Financial Statements
June 30, 2016

Tahoe Douglas Fire Protection District

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, of Tahoe Douglas Fire Protection District (the "District") as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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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 District as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund, Sick Leave Reserve Fund, Special Services Fund, Fire Safety Community Services Fund, and Health Insurance Reserve Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Correction of Errors
As discussed in Note 10 to the financial statements, certain errors resulting in an understatement of amounts previously recorded as ambulance receivables in the proprietary fund, as of June 30, 2015, were discovered by management of the District, during the current year. Accordingly, the related adjustment to net position, made in conjunction with correcting the ambulance receivables, has been made to proprietary fund net position as of July 1, 2015, to correct the error. Also, as discussed in Note 10, it was discovered by management that the Net OPEB asset should not have been reported in the fund financial statements, and should only have been recorded in the government-wide financial statements. Accordingly, net position for the Health Insurance Reserve Fund has been adjusted as of July 1, 2015 to correct the error. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, schedule of proportionate share of the net pension liability, and schedule of District contributions on pages 4-12, 47, 48, and 49, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued a report November 30, 2016, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Reno, Nevada
November 30, 2016

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, 2016. 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, 2016 by $3,771,825 *(net position).* As of June 30, 2016, the unrestricted deficit was $(1,497,048).

- At June 30, 2016, TDFPD's governmental funds reported combined ending fund balances of $7,869,155, an increase of $170,899 in comparison with prior year restated ending fund balances.

- At June 30, 2016, the unassigned fund balance of the General Fund was $4,081,818 or 51% of total general fund expenditures (including transfers out of $1,828,597).

- TDFPD'S total debt at June 30, 2016 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.

The District's financial statements for the fiscal year ended June 30, 2016 include two adjustments to beginning net position. The adjustments are explained below:

A. Proprietary Fund – Ambulance
   The accounts receivable balance was corrected to agree with the accounts receivable aging report provided by the third party ambulance billing company.

B. Governmental Fund – Health Insurance Reserve Fund
   The prepaid OPEB Contribution (net OPEB asset) is required to be reported as a government-wide asset, rather than as an asset of the Health Insurance Reserve Fund.

Government-wide Financial Statements

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

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

Government-wide Financial Statements - continued

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

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

The government-wide financial statements can be found on pages 15 – 17 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. TDFPD, like other state and local governments, uses fund accounting to ensure and demonstrate legal compliance, and to aid financial management by segregating transactions related to certain government functions or activities. All of the funds of TDFPD can be divided into two categories: governmental funds and proprietary funds.

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

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

TDFPD maintains six individual governmental funds. Information is presented separately in governmental fund balance sheets and in the governmental fund statements of revenue, expenditures, and changes in fund balances – budget and actual for the General Fund, Capital Projects Fund, and all Special Revenue Funds (Sick Leave Reserve, Special Services, Fire Safe Community Service Fund and 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. *Proprietary funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. TDFPD uses the proprietary fund to account for its ambulance operation.

Fund Financial Statements - continued
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 governmental fund financial statements. The notes to the financial statements can be found on pages 29 – 47 of this report.

Government-wide Financial Analysis
As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. TDFPD's assets exceeded its liabilities by $3,771,825 at June 30, 2016.

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.

Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30		June 30		June 30	
	2016	2015	2016	2015	2016	2015
Assets						
Current and other assets	$ 13,068,954	$ 11,819,898	$ 461,942	$ 163,802	$ 13,530,896	$ 11,983,700
Capital assets	5,087,457	5,273,449	181,416	198,297	5,268,873	5,471,746
Total assets	18,156,411	17,093,347	643,358	362,099	18,799,769	17,455,446
Deferred outflows of resources	1,164,681	1,104,904	617,420	585,585	1,782,101	1,690,489
Total assets and deferred outflows of resources	$ 19,321,092	$ 18,198,251	$ 1,260,778	$ 947,684	$ 20,581,870	$ 19,145,935
Liabilities						
Long-term liabilities outstanding	$ 8,775,532	$ 9,451,675	$ 3,374,079	$ 3,858,940	$ 12,149,611	$ 13,310,615
Other liabilities	618,218	786,086	353,898	48,877	972,116	834,963
Total liabilities	9,393,750	10,237,761	3,727,977	3,907,817	13,121,727	14,145,578
Deferred inflows of resources	2,409,788	1,877,792	1,278,530	995,207	3,688,318	2,872,999
Total liabilities and deferred inflows of resources	11,803,538	12,115,553	5,006,507	4,903,024	16,810,045	17,018,577
Net Position						
Net investment in capital assets	5,087,457	5,273,449	181,416	198,297	5,268,873	5,471,746
Unrestricted	2,430,097	809,249	(3,927,145)	(4,153,637)	(1,497,048)	(3,344,388)
Total net position	$ 7,517,554	$ 6,082,698	$ (3,745,729)	$ (3,955,340)	$ 3,771,825	$ 2,127,358

Government-wide Financial Analysis - continued

At June 30, 2016, TDFPD is able to report positive balances for the governmental activities and for the government as a whole.

There was an increase of $209,611in net position reported in connection with TDFPD's business-type activities. Total operating expenses including transfers were $ 2,749,057 and total revenue was $2,698,301.

