

**NORTH LYON COUNTY
FIRE PROTECTION DISTRICT,
LYON COUNTY, NEVADA
JUNE 30, 2018**

NORTH LYON COUNTY FIRE PROTECTION DISTRICT
JUNE 30, 2018

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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, 2018, 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, 2018, 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

Change in Accounting Principle

As discussed in Note 9 to the financial statements, in 2018 the District adopted new accounting guidance, *GASB Statement No. 82, Pension Issues*. Our opinion is not modified with respects to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, 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 26 through 27, 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 January 17, 2019, 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
January 17, 2019

Arrighi, Blake - Associates, 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, 2018.

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 \$3,745,151 (net position). The District has unrestricted net position of \$995,121.
- The District's total net position decreased by \$190,053.
- As of the close of the current fiscal year, the District's General Fund reported an ending fund balance of \$771,493, an increase of \$239,419 in comparison with the prior year. Fund balance for the General Fund was approximately 48% of total General Fund expenditures.
- The District's Acquisition Fund reported an ending fund balance of \$55,818, a decrease of \$90,062 in comparison with the prior year. Of this amount, \$42,000 is reserved for debt service.
- The Ambulance Fund's net position decreased during the year by \$201,216 from \$1,237,555 to \$512,044.

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 \$3,745,151 at the close of the most recent fiscal year. GASB 82

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 \$190,053. 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.

| | | | |
|----------------------------------|---------------------|---------------------|---------------------|
| Other liabilities | 541,158 | 127,852 | 669,010 |
| Long-term liabilities | 2,036,190 | 1,049,784 | 3,085,974 |
| Total liabilities | <u>2,577,348</u> | <u>1,177,636</u> | <u>3,754,984</u> |
| Deferred outflows of resources | <u>294,644</u> | <u>68,887</u> | <u>363,531</u> |
| Net position (restated): | | | |
| Net investment in capital assets | 2,278,255 | 429,775 | 2,708,030 |
| Restricted for debt service | 42,000 | - | 42,000 |
| Unrestricted | 388,557 | 606,564 | 995,121 |
| Total net position | <u>\$ 2,708,812</u> | <u>\$ 1,036,339</u> | <u>\$ 3,745,151</u> |

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

North Lyon County Fire Protection District's Change in Net Position

| | Governmental | Business-type | Total |
|----------------------------------|-------------------|---------------------|---------------------|
| Revenues | | | |
| Program revenues: | | | |
| Charges for services | \$ 395,558 | \$ 976,345 | \$ 1,371,903 |
| Operating grants | 5,852 | 5,350 | 11,202 |
| Capital grants and contributions | - | - | - |
| General revenues: | | | |
| Property taxes | 1,298,535 | - | 1,298,535 |
| Other taxes | 170,207 | - | 170,207 |
| Other | 18,418 | 19,137 | 37,555 |
| Total revenues | <u>1,888,570</u> | <u>1,000,832</u> | <u>2,889,402</u> |
| Expenses: | | | |
| Public safety | 1,697,213 | - | 1,697,213 |
| Debt service | 42,000 | - | 42,000 |
| Ambulance | - | 1,202,048 | 1,202,048 |
| Total expenses | <u>1,739,213</u> | <u>1,202,048</u> | <u>2,941,261</u> |
| Excess of revenues over expenses | 149,357 | (201,216) | (51,859) |
| Transfers: | - | - | - |
| Change in net position | 149,357 | (201,216) | (51,859) |
| Net position, beginning | 677,954 | 1,237,555 | 1,915,509 |
| Net position, ending | <u>\$ 827,311</u> | <u>\$ 1,036,339</u> | <u>\$ 1,863,650</u> |

Governmental activities. Governmental activities increased the North Lyon County Fire Protection District's net position by \$149,357.

Business-type activities. Proprietary activities decreased the North Lyon County Fire Protection District's net position by \$201,216.

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 \$532,074, an increase of \$224,670 in comparison with the prior year. The increase was mainly due to an increase in revenues.

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 27% of total General Fund expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District augmented the General Fund budget by \$286,587 to account for mutual aid received. An automatic grant augmentation of \$514,472 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 \$2,761,081 and for its business-type activities of \$429,775 at June 30, 2018. 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 1.4%.

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

- Fire equipment for \$90,061.
- Ambulance equipment for \$197,720.

