Financial Statements
June 30, 2023

Tahoe Douglas Fire Protection District

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tahoe Douglas Fire Protection District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Correction of Error

As discussed in Note 11 to the financial statements, a certain error resulting in overstatement of amounts previously reported for deferred inflows of resources and understatement of amount reported for revenue in the Fire Safe Community Fund as of June 30, 2022, were discovered by management of the District during the current year. Accordingly, a restatement has been made to the Fire Safe Community fund balance as of July 1, 2022, to correct the error. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14, the budgetary comparison information and reconciliation for the General Fund and major special revenue funds on pages 55 through 61, the schedule of changes in net other post-employment benefits liabilities and related ratios on pages 62 through 63, the schedule of District contributions - other post-employment benefits on page 64, the schedule of proportionate share of the net pension liability on page 65, the schedule of District contributions – PERS on page 66, and the notes to the required supplementary information on pages 67 through 68, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis, the schedule of changes in net other post-employment benefits liabilities and related ratios, the schedule of District contributions – other post-employment benefits, the schedule of proportionate share of the net pension liability, the schedule of District contributions – PERS, and the notes to the required supplementary information in accordance with GAAS, 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 information and reconciliation for the General Fund and major special revenue funds is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary comparison information and reconciliation for the General Fund and major special revenue funds 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 GAAS. In our opinion, the budgetary comparison information and reconciliation for the General Fund and major special revenue funds is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund statements and schedules, including budgetary comparisons and reconciliations are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, 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 GAAS. In our opinion, the individual fund statements and schedules, including budgetary comparisons and reconciliations 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 our report dated March 22, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Tahoe Douglas Fire Protection District's internal control over financial reporting and compliance.

Eide Bailly LLP

Reno, Nevada
March 22, 2024

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, 2023. We encourage readers to consider the information presented here in conjunction with our comprehensive annual budget and audited financial statements.

Financial Highlights

- The assets and deferred outflows of resources of TDFPD exceeded its liabilities and deferred inflows of resources at June 30, 2023 by $6,340,202 *(positive net position).* As of June 30, 2023, the unrestricted deficit was ($1,043,571).

- At June 30, 2023, TDFPD's governmental funds reported combined ending fund balances of $10,384,006, a decrease of $1,040,411 in comparison with prior year ending fund balances.

- At June 30, 2023, the unassigned fund balance of the General Fund was $2,255,155 or 18% of total general fund expenditures (including transfers out of $2,250,000).

- TDFPD'S total debt at June 30, 2023 remained at zero.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 15-16 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 seven 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, Fire Flow Initiative Fund, and Aviation Fund). All of these funds are considered to be major funds. Individual fund data for each of these governmental funds is provided in this report.

The District's Health Insurance Reserve Fund; although a separate fund for management and budgeting purposes is combined with the District's General Fund for reporting within the annual audited financial statements. Page 55 of this report presents the General Fund and Health Insurance Reserve Fund "Reconciliation of the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances" for the year ended June 30, 2023.

Fiduciary Fund - GASB standards now require the inclusion in the District's financial statements all fiduciary components of the District. The Tahoe Douglas Fire Protection District Post-Retirement Plan & Trust is a fiduciary component of the District. The Trust's financial reporting period ends on December 31. The amounts reported for the Trust in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position is as of and for the year ended December 31, 2022. The Trust's December 31, 2022 net position restricted for postemployment benefits other than pensions is $12,753,305.

The basic governmental fund financial statements can be found on pages 17-20 of this report. The basic fiduciary fund financial statements can be found on pages 24-25 of this report.

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

The basic proprietary fund financial statements can be found on pages 21-23 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 26-54 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. TDFPD's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $6,340,202 at June 30, 2023.

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.

Government-wide Financial Analysis – continued

Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30		June 30		June 30	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	$ 13,369,797	$ 13,285,261	$ 1,101,676	$ 906,318	$ 14,471,473	$ 14,191,579
Capital assets	7,009,070	5,614,131	158,063	172,791	7,167,133	5,786,922
Net OPEB Asset	-	2,667,821	-	-	-	2,667,821
Total assets	20,378,867	21,567,213	1,259,739	1,079,109	21,638,606	22,646,322
Deferred outflows of resources	8,120,324	5,431,918	3,793,824	2,613,170	11,914,148	8,045,088
Total assets and deferred outflows of resources	28,499,191	26,999,131	5,053,563	3,692,279	33,552,754	30,691,410
Liabilities						
Noncurrent liabilities outstanding	17,049,503	9,207,833	7,828,610	2,960,877	24,878,113	12,168,710
Other liabilities	1,634,178	1,723,909	30,544	20,238	1,664,722	1,744,147
Total liabilities	18,683,681	10,931,742	7,859,154	2,981,115	26,542,835	13,912,857
Deferred inflows of resources	541,103	7,410,311	128,614	3,497,214	669,717	10,907,525
Total liabilities and deferred inflows of resources	19,224,784	18,342,053	7,987,768	6,478,329	27,212,552	24,820,382
Net Position						
Net investment in capital assets	7,009,070	5,614,131	158,063	172,791	7,167,133	5,786,922
Restricted	216,640	150,746	-	-	216,640	150,746
Unrestricted (deficit)	2,048,697	2,892,201	(3,092,268)	(2,958,841)	(1,043,571)	(66,640)
Total net position	$ 9,274,407	$ 8,657,078	$ (2,934,205)	$ (2,786,050)	$ 6,340,202	$ 5,871,028

At June 30, 2023, TDFPD is able to report a positive net position for the governmental activities and deficits for the business-type activities. However, the overall net position is positive for the District. The deficit is largely the result of the portion of the Public Employees' Retirement System (PERS) pension liability that is required to be reported by the District.

There was a decrease of $148,155 in net position reported in connection with TDFPD's business-type activities. Total business-type activity operating expenses were $4,036,562 and total revenue including net transfers was $3,888,407.

The most significant impacts on the net position for both governmental activities and business-type activities is market performance of investments with respect to pensions and other post-employment benefits. This declining market performance, led to significant increases in the related liabilities, which can be seen by a change from $12,168,710 to $24,878,113 in total noncurrent liabilities. Of the $24,878,133 in total noncurrent liabilities, the pension and other post-employment benefit liabilities constitute $22,322,376 of that balance versus $9,567,715 at June 30, 2022.

Governmental Activities

Governmental activities increased TDFPD's net position by $617,329 thereby accounting for a 7% increase in the total net position. Key elements of this increase are as follows:

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30		June 30		June 30	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services	$ 6,471,143	$ 4,491,549	$ 527,565	$ 549,416	$ 6,998,708	$ 5,040,965
Operating grants and contributions	1,145,917	305,344	-	-	1,145,917	305,344
Capital grants and contributions	66,794	573,461	-	-	66,794	573,461
General revenues						
Ad valorem taxes	4,891,679	4,603,111	2,232,815	2,101,098	7,124,494	6,704,209
Consolidated tax	5,596,484	5,208,336	-	-	5,596,484	5,208,336
Interest income	33,936	9,885	-	-	33,936	9,885
Miscellaneous revenue	401,690	314,217	429,062	336,771	830,752	650,988
Total revenues	18,607,643	15,505,903	3,189,442	2,987,285	21,797,085	18,493,188
Expenses						
Public safety	17,291,349	12,977,348	-	-	17,291,349	12,977,348
Ambulance	-	-	4,036,562	2,409,654	4,036,562	2,409,654
Total expenses	17,291,349	12,977,348	4,036,562	2,409,654	21,327,911	15,387,002
Transfers	(698,965)	(128,811)	698,965	128,811	-	-
Increase (decrease) in net position	617,329	2,399,744	(148,155)	706,442	469,174	3,106,186
Net position - July 1	8,657,078	6,257,334	(2,786,050)	(3,492,492)	5,871,028	2,764,842
Net position - June 30	$ 9,274,407	$ 8,657,078	$ (2,934,205)	$ (2,786,050)	$ 6,340,202	$ 5,871,028

Revenue by Source

The two major revenue sources for the governmental activities are ad valorem taxes of $4,891,679 and consolidated taxes (CTX) of $5,596,484. We can reasonably expect ad valorem growth to remain consistent moving forward. CTX tax is largely dependent on various sales and use taxes within the County and dependent on economic conditions.

Reconsideration of state projections must be a concern with this effect on budgeting of revenue and expenditures in future budgets. What still remains a significant concern are the long-term effects of Nevada State Assembly Bill 489 (3% ad valorem revenue cap limitations) and the unintended consequences on the District's ability to meet future obligations. Additionally, a new Redevelopment plan was approved and adopted in 2016 for a portion of the Stateline, NV area. The District will be faced with providing increased fire and ambulance services to the designated redevelopment area, but will not be receiving any additional ad valorem revenue. The ad valorem revenue is designated for the redevelopment area for 30 years.

Expenditures
For the most part, increases in expenses closely paralleled inflation and the growth in the demand for services. The increase in expenses is primarily related to salaries and benefits as well as the effect of the pension and other post-employment benefit accounting.

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 twenty two Firefighter/Paramedics to the ambulance fund, which requires an ad valorem tax rate of 20 cents for fiscal year 2022/2023.

The 2022/2023 Ambulance Enterprise Fund budget reported budgeted user fees of $500,000. Actual user fees for the fiscal year ended June 30, 2023 were $527,565. $2,232,815 of ad valorem tax revenue from the 6-cent tax override plus 0.14 cent rate applied at the discretion of the Board was received for the fiscal year ended June 30, 2023. The Fund also received miscellaneous revenue of $429,062 and transfers in from the governmental funds of $1,200,000. The total revenue and transfers of $4,389,442 will allow the District to allocate the costs of twenty two Firefighter/Paramedics to this fund.

