



Financial Statements and Report of Independent
Certified Public Accountants

Tahoe Douglas Fire Protection District

June 30, 2014

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Report of Independent Certified Public Accountants

To the Board of Trustees
Tahoe Douglas Fire Protection District

Report on the financial statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Tahoe Douglas Fire Protection District (the “District”), as of and for the year ended June 30, 2014, 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 errors.

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 on 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 and each major fund of the Tahoe Douglas Fire Protection District as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress on pages 6 through 13 and page 46 be presented to supplement the basic financial statements. Such information, although not a required 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. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures 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.

Supplementary information

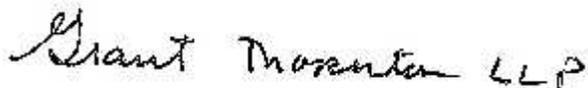
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, on page 55 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on 2013 summarized comparative information

We have previously audited the District's 2013 basic financial statements (not presented herein), and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities and each major fund in our report dated December 13, 2013. In our opinion, the accompanying summarized comparative information as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated January 15, 2015, 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Reno, Nevada
January 15, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Tahoe Douglas Fire Protection District

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

For the year ended June 30, 2014

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, 2014. We encourage readers to consider the information presented here in conjunction with our comprehensive annual budget and financial statements.

Financial Highlights

- The assets of TDFPD exceeded its liabilities at June 30, 2014 by \$12,732,141 (*net position*). As of June 30, 2014, the unrestricted balance was \$7,251,980.
- At June 30, 2014, TDFPD's governmental funds reported combined ending fund balances of \$8,757,799 an increase of \$2,321,480 in comparison with prior year ending fund balances.
- At June 30, 2014, the unassigned fund balance of the General Fund was \$1,569,044 or 21% of total general fund expenditures (including transfers out of \$1,783,780).
- TDFPD's total debt at June 30, 2014 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 liabilities, 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 and earned but unused vacation leave).

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 15 - 17 of this report.

Tahoe Douglas Fire Protection District

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED (unaudited)

For the year ended June 30, 2014

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 sheet and the governmental fund statement 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 Health Insurance Reserve). 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 basic governmental fund financial statements can be found on pages 18 - 25 of this report.

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

The basic proprietary fund financial statements can be found on pages 26 - 28 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 fund financial statements. The notes to the financial statements can be found on pages 29 - 44 of this report.

Tahoe Douglas Fire Protection District

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
(unaudited)

For the year ended June 30, 2014

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 exceeded its liabilities by \$12,732,141 at June 30, 2014.

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.

	<u>Net Position</u>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>June 30,</u>		<u>June 30,</u>		<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets						
Current and other assets	\$ 9,575,448	\$ 7,030,423	\$ 356,694	\$ 705,699	\$ 9,932,142	\$ 7,736,122
Capital assets	5,223,436	5,248,213	256,725	255,793	5,480,161	5,504,006
Total assets	<u>\$ 14,798,884</u>	<u>\$ 12,278,636</u>	<u>\$ 613,419</u>	<u>\$ 961,492</u>	<u>\$ 15,412,303</u>	<u>\$ 13,240,128</u>
Liabilities						
Long-term liabilities outstanding	\$ 1,834,621	\$ 1,745,752	\$ -	\$ -	\$ 1,834,621	\$ 1,745,752
Other liabilities	811,203	587,658	34,338	19,640	845,541	607,298
Total liabilities	<u>\$ 2,645,824</u>	<u>\$ 2,333,410</u>	<u>\$ 34,338</u>	<u>\$ 19,640</u>	<u>\$ 2,680,162</u>	<u>\$ 2,353,050</u>
Net Position						
Net investment in capital assets	\$ 5,223,436	\$ 5,248,213	\$ 256,725	\$ 255,793	\$ 5,480,161	\$ 5,504,006
Unrestricted	6,929,624	4,697,013	322,356	686,059	7,251,980	5,383,072
Total net position	<u>\$ 12,153,060</u>	<u>\$ 9,945,226</u>	<u>\$ 579,081</u>	<u>\$ 941,852</u>	<u>\$ 12,732,141</u>	<u>\$ 10,887,078</u>

At June 30, 2014, TDFPD is able to report positive balances for the governmental activities, business-type activities and for the government as a whole.

There was a decrease of \$(362,771) in net position reported in connection with TDFPD's business-type activities. Total operating expenses including transfers was \$3,141,437 and total revenue was \$2,778,666.

Tahoe Douglas Fire Protection District

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
(unaudited)

For the year ended June 30, 2014

Governmental Activities

Governmental activities increased TDFPD's net position by \$2,207,834 thereby accounting for a 120% increase in the total net assets. Key elements of this increase are as follows:

Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>June 30,</u>		<u>June 30,</u>		<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues						
<u>Program revenues</u>						
Charges for services	\$ 782,428	\$ 751,891	\$ 1,099,775	\$ 1,004,196	\$ 1,882,203	\$ 1,756,087
Operating grants and contributions	1,600,306	353,775	-	-	1,600,306	353,775
Capital grants and contributions	83,617	426,765	-	35,546	83,617	462,311
<u>General revenues</u>						
Ad valorem taxes	3,781,485	3,633,489	1,674,416	1,712,911	5,455,901	5,346,400
Consolidated tax	3,954,830	3,804,067	-	-	3,954,830	3,804,067
Plan check fee	33,248	19,332	-	-	33,248	19,332
Interest income	5,789	27,622	160	34	5,949	27,656
Miscellaneous revenue	15,323	3,688	4,315	12,907	19,638	16,595
Loss on disposal of capital asset	-	(22,795)	-	-	-	(22,795)
Transfers	535,372	483,740	(535,372)	(483,740)	-	-
Total revenues	<u>10,792,398</u>	<u>9,481,574</u>	<u>2,243,294</u>	<u>2,281,854</u>	<u>13,035,692</u>	<u>11,763,428</u>
Expenses						
Public safety	8,584,564	8,054,277	-	-	8,584,564	8,054,277
Ambulance	-	-	2,606,065	2,173,324	2,606,065	2,173,324
Total expenses	<u>8,584,564</u>	<u>8,054,277</u>	<u>2,606,065</u>	<u>2,173,324</u>	<u>11,190,629</u>	<u>10,227,601</u>
Increase (decrease) in net position	2,207,834	1,427,297	(362,771)	108,530	1,845,063	1,535,827
Residual equity transfer	-	2,402,147	-	-	-	2,402,147
Net position – July 1	<u>9,945,226</u>	<u>6,115,782</u>	<u>941,852</u>	<u>833,322</u>	<u>10,887,078</u>	<u>6,949,104</u>
Net position – June 30	<u>\$12,153,060</u>	<u>\$ 9,945,226</u>	<u>\$ 579,081</u>	<u>\$ 941,852</u>	<u>\$12,732,141</u>	<u>\$10,887,078</u>

Revenues by Source

The two major revenue sources for the governmental activities are ad valorem taxes of \$3,781,485 and consolidated taxes (CTX) of \$3,954,830. These sources have historically grown at a rate that equals or exceeds inflation. We can reasonably expect ad valorem growth to remain consistent moving forward. The consolidated tax (CTX) distribution has exceeded inflation since its inception seven years ago. For the fiscal year, CTX revenue was \$113,938 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.

Tahoe Douglas Fire Protection District

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
(unaudited)**

For the year ended June 30, 2014

Expenditures

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

Business-type Activities

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

The District allocates fifteen Firefighter/Paramedics to the ambulance fund, which requires an ad valorem tax rate of 20 cents for fiscal year 2013/14.

The 2013/2014 Ambulance Enterprise Fund budget reported budgeted user fees of \$988,000. This is calculated by multiplying the average number of annual transports (1,054) by the average amount of a billing (\$1,042) and subtracting the average of Medicare non-allowed that the District experiences (10%).

1,054 (transports) x \$1,042 (one bill)	\$ 1,098,000
Medicare non-allowed (approximately 10%)	<u>(110,000)</u>
 Total fee income	 <u>\$ 988,000</u>

Actual user fees for the fiscal year ended June 30, 2014 were \$1,099,775. \$1,674,416 of ad valorem tax revenue from the 6-cent tax override plus .14 cent rate applied at the discretion of the Board was received for the fiscal year ended June 30, 2014. The Fund also received miscellaneous revenue of \$4,315 and \$160 of interest income was earned on investments and security accounts of the Ambulance Enterprise Fund. The total revenue of \$2,778,666 will allow the District to allocate the costs of fifteen Firefighter/Paramedics to this fund.

