

**SMITH VALLEY FIRE PROTECTION
DISTRICT, NEVADA**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

**SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA
JUNE 30, 2019**

TABLE OF CONTENTS

	<u>Page</u>
I. Introductory Section	
List of Board Members	
II. Financial Section	
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-9
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
<u>Governmental Funds:</u>	
Balance Sheet	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances	14
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
General Fund	16
Capital Projects – Acquisition Fund	17
Notes to Financial Statements	18-31

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA
JUNE 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
General Fund:	
Combining Balance Sheet	32
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	33
<u>General Fund - Budgetary Basis</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	34
<u>Emergency Fund</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	35
III. Supplementary Information Section	
Schedule of Property Tax Rates and Assessed Valuations	36
IV. Compliance Section	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	37-38
Schedule of Findings and Responses	39
Independent Accountant's Report on Nevada Revised Statutes Chapter 354.6241	40
On Prior Year Audit Recommendations	41
On Current Year Audit Recommendations	41

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA

BOARD MEMBERS

MIKE BOUDREAU

JOHN ABROTT

KRISTIN MYERS

ROB LOVEBERG, CHIEF



INDEPENDENT AUDITORS REPORT

To the Board of Directors
Smith Valley Fire Protection District, Nevada

We have audited the accompanying financial statements of the governmental activities and each major fund of Smith Valley Fire Protection District, Nevada, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in 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 Smith Valley Fire Protection District, Nevada, as of June 30, 2019, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 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 appropriated 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.

Prior-Year Comparative Information

We have previously audited the District's 2018 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities and each major fund in our report dated October 25, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Smith Valley Fire Protection District, Nevada's basic financial statements. The combining and individual budgetary basis general fund financial statements, and the Schedule of Property Tax Rates and Assessed Valuations are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual budgetary basis general fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual budgetary basis general fund financial statements are fairly stated in all material respects in relation to the financial statements as a whole.

The Schedule of Property Tax Rates and Assessed Valuations 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 28, 2019 on our consideration of Smith Valley 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Smith Valley Fire Protection District's internal control over financial reporting and compliance.

Sciarani & Co.

Yerington, Nevada
October 28, 2019

**SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019**

As financial management of the Smith Valley 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 fiscal year ended June 30, 2019. 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

Financial Highlights

- Net position increased \$67,403 to \$2,742,610. The District's net investment in capital assets is \$1,138,530.
- Total revenues increased by 13.5% to \$499,503 from \$440,083.
- The District's primary revenue source is ad valorem taxes. Ad valorem taxes comprise 67.1% of total revenues. Ad valorem taxes increased by 13.02% over the prior year.
- The District's total expenses were \$432,100, which was an increase of \$65,913 from 2018. This was mainly due to an increase in services and supplies.

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 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 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 activities. The end result is net position which are segregated into three components: invested 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 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 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 many funds that account for the multitude of services provided to our residents. The District's major governmental funds are the General Fund and the Acquisition Fund.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities on the governmental-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 of the data provided on the government-wide and fund financial statements.

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

The District adopts an annual budget for both 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.

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets exceeded liabilities by \$2,742,610 as of June 30, 2019. A significant portion of the District’s net position (41.5%) reflects its net investment in capital assets (e.g. land, buildings, equipment and infrastructure, less any related debt used to acquire those assets that are still outstanding.) The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1 provides a summary of the District’s net position for 2019 compared to 2018.

Table 1
Net Position

	FY 2019	FY 2018	Dollar Change	Percent Change
Current Assets	\$ 1,634,083	\$ 1,458,505	\$ 175,578	12.04%
Noncurrent Assets	24,560	24,560	-	0.00%
Capital Assets	1,390,068	1,490,648	(100,580)	-6.75%
Total Assets	<u>3,048,711</u>	<u>2,973,713</u>	<u>74,998</u>	2.52%
Current Liabilities	65,089	45,644	19,445	42.60%
Long-Term Debt	241,012	252,862	(11,850)	-4.69%
Total Liabilities	<u>306,101</u>	<u>298,506</u>	<u>7,595</u>	2.54%
Net Investment in Capital Assets	1,138,530	1,226,439	(87,909)	-7.17%
Restricted Net Position	289,032	261,274	27,758	10.62%
Unrestricted Net Position	1,315,048	1,187,494	127,554	10.74%
Total Net Position	<u>\$ 2,742,610</u>	<u>\$ 2,675,207</u>	<u>\$ 67,403</u>	2.52%

Net position increased \$67,403 to \$2,742,610 in 2019 from \$2,675,207 in 2018. The increase is mainly due to conservative spending.

Table 2
Statement of Activities

	<u>FY 2019</u>	<u>FY 2018</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues:				
Program Revenue:				
Charges for Services	\$ 47,414	\$ 51,425	\$ (4,011)	-7.80%
Operating Grants and Contributions	6,803	-	6,803	N/A
General Revenue:				
Property Taxes	335,284	296,664	38,620	13.02%
Investment Earnings	17,242	8,481	8,761	103.30%
Other	92,760	83,513	9,247	11.07%
Total Revenues	<u>499,503</u>	<u>440,083</u>	<u>59,420</u>	13.50%
Expenses:				
Public Safety	<u>432,100</u>	<u>366,187</u>	<u>65,913</u>	18.00%
Change in Net Position	67,403	73,896	(6,493)	-8.79%
Net Position, July 1	<u>2,675,207</u>	<u>2,601,311</u>	<u>73,896</u>	2.84%
Net Position, June 30	<u><u>\$ 2,742,610</u></u>	<u><u>\$ 2,675,207</u></u>	<u><u>\$ 67,403</u></u>	2.52%

Governmental Activities:

While the Statement of Net Position shows the change in financial position of 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 increase in net position was \$67,403 in the fiscal year 2019.