Revenue – Ambulance Fund

	Fiscal Years Ended June 30,		
	2023	2022	Difference
Ad valorem taxes	$ 2,232,815	$ 2,101,098	$ 131,717
Fee income (net of discount, allowances and bad debt)	527,565	549,416	(21,851)
Other income	429,062	336,771	92,291
Transfer in from General Fund	1,200,000	600,000	600,000
Total revenue and transfers in	$ 4,389,442	$ 3,587,285	$ 802,157

Charges for business-type activities decreased by 4%. Total Fund Revenue increased by $202,157 mostly due to ad valorem taxes and the GEMT income received from the State of Nevada, which is included within other income.

Expenses – Ambulance Fund
Total expenses and transfers were $4,537,597 for the fiscal year ended June 30, 2023. Operating transfers of $501,035 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, 2023 were $3,672,608. This is the result of allocating the total salaries, wages and benefits of twenty two Firefighters/Paramedics to this fund. Service and supplies expenses were $263,591 and depreciation expense was $100,363.

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 2023	Actual Fiscal Year 2022	Difference
Salaries and wages, benefits	$ 3,672,608	$ 2,069,517	$ 1,603,091
Transfer to Health Insurance Fund	501,035	471,189	29,846
Services and supplies	263,591	221,548	42,043
Depreciation	100,363	118,589	(18,226)
Total expenses and transfers out	$ 4,537,597	$ 2,880,843	$ 1,656,754

Business-type activities had a decrease in net position of $148,155.

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

As of the end of the current fiscal year, TDFPD's governmental funds reported combined ending fund balances of $10,384,006 a decrease of $1,040,411 over the prior year.

Of the total fund balance, approximately 78% percent is assigned to non-spendable and specific expenses, and the remaining 22% or $2,255,155 is unassigned and is available for spending at the Board's discretion.

The TDFPD's General Fund ending fund balance decreased by $422,047 during the current fiscal year, which is approximately 6% of the beginning fund balance.

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

Net position (deficit) of the Ambulance Enterprise Fund at the end of the year amounted to $(2,934,205). The total net decrease in net position (deficit) was $148,155.

General Fund Budgetary Highlights

The District experienced an decrease in state projections for CTX of $297,902. Projecting revenue and future year budgeting must consider increased significant reliance on CTX and the reduced reliance on ad valorem taxes.

The General Fund (budgetary basis) was under budget on total expenditures by $2,997,449. Overall, the change in fund balance exceeded the budgeted change in fund balance by $3,247,091. The District's budget to actual of the General Fund (budgetary basis) is located on page 55 of this report.

Capital Asset and Debt Administration

Capital Assets – TDPFD's investment in capital assets for its governmental fund and business type activities as of June 30, 2023 amounts to $7,167,113 (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 consisted of the following at June 30, 2023 and June 30, 2022:

	2023	2022
Ambulance motor vehicle equipment	$ 62,709	$ 139,047
Ambulance machinery and equipment	95,354	33,744
Fire Safe motor vehicle equipment	938,799	875,189
Fire Safe machinery and equipment in progress	174,872	262,157
Fire Safe land	82,822	82,822
Fire Safe facility building and building improvements	338,011	414,155
Land	90,395	90,395
Buildings and building improvement	1,340,769	1,417,416
Firefighting vehicles	963,123	1,116,926
Motor vehicle equipment	2,112,709	1,097,594
Fire boat, lift launch, and related construction in progress	885,143	160,728
Furniture and fixtures	82,427	96,749
Total capital assets	$ 7,167,133	$ 5,786,922

Capital Asset and Debt Administration – continued

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

Defibrillators	$ 85,638
Boat pier construction	28,000
Fire rescue boat	311,521
FP2622 vehicle	96,083
Camper shell	5,168
Fitness equipment	7,198
Radios	10,512
Reader board	16,200
WT 0223	10,200
EOD PPE equipment	23,077
Ram 3500	281,927
Kaiser excavator	521,141
Fire suppression equipment	4,331
Ladder replacement	35,097
Vehicle refurbishment	237,599
Cozad trailer	19,997
Station #25 remodel	6,550
SCBA masks & bottles	36,136
BO522 vehicle	246,011
International L625 vehicle	89,500
Station #22 remodel	173,227
	$ 2,245,113

Additional information on TDFPD's capital assets can be found at Note 4 on pages 37-38 of this report.

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

Economic Factors and Next Year's Budgets and Rates

- Due to the current economic environment, the State has maintained their projections in CTX revenue compared to last year's projections. The District remains restrained to reach the total allowable ad valorem due to Nevada State Assembly Bill 489, which imposes $2,032,950 abatement on our available tax revenue. Our assessed valuation increased $97,331,822 (approximately $621,000, not including abatement) over the fiscal year ended June 30, 2023.
- The District is required to meet the long-term liability associated with retiree health insurance cost projections. The District has implemented a plan to attend to the long-term liability of retiree health insurance. The 2023-2024 liability will be paid by distributions taken from the Post Retirement Trust investment account maintained with the State of Nevada RBIF. The TDFPD Post Retirement Trust Liability as of December 31, 2022 was $531,597.

- The aviation fund dedicated to developing an aviation program for fighting wildland fires in the Tahoe basin as well as being another asset for utilization in numerous types of emergencies will certainly impact the District's planning, employee relations and other District matters.

Many of these factors were in effect and considered in preparing TDFPD's 2024 budget. All these factors will be considered in preparing TDFPD's budget for the 2025 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.

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	$ 10,646,555	$ 828,218	$ 11,474,773
Accounts receivable (net of allowance for uncollectible amounts of $224,311)	-	267,121	267,121
Taxes receivable	1,012,107	6,337	1,018,444
Grant receivables	130,655	-	130,655
Other receivables	1,579,075	-	1,579,075
Prepaids	1,405	-	1,405
Capital assets, not being depreciated	1,230,875	-	1,230,875
Capital assets, being depreciated	5,778,195	158,063	5,936,258
Total assets	20,378,867	1,259,739	21,638,606
Deferred Outflows of Resources			
Net pension - related amounts	5,917,464	3,793,824	9,711,288
OPEB - related amounts	2,202,860	-	2,202,860
Total deferred outflows of resources	8,120,324	3,793,824	11,914,148
Total Assets and Deferred Outflows of Resources	28,499,191	5,053,563	33,552,754
Liabilities			
Accounts payable	1,134,775	30,544	1,165,319
Accrued payroll and benefits	493,750	-	493,750
Deposits	5,653	-	5,653
Noncurrent liabilities:			
Net pension liability	13,962,169	7,828,610	21,790,779
Net OPEB liability	531,597	-	531,597
Compensated absences			
Due within one year	810,604	-	810,604
Due in more than one year	1,745,133	-	1,745,133
Total liabilities	18,683,681	7,859,154	26,542,835
Deferred Inflows of Resources			
Net pension - related amounts	206,502	128,614	335,116
OPEB - related amounts	334,601	-	334,601
Total deferred inflows of resources	541,103	128,614	669,717
Total Liabilities and Deferred Inflows of Resources	19,224,784	7,987,768	27,212,552
Net Position			
Net investment in capital assets	7,009,070	158,063	7,167,133
Restricted	216,640	-	216,640
Unrestricted (deficit)	2,048,697	(3,092,268)	(1,043,571)
Total net position	$ 9,274,407	$ (2,934,205)	$ 6,340,202

		Program Revenue			Net (Expense) Revenues and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Public safety	$ 17,291,349	$ 6,471,143	$ 1,145,917	$ 66,794	$ (9,607,495)	$ -	$ (9,607,495)
Business-type Activities							
Ambulance	4,036,562	527,565	-	-	-	(3,508,997)	(3,508,997)
Total primary government	$ 21,327,911	$ 6,998,708	$ 1,145,917	$ 66,794	(9,607,495)	(3,508,997)	(13,116,492)
General Revenues							
Ad valorem taxes					4,891,679	2,232,815	7,124,494
Unrestricted intergovernmental revenues - consolidated taxes					5,596,484	-	5,596,484
Unrestricted interest income					33,936	-	33,936
Miscellaneous revenue					401,690	429,062	830,752
Transfers					(698,965)	698,965	-
Total general revenues and transfers					10,224,824	3,360,842	13,585,666
Change in Net Position					617,329	(148,155)	469,174
Net Position, Beginning of Year					8,657,078	(2,786,050)	5,871,028
Net Position, End of Year					$ 9,274,407	$ (2,934,205)	$ 6,340,202

