

EAST FORK FIRE
PROTECTION DISTRICT, NEVADA
FINANCIAL REPORT
FOR THE SIX MONTHS ENDED JUNE 30, 2017

**FINANCIAL REPORT
EAST FORK FIRE PROTECTION DISTRICT, NEVADA
FOR THE SIX MONTHS ENDED JUNE 30, 2017**

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EAST FORK FIRE PROTECTION DISTRICT, NEVADA

BOARD MEMBERS

BERNARD CURTIS – District 3 (President)

BARBARA GRIFFIN – District 2 (Secretary)

KENNETH GARBER – District 1

JACQUES ETCHEGOYHEN – District 4

STEVE MIHELIC – District 5

FIRE CHIEF – TOD CARLINI



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
East Fork Fire Protection District, Nevada

We have audited the accompanying financial statements of the governmental activities, and each major fund of the East Fork Fire Protection District, Nevada, as of and for the six month period ending June 30, 2017, and the related notes to the financial statements, which collectively comprise the East Fork Fire Protection District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the East Fork Fire Protection District, Nevada, as of June 30, 2017, and the respective changes in financial position 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 on pages 4-13, and the Statements and Schedules listed as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The Schedules of Revenues, Expenditures and Changes in Fund Balance – Statutory Basis, listed in the Other Information Section of the table of contents, are presented to demonstrate compliance with budgets adopted in accordance with Nevada statutes for the twelve month period ending June 30, 2017. The schedules report financial information for the period prior to the transfer of operations to the East Fork Fire Protection Board of Commissioners and therefore, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017, on our consideration of the East Fork Fire Protection District, Nevada's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 East Fork Fire Protection District, Nevada's internal control over financial reporting and compliance.



Yerington, Nevada
November 30, 2017

**EAST FORK FIRE PROTECTION DISTRICT, NEVADA
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2017**

Nevada Revised Statutes (NRS) 354.624 require East Fork Fire Protection District (District) to submit a “complete set” of financial statements presented in accordance with accounting principles generally accepted in the United States and audited by a firm of independent certified public accountants in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As financial management of the East Fork Fire Protection District (the “District”), we offer the readers of these financial statements this narrative overview and analysis of the financial activities of the District for the six month period ending June 30, 2017. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues, provide an overview of the District’s financial activities, identify any significant changes in financial position, and to identify individual issues and concerns. We encourage readers to consider the information presented herein in conjunction with the financial statements and notes to gain a more complete picture of the information presented.

District Profile

The East Fork Fire Protection District was established on April 16, 1981 by the Douglas County Board of Commissioners under NRS 474.460. The Douglas County Board of Commissioners served as the *ex officio* Board of Fire Commissioners from inception through December 31, 2016 and therefore, the District’s financial position and results of operations were included within the County’s financial statements. On July 6, 2016, the Douglas County Board of Commissioners approved a resolution authoring the District’s administration to commence with a reorganization process in response to a desire to have a governing board focused on the District’s needs. Consequently, effective January 1, 2017, the Douglas County Board of Commissioners reorganized the East Fork Fire Protection District as a district created by election to operate in accordance with NRS 474.010 to 474.450. The East Fork Fire Protection District is now governed by a five member board of directors, initially appointed by the Douglas County Board of Commissioners that is now considered a new reporting entity.

The East Fork Fire Protection District provides all hazard services to approximately 96% of Douglas County. The balance of Douglas County, 4% or 17.7 square miles, is served by the Tahoe Douglas Fire Protection District. The East Fork Fire Protection District, covering 695.4 square miles, also includes areas inside the Lake Tahoe Basin, and is one of the region’s largest fire protection agencies. A resident population of 45,000 people is served by 14 fire stations, 5 of which are staffed with career personnel 365 days of the year. The remaining stations are reserve stations or active stations staffed by a limited number of volunteer personnel. The District supports 8 volunteer departments. During both the winter and summer months, tourism and special events in the areas can see the population increase to over 65,000 people on some days. In years past the district was

served by an almost all volunteer program which over time has been transitioned to one where primary services are provided by career employees with volunteer staff specializing in task specific functions, including some who do maintain all hazard responder status. The District currently enjoys and maintains an ISO Grading of 3 which has a very positive impact on the costs of fire insurance within the area. Over 85% of the District falls into this category. Other areas are classified as a Protection Class 8 or in some cases a 10.

Services are provided by a career staff of up to 73 personnel, 50 volunteer personnel, and 85 pieces of apparatus. The district maintains 10 positions in clerical support, medical billing, human resources, finance, and other administrative functions. The district's administration is divided into three divisions, each administered by the District Fire Chief or a Deputy District Fire Chief. Single point authority has been promoted where by each Chief Officer is allowed to manage his or her division as necessary, with ultimate accountability falling upward to the District Fire Chief. The three divisions include:

- ✓ Administration/Budget
- ✓ Operations /Training and Safety
- ✓ Fire Prevention and Support Services

Services provided by these divisions include: responding to and managing requests for emergency services, fire investigations, building inspection, plan reviews, code enforcement, training, safety, public education, budget and finance, medical billing, contract negotiation, resource management, grant administration, vehicle maintenance, communications, volunteer recruitment and retention, support services, general administration, and internal and external customer services.

Through an inter-local contract, the East Fork Fire Protection District provides the mandated Emergency Management services to Douglas County and has done so for the past 11 years.

The district receives funding from several different sources, with property tax assessments being the largest contributor. The basic direction from the District Board is to work towards a balanced budget with no impacts on existing services and to do so using existing tax rates and user fees, where applicable. Some service reduction has taken place due to the impacts of the financial impacts of the Affordable Health Care Act and a very sluggish Douglas County economy.

Eligible employees are represented by the East Fork Professional Firefighters Association, (IAFF Local 3726). Personnel up to the rank of Battalion Chief are covered by Collective Bargaining Agreements (CBA) as are some support level positions with safety sensitive support roles.

The district continues to be challenged geographically and demographically by the populations that it services. From the geographical standpoint, the district has developed a unique deployment model which is supported by an aggressive "*Standard of Cover.*" Many of our responses, in particular our medical responses, can and do extend patient transport times to appropriate medical facilities. Additionally, inter-facility transports of patients can at times tax resource availability and staffing. East Fork has attempted to address this cause and effect with the introduction of paramedic engine companies; where

by each of four staffed fire engines also are staffed with a Firefighter Paramedic and the necessary equipment. Over the years, East Fork's call volume has increased from less than 1000 calls per year since its creation in 1981 to 6,500 calls today annually. The ten year average annual increase is 4 percent.

Factors Affecting Financial Condition

With its proximity to the State of California, and its favorable tax laws, the District experienced significant growth in residential housing and commercial development prior to the economic downturn, which stagnated in the years after the Great Recession. Current data from the County Assessor's offices indicates that residential property sales and prices have stabilized and are continuing to trend upward. Residential building permits have also been trending higher over the last few years. The County's unemployment rate, which increased from 4.1% in September 2004 to 14.0% by September 2010 during the economic downturn, has dropped to around 4%. With the full implementation of the Affordable Health Care Act in 2014, the District did see some significant reductions in revenue associated with its provision of Emergency Medical Services. Major industries in the County include tourism, research and manufacturing, government and services. The District offers the facilities and amenities of a metropolitan area, yet remains pleasantly rural with easy access to services, and has one of the best school districts in the State with scores well above the national standard. Major County employers include leaders in the fields of technology, manufacturing and research. Several dozen technology entrepreneurs and advanced manufacturers are located within the District. This sector includes Bently Nevada, a world leader in its field, and a product line of General Electric. Other major employers include a Starbucks Roasting Facility, North Sails (maker of America's Cup sails), Douglas County School District, Walmart, the Carson Valley Medical Center and the Carson Valley Inn.

Financial Highlights

- The District received a deficit net position of (\$813,285) from Douglas County on December 31, 2016.
- Net position decrease \$1,189,249 to a deficit position of (\$2,002,534). The District's investment in capital assets exceeds related debt by \$9,319,332.
- The District's primary revenue source is ad valorem taxes of \$1,728,825 and charges for services of \$1,319,541.
- The District received operating grants and contributions of \$708,653 and capital grant of \$225,623 during the period.
- The District's total expenses were \$6,298,264 for the six month period.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's financial statements, which are comprised of the basic financial statements and the notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Government-wide Financial Statements

Government-wide financial statements are designed to provide an overview of the District's financial position by governmental and business-type activities, as well as the government as a whole. The Statement of Net Position combines and consolidates all of the District's current financial resources with capital assets and long term obligations, distinguishing between governmental and business-type activities. The end result is net position which is segregated into three components: net investment in capital assets, net of related debt; restricted and unrestricted position.

The Statement of Activities is focused on both the gross and net cost of governmental and business-type activities. Program revenue which directly offset costs of specific functions is allocated to those functions, resulting in net expenses for governmental and business-type activities. The District's general revenues offset remaining costs resulting in the annual increase or decrease in net position. This statement is intended to summarize the user's analysis of the net cost of various governmental services that is supported by general revenues.

Governmental activities reflect the District's basic services on a functional basis. Ad valorem taxes support the majority of these services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds. Fund financial statements provide detailed information about the District's major funds. Based on restrictions placed on the use of monies, the District has established several funds that account for the services provided to our residents. The District's major governmental funds are the General Fund and Debt Service Fund.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities on the government-wide financial statements. All of the District's basic services are reported in these funds that focus on how money flows into and out of the funds and the year-end balances available for spending. These funds are reported on the modified accrual basis of accounting that measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services being provided, along with the financial resources available.

