



Financial Statements
June 30, 2019

Tahoe Douglas Fire Protection District

Tahoe Douglas Fire Protection District

Table of Contents

June 30, 2019

Independent Auditor’s Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	14
Statement of Activities.....	15
Fund Financial Statements	
Balance Sheet – Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Proprietary Fund	
Statement of Net Position – Ambulance Fund	20
Statement of Revenues, Expenses, and Changes in Net Position – Ambulance Fund.....	21
Statement of Cash Flows – Ambulance Fund	22
Notes to Financial Statements	23
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund (Budgetary Basis)	47
Reconciliation of the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budgetary Basis) to the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (GAAP Basis)	48
Special Revenue Funds	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –	
Sick Leave Reserve	49
Special Services	50
Fire Safe Community Service Fund	51
Fire Flow Initiative Fund.....	52
Schedule of Changes in Net Other Post-Employment Benefit Liabilities and Related Ratios	53
Schedule of District Contributions – Other Post-Employment Benefits.....	54
Schedule of Proportionate Share of the Net Pension Liability	55
Schedule of District Contributions - PERS	56
Notes to Required Supplementary Information	57
Supplementary Information	
Reconciliation of the General Fund Balance Sheet (Budgetary Basis) to the General Fund Balance Sheet (GAAP Basis) – Governmental Funds	58
Balance Sheet – Internally Reported (Budgetary Basis) – Health Insurance Reserve	59
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –	
Health Insurance Reserve (Budgetary Basis)	60
Capital Projects Fund	61

Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual – Ambulance Fund	62
Schedule of Cash Flows – Budget and Actual – Ambulance Fund	63
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	64
Auditor’s Comments	66
Schedule of Findings and Responses	67



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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Correction of an Error

As discussed in Note 13 to the financial statements, certain errors occurred in the recognition of compensated absences and the net OPEB liability, resulting in the overstatement of amounts previously reported for compensated absences liabilities and an understatement of amounts previously reported for net OPEB liability for the year ended June 30, 2018, and were discovered by management during current year. Accordingly, amounts related to the compensated absences liability and net OPEB liability have resulted in a restatement of net position as of July 1, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, the budgetary comparison schedules for the General Fund and major special revenue funds and reconciliation on pages 47 through 52, the schedule of changes in net other post-employment benefits liabilities and related ratios on page 53, the schedule of District contributions - other post-employment benefits on page 54, the schedule of proportionate share of the net pension liability on page 55, the schedule of District contributions – PERS on page 56, and the notes to the required supplementary information on page 57, 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.

The budgetary comparison and reconciliation information for the General Fund and major special revenue funds and related notes are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the budgetary comparison and reconciliation information for the General Fund and major special revenue funds and related notes are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 8, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Reno, Nevada
January 8, 2020

Management for the Tahoe Douglas Fire Protection District (TDFPD or District) offers readers of TDFPD's financial statements this narrative overview and analysis of the financial activities of TDFPD for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with our comprehensive annual budget and financial statements.

Financial Highlights

- The liabilities of TDFPD exceeded its assets at June 30, 2019 by \$1,377,065 (*negative net position*). As of June 30, 2019, the unrestricted deficit was \$(7,477,007).
- At June 30, 2019, TDFPD's governmental funds reported combined ending fund balances of \$8,861,077, an increase of \$544,381 in comparison with prior year ending fund balances.
- At June 30, 2019, the unassigned fund balance of the General Fund was \$4,314,742 or 49% of total general fund expenditures (including transfers out of \$250,000).
- TDFPD'S total debt at June 30, 2019 remained at zero.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and governmental fund financial statements. The notes to the financial statements can be found on pages 23-46 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 liabilities exceeded its assets by \$1,377,065 at June 30, 2019.

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

Tahoe Douglas Fire Protection District
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2019

Government-wide Financial Analysis – continued

	<u>Net Position</u>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	June 30		June 30		June 30	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets						
Current and other assets	\$ 9,805,795	\$ 9,290,328	\$ (84,837)	\$ (52,080)	\$ 9,720,958	\$ 9,238,248
Capital assets	<u>5,738,989</u>	<u>5,675,240</u>	<u>330,953</u>	<u>298,035</u>	<u>6,069,942</u>	<u>5,973,275</u>
Total assets	<u>15,544,784</u>	<u>14,965,568</u>	<u>246,116</u>	<u>245,955</u>	<u>15,790,900</u>	<u>15,211,523</u>
Deferred outflows of resources	<u>3,973,535</u>	<u>2,730,165</u>	<u>1,137,710</u>	<u>1,297,930</u>	<u>5,111,245</u>	<u>4,028,095</u>
Total assets and deferred outflows of resources	<u>19,518,319</u>	<u>17,695,733</u>	<u>1,383,826</u>	<u>1,543,885</u>	<u>20,902,145</u>	<u>19,239,618</u>
Liabilities						
Long-term liabilities outstanding	\$ 13,873,846	\$ 13,749,912	\$ 4,891,908	\$ 4,796,055	\$ 18,765,754	\$ 18,545,967
Other liabilities	<u>853,861</u>	<u>897,314</u>	<u>8,148</u>	<u>11,381</u>	<u>862,009</u>	<u>908,695</u>
Total liabilities	<u>14,727,707</u>	<u>14,647,226</u>	<u>4,900,056</u>	<u>4,807,436</u>	<u>19,627,763</u>	<u>19,454,662</u>
Deferred inflows of resources	<u>2,061,992</u>	<u>2,670,260</u>	<u>589,455</u>	<u>868,549</u>	<u>2,651,447</u>	<u>3,538,809</u>
Total assets and deferred outflows of resources	<u>16,789,699</u>	<u>17,317,486</u>	<u>5,489,511</u>	<u>5,675,985</u>	<u>22,279,210</u>	<u>22,993,471</u>
Net Position						
Net investment in capital assets	5,738,989	5,675,240	330,953	298,035	6,069,942	5,973,275
unrestricted	<u>(3,010,369)</u>	<u>(5,296,993)</u>	<u>(4,436,638)</u>	<u>(4,430,135)</u>	<u>(7,447,007)</u>	<u>(9,727,128)</u>
Total net position	<u>\$ 2,728,620</u>	<u>\$ 378,247</u>	<u>\$ (4,105,685)</u>	<u>\$ (4,132,100)</u>	<u>\$ (1,377,065)</u>	<u>\$ (3,753,853)</u>

Tahoe Douglas Fire Protection District
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2019

At June 30, 2019, TDFPD is able to report a positive balance for the governmental activities and deficits for the business-type activities and for the government as a whole. These deficits are largely the result of the portion of the Public Employees' Retirement System (PERS) pension liability that is required to be reported by the District and the net other postemployment obligation liability.

There was an increase of \$26,415 in net position reported in connection with TDFPD's business-type activities. Total operating expenses including transfers were \$ 2,608,312 and total revenue was \$2,634,727.

Governmental Activities

Governmental activities increased TDFPD's net position by \$1,362,870 thereby accounting for a 100% increase in the total net position. Key elements of this increase are as follows:

	<u>Changes in Net Position</u>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>June 30</u>		<u>June 30</u>		<u>June 30</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
<u>Program revenues</u>						
Charges for services	\$ 1,648,871	\$ 1,516,830	\$ 638,615	\$ 858,284	\$ 2,287,486	\$ 2,375,114
Operating grants and contributions	558,390	699,411	-	-	558,390	699,411
<u>General revenues</u>						
Ad valorem taxes	4,183,436	4,045,902	1,843,701	1,782,248	6,027,137	5,828,150
Consolidated tax	4,625,100	4,497,393	-	-	4,625,100	4,497,393
Interest income	28,486	10,237	-	-	28,486	10,237
Miscellaneous revenue	228,532	555,372	152,411	142,121	380,943	697,493
Transfers	364,624	314,025	(364,624)	(314,025)	-	-
Total revenues	<u>11,637,439</u>	<u>11,639,170</u>	<u>2,270,103</u>	<u>2,468,628</u>	<u>13,907,542</u>	<u>14,107,798</u>
Expenses						
Public safety	10,274,569	10,519,186	-	-	10,274,569	10,519,186
Ambulance	-	-	2,243,688	2,453,432	2,243,688	2,453,432
Total expenses	<u>10,274,569</u>	<u>10,519,186</u>	<u>2,243,688</u>	<u>2,453,432</u>	<u>12,518,257</u>	<u>12,972,618</u>
Increase (decrease) in net position	1,362,870	1,119,984	26,415	15,196	1,389,285	1,135,180
Prior period adjustments	<u>987,503</u>	<u>(8,813,031)</u>	<u>-</u>	<u>-</u>	<u>987,503</u>	<u>(8,813,031)</u>
Net position, July 1 as restated	<u>1,365,750</u>	<u>(741,737)</u>	<u>(4,132,100)</u>	<u>(4,147,296)</u>	<u>(2,766,350)</u>	<u>(4,889,033)</u>
Net position - June 30	<u>\$ 2,728,620</u>	<u>\$ 378,247</u>	<u>\$ (4,105,685)</u>	<u>\$ (4,132,100)</u>	<u>\$ (1,377,065)</u>	<u>\$ (3,753,853)</u>

Revenue by Source

The two major revenue sources for the governmental activities are ad valorem taxes of \$4,183,436 and consolidated taxes (CTX) of \$4,625,100. 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 \$46,147 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 sixteen Firefighter/Paramedics to the ambulance fund, which requires an ad valorem tax rate of 20 cents for fiscal year 2018/19.