	General (GAAP Basis)	Capital Projects	Sick Leave Reserve	Special Services	Fire Safe Community Service	Fire Flow Initiative	Aviation Fund	Total Governmental Funds
Assets								
Cash and investments	$ 7,364,302	$ 1,561,226	$ 298,647	$ 221,754	$ 467,584	$ 519,698	$ 213,345	$ 10,646,556
Receivables								
Taxes receivable	1,009,576	628	318	-	1,585	-	-	1,012,107
Grant receivables	-	-	-	-	130,655	-	-	130,655
Due from other funds	-	-	-	-	-	-	3,295	3,295
Other receivables	99,450	-	-	-	1,479,625	-	-	1,579,075
Prepaid expenses	745	-	-	-	660	-	-	1,405
Total assets	$ 8,474,073	$ 1,561,854	$ 298,965	$ 221,754	$ 2,080,109	$ 519,698	$ 216,640	$ 13,373,093
Liabilities								
Accounts payable	$ 944,874	$ 153,707	$ -	$ 3,920	$ 32,275	$ -	$ -	$ 1,134,776
Due to other funds	-	-	-	3,295	-	-	-	3,295
Deposits	5,653	-	-	-	-	-	-	5,653
Accrued payroll and benefits	368,080	-	-	-	125,670	-	-	493,750
Total liabilities	1,318,607	153,707	-	7,215	157,945	-	-	1,637,474
Deferred Inflows of Resources								
Unavailable revenue	-	-	-	-	1,351,613	-	-	1,351,613
Fund Balances								
Nonspendable	745	-	-	-	660	-	-	1,405
Restricted	-	-	-	-	-	-	216,640	216,640
Committed	-	-	298,965	214,539	569,891	519,698	-	1,603,093
Assigned	4,899,566	1,408,147	-	-	-	-	-	6,307,713
Unassigned	2,255,155	-	-	-	-	-	-	2,255,155
Total fund balances	7,155,466	1,408,147	298,965	214,539	570,551	519,698	216,640	10,384,006
Total liabilities, deferred inflows of resources, and fund balances	$ 8,474,073	$ 1,561,854	$ 298,965	$ 221,754	$ 2,080,109	$ 519,698	$ 216,640	$ 13,373,093

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

Total fund balances - total governmental funds		$ 10,384,006
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds.		
Governmental capital assets	$ 15,441,780	
Less accumulated depreciation	(8,432,710)	
		7,009,070
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the funds.		
Net OPEB liability	(531,597)	
Compensated absences payable	(2,555,737)	
Net pension liability	(13,962,169)	
		(17,049,503)
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	5,917,464	
Deferred outflows of resources related to OPEB	2,202,860	
Deferred inflows of resources related to pensions	(206,502)	
Deferred inflows of resources related to OPEB	(334,601)	
		7,579,221
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 unavailable revenue		1,351,613
Net position of governmental activities		$ 9,274,407

	General (GAAP Basis)	Capital Projects	Sick Leave Reserve	Special Services	Fire Safe Community Service	Fire Flow Initiative	Aviation Fund	Total Governmental Funds
Revenues								
Taxes								
Ad valorem	$ 3,998,265	$ 222,995	$ 111,855	$ -	$ 558,564	$ -	$ -	$ 4,891,679
Intergovernmental								
Consolidated tax	5,596,484	-	-	-	-	-	-	5,596,484
Plan check fee	243,042	-	-	-	-	-	-	243,042
Interest income	33,936	-	-	-	-	-	-	33,936
Grants	738	-	-	-	1,126,124	-	-	1,126,862
Contracts and strike team	914,613	-	-	31,500	4,067,310	-	-	5,013,423
Local contributions	-	-	-	19,055	-	-	66,794	85,849
Other income	187,627	-	-	3,300	135,763	75,000	-	401,690
Total revenues	10,974,705	222,995	111,855	53,855	5,887,761	75,000	66,794	17,392,965
Expenditures								
Current - public safety								
Salaries and wages	5,255,576	-	194,032	50,000	3,449,916	-	-	8,949,524
Employee benefits	3,837,156	-	-	-	800,638	-	-	4,637,794
Services and supplies	1,308,595	-	-	56,552	619,633	409	900	1,986,089
Capital outlay	49,884	445,923	-	23,077	1,293,147	349,721	-	2,161,752
Total expenditures	10,451,211	445,923	194,032	129,629	6,163,334	350,130	900	17,735,159
Excess (Deficiency) of Revenues Over Expenditures	523,494	(222,928)	(82,177)	(75,774)	(275,573)	(275,130)	65,894	(342,194)
Other Financing Sources (Uses)								
Proceeds from sale of equipment	748	-	-	-	-	-	-	748
Transfers in	1,303,711	1,000,000	-	50,000	-	-	-	2,353,711
Transfers out	(2,250,000)	-	-	-	(802,676)	-	-	(3,052,676)
Total other financing sources (uses)	(945,541)	1,000,000	-	50,000	(802,676)	-	-	(698,217)
Net Change in Fund Balances	(422,047)	777,072	(82,177)	(25,774)	(1,078,249)	(275,130)	65,894	(1,040,411)
Fund Balances, Beginning of Year, as Originally Reported	7,577,513	631,075	381,142	240,313	1,543,012	794,828	150,746	11,318,629
Prior Period Adjustment	-	-	-	-	105,788	-	-	105,788
Fund Balances, Beginning of Year, as Restated	7,577,513	631,075	381,142	240,313	1,648,800	794,828	150,746	11,424,417
Fund Balances, End of Year	$ 7,155,466	$ 1,408,147	$ 298,965	$ 214,539	$ 570,551	$ 519,698	$ 216,640	$ 10,384,006

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ (1,040,411)
Governmental funds report capital outlays as expenditures and the proceeds from the sale of assets or insurance recoveries as other financing sources. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and only the gain or loss is recorded when the assets are sold.		
Expenditures for capital assets	$ 2,159,478	
Proceeds from sale of assets	(748)	
Loss on disposition of capital assets	(1,639)	
Current year depreciation	(762,152)	
		1,394,939
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		1,214,678
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds.		
Change in compensated absences payable		45,258
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	928,147	
District pension income (expense)	(1,613,403)	
Change in net OPEB liability	(3,092,552)	
Change in deferred outflows of resources - OPEB related	433,511	
Change in deferred inflows of resources - OPEB related	2,347,162	
		(997,135)
Change in net position of governmental activities		$ 617,329

Assets	
Current assets	
Cash	$ 828,218
Accounts receivable (net of allowance for uncollectible amounts of $224,311)	267,121
Taxes receivable	6,337
Total current assets	1,101,676
Equipment	
Motor vehicles	1,028,763
Other equipment	679,594
	1,708,357
Less accumulated depreciation	(1,550,294)
Equipment, net	158,063
Total assets	1,259,739
Deferred Outflows of Resources	
Net pension - related amounts	3,793,824
Liabilities	
Current liabilities	
Accounts payable	30,544
Noncurrent liabilities	
Net pension liability	7,828,610
Total liabilities	7,859,154
Deferred Inflows of Resources	
Net pension - related amounts	128,614
Net Position	
Net investment in capital assets	158,063
Unrestricted (deficit)	(3,092,268)
Total net position	$ (2,934,205)

Operating Revenues	
Charges for services (net of discounts and bad debt)	$ 527,565
Operating Expenses	
Salaries and wages	1,981,368
Employee benefits	1,691,240
Services and supplies	263,591
Depreciation	100,363
Total operating expenses	4,036,562
Operating Loss	(3,508,997)
Non-operating Revenues	
Ad valorem taxes	2,232,815
Other income	429,062
Total non-operating revenues	2,661,877
Income Before Transfers	(847,120)
Transfers in (out)	
Operating transfers in	1,200,000
Operating transfers out	(501,035)
Total transfers	698,965
Change in Net Position	(148,155)
Net Position, Beginning of Year	(2,786,050)
Net Position, End of Year	$ (2,934,205)

Operating Activities	
Cash received from customers	$ 518,562
Cash received from others	429,062
Cash paid to suppliers for goods and services	(253,285)
Cash paid to employees for salaries and benefits	(3,354,129)
Net Cash used for Operating Activities	(2,659,790)
Noncapital Financing Activities	
Cash from ad valorem taxes	2,229,542
Transfers from other funds	1,200,000
Transfers to other funds	(501,035)
Net Cash from Noncapital Financing Activities	2,928,507
Capital and Related Financing Activities	
Purchases of equipment	(85,635)
Net Change in Cash	183,082
Cash, Beginning of Year	645,136
Cash, End of Year	$ 828,218
Reconciliation of Operating Income (Loss) to Net Cash from (used for) Operating Activities	
Operating Loss	$ (3,508,997)
Adjustments to reconcile operating loss to net cash from (used for) operating activities	
Depreciation	100,363
Other income	429,062
Changes in assets and liabilities	
Accounts receivable	(9,003)
Accounts payable	10,306
Pension related amounts	318,479
Total Adjustments	849,207
Net Cash used for Operating Activities	$ (2,659,790)

	Post-Retirement Plan & Trust
Assets	
Cash and investments	$ 12,768,013
Liabilities	
Benefits payable	14,708
Net position restricted for postemployment benefits other than pensions	$ 12,753,305

	Post-Retirement Plan & Trust
Additions	
Investment income	
Net increase (decrease) in fair value of investments	$ (2,359,849)
Interest and dividends	270,883
Less investment expense	(4,341)
Total additions	(2,093,307)
Deductions	
Benefit payments	507,043
Administrative expenses	27,486
Total deductions	534,529
Change in Net Position	(2,627,836)
Net Position, Beginning of Year	15,381,141
Net Position, End of Year	$ 12,753,305

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

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

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

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

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

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

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

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

The Trust's financial reporting period ends on December 31. Therefore, the amounts reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position are as of and for the year ended December 31, 2022.

Government-Wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *measurable* when the amount of the transaction can be determined and *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. When revenues are due but will not be collected within this 60-day period, the receivable is recorded, and an offsetting deferred inflow of resources account is established. Thus, in subsequent periods, when both revenue recognition criteria are met, the deferred inflow of resources is removed, and revenue is recognized. Expenditures generally are recorded when liabilities are incurred, as under the accrual basis of 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), grants, contracts, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Other revenue items are considered to be measurable and available only when cash is received by the District.

