



January 13, 2022

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

We have audited the financial statements of governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the Tahoe Douglas Fire Protection District (the District) as of and for the year ended June 30, 2021 and have issued our report thereon dated January 13, 2022. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under the Uniform Guidance**

As communicated in our letter dated September 23, 2021, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the District complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness on the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of the District's major federal program compliance, is to express an opinion on the compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, as a part of our major program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the District's internal control over compliance.

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We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our 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* dated January 13, 2022. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance with Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated January 13, 2022.

#### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

#### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

#### **Qualitative Aspects of the Entity's Significant Accounting Practices**

##### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

##### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Management's estimate of other post-employment benefit liability is based on a third-party actuarial valuation. We evaluated the key factors and assumptions used to develop the other post-employment benefit liability in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management’s estimate of compensated absences is based on years of service and shifts of employees at their current wage rates. We evaluated the key factors and assumptions used to develop the compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management’s estimate of the net pension liability is based on a third-party actuarial valuation. The actuarial valuation is based on the employee information submitted by the District to the Public Employees’ Retirement System of the State of Nevada (PERS). We evaluated the key factors and assumptions used to develop the pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management’s estimate of the allowance for doubtful accounts in the Ambulance Fund, is based on prior years’ experience with collections. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts and in determining that it is reasonable in relation to the financial statements taken as a whole.

*Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosures affecting the District’s financial statements relate to:

- The disclosure on cash and investments in Note 3 to the financial statements provides information on fair value and certain investment related risks that the District is exposed to.
- The disclosure on the defined benefit pension plan in Note 8 to the financial statements provides information on the assumptions made and inputs used to determine the pension liability and related amounts.
- The disclosure on the other postemployment benefits liability in Note 9 to the financial statements provides information on the assumptions made and inputs used to determine the other postemployment benefits liability.
- The disclosure on restatement in Note 11 to the financial statements provides information on adjustments that were necessary to beginning net position.

**Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

**Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

The following misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

General Fund:

Employee Benefits	\$48,850
Beginning Fund Balance	\$48,850

Fire Safe Community Service Fund:

Fuel Management Revenue	\$49,005
Strike Team Revenue	\$23,343
Unavailable Revenue	\$72,348
Fuel Management Revenue	\$90,818
Unearned Revenue	\$90,818

Ambulance Fund/Business-Type Activities:

Services and Supplies	\$53,159
Accounts Payable	\$53,159

Governmental Activities:

Beginning Net Position	\$328,421
Public Safety Expense	\$328,421

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

General Fund

Revenue	\$26,262
Unavailable Revenue	\$26,262

Taxes Receivable	\$47,063
Unavailable Revenue	\$47,063

Expenses	\$14,974
Accounts Payable	\$14,974

Accounts Receivable	\$13,574
Accrued Payroll	\$13,574

Governmental Activities

Taxes Receivable	\$47,063
Revenue	\$47,063

Expenses	\$14,974
Accounts Payable	\$14,974

Accounts Receivable	\$13,574
Accrued Payroll	\$13,574

Aggregate Remaining (TDFPD OPEB Trust)

Accounts Payable	\$38,826
Expenses	\$38,826

The effect of these uncorrected misstatements as of and for the year ended June 30, 2021, are shown below:

General Fund

Overstatement in change in fund balance and ending fund balance of \$41,236.

Governmental Activities

Understatement in change in net position and ending net position of \$32,089.

Aggregate Remaining (TDFPD OPEB Trust)

Understatement in change in fiduciary net position and ending net position of \$38,826.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

**Representations Requested from Management**

We have requested certain written representations from management, which are included in the management representation letter dated January 13, 2022.

**Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

**Other Information in Documents Containing Audited Financial Statements**

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the District's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

However, in accordance with such standards, we will review the information inputted into the data collection form and will consider whether such information, or the manner of its presentation, is materially consistent with the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

## **Modification of the Auditor's Report**

We expect to make the following modification to our auditor's report.

### **Correction of an Error**

As discussed in Note 11 to the financial statements, a certain error occurring in the recognition of amounts related to compensated absences resulting in an understatement of the amounts previously reported for compensated absences for the year ended June 30, 2020, was discovered by management during the current year. Accordingly, amounts related to compensated absences have resulted in a restatement of net position as of July 1, 2020. Our opinions are not modified with respect to this matter.

This report is intended solely for the information and use of the Board of Trustees and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

*Eide Bailly LLP*

Reno, Nevada



Financial Statements  
June 30, 2021

# Tahoe Douglas Fire Protection District

Tahoe Douglas Fire Protection District

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## 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, 2021, 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, 2021, 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.

### **Correction of an Error**

As discussed in Note 11 to the financial statements, a certain error occurring in the recognition of amounts related to compensated absences resulting in an understatement of the amounts previously reported for compensated absences for the year ended June 30, 2020, was discovered by management during the current year. Accordingly, amounts related to compensated absences have resulted in a restatement of net position as of July 1, 2020. 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 52 through 57, the schedule of changes in net other post-employment benefits liabilities and related ratios on pages 58 through 59, the schedule of District contributions - other post-employment benefits on page 60, the schedule of proportionate share of the net pension liability on page 61, the schedule of District contributions – PERS on page 62, and the notes to the required supplementary information on page 63, 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 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 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements.

The individual fund schedules, including budgetary comparisons, and the schedule of expenditures of federal awards 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, and schedule of expenditures of federal awards 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 January 13, 2022, 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.

*Eide Bailly LLP*

Reno, Nevada  
January 13, 2022

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, 2021. 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, 2021 by \$2,764,842 (*positive net position*). As of June 30, 2021, the unrestricted deficit was (\$3,056,646).
- At June 30, 2021, TDFPD's governmental funds reported combined ending fund balances of \$10,368,202, an increase of \$1,142,051 in comparison with prior year ending fund balances.
- At June 30, 2021, the unassigned fund balance of the General Fund was \$4,200,057 or 44% of total general fund expenditures (including transfers out of \$650,000).
- TDFPD'S total debt at June 30, 2021 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 53 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, 2021.

Fiduciary Fund - 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, 2020. The Trust's December 31, 2020 net position restricted for postemployment benefits other than pensions is \$13,703,304.

The basic governmental fund financial statements can be found on pages 16-19 of this report. The basic fiduciary fund financial statements can be found on pages 23-24 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.

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 25-51 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 \$2,764,842 at June 30, 2021.

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, 2021

**Government-wide Financial Analysis – continued**

	<u>Net Position</u>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	June 30		June 30		June 30	
	2021	2020	2021	2020	2021	2020
<b>Assets</b>						
Current and other assets	\$ 11,930,047	\$ 10,341,341	\$ 668,781	\$ 432,739	\$ 12,598,828	\$ 10,774,080
Capital assets	5,545,328	5,600,667	276,160	238,452	5,821,488	5,839,119
Net OPEB Asset	2,079,447	1,231,597	-	-	2,079,447	1,231,597
Total assets	<u>19,554,822</u>	<u>17,173,605</u>	<u>944,941</u>	<u>671,191</u>	<u>20,499,763</u>	<u>17,844,796</u>
<b>Deferred outflows of resources</b>	<u>2,990,279</u>	<u>3,869,345</u>	<u>1,061,962</u>	<u>1,205,805</u>	<u>4,052,241</u>	<u>5,075,150</u>
<b>Total assets and deferred outflows of resources</b>	<u>22,545,101</u>	<u>21,042,950</u>	<u>2,006,903</u>	<u>1,876,996</u>	<u>24,552,004</u>	<u>22,919,946</u>
<b>Liabilities</b>						
Long-term liabilities outstanding	11,572,688	11,048,811	4,803,246	4,839,259	16,375,934	15,888,070
Other liabilities	1,423,061	921,421	62,057	260,492	1,485,118	1,181,913
Total liabilities	<u>12,995,749</u>	<u>11,970,232</u>	<u>4,865,303</u>	<u>5,099,751</u>	<u>17,861,052</u>	<u>17,069,983</u>
<b>Deferred inflows of resources</b>	<u>3,292,018</u>	<u>3,597,707</u>	<u>634,092</u>	<u>766,666</u>	<u>3,926,110</u>	<u>4,364,373</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>16,287,767</u>	<u>15,567,939</u>	<u>5,499,395</u>	<u>5,866,417</u>	<u>21,787,162</u>	<u>21,434,356</u>
<b>Net Position</b>						
Net investment in capital assets	5,545,328	5,600,667	276,160	238,452	5,821,488	5,839,119
Unrestricted	712,006	(125,656)	(3,768,652)	(4,227,873)	(3,056,646)	(4,353,529)
Total net position	<u>\$ 6,257,334</u>	<u>\$ 5,475,011</u>	<u>\$ (3,492,492)</u>	<u>\$ (3,989,421)</u>	<u>\$ 2,764,842</u>	<u>\$ 1,485,590</u>

At June 30, 2021, 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 \$496,929 in net position reported in connection with TDFPD's business-type activities. Total operating expenses were \$2,807,210 and total revenue including net transfers was \$3,304,139.