Revenue

	Fiscal Years Ended June 30,		Difference
	2014	2013	
Ad valorem taxes	\$ 1,674,416	\$ 1,712,911	\$ (38,495)
Fee income	1,099,775	1,004,196	95,579
Interest	160	34	126
Grant revenue	-	35,546	(35,546)
Other income	4,315	12,907	(8,592)
 Total revenue	 <u>\$ 2,778,666</u>	 <u>\$ 2,765,594</u>	 <u>\$ 13,072</u>

Charges for business-type activities increased by 9.5%. Total Fund Revenue increased by \$13,072 due to an increase in fee income.

Tahoe Douglas Fire Protection District

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED (unaudited)

For the year ended June 30, 2014

Expenses

Total expenses were \$3,141,437 for the fiscal year ended June 30, 2014. Operating transfers of \$535,372 to the Health Insurance Reserve Special Revenue Fund are included in the total expenditure amount. Salaries, wages and benefits account for the largest percentage of expenses. Total salary, wage, and benefit expense for the fiscal year ended June 30, 2014 were \$1,762,717. This is the result of allocating the total salaries, wages and benefits of fifteen Firefighter/Paramedics to this fund. Service and supplies expenses were \$230,759, bad debt expense was \$520,705 and depreciation expense was \$91,884.

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 five years from their date of purchase.

	Actual Fiscal Year 2014	Actual Fiscal Year 2013	Difference
Salaries and wages, benefits	\$ 1,762,717	\$ 1,500,996	\$ 261,721
Transfer to health insurance fund	535,372	483,740	51,632
Services and supplies	230,759	230,229	530
Bad debts	520,705	368,776	151,929
Depreciation	91,884	73,323	18,561
Total expenses	\$ 3,141,437	\$ 2,657,064	\$ 484,373

Business-type activities decreased the TDFPD's net assets by \$(362,771).

Financial Analysis of the Government's Funds

Governmental Funds - The purpose of 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 \$8,757,799 an increase of \$2,321,480 over the prior year.

Of the total fund balance, less than 25% or \$2,152,140 is non-spendable, and 48% or \$4,169,220 is committed for subsequent year's expenditures. Approximately nine percent is assigned to specific expenses and the remaining 18% or \$1,569,044 is unassigned and is available for spending at the Board's discretion.

The TDFPD's General Fund Ending Balance increased by \$971,505 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 of the Ambulance Enterprise Fund at the end of the year amounted to \$579,081. The total decrease in net position was \$(362,771).

Tahoe Douglas Fire Protection District

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
(unaudited)

For the year ended June 30, 2014

General Fund Budgetary Highlights

The District experienced, for the first time in as many years, an increase in state projections for CTX of \$56,002 in projected revenue. Future year budgeting must now consider the increased significant reliance on CTX and the reduced reliance on property taxes.

Capital Asset and Debt Administration

Capital Assets - TDFPD's investment in capital assets for its governmental and business type activities as of June 30, 2014 amounts to \$5,480,161 (net of accumulated depreciation). This investment in capital assets includes building and improvements, fire fighting vehicles, motor vehicles and equipment, and furniture and fixtures.

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

(3) Defibrillators	\$	91,660
Computer – medic use		1,157
Station 25 H25 detector		1,754
Gas detectors		4,145
Storage container		3,867
Station 25 deck heat		3,210
Fire Crew Facility – WIP		39,600
Fire Crew Facility – ice maker		2,267
Type III Fire Engine		2,563
Type III Fire Engine accessories		2,613
New engine		12,178
Computer – B/C workstation		1,467
(6) Computers		7,436
SCBA computer work station		1,250
Computer		10,000
Station 25 oven/stove		545
Ice machine		2,267
RIT pack cylinder		4,736
SCBA equipment		169,898
Large area		5,218
Type II engine		1,904
Knox Key Security		2,140
Radio for WT25		2,544
Replacement hose packs		10,710
EOD disruptor		4,750
EOD Robot upgrade		36,859
EOD Robot radio		40,347
EOD Ballistic safety		368
EOD Exercise equipment		4,949
EOD Exercise equipment		4,424
Total additions	\$	476,826

Tahoe Douglas Fire Protection District

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED (unaudited)

For the year ended June 30, 2014

Capital Asset and Debt Administration - Continued

	<u>Capital Assets</u> <i>(Net of depreciation)</i>	
	<u>2014</u>	<u>2013</u>
Ambulance motor vehicle equipment	\$ 100,932	\$ 161,056
Ambulance machinery and equipment	155,794	94,737
Fire Safe motor vehicle equipment	43,581	50,923
Fire Safe machinery and equipment	8,658	7,487
Fire Safe crew facility WIP	80,785	41,185
Land	90,395	90,395
Buildings and building improvements	1,686,852	1,734,240
Firefighting vehicles	1,763,382	1,902,904
Motor vehicle equipment	1,459,408	1,327,197
Furniture and fixtures	90,374	93,882
Total capital assets	<u>\$ 5,480,161</u>	<u>\$ 5,504,006</u>

Additional information on TDFPD's capital assets can be found in Note D on page 38 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 \$3,221,224 abatement on our available tax revenue. Our assessed valuation increased \$32,829,718 over the fiscal year ended June 30, 2014.
- An increase in revenue will continue to be required to meet the long-term liability associated with retiree health insurance cost projections. The District has implemented a seven-year plan to attend to the long-term liability of retiree health insurance. The plan is to allocate 3% base salary per year, compounded until 23% of base salary is reached. Budget year 2014/15 reflects a 23% of base-salary allocation towards this liability. Additional funding may be required to meet this liability.

Both of these factors were considered in preparing TDFPD's budget for the 2015 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, Nevada, 89448.

BASIC FINANCIAL STATEMENTS

Tahoe Douglas Fire Protection District

STATEMENT OF NET POSITION

June 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 6,136,146	\$ 238,411	\$ 6,374,557
Investments	199,954	-	199,954
Accounts receivable	-	105,421	105,421
Taxes receivable	721,174	12,862	734,036
Grant receivables	283,690	-	283,690
Other receivables	82,344	-	82,344
Prepaid expenses	7,367	-	7,367
Prepaid OPEB contributions	2,144,773	-	2,144,773
Capital assets, net	5,223,436	256,725	5,480,161
	\$ 14,798,884	\$ 613,419	\$ 15,412,303
LIABILITIES			
Accounts payable	\$ 450,712	\$ 9,253	\$ 459,965
Accrued payroll and benefits	307,238	-	307,238
Unearned revenue	15,000	25,085	40,085
Compensated absences			
Due within one year	38,253	-	38,253
Due in more than one year	1,834,621	-	1,834,621
	\$ 2,645,824	\$ 34,338	\$ 2,680,162
NET POSITION			
Net investment in capital assets	\$ 5,223,436	\$ 256,725	\$ 5,480,161
Unrestricted	6,929,624	322,356	7,251,980
	\$ 12,153,060	\$ 579,081	\$ 12,732,141

The accompanying notes are an integral part of this statement.

Tahoe Douglas Fire Protection District

STATEMENT OF ACTIVITIES

For the year ended June 30, 2014

Functions/programs	<u>Expenses</u>	Program Revenue		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Public safety	\$ 8,584,564	\$ 782,428	\$ 1,600,306	\$ 83,617
Total governmental activities	8,584,564	782,428	1,600,306	83,617
Business-type activities				
Ambulance	2,606,065	1,099,775	-	-
Total business-type activities	2,606,065	1,099,775	-	-
Total primary government	\$ 11,190,629	\$ 1,882,203	\$ 1,600,306	\$ 83,617

General revenues

- Ad valorem taxes
- Consolidated tax
- Plan check fee
- Interest income
- Miscellaneous revenue

Transfers

Total general revenues and transfers

CHANGE IN NET POSITION

Net position - beginning

Net position - ending

The accompanying notes are an integral part of this statement.