Governmental Activities

Governmental activities increased TDFPD's net position by $1,434,856 thereby accounting for a 104% increase in the total net assets. Key elements of this increase are as follows:

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30		June 30		June 30	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues						
Charges for services	$ 1,301,625	$ 1,231,562	$ 930,896	$ 963,714	$ 2,232,521	$ 2,195,276
Operating grants and contributions	640,733	1,463,788	-		640,733	1,463,788
General revenues						
Ad valorem taxes	3,862,561	3,913,182	1,735,454	1,734,360	5,598,015	5,647,542
Consolidated tax	4,195,965	4,104,520	-		4,195,965	4,104,520
Plan check fee	220,980	72,111	-		220,980	72,111
Interest income	3,123	1,067	-	30	3,123	1,097
Miscellaneous revenue	48,240	41,765	31,951	19,030	80,191	60,795
Transfers	553,161	534,886	(553,161)	(534,886)	-	-
Total revenues	10,826,388	11,362,881	2,145,140	2,182,248	12,971,528	13,545,129
Expenses						
Public safety	9,391,532	9,304,855			9,391,532	9,304,855
Ambulance			2,195,896	2,408,722	2,195,896	2,408,722
Total expenses	9,391,532	9,304,855	2,195,896	2,408,722	11,587,428	11,713,577
Increase (decrease) in net position	1,434,856	2,058,026	(50,756)	(226,474)	1,384,100	1,831,552
Prior period adjustments	-	-	260,367	-	260,367	-
Net position, July 1 as restated	6,082,698	4,024,672	(3,694,973)	(3,728,866)	2,387,725	295,806
Net position - June 30	$ 7,517,554	$ 6,082,698	$ (3,745,729)	$ (3,955,340)	$ 3,771,825	$ 2,127,358

Revenue by Source
The two major revenue sources for the governmental activities are ad valorem taxes of $3,862,561 and consolidated taxes (CTX) of $4,195,965. 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 $44,901 above State projections.

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

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

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

The District allocates fifteen Firefighter/Paramedics to the ambulance fund, which requires an ad valorem tax rate of 20 cents for fiscal year 2015/16.

The 2015/2016 Ambulance Enterprise Fund budget reported budgeted user fees of $1,102,000. Actual user fees for the fiscal year ended June 30, 2016 were $930,896. $1,735,454 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, 2016. The Fund also received miscellaneous revenue of $31,951. The total revenue of $2,698,301 will allow the District to allocate the costs of fifteen Firefighter/Paramedics to this fund.

Revenue

	Fiscal Years Ended June 30, 2016	2015	Difference
Ad valorem taxes	$ 1,735,454	$ 1,734,360	$ 1,094
Fee income	930,896	963,714	(32,818)
Interest	-	30	(30)
Other income	31,951	19,030	12,921
Total revenue	$ 2,698,301	$ 2,717,134	$ (18,833)

Charges for business-type activities decreased by 3.4%. Total Fund Revenue decreased by $18,833 due to a decrease in fee income.

Expenses

Total expenses were $2,749,057 for the fiscal year ended June 30, 2016. Operating transfers of $553,161 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 expenses for the fiscal year ended June 30, 2016 were $1,621,622. This is the result of allocating the total salaries, wages and benefits of fifteen Firefighters/Paramedics to this fund. Service and supplies expenses were $258,669, bad debt expense was $244,416, and depreciation expense was $71,189.

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

	Actual Fiscal Year 2016	Actual Fiscal Year 2015	Difference
Salaries and wages, benefits	$ 1,621,622	$ 1,715,536	$ (93,914)
Transfer to health insurance fund	553,161	534,886	18,275
Services and supplies	258,669	233,663	25,006
Bad debts	244,416	361,637	(117,221)
Depreciation	71,189	97,886	(26,697)
Total expenses	$ 2,749,057	$ 2,943,608	$ (194,551)

Business-type activities increased the TDFPD’s net position by $209,611.

Financial Analysis of the Government’s Funds

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

As of the end of the current fiscal year, TDFPD’s governmental funds reported combined ending fund balances of $7,869,155 a decrease of $3,158,211 over the prior year.

Financial Analysis of the Government's Funds - continued

Of the total fund balance, less than 6% or $446,479 is non-spendable, and 8% or $667,922 is committed for subsequent year's expenditures. Approximately 34% percent is assigned to specific expenses, and the remaining 52% or $4,081,818 is unassigned and is available for spending at the Board's discretion.

The TDFPD's General Fund Ending Balance increased by $89,768 during the current fiscal year.

Proprietary Funds

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

Net position (deficit) of the Ambulance Enterprise Fund at the end of the year amounted to $(3,745,729). The total net increase in position was $209,614.

General Fund Budgetary Highlights

The District experienced an increase in state projections for CTX of $92,914 in projecting revenue and future year budgeting must now consider increased significant reliance on CTX and the reduced reliance on ad valorem taxes.

Capital Asset and Debt Administration

Capital Assets – TDPFD's investment in capital assets for its governmental fund and business type activities as of June 30, 2016 amounts to $5,268,873 (net of accumulated depreciation). This investment in capital assets includes building and improvements, fire fighting vehicles, motor vehicles, equipment, and furniture and fixtures.

Capital Asset and Debt Administration - continued

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

Ballistic PPE/Delta IV helmet	$ 2,970
Active shooter vests	7,868
Auto pulse equipment	6,500
EMS X Series monitor/defibrillator	26,970
Engine overhaul - used ambulance	10,000
Fire crew building signs	2,945
Fire crew - portable pump	3,825
Fire crew building - washer & dryer	3,921
Fire crew capitalized carrying costs and land coverage	1,645
New motor - water tender #25	7,161
Station 25 - computer workstation	1,247
Computer workstation	1,718
Station 24 - cabinets	17,514
Station 24 - granite island	1,250
Station 24 - kitchen remodel	12,272
Station 24 - refrigerator	2,508
Station 23 - office furniture	12,036
Station 23 - carpeting	12,695
Outdoor lighting - all stations	3,872
Floto pumps for vehicles BO213 & B019	6,327
Staff vehicles - U1015	30,056
Staff vehicles - U0915	36,396
Staff vehicles - U1015 camper shell and slide	4,110
Staff vehicles - U1015 snow plow attachment	6,458
Boat cover - Marine 24	2,700
Staff vehicle - U1116	25,262
SCBA tester	13,256
Staff vehicle - U1216	27,580
EOD fitness equipment	4,425
Total additions	$ 295,487

Capital Asset and Debt Administration – continued

Capital Assets
(Net of depreciation)

	2016	2015
Ambulance motor vehicle equipment	$ 40,298	$ 68,143
Ambulance machinery and equipment	141,118	130,154
Fire Safe motor vehicle equipment	28,897	36,239
Fire Safe machinery and equipment	20,478	17,855
Fire Safe land	82,822	82,822
Fire Safe facility building and building improvements	358,928	363,366
Land	90,395	90,395
Buildings and building improvement	1,587,248	1,650,963
Firefighting vehicles	1,453,504	1,604,953
Motor vehicle equipment	1,350,424	1,344,931
Furniture and fixtures	114,760	81,925
Total capital assets	$ 5,268,873	$ 5,471,746

Additional information on TDFPD's capital assets can be found at Note 4 on page 37 of this report.