Because the focus of the 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 on the government-wide financial statements. By doing so, readers may better understand the long term effect of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The District maintains two individual major governmental funds. Information for each is presented separately on the governmental fund balance sheet and on the governmental fund statement of revenues, expenditures, and changes in fund balance.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding as of the date provided on the government-wide and fund financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, this financial report also presents combining and individual fund statements and schedules.

The District adopts an annual budget for all of its funds. Budgetary comparison schedules have been provided for all funds to demonstrate compliance with the budget, and are presented as required supplementary information.

Financial Analysis of the District

One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District's activities in a way that will help answer this question. These two statements report the net position of the District and the changes in them. One can think of the District's net position – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases and decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation.

As noted above, the District's twelve months of financial activity were controlled under two separate Boards of Fire Commissioners. Therefore, to present meaningful analysis the following information details the financial operations for the respective six month periods.

Net Position

To begin our analysis, a summary of the District's Statement of Net Position is presented in Table 1.

Table 1
Condensed Statements of Net Position

	<u>June 30, 2017</u>	<u>January 1, 2017</u>
<i>Assets</i>		
Current assets	\$ 4,550,170	\$ 6,849,269
Capital assets	<u>9,788,332</u>	<u>9,587,230</u>
Total Assets	<u>14,338,502</u>	<u>16,436,499</u>
Deferred Outflows of Resources	<u>4,109,327</u>	<u>3,526,352</u>
<i>Liabilities</i>		
Current Liabilities	720,991	1,502,485
Long-term Debt	<u>17,636,848</u>	<u>17,031,539</u>
Total Liabilities	<u>18,357,839</u>	<u>18,534,024</u>
Deferred Inflow of Resources	<u>2,092,524</u>	<u>2,242,112</u>
<i>Net Position</i>		
Invested in Capital Assets	9,319,332	9,054,230
Restricted	338,501	293,001
Unrestricted	<u>(11,660,367)</u>	<u>(10,160,516)</u>
Total Net Position	<u>\$ (2,002,534)</u>	<u>\$ (813,285)</u>

Net position decreased \$1,189,249 to (\$2,202,534) at June 30, 2017 from (\$813,285) at the time operations were transferred from Douglas County on January 1, 2017.

The following table reflects six months of operations reflecting the financial activity under the newly created entity from January 1, 2017 through June 30, 2017.

Table 2
Condensed Statement of Revenues, Expenses,
and Changes in Net Position
For the Six Months Ending June 30, 2017

<i>Revenues</i>	
Program Revenues:	
Charges for services	\$ 1,319,541
Operating grants	708,653
Capital Grants	<u>225,623</u>
	<u>2,253,817</u>
General Revenues:	
Property taxes	1,728,825
Consolidated taxes	878,825
Investment income	12,810
Reimbursements	222,585
Other income	<u>12,153</u>
	<u>2,855,198</u>
Total Revenues	<u>5,109,015</u>
<i>Program Expenses</i>	
Public Safety	<u>6,298,264</u>
Change in Net Positions	(1,189,249)
<i>Net Position</i>	
Net Position Received from Douglas County	<u>(813,285)</u>
Ending Net Position	<u><u>\$ (2,002,534)</u></u>

While the Statement of Net Position shows the composition of, and change in net position, the Statement of Activities provides answers as to the nature and scope of these changes. As can be seen in Table 2 above, the net position decreased \$764,757 for the six month period ended June 30, 2017.

- Property tax revenue was \$1,728,825 and consolidated tax revenue was \$878,825.
- Total expenses for the period were \$6,298,264.

Financial Analysis of the District's Funds

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

Governmental Funds: The focus of the District's governmental funds is to provide information on the near-term inflow, outflow, and balances of spendable resources. Such information is useful in assessing the District's financial requirements. In particular,

unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

To provide meaningful comparisons, the following financial highlights are presented for the entire twelve month period under both operating boards. As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$3,506,254.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2,480,401. The key factors for the fund balance increase are as follows:

- The District's General Fund's ending fund balance is \$3,277,753 compared to a beginning fund balance of \$2,563,023 which represents an increase of \$714,730.
- The District's General Fund details actual revenues of \$13,720,926 and actual expenditures of \$12,811,910 for the year.
- The District applied for G.E.M.T. reimbursement program revenues through the State of Nevada Division of Health Care Financing and Policy and received \$525,000 in revenues for medical services provided to Medicaid recipients.
- The District received \$165,000 from Douglas County for the purchase of a new ambulance.
- The District received \$27,673 from Carson City for the purchase of a cardiac monitor.
- The District received \$34,950 from Pool Pact for the purchase of a Stryker Power Gurney.

Table 3
Condensed Balance Sheet
All Governmental Funds

	DISTRICT		COUNTY
	June 30, 2017	January 1, 2017	June 30, 2016
Cash	\$ 3,345,308	\$ 4,770,579	\$ 3,426,667
Other assets	1,718,918	2,467,255	1,263,833
	<u>\$ 5,064,226</u>	<u>\$ 7,237,834</u>	<u>\$ 4,690,500</u>
Liabilities	\$ 716,254	\$ 1,406,460	\$ 1,171,583
Deferred inflow of resources	841,718	754,545	727,894
Fund Balance	<u>3,506,254</u>	<u>5,076,829</u>	<u>2,791,023</u>
	<u>\$ 5,064,226</u>	<u>\$ 7,237,834</u>	<u>\$ 4,690,500</u>

Table 4
Condensed Statement of Revenues, Expenditures, and Changes in Fund Balance
All Governmental Funds

	YEAR ENDED JUNE 30, 2017			YEAR ENDED
	GOVERNING BODY			JUNE 30, 2016
	DISTRICT	COUNTY	TOTAL	COUNTY
Revenues				
Ad valorem taxes	\$ 1,731,778	\$ 5,543,914	\$ 7,275,692	\$ 7,170,338
Intergovernmental revenues	1,780,151	1,092,882	2,873,033	1,908,854
Charges for services	1,356,981	2,146,458	3,503,439	2,336,452
Other revenues	57,912	10,850	68,762	1,095,592
	<u>4,926,822</u>	<u>8,794,104</u>	<u>13,720,926</u>	<u>12,511,236</u>
Expenditures				
Current	5,993,953	6,365,414	12,359,367	12,234,261
Capital outlay	428,677	68,866	497,543	139,966
Debt service	74,767	74,019	148,786	140,472
	<u>6,497,397</u>	<u>6,508,299</u>	<u>13,005,696</u>	<u>12,514,699</u>
Excess (Deficiency) of				
Revenues over Expenditures	(1,570,575)	2,285,805	715,230	(3,463)
Fund balance transfer	5,076,829	(5,076,829)	-	-
Fund Balance, July 1	<u>-</u>	<u>2,791,024</u>	<u>2,791,024</u>	<u>2,794,486</u>
Fund Balance, June 30	<u>\$ 3,506,254</u>	<u>\$ -</u>	<u>\$ 3,506,254</u>	<u>\$ 2,791,023</u>

General Fund Budgetary Highlights

The District's General Fund budget is prepared according to Nevada law and is based on generally accepted accounting principles. The District adopts an annual budget following budget workshops and a public hearing. The budget provides proposed expenditures and the means of financing them. The most significant budgeted fund is the General Fund. There were two budget augmentations during the year totaling \$1,671,839. To provide meaningful comparisons, the following financial highlights are presented for the entire twelve month period under both operating boards.

- The District's General Fund details actual revenues of \$13,720,926 for the year which was \$748,641 over budgeted resources consisted largely of positive variances in ambulance charges of \$225,599 and G.E.M.T reimbursement of \$525,000.
- The District's General Fund details \$13,673,040 of budgeted appropriations compared to actual expenditures of \$12,811,910 which resulted in expenditures being under budget by \$861,495.

Capital Assets

Capital Assets: The District's net investment in capital assets for its governmental activities as of June 30, 2017 is \$9,313,332 (net of accumulated depreciation and related debt). This investment in capital assets includes leasehold improvements, equipment and vehicles. In the notes to the financial statements, Note 4 (Capital Assets) provides capital asset activity during 2017. The capital asset additions for the period totaled \$476,455 consisting of the purchase of two ambulances at a cost of \$308,809, four Stryker power gurneys costing \$86,706, and two cardiac monitors at a cost of \$58,974. Depreciation expense for the year was \$275,353.

Debt Administration

Long-Term Debt: The District's has a long-term long debt obligation totaling \$469,000 with Capital One Bank on the District's business office building. Schedules principal payments of \$64,000 were made during the period. The loan matures on April 1, 2012. The District accrued compensated absences representing accrued vacation, accrued sick leave and compensatory time was \$1,003,045 at June 30, 2017. In the notes to the financial statements, Note 5 (Long-Term Debt Obligations) provides debt activity during the period.

Economic Factors and Next Year's Budget

The Board of Directors and management of the District considered many factors when setting the fiscal year 2018 budget, tax rates and other charges. Some of those factors are the local economy and the impact that taxes, charges and rates have on the customers.

All of these factors were considered in the preparation of the District's 2018 budget. The District has maintained a standard of limiting appropriations to those anticipated revenues for the period. This approach has allowed the District to maintain an unreserved fund balance carrying sufficient resources deemed necessary to provide services and programs with the goal of minimizing additional burdens to its citizens.

Requests for Information

This financial report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional financial information should be directed to District Chief Tod Carlini at the East Fork Fire Protection District, 1694 County Road, Minden, Nevada, 89423.