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

The District reports the following major governmental funds:

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

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

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

The *Special Services Fund* is a special revenue fund used to account for the operations of all non-fire related activities of the District. Funding is primarily derived from grants, contracts, and local contributions 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, contracts, strike team, 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 *Aviation fund* is a special revenue fund used to account for contributions designated for the helicopter program.

The District reports the following major enterprise fund:

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

The District reports the following fiduciary fund:

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

Cash and Cash Equivalents

For the purposes of the Statement of cash flows, cash and cash equivalents, if applicable, consist of highly liquid investments with an original maturity of three months or less.

Investments

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

Inventories and Prepaids

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

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

Receivables

The District makes no provision for estimated uncollectible ad valorem taxes receivable. Adequate legal remedies are presently available to enforce the collection of such taxes and any taxes which may prove uncollectible should not be material in amount. In addition, District makes no provisions for grant or contract receivables as historical experience has shown little to no collection problems with these receivables. Therefore, management does not anticipate any material collection losses in respect to the receivable balances.

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

Capital Assets

Capital assets, which include buildings, improvements, equipment and vehicles, are capitalized and reported in the applicable governmental or business-type activities columns in the government-wide financial statements. For governmental fund types, outlays for capital assets are expensed during the current period. The District defines capital assets as assets with an initial, individual cost of more than $3,000 and an estimated useful life in excess of two years.

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

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

	Years
Ambulances	5
Vehicles, equipment, fire boat, furniture, and fixtures	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, 2023.

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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District recognizes deferred outflow of resources as it relates to the net pension liability and other post-employment benefits (OPEB) liability/asset.

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

- Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- Restricted fund balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors, contributors, 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.

Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). The implementation of this standard establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. There was no effect on beginning net position due to the implementation of this standard.

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 with the following exceptions for apparent violations:

- NRS 354.626, NAC 354.410, and NAC 354.481 – Actual expenditures exceeded those budgeted for the year in the Ambulance Fund by $280,519. The Ambulance Fund has a deficit net position of $2,934,205 at June 30, 2023.
- NAC 354.750 – An inventory of capital assets was not performed within the last two fiscal years.

Note 3 - Cash and Investments

A summary schedule of cash and investments for the District at June 30, 2023 is as follows:

Governmental funds	$ 10,646,556
Proprietary fund	828,218
Fiduciary fund	12,768,013
	$ 24,242,787

Pursuant to Nevada Revised Statutes 355.167, 355.170, and 355.171, the District may invest in the following types of securities:

- United States bonds and debentures maturing within ten (10) years from the date of purchase.
- Certain farm loan bonds.
- Securities of the United States Treasury, United States Postal Service, or the Federal National Mortgage Association maturing within ten (10) years from the date of purchase.
- Certificates of deposit from commercial banks and insured savings and loan associations.
- Other securities expressly provided by other statutes, including repurchase agreements.

- Certain securities issued by local governments of the State of Nevada.
- Certain bankers' acceptances, commercial paper issued by a corporation organized and operating in the United States, and money market mutual funds.
- State of Nevada Local Government Investment Pool

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

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

The Trust invests its assets in the RBIF. The RBIF was established pursuant to NRS 355.220 and is administered by the Retirement Benefits Investment Board (RBIB) as an unrated external investment pool. The RBIF is not registered with the Securities and Exchange Commission (SEC) as an investment company. Each participant acts as fiduciary for its share of the RBIF and is allocated earnings and expenses according to their proportional share in RBIF. Bank of New York, Mellon determines the fair value of the RBIF monthly. RBIF is valued at fair value. The Trust's investment in RBIF is reported in an amount equal to the original investment, less liabilities, plus monthly allocations of interest and dividend income, and realized and unrealized gains and losses. Investments can be withdrawn once per month, with five business days written notice, in an amount equal to the original investment plus the monthly allocation of earnings. Complete financial information on RBIF as of June 30, 2023 can be obtained by contacting Public Employees Retirement System (PERS) at 693 W. Nye Lane, Carson City, NV 89703.

The RBIF asset class is generally comprised of a combination of fixed income, marketable equity and international securities. The annual money-weighted rate of return on investments, net of investment expenses, was 12.9%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

As of June 30, 2023, the Tahoe Douglas Fire Protection District had the following cash and investments:

Cash	$ 10,277,902
Investments	
Negotiable Certificates of Deposit	884,417
Municipal Bonds	254,520
Exchange Traded Funds	222,499
Retirement Benefits Investment Fund (RBIF)	12,603,449
Total investments	13,964,885
Total cash and investments	$ 24,242,787

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, 2023, the District's investments had the following maturities:

		Investment Maturities in Years			
	Fair Value	Less than 1	1-5	6-10	10 +
Investments					
Negotiable Certificates of Deposit	$ 884,417	$ 439,756	$ 444,661	$ -	$ -
Municipal Bonds	254,520	-	-	-	254,520
	1,138,937	$ 439,756	$ 444,661	$ -	$ 254,520
Exchange Traded Funds	222,499				
RBIF	12,603,449				
Total Investments	$ 13,964,885				

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. All of the Trust's bank deposits were covered by the FDIC.

Credit Risk – the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the District. Credit ratings can be either long-term or short-term. Short-term ratings are generally assigned to securities that originally mature within 365 days. A short-term rating of A-1 is rated in the highest category by Standard and Poor with a plus sign (+) indicating that the obligor's capacity to meet its financial commitment is extremely strong. In general, an A-1+ rating is equivalent to AA – AAA long-term ratings, whereas an A-1 rating is generally equivalent to an A long-term rating. The District's negotiable certificate of deposits are insured up to $250,000 per Bank by the FDIC and thus have little to no credit risk. In addition, as stated above, RBIF is an unrated investment pool. The District's other investments subject to credit risk as of June 30, 2023 were rated by Standard and Poor's and the ratings for the portfolio are as follows:

	Credit Quality Ratings					
		Long-term Rating				
	Fair Value	AAA	AA+	AA	AA-	A
Municipal Bonds	$ 254,520	$ -	$ 34,694	$ 94,823	$ 89,125	$ 35,878

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

As of June 30, 2023, the District had the following recuring fair value measurements:

		Fair Value Measurements Using		
	June 30, 2023	Level 1	Level 2	Level 3
Instruments by Fair Value Level				
Negotiable Certificates of Deposit	$ 884,417	$ -	$ 884,417	$ -
Municipal Bonds	254,520	-	254,520	-
Exchange Traded Funds	224,499	224,499	-	-
Total investment measured fair value	1,363,436	$ 224,499	$ 1,138,937	$ -
RBIF*	12,603,449			
	$ 13,966,885			

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

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

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

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

Note 4 - Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Governmental activities				
Nondepreciable assets				
Land	$ 173,217	$ -	$ -	$ 173,217
Construction in progress	499,368	866,394	(308,104)	1,057,658
Total nondepreciable assets	672,585	866,394	(308,104)	1,230,875
Depreciable assets				
Building and improvements	3,917,752	9,630	-	3,927,382
Firefighting vehicles	3,550,314	-	(219,600)	3,330,714
Motor vehicles and equipment	4,649,695	1,584,360	(2,544)	6,231,511
Furniture and fixtures	718,234	7,198	(5,286)	720,146
Fire boat and lift launch	1,152	-	-	1,152
Total depreciable assets	12,837,147	1,601,188	(227,430)	14,210,905
Less accumulated depreciation				
Building and improvements	(2,173,039)	(75,563)	-	(2,248,602)
Firefighting vehicles	(2,433,388)	(151,416)	217,213	(2,367,591)
Motor vehicles and equipment	(2,667,189)	(515,358)	2,544	(3,180,003)
Furniture and fixtures	(621,485)	(19,700)	5,286	(635,899)
Fire boat and lift launch	(500)	(115)	-	(615)
	(7,895,601)	(762,152)	225,043	(8,432,710)
Capital assets being depreciated, net	4,941,546	839,036	(2,387)	5,778,195
Governmental activities capital assets, net	$ 5,614,131	$ 1,705,430	$ (310,491)	$ 7,009,070

The increase in accumulated depreciation for governmental activities includes depreciation expense of $762,152 charged to the public safety function. During the year ended June 30, 2023, the firefighting vehicles, equipment, and furniture and fixtures with a net book value of $2,387 was disposed of.

Capital asset activity for business-type activities for the year ended June 30, 2023, was as follows:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Business-type activities				
Depreciable assets				
Motor vehicles	$ 1,028,763	$ -	$ -	$ 1,028,763
Other equipment	593,959	85,635	-	679,594
	1,622,722	85,635	-	1,708,357
Less accumulated depreciation				
Motor vehicles	(889,715)	(76,338)	-	(966,053)
Other equipment	(560,216)	(24,025)	-	(584,241)
	(1,449,931)	(100,363)	-	(1,550,294)
Business-type activities capital assets, net	$ 172,791	$ (14,728)	$ -	$ 158,063

The increase in accumulated depreciation for business-type activities includes depreciation expense of $100,363 charged to the ambulance function.

Note 5 - Long-Term Liabilities

The District does not have any general obligation bonds outstanding as of June 30, 2023. Long-term liability activity for the year ended June 30, 2023, was as follows:

	July 1, 2022	Additions	Deletions	June 30, 2023	Due in One Year
Compensated absences	$ 2,600,995	$ 779,700	$ (824,958)	$ 2,555,737	$ 810,604

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

Note 6 - Interfund Activity

Due To/From Other Funds

The composition of amounts due to/from other funds reported in the fund financial statements at June 30, 2023 is as follows:

Receivable Fund	Payable Fund	Amount
Aviation	Special Services	$ 3,295

The balance results from aviation fund contributions that were deposited into the special services fund.

