



Financial Statements
June 30, 2020

Tahoe Douglas Fire Protection District

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet – Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Net Position – Ambulance Fund	20
Statement of Revenues, Expenses, and Changes in Net Position – Ambulance Fund	21
Statement of Cash Flows – Ambulance Fund	22
Statement of Fiduciary Net Position	23
Statement of Changes in Fiduciary Net Position	24
Notes to Financial Statements	25
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund (Budgetary Basis)	53
Reconciliation of the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budgetary Basis) to the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (GAAP Basis)	54
Special Revenue Funds	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –	
Sick Leave Reserve	55
Special Services	56
Fire Safe Community Service Fund	57
Fire Flow Initiative Fund	58
Schedule of Changes in Net Other Post-Employment Benefit Liabilities and Related Ratios	59
Schedule of District Contributions – Other Post-Employment Benefits	61
Schedule of Proportionate Share of the Net Pension Liability	62
Schedule of District Contributions - PERS	63
Notes to Required Supplementary Information	64
Supplementary Information	
Reconciliation of the General Fund Balance Sheet (Budgetary Basis) to the General Fund Balance Sheet (GAAP Basis) – Governmental Funds	66
Balance Sheet – Internally Reported (Budgetary Basis) – Health Insurance Reserve	67

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –	
Health Insurance Reserve	68
Capital Projects Fund	69
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual – Ambulance Fund	70
Schedule of Cash Flows – Budget and Actual – Ambulance Fund	71
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 <i>Government Auditing Standards</i>	72
Auditor’s Comments	74
Schedule of Findings and Responses	75



Independent Auditor's Report

To the Board of Trustees
Tahoe Douglas Fire Protection District
Zephyr Cove, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tahoe Douglas Fire Protection District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 District'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 of the effectiveness of the District'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, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As discussed in Note 1 to the financial statements, the District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, which resulted in the identification of the Tahoe Douglas Fire Protection District Post-Retirement Plan & Trust as fiduciary component unit that is now reported in the financial statements of the District. Our opinions are not modified with respect to this matter.

Correction of an Error

As discussed in Note 13 to the financial statements, a certain error occurring in the recognition of amounts related to other post-employment benefit obligations (OPEB) resulting in the overstatement of amounts previously reported for the net OPEB liability and an understatement of receivables for the year ended June 30, 2019, was discovered by management during current year. Accordingly, amounts related to the net OPEB liability and receivable have resulted in a restatement of net position/fund balance as of July 1, 2019. Our opinions are not modified with respect to this matter.

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 through 13, the budgetary comparison schedules for the General Fund and major special revenue funds and reconciliation on pages 53 through 58, the schedule of changes in net other post-employment benefits liabilities and related ratios on pages 59-60, the schedule of District contributions - other post-employment benefits on page 61, the schedule of proportionate share of the net pension liability on page 62, the schedule of District contributions – PERS on page 63, and the notes to the required supplementary information on page 64, 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 management's discussion and analysis, schedule of changes in net other post-employment benefits liabilities and related ratios, schedule of District contributions – other post-employment benefits, schedule of proportionate share of the net pension liability, and the schedule of District contributions - PERS 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.

The budgetary comparison and reconciliation information for the General Fund and major special revenue funds and related notes 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 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 budgetary comparison and reconciliation information for the General Fund and major special revenue funds and related notes are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund schedules, including budgetary comparisons, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of the District's 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 the District's internal control over financial reporting and compliance.



Reno, Nevada
November 30, 2020

Management for the Tahoe Douglas Fire Protection District (TDFPD or District) offers readers of TDFPD's financial statements this narrative overview and analysis of the financial activities of TDFPD for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with our comprehensive annual budget and audited financial statements.

Financial Highlights

- The assets and deferred outflows of resources of TDFPD exceeded its liabilities and deferred inflows of resources at June 30, 2020 by \$1,485,590 (*positive net position*). As of June 30, 2020, the unrestricted deficit was (\$4,353,529).
- At June 30, 2020, TDFPD's governmental funds reported combined ending fund balances of \$9,226,151, an increase of \$365,074 in comparison with prior year ending fund balances.
- At June 30, 2020, the unassigned fund balance of the General Fund was \$3,918,090 or 41% of total general fund expenditures (including transfers out of \$900,000).
- TDFPD'S total debt at June 30, 2020 remained at zero.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's financial statements. TDFPD's financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of TDFPD's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and deferred outflows and liabilities and deferred inflows with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the TDFPD is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenue and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused vacation leave, and pension related deferred inflow/outflows of resources and liability).

The government-wide financial statements report distinct functions of TDFPD: 1) those functions principally supported by taxes and intergovernmental revenue (*governmental activities*), and 2) other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of TDFPD are primarily public safety. The business-type activities of TDFPD include the operation of the ambulance service.

The government-wide financial statements can be found on pages 14-15 of this report.

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 objectives. TDFPD, like other state and local governments, uses fund accounting to ensure and demonstrate legal compliance, and to aid financial management by segregating transactions related to certain government functions or activities. All of the funds of TDFPD can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheets and the governmental fund statements of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

TDFPD maintains six individual governmental funds. Information is presented separately in governmental fund balance sheets and in the governmental fund statements of revenue, expenditures, and changes in fund balances – budget and actual for the General Fund, Capital Projects Fund, and all Special Revenue Funds (Sick Leave Reserve, Special Services, Fire Safe Community Service Fund, , and Fire Flow Initiative Fund). All of these funds are considered to be major funds. Individual fund data for each of these governmental funds is provided in this report.

The district's Health Insurance Reserve Fund; although a separate fund for management and budgeting purposes is combined with the District General Fund for reporting within the annual audited financial statements. Page 54 of this report presents the General Fund and Health Insurance Reserve Fund "Reconciliation of the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance" for the year ended June 30, 2020.

GASB standards now require the inclusion in the District's financial statements all fiduciary components of the District. The Tahoe Douglas Fire Protection District Post Retirement Plan & Trust is a fiduciary component of the District. The Trust's financial reporting period ends on December 31. The amounts reported for the Trust in the Statement of Fiduciary Net Position and statement of Changes in Fiduciary Net Position is as of and for the year ended December 31, 2019. The Trust's December 31, 2019 net position restricted for postemployment benefits other than pensions is \$12,485,013.

The basic governmental fund financial statements can be found on pages 16-18 of this report.

Proprietary Fund – TDFPD maintains one proprietary fund. *Proprietary funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. TDFPD uses the proprietary fund to account for its ambulance operation.

The basic proprietary fund financial statements can be found on pages 20-22 of this report.

The basic fiduciary fund financial statements can be found on pages 23-24 of this report.

TDFPD adopts an annual appropriated budget. Budgetary comparison statements have been provided for the funds of the District to demonstrate compliance with this budget.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and governmental fund financial statements. The notes to the financial statements can be found on pages 25-52 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. TDFPD's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$1,485,590 at June 30, 2020.

The largest portion of TDFPD's net position reflects its investment in capital assets (e.g., buildings, machinery, and equipment). TDFPD uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. TDFPD's investment in its capital assets is reported net of related debt. It should be noted that the District does not currently, nor does it intend to incur debt to finance the acquisition of the District assets.

Tahoe Douglas Fire Protection District
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2020

Government-wide Financial Analysis – continued

	<u>Net Position</u>					
	Governmental Activities		Business-type Activities		Total	
	June 30		June 30		June 30	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 10,341,341	\$ 9,805,795	\$ 432,739	\$ 407,163	\$ 10,774,080	\$ 10,212,958
Capital assets	5,600,667	5,738,989	238,452	330,953	5,839,119	6,069,942
Net OPEB Asset	1,231,597	-	-	-	1,231,597	-
Total assets	<u>17,173,605</u>	<u>15,544,784</u>	<u>671,191</u>	<u>738,116</u>	<u>17,844,796</u>	<u>16,282,900</u>
Deferred outflows of resources	<u>3,869,345</u>	<u>3,973,535</u>	<u>1,205,805</u>	<u>1,137,710</u>	<u>5,075,150</u>	<u>5,111,245</u>
Total assets and deferred outflows of resources	<u>21,042,950</u>	<u>19,518,319</u>	<u>1,876,996</u>	<u>1,875,826</u>	<u>22,919,946</u>	<u>21,394,145</u>
Liabilities						
Long-term liabilities outstanding	\$ 11,048,811	\$ 13,873,846	\$ 4,839,259	\$ 4,891,908	\$ 15,888,070	\$ 18,765,754
Other liabilities	921,421	853,861	260,492	500,148	1,181,913	1,354,009
Total liabilities	<u>11,970,232</u>	<u>14,727,707</u>	<u>5,099,751</u>	<u>5,392,056</u>	<u>17,069,983</u>	<u>20,119,763</u>
Deferred inflows of resources	<u>3,597,707</u>	<u>2,061,992</u>	<u>766,666</u>	<u>589,455</u>	<u>4,364,373</u>	<u>2,651,447</u>
Total assets and deferred outflows of resources	<u>15,567,939</u>	<u>16,789,699</u>	<u>5,866,417</u>	<u>5,981,511</u>	<u>21,434,356</u>	<u>22,771,210</u>
Net Position						
Net investment in capital assets	5,600,667	5,738,989	238,452	330,953	5,839,119	6,069,942
unrestricted	(125,656)	(3,010,369)	(4,227,873)	(4,436,638)	(4,353,529)	(7,447,007)
Total net position	<u>\$ 5,475,011</u>	<u>\$ 2,728,620</u>	<u>\$ (3,989,421)</u>	<u>\$ (4,105,685)</u>	<u>\$ 1,485,590</u>	<u>\$ (1,377,065)</u>

At June 30, 2020, TDFPD is able to report a positive balance for the governmental activities and deficits for the business-type activities and for the government as a whole. These deficits are largely the result of the portion of the Public Employees' Retirement System (PERS) pension liability that is required to be reported by the District and the net other postemployment obligation liability.

There was an increase of \$116,264 in net position reported in connection with TDFPD's business-type activities. Total operating expenses were \$2,744,559 and total revenue including transfers was \$2,860,823.

Tahoe Douglas Fire Protection District
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2020

Governmental Activities

Governmental activities increased TDFPD's net position by \$286,418 thereby accounting for a 5.5% increase in the total net position. Key elements of this increase are as follows:

	<u>Changes in Net Position</u>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	June 30		June 30		June 30	
	2020	2019	2020	2019	2020	2019
Revenues						
<u>Program revenues</u>						
Charges for services	\$ 912,225	\$ 1,648,871	\$ 490,594	\$ 638,615	\$ 1,402,819	\$ 2,287,486
Operating grants and contributions	505,257	558,390	6,041	-	511,298	558,390
<u>General revenues</u>						
Ad valorem taxes	4,319,445	4,183,436	1,971,621	1,843,701	6,291,066	6,027,137
Consolidated tax	4,734,093	4,625,100	-	-	4,734,093	4,625,100
Interest income	22,244	28,486	-	-	22,244	28,486
Miscellaneous revenue	773,840	228,532	179,849	152,411	953,689	380,943
Transfers	(212,718)	364,624	212,718	(364,624)	-	-
Total revenues	<u>11,054,386</u>	<u>11,637,439</u>	<u>2,860,823</u>	<u>2,270,103</u>	<u>13,915,209</u>	<u>13,907,542</u>
Expenses						
Public safety	10,767,968	10,274,569	-	-	10,767,968	10,274,569
Ambulance	-	-	2,744,559	2,243,688	2,744,559	2,243,688
Total expenses	<u>10,767,968</u>	<u>10,274,569</u>	<u>2,744,559</u>	<u>2,243,688</u>	<u>13,512,527</u>	<u>12,518,257</u>
Increase (decrease) in net position	<u>286,418</u>	<u>1,362,870</u>	<u>116,264</u>	<u>26,415</u>	<u>402,682</u>	<u>1,389,285</u>
Net position, July 1 as originally reported	2,728,620	378,247	(4,105,685)	(4,132,100)	(1,377,065)	(3,753,853)
Prior period adjustments	2,459,973	987,503	-	-	2,459,973	987,503
Net position, July 1 as restated	<u>5,188,593</u>	<u>1,365,750</u>	<u>(4,105,685)</u>	<u>(4,132,100)</u>	<u>1,082,908</u>	<u>(2,766,350)</u>
Net position - June 30	<u>\$ 5,475,011</u>	<u>\$ 2,728,620</u>	<u>\$ (3,989,421)</u>	<u>\$ (4,105,685)</u>	<u>\$ 1,485,590</u>	<u>\$ (1,377,065)</u>

Revenue by Source

The two major revenue sources for the governmental activities are ad valorem taxes of \$6,291,066 and consolidated taxes (CTX) of \$4,734,093. These sources have historically grown at a rate that equals or exceeds inflation. We can reasonably expect ad valorem growth to remain consistent moving forward. The consolidated tax (CTX) distribution has exceeded inflation since its inception seven years ago. For the fiscal year, CTX revenue was (\$88,825) below State projections.

Reconsideration of state projections must be a concern with this effect on budgeting of revenue and expenditures in future budgets. What still remains a significant concern are the long-term effects of Nevada State Assembly Bill 489 (3% ad valorem revenue cap limitations) and the unintended consequences on the District's ability to meet future obligations. Additionally, a new Redevelopment plan was approved and adopted for the Stateline, NV area within the District. The District will be faced with providing increased fire and ambulance services to the designated redevelopment area, but will not be receiving any additional ad valorem revenue. The ad valorem revenue is designated for the redevelopment area only for the next 30 years.