Long-Term Debt
At the end of the current fiscal year, the TDFPD had no bonded debt outstanding.

Economic Factors and Next Year's Budgets and Rates

- Due to the current economic environment, the State has maintained their projections in CTX revenue compared to last year's projections. The District remains restrained to reach the total allowable ad valorem due to Nevada State Assembly Bill 489, which imposes $1,647,382 abatement on our available tax revenue. Our assessed valuation increased $56,052,588 over the fiscal year ended June 30, 2016.

- 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 2016/17 reflects a 19% of base-salary allocation toward this liability. Additional funding may be required to meet this liability.

Both of these factors were considered in preparing TDFPD's budget for the 2017 fiscal year.

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

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	$ 6,938,901	$ 34,317	$ 6,973,218
Accounts receivable	-	426,647	426,647
Taxes receivable	737,612	978	738,590
Grant receivables	114,611	-	114,611
Other receivables	283,771	-	283,771
Deposits	445,296	-	445,296
Prepaids	1,183	-	1,183
Net OPEB asset	4,547,580	-	4,547,580
Capital assets, net	5,087,457	181,416	5,268,873
Total assets	18,156,411	643,358	18,799,769
Deferred Outflows of Resources			
Pension related	1,164,681	617,420	1,782,101
Total Assets and Deferred Outflows of Resources	19,321,092	1,260,778	20,581,870
Liabilities			
Accounts payable	227,411	12,796	240,207
Accrued payroll and benefits	639,073	-	639,073
Unearned revenue	6,446	14,102	20,548
Deposits	16,945	-	16,945
Internal balances	(327,000)	327,000	-
Net pension liability	6,370,764	3,374,079	9,744,843
Net OPEB liability	13,521	-	13,521
Compensated absences			
Due within one year	41,822	-	41,822
Due in more than one year	2,404,768	-	2,404,768
Total liabilities	9,393,750	3,727,977	13,121,727
Deferred Inflows of Resources			
Pension related	2,409,788	1,278,530	3,688,318
Total Liabilities and Deferred Inflows of Resources	11,803,538	5,006,507	16,810,045
Net Position			
Net investment in capital assets	5,087,457	181,416	5,268,873
Unrestricted (deficit)	2,430,097	(3,927,145)	(1,497,048)
Total net position	$ 7,517,554	$ (3,745,729)	$ 3,771,825

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions
Primary Government			
Governmental activities			
Public safety	$ 9,391,532	$ 1,301,625	$ 640,733
Business-type activities			
Ambulance	2,195,896	930,896	-
Total primary government	$ 11,587,428	$ 2,232,521	$ 640,733

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 of Year, as Originally Reported

Prior Period Adjustment

Net Position, Beginning of Year, as Restated

Net Position, End of Year

Net (Expense) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (7,449,174)	$ -	$ (7,449,174)
-	(1,265,000)	(1,265,000)
(7,449,174)	(1,265,000)	(8,714,174)
3,862,561	1,735,454	5,598,015
4,195,965	-	4,195,965
220,980	-	220,980
3,123	-	3,123
48,240	31,951	80,191
553,161	(553,161)	-
8,884,030	1,214,244	10,098,274
1,434,856	(50,756)	1,384,100
6,082,698	(3,955,340)	2,127,358
-	260,367	260,367
6,082,698	(3,694,973)	2,387,725
$ 7,517,554	$ (3,745,729)	$ 3,771,825

	General	Capital Projects	Sick Leave Reserve	Special Services	Fire Safe Community Service	Health Insurance Reserve	Total Governmental Funds
Assets							
Cash and investments	$ 3,935,160	$ 79,348	$ 459,071	$ 217,333	$ 659,889	$ 1,588,100	$ 6,938,901
Receivables							
Taxes receivable	737,155	98	49	-	310	-	737,612
Grant receivables	72,024	-	-	-	42,587	-	114,611
Due from other funds	-	-	-	-	327,000	-	327,000
Other receivables	23,649	-	-	-	260,122	-	283,771
Prepaids	1,183						1,183
Deposits	-	445,296	-	-	-	-	445,296
Total assets	$ 4,769,171	$ 524,742	$ 459,120	$ 217,333	$ 1,289,908	$ 1,588,100	$ 8,848,374
Liabilities							
Accounts payable	$ 177,272	$ -	$ -	$ 360	$ 26,935	$ 22,844	$ 227,411
Deposits	-	-	-	-	-	16,945	16,945
Accrued payroll and benefits	430,428	-	31,794	-	176,851	-	639,073
Total liabilities	607,700	-	31,794	360	203,786	39,789	883,429
Deferred Inflows of Resources							
Unavailable revenue	78,470	-	-	-	17,320	-	95,790
Fund Balances							
Non-spendable	1,183	445,296	-	-	-	-	446,479
Assigned for subsequent year's budget deficit	-	79,446	108,558	159,880	320,038	-	667,922
Assigned to public safety expenses	-	-	318,768	57,093	748,764	1,548,311	2,672,936
Unassigned	4,081,818	-	-	-	-	-	4,081,818
Total fund balances	4,083,001	524,742	427,326	216,973	1,068,802	1,548,311	7,869,155
Total liabilities, deferred inflows of resources, and fund balances	$ 4,769,171	$ 524,742	$ 459,120	$ 217,333	$ 1,289,908	$ 1,588,100	$ 8,848,374