Tahoe Douglas Fire Protection District  
Management's Discussion and Analysis (Unaudited)  
Year Ended June 30, 2021

**Governmental Activities**

Governmental activities increased TDFPD's net position by \$1,110,744 thereby accounting for a 22% 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	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
<u>Program revenues</u>						
Charges for services	\$ 1,993,730	\$ 912,225	\$ 521,597	\$ 490,594	\$ 2,515,327	\$ 1,402,819
Operating grants and contributions	534,881	505,257	256,581	6,041	791,462	511,298
Capital grants and contributions	303,427	-	-	-	303,427	-
<u>General revenues</u>						
Ad valorem taxes	4,454,442	4,319,445	2,033,237	1,971,621	6,487,679	6,291,066
Consolidated tax	5,288,637	4,734,093	-	-	5,288,637	4,734,093
Interest income	4,682	22,244	-	-	4,682	22,244
Miscellaneous revenue	514,936	773,840	302,078	179,849	817,014	953,689
Transfers	(190,646)	(212,718)	190,646	212,718	-	-
<b>Total revenues</b>	<u>12,904,089</u>	<u>11,054,386</u>	<u>3,304,139</u>	<u>2,860,823</u>	<u>16,208,228</u>	<u>13,915,209</u>
<b>Expenses</b>						
Public safety	11,793,345	10,767,968	-	-	11,793,345	10,767,968
Ambulance	-	-	2,807,210	2,744,559	2,807,210	2,744,559
<b>Total expenses</b>	<u>11,793,345</u>	<u>10,767,968</u>	<u>2,807,210</u>	<u>2,744,559</u>	<u>14,600,555</u>	<u>13,512,527</u>
Increase (decrease) in net position	<u>1,110,744</u>	<u>286,418</u>	<u>496,929</u>	<u>116,264</u>	<u>1,607,673</u>	<u>402,682</u>
Net position, July 1 as originally reported	5,475,011	2,728,620	(3,989,421)	(4,105,685)	1,485,590	(1,377,065)
Prior period adjustments	(328,421)	2,459,973	-	-	(328,421)	2,459,973
Net position, July 1 as restated	<u>5,146,590</u>	<u>5,188,593</u>	<u>(3,989,421)</u>	<u>(4,105,685)</u>	<u>1,157,169</u>	<u>1,082,908</u>
Net position - June 30	<u>\$ 6,257,334</u>	<u>\$ 5,475,011</u>	<u>\$ (3,492,492)</u>	<u>\$ (3,989,421)</u>	<u>\$ 2,764,842</u>	<u>\$ 1,485,590</u>

**Revenue by Source**

The two major revenue sources for the governmental activities are ad valorem taxes of \$4,454,442 and consolidated taxes (CTX) of \$5,288,637. 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. For the fiscal year, CTX revenue was \$498,584 above 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 in 2016 for a portion of the Stateline, NV area. 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 for 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 eighteen Firefighter/Paramedics to the ambulance fund, which requires an ad valorem tax rate of 20 cents for fiscal year 2020/2021.

The 2020/2021 Ambulance Enterprise Fund budget reported budgeted user fees of \$475,000. Actual user fees for the fiscal year ended June 30, 2021 were \$521,597. \$2,033,237 of ad valorem tax revenue from the 6-cent tax override plus 0.14 cent rate applied at the discretion of the Board was received for the fiscal year ended June 30, 2021. The Fund also received miscellaneous revenue of \$558,659 and transfers in from the governmental funds of \$600,000. The total revenue of \$3,713,493 will allow the District to allocate the costs of eighteen Firefighter/Paramedics to this fund.

**Revenue – Ambulance Fund**

	Fiscal Years Ended June 30,		Difference
	2021	2020	
Ad valorem taxes	\$ 2,033,237	\$ 1,971,621	\$ 61,616
Fee income (net of discount, allowances and bad debt)	521,597	490,594	31,003
Other income	558,659	185,891	372,768
Transfer in from General Fund	600,000	800,000	(200,000)
<b>Total revenue and transfers in</b>	<b>\$ 3,713,493</b>	<b>\$ 3,448,106</b>	<b>\$ 265,387</b>

Charges for business-type activities increased by 6%. Total Fund Revenue increased by \$265,387 mostly due to an increase in other income from CARES ACT funding and GEMT reimbursement.

**Expenses – Ambulance Fund**

Total expenses and transfers were \$3,216,564 for the fiscal year ended June 30, 2021. Operating transfers of \$409,354 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, 2021 were \$2,425,179. This is the result of allocating the total salaries, wages and benefits of eighteen Firefighters/Paramedics to this fund. Service and supplies expenses were \$264,233 and depreciation expense was \$117,798.

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 2021	Actual Fiscal Year 2020	Difference
Salaries and wages, benefits	\$ 2,425,179	\$ 2,395,673	\$ 29,506
Transfer to Health Insurance Fund	409,354	587,282	(177,928)
Services and supplies	264,233	255,877	8,356
Depreciation	117,798	93,009	24,789
<b>Total expenses and transfers out</b>	<b>\$ 3,216,564</b>	<b>\$ 3,331,841</b>	<b>\$ (115,277)</b>

Business-type activities increased the TDFPD's net position by \$496,929.

**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 \$10,368,202 an increase of \$1,142,051 over the prior year.

Of the total fund balance, approximately 59% percent is assigned to non-spendable and specific expenses, and the remaining 41% or \$4,200,057 is unassigned and is available for spending at the Board's discretion.

The TDFPD's General Fund Ending Balance increased by \$855,546 during the current fiscal year.

**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 \$(3,492,492). The total net increase in net position (deficit) was \$496,929.

**General Fund Budgetary Highlights**

The District experienced an increase in state projections for CTX of \$554,544. 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, 2021 amounts to \$5,821,488 (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:

	2021	2020
Ambulance motor vehicle equipment	\$ 236,288	\$ 179,024
Ambulance machinery and equipment	39,872	59,430
Fire Safe motor vehicle equipment	582,507	373,404
Fire Safe machinery and equipment	15,162	8,713
Fire Safe land	82,822	82,822
Fire Safe facility building and building improvements	379,991	370,470
Land	90,395	90,395
Buildings and building improvement	1,475,163	1,476,693
Firefighting vehicles	1,247,961	1,407,271
Motor vehicle equipment	1,187,377	1,280,173
Fire boat, lift-launch; pier const.	385,859	409,046
Furniture and fixtures	98,091	101,678
 Total capital assets	 \$ 5,821,488	 \$ 5,839,119

**Capital Asset and Debt Administration – continued**

**Capital Assets**  
*(Net of depreciation)*  
**June 30, 2021**

Ambulance Re-chassis	\$ 155,505
Station 23 Remodel - Work in progress	18,729
Station 21 Retaining Wall - Work in progress	7,378
Station 23 Office and Classroom Remodel - Work in progress	34,775
Station 22 Remodel	6,480
Station 22 Lockers	6,485
Station 22 Extractor Washing Machine	9,078
Station 22 Chain Link Fencing - Work in progress	9,630
Wildland Fire & Fuels Type 5 Engine - Work in progress	96,337
Wildland Fire & Fuels Crew Vehicles (3) - Work in progress	202,137
Training Apparatus - Forced Entry Door	8,696
Laptop- Mechanic's Use	3,181
Fire Chief Vehicle	62,414
Assistant Chief Vehicle	35,083
Other	1,602
BC Vehicle striping - Work in progress	1,692
	\$ 659,202

Additional information on TDFPD's capital assets can be found at Note 4 on pages 36-37 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 \$2,032,950 abatement on our available tax revenue. Our assessed valuation increased \$22,215,413 over the fiscal year ended June 30, 2021.
- 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. The 2021-2022 liability will be paid by distributions taken from the Post Retirement Trust investment account maintained with the State of Nevada RBIF. The TDFPD Post Retirement Trust funding in excess of liability as of December 31, 2020 was \$2,079,447.
- 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.

- In fiscal year 2020-2021 the District welcomed a new Fire Chief. Although the District's daily operations have proceeded as they have in the past, the new management team is moving forward with a vision for the future that will include more collaboration with outside agencies including NV Energy for fuels management. This will certainly impact the District's planning, employee relations and other District matters.
- The 2021 fire season was extreme across the country and lead to unprecedented response from the fire district. Two major wildfires directly threatened the district and lead to the evacuation of the South end of the Tahoe Basin including parts of TDFPD's district. The economic impacts on the tourism industry with these evacuations in conjunction with the ongoing pandemic are factors that will need to be considered in future planning.