- Charges for service decreased by \$4,011.
- Operating grants increased by \$6,803.
- Property taxes increased by \$38,620.
- Expenses increased by \$65,913. This was mainly due to additional services and supplies.

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

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,606,512, of which \$1,317,480 is unrestricted. \$24,560 is restricted for debt service and \$264,472 is restricted for emergencies.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the fund balance of the General Fund was \$576,691. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents approximately 211% of the total General Fund expenditures. The District's General Fund balance increased \$93,392 in 2019. The key factors for the fund balance change is as follows:

- The District kept spending conservatively compared to revenues during the fiscal year.

General Fund Budgetary Highlights

The District's 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. The expenditures were kept below the budgeted amount of \$686,733 by \$413,790 as the Board and staff were conservative in their spending.

Capital Assets and Debt Administration

Capital Assets: The District's investments in capital assets for its governmental activities as of June 30, 2019 are \$1,390,068 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and equipment. In the notes to the financial statements, Note 3 (Capital Assets) provides capital asset activity during 2019.

- The District did not purchase any new capital assets during the year.
- Depreciation of \$100,580 was recorded.

Long-Term Debt: The District entered into a purchase installment agreement with USDA – Rural Development to partially finance the two new fire stations in the amount of \$400,000 during 2004. The District paid \$12,671 in principal during 2019. Note 4 in the financial statements provides long-term debt activity during 2019.

Economic Factors and Next Years Budget

The Board and management of the District considered many factors when setting the fiscal year 2020 budget, tax rates, user fees 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 2020 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 which will carry resources to benefit necessary services and programs with a 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 the Lyon County Comptroller, 27 S. Main Street, Yerington, Nevada, 89447.

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA**STATEMENT OF NET POSITION**

JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	2019	2018
Assets		
Current Assets:		
Cash - Lyon County Treasurer - Note 2	\$ 1,607,900	\$ 1,440,154
Due from other governments	21,062	10,917
Other receivables	2,303	4,248
Taxes receivable	2,818	3,186
	<hr/>	<hr/>
Total Current Assets	1,634,083	1,458,505
	<hr/>	<hr/>
Noncurrent Assets:		
Cash restricted for long-term debt - Note 4	24,560	24,560
	<hr/>	<hr/>
Capital Assets - Note 3		
Land, improvements, and buildings and other assets, net of depreciation	1,390,068	1,490,648
	<hr/>	<hr/>
Total Assets	3,048,711	2,973,713
	<hr/>	<hr/>
Liabilities		
Current Liabilities:		
Accounts payable	29,905	9,402
Accrued wages and benefits	17,633	19,043
Accrued interest payable	4,310	4,528
Current portion of long-term debt	13,241	12,671
	<hr/>	<hr/>
Total Current Liabilities	65,089	45,644
	<hr/>	<hr/>
Noncurrent Liabilities		
Accrued compensated Absences	2,715	1,324
Note Payable - USDA- Note 4	251,538	264,209
Less: current portion of long-term obligations	(13,241)	(12,671)
	<hr/>	<hr/>
Total Long-term Liabilities	241,012	252,862
	<hr/>	<hr/>
Total Liabilities	306,101	298,506
	<hr/>	<hr/>
Net Position		
Net investment in capital assets	1,138,530	1,226,439
Restricted for emergencies - Note 8	264,472	236,714
Restricted for debt service - Note 8	24,560	24,560
Unrestricted	1,315,048	1,187,494
	<hr/>	<hr/>
Total Net Position	\$ 2,742,610	\$ 2,675,207
	<hr/> <hr/>	<hr/> <hr/>

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

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA**STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	PROGRAM REVENUE			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Expenditures:				
Public safety	\$ 432,100	\$ 47,414	\$ 6,803	\$ -

General Revenues:

Property taxes, levied for general purposes
Consolidated tax distribution
Miscellaneous income
Investment earnings

*Total General Revenues**Change in Net Position*

Net Position, July 1

Net Position, June 30

*Net (Expenses) Revenue
and Changes in Net Position*

2019	2018
\$ (377,883)	\$ (314,762)
335,284	296,664
66,446	62,183
26,314	21,330
17,242	8,481
<u>445,286</u>	<u>388,658</u>
67,403	73,896
<u>2,675,207</u>	<u>2,601,311</u>
<u>\$ 2,742,610</u>	<u>\$ 2,675,207</u>