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

Total fund balances - total governmental funds		$ 7,869,155
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds		
Governmental capital assets	10,821,642	
Less accumulated depreciation	(5,734,185)	
		5,087,457
Net OPEB asset is not a financial resource and, therefore, is not reported in the governmental funds		4,547,580
Net OPEB liability is not a financial resource and, therefore, is not reported in the governmental funds		(13,521)
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the funds		
Compensated absences payable	(2,446,590)	
Net pension liability	(6,370,764)	
		(8,817,354)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds		
Deferred outflows of resources related to pensions	1,164,681	
Deferred inflows of resources related to pensions	(2,409,788)	
		(1,245,107)
Deferred inflows of resources represent amounts that are not available to fund current expenditures, and therefore, are not reported as revenues in the governmental funds		89,344
Net position of governmental activities		$ 7,517,554

	General	Capital Projects	Sick Leave Reserve	Special Services	Fire Safe Community Service	Health Insurance Reserve	Total Governmental Funds
Revenues							
Taxes							
Ad valorem	$ 3,052,869	$ 173,545	$ 87,051	$ -	549,096	$ -	$ 3,862,561
Intergovernmental							
Consolidated tax	4,195,965	-	-	-	-	-	4,195,965
Plan check fee	220,980	-	-	-	-	-	220,980
Interest income	2,196	3	1	-	9	914	3,123
Grants	257,417	-	-	-	311,292	-	568,709
Contracts and strike team	416,878	-	-	29,000	823,427	-	1,269,305
Other income	10,988	-	-	4,394	32,858	-	48,240
Total revenues	8,157,293	173,548	87,052	33,394	1,716,682	914	10,168,883
Expenditures							
Current - public safety							
Salaries and wages	3,700,501	-	104,264	80,000	938,021	-	4,822,786
Employee benefits	1,541,803	-	-	-	210,060	2,533,191	4,285,054
Services and supplies	902,069	-		22,155	277,903	-	1,202,127
Capital outlay	94,555	129,862	-	4,425	12,336	-	241,178
Total expenditures	6,238,928	129,862	104,264	106,580	1,438,320	2,533,191	10,551,145
Excess (Deficiency) of Revenues Over Expenditures	1,918,365	43,686	(17,212)	(73,186)	278,362	(2,532,277)	(382,262)
Other Financing Sources (Uses)							
Transfers in (out)	(1,828,597)	-	-	100,000	(151,159)	2,432,917	553,161
Net Change in Fund Balances	89,768	43,686	(17,212)	26,814	127,203	(99,360)	170,899
Fund Balances, Beginning of Year, as Originally Reported	3,993,233	481,056	444,538	190,159	941,599	4,976,781	11,027,366
Prior Period Adjustment	-	-	-	-	-	(3,329,110)	(3,329,110)
Fund Balance, Beginning of Year, as Restated	3,993,233	481,056	444,538	190,159	941,599	1,647,671	7,698,256
Fund Balance, End of Year	$ 4,083,001	$ 524,742	$ 427,326	$ 216,973	$ 1,068,802	$ 1,548,311	$ 7,869,155

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

Net change in fund balances - total governmental funds		$ 170,899
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives		
Expenditures for capital assets	167,556	
Current year depreciation	(433,895)	
Capital outlay not capitalized and reclassifications	82,570	
		(183,769)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds		
Change in unavailable revenue - charges for services	72,024	
Change in unavailable revenue - grants	32,320	
		104,344
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds		
Change in net pension liability	847,423	
Change in net OPEB asset	1,218,470	
Change in net OPEB liability	(13,521)	
Change in deferred outflows of resources - pension related	59,777	
Change in deferred inflows of resources - pension related	(531,996)	
Change in long-term compensated absences payable	(236,771)	
		1,343,382
Change in net position of governmental activities		$ 1,434,856

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Taxes				
Ad valorem	$ 3,003,919	$ 3,003,919	$ 3,052,869	$ 48,950
Intergovernmental				
Consolidated tax	4,151,064	4,151,064	4,195,965	44,901
Plan check fee	36,000	36,000	220,980	184,980
Interest income	200	200	2,196	1,996
Grants	113,876	113,876	257,417	143,541
Strike team	-	-	416,878	416,878
Other income	-	-	10,988	10,988
Total revenues	7,305,059	7,305,059	8,157,293	852,234
Expenditures				
Current - public safety				
Salaries and wages	3,795,859	4,095,859	3,700,501	395,358
Employee benefits	1,654,867	1,804,867	1,541,803	263,064
Services and supplies	1,186,100	736,100	902,069	(165,969)
Capital outlay	200,000	800,000	94,555	705,445
Total expenditures	6,836,826	7,436,826	6,238,928	1,197,898
Excess (Deficiency) of Revenues Over Expenditures	468,233	(131,767)	1,918,365	2,050,132
Other Financing Sources (Uses)				
Contingency	(150,000)	(150,000)	-	150,000
Transfers out	(1,828,597)	(1,788,345)	(1,828,597)	(40,252)
Total other financing sources (uses)	(1,978,597)	(1,938,345)	(1,828,597)	109,748
Net Change in Fund Balances	(1,510,364)	(2,070,112)	89,768	2,159,880
Fund Balances, Beginning of Year	2,030,353	2,030,353	3,993,233	1,962,880
Fund Balance, End of Year	$ 519,989	$ (39,759)	$ 4,083,001	$ 4,122,760

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Taxes				
Ad valorem	$ 85,894	$ 85,894	$ 87,051	$ 1,157
Interest income	200	200	1	(199)
Total revenues	86,094	86,094	87,052	958
Expenditures				
Salaries and wages	292,000	292,000	104,264	187,736
Excess (Deficiency) of Revenues Over Expenditures	(205,906)	(205,906)	(17,212)	188,694
Fund Balances, Beginning of Year	283,286	283,286	444,538	161,252
Fund Balance, End of Year	$ 77,380	$ 77,380	$ 427,326	$ 349,946