Many of these factors were in effect and considered in preparing TDFPD's 2022 budget. All these factors will be considered in preparing TDFPD's budget for the 2022 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, 2021

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 10,501,381	\$ 317,100	\$ 10,818,481
Accounts receivable (net of allowance for uncollectible amounts of \$382,148)	-	349,862	349,862
Taxes receivable	942,601	1,819	944,420
Grant receivables	173,035	-	173,035
Other receivables	297,652	-	297,652
Prepays	15,378	-	15,378
Capital assets, not being depreciated	563,230	-	563,230
Capital assets, being depreciated	4,982,098	276,160	5,258,258
Net OPEB asset - District Plan	2,079,447	-	2,079,447
Total assets	<u>19,554,822</u>	<u>944,941</u>	<u>20,499,763</u>
<b>Deferred Outflows of Resources</b>			
Net pension - related amounts	1,443,077	1,061,962	2,505,039
OPEB - related amounts	1,547,202	-	1,547,202
Total deferred outflows of resources	<u>2,990,279</u>	<u>1,061,962</u>	<u>4,052,241</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>22,545,101</u>	<u>2,006,903</u>	<u>24,552,004</u>
<b>Liabilities</b>			
Accounts payable	425,705	62,057	487,762
Accrued payroll and benefits	870,233	-	870,233
Unearned revenue	113,818	-	113,818
Deposits	13,305	-	13,305
Noncurrent liabilities:			
Net pension liability	8,990,614	4,803,246	13,793,860
Net OPEB liability - PEBP	149,483	-	149,483
Compensated absences			
Due within one year	878,586	-	878,586
Due in more than one year	1,554,005	-	1,554,005
Total liabilities	<u>12,995,749</u>	<u>4,865,303</u>	<u>17,861,052</u>
<b>Deferred Inflows of Resources</b>			
Net pension - related amounts	864,964	634,092	1,499,056
OPEB - related amounts	2,427,054	-	2,427,054
Total deferred inflows of resources	<u>3,292,018</u>	<u>634,092</u>	<u>3,926,110</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>16,287,767</u>	<u>5,499,395</u>	<u>21,787,162</u>
<b>Net Position</b>			
Net investment in capital assets	5,545,328	276,160	5,821,488
Unrestricted (deficit)	712,006	(3,768,652)	(3,056,646)
Total net position	<u>\$ 6,257,334</u>	<u>\$ (3,492,492)</u>	<u>\$ 2,764,842</u>

**Tahoe Douglas Fire Protection District**  
Statement of Activities  
Year Ended June 30, 2021

Functions/Programs	Program Revenue			Net (Expense) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities Public safety	\$ 11,793,345	\$ 1,993,730	\$ 534,881	\$ 303,427	\$ (8,961,307)	\$ -	\$ (8,961,307)
Business-type Activities Ambulance	2,807,210	521,597	256,581	-	-	(2,029,032)	(2,029,032)
<b>Total primary government</b>	<b>\$ 14,600,555</b>	<b>\$ 2,515,327</b>	<b>\$ 791,462</b>	<b>\$ 303,427</b>	<b>\$ (8,961,307)</b>	<b>\$ (2,029,032)</b>	<b>\$ (10,990,339)</b>
General Revenues							
Ad valorem taxes					\$ 4,454,442	\$ 2,033,237	\$ 6,487,679
Unrestricted intergovernmental revenues - consolidated taxes					5,288,637	-	5,288,637
Unrestricted interest income					4,682	-	4,682
Miscellaneous revenue					514,936	302,078	817,014
Transfers					(190,646)	190,646	-
<b>Total general revenues and transfers</b>					<b>10,072,051</b>	<b>2,525,961</b>	<b>12,598,012</b>
<b>Change in Net Position</b>					<b>1,110,744</b>	<b>496,929</b>	<b>1,607,673</b>
<b>Net Position, Beginning of Year, as Originally Reported</b>					<b>5,475,011</b>	<b>(3,989,421)</b>	<b>1,485,590</b>
<b>Prior Period Adjustment</b>					<b>(328,421)</b>	<b>-</b>	<b>(328,421)</b>
<b>Net Position, Beginning of Year, as Restated</b>					<b>5,146,590</b>	<b>(3,989,421)</b>	<b>1,157,169</b>
<b>Net Position, End of Year</b>					<b>\$ 6,257,334</b>	<b>\$ (3,492,492)</b>	<b>\$ 2,764,842</b>



**Tahoe Douglas Fire Protection District**  
 Balance Sheet – Governmental Funds  
 June 30, 2021

	General (GAAP Basis)	Capital Projects	Sick Leave Reserve	Special Services	Fire Safe Community Service	Fire Flow Initiative	Total Governmental Funds
<b>Assets</b>							
Cash and investments	\$ 7,157,775	\$ 491,698	\$ 394,471	\$ 308,548	\$ 1,725,828	\$ 423,061	\$ 10,501,381
Receivables							
Taxes receivable	941,873	182	91	-	455	-	942,601
Grant receivables	802	-	-	-	172,233	-	173,035
Other receivables	27,662	-	-	2,000	192,990	75,000	297,652
Prepays	14,718	-	-	-	660	-	15,378
<b>Total assets</b>	<b>\$ 8,142,830</b>	<b>\$ 491,880</b>	<b>\$ 394,562</b>	<b>\$ 310,548</b>	<b>\$ 2,092,166</b>	<b>\$ 498,061</b>	<b>\$ 11,930,047</b>
<b>Liabilities</b>							
Accounts payable	\$ 399,642	\$ -	\$ -	\$ 10,914	\$ 15,149	\$ -	\$ 425,705
Unearned revenue	-	-	-	23,000	90,818	-	113,818
Deposits	13,305	-	-	-	-	-	13,305
Accrued payroll and benefits	652,574	-	44,416	-	173,243	-	870,233
<b>Total liabilities</b>	<b>1,065,521</b>	<b>-</b>	<b>44,416</b>	<b>33,914</b>	<b>279,210</b>	<b>-</b>	<b>1,423,061</b>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue	-	-	-	-	138,784	-	138,784
<b>Fund Balances</b>							
Nonspendable	14,718	-	-	-	-	-	14,718
Assigned	2,862,534	491,880	350,146	276,634	1,674,172	498,061	6,153,427
Unassigned	4,200,057	-	-	-	-	-	4,200,057
<b>Total fund balances</b>	<b>7,077,309</b>	<b>491,880</b>	<b>350,146</b>	<b>276,634</b>	<b>1,674,172</b>	<b>498,061</b>	<b>10,368,202</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 8,142,830</b>	<b>\$ 491,880</b>	<b>\$ 394,562</b>	<b>\$ 310,548</b>	<b>\$ 2,092,166</b>	<b>\$ 498,061</b>	<b>\$ 11,930,047</b>

Tahoe Douglas Fire Protection District  
 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
 June 30, 2021

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Total fund balances - total governmental funds		\$ 10,368,202
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	\$ 12,948,752	
Less accumulated depreciation	<u>(7,403,424)</u>	5,545,328
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.		
		2,079,447
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the funds.		
Net OPEB liability - PEBP	(149,483)	
Compensated absences payable	(2,432,591)	
Net pension liability	<u>(8,990,614)</u>	(11,572,688)
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	1,443,077	
Deferred outflows of resources related to OPEB	1,547,202	
Deferred inflows of resources related to pensions	(864,964)	
Deferred inflows of resources related to OPEB	<u>(2,427,054)</u>	(301,739)
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>138,784</u>
Net position of governmental activities		<u><u>\$ 6,257,334</u></u>

**Tahoe Douglas Fire Protection District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds**  
**Year Ended June 30, 2021**

	General (GAAP Basis)	Capital Projects	Sick Leave Reserve	Special Services	Fire Safe Community Service	Fire Flow Initiative	Total Governmental Funds
<b>Revenues</b>							
Taxes							
Ad valorem	\$ 3,640,885	\$ 203,063	\$ 101,857	\$ -	\$ 508,637	\$ -	\$ 4,454,442
Intergovernmental	5,288,637	-	-	-	-	-	5,288,637
Consolidated tax	144,191	-	-	-	-	-	144,191
Plan check fee	4,670	3	1	-	8	-	4,682
Interest income	108,773	-	-	212,608	423,964	-	745,345
Grants	623,587	-	-	31,500	1,340,255	-	1,995,342
Contracts and strike team	-	-	-	2,145	-	-	2,145
Local contributions	105,305	-	-	6,400	326,231	77,000	514,936
Other income	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>9,916,048</b>	<b>203,066</b>	<b>101,858</b>	<b>252,653</b>	<b>2,599,095</b>	<b>77,000</b>	<b>13,149,720</b>
<b>Expenditures</b>							
Current - public safety	4,927,439	-	94,559	80,000	1,342,380	-	6,444,378
Salaries and wages	2,897,017	-	-	-	292,199	-	3,189,216
Employee benefits	1,089,600	-	-	253,811	343,193	4,814	1,691,418
Services and supplies	55,722	117,827	-	-	330,147	-	503,696
Capital outlay	8,969,778	117,827	94,559	333,811	2,307,919	4,814	11,828,708
<b>Total expenditures</b>	<b>946,270</b>	<b>85,239</b>	<b>7,299</b>	<b>(81,158)</b>	<b>291,176</b>	<b>72,186</b>	<b>1,321,012</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>							
<b>Other Financing Sources (Uses)</b>							
Proceeds from sale of equipment	-	11,685	-	-	-	-	11,685
Transfers in	559,276	-	-	50,000	-	-	609,276
Transfers out	(650,000)	-	-	-	(149,922)	-	(799,922)
<b>Total other financing sources (uses)</b>	<b>(90,724)</b>	<b>11,685</b>	<b>-</b>	<b>50,000</b>	<b>(149,922)</b>	<b>-</b>	<b>(178,961)</b>
<b>Net Change in Fund Balances</b>	<b>855,546</b>	<b>96,924</b>	<b>7,299</b>	<b>(31,158)</b>	<b>141,254</b>	<b>72,186</b>	<b>1,142,051</b>
<b>Fund Balance, Beginning of Year</b>	<b>6,221,763</b>	<b>394,956</b>	<b>342,847</b>	<b>307,792</b>	<b>1,532,918</b>	<b>425,875</b>	<b>9,226,151</b>
<b>Fund Balances, End of Year</b>	<b>\$ 7,077,309</b>	<b>\$ 491,880</b>	<b>\$ 350,146</b>	<b>\$ 276,634</b>	<b>\$ 1,674,172</b>	<b>\$ 498,061</b>	<b>\$ 10,368,202</b>