**Net (Expense) Revenues
and Changes in Net Position**

Governmental Activities	Business-type Activities	Total
\$ (6,118,213)	\$ -	\$ (6,118,213)
<u>(6,118,213)</u>	<u>-</u>	<u>(6,118,213)</u>
-	(1,506,290)	(1,506,290)
<u>-</u>	<u>(1,506,290)</u>	<u>(1,506,290)</u>
<u>\$ (6,118,213)</u>	<u>\$ (1,506,290)</u>	<u>\$ (7,624,503)</u>

\$ 3,781,485	\$ 1,674,416	\$ 5,455,901
3,954,830	-	3,954,830
33,248	-	33,248
5,789	160	5,949
15,323	4,315	19,638
535,372	(535,372)	-
<u>8,326,047</u>	<u>1,143,519</u>	<u>9,469,566</u>
2,207,834	(362,771)	1,845,063
<u>9,945,226</u>	<u>941,852</u>	<u>10,887,078</u>
<u>\$ 12,153,060</u>	<u>\$ 579,081</u>	<u>\$ 12,732,141</u>

Tahoe Douglas Fire Protection District

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2014

ASSETS

	<u>General</u>	<u>Capital Projects</u>	<u>Sick Leave Reserve</u>	<u>Special Services</u>	<u>Fire Safe Community Service</u>	<u>Health Insurance Reserve</u>	<u>Total Governmental Funds</u>
CASH AND CASH EQUIVALENTS	\$ 2,375,378	\$ 324,029	\$ 484,978	\$ 203,710	\$ 909,403	\$ 1,838,648	\$ 6,136,146
INVESTMENTS	199,954	-	-	-	-	-	199,954
RECEIVABLES							
Taxes receivable	715,160	1,287	645	-	4,082	-	721,174
Grant receivables	143,489	-	-	-	140,201	-	283,690
Due from other funds	-	-	-	-	-	-	-
Other receivables	-	-	-	-	82,344	-	82,344
PREPAID EXPENSES	7,367	-	-	-	-	-	7,367
PREPAID OPEB CONTRIBUTION	-	-	-	-	-	2,144,773	2,144,773
Total assets	<u>\$ 3,441,348</u>	<u>\$ 325,316</u>	<u>\$ 485,623</u>	<u>\$ 203,710</u>	<u>\$ 1,136,030</u>	<u>\$ 3,983,421</u>	<u>\$ 9,575,448</u>

LIABILITIES AND FUND BALANCES

LIABILITIES							
Accounts payable	\$ 404,804	\$ 10,710	\$ -	\$ 10,080	\$ 23,326	\$ 1,792	\$ 450,712
Unearned revenue	-	-	-	15,000	-	-	15,000
Accrued payroll and benefits	291,840	-	-	-	42,714	10,937	345,491
Total liabilities	<u>696,644</u>	<u>10,710</u>	<u>-</u>	<u>25,080</u>	<u>66,040</u>	<u>12,729</u>	<u>811,203</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	6,446	-	-	-	-	-	6,446
FUND BALANCES							
Fund balances							
Non-spendable							
Prepaid expenses	7,367	-	-	-	-	2,144,773	2,152,140
Committed for subsequent year's expenditures	1,161,847	161,094	292,142	98,462	629,756	1,825,919	4,169,220
Assigned to public safety expenses	-	153,512	193,481	80,168	440,234	-	867,395
Unassigned	1,569,044	-	-	-	-	-	1,569,044
Total fund balance	<u>2,738,258</u>	<u>314,606</u>	<u>485,623</u>	<u>178,630</u>	<u>1,069,990</u>	<u>3,970,692</u>	<u>8,757,799</u>
Total liabilities and fund balances	<u>\$ 3,441,348</u>	<u>\$ 325,316</u>	<u>\$ 485,623</u>	<u>\$ 203,710</u>	<u>\$ 1,136,030</u>	<u>\$ 3,983,421</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	5,223,436
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	(1,834,621)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	6,446
Net position of governmental activities	<u>\$ 12,153,060</u>

The accompanying notes are an integral part of this statement.

Tahoe Douglas Fire Protection District
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended June 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Sick Leave Reserve</u>	<u>Special Services</u>	<u>Fire Safe Community Service</u>	<u>Health Insurance Reserve</u>	<u>Total Governmental Funds</u>
Revenues							
Taxes							
Ad valorem	\$ 2,998,563	\$ 167,496	\$ 84,021	\$ -	\$ 531,405	\$ -	\$ 3,781,485
Intergovernmental							
Consolidated tax	3,954,830	-	-	-	-	-	3,954,830
Plan check fee	33,248	-	-	-	-	-	33,248
Interest income	281	30	168	1	411	4,898	5,789
Grants	1,229,147	-	-	83,617	371,159	-	1,683,923
Contracts and Strike team	222,819	-	-	29,000	530,609	-	782,428
Other income	13,848	-	-	3,916	-	-	17,764
Net depreciation of fair value of investments	(47)	-	-	-	-	(2,394)	(2,441)
Total revenues	<u>8,452,689</u>	<u>167,526</u>	<u>84,189</u>	<u>116,534</u>	<u>1,433,584</u>	<u>2,504</u>	<u>10,257,026</u>
Expenditures							
Current - public safety							
Salaries and wages	3,198,242	-	87,783	72,115	694,046	-	4,052,186
Employee benefits	1,462,662	-	-	-	98,992	1,400,994	2,962,648
Bad debt expense	-	-	-	-	8,865	-	8,865
Services and supplies	813,411	-	-	24,636	225,163	-	1,063,210
Capital outlay	223,089	26,063	-	92,990	41,867	-	384,009
Total expenditures	<u>5,697,404</u>	<u>26,063</u>	<u>87,783</u>	<u>189,741</u>	<u>1,068,933</u>	<u>1,400,994</u>	<u>8,470,918</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,755,285</u>	<u>141,463</u>	<u>(3,594)</u>	<u>(73,207)</u>	<u>364,651</u>	<u>(1,398,490)</u>	<u>1,786,108</u>
Other financing sources							
Transfer in (out)	(1,783,780)	-	-	100,000	(106,077)	2,325,229	535,372
NET CHANGE IN FUND BALANCE	971,505	141,463	(3,594)	26,793	258,574	926,739	2,321,480
Fund balances - beginning	<u>1,766,753</u>	<u>173,143</u>	<u>489,217</u>	<u>151,837</u>	<u>811,416</u>	<u>3,043,953</u>	
Fund balances - ending	<u>\$ 2,738,258</u>	<u>\$ 314,606</u>	<u>\$ 485,623</u>	<u>\$ 178,630</u>	<u>\$ 1,069,990</u>	<u>\$ 3,970,692</u>	

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	(24,777)
Some expenses reported on the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(88,869)
Change in net position of governmental activities	<u>\$ 2,207,834</u>

The accompanying notes are an integral part of this statement.

Tahoe Douglas Fire Protection District

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

Year ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Ad valorem	\$ 3,005,372	\$ 3,005,372	\$ 2,998,563	\$ (6,809)
Intergovernmental				
Consolidated tax	3,840,892	3,840,892	3,954,830	113,938
Plan check fee	15,000	15,000	33,248	18,248
Interest income	500	500	281	(219)
Grant revenue	1,341,060	1,341,060	1,229,147	(111,913)
Strike team	-	-	222,819	222,819
Other income	-	-	13,801	13,801
Total revenues	<u>8,202,824</u>	<u>8,202,824</u>	<u>8,452,689</u>	<u>249,865</u>
Expenditures				
Current - public safety				
Salaries and wages	3,922,830	3,922,830	3,198,242	724,588
Employee benefits	1,795,220	1,795,220	1,462,662	332,558
Services and supplies	990,900	990,900	813,411	177,489
Capital outlay	250,000	250,000	223,089	26,911
Contingency	65,000	65,000	-	65,000
Total expenditures	<u>7,023,950</u>	<u>7,023,950</u>	<u>5,697,404</u>	<u>1,326,546</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,178,874	1,178,874	2,755,285	1,576,411
Other financing sources				
Transfer out	<u>(1,783,780)</u>	<u>(1,783,780)</u>	<u>(1,783,780)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(604,906)	(604,906)	971,505	1,576,411
Fund balances - July 1	<u>854,236</u>	<u>854,236</u>	<u>1,766,753</u>	<u>912,517</u>
Fund balances - June 30	<u>\$ 249,330</u>	<u>\$ 249,330</u>	<u>\$ 2,738,258</u>	<u>\$ 2,488,928</u>

The accompanying notes are an integral part of this statement.

Tahoe Douglas Fire Protection District

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

Year ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Ad valorem taxes	\$ 167,851	\$ 167,851	\$ 167,496	\$ (355)
Interest income	100	100	30	(70)
Total revenues	167,951	167,951	167,526	(425)
Expenditures				
Capital outlay	180,000	180,000	26,063	153,937
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(12,049)	(12,049)	141,463	153,512
Fund balances - July 1	138,896	138,896	173,143	34,247
Fund balances - June 30	<u>\$ 126,847</u>	<u>\$ 126,847</u>	<u>\$ 314,606</u>	<u>\$ 187,759</u>

The accompanying notes are an integral part of this statement.