Expenditures

For the most part, increases in expenses closely paralleled inflation and the growth in the demand for services.

Business-type Activities

The Ambulance Enterprise Fund is a proprietary fund that is used to account for the operations of the Ambulance services department. Enterprise funds are used to account for activities similar to those found in the private sector, where the Board has decided that the determination of revenue earned, costs incurred, and net income is necessary for management accountability. Goods and/or services from such activities are provided to outside parties and there is a charge for those goods and/or services. The Ambulance Enterprise Fund was created in the fiscal year ended June 30, 1986 with a voter approved 6-cent ad valorem tax override.

The District allocates fifteen Firefighter/Paramedics to the ambulance fund, which requires an ad valorem tax rate of 20 cents for fiscal year 2019/2020.

The 2019/2020 Ambulance Enterprise Fund budget reported budgeted user fees, excluding bad debt expense, of \$800,000. Actual user fees, excluding bad debt expense for the fiscal year ended June 30, 2020 were \$791,543. In addition, \$1,971,621 of ad valorem tax revenue from the 6-cent tax override plus .14 cent rate applied at the discretion of the Board was received for the fiscal year ended June 30, 2020. The Fund also received miscellaneous revenue of \$185,891 and transfers in from the governmental funds of \$800,000. The total revenue and transfers of \$3,448,106 will allow the District to allocate the costs of fifteen Firefighter/Paramedics to this fund.

Revenue – Ambulance Fund

	Fiscal Years Ended June 30,		Difference
	2020	2019	
Ad valorem taxes	\$ 1,971,621	\$ 1,843,701	\$ 127,920
Fee income (net of discount, allowances and bad debt)	490,594	638,615	(148,021)
Other income	185,891	152,411	33,480
Transfer in from General Fund	800,000	150,000	650,000
Total revenue and transfers in	\$ 3,448,106	\$ 2,784,727	\$ 663,379

Charges for business-type activities decreased by 23%. Total Fund Revenue increased by \$663,379 mostly due to an increase in transfers received from the General Fund.

Expenses – Ambulance Fund

Total expenses and transfers were \$3,331,841 for the fiscal year ended June 30, 2020. Operating transfers of \$587,282 to the General Fund (Health Insurance Reserve Special Revenue Fund included with the General Fund) are included in the total expenditure amount. Salaries, wages and benefits account for the largest percentage of expenses. Total salary, wage, and benefit expenses for the fiscal year ended June 30, 2020 were \$2,395,673. This is the result of allocating the total salaries, wages and benefits of fifteen Firefighters/Paramedics to this fund. Service and supplies expenses were \$255,877 and depreciation expense was \$93,009.

Depreciation is calculated on all of the capital assets that are purchased for the Enterprise Fund. These include ambulances, defibrillators, laptop computers, and some miscellaneous smaller items. These items are depreciated on the straight-line basis (equally) over each asset's estimated life from their date of purchase.

	Actual Fiscal Year 2020	Actual Fiscal Year 2019	Difference
Salaries and wages, benefits	2,395,673	1,945,709	\$ 449,964
Transfer to Health Insurance Fund	587,282	514,624	72,658
Services and supplies	255,877	198,368	57,509
Depreciation	93,009	99,711	(6,702)
Total expenses and transfers out	\$ 3,331,841	\$ 2,758,412	\$ 573,429

Business-type activities increased the TDFPD's net position by \$116,264.

Financial Analysis of the Government's Funds

Governmental Funds – The purpose TDFPD's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spend-able* resources. Such information is useful in assessing TDFPD's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, TDFPD's governmental funds reported combined ending fund balances of \$9,226,151 an increase of \$316,231 over the prior year. There was also a prior period adjustment increase of \$48,843.

Of the total fund balance, approximately 58% percent is assigned to specific expenses, and the remaining 42% or \$3,918,090 is unassigned and is available for spending at the Board's discretion.

The TDFPD's General Fund Ending Balance increased by \$102,437 during the current fiscal year. There was a prior period adjustment increase of \$48,843 to the General Fund ending balance.

Proprietary Funds

TDFPD's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net position (deficit) of the Ambulance Enterprise Fund at the end of the year amounted to \$(3,989,421). The total net increase in net position (deficit) was \$116,264.

General Fund Budgetary Highlights

The District experienced a decrease in state projections for CTX of \$88,825. Projecting revenue and future year budgeting must consider increased significant reliance on CTX and the reduced reliance on ad valorem taxes. In addition, future year budgeting must consider the far reaching and long-term effect COVID 19 will have on future CTX receipts and ad valorem tax receipts.

Capital Asset and Debt Administration

Capital Assets – TDPFD's investment in capital assets for its governmental fund and business type activities as of June 30, 2020 amounts to \$5,839,119 (net of accumulated depreciation). This investment in capital assets includes building and improvements, fire fighting vehicles, motor vehicles, equipment, and furniture and fixtures.

Capital asset events during the current fiscal year included the following:

	2020	2019
Ambulance motor vehicle equipment	179,024	\$ 248,759
Ambulance machinery and equipment	59,430	82,193
Fire Safe motor vehicle equipment	373,404	394,881
Fire Safe machinery and equipment	8,713	58,660
Fire Safe land	82,822	82,822
Fire Safe facility building and building improvements	370,470	376,941
Land	90,395	90,395
Buildings and building improvement	1,476,693	1,473,375
Firefighting vehicles	1,407,271	1,561,117
Motor vehicle equipment	1,280,173	1,161,765
Fire boat, lift-launch; pier const.	409,046	432,232
Furniture and fixtures	101,678	106,802
Total capital assets	\$ 5,839,119	\$ 6,069,942

Capital Asset and Debt Administration – continued

Capital Assets
(Net of depreciation)
June 30,

Ambulance Repurposing-work in progress	\$	508
Station 23 Paving		49,226
Station 24 Paving		17,260
Station 25 Paving		5,500
Station 21 Paving		5,275
Station 22 Paving		5,850
Zephyr Crew Supervisor Vehicle		63,916
Refrigerator		1,224
Station 24 Turnout Washer/Dyrer		8,640
Tire Machine		4,995
BC Rig		59,709
Mechanical Vehicle		119,829
Extraction Equipment		46,716
Admin Vehicles (Prevention) (2)		52,376
Bobcat		5,470
EOD Building - Construction documents		4,325
	<u>\$</u>	<u>450,819</u>

Additional information on TDFPD's capital assets can be found at Note 4 on page 35 of this report.

Long-Term Debt

At the end of the current fiscal year, the TDFPD had no bonded debt outstanding.

Economic Factors and Next Year's Budgets and Rates

- Due to the current economic environment, the State has maintained their projections in CTX revenue compared to last year's projections. The District remains restrained to reach the total allowable ad valorem due to Nevada State Assembly Bill 489, which imposes \$1,701,357 abatement on our available tax revenue. Our assessed valuation increased \$52,420,193 over the fiscal year ended June 30, 2020.
- The District is required to meet the long-term liability associated with retiree health insurance cost projections. The District has implemented a plan to attend to the long-term liability of retiree health insurance. Budget year 2020/2021 reflects a continuing allocation toward this liability. The TDFPD Post Retirement Trust funding in excess of liability as of December 31, 2019 was \$1,231,597.
- COVID 19 has and will continue to impact the daily operations and financial well-being of the District. Additional costs have been incurred to protect the District employees and those they serve from contracting and spreading the disease. CTX and property tax revenues may be negatively impacted as a result of the economic difficulties associated with COVID 19. The District is preparing for uncertain times ahead due to the pandemic.

- The District will be welcoming a new management team in the 2020/2021 fiscal year. Although the District daily operations will proceed as they have in the past, a new management team will certainly impact the District's planning, employee relations and other District matters.

All of these factors were considered in preparing TDFPD's budget for the 2021 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of TDFPD's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Tahoe Douglas Fire Protection District, P.O. Box 919, Zephyr Cove, NV. 89448.

Tahoe Douglas Fire Protection District

Statement of Net Position

June 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 8,665,334	\$ 143,436	\$ 8,808,770
Accounts receivable (net of allowance for uncollectible amounts of \$382,148)	-	285,589	285,589
Taxes receivable	840,870	3,714	844,584
Grant receivables	396,414	-	396,414
Other receivables	188,723	-	188,723
Internal balances	250,000	(250,000)	-
Capital assets, not being depreciated	173,217	-	173,217
Capital assets, being depreciated	5,427,450	238,452	5,665,902
Net OPEB asset - District Plan	1,231,597	-	1,231,597
Total assets	<u>17,173,605</u>	<u>421,191</u>	<u>17,594,796</u>
Deferred Outflows of Resources			
Net pension - related amounts	1,905,476	1,205,805	3,111,281
OPEB - related amounts	1,963,869	-	1,963,869
Total deferred outflows of resources	<u>3,869,345</u>	<u>1,205,805</u>	<u>5,075,150</u>
Total Assets and Deferred Outflows of Resources	<u>21,042,950</u>	<u>1,626,996</u>	<u>22,669,946</u>
Liabilities			
Accounts payable	581,842	10,492	592,334
Accrued payroll and benefits	321,628	-	321,628
Deposits	17,951	-	17,951
Noncurrent liabilities:			
Net pension liability	9,040,495	4,839,259	13,879,754
Net OPEB liability - PEBP	149,421	-	149,421
Compensated absences			
Due within one year	462,427	-	462,427
Due in more than one year	1,396,468	-	1,396,468
Total liabilities	<u>11,970,232</u>	<u>4,849,751</u>	<u>16,819,983</u>
Deferred Inflows of Resources			
Net pension - related amounts	1,305,690	766,666	2,072,356
OPEB - related amounts	2,292,017	-	2,292,017
Total deferred inflows of resources	<u>3,597,707</u>	<u>766,666</u>	<u>4,364,373</u>
Total Liabilities and Deferred Inflows of Resources	<u>15,567,939</u>	<u>5,616,417</u>	<u>21,184,356</u>
Net Position			
Net investment in capital assets	5,600,667	238,452	5,839,119
Unrestricted (deficit)	(125,656)	(4,227,873)	(4,353,529)
Total net position	<u>\$ 5,475,011</u>	<u>\$ (3,989,421)</u>	<u>\$ 1,485,590</u>

Tahoe Douglas Fire Protection District
Statement of Activities
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities						
Public safety	\$ 10,767,968	\$ 912,225	\$ 505,257	\$ (9,350,486)	\$ -	\$ (9,350,486)
Business-type activities						
Ambulance	2,744,559	490,594	6,041	-	(2,247,924)	(2,247,924)
Total primary government	<u>\$ 13,512,527</u>	<u>\$ 1,402,819</u>	<u>\$ 511,298</u>	<u>(9,350,486)</u>	<u>(2,247,924)</u>	<u>(11,598,410)</u>
General Revenues						
Ad valorem taxes				4,319,445	1,971,621	6,291,066
Unrestricted intergovernmental revenues - consolidated taxes				4,734,093	-	4,734,093
Unrestricted interest income				22,244	-	22,244
Miscellaneous revenue				773,840	179,849	953,689
Transfers				(212,718)	212,718	-
Total general revenues and transfers				<u>9,636,904</u>	<u>2,364,188</u>	<u>12,001,092</u>
Change in Net Position				<u>286,418</u>	<u>116,264</u>	<u>402,682</u>
Net Position, Beginning of Year, as Originally Reported				2,728,620	(4,105,685)	(1,377,065)
Prior Period Adjustment				<u>2,459,973</u>	<u>-</u>	<u>2,459,973</u>
Net Position, Beginning of Year, as Restated				<u>5,188,593</u>	<u>(4,105,685)</u>	<u>1,082,908</u>
Net Position, End of Year				<u>\$ 5,475,011</u>	<u>\$ (3,989,421)</u>	<u>\$ 1,485,590</u>

Tahoe Douglas Fire Protection District
Balance Sheet – Governmental Funds
June 30, 2020

	General (GAAP Basis)	Capital Projects	Sick Leave Reserve	Special Services	Fire Safe Community Service	Fire Flow Initiative	Total Governmental Funds
Assets							
Cash and investments	\$ 5,826,410	\$ 400,055	\$ 382,218	\$ 308,406	\$ 1,322,322	\$ 425,923	\$ 8,665,334
Receivables							
Taxes receivable	839,384	371	186	-	929	-	840,870
Grant receivables	268,375	-	-	-	128,039	-	396,414
Due from other funds	-	-	-	-	250,000	-	250,000
Other receivables	66,202	-	-	-	122,521	-	188,723
Total assets	\$ 7,000,371	\$ 400,426	\$ 382,404	\$ 308,406	\$ 1,823,811	\$ 425,923	\$ 10,341,341
Liabilities							
Accounts payable	\$ 521,221	\$ 5,470	\$ -	\$ 614	\$ 54,489	\$ 48	\$ 581,842
Deposits	17,951	-	-	-	-	-	17,951
Accrued payroll and benefits	225,024	-	39,557	-	57,047	-	321,628
Total liabilities	764,196	5,470	39,557	614	111,536	48	921,421
Deferred Inflows of Resources							
Unavailable revenue	14,412	-	-	-	179,357	-	193,769
Fund Balances							
Assigned	2,303,673	394,956	342,847	307,792	1,532,918	425,875	5,308,061
Unassigned	3,918,090	-	-	-	-	-	3,918,090
Total fund balances	6,221,763	394,956	342,847	307,792	1,532,918	425,875	9,226,151
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,000,371	\$ 400,426	\$ 382,404	\$ 308,406	\$ 1,823,811	\$ 425,923	\$ 10,341,341

Tahoe Douglas Fire Protection District
 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
 June 30, 2020

Total fund balances - total governmental funds \$ 9,226,151

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds.