See Notes to Financial Statements

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, 2021

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Net change in fund balances - total governmental funds	\$	1,142,051
Amounts reported for governmental activities in the statement of activities are different because:		
<p>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.</p>		
Expenditures for capital assets	\$	503,696
Proceeds from sale of assets		(11,685)
Loss on disposition of capital assets		(2,550)
Current year depreciation		(544,800)
		(55,339)
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		(54,985)
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		(245,275)
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		624,347
District pension expense		(596,139)
Change in net OPEB asset - District Plan		847,850
Change in net OPEB liability - PEBP		(62)
Change in deferred outflows of resources - OPEB related		(416,667)
Change in deferred inflows of resources - OPEB related		(135,037)
		324,292
Change in net position of governmental activities	\$	1,110,744

Tahoe Douglas Fire Protection District  
Statement of Net Position – Ambulance Fund  
June 30, 2021

Assets	
Current assets	
Cash	\$ 317,100
Accounts receivable (net of allowance for uncollectible amounts of \$314,696)	349,862
Taxes receivable	<u>1,819</u>
Total current assets	<u>668,781</u>
Equipment	
Motor vehicles	1,028,762
Other equipment	<u>578,739</u>
	1,607,501
Less accumulated depreciation	<u>(1,331,341)</u>
Equipment, net	276,160
Total assets	<u>944,941</u>
Deferred Outflows of Resources	
Net pension - related amounts	<u>1,061,962</u>
Liabilities	
Current liabilities	
Accounts payable	62,057
Noncurrent liabilities	
Net pension liability	<u>4,803,246</u>
Total liabilities	<u>4,865,303</u>
Deferred Inflows of Resources	
Net pension - related amounts	<u>634,092</u>
Net Position	
Net investment in capital assets	276,160
Unrestricted (deficit)	<u>(3,768,652)</u>
Total net position	<u>\$ (3,492,492)</u>

Tahoe Douglas Fire Protection District  
Statement of Revenues, Expenses, and Changes in Net Position – Ambulance Fund  
Year Ended June 30, 2021

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Operating Revenues	
Charges for services (net of discounts and bad debt)	<u>\$ 521,597</u>
Operating Expenses	
Salaries and wages	1,523,790
Employee benefits	901,389
Services and supplies	264,233
Depreciation	<u>117,798</u>
Total operating expenses	<u>2,807,210</u>
Operating Loss	<u>(2,285,613)</u>
Non-operating Revenues	
Ad valorem taxes	2,033,237
Grant income	256,581
Other income	<u>302,078</u>
Total non-operating revenues	<u>2,591,896</u>
Loss Before Transfers	306,283
Transfers in (out)	
Operating transfers in	600,000
Operating transfers out	<u>(409,354)</u>
Total transfers	<u>190,646</u>
Change in Net Position	496,929
Net Position, Beginning of Year	<u>(3,989,421)</u>
Net Position, End of Year	<u><u>\$ (3,492,492)</u></u>

Tahoe Douglas Fire Protection District  
Statement of Cash Flows – Ambulance Fund  
Year Ended June 30, 2021

Operating Activities	
Cash received from customers	\$ 457,324
Cash received from others	558,659
Cash paid to suppliers for goods and services	(212,668)
Cash paid to employees for salaries and benefits	<u>(2,449,923)</u>
Net Cash used for Operating Activities	<u>(1,646,608)</u>
Noncapital Financing Activities	
Cash from ad valorem taxes	2,035,132
Transfers from other funds	600,000
Transfers to other funds	<u>(659,354)</u>
Net Cash from Noncapital Financing Activities	<u>1,975,778</u>
Capital and Related Financing Activities	
Purchases of equipment	<u>(155,506)</u>
Net Change in Cash and Cash Equivalents	173,664
Cash and Cash Equivalents, Beginning of Year	<u>143,436</u>
Cash and Cash Equivalents, End of Year	<u>\$ 317,100</u>
Reconciliation of Operating Income (Loss) to Net Cash from (used For) Operating Activities	
Operating Loss	<u>\$ (2,285,613)</u>
Adjustments to Reconcile Operating Loss to Net Cash from (used for) Operating Activities	
Depreciation	117,798
Grant income	256,581
Other income	302,078
Changes in assets and liabilities	
Accounts receivable	(64,273)
Accounts payable	51,565
Pension related amounts	<u>(24,744)</u>
Total Adjustments	<u>639,005</u>
Net Cash used for Operating Activities	<u>\$ (1,646,608)</u>

Tahoe Douglas Fire Protection District  
Statement of Fiduciary Net Position  
June 30, 2021

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	<u>Post-Retirement Plan &amp; Trust</u>
Assets	
Cash and investments	\$ 13,678,206
Prepays	<u>76,637</u>
Total assets	13,754,843
Liabilities	
Benefits payable	<u>51,539</u>
Net position restricted for postemployment benefits other than pensions	<u>\$ 13,703,304</u>



Tahoe Douglas Fire Protection District  
Statement of Changes in Fiduciary Net Position  
Year Ended June 30, 2021

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	Post-Retirement Plan & Trust
Additions	
Investment income (loss)	
Net decrease in fair value of investments	\$ 1,547,069
Interest and dividends	244,801
Less investment expense	(2,895)
Net investment income (loss)	1,788,975
Deductions	
Benefit payments	524,863
Administrative expenses	45,821
Total deductions	570,684
Change in Net Position	1,218,291
Net Position, Beginning of Year	12,485,013
Net Position, End of Year	\$ 13,703,304

## 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, 2020.

### 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*.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from an exchange transaction such as providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Nonoperating revenues and nonoperating expenses result from nonexchange transactions or ancillary services.

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.

**Inventories and Prepaids**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds in the fund financial statements are considered consumable supplies and as such are recorded as expenditures at the time of purchase.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**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:

	Years
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, 2021.

### **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.

**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, 2021 is as follows:

Governmental funds	\$ 10,501,381
Proprietary fund	317,100
Fiduciary fund	<u>13,678,206</u>
	<u>\$ 24,496,687</u>

Pursuant to Nevada Revised Statutes 355.167, 355.170, and 355.171, 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.
- State of Nevada Local Government Investment Pool

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 other investments authorized Nevada Revised Statutes.

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 fair value. The Trust's investment in RBIF is reported in an amount equal to the original investment, less liabilities, plus monthly allocations 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 the monthly allocation of earnings. Complete financial information on RBIF as of June 30, 2021 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 27.44%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

As of June 30, 2021, the Tahoe Douglas Fire Protection District had the following cash and investments:

Cash	\$ 9,759,981
Investments	
Negotiable Certificates of Deposit	674,773
Municipal Bonds	240,511
Exchange Traded Funds	247,281
Retirement Benefits Investment Fund (RBIF)	13,574,141
Total investments	14,736,706
Total cash and investments	\$ 24,496,687

**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, 2021, the District’s investments had the following maturities:

	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	10 +
Investments					
Negotiable Certificates of Deposit	\$ 674,773	\$ 449,984	\$ 224,789	\$ -	\$ -
Municipal Bonds	240,511	-	-	-	240,511
	915,284	\$ 449,984	\$ 224,789	\$ -	\$ 240,511
Exchange Traded Funds	247,281				
RBIF	13,574,141				
Total Investments	\$ 14,736,706				

**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 \$272,628 at June 30, 2021. All of the Trust’s bank deposits were covered by the FDIC.

**Credit Risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the District. Credit ratings can be either long-term or short-term. Short-term ratings are generally assigned to securities that originally mature within 365 days. A short-term rating of A-1 is rated in the highest category by Standard and Poor with a plus sign (+) indicating that the obligor’s capacity to meet its financial commitment is extremely strong. In general, an A-1+ rating is equivalent to AA – AAA long-term ratings, whereas an A-1 rating is generally equivalent to an A long-term rating. The District’s negotiable certificate of deposits are insured up to \$250,000 per Bank by the FDIC and thus have little to no credit risk. In addition, as stated above, RBIF is an unrated investment pool. The District’s other investments subject to credit risk as of June 30, 2021 were rated by Standard and Poor’s and the ratings for the portfolio are as follows:

	Credit Quality Ratings				
	Fair Value	Long-term Rating			
		AAA	AA+	AA	A
Municipal Bonds	\$ 240,511	\$ -	\$ 47,534	\$ 144,044	\$ 48,933

**Fair Value Measurements-** The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on valuation inputs used to measure an asset’s fair value: 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 3 inputs.

As of June 30, 2021, the District had the following recurring fair value measurements:

Instruments by Fair Value Level	June 30, 2021	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Negotiable Certificates of Deposit	\$ 674,773	\$ -	\$ 674,773	\$ -
Municipal Bonds	240,511	-	240,511	-
Exchange Traded Funds	247,281	247,281	-	-
Total investment measured fair value	1,162,565	\$ 247,281	\$ 915,284	\$ -
RBIF*	13,574,141			
	\$ 14,736,706			

\*Investments in an investment pool (RBIF) are not categorized.