The accompanying notes are an integral part of these financial statements

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA**BALANCE SHEET**

JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	GENERAL	ACQUISITION	TOTALS	
	FUND	FUND	2019	2018
Assets				
Current Assets				
Cash - Lyon County Treasurer - Note 2	\$ 591,827	\$ 1,040,633	\$ 1,632,460	\$ 1,464,714
Taxes receivable, secured roll	2,818	-	2,818	3,186
Due from other governments	21,062	-	21,062	10,917
Ambulance fees receivable	2,303	-	2,303	4,248
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 618,010</u>	<u>\$ 1,040,633</u>	<u>\$ 1,658,643</u>	<u>\$ 1,483,065</u>
Liabilities				
Accounts payable	\$ 19,093	\$ 10,812	\$ 29,905	\$ 9,402
Accrued wages and benefits	17,633	-	17,633	19,043
Unearned grant revenue	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>36,726</u>	<u>10,812</u>	<u>47,538</u>	<u>28,445</u>
Deferred Inflows of Resources				
Unavailable tax revenue	4,593	-	4,593	2,509
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balance				
Restricted	264,472	24,560	289,032	261,274
Assigned	191,425	1,005,261	1,196,686	1,067,089
Unassigned	120,794	-	120,794	123,748
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	<u>576,691</u>	<u>1,029,821</u>	<u>1,606,512</u>	<u>1,452,111</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 618,010</u>	<u>\$ 1,040,633</u>	<u>\$ 1,658,643</u>	<u>\$ 1,483,065</u>

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

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	2019	2018
Total Fund Balance - Governmental Funds	\$ 1,606,512	\$ 1,452,111
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental funds are not current financial resources and therefore not reported in the governmental fund financial statements.</p>	2,613,527	2,613,527
<p>Accumulated depreciation has not been included in the governmental fund financial statements.</p>	(1,223,459)	(1,122,879)
<p>Revenue reported as deferred revenue in the governmental fund financial statements was recorded as revenue in the government-wide financial statements.</p>	4,593	2,509
<p>Long-term debt obligations have not been included in the governmental fund financial statements.</p>	(251,538)	(264,209)
<p>Compensated absences to be paid from future resources are not liability in the governmental fund financial statement</p>	(2,715)	(1,324)
<p>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.</p>	(4,310)	(4,528)
Net Position of Governmental Activities	\$ 2,742,610	\$ 2,675,207

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

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA

STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	GENERAL	ACQUISITION	TOTALS	
	FUND	FUND	2019	2018
Revenues				
Ad valorem taxes	\$ 333,200	\$ -	\$ 333,200	\$ 297,746
Intergovernmental revenues	73,249	-	73,249	64,572
Charges for services	47,414	-	47,414	51,425
Other revenues	<u>32,472</u>	<u>11,084</u>	<u>43,556</u>	<u>29,811</u>
Total Revenues	<u>486,335</u>	<u>11,084</u>	<u>497,419</u>	<u>443,554</u>
Expenditures				
Current:				
Public safety	272,943	45,515	318,458	250,467
Debt Service:				
Principal	-	12,671	12,671	12,125
Interest	<u>-</u>	<u>11,889</u>	<u>11,889</u>	<u>12,435</u>
Total Expenditures	<u>272,943</u>	<u>70,075</u>	<u>343,018</u>	<u>275,027</u>
Excess (Deficiency) of Revenues over Expenditures	<u>213,392</u>	<u>(58,991)</u>	<u>154,401</u>	<u>168,527</u>
Other Financing Sources (Uses)				
Transfer from General Fund	-	120,000	120,000	237,000
Transfer to Acquisition Fund	<u>(120,000)</u>	<u>-</u>	<u>(120,000)</u>	<u>(237,000)</u>
<i>Total Other Financing Sources and Other Uses</i>	<u>(120,000)</u>	<u>120,000</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	93,392	61,009	154,401	168,527
Fund Balance, July 1	<u>483,299</u>	<u>968,812</u>	<u>1,452,111</u>	<u>1,283,584</u>
Fund Balance, June 30	<u>\$ 576,691</u>	<u>\$ 1,029,821</u>	<u>\$ 1,606,512</u>	<u>\$ 1,452,111</u>

The accompanying notes are an integral part of these financial statements

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	2019	2018
Net change in fund balances - total governmental funds	\$ 154,401	\$ 168,527
Amounts reported for governmental activities in the statement of activities are different because:		
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.	(100,580)	(102,206)
Revenue from property taxes is deferred in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed in the government-wide financial statements.	2,084	(3,471)
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.	12,671	12,125
Changes in long-term liability for compensated absences is recognized in the statement of activities.	(1,391)	(1,324)
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.	218	245
Change in net position of governmental activities	\$ 67,403	\$ 73,896

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

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA**GENERAL FUND****STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	<u>BUDGETED AMOUNTS</u>				2018
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	
Revenues					
Ad valorem taxes	\$ 332,625	\$ 332,625	\$ 333,200	\$ 575	\$ 297,746
Intergovernmental revenues					
Consolidated tax distribution	63,007	63,007	66,446	3,439	62,183
Safer Grant	-	-	-	-	2,389
EMS Training Grant	-	6,803	6,803	-	-
	<u>63,007</u>	<u>69,810</u>	<u>73,249</u>	<u>3,439</u>	<u>64,572</u>
Charges for services					
Charges for ambulance service	36,000	36,000	45,491	9,491	49,421
Fees and services	4,900	4,900	1,364	(3,536)	480
Fire / safety plan review	-	-	559	559	1,524
	<u>40,900</u>	<u>40,900</u>	<u>47,414</u>	<u>6,514</u>	<u>51,425</u>
Other revenues					
Sales and rentals	18,540	18,540	23,864	5,324	19,815
Miscellaneous income	1,778	1,778	2,450	672	1,515
Investment income	3,300	3,300	6,158	2,858	3,319
	<u>23,618</u>	<u>23,618</u>	<u>32,472</u>	<u>8,854</u>	<u>24,649</u>
Total Revenues	<u>460,150</u>	<u>466,953</u>	<u>486,335</u>	<u>19,382</u>	<u>438,392</u>
Expenditures					
Salaries	101,587	101,587	54,897	46,690	50,697
Employee benefits	48,118	48,118	26,937	21,181	16,678
Services and supplies	537,028	543,831	191,109	352,722	180,127
Total Expenditures	<u>686,733</u>	<u>693,536</u>	<u>272,943</u>	<u>420,593</u>	<u>247,502</u>
<i>Excess of Revenues Over Expenditures</i>	<u>(226,583)</u>	<u>(226,583)</u>	<u>213,392</u>	<u>439,975</u>	<u>190,890</u>
Other Financing Uses					
Contingency	(12,722)	(12,722)	-	12,722	-
Transfer to Acquisition Fund	(120,000)	(120,000)	(120,000)	-	(237,000)
Total Other Financing Uses	<u>(132,722)</u>	<u>(132,722)</u>	<u>(120,000)</u>	<u>12,722</u>	<u>(237,000)</u>
<i>Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses</i>	<u>(359,305)</u>	<u>(359,305)</u>	<u>93,392</u>	<u>452,697</u>	<u>(46,110)</u>
Fund Balance, July 1	<u>388,302</u>	<u>388,302</u>	<u>483,299</u>	<u>94,997</u>	<u>529,409</u>
Fund Balance, June 30	<u>\$ 28,997</u>	<u>\$ 28,997</u>	<u>\$ 576,691</u>	<u>\$ 547,694</u>	<u>\$ 483,299</u>