Governmental capital assets	12,570,166	
Less accumulated depreciation	<u>(6,969,499)</u>	5,600,667

The net OPEB asset (District Plan) cannot be used as a current financial resource to finance general operations, and, therefore, is not reported in the funds. 1,231,597

Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the funds.

Net OPEB liability - PEBP	(149,421)	
Compensated absences payable	(1,858,895)	
Net pension liability	<u>(9,040,495)</u>	(11,048,811)

Deferred outflows and inflows of resources related to pensions and other post-employment benefits are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred outflows of resources related to pensions	1,905,476	
Deferred outflows of resources related to OPEB	1,963,869	
Deferred inflows of resources related to pensions	(1,305,690)	
Deferred inflows of resources related to OPEB	<u>(2,292,017)</u>	271,638

Deferred inflows of resources represent amounts that are not available to fund current expenditures, and therefore, are not reported as revenues in the governmental funds.

Deferred inflows related to contract revenue		<u>193,769</u>
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Net position of governmental activities \$ 5,475,011

Tahoe Douglas Fire Protection District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2020

	General (GAAP Basis)	Capital Projects	Sick Leave Reserve	Special Services	Fire Safe Community Service	Fire Flow Initiative	Total Governmental Funds
Revenues							
Taxes							
Ad valorem	\$ 3,530,547	\$ 196,909	\$ 98,768	\$ -	\$ 493,221	\$ -	\$ 4,319,445
Intergovernmental							
Consolidated tax	4,734,093	-	-	-	-	-	4,734,093
Plan check fee	109,882	-	-	-	-	-	109,882
Interest income	21,069	254	126	-	795	-	22,244
Grants	268,375	-	-	48,179	181,580	-	498,134
Contracts and strike team	131,342	-	-	29,000	565,199	-	725,541
Local contributions	-	-	-	6,488	-	-	6,488
Other income	113,208	-	-	11,682	623,475	-	748,365
Total revenues	8,908,516	197,163	98,894	95,349	1,864,270	-	11,164,192
Expenditures							
Current - public safety							
Salaries and wages	4,235,903	-	127,830	85,000	945,800	-	5,394,533
Employee benefits	3,092,889	-	-	-	179,533	-	3,272,422
Services and supplies	1,236,553	-	-	77,243	238,050	445	1,552,291
Capital outlay	70,708	289,095	-	4,325	69,767	-	433,895
Total expenditures	8,636,053	289,095	127,830	166,568	1,433,150	445	10,653,141
Excess (Deficiency) of Revenues Over Expenditures	272,463	(91,932)	(28,936)	(71,219)	431,120	(445)	511,051
Other Financing Sources (Uses)							
Proceeds from sale of equipment							
	-	17,898	-	-	-	-	17,898
Transfers in	729,974	-	-	100,000	-	-	829,974
Transfers out	(900,000)	-	-	-	(142,692)	-	(1,042,692)
Total other financing sources (uses)	(170,026)	17,898	-	100,000	(142,692)	-	(194,820)
Net Change in Fund Balances	102,437	(74,034)	(28,936)	28,781	288,428	(445)	316,231
Fund Balances, Beginning of Year as Originally Reported	6,070,483	468,990	371,783	279,011	1,244,490	426,320	8,861,077
Prior Period Adjustment	48,843	-	-	-	-	-	48,843
Fund Balance, Beginning of Year, as Restated	6,119,326	468,990	371,783	279,011	1,244,490	426,320	8,909,920
Fund Balances, End of Year	\$ 6,221,763	\$ 394,956	\$ 342,847	\$ 307,792	\$ 1,532,918	\$ 425,875	\$ 9,226,151

Tahoe Douglas Fire Protection District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2020

Net change in fund balances - total governmental funds \$ 316,231

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures and the proceeds from
the sale of assets as other financing sources. However, in the statement of
activities, the cost of those assets is depreciated over their estimated useful
lives and only the gain or loss is recorded when the assets are sold.

Expenditures for capital assets	450,311	
Proceeds from sale of assets	(17,898)	
Loss on disposition of capital assets	(43,020)	
Current year depreciation	<u>(527,715)</u>	(138,322)

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

Change in unavailable revenue	102,912
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Expenses reported in the statement of activities that do not require the use of current
financial resources are not reported as expenditures in governmental funds.

Change in compensated absences payable	(137,749)
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Governmental funds report the District pension and other post-employment
benefit contributions as expenditures. However, in the statement of activities,
the cost of pension and other post-employment benefits earned is reported
as pension or other post-employment expense.

District pension contributions	595,985	
District pension expense	(840,254)	
Change in net OPEB asset - District Plan	1,441,993	
Change in net OPEB liability - PEBP	(31,404)	
Change in deferred outflows of resources - OPEB related	462,527	
Change in deferred inflows of resources - OPEB related	<u>(1,485,501)</u>	<u>143,346</u>

Change in net position of governmental activities	<u>\$ 286,418</u>
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Tahoe Douglas Fire Protection District
Statement of Net Position – Ambulance Fund
June 30, 2020

Assets	
Current assets	
Cash	\$ 143,436
Accounts receivable (net of allowance for uncollectible amounts of \$382,148)	285,589
Taxes receivable	<u>3,714</u>
Total current assets	<u>432,739</u>
Equipment	
Motor vehicles	873,257
Other equipment	<u>578,739</u>
	1,451,996
Less accumulated depreciation	<u>(1,213,544)</u>
Equipment, net	<u>238,452</u>
Total assets	<u>671,191</u>
Deferred Outflows of Resources	
Net pension - related amounts	<u>1,205,805</u>
Liabilities	
Current liabilities	
Accounts payable	10,492
Due to other funds	<u>250,000</u>
Total current liabilities	260,492
Noncurrent liabilities	
Net pension liability	<u>4,839,259</u>
Total liabilities	<u>5,099,751</u>
Deferred Inflows of Resources	
Net pension - related amounts	<u>766,666</u>
Net Position	
Net investment in capital assets	238,452
Unrestricted (deficit)	<u>(4,227,873)</u>
Total net position	<u><u>\$ (3,989,421)</u></u>

Tahoe Douglas Fire Protection District
Statement of Revenues, Expenses, and Changes in Net Position – Ambulance Fund
Year Ended June 30, 2020

Operating Revenues	
Charges for services (net of discounts and bad debt)	\$ 490,594
Operating Expenses	
Salaries and wages	1,465,392
Employee benefits	930,281
Services and supplies	255,877
Depreciation	93,009
Total operating expenses	<u>2,744,559</u>
Operating Loss	<u>(2,253,965)</u>
Non-operating Revenues	
Ad valorem taxes	1,971,621
Grant income	6,041
Other income	179,849
Total non-operating revenues	<u>2,157,511</u>
Loss Before Transfers	(96,454)
Transfers in (out)	
Operating transfers in	800,000
Operating transfers out	<u>(587,282)</u>
Total transfers	<u>212,718</u>
Change in Net Position	116,264
Net Position, Beginning of Year	<u>(4,105,685)</u>
Net Position, End of Year	<u><u>\$ (3,989,421)</u></u>

Tahoe Douglas Fire Protection District
Statement of Cash Flows – Ambulance Fund
Year Ended June 30, 2020

Operating Activities	
Cash received from customers	\$ 559,245
Cash received from others	185,890
Cash paid to suppliers for goods and services	(253,533)
Cash paid to employees for salaries and benefits	<u>(2,339,206)</u>
Net Cash used for Operating Activities	<u>(1,847,604)</u>
Noncapital Financing Activities	
Cash from ad valorem taxes	1,970,093
Transfers from other funds	800,000
Transfers to other funds	<u>(829,282)</u>
Net Cash from Noncapital Financing Activities	<u>1,940,811</u>
Capital and Related Financing Activities	
Purchases of equipment	<u>(508)</u>
Net Change in Cash and Cash Equivalents	92,699
Cash and Cash Equivalents, Beginning of Year	<u>50,737</u>
Cash and Cash Equivalents, End of Year	<u>\$ 143,436</u>
Operating Loss	<u>\$ (2,253,965)</u>
Adjustments to Reconcile Operating Loss to Net Cash from (used for) Operating Activities	
Depreciation	93,009
Grant income	6,041
Other income	179,849
Changes in assets and liabilities	
Accounts receivable	68,651
Accounts payable	2,344
Pension related amounts	<u>56,467</u>
Total Adjustments	<u>406,361</u>
Net Cash used for Operating Activities	<u>\$ (1,847,604)</u>

Tahoe Douglas Fire Protection District
Statement of Fiduciary Net Position
June 30, 2020

	<u>Post-Retirement Plan & Trust</u>
Assets	
Cash and investments	<u>\$ 12,523,839</u>
Liabilities	
Benefits payable	<u>38,826</u>
Net position restricted for postemployment benefits other than pensions	<u><u>\$ 12,485,013</u></u>

Tahoe Douglas Fire Protection District
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2020

	Post-Retirement Plan & Trust
Additions	
Employer contributions	<u>\$ 642,651</u>
Investment income (loss)	
Net decrease in fair value of investments	1,992,146
Interest and dividends	274,967
Less investment expense	<u>(3,158)</u>
Net investment income (loss)	<u>2,263,955</u>
Total additions	<u>2,906,606</u>
Deductions	
Benefit payments	602,084
Administrative expenses	<u>32,246</u>
Total deductions	<u>634,330</u>
Change in Net Position	2,272,276
Net Position, Beginning of Year	<u>10,212,737</u>
Net Position, End of Year	<u><u>\$ 12,485,013</u></u>

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

Tahoe Douglas Fire Protection District (the "District") provides fire protection and ambulance services. The District is located in Douglas County, Nevada.

The District is governed by an elected Board of Trustees. The financial statements of the District consist of the funds of the District for which the District is considered to be financially accountable.

The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* and in GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. These standards require the inclusion in the District's financial statements of fiduciary component units if the District has control of the assets and if the following criteria are met:

- 1) If the District appoints a voting majority and either has financial burden (legally or assumed) to make contributions or has imposition of will.
- 2) If the District does not appoint a voting majority and has both a financial burden (legally or assumed) to make contributions and there is fiscal dependency on the District.

Therefore, due to the above criteria, the Tahoe Douglas Fire Protection District Post Retirement Plan & Trust (the "Trust") is considered to be a fiduciary component unit of the District.

The Trust was created under the general laws of Nevada and established as a voluntary employee benefit association (VEBA) pursuant to the Internal Revenue Service (IRS) Code 501(c)(9). Tax exempt status was granted by the IRS on December 20, 2011. The Trust was created for the sole purpose of receiving irrevocable contributions to provide post-retirement health insurance benefits to retirees of the District in accordance with the terms of the Trust. Trust assets are legally protected from creditors of the District.

The Trust is administered by a five-member board to provide healthcare benefits to retired District employees and their beneficiaries. The members of the five-member board consist of two administrative trustees (Fire Chief and another designated member), two union representatives, and one independent accountant.

The Trust's financial reporting period ends on December 31. Therefore, the amounts reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position are as of and for the year ended December 31, 2019.

Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and the Statement of Activities) report information about the activities of the District. 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 support. Eliminations have been made to minimize the double counting of internal activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. Direct expenses are those that are specifically associated with a specific function or business-type activity. *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 or business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items properly not included among program revenues are reported instead as *general revenues*.

The fund financial statements provide information about the funds of the District. Separate financial statements are provided for each fund category – *governmental funds, proprietary funds, and fiduciary funds*, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds, and the major individual enterprise fund, are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. 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 are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *measurable* when the amount of the transaction can be determined and *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. When revenues are due but will not be collected within this 60-day period, the receivable is recorded, and an offsetting deferred inflow of resources account is established. Thus, in subsequent periods, when both revenue recognition criteria are met, the deferred inflow of resources is removed, and revenue is recognized. Expenditures generally are recorded when liabilities are incurred, as under accrual accounting. However, expenditures related to compensated absences, post-employment benefits, and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenue (consolidated tax), and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Other revenue items are considered to be measurable and available only when cash is received by the District.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's ambulance function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The District reports the following major governmental funds:

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 another fund.

The *Capital Projects Fund* is used to account for resources to be used for the acquisition of general capital assets.

The *Sick Leave Reserve* fund is a special revenue fund dedicated specifically and exclusively to fund the District's sick leave obligation. Expenses are funded primarily through dedicated ad valorem taxes.

The *Special Services Fund* is a special revenue fund used to account for the operations of all non-fire related activities of the District. Funding is primarily derived from grants obtained during the year.

The *Fire Safe Community Service Fund* is a special revenue fund used for all aspects of the fuels management program. Funding is primarily derived from the voter-approved tax override, passed in November of 2008, and federal grants obtained during the year.