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

| | <u>2018</u> | <u>2017</u> |
|----------------------------|---------------------|---------------------|
| Land | \$ 273,293 | \$ 273,293 |
| Buildings and improvements | 1,675,118 | 1,726,048 |
| Equipment | <u>812,670</u> | <u>851,857</u> |
| Total capital assets | \$ <u>2,761,081</u> | \$ <u>2,851,198</u> |

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

| | <u>2018</u> | <u>2017</u> |
|----------------------------|-------------------|-------------------|
| Land | \$ - | \$ - |
| Buildings and improvements | - | - |
| Equipment | <u>429,775</u> | <u>294,457</u> |
| Total capital assets | \$ <u>429,775</u> | \$ <u>294,457</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, 2018, the District had \$482,826 in outstanding debt for the Consolidated Tax Revenue Bond Series 2004. There was a principal reduction of \$20,401 on this debt during the fiscal year.

The District did not issue any new debt in fiscal year 2017-2018. 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 \$16,300 higher for the next fiscal year.

This factor was considered in preparing the North Lyon County Fire Protection District's budget for the 2019 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, 2018

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|---------------------|
| ASSETS | | | |
| Cash and investments | \$ 789,473 | \$ 198,897 | 988,370 |
| Cash restricted for debt service | 42,000 | - | 42,000 |
| Due from other funds | - | 287,603 | 287,603 |
| Taxes receivable | 14,413 | - | 14,413 |
| Accounts receivable | 349,941 | 415,309 | 765,250 |
| Bond issuance costs, net | 5,664 | - | 5,664 |
| Capital assets not being depreciated | 273,293 | - | 273,293 |
| Capital assets (net of accumulated depreciation) | 2,487,789 | 429,775 | 2,917,564 |
| TOTAL ASSETS | 3,962,573 | 1,331,584 | 5,294,157 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred pension outflows | 1,426,918 | 951,278 | 2,378,196 |
| LIABILITIES | | | |
| Accounts payable | 33,118 | 24,670 | 57,788 |
| Accrued liabilities | 34,627 | 20,194 | 54,821 |
| Due to other funds | 287,603 | - | 287,603 |
| Compensated absences | 164,498 | 82,988 | 247,486 |
| Noncurrent liabilities | | | |
| Due within one year | 21,312 | - | 21,312 |
| Due in more than one year | 461,514 | - | 461,514 |
| Net pension liability | 1,574,676 | 1,049,784 | 2,624,460 |
| TOTAL LIABILITIES | 2,577,348 | 1,177,636 | 3,754,985 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred pension inflows | 103,331 | 68,887 | 172,218 |
| NET POSITION | | | |
| Net investment in capital assets | 2,278,256 | 429,775 | 2,708,031 |
| Restricted for debt service | 42,000 | - | 42,000 |
| Unrestricted | 388,556 | 606,564 | 995,120 |
| TOTAL NET POSITION | \$ 2,708,812 | \$ 1,036,339 | \$ 3,745,151 |

See accompanying notes.

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

| 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 | \$ 1,766,944 | \$ 395,558 | \$ 5,851 | \$ - | \$ (1,365,535) | \$ - | \$ (1,365,535) |
| Debt service: | | | | | | | |
| Public safety | 90,061 | | | | (90,061) | | \$ (90,061) |
| Interest and fiscal charges | 20,401 | - | - | - | (20,401) | - | (20,401) |
| Total Governmental Activities | 1,877,406 | 395,558 | 5,851 | - | (1,475,997) | - | (1,475,997) |
| Business-type activities: | | | | | | | |
| Ambulance | 2,796,684 | 2,570,981 | - | - | - | (225,703) | (225,703) |
| Total | <u>\$ 4,674,090</u> | <u>\$ 2,966,539</u> | <u>\$ 5,851</u> | <u>\$ -</u> | <u>(1,475,997)</u> | <u>(225,703)</u> | <u>(1,701,700)</u> |
| GENERAL REVENUES | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes | | | | | 1,298,535 | - | 1,298,535 |
| Consolidated taxes | | | | | 170,207 | - | 170,207 |
| Interest income | | | | | - | - | 0 |
| Miscellaneous | | | | | 18,418 | 24,487 | 42,905 |
| TOTAL GENERAL REVENUES | | | | | 1,487,160 | 24,487 | 1,511,647 |
| CHANGE IN NET POSITION | | | | | 11,163 | (201,216) | (190,053) |
| NET POSITION AS RESTATED, BEGINNING OF YEAR SEE NOTE 9 | | | | | 2,697,649 | 1,237,555 | 3,935,204 |
| NET POSITION, END OF YEAR | | | | | <u>\$ 2,708,812</u> | <u>\$ 1,036,339</u> | <u>\$ 3,745,151</u> |

See accompanying notes.

