue	\$ 78,093
Adjustments to reconcile operating revenue to net cash used by operating activities:	
Depreciation	34,739
(Increase) decrease in:	
Accounts receivable	47,465
Increase (decrease) in:	
Accounts payable	19,393
Accrued salaries	(16,654)
Compensated absences	<u>1,514</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 164,550</u></u>

See accompanying notes.

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 – Summary of Significant Accounting Policies:**

The accompanying financial statements of North Lyon County Fire Protection District, Nevada (the District) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of existing Governmental and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

**Reporting Entity:**

The District was established pursuant to NRS 474 in the 1950s. The District under the jurisdiction of an elected board has the authority to levy taxes within certain boundaries of Lyon County and to use the revenues for the purpose of paying such specific costs as the District may find necessary for fire protection in the Fernley, Nevada area.

**Government-Wide and Fund Financial Statements:**

**Government-Wide and Fund Financial Statements:**

The basic financial statements include both government-wide and fund financial statements. The reporting focus is on either the District as a whole or major individual funds (within the fund financial statement).

*Government-wide financial statements:* The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the activities of the District. Governmental activities are supported primarily by taxes and business-type activities are supported primarily by charges for services. The effect of interfund activity has been removed from these statements, except for short-term borrowings between the District's general fund and proprietary fund. Any amounts outstanding at year-end have been reported as internal balances.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers 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.

*Fund financial statements:* The financial transactions of the District are reported in individual funds in the financial statements. Each fund is accounted for by providing a set of self balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. Separate financial statements are provided for the governmental and proprietary funds. The emphasis in the fund financial statements is on the major funds. GASB Statement No. 34 sets forth the criteria for determining which funds should be reported as major; however, District management may electively add funds as major funds when it is determined that the funds have specific community or management focus. Major individual funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation:**

**Government-Wide Financial Statements:**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.



NORTH LYON COUNTY FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 1 – Summary of Significant Accounting Policies (Continued):**

**Governmental Fund Financial Statements:**

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 collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within sixty days after the end of the current fiscal year. When revenues are due but will not be collected within 60 days after year-end, the receivable is recorded and an offsetting deferred revenue account is established. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, compensated absences and post employment benefits are recorded only when payment is due.

Property taxes, consolidated taxes, miscellaneous revenue and interest associated with the current fiscal year are considered to be susceptible to accrual and have been recognized as revenues in the current year.

The District reports the following major governmental funds:

- **General Fund** – The General Fund is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **Acquisition Fund** – The Acquisition Fund is primarily used for the purchase of capital assets. These capital assets include land, construction in progress, buildings and improvements and equipment.

The District reports the following major proprietary fund:

- **Ambulance Fund** – The Ambulance Fund is primarily used to provide ambulance services in North Lyon County Fire Protection District.

**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 computed at 35% of “taxable value” as defined by statute. The amount of tax levied is developed 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 (the levy date) 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 Monday in October, January, and March. 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 the 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.

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 – Summary of Significant Accounting Policies (Continued):**

**Cash and Investments:**

The majority of cash collections of the District are made through the Lyon County Treasurer's office. Cash balances from all funds are combined and, to the extent practicable, invested as permitted by law in combination with Lyon County. Cash equivalents are considered to be cash on hand, demand deposits and short-term investments with three months or less from the date of acquisition. Cash in the proprietary fund is pooled and available on demand.

Investments are carried at fair value. All interest on these investments is collected by the Lyon County Treasurer's office. The District receives its portion of interest based on average monthly cash balances, net of accrued interest as provided by the pool sponsors.

**Budgets and Budgetary Accounting:**

Budget Policies:

North Lyon County Fire Protection District adheres to the Local Government Budget and Finance Act incorporated within the statutes of the State of Nevada, which includes the following major procedures to establish the budgetary data reflected in these financial statements.

