

Financial Statements
June 30, 2020

**North Lake Tahoe Fire
Protection District**

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT, NEVADA
JUNE 30, 2020**

TABLE OF CONTENTS

	<u>Page No.</u>
FINANCIAL SECTION	
Independent Auditor’s Report	1-3
Management’s Discussion and Analysis (required supplementary information)	4A-4G
<u>Basic Financial Statements:</u>	
Government-Wide Financial Statements:	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements:	
Balance Sheet – Governmental Funds	7
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds	8
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities – Governmental Funds	10
Statement of Net Position – Proprietary Fund	11
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	12
Statement of Cash Flows – Proprietary Fund	13
Statement of Net Position – Fiduciary Fund	14
Statement of Revenues, Expenses and Changes in Net Position – Fiduciary Fund	15
Notes to Financial Statements	16-46
<u>Required Supplementary Information:</u>	
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual for the General Fund	47-48
Schedule of Changes in the District’s OPEB Liability and Related Ratios	49
Schedule of the District’s Contributions - OPEB	50
Schedule of the District’s Proportionate Share of Net Pension Liability	51
Schedule of the District’s Contributions - Pension	52
<u>Supplementary Information:</u>	
Governmental Funds:	
Debt Service Fund:	
Major Debt Service Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	53
Capital Projects Fund:	
Major Capital Projects Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	54
Proprietary Funds:	
Enterprise Fund – Ambulance Fund:	
Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual	55
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	56-57
Auditor’s Comments	58
Schedule of Findings and Responses	59



Independent Auditor's Report

To the Board of Directors
North Lake Tahoe Fire Protection District
Incline Village, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the North Lake Tahoe Fire Protection District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North Lake Tahoe Fire Protection District as of June 30, 2020, 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.

Change in Accounting Principles

As discussed in Note 1 to the financial statements, the District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, which has resulted in the identification of the North Lake Tahoe Fire Protection District Post-Retirement Plan & Trust as fiduciary component unit that is now reported in the financial statements of the District. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4A-4G, the General Fund budgetary comparison on pages 47-48, the Schedule of Changes in the District's OPEB Liability and Related Ratios on page 49, the Schedule of District's Contributions - OPEB on page 50, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 51, and the Schedule of the District's Contributions - Pension on page 52, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, the Schedule of Changes in the District's OPEB Liability and Related Ratios, the Schedule of District's Contributions – OPEB, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions - Pension in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The General Fund budgetary comparison information is the responsibility of management and was derived from and relates directly to underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare

the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Prior Year Partial Comparative Information

The individual fund financial statements and schedules related to the 2019 financial statements are presented for purposes of additional analysis and were derived from and relate directly to the underlying accounting and other records used to prepare the 2019 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The statements and schedules referred to above are consistent in relation to the basic financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the District's internal control over financial reporting and compliance.



Reno, Nevada
November 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the North Lake Tahoe Fire Protection District's (the District) finances, we offer readers of the District's financial statements this narrative overview and analysis of the District's financial activities for the year ended June 30, 2020.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of the District's governmental activities exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$11,622,192 resulting in a negative net position.
- The liabilities and deferred inflows of resources of the District's business-type activities exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$952,525, resulting in a negative net position.
- The assessed valuation of the District's property tax base increased by 2.96% over last year's assessed value. The District's consolidated tax revenues increased by 2.63% this fiscal year.
- The District Implemented GASB Statement No. 84 and 97 as of July 1, 2019. The implementation of these two standards required the inclusion of the North Lake Tahoe Fire Protection District Post-Retirement Plan & Trust as a fiduciary component unit of the District.
- The Washoe County Board of Commissioners approved a final settlement to pay tax refunds to Incline Village/Crystal Bay residential property owners in an estimated amount of \$56 million. The Districts' share is estimated to be \$8,600,000. The refund repayment schedule is described in some detail in Note 7

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private sector business. The Statement of Net Position presents information on all of the District's assets and liabilities and deferred inflows/outflows of resources (as applicable), with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District'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, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (uncollected taxes, earned but unused vacation leave and other compensated absences, other postemployment benefits and net pension related items).