The following is a description of the valuation methodologies used by the District for its Level 2 assets:

Negotiable Certificates of Deposit- valued using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions.

Municipal bonds - Valued using quoted prices for similar assets or valuations based on models where the significant inputs are observable.

**Note 4 - Capital Assets**

Capital asset activity for governmental activities for the year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
<b>Governmental activities</b>				
Nondepreciable assets				
Land	\$ 173,217	\$ -	\$ -	\$ 173,217
Construction in progress	19,335	370,678	-	390,013
<b>Total nondepreciable assets</b>	<u>192,552</u>	<u>370,678</u>	<u>-</u>	<u>563,230</u>
Depreciable assets				
Building and improvements	3,850,999	-	-	3,850,999
Firefighting vehicles	3,562,294	-	(32,627)	3,529,667
Motor vehicles and equipment	3,815,182	121,141	(92,483)	3,843,840
Furniture and fixtures	690,603	11,877	-	702,480
Fire boat	458,536	-	-	458,536
<b>Total depreciable assets</b>	<u>12,377,614</u>	<u>133,018</u>	<u>(125,110)</u>	<u>12,385,522</u>
Less accumulated depreciation				
Building and improvements	(2,023,973)	(73,929)	-	(2,097,902)
Firefighting vehicles	(2,155,022)	(151,425)	24,742	(2,281,705)
Motor vehicles and equipment	(2,149,021)	(280,232)	86,133	(2,343,120)
Furniture and fixtures	(587,382)	(16,028)	-	(603,410)
Fire boat	(54,101)	(23,186)	-	(77,287)
	<u>(6,969,499)</u>	<u>(544,800)</u>	<u>110,875</u>	<u>(7,403,424)</u>
<b>Capital assets being depreciated, net</b>	<u>5,408,115</u>	<u>(411,782)</u>	<u>(14,235)</u>	<u>4,982,098</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 5,600,667</u>	<u>\$ (41,104)</u>	<u>\$ (14,235)</u>	<u>\$ 5,545,328</u>

The increase in accumulated depreciation for governmental activities includes depreciation expense of \$544,800 charged to the public safety function.

Capital asset activity for business-type activities for the year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Business-type activities				
Depreciable assets				
Motor vehicles	\$ 873,257	\$ 155,506	\$ -	\$ 1,028,763
Other equipment	578,739	-	-	578,739
	<u>1,451,996</u>	<u>155,506</u>	<u>-</u>	<u>1,607,502</u>
Less accumulated depreciation				
Motor vehicles	(694,233)	(98,241)	-	(792,474)
Other equipment	(519,311)	(19,557)	-	(538,868)
	<u>(1,213,544)</u>	<u>(117,798)</u>	<u>-</u>	<u>(1,331,342)</u>
Business-type activities capital assets, net	<u>\$ 238,452</u>	<u>\$ 37,708</u>	<u>\$ -</u>	<u>\$ 276,160</u>

#### Note 5 - Long-Term Liabilities

The District does not have any general obligation bonds outstanding as of June 30, 2021. Long-term liability activity for the year ended June 30, 2021, was as follows:

	July 1, 2020 As Restated	Additions	Deletions	June 30, 2021	Due in One Year
Compensated absences	<u>\$ 2,187,316</u>	<u>\$ 916,658</u>	<u>\$ (671,383)</u>	<u>\$ 2,432,591</u>	<u>\$ 878,586</u>

Compensated absences are generally liquidated from the General Fund or Sick Leave Reserve Fund. See Note 11 for additional details related to the July 1, 2020 correction.

#### Note 6 - Interfund Activity

Interfund transfers for the year ended June 30, 2021, consisted of the following:

Transfers Out	Transfers In			Total
	General Fund	Special Services Fund	Proprietary (Ambulance Fund)	
General Fund	\$ -	\$ 50,000	\$ 600,000	\$ 650,000
Fire Safe Community Service Fund	149,922	-	-	149,922
Proprietary (Ambulance Fund)	409,354	-	-	409,354
	<u>\$ 559,276</u>	<u>\$ 50,000</u>	<u>\$ 600,000</u>	<u>\$ 1,209,276</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, 2021:

	General	Capital Projects	Sick Leave Reserve	Special Services	Fire Safe Community Service	Fire Flow Initiative	Total
Fund Balances							
Nonspendable:							
Prepaid items	\$ 14,718	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,718
Assigned for:							
Capital projects	-	491,880	-	-	-	-	491,880
Employee benefits	2,862,534	-	350,146	-	-	-	3,212,680
Public safety grants	-	-	-	276,634	-	-	276,634
Fuels management	-	-	-	-	1,674,172	-	1,674,172
Fire flow initiative	-	-	-	-	-	498,061	498,061
Total assigned	<u>2,862,534</u>	<u>491,880</u>	<u>350,146</u>	<u>276,634</u>	<u>1,674,172</u>	<u>498,061</u>	<u>6,153,427</u>
Unassigned	<u>4,200,057</u>	-	-	-	-	-	<u>4,200,057</u>
Total fund balances	<u>\$ 7,077,309</u>	<u>\$ 491,880</u>	<u>\$ 350,146</u>	<u>\$ 276,634</u>	<u>\$ 1,674,172</u>	<u>\$ 498,061</u>	<u>\$ 10,368,202</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 years ended June 30, 2021 and 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.

The District's contributions were \$1,086,110 for the year ended June 30, 2021.

### *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, 2020:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return
U.S. Stocks	42%	5.50%
International Stocks	18%	5.50%
U.S. Bonds	28%	0.75%
Private Markets	12%	6.65%

As of June 30, 2020, PERS' long-term inflation assumption was 2.75%.

*Net Pension Liability*

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the District's proportion was 0.09903%, which is a decrease of .00276 from the proportion measured as of June 30, 2019.

*Pension Liability Discount Rate Sensitivity*

The following presents the net pension liability of the District as of June 30, 2021, 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:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	\$ 21,513,092	\$ 13,793,860	\$ 7,375,892

*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, 2020, 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%
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, 2020 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. Mortality 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, 2020 valuation were based on the results of an experience study for the period from July 1, 2012, through June 30, 2016.

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2020. 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, 2020, 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, 2020.

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

For the year ended June 30, 2021, the District recognized pension expense of \$1,033,159. At June 30, 2021, 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	\$ 428,566	\$ 178,112
Changes of assumptions	387,455	-
Net difference between projected and actual earnings on investments	-	521,074
Changes in proportion and difference between actual contributions and proportionate share of contributions	602,908	799,870
Contributions subsequent to the measurement date	1,086,110	-
	\$ 2,505,039	\$ 1,499,056

Deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date in the amount of \$1,086,110 will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

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, 2020) is 6.13 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:

Fiscal Year Ending June 30,		
2022	\$	(188,396)
2023		188,661
2024		17,341
2025		(31,356)
2026		(59,299)
Thereafter		(7,078)

## **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. During 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, 2021, 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 2020.

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 \$27 to a maximum of \$609 per month.

As of the December 31, 2020 measurement date, the following employees were covered by the benefit terms:

	District Plan	PEBP Plan
Active employees	56	-
Retirees enrolled in the District Plan	46	-
Retirees enrolled in PEBP	-	4
	102	4

*OPEB Liability or Asset*

The District's Plan net OPEB liability/asset was measured as of December 31, 2020, 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, 2020, 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:

	PEBP	District Plan
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 covers the employees included in this valuation except for a different basis used to project future mortality improvements. 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.

Asset Class	Asset Allocation
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 2.00% 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: No significant changes since the prior measurement date.

PEBP: The discount rate was decreased from 2.75% to 2.00%.

*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, 2020 <i>Measurement Date December 31, 2019</i>	<u>\$ 11,253,416</u>	<u>\$ 12,485,013</u>	<u>\$ (1,231,597)</u>
Changes for the year:			
Service costs	296,956	-	296,956
Interest	751,172	-	751,172
Benefit payments	(524,863)	(524,863)	-
Employer contributions	-	-	-
Implicit subsidy - payments	(152,825)	(152,825)	-
Implicit subsidy - contributions	-	152,825	(152,825)
Retiree contributions in	-	26,683	(26,683)
Retiree contributions out	-	(26,683)	26,683
Expected investment income	-	817,378	(817,378)
Investment experience	-	971,596	(971,596)
Administrative expense	-	(45,821)	45,821
Net changes	<u>370,440</u>	<u>1,218,290</u>	<u>(847,850)</u>
Balance at June 30, 2021 <i>Measurement Date December 31, 2020</i>	<u>\$ 11,623,856</u>	<u>\$ 13,703,303</u>	<u>\$ (2,079,447)</u>
			PEBP Total Liability
Balance at June 30, 2020 <i>Measurement Date December 31, 2019</i>			<u>\$ 149,421</u>
Changes for the year:			
Interest			3,913
Benefit payments			(14,231)
Changes in assumptions or other inputs			10,380
Net changes			<u>62</u>
Balance at June 30, 2021 <i>Measurement Date December 31, 2020</i>			<u>\$ 149,483</u>