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EAST FORK FIRE PROTECTION DISTRICT, NEVADA
STATEMENT OF NET POSITION
JUNE 30, 2017

Assets

Current Assets:

Cash and investments - Note 3	\$ 3,345,308
Accounts receivable, net of allowance	496,501
Due from other governments	617,228
Taxes receivable, secured roll	<u>91,133</u>

Total Current Assets 4,550,170

Noncurrent Assets:

Capital Assets - Note 4	
Land	677,201
Equipment	23,898,444
Less: Accumulated depreciation	<u>(14,787,313)</u>

Total Noncurrent Assets 9,788,332

Total Assets 14,338,502

Deferred Outflows of Resources

Prepaid items	220,510
Deferred pension outflows - Note 7	1,963,690
Post measurement date pension contributions - Note 7	<u>1,925,127</u>

**Total Deferred Outflows
of Resources** 4,109,327

Liabilities

Current Liabilities:

Accounts payable	\$ 109,165
Accrued salaries and wages	552,918
Due to other governments	54,171
Accrued interest	4,737
Current portion of construction loan - Note 5	<u>140,000</u>

Total Current Liabilities 860,991

Long-term Liabilities:

Building loan due in more than one year - Note 5	329,000
Accrued compensated absences - Note 5	1,003,045
Accrued post employment benefits - Notes 8	1,030,009
Net pension liability - Note 7	<u>15,134,794</u>

Total Long-term Liabilities 17,496,848

Total Liabilities 18,357,839

Deferred Inflow of Resources

Deferred pension inflows - Note 7	<u>2,092,524</u>
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**Total Deferred Inflow
of Resources** 2,092,524

Net Position

Investment in capital assets, net of related debt	9,319,332
Restricted - Note 10	338,501
Unrestricted	<u>(11,660,367)</u>

Total Net Position \$ (2,002,534)

The accompanying notes are an integral part of these financial statements.

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
STATEMENT OF ACTIVITIES
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2017

		PROGRAM REVENUE			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
Governmental Activities:					
Public safety	\$ 6,298,264	\$ 1,319,541	\$ 708,653	\$ 225,623	\$ (4,044,447)
General Revenues:					
					1,728,825
					878,825
					12,810
					2,000
					222,585
					10,153
Special Item:					
					(813,285)
					2,041,913
					(2,002,534)
					-
					\$ (2,002,534)

The accompanying notes are an integral part of these financial statements.

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	GENERAL FUND	DEBT SERVICE FUND	TOTALS
Assets			
Cash - Note 3	\$ 3,342,518	\$ 2,790	\$ 3,345,308
Accounts receivable	790,047	-	790,047
Due from other governments	617,228	-	617,228
Taxes receivable, secured roll	91,133	-	91,133
Prepaid items	220,510	-	220,510
<i>Total Assets</i>	<u>5,061,436</u>	<u>2,790</u>	<u>5,064,226</u>
Liabilities			
Accounts payable	\$ 109,165	\$ -	\$ 109,165
Accrued wages and benefits	552,918	-	552,918
Due to other governments	54,171	-	54,171
<i>Total Liabilities</i>	<u>716,254</u>	<u>-</u>	<u>716,254</u>
Deferred Inflow of Resources			
Unavailable property taxes revenue	87,688	-	87,688
Unavailable revenue, other	754,030	-	754,030
<i>Total Deferred Inflow of Resources</i>	<u>841,718</u>	<u>-</u>	<u>841,718</u>
Fund Balance - Note 10			
Nonspendable	220,510		220,510
Restricted	335,711	2,790	338,501
Assigned	466,842	-	466,842
Unassigned	2,480,401	-	2,480,401
<i>Total Fund Balance</i>	<u>3,503,464</u>	<u>2,790</u>	<u>3,506,254</u>
<i>Total Liabilities, Deferred Inflow of Resources and Fund Balance</i>	<u>\$ 5,061,436</u>	<u>\$ 2,790</u>	<u>\$ 5,064,226</u>

The accompanying notes are an integral part of these financial statements.

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total Fund Balance - Governmental Funds	\$ 3,506,254
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not current financial resources and therefore not reported in the governmental fund financial statements.	24,575,645
Accumulated depreciation has not been included in the governmental fund financial statements.	(14,787,313)
That portion of taxes and other receivables, not current financial resources, are reported as a deferred inflows of resources in the governmental fund financial statements.	548,172
The liability for compensated absences is not reflected in the governmental fund financial statements since not payable from current resources.	(1,003,045)
Long-term debt obligations are not included in the governmental fund financial statements.	(469,000)
The post-employment health insurance liability is not due and payable in the current period and therefore is not reported in the governmental fund.	(1,030,009)
The net pension liability is not due and payable in the current period and therefore is not reported in the governmental fund.	(15,134,794)
Deferred pension inflows and outflows of resources represent changes in the net pension liability that are to be amortized over future periods. They will not require current financial resources and are therefore not reported in the governmental funds.	1,796,293
Interest is accrued on outstanding debt in the statement of net position, whereas in the governmental fund financial statements an interest expenditure is reported when due.	<u>(4,737)</u>
Net Position of Governmental Activities	<u>\$ (2,002,534)</u>

The accompanying notes are an integral part of these financial statements.

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2017

	GENERAL FUND	DEBT SERVICE FUND	TOTALS
Revenues			
Ad valorem taxes	\$ 1,731,778	\$ -	\$ 1,731,778
Intergovernmental revenues	1,780,151	-	1,780,151
Charges for services	1,356,981	-	1,356,981
Other revenues	<u>57,913</u>	<u>-</u>	<u>57,913</u>
<i>Total Revenues</i>	<u>4,926,823</u>	<u>-</u>	<u>4,926,823</u>
Expenditures			
Current			
Public safety	5,993,953	-	5,993,953
Capital outlay	428,677	-	428,677
Debt service			
Principal	-	64,000	64,000
Interest	<u>-</u>	<u>10,767</u>	<u>10,767</u>
<i>Total Expenditures</i>	<u>6,422,630</u>	<u>74,767</u>	<u>6,497,397</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,495,807)</u>	<u>(74,767)</u>	<u>(1,570,574)</u>
Other Financing Sources (Uses)			
Transfers from General Fund	-	75,267	75,267
Transfers to Debt Service Fund	<u>(75,267)</u>	<u>-</u>	<u>(75,267)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(75,267)</u>	<u>75,267</u>	<u>-</u>
Special Item			
Fund balance received from			
Douglas County - Note 14	<u>5,074,538</u>	<u>2,290</u>	<u>5,076,828</u>
Excess (Deficiency) of Revenues, Other Sources and Special Item over Expenditures and Other Uses	3,503,464	2,790	3,506,254
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 3,503,464</u>	<u>\$ 2,790</u>	<u>\$ 3,506,254</u>

The accompanying notes are an integral part of these financial statements.

**EAST FORK FIRE PROTECTION DISTRICT, NEVADA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2017**

Change in Fund balances - Total Governmental Funds	\$ 3,506,254
Amounts reported for governmental activities in the statement of activities are different because:	
The difference between the January 1, 2017 fund balances of \$5,076,828 and deficit net position of \$813,285 received from Douglas County represents the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at that date that do not provide or require current resources.	(5,890,113)
Current period capital outlays are expenditures in the governmental fund financial statements, but increase capital assets in the government-wide financial statements.	476,455
Depreciation is not recognized as an expense in governmental funds, since it does not require the use of current financial resources. The effect on the current year's depreciation is to decrease net assets.	(275,353)
Property taxes and other revenues not received within sixty days of year end are not recognized in the fund financial statements as not available to finance current expenditures but are recognized when assessed or due in the government-wide financial statements.	182,192
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental fund financial statements.	(55,411)
Future health insurance post-employment benefits are reported in the statement of activities but do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(55,422)
Current year long-term debt principal payments are reported as expenditures in the governmental fund financial statements, but are shown as a reduction in long-term debt in the government-wide financial statements.	64,000
Changes in net pension liability resulting from differences in actual and projected earnings, experience and changes in proportionate share do not affect current financial resources and not reported in governmental funds.	44,218
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements an interest expenditure is reported when due.	<u>646</u>
Change in Net Position of Governmental Activities	<u>\$ (2,002,534)</u>

The accompanying notes are an integral part of these financial statements.

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2017

Revenues

Taxes	\$ 1,731,778
Intergovernmental revenues	1,780,151
Charges for services	1,356,981
Other revenues	<u>57,913</u>
<i>Total Revenues</i>	<u>4,926,823</u>

Expenditure

Public Safety, Fire	
Salaries and wages	3,202,417
Employee benefits	1,773,588
Services and supplies	1,017,948
Capital outlay	<u>428,677</u>
<i>Total Expenditures</i>	<u>6,422,630</u>

Excess (Deficiency) of Revenues over Expenditures	<u>(1,495,807)</u>
--	--------------------

Other Financing Sources (Uses)

Transfer to Debt Service	<u>(75,267)</u>
<i>Total Other Financing (Uses)</i>	<u>(75,267)</u>

Special Item

Fund balance received from Douglas County - Note 14	5,074,538
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Excess (Deficiency) of Revenues Other Sources and Special item over Expenditures and Other Uses	3,503,464
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Fund Balance, July 1	<u>-</u>
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Fund Balance, June 30	<u>\$ 3,503,464</u>
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The accompanying notes are an integral part of these financial statements.

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1 - Summary of Significant Account Policies:

The East Fork Fire Protection District (the “District”) is a public fire protection district operated under the applicable laws and regulations of the State of Nevada. It is governed by a five member Board of Directors elected by registered voters of the District. The financial statements of the East Fork Fire Protection District have been prepared in accordance with generally accepted accounting principles 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 the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units in addition to other authoritative sources issued by the American Institute of Certified Public Accountants.

GASB Statement No. 34 established a new financial reporting model for state and local governments that includes in addition to management’s discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes.