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018**

| | GENERAL FUND | ACQUISITION FUND | TOTAL |
|--|-----------------|---------------------|--------------|
| ASSETS | | | |
| Assets: | | | |
| Cash and investments | \$ 775,655 | \$ 13,818 | \$ 789,473 |
| Cash restricted for debt service | - | 42,000 | 42,000 |
| Taxes receivable | 14,413 | - | 14,413 |
| Accounts receivable | 349,941 | - | 349,941 |
| Total Assets | \$ 1,140,009 | \$ 55,818 | \$ 1,195,827 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCE | | | |
| Liabilities: | | | |
| Accounts payable | \$ 33,118 | \$ - | \$ 33,118 |
| Due to other funds | 287,603 | - | 287,603 |
| Accrued liabilities | 34,627 | - | 34,627 |
| Total Liabilities | 355,348 | - | 355,348 |
| Deferred inflows of resources: Deferred for property taxes | 13,168 | - | 13,168 |
| FUND BALANCE | | | |
| Assigned | 115,483 | 42,000 | 157,483 |
| Unassigned | 656,010 | 13,818 | 669,828 |
| Total Fund Balance | 771,493 | 55,818 | 827,311 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | \$ 1,140,009 | \$ 55,818 | \$ 1,195,827 |

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, 2018**

| | | |
|--|--------------------|---------------------|
| Fund Balances - Governmental Funds | | \$ 827,311 |
| <p>Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Funds.</p> | | |
| Governmental capital assets | 5,090,546 | |
| Less: Accumulated depreciation | <u>(2,329,465)</u> | 2,761,081 |
| <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>(12,230)</u> | 5,664 |
| <p>Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the Governmental Funds.</p> | | |
| Bond payable | (482,242) | |
| Compensated absences | (164,498) | |
| Net pension liability | <u>(1,574,676)</u> | (2,221,416) |
| Deferred outflows of resources reported in the Statement of Net Position | | 1,426,918 |
| Deferred inflows of resources reported in the Statement of Net Position | | (103,331) |
| Deferred revenue represents amounts that were not available to fund current expenditures and, therefore, are not reported in Governmental Funds. | | <u>12,585</u> |
| Total Net Position of Governmental Activities | | <u>\$ 2,708,812</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, 2018**

| | <u>GENERAL FUND</u> | <u>ACQUISITION FUND</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> |
|---|-------------------------|-----------------------------|---|
| REVENUES | | | |
| Taxes | \$ 1,298,536 | \$ - | \$ 1,298,536 |
| Intergovernmental | 176,058 | - | 176,058 |
| Charges for services | 395,558 | - | 395,558 |
| Miscellaneous | 18,418 | - | 18,418 |
| | <u>1,888,570</u> | <u>-</u> | <u>1,888,570</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public safety | 1,607,151 | 90,062 | 1,697,213 |
| Debt service: | | | |
| Principal | - | 21,599 | 21,599 |
| Interest | - | 20,401 | 20,401 |
| | <u>1,607,151</u> | <u>132,062</u> | <u>1,739,213</u> |
| Excess (Deficiency) of Revenues over Expenditures | | | |
| | <u>281,419</u> | <u>(132,062)</u> | <u>149,357</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | 42,000 | 42,000 |
| Transfers out | (42,000) | - | (42,000) |
| | <u>(42,000)</u> | <u>42,000</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | | | |
| | <u>(42,000)</u> | <u>42,000</u> | <u>-</u> |
| Net Change in Fund Balances | | | |
| | 239,419 | (90,062) | 149,357 |
| Fund Balance, July 1 | <u>532,074</u> | <u>145,880</u> | <u>677,954</u> |
| Fund Balance, June 30 | <u>\$ 771,493</u> | <u>\$ 55,818</u> | <u>\$ 827,311</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, 2018**

Net Change in Fund Balance - Governmental Funds \$ 149,357

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 | 90,061 | |
| Less: Current year depreciation | <u>(180,178)</u> | (90,117) |

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 | | 21,599 |
|--------------------|--|--------|

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 | | 6,363 |
|--|--|-------|

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.

| | | |
|---|---------------|---------------|
| Amortization of current year bond premium, discount costs | (344) | |
| Change in compensated absences | <u>22,456</u> | <u>22,112</u> |

| | | |
|---|--|------------------|
| Change in Net Position of Governmental Activities | | <u>\$ 11,163</u> |
|---|--|------------------|