1. On or before April 15, the North Lyon County Fire Protection District files a tentative budget with the Nevada Department of Taxation, for the next fiscal year, commencing on July 1. The budget as submitted contains the proposed expenditures and means to finance them.
2. The Nevada State Department of Taxation notifies the District of its acceptance of the budget.
3. Public hearings on the tentative budget are held on the third Thursday in May or the Friday following the third Thursday.
4. After all the changes have been noted and hearings closed, the District adopts the budget on or before June 1 and files it with the Nevada Department of Taxation.
5. Formal budgetary integration in the financial records of all funds is employed to enhance management control during the year.
6. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations lapse at year end.
7. Budget amounts within funds and between funds may be transferred if amounts do not exceed the original budget. Such transfers must be approved by the Board, depending on established criteria. Budget augmentations in excess of original budgetary amounts may not be made without prior approval from the North Lyon Fire Protection District's Board following a public hearing.
8. In accordance with state statute, actual expenditures may not exceed appropriations in the various governmental functions in the General and Capital Projects Funds, except as specifically permitted by NRS 354.626. The sum of operating and nonoperating expenses in the proprietary fund may not exceed total appropriations.

**Due from Other Governments/Taxes Receivable:**

Secured roll property taxes receivable reflect only those taxes receivable from the last two delinquent roll years. Delinquent taxes from all roll years prior to fiscal year 2014-2015 have been written off.

Taxes receivable on personal property and net proceeds of mines reflect only those taxes that are known to be collectible, which generally are those collected within 60 days of year-end.

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 – Summary of Significant Accounting Policies (Continued):**

Accounts Receivable:

Accounts receivable are reflected net of an allowance for doubtful accounts of \$489,822.

**Deferred Outflows and Inflows of Resources:**

Pursuant to GASB Statement Number 63 and GASB Statement Number 65, the District recognizes deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period.

**Capital Assets:**

Capital assets, which include land, construction in progress, buildings and improvements and equipment, are reported in the governmental activities in the government-wide financial statements. Assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at their estimated fair market value on the date of donation. The District’s capitalization level is \$10,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All capital assets are depreciated using the straight-line method over the following estimated useful lives:

	YEARS
Buildings and improvements	20-50
Equipment	5-10

**Compensated Absences:**

In the government-wide financial statements and the proprietary fund, compensated absences are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net assets.

**Fund Equity:**

In the fund financial statement, governmental funds report up to five components of fund balance, as applicable. These are: Nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balance is reserved for portions of net resources that cannot be spent because of their form, such as inventories or prepaid items, or that cannot be spent because they must be kept intact. Restricted fund balance is reserved for the portion of net resources that have externally enforceable limitations on use, such as those imposed by creditors, grantors, contributors, or laws of external entities. Committed fund balance is reserved for the portion of net resources that have had self-imposed limitations set in place by formal action of the governing board. Assigned fund balance is reserved for the portion of net resources that have an intended use established by the governing board or designated official. Unassigned fund balance is for the portion of net resources that does not meet the criteria to be placed in any of the other components of fund balance.

Assigned fund balance is a total of \$172,681 which is a portion of the amount of beginning fund balance and the ending fund balance for the 2016-2017 fiscal year budget and future capital outlay expenditures.

**Net Position:**

Net position represents the difference between assets and liabilities. Net position invested in capital asset, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitation on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. The District applied restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

At June 30, 2016, the Governmental Activities had \$42,000 in net position restricted by state statute or donors for specific purposes. The restricted net asset is for the USDA bond covenant to restrict 1/10<sup>th</sup> of the annual USDA payment for ten years. There were no Business Activities restricted net assets.

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 – Summary of Significant Accounting Policies (Continued):**

**Operating Revenues and Expenses:**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, ambulance fees are charges for services. Operating expenses are necessary costs incurred to provide the good or service which is the primary activity of the fund. Revenues and expenses which do not meet these criteria are considered non-operating and are reported as such.

**Subsequent Events:**

Management has evaluated events through December 31, 2016, which is the date of these financial statements were available to be issued and these financial statements have not been updated for subsequent events occurring after that date.