The GASB determined that fund accounting has been and will continue to be essential in helping governments achieve fiscal accountability and should, therefore, be retained. The GASB also determined that government-wide financial statements are needed to allow the users of the financial reports to assess a government’s operational accountability. The new GASB model integrates fund-based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

Reporting Entity

The East Fork Fire Protection District, Nevada, for financial purposes, includes all of the funds relevant to the operations of the District. The District was formed to provide fire protection and ambulance services for the citizens of Douglas County excluding the Lake Tahoe area. The financial statements of the East Fork Fire Protection District, Nevada include those organizations that are controlled by or dependent on the District and fall under the direct jurisdiction of the Board of Directors. Control or dependency is determined on the basis of budget adoption, taxing authority, funding and appointment of respective governing boards. The East Fork Fire Protection District was established on April 16, 1981 by the Douglas County Board of Commissioners who served as the *ex officio* Board of Fire Commissioners until January 1, 2017, when governance was transferred to an elected five member board of commissioners.

Basic Financial Statements – GASB Statement No. 34:

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. While the previous model emphasized fund types (the total of all funds of a particular type), the GASB 34 model focuses on either the District as a whole or major individual funds (within the fund financial statements). Both the government-

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

wide and fund financial statements categorize activities as either governmental activities or business-type activities. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety) which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function or a business-type activity. Program revenues include revenues largely from charges for services. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.). Historically, the previous model did not summarize or present net cost by function or activity.

This government-wide focus is more on the substantiality of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. For the most part, the effect of interfund activity has been removed from the government-wide statements. Interfund activities relating to services provided and used between functions are not eliminated.

The fund financial statements are, in substance, very similar to the financial statements presented in the previous model. The report emphasis is on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund types are summarized into a single column.

The governmental funds major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to (a) demonstrate legal and covenant compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the District's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements as shown in the governmental column, a reconciliation is presented on the page following each statement which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Basis of Presentation:

The accounts of East Fork Fire District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues and expenditures (or expenses, as appropriate). Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements.

The model as defined in Statement No. 34 establishes criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Management may also elect to designate a fund, which does not meet the criteria, as a major fund. The nonmajor funds are combined in a single column in the fund financial statements (when applicable). Since the District only has two governmental funds, both of the following funds are considered major funds.

Major Funds:

Governmental Major Funds

- (1) The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.
- (2) The Debt Service Fund accounts the accumulation of resources to meet debt service expenditure requirements.

Basis of Accounting:

Governmental Fund Types:

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

The East Fork Fire Protection District maintains its accounting records for governmental funds on the modified accrual method of accounting. This method provides for recognizing expenditures, other than accrued interest on general long-term obligations at the time liabilities are incurred, while revenues are recorded when measurable and available to finance expenditures of the fiscal period. Available is defined as being due and collected within the current period or 60 days after year-end. When revenues are due but will not be collected within 60 days, a receivable is recorded and an offsetting deferred revenue account is established. Most major sources of revenue reported in governmental funds are susceptible to accrual under the modified accrual basis of accounting.

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Budgets and Budgetary Accounting:

Budget Policies:

The East Fork Fire Protection District adheres to the Local Government Budget Act, incorporated within state statutes, which includes the following major procedures to establish the budgetary data, which is reflected in these financial statements.

1. On or before April 15 of each year, the budget officer shall prepare, or the governing body shall cause to be prepared, on appropriate forms prescribed by the Department of Taxation for the use of local governments, a tentative budget for the ensuing fiscal year. The tentative budget must be filed for public record and inspection.
2. Public hearings on the tentative budget are held on the third Thursday in May.
3. Prior to June 1, at a public hearing, the Board indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the Board Directors. The final budget must then be forwarded to the Nevada Tax Commission to approve the requested ad valorem tax rate.
4. Formal budgetary integration in the financial records of all funds is employed to enhance management control during the year.
5. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The District does not use the encumbrance method of accounting. Appropriations lapse at year-end.
6. Budget amounts within funds, and between funds, may be transferred if amounts do not exceed the original budget. Such transfers are to be approved by the budget officer and/or the District, depending on established criteria. Budget augmentations in excess of original budgetary amounts may not be made without prior approval of the Board, following a scheduled and noticed public hearing. The General Fund's original budget was amended twice by board action.
7. The above dates may be modified as necessary during years when the Nevada Legislature is in session.

For budgetary purposes, the District established the Emergency Reserve Fund. This fund is reported within the District's General Fund in accordance with GASB 54 requirements.

In accordance with state statutes, actual expenditures may not exceed budget appropriations of the various governmental functions of the General Fund, or total appropriations of the individual Emergency Reserve Fund or the Debt Service Fund.

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Taxes Receivable, delinquent

Secured roll property taxes receivable reflect only those taxes receivable from the delinquent roll years. No provision for uncollectible accounts has been established since management does not anticipate any material collection loss in respect to the remaining balances. Amounts not collected within 60 days after year-end has been recorded as deferred revenue in the governmental funds.

Inventory of Consumable Supplies

All funds, except the enterprise funds, account for materials and supplies inventories as expenditures using the "purchase method", whereby inventories are recorded as expenditures when they are purchased.

Restricted Assets

Restricted assets is cash legally restricted to fund loan obligations on the Capital One Bank building loan.

Capital Assets

Governmental Activities:

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and on estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life are not capitalized.

Depreciation is provided in the enterprise funds in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

Buildings and other improvements	15-80 years
Vehicles	7-20 years
Equipment	5-10 years

Property Taxes

All real property in the District is assigned a parcel number by the Douglas County Assessor in accordance with state laws, 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 property and its improvements are assessed at 35% of "taxable value", as defined by statute. The amount of tax levied is developed by multiplying the assessed value by the District's tax rate. The maximum tax rate was established in the State Constitution at \$5.00 per hundred

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

dollars of assessed valuation; however, as a result of the 1979 legislature session, the tax rate was further limited to \$3.64 per hundred dollars of assessed valuation unless an additional rate is approved by the electorate. Taxes on real property are a lien on the property and attached on July 1 of the year for which 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 to the Treasurer of Douglas County in which the District is located. 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 by the County 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, mobile homes, aircraft and agricultural.

Cash and Investments

Cash balances from all funds are combined and, to the extent practicable, invested as permitted by NRS 355.170. 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 the (10) years from the date of purchase.
- Negotiable certificates of deposit from commercial banks and insured savings and loan associations within the State of Nevada.
- Certain securities issued by local governments of the State of Nevada.
- Other securities expressly provided by other statutes, including repurchase agreements.
- Certain short-term commercial paper issued by U. S. Corporations.
- Certain "AAA" rated mutual funds that invest in Federal securities.

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Investment Income

Investment income is recognized in the District's General Fund.

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities column in the statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Vacation Time and Sick Leave Benefits

Governmental Funds:

The estimated cost of vacation time and sick leave benefits are accrued as earned and recorded in the government-wide financial statements against applicable programs. In governmental fund financial statements, the cost of vacation and sick leave benefits are accrued and recorded to the extent the benefit is paid after year end under one of the District's leave benefit policies. Any excess accrual is not recorded but is recorded as a payroll cost when the time is actually used.

Allowance for Doubtful Accounts

Each month, the accounts receivable balances in the enterprise funds are reviewed and accounts believed to be uncollectible are identified. The allowance for doubtful accounts is then adjusted to equal the anticipated loss and bad debt expense is charged for estimated losses arising from the current year's operation. Subsequently, the governing board reviews this list of uncollectible accounts and, if they agree that the accounts are uncollectible and should be written off, the receivable is charged against the allowance for doubtful accounts.

Unemployment Insurance

The District participates in the Public Agency Unemployment Compensation Fund Insurance Pool for unemployment compensation paid to its former employees.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Nevada Public Employees Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Inflows and Outflows of Resources

Transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods are reported as either a deferred inflow of resources or deferred outflow of resources in the statement of net position.

Net Position

Net position represents the difference between assets and deferred outflow of resources, and liabilities and deferred inflow of resources. Net position comprise of various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position are classified in the following three components: investment in capital assets, net of related liabilities; restricted for capital activity and debt service; and unrestricted net position. Investment in capital assets, net of related debt, consist of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from that determination. Restricted for capital activity and debt service consists of net position assets for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, regulations and enabling legislation, including self-imposed legal mandates, less any related liabilities. Unrestricted consists of all other net position not included in the above categories. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance

In the governmental fund financial statements, governmental funds report up to five components of fund balance, as applicable. These five classifications 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 limitation on use, such as those imposed by creditors, grantors, contributors, or laws enacted by 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 a designated official. Unassigned fund balance is for that portion of net resources that does not meet the criteria to be placed in any of the other four components of fund balance. Restricted amounts are considered to be spent prior to unrestricted amounts when an expenditure

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

is incurred. Unrestricted amounts are considered to be spent in the following order: committed, assigned, and then, unassigned.

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

The District conformed to all significant statutory constraints on its financial administration during the year as detailed on page 57.

Note 3 - Cash and Investments:

Cash includes not only currency on hand but demand deposits with banks or other financial institutions. Cash also includes other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

The District's bank accounts are fully covered by FDIC insurance and collateral pledged to the accounts. The collateral pledged consists of obligations insured or guaranteed by the U.S. Government and its agencies. The following schedule summarizes cash and investments for the East Fork Fire Protection District at June 30, 2017.

Cash and Investment Balances Held By:

General Fund	\$ 3,162,398
Emergency Reserve Fund	180,120
Debt Service Fund	<u>2,790</u>
Total Cash and Investments	<u>\$ 3,345,308</u>
Balance Classified by Depository:	
Petty cash	\$ 300
Bank of America, checking	<u>1,338,976</u>
Total Cash	1,339,276
Investments:	
Nevada State Investment Pool	<u>2,006,032</u>
Total Cash and Investments	<u>\$ 3,345,308</u>

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 3 - Cash and Investments: *(Continued)*

The following is a list of cash and deposits indicating collateral or insurance on these deposits:

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 250,000	\$ 250,000
Uninsured but collateralized by securities held in the name of East Fork Fire Protection District by the bank's agent or trust department	1,089,276	1,132,421
	\$ 1,339,276	\$ 1,382,421

Investment

At June 30, 2017, the average weighted maturity of the Nevada Local Government Investment Pool was 310 days. The fair value of \$2,006,032 is determined according to the following hierarchy determined by availability of market pricing used to determine the fair value.