The 2018/2019 Ambulance Enterprise Fund budget reported budgeted user fees of \$800,000. Actual user fees for the fiscal year ended June 30, 2019 were \$638,615. \$1,843,701 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, 2019. The Fund also received miscellaneous revenue of \$152,411 and transfers in from the general fund of \$150,000. The total revenue of \$2,784,727 will allow the District to allocate the costs of sixteen Firefighter/Paramedics to this fund.

Revenue and Transfers In

	Fiscal Years Ended June 30,		Difference
	2019	2018	
Ad valorem taxes	\$ 1,843,701	\$ 1,782,248	\$ 61,453
Fee income (net of discount, allowances and bad debt)	638,615	629,637	8,978
Other income	152,411	142,121	10,290
Transfer in from General Fund	150,000	-	150,000
Total revenue	\$ 2,784,727	\$ 2,554,006	\$ 230,721

Charges for business-type activities increased by 1.4%. Total Fund Revenue increased by \$230,721 mostly due to an increase in transfers received from the General Fund.

Expenses and Transfers Out

Total expenses and transfers were \$2,758,312 for the fiscal year ended June 30, 2019. Operating transfers of \$514,624 to the General Fund (Health Insurance Reserve Special Revenue Fund included with the General Fund) are included in the total expenditure amount. Salaries, wages and benefits account for the largest percentage of expenses. Total salary, wage, and benefit expenses for the fiscal year ended June 30, 2019 were \$1,945,709. This is the result of allocating the total salaries, wages and benefits of fifteen Firefighters/Paramedics to this fund. Service and supplies expenses were \$198,268 and depreciation expense was \$99,711.

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 2019	Actual Fiscal Year 2018	Difference
	Salaries and wages, benefits	1,945,709	
Transfer to Health Insurance Fund	514,624	514,025	599
Services and supplies	198,268	211,118	(12,850)
Depreciation	99,711	68,008	31,703
Total expenses	\$ 2,758,312	\$ 2,738,810	\$ 19,502

Business-type activities increased the TDFPD's net position by \$26,415.

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 \$8,861,077 an increase of \$544,381 over the prior year.

Of the total fund balance, approximately 51% percent is assigned to specific expenses, and the remaining 49% or \$4,314,712 is unassigned and is available for spending at the Board's discretion.

The TDFPD's General Fund Ending Balance increased by \$329,900 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 \$(4,105,685). The total net increase in net position (deficit) was \$26,415.

General Fund Budgetary Highlights

The District experienced an increase in state projections for CTX of \$46,147. 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 – TDFPD's investment in capital assets for its governmental activities and business type activities as of June 30, 2019 amounts to \$6,069,943 (net of accumulated depreciation). This investment in capital assets includes building and improvements, fire fighting vehicles, motor vehicles, equipment, and furniture and fixtures.

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

Ambulance Vehicle Chassis	\$ 132,629
Station 23 Rain Gutters	1,955
Station 24 Furnance and Thermostats	16,062
Zephyr Crew Flatbed Truck	7,474
Z Cre Buggies (3)	329,400
Deposit on parking lot replacement	16,418
Station 25 treadmill	4,545
Radios	10,306
Snowblower	3,049
BC Rig	12,899
EOD Bomb Suit	31,500
EOD Xray machine	28,100
EOD Robot	55,060
SCBA Radio interface	24,031
	<u>\$ 673,428</u>

Capital Assets
(Net of depreciation)

	<u>2019</u>	<u>2018</u>
Ambulance motor vehicle equipment	248,759	\$ 190,578
Ambulance machinery and equipment	82,193	107,457
Fire Safe motor vehicle equipment	394,881	79,757
Fire Safe machinery and equipment	58,660	68,126
Fire Safe land	82,822	82,822
Fire Safe facility building and building improvements	376,941	390,666
Land	90,395	90,395
Buildings and building improvement	1,473,375	1,493,343
Firefighting vehicles	1,561,117	1,728,983
Motor vehicle equipment	1,161,765	1,181,209
Fire boat, lift-launch; pier const.	432,232	455,418
Furniture and fixtures	106,802	104,521
	<u>\$ 6,069,942</u>	<u>\$ 5,973,275</u>

Additional information on TDFPD's capital assets can be found at Note 4 on page 31 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 \$1,595,732 abatement on our available tax revenue. Our assessed valuation increased \$64,675,704 over the fiscal year ended June 30, 2019.
- The District is required to meet the long-term liability associated with retiree health insurance cost projections. The District has implemented a plan to attend to the long-term liability of retiree health insurance. Budget year 2019/20 reflects a continuing allocation toward this liability.

Both of these factors were considered in preparing TDFPD's budget for the 2020 fiscal year.

Requests for Information

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

Tahoe Douglas Fire Protection District

Statement of Net Position

June 30, 2019

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 7,995,238	\$ 50,737	\$ 8,045,975
Accounts receivable (net of allowance for uncollectible amounts of \$337,567)	-	-	-
	-	354,240	354,240
Taxes receivable	803,558	2,186	805,744
Grant receivables	330,029	-	330,029
Other receivables	182,582	-	182,582
Prepays	2,388	-	2,388
Internal balances	492,000	(492,000)	-
Capital assets, net	5,738,989	330,953	6,069,942
Total assets	<u>15,544,784</u>	<u>246,116</u>	<u>15,790,900</u>
Deferred Outflows of Resources			
Net pension - related amounts	2,423,198	1,137,710	3,560,908
OPEB - related amounts	1,550,337	-	1,550,337
Total deferred outflows of resources	<u>3,973,535</u>	<u>1,137,710</u>	<u>5,111,245</u>
Total Assets and Deferred Outflows of Resources	<u>19,518,319</u>	<u>1,383,826</u>	<u>20,902,145</u>
Liabilities			
Accounts payable	514,839	8,148	522,987
Accrued payroll and benefits	315,958	-	315,958
Unearned revenue	6,000	-	6,000
Deposits	17,064	-	17,064
Noncurrent liabilities:			
Net pension liability	9,364,162	4,891,908	14,256,070
Net OPEB liability	2,788,538	-	2,788,538
Compensated absences			
Due within one year	68,844	-	68,844
Due in more than one year	1,652,302	-	1,652,302
Total liabilities	<u>14,727,707</u>	<u>4,900,056</u>	<u>19,627,763</u>
Deferred Inflows of Resources			
Net pension - related amounts	1,255,476	589,455	1,844,931
OPEB - related amounts	806,516	-	806,516
Total deferred inflows of resources	<u>2,061,992</u>	<u>589,455</u>	<u>2,651,447</u>
Total Liabilities and Deferred Inflows of Resources	<u>16,789,699</u>	<u>5,489,511</u>	<u>22,279,210</u>
Net Position			
Net investment in capital assets	5,738,989	330,953	6,069,942
Unrestricted (deficit)	(3,010,369)	(4,436,638)	(7,447,007)
Total net position	<u>\$ 2,728,620</u>	<u>\$ (4,105,685)</u>	<u>\$ (1,377,065)</u>