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

North Lyon County Fire Protection District conformed to all significant statutory constraints on its financial administration during the year.

**NOTE 3 – Cash and Investments:**

Cash	
Cash held by Lyon County Treasurer	\$ 1,057,454
Wells Fargo Bank	107,473
Total	<u>\$ 1,164,927</u>

Amounts held by the Lyon County Treasurer are included in an external investment pool maintained by Lyon County. The Board of County Commissioners has overall responsibility for investment of the funds in accordance with Nevada Revised Statute 355.175. The Lyon County Treasurer is delegated investment responsibilities. The District's funds held in Lyon County's external investment pool are invested in the Local Government Investment Pool (LGIP). Participation by the District is voluntary. The State of Nevada Local Investment Pool is an external pool administered by the State Treasurer with oversight by the State of Nevada Board of Finance.

The District's investment in the Lyon County external pool is equal to its original investment plus monthly allocations of interest income. Fair value of the District's position in the pool is the same as the value of the pool shares. The average maturity of the external investment pool is 108 days.

Nevada Revised Statutes (NRS 355.170) set forth acceptable investments for Nevada local governments. The District has not adopted a formal investment policy that would further limit its investment choices nor further limit its exposure to certain risks as set forth below.

*Interest Rate Risk* – Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from a rise in interest rates. As noted above, the District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates beyond those specified in the Statute.

*Credit Risk* – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality ratings of investments. The LGIP is an unrated external investment pool and as noted above, the District does not have a formal investment policy that specifies minimum credit ratings beyond those specified in statute.

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3 – Cash and Investments (Continued):**

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. All of the bank balance was covered by Federal Deposit Insurance Corporation (FDIC) insurance.

**NOTE 4 – Capital Assets:**

A summary of changes in capital assets for the year ended June 30, 2016 follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 273,293	\$ -	\$ -	\$ 273,293
Capital assets, being depreciated:				
Buildings and improvements	2,268,270	-	-	2,268,270
Equipment	2,062,411	318,419	-	2,380,830
Total capital assets, being depreciated	4,330,681	318,419	-	4,649,100
Less accumulated depreciation for:				
Buildings and improvements	(440,362)	(50,930)	-	(491,292)
Equipment	(1,405,407)	(101,225)	-	(1,506,632)
Total accumulated depreciation	(1,845,769)	(152,155)	-	(1,997,924)
Total capital assets, being depreciated, net	2,484,912	166,264	-	2,651,176
Total capital assets, net	\$ 2,758,205	\$ 166,264	\$ -	\$ 2,924,469
	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Business-Type Activities:				
Capital assets, being depreciated:				
Equipment	\$ 187,599	\$ 158,777	\$ -	\$ 346,376
Less accumulated depreciation for:				
Equipment	(45,348)	(34,739)	-	(80,087)
Total capital assets, net	\$ 142,251	\$ 124,038	\$ -	\$ 266,289

Depreciation expense was charged to the District is as follows:

Governmental Activities:	
Public safety	\$ 152,155
Business-Type Activities:	
Ambulance	\$ 34,739

NORTH LYON COUNTY FIRE PROTECTION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2016

**NOTE 5 – Risk Management:**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. This District maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**NOTE 6 – Interfund Activities:**

Interfund transfers are shown as other financing sources or uses, as appropriate. Activity for the year ended June 30, 2016 is as follows:

Transfer out:	Transfer in:	Amount
General Fund	Ambulance Fund	\$ 350,000
General Fund	Acquisition Fund	\$ 252,000

The General fund transferred funds to the Acquisition fund for debt service and the Ambulance fund for operations.