Level I – Based on quoted prices in active market for identical assets	\$ 205,016
Level II – Based on significant other observable inputs	1,801,016

To provide an understanding of the East Fork Fire Protection District's investment types and the District's exposure to certain risks, the following provides information on the District's external investment composition.

Interest Rate Risk: 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.

Credit Risk: State law limits types of allowable investments under Nevada Revised Statutes 355.170 as listed in the accompanying Note 1.

Concentration of Credit Risk: The District does not have a formal investment policy that limits East Fork Fire District as to the amount that may be invested in any one issuer.

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 4 – Capital Assets:

The following tables summarize the changes in capital assets.

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
Not subject to depreciation:				
Land	\$ 677,201	\$ -	\$ -	\$ 677,201
Subject to depreciation:				
Ambulances	1,017,591	308,809	-	1,348,400
Apparatus	6,936,314	-	-	6,936,314
Computer equipment	20,904	-	-	20,904
Equipment	1,239,365	145,646	-	1,385,011
Vehicles	1,076,142	-	-	1,076,142
Buildings and improvements	12,239,193	-	-	12,239,193
Infrastructure	892,480	-	-	892,480
	<u>23,421,989</u>	<u>476,455</u>	<u>-</u>	<u>23,898,444</u>
Less accumulated depreciation:				
Ambulances	(589,539)	(25,602)	-	(615,141)
Apparatus	(6,781,886)	(31,268)	-	(6,813,154)
Computer equipment	(20,117)	(674)	-	(20,791)
Equipment	(978,379)	(37,832)	-	(1,016,211)
Vehicles	(1,053,475)	(6,800)	-	(1,060,275)
Buildings and improvements	(4,586,804)	(157,438)	-	(4,744,242)
Infrastructure	(501,760)	(15,739)	-	(517,499)
	<u>(14,511,960)</u>	<u>(275,353)</u>	<u>-</u>	<u>(14,787,313)</u>
Depreciable assets, net	<u>8,910,029</u>	<u>201,102</u>	<u>-</u>	<u>9,111,131</u>
Capital assets, net	<u>\$ 9,587,230</u>	<u>\$ 201,102</u>	<u>\$ -</u>	<u>\$ 9,788,332</u>

Depreciation expense of \$275,353 was charged to the public safety function.

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 5 - Long-Term Debt Obligations:

Building Loan:

The District has \$469,000 outstanding loan at June 30, 2017 on a loan dated April 1, 2010, with Capital One Bank. The initial loan amount was \$1,115,000 payable over ten years with semi-annual payments of principal and interest at 4.04% per annum.

The following schedule details the future debt service requirements on the Building Loan with

<u>Year ending June 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2018	\$ 17,554	\$ 140,000	\$ 157,554
2019	11,736	156,000	167,736
2020	<u>5,272</u>	<u>173,000</u>	<u>178,272</u>
Totals	<u>\$ 34,562</u>	<u>\$ 469,000</u>	<u>\$ 503,562</u>

Compensated Absences:

The amount of accrued compensated absences liability for the governmental activities at June 30, 2017 was \$1,003,045. This balance reflects the governmental activities annual leave being earned at a rate based upon an employee's longevity with the District. An employee may carry over unused annual leave to the next year, not exceeding 30 days as of the employee's anniversary date.

Changes in General Long-term Debt:

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Obligations</u> <u>Issued</u>	<u>Obligations</u> <u>Retired</u>	<u>Balance</u> <u>June 30, 2017</u>
Building loan	\$ 533,000	\$ -	\$ 64,000	\$ 469,000
Compensated absences	947,634	55,411	-	1,003,045
Post-employment benefits	974,587	55,422	-	1,030,009
Net pension liability	<u>14,576,318</u>	<u>558,476</u>	<u>-</u>	<u>15,134,794</u>
Total Long-Term Obligations Payable	<u>\$17,031,539</u>	<u>\$ 669,309</u>	<u>\$ 64,000</u>	<u>\$17,636,848</u>

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 6 – Interfund Transfers:

A summary of interfund transfers is as follows:

	<u>Transfers – In</u>	<u>Transfers – Out</u>
Governmental Activities:		
General Fund	\$ -	\$ 75,267
Debt Service Fund	<u>75,267</u>	<u>-</u>
	<u>\$ 75,267</u>	<u>\$ 75,267</u>

Note 7 - Defined Benefit Pension Plan:

General Information about the Pension Plan

Plan description: All permanent full time employees are provided pensions through the Public Employees Retirement Plan (PERS). The plan is a cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement System of Nevada. Chapter 286 of the Nevada Revised Statutes (NRS) establishes a governing board, appointed by the Governor that is responsible for managing the System, including arranging for a biennial actuarial valuation and adoption of actuarial tables and formulas prepared and recommended by the actuary.

Benefits provided: Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member’s highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed at 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 retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575–.579.

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.

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 7 – Defined Benefits Pension Plan (continued):

Police/Fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service. Police/Fire members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 60 with ten years of service, or age 50 with twenty years of service, or at any age with thirty years of service. Only service performed in a position as a police officer or firefighter may be counted towards eligibility for retirement as Police/Fire accredited service.

The normal ceiling limitation on monthly 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. Both Regular and Police/Fire members become fully vested as to benefits upon completion of five years of service.

Contributions: The authority for establishing and amending the obligation to make contributions, and member contribution rates, is set by statute. 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 (EEC), 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.

East Fork Fire Protection District has elected the EPC plan for all employees. The District's contributions to the plans totaled \$972,632 for the six month period ending June 30, 2017. The respective rates on which contributions for the EPC were 28.75% and 40.5% of covered compensation for police/fire members.

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 7 – Defined Benefits Pension Plan (continued):

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

At June 30, 2017, the District reported net pension liabilities of \$15,134,794 representing its proportionate share of the Plan’s net pension liability. The net pension liability was measured as of June 30, 2016, 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 plan’s net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating entities for the year ended June 30, 2016. At June 30, 2016, the District’s proportion of the plan was .11247% which is a .00986% decrease from the prior year’s .12233%.

For the six months period ending June 30, 2017, the District recognized pension expense of \$1,875,779 in the government-wide financial statements. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual Experience	\$ -	\$ 1,013,465
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	1,406,967	-
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>556,723</u>	<u>1,079,059</u>
	<u>\$ 1,963,690</u>	<u>\$ 2,092,524</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2018	\$ 193,520
2019	193,520
2020	(421,984)
2021	(158,855)
2022	221,225
Thereafter	<u>101,408</u>
	<u>(\$ 128,834)</u>

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 7 – Defined Benefits Pension Plan (continued):

In addition, \$1,925,127 is reported as deferred outflows of resources related to pensions in the governmental activities and represent the District contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

Actuarial assumptions: The actuarial assumptions were based on the results of an experience study for the period from July 1, 2006, through June 30, 2012. When measuring the total pension liability, GASB uses the same actuarial cost method, all actuarial assumptions, and the same type of discount rate as PERS uses for funding.

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation rate	3.5%
Payroll growth	5%, including inflation
Investment rate of return	8.0%
Productivity pay increases:	0.75% Plus
Projected salary increases	Regular: 4.6% to 9.75%, depending on service Police/Fire 5.25% to 14.5%, depending on service Rates include inflation and productivity increases
Consumer Price Index:	3.50%
Other assumptions	Same as those used in the June 30, 2016 funding actuarial valuation

The Board evaluates and establishes expected real rates of return (expected returns, net of investment expenses and inflation) for each asset class. The Board reviews these capital market expectations annually. The PERS's current long-term geometric expected real rates of return for each asset class included in the plan's investment portfolio as of June 30, 2016, are included in the following table:

<u>Asset Class</u>	<u>Long-Term Geometric Expected Real Rate of Return*</u>
Domestic Equity	5.50%
International Equity	5.75%
Domestic Fixed Income	0.25%
Private Markets	6.80%

*As of June 30, 2016, PERS' long-term inflation assumption was 3.5%.

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 7 – Defined Benefits Pension Plan (continued):

Discount Rate: The discount rate used to measure the total pension liability was 8.00% as of June 30, 2016. The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan’s current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except that projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate: The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 8.00 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

1% Decrease <u>(7.00%)</u>	Current Discount Rate <u>(8.00%)</u>	1% Increase <u>(9.00%)</u>
\$22,185,301	\$15,134,794	\$9,269,671

Note 8 – Post-Employment Benefits Other Than Pensions:

The District offers post-employment health benefits to its retirees under two plans on the pay-as-you-go basis. Accordingly, the District has implemented GASB No. 45 prospectively, beginning with the year ended June 30, 2010. Actuarial studies are done periodically to determine the OPEB liability. The most recent valuation was performed for June 30, 2013.

Plan Information

Nevada Public Employees' Benefits Program:

The District contributes to an agent multiple-employer defined healthcare plan, Nevada Public Employees’ Benefits Program (PEBP). PEBP is administered by the State of Nevada pursuant to NRS 287. District retirees previously had the option to join the PEBP offered by the State of Nevada. 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 those persons retired from state service. As of June 30, 2017, five District retiree is covered by this benefit plan. The PEBP issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Benefit Program, 901 South Stewart Street, Suite 1001, Carson City, Nevada 89701. The information is also available on their website at www.pebp.state.nv.us or by calling (800)326-5496.