Tahoe Douglas Fire Protection District

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
(Sick Leave Reserve)**

Year ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Ad valorem taxes	\$ 83,925	\$ 83,925	\$ 84,021	\$ 96
Interest income	9,000	9,000	168	(8,832)
Net depreciation in fair value of investments	-	-	-	-
Total revenues	<u>92,925</u>	<u>92,925</u>	<u>84,189</u>	<u>(8,736)</u>
Expenditures				
Salaries and wages	<u>290,000</u>	<u>290,000</u>	<u>87,783</u>	<u>202,217</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(197,075)	(197,075)	(3,594)	193,481
Fund balances - July 1	<u>351,312</u>	<u>351,312</u>	<u>489,217</u>	<u>137,905</u>
Fund balances - June 30	<u><u>\$ 154,237</u></u>	<u><u>\$ 154,237</u></u>	<u><u>\$ 485,623</u></u>	<u><u>\$ 331,386</u></u>

The accompanying notes are an integral part of this statement.

Tahoe Douglas Fire Protection District

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
(Special Services)**

Year ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Grants	\$ 15,000	\$ 98,617	\$ 83,617	\$ (15,000)
Contracts	14,000	14,000	29,000	15,000
Interest income	25	25	1	(24)
Miscellaneous				
Other income	-	-	3,916	3,916
Total revenues	<u>29,025</u>	<u>112,642</u>	<u>116,534</u>	<u>3,892</u>
Expenditures				
Current - public safety				
Salaries and wages	75,000	75,000	72,115	2,885
Services and supplies	96,400	96,400	24,636	71,764
Capital outlay	11,000	144,697	92,990	51,707
Total expenditures	<u>182,400</u>	<u>316,097</u>	<u>189,741</u>	<u>126,356</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(153,375)	(203,455)	(73,207)	130,248
Other financing sources				
Operating transfer in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(53,375)	(103,455)	26,793	130,248
Fund balances - July 1	<u>101,757</u>	<u>151,837</u>	<u>151,837</u>	<u>-</u>
Fund balances - June 30	<u>\$ 48,382</u>	<u>\$ 48,382</u>	<u>\$ 178,630</u>	<u>\$ 130,248</u>

The accompanying notes are an integral part of this statement.

Tahoe Douglas Fire Protection District

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
(Fire Safe Community Service Fund)**

Year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 532,840	\$ 532,840	\$ 531,405	\$ (1,435)
Grants	264,000	264,000	371,159	107,159
Contracts and strike team	57,000	57,000	530,609	473,609
Interest income	3,000	3,000	411	(2,589)
Other income	-	-	-	-
Total revenues	856,840	856,840	1,433,584	576,744
Expenditures				
Current - public safety				
Salaries and wages	872,723	872,723	694,046	178,677
Employee benefits	336,819	336,819	98,992	237,827
Bad debt expense	-	25,000	8,865	16,135
Services and supplies	301,300	301,300	225,163	76,137
Capital outlay	400,000	375,000	41,867	333,133
Total expenditures	1,910,842	1,910,842	1,068,933	841,909
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,054,002)	(1,054,002)	364,651	1,418,653
Other financing sources				
Operating transfer out	(106,077)	(106,077)	(106,077)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(1,160,079)	(1,160,079)	258,574	1,418,653
Fund balances - July 1	1,232,559	1,232,559	811,416	(421,143)
Fund balances - June 30	\$ 72,480	\$ 72,480	\$ 1,069,990	\$ 997,510

The accompanying notes are an integral part of this statement.

Tahoe Douglas Fire Protection District

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
(Health Insurance Reserve)**

Year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest income	\$ 10,000	\$ 10,000	\$ 4,898	\$ (5,102)
Net depreciation in fair value of investments	-	-	(2,394)	(2,394)
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>2,504</u>	<u>(7,496)</u>
Expenditures				
Services and supplies	40,000	40,000	-	40,000
Employee benefits	2,314,726	2,314,726	1,400,994	913,732
Total expenditures	<u>2,354,726</u>	<u>2,354,726</u>	<u>1,400,994</u>	<u>953,732</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(2,344,726)	(2,344,726)	(1,398,490)	946,236
Other financing sources				
Operating transfer in	<u>2,323,895</u>	<u>2,323,895</u>	<u>2,325,229</u>	<u>1,334</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(20,831)	(20,831)	926,739	947,570
Fund balances - July 1	<u>2,348,834</u>	<u>2,348,834</u>	<u>3,043,953</u>	<u>695,119</u>
Fund balances - June 30	<u><u>\$ 2,328,003</u></u>	<u><u>\$ 2,328,003</u></u>	<u><u>\$ 3,970,692</u></u>	<u><u>\$ 1,642,689</u></u>

The accompanying notes are an integral part of this statement.

Tahoe Douglas Fire Protection District

**STATEMENT OF NET POSITION
PROPRIETARY FUND
(Ambulance Fund)**

**June 30, 2014
(With comparative totals for June 30, 2013)**

ASSETS

	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash	\$ 238,411	\$ 563,619
Accounts receivable (net of allowance for uncollectible amounts of \$398,692 and \$343,646 as of June 30, 2014 and 2013)	105,421	135,253
Taxes receivable	12,862	6,827
Total current assets	<u>356,694</u>	<u>705,699</u>
EQUIPMENT		
Ambulances	500,510	500,510
Other equipment	485,937	393,121
	<u>986,447</u>	<u>893,631</u>
Accumulated depreciation	(729,722)	(637,838)
Net equipment	<u>256,725</u>	<u>255,793</u>
Total assets	<u>\$ 613,419</u>	<u>\$ 961,492</u>

LIABILITIES AND NET POSITION

LIABILITIES		
Accounts payable	\$ 9,253	\$ 5,538
Unearned revenue	25,085	14,102
Total liabilities	<u>34,338</u>	<u>19,640</u>
NET POSITION		
Net investment in capital assets	256,725	255,793
Unrestricted	322,356	686,059
Net position	<u>579,081</u>	<u>941,852</u>
Total liabilities and net position	<u>\$ 613,419</u>	<u>\$ 961,492</u>

The accompanying notes are an integral part of this statement.

Tahoe Douglas Fire Protection District

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
PROPRIETARY FUND
(Ambulance Fund)**

Year ended June 30, 2014

(With comparative actual amounts for the year ended June 30, 2013)

	2014			2013	
	Budget		Actual	Variance	Actual
	Original	Final		Favorable (Unfavorable)	
Operating revenues					
Charges for services	\$ 988,000	\$ 988,000	\$ 1,099,775	\$ 111,775	\$ 1,004,196
Operating expenses					
Salaries, wages and benefits	1,762,717	1,762,717	1,762,717	-	1,500,996
Bad debts	345,000	495,000	520,705	(25,705)	368,776
Services and supplies	308,900	308,900	230,759	78,141	230,229
Depreciation	80,000	105,000	91,884	13,116	73,323
Total operating expenses	2,496,617	2,671,617	2,606,065	65,552	2,173,324
Operating loss	(1,508,617)	(1,683,617)	(1,506,290)	177,327	(1,169,128)
Non-operating revenues					
Ad valorem taxes	1,678,509	1,678,509	1,674,416	(4,093)	1,712,911
Other income	9,000	9,000	4,315	(4,685)	12,907
Grant revenue	-	-	-	-	35,546
Interest income	1,000	1,000	160	(840)	34
Total non-operating revenues	1,688,509	1,688,509	1,678,891	(9,618)	1,761,398
Income before operating transfers	179,892	4,892	172,601	167,709	592,270
Transfer to other funds					
Transfer to Health Insurance Fund	(535,372)	(535,372)	(535,372)	-	(483,740)
NET INCOME (LOSS)	\$ (355,480)	\$ (530,480)	(362,771)	\$ 167,709	108,530
Net position, beginning of year			941,852		833,322
Net position, end of year			\$ 579,081		\$ 941,852

The accompanying notes are an integral part of this statement.

Tahoe Douglas Fire Protection District

**STATEMENT OF CASH FLOWS - BUDGET AND ACTUAL
PROPRIETARY FUND
(Ambulance Fund)**

**For the year ended June 30, 2014
(With comparative actual amounts for the year ended June 30, 2013)**

	<u>2014</u>			<u>2013</u>	
	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>	
Cash flows from operating activities:					
Cash received from customers	\$ 980,000	\$ 980,000	\$ 1,140,590	\$ 160,590	\$ 943,159
Cash paid to suppliers for goods and services	(308,900)	(308,900)	(747,749)	(438,849)	(601,269)
Cash paid to employees for benefits	(1,762,717)	(1,762,717)	(1,762,717)	-	(1,500,996)
Net cash used in operating activities	(1,091,617)	(1,091,617)	(1,369,876)	(278,259)	(1,159,106)
Cash flows from investing activities:					
Proceeds - interest income	400	400	160	(240)	34
Net cash provided by investing activities	400	400	160	(240)	34
Cash flows from noncapital financing activities:					
Cash from ad valorem taxes	1,678,509	1,678,509	1,668,381	(10,128)	1,714,885
Proceeds - miscellaneous income	9,000	9,000	4,315	(4,685)	12,907
Transfer to Health Insurance Fund	(535,372)	(535,372)	(535,372)	-	(483,740)
Net cash provided by noncapital financing activities	1,152,137	1,152,137	1,137,324	(14,813)	1,244,052
Cash flows from capital and related financing activities:					
Cash received from grant	-	-	-	-	35,546
Purchase of equipment	(200,000)	(200,000)	(92,816)	107,184	(83,139)
Net cash used in capital and related financing activities	(200,000)	(200,000)	(92,816)	107,184	(47,593)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(139,080)	(139,080)	(325,208)	(186,128)	37,387
Cash and cash equivalents, beginning of year	746,897	746,897	563,619	(183,278)	526,232
Cash and cash equivalents, end of year	\$ 607,817	\$ 607,817	\$ 238,411	\$ (369,406)	\$ 563,619

The accompanying notes are an integral part of this statement.