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>\$ (410,418)</u>	<u>\$ (2,079,447)</u>	<u>\$ (3,433,092)</u>
PEBP Total OPEB Liability	<u>\$ 165,516</u>	<u>\$ 149,483</u>	<u>\$ 136,000</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>\$ (3,523,019)</u>	<u>\$ (2,079,447)</u>	<u>\$ (265,874)</u>
PEBP Total OPEB Liability	<u>\$ 137,434</u>	<u>\$ 149,483</u>	<u>\$ 163,502</u>

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

For the year ended June 30, 2021, the District recognized OPEB expense (income) for the District Plan of \$(149,604) and for the PEBP Plan of \$14,293, which was a total expense (income) of \$(135,311). At June 30, 2021, 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	\$ 935,178	\$ -
Differences between expected and actual experience	-	482,327
Net difference between projected and actual earnings on investments	534,346	1,944,727
Contributions subsequent to the measurement date	71,127	-
PEBP		
Contributions subsequent to the measurement date	6,551	-
Total	\$ 1,547,202	\$ 2,427,054

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
2022	\$ (426,174)
2023	(157,336)
2024	(424,508)
2025	(124,970)
2026	69,349
Thereafter	106,109

**Note 10 - 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 11 - Correction of an Error**

During 2021, the District identified misstatements in the June 30, 2020 financial statements related to the recognition of compensated absences. During the year, it was determined that vacation earned by employees was not properly recognized in the financial statements. Based on the misstatement, beginning net position was restated as of July 1, 2020 to report the previous understatement of compensated absences and related amounts at June 30, 2020.

The following summarizes the effect of the restatement:

	Governmental Activities
Net position at June 30, 2020, as previously reported	\$ 5,475,011
Prior period adjustment for understatement of compensated absences	(328,421)
Net position at July 1, 2020, as restated	\$ 5,146,590

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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes				
Ad valorem	\$ 3,639,609	\$ 3,639,609	\$ 3,640,885	\$ 1,276
Intergovernmental				
Consolidated tax	4,790,053	4,790,053	5,288,637	498,584
Plan check fee	60,000	120,000	144,191	24,191
Interest income	5,000	5,000	4,164	(836)
Grants	-	-	108,773	108,773
Strike team	150,000	490,000	623,587	133,587
Other income	55,000	155,000	115,453	(39,547)
<b>Total revenues</b>	<b>8,699,662</b>	<b>9,199,662</b>	<b>9,925,690</b>	<b>726,028</b>
<b>Expenditures</b>				
Current - public safety				
Salaries and wages	5,025,197	5,525,197	4,927,439	597,758
Employee benefits	2,270,937	2,470,937	1,872,434	598,503
Services and supplies	1,311,500	1,511,500	1,049,099	462,401
Capital outlay	100,000	100,000	55,722	44,278
<b>Total expenditures</b>	<b>8,707,634</b>	<b>9,607,634</b>	<b>7,904,694</b>	<b>1,702,940</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(7,972)</b>	<b>(407,972)</b>	<b>2,020,996</b>	<b>2,428,968</b>
<b>Other Financing Sources (Uses)</b>				
Contingency	(150,000)	(150,000)	-	150,000
Transfers out	(1,432,283)	(1,732,283)	(1,732,283)	-
<b>Total other financing sources (uses)</b>	<b>(1,582,283)</b>	<b>(1,882,283)</b>	<b>(1,732,283)</b>	<b>150,000</b>
<b>Net Change in Fund Balances</b>	<b>(1,590,255)</b>	<b>(2,290,255)</b>	<b>288,713</b>	<b>2,578,968</b>
Fund Balances, Beginning of Year	2,210,777	3,926,062	3,926,062	-
<b>Fund Balances, End of Year</b>	<b>\$ 620,522</b>	<b>\$ 1,635,807</b>	<b>\$ 4,214,775</b>	<b>\$ 2,578,968</b>

## 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, 2021

	General Fund (Budgetary Basis)	Health Insurance Reserve Fund (Internally Reported)	Eliminations	General Fund (GAAP Basis)
<b>Revenues</b>				
Taxes				
Ad valorem	\$ 3,640,885	\$ -	\$ -	\$ 3,640,885
Intergovernmental				
Consolidated tax	5,288,637	-	-	5,288,637
Plan check fee	144,191	-	-	144,191
Interest income	4,164	506	-	4,670
Grants	108,773	-	-	108,773
Contracts and strike team	623,587	-	-	623,587
Other income	115,453	(10,148)	-	105,305
<b>Total revenues</b>	<b>9,925,690</b>	<b>(9,642)</b>	<b>-</b>	<b>9,916,048</b>
<b>Expenditures</b>				
Current - public safety				
Salaries and wages	4,927,439	-	-	4,927,439
Employee benefits	1,872,434	1,024,583	-	2,897,017
Services and supplies	1,049,099	40,501	-	1,089,600
Capital outlay	55,722	-	-	55,722
<b>Total expenditures</b>	<b>7,904,694</b>	<b>1,065,084</b>	<b>-</b>	<b>8,969,778</b>
Excess (Deficiency) of Revenues Over Expenditures	2,020,996	(1,074,726)	-	946,270
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	-	1,641,559	(1,082,283)	559,276
Operating transfers out	(1,732,283)	-	1,082,283	(650,000)
<b>Total other financing     sources (uses)</b>	<b>(1,732,283)</b>	<b>1,641,559</b>	<b>-</b>	<b>(90,724)</b>
<b>Net Change in Fund Balances</b>	<b>288,713</b>	<b>566,833</b>	<b>-</b>	<b>855,546</b>
Fund Balances, Beginning of Year, as Originally Reported	3,926,062	2,295,701	-	6,221,763
<b>Fund Balances, End of Year</b>	<b>\$ 4,214,775</b>	<b>\$ 2,862,534</b>	<b>\$ -</b>	<b>\$ 7,077,309</b>

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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Ad valorem	\$ 101,637	\$ 101,637	\$ 101,857	\$ 220
Interest income	50	50	1	(49)
Total revenues	<u>101,687</u>	<u>101,687</u>	<u>101,858</u>	<u>171</u>
Expenditures				
Current - public safety				
Salaries and wages	<u>245,000</u>	<u>245,000</u>	<u>94,559</u>	<u>150,441</u>
Excess (Deficiency) of Revenues Over Expenditures	(143,313)	(143,313)	7,299	150,612
Fund Balances, Beginning of Year	<u>214,883</u>	<u>214,883</u>	<u>342,847</u>	<u>127,964</u>
Fund Balances, End of Year	<u><u>\$ 71,570</u></u>	<u><u>\$ 71,570</u></u>	<u><u>\$ 350,146</u></u>	<u><u>\$ 278,576</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Contracts	\$ 29,000	\$ 29,000	\$ 31,500	\$ 2,500
Grants	100,000	212,609	212,608	(1)
Local contributions	5,000	5,000	2,145	(2,855)
Other income	5,000	5,000	6,400	1,400
<b>Total revenues</b>	<b>139,000</b>	<b>251,609</b>	<b>252,653</b>	<b>1,044</b>
<b>Expenditures</b>				
Current - public safety				
Salaries and wages	80,000	80,000	80,000	-
Services and supplies	192,750	439,240	253,811	185,429
Capital outlay	20,000	20,000	-	20,000
<b>Total expenditures</b>	<b>292,750</b>	<b>539,240</b>	<b>333,811</b>	<b>205,429</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(153,750)</b>	<b>(287,631)</b>	<b>(81,158)</b>	<b>206,473</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfer in	50,000	50,000	50,000	-
<b>Net Change in Fund Balances</b>	<b>(103,750)</b>	<b>(237,631)</b>	<b>(31,158)</b>	<b>206,473</b>
<b>Fund Balances, Beginning of Year</b>	<b>173,911</b>	<b>307,792</b>	<b>307,792</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ 70,161</b>	<b>\$ 70,161</b>	<b>\$ 276,634</b>	<b>\$ 206,473</b>



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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Ad valorem	\$ 508,183	\$ 508,183	\$ 508,637	\$ 454
Grants	350,000	350,000	423,964	73,964
Contracts and strike team	700,000	1,411,000	1,340,255	(70,745)
Other income	50,000	50,000	326,231	276,231
Interest income	1,500	1,500	8	(1,492)
Total revenues	<u>1,609,683</u>	<u>2,320,683</u>	<u>2,599,095</u>	<u>278,412</u>
Expenditures				
Current - public safety				
Salaries and wages	1,236,060	1,536,060	1,342,380	193,680
Employee benefits	390,089	490,089	292,199	197,890
Services and supplies	227,800	327,800	343,193	(15,393)
Capital outlay	25,000	575,000	330,147	244,853
Total expenditures	<u>1,878,949</u>	<u>2,928,949</u>	<u>2,307,919</u>	<u>621,030</u>
Excess (Deficiency) of Revenues Over Expenditures	(269,266)	(608,266)	291,176	899,442
Other Financing Sources (Uses)				
Operating transfer out	(149,922)	(149,922)	(149,922)	-
Net Change in Fund Balances	(419,188)	(758,188)	141,254	899,442
Fund Balances, Beginning of Year	859,990	1,532,918	1,532,918	-
Fund Balances, End of Year	<u>\$ 440,802</u>	<u>\$ 774,730</u>	<u>\$ 1,674,172</u>	<u>\$ 899,442</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fees and donations	\$ 75,000	\$ 75,000	\$ 77,000	\$ 2,000
Expenditures				
Current - public safety				
Services and supplies	13,250	13,250	4,814	8,436
Capital outlay	125,000	125,000	-	125,000
Total expenditures	138,250	138,250	4,814	133,436
Excess (Deficiency) of Revenues Over Expenditures	(63,250)	(63,250)	72,186	135,436
Fund Balances, Beginning of Year	359,820	359,820	425,875	66,055
Fund Balances, End of Year	\$ 296,570	\$ 296,570	\$ 498,061	\$ 201,491