Transfers

Interfund transfers for the year ended June 30, 2023, consisted of the following:

	Transfers In				
Transfers Out	General Fund	Capital Projects Fund	Special Services Fund	Proprietary (Ambulance Fund)	Total
General Fund	$ -	$ 1,000,000	$ 50,000	$ 1,200,000	$ 2,250,000
Fire Safe Community Service Fund	802,676	-	-	-	802,676
Proprietary (Ambulance Fund)	501,035	-	-	-	501,035
	$ 1,303,711	$ 1,000,000	$ 50,000	$ 1,200,000	$ 2,250,000

Transfers are used primarily to move funds to the General Fund to ensure appropriate funds are accumulated for future needs and to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations. The transfer from the General Fund to the Special Services fund was used for certain payroll costs. The transfer from the General Fund to the Proprietary Fund was used for operational expenditures. The transfer from the General Fund to the Capital Projects Fund was for various capital expenditures. The transfers to the General Fund were used to pay health insurance costs.

Note 7 - Governmental Fund Balances

Governmental fund balances are composed of the following as of June 30, 2023:

	General	Capital Projects	Sick Leave Reserve	Special Services	Fire Safe Community Service	Fire Flow Initiative	Aviation Fund	Total
Fund Balances								
Nonspendable:								
Prepaid items	$ 745	$ -	$ -	$ -	$ 660	$ -	$ -	$ 1,405
Restricted for:								
Helicopter program	-	-	-	-	-	-	216,640	216,640
Committed for:								
Employee benefits	-	-	298,965	-	-	-	-	298,965
Non-fire services	-	-	-	214,539	-	-	-	214,539
Fuels management	-	-	-	-	569,891	-	-	569,891
Fire flow initiative	-	-	-	-	-	519,698	-	519,698
Total committed	-	-	298,965	214,539	569,891	519,698	-	1,603,093
Assigned for:								
Subsequent budget's shortfall	1,059,407	-	-	-	-	-	-	1,059,407
Capital projects	-	1,408,147	-	-	-	-	-	1,408,147
Employee benefits	3,840,159	-	-	-	-	-	-	3,840,159
Total assigned	4,899,566	1,408,147	-	-	-	-	-	6,307,713
Unassigned	2,255,155	-	-	-	-	-	-	2,255,155
Total fund balances	$ 7,155,466	$ 1,408,147	$ 298,965	$ 214,539	$ 570,551	$ 519,698	$ 216,640	$ 10,384,006

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. 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.

The Employer-Pay Contribution (EPC) rate was 29.75% for Regular members for the fiscal year ended June 30, 2023; the rate was 44.00% for Police/Fire. The Employer-Pay Contribution (EPC) rate was 29.75% for Regular members for the fiscal year ended June 30, 2022; the rate was 44.00% for Police/Fire.

The District's contributions were $1,614,527 for the year ended June 30, 2023.

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, 2022:

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

As of June 30, 2022, PERS' long-term inflation assumption was 2.50%.

Net Pension Liability

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's share of contributions in the PERS pension plan relative to the contributions of all participating PERS employers. At June 30, 2022, the District's proportion was 0.12069%, which is an increase of .01694% from the proportion measured as of June 30, 2021.

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the District as of June 30, 2023, calculated using the discount rate of 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current discount rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability	$ 33,455,974	$ 21,790,779	$ 12,165,243

Pension Plan Fiduciary Net Position

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

Actuarial Assumptions

The District's net pension liability was measured as of June 30, 2022, 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	2.50%
Payroll growth	3.50%
Investment rate of return/discount rate	7.25%
Productivity pay increases	0.50%
Projected salary increases	Regular: 4.20% to 9.10%, depending on service Police/Fire: 4.60% to 14.50%, depending on service Rates include inflation and productivity increases
Consumer Price Index	2.50%
Other assumptions	Same as those used in the June 30, 2022 funding actuarial valuation

Mortality rates for healthy regular members and contingent beneficiaries were based on Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30% for males and 15% for females. For ages before age 40, mortality rates are based on Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables. For ages 40 through 50, the rates were smoothed between the above tables. Mortality rates for heathy police/fire members were based on Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30% for males and 5% for females. For ages before age 35, mortality rates are based on Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table. For ages 35 through 45, the rates were smoothed between the above tables.

Mortality rates for disabled regular members were based on Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with rates increased by 20% for males and 15% for females. Mortality rates for disabled police/fire members were based on Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table with rates increased by 30% for males and 10% for females.

Mortality rates for current beneficiaries were based on Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table with rates increased by 15% for males and 30% for females. For ages before age 35, mortality rates are based on Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table. For ages 35 through 45, the rates were smoothed between the above tables.

Mortality rates for pre-retirement regular members were based on Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table. Morality rates for pre-retirement police/fire members were based on Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table.

The mortality tables were projected generationally with the two-dimensional mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of an experience study for the period from July 1, 2016 to June 30, 2020.

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan’s current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except the projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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, 2022.

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

For the year ended June 30, 2023, the District recognized pension expense of $1,003,735. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 2,821,546	$ 15,567
Changes of assumptions	2,799,177	-
Net difference between projected and actual earnings on investments	265,862	-
Changes in proportion and difference between actual contributions and proportionate share of contributions	2,210,176	319,549
Contributions subsequent to the measurement date	1,614,527	-
	$ 9,711,288	$ 335,116

Deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date in the amount of $1,614,527 will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) is 5.70 years.

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

Fiscal Year Ending June 30,	
2024	$ 1,272,787
2025	1,215,859
2026	1,171,478
2027	3,424,963
2028	676,558

Additional Information – Additional information supporting the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer is located in the PERS Annual Comprehensive Financial Report (ACFR) available on the PERS website at www.nvpers.org under Quick Links – Publications.

Note 9 - Other Post-Employment Benefits

Plan Descriptions

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

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

Benefit Provisions and Contributions

District Plan

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

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

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

The contribution requirements of plan members and the District are established and may be amended by the Board of Trustees. For the year ended June 30, 2023, 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:

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

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

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

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

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

- Upon eligibility for Medicare, the District's monthly allowance toward health insurance for a retired employee is equal to $299 multiplied by his or her vested percentage. Similarly, eligible spouses receive a monthly health insurance allowance equal to $299 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 $499 in 2023.

The plans currently available to employees before Medicare eligibility include a low-deductible PPO and two high-deductible PPO plans. In addition to the applicable percent of premium paid, the District also makes contributions to a Health Savings Account (HSA) for pre-65 retirees who elect a high deductible PPO. The amount of the District's subsidy to the HSA is the applicable vested percent of $185 (retiree only) or $370 (retiree and spouse).

PEBP

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

Those retirees who were eligible and elected PEBP coverage are entitled to a subsidy toward their premium cost based on their years of covered employment under Nevada PERS. The subsidy is borne on a pro-rata basis by the employers for which the retiree has worked and earned PERS service credit. Thus, the District is obligated to subsidize health care premiums for former employees as well as those who retired directly from the District. The subsidy ranges from a minimum of $30 to a maximum of $260 per month.

As of the December 31, 2022 measurement date, the following employees were covered by the benefit terms:

	District Plan	PEBP Plan
Active employees	65	-
Retirees enrolled in the District Plan	51	-
Retirees enrolled in PEBP	-	4
	116	4

OPEB Liability or Asset

The District's Plan net OPEB liability/asset was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of December 31, 2021. PEBP's total OPEB liability was measured as of December 31, 2022, and was determined by an actuarial valuation as of December 31, 2021.

Actuarial Assumptions

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

	PEBP	District Plan
Inflation	2.50%	2.50%
Projected salary increases	N/A	3.00%
Investment rate of return	N/A	6.50%
Healthcare cost trend rate	Pre-Medicare: 6.0%, declining to 3.9% Post-Medicare: 4.50%	5.8%, declining to 3.9%

The mortality rates noted below were described in the September 2021 Experience Study report of the Nevada PERS program as being reasonably representative of morality experience as of that measurement date.

Non-disabled life rates for Regular employees and future survivors:

- Males: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30%
- Females: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 15%

Non-disabled life rates for Safety employees and future survivors:

- Males: Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30%
- Females: Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 5%

Life rates for current surviving spouses:

- Males: Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table with rates increased by 15%
- Females: Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table with rates increased by 30%

Pre-retirement life rates for Regular employees:

- Males and Females: Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table

Pre-retirement life rates for Safety employees:

- Males and Females: Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table

The mortality rates were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2022 on a generational basis from 2021 forward.

The long-term expected rate of return of 6.50%, 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
U.S. stocks	42.00%
International stocks	18.00%
U.S. bonds	28.00%
Private markets	12.00%

The discount rate used to measure the total OPEB liability was 6.50% 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 liability was 4.05% 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.