Tahoe Douglas Fire Protection District

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Tahoe Douglas Fire Protection District (the "District") is governed by an elected Board of Trustees and provides fire protection and ambulance services. The District is located in Douglas County, Nevada.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles applicable to governmental entities. The following is a summary of the significant accounting policies:

1. Financial Reporting Entity

The District is governed by an elected Board of Trustees. The financial statements of the District consist only of the funds of the District for which the District is considered to be financially accountable. The District is not financially accountable for any other governmental entity since no other entities are considered to be controlled by or dependent on the District. Control or fiscal dependence is determined on the basis of budget adopting authority, taxing authority, funding and appointment of the respective governing board.

In March of 2011, the District created The Tahoe Douglas Fire Protection District Post-Retirement Plan & Trust (Trust). The Trust is an irrevocable trust whose assets are legally protected from creditors of the District. The Trust administers a single-employer defined benefit OPEB plan that was established to provide eligible District employees with post-employment healthcare benefits. Pursuant to Nevada State Administrative Regulations, the Trust is governed by not less than three but not more than five trustees that are appointed for two year terms by the District. The District is considered a related organization under the provisions of Governmental Accounting Standards Board Statement No. 14 and subsequent amendments and as such, the Trust's financial statements are not presented with the District's financial statements. The Trust issues a financial report that includes the financial statements and required supplementary information. That report may be obtained by contacting the Tahoe Douglas Fire Protection District, P.O. Box 919, Zephyr Cove, Nevada, 89448.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *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.

The statement of activities demonstrates the degree to which expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Expenses reported for functional activities include allocated indirect expenses. *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 segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Tahoe Douglas Fire Protection District

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. 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 and fiduciary 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 *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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

General Fund – 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.

Capital Projects Fund – The capital projects fund is used to account for resources to be used for the acquisition of general fixed assets.

Special Revenue Funds:

Sick Leave Reserve Fund – 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.

Special Services Fund – The special services fund is 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.

Fire Safe Community Service Fund – The fire safe community service fund is 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.

Health Insurance Reserve Fund – The health insurance reserve fund is a special revenue fund dedicated specifically and exclusively to fund the District's health insurance obligations. Expenses are funded primarily through dedicated ad valorem taxes.

Tahoe Douglas Fire Protection District

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
- Continued

The government reports the following major proprietary fund:

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.

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.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, and (2) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed.

4. Cash and Cash Equivalents

The District considers cash and all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

5. Investments

Investments are valued at fair value.

Tahoe Douglas Fire Protection District

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. Accounts Receivable

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Accounts receivable in the proprietary fund are due for ambulance services. Accounts receivable are net of reserve that represents an estimate of amounts considered uncollectible.

7. Provision for Uncollectible Taxes

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.

8. Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when purchased.

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.

9. Capital Assets

Capital assets, which include buildings, improvements, equipment and vehicles are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government, is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Ambulances	5 years
Equipment	3-20 years
Building and improvements	50 years

Tahoe Douglas Fire Protection District

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

10. 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.

11. Accrued Vacation and Sick Leave

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

In the governmental funds, vested or accumulated vacation leave and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it.

The District accrues a liability for compensated absences which meet all of the following criteria:

1. The District's obligation relating to employees' rights to receive compensation for future absences is attributable to services already rendered;
2. The obligation related to rights that vest or accumulate;
3. Payment of the compensation is probably through time-off or cash payments at termination or retirement;
4. The amount can be reasonably estimated.

Vacation and sick leave may be accumulated by employees up to certain maximums. Total vacation and sick leave accrued amounts to \$1,872,874. The amount of vacation pay and sick leave which will be liquidated with current resources and is therefore accrued in the general fund amounts to \$38,253.

12. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by the District include the allowance for uncollectible accounts receivable amounts in the proprietary fund and the net OPEB asset (obligation) in the health reserve fund. Actual results could differ from those estimates.

Tahoe Douglas Fire Protection District

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

13. Net Position/Fund Balances

Net position - Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund balances - In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable 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.

Prepaid expenses – portion of fund balance that is not an available resource because it represents the year-end balance of prepaid expenses, which are not spendable resources.

Restricted fund balance – this classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Committed fund balance – the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the District’s governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body.

Subsequent year’s expenditures – the portion of fund balance that is appropriated in the next year’s budget.

Assigned fund balance – the portion of fund balance that the District intends to use for specific purposes.

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.

14. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District’s financial position and operations. However, comparative (i.e., presentation of prior year totals for each governmental fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Tahoe Douglas Fire Protection District

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

15. New Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board (the "GASB") issued authoritative guidance related to accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. This Statement, GASB 68, *Accounting and Financial Reporting for Pensions*, establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. The guidance is effective for the first annual reporting period beginning after June 15, 2014, with early adoption permitted. The District is still evaluating the impact this guidance will have on their financial position or results of operations.

In March 2012, the Governmental Accounting Standards Board (the "GASB") issued authoritative guidance related to accounting and financial reporting for items that were previously reported as assets and liabilities. This Statement, GASB 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The District adopted this guidance for the period ended June 30, 2014, and it did not have a material impact on reported results.

NOTE B - BUDGETS AND BUDGETING ACCOUNTING

The District submits an annual budget to the Nevada Department of Taxation pursuant to the Local Government Budget Act set forth in Chapter 354 of the Nevada Revised Statutes. These statutes have provisions for annual preparation, filing notice, public hearing and adoption in connection with the budgetary process for Nevada local governments. Additionally, the budget is prepared on State of Nevada Department of Taxation prescribed forms for Nevada local governments. The budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Appropriations lapse at year end. Budgets are required by law for all of the District's funds. Budget augmentations, amendments, and transfers to appropriations may be authorized by the Board of Trustees during the year. There were budget augmentations during the year that are included in the final budget as reported for each fund.

Expenditures may not legally exceed budgeted appropriations at the fund or function level; for proprietary funds, expenditures include both operating and nonoperating expenses.

Tahoe Douglas Fire Protection District

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE C - CASH AND INVESTMENTS

1. Cash

At year end, the District has \$500 of cash on hand. The carrying amount of the cash in bank is \$5,293,007. The bank balance is \$5,307,670, of which \$365,294 is FDIC insured. The remaining bank balance of \$4,942,376 is collateralized with the Nevada Pooled Collateral Program for all deposits held by the District.

2. Custodial Credit Risk – Deposits

In the case of deposits, custodial credit risk is the risk that, in the event of a bank failure, the District’s deposits may not be returned to it. The District’s policy is to voluntarily participate in the Nevada State Collateral Pool for public fund deposits. Depository banks are required to place acceptable securities of no less than 102% market value of the total deposits of public entities in Nevada with a third party custodian. The collateral pool is administered and monitored by the Nevada State Treasurer’s Office. Due to its participation in the Nevada State Collateral Pool, the District’s deposits were fully insured and collateralized, and as such, were not exposed to any custodial credit risk at June 30, 2014.

3. Investments

The District’s investments in U.S. Government Securities are insured by Securities Investor Protection Corporation and are categorized as held to maturity. Investments in certificates of deposit are FDIC insured, and money market investments are registered in the District’s name. Investments are recorded at quoted market prices.

Statutes authorize the District to invest in obligations of the U.S. Treasury, certificates of deposit, and money market mutual funds which are registered with the Securities and Exchange Commission, are rated “AAA” by a nationally recognized rating service, and invest only in securities issued by the federal government or agencies of the federal government. On August 5, 2011, Standard & Poor’s (S&P) lowered its long-term sovereign credit rating of the United States from AAA to AA+. Although a credit rating of AA+ is one level below an AAA rating, the District believes that these investments would still be considered a “risk free interest rate” and in accordance with statutes.