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 8 – Post-Employment Benefits Other Than Pensions: *(continued)*

East Fork Fire Protection District Health Care Plan:

The District administers a single-employer defined benefit healthcare plan for eligible employees, retirees and their dependents. The program provides health, vision, dental and life insurance benefits. Any retiree eligible to receive benefits from the Nevada Public Employees Retirement System is eligible to participate.

Funding Policy:

Nevada Public Employees' Benefits Program:

The contributions to Nevada Public Employees' Benefits Program are established and may be amended by the Board of the Public Employee's Benefits Program. The amount of subsidy for District retirees is billed monthly. The explicit subsidy paid directly to PEPB by the District for the six month period ending June 30, 2017 was \$18,242. Amounts contributed by retirees are paid directly to the State of Nevada and, as such, are not available. The required contribution is based on projected pay-as-you-go financing requirements. The District has not elected the option to pay additional amounts into a qualified trust to prefund benefits.

East Fork Fire Protection District Health Care Plan:

The District pays the full cost of active employee coverage and dependent coverage. The District allows current retirees to remain on the District's group health plan but the District does not provide any premium coverage for the retiree. There were 78 active employees and three retirees enrolled in the plan at June 30, 2017. A separate report is not issued for the plan.

Annual OPEP Cost and OPEB Liability:

As of January 1, 2017, the effective date of the OPEB valuation, the number of retiree participants in the PEBP and District plans was five and three, with 78 total participants in the District's program. Because of the sunseting of the PEBP's enrollment, effective November 29, 2008, the number of retirees participating in that plan will decrease with the passage of time.

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 8 – Post-Employment Benefits Other Than Pensions: (continued)

The annual OPEB cost is calculated based on the annual required contribution to the employer (ARC), an amount actuarially determined in accordance with the 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 amortized any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The District’s annual OPEB cost for the current year and the related information for both plans is as follows:

	<u>PEBP</u>	<u>District</u>	<u>Total</u>
Annual Required Contribution	\$ 26,711	\$ 164,169	\$ 190,880
Interest on Net OPEB obligations	7,221	26,082	33,303
Adjustments to annual required contributions	<u>(26,453)</u>	<u>(108,887)</u>	<u>(135,340)</u>
Annual OPEB cost	7,479	81,364	88,843
Contributions made	<u>(18,242)</u>	<u>(15,179)</u>	<u>(33,421)</u>
Increase in net OPEB obligation	(10,763)	66,185	55,422
Net OPEB obligation, January 1, 2017	<u>190,059</u>	<u>784,528</u>	<u>974,587</u>
Net OPEB obligation, end of the year	<u>\$ 179,296</u>	<u>\$ 850,713</u>	<u>\$1,030,009</u>

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations (assets) by the plan, for the fiscal year 2017 were as follows:

	<u>PEBP</u>	<u>District</u>	<u>Total</u>
Annual OPEB Cost	\$ 7,479	\$ 81,364	\$ 88,843
Employer contributions	<u>(18,242)</u>	<u>(15,179)</u>	<u>(33,421)</u>
Net OPEB Contributions	<u>\$ (10,763)</u>	<u>\$ 66,185</u>	<u>\$ 55,422</u>
Percentage of annual OPEB cost contributed	122.2%	.1%	.8%

Funding Status and Funding Progress

Actuarial accrued liability (a)	\$ 403,316	\$1,302,144	\$1,706,460
Actuarial value of plan assets (b)	-	-	-
Unfunded actuarial accrued liability (a) – (b)	\$ 403,316	\$1,302,144	\$1,706,460
Funding ratio (b)/(a)	0%	0%	0%
Covered payroll (c)	-	\$4,875,326	\$4,875,326
Unfunded actuarial accrued liability as a Percentage of covered payroll (a) – (b)/(c)	n/a	26.7%	35.0%

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 8 – Post-Employment Benefits Other Than Pensions: *(continued)*

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision and actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information will provide multi-year trend information that will show, in future years, whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the District and the plan members to that point. Projections of benefits for financial reported purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

Significant methods and assumptions are as follows:

Actuarial valuation date	January 1, 2017
Actuarial cost method	Entry age normal cost
Amortization method	Level % if pay-closed
Amortization period (in years)	30
Asset valuation method	Maker value of assets
Actuarial assumptions:	
Discount rate	3.71%
Assumed wage inflation	3.0%
General inflation rate	2.75%

Note 9 – Contingencies:

Federal and State Grants

In the normal course of operations, the District receives grant funds both from federal and state agencies. These grants may be subject to compliance audits by the grantor agencies and ultimate retention of these monies is contingent upon satisfying the grantors that proper procedures were followed and that the resources were spent in accordance with grant requirements. Management does not anticipate any adjustments to these financial statements if compliance audits were conducted by these agencies.

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 10 - Fund Equity:

Net position includes the following restricted amounts at June 30, 2017.

The District's Debt Service Fund may be only used for debt service requirements.	\$ 2,790
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The balance in the Emergency Reserve Fund, established in accordance with NRS 354.6115, may only be used if the General Fund's actual revenues fall short of total anticipated revenues or to mitigate the effects of a natural disaster.	<u>225,711</u>
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Part of the General Fund's year-end balance has been restricted for the purchase of apparatus or equipment based on an approved third party agreement.	<u>110,000</u>
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\$ 338,501

At June 30, 2017, the governmental funds had the following fund balance assignments:

Part of the General Fund's year-end balance has been assigned as a financial resource for the subsequent year's appropriations	<u>\$ 466,842</u>
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Note 11 – Tax Abatements:

The District's consolidated tax distributions were reduced by \$3,132 under agreements entered into by the State of Nevada. The agreements provide for a partial abatement of sales and use taxes imposed on eligible machinery or equipment used by certain new or expanded businesses.

Note 12 – Subsequent Events:

Management has evaluated subsequent events through November 30, 2017, which is the date the financial statements were available to be issued.

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 13 – Transfer of Operations from Douglas County:

The East Fork Fire Protection District was established on April 16, 1981 by the Douglas County Board of Commissioners under NRS 474.460. The Douglas County Board of Commissioners served as the *ex officio* Board of Fire Commissioners from inception through December 31, 2016 and therefore, the District's financial position and results of operations were included within the County's financial statements. On July 6, 2016, the Douglas County Board of Commissioners approved a resolution authoring the District's administration to commence with a reorganization process in response to a desire to have a governing board focused on the District's needs. Consequently, effective January 1, 2017, the Douglas County Board of Commissioners reorganized the East Fork Fire Protection District as a district created by election to operate in accordance with NRS 474.010 to 474.450. The East Fork Fire Protection District is now governed by a five member board of directors, initially appointed by the Douglas County Board of Commissioners that is considered a new reporting entity.

Governmental Accounting Standards Board Statement No. 69 - *Government Combinations and Disposals of Government Operation* provides guidance for financial statement presentation when there is a transfer of operation between entities. As such, the District recognized the carrying values of assets, deferred outflows of resources, liabilities, and deferred inflows of resources transferred from Douglas County to the District as of January 1, 2017, measured in conformity with generally accepted account principles. The initial basic financial statements are reported for the six month period from January 1 through June 30, 2017. The District's results of operations for the period July 1 through December 31, 2016 are reported in the Douglas County financial statements for the year ended June 30, 2017.

Following is a summary of the amounts transferred from Douglas County on January 1, 2017.

Current assets	\$ 6,849,269	
Capital assets	9,587,230	
Deferred outflows of resources	<u>3,526,352</u>	
 Total Assets and Deferred Outflows of Resources		 \$19,962,851
 Current liabilities	1,502,485	
Long-term liabilities	17,031,539	
Deferred inflows of resources	<u>2,242,112</u>	
 Total Liabilities and Deferred Inflows of Resources		 <u>20,776,136</u>
 Net Position (deficit)		 <u>\$ (813,285)</u>

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
GENERAL FUND - BUDGET BASIS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Revenues				
Taxes	\$ 1,718,169	\$ 1,718,169	\$ 1,731,778	\$ 13,609
Intergovernmental revenues	1,200,452	1,403,063	1,780,151	377,088
Charges for services	61,042	1,036,890	1,356,981	320,091
Other revenues	<u>1,086</u>	<u>149,086</u>	<u>57,913</u>	<u>(91,173)</u>
<i>Total Revenues</i>	<u>2,980,749</u>	<u>4,307,208</u>	<u>4,926,823</u>	<u>619,615</u>
Expenditure				
Public Safety, Fire				
Salaries and wages	2,329,254	3,409,034	3,202,417	206,617
Employee benefits	1,816,607	2,006,494	1,773,588	232,906
Services and supplies	1,102,290	1,425,784	1,017,948	407,836
Capital outlay	<u>364,134</u>	<u>442,813</u>	<u>428,677</u>	<u>14,136</u>
<i>Total Expenditures</i>	<u>5,612,285</u>	<u>7,284,125</u>	<u>6,422,630</u>	<u>861,495</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,631,536)</u>	<u>(2,976,917)</u>	<u>(1,495,807)</u>	<u>1,481,110</u>
Other Financing Sources (Uses)				
Insurance proceeds	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Contingency	(173,528)	(173,528)	-	173,528
Transfer to Emergency Reserve Fund	-	(45,000)	(45,000)	-
Transfer to Debt Service	<u>(75,267)</u>	<u>(75,267)</u>	<u>(75,267)</u>	<u>-</u>
<i>Total Other Financing (Uses)</i>	<u>(248,795)</u>	<u>(293,795)</u>	<u>(120,267)</u>	<u>173,528</u>
Special Item				
Fund balance received from				
Douglas County	<u>4,503,446</u>	<u>4,893,827</u>	<u>4,893,827</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses and Special Item	1,623,115	1,623,115	3,277,753	1,654,638
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,623,115</u>	<u>\$ 1,623,115</u>	<u>\$ 3,277,753</u>	<u>\$ 1,654,638</u>

See notes to required supplementary information.