The *Fire Flow Initiative* fund is a special revenue fund for the acquisition, operations and maintenance of water supply apparatus, including fireboat(s), water tender(s), a Public Safety Pier, and other infrastructure, capital improvements, or equipment necessary to meet the Fire Flow Initiative Business Plan. Funding is primarily derived through donations and fees by homeowners who have opted to participate in the program.

The District reports the following major enterprise fund:

The *Ambulance Enterprise Fund* is used to account for the operations of the ambulance department. Enterprise funds are used to account for activities similar to those found in the private sector, where the Board has decided that the determination of revenues earned, costs incurred, and net income is necessary for management accountability. Goods or services from such activities are provided to outside parties.

The District reports the following fiduciary fund:

The District's fiduciary fund is for the Tahoe Douglas Fire Protection Post Retirement Plan & Trust and is accounted for on the accrual basis of accounting. The Trust does not present the results of operations of the District or have a measurement focus and is thus, excluded from government-wide financial statements of the District.

Budgetary Information

The District adheres to the Local Government Budget and Finance Act incorporated within the statutes of the State of Nevada, which include the following major procedures to establish the budgetary data, which is reflected in these financial statements:

1. On or before April 15, the Board Trustees files a tentative budget with the Nevada Department of Taxation for all funds.
2. Public hearings on the tentative budget are held and 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 Department of Taxation for compliance with State laws and regulations. In any year in which legislative action, which was not anticipated, affects the local government's final budget, the Board may file an amended final budget within 30 days of adjournment of the legislative session.
3. Formal budgetary integration in the financial records of all funds is employed to enhance management control during the year. Unencumbered appropriations lapse at the end of the year.
4. Budgets for all externally reported funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Pursuant to Nevada Revised Statute 354.598005 the person designated to administer the budget may transfer appropriations within any function. Budget amounts may be transferred between functions within a fund if the governing body is advised of the action at the next regular meeting and the action is recorded in the official minutes of the meeting. Transfer of appropriations between funds or from the contingency account or budget augmentations in excess of original budgetary amounts may not be made without prior approval of the Board of Trustees, following a scheduled and noticed public hearing, as necessary. The budget was augmented as set forth above during the year. In accordance with state statute, actual expenditures generally may not exceed budgetary appropriations of the public safety function of the General Fund, Special Revenue Funds, and Capital Projects Fund. The sum of operating and non-operating expenses in Proprietary Funds also may not exceed total appropriations.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with an original maturity of three months or less.

Investments

District investments are reported at fair value determined by quoted market prices, and changes in fair value are included in investment income. The Trust participates in the State of Nevada Retirement Benefits Investment Fund (RBIF), an external investment pool. The Trust's net earnings from the external investment pool is based on the Trust's original investment plus a monthly allocation of investment income, including realized and unrealized gains and losses, which is the same as the value of the pool shares.

Receivables

The District makes no provision for estimated uncollectible ad valorem taxes receivable. Adequate legal remedies are presently available to enforce the collection of such taxes and any taxes which may prove uncollectible should not be material in amount. Therefore, management does not anticipate any material collection losses in respect to the receivable balances.

Accounts receivable in the proprietary fund are due for ambulance services. Accounts receivable are net of an allowance for uncollectible accounts.

Capital Assets

Capital assets, which include buildings, improvements, equipment and vehicles, are capitalized and reported in the applicable governmental or business-type activities columns in the government-wide financial statements. For governmental fund types, outlays for capital assets are expensed during the current period. The District defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years.

Capital assets are recorded at cost for purchased or constructed assets. Donated capital assets are recorded at acquisition value at the date of donation.

Depreciation and amortization is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Ambulances	5
Equipment	3-20
Building and improvements	50

The District reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there was no impairment at June 30, 2020.

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The liability for compensated absences is calculated under the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund statements. A liability for these amounts is reported in the governmental funds only if they have matured as a result of employee resignations and retirements; costs are recorded as payroll costs only when the accumulated benefits are paid or accrued as a result of a termination of service.

Upon death or separation of employment, employees are compensated in accordance with either their collective bargaining agreement or individual employment contract.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Nevada (PERS) and additions to/deductions from PERS' 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 contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position, Governmental Funds Balance Sheet, and Proprietary Fund Statement of Net Position may report a separate section for deferred outflows of resources. This separate financial statement element represents the consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District recognizes deferred outflow of resources as it relates to the net pension liability and other post-employment benefits (OPEB) liability/asset.

In addition to liabilities, the Statement of Net Position, Governmental Funds Balance Sheet, and Proprietary Fund Statement of Net Position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents and acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District recognizes deferred inflow of resources as it relates to the net pension liability and the OPEB liability/asset on the Statement of Net Position. In addition, the District recognizes deferred inflows of resources as they relate to charges for services and grants.

Equity Classifications

In the government-wide and proprietary fund financial statements, equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if applicable.
- Restricted Net Position – Consists of net position with constraints placed on its use either by (1) external groups such as creditors, contributors, or laws or regulations; (2) law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – All other net position that does not meet the definition of restricted or net investment in capital assets.

In the fund financial statements, governmental fund equity is reported as fund balances and is classified into a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in fund financial statements are as follows:

- Non spendable fund balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- Restricted fund balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.
- Committed fund balance – Amounts that can only be used for specific purposes imposed by majority vote of quorum of the District's governing body (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by the governing body.
- Assigned fund balance – The portion of fund balance that the District intends to use for specific purposes imposed by majority vote of quorum of the District's governing body (highest level of decision-making authority). Any changes or removal of assignments requires majority action by the governing body. The assigned fund balance may also include amounts necessary to fund budgetary shortfalls in the next fiscal year from unassigned resources as approved by the governing body as part of the annual budget submitted to the State.
- Unassigned fund balance – The portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned amounts are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally, unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

Property Taxes

All real property in the District is assigned a parcel number in accordance with state law, with each parcel being subject to physical reappraisal every five years. A factoring system is used to adjust the appraised value during the years between physical appraisals. The valuation of the property and its improvements is being assessed at 35 percent of "taxable value" as defined by statute. The amount of tax levied is determined by multiplying the assessed value by the tax rate applicable to the area in which the property is located. The maximum tax rate was established in the State Constitution at \$5 per \$100 of assessed valuation; however, as a result of the legislative action, the tax rate was further limited to \$3.64 per \$100 of assessed valuation, except in cases of severe financial emergency defined in NRS 354.705.

Taxes on real property are a lien on the property and attach on July 1 of the year for which the taxes are levied. Taxes may be paid in four installments payable on the third Monday in August, and the first Mondays in October, January, and March, to the Treasurer of Douglas County. 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 taxes remain unpaid, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by the owner and such persons as described by statute by paying all back taxes and accumulated penalties, interest, and costs before sale.

Taxes on personal property are collected currently. Personal property declarations are mailed out annually and the tax is computed using percentages of taxable values established by the Department of Taxation and tax rates described above.

The major classifications of personal property are commercial and mobile homes. In Douglas County, taxes on motor vehicles are collected by a State agency and remitted to the District as part of Consolidated Tax revenue.

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.

Implementation of GASB Statement No. 84 and 97

As of July 1, 2019, the District adopted GASB Statement No. 84, *Fiduciary Activities*. This standard's objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes. This Statement describes four fiduciary funds that should be reported in the basic financial statements: 1) pension (and other employee benefit) trust funds, 2) investment trust funds, 3) private-purpose trust funds, and 4) custodial funds.

As of July 1, 2019, the District adopted GASB Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This standard's primary objective was to address consistency and comparability for fiduciary component units without a governing board, mitigate costs with reporting of certain defined contribution plans and enhance relevance, consistency, and comparability of the accounting and financial reporting for IRS Section 457 deferred compensation plans. However, this Statement also clarified the definition of financial burden under GASB 84, as it relates to defined benefit OPEB plans.

The implementation of these two standards required the inclusion of the Tahoe Douglas Fire Protection District Retirement Plan & Trust as a fiduciary component unit of the District.

Note 2 - Compliance with Nevada Revised Statutes and Administrative Code

The District conformed to all significant statutory constraints in its financial administration during the year.

Note 3 - Cash and Investments

A summary schedule of cash and investments for the District at June 30, 2020 is as follows:

Governmental funds	\$ 8,665,334
Proprietary fund	143,436
Fiduciary fund	<u>12,523,839</u>
	<u>\$ 21,332,609</u>

Pursuant to Nevada Revised Statutes 355.170, the District may 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.
- Certificates of deposit from commercial banks and insured savings and loan associations.
- Other securities expressly provided by other statutes, including repurchase agreements.
- Certain securities issued by local governments of the State of Nevada.
- Certain bankers' acceptances, commercial paper issued by a corporation organized and operating in the United States, and money market mutual funds.

The District has adopted a formal investment policy to comply with the requirements of Nevada Revised Statutes 355.170. Therefore, the policy does not further limit the District's investment choices nor further limit its exposure to certain risks.

The Trust has an established investment policy. Under the policy, the Trust's assets are limited to investments in the State of Nevada's Retirement Benefits Investment Fund (RBIF); and any investment authorized pursuant to Nevada Revised Statute (NRS) 355.170.

The Trust invests its assets in the RBIF. The RBIF was established pursuant to NRS 355.220 and is administered by the Retirement Benefits Investment Board (RBIB) as an unrated external investment pool. The RBIF is not registered with the Securities and Exchange Commission (SEC) as an investment company. Each participant acts as fiduciary for its share of the RBIF and is allocated earnings and expenses according to their proportional share in RBIF. Bank of New York, Mellon determines the fair value of the RBIF monthly. RBIF is valued at the carrying value based on the net asset value (NAV) of observable market prices of the underlying assets within the RBIF. The Trust's investment in RBIF is reported in an amount equal to the original investment, less liabilities (none noted) and plus or minus the monthly allocation of interest and dividend income and realized and unrealized gains and losses. Investments can be withdrawn once per month, with five business days written notice, in an amount equal to the original investment plus or minus the monthly allocation of earnings. Complete financial information on RBIF as of June 30, 2019 can be obtained by contacting Public Employees Retirement System (PERS) at 693 W. Nye Lane, Carson City, NV 89703.

The RBIF asset class is generally comprised of a combination of fixed income, marketable equity and international securities. The annual money-weighted rate of return on investments, net of investment expenses, was 6.70%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 1 or Level 3 inputs.

The District's cash and investments, including the recurring fair value measurement of investments, is as follows at June 30, 2020:

Certificates of deposit (Level 2)	\$ 603,394
Retirement benefits investment fund	12,385,167
Trust's cash in bank - insured	138,672
Cash in brokerage - uncollateralized	1,090,789
Cash in bank - collateralized	<u>7,114,587</u>
 Total cash and investments	 <u>\$ 21,332,609</u>

Interest Rate Risk – the risk of possible reduction in the value of a security, especially a bond, resulting from a rise in interest rates. As noted above, the District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates beyond those specified in the Statute. At June 30, 2020, the District's certificates of deposit all had maturities of less than one year.

Credit Risk – the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality rating of investments. The certificates of deposit, as noted above, are unrated as they are fully insured by the FDIC.

Custodial Credit Risk – the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District’s bank deposits are covered by FDIC insurance and collateralized by the office of the State of Nevada Collateral Pool. The District has amounts on deposit with a brokerage that is covered by Securities Investor Protection Corporation (SIPC) insurance of up to \$250,000 for deposits awaiting investment. The District had uninsured deposits of \$840,790 at June 30, 2020. All of the Trust’s bank deposits were covered by the FDIC.

Note 4 - Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Governmental Activities				
Nondepreciable assets				
Land	\$ 173,217	\$ -	\$ -	\$ 173,217
Depreciable assets				
Building and improvements	3,798,912	77,261	(16,418)	3,859,755
Firefighting vehicles	3,842,700	-	(280,406)	3,562,294
Motor vehicles and equipment	3,516,320	363,186	(60,000)	3,819,506
Furniture and fixtures	682,384	9,864	-	692,248
Fire boat	463,146	-	-	463,146
Total depreciable assets	<u>12,303,462</u>	<u>450,311</u>	<u>(356,824)</u>	<u>12,396,949</u>
Less accumulated depreciation				
Building and improvements	(1,950,242)	(73,731)	-	(2,023,973)
Firefighting vehicles	(2,281,582)	(153,846)	280,406	(2,155,022)
Motor vehicles and equipment	(1,903,115)	(261,406)	15,500	(2,149,021)
Furniture and fixtures	(571,836)	(15,546)	-	(587,382)
Fire boat	(30,915)	(23,186)	-	(54,101)
	<u>(6,737,690)</u>	<u>(527,715)</u>	<u>295,906</u>	<u>(6,969,499)</u>
Capital assets being depreciated, net	<u>5,565,772</u>	<u>(77,404)</u>	<u>(60,918)</u>	<u>5,427,450</u>
Governmental activities capital assets, net	<u>\$ 5,738,989</u>	<u>\$ (77,404)</u>	<u>\$ (60,918)</u>	<u>\$ 5,600,667</u>

The increase in accumulated depreciation for governmental activities includes depreciation expense of \$527,715 charged to the public safety function.