**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, 2018

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

| | BUDGET | | ACTUAL | VARIANCE TO FINAL BUDGET | 2017 |
|---|-------------------|-------------------|-------------------|-----------------------------|-------------------|
| | ORIGINAL | FINAL | | | |
| REVENUES | | | | | |
| Taxes: | | | | | |
| Ad valorem | \$ 1,267,490 | \$ 1,267,490 | \$ 1,298,536 | \$ 31,046 | \$ 1,251,165 |
| Intergovernmental: | | | | | |
| Federal grants: | | | | | |
| Staffing for Adequate Fire & Emergency Response Grants | - | - | - | - | 501,012 |
| Homeland Security Grant | - | - | - | - | 11,174 |
| OTS Grant | - | 5,851 | 5,851 | - | 2,286 |
| State shared revenues: | | | | | |
| Consolidated tax distribution | 161,307 | 161,307 | 170,207 | 8,900 | 160,354 |
| | <u>161,307</u> | <u>167,158</u> | <u>176,058</u> | <u>8,900</u> | <u>674,826</u> |
| Charges for services: | | | | | |
| Mutual aid | 376,644 | 376,644 | 319,973 | (56,671) | 319,040 |
| Cost recovery | 10,000 | 10,000 | 11,776 | 1,776 | - |
| Inspection fees and permits | 11,800 | 11,800 | 23,045 | 11,245 | 7,738 |
| Fire and safety reviews | 40,000 | 40,000 | 40,764 | 764 | 56,385 |
| | <u>438,444</u> | <u>438,444</u> | <u>395,558</u> | <u>(42,886)</u> | <u>383,163</u> |
| Miscellaneous: | | | | | |
| Investment income | 1,100 | 1,100 | - | (1,100) | 1,132 |
| Other | - | - | 18,418 | 18,418 | 32,108 |
| | <u>1,100</u> | <u>1,100</u> | <u>18,418</u> | <u>17,318</u> | <u>33,240</u> |
| Total Revenues | <u>1,868,341</u> | <u>1,874,192</u> | <u>1,888,570</u> | <u>14,378</u> | <u>2,342,394</u> |
| EXPENDITURES | | | | | |
| Public Safety: | | | | | |
| Salaries and wages | 872,500 | 872,500 | 846,445 | 26,055 | 909,624 |
| Employee benefits | 514,800 | 514,800 | 370,878 | 143,922 | 402,068 |
| Services and supplies | 297,000 | 302,851 | 299,767 | 3,084 | 626,032 |
| Capital outlay | - | - | 90,061 | (90,061) | - |
| Total Expenditures | <u>1,684,300</u> | <u>1,690,151</u> | <u>1,607,151</u> | <u>83,000</u> | <u>1,937,724</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>184,041</u> | <u>184,041</u> | <u>281,419</u> | <u>97,378</u> | <u>404,670</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Contingency | (50,000) | (50,000) | - | 50,000 | - |
| Transfer out: | | | | | |
| Ambulance Fund | (215,000) | (215,000) | - | 215,000 | - |
| Acquisition Fund | (100,000) | (100,000) | (42,000) | 58,000 | (180,000) |
| Total Other Financing Sources (Uses) | <u>(365,000)</u> | <u>(365,000)</u> | <u>(42,000)</u> | <u>323,000</u> | <u>(180,000)</u> |
| Net Changes in Fund Balance | <u>(180,959)</u> | <u>(180,959)</u> | <u>239,419</u> | <u>420,378</u> | <u>224,670</u> |
| Fund Balance, July 1 | <u>325,986</u> | <u>325,986</u> | <u>532,074</u> | <u>206,088</u> | <u>307,404</u> |
| Fund Balance, June 30 | <u>\$ 145,027</u> | <u>\$ 145,027</u> | <u>\$ 771,493</u> | <u>\$ 626,466</u> | <u>\$ 532,074</u> |

See accompanying notes.

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 JUNE 30, 2018**

| | AMBULANCE FUND |
|---------------------------------------|-------------------|
| ASSETS | |
| Current Assets: | |
| Cash and cash equivalents | \$ 198,897 |
| Due to other funds | 287,603 |
| Accounts receivable | 415,309 |
| Total Current Assets | 901,809 |
| Noncurrent Assets: | |
| Equipment | 618,484 |
| Less: Accumulated depreciation | (188,709) |
| Total Noncurrent Assets | 429,775 |
| Total Assets | 1,331,584 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred pension outflows | 951,278 |
| LIABILITIES | |
| Accounts payable | 24,670 |
| Accrued salaries | 20,194 |
| Compensated absences | 82,988 |
| Net pension liability | 1,049,784 |
| Total Liabilities | 1,177,636 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred pension inflows | 68,887 |
| NET POSITION | |
| Net investment in capital assets | 429,775 |
| Unrestricted | 606,564 |
| Total Net Position | \$ 1,036,339 |

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, 2018

| | <u>AMBULANCE FUND</u> |
|--------------------------|----------------------------|
| OPERATING REVENUES | |
| Charges for services | <u>\$ 976,345</u> |
| OPERATING EXPENSES | |
| Salaries and wages | 617,074 |
| Employee benefits | 300,932 |
| Services and supplies | 221,640 |
| Depreciation | <u>62,402</u> |
| Total Operating Expenses | <u>1,202,048</u> |
| Operating Income (Loss) | <u>(225,703)</u> |
| NONOPERATING REVENUE | |
| State grants | 5,350 |
| Miscellaneous revenue | <u>19,137</u> |
| | <u>24,487</u> |
| Change in Net Position | (201,216) |
| Net Position, July 1 | <u>1,237,555</u> |
| Net Position, June 30 | <u><u>\$ 1,036,339</u></u> |

See accompanying notes.