EAST FORK PROTECTION DISTRICT, NEVADA
RECONCILIATION OF BUDGETARY BASIS FUNDS TO GAAP BASIS GENERAL FUND
COMBINING BALANCE SHEET
JUNE 30, 2017

	GENERAL FUND	EMERGENCY RESERVE FUND	TOTALS
Assets			
Cash	\$ 3,116,807	\$ 225,711	\$ 3,342,518
Accounts receivable, net	790,047	-	790,047
Due from other governments	617,228	-	617,228
Taxes receivable	91,133	-	91,133
Prepaid items	220,510	-	220,510
<i>Total Assets</i>	<u>\$ 4,835,725</u>	<u>\$ 225,711</u>	<u>\$ 5,061,436</u>
Liabilities			
Accounts payable	\$ 109,165	\$ -	109,165
Accrued wages and benefits	552,918	-	552,918
Due to other governments	54,171	-	54,171
<i>Total Liabilities</i>	<u>716,254</u>	<u>-</u>	<u>716,254</u>
Deferred Inflow of Resources			
Unavailable tax revenue	87,688	-	87,688
Unavailable revenues, other	754,030	-	754,030
	<u>841,718</u>	<u>-</u>	<u>841,718</u>
Fund Balance			
Nonspendable - Prepaid expenses	220,510	-	220,510
Restricted	110,000	225,711	335,711
Assigned	466,842	-	466,842
Unassigned	2,480,401	-	2,480,401
<i>Total Fund Balance</i>	<u>3,277,753</u>	<u>225,711</u>	<u>3,503,464</u>
Total Liabilities and Fund Balance	<u>\$ 4,835,725</u>	<u>\$ 225,711</u>	<u>\$ 5,061,436</u>

See notes to required supplementary information.

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
RECONCILIATION OF BUDGETARY BASIS FUNDS TO GAAP BASIS GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2017

	GENERAL FUND	EMERGENCY RESERVE FUND	TOTALS
Revenues			
Ad valorem taxes	\$ 1,731,778	\$ -	\$ 1,731,778
Intergovernmental revenues	1,780,151	-	1,780,151
Charges for services	1,356,981	-	1,356,981
Other revenues	57,913	-	57,913
<i>Total Revenues</i>	<u>4,926,823</u>	<u>-</u>	<u>4,926,823</u>
Expenditures			
Current:			
Public safety			
Salaries	3,202,417	-	3,202,417
Employee Benefits	1,773,588	-	1,773,588
Services and supplies	1,017,948	-	1,017,948
Capital outlay	428,677	-	428,677
<i>Total Expenditures</i>	<u>6,422,630</u>	<u>-</u>	<u>6,422,630</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,495,807)</u>	<u>-</u>	<u>(1,495,807)</u>
Other Financing Sources (Uses)			
Transfer to Emergency Reserve Fund	(45,000)	45,000	-
Transfer to Debt Service Fund	(75,267)	-	(75,267)
<i>Total Other Financing Sources (Uses)</i>	<u>(120,267)</u>	<u>45,000</u>	<u>(75,267)</u>
Special Item			
Fund balance received from Douglas County - Note 14	<u>4,893,827</u>	<u>180,711</u>	<u>5,074,538</u>
<i>Excess (Deficiency) of Revenues, Other Sources and Special Item over Expenditures and Other Uses</i>	3,277,753	225,711	3,503,464
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 3,277,753</u>	<u>\$ 225,711</u>	<u>\$ 3,503,464</u>

See notes to required supplementary information.

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OTHER POST-EMPLOYMENT BENEFITS-
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

Schedule of OPEB Funding Progress

<u>OPEB Plan Name</u>	<u>Year Ended June 30,</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
Nevada Public Employees Benefits Program	2017	7/1/2016	\$ -	\$ 404,316	\$ 404,316	\$ -	\$ -	n/a
East Fork Fire Protection District Health Plan	2011	7/01/2016	-	1,302,144	1,304,144	-	4,875,326	26.7%
			<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>		
Nevada Public Employees Benefits Program			2017	\$ 18,242	\$ 18,242	100.0%		
East Fork Fire Protection District Health Plan			2017	15,179	-	0.0%		

* The District went from a uniform medical premiums to premiums varying by member's age.

See notes to required supplementary information.

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF NET PENSION LIABILITY
 NEVADA PUBLIC EMPLOYEES RETIREMENT SYSTEM

	2017
<u>Schedule of District's Proportionate Share</u>	
<u>of the Net Pension Liability</u>	
District's proportion of the net pension liability	0.11247%
District's proportionate share of the net pension liability	\$ 15,134,794
District's covered-employee payroll	\$ 4,897,997
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	309.0%
Plan fiduciary net position as a percentage of the total pension liability	72.2%

* The above amounts presented for each fiscal year have a measurement date of June 30 of the preceding year.

Schedule of District Contributions

Statutorily required employer contribution	\$ 1,925,127
Contributions in relation to the statutorily required contribution	1,925,127
Contribution deficiency	\$ -
District's covered-employee payroll	\$ 4,944,310
Contributions as a percentage of covered payroll	38.9%

See notes to required supplementary information.

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

Note A – Final Budget:

The East Fork Fire Protection District Board of Commissioners continued to operate for the six month period ending June 30, 2017 using the budget approved by the Douglas County Board of Commissioners for the fiscal year ending June 30, 2017. The presented budgets represent the adopted budget less results of operations incurred by the Douglas County Board of Commissioners. The following schedule reconciles the original General Fund appropriations adopted by the county board to the amounts reflected in the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.

	<u>Resources</u>	<u>Appropriations</u>
Original budget adopted by County Commission	\$13,947,494	\$13,947,494
Less County operations	(8,794,103)	(6,463,299)
Less July 1 opening fund balance	<u>(2,563,023)</u>	<u>-</u>
Original budget transferred to district board	2,590,368	7,484,195
February 2017 augmentation	1,299,202	1,299,202
June 2017 augmentation	<u>417,638</u>	<u>417,638</u>
Final Budget	<u>\$ 4,307,208</u>	<u>\$ 9,201,035</u>
Final Budget by Transaction Classification		
Revenues or expenditures	\$ 4,307,208	\$ 7,284,125
Other financing sources or uses	-	293,795
Ending fund balance	<u>-</u>	<u>1,623,115</u>
	<u>\$ 4,307,208</u>	<u>\$ 9,201,035</u>

Note B – Pension Data Prior to January 1, 2017:

The District operated under the control of the Douglas County Commissioners until January 1, 2017. However, the District maintained a separate account with the Nevada Public Employees Retirement System to fund retirement benefits of its employees prior to that date. Therefore, pre-2017 historical pension information is available for calculating the District's portion of net pension liability and related amounts. The information provided in the Schedule of Net Pension Liability includes amounts before and after the transfer of operations from the County to the District.

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
GENERAL FUND - STATUTORY BASIS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BY GOVERNING BODY</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>COUNTY</u>	<u>DISTRICT</u>	<u>TOTAL</u>	
Revenues						
Taxes						
Real property taxes, current	\$ 7,262,083	\$ 7,262,083	\$ 5,392,589	\$ 1,423,162	\$ 6,815,751	\$ (446,332)
Real property taxes, delinquent	-	-	23,234	29,721	52,955	52,955
Centrally assessed taxes	-	-	52,231	62,719	114,950	114,950
Deferred ag taxes	-	-	-	7,069	7,069	7,069
Personal property taxes, current	-	-	75,815	207,197	283,012	283,012
Personal property, delinquent	-	-	45	1,910	1,955	1,955
<i>Total Taxes</i>	<u>7,262,083</u>	<u>7,262,083</u>	<u>5,543,914</u>	<u>1,731,778</u>	<u>7,275,692</u>	<u>13,609</u>
Intergovernmental revenues						
Federal Grants						
Prior Year Grant Revenue	-	42,930	42,929	-	42,929	(1)
Homeland Security Grant	18,000	18,000	6,331	11,154	17,485	(515)
Emergency Management Prep.	57,240	14,310	14,310	-	14,310	-
Federal Pass-thru Grants	-	9,638	9,638	-	9,638	-
MOST Grant	-	-	20,953	16,335	37,288	37,288
State Grants						
SERC Grant	54,000	54,000	26,824	32,539	59,363	5,363
State Revenues						
Consolidated tax distribution	1,752,594	1,752,594	884,022	878,825	1,762,847	10,253
G.E.M.T. reimbursement	200,000	200,000	-	525,000	525,000	325,000
Local Revenues						
Alpine Contract	71,500	71,500	17,875	53,625	71,500	-
Douglas County - ambulance	-	165,000	-	165,000	165,000	-
Emergency Mgmt Contract	140,000	140,000	70,000	70,000	140,000	-
Carson City - monitor	-	27,973	-	27,673	27,673	(300)
<i>Total Intergovernmental Revenues</i>	<u>2,293,334</u>	<u>2,495,945</u>	<u>1,092,882</u>	<u>1,780,151</u>	<u>2,873,033</u>	<u>377,088</u>
Charges for services						
Fire Plan Check/Inspections	80,000	175,000	47,274	136,195	183,469	8,469
Ambulance Charges	2,100,000	2,100,000	1,162,975	1,162,624	2,325,599	225,599
Program Income	2,500	2,500	1,829	3,474	5,303	2,803
Community Health	-	45,000	-	45,438	45,438	438
Subscription Service Plans	25,000	25,000	23,500	9,250	32,750	7,750
Outside District Mutual aid	-	835,848	910,880	-	910,880	75,032
<i>Total Charges for Services</i>	<u>2,207,500</u>	<u>3,183,348</u>	<u>2,146,458</u>	<u>1,356,981</u>	<u>3,503,439</u>	<u>320,091</u>