	General Fund	Capital Projects Fund	Sick Leave Fund	Special Services Fund	Fire Safe Community Service Fund	Health Insurance Reserve Fund	Enterprise Fund
Cash	\$ 2,247,272	\$ 177,428	\$ 69,081	\$ 195,187	\$ 656,010	\$1,816,232	\$ 131,797
Cash equivalents:							
Money market	128,106	146,601	415,897	8,523	253,393	22,416	106,614
Total cash and cash equivalents	2,375,378	324,029	484,978	203,710	909,403	1,838,648	238,411
Investments	199,954	-	-	-	-	-	-
Total	<u>\$ 2,575,332</u>	<u>\$ 324,029</u>	<u>\$484,978</u>	<u>\$ 203,710</u>	<u>\$ 909,403</u>	<u>\$1,848,648</u>	<u>\$ 238,411</u>

Tahoe Douglas Fire Protection District

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE C - CASH AND INVESTMENTS - Continued

4. Investment Risk Factors

There are many factors that can affect the value of investments. Some, such as custodial credit risk and concentrations of credit risk may affect fixed income securities, which are particularly sensitive to credit risks and changes in interest rates.

5. Interest Rate Risk

Interest rate risk is the risk that the value of fixed income securities will decline because of rising interest rates. The prices of fixed income securities with a longer time to maturity, measured by duration, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter durations. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District maintains all investments with maturities of one year or less.

6. Credit Risk

Fixed income securities are subject to credit risk, which is the chance an issuer or other counterparty to an investment, will not fulfill its obligations. The District manages credit risk by limiting its fixed income securities to obligations of the U.S. Government, which are not considered to have credit risk. This limitation is required by state statutes.

7. Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are either insured or registered in the District's name. Therefore, they are not considered to have custodial credit risk.

Tahoe Douglas Fire Protection District

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE D - CAPITAL ASSETS

A summary of changes in governmental capital assets follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Land	\$ 90,395	\$ -	\$ -	\$ 90,395
Building and improvements	3,330,875	52,575	-	3,383,450
Firefighting vehicles	3,355,001	17,355	-	3,372,356
Motor vehicles and equipment	2,260,919	279,474	-	2,540,393
Furniture and fixtures	548,789	34,605	-	583,394
	9,585,979	384,009	-	9,969,988
Less accumulated depreciation	(4,337,766)	(408,786)	-	(4,746,552)
Totals	<u>\$ 5,248,213</u>	<u>\$ (24,777)</u>	<u>\$ -</u>	<u>\$ 5,223,436</u>

A summary of equipment used in the Ambulance Enterprise Fund at June 30, 2014 follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Motor vehicles	\$ 500,510	\$ -	\$ -	\$ 500,510
Other equipment	393,120	92,817	-	485,937
	893,630	92,817	-	986,447
Less accumulated depreciation	(637,837)	(91,885)	-	(729,722)
Totals	<u>\$ 255,793</u>	<u>\$ 932</u>	<u>\$ -</u>	<u>\$ 256,725</u>

NOTE E - CHANGES IN LONG-TERM LIABILITIES

During the year ended June 30, 2014, the following changes occurred in compensated absences:

	July 1, 2013	Additions	Deletions	June 30, 2014	Due in One Year
Compensated absences	<u>\$ 1,782,035</u>	<u>\$ 625,996</u>	<u>(\$535,157)</u>	<u>\$1,872,874</u>	<u>\$ 38,253</u>

The liability for compensated absences is typically liquidated through the General Fund.

Tahoe Douglas Fire Protection District

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE F - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Transfers

	Special Services Fund	Health Insurance Reserve Fund
General Fund	\$ 100,000	\$ 1,683,780
Proprietary (Ambulance Fund)	-	535,372
Fire Safe Community Service Fund	-	106,077

Transfers are used primarily to move funds to the Health Insurance Trust 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.

NOTE G - RETIREMENT PLAN

The District contributes to the Public Employees Retirement System of Nevada (PERS), a cost-sharing multiple-employer pension plan administered by the Retirement Board of PERS.

PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Nevada Revised Statutes establish and amend benefit provisions to be administered by the Retirement Board. The Public Employees Retirement Board of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained from the Public Employees Retirement System, 693 West Nye Lane, Carson City, Nevada 89703.

The District pays all contributions. 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. Although PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund PERS on an actuarial reserve basis, both for funding purposes and GASB disclosure purposes, contributions actually made are according to the required rates established by the legislature. The employer paid contribution rate, as a percentage of covered payroll for the years ended June 30, 2014, 2013 and 2012 was 25.75%, 23.75% and 23.75%, respectively, for regular members and 40.50%, 39.75% and 39.75%, respectively, for fire fighters. The District's contributions to PERS for the years ended June 30, 2014, 2013 and 2012 were \$1,609,962, \$1,394,360 and \$1,347,731, respectively, equal to the required statutory contributions for each year.

Tahoe Douglas Fire Protection District

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE H - OTHER POST-EMPLOYMENT BENEFITS

Eligible employees who retire from the District are eligible to continue their coverage under the self-insured health plans offered by the District to its active employees (District Plan) or, if they retired prior to September 1, 2008, could elect to participate in the State of Nevada Public Employees' Benefit Plan (PEBP).

Benefits for PEBP retirees: 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.

Access to District plan coverage and benefits paid: 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:

Years of District Service	% of Employee Premium Paid	% of Spouse Premium Paid
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:

Years of District Service	% of Employee Premium Paid	% of Spouse Premium Paid
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%

Tahoe Douglas Fire Protection District

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE H - OTHER POST-EMPLOYMENT BENEFITS - Continued

- 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 \$225 multiplied by his or her vested percentage. Similarly, eligible spouses receive a monthly health insurance allowance equal to \$225 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.

Plan Description

District Plan - The District administers a single-employer defined benefit healthcare plan. The District Plan provides lifetime healthcare insurance for eligible retirees and spouses through the District's health insurance plan, which covers both active and retired employees. The Plan does not issue a publicly available financial report. As of the January 1, 2012 actuarial report, there were 36 retirees participating in the District Plan.

PEBP - PEBP is an agent multiple-employer post-employment 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. Complete financial statements for the State Retirees' Health and Welfare Benefits Fund can be obtained from the Accounting Department at the Public Employees Benefit Program, 901 South Stewart Street, Carson City, Nevada, 89701. As of the January 1, 2012 actuarial report, there were 5 retirees participating in the PEBP Plan.

Funding Policy

The District's Board established the Tahoe Douglas Fire Protection District Trust (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 healthcare plan. The Trust issues stand-alone financial statements which can be obtained by contacting the District.

Tahoe Douglas Fire Protection District

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE H - OTHER POST-EMPLOYMENT BENEFITS - Continued

Funding Policy - Continued

The employer contribution or funding of the District's other post-employment benefit obligation (OPEB) is at the discretion of management and the District's Board. For the year ended June 30, 2012, the Trust began depositing funds into the Retirement Benefits Investment Fund (RBIF) sponsored through the State of Nevada. The RBIF portfolio is designed to generate an 8% annual return over long-term time frames. Accordingly, the discount rate was increased to 8% from 4% in the January 1, 2012 actuarial valuation materially reducing the actuarial accrued liability from previous valuations.

District Plan - 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, 2014, 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.

PEBP - 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.

Annual OPEB Cost and Net OPEB Obligations

The District is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

	PEBP	District	Total
Discount rate	8%	8%	8%
Annual Required Contribution (ARC)	\$ 9,834	\$ 696,748	\$ 706,582
Interest on net OPEB obligation	-	(94,815)	(94,815)
Adjustment to annual required contributions	-	83,649	83,649
Annual OPEB cost (expense)	9,834	685,582	695,416
Payments on behalf of retirees	9,853	645,147	655,000
Contributions made to trust	(19)	1,000,019	1,000,000
Total employer contributions	9,834	1,645,166	1,655,000
Change in net OPEB obligation	-	(959,584)	(959,584)
Net OPEB obligation (prepaid asset) - beginning of year	-	(1,185,189)	(1,185,189)
Net OPEB obligation (prepaid asset) - end of year	\$ -	\$(2,144,773)	(2,144,773)
Actual contribution rate	100%	240%	238%

Tahoe Douglas Fire Protection District

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE H - OTHER POST-EMPLOYMENT BENEFITS - Continued

Annual OPEB Cost and Net OPEB Obligations

Funded Status and Funding Progress: The funded status of the Plan as of the most recent actuarial valuation (January 1, 2012) was as follows:

	PEBP	District	Total
Actuarial accrued liability (AAL) (a)	\$ 132,987	\$10,259,778	\$10,392,765
Actuarial value of plan assets (b)	-	-	-
Unfunded actuarial accrued liability (UAAL) (a)-(b)	<u>\$ 132,987</u>	<u>\$10,259,778</u>	<u>\$10,392,765</u>
Funded ratio (actuarial value of plan assets/AAL) (b)/(a)	<u>0%</u>	<u>0%</u>	<u>0%</u>
Covered payroll (c)	<u>N/A</u>	<u>\$ 3,138,529</u>	<u>\$ 3,138,529</u>
UAAL as a percentage of covered payroll [(a)-(b)]	<u>0%</u>	<u>327%</u>	<u>331%</u>

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, provides current year information and will provide multi-year trend information, when available, that shows whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan member to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The most recent actuarial valuation of OPEB liabilities was dated January 1, 2012 and is based on a closed group of members. Current employees and retirees only are considered; no provision is made for future hires. Using the actuarial assumptions, the number of retired participants is projected each year in the future. The valuation was prepared using the entry age normal cost method with normal cost determined on a level percent of pay basis. Amortization of the unfunded PEBP liability is calculated with level dollar payments; amortization of the unfunded District plan liability is calculated with payments calculated as a level percentage of projected payroll and increasing by 3% per year, reflecting the general inflation rate assumed. The amortization period for PEBP and District plans is over the remainder of the closed 30-year period established on July 1, 2009. Healthcare cost trend rates used for medical were 9% initially, reduced by decrements to an ultimate rate of 5% after eight years, and dental/vision rates used were 5.5% initially, reduced by decrements to an ultimate rate of 4.5% after three years.

Tahoe Douglas Fire Protection District

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE I - RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

The following is a schedule of reconciliation of net operating loss to net cash used in operating activities for the Enterprise Funds:

Operating loss	<u>\$ (1,506,290)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	91,884
Decrease in accounts receivable	29,832
Increase in accounts payable	3,715
Change in deferred	<u>10,983</u>
Total adjustments	<u>136,414</u>
Net cash used in operating activities	<u><u>\$ (1,369,876)</u></u>

NOTE J - CONTINGENCIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time; although the District expects such amounts, if any, to be immaterial.

REQUIRED SUPPLEMENTAL INFORMATION

Tahoe Douglas Fire Protection District
SCHEDULE OF FUNDING PROGRESS
For the year ended June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (c)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
<u>District Plan</u>						
1/1/2012	\$ -	\$ 10,259,778	\$ 10,259,778	-	\$3,138,529	327%
1/1/2011	-	21,911,603	21,911,603	-	4,130,208	531%
1/1/2010	-	20,765,892	20,765,892	-	3,971,354	523%
<u>PEBP</u>						
1/1/2012	-	132,987	132,987	-	N/A	N/A
1/1/2011	-	520,319	520,319	-	N/A	N/A
1/1/2010	-	520,787	520,787	-	N/A	N/A

COMPLIANCE SECTION



Audit • Tax • Advisory

Grant Thornton LLP
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Independent Auditors' Comments Required by Statute

To the Board of Trustees
Tahoe Douglas Fire Protection District

As required under NRS 354.624, our comments on compliance with provisions of Nevada Revised Statutes and regulations and on the status of prior year recommendations, together with current year recommendations are contained on pages 49 and 50.

A handwritten signature in black ink that reads "Grant Thornton LLP". The signature is written in a cursive, flowing style.

Reno, Nevada
January 15, 2015

Audit • Tax • Advisory

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Independent Auditors' Report on Compliance with Nevada Revised Statutes and Regulations Based on an Audit of Financial Statements

Board of Trustees
Tahoe Douglas Fire Protection District

We have audited the basic financial statements of the Tahoe Douglas Fire Protection District, as of and for the year ended June 30, 2014, and have issued our report thereon dated January 15, 2015.

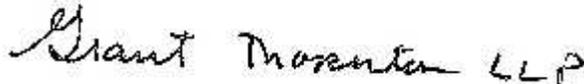
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance with Nevada Revised Statutes (NRS) and regulations applicable to the Tahoe Douglas Fire Protection District, is the responsibility of management.

In connection with our audit, nothing came to our attention that caused us to believe that the District had not complied in all material respects with NRS 354, including:

- Use of funds established
- Use of generally accepted accounting procedures
- Limitations of reserve amounts
- Recording sources of revenue and transfers available
- Ending fund balances and retained earnings amounts

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



Reno, Nevada
January 15, 2015

Independent Auditors' Comments on Status of Prior Year Recommendations

Prior year recommendations have not been corrected to our satisfaction. Prior year recommendations are addressed on page 61 of this report.

Current Year Recommendations

Current year recommendations are addressed on page 58 of this report.

Report of Independent Certified Public Accountants on
Internal Control over Financial Reporting and on Compliance
and Other Matters Required by Government Auditing Standards

To the Board of Trustees
Tahoe Douglas Fire Protection District

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 and each major fund of the Tahoe Douglas Fire Protection District (the “District”) as of and for the year ended June 30, 2014, 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 15, 2015.

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”) to design 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 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 District’s financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2014-1 and 2014-2, that we consider to be significant deficiencies in the District’s internal control.

Compliance and other matters

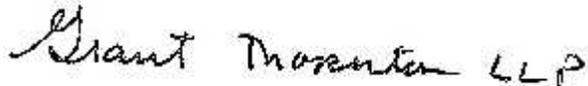
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's response to findings

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

Intended purpose

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 report is not suitable for any other purpose.



Reno, Nevada
January 15, 2015

Report of Independent Certified Public Accountants on
Compliance for Each Major Federal Program and on Internal
Control over Compliance Required by OMB Circular A-133

To the Board of Trustees
Tahoe Douglas Fire Protection District

Report on compliance for each major federal program

We have audited the compliance of the Tahoe Douglas Fire Protection District (the “District”) with the types of compliance requirements described in the U.S. Office of Management and Budget’s *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2014. The District’s major federal program is 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 the requirements of laws, regulations, contracts, and grants applicable to the District’s federal programs

Auditor’s responsibility

Our responsibility is to express an opinion on compliance of the District’s major federal program 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The above-mentioned standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of 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, 2014.

Instances of noncompliance

The results of our audit procedures disclosed instances of noncompliance, described in the accompanying schedule of findings and questioned costs as item 2014-4, that are required to be reported in accordance with OMB Circular A-133. Our opinion on each major federal program is not modified with respect to these matters.

District's response to findings

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

Report on internal control over compliance

Management of the District is responsible for designing, implementing, and maintaining effective internal control over compliance with the types of 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 compliance requirements that could have a direct and material effect on each major federal program to design audit 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 OMB Circular A-133, 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.

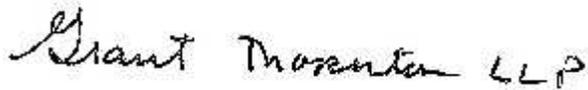
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in the District's internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We identified certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2014-2, that we consider to be a significant deficiency in the District's internal control over compliance.

The District's response to our finding on internal control over compliance, which is described in the accompanying schedule of findings and questioned costs, was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the District's response.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Reno, Nevada
January 15, 2015

Tahoe Douglas Fire Protection District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2014

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Award Number</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture Direct Programs</u>			
Watershed Restoration and Enhancement Agreement Authority	10.693	USFS12-CA-11051900	\$ 31,335
<u>U.S. Department of the Interior - Bureau of Land Management</u>			
Pass through: BLM Nevada State Office	15.235	L13AC00049	96,271
<u>U.S. Department of Agriculture Pass-through Programs</u>			
Pass-through: California Fire Safe Council Cooperative Forestry Assistance	10.664	12USFS-SFA213	28,810
Pass-through: Nevada Division of Forestry Cooperative Forestry Assistance	10.664	USDA/SFA/13/14	50,989
Cooperative Forestry Assistance	10.664	USDA/SFA/14/11	62,386
			113,375
<u>U.S. Department of Homeland Security Direct Programs</u>			
Assistance to Firefighters Grant	97.083	* EMW-2012-FH-00474	1,229,147
<u>U.S. Department of Homeland Security Pass-through Programs</u>			
Pass-through: Douglas County, Division of Emergency Management			
Homeland Security Grant Program	97.067	97067HL1	83,617
Pre-Disaster Mitigation	97.047	9704709-3000	55,553
Pre-Disaster Mitigation	97.047	9704709-3100	23,024
Total Department of Homeland Security			162,194
Total Expenditures of Federal Awards			\$ 1,661,132

* Major program, as defined by OMB Circular A-133.