Both of the government-wide financial statements show the public safety function of the District, which is principally supported by taxes and intergovernmental revenue (governmental activities). All governmental activities of the District are included in the public safety function and all business-type activities are included in Ambulance activities, a component of public safety (business-type activities), since the District is a single-purpose entity.

The government-wide financial statements can be found on pages 5 and 6 of the 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. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has governmental funds, a proprietary fund, and a fiduciary fund.

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 government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of government 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 District's near-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

For the 2019-2020 fiscal year, the District maintained three individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service Fund and the Capital Projects Fund. The basic governmental fund financial statements can be found on pages 7-10 of this report.

Proprietary Funds. The District maintains one proprietary fund (also an Enterprise fund). Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for its ambulance operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Ambulance Fund, which is considered to be a major fund of the District. The enterprise fund data is shown elsewhere in the report. The basic proprietary fund financial statements can be found on pages 11-13 of this report.

Fiduciary Fund. The fiduciary fund is used to account for resources held for the benefit of parties outside of the District. The fiduciary fund is not included in the government-wide financial statements because the resources of the fund are not available to support the District's own programs. The fiduciary fund maintained by the District is a fiduciary component unit. The North Lake Tahoe Fire Protection District Post-Retirement Plan is required to be included in the District's basic financial statements because the District has a financial burden to make contributions and the Plan is fiscally dependent on the District. The basic fiduciary fund financial statements can be found on pages 14-15 of this report.

The District adopts an annual budget for each of its funds, except the fiduciary fund. A budgetary comparison schedule has been provided for each fund to demonstrate compliance with the budget.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16-46 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary comparison information, the District's progress in funding its obligation to provide postemployment benefits, and information on the District's share of the net pension liability for PERS along with the information for the District's contributions to PERS. Required supplementary information can be found on pages 47-52 of this report.

Accounting Changes. The District adopted GASB Statement No. 84, *Fiduciary Activities*. This standard's objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes. This Statement describes four fiduciary funds that should be reported in the basic financial statements: 1) pension (and other employee benefit) trust funds, 2) investment trust funds, 3) private-purpose trust funds, and 4) custodial funds.

The District also adopted GASB Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This standard's primary objective was to address consistency and comparability for fiduciary component units without a governing board, mitigate costs with reporting of certain defined contribution plans and enhance relevance, consistency, and comparability of the accounting and financial reporting for IRS Section 457 deferred compensation plans. However, this Statement also clarified the definition of financial burden under GASB 84, as it relates to defined benefit OPEB plans.

The implementation of these two standards required the inclusion of the North Lake Tahoe Fire Protection District Post-Retirement Plan & Trust as a fiduciary component unit of the District.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Condensed versions of the Statement of Net Position at June 30, 2020 and 2019 are presented below.

North Lake Tahoe Fire Protection District's Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$13,096,288	\$12,884,834	\$832,539	\$ 562,669	13,928,827	\$ 13,447,503
Capital assets	6,197,855	5,605,671	782,858	981,451	6,980,713	6,587,122
Total assets	19,294,143	18,490,505	1,615,397	1,544,120	20,909,540	20,034,625
Deferred outflows of Resources	3,656,417	4,114,592	416,802	487,380	4,073,219	4,601,972
Noncurrent liabilities	31,796,021	23,732,126	2,745,551	2,706,252	34,541,572	26,438,378
Other liabilities	785,490	608,848	64,941	73,126	850,431	681,974
Total liabilities	32,581,511	24,340,974	2,810,492	2,779,378	35,392,003	27,120,352
Deferred inflows of Resources	1,991,241	1,771,412	174,232	139,429	2,165,473	1,910,841
Net assets:						
Net investment in capital assets	4,379,133	3,363,566	782,860	981,451	5,161,993	\$4,345,017
Restricted for:						
Capital projects	131,248				131,248	
Debt service	505,522	500,988	-	-	505,522	500,988
Unrestricted	(16,638,095)	(7,371,843)	(1,735,385)	(1,868,758)	(18,373,480)	(9,240,601)
Total Net Position	(\$11,622,192)	(\$3,507,289)	(\$925,525)	(\$ 887,307)	(\$12,574,717)	(\$4,394,596)