Tahoe Douglas Fire Protection District

Notes to Financial Statements

June 30, 2020

Capital asset activity for business-type activities for the year ended June 30, 2020, was as follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2020</u>
Business-type Activities				
Depreciable assets				
Motor vehicles	\$ 872,749	\$ 508	\$ -	\$ 873,257
Other equipment	578,739	-	-	578,739
	<u>1,451,488</u>	<u>508</u>	<u>-</u>	<u>1,451,996</u>
Less accumulated depreciation				
Motor vehicles	(623,989)	(70,244)	-	(694,233)
Other equipment	(496,546)	(22,765)	-	(519,311)
	<u>(1,120,535)</u>	<u>(93,009)</u>	<u>-</u>	<u>(1,213,544)</u>
Business-type activities capital assets, net	<u>\$ 330,953</u>	<u>\$ (92,501)</u>	<u>\$ -</u>	<u>\$ 238,452</u>

Note 5 - Long-Term Liabilities

The District does not have any general obligation bonds outstanding as of June 30, 2020. Long-term liability activity for the year ended June 30, 2020, was as follows:

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>	<u>Due in</u> <u>One Year</u>
Compensated absences	<u>\$ 1,721,146</u>	<u>\$ 564,982</u>	<u>\$ (427,233)</u>	<u>\$ 1,858,895</u>	<u>\$ 462,427</u>

Compensated absences are generally liquidated from the General Fund or Sick Leave Reserve Fund.

Note 6 - Interfund Activity

The composition of interfund balances as of June 30, 2020, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Fire Safe Community Service Fund	Ambulance Fund	<u>\$ 250,000</u>

The above interfund balances as of June 30, 2020 are generally short-term loans to cover temporary cash deficits in various funds. They are expected to be repaid in the next fiscal year.

Tahoe Douglas Fire Protection District

Notes to Financial Statements

June 30, 2020

Interfund transfers for the year ended June 30, 2020, consisted of the following:

Transfers out:	Transfers in:			Total
	Special Services Fund	Proprietary (Ambulance Fund)	General Fund	
General Fund	\$ 100,000	\$ 800,000	\$ -	\$ 900,000
Proprietary (Ambulance Fund)	-	-	587,282	587,282
Fire Safe Community Service Fund	-	-	142,692	142,692
	<u>\$ 100,000</u>	<u>\$ 800,000</u>	<u>\$ 729,974</u>	<u>\$ 1,629,974</u>

Transfers are used primarily to move funds to the General Fund to ensure appropriate funds are accumulated for future needs and to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations.

The transfer from the General Fund to the Special Services fund was used for certain payroll costs.

The transfer from the General Fund to the Proprietary Fund was used for operational expenditures.

The transfers to the General Fund were used to pay health insurance costs.

Note 7 - Governmental Fund Balances

Governmental fund balances are composed of the following as of June 30, 2020:

	General	Capital Projects	Sick Leave Reserve	Special Services	Fire Safe Community Service	Fire Flow Initiative	Total
Fund Balances							
Assigned for:							
Subsequent budget's shortfall	\$ 1,867,209	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,867,209
Capital projects	-	394,956	-	-	-	-	394,956
Employee benefits	436,464	-	342,847	-	-	-	779,311
Public safety grants	-	-	-	307,792	-	-	307,792
Fuels management	-	-	-	-	1,532,918	-	1,532,918
Fire flow initiative	-	-	-	-	-	425,875	425,875
Total Assigned	<u>2,303,673</u>	<u>394,956</u>	<u>342,847</u>	<u>307,792</u>	<u>1,532,918</u>	<u>425,875</u>	<u>5,308,061</u>
Unassigned	<u>3,918,090</u>	-	-	-	-	-	<u>3,918,090</u>
Total Fund Balances	<u>\$ 6,221,763</u>	<u>\$ 394,956</u>	<u>\$ 342,847</u>	<u>\$ 307,792</u>	<u>\$ 1,532,918</u>	<u>\$ 425,875</u>	<u>\$ 9,226,151</u>

Note 8 - Defined Benefit Pension Plan*Plan Description*

The District contributes to the Public Employees' Retirement System of the State of Nevada (PERS). PERS administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both Regular and Police/Fire members. PERS was established by the Nevada Legislature in 1947, effective July 1, 1948. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

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 PERS on or after January 1, 2010 and July 1, 2015.

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 as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering PERS on or after January 1, 2010, there is a 2.5% multiplier, and for members entering on or after July 1, 2015, there is a 2.25% factor. PERS 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.

Vesting

Regular members entering PERS prior to January 1, 2010 are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service. Regular members entering PERS on or after July 1, 2015 are eligible for retirement at age 65 with five years of service, or at age 62 with ten years of service, or at age 55 with thirty years of service, or at any age with 33 1/3 years of service.

Police/Fire members entering PERS prior to January 1, 2010 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 PERS on or after January 1, 2010, are eligible for retirement at 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. Police/Fire members entering PERS on or after July 1, 2015, 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 33 1/3 years of service. Only service performed in a position as a police officer or firefighter may be counted towards to eligibility for retirement as Police/Fire accredited service.

The normal ceiling limitation on monthly benefits 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. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. One plan provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only. The District contributes under the employer-pay contribution (EPC) option.

Under the employer-pay provisions, the contributions made by employers on behalf of employees are not credited to the member's PERS account and are not refunded upon termination. For employees covered by the employer-pay provisions, average compensation is increased by half the total contributions made by the District and may not be less than it would have been if contributions had been made by the member and the employer separately.

PERS' basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund PERS on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

The actuary funding method used is the Entry Age Actuarial Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal year ended June 30, 2020, the Statutory Employer/employee matching rates were 15.25% for Regular and 22.00% for Police/Fire. The Employer-pay contribution (EPC) rate was 29.25% for Regular and 42.50% for Police/Fire.

For the fiscal year ended June 30, 2019, the Statutory Employer/employee matching rates were 14.50% for Regular and 20.75% for Police/Fire. The Employer-pay contribution (EPC) rate was 28.00% for Regular and 40.50% for Police/Fire.

The District's contributions were \$1,032,892 for the year ended June 30, 2020.

PERS Investment Policy

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

The following was the PERS Board adopted policy target asset allocation as of June 30, 2019:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Geometric Expected Real Rate of Return</u>
Domestic Equity	42%	5.50%
International Equity	18%	5.50%
Domestic Fixed Income	28%	0.75%
Private Markets	12%	6.65%

As of June 30, 2019, PERS' long-term inflation assumption was 2.75%.

Net Pension Liability

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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 proportionate share of the net pension liability was based on the District's share of contributions in the PERS pension plan relative to the contributions of all participating PERS employers. At June 30, 2019, the District's proportion was 0.10179 percent, which is a decrease of .00274 from the proportion measured as of June 30, 2018.

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the District as of June 30, 2020, calculated using the discount rate of 7.50%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current discount rate:

	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Net pension liability	\$ 21,491,119	\$ 13,879,754	\$ 7,552,778

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website.

Actuarial Assumptions

The District’s net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Payroll growth	5.00%, including inflation
Investment rate of return	7.50%
Productivity pay increases	0.50%
Projected salary increases	Regular: 4.25% to 9.15%, depending on service Police/Fire: 4.55% to 13.90%, depending on service Rates include inflation and productivity increases
Consumer Price Index	2.75%
Other assumptions	Same as those used in the June 30, 2019 funding actuarial valuation

Mortality rates for healthy members were based on the Headcount-Weighted RP-2014 Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. For ages less than 50, mortality rates are based on the Headcount-Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for healthy annuitants at age 50 to the mortality rate for employees at age 50. The mortality rates are then projected to 2020 with Scale MP-2016. Morality rates for disabled were based on the Headcount-Weighted RP-2014 Disabled Retiree Table, set forward four years. Mortality rates for pre-retirement were based on Headcount-Weighted RP-2014 Employee Table, projected to 2020 with Scale MP-2016. The additional projection of six years is a provision made for future mortality improvement.

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of an experience study for the period from July 1, 2020, through June 30, 2016.

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan’s fiduciary net position at June 30, 2019, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

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

For the year ended June 30, 2020, the District recognized pension expense of \$1,333,628. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 520,475	\$ 400,344
Changes of assumptions	564,849	-
Net difference between projected and actual earnings on investments	-	690,468
Changes in proportion and difference between actual contributions and proportionate share of contributions	993,065	981,544
Contributions subsequent to the measurement date	1,032,892	-
	<u>\$ 3,111,281</u>	<u>\$ 2,072,356</u>
Total		

Deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date in the amount of \$1,032,892 will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined at July 1, 2019 (the beginning of the measurement period ended June 30, 2019) is 6.18 years.

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

<u>Fiscal Year Ending June 30,</u>	
2021	\$ (66,747)
2022	(172,381)
2023	213,764
2024	42,911
2025	(6,832)
Thereafter	(4,682)

Note 9 - Other Post-Employment Benefits

Plan Descriptions

The District provides other postemployment benefits (OPEB) for eligible employees through the Tahoe Douglas Fire Protection District Post-Retirement Plan (District Plan), a single-employer defined benefit plan. The District's plan is administered through the Tahoe Douglas Fire Protection District Post-Retirement Plan & Trust (Trust). The measurement focus of this plan is its net OPEB liability. Complete financial statements of the Trust are included in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

The District also provides OPEB for certain former employees through the Nevada Public Employees' Benefits Plan (PEBP), which is treated as a single-employer defined benefit OPEB plan for reporting purposes. PEBP is administered by the State of Nevada, and as such, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75. The measurement focus of PEBP is the total OPEB liability associated with participating former District employees. No separate financial reports are issued.

Benefit Provisions and Contributions

District Plan

The District's plan was established pursuant to NRS 287.017 and can be amended through negotiations between the District and the collective bargaining groups. The plan offers medical, dental, and vision coverage.

The District's Board established the Trust in 2011. The Trust was created for the sole purpose of making irrevocable contributions to the Trust in order to provide post-retirement health insurance benefits to current and future eligible retirees of the District in accordance with the terms of the District's Plan.

The employer contribution or funding of the District's OPEB is at the discretion of management and the District's Board of Trustees. For the year ended June 30, 2012, the Trust began depositing funds into the Retirement Benefits Investment Fund (RBIF) sponsored through the State of Nevada. The RBIF portfolio is designed to generate an 8% annual return over long-term time frames.

The contribution requirements of plan members and the District are established and may be amended by the Board of Trustees. For the year ended June 30, 2020, the required contributions are based on projected prefunded financing requirements. Retirees who elect to continue their medical coverage under the District Plan may be eligible for a District-paid benefit depending on their years of service up to 100% of the premiums for the retiree and their spouse.

Retirees and their spouses under age 65 may elect to continue their medical, dental, vision coverage under the programs made available to the District’s active employees. The District currently contributes toward the cost of retiree healthcare coverage as follows:

Employees hired prior to June 1, 2003 retiring from the District after June 30, 1999 at age 50 or older with at least 15 years of service who elect to remain in the District’s plans receive a percentage of the employee and spouse premium paid by the District for their lifetimes. The percentage is based on the following service schedule:

<u>Years of District Service</u>	<u>% of Employee Premium Paid</u>	<u>% of Spouse Premium Paid</u>
Less than 15	0%	0%
15	50%	50%
16	60%	60%
17	70%	70%
18	80%	80%
19	90%	90%
20 or more	100%	100%

Employees hired on or after June 1, 2003 and retiring from the District at age 55 or older with at least 20 years of service who elect to remain in the District’s plans receive a percentage of the employee and spouse premium paid by the District until they become eligible for Medicare benefits after which the District contribution ceases. The percentage is based on the following service schedule:

<u>Years of District Service</u>	<u>% of Employee Premium Paid</u>	<u>% of Spouse Premium Paid</u>
Less than 20	0%	0%
20	100%	0%
21	100%	20%
22	100%	40%
23	100%	60%
24	100%	80%
25 or more	100%	100%

If an employee completes the minimum service requirement (as determined based on his or her employment date) but terminates employment with the District prior to reaching the minimum required age, the employee may still remain qualified for future post-employment healthcare benefits from the District. If, after leaving District employment, the employee retains District coverage and pays the entire premium; once the employee reaches the minimum required benefit age, the District will provide the post-employment healthcare benefits to which the employee would have been entitled had he or she terminated employment after meeting the minimum age requirement.

Retirees are no longer permitted to remain on the District's plans after age 65.

- Upon eligibility for Medicare, the District's monthly allowance toward health insurance for a retired employee is equal to \$285 multiplied by his or her vested percentage. Similarly, eligible spouses receive a monthly health insurance allowance equal to \$285 multiplied by their applicable vested percentage.
- The District will also pay the same vested percentage of Medicare Part A premiums for retired employees and their spouses who are not Part A Medicare premium qualified. The premium is \$458 in 2019.

The plans currently available to employees before Medicare eligibility include a low-deductible PPO and two high-deductible PPO plans. In addition to the applicable percent of premium paid, the District also makes contributions to a Health Savings Account (HSA) for pre-65 retirees who elect a high deductible PPO. The amount of the District's subsidy to the HSA is the applicable vested percent of \$159.01 (retiree only) or \$316.59 (retiree and spouse).

PEBP

PEBP is healthcare plan that is self-insured for medical, dental, vision, mental health and substance abuse benefits and also fully insured HMO products. Accidental death and dismemberment, travel accident, long-term disability and life insurance benefits are fully insured by outside carriers. For the self-insured benefits, rate setting policies have been established after consultation with an actuary. The participating public employers, with the exception of the State, are not subject to supplemental assessment in the event of deficiencies. PEBP was closed to new retirees September 1, 2008.