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Contracts	$ 29,000	$ 29,000	$ 29,000	$ -
Interest income	20	20	-	(20)
Other income	-	-	4,394	4,394
Total revenues	29,020	29,020	33,394	4,374
Expenditures				
Current - public safety				
Salaries and wages	80,000	80,000	80,000	-
Services and supplies	97,600	97,600	22,155	75,445
Capital outlay	12,000	12,000	4,425	7,575
Total expenditures	189,600	189,600	106,580	83,020
Excess (Deficiency) of Revenues Over Expenditures	(160,580)	(160,580)	(73,186)	87,394
Other Financing Sources (Uses)				
Operating transfer in	100,000	100,000	100,000	-
Net Change in Fund Balance	(60,580)	(60,580)	26,814	87,394
Fund Balances, Beginning of Year	101,155	101,155	190,159	89,004
Fund Balance, End of Year	$ 40,575	$ 40,575	$ 216,973	$ 176,398

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes				
Ad valorem	$ 543,513	$ 543,513	$ 549,096	$ 5,583
Grants	100,000	100,000	311,292	211,292
Contracts and strike team	734,542	784,542	823,427	38,885
Other income	-	-	32,858	32,858
Interest income	100	100	9	(91)
Total revenues	1,378,155	1,428,155	1,716,682	288,527
Expenditures				
Current - public safety				
Salaries and wages	980,625	1,523,918	938,021	585,897
Employee benefits	260,136	260,136	210,060	50,076
Services and supplies	339,900	339,900	277,903	61,997
Capital outlay	75,000	75,000	12,336	62,664
Total expenditures	1,655,661	2,198,954	1,438,320	760,634
Excess (Deficiency) of Revenues Over Expenditures	(277,506)	(770,799)	278,362	1,049,161
Other Financing Sources (Uses)				
Operating transfer out	(151,159)	(151,159)	(151,159)	-
Net Change in Fund Balance	(428,665)	(921,958)	127,203	1,049,161
Fund Balances, Beginning of Year	448,306	941,599	941,599	-
Fund Balance, End of Year	$ 19,641	$ 19,641	$ 1,068,802	$ 1,049,161

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, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Interest income	$ 5,000	$ 10,000	$ 914	$ (9,086)
Expenditures				
Employee benefits	2,894,409	3,921,645	2,533,191	1,388,454
Services and supplies	50,000	50,000	-	50,000
Total expenditures	2,944,409	3,971,645	2,533,191	1,438,454
Excess (Deficiency) of Revenues Over Expenditures	(2,939,409)	(3,961,645)	(2,532,277)	1,429,368
Other Financing Sources (Uses)				
Operating transfer in	2,432,917	2,432,917	2,432,917	-
Net Change in Fund Balance	(506,492)	(1,528,728)	(99,360)	1,429,368
Fund Balances, Beginning of Year, as Originally Reported	3,949,545	4,976,781	4,976,781	-
Prior Period Adjustment			(3,329,110)	
Fund Balance, Beginning of Year, as Restated			1,647,671	
Fund Balance, End of Year	$ 3,443,053	$ 3,448,053	$ 1,548,311	$ 1,429,368

Assets		
Current assets		
Cash	$	34,317
Accounts receivable (net of allowance for uncollectible amounts of $393,828)		426,647
Taxes receivable		978
Total current assets		461,942
Equipment		
Motor vehicles		542,050
Other equipment		538,163
		1,080,213
Less accumulated depreciation		(898,797)
Equipment, net		181,416
Total assets		643,358
Deferred Outflows of Resources		
Pension related		617,420
Liabilities		
Current liabilities		
Accounts payable		12,796
Due to other funds		327,000
Unearned revenue		14,102
Total current liabilities		353,898
Net pension liability		3,374,079
Total liabilities		3,727,977
Deferred Inflows of Resources		
Pension related		1,278,530
Net Position		
Net investment in capital assets		181,416
Unrestricted (deficit)		(3,927,145)
Total net position	$	(3,745,729)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Operating Revenues				
Charges for services	$ 1,102,000	$ 1,005,196	$ 930,896	$ (74,300)
Operating Expenses				
Salaries and wages	1,296,643	1,296,643	1,296,643	-
Employee benefits	558,352	558,352	324,979	233,373
Services and supplies	348,900	348,900	258,669	90,231
Bad debts	480,000	480,000	244,416	235,584
Depreciation	100,000	100,000	71,189	28,811
Total operating expenses	2,783,895	2,783,895	2,195,896	587,999
Operating Income (Loss)	(1,681,895)	(1,778,699)	(1,265,000)	513,699
Non-operating Revenues				
Ad valorem taxes	1,717,876	1,717,876	1,735,454	17,578
Other income	9,800	9,800	31,951	22,151
Interest income	200	200	-	(200)
Total non-operating revenue	1,727,876	1,727,876	1,767,405	39,529
Income (Loss) Before Transfers to Other Funds	45,981	(50,823)	502,405	553,228
Transfers to Other Funds				
Health Insurance Fund	(553,161)	(553,161)	(553,161)	-
Change in Net Position	$ (507,180)	$ (603,984)	(50,756)	$ 553,228
Net Position, Beginning of Year, as Originally Reported			(3,955,340)	
Prior Period Adjustment			260,367	
Net Position, Beginning of Year, as Restated			(3,694,973)	
Net Position, End of Year			$ (3,745,729)	