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

	2020	2019	2018	2017
<b>District Plan:</b>				
<b>Total OPEB Liability</b>				
Service cost	\$ 296,956	\$ 277,767	\$ 267,084	\$ 256,812
Interest	751,172	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	(524,863)	(602,084)	(582,821)	(577,988)
Benefit payments - implicit subsidy	(152,825)	(209,097)	(182,539)	(204,577)
<b>Net change in total OPEB liability</b>	<b>370,440</b>	<b>830,283</b>	<b>255,618</b>	<b>210,907</b>
<b>Total OPEB liability-beginning</b>	<b>11,253,416</b>	<b>10,423,133</b>	<b>10,167,515</b>	<b>9,956,608</b>
<b>Total OPEB liability-ending (a)</b>	<b>\$ 11,623,856</b>	<b>\$ 11,253,416</b>	<b>\$ 10,423,133</b>	<b>\$ 10,167,515</b>
<b>Plan fiduciary net position</b>				
Benefit payments	\$ (524,863)	\$ (602,084)	\$ (582,821)	\$ (577,988)
Employer contributions	-	642,651	643,306	1,100,206
Implicit subsidy - benefit payments	152,825	(209,097)	(182,539)	(204,577)
Implicit subsidy - contributions	(152,825)	209,097	182,539	204,577
Retiree contributions in	26,683	23,500	23,811	-
Retiree contributions out	(26,683)	(23,500)	(23,811)	-
Expected investment income	817,378	766,267	803,995	643,113
Investment experience	971,596	1,497,688	(1,318,657)	1,344,194
Administrative and other professional expense	(45,821)	(32,246)	(26,859)	(16,445)
<b>Net change in plan fiduciary net position</b>	<b>1,218,290</b>	<b>2,272,276</b>	<b>(481,036)</b>	<b>2,493,080</b>
<b>Plan fiduciary net position-beginning</b>	<b>12,485,013</b>	<b>10,212,737</b>	<b>10,693,773</b>	<b>8,200,693</b>
<b>Plan fiduciary net position-ending (b)</b>	<b>\$ 13,703,303</b>	<b>\$ 12,485,013</b>	<b>\$ 10,212,737</b>	<b>\$ 10,693,773</b>
<b>Net OPEB liability (asset) -ending (a) - (b)</b>	<b>\$ (2,079,447)</b>	<b>\$ (1,231,597)</b>	<b>\$ 210,396</b>	<b>\$ (526,258)</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>117.9%</b>	<b>110.9%</b>	<b>98.0%</b>	<b>105.2%</b>
<b>Covered-employee payroll</b>	<b>\$ 5,053,642</b>	<b>\$ 4,235,995</b>	<b>\$ 3,867,910</b>	<b>\$ 4,118,877</b>
<b>Net OPEB liability (asset) as a percentage of covered-employee payroll</b>	<b>-41.1%</b>	<b>-29.1%</b>	<b>5.4%</b>	<b>-12.8%</b>

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

	2020	2019	2018	2017
PEBP Plan:				
Total OPEB Liability	\$ 3,913	\$ 4,109	\$ 4,120	\$ 4,829
Interest	-	7,604	-	-
Differences between expected and actual experience	10,380	34,243	(4,024)	5,407
Change in assumptions or other inputs	(14,231)	(14,552)	(13,089)	(11,920)
Benefit payments				
Net change in total OPEB liability	62	31,404	(12,993)	(1,684)
Total OPEB liability-beginning	149,421	118,017	131,010	132,694
Total OPEB liability-ending (a)	\$ 149,483	\$ 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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District Plan:				
Actuarially determined contribution	\$ 243,043	\$ 239,197	\$ 450,350	\$ 432,127
Contributions in relation to the actuarially determined contribution	<u>147,539</u>	<u>502,211</u>	<u>950,635</u>	<u>775,697</u>
Contribution (deficiency) excess	<u>\$ (95,504)</u>	<u>\$ 263,014</u>	<u>\$ 500,285</u>	<u>\$ 343,570</u>
Covered-employee payroll	\$ 5,118,918	\$ 4,669,347	\$ 4,235,995	\$ 3,867,910
Contributions as a percentage of covered payroll	2.88%	10.76%	22.44%	20.05%

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

	2020	2019	2018	2017	2016	2015	2014
District's portion of net the pension liability	0.09903%	0.10179%	0.10453%	0.10435%	0.10335%	0.08504%	0.10453%
District's proportionate share of the net pension liability	\$ 13,793,860	\$ 13,879,754	\$ 14,256,070	\$ 13,878,884	\$ 13,907,324	\$ 9,744,843	\$ 11,140,127
District's covered payroll	\$ 5,111,801	\$ 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	269.84%	273.67%	283.55%	328.16%	331.97%	237.33%	259.75%
Plan fiduciary net position as a percentage of the total pension liability	77.04%	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 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

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution*	\$ 1,086,110	\$ 1,032,892	\$ 979,877	\$ 969,761	\$ 876,216	\$ 811,228	\$ 795,142
Contributions in relation to the statutorily required contribution	\$(1,086,110)	\$(1,032,892)	\$(979,877)	\$(969,761)	\$(876,216)	\$(811,228)	\$(795,142)
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 5,389,035	\$ 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	20.15%	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 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.

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):

	<u>2020</u>	<u>2019</u>	<u>2017 - 2018</u>
District Plan:			
Investment rate of return	6.70%	6.70%	7.50%
Discount rate	6.70%	6.70%	7.50%
Mortality	2019 NV PERS	2019 NV PERS	2016 NV PERS
Mortality improvement	MW Scale 2020	MW Scale 2020	MW Scale 2017
Salary increase rate	3.00%	3.00%	4.00%
Healthcare cost trends	5.4% - 4.0%	5.4% - 4.0%	6.25% - 5.0%
General inflation	2.50%	2.50%	2.75%
Amortization method	Level % of Pay 30 yr open	Level % of Pay 30 yr open	Level % of Pay 30 yr closed
PEBP:			
Discount rate	2.00%	2.75%	3.71%
Demographic assumptions	MW Scale 2020	MW Scale 2020	MW Scale 2017
Healthcare cost trends	5.4% - 4.0%	5.4% - 4.0%	6.5% - 5.0%
General inflation	2.50%	2.50%	2.75%



Supplementary Information  
June 30, 2021

## 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, 2021**

	General Fund (Budgetary Basis)	Health Insurance Reserve Fund (Internally Reported)	Eliminations	General Fund (GAAP Basis)
<b>Assets</b>				
Cash and investments	\$ 4,276,720	\$ 2,881,055	\$ -	\$ 7,157,775
Receivables				
Taxes receivable	941,873	-	-	941,873
Grant receivables	802	-	-	802
Other receivables	27,662	-	-	27,662
Prepaid expenses	14,718	-	-	14,718
<b>Total assets</b>	<b>\$ 5,261,775</b>	<b>\$ 2,881,055</b>	<b>\$ -</b>	<b>\$ 8,142,830</b>
<b>Liabilities</b>				
Accounts payable	\$ 394,426	\$ 5,216	\$ -	\$ 399,642
Deposits	-	13,305	-	13,305
Accrued payroll and benefits	652,574	-	-	652,574
<b>Total liabilities</b>	<b>1,047,000</b>	<b>18,521</b>	<b>-</b>	<b>1,065,521</b>
<b>Fund Balances</b>				
Nonspendable	14,718	-	-	14,718
Assigned	-	2,862,534	-	2,862,534
Unassigned	4,200,057	-	-	4,200,057
<b>Total fund balances</b>	<b>4,214,775</b>	<b>2,862,534</b>	<b>-</b>	<b>7,077,309</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,261,775</b>	<b>\$ 2,881,055</b>	<b>\$ -</b>	<b>\$ 8,142,830</b>

Tahoe Douglas Fire Protection District  
Balance Sheet – Internally Reported (Budgetary Basis) – Health Insurance Reserve  
June 30, 2021