NORTH LYON FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 8 - Long-Term Obligations**

<u>Governmental Activities:</u>	<u>Date of Issue</u>	<u>Original Note/Issue</u>	<u>Interest Rate</u>	<u>Interest Maturing During Period</u>
<u>Consolidated Tax Revenue Bond, Series 2004</u>				
United States Department of Agriculture				
Rural Development-Community Facility Loan and Grant Program				
	08/04	\$ 700,000	4.38%	\$ 23,377
 <u>Other Long-Term Obligations</u>				
Net pension liability	N/A	N/A	N/A	-
OPEB liability	N/A	N/A	N/A	-
Compensated absences	N/A	N/A	N/A	-
				<u>\$ 23,377</u>
 <u>Business-Type Activities:</u>				
Net pension liability	N/A	N/A	N/A	-
Compensated absences	N/A	N/A	N/A	-
				<u>\$ -</u>

The annual requirements to amortize all outstanding long-term obligations as of June 30, 2016 is as follows:

<u>Revenue Bond:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Annual Payments</u>
<u>Year Ending June 30</u>			
2017	19,529	22,471	42,000
2018	20,401	21,599	42,000
2019	21,312	20,688	42,000
2020	22,097	19,903	42,000
2021-2025	127,746	82,254	210,000
2026-2030	156,976	53,024	210,000
2031-2035	154,695	15,292	169,987
	<u>\$ 522,756</u>	<u>\$ 235,231</u>	<u>\$ 757,987</u>

Principal Outstanding July 1	Issued or Ratified During Period	Maturing/ Defeased During Period	Principal Outstanding June 30	Payment Due in 2015-2016		Date of Final Payment
				Principal	Interest	
\$ 541,379	\$ -	\$ 18,623	\$ 522,756	\$ 19,529	\$ 22,471	06/34
1,286,327	74,333	-	1,360,660	-	-	N/A
3,189	479	-	3,668	-	-	N/A
<u>82,498</u>	<u>85,798</u>	<u>82,498</u>	<u>85,798</u>	<u>-</u>	<u>-</u>	<u>N/A</u>
<u>\$ 1,913,393</u>	<u>\$ 160,610</u>	<u>\$ 101,121</u>	<u>\$ 1,972,882</u>	<u>\$ 19,529</u>	<u>\$ 22,471</u>	
811,532	91,863	-	903,395	-	-	N/A
<u>37,362</u>	<u>39,376</u>	<u>37,362</u>	<u>39,376</u>	<u>-</u>	<u>-</u>	<u>N/A</u>
<u>\$ 848,894</u>	<u>\$ 131,239</u>	<u>\$ 37,362</u>	<u>\$ 942,771</u>	<u>\$ 0</u>	<u>\$ 0</u>	



**NORTH LYON COUNTY FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 8 – Postemployment Health Care Plan:**

*Plan Descriptions:* North Lyon County Fire Protection District contributes to an agent multiple-employer defined benefit postemployment healthcare plan, Public Employees’ Benefits Plan (PEBP). The plan provides medical, vision, dental, and life insurance benefits to eligible retired North Lyon County Fire Protection District’s employees and beneficiaries.

Benefit provisions for the PEBP are administered by the State of Nevada. NRS 287.043 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. North Lyon County Fire Protection District’s employees who met the eligibility requirements effective September 1, 2008 for retirement with the Nevada Public Employee Retirement System had the option upon retirement to enroll in coverage under the PEBP. NRS 287.023 sunsetted the option to join PEBP for North Lyon County Fire Protection District’s employees who retired after November 29, 2008. Local governments are required to pay the same portion of cost of coverage for their retirees joining PEBP that the State of Nevada pays for state retirees participating in the plan. As of June 30, 2014, one North Lyon County Fire Protection District retiree was utilizing this benefit.