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Operating Activities				
Cash received from customers	$ 1,102,000	$ 1,102,000	$ 893,538	$ (208,462)
Cash paid to suppliers for goods and services	(348,900)	(348,900)	(266,687)	82,213
Cash paid to employees for benefits	(1,654,856)	(1,654,856)	(1,791,325)	(136,469)
Net Cash used for Operating Activities	(901,756)	(901,756)	(1,164,474)	(262,718)
Investing Activities				
Proceeds - interest income	200	200	-	(200)
Noncapital Financing Activities				
Cash from ad valorem taxes	1,717,876	1,717,876	1,737,336	19,460
Proceeds - miscellaneous income	9,800	9,800	31,951	22,151
Transfer to Health Insurance Fund	(553,161)	(553,161)	(553,161)	-
Net Cash from Noncapital Financing Activities	1,174,515	1,174,515	1,216,126	41,611
Capital and Related Financing Activities				
Purchase of equipment	(50,000)	(50,000)	(54,308)	(4,308)
Net Change in Cash and Cash Equivalents	222,959	222,959	(2,656)	(225,615)
Cash and Cash Equivalents, Beginning of Year	222,664	222,664	36,973	(185,691)
Cash and Cash Equivalents, End of Year	$ 445,623	$ 445,623	$ 34,317	$ (411,306)

Operating loss	$ (1,265,000)
Adjustments to reconcile operating loss to net cash from (used for) operating activities	
Depreciation and amortization	71,189
Changes in	
Accounts receivable	42,358
Accounts payable	(8,021)
Unearned revenue	(5,000)
Total adjustments	100,526
Net cash used for operating activities	$ (1,164,474)

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

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

The District is governed by an elected Board of Trustees. The financial statements of the District consist 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.

Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and the Statement of Activities) report information about the activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Eliminations have been made to minimize the double counting of internal activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. *Direct expenses* are those that are specifically associated with a specific function or business-type activity. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items properly not included among program revenues are reported instead as *general revenues*.

The fund financial statements provide information about the funds of the District. Separate financial statements are provided for each fund category – *governmental funds and proprietary funds*. Major individual governmental funds, and the major individual enterprise fund, are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

The District reports the following major governmental funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

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

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

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

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

The *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.

The District reports the following major enterprise fund:

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

Budgetary Information

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

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

Cash and Cash Equivalents

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

Investments

Investments are reported at fair value determined by quoted market prices, and changes in fair value are included in investment income.

Receivables

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.”

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

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

Inventories and Prepaid Items

Inventories of governmental funds in the fund financial statements are considered consumable supplies and as such are recorded as expenditures at the time of purchase.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

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

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

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

	Years
Ambulances	5
Equipment	3-20
Building and improvements	50

The District reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there was no impairment at June 30, 2016.

Long-term Obligations

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

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The liability for compensated absences is calculated under the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund statements.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Nevada (PERS) and additions to/deductions from PERS' fiduciary net positon have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows and Inflows of Resources

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

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

Equity Classifications

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

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

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

- 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.
- Restricted fund balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.
- Committed fund balance –Amounts that can only be used for specific purposes imposed by majority vote 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.
- 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.

Implementation of GASB No. 72

As of July 1, 2015, the District adopted GASB Statement No. 72*, Fair Value Measurements and Application*. The implemtnation of this standard requires governments to measure investmenst at fair value. The additional disclosures required by this standard are included in Note 3.

Note 2 - Compliance with Nevada Revised Statues and Administrative Code

At June 30, 2016, the Ambulance Fund owed the Fire Safety Community Service Fund $327,000. This balance is the result of the ambulance fund expenditures exceeding available cash at year end. The specific criteria set forth in NRS 354.6118 as clarified by NAC 354.290 regarding temporary loans were not followed, an apparent violation of NRS 354.6188 as clarified by NAC 354.290 with an effective date of December 16, 2010.

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

Note 3 - Cash and Investments

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

The District's cash and investments, including the recurring fair value measurement of investments, is as follows at June 30, 2016:

Certificates of deposit (Level 2)	$ 190,999
Cash equivalents	
Money market accounts (cost)	1,410,028
Cash	5,372,191
Total Cash and Investments	$ 6,973,218

Pursuant to Nevada Revised Statutes 355.170, the District may invest in the following types of securities:

- United States bonds and debentures maturing within ten (10) years from the date of purchase.
- Certain farm loan bonds.
- Securities of the United States Treasury, United States Postal Service, or the Federal National Mortgage Association maturing within ten (10) years from the date of purchase.
- Certificates of deposit from commercial banks and insured savings and loan associations.
- Other securities expressly provided by other statutes, including repurchase agreements.
- Certain securities issued by local governments of the State of Nevada.
- Certain bankers' acceptances, commercial paper issued by a corporation organized and operating in the United States, and money market mutual funds.

The District has not adopted a formal investment policy that would further limit its exposure to certain risks as set forth below.

Interest Rate Risk – the risk of possible reduction in the value of a security, especially a bond, resulting from a rise in interest rates. As noted above, the District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates beyond those specified in the statute.

Credit Risk – the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality ratings of its investments. As noted above, the District does not have a formal investment policy that specifies minimum acceptable credit ratings beyond those specified in the statute.

Custodial Credit Risk – Deposits – the risk that in the event of a bank failure, the District's deposits may not be returned. The District's bank deposits are covered by FDIC insurance or collateralized by the Office of the State Treasurer/ Nevada Collateral Pool.

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Increases/ Reclassifications	Decreases/ Reclassifications	Balance June 30, 2016
Governmental Activities				
Land	$ 173,217	$ -	$ -	$ 173,217
Building and improvements	3,689,963	7,125	-	3,697,088
Firefighting vehicles	3,372,356	220,220	-	3,592,576
Motor vehicles and equipment	2,597,118	160,395	(26,236)	2,731,277
Furniture and fixtures	607,794	70,677	(50,987)	627,484
	10,440,448	458,417	(77,223)	10,821,642
Less accumulated depreciation	(5,166,969)	(567,216)	-	(5,734,185)
	$ 5,273,479	$ (108,799)	$ (77,223)	$ 5,087,457
Business-type Activities				
Motor vehicles	$ 532,050	$ 10,000	$ -	$ 542,050
Other equipment	493,855	44,308	-	538,163
	1,025,905	54,308	-	1,080,213
Less accumulated depreciation	(827,608)	(71,189)	-	(898,797)
	$ 198,297	$ (16,881)	$ -	$ 181,416

The increase in accumulated depreciation includes depreciation expense of $433,895 charged to the public safety function.