Tahoe Douglas Fire Protection District
Statement of Activities
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities						
Public safety	\$ 10,274,569	\$ 1,648,871	\$ 558,390	\$ (8,067,308)	\$ -	\$ (8,067,308)
Business-type activities						
Ambulance	2,243,688	638,615	-	-	(1,605,073)	(1,605,073)
Total primary government	<u>\$ 12,518,257</u>	<u>\$ 2,287,486</u>	<u>\$ 558,390</u>	<u>(8,067,308)</u>	<u>(1,605,073)</u>	<u>(9,672,381)</u>
General Revenues						
Ad valorem taxes				4,183,436	1,843,701	6,027,137
Unrestricted intergovernmental revenues - consolidated taxes				4,625,100	-	4,625,100
Unrestricted interest income				28,486	-	28,486
Miscellaneous revenue				228,532	152,411	380,943
Transfers				364,624	(364,624)	-
Total general revenues and transfers				<u>9,430,178</u>	<u>1,631,488</u>	<u>11,061,666</u>
Change in Net Position				<u>1,362,870</u>	<u>26,415</u>	<u>1,389,285</u>
Net Position, Beginning of Year, as Originally Reported				378,247	(4,132,100)	(3,753,853)
Prior Period Adjustment				987,503	-	987,503
Net Position, Beginning of Year, as Restated				<u>1,365,750</u>	<u>(4,132,100)</u>	<u>(2,766,350)</u>
Net Position, End of Year				<u>\$ 2,728,620</u>	<u>\$ (4,105,685)</u>	<u>\$ (1,377,065)</u>

Tahoe Douglas Fire Protection District
Balance Sheet – Governmental Funds
June 30, 2019

	General (GAAP Basis)	Capital Projects	Sick Leave Reserve	Special Services	Fire Safe Community Service	Fire Flow Initiative	Total Governmental Funds
Assets							
Cash and investments	\$ 5,874,751	\$ 468,771	\$ 432,684	\$ 142,858	\$ 649,854	\$ 426,320	\$ 7,995,238
Receivables							
Taxes receivable	802,512	219	109	-	718	-	803,558
Grant receivables	-	-	-	-	330,029	-	330,029
Due from other funds	-	-	-	-	492,000	-	492,000
Other receivables	2,311	-	-	142,282	37,989	-	182,582
Prepays	2,388	-	-	-	-	-	2,388
Total assets	\$ 6,681,962	\$ 468,990	\$ 432,793	\$ 285,140	\$ 1,510,590	\$ 426,320	\$ 9,805,795
Liabilities							
Accounts payable	\$ 364,201	\$ -	\$ -	\$ 129	\$ 150,509	\$ -	\$ 514,839
Unearned revenue	-	-	-	6,000	-	-	6,000
Deposits	17,064	-	-	-	-	-	17,064
Accrued payroll and benefits	230,214	-	61,010	-	24,734	-	315,958
Total liabilities	611,479	-	61,010	6,129	175,243	-	853,861
Deferred Inflows of Resources							
Unavailable revenue	-	-	-	-	90,857	-	90,857
Fund Balances							
Nonspendable	2,388	-	-	-	-	-	2,388
Assigned	1,753,353	468,990	371,783	279,011	1,244,490	426,320	4,543,947
Unassigned	4,314,742	-	-	-	-	-	4,314,742
Total fund balances	6,070,483	468,990	371,783	279,011	1,244,490	426,320	8,861,077
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,681,962	\$ 468,990	\$ 432,793	\$ 285,140	\$ 1,510,590	\$ 426,320	\$ 9,805,795

Tahoe Douglas Fire Protection District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2019

Total fund balances - total governmental funds		\$ 8,861,077
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds.		
Governmental capital assets	12,476,679	
Less accumulated depreciation	<u>(6,737,690)</u>	5,738,989
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the funds.		
Net OPEB liability	(2,788,538)	
Compensated absences payable	(1,721,146)	
Net pension liability	<u>(9,364,162)</u>	(13,873,846)
Deferred outflows and inflows of resources related to pensions and other post-employment benefits are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred outflows of resources related to pensions	2,423,198	
Deferred outflows of resources related to OPEB	1,550,337	
Deferred inflows of resources related to pensions	(1,255,476)	
Deferred inflows of resources related to OPEB	<u>(806,516)</u>	<u>1,911,543</u>
Deferred inflows of resources represent amounts that are not available to fund current expenditures, and therefore, are not reported as revenues in the governmental funds.		
Deferred inflows related to contract revenue		<u>90,857</u>
Net position of governmental activities		<u><u>\$ 2,728,620</u></u>

Tahoe Douglas Fire Protection District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2019

	General (GAAP Basis)	Capital Projects	Sick Leave Reserve	Special Services	Fire Safe Community Service	Fire Flow Initiative	Total Governmental Funds
Revenues							
Taxes							
Ad valorem	\$ 3,301,665	\$ 184,430	\$ 92,216	\$ -	\$ 605,125	\$ -	\$ 4,183,436
Intergovernmental							
Consolidated tax	4,625,100	-	-	-	-	-	4,625,100
Plan check fee	85,582	-	-	-	-	-	85,582
Interest income	26,915	145	74	-	1,352	-	28,486
Grants	10,751	-	-	218,059	329,580	-	558,390
Contracts and strike team	600,200	-	-	31,500	917,050	-	1,548,750
Other income	15,892	-	-	37,624	175,016	-	228,532
Total revenues	8,666,105	184,575	92,290	287,183	2,028,123	-	11,258,276
Expenditures							
Current - public safety							
Salaries and wages	4,456,806	-	143,637	80,000	1,078,519	-	5,758,962
Employee benefits	3,256,336	-	-	-	190,546	-	3,446,882
Services and supplies	993,252	-	-	251,167	225,024	11,429	1,480,872
Capital outlay	54,927	-	-	-	336,876	-	391,803
Total expenditures	8,761,321	-	143,637	331,167	1,830,965	11,429	11,078,519
Excess (Deficiency) of Revenues Over Expenditures	(95,216)	184,575	(51,347)	(43,984)	197,158	(11,429)	179,757
Other Financing Sources (Uses)							
Transfers in	675,116	-	-	100,000	-	-	775,116
Transfers out	(250,000)	-	-	-	(160,492)	-	(410,492)
Total other financing sources (uses)	425,116	-	-	100,000	(160,492)	-	364,624
Net Change in Fund Balances	329,900	184,575	(51,347)	56,016	36,666	(11,429)	544,381
Fund Balances, Beginning of Year	5,740,583	284,415	423,130	222,995	1,207,824	437,749	8,316,696
Fund Balances, End of Year	\$ 6,070,483	\$ 468,990	\$ 371,783	\$ 279,011	\$ 1,244,490	\$ 426,320	\$ 8,861,077

Tahoe Douglas Fire Protection District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2019

Net change in fund balances - total governmental funds		\$ 544,381
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Expenditures for capital assets	540,799	
Current year depreciation	<u>(475,241)</u>	65,558
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		14,539
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.		
Disposition of capital assets	(1,809)	
Change in compensated absences payable	<u>94,084</u>	<u>92,275</u>
Governmental funds report the District pension and other post-employment benefit contributions as expenditures. However, in the statement of activities, the cost of pension and other post-employment benefits earned is reported as pension or other post-employment expense.		
District pension contributions	666,806	
District pension expense	(617,776)	
Change in net OPEB liability	(924,188)	
Change in deferred outflows of resources - OPEB related	1,252,436	
Change in deferred inflows of resources - OPEB related	<u>268,839</u>	<u>646,117</u>
Change in net position of governmental activities		<u>\$ 1,362,870</u>

Tahoe Douglas Fire Protection District
Statement of Net Position – Ambulance Fund
June 30, 2019

Assets		
Current assets		
Cash		\$ 50,737
Accounts receivable (net of allowance for uncollectible amounts of \$337,567)		354,240
Taxes receivable		<u>2,186</u>
Total current assets		<u>407,163</u>
Equipment		
Motor vehicles		872,749
Other equipment		<u>578,739</u>
		1,451,488
Less accumulated depreciation		<u>(1,120,535)</u>
Equipment, net		<u>330,953</u>
Total assets		<u>738,116</u>
Deferred Outflows of Resources		
Net pension - related amounts		<u>1,137,710</u>
Liabilities		
Current liabilities		
Accounts payable		8,148
Due to other funds		<u>492,000</u>
Total current liabilities		500,148
Noncurrent liabilities		
Net pension liability		<u>4,891,908</u>
Total liabilities		<u>5,392,056</u>
Deferred Inflows of Resources		
Net pension - related amounts		<u>589,455</u>
Net Position		
Net investment in capital assets		330,953
Unrestricted (deficit)		<u>(4,436,638)</u>
Total net position		<u><u>\$ (4,105,685)</u></u>

Tahoe Douglas Fire Protection District
Statement of Revenues, Expenses, and Changes in Net Position – Ambulance Fund
Year Ended June 30, 2019