*Funding Policy:* NRS 287.046 establishes the subsidies to be contributed toward the premium costs of the eligible retired North Lyon County Fire Protection District’s employees. The contribution requirements of plan members and the North Lyon County Fire Protection District may be amended by the PEBP board. Premium rates determined by PEBP are the same for all participating members. The unsubsidized nonstate retiree plan premiums in effect for fiscal year 2013 ranged from \$352 to \$1,396, depending on the type of plan chosen. Plan members receiving benefits have their monthly contribution deducted from their pension checks based on the health plan chosen by the retiree, as reduced by the amount of the subsidy; therefore, their contributions are not available. For the plan year ended June 30, 2013, retirees qualified for a subsidy of \$114 at five years of service and \$628 at twenty years of service, with incremental increases for years of service in between. As a participating employer, North Lyon County Fire Protection District is billed for the subsidy on a monthly basis and is legally required to provide for it. For fiscal year 2015, the North Lyon County Fire Protection District contributed \$2,785 to the plan, equal to the required contributions. North Lyon County Fire Protection District did not prefund any future benefits.

*Annual OPEB Cost and Net OPEB Obligation.* North Lyon County Fire Protection District’s annual other postemployment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

North Lyon County Fire Protection District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2016-15, 2015-14 and 2014-13 were as follows:

Fiscal Year End	Annual OPEB Cost (Entry Age Normal Cost Method)	Employer Contributions	Percentage of Annual OPEB Contributed	Net OPEB Obligation
June 30, 2016	\$ 3,581	\$ 2,930	100%	\$ -
June 30, 2015	\$ 3,501	\$ 2,785	100%	\$ -
June 30, 2014	\$ 3,421	\$ 2,640	100%	\$ -

Note that fiscal year 2010, is the first year of prospective implementation of GASB 45, Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans; therefore, prior year information is unavailable.

NORTH LYON COUNTY FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 8 – Postemployment Health Care Plan (Continued):**

The net OPEB obligation (NOPEBO) as of June 30, 2016, was calculated as follows:

Annual Required Contribution (ARC)	\$	3,581
Interest on net OPEB obligation		104
Adjustment to annual required contribution		(276)
Annual Required Contribution		3,409
Less: Contributions made		2,930
Increase in net OPEB obligation		479
Net OPEB obligation – beginning of the year		3,189
Net OPEB obligation – end of year	\$	3,668

*Funded Status and Funding Progress:* The funded status of the plan as of June 30, 2016, was as follows:

Accrued actuarial liability (a)	\$	40,479
Actuarial value of plan assets (b)		-
Unfunded Actuarial Accrued Liability (a) – (b)	\$	40,479
Funded Ratio (b) / (a)		0%
Covered payroll (c)		N/A
Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll ((a) – (b)) / (c))		N/A

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

*Actuarial Methods and Assumptions:* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and plan members to that point. Actuarial calculations reflect long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and actuarial value of assets.

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 8 – Postemployment Health Care Plan (Continued):**

Significant methods and assumptions used in the June 30, 2014 actuarial valuation were as follows:

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry Age Normal Cost
Amortization method	Level Percentage of Payroll
Amortization period (open)	20 years
Asset valuation method	Market Value
Actuarial Assumptions:	
Investment rate of return	4%
Projected overall salary increase	N/A
Medical Healthcare inflation rate*	7.51%

\* Decreasing by .01% in fiscal year 11, decreasing by .5% in fiscal year 2012, and then decreasing by 1% in subsequent years until ultimate trend rate of 5% is reached in 2014.

**North Lyon Fire Protection District Plan Description:**

The District offers the same medical, vision, dental and life insurance coverage to its eligible retirees and dependants as is available to its active employees. The District makes no contribution toward the premiums and historically and currently there are no retirees participating in this plan. Based on historical and projected participation rates, any other postemployment benefit cost and related liability for this plan have been determined to be immaterial and are not reflected in these financial statements. This assumption will be reviewed annually.

**NOTE 9 – Defined Benefit Pension Plan:**

Plan Description. North Lyon Fire Protection District participates in a cost sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement System of the State of Nevada (PERS). All full-time and certain part-time employees of the District are covered by PERS. The Public Employees Retirement System of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained on the PERS website at [www.nvpers.org](http://www.nvpers.org) under Quick Links-Publications.