Those retirees who were eligible and elected PEBP coverage are entitled to a subsidy toward their premium cost based on their years of covered employment under Nevada PERS. The subsidy is borne on a pro-rata basis by the employers for which the retiree has worked and earned PERS service credit. Thus, the District is obligated to subsidize health care premiums for former employees as well as those who retired directly from the District. The subsidy ranges from a minimum of \$19 to a maximum of \$781 per month.

As of the December 31, 2019 measurement date, the following employees were covered by the benefit terms:

	<u>District Plan</u>	<u>PEBP Plan</u>
Active employees	56	-
Retirees enrolled in the District Plan	46	-
Retirees enrolled in PEBP	-	5
	<u>102</u>	<u>5</u>

OPEB Liability or Asset

The District's Plan net OPEB liability/asset was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of December 31, 2019. PEBP's total OPEB liability was measured as of December 31, 2019, and was determined by an actuarial valuation as of December 31, 2019.

Actuarial Assumptions

The OPEB liability/asset in actuarial valuation was determined using the following actuarial assumptions and other inputs:

	<u>PEBP</u>	<u>District Plan</u>
Inflation	2.50%	2.50%
Projected salary increases	N/A	3.00%
Investment rate of return	N/A	6.70%
Healthcare cost trend rate	Pre-Medicare: 5.4%, declining to 4.0% Post-Medicare: 4.50%	5.4%, declining to 4.0%

Mortality rates were based on the June 30, 2019 actuarial valuation of the Nevada PERS program, which were determined as being reasonably representative of mortality experience as of that measurement date. For non-disabled life rates for regular and safety employees, the Headcount-Weighted RP-2014 Healthy Annuitant Table was used. For pre-retirement life rates for regular and safety employees, the Headcount-Weighted RP-2014 Employee Table was used. These rates were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2020 on a generational basis from 2018 forward.

The long-term expected rate of return of 6.70%, net of investment expenses, was based on the investment policy of the State of Nevada's Retiree Benefits Investment Fund (RBIF), where the District's Plan invests its assets to fund the OPEB liability. The rate is derived from RBIF's investment policy (shown in the table below), and includes long-term inflation.

<u>Asset Class</u>	<u>Asset Allocation</u>
U.S. stocks	42.00%
International stocks	18.00%
U.S. bonds	28.00%
Private markets	12.00%

The discount rate used to measure the total OPEB liability was 6.70% for the District's plan. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal or exceeding the actuarially determined contribution rates.

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liabilities.

The discount rate used to measure the total OPEB liability was 2.75% for the PEBP Plan. As PEBP is pay-as-you-go and not prefunded through the Trust, the discount rate used was based on the S&P General Obligation Municipal Bond 20 Year High Grade Index.

Significant Changes in Assumptions

District Plan: The assumed trust rate of return and discount rate was decreased from 7.50% to 6.70%. The demographic assumptions were all updated to be consistent with those used in the June 2019 PERS retirement plan valuation and the MacLeod Watts Scale was updated from the 2017 scale to the 2020 scale. The assumed salary increase rate was decreased from 4.0% to 3.0%. Healthcare cost trends were decreased from 6.25% declining to 5.0% to 5.4% declining to 4.0%. General inflation was decreased from 2.75% to 2.50%.

PEBP: The discount rate was decreased from 3.71% to 2.75%. The demographic assumptions were all updated to be consistent with those used in the June 2019 PERS retirement plan valuation and the MacLeod Watts Scale was updated from the 2017 scale to the 2020 scale. Healthcare cost trends were decreased from 6.50% declining to 5.0% to 5.4% declining to 4.0%. General inflation was decreased from 2.75% to 2.50%.

Tahoe Douglas Fire Protection District

Notes to Financial Statements

June 30, 2020

Changes in OPEB Liabilities (Assets)

	District Plan Total Liability	District Plan Plan Fiduciary Net Position	District Plan Net OPEB Liability (Asset)
Balance at June 30, 2019, as restated <i>Measurement Date December 31, 2018</i>	\$ 10,423,133	\$ 10,212,737	\$ 210,396
Changes for the year:			
Service costs	277,767	-	277,767
Interest	772,148	-	772,148
Benefit payments	(602,084)	(602,084)	-
Employer contributions	-	642,651	(642,651)
Implicit subsidy - payments	(209,097)	(209,097)	-
Implicit subsidy - contributions	-	209,097	(209,097)
Retiree contributions in	-	23,500	(23,500)
Retiree contributions out	-	(23,500)	23,500
Expected investment income	-	766,267	(766,267)
Investment experience	-	1,497,688	(1,497,688)
Plan experience	(630,053)	-	(630,053)
Changes in assumptions or other inputs	1,221,602	-	1,221,602
Administrative expense	-	(32,246)	32,246
Net changes	830,283	2,272,276	(1,441,993)
Balance at June 30, 2020 <i>Measurement Date December 31, 2019</i>	\$ 11,253,416	\$ 12,485,013	\$ (1,231,597)
			PEBP Total Liability
Balance at June 30, 2019 <i>Measurement Date December 31, 2018</i>			\$ 118,017
Changes for the year:			
Service costs			-
Interest			4,109
Benefit payments			(14,552)
Contributions			-
Expected investment income			-
Investment experience			-
Plan experience			7,604
Changes in assumptions or other inputs			34,243
Administrative expense			-
Net changes			31,404
Balance at June 30, 2020 <i>Measurement Date December 31, 2019</i>			\$ 149,421

For governmental activities, the net OPEB obligation, if any, is liquidated by those funds with salaries and related benefits, resulting in the majority of the obligation being liquidated by the General Fund.

Sensitivity of the Net/Total OPEB Liability/Asset to Changes in the Discount Rate

The following presents the net/total OPEB liability of the District, as well as what the District's net/total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
District Plan Net OPEB Liability (Asset)	<u>\$ 360,144</u>	<u>\$ (1,231,597)</u>	<u>\$ (2,523,173)</u>
PEBP Total OPEB Liability	<u>\$ 164,645</u>	<u>\$ 149,421</u>	<u>\$ 136,635</u>

Sensitivity of the Net/Total OPEB Liability/Asset to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
District Plan Net OPEB Liability (Asset)	<u>\$ (2,629,164)</u>	<u>\$ (1,231,597)</u>	<u>\$ 524,179</u>
PEBP Total OPEB Liability	<u>\$ 137,377</u>	<u>\$ 149,421</u>	<u>\$ 163,434</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of \$129,994. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District Plan		
Changes of assumptions	\$ 1,078,390	\$ -
Differences between expected and actual experience	-	556,190
Net difference between projected and actual earnings on investments	801,518	1,735,827
Contributions subsequent to the measurement date	76,262	-
PEBP		
Contributions subsequent to the measurement date	7,699	-
Total	\$ 1,963,869	\$ 2,292,017

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	District Plan
2021	\$ (231,856)
2022	(231,855)
2023	36,985
2024	(230,189)
2025	69,349
Thereafter	175,457

Note 10 - Contingencies

The District is involved in various lawsuits. The outcome of these lawsuits is not presently determinable; however, management does not anticipate that they would materially impact the financial position of the District.

Note 11 - Risk Management

The District is exposed, as are all entities, to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; illness and injuries to employees; and natural disasters. The District is fully insured for property and auto loss and liability with a \$5,000 deductible. The District is covered up to a policy limit per occurrence of \$10,000,000 per occurrence in general liability. The District’s policy contains various sub-limits established for earthquake, flood, equipment breakdown, errors and omissions and other items.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District has joined together with similar public agencies, under the Nevada Interlocal Cooperation Act to create an intergovernmental self-insured association for workers’ compensation insurance (PACT). The District pays premiums based on payroll costs to the PACT. The PACT is considered a self-sustaining pool that will provide coverage based on established statutory limits.

Note 12 - Tax Abatement

Consolidated taxes collected in Nevada are partially allocated to local governments in accordance with the distribution formulas established by Nevada Revised Statutes (NRS). For the fiscal year ended June 30, 2020, the District’s consolidated tax revenues were reduced by a total amount of \$54,267 under agreements entered into by the State of Nevada.

State of Nevada Tax Abatements

Aviation Tax Abatement (NRS 360.753)	\$	727
Data Centers Abatement (NRS 360.754)		36
Local Sales and Use Tax Abatement*		53,504

*Local Sales and Use Tax Abatement is a component of the State’s Standard Tax Abatement (NRS 360.750)

Note 13 - Correction of Errors

During 2020, the District identified misstatements in the June 30, 2019 financial statements related to the recognition of the OPEB liability/asset and related amounts as well as accounts receivable. During the year, it was determined that mortality rates and hire dates had not been properly applied to a prior valuation of the total OPEB liability. In addition, a receivable in relation to OPEB was not recognized. Based on the misstatements, beginning net position/fund balance was restated as of July 1, 2019 to report the previous overstatement of the net OPEB liability and related amounts and understatement of the receivable at June 30, 2019.

The following summarizes effects of the restatement:

	Governmental Activities
Net position at June 30, 2019, as previously reported	\$ 2,728,620
Prior period adjustment for overstatement of net OPEB liability and related amounts	2,459,973
Net position at July 1, 2019, as restated	\$ 5,188,593
	General Fund
Fund balance at June 30, 2019, as previously reported	\$ 6,070,483
Prior period adjustment for understatement of receivables	48,843
Fund balance at July 1, 2019, as restated	\$ 6,119,326

Tahoe Douglas Fire Protection District
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
General Fund (Budgetary Basis)
Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Ad valorem	\$ 3,511,168	\$ 3,511,168	\$ 3,530,547	\$ 19,379
Intergovernmental				
Consolidated tax	4,822,918	4,822,918	4,734,093	(88,825)
Plan check fee	45,000	45,000	109,882	64,882
Interest income	2,500	2,500	15,465	12,965
Grants	-	-	268,375	268,375
Strike team	250,000	250,000	131,342	(118,658)
Other income	75,000	75,000	113,094	38,094
Total revenues	8,706,586	8,706,586	8,902,798	196,212
Expenditures				
Current - public safety				
Salaries and wages	5,088,735	5,088,735	4,235,903	852,832
Employee benefits	2,343,572	2,343,572	1,765,468	578,104
Services and supplies	1,509,000	1,509,000	1,200,155	308,845
Capital outlay	125,000	125,000	70,708	54,292
Total expenditures	9,066,307	9,066,307	7,272,234	1,794,073
Excess (Deficiency) of Revenues Over Expenditures	(359,721)	(359,721)	1,630,564	1,990,285
Other Financing Sources (Uses)				
Contingency	(225,000)	(225,000)	-	225,000
Transfers out	(1,881,353)	(2,381,353)	(2,381,353)	-
Total other financing sources (uses)	(2,106,353)	(2,606,353)	(2,381,353)	225,000
Net Change in Fund Balances	(2,466,074)	(2,966,074)	(750,789)	2,215,285
Fund Balances, Beginning of Year	3,009,205	4,676,851	4,676,851	-
Fund Balances, End of Year	\$ 543,131	\$ 1,710,777	\$ 3,926,062	\$ 2,215,285

Tahoe Douglas Fire Protection District

Reconciliation of the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budgetary Basis) to the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (GAAP Basis)
Year Ended June 30, 2020

	General Fund (Budgetary Basis)	Health Insurance Reserve Fund (Internally Reported)	Eliminations	General Fund (GAAP Basis)
Revenues				
Taxes				
Ad valorem	\$ 3,530,547	\$ -	\$ -	\$ 3,530,547
Intergovernmental				
Consolidated tax	4,734,093	-	-	4,734,093
Plan check fee	109,882	-	-	109,882
Interest income	15,465	5,604	-	21,069
Grants	268,375	-	-	268,375
Contracts and strike team	131,342	-	-	131,342
Other income	113,094	114	-	113,208
Total revenues	8,902,798	5,718	-	8,908,516
Expenditures				
Current - public safety				
Salaries and wages	4,235,903	-	-	4,235,903
Employee benefits	1,765,468	1,327,421	-	3,092,889
Services and supplies	1,200,155	36,398	-	1,236,553
Capital outlay	70,708	-	-	70,708
Total expenditures	7,272,234	1,363,819	-	8,636,053
Excess (Deficiency) of Revenues Over Expenditures	1,630,564	(1,358,101)	-	272,463
Other Financing Sources (Uses)				
Operating transfers in	-	2,211,327	(1,481,353)	729,974
Operating transfers out	(2,381,353)	-	1,481,353	(900,000)
Total other financing sources (uses)	(2,381,353)	2,211,327	-	(170,026)
Net Change in Fund Balances	(750,789)	853,226	-	102,437
Fund Balances, Beginning of Year, as Originally Reported	4,676,851	1,393,632	-	6,070,483
Prior Period Adjustment	-	48,843	-	48,843
Fund Balances, Beginning of Year, as Restated	4,676,851	1,442,475	-	6,119,326
Fund Balances, End of Year	\$ 3,926,062	\$ 2,295,701	\$ -	\$ 6,221,763