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

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA

ACQUISITION FUND

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	BUDGETED AMOUNTS		ACTUAL	VARIANCE	2018
	ORIGINAL	FINAL			
Revenues					
Investment income	\$ 4,000	\$ 4,000	\$ 11,084	\$ 7,084	\$ 5,162
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>11,084</u>	<u>7,084</u>	<u>5,162</u>
Expenditures					
Public Safety					
Services and supplies	-	-	45,515	-	2,965
Capital outlay	1,025,495	1,025,495	-	1,025,495	-
Debt service:					
Principal	12,671	12,671	12,671	-	12,125
Interest	<u>11,889</u>	<u>11,889</u>	<u>11,889</u>	<u>-</u>	<u>12,435</u>
Total Expenditures	<u>1,050,055</u>	<u>1,050,055</u>	<u>70,075</u>	<u>1,025,495</u>	<u>27,525</u>
<i>Excess (Deficiency) of Revenues over Expenditures</i>	(1,046,055)	(1,046,055)	(58,991)	987,064	(22,363)
Other Financing Sources					
Transfers from General Fund	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	<u>-</u>	<u>237,000</u>
<i>Excess (Deficiency) of Revenues and Other Sources Over Expenditures</i>	(926,055)	(926,055)	61,009	987,064	214,637
Fund Balance, July 1	<u>950,615</u>	<u>950,615</u>	<u>968,812</u>	<u>18,197</u>	<u>754,175</u>
Fund Balance, June 30	<u>\$ 24,560</u>	<u>\$ 24,560</u>	<u>\$ 1,029,821</u>	<u>\$ 1,005,261</u>	<u>\$ 968,812</u>

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

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1 - Summary of Significant Account Policies:

The Smith Valley Fire Protection District (the “District”) is a fire protection district operated under the applicable laws and regulations of the State of Nevada. It is governed by a three member Board of Trustees elected by registered voters of the District. The financial statements of the Smith Valley 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 found in the various Statements of Auditing Standards of the American Institute of Certified Public Accountants.

The District has implemented the GASB Statement No. 34 which established a 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 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 Smith Valley Fire Protection District, Nevada, for financial purposes, includes all of the funds and account groups relevant to the operations of the District. The District was formed to provide fire protection and ambulance services for the citizens of Smith Valley and the surrounding areas of South Lyon County. The financial statements of the Smith Valley Fire Protection District 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.

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.

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. Since the District currently has no business-type activities, all activities are reported as governmental. In the government-wide Statement of Net Position, the governmental activities 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 Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not meeting this defined classification as program revenues are reported as general revenues. The program revenues must be directly associated with the function. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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. The majority of 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 emphasize the major funds of the governmental categories. Non-major funds (by category) or fund type are summarized into a single column. (The District presently has no non-major funds).

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' governmental column, 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.

The focus is on the District as a whole and the fund financial statements, including the major individual funds of the governmental. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized at the time they are earned and expenses are recognized when the related liabilities are incurred, regardless of the timing of the related cash flow. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e. revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become measurable and available and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collected within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Other revenues received from the State of Nevada are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received they are recorded as deferred revenues until earned.

The accounts of the 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 position, 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 GASB Statement No. 34, establishes criteria (percentage of the assets, liabilities, revenues or expenditures of either fund category or the governmental activities) for the determination of major funds. Management may also elect to designate a fund that does not meet the criteria as a major fund. The District reports the following major funds.

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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) Acquisition Fund – The proceeds of long-term financing and revenues and expenditures related to authorized construction and other capital assets acquisition or major improvements are accounted for in the a capital projects fund.

Non-Current Governmental Assets/Liabilities:

GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental column in the government-wide Statement of Net position.

Fund Accounting

- (1) The accounts of the Smith Valley Fire Protection District are organized on the basis of funds and account groups, 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, fund equity, revenues and expenditures.

Basis of Accounting

Governmental Fund Types:

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The Smith Valley 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 inflow account is established.

Most major sources of revenue reported in governmental funds are susceptible to accrual under the modified accrual basis of accounting.