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference 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 District is improving or deteriorating. Although recognizing net pension liability related amounts indicates a deterioration of the District's financial position, the reader should be aware that the liability relating to PERS is currently paid by the District as a portion of employees' salaries throughout each year. The District will not be required to pay this entire amount at one time unless unforeseen circumstances arise. Total assets and deferred outflows of the District at June 30, 2020 were \$24,982,759 an increase of \$346,162 from fiscal year 2019, with capital assets, net of accumulated depreciation accounting for \$6,980,713 of the 2020 fiscal year total and \$6,587,122 of the 2019 fiscal year total. Deferred outflows of resources for 2020 are \$4,073,219 a decrease of \$528,753 from fiscal year 2019 of \$4,601,972. The decrease is directly related to the net pension and OPEB related amounts recognized in 2020.

Total liabilities at the end of fiscal year 2020 were \$35,392,003 and \$27,120,352 at the end of fiscal year 2019, an increase of \$8,271,651. This increase is due to the recognition of the liability to pay tax refunds to Incline Village/Crystal Bay residential property owners in an estimated amount of \$8,600,000. The settlement is further discussed in Note 7.

North Lake Tahoe Fire Protection District's Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	1,732,604	2,593,519	656,219	737,464	2,388,823	\$3,330,983
Operating grants, interest and contributions	745,813	448,693	-	-	745,813	448,693
Capital grants/contributions	250,000	-	-	-	250,000	-
General revenues:						
Property taxes	9,441,341	9,100,431	-	-	9,441,341	9,100,431
Consolidated taxes	3,999,581	3,897,059	-	-	3,999,581	3,897,059
Other taxes	676,097	684,130	-	-	676,097	684,130
Unrestricted interest income	154,049	197,469	2,050	1,095	156,099	198,564
Other	-	40,000	-	-	-	40,000
Gain on sale of capital assets	5,375	-	25,000	-	30,375	-
Total Revenues	17,004,860	16,961,301	683,269	738,559	17,688,129	17,699,860
Expenses:						
Public Safety	23,443,058	14,162,303	-	-	23,443,058	14,162,303
Interest on long- term debt	76,705	78,814	-	-	76,705	78,814
Ambulance services	-	-	2,348,487	2,150,555	2,348,487	2,150,555
Total expenses	23,519,763	14,241,117	2,348,487	2,150,555	25,868,250	16,391,672
Change in net position before transfers	(6,514,903)	2,720,184	(1,665,218)	(1,411,996)	(8,180,121)	1,308,188
Transfers	(1,600,000)	(1,600,000)	1,600,000	1,600,000	-	-
Change in net position	(8,114,903)	1,120,184	(65,218)	188,004	(8,180,121)	1,303,188
Net Position, Beginning of Year	(3,507,289)	(4,627,473)	(887,307)	(1,075,311)	(4,394,596)	(5,702,784)
Net Position, End of Year	(\$11,622,192)	(\$3,507,289)	(\$952,525)	(\$ 887,307)	(\$12,574,717)	(\$4,394,596)

The Statement of Activities presents information showing how the District'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.

As such, revenues and expenses are reported in this Statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes, earned but unused vacation leave and net pension related amounts). Total revenues for the year ended June 30, 2020 were \$17,688,129 and consisted primarily of taxes and intergovernmental revenues. This represents a \$11,731 decrease over fiscal year 2019 total revenues of \$17,699,860. The decrease is mainly related to a decrease in fire reimbursement revenue. Total expenses for fiscal year 2020 were \$25,868,250 an increase of \$9,476,578 over fiscal year 2019 expenses of \$16,391,672. The increase again relates to the recognition of the refund obligation to the taxpayers of Incline Village/Crystal Bay in the amount of \$8 600,000 and an increase in PERS and OPEB expense.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year or available for use in unexpected circumstances.

At the close of the fiscal year 2020 the District's governmental funds reported combined ending fund balances of \$12,141,300 an increase of \$156,715 when compared to the close of fiscal year 2019. Of the \$12,141,300 combined ending fund balance, \$9,364,579 is unassigned.

The increase from the prior fiscal year in the District's combined governmental fund balances of \$156,715 as noted above is due to an increase in the General Fund ending fund balance of \$626,255; an increase in the Debt Service Fund ending fund balance of \$4,534 and a decrease in the Capital Projects Fund ending fund balance of \$474,074.