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2018**

| | <u>AMBULANCE FUND</u> |
|--|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Cash received from ambulance fees | \$ 1,016,738 |
| Cash payments for employee services | (824,368) |
| Cash payments for goods and services | <u>(262,365)</u> |
| Net Cash Provided (Used) by Operating Activities | <u>(69,995)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | |
| Proceeds from grants | 5,350 |
| Purchase of equipment | <u>(197,720)</u> |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(192,370)</u> |
| Net Increase in Cash and Cash Equivalents | (262,365) |
| CASH AND CASH EQUIVALENTS, July 1 | <u>461,262</u> |
| CASH AND CASH EQUIVALENTS, June 30 | <u>\$ 198,897</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | |
| Operating revenue | \$ (225,703) |
| Adjustments to reconcile operating revenue to net cash used by operating activities: | |
| Depreciation | 62,402 |
| (Increase) decrease in: | |
| Accounts receivable | 15,906 |
| Due to other funds | 136,617 |
| Increase (decrease) in: | |
| Accounts payable | (106,093) |
| Net pension liability | 31,834 |
| Accrued salaries | (164) |
| Compensated absences | <u>15,206</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ (69,995)</u> |

See accompanying notes.

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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, 2018**

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, 2018**

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

Cash and Investments:

Cash balances from all funds are combined and, to the extent practical, invested as permitted by NRS 335.170. Investments are stated at cost, which approximates market value.

Pursuant to NRS 355.170, the District may only invest in the following types of securities:

- United States bonds and debentures maturing within ten (10) years from the date of purchase.
- Certain farm loan bonds.
- Securities of the United States Treasury, United States Postal Service, or the Federal National Mortgage Association maturing within (10) years from the date of purchase.
- Negotiable certificates of deposit issued by commercial banks or insured credit unions or savings and loan associations.
- Certain securities issued by local governments of the State of Nevada.
- State of Nevada Local Government Investment Pool.
- Other securities expressly provided by the other statutes, including repurchase agreements.
- Certain bankers' acceptances, commercial paper issued by a corporation organized and operating in the United States and money market mutual funds.

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.

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Due from Other Governments/Taxes Receivable/Accounts 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 2016-2017 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.

Accounts Receivable:

Accounts receivable are reflected net of an allowance for doubtful accounts of \$415,309.

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 \$115,483 which is a portion of the amount of beginning fund balance and the ending fund balance for the 2018-2019 fiscal year budget and future capital outlay expenditures.

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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, 2018, 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 1/10th of the annual USDA payment for ten years. There were no Business Activities restricted net assets.

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 January 17, 2019, 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 with the following exception: Total expenditures in the Ambulance Fund exceeded appropriations by \$42,398 which are apparent violations of NRS 354.626.

NOTE 3 – Cash and Investments:

| | |
|-------------------------------|---------------------|
| Cash held in Wells Fargo Bank | <u>\$ 1,030,370</u> |
|-------------------------------|---------------------|

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 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.

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.

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4 – Capital Assets:

A summary of changes in capital assets for the year ended June 30, 2018 follows:

| | <u>Balance July 1, 2017</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2018</u> |
|--|---------------------------------|--------------------|------------------|----------------------------------|
| 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 | 2,458,922 | 90,061 | - | 2,548,983 |
| Total capital assets, being depreciated | 4,727,192 | 90,061 | - | 4,817,253 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (542,222) | (50,930) | - | (593,152) |
| Equipment | (1,607,065) | (129,248) | - | (1,736,313) |
| Total accumulated depreciation | (2,149,287) | (180,178) | - | (2,329,465) |
| Total capital assets, being depreciated, net | 2,577,905 | (90,117) | - | 2,487,788 |
| Total capital assets, net | <u>\$ 2,851,198</u> | <u>\$ (90,117)</u> | <u>\$ -</u> | <u>\$ 2,761,081</u> |
| | | | | |
| | <u>Balance July 1, 2017</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2018</u> |
| Business-Type Activities: | | | | |
| Capital assets, being depreciated: | | | | |
| Equipment | \$ 420,763 | \$ 197,720 | \$ - | \$ 618,483 |
| Less accumulated depreciation for: | | | | |
| Equipment | (126,306) | (62,402) | - | (188,708) |
| Total capital assets, net | <u>\$ 294,457</u> | <u>\$ 135,318</u> | <u>\$ -</u> | <u>\$ 429,775</u> |