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Budgets and Budgetary Accounting

Budget Policies - The Smith Valley 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 that 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 no sooner than the third Monday in May and no later than the last day 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 members of the Board. 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 District, following a scheduled and noticed public hearing.
7. The above dates may be modified as necessary during years when the Nevada Legislature is in session.

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 Capital Project Fund.

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 approximate market value.

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 ten (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.

Lyon County acts as an agent for the Smith Valley Fire Protection District and, as such, holds and invests the District's cash. The investment is made through a pooling arrangement with other monies held by the County Treasurer.

Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements. Restricted cash in the Acquisition Fund reflects that amount required to fund the debt for the USDA Rural Development loan.

Interest Earned on Investments

Interest earned is allocated between its two funds based upon the proportionate ratio of the District's cash balances to that of the total cash in Lyon County's investment cash pool.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, 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 \$10,000 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 lives are not capitalized.

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Land improvements, buildings, furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Buildings	50
Vehicles	10
Fire equipment	20
Computer and related equipment	5

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.

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.

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 have been recorded as deferred revenue.

Property Taxes

All real property in the District is assigned a parcel number by the Lyon 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 percent 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 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 Lyon 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.

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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.

Inventory of Consumable Supplies

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

Net Position

Net Position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position comprise of various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following three components: investment in capital assets, net of related liabilities; restricted for specific purposes; and unrestricted net position. Invested 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 specific purposes consists of net position 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 positions 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 is incurred. Unrestricted amounts are considered to be spent in the following order: committed, assigned, and then, unassigned.

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Deferred Inflows and Outflow of Resources

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

Prior-Year Comparative Data

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Note 2 - Cash and Investments:

Lyon County acts as an agent for the Smith Valley Fire Protection District, and as such, holds the District's cash and investments within Lyon County's external investment pool. At June 30, 2019, the District's total cash and investment balance was \$1,632,460 of which \$24,560 is restricted.

To provide an understanding of the Lyon County's Pool investment types and the District's exposure to certain risks, the following provides information on the County's external investment pool composition.

Lyon County's pooled cash is on deposit at Wells Fargo Bank which is fully covered by FDIC insurance and collateral pledged to Lyon County. The collateral pledged consists of obligations insured or guaranteed by the U.S. Government and its agencies.

Lyon County's investments are carried at cost and consist of deposits with the State of Nevada Local Government Investment Pool.

Assuming the District's cash held by Lyon County is on deposit and invested in the same proportion as the County's total pooled cash balance, the District's cash would be held by depositories as follows:

Balance Classified by Depository:	
Wells Fargo Bank	\$ 910,777
Nevada State Local Government Investment Pool	<u>721,683</u>
 Total Cash and Investments	 <u>\$ 1,632,460</u>

At June 30, 2019, the average weighted maturity of the Nevada Local Government Investment Pool was 116 days. The fair value of \$721,683 is determined according to the following hierarchy determined by availability of market pricing used to determine the fair value.

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Level I – Based on quoted prices in active market for identical assets	\$ 133,006
Level II – Based on significant other observable inputs	588,677

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. The Nevada Local Government Investment Pool is not rated by a nationally recognized statistical rating organization.

Concentration of Credit Risk: The District does not have a formal investment policy that limits the amount that Lyon County may be invest with any one issuer.

Note 3 - Capital Assets:

The following table summarizes the changes in components of the Capital Assets for the year ended June 30, 2019:

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
Not subject to depreciation:				
Land	\$ 98,745	\$ -	\$ -	\$ 98,745
Subject to depreciation:				
Buildings and improvements	1,134,566	-	-	1,134,566
Improvements	16,143	-	-	16,143
Equipment and vehicles	<u>1,364,073</u>	<u>-</u>	<u>-</u>	<u>1,364,073</u>
	<u>2,514,782</u>	<u>-</u>	<u>-</u>	<u>2,514,782</u>
Less accumulated depreciation:				
Buildings and improvements	381,109	22,020	-	403,129
Improvements	14,268	1,251	-	15,519
Equipment and vehicles	<u>727,502</u>	<u>77,309</u>	<u>-</u>	<u>804,811</u>
	<u>1,122,879</u>	<u>100,580</u>	<u>-</u>	<u>1,223,459</u>
Depreciable assets, net	<u>1,391,903</u>	<u>(100,580)</u>	<u>-</u>	<u>1,291,323</u>
Governmental activities capital assets, net	<u>\$ 1,490,648</u>	<u>\$ (100,580)</u>	<u>\$ -</u>	<u>\$ 1,390,068</u>

Depreciation expense was charged to programs and functions as follows:

Public Safety	\$ <u>100,580</u>
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SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 4 - Long-Term Debt:

During fiscal year 2004, the Smith Valley Fire Protection District executed a purchase installment agreement with USDA – Rural Development to partially finance their construction of two fire stations. The installment agreement totals \$400,000 with annual payments of \$24,560 including principal and interest at 4.5 percent and matures in February 2034.

The terms of the agreement require the District to deposit an amount into a separate account annually, until a debt service balance at least equal to one annual loan installment is achieved. The reserve will accumulate at a rate of one-tenth of the average annual installment for approximately ten years until the level is reached (\$24,560). The District elected to fund the entire reserve rather than contribute an annual amount each year until the reserve amount was met. Therefore, at June 30, 2019, \$24,560 was recorded as the cash reserve amount which fully meets the funding requirement on the USDA loan.