The \$626,255 increase in the General Fund is due to an increase in property and consolidated taxes and a decrease in transfers out to the Debt Service Fund. The increase in the Debt Service Fund of \$4,534 was transfers from the General Fund. The \$474,074 decrease in the Capital Projects Fund was due to the timing of finalizing the Medium Term financing, budgeted for this fiscal year. The General Fund is the chief operating fund of the District and at June 30, 2020, the fund balance was \$11,482,099. General Fund revenues were under budget by 0.045%. This variance is due to reduced fire suppression reimbursements as the 2019-2020 fire season was less intense than the previous year. Salaries, wages and benefits were under budget by \$1,304,913 again due to the less intense fire season. Service and supplies expenditures were under budget by \$3,484,046 partially due to the 2019-2020 fire season but mostly because the District budgeted to repay the taxpayers of Incline Village and Crystal Bay \$3,050,000 for property tax refunds and interest. The obligation was recorded in fiscal year 2020, but refunds will not be processed until the beginning of fiscal year 2021-2022.

Proprietary Funds. The accounting records for the Proprietary Funds are maintained on the accrual basis of accounting. Under this method, revenues are recognized at the time they are earned and expenses are recognized when the related liabilities are incurred. The measurement focus of these funds is economic resources, where the revenues derived from current operations are generally intended to provide those resources necessary to maintain continued delivery of such services in future periods.

The proprietary fund for the District is the Ambulance Fund, which accounts for the emergency medical services operations of the District. The net position for this fund decreased \$65,218 in the 2019-2020 fiscal year, due to a decrease in Ambulance transport revenue.

Fiduciary Fund. The fiduciary fund is used to account for resources held for the benefit of parties outside of the District. The fiduciary fund maintained by the District is a fiduciary component unit. The North Lake Tahoe Fire Protection District Post-Retirement Plan, which is required to be included in the District's basic financial statements because the District has a financial burden to make contributions and the Plan is fiscally dependent on the District. The activities of the Plan are reported in the Statement of Fiduciary Net Position and the Statement of

Changes in Fiduciary Net Position. The net position of the fund at June 30, 2020 was \$1,035,670. These amounts are restricted for post-employment health benefits.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: The District's capital assets at June 30, 2020 were \$6,980,715 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, and equipment. The increase in capital assets is related to the purchase of a Type I engine and two crew carriers. Detailed information regarding capital assets can be found in Note 4 to the financial statements.

Long-term liabilities: At the end of the fiscal year, the District had total outstanding long-term liabilities of \$34,530,391. The District's outstanding liabilities included accrued compensated absences for \$1,454,710, unfunded liability of Other Post-employment Benefits of \$6,299,007, a net pension liability of \$16,260,474, \$1,916,000 in general obligation bonds and medium term financing debt, and refund of Property taxes of \$8,600,000. Detailed information regarding long-term liabilities can be found in Note 5, Note 7 and Note 10.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The District relies primarily on two types of tax revenues. The first of these is ad valorem or property taxes and is directly affected by the assessed property tax values in Incline Village and Crystal Bay, Nevada. Property tax revenues are projected to increase for 2020-2021 as property values increased by 5.86% for the coming fiscal year. The District's property tax rate is .6480 for fiscal year 2020-2021, which is a 3% increase over last year's tax rate, which the District had maintained for the past seven years. The increase is to help offset anticipated budget shortfalls due to the extreme measures taken to stop the spread of the Covid-19 virus.
- The second significant tax revenue for the District, the consolidated tax, consists primarily of sales taxes. For the year ended June 30, 2020, taxable sales in Washoe County increased by 4.8% over the previous fiscal year. The District continues to budget sales tax revenue conservatively. The District's 2020-2021 budget is based on actual sales tax revenue collected for 2018-2019.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Business Manager, 866 Oriole Way, Incline Village, Nevada 89451.