Benefits Provided. PERS provides retirement benefits, disability benefits, and survivor benefits, including annual cost of living adjustments, to plan members and their beneficiaries. Benefits, as required by Nevada Revised Statute 286, 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 the System on or after January 1, 2010.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier. The system offers several alternatives to the unmodified service requirement 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.

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, or any age with thirty years of service.

The normal ceiling limitation on monthly benefit 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. Regular members become fully vested as to benefits upon completion of five years of service.

Contributions. Benefits for plan members are funded under the employer pay contribution plan. The District is required to contribute all amounts due under this plan. The contribution requirements of the District are established by Chapter 286 of the Nevada Revised Statutes. The funding mechanism may only be amended through legislation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2016, the District reported a liability of \$2,264,055 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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 proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension relative to the projected contributions of all participating employers. The District's proportion was .002013%.

For the year ended June 30, 2016, the District recognized pension expense of \$41,391. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 69,902
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(318,000)
Changes in proportion and differences between actual and proportionate share of contributions	-	131,127
District contributions subsequent to the measurement date	307,323	-
Total	<u>\$ 307,323</u>	<u>\$ (116,971)</u>

\$307,323 reported as deferred outflows related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2017	(118,640)
2018	(118,640)
2019	(118,640)
2020	(8,481)
2021	(54,283)
Thereafter	(21,956)
	<u>\$ (440,640)</u>

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

Actuarial Assumption. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following assumptions, applied to all periods including the measurement:

Inflation	3.5%
Salary increases	4.6% to 9.75%, depending on service
Investment rate of return	8.0%, net of pension plan investment Expense, including inflation

Mortality rates for non-disabled male regular members were based on the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA. Rates for non-disabled female regular members were based on the RP-2000 Combined Healthy Mortality Table, projected to 2013 with Scale AA, set back one year.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of the experience review completed in 2013.

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

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return*
Domestic equity	42%	5.50%
International equity	18%	5.75%
Domestic fixed income	30%	0.25%
Private markets	10%	6.80%

\*As of June 30, 2014, PERS' long-term inflation assumption was 3.5%.

Discount rate. The discount rate used to measure the total pension liability was 8.00% as of June 30, 2014 and June 30, 2013. 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 the statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2015, 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, 2015 and June 30, 2014.

Pension liability sensitivity. The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 8% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower (7.00%) or 1 percentage point higher (9.00%) than the current discount rate:

	1% Decrease	Current Rate	1% Increase
	7.00%	8.00%	9.00%
District's net pension liability	\$3,361,071	\$2,264,055	\$1,244,959

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in a separately issued PERS financial report that includes financial statements and required supplementary information. That report may be obtained on the PERS website at [www.nvpers.org](http://www.nvpers.org) under Quick Links – Publications.

NORTH LYON COUNTY FIRE PROTECTION DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 JUNE 30, 2016

**SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFIT PLANS**

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF PLAN ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (AAL) - ENTRY AGE NORMAL COST (b)	UNFUNDED AAL (UAAL) (b - a)	FUNDED RATIO (a/b)	COVERED PAYROLL (c)	UAAL AS A PERCENTAGE OF COVERED PAYROLL ((b - a)/c)
June 30, 2016	\$ -	\$ 40,479	\$ 40,479	0%	N/A	N/A
June 30, 2015		\$ 40,479	\$ 40,479	0%	N/A	N/A
June 30, 2014	\$ -	\$ 41,461	\$ 41,461	0%	N/A	N/A

**NORTH LYON FIRE PROTECTION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2016**

**Schedule of the District's Proportionate Share of the Net Pension Liability  
Last 10 Fiscal Years**

Last 10 Fiscal Years\*

	<u>FY 2015</u>	<u>FY 2014</u>
District's proportion of the net pension liability (asset)	0.00200%	0.00200%
District's proportionate share of the net pension liability (asset)	2,264,056	2,097,860
District's covered-employee payroll	727,746	702,734
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	321.43%	298.53%
Plan fiduciary net position as a percentage of the total pension liability	76.31%	76.31%

\*Amounts presented above were determined as of 6/30. Additional years will be presented as they become available.