The annual requirements to amortize the installment purchase agreement obligation as of June 30, 2019 are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>	
2020	\$ 13,241	\$ 11,319	\$ 24,560	
2021	13,837	10,723	24,560	
2022	14,459	10,101	24,560	
2023	15,110	9,450	24,560	
2024	15,790	8,770	24,560	
2025-2029	90,269	32,531	122,800	
2030-2034	<u>88,832</u>	<u>10,309</u>	<u>99,141</u>	
	<u>\$ 251,538</u>	<u>\$ 93,203</u>	<u>\$ 344,741</u>	
	<u>Balance</u>	<u>Obligations</u>	<u>Obligations</u>	<u>Balance</u>
	<u>July 1,</u>	<u>Issued or</u>	<u>Retired or</u>	<u>June 30,</u>
	<u>2018</u>	<u>Incurred</u>	<u>Paid</u>	<u>2019</u>
USDA Rural Development Loan	\$264,209	\$ -	\$ 12,671	\$251,538
Compensated Absences	<u>1,324</u>	<u>1,391</u>	<u>-</u>	<u>2,715</u>
	<u>\$265,533</u>	<u>\$ 1,391</u>	<u>\$ 12,671</u>	<u>\$254,253</u>

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 5 - Risk Management:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters as are all entities. During the year the District was unable to obtain general liability insurance at a cost it considered to be economically justifiable. Accordingly, the District is a member of FAIRA (Fire Agency Insurance Risk Authority), a public entity risk pool currently operating as a common-risk management and insurance program for numerous fire districts and entities. The District pays an annual premium to FAIRA for its general insurance coverage. The agreement with FAIRA provides that FAIRA will be self-sustaining through member premiums and will reinsure through commercial coverage companies for claims in excess of \$250,000 for each insurance event.

The District continues to carry commercial insurance for other risks of loss such as employee health and accident insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District has also joined together with similar public entities (cities, counties, school districts, and special districts) throughout the State of Nevada to create a pool under the Public Agency Compensation Trust. This Pool is considered a public-entity risk pool currently operating as a common-risk management and insurance program for its members.

Note 6 – Transfers In and Out:

A summary of transfers is as follows:

	<u>Transfers – In</u>	<u>Transfers – Out</u>
General Fund	\$ -	\$ 120,000
Acquisition Fund	<u>120,000</u>	<u>-</u>
	<u>\$ 120,000</u>	<u>\$ 120,000</u>

Note 7 – Contingencies:

Claims and Litigation

As of June 30, 2019, the District did not have any pending litigation or potential non-disclosed liabilities that management believes would have a material effect on the financial statements.

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 8 – Fund Balance:

The June 30, 2019 fund balances of the governmental funds are reported as follows.

Restricted

General Fund

Included within the General Fund for GAAP reporting is the budgetary basis Emergency Fund. This fund is supported by transfers from the General Fund and its use is restricted to emergencies described in NRS 474.200. \$ 264,472

Acquisition Fund

Conditions of a USDA Rural Development Loan require an amount to be held to secure the loan payment. 24,560

Total Restricted Fund Balance \$ 289,032

Assigned

General Fund

The amount of fund balance required in the subsequent year to fund the excess of appropriated expenditures over estimated revenues is assigned. \$ 191,425

Acquisition Fund

The unrestricted fund balance in the Acquisition Fund is assigned to future capital acquisitions and improvements. 1,005,261

Total Assigned Fund Balance \$ 1,196,686

The remaining fund balance of the General Fund is reported as unassigned.

Note 9 – Tax Abatements:

Smith Valley Fire Protection District’s consolidated tax distributions were reduced by \$968 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.

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 10 - Subsequent Events:

Management has evaluated subsequent events through October 28, 2019, which is the date the financial statements were available to be issued.

Note 11 - Compliance with Nevada Revised Statutes:

The District conformed to all significant statutory constraints on its financial administration during the year as detailed in the Independent Accountant's Report on Nevada Revised Statutes 354.6241 found on page 40.

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA**COMBINING BALANCE SHEET****GENERAL FUND****JUNE 30, 2019***(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)*

	GENERAL	EMERGENCY	TOTALS	
	FUND	FUND	2019	2018
Assets				
Cash - Lyon County Treasurer	\$ 327,355	\$ 264,472	\$ 591,827	\$ 495,902
Taxes receivable, secured roll	2,818	-	2,818	3,186
Due from other governments	21,062	-	21,062	10,917
Accounts receivable	<u>2,303</u>	<u>-</u>	<u>2,303</u>	<u>4,248</u>
Total Assets	<u>353,538</u>	<u>\$ 264,472</u>	<u>\$ 618,010</u>	<u>\$ 514,253</u>
Liabilities				
Accounts payable	19,093	-	19,093	9,402
Accrued wages and benefits	<u>17,633</u>	<u>-</u>	<u>17,633</u>	<u>19,043</u>
Total Liabilities	<u>36,726</u>	<u>-</u>	<u>36,726</u>	<u>28,445</u>
Deferred Inflow of Resources				
Unavailable tax revenue	<u>4,593</u>	<u>-</u>	<u>4,593</u>	<u>2,509</u>
Fund Balance				
Restricted	-	264,472	264,472	236,714
Assigned	191,425	-	191,425	122,837
Unassigned	<u>120,794</u>	<u>-</u>	<u>120,794</u>	<u>123,748</u>
Total Fund Balance	<u>312,219</u>	<u>264,472</u>	<u>576,691</u>	<u>483,299</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balance	<u>\$ 162,113</u>	<u>\$ 264,472</u>	<u>\$ 618,010</u>	<u>\$ 514,253</u>