	<u>Actual Amounts</u>
Operating Revenues	
Charges for services (net of discounts and bad debt)	<u>\$ 638,615</u>
Operating Expenses	
Salaries and wages	1,243,721
Employee benefits	701,988
Services and supplies	198,268
Depreciation	<u>99,711</u>
Total operating expenses	<u>2,243,688</u>
Operating Income (Loss)	<u>(1,605,073)</u>
Non-operating Revenues	
Ad valorem taxes	1,843,701
Other income	<u>152,411</u>
Total non-operating revenues	<u>1,996,112</u>
Income (Loss) Before Transfers	391,039
Transfers in (out)	
Operating transfers in	150,000
Operating transfers out	<u>(514,624)</u>
Total transfers	<u>(364,624)</u>
Change in Net Position	26,415
Net Position, Beginning of Year	<u>(4,132,100)</u>
Net Position, End of Year	<u><u>\$ (4,105,685)</u></u>

Tahoe Douglas Fire Protection District
Statement of Cash Flows – Ambulance Fund
Year Ended June 30, 2019

Operating Activities	
Cash received from customers	\$ 716,335
Cash paid to suppliers for goods and services	(201,501)
Cash paid to employees for salaries and benefits	<u>(1,968,730)</u>
Net Cash used for Operating Activities	<u>(1,453,896)</u>
Noncapital Financing Activities	
Cash from ad valorem taxes	1,846,029
Transfers from other funds	240,000
Transfers to other funds	<u>(514,624)</u>
Net Cash from Noncapital Financing Activities	<u>1,571,405</u>
Capital and Related Financing Activities	
Purchases of equipment	<u>(132,629)</u>
Net Change in Cash and Cash Equivalents	(15,120)
Cash and Cash Equivalents, Beginning of Year	<u>65,857</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 50,737</u></u>
Reconciliation of Operating Income (Loss) to Net Cash from (used For) Operating Activities	
Operating Loss	<u>\$ (1,605,073)</u>
Adjustments to Reconcile Operating Loss to Net Cash from (used for) Operating Activities	
Depreciation and amortization	99,711
Other income	152,411
Changes in assets and liabilities	
Accounts receivable	(74,691)
Accounts payable	(3,233)
Pension related amounts	<u>(23,021)</u>
Total Adjustments	<u>151,177</u>
Net Cash used for Operating Activities	<u><u>\$ (1,453,896)</u></u>

Note 1 - Summary of Significant Accounting Policies**Reporting Entity**

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

The District is governed by an elected Board of Trustees. The financial statements of the District consist 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, post-employment benefits, and claims and judgments, are recorded only when payment is due.

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

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

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

The District reports the following major enterprise fund:

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

Budgetary Information

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

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

Cash and Cash Equivalents

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

Investments

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

Receivables

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

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

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 acquisition value at the date of donation.

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

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

The District reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there was no impairment at June 30, 2019.

Long-Term Obligations

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

Compensated Absences

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

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

Pensions

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

Deferred Outflows and Inflows of Resources

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

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

Equity Classifications

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

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

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

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

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

Property Taxes

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

Taxes on real property are a lien on the property and attach on July 1 of the year for which the taxes are levied. Taxes may be paid in four installments payable on the third Monday in August, and the first Mondays in October, January, and March, to the Treasurer of Douglas County. Penalties are assessed if a taxpayer fails to pay an installment within ten days of the installment due date. After a two-year waiting period, if taxes remain unpaid, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by the owner and such persons as described by statute by paying all back taxes and accumulated penalties, interest, and costs before sale.

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

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Compliance with Nevada Revised Statutes and Administrative Code

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

Note 3 - Cash and Investments

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, 2019:

Certificates of deposit (Level 2)	\$	400,041
Cash in brokerage - uncollateralized		1,268,548
Cash in bank - collateralized		6,377,386
Total cash and investments	\$	8,045,975

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

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

The District has adopted a formal investment policy to comply with the requirements of Nevada Revised Statutes 355.170. Therefore, the policy does not further limit the District’s investment choices nor further limit its exposure to certain risks 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. At June 30, 2019, the District’s certificates of deposit all had maturities of less than one year.

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

Tahoe Douglas Fire Protection District

Notes to Financial Statements

June 30, 2019

Custodial Credit Risk – the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District’s bank deposits are covered by FDIC insurance and collateralized by the office of the State of Nevada Collateral Pool. The District has amounts on deposit with a brokerage that is covered by Securities Investor Protection Corporation (SIPC) insurance of up to \$250,000 for deposits awaiting investment. The District had uninsured deposits of \$1,018,548 at June 30, 2019.

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Governmental Activities				
Nondepreciable assets				
Land	\$ 173,217	\$ -	\$ -	\$ 173,217
Construction in progress	65,544	-	(65,544)	-
Total nondepreciable assets	<u>238,761</u>	<u>-</u>	<u>(65,544)</u>	<u>173,217</u>
Depreciable assets				
Building and improvements	3,766,288	34,433	(1,809)	3,798,912
Firefighting vehicles	3,883,700	-	(41,000)	3,842,700
Motor vehicles and equipment	2,962,310	554,010	-	3,516,320
Furniture and fixtures	664,484	17,900	-	682,384
Fire Boat	463,146	-	-	463,146
Total depreciable assets	11,739,928	606,343	(42,809)	12,303,462
Less accumulated depreciation	<u>(6,303,449)</u>	<u>(475,241)</u>	<u>41,000</u>	<u>(6,737,690)</u>
Capital assets being depreciated, net	<u>5,436,479</u>	<u>131,102</u>	<u>(1,809)</u>	<u>5,565,772</u>
Governmental activities capital assets, net	<u><u>\$ 5,675,240</u></u>	<u><u>\$ 131,102</u></u>	<u><u>\$ (67,353)</u></u>	<u><u>\$ 5,738,989</u></u>
Business-type Activities				
Depreciable assets				
Motor vehicles	\$ 740,120	\$ 132,629	\$ -	\$ 872,749
Other equipment	578,739	-	-	578,739
	1,318,859	132,629	-	1,451,488
Less accumulated depreciation	<u>(1,020,824)</u>	<u>(99,711)</u>	<u>-</u>	<u>(1,120,535)</u>
Business-type activities capital assets, net	<u><u>\$ 298,035</u></u>	<u><u>\$ 32,918</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 330,953</u></u>

The increase in accumulated depreciation for governmental activities includes depreciation expense of \$475,241 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, 2019. Long-term liability activity for the year ended June 30, 2019, was as follows:

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2019</u>	<u>Due in One Year</u>
Compensated absences	<u>\$ 1,815,230</u>	<u>\$ 788,897</u>	<u>\$ (882,981)</u>	<u>\$ 1,721,146</u>	<u>\$ 68,844</u>

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

Note 6 - Interfund Activity

The composition of interfund balances as of June 30, 2019, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Fire Safe Community Service Fund	Ambulance Fund	<u>\$ 492,000</u>

The above interfund balances as of June 30, 2019 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, 2019, consisted of the following:

<u>Transfers out:</u>	<u>Transfers in:</u>			<u>Total</u>
	<u>Special Services Fund</u>	<u>Proprietary (Ambulance Fund)</u>	<u>General Fund</u>	
General Fund	\$ 100,000	\$ 150,000	\$ -	\$ 250,000
Proprietary (Ambulance Fund)	-	-	514,624	514,624
Fire Safe Community Service Fund	-	-	160,492	160,492
	<u>\$ 100,000</u>	<u>\$ 150,000</u>	<u>\$ 675,116</u>	<u>\$ 925,116</u>

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

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

The transfer from the General Fund to the Proprietary Fund was used for operational expenditure and capital outlay.

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

Note 7 - Governmental Fund Balances

Governmental fund balances are composed of the following as of June 30, 2019:

	General	Capital Projects	Sick Leave Reserve	Special Services	Fire Safe Community Service	Fire Flow Initiative	Total
<u>Fund Balances</u>							
Nonspendable:							
Prepaid items	\$ 2,388	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,388
Assigned for:							
Subsequent budget's shortfall	1,753,353	-	-	-	-	-	1,753,353
Capital projects	-	468,990	-	-	-	-	468,990
Employee benefits	-	-	371,783	-	-	-	371,783
Public safety grants	-	-	-	279,011	-	-	279,011
Fuels management	-	-	-	-	1,244,490	-	1,244,490
Fire flow initiative	-	-	-	-	-	426,320	426,320
Total Assigned	<u>1,753,353</u>	<u>468,990</u>	<u>371,783</u>	<u>279,011</u>	<u>1,244,490</u>	<u>426,320</u>	<u>4,543,947</u>
Unassigned	<u>4,314,742</u>	-	-	-	-	-	<u>4,314,742</u>
Total Fund Balances	<u>\$ 6,070,483</u>	<u>\$ 468,990</u>	<u>\$ 371,783</u>	<u>\$ 279,011</u>	<u>\$ 1,244,490</u>	<u>\$ 426,320</u>	<u>\$ 8,861,077</u>

Note 8 - Defined Benefit Pension Plan

Plan Description

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

Benefits Provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering PERS on or after January 1, 2010 and July 1, 2015.

Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering PERS on or after January 1, 2010, there is a 2.5% multiplier, and for members entering on or after July 1, 2015, there is a 2.25% factor. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

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

Vesting

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

Police/Fire members entering PERS prior to January 1, 2010 are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service. Police/Fire members entering PERS on or after January 1, 2010, are eligible for retirement at 65 with five years of service, or age 60 with ten years of service, or age 50 with twenty years of service, or at any age with thirty years of service. Police/Fire members entering PERS on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with 33 1/3 years of service. Only service performed in a position as a police officer or firefighter may be counted towards to eligibility for retirement as Police/Fire accredited service.

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

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. One plan provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only. The District contributes under the employer-pay contribution (EPC) option.

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

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

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

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

For the fiscal years ended June 30, 2019 and 2018, the Statutory Employer/employee matching rates were 14.50% for Regular and 20.75% for Police/Fire. The Employer-pay contribution (EPC) rate was 28.00% for Regular and 40.50% for Police/Fire.

The District's contributions were \$979,877 for the year ended June 30, 2019.

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, 2018:

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

As of June 30, 2018, PERS' long-term inflation assumption was 2.75%.

Net Pension Liability

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's share of contributions in the PERS pension plan relative to the contributions of all participating PERS employers and members. At June 30, 2018, the District's proportion was 0.10453 percent, which is an increase of .00018 from the proportion measured as of June 30, 2017.

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the District as of June 30, 2019, calculated using the discount rate of 7.50%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current discount rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	\$ 21,739,930	\$ 14,256,070	\$ 8,037,418

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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Payroll growth	5.00%, including inflation
Investment rate of return	7.50%
Productivity pay increases	0.50%
Projected salary increases	Regular: 4.25% to 9.15%, depending on service Police/Fire: 4.55% to 13.90%, depending on service Rates include inflation and productivity increases
Consumer Price Index	2.75%
Other assumptions	Same as those used in the June 30, 2018 funding actuarial valuation

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

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of the experience review completed on October 16, 2017.

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2018. 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, 2018, 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, 2018.

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

For the year ended June 30, 2019, the District recognized pension expense of \$907,826. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 446,603	\$ 661,726
Changes of assumptions	751,205	-
Net difference between projected and actual earnings on investments	-	67,872
Changes in proportion and difference between actual contributions and proportionate share of contributions	1,383,223	1,115,333
Contributions subsequent to the measurement date	<u>979,877</u>	<u>-</u>
Total	<u><u>\$ 3,560,908</u></u>	<u><u>\$ 1,844,931</u></u>

Deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date in the amount of \$979,877 will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

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, 2017 (the beginning of the measurement period ended June 30, 2018) is 6.22 years.

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

<u>Fiscal Year Ending June 30,</u>	
2020	\$ 303,447
2021	24,740
2022	(74,800)
2023	311,233
2024	151,560
Thereafter	19,920

Note 9 - Other Post-Employment Benefits

Plan Descriptions

The District provides other postemployment benefits (OPEB) for eligible employees through the Tahoe Douglas Fire Protection District Post-Retirement Plan (District Plan), a single-employer defined benefit plan. The District's plan is administered through the Tahoe Douglas Fire Protection District Post-Retirement Plan & Trust (Trust). The measurement focus of this plan is its net OPEB liability. The District's Plan issues a publicly available financial report. Complete financial statements of the Trust may be obtained by contacting the District's Office Manager.

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

Benefit Provisions and Contributions

District Plan

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

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

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

The contribution requirements of plan members and the District are established and may be amended by the Board of Trustees. For the year ended June 30, 2019, the required contributions are based on projected prefunded financing requirements. Retirees who elect to continue their medical coverage under the District Plan may be eligible for a District-paid benefit depending on their years of service up to 100% of the premiums for the retiree and their spouse.

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

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

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

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

<u>Years of District Service</u>	<u>% of Employee Premium Paid</u>	<u>% of Spouse Premium Paid</u>
Less than 20	0%	0%
20-25	100%	0%
26	100%	20%
27	100%	40%
28	100%	60%
29	100%	80%
30 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 \$422 in 2018.

PEBP

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

Those retirees who were eligible and elected PEBP coverage are entitled to a subsidy toward their premium cost based on their years of covered employment under Nevada PERS. The subsidy is borne on a pro-rata basis by the employers for which the retiree has worked and earned PERS service credit. Thus, the District is obligated to subsidize health care premiums for former employees as well as those who retired directly from the District. The subsidy ranges from a minimum of \$18 to a maximum of \$678 per month.

As of the December 31, 2018 measurement date, the following employees were covered by the benefit terms:

	<u>District Plan</u>	<u>PEBP Plan</u>
Active employees	50	-
Retirees enrolled in the District Plan	44	-
Retirees enrolled in PEBP	-	5
	<u>94</u>	<u>5</u>

OPEB Liability

The District's Plan net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. PEBP's total OPEB liability was measured as of December 31, 2018, and was determined by an actuarial valuation as of December 31, 2017.

Actuarial Assumptions

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

	PEBP	District Plan
Inflation	2.75%	2.75%
Projected salary increases	N/A	4.00%
Investment rate of return	N/A	7.50%
Healthcare cost trend rate	Pre-Medicare 6.50%, declining to 5.0% Medicare Exchange 4.50%	6.25%, declining to 5.0%

Mortality rates were based on the most recently published report of the Nevada Public Employees Retirement System, dated June 30, 2016 (RP-2000 Combined Healthy Table for non-disabled regular and safety employees, RP-2000 disabled retiree table, set forward 3 years, for disabled regular and safety employees), except for a different basis used to project future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on demonstrated plan experience or actuarial judgment of an estimate of expected future experience. The District and the actuary monitor assumptions and experience with every valuation and adjust assumptions as needed as experience emerges.

The long-term expected rate of return of 7.50%, net of investment expenses, was based on the investment policy of the State of Nevada's Retiree Benefits Investment Fund (RBIF), where the District's Plan invests its assets to fund the OPEB liability. The rate is derived from RBIF's investment policy (shown in the table below), and includes long-term inflation.

Asset Class	Asset Allocation
Foreign Developed Equity	21.00%
U.S. Fixed Income	30.00%
U.S. Large Cap Equity	49.00%

The discount rate used to measure the total OPEB liability was 7.50% for the District's plan. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal or exceeding the actuarially determined contribution rates.

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

The discount rate used to measure the total OPEB was 3.71% for the PEBP Plan. As PEBP is pay-as-you-go and not prefunded through the Trust, the discount rate used was based on the S&P General Obligation Municipal Bond 20 Year High Grade Index. This is a change from the prior measurement period, where a discount rate of 3.31% was used.

Tahoe Douglas Fire Protection District

Notes to Financial Statements

June 30, 2019

Changes in OPEB Liabilities

	District Plan Total Liability	District Plan Plan Fiduciary Net Position	District Plan Net OPEB Liability
	<u> </u>	<u> </u>	<u> </u>
Balance at June 30, 2018, as restated <i>Measurement Date December 31, 2017</i>	\$ 12,427,113	\$ 10,693,773	\$ 1,733,340
Changes for the year:			
Service costs	297,367	-	297,367
Interest	925,635	-	925,635
Benefit payments	(765,360)	(765,360)	-
Employer contributions	-	826,572	(826,572)
Retiree contributions in	-	23,811	(23,811)
Retiree contributions out	-	(23,811)	23,811
Expected investment income	-	803,995	(803,995)
Investment experience	-	(1,335,862)	1,335,862
Changes in assumptions or other inputs	-	-	-
Administrative expense	-	(8,884)	8,884
	<u>457,642</u>	<u>(479,539)</u>	<u>937,181</u>
Balance at June 30, 2019 <i>Measurement Date December 31, 2018</i>	\$ 12,884,755	\$ 10,214,234	\$ 2,670,521
	<u>PEBP</u>		
Balance at June 30, 2018 <i>Measurement Date December 31, 2017</i>	\$ 131,010		
Changes for the year:			
Service costs	-		
Interest	4,120		
Benefit payments	(13,089)		
Contributions	-		
Expected investment income	-		
Investment experience	-		
Changes in assumptions or other inputs	(4,024)		
Administrative expense	-		
	<u>(12,993)</u>		
Balance at June 30, 2019 <i>Measurement Date December 31, 2018</i>	\$ 118,017		