Note 5 - Long-Term Liabilities

The District does not have any general obligation bonds outstanding as of June 30, 2016. Long-term liability activity for the year ended June 30, 2016, was as follows:

	July 1, 2015	Additions	Deletions	June 30, 2016	Due in One Year
Compensated absences	$ 2,209,819	$ 649,591	$ (412,820)	$ 2,446,590	$ 41,822

Compensated absences are generally liquidated from the General Fund.

Note 6 - Interfund Activity

The composition of interfund balances as of June 30, 2016 is as follows:

Receivable Fund	Payable Fund	Amount
Fire Safety Community Service Fund	Ambulance Fund	$ 327,000

The above interfund balances as of June 30, 2016 are generally short-term loans to cover temporary cash deficits in various funds. They are expected to be repaid in the next fiscal year.

Interfund transfers for the year ended June 30, 2016 consisted of the following:

	Transfers in:	
Transfers out:	Special Services Fund	Health Insurance Reserve Fund
General Fund	$ 100,000	$ 1,728,597
Proprietary (Ambulance Fund)	-	553,161
Fire Safe Community Service Fund	-	151,159

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

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

Note 7 - Defined Benefit Pension Plan

Plan Description

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

Benefits Provided

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

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering PERS on or after January 1, 2010, there is a 2.5% multiplier. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

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

Vesting

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service.

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

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both Regular and Police/Fire members become fully vested as to benefits upon completion of five years of service.

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

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

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

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

For the fiscal year ended June 30, 2015 the Statutory Employer/employee matching rates were 13.25% for Regular and 20.75% for Police/Fire. The Employer-pay contribution (EPC) rate for fiscal year ending June 30, 2015 was 25.75% for Regular and 40.50% for Police/Fire.

For the fiscal year ended June 30, 2016 the Statutory Employer/employee matching rates were 14.50% for Regular and 20.75% for Police/Fire. The Employer-pay contribution (EPC) rate for fiscal year ending June 30, 2015 was 28.00% for Regular and 40.50% for Police/Fire.

The District's contributions were $1,622,455 for the year ended June 30, 2016.

PERS Investment Policy

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

The following was the PERS Board adopted policy target asset allocation as of June 30, 2015:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%

As of June 30, 2015, PERS' long-term inflation assumption was 3.5%.

Net Pension Liability

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's allocation percentage of the net pension liability was based on the District's total contributions due on wages paid during the measurement period. The District's proportion of the net pension liability is based on its combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2015. At June 30, 2015, the District's proportion was 0.08504 percent, which is a decrease of .02186 from the portion measured as of June 30, 2014.

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the District as of June 30, 2015, calculated using the discount rate of 8.00%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current discount rate:

	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
Net pension liability	$ 14,849,189	$ 9,744,843	$ 550,223

Pension Plan Fiduciary Net Position

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

Actuarial Assumptions

The District's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Payroll growth	5.00%, including inflation
Investment rate of return	8.00%
Productivity pay increases	0.75%
Projected salary increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.5%, depending on service Rates include inflation and productivity increases
Consumer Price Index	3.50%
Other assumptions	Same as those used in the June 30, 2015 funding actuarial valuation

Mortality rates for non-disabled male regular members were based on the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA. Mortality rates for non-disabled female regular members were based on the RP-2000 Combined Healthy Mortality Table, projected to 2013 with Scale AA, set back one year. Mortality rates for all non-disabled police/fire members were based on the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set forward one year. The mortality table used in the actuarial valuation to project mortality rates for all disabled regular members and all disabled police/fire members is the RP-2000 Disabled Retiree Mortality Table projected to 2013 with Scale AA, set forward three years.

Actuarial assumptions used in the June 30, 2015 valuation were based on the results of the experience review completed in 2013.

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2015. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2015, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2015.

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

For the year ended June 30, 2016, the District recognized pension expense of $673,189. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ -	$ 732,981
Changes of assumptions	-	-
Net difference between projected and actual earnings on investments	-	527,846
Changes in proportion and difference between actual contributions and proportionate share of contributions	159,646	2,427,491
Contributions subsequent to the measurement date	1,622,455	-
Total	$ 1,782,101	$ 3,688,318

Deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date in the amount of $1,622,455 will be recognized as a reduction of the net pension liability in the year ending June 30, 2017.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined at July 1, 2014 (the beginning of the measurement period ended June 30, 2015) is 6.7 years.

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

Fiscal Year Ending June 30,	
2017	$ (797,698)
2018	(797,698)
2019	(797,698)
2020	(332,320)
2021	(532,345)
Thereafter	(270,913)
	$ (3,528,672)

Note 8 - 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%

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. The premium is $451 in 2015.

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, 2015 actuarial report, there were 40 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. PEBP was closed to new retirees September 1, 2008. 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, 2015 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.

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.