Changes in OPEB Liabilities (Assets)

	District Plan Total Liability	District Plan Plan Fiduciary Net Position	District Plan Net OPEB Liability (Asset)	PEBP Total Liability
Balance at June 30, 2022				
Measurement Date December 31, 2021	$ 12,713,320	$ 15,381,141	$ (2,667,821)	$ 106,866
Changes for the year:				
Service costs	403,060	-	403,060	-
Interest	828,383	-	828,383	1,901
Benefit payments	(556,518)	(556,518)	-	(7,079)
Implicit subsidy - payments	(187,532)	(187,532)	-	-
Implicit subsidy - contributions	-	187,532	(187,532)	-
Retiree contributions in	-	28,117	(28,117)	-
Retiree contributions out	-	(28,117)	28,117	-
Expected investment income	-	980,706	(980,706)	-
Investment experience	-	(3,021,829)	3,021,829	-
Plan experience	-	-	-	-
Changes in assumptions or other inputs	-	-	-	(17,499)
Administrative expense	-	(30,195)	30,195	-
Net changes	487,393	(2,627,836)	3,115,229	(22,677)
Balance at June 30, 2023				
Measurement Date December 31, 2022	$ 13,200,713	$ 12,753,305	$ 447,408	$ 84,189

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

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

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
District Plan Net OPEB Liability (Asset)	$ 2,336,589	$ 447,408	$ (1,093,733)
PEBP Total OPEB Liability	$ 91,378	$ 84,189	$ 78,035

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

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
District Plan Net OPEB Liability (Asset)	$ (1,216,696)	$ 447,408	$ (2,535,632)
PEBP Total OPEB Liability	$ 77,229	$ 84,189	$ 92,171

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

For the year ended June 30, 2023, the District recognized OPEB expense (income) for the District Plan of $(520,876) and for the PEBP Plan of $(15,598), which was a total expense (income) of $(536,474). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District Plan		
Changes of assumptions	$ 914,364	$ -
Differences between expected and actual experience	299,663	334,601
Net difference between projected and actual earnings on investments	910,838	
Contributions subsequent to the measurement date	74,187	-
PEBP		
Contributions subsequent to the measurement date	3,808	-
Total	$ 2,202,860	$ 334,601

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
2024	$ (27,228)
2025	272,307
2026	466,628
2027	739,443
2028	102,486
Thereafter	236,628

Note 10 - Risk Management

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

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

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

Note 11 - Correction of Error

During 2023, the District identified a misstatement in the June 30, 2022 financial statements related to the recognition of revenue. During the year it was determined that certain amounts were previously considered a deferred inflow of resources for unavailable revenue as of June 30, 2022 had been received in August 2022, within the District's period of availability policy, and therefore should have been recognized as revenue for the year ended June 30, 2022. Therefore, beginning fund balance was restated as of July 1, 2022 for the previous understatement of Fire Safe Community Service Fund revenues.

The effect of the prior period adjustment on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds is as follows:

	Fire Safe Community Service Fund	Total Governmental Funds
Fund Balance, Beginning of Year, as Originally Reported	$ 1,543,012	$ 11,318,629
Prior period adjustment for understatement of revenues	105,788	105,788
Fund Balance, Beginning of Year, as Restated	$ 1,648,800	$ 11,424,417

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes				
Ad valorem	$ 3,963,711	$ 3,963,711	$ 3,998,265	$ 34,554
Intergovernmental				
Consolidated tax	5,894,386	5,894,386	5,596,484	(297,902)
Plan check fee	80,000	200,000	243,042	43,042
Interest income	1,500	1,500	19,871	18,371
Grants	-	-	738	738
Contracts and strike team	200,000	750,000	914,613	164,613
Other income	61,000	61,000	196,478	135,478
Total revenues	10,200,597	10,870,597	10,969,491	98,894
Expenditures				
Current - public safety				
Salaries and wages	6,372,173	6,672,173	5,255,576	1,416,597
Employee benefits	2,992,672	3,092,672	2,230,310	862,362
Services and supplies	1,423,840	1,813,840	1,270,466	543,374
Capital outlay	175,000	225,000	49,884	175,116
Total expenditures	10,963,685	11,803,685	8,806,236	2,997,449
Excess (Deficiency) of Revenues Over Expenditures	(763,088)	(933,088)	2,163,255	3,096,343
Other Financing Sources (Uses)				
Sale of equipment	-	-	748	748
Contingency	(150,000)	(150,000)	-	150,000
Transfers out	(3,351,195)	(3,351,195)	(3,351,195)	-
Total other financing sources (uses)	(3,501,195)	(3,501,195)	(3,350,447)	150,748
Net Change in Fund Balances	(4,264,283)	(4,434,283)	(1,187,192)	3,247,091
Fund Balances, Beginning of Year	4,329,175	4,502,499	4,502,499	-
Fund Balances, End of Year	$ 64,892	$ 68,216	$ 3,315,307	$ 3,247,091

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, 2023

	General Fund (Budgetary Basis)	Health Insurance Reserve Fund (Internally Reported)	Eliminations	General Fund (GAAP Basis)
Revenues				
Taxes				
Ad valorem	$ 3,998,265	$ -	$ -	$ 3,998,265
Intergovernmental				
Consolidated tax	5,596,484	-	-	5,596,484
Plan check fee	243,042	-	-	243,042
Interest income	19,871	14,065	-	33,936
Grants	738	-	-	738
Contracts and strike team	914,613	-	-	914,613
Other income	196,478	(8,851)	-	187,627
Total revenues	10,969,491	5,214	-	10,974,705
Expenditures				
Current - public safety				
Salaries and wages	5,255,576	-	-	5,255,576
Employee benefits	2,230,310	1,606,846	-	3,837,156
Services and supplies	1,270,466	38,129	-	1,308,595
Capital outlay	49,884	-	-	49,884
Total expenditures	8,806,236	1,644,975	-	10,451,211
Excess (Deficiency) of Revenues Over Expenditures	2,163,255	(1,639,761)	-	523,494
Other Financing Sources (Uses)				
Proceeds from sale of equipmer	748	-	-	748
Transfers in	-	2,404,906	(1,101,195)	1,303,711
Transfers out	(3,351,195)	-	1,101,195	(2,250,000)
Total other financing sources (uses)	(3,350,447)	2,404,906	-	(945,541)
Net Change in Fund Balances	(1,187,192)	765,145	-	(422,047)
Fund Balances, Beginning of Year	4,502,499	3,075,014	-	7,577,513
Fund Balances, End of Year	$ 3,315,307	$ 3,840,159	$ -	$ 7,155,466

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes				
Ad valorem	$ 110,687	$ 110,687	$ 111,855	$ 1,168
Interest income	1	1	-	(1)
Total revenues	110,688	110,688	111,855	1,167
Expenditures				
Current - public safety				
Salaries and wages	272,125	272,125	194,032	78,093
Excess (Deficiency) of Revenues Over Expenditures	(161,437)	(161,437)	(82,177)	79,260
Fund Balances, Beginning of Year	318,266	318,266	381,142	62,876
Fund Balances, End of Year	$ 156,829	$ 156,829	$ 298,965	$ 142,136

Tahoe Douglas Fire Protection District
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Special Revenue Fund
Special Services Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Contracts	$ 29,000	$ 29,000	$ 31,500	$ 2,500
Grants	110,000	110,000	-	(110,000)
Local contributions	5,000	5,000	19,055	14,055
Other income	3,000	3,000	3,300	300
Total revenues	147,000	147,000	53,855	(93,145)
Expenditures				
Current - public safety				
Salaries and wages	50,000	50,000	50,000	-
Services and supplies	194,250	226,495	56,552	169,943
Capital outlay	65,000	65,000	23,077	41,923
Total expenditures	309,250	341,495	129,629	211,866
Excess (Deficiency) of Revenues Over Expenditures	(162,250)	(194,495)	(75,774)	118,721
Other Financing Sources (Uses)				
Transfers in	50,000	50,000	50,000	-
Net Change in Fund Balances	(112,250)	(144,495)	(25,774)	118,721
Fund Balances, Beginning of Year	208,068	240,313	240,313	-
Fund Balances, End of Year	$ 95,818	$ 95,818	$ 214,539	$ 118,721

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes				
Ad valorem	$ 553,436	$ 553,436	$ 558,564	$ 5,128
Grants	632,515	632,515	1,126,124	493,609
Contracts and strike team	5,850,000	7,050,000	4,067,310	(2,982,690)
Fuels Management	50,000	50,000	127,584	77,584
Other income	2,000	2,000	8,179	6,179
Interest income	100	100	-	(100)
Total revenues	7,088,051	8,288,051	5,887,761	(2,400,290)
Expenditures				
Current - public safety				
Salaries and wages	4,345,667	4,945,667	3,449,916	1,495,751
Employee benefits	1,751,616	1,851,616	800,638	1,050,978
Services and supplies	439,559	739,559	619,633	119,926
Capital outlay	1,348,000	1,548,000	1,293,147	254,853
Total expenditures	7,884,842	9,084,842	6,163,334	2,921,508
Excess (Deficiency) of Revenues Over Expenditures	(796,791)	(796,791)	(275,573)	521,218
Other Financing Sources (Uses)				
Transfers out	(802,676)	(802,676)	(802,676)	-
Net Change in Fund Balances	(1,599,467)	(1,599,467)	(1,078,249)	521,218
Fund Balances, Beginning of Year, as Originally Reported	1,695,044	1,695,044	1,543,012	(152,032)
Prior Period Adjustment	-	-	105,788	105,788
Fund Balances, Beginning of Year, as Originally Restated	1,695,044	1,695,044	1,648,800	(46,244)
Fund Balances, End of Year	$ 95,577	$ 95,577	$ 570,551	$ 474,974

Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Special Revenue Fund
Fire Flow Initiative Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Fees and donations	$ 75,000	$ 75,000	$ 75,000	$ -
Expenditures				
Current - public safety				
Services and supplies	13,000	15,751	409	15,342
Capital outlay	770,000	770,000	349,721	420,279
Total expenditures	783,000	785,751	350,130	435,621
Net Change in Fund Balances	(708,000)	(710,751)	(275,130)	435,621
Fund Balances, Beginning of Year	792,077	794,828	794,828	-
Fund Balances, End of Year	$ 84,077	$ 84,077	$ 519,698	$ 435,621