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

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

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

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
District Plan Net OPEB Liability	\$ 4,787,768	\$ 2,670,521	\$ 1,059,339
PEBP Total OPEB Liability	<u>128,587</u>	<u>118,017</u>	<u>108,992</u>
	<u>\$ 4,916,355</u>	<u>\$ 2,788,538</u>	<u>\$ 1,168,331</u>

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

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
District Plan Net OPEB Liability	\$ 828,374	\$ 2,670,521	\$ 5,138,000
PEBP Total OPEB Liability	<u>108,486</u>	<u>118,017</u>	<u>128,969</u>
	<u>\$ 936,860</u>	<u>\$ 2,788,538</u>	<u>\$ 5,266,969</u>

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$426,320. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
District Plan		
Net difference between projected and actual earnings on investments	\$ 1,068,690	\$ 806,516
Contributions subsequent to the measurement date	474,794	-
PEBP		
Contributions subsequent to the measurement date	<u>6,853</u>	<u>-</u>
Total	<u>\$ 1,550,337</u>	<u>\$ 806,516</u>

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

Year Ending June 30	District Plan
2020	\$ (1,667)
2021	(1,667)
2022	(1,666)
2023	267,174

Note 10 - Contingencies

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

Note 11 - Risk Management

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

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

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

Note 12 - Tax Abatement

The District's Consolidated Tax revenues were reduced by \$665 under agreements entered into by the State of Nevada.

Note 13 - Correction of Errors

During 2019, the District identified misstatements in the June 30, 2018 financial statements related to the recognition of the compensated absences liability and net OPEB liability. During the year, it was determined that compensated absences were including amounts for subsequent periods and included an estimate for a liability that was already recorded, and thus recorded twice. In addition, the District's Post-Retirement Plan & Trust (Note 9), had a restatement in the net position of the Trust, which is part of determining the District's net OPEB liability. Based on the misstatements, beginning net position was restated as of July 1, 2018 to report the previous overstatement of the balances reported for compensated absences liability and understatement of the balances reported for net OPEB liability at June 30, 2018.

The following summarizes effect of the restatement:

	Governmental Activities
Net position at June 30, 2018, as previously reported	\$ 378,247
Prior period adjustment for understatement of net OPEB liability	(242,522)
Prior period adjustment for overstatement of compensated absences	1,230,025
Net position at July 1, 2018, as restated	\$ 1,365,750



Required Supplementary Information
June 30, 2019

Tahoe Douglas Fire Protection District

Tahoe Douglas Fire Protection District
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
General Fund (Budgetary Basis)
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Ad valorem	\$ 3,292,588	\$ 3,292,588	\$ 3,301,665	\$ 9,077
Intergovernmental				
Consolidated tax	4,578,953	4,578,953	4,625,100	46,147
Plan check fee	25,000	50,000	85,582	35,582
Interest income	1,750	1,750	17,377	15,627
Grants	-	-	10,751	10,751
Strike team	350,000	525,000	600,200	75,200
Other income	-	-	15,892	15,892
	<u>8,248,291</u>	<u>8,448,291</u>	<u>8,656,567</u>	<u>208,276</u>
Expenditures				
Current - public safety				
Salaries and wages	4,678,315	4,778,315	4,456,806	321,509
Employee benefits	1,994,858	2,044,858	1,645,181	399,677
Services and supplies	1,418,300	1,568,300	950,189	618,111
Capital outlay	125,000	225,000	54,927	170,073
	<u>8,216,473</u>	<u>8,616,473</u>	<u>7,107,103</u>	<u>1,509,370</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>31,818</u>	<u>(168,182)</u>	<u>1,549,464</u>	<u>1,717,646</u>
Other Financing Sources (Uses)				
Contingency	(150,000)	(150,000)	-	150,000
Transfers out	(1,644,513)	(2,044,513)	(1,644,513)	400,000
	<u>(1,794,513)</u>	<u>(2,194,513)</u>	<u>(1,644,513)</u>	<u>550,000</u>
Net Change in Fund Balances	(1,762,695)	(2,362,695)	(95,049)	2,267,646
Fund Balances, Beginning of Year	<u>2,725,501</u>	<u>4,771,900</u>	<u>4,771,900</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 962,806</u>	<u>\$ 2,409,205</u>	<u>\$ 4,676,851</u>	<u>\$ 2,267,646</u>

Tahoe Douglas Fire Protection District

Reconciliation of the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual (Budgetary Basis) to the General Fund Schedule of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual (GAAP Basis)
Year Ended June 30, 2019

	General Fund (Budgetary Basis)	Health Insurance Reserve Fund (Internally Reported)	Eliminations	General Fund (GAAP Basis)
Revenues				
Taxes				
Ad valorem	\$ 3,301,665	\$ -	\$ -	\$ 3,301,665
Intergovernmental				
Consolidated tax	4,625,100	-	-	4,625,100
Plan check fee	85,582	-	-	85,582
Interest income	17,377	9,538	-	26,915
Grants	10,751	-	-	10,751
Contracts and strike team	600,200	-	-	600,200
Other income	15,892	-	-	15,892
	<u>8,656,567</u>	<u>9,538</u>	<u>-</u>	<u>8,666,105</u>
Expenditures				
Current - public safety				
Salaries and wages	4,456,806	-	-	4,456,806
Employee benefits	1,645,181	1,611,155	-	3,256,336
Services and supplies	950,189	43,063	-	993,252
Capital outlay	54,927	-	-	54,927
	<u>7,107,103</u>	<u>1,654,218</u>	<u>-</u>	<u>8,761,321</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,549,464</u>	<u>(1,644,680)</u>	<u>-</u>	<u>(95,216)</u>
Other Financing Sources (Uses)				
Operating transfers in	-	2,069,629	(1,394,513)	675,116
Operating transfers out	(1,644,513)	-	1,394,513	(250,000)
	<u>(1,644,513)</u>	<u>2,069,629</u>	<u>-</u>	<u>425,116</u>
Net Change in Fund Balances	(95,049)	424,949	-	329,900
Fund Balances, Beginning of Year	<u>4,771,900</u>	<u>968,683</u>	<u>-</u>	<u>5,740,583</u>
Fund Balances, End of Year	<u>\$ 4,676,851</u>	<u>\$ 1,393,632</u>	<u>\$ -</u>	<u>\$ 6,070,483</u>

Tahoe Douglas Fire Protection District
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Special Revenue Fund
Sick Leave Reserve
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Ad valorem	\$ 91,946	\$ 91,946	\$ 92,216	\$ 270
Interest income	10	10	74	64
Total revenues	<u>91,956</u>	<u>91,956</u>	<u>92,290</u>	<u>334</u>
Expenditures				
Current - public safety				
Salaries and wages	<u>235,870</u>	<u>235,870</u>	<u>143,637</u>	<u>92,233</u>
Total expenditures	<u>235,870</u>	<u>235,870</u>	<u>143,637</u>	<u>92,233</u>
Excess (Deficiency) of Revenues Over Expenditures	(143,914)	(143,914)	(51,347)	92,567
Fund Balances, Beginning of Year	<u>291,689</u>	<u>291,689</u>	<u>423,130</u>	<u>131,441</u>
Fund Balances, End of Year	<u><u>\$ 147,775</u></u>	<u><u>\$ 147,775</u></u>	<u><u>\$ 371,783</u></u>	<u><u>\$ 224,008</u></u>

Tahoe Douglas Fire Protection District
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Special Revenue Fund
Special Services
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Contracts	\$ 29,000	\$ 29,000	\$ 31,500	\$ 2,500
Grants	-	105,000	218,059	113,059
Other income	2,000	2,000	37,624	35,624
Total revenues	<u>31,000</u>	<u>136,000</u>	<u>287,183</u>	<u>151,183</u>
Expenditures				
Current - public safety				
Salaries and wages	80,000	80,000	80,000	-
Services and supplies	95,200	249,236	251,167	(1,931)
Capital outlay	50,000	70,000	-	70,000
Total expenditures	<u>225,200</u>	<u>399,236</u>	<u>331,167</u>	<u>68,069</u>
Excess (Deficiency) of Revenues Over Expenditures	(194,200)	(263,236)	(43,984)	219,252
Other Financing Sources (Uses)				
Operating transfer in	100,000	100,000	100,000	-
Net Change in Fund Balances	(94,200)	(163,236)	56,016	219,252
Fund Balances, Beginning of Year	<u>153,759</u>	<u>222,795</u>	<u>222,995</u>	<u>200</u>
Fund Balances, End of Year	<u>\$ 59,559</u>	<u>\$ 59,559</u>	<u>\$ 279,011</u>	<u>\$ 219,452</u>