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA**COMBINING SCHEDULE OF REVENUES, EXPENDITURES****AND CHANGES IN FUND BALANCES****GENERAL FUND****FOR THE YEAR ENDED JUNE 30, 2019***(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)*

	GENERAL	EMERGENCY	TOTALS	
	FUND	FUND	2019	2018
Revenues				
Ad valorem taxes	\$ 333,200	\$ -	\$ 333,200	\$ 297,746
Intergovernmental revenues	73,249	-	73,249	64,572
Charges for services	47,414	-	47,414	51,425
Other revenue	26,314	-	26,314	21,330
Interest income	3,400	2,758	6,158	3,319
Total Revenues	<u>483,577</u>	<u>2,758</u>	<u>486,335</u>	<u>438,392</u>
Expenditures				
Current:				
Salaries	54,897	-	54,897	50,697
Employee benefits	26,937	-	26,937	16,678
Services and supplies	191,109	-	191,109	180,127
Total Expenditures	<u>272,943</u>	<u>-</u>	<u>272,943</u>	<u>247,502</u>
<i>Excess (Deficiency) of Revenues over Expenditures</i>	<u>210,634</u>	<u>2,758</u>	<u>213,392</u>	<u>190,890</u>
Other Financing Sources (Uses)				
Transfer from General Fund	-	25,000	25,000	25,000
Transfer to Acquisition Fund	(120,000)	-	(120,000)	(237,000)
Transfer to Emergency Fund	(25,000)	-	(25,000)	(25,000)
Total Other Financing Sources and Other Uses	<u>(145,000)</u>	<u>25,000</u>	<u>(120,000)</u>	<u>(237,000)</u>
<i>Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses</i>	<u>65,634</u>	<u>27,758</u>	<u>93,392</u>	<u>(46,110)</u>
Fund Balance, July 1	<u>246,585</u>	<u>236,714</u>	<u>483,299</u>	<u>529,409</u>
Fund Balance, June 30	<u>\$ 312,219</u>	<u>\$ 264,472</u>	<u>\$ 576,691</u>	<u>\$ 483,299</u>

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA**GENERAL FUND - BUDGETARY BASIS****SCHEDULE OF REVENUES, EXPENDITURES****AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2018</u>
	<u>ORIGINAL</u>	<u>FINAL</u>			
Revenues					
Ad valorem taxes	\$ 332,625	\$ 332,625	\$ 333,200	\$ 575	297,746
Intergovernmental revenues					
Consolidated tax distribution	63,007	63,007	66,446	3,439	62,183
Safer Grant	-	-	-	-	2,389
EMS Training Grant	-	6,803	6,803	-	-
	<u>63,007</u>	<u>69,810</u>	<u>73,249</u>	<u>3,439</u>	<u>64,572</u>
Charges for services					
Charges for ambulance service	36,000	36,000	45,491	9,491	49,421
Fees and services	4,900	4,900	1,364	(3,536)	480
Fire / safety plan review	-	-	559	559	1,524
	<u>40,900</u>	<u>40,900</u>	<u>47,414</u>	<u>6,514</u>	<u>51,425</u>
Other revenues					
Donation, SV Volunteers	-	-	2,450	2,450	1,515
Sales and rentals	18,540	18,540	23,864	5,324	19,815
Miscellaneous income	1,778	1,778	-	(1,778)	-
Investment income	2,100	2,100	3,400	1,300	1,973
	<u>22,418</u>	<u>22,418</u>	<u>29,714</u>	<u>7,296</u>	<u>23,303</u>
Total Revenues	<u>458,950</u>	<u>465,753</u>	<u>483,577</u>	<u>17,824</u>	<u>437,046</u>
Expenditures					
Salaries	101,587	101,587	54,897	46,690	50,697
Employee benefits	48,118	48,118	26,937	21,181	16,678
Services and supplies	274,360	281,163	191,109	90,054	180,127
Total Expenditures	<u>424,065</u>	<u>430,868</u>	<u>272,943</u>	<u>157,925</u>	<u>247,502</u>
<i>Excess of Revenues Over Expenditures</i>	<u>34,885</u>	<u>34,885</u>	<u>210,634</u>	<u>175,749</u>	<u>189,544</u>
Other Financing Uses					
Contingency	(12,722)	(12,722)	-	12,722	-
Transfer to Acquisition Fund	(120,000)	(120,000)	(120,000)	-	(237,000)
Transfer to Emergency Fund	(25,000)	(25,000)	(25,000)	-	(25,000)
Total Other Financing Uses	<u>(157,722)</u>	<u>(157,722)</u>	<u>(145,000)</u>	<u>12,722</u>	<u>(262,000)</u>
<i>Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses</i>	<u>(122,837)</u>	<u>(122,837)</u>	<u>65,634</u>	<u>188,471</u>	<u>(72,456)</u>
Fund Balance, July 1	<u>151,834</u>	<u>151,834</u>	<u>246,585</u>	<u>94,751</u>	<u>319,041</u>
Fund Balance, June 30	<u>\$ 28,997</u>	<u>\$ 28,997</u>	<u>\$ 312,219</u>	<u>\$ 283,222</u>	<u>246,585</u>

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA**EMERGENCY FUND****SCHEDULE OF REVENUES, EXPENDITURES****AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2019***(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)*