See Notes to Required Supplementary Information

Tahoe Douglas Fire Protection District
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Special Revenue Fund
Sick Leave Reserve
Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Ad valorem	\$ 98,050	\$ 98,050	\$ 98,768	\$ 718
Interest income	50	50	126	76
Total revenues	<u>98,100</u>	<u>98,100</u>	<u>98,894</u>	<u>794</u>
Expenditures				
Current - public safety				
Salaries and wages	<u>255,000</u>	<u>255,000</u>	<u>127,830</u>	<u>127,170</u>
Total expenditures	<u>255,000</u>	<u>255,000</u>	<u>127,830</u>	<u>127,170</u>
Excess (Deficiency) of Revenues Over Expenditures	(156,900)	(156,900)	(28,936)	127,964
Fund Balances, Beginning of Year	<u>279,216</u>	<u>279,216</u>	<u>371,783</u>	<u>92,567</u>
Fund Balances, End of Year	<u><u>\$ 122,316</u></u>	<u><u>\$ 122,316</u></u>	<u><u>\$ 342,847</u></u>	<u><u>\$ 220,531</u></u>

Tahoe Douglas Fire Protection District
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Special Revenue Fund
Special Services
Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Contracts	\$ 29,000	\$ 29,000	\$ 29,000	\$ -
Grants	-	48,179	48,179	-
Local contributions	5,000	5,000	6,488	1,488
Other income	2,500	2,500	11,682	9,182
Total revenues	36,500	84,679	95,349	10,670
Expenditures				
Current - public safety				
Salaries and wages	85,000	85,000	85,000	-
Services and supplies	106,600	154,779	77,243	77,536
Capital outlay	50,000	50,000	4,325	45,675
Total expenditures	241,600	289,779	166,568	123,211
Excess (Deficiency) of Revenues Over Expenditures	(205,100)	(205,100)	(71,219)	133,881
Other Financing Sources (Uses)				
Operating transfer in	100,000	100,000	100,000	-
Net Change in Fund Balances	(105,100)	(105,100)	28,781	133,881
Fund Balances, Beginning of Year	128,795	279,011	279,011	-
Fund Balances, End of Year	\$ 23,695	\$ 173,911	\$ 307,792	\$ 133,881

Tahoe Douglas Fire Protection District
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Special Revenue Fund
Fire Safe Community Service Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Ad valorem	\$ 490,250	\$ 490,250	\$ 493,221	\$ 2,971
Grants	350,000	350,000	181,580	(168,420)
Contracts and strike team	750,000	750,000	565,199	(184,801)
Other income	76,500	114,227	623,475	509,248
Interest income	100	50	795	745
Total revenues	1,666,850	1,704,527	1,864,270	159,743
Expenditures				
Current - public safety				
Salaries and wages	1,250,225	1,350,225	945,800	404,425
Employee benefits	329,133	379,133	179,533	199,600
Services and supplies	294,300	344,300	238,050	106,250
Capital outlay	35,000	135,000	69,767	65,233
Total expenditures	1,908,658	2,208,658	1,433,150	775,508
Excess (Deficiency) of Revenues Over Expenditures	(241,808)	(504,131)	431,120	935,251
Other Financing Sources (Uses)				
Operating transfer out	(142,692)	(142,692)	(142,692)	-
Net Change in Fund Balances	(384,500)	(646,823)	288,428	935,251
Fund Balances, Beginning of Year	516,728	1,244,490	1,244,490	-
Fund Balances, End of Year	<u>\$ 132,228</u>	<u>\$ 597,667</u>	<u>\$ 1,532,918</u>	<u>\$ 935,251</u>

Tahoe Douglas Fire Protection District
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Special Revenue Fund
Fire Flow Initiative Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fees and donations	\$ 75,000	\$ 75,000	\$ -	\$ (75,000)
Expenditures				
Current - public safety				
Services and supplies	16,500	16,500	445	16,055
Capital outlay	125,000	125,000	-	125,000
Total expenditures	141,500	141,500	445	141,055
Excess (Deficiency) of Revenues Over Expenditures	(66,500)	(66,500)	(445)	66,055
Fund Balances, Beginning of Year	361,249	361,249	426,320	65,071
Fund Balances, End of Year	\$ 294,749	\$ 294,749	\$ 425,875	\$ 131,126

Tahoe Douglas Fire Protection District
Schedule of Changes in Net Other Post-Employment Benefit Liabilities and Related Ratios
Last Ten Fiscal Years

District Plan:	2019	2018	2017
Total OPEB Liability			
Service cost	\$ 277,767	\$ 267,084	\$ 256,812
Interest	772,148	753,894	736,660
Differences between expected and actual experience	(630,053)	-	-
Change in assumptions or other inputs	1,221,602	-	-
Benefit payments	(602,084)	(582,821)	(577,988)
Benefit payments - implicit subsidy	(209,097)	(182,539)	(204,577)
Net change in total OPEB liability	830,283	255,618	210,907
Total OPEB liability-beginning	10,423,133	10,167,515	9,956,608
Total OPEB liability-ending (a)	\$ 11,253,416	\$ 10,423,133	\$ 10,167,515
Plan fiduciary net position			
Benefit payments	(602,084)	(582,821)	(577,988)
Employer contributions	642,651	643,306	1,100,206
Implicit subsidy - benefit payments	(209,097)	(182,539)	(204,577)
Implicit subsidy - contributions	209,097	182,539	204,577
Retiree contributions in	23,500	23,811	-
Retiree contributions out	(23,500)	(23,811)	-
Expected investment income	766,267	803,995	643,113
Investment experience	1,497,688	(1,318,657)	1,344,194
Administrative and other professional expense	(32,246)	(26,859)	(16,445)
Net change in plan fiduciary net position	2,272,276	(481,036)	2,493,080
Plan fiduciary net position-beginning	10,212,737	10,693,773	8,200,693
Plan fiduciary net position-ending (b)	\$ 12,485,013	\$ 10,212,737	\$ 10,693,773
Net OPEB liability (asset) -ending (a) - (b)	\$ (1,231,597)	\$ 210,396	\$ (526,258)
Plan fiduciary net position as a percentage of the total OPEB liability	110.9%	98.0%	105.2%
Covered-employee payroll	\$ 4,235,995	\$ 3,867,910	\$ 4,118,877
Net OPEB liability (asset) as a percentage of covered-employee payroll	-29.1%	5.4%	-12.8%

Tahoe Douglas Fire Protection District
Schedule of Changes in Net Other Post-Employment Benefit Liabilities and Related Ratios
Last Ten Fiscal Years

PEBP Plan:	2019	2018	2017
Total OPEB Liability			
Interest	\$ 4,109	\$ 4,120	\$ 4,829
Differences between expected and actual experience	7,604	-	-
Change in assumptions or other inputs	34,243	(4,024)	5,407
Benefit payments	(14,552)	(13,089)	(11,920)
Net change in total OPEB liability	31,404	(12,993)	(1,684)
Total OPEB liability-beginning	118,017	131,010	132,694
Total OPEB liability-ending (a)	\$ 149,421	\$ 118,017	\$ 131,010

GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

The schedule reports information by the year of the measurement date as that is when information is available.

For the PEBP Plan, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Tahoe Douglas Fire Protection District
Schedule of District Contributions – Other Post-Employment Benefits
Last Ten Fiscal Years

District Plan:	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 239,197	\$ 450,350	\$ 432,127
Contributions in relation to the actuarially determined contribution	<u>502,211</u>	<u>950,635</u>	<u>775,697</u>
Contribution (deficiency) excess	<u>\$ 263,014</u>	<u>\$ 500,285</u>	<u>\$ 343,570</u>
Covered-employee payroll	\$ 4,669,347	\$ 4,235,995	\$ 3,867,910
Contributions as a percentage of covered payroll	10.8%	22.4%	20.1%

GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Tahoe Douglas Fire Protection District
Schedule of Proportionate Share of the Net Pension Liability
Public Employees' Retirement System of Nevada
Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's portion of net the pension liability	0.10179%	0.10453%	0.10435%	0.10335%	0.08504%	0.10453%
District's proportionate share of the net pension liability	\$ 13,879,754	\$ 14,256,070	\$ 13,878,884	\$ 13,907,324	\$ 9,744,843	\$ 11,140,127
District's covered payroll	\$ 5,071,791	\$ 5,027,636	\$ 4,229,349	\$ 4,189,290	\$ 4,105,972	\$ 4,288,744
District's proportional share of the net pension liability as a percentage of its covered payroll	273.67%	283.55%	328.16%	331.97%	237.33%	259.75%
Plan fiduciary net position as a percentage of the total pension liability	76.46%	75.24%	74.42%	72.23%	75.13%	76.30%

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a 10-year trend is compiled, the District will will present information for those years for which information is available.

Tahoe Douglas Fire Protection District
Schedule of District Contributions - PERS
Public Employees' Retirement System of Nevada
Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution*	\$ 1,032,892	\$ 979,877	\$ 969,761	\$ 876,216	\$ 811,228	\$ 795,142
Contributions in relation to the statutorily required contribution	\$(1,032,892)	\$ (979,877)	\$ (969,761)	\$ (876,216)	\$ (811,228)	\$ (795,142)
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 5,111,801	\$ 5,071,791	\$ 5,027,636	\$ 4,229,349	\$ 4,189,290	\$ 4,105,972
Contributions as a percentage of covered payroll	20.21%	19.32%	19.29%	20.72%	19.36%	19.37%

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a 10-year trend is compiled, the District will will present information for those years for which information is available.

*All contributions shown reflect employer-paid contributions only. Member contributions are excluded. Prior values are restated due to GASB No. 82, which classifies contributions as member contributions for purposes of GASB No. 68 if they are made by an employer to satisfy what are actually deemed to be member contribution requirements.

Note 1 - Internally Reported (Budgetary Basis) Funds

The accompanying Reconciliation of the General Fund (Budgetary Basis) to the General Fund (GAAP Basis) presents balances combined for external reporting purposes.

Budget to actual comparisons are presented for all funds of the District, as required by Nevada Revised Statutes. Such budget comparisons are required to be presented using the budget as adopted and approved by the State of Nevada Department of Taxation. However, guidance provided by Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies that the internally reported fund of the District does not meet the definition of a special revenue fund and does not qualify to be separately presented for external reporting purposes.

The internally reported special revenue fund of the District (Health Insurance Reserve Fund) is combined with the General Fund for external reporting purposes.

Note 2 - Schedule of Changes in Net Other Post-Employment Benefit Liabilities and Related Ratios and Schedule of District Contributions – Other Post-Employment Benefit Liabilities

GASB Statement No. 75 requires ten years of information to be presented in these tables. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

The Schedule of Changes in Net Other Post-Employment Benefit Liabilities (OPEB) and Related Ratios presents the information by the year of the measurement date as that is when information is available. Whereas, the Schedule of District Contributions – OPEB, presents the information by the fiscal year-end.

The Schedule of Changes in Net Other Post-Employment Benefit Liabilities (OPEB) and Related Ratios was restated due to the matters discussed in Note 13 to the financial statements.

For the PEBP plan, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Actuarial Assumptions for the District Plan in the Schedule of District Contributions - OPEB were as follows:

Actuarial cost method	Entry age normal cost
Amortization method	Level percent of pay open
Amortization period	30 years
Asset valuation method	Market value
Inflation	2.50 percent per year
Healthcare cost trend rate	5.4 percent initial, fluctuating down to ultimate rate of 4.0 percent
Salary increases	3.00 percent per year
Investment rate of return	6.70 percent
Retirement age	From 45 to 75 (regular) and from 40 to 70 (Safety)
Mortality	2019 Nevada PERS experience study
Mortality improvement	MacLeod Watts Scale 2020

For the PEBP Plan, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Significant Changes in Assumptions for both the Schedule of Changes in Net OPEB and Related Ratios and the Schedule of District Contributions – OPEB were as follow (using the measurement dates):

	2019	2017 - 2018
District Plan:		
Investment rate of return	6.70%	7.50%
Discount rate	6.70%	7.50%
Mortality	2019 NV PERS	2016 NV PERS
Mortality improvement	MacLeod Watts Scale 2020	MacLeod Watts Scale 2017
Salary increase rate	3.00%	4.00%
Healthcare cost trends	5.4% declining to 4.0%	6.25% declining to 5.0%
General inflation	2.50%	2.75%
Amortization method	Level % of Pay 30 yr open	Level % of Pay 30 yr closed
PEBP:		
Discount rate	2.75%	3.71%
Demographic assumptions	MacLeod Watts Scale 2020	MacLeod Watts Scale 2017
Healthcare cost trends	5.4% declining to 4.0%	6.5% declining to 5.0%
General inflation	2.50%	2.75%



Supplementary Information
June 30, 2020

Tahoe Douglas Fire Protection District

Tahoe Douglas Fire Protection District

Reconciliation of the General Fund Balance Sheet (Budgetary Basis) to the General Fund Balance Sheet
(GAAP Basis) – Governmental Funds