Tahoe Douglas Fire Protection District
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Special Revenue Fund
Fire Safe Community Service Fund
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Ad valorem	\$ 603,323	\$ 603,323	\$ 605,125	\$ 1,802
Grants	275,000	275,000	329,580	54,580
Contracts and strike team	600,000	917,000	917,050	50
Other income	114,227	114,227	175,016	60,789
Interest income	50	50	1,352	1,302
	<u>1,592,600</u>	<u>1,909,600</u>	<u>2,028,123</u>	<u>118,523</u>
Expenditures				
Current - public safety				
Salaries and wages	1,150,651	1,350,651	1,078,519	272,132
Employee benefits	322,403	372,403	190,546	181,857
Services and supplies	290,150	340,150	225,024	115,126
Capital outlay	360,000	560,000	336,876	223,124
	<u>2,123,204</u>	<u>2,623,204</u>	<u>1,830,965</u>	<u>792,239</u>
Excess (Deficiency) of Revenues Over Expenditures	(530,604)	(713,604)	197,158	910,762
Other Financing Sources (Uses)				
Operating transfer out	(160,492)	(160,492)	(160,492)	-
Net Change in Fund Balances	(691,096)	(874,096)	36,666	910,762
Fund Balances, Beginning of Year	741,892	1,207,824	1,207,824	-
Fund Balances, End of Year	<u>\$ 50,796</u>	<u>\$ 333,728</u>	<u>\$ 1,244,490</u>	<u>\$ 910,762</u>

Tahoe Douglas Fire Protection District
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Special Revenue Fund
Fire Flow Initiative Fund
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fees and donations	\$ 75,000	\$ 75,000	\$ -	\$ (75,000)
Expenditures				
Current - public safety				
Services and supplies	26,500	26,500	11,429	15,071
Capital outlay	125,000	125,000	-	125,000
Total expenditures	151,500	151,500	11,429	140,071
Excess (Deficiency) of Revenues Over Expenditures	(76,500)	(76,500)	(11,429)	65,071
Fund Balances, Beginning of Year	484,195	484,195	437,749	(46,446)
Fund Balances, End of Year	\$ 407,695	\$ 407,695	\$ 426,320	\$ 18,625

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

District Plan:	2018	2017
Total OPEB Liability		
Service cost	\$ 297,367	\$ 285,930
Interest	925,635	894,307
Benefit payments	(765,360)	(782,565)
Net change in total OPEB liability	457,642	397,672
Total OPEB liability-beginning	12,427,113	12,029,441
Total OPEB liability-ending (a)	\$ 12,884,755	\$ 12,427,113
Plan fiduciary net position		
Benefit payments	(765,360)	(782,565)
Employer contributions	826,572	1,304,783
Retiree contributions in	23,811	-
Retiree contributions out	(23,811)	-
Expected investment income	803,995	643,113
Investment experience	(1,335,862)	1,344,194
Administrative and other professional expense	(8,884)	(16,445)
Net change in plan fiduciary net position	(479,539)	2,493,080
Plan fiduciary net position-beginning	10,693,773	8,200,693
Plan fiduciary net position-ending (b)	\$ 10,214,234	\$ 10,693,773
Net OPEB liability-ending (a) - (b)	\$ 2,670,521	\$ 1,733,340
Plan fiduciary net position as a percentage of the total OPEB liability	79.3%	86.1%
Covered-employee payroll	\$ 3,867,910	\$ 4,118,877
Net OPEB liability as a percentage of covered-employee payroll	69.0%	42.1%
PEBP Plan:	2018	2017
Total OPEB Liability		
Interest	\$ 4,120	\$ 4,829
Benefit payments	(13,089)	(11,920)
Change in assumptions or other inputs	(4,024)	5,407
Net change in total OPEB liability	(12,993)	(1,684)
Total OPEB liability-beginning	131,010	132,694
Total OPEB liability-ending (a)	\$ 118,017	\$ 131,010

Notes to Schedule

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

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

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

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

District Plan:	2019	2018
Actuarially determined contribution	\$ 450,350	\$ 432,127
Contributions in relation to the actuarially determined contribution	950,635	775,697
Contribution (deficiency) excess	\$ 500,285	\$ 343,570
Covered-employee payroll	\$ 3,967,157	\$ 4,118,877
Contributions as a percentage of covered payroll	24.0%	18.8%

Notes to Schedule

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

Actuarial cost method	Entry age normal cost
Amortization method	Level percent of pay
Amortization period	21 years
Asset valuation method	Market value
Inflation	2.75 percent per year
Healthcare cost trend rate	6.25 percent initial, decreasing 0.25 percent per year to an ultimate rate of 5.0 percent
Salary increases	4.00 percent per year
Investment rate of return	7.50 percent
Retirement age	From 45 to 75 (regular) and from 40 to 70 (Safety)
Mortality	Mortality rates were based on the MacLeoad Scale 2018, a custom table developed by the Plan's actuary.

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

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

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

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

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

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

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

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

Note 1 - Internally Reported (Budgetary Basis) Funds

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

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

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



Supplementary Information
June 30, 2019

Tahoe Douglas Fire Protection District

Tahoe Douglas Fire Protection District

Reconciliation of the General Fund Balance Sheet (Budgetary Basis) to the General Fund Balance Sheet
(GAAP Basis) – Governmental Funds
June 30, 2019

	General Fund (Budgetary Basis)	Health Insurance Reserve Fund (Internally Reported)	Eliminations	General Fund (GAAP Basis)
Assets				
Cash and investments	\$ 4,463,755	\$ 1,410,996	\$ -	\$ 5,874,751
Receivables				
Taxes receivable	802,512	-	-	802,512
Other receivables	2,311	-	-	2,311
Prepays	2,388	-	-	2,388
	<u>5,270,966</u>	<u>1,410,996</u>	<u>-</u>	<u>6,681,962</u>
Liabilities				
Accounts payable	\$ 363,901	\$ 300	\$ -	\$ 364,201
Deposits	-	17,064	-	17,064
Accrued payroll and benefits	230,214	-	-	230,214
	<u>594,115</u>	<u>17,364</u>	<u>-</u>	<u>611,479</u>
Fund Balances				
Nonspendable	2,388	-	-	2,388
Assigned to subsequent years' budget shortfall	359,721	1,393,632	-	1,753,353
Unassigned	4,314,742	-	-	4,314,742
	<u>4,676,851</u>	<u>1,393,632</u>	<u>-</u>	<u>6,070,483</u>
Total Liabilities and Fund Balances	<u>\$ 5,270,966</u>	<u>\$ 1,410,996</u>	<u>\$ -</u>	<u>\$ 6,681,962</u>

Tahoe Douglas Fire Protection District
Balance Sheet – Internally Reported (Budgetary Basis) – Health Insurance Reserve
June 30, 2019

Assets	
Cash and investments	<u>\$ 1,410,996</u>
Liabilities	
Accounts payable	\$ 300
Deposits	<u>17,064</u>
Total liabilities	<u>17,364</u>
Fund Balances	
Assigned for subsequent year's budget deficit	<u>1,393,632</u>
Total Liabilities and Fund Balances	<u>\$ 1,410,996</u>

Tahoe Douglas Fire Protection District
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
Internally Reported (Budgetary Basis) –
Health Insurance Reserve (Budgetary Basis)
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Interest income	\$ 300	\$ 300	\$ 9,538	\$ 9,238
Expenditures				
Current - public safety				
Employee benefits	2,069,629	2,477,655	1,611,155	866,500
Services and supplies	30,000	50,000	43,063	6,937
Total expenditures	2,099,629	2,527,655	1,654,218	873,437
Excess (Deficiency) of Revenues Over Expenditures	(2,099,329)	(2,527,355)	(1,644,680)	882,675
Other Financing Sources (Uses)				
Operating transfers in	2,069,629	2,469,629	2,069,629	(400,000)
Net Change in Fund Balances	(29,700)	(57,726)	424,949	482,675
Fund Balances, Beginning of Year	940,657	968,683	968,683	-
Fund Balances, End of Year	\$ 910,957	\$ 910,957	\$ 1,393,632	\$ 482,675