**NORTH LYON FIRE PROTECTION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2016**

**Schedule of the District's Contributions**

Last 10 Fiscal Years\*

	FY 2015	FY 2014
Actuarially determined contribution	\$ 307,323	\$ 273,258
Contributions in relation to the actuarially determined contribution	307,323	273,258
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 727,746	\$ 702,734
Contributions as a percentage of covered-employee payroll	38.86%	38.86%

\*Amounts presented above were determined as of 6/30. Additional years will be presented as they become available.



**NORTH LYON COUNTY FIRE PROTECTION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**MAJOR FUND**  
**ACQUISITION FUND CAPITAL PROJECT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)**

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET	2015
	ORIGINAL	FINAL			
REVENUES					
Miscellaneous:					
Investment income	\$ 200	\$ 200	\$ 398	\$ 198	\$ 232
EXPENDITURES					
Current:					
Public Safety					
Capital outlay	344,162	344,162	289,551	54,611	116,117
Debt Service:					
Principal	18,695	18,695	18,623	72	17,896
Interest	23,305	23,305	23,377	(72)	24,104
Total Debt Service	42,000	42,000	42,000	-	42,000
Total Expenditures	386,162	386,162	331,551	54,611	158,117
Excess (Deficiency) of Revenues over Expenditures	(385,962)	(385,962)	(331,153)	54,809	(157,885)
OTHER FINANCING SOURCES (USES)					
Transfer in:					
General Fund	252,000	252,000	252,000	-	182,499
Net Change in Fund Balance	(133,962)	(133,962)	(79,153)	54,809	24,614
Fund Balance, July 1	175,962	175,962	164,877	(11,085)	140,263
Fund Balance, June 30	\$ 42,000	\$ 42,000	\$ 85,724	\$ 43,724	\$ 164,877

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS - BUDGET AND ACTUAL**  
**MAJOR FUND**  
**AMBULANCE ENTERPRISE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)**

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET	2015
	ORIGINAL	FINAL			
<b>OPERATING REVENUES</b>					
Charges for services:					
Ambulance Fees	\$ 2,197,500	2,197,500	\$ 2,286,439	\$ 88,939	\$ 1,974,961
<b>OPERATING EXPENSES</b>					
Salaries and wages	472,732	472,732	535,000	(62,268)	428,586
Employee benefits	292,553	292,553	280,525	12,028	246,281
Services and supplies	166,400	166,400	173,923	(7,523)	148,220
Depreciation	60,000	60,000	34,739	25,261	26,800
Bad debts	1,511,856	1,511,856	1,184,159	327,697	1,015,643
Total Operating Expenses	2,503,541	2,503,541	2,208,346	295,195	1,865,530
Operating Income (Loss)	(306,041)	(306,041)	78,093	384,134	109,431
<b>NONOPERATING REVENUES</b>					
Investment income	200	200	742	542	352
Miscellaneous revenue	-	-	3,181	3,181	3,354
Total Nonoperating Revenues	200	200	3,923	3,723	3,706
Income (Loss) Before Capital Contributions and Transfers	(305,841)	(305,841)	82,016	387,857	113,137
<b>CAPITAL CONTRIBUTIONS</b>	-	-	5,000	5,000	2,500
<b>TRANSFERS IN</b>					
General Fund	350,000	350,000	350,000	-	350,000
Change in Net Assets	\$ 44,159	\$ 44,159	437,016	\$ 392,857	465,637
Net Assets, July 1			23,651		(441,986)
Net Assets, June 30			\$ 460,667		\$ 23,651



**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 Board of the North Lyon County  
Fire Protection District, Lyon County, 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, business-type activities and each major fund of the North Lyon County Fire Protection District, Lyon County, Nevada as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 31, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered North Lyon County Fire Protection District, Lyon County, Nevada'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 over financial reporting. 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 District'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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 North Lyon County Fire Protection District, Lyon County, Nevada's basic 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.