June 30, 2020

	General Fund (Budgetary Basis)	Health Insurance Reserve Fund (Internally Reported)	Eliminations	General Fund (GAAP Basis)
Assets				
Cash and investments	\$ 3,557,331	\$ 2,269,079	\$ -	\$ 5,826,410
Receivables				
Taxes receivable	839,384	-	-	839,384
Grant receivables	268,375	-	-	268,375
Other receivables	17,353	48,849	-	66,202
	<u>4,682,443</u>	<u>2,317,928</u>	<u>-</u>	<u>7,000,371</u>
Total assets	\$ 4,682,443	\$ 2,317,928	\$ -	\$ 7,000,371
Liabilities				
Accounts payable	\$ 516,945	\$ 4,276	\$ -	\$ 521,221
Deposits	-	17,951	-	17,951
Accrued payroll and benefits	225,024	-	-	225,024
	<u>741,969</u>	<u>22,227</u>	<u>-</u>	<u>764,196</u>
Total liabilities	741,969	22,227	-	764,196
Deferred Inflows of Resources				
Unavailable revenue	14,412	-	-	14,412
	<u>14,412</u>	<u>-</u>	<u>-</u>	<u>14,412</u>
Fund Balances				
Nonspendable	-	-	-	-
Assigned	7,972	2,295,701	-	2,303,673
Unassigned	3,918,090	-	-	3,918,090
	<u>3,926,062</u>	<u>2,295,701</u>	<u>-</u>	<u>6,221,763</u>
Total fund balances	3,926,062	2,295,701	-	6,221,763
Total Liabilities and Fund Balances	\$ 4,682,443	\$ 2,317,928	\$ -	\$ 7,000,371

Tahoe Douglas Fire Protection District
Balance Sheet – Internally Reported (Budgetary Basis) – Health Insurance Reserve
June 30, 2020

Assets	
Cash and investments	\$ 2,269,079
Other receivables	48,849
	<u> </u>
Total assets	2,317,928
	<u> </u>
Liabilities	
Accounts payable	\$ 4,276
Deposits	17,951
	<u> </u>
Total liabilities	22,227
	<u> </u>
Fund Balances	
Assigned	2,295,701
	<u> </u>
Total Liabilities and Fund Balances	\$ 2,317,928
	<u> </u>

Tahoe Douglas Fire Protection District
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
Internally Reported (Budgetary Basis) –
Health Insurance Reserve
Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Interest income	\$ 1,500	\$ 1,500	\$ 5,604	\$ 4,104
Other income	-	-	114	114
	<u>1,500</u>	<u>1,500</u>	<u>5,718</u>	<u>4,218</u>
Expenditures				
Current - public safety				
Employee benefits	2,211,327	2,211,327	1,327,421	883,906
Services and supplies	30,050	30,050	36,398	(6,348)
	<u>2,241,377</u>	<u>2,241,377</u>	<u>1,363,819</u>	<u>877,558</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,239,877)	(2,239,877)	(1,358,101)	881,776
Other Financing Sources (Uses)				
Operating transfers in	2,211,327	2,211,327	2,211,327	-
Net Change in Fund Balances	<u>(28,550)</u>	<u>(28,550)</u>	<u>853,226</u>	<u>881,776</u>
Fund Balances, Beginning of Year, as Originally Reported	938,983	938,983	1,393,632	454,649
Prior Period Adjustment	-	-	48,843	48,843
Fund Balance, Beginning of Year, as Restated	<u>938,983</u>	<u>938,983</u>	<u>1,442,475</u>	<u>503,492</u>
Fund Balances, End of Year	<u>\$ 910,433</u>	<u>\$ 910,433</u>	<u>\$ 2,295,701</u>	<u>\$ 1,385,268</u>

Tahoe Douglas Fire Protection District
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
Capital Projects Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Ad valorem	\$ 196,100	\$ 196,100	\$ 196,909	\$ 809
Interest income	50	50	254	204
Total revenues	<u>196,150</u>	<u>196,150</u>	<u>197,163</u>	<u>1,013</u>
Expenditures				
Capital outlay	<u>425,000</u>	<u>425,000</u>	<u>289,095</u>	<u>135,905</u>
Excess (Deficiency) of Revenues Over Expenditures	(228,850)	(228,850)	(91,932)	136,918
Other Financing Sources (Uses)				
Proceeds from sale of equipment	<u>5,000</u>	<u>5,000</u>	<u>17,898</u>	<u>12,898</u>
Net Change in Fund Balances	(223,850)	(223,850)	(74,034)	149,816
Fund Balances, Beginning of Year	<u>368,317</u>	<u>368,317</u>	<u>468,990</u>	<u>100,673</u>
Fund Balances, End of Year	<u><u>\$ 144,467</u></u>	<u><u>\$ 144,467</u></u>	<u><u>\$ 394,956</u></u>	<u><u>\$ 250,489</u></u>

Tahoe Douglas Fire Protection District

Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual – Ambulance Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Operating Revenues				
Charges for services (net of discounts and bad debt)	\$ 625,000	\$ 525,000	\$ 490,594	\$ (34,406)
Operating Expenses				
Salaries and wages	1,465,392	1,465,392	1,465,392	-
Employee benefits	873,814	873,814	930,281	(56,467)
Services and supplies	299,300	349,300	255,877	93,423
Depreciation	65,000	115,000	93,009	21,991
Total operating expenses	2,703,506	2,803,506	2,744,559	58,947
Operating Income (Loss)	(2,078,506)	(2,278,506)	(2,253,965)	24,541
Non-operating Revenues				
Ad valorem taxes	1,960,999	1,960,999	1,971,621	10,622
Grant income	-	-	6,041	6,041
Other income	120,000	120,000	179,849	59,849
Total non-operating revenues	2,080,999	2,080,999	2,157,511	76,512
Income (Loss) Before Transfers	2,493	(197,507)	(96,454)	101,053
Transfers In (Out)				
Operating transfers in	300,000	800,000	800,000	-
Operating transfers out	(587,282)	(587,282)	(587,282)	-
Total transfers	(287,282)	212,718	212,718	-
Change in Net Position	\$ (284,789)	\$ 15,211	116,264	\$ 101,053
Net Position, Beginning of Year			(4,105,685)	
Net Position, End of Year			\$ (3,989,421)	

Tahoe Douglas Fire Protection District
Schedule of Cash Flows – Budget and Actual – Ambulance Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Operating Activities				
Cash received from customers	\$ 900,000	\$ 800,000	\$ 559,245	\$ (240,755)
Cash received from others	-	-	185,890	185,890
Cash paid to suppliers for goods and services	(299,300)	(349,300)	(253,533)	95,767
Cash paid to employees for salaries and benefits	(2,339,206)	(2,339,206)	(2,339,206)	-
Net Cash used for Operating Activities	(1,738,506)	(1,888,506)	(1,847,604)	40,902
Noncapital Financing Activities				
Cash from ad valorem taxes	1,960,999	1,960,999	1,970,093	9,094
Other income	120,000	120,000	-	(120,000)
Transfers from other funds	300,000	800,000	800,000	-
Transfers to other funds	(587,282)	(587,282)	(829,282)	(242,000)
Net Cash from Noncapital Financing Activities	1,793,717	2,293,717	1,940,811	(352,906)
Capital and Related Financing Activities				
Purchase of equipment	(50,000)	(50,000)	(508)	49,492
Net Change in Cash and Cash Equivalents	5,211	355,211	92,699	(262,512)
Cash and Cash Equivalents, Beginning of Year	137,424	137,424	50,737	(86,687)
Cash and Cash Equivalents, End of Year	<u>\$ 142,635</u>	<u>\$ 492,635</u>	<u>\$ 143,436</u>	<u>\$ (349,199)</u>



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

To the Board of Trustees
Tahoe Douglas Fire Protection District
Zephyr Cove, Nevada

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tahoe Douglas Fire Protection District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated November 30, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as Findings 2020-001 and 2020-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

The District's Responses to Findings

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Reno, Nevada
November 30, 2020



Auditor's Comments

To the Board of Trustees
Tahoe Douglas Fire Protection District
Zephyr Cove, Nevada

In connection with our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tahoe Douglas Fire Protection District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, nothing came to our attention that caused us to believe that the District failed to comply with the specific requirements of Nevada Revised Statutes cited below. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

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.

Progress on Prior Year Statute Compliance

The District conformed to all significant statutory constraints on its financial administration for the year ended June 30, 2019.

Prior Year Recommendations

The prior year finding 2019-001 is reported again as finding 2020-001 in the schedule of findings and responses. The prior year finding 2019-003 is reported again as finding 2020-002 in the schedule of findings and responses. The District implemented the recommendation from prior year finding 2019-002 and this finding was corrected.

Current Year Recommendations

The current year recommendation is included in the accompanying schedule of findings and responses.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Reno, Nevada
November 30, 2020

**2020-001: Financial Close and Reporting
Material Weakness**

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. One of the key components of an effective system of internal control over financial reporting is having the capability to prepare full disclosure financial statements in accordance with generally accepted accounting principles (GAAP).

Condition: The District does not have an internal control system designed to provide for the preparation of the financial statements and related financial statement disclosures being audited in all material respects. In conjunction with the completion of our audit, we were requested to draft the financial statements, assist with the conversion of the fund financial statements to government-wide financial statements, and prepare the accompanying notes to those financial statements. In addition, we proposed several audit adjustments to current end of year balances for government specific accounting items. Adjustments were proposed in relation to receivables, accounts payable, deferred inflows of resources, net position, expenses, and revenue. The absence of controls over the preparation of the financial statements and related financial statement disclosures increases the possibility that a misstatement of the financial statements could occur and not be prevented or detected and corrected in a timely manner. It is the responsibility of those charged with governance to determine whether to accept the risk associated with this condition because of cost or other considerations.

Cause: Due to a shortage of personnel with the ability to prepare full disclosure financial statements, the District has chosen to contract with Eide Bailly LLP to prepare its financial statements and related financial statement disclosures. However, management has not implemented sufficient procedures to capture the necessary information needed for the financial statements and related disclosures to be prepared in all material respects.

Effect: The District's financial records required audit adjustments in order for the financial statements to be in accordance with GAAP. Prior to adjustments accounts receivable and revenue were understated by \$41,308 in the Ambulance Fund. Revenue was overstated by \$14,412 and receivables were understated by \$48,849 in the General Fund. Revenue was overstated by \$117,026 in the Fire Safe Community Service Fund. Benefits expense and accounts payable were understated by \$27,145 in the Post-Retirement Plan & Trust. As such, internally prepared financial information may not be accurate and full disclosure financial statements may not be available as timely as they would be if prepared by District personnel.

Recommendation: We recommend District staff continue to obtain training in the preparation of financial statements and related financial statement disclosures in order to gain the knowledge needed to prepare the financial statements and related financial statement disclosures in all material respects.

Views of Responsible Officials: Management agrees with this finding and will continue to assess the needs and best cost benefits to the District for preparation of the financial statements.

**2020-002 Other Post-Employment Benefit Obligation
Material Weakness**

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly reviewing the actuary reports and census information on the other post-employment benefit obligation (OPEB) is a key component to effective internal control over financial reporting.

Condition: During our testing over OPEB related balances, we noted the census information that was provided to the actuary contained errors in the dates of hire that impacted the valuation. In addition, an error correction from a prior year was noted as a change in assumption, rather than properly reflected through beginning balances.

Cause: The District did not have adequate controls to provide for the review of the OPEB census information or the actuarial report and communicate adjustments that should have been made after the initial preparation of the report.

Effect: A prior period adjustment was required to correct beginning balances for an overstatement in OPEB related balances of \$2,459,973.

Recommendation: We recommend the District enhance internal controls to provide for the review of the OPEB census information and the actuarial report and communicate adjustments that should be made after the initial preparation of the report.

View of Responsible Officials: Management agrees with this finding and will implement internal controls for updating the actuary upon receipt of Tahoe Douglas Fire Protection District Post Retirement Trust audit.

TAHOE DOUGLAS FIRE PROTECTION DISTRICT

Scott Baker, Fire Chief
Bryce Cranch, Assistant Chief
Eric Guevin, Fire Marshal



Greg Felton, Chair
Larry Schussel, Vice Chair
Bill Kirschner, Trustee
Kevin Kjer, Trustee

November 25, 2020

CORRECTIVE ACTION PLAN

Finding 2020-1

Finding Summary:

Eide Bailly LLP prepared our draft financial statements and accompanying notes to the financial statements.

Responsible Individuals:

Scott Baker, Fire Chief, Tahoe Douglas Fire Protection District
Carrie Nolting, Accounting Specialist, Tahoe Douglas Fire Protection District
Bill Johnson, CPA, David, Johnson & Larsen, LTD

Corrective Action Plan:

Due to limited staffing in the administration of the District, it was determined that contracting with Eide Bailly LLP for the preparation of the financial statements and the related statement disclosures provided the best cost benefit to the District. For the future, staffing will continue to be evaluated to determine the needs and best benefits of the District in the preparation of the financial statements.

Anticipated Completion Date:

Ongoing

Finding 2020-2

Finding Summary:

Census information provided to the actuary contained errors in some dates of hire that impacted the valuation. In addition, an error correction from a prior year was noted as a change in assumption, rather than reflected through beginning balances.

Responsible Individuals:

Scott Baker, Fire Chief, Tahoe Douglas Fire Protection District
Kate Warner, Office Manager, Tahoe Douglas Fire Protection District
Bill Johnson, CPA, David, Johnson & Larsen, LTD

Corrective Action Plan:

An internal review of hire dates has been completed during the audit period and provided to the actuary. The district will also be auditing DOB & DOR dates to ensure they are accurate. In addition, upon receipt of the Final audit report for the Tahoe Douglas Fire Protection Post Retirement Trust, staff will forward the audit to the actuary for review and if necessary, the actuary will be updated at that time.

Anticipated Completion Date:

Ongoing

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