Tahoe Douglas Fire Protection District
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
Capital Projects Fund
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Ad valorem	\$ 183,892	\$ 183,892	\$ 184,430	\$ 538
Interest income	10	10	145	135
Total revenues	<u>183,902</u>	<u>183,902</u>	<u>184,575</u>	<u>673</u>
Expenditures				
Capital outlay	<u>105,000</u>	<u>105,000</u>	<u>-</u>	<u>105,000</u>
Excess (Deficiency) of Revenues Over Expenditures	78,902	78,902	184,575	105,673
Other Financing Sources (Uses)				
Sale of assets	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Net Change in Fund Balances	83,902	83,902	184,575	100,673
Fund Balances, Beginning of Year	<u>209,696</u>	<u>209,696</u>	<u>284,415</u>	<u>74,719</u>
Fund Balances, End of Year	<u><u>\$ 293,598</u></u>	<u><u>\$ 293,598</u></u>	<u><u>\$ 468,990</u></u>	<u><u>\$ 175,392</u></u>

Tahoe Douglas Fire Protection District

Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual – Ambulance Fund

Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Operating Revenues				
Charges for services (net of discounts and bad debt)	\$ 800,000	\$ 800,000	\$ 638,615	\$ (161,385)
Operating Expenses				
Salaries and wages	1,243,721	1,243,721	1,243,721	-
Employee benefits	725,009	725,009	701,988	23,021
Services and supplies	319,050	319,050	198,268	120,782
Depreciation	60,000	60,000	99,711	(39,711)
Total operating expenses	2,347,780	2,347,780	2,243,688	104,092
Operating Income (Loss)	(1,547,780)	(1,547,780)	(1,605,073)	(57,293)
Non-operating Revenues				
Ad valorem taxes	1,838,921	1,838,921	1,843,701	4,780
Other income	25,000	25,000	152,411	127,411
Interest income	50	50	-	(50)
Total non-operating revenues	1,863,971	1,863,971	1,996,112	132,141
Income (Loss) Before Transfers	316,191	316,191	391,039	74,848
Transfers In (Out)				
Operating transfers in	150,000	150,000	150,000	-
Operating transfers out	(514,624)	(514,624)	(514,624)	-
Total transfers	(364,624)	(364,624)	(364,624)	-
Change in Net Position	\$ (48,433)	\$ (48,433)	26,415	\$ 74,848
Net Position, Beginning of Year			(4,132,100)	
Net Position, End of Year			\$ (4,105,685)	

Tahoe Douglas Fire Protection District
Schedule of Cash Flows – Budget and Actual – Ambulance Fund
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Operating Activities				
Cash received from customers	\$ 1,000,000	\$ 1,000,000	\$ 716,335	\$ (283,665)
Cash paid to suppliers for goods and services	(319,050)	(319,050)	(201,501)	117,549
Cash paid to employees for salaries and benefits	(1,968,730)	(1,968,730)	(1,968,730)	-
Net Cash used for Operating Activities	(1,287,780)	(1,287,780)	(1,453,896)	(166,116)
Investing Activities				
Investment income	50	50	-	(50)
Noncapital Financing Activities				
Cash from ad valorem taxes	1,838,921	1,838,921	1,846,029	7,108
Other income	30,000	30,000	-	(30,000)
Transfers from other funds	150,000	150,000	240,000	90,000
Transfers to other funds	(514,624)	(514,624)	(514,624)	-
Net Cash from Noncapital Financing Activities	1,504,297	1,504,297	1,571,405	67,108
Capital and Related Financing Activities				
Purchase of equipment	(145,000)	(145,000)	(132,629)	12,371
Net Change in Cash and Cash Equivalents	71,567	71,567	(15,120)	(86,687)
Cash and Cash Equivalents, Beginning of Year	92,802	92,802	65,857	(26,945)
Cash and Cash Equivalents, End of Year	\$ 164,369	\$ 164,369	\$ 50,737	\$ (113,632)



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Tahoe Douglas Fire Protection District, (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated January 8, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) 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.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as Findings 2019-001, 2019-002, and 2019-003 that we consider to be material weaknesses.

Compliance and Other Matters

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

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

Purpose of this Report

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

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Reno, Nevada
January 8, 2020



Auditor's Comments

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

In connection with our audit of the financial statements of the governmental activities, the business-type activities, and each major fund of the Tahoe Douglas Fire Protection District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, nothing came to our attention that caused us to believe that the District failed to comply with the specific requirements of Nevada Revised Statutes cited below. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

Statute Compliance

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

Progress on Prior Year Statute Compliance

The District conformed to all significant statutory constraints on its financial administration for the year ended June 30, 2018.

Prior Year Recommendations

The prior year finding 2018-A is reported again as finding 2019-001 in the schedule of findings and responses.

Current Year Recommendations

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

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

Reno, Nevada
January 8, 2020

**2019-001: Financial Close and Reporting
Material Weakness**

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

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

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

Effect: The District's financial records required audit adjustments in order for the financial statements to be in accordance with GAAP. Prior to adjustments, cash was overstated by \$14,352, accounts receivable was understated by \$55,385, and revenue was understated by \$41,033 in the Ambulance Fund. Cash and accrued liabilities were understated by \$56,061 in the General Fund. Revenue was overstated and deferred inflows of resources was understated by \$29,556 in the Fire Safe Community Service Fund. Deferred revenue and accounts receivable were overstated by \$17,000 in the Special Services Fund. As such, internally prepared financial information may not be accurate and full disclosure financial statements may not be available as timely as they would be if prepared by District personnel.

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

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

**2019-002 Compensated absences
Material Weakness**

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly reporting the compensated absences liability is a key component of effective internal control over financial reporting.

Condition: During our testing over compensated absences, we noted compensated absences were calculated using hours that had not yet accrued at year-end and with an additional factor for pension costs that is already included as part of the net pension liability.

Cause: The District did not have adequate controls to ensure compensated absences balances were properly calculated.

Effect: A prior period adjustment was required to correct beginning balances for an understatement in net position of \$1,230,025.

Recommendation: We recommend the District enhance internal controls over compensated absences to ensure they are properly calculated.

View of Responsible Officials: Management understands this finding and has corrected the internal control process for reporting the liability associated with compensated absences during the audit.

**2019-003 Other Post-Employment Benefit Obligation
Material Weakness**

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

<i>Condition:</i>	During our testing over OPEB related balances, we noted the actuary report was not adequately reviewed to ensure it was consistent with current information as it included information that had been adjusted after preparation of the report. The new information was not communicated to the actuary to ensure appropriate balances were reported.
<i>Cause:</i>	The District did not have adequate controls to provide for the review of the OPEB actuarial report and communicate adjustments that had been made after the initial preparation of the report.
<i>Effect:</i>	A prior period adjustment was required to correct beginning balances for an overstatement in net position of \$242,522.
<i>Recommendation:</i>	We recommend the District enhance internal controls to provide for the review of the OPEB actuarial report and communicate adjustments that had been made after the initial preparation of the report.
<i>View of Responsible Officials:</i>	Management agrees with this finding and will implement internal controls for updating the actuary upon receipt of Tahoe Douglas Fire Protection District Post Retirement Trust audit.

TAHOE DOUGLAS FIRE PROTECTION DISTRICT

Scott Baker, Fire Chief
Todd Moss, Assistant Chief
Eric Guevin, Fire Marshal



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

January 8, 2020

CORRECTIVE ACTION PLAN

Finding 2019-1

Finding Summary:

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

Responsible Individuals:

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

Corrective Action Plan:

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

Anticipated Completion Date:

Ongoing

Finding 2019-2

Finding Summary:

Compensated absences were being calculated based on hours that had been accrued but not awarded for utilization based on a spreadsheet provided by previous auditing firm. In addition, the district accounting firm was computing a PERS liability for these absences based on previous PERS regulations where overtime for coverage of absences was calculated for PERS compensation.

Responsible Individuals:

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

Corrective Action Plan:

Staff has worked with the auditing firm to utilize a corrected accrued liability spreadsheet. The district accounting firm; David, Johnson & Larsen, LTD; will no longer calculate a PERS liability to the amounts on the accrued liability spreadsheet.

Anticipated Completion Date:

Completed during the audit

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Finding 2019-3

Finding Summary:

Updated information received from the Tahoe Douglas Fire Protection Post Retirement Trust audit was not communicated to the actuary for review and therefore, the actuary had not been updated to include the information.

Responsible Individuals:

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

Corrective Action Plan:

Upon receipt of the Final audit report for the Tahoe Douglas Fire Protection Post Retirement Trust, staff will forward the audit to the actuary for review and if necessary, the actuary will be updated at that time.

Anticipated Completion Date:

Ongoing

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