Tahoe Douglas Fire Protection District

Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Special Revenue Fund
Aviation Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes				
Contracts	$ 250,000	$ 250,000	$ -	$ (250,000)
Other Income	250,000	250,000	-	(250,000)
Interest Income	100	100	-	(100)
Local contributions	1,000,000	1,000,000	66,794	(933,206)
Total revenues	1,500,100	1,500,100	66,794	(1,433,306)
Expenditures				
Current - public safety				
Salaries and wages	252,000	252,000	-	252,000
Services and supplies	476,600	529,346	900	528,446
Capital outlay	300,000	300,000	-	300,000
Total expenditures	1,028,600	1,081,346	900	1,080,446
Excess (Deficiency) of Revenues Over Expenditures	471,500	418,754	65,894	(352,860)
Net Change in Fund Balances	471,500	418,754	65,894	(352,860)
Fund Balances, Beginning of Year	98,000	150,746	150,746	-
Fund Balances, End of Year	$ 569,500	$ 569,500	$ 216,640	$ (352,860)

	2022	2021	2020	2019	2018	2017
District Plan:						
Total OPEB Liability						
Service cost	$ 403,060	$ 305,865	$ 296,956	$ 277,767	$ 267,084	$ 256,812
Interest	828,383	776,199	751,173	772,148	753,894	736,660
Differences between expected and actual experience	-	369,351	-	(630,053)	-	-
Change in assumptions or other inputs	-	327,380	-	1,221,602	-	-
Benefit payments	(556,518)	(547,079)	(524,863)	(602,084)	(582,821)	(577,988)
Benefit payments - implicit subsidy	(187,532)	(142,253)	(152,825)	(209,097)	(182,539)	(204,577)
Net change in total OPEB liability	487,393	1,089,463	370,441	830,283	255,618	210,907
Total OPEB liability-beginning	12,713,320	11,623,857	11,253,416	10,423,133	10,167,515	9,956,608
Total OPEB liability-ending (a)	$ 13,200,713	$ 12,713,320	$ 11,623,857	$ 11,253,416	$ 10,423,133	$ 10,167,515
Plan fiduciary net position						
Benefit payments	$ (556,518)	$ (547,079)	$ (524,863)	$ (602,084)	$ (582,821)	$ (577,988)
Employer contributions	-	-	-	642,651	643,306	1,100,206
Implicit subsidy - benefit payments	(187,532)	(142,253)	(152,825)	(209,097)	(182,539)	(204,577)
Implicit subsidy - contributions	187,532	142,253	152,825	209,097	182,539	204,577
Retiree contributions in	28,117	30,896	26,683	23,500	23,811	-
Retiree contributions out	(28,117)	(30,896)	(26,683)	(23,500)	(23,811)	-
Expected investment income	980,706	898,531	817,379	766,267	803,995	643,113
Investment experience	(3,021,829)	1,364,084	971,596	1,497,688	(1,318,657)	1,344,194
Administrative and other professional expense	(30,195)	(37,699)	(45,821)	(32,246)	(26,859)	(16,445)
Net change in plan fiduciary net position	(2,627,836)	1,677,837	1,218,291	2,272,276	(481,036)	2,493,080
Plan fiduciary net position-beginning	15,381,141	13,703,304	12,485,013	10,212,737	10,693,773	8,200,693
Plan fiduciary net position-ending (b)	$ 12,753,305	$ 15,381,141	$ 13,703,304	$ 12,485,013	$ 10,212,737	$ 10,693,773
Net OPEB liability (asset) -ending (a) - (b)	$ 447,408	$ (2,667,821)	$ (2,079,447)	$ (1,231,597)	$ 210,396	$ (526,258)
Plan fiduciary net position as a percentage of the total OPEB liability	96.6%	121.0%	117.9%	110.9%	98.0%	105.2%
Covered-employee payroll	$ 5,272,486	$ 5,118,918	$ 4,669,347	$ 4,235,995	$ 3,867,910	$ 4,118,877
Net OPEB liability (asset) as a percentage of covered-employee payroll	8.5%	-52.1%	-44.5%	-29.1%	5.4%	-12.8%

	2022	2021	2020	2019	2018	2017
PEBP Plan:						
Total OPEB Liability						
Interest	$ 1,901	$ 2,853	$ 3,913	$ 4,109	$ 4,120	$ 4,829
Differences between expected and actual experience	-	(17,827)	-	7,604	-	-
Change in assumptions or other inputs	(17,499)	(14,560)	10,380	34,243	(4,024)	5,407
Benefit payments	(7,079)	(13,083)	(14,231)	(14,552)	(13,089)	(11,920)
Net change in total OPEB liability	(22,677)	(42,617)	62	31,404	(12,993)	(1,684)
Total OPEB liability-beginning	106,866	149,483	149,421	118,017	131,010	132,694
Total OPEB liability-ending (a)	$ 84,189	$ 106,866	$ 149,483	$ 149,421	$ 118,017	$ 131,010

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

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

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

	2023	2022	2021	2020	2019	2018
District Plan:						
Actuarily determined contribution	$ 205,152	$ 272,446	$ 243,043	$ 239,197	$ 450,350	$ 432,127
Contributions in relation to the actuarily determined contribution	185,964	146,881	147,539	502,211	950,635	775,697
Contribution (deficiency) excess	$ (19,188)	$ (125,565)	$ (95,504)	$ 263,014	$ 500,285	$ 343,570
Covered-employee payroll	$ 6,140,768	$ 5,272,486	$ 5,118,918	$ 4,669,347	$ 4,235,995	$ 3,867,910
Contributions as a percentage of covered payroll	3.03%	2.79%	2.88%	10.76%	22.44%	20.05%

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

Tahoe Douglas Fire Protection District

Schedule of Proportionate Share of the Net Pension Liability
Public Employees’ Retirement System of Nevada
Last Ten Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's portion of net the pension liability	0.12069%	0.10375%	0.09903%	0.10179%	0.10453%	0.10435%	0.10335%	0.08504%	0.10453%
District's proportionate share of the net pension liability	$ 21,790,779	$ 9,460,849	$ 13,793,860	$ 13,879,754	$ 14,256,070	$ 13,878,884	$ 13,907,324	$ 9,744,843	$ 11,140,127
District's covered payroll	$ 6,398,897	$ 5,389,035	$ 5,111,801	$ 5,071,791	$ 5,027,636	$ 4,229,349	$ 4,189,290	$ 4,105,972	$ 4,288,744
District's proportional share of the net pension liability as a percentage of its covered payroll	340.54%	175.56%	269.84%	273.67%	283.55%	328.16%	331.97%	237.33%	259.75%
Plan fiduciary net position as a percentage of the total pension liability	75.12%	86.51%	77.04%	76.46%	75.24%	74.42%	72.23%	75.13%	76.30%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution**	$ 1,614,527	$ 1,329,222	$ 1,086,110	$ 1,032,892	$ 979,877	$ 969,761	$ 876,216	$ 811,228	$ 795,142
Contributions in relation to the statutorily required contribution	$ (1,614,527)	$ (1,329,222)	$ (1,086,110)	$ (1,032,892)	$ (979,877)	$ (969,761)	$ (876,216)	$ (811,228)	$ (795,142)
Contribution (deficiency) excess	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 7,855,811	$ 6,398,897	$ 5,389,035	$ 5,111,801	$ 5,071,791	$ 5,027,636	$ 4,229,349	$ 4,189,290	$ 4,105,972
Contributions as a percentage of covered payroll	20.55%	20.77%	20.15%	20.21%	19.32%	19.29%	20.72%	19.36%	19.37%

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

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

Note 1 - 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 if the excess creates a deficit in the equity balance of the fund.

Note 2 - Internally Reported (Budgetary Basis) Funds

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

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

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

Note 3 - Schedule of Changes in Net Other Post-Employment Benefit Liabilities and Related Ratios and Schedule of District Contributions – Other Post-Employment Benefit Liabilities

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

Actuarial cost method	Entry age normal cost
Amortization method	Level percent of pay open
Amortization period	30 years
Asset valuation method	Market value
Inflation	2.50 percent per year
Healthcare cost trend rate	5.8 percent initial, fluctuating down to ultimate rate of 3.9 percent
Salary increases	3.00 percent per year
Investment rate of return	6.50 percent
Retirement age	From 45 to 75 (regular) and from 40 to 70 (safety)
Mortality	2021 Nevada PERS experience study
Mortality improvement	MacLeod Watts Scale 2022

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

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

	2022	2021	2020	2019	2017 - 2018
District Plan:					
Investment rate of return	6.50%	6.50%	6.70%	6.70%	7.50%
Discount rate	6.50%	6.50%	6.70%	6.70%	7.50%
Mortality	2021 NV PERS	2021 NV PERS	2019 NV PERS	2019 NV PERS	2016 NV PERS
Mortality improvement	MW Scale 2022	MW Scale 2022	MW Scale 2020	MW Scale 2020	MW Scale 2017
Salary increase rate	3.00%	3.00%	3.00%	3.00%	4.00%
Healthcare cost trends	5.8% - 3.9%	5.8% - 3.9%	5.4% - 4.0%	5.4% - 4.0%	6.25% - 5.0%
General inflation	2.50%	2.50%	2.50%	2.50%	2.75%
Amortization method	Level % of Pay 30 yr open	Level % of Pay 30 yr open	Level % of Pay 30 yr open	Level % of Pay 30 yr open	Level % of Pay 30 yr closed
PEBP:					
Discount rate	4.05%	1.84%	2.00%	2.75%	3.71%
Demographic assumptions	MW Scale 2022	MW Scale 2022	MW Scale 2020	MW Scale 2020	MW Scale 2017
Healthcare cost trends	6.0% - 3.9%	6.0% - 3.9%	5.4% - 4.0%	5.4% - 4.0%	6.5% - 5.0%
General inflation	2.50%	2.50%	2.50%	2.50%	2.75%