Tahoe Douglas Fire Protection District

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2014

NOTE A - REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards includes the activity of federal financial assistance to the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - MATCHING COSTS

Matching costs, i.e., the nonfederal share of program costs, are not included in the accompanying Schedule.

NOTE C - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The regulations and guidelines governing preparation of federal financial reports do not always match the accounting principles used by the District to present amounts in the accompanying Schedule. Accordingly, the amounts reported in the federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule which is prepared on the basis, as explained in Note A.

Tahoe Douglas Fire Protection District

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2014

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor report issued unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

Type of auditor report issued on compliance for major programs. unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
97.083	Homeland Security Grant Program

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

Tahoe Douglas Fire Protection District

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended June 30, 2014

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2014-1 (Repeat Finding 2013-1)

Condition and Criteria: The District utilizes a service provider to process medical billing for ambulance services. In order to ensure accurate and complete billing for ambulance transports, reconciliations and verifications of service provider reports and invoices should be performed by the District.

Context: During our testing of ambulance revenues, it was noted that reconciliations are not being performed between the District's billing records and the service provider's reports.

Effect: Variances were noted between the total number of incidents submitted to the service provider and the total number of incidents that were recorded by the service provider.

Cause: The District has not established policies and procedures relative to reconciliations between the District and the service provider.

Recommendation: We recommend that the District reconcile the total number of incidents submitted to the service provider and establish policies and procedures to ensure complete and accurate medical billing. Policies and procedures should include verification of proper billing rates, recalculation of invoices, and verification of insurance adjustments and write-offs.

Views of responsible officials and planned corrective actions: The District has personnel in place and is establishing policies and procedures to timely reconcile the District's ambulance billing records with/to the third party service provider's reports.

Finding 2014-2 (Repeat Finding 2013-2)

Condition and Criteria: During our audit testing, it was noted that there were several adjustments related to accurately reflecting grant and contract revenue and related expenses and recording the correct cut-off between periods that were not correctly captured in the financial statements. In addition, it was noted that many of the reconciliations are not done on a timely basis. With the growth of income from various sources, the controls in the District need to be continually reevaluated to ensure that the cut-off at year end is properly reflected. We recommend that the District implement policies and procedures to ensure there is proper review and cut-off analysis of revenue, expense and accrual accounts so that amounts are accurately reflected in the year-end financial statements.

Context: The problem appears to be related to additional growth of revenue sources and needing more review over new areas to ensure amounts are captured and recorded accurately.

Effect: Due to this, there were several adjustment needed to accurately reflect amounts.

Cause: Final review of reconciliations over all sources of revenues and expenses are not being performed by the District.

Recommendation: We recommend that the District ensure that there are proper resources in place to accurately capture and record all revenue and expense transactions. In addition, we recommend that there is an employee of the District with the appropriate experience that can take responsibility for the financial reporting.

Views of responsible officials and planned corrective actions: The District has personnel in place and has established a training program to be certain the District is accurately and timely recording all revenue and expenditure transactions.

Tahoe Douglas Fire Protection District

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended June 30, 2014

SECTION II – FINANCIAL STATEMENT FINDINGS - Continued

Finding 2014-3

Condition and Criteria: During our audit testing, it was noted that ambulance collections had decreased during the year. However, it did not appear that there were processes in place to ensure this was investigated, reasons were documented and accounts were adjusted to appropriately reflect the allowance.

Context: The problem appears to be related to a lack of review and follow up regarding ambulance receivables written off during the year.

Effect: Due to this, there were adjustments needed to accurately reflect amounts.

Cause: A monthly review and follow up on ambulance collections along with recording adjustments is not being performed by the District.

Recommendation: We recommend that the District ensure that collections and lag reports are analyzed, declines in collection rates are followed up on and entries are posted on a monthly basis.

Views of responsible officials and planned corrective actions: The District has personnel in place and has instituted policies and procedures providing for a monthly review and analysis of ambulance receivables, collections, and related areas of concern.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2014-2

Federal Programs: U.S. Department of Homeland Security
Assistance to Firefighters Grant: CFDA 97.083 (Award EMW-2012-FH-00474)
Award year ended June 30, 2014

Condition and Criteria: During our audit testing, it was noted that there were several adjustments related to accurately reflecting grant and contract revenue and related expenses and recording the correct cut-off between periods that were not correctly captured in the financial statements. In addition, it was noted that many of the reconciliations are not done on a timely basis. With the growth of income from various sources, the controls in the District need to be continually reevaluated to ensure that the cut-off at year end is properly reflected. We recommend that the District implement policies and procedures to ensure there is proper review and cut-off analysis of revenue, expense and accrual accounts so that amounts are accurately reflected in the year-end financial statements.

Context: The problem appears to be related to additional growth of revenue sources and needing more review over new areas to ensure amounts are captured and recorded accurately.

Effect: Due to this, there were several adjustment needed to accurately reflect amounts.

Tahoe Douglas Fire Protection District

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended June 30, 2014

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS - Continued

Finding 2014-2 - Continued

Cause: Final review of reconciliations over all sources of revenues and expenses are not being performed by the District.

Recommendation: We recommend that the District ensure that there are proper resources in place to accurately capture and record all revenue and expense transactions. In addition, we recommend that there is an employee of the District with the appropriate experience that can take responsibility for the financial reporting.

Views of responsible officials and planned corrective actions: The District has personnel in place and has established a training program to be certain the District is accurately and timely recording all revenue and expenditure transactions.

Finding 2014-4 (Reporting)

Federal Programs: U.S. Department of Homeland Security
Assistance to Firefighters Grant: CFDA 97.083 (Award EMW-2012-FH-00474)
Award year ended June 30, 2014

Criteria: 2 CFR 215.21(b)(1) requires accurate, current and complete disclosure of the financial results of each federal-sponsored project or program.

Condition: We noted that there was one financial report submitted that included incorrect data.

Context: Testing identified that one of the two semi-annual SF-425 financial reports examined included financial information that did not agree to the accounting records due to not including amounts disbursed in the month of December that reimbursement was not requested on yet.

Questioned Costs: \$0

Effect: Failure to submit required reports accurately fails to honor the intent of the federal agency to have accurate records of expenditures under Federal awards as well as progress of projects utilizing Federal funding.

Cause: The responsible parties did not submit the reports accurately due to oversight by the preparer. In addition, there is no review of these reports by someone other than the preparer.

Recommendation: We recommend that the District design and implement a process and controls to include a supervisory review of filings to ensure accurate reporting to the Federal agency.

Views of responsible officials and planned corrective actions: The District is implementing policies and procedures to ensure that all reports are submitted on an accurate and timely schedule. The District policy and procedure will include a review of reports by qualified personnel pre-submission to be certain all reports are timely and accurately completed.

Tahoe Douglas Fire Protection District

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2014

Finding 2013-1

Condition and Criteria: The District utilizes a service provider to process medical billing for ambulance services. In order to ensure accurate and complete billing for ambulance transports, reconciliations and verifications of service provider reports and invoices should be performed by the District.

Context: During our testing of ambulance revenues, it was noted that reconciliations are not being performed between the District's billing records and the service provider's reports.

Effect: Variances were noted between the total number of incidents submitted to the service provider and the total number of incidents that were recorded by the service provider.

Cause: The District has not established policies and procedures relative to reconciliations between the District and the service provider.

Recommendation: We recommend that the District reconcile the total number of incidents submitted to the service provider and establish policies and procedures to ensure complete and accurate medical billing. Policies and procedures should include verification of proper billing rates, recalculation of invoices, and verification of insurance adjustments and write-offs.

Views of responsible officials and planned corrective actions:

The District is evaluating the need to obtain more assistance with their financial reporting.

Status: Repeat Finding 2014-1

Finding 2013-2

Condition and Criteria: During our audit testing, it was noted that there were several adjustments related to accurately reflecting grant and contract revenue and related expenses and recording the correct cut-off between periods that were not correctly captured in the financial statements. With the growth of income from various sources, the controls in the District need to be continually reevaluated to ensure that the cut-off at year end is properly reflected. We recommend that the District implement policies and procedures to ensure there is proper review and cut-off analysis of revenue, expense and accrual accounts so that amounts are accurately reflected in the year-end financial statements.

Context: The problem appears to be related to additional growth of revenue sources and needing more review over new areas to ensure amounts are captured and recorded accurately.

Effect: Due to this, there were several adjustment needed to accurately reflect amounts.

Cause: Final review of reconciliations over all sources of revenues and expenses are not being performed by the District.

Recommendation: We recommend that the District ensure that there are proper resources in place to accurately capture and record all revenue and expense transactions.

Views of responsible officials and planned corrective actions:

The District is evaluating the need to obtain more assistance with their financial reporting.

Status: Repeat Finding 2014-2