Depreciation expense was charged to the District is as follows:

| | |
|---------------------------|-------------------|
| Governmental Activities: | |
| Public safety | <u>\$ 180,178</u> |
| Business-Type Activities: | |
| Ambulance | <u>\$ 62,402</u> |

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

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, 2018 is as follows:

| Transfer out: | Transfer in: | Amount |
|---------------|------------------|-----------|
| General Fund | Acquisition Fund | \$ 42,000 |

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

**NORTH LYON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 - 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% | \$ 21,599 |
| <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>\$ 21,599</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, 2018 is as follows:

| <u>Revenue Bond:</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Annual Payments</u> |
|----------------------------|-------------------|-------------------|----------------------------------|
| <u>Year Ending June 30</u> | | | |
| 2019 | 21,312 | 20,688 | 42,000 |
| 2020 | 22,097 | 19,903 | 42,000 |
| 2021 | 22,392 | 19,608 | 42,000 |
| 2022 | 22,619 | 19,381 | 42,000 |
| 2023-2027 | 149,232 | 60,768 | 210,000 |
| 2028-2032 | 178,462 | 31,538 | 210,000 |
| 2033-2035 | 66,712 | 4,332 | 71,044 |
| | <u>\$ 482,826</u> | <u>\$ 176,218</u> | <u>\$ 659,044</u> |

| Principal Outstanding July 1 | Issued or Ratified During Period | Maturing/ Defeased During Period | Principal Outstanding June 30 | Payment Due in 2018-2019 | | Date of Final Payment |
|------------------------------------|---|---|-------------------------------------|-----------------------------|------------------|-----------------------------|
| | | | | Principal | Interest | |
| \$ 503,227 | \$ - | \$ 20,401 | \$ 482,826 | \$ 21,312 | \$ 20,688 | 06/34 |
| 700,230 | 874,446 | - | 1,574,676 | - | - | N/A |
| 6,363 | - | 6,363 | - | - | - | N/A |
| <u>142,042</u> | <u>164,498</u> | <u>142,042</u> | <u>164,498</u> | <u>-</u> | <u>-</u> | <u>N/A</u> |
| <u>\$ 1,351,862</u> | <u>\$ 1,038,944</u> | <u>\$ 168,806</u> | <u>\$ 2,222,000</u> | <u>\$ 21,312</u> | <u>\$ 20,688</u> | |
| 580,238 | 469,546 | - | 1,049,784 | - | - | N/A |
| <u>67,782</u> | <u>82,988</u> | <u>67,782</u> | <u>82,988</u> | <u>-</u> | <u>-</u> | <u>N/A</u> |
| <u>\$ 648,020</u> | <u>\$ 552,534</u> | <u>\$ 67,782</u> | <u>\$ 1,132,772</u> | <u>\$ -</u> | <u>\$ -</u> | |

NORTH LYON COUNTY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 – 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 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.

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. The authority for establishing and amending the obligation to make contribution, and member contribution rates are set by statute. The contribution rates are based on biennial actuarial valuations and expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983 have the option of selecting one of two contribution plans. One plan provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only. Under the matching Employee/Employer Contribution plan a member may, upon termination of service for which contribution is required, withdraw employee contributions which have been credited to their account. All membership rights and active service credit in the System are canceled upon withdrawal of contributions from the member's account. If EPC was elected, the member cannot convert to the Employee/Employer Contribution plan.

North Lyon Fire Protection District has elected the EPC plan for all employees. The District's contributions to the plan totaled \$181,346 for the year ended June 30, 2018 of which 50% or \$90,673 is considered employees contributions for reporting purposes. Total contributions were based on a rate of 28.00% of covered compensation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the District reported a liability of \$2,624,460 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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 the District's employer contributions to the pension plan relative to the contributions of all participating entities for the year ended June 30, 2017. At June 30, 2017, the District's proportion was .01973% while fiscal year 2016, the proportionate rate was .002013%.

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

For the year ended June 30, 2018, the District recognized pension expense of \$399,479. At June 30, 2018, 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 | \$ - | \$ 172,218 |
| Changes of assumptions | 174,108 | - |
| Net difference between projected and actual earnings on pension plan investments | 17,040 | - |
| Changes in proportion and differences between actual and proportionate share of contributions | 1,987,308 | - |
| District contributions subsequent to the measurement date | 199,740 | - |
| Total | \$ 2,378,196 | \$ 172,218 |

\$90,673 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, 2018. 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 |
|----------------------|--------------|
| 2019 | \$ 917,220 |
| 2020 | (40,125) |
| 2021 | 361,123 |
| 2022 | 838,608 |
| 2023 | 4,012 |
| Thereafter | (74,600) |
| | \$ 2,006,238 |

Actuarial Assumption. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following assumptions, applied to all periods including the measurement:

| | |
|---------------------------|---|
| Inflation | 2.75% |
| Payroll growth | 4.6% to 9.75%, depending on service |
| Investment rate of return | 7.5%, 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, 2017 valuation were based on the results of the experience review completed in 2018.