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, 2016, 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 (Asset)

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	4%	8%	
Annual required contribution (ARC)	$ 9,871	$ 534,669	$ 544,540
Interest on net OPEB contribution	(9)	(214,340)	(214,349)
ARC adjustment	9,876	197,169	207,045
Annual OPEB cost	19,738	517,498	537,236
Payments made on behalf of retirees	10,975	546,588	557,563
Contributions made to trust	(4,758)	1,004,758	1,000,000
Implicit subsidy credit	-	184,622	184,622
Total employer contributions	6,217	1,735,968	1,742,185
Increase in net OPEB obligation (asset)	13,521	(1,218,470)	(1,204,949)
Net OPEB obligation (asset), beginning of year	-	(3,329,110)	(3,329,110)
Net OPEB obligation (asset), end of year	$ 13,521	$ (4,547,580)	$ (4,534,059)
Actual contribution rate	31%	335%	

The number of participants as of January 1, 2015, the effective date of the OPEB valuation, is as follows:

	District Plan	PEBP Plan
Active employees	51	-
Retirees enrolled in the District Plan	40	-
Retirees enrolled in PEBP	91	5

Funded Status and Funding Progress

The funded status of the Plan as of the most recent actuarial valuation (January 1, 2015) was as follows:

	PEBP	District	Total
Actuarial accrued liability (AAL) (a)	$ 156,315	$ 11,118,816	$ 11,275,131
Actuarial value of plan assets (b)	-	6,646,334	6,646,334
Unfunded actuarial accrued liability (UAAL) (a-b)	$ 156,315	$ 4,472,482	$ 4,628,797
Funded ration (actuarial value of plan assets/ AAL) (b/a)	0%	60%	59%
Covered payroll (c)	N/A	$ 3,933,282	$ 3,933,282
UAAL as a percentage of covered payroll [(a-b)/c]	N/A	114%	118%

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, 2015 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 7.75% initially, reduced by decrements to an ultimate rate of 5% after eight years, and dental/vision rates used were 4.5% annually.

Note 9 - 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.

Note 10 - Accounting Changes and Restatements

As a result of management's review of the Ambulance Fund receivable balance and associated allowance during 2016, the District identified misstatements within the 2015 financial statements, related to accounts receivable in the Ambulance Fund, resulting in a correction to the beginning net position and accounts receivable in the Ambulance Fund. The following is a summary of the effects of the restatement:

	Business-Type Activities	Ambulance Fund
Net position as previously reported, June 30, 2015	$ (3,955,340)	$ (3,955,340)
Correction to prior year revenue	260,367	260,367
Beginning net position, as restated	$ (3,694,973)	$ (3,694,973)

As a result of management's review of the Health Insurance Reserve Fund net OPEB asset balance (previously reported as prepaid OPEB contributions), during 2016, the District identified misstatements within the 2015 financial statements, related to improperly recording the OPEB asset in the governmental funds, rather than solely in the government-wide financial statements, resulting in a correction to the beginning net position in the Health Insurance Reserve Fund. This correction has no impact on the government-wide financial statements. The following is a summary of the effect of the restatement:

	Health Insurance Reserve Fund
Fund balance as previously reported, June 30, 2015	$ 4,976,781
Correction to prior year prepaid OPEB contributions	(3,329,110)
Beginning fund balance, as restated	$ 1,647,671

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(a-b)/c]
District Plan						
1/1/2015	$ 6,646,734	$ 11,118,816	$ 4,472,082	60%	$ 3,933,282	114%
1/1/2012	-	10,259,778	10,259,778	0%	3,138,529	327%
1/1/2011	-	21,911,603	21,911,603	0%	4,130,208	531%
PEBP						
1/1/2015	-	156,315	156,315	0%	N/A	N/A
1/1/2012	-	132,987	132,987	0%	N/A	N/A
1/1/2011	-	520,319	520,319	0%	N/A	N/A

	2015	2014
District's portion of net the pension liability	0.08504%	0.10690%
District's proportionate share of the net pension liability	$ 9,744,843	$ 11,140,127
District's covered-employee payroll	$ 4,105,972	$ 4,288,744
District's proportional share of the net pension liability as a percentage of its covered-employee payroll	237.33%	259.75%
Plan fiduciary net position as a percentage of the total pension liability	75.13%	76.30%

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

	2016	2015
Statutorily required contribution	$ 1,622,455	$ 1,590,284
Contributions in relation to the statutorily required contribution	$ (1,622,455)	$ (1,590,284)
Contribution (deficiency) excess	$ -	$ -
Employer's covered-employee payroll	$ 4,189,290	$ 4,105,972
Contributions as a percentage of covered-employee payroll	38.73%	38.73%

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes				
Ad valorem	$ 171,788	$ 171,788	$ 173,545	$ 1,757
Interest income	100	100	3	(97)
Total revenues	171,888	171,888	173,548	1,660
Expenditures				
Capital outlay	135,000	188,024	129,862	58,162
Excess (Deficiency) of Revenues Over Expenditures	36,888	(16,136)	43,686	59,822
Fund Balances, Beginning of Year	428,032	481,056	481,056	-
Fund Balance, End of Year	$ 464,920	$ 464,920	$ 524,742	$ 59,822

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Tahoe Douglas Fire Protection District, (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 30, 2016.

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 determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses, as finding 2016-A, to be a material weakness.

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.

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*.

The District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Reno, Nevada
November 30, 2016

2016-A Preparation of Financial Statements in Accordance with Generally Accepted Accounting Principles
Material Weakness

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

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

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

Effect: The District's financial records required material audit adjustments in order for the financial statements to be in accordance with GAAP. Internally prepared financial information may not be accurate and full disclosure financial statements may not be available as timely as they would be if prepared by District personnel.

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

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

EideBailly
CPAs & BUSINESS ADVISORS

Auditor's Comments

To the Honorable Mayor and City Council
City of Sparks, Nevada
Sparks, Nevada

In connection with our audit of 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, 2016, and the related notes to the financial statements, nothing came to our attention that caused us to believe that the District failed to comply with the specific requirements of Nevada Revised Statutes cited below other than the violations reported in Note 2 to the financial statements. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

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

Progress on Prior Year Statute Compliance
There were no potential statute violations reported in the June 30, 2015 report.

Prior Year Recommendations
Progress was made on the prior year audit findings, however see the current year Schedule of Findings and Responses.

Current Year Recommendations
Our current year recommendations are included in the Schedule of Findings and Responses.

Eide Bailly LLP

Reno, Nevada
November 30, 2016

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