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2018</u>
	<u>ORIGINAL</u>	<u>FINAL</u>			
Revenues					
Investment income	\$ 1,200	\$ 1,200	\$ 2,758	\$ 1,558	\$ 1,346
Total Revenues	<u>1,200</u>	<u>1,200</u>	<u>2,758</u>	<u>1,558</u>	<u>1,346</u>
Expenditures					
Public Safety					
Services and Supplies	<u>262,668</u>	<u>262,668</u>	<u>-</u>	<u>262,668</u>	<u>-</u>
Total Expenditures	<u>262,668</u>	<u>262,668</u>	<u>-</u>	<u>262,668</u>	<u>-</u>
<i>Excess (Deficiency) of Revenues over Expenditures</i>	(261,468)	(261,468)	2,758	264,226	1,346
Other Financing Sources					
Transfers from General Fund	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
<i>Excess (Deficiency) of Revenues and Other Sources over Expenditures</i>	(236,468)	(236,468)	27,758	264,226	26,346
Fund Balance, July 1	<u>236,468</u>	<u>236,468</u>	<u>236,714</u>	<u>246</u>	<u>210,368</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264,472</u>	<u>\$ 264,472</u>	<u>\$ 236,714</u>

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA
SCHEDULE OF PROPERTY TAX RATES AND ASSESSED VALUATIONS
FOR FISCAL YEARS 1990 THROUGH 2019

<u>FISCAL YEAR</u>	<u>DISTRICT TAX RATE</u>	<u>ASSESSED VALUATION</u>
1989-1990	\$.0677	\$18,591,396
1990-1991	\$.0932	\$20,099,531
1991-1992	\$.1037	\$20,417,145
1992-1993	\$.1148	\$20,230,745
1993-1994	\$.1197	\$23,121,368
1994-1995	\$.1216	\$24,673,850
1995-1996	\$.1243	\$26,345,150
1996-1997	\$.1243	\$30,739,751
1997-1998	\$.1756	\$34,163,601
1998-1999	\$.1911	\$34,588,473
1999-2000	\$.2040	\$36,427,722
2000-2001	\$.2159	\$37,638,487
2001-2002	\$.2163	\$42,185,534
2002-2003	\$.2277	\$43,572,951
2003-2004	\$.2440	\$45,108,602
2004-2005	\$.2535	\$48,627,002
2005-2006	\$.2535	\$59,670,181
2006-2007	\$.2535	\$89,187,131
2007-2008	\$.2535	\$92,325,201
2008-2009	\$.2535	\$100,660,233
2009-2010	\$.2697	\$92,354,663
2010-2011	\$.2723	\$87,381,602
2011-2012	\$.3074	\$82,232,392
2012-2013	\$.3370	\$77,534,475
2013-2014	\$.3761	\$72,679,740
2014-2015	\$.4014	\$74,775,517
2015-2016	\$.4277	\$76,066,568
2016-2017	\$.4261	\$84,786,337
2017-2018	\$.4040	\$86,398,404
2018-2019	\$.4532	\$85,595,872



A Professional Corporation

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
Smith Valley Fire Protection District, Nevada

We have audited the accompanying financial statements of the governmental activities and each major fund of Smith Valley Fire Protection District, Nevada, as of and for the year ended June 30, 2019, which collectively comprise the Smith Valley Fire Protection District, Nevada's basic financial statements and have issued our report thereon dated October 28, 2019. 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Smith Valley 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 Smith Valley Fire Protection District, Nevada's internal control. Accordingly, we do not express an opinion on the effectiveness of the Smith Valley 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies listed as finding 2019-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Smith Valley 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 grants 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*.

District's Response to Findings

The Smith Valley Fire Protection District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Smith Valley Fire Protection District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
October 28, 2019

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019

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

- (i) The auditor’s report expresses an unmodified opinion on the financial statements of Smith Valley Fire Protection District.
- (ii) One significant deficiency relating to the audit of the financial statements is reported in the *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*. The condition was not considered to be a material weakness:
- (iii) No instances of noncompliance material to the financial statements of Smith Valley 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

2019-001 Smith Valley Fire Protection District, Nevada is a very small entity. Controls are weakened when the functions of billing, collecting, and reconciling cash receipts from ambulance fees are performed by one person. The entity’s ability to design internal controls to achieve complete segregation of duties is limited to fiscal restraints common of a small entity.

Management’s Response: Management has determined the cost of hiring additional personnel to correct this significant deficiency in this small entity far exceeds the benefit derived from such action.



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INDEPENDENT ACCOUNTANT'S REPORT ON
NEVADA REVISED STATUTES 354.6241

To the Honorable Board of Directors
Smith Valley 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 Smith Valley Fire Protection District, Nevada as of and for the year ended June 30, 2019 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 balances/net position in the funds were reasonable and necessary to carry out the purposes of the funds at June 30, 2019 (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 year ended June 30, 2019.

This assertion is the responsibility of the management of the Smith Valley Fire Protection District, Nevada.

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
October 28, 2019

SMITH VALLEY FIRE PROTECTION DISTRICT, NEVADA

INDEPENDENT AUDITOR'S COMMENTS

JUNE 30, 2019

The following are our recommendations in accordance with NRS 354.624:

STATUS ON PRIOR YEAR AUDIT RECOMMENDATIONS

There were no specific recommendations made in the audit report for the year ended June 30, 2018.

CURRENT YEAR AUDIT RECOMMENDATIONS

Any weaknesses in accounting controls would be identified in the Schedule of Findings and Responses found within the financial report.