Note 4 - Schedule of Proportionate Share of the Net Pension Liability

The following table presents significant changes in assumptions as of the plan measurement dates:

	2021-2022	2017-2020	2014-2016
Inflation rate	2.50%	2.75%	3.50%
Payroll growth	3.50%	5.00%	5.00%
Investment rate of return and discount rate	7.25%	7.50%	8.00%
Productivity pay increases	0.50%	0.50%	0.75%
Projected salary increases			
Regular*	4.20% to 9.10%	4.25% to 9.15%	4.60% to 9.75%
Police/Fire*	4.60% to 14.5%	4.5% to 13.9%	5.25% to 14.5%
Consumer price index	2.50%	2.75%	3.50%
Mortality rates			
Healthy**	Pub-2010 General and Safety Healthy Retiree and Employee	Headcount-Weighted RP-2014 Healthy	RP-2000 Combined Healthy Mortality Table
Disabled	Pub-2010 Non-Safety and Safety Disabled Retiree Amount Weighted	Headcount-Weighted RP-2014 Disabled	RP-2000 Disabled Retiree Mortality Table
Current beneficiaries**	Pub-2010 Contingent Survivor and General Employee	Headcount-Weighted RP-2014 Healthy	N/A
Pre-Retirement**	Pub-2010 General and Safety Employee	Headcount-Weighted RP-2014 Employee	N/A
Future mortality improvement	Generational Project Scale MP-2020	6 years	N/A

*Depending on service. Rates include inflation and productivity increases.
**Amount-Weighted Above-Median.

Supplementary Information
June 30, 2023

Tahoe Douglas Fire Protection District

	General Fund (Budgetary Basis)	Health Insurance Reserve Fund (Internally Reported)	Eliminations	General Fund (GAAP Basis)
Assets				
Cash and investments	$ 3,509,068	$ 3,855,234	$ -	$ 7,364,302
Receivables				
Taxes receivable	1,009,576	-	-	1,009,576
Grant receivables	-	-	-	-
Other receivables	99,450	-	-	99,450
Prepaid expenses	745	-	-	745
Total assets	$ 4,618,839	$ 3,855,234	$ -	$ 8,474,073
Liabilities				
Accounts payable	$ 935,452	$ 9,422	$ -	$ 944,874
Deposits	-	5,653	-	5,653
Accrued payroll and benefits	368,080	-	-	368,080
Total liabilities	1,303,532	15,075	-	1,318,607
Fund Balances				
Nonspendable	745	-	-	745
Assigned	1,059,407	3,840,159	-	4,899,566
Unassigned	2,255,155	-	-	2,255,155
Total fund balances	3,315,307	3,840,159	-	7,155,466
Total Liabilities and Fund Balances	$ 4,618,839	$ 3,855,234	$ -	$ 8,474,073

Assets	
Cash and investments	$ 3,855,234
Liabilities	
Accounts payable	9,422
Deposits	5,653
Total liabilities	15,075
Fund Balances	
Assigned	3,840,159
Total Liabilities and Fund Balances	$ 3,855,234

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Interest income	$ 2,000	$ 2,000	$ 14,065	$ 12,065
Other income	-	-	(8,851)	(8,851)
Total revenues	2,000	2,000	5,214	3,214
Expenditures				
Current - public safety				
Employee benefits	2,404,906	3,004,906	1,606,846	1,398,060
Services and supplies	45,000	145,000	38,129	106,871
Total expenditures	2,449,906	3,149,906	1,644,975	1,504,931
Excess (Deficiency) of Revenues Over Expenditures	(2,447,906)	(3,147,906)	(1,639,761)	1,508,145
Other Financing Sources				
Transfers in	2,404,906	2,404,906	2,404,906	-
Net Change in Fund Balances	(43,000)	(743,000)	765,145	1,508,145
Fund Balances, Beginning of Year	2,363,253	3,075,014	3,075,014	-
Fund Balances, End of Year	$ 2,320,253	$ 2,332,014	$ 3,840,159	$ 1,508,145

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes				
Ad valorem	$ 221,375	$ 221,375	$ 222,995	$ 1,620
Interest income	1	1	-	(1)
Other income	50,000	50,000	-	(50,000)
Total revenues	271,376	271,376	222,995	(48,381)
Expenditures				
Capital outlay	1,100,000	1,154,807	445,923	708,884
Total expenditures	1,100,000	1,154,807	445,923	708,884
Excess (Deficiency) of Revenues Over Expenditures	(828,624)	(883,431)	(222,928)	660,503
Other Financing Sources				
Transfers In	1,000,000	1,000,000	1,000,000	-
Net Change in Fund Balances	171,376	116,569	777,072	660,503
Fund Balances, Beginning of Year	576,268	631,075	631,075	-
Fund Balances, End of Year	$ 747,644	$ 747,644	$ 1,408,147	$ 660,503

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Operating Revenues				
Charges for services (net of discounts and bad debt)	$ 500,000	$ 500,000	$ 527,565	$ 27,565
Operating Expenses				
Salaries and wages	1,981,368	1,981,368	1,981,368	-
Employee benefits	1,372,761	1,372,761	1,691,240	(318,479)
Services and supplies	281,914	281,914	263,591	18,323
Depreciation	120,000	120,000	100,363	19,637
Total operating expenses	3,756,043	3,756,043	4,036,562	(280,519)
Operating Loss	(3,256,043)	(3,256,043)	(3,508,997)	(252,954)
Non-operating Revenues				
Ad valorem taxes	2,213,745	2,213,745	2,232,815	19,070
Other income	30,000	30,000	429,062	399,062
Total non-operating revenues	2,243,745	2,243,745	2,661,877	418,132
Income (Loss) Before Transfers	(1,012,298)	(1,012,298)	(847,120)	165,178
Transfers In (Out)				
Transfers in	1,200,000	1,200,000	1,200,000	-
Transfers out	(501,035)	(501,035)	(501,035)	-
Total transfers	698,965	698,965	698,965	-
Change in Net Position	$ (313,333)	$ (313,333)	$ (148,155)	$ 165,178
Net Position, Beginning of Year			(2,786,050)	
Net Position, End of Year			$ (2,934,205)	

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Operating Activities				
Cash received from customers	$ 500,000	$ 500,000	$ 518,562	$ 18,562
Cash received from others	-	-	429,062	429,062
Cash paid to suppliers for goods and services	(281,914)	(281,914)	(253,285)	28,629
Cash paid to employees for salaries and benefits	(3,354,129)	(3,354,129)	(3,354,129)	-
Net Cash used for Operating Activities	(3,136,043)	(3,136,043)	(2,659,790)	476,253
Noncapital Financing Activities				
Cash from ad valorem taxes	2,213,745	2,213,745	2,229,542	15,797
Other income	30,000	30,000	-	(30,000)
Transfers from other funds	1,200,000	1,200,000	1,200,000	-
Transfers to other funds	(501,035)	(501,035)	(501,035)	-
Net Cash from Noncapital Financing Activities	2,942,710	2,942,710	2,928,507	(14,203)
Capital and Related Financing Activities				
Purchases of equipment	(160,000)	(160,000)	(85,635)	74,365
Net Change in Cash	(353,333)	(353,333)	183,082	536,415
Cash, Beginning of Year	466,242	466,242	645,136	178,894
Cash, End of Year	$ 112,909	$ 112,909	$ 828,218	$ 715,309

Compliance Section
June 30, 2023

Tahoe Douglas Fire Protection District

CPAs & BUSINESS ADVISORS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tahoe Douglas Fire Protection District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 22, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2023-001 that we consider to be a material weakness.

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

The District's Response to Finding
Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Eide Bailly LLP

Reno, Nevada
March 22, 2024

Auditor's Comments

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

In connection with our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tahoe Douglas Fire Protection District (the District) as of and for the year ended June 30, 2023, 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 other than the violations reported in Note 2 to the financial statements. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

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

Progress on Prior Year Statute Compliance
The District monitored its expenditures for the Fire Safe Community Service Fund and did not exceed budgeted expenditures for the Fire Safe Community Service Fund during the year June 30, 2023.

Prior Year Recommendations
The prior year finding 2022-001 is reported again as finding 2023-001 in the schedule of findings and responses.

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

Eide Bailly LLP

Reno, Nevada
March 22, 2024

2023-001: 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 in accordance with U.S. GAAP. 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 year balances for specific items. Adjustments were proposed in relation to revenue recognition. 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. In addition, internal records with respect to revenue recognition are not evaluated for governmental modified accrual adjustments.

Effect: The District’s financial records required audit adjustments in order for the financial statements to be in accordance with GAAP. A prior period adjustment was recorded in the Fire Safe Community Fund for $105,788 and unavailable revenues of $1,339,203 were recorded in the Fire Safe Community Fund to reflect receivables that had not been collected within 60 days of June 30, 2023. 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. We also recommend the District track the timing of receipt of receivables to maintain a listing of amounts requiring adjustment in accordance with modified accrual revenue recognition.

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.