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% |

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

*As of June 30, 2017, PERS' long-term inflation assumption was 2.75%.

Discount rate. The discount rate used to measure the total pension liability was 7.50% as of June 30, 2017 and June 30, 2015. 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, 2016, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017 and June 30, 2016.

Pension liability sensitivity. The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5% 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 (6.50%) or 1 percentage point higher (8.50%) than the current discount rate:

| | 1% Decrease | Current Rate | 1% Increase |
|----------------------------------|-------------|--------------|-------------|
| | 6.50% | 7.50% | 8.50% |
| District's net pension liability | \$3,967,451 | \$2,624,460 | \$1,509,085 |

NOTE 9 – Accounting Changes and Restatements:

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82, *Pension Issues*, which clarifies how governments report pension contributions made on behalf of employees. The provisions of Statement No. 82 became effective for financial statements for fiscal years beginning after June 15, 2016. However, the Statement was not implemented by the District until the current fiscal year.

The June 30, 2017 net position for the District has been restated to reflect the amounts that would have been reported if the provisions of the Statements had been effective at that date.

Governmental Activities

| | | |
|---|--------------|--------------|
| June 30, 2017 net position as previously reported | | \$ 1,378,808 |
| Net pension liability | | |
| Previously reported | \$ 1,360,660 | |
| Restated | 660,430 | 700,230 |
| Deferred pension outflows | | |
| Previously reported | 138,143 | |
| Restated | 598,531 | 460,388 |
| Deferred pension inflows | | |
| Previously reported | 294,644 | |
| Restated | 44,224 | 250,420 |
| Post measurement date pension contributions | | |
| Previously reported | 184,393 | |
| Restated | 92,196 | (92,197) |
| June 30, 2017 net position restated | | \$ 2,697,649 |

**NORTH LYON COUNTY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Business-Type Activities

| | | |
|---|----------------|----------------------------|
| June 30, 2017 net position as previously reported | | \$ 512,044 |
| | | |
| Net pension liability | | |
| Previously reported | \$ 903,395 | |
| Restated | <u>580,238</u> | 323,157 |
| | | |
| Deferred pension outflows | | |
| Previously reported | 169,180 | |
| Restated | <u>525,857</u> | 356,677 |
| | | |
| Deferred pension inflows | | |
| Previously reported | 145,996 | |
| Restated | <u>38,854</u> | 107,142 |
| | | |
| Post measurement date pension contributions | | |
| Previously reported | 122,930 | |
| Restated | <u>61,465</u> | <u>(61,465)</u> |
| | | |
| June 30, 2017 net position restated | | <u><u>\$ 1,237,555</u></u> |

NOTE 10 – Ambulance Fees:

Revenues from ambulance fees consisted of the following:

| | | |
|----------------------|-------------------|--|
| Charges for services | \$ 2,570,981 | |
| Less: Bad debts | <u>1,594,636</u> | |
| | <u>\$ 976,345</u> | |

**NORTH LYON FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

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

Last 10 Fiscal Years*

| | <u>FY 2017</u> | <u>FY 2016</u> | <u>FY 2015</u> | <u>FY 2014</u> |
|---|----------------|----------------|----------------|----------------|
| District's proportion of the net pension liability (asset) | 0.01973% | 2.01300% | 0.00200% | 0.00200% |
| District's proportionate share of the net pension liability (asset) | 2,264,056 | 1,023,387 | 2,264,056 | 2,097,860 |
| District's covered-employee payroll | 846,445 | 809,425 | 727,746 | 702,734 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 267.47% | 321.43% | 321.43% | 298.53% |
| Plan fiduciary net position as a percentage of the total pension liability | 73.23% | 74.43% | 75.13% | 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, 2018**