Yerington, Nevada  
December 31, 2016

Amighi, Blake - Associates, LLC

NORTH LYON FIRE PROTECTION DISTRICT  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016

**Finding 15-1-Significant Deficiency:**

*Criteria & Condition:* Personnel at the District are not timely submitting financial information to the Lyon County Comptroller's office. The Lyon County Comptroller's office enters all data into the District general ledger system.

Procedures should be in place providing reasonable assurance the District can prepare the required reports timely so Lyon County can keep the general ledger current.

*Effect:* Financial information is not being received timely resulting in the general ledger and reports to be inaccurate during the year.

*Cause:* The District is submitting reports but not timely.

*Recommendation:* We recommended the District's management and personnel submit reports timely to the Lyon County Comptroller office to ensure the general ledger for the District is current.

*Current Status:* Corrected.



ARRIGHI, BLAKE  
& ASSOCIATES, LLC  
CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountant's Report

To the Board of North Lyon County  
Fire Protection District  
Lyon County, Nevada

We have reviewed the assertion provided by management in accordance with Nevada Revised Statute 354.624 (5) (a):

- The identified fund is being used expressly for the purpose for which it was created,
- The fund is administered in accordance with accounting principles generally accepted in the United States of America,
- The restricted net assets in the fund was reasonable and necessary to carry out the purposes of the fund at June 30, 2016 (based on the interpretation of reasonable and necessary provided by the Legislative Counsel Bureau),
- The source of revenue, including any transfers, available for the fund is as noted in the financial statements,
- The fund conformed to significant statutory and regulatory constraints on its financial administration during the year ended June 30, 2016,
- The balance of the fund is as noted in the financial statements.

This assertion is the responsibility of the management of the North Lyon County Fire Protection District.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the assertion. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that the assertion provided by management, referred to above, is not fairly stated in all material respects.

*Arrighi, Blake & Associates, LLC*

Yerington, Nevada  
December 31, 2016

NORTH LYON COUNTY FIRE PROTECTION DISTRICT  
LYON COUNTY, NEVADA

JUNE 30, 2016

AUDITOR'S COMMENTS

STATUTE COMPLIANCE

The required disclosure on compliance with Nevada Revised Statutes and the Nevada Administrative Code is contained in the notes to the financial statements.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

There were no specific recommendations made in the audit report for the year ended June 30, 2015.

CURRENT YEAR RECOMMENDATIONS

There were no specific recommendations made in the audit report for the current year.

**NORTH LYON FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 8 - Long-Term Obligations**

<u>Governmental Activities:</u>	<u>Date of Issue</u>	<u>Original Note/Issue</u>	<u>Interest Rate</u>	<u>Interest Maturing During Period</u>
<u>Consolidated Tax Revenue Bond, Series 2004</u>				
United States Department of Agriculture Rural Development-Community Facility Loan and Grant Program	08/04	\$ 700,000	4.38%	\$ 23,377
<u>Other Long-Term Obligations</u>				
Net pension liability	N/A	N/A	N/A	-
OPEB liability	N/A	N/A	N/A	-
Compensated absences	N/A	N/A	N/A	-
				<u>\$ 23,377</u>
<u>Business-Type Activities:</u>				
Net pension liability	N/A	N/A	N/A	-
Compensated absences	N/A	N/A	N/A	-
				<u>\$ -</u>

The annual requirements to amortize all outstanding long-term obligations as of June 30, 2016 is as follows:

<u>Revenue Bond:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Annual Payments</u>
<u>Year Ending June 30</u>			
2017	19,529	22,471	42,000
2018	20,401	21,599	42,000
2019	21,312	20,688	42,000
2020	22,097	19,903	42,000
2021-2025	127,746	82,254	210,000
2026-2030	156,976	53,024	210,000
2031-2035	154,695	15,292	169,987
	<u>\$ 522,756</u>	<u>\$ 235,231</u>	<u>\$ 757,987</u>