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Assets	
Cash and investments	\$ 2,881,055
Liabilities	
Accounts payable	5,216
Deposits	<u>13,305</u>
Total liabilities	18,521
Fund Balances	
Assigned	<u>2,862,534</u>
Total Liabilities and Fund Balances	<u><u>\$ 2,881,055</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Interest income	\$ 1,500	\$ 1,500	\$ 506	\$ (994)
Other income	-	-	(10,148)	(10,148)
Total revenues	<u>1,500</u>	<u>1,500</u>	<u>(9,642)</u>	<u>(11,142)</u>
Expenditures				
Current - public safety				
Employee benefits	1,815,737	1,815,737	1,024,583	791,154
Services and supplies	45,000	45,000	40,501	4,499
Total expenditures	<u>1,860,737</u>	<u>1,860,737</u>	<u>1,065,084</u>	<u>795,653</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,859,237)	(1,859,237)	(1,074,726)	784,511
Other Financing Sources (Uses)				
Operating transfers in	<u>1,641,559</u>	<u>1,641,559</u>	<u>1,641,559</u>	<u>-</u>
Net Change in Fund Balances	(217,678)	(217,678)	566,833	784,511
Fund Balances, Beginning of Year	<u>1,365,082</u>	<u>1,365,082</u>	<u>2,295,701</u>	<u>930,619</u>
Fund Balances, End of Year	<u>\$ 1,147,404</u>	<u>\$ 1,147,404</u>	<u>\$ 2,862,534</u>	<u>\$ 1,715,130</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Ad valorem	\$ 203,273	\$ 203,273	\$ 203,063	\$ (210)
Interest income	100	100	3	(97)
Other income	5,000	5,000	-	(5,000)
Total revenues	<u>208,373</u>	<u>208,373</u>	<u>203,066</u>	<u>(5,307)</u>
Expenditures				
Capital outlay	<u>225,000</u>	<u>325,000</u>	<u>117,827</u>	<u>207,173</u>
Excess (Deficiency) of Revenues Over Expenditures	(16,627)	(116,627)	85,239	201,866
Other Financing Sources (Uses)				
Proceeds from sale of equipment	-	-	11,685	11,685
Net Change in Fund Balances	(16,627)	(116,627)	96,924	213,551
Fund Balances, Beginning of Year	<u>245,140</u>	<u>394,956</u>	<u>394,956</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 228,513</u>	<u>\$ 278,329</u>	<u>\$ 491,880</u>	<u>\$ 213,551</u>

Tahoe Douglas Fire Protection District  
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual – Ambulance Fund  
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Operating Revenues				
Charges for services (net of discounts and bad debt)	\$ 575,000	\$ 475,000	\$ 521,597	\$ 46,597
Operating Expenses				
Salaries and wages	1,523,790	1,523,790	1,523,790	-
Employee benefits	923,528	923,528	901,389	22,139
Services and supplies	261,850	291,850	264,233	27,617
Depreciation	110,000	130,000	117,798	12,202
Total operating expenses	2,819,168	2,869,168	2,807,210	61,958
Operating Income (Loss)	(2,244,168)	(2,394,168)	(2,285,613)	108,555
Non-operating Revenues				
Ad valorem taxes	2,032,733	2,032,733	2,033,237	504
Grant income	-	256,785	256,581	(204)
Other income	130,000	130,000	302,078	172,078
Total non-operating revenues	2,162,733	2,419,518	2,591,896	172,378
Income (Loss) Before Transfers	(81,435)	25,350	306,283	280,933
Transfers In (Out)				
Operating transfers in	300,000	600,000	600,000	-
Operating transfers out	(409,354)	(409,354)	(409,354)	-
Total transfers	(109,354)	190,646	190,646	-
Change in Net Position	(190,789)	215,996	496,929	280,933
Net Position, Beginning of Year			(3,989,421)	
Net Position, End of Year			\$ (3,492,492)	

Tahoe Douglas Fire Protection District  
Schedule of Cash Flows – Budget and Actual – Ambulance Fund  
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Operating Activities</b>				
Cash received from customers	\$ 850,000	\$ 850,000	\$ 457,324	\$ (392,676)
Cash received from others	-	256,785	558,659	301,874
Cash paid to suppliers for goods and services	(261,850)	(291,850)	(212,668)	79,182
Cash paid to employees for salaries and benefits	(2,447,318)	(2,447,318)	(2,449,923)	(2,605)
<b>Net Cash used for Operating Activities</b>	<u>(1,859,168)</u>	<u>(1,632,383)</u>	<u>(1,646,608)</u>	<u>(14,225)</u>
<b>Noncapital Financing Activities</b>				
Cash from ad valorem taxes	2,032,733	2,032,733	2,035,132	2,399
Other income	130,000	130,000	-	(130,000)
Transfers from other funds	300,000	600,000	600,000	-
Transfers to other funds	(409,354)	(409,354)	(659,354)	(250,000)
<b>Net Cash from Noncapital Financing Activities</b>	<u>2,053,379</u>	<u>2,353,379</u>	<u>1,975,778</u>	<u>(377,601)</u>
<b>Capital and Related Financing Activities</b>				
Purchase of equipment	(30,000)	(30,000)	(155,506)	(125,506)
<b>Net Change in Cash and Cash Equivalents</b>	164,211	690,996	173,664	(517,332)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>55,998</u>	<u>55,998</u>	<u>143,436</u>	<u>87,438</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 220,209</u>	<u>\$ 746,994</u>	<u>\$ 317,100</u>	<u>\$ (429,894)</u>





Compliance Section  
June 30, 2021

# Tahoe Douglas Fire Protection District



**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, 2021, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated January 13, 2022.

**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 questioned costs as Finding 2021-001 that we consider to be a material weakness.

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**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 Response to Finding**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.



Reno, Nevada  
January 13, 2022



## **Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

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

### **Report on Compliance for the Major Federal Program**

We have audited Tahoe Douglas Fire Protection District's (the District's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### **Report on Internal Control over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Reno, Nevada  
January 13, 2022



## 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, 2021, 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, 2020.

### Prior Year Recommendations

The prior year finding 2020-001 is reported again as finding 2021-001 in the schedule of findings and questioned costs. The District implemented the recommendation from prior year finding 2020-002 and this finding was corrected.

### Current Year Recommendations

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

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

Reno, Nevada  
January 13, 2022

Tahoe Douglas Fire Protection District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

Federal Grantor / Pass-Through Grantor / Program Title	Federal Assistance Listing Number	Agency or Pass-Through Number	Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>			
Direct Award			
Watershed Restoration and Enhancement Agreement Authority	10.693	16-CA-11051900-025	\$ 172,285
Partnership Agreement Program	10.699	20-PA-11051900-005	<u>54,718</u>
<b>Total U.S. Department of Agriculture</b>			<u>227,003</u>
<b><u>U.S. Department of the Interior</u></b>			
Pass through from Nevada Bureau of Land Management Southern Nevada Public Land Management	15.235	L16AC00037	60,809
Pass through from Tahoe Resource Conservation District Southern Nevada Public Land Management	15.235	L17AC00025	<u>187,354</u>
<b>Total U.S. Department of the Interior</b>			<u>248,163</u>
<b><u>U.S. Department of Justice</u></b>			
Pass through from Nevada Division of Emergency Management Edward Byrne Memorial Justice Assistance (JAG)	16.738	19-JAG-31	<u>11,665</u>
<b><u>U.S. Department of Treasury</u></b>			
Pass through from Douglas County COVID-19 Coronavirus Relief Fund	21.019	None Assigned	<u>377,365</u>
<b><u>U.S. Department of Homeland Security</u></b>			
Pass through from Nevada Division of Emergency Management Homeland Security Grant Program	97.067	97067.19-3000	<u>200,944</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<u><u>\$1,065,140</u></u>

**Note 1 - Basis of Presentation**

This schedule of expenditures of federal awards (the schedule) includes the federal award activity of Tahoe Douglas Fire Protection District (the Organization) under programs of the federal government for the year ended June 30, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Tahoe Douglas Fire Protection District, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of Tahoe Douglas Fire Protection District.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

**Note 3 - Indirect Cost Rate**

The District has elected to use the 10% de minimus cost rate.

**Note 4 - Coronavirus Relief Fund**

The grant award for the Coronavirus Relief Fund was accepted during the year ended June 30, 2021. However, the award allowed for costs to be recaptured from March 1, 2020. Therefore, \$191,371 was recognized in the SEFA for the year ended June 30, 2021 that related to the year ended June 30, 2020.



**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiency(ies) not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516?	No
Identification of major programs:	
Name of Federal Program or Cluster	<u>Assistance Listing Number</u>
Coronavirus Relief Fund	21.019
Homeland Security Grant Program	97.067
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as a low-risk auditee?	No

**Section II – Financial Statement Findings:**

**2021-001: 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 specific items. Adjustments were proposed in relation to revenue recognition, beginning roll-forward balances, compensated absences, and accrued expenses. 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. Revenues were overstated by \$163,166 in the Fire Safe Community Service Fund. In addition, expenses were understated by \$48,850 in the Health Insurance Budgetary Basis Fund (General Fund GAAP Basis) and by \$53,159 in the Ambulance Fund. Also, a prior period adjustment was recorded for \$328,421 for compensated absences for Governmental Activities. 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.

**Section III – Findings and Questioned Costs for Federal Awards:**

No findings were reported for Federal Awards.



# Tahoe Douglas Fire Protection District

Scott Lindgren, Fire Chief | Bryce Cranch, Assistant Chief | Eric Guevin, Fire Marshal  
Bill Kirschner, Chair | Greg Felton, Vice Chair  
Kevin Kjer, Trustee | Larry Schussel, Trustee | Janet Murphy, Trustee

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January 12, 2021

## CORRECTIVE ACTION PLAN

### Finding 2021-1

#### Finding Summary:

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

#### Responsible Individuals:

Scott Lindgren, Fire Chief, Tahoe Douglas Fire Protection District  
Carrie Nolting, Finance Manager, 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

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