Schedule of the District's Contributions

Last 10 Fiscal Years*

| | <u>FY 2017</u> | <u>FY 2016</u> | <u>FY 2015</u> | <u>FY 2014</u> |
|--|----------------|----------------|----------------|----------------|
| Actuarially determined contribution | \$ 399,479 | \$ 307,323 | \$ 307,323 | \$ 273,258 |
| Contributions in relation to the actuarially determined contribution | 399,479 | 307,323 | 307,323 | 273,258 |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered employee payroll | \$ 846,445 | \$ 809,425 | \$ 727,746 | \$ 702,734 |
| Contributions as a percentage of covered-employee payroll | 47.19% | 37.97% | 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, 2018
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)**

| | BUDGET | | ACTUAL | VARIANCE TO FINAL BUDGET | 2017 |
|--|-----------|-----------|-----------|-----------------------------|------------|
| | ORIGINAL | FINAL | | | |
| REVENUES | | | | | |
| Miscellaneous: | | | | | |
| Investment income | \$ - | \$ - | \$ - | \$ - | \$ 248 |
| EXPENDITURES | | | | | |
| Current; | | | | | |
| Public Safety | | | | | |
| Capital outlay | 282,000 | 282,000 | 90,062 | 191,938 | 78,092 |
| Debt Service: | | | | | |
| Principal | 20,352 | 20,352 | 21,599 | (1,247) | 19,529 |
| Interest | 21,648 | 21,648 | 20,401 | 1,247 | 22,471 |
| Total Debt Service | 42,000 | 42,000 | 42,000 | - | 42,000 |
| Total Expenditures | 324,000 | 324,000 | 132,062 | 191,938 | 120,092 |
| Excess (Deficiency) of Revenues over Expenditures | (324,000) | (324,000) | (132,062) | 191,938 | (119,844) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Contingency | (9,700) | (9,700) | - | 9,700 | - |
| Transfer in: | | | | | |
| General Fund | 215,000 | 215,000 | 42,000 | (173,000) | 180,000 |
| Total Other Financing Sources (Uses) | 205,300 | 205,300 | 42,000 | (163,300) | 180,000 |
| Net Change in Fund Balance | (118,700) | (118,700) | (90,062) | 28,638 | 60,156 |
| Fund Balance, July 1 | 187,724 | 187,724 | 145,880 | (41,844) | 85,724 |
| Fund Balance, June 30 | \$ 69,024 | \$ 69,024 | \$ 55,818 | \$ (13,206) | \$ 145,880 |

**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, 2018
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)**

| | BUDGET | | ACTUAL | VARIANCE TO FINAL BUDGET | 2017 |
|--------------------------------|--------------------|--------------------|---------------------|-----------------------------|---------------------|
| | ORIGINAL | FINAL | | | |
| OPERATING REVENUES | | | | | |
| Charges for services: | | | | | |
| Ambulance Fees | \$ 970,000 | 970,000 | \$ 976,345 | \$ 6,345 | \$ 903,250 |
| OPERATING EXPENSES | | | | | |
| Salaries and wages | 531,500 | 531,500 | 617,074 | (85,574) | 532,360 |
| Employee benefits | 313,500 | 313,500 | 300,932 | 12,568 | (528,683) |
| Services and supplies | 271,300 | 276,650 | 221,640 | 55,010 | 94,538 |
| Depreciation | 38,000 | 38,000 | 62,402 | (24,402) | 46,219 |
| Total Operating Expenses | <u>1,154,300</u> | <u>1,159,650</u> | <u>1,202,048</u> | <u>(42,398)</u> | <u>144,434</u> |
| Operating Income (Loss) | <u>(184,300)</u> | <u>(189,650)</u> | <u>(225,703)</u> | <u>(36,053)</u> | <u>758,816</u> |
| NONOPERATING REVENUES | | | | | |
| State grants | - | 5,350 | 5,350 | - | - |
| Investment income | 500 | 500 | - | (500) | 352 |
| Miscellaneous revenue | - | - | 19,137 | 19,137 | 17,720 |
| Total Nonoperating Revenues | <u>500</u> | <u>5,850</u> | <u>24,487</u> | <u>18,637</u> | <u>18,072</u> |
| Income (Loss) Before Transfers | (183,800) | (183,800) | (201,216) | (17,416) | 776,888 |
| TRANSFERS IN | | | | | |
| General Fund | <u>100,000</u> | <u>100,000</u> | <u>-</u> | <u>(100,000)</u> | <u>-</u> |
| Change in Net Assets | <u>\$ (83,800)</u> | <u>\$ (83,800)</u> | <u>(201,216)</u> | <u>\$ (117,416)</u> | <u>776,888</u> |
| Net Assets, July 1 | | | <u>1,237,555</u> | | <u>460,667</u> |
| Net Assets, June 30 | | | <u>\$ 1,036,339</u> | | <u>\$ 1,237,555</u> |



**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
In Accordance with Government Auditing Standards**

To the 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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 17, 2019.

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
January 17, 2019

Arrighi, Blake + Associates, LLC



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, 2018 (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, 2018,
- 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.

Yerington, Nevada
January 17, 2019

Arrighi, Blake - Associates, LLC

NORTH LYON COUNTY FIRE PROTECTION DISTRICT
LYON COUNTY, NEVADA

JUNE 30, 2018

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, 2017.

CURRENT YEAR RECOMMENDATIONS

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