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	BUDGETED AMOUNTS		ACTUAL BY GOVERNING BODY			VARIANCE
	ORIGINAL	FINAL	COUNTY	DISTRICT	TOTAL	
Other revenues						
Investment Income	\$ 6,500	\$ 12,500	\$ 2,590	\$ 12,810	\$ 15,400	\$ 2,900
Rent / Lease Income	5,435	5,435	3,622	1,813	5,435	-
Donations	-	2,000	2,000	34,950	36,950	34,950
Miscellaneous	-	140,000	2,637	8,340	10,977	3
<i>Total Other Revenues</i>	<u>11,935</u>	<u>159,935</u>	<u>10,849</u>	<u>57,913</u>	<u>68,762</u>	<u>37,853</u>
<i>Total Revenues</i>	<u>11,774,852</u>	<u>13,101,311</u>	<u>8,794,103</u>	<u>4,926,823</u>	<u>13,720,926</u>	<u>748,641</u>
Expenditures						
Administration						
Salaries and wages	5,925,667	7,005,447	3,596,413	3,202,417	6,798,830	206,617
Employee benefits	3,561,287	3,751,174	1,744,680	1,773,588	3,518,268	232,906
Services and supplies	462,881	528,519	227,710	236,644	464,354	64,165
Capital outlay	260,000	20,706	-	-	-	20,706
<i>Total Administration</i>	<u>10,209,835</u>	<u>11,305,846</u>	<u>5,568,803</u>	<u>5,212,649</u>	<u>10,781,452</u>	<u>524,394</u>
Fire Prevention						
Services and supplies	14,000	36,356	16,517	6,916	23,433	12,923
Fire Training						
Services and supplies	92,000	92,000	28,576	42,844	71,420	20,580
Fire Suppression						
Services and supplies	1,512,730	1,748,230	706,518	731,544	1,438,062	310,168
Capital outlay	173,000	490,973	68,866	428,677	497,543	(6,570)
<i>Total Fire Suppression</i>	<u>1,685,730</u>	<u>2,239,203</u>	<u>775,384</u>	<u>1,160,221</u>	<u>1,935,605</u>	<u>303,598</u>
<i>Total Expenditures</i>	<u>12,001,565</u>	<u>13,673,405</u>	<u>6,389,280</u>	<u>6,422,630</u>	<u>12,811,910</u>	<u>861,495</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(226,713)</u>	<u>(572,094)</u>	<u>2,404,823</u>	<u>(1,495,807)</u>	<u>909,016</u>	<u>1,481,110</u>
Other Financing Sources (Uses)						
Contingency	(173,528)	(173,528)	-	-	-	173,528
Transfer to Emergency Reserve Fund	-	(45,000)	-	(45,000)	(45,000)	-
Transfer to Debt Service Fund	(149,286)	(149,286)	(74,019)	(75,267)	(149,286)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(322,814)</u>	<u>(367,814)</u>	<u>(74,019)</u>	<u>(120,267)</u>	<u>(194,286)</u>	<u>173,528</u>

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BY GOVERNING BODY</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>COUNTY</u>	<u>DISTRICT</u>	<u>TOTAL</u>	
Special Item						
Fund balance received from Douglas County - Note 13	\$ -	\$ -	\$ (4,893,827)	\$ 4,893,827	\$ -	\$ -
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses and Special Item	<u>(549,527)</u>	<u>(939,908)</u>	<u>(2,563,023)</u>	<u>3,277,753</u>	<u>714,730</u>	<u>1,654,638</u>
Fund Balance, July 1	<u>2,172,642</u>	<u>2,563,023</u>	<u>2,563,023</u>	<u>-</u>	<u>2,563,023</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,623,115</u>	<u>\$ 1,623,115</u>	<u>\$ -</u>	<u>\$ 3,277,753</u>	<u>\$ 3,277,753</u>	<u>\$ 1,654,638</u>

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
EMERGENCY RESERVE FUND - STATUTORY BASIS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BY GOVERNING BODY</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>COUNTY</u>	<u>DISTRICT</u>	<u>TOTAL</u>	
Expenditures						
Emergency reserve						
Services and supplies - mutual aid provided by other entities	\$ 45,000	\$ 91,688	\$ 45,000	\$ -	\$ 45,000	\$ 46,688
<i>Total Expenditures</i>	<u>45,000</u>	<u>91,688</u>	<u>45,000</u>	<u>-</u>	<u>45,000</u>	<u>46,688</u>
Other Financing Sources						
Transfer from General Fund	<u>-</u>	<u>45,000</u>	<u>-</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Special Item						
Fund balance received from Douglas County - Note 14	<u>-</u>	<u>-</u>	<u>(180,711)</u>	<u>180,711</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Other Sources over Expenditures	(45,000)	(46,688)	(225,711)	225,711	-	46,688
Fund Balance, July 1	<u>224,022</u>	<u>225,710</u>	<u>225,711</u>	<u>-</u>	<u>225,711</u>	<u>1</u>
Fund Balance, June 30	<u>\$ 179,022</u>	<u>\$ 179,022</u>	<u>\$ -</u>	<u>\$ 225,711</u>	<u>\$ 225,711</u>	<u>\$ 46,689</u>

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
DEBT SERVICE FUND - STATUTORY BASIS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BY GOVERNING BODY</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>COUNTY</u>	<u>DISTRICT</u>	<u>TOTAL</u>	
Expenditure						
Debt Service						
Administrative fee	\$ 500	\$ 1,786	\$ -	\$ -	\$ -	\$ 1,786
Principal	126,000	126,000	62,000	64,000	126,000	-
Interest expense	<u>22,786</u>	<u>22,786</u>	<u>12,019</u>	<u>10,767</u>	<u>22,786</u>	<u>-</u>
<i>Total Expenditures</i>	<u>149,286</u>	<u>150,572</u>	<u>74,019</u>	<u>74,767</u>	<u>148,786</u>	<u>1,786</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(149,286)</u>	<u>(150,572)</u>	<u>(74,019)</u>	<u>(74,767)</u>	<u>(148,786)</u>	<u>1,786</u>
Other Financing Sources						
Transfer from General Fund	<u>149,286</u>	<u>149,286</u>	<u>74,019</u>	<u>75,267</u>	<u>149,286</u>	<u>-</u>
Special Item						
Fund balance received from Douglas County - Note 14	<u>-</u>	<u>-</u>	<u>(2,290)</u>	<u>2,290</u>	<u>-</u>	<u>-</u>
<i>Excess of Revenues and Other Sources over Expenditures and Special Item</i>	<u>-</u>	<u>(1,286)</u>	<u>-</u>	<u>500</u>	<u>500</u>	<u>1,786</u>
Fund Balance, July 1	<u>-</u>	<u>1,286</u>	<u>2,290</u>	<u>-</u>	<u>2,290</u>	<u>1,004</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,790</u>	<u>\$ 2,790</u>	<u>\$ 2,790</u>



A Professional Corporation

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 Directors
East Fork Fire Protection District, 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 and each major fund of the East Fork Fire Protection District, Nevada, as of and for the six month period ending June 30, 2017, and the related notes to the financial statements, which collectively comprise the East Fork Fire Protection District's basic financial statements and have issued our report thereon dated November 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered East Fork Fire Protection District, Nevada's internal control over financial reporting (internal control) to determine the audit procedures that are appropriated 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 East Fork Fire Protection District, Nevada's internal control. Accordingly, we do not express an opinion on the effectiveness of the East Fork Fire Protection District, Nevada's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the East Fork Fire Protection District, Nevada's financial statements are free of 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.

Sciarani & Co.

Yerington, Nevada
November 30, 2017

EAST FORK FIRE PROTECTION DISTRICT, NEVADA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2017

A. Summary of Auditor's Results – GAAS Audit:

- (i) The auditor's report expresses an unmodified opinion on the financial statements of East Fork Fire Protection District.
- (ii) No significant deficiencies related to the audit of the financial statements are reported in the *Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. The condition was not considered to be a material weakness:
- (iii) No instances of noncompliance material to the financial statements of East Fork Fire Protection District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

B. Findings – Financial Statement Audit

None

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INDEPENDENT ACCOUNTANT'S REPORT ON
NEVADA REVISED STATUTES 354.6241

To the Board of Directors
East Fork Fire Protection District, Nevada

We have reviewed management's assertion made in accordance with Nevada Revised Statute 354.624(5)(a) with respect to the funds of the East Fork Fire Protection District as of and for the six month period ending June 30, 2017 that:

- The identified funds are being used expressly for the purposes for which that were created.
- The Funds are administered in accordance with accounting principles generally accepted in the United States of America.
- The restricted fund balance/net position in the funds were reasonable and necessary to carry out the purposes of the funds at June 30, 2017 (based on the interpretation of reasonable and necessary provided by the Legislative Counsel Bureau).
- The sources of revenues, including transfers, available for the funds are as noted in the financial statements.
- The funds conform to significant statutory and regulatory constraints on their financial statements administration during the six month period ending June 30, 2017 as detailed in note 2 to the financial statements.

This assertion is the responsibility of the management of the East Fork Fire Protection District.

Our review was conducted in accordance with attestation standard 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 management's assertion. Accordingly, we do not express such an opinion.

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

Sciarani & Co.

Yerington, Nevada
November 30, 2017

EAST FORK FIRE PROTECTION DISTRICT
INDEPENDENT AUDITOR'S COMMENTS
JUNE 30, 2017

Statute Compliance

The required disclosure on compliance with Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 2 to the financial statements.

Prior Year Audit Recommendation

There are no findings as this is the District's initial audit.

Current Year Audit Recommendations

The Schedule of Findings and Responses included in this audit report would provide a listing of our current year recommendations.

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