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 10,787,514	\$ 548,146	\$ 11,335,660
Accounts receivable, net	660,099	238,194	898,293
Property taxes receivable	53,677	-	53,677
Due from other governments	1,592,327	-	1,592,327
Prepaid expense	2,671	46,197	48,868
Capital assets:			
Capital assets, not being depreciated	1,138,035	30,588	1,168,623
Capital assets, being depreciated	5,059,820	752,272	5,812,092
Total Assets	<u>19,294,143</u>	<u>1,615,397</u>	<u>20,909,540</u>
DEFERRED OUTFLOWS OF RESOURCES			
Net pension - related amounts	2,982,967	416,802	3,399,769
OPEB - related amounts	576,172	-	576,172
Deferred charge on refunding	97,278	-	97,278
Total Deferred Outflows of Resources	<u>3,656,417</u>	<u>416,802</u>	<u>4,073,219</u>
LIABILITIES			
Accounts payable	162,679	2,835	165,514
Accrued liabilities	618,934	73,287	692,221
Accrued interest	3,877	-	3,877
Noncurrent liabilities:			
Due within one year	902,480	64,941	967,421
Due in more than one year	10,938,651	64,638	11,003,289
Net pension liability	13,655,883	2,604,791	16,260,674
Other postemployment benefits	6,299,007	-	6,299,007
Total Liabilities	<u>32,581,511</u>	<u>2,810,492</u>	<u>35,392,003</u>
DEFERRED INFLOWS OF RESOURCES			
OPEB - related amounts	744,303	-	744,303
Net pension - related amounts	1,246,938	174,232	1,421,170
Total Deferred Inflows of Resources	<u>1,991,241</u>	<u>174,232</u>	<u>2,165,473</u>
NET POSITION			
Net investment in capital assets	4,379,133	782,860	5,161,993
Restricted for debt service	505,522	-	505,522
Restricted for capital projects	131,248	-	131,248
Unrestricted	(16,638,095)	(1,735,385)	(18,373,480)
Total Net Position	<u>\$ (11,622,192)</u>	<u>\$ (952,525)</u>	<u>\$ (12,574,717)</u>

See accompanying notes.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Public safety	\$ 23,443,058	\$ 1,732,604	\$ 745,813	\$ 250,000
Debt service				
Interest on long-term debt	76,705	-	-	-
Total Governmental Activities	23,519,763	1,732,604	745,813	250,000
Business-Type Activities:				
Ambulance	2,348,487	656,219	-	-
Total	\$ 25,868,250	\$ 2,388,823	\$ 745,813	\$ 250,000

General Revenues:
Ad valorem taxes
Consolidated tax
SCCR taxes- AB104
Unrestricted interest income
Gain on sale of capital assets
Transfers

Total General Revenues and Transfers

Change in Net Position

NET POSITION, BEGINNING OF YEAR

NET POSITION, END OF YEAR

See accompanying notes.

**NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION**

Governmental Activities	Business-Type Activities	Total
\$ (20,714,641)	\$ -	\$ (20,714,641)
<u>(76,705)</u>	<u>-</u>	<u>(76,705)</u>
<u>(20,791,346)</u>	<u>-</u>	<u>(20,791,346)</u>
<u>-</u>	<u>(1,692,268)</u>	<u>(1,692,268)</u>
<u>(20,791,346)</u>	<u>(1,692,268)</u>	<u>(22,483,614)</u>
9,441,341	-	9,441,341
3,999,581	-	3,999,581
676,097	-	676,097
154,049	2,050	156,099
5,375	25,000	30,375
<u>(1,600,000)</u>	<u>1,600,000</u>	<u>-</u>
<u>12,676,443</u>	<u>1,627,050</u>	<u>14,303,493</u>
(8,114,903)	(65,218)	(8,180,121)
<u>(3,507,289)</u>	<u>(887,307)</u>	<u>(4,394,596)</u>
<u>\$ (11,622,192)</u>	<u>\$ (952,525)</u>	<u>\$ (12,574,717)</u>

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and investments	\$ 10,128,313	\$ 505,522	\$ 153,679	\$ 10,787,514
Accounts receivable	660,099	-	-	660,099
Property taxes receivable	53,677	-	-	53,677
Due from other governments	1,592,327	-	-	1,592,327
Prepaid expense	2,671	-	-	2,671
Total Assets	<u>\$ 12,437,087</u>	<u>\$ 505,522</u>	<u>\$ 153,679</u>	<u>\$ 13,096,288</u>
LIABILITIES				
Accounts payable	\$ 162,679	\$ -	\$ -	\$ 162,679
Accrued liabilities	618,934	-	-	618,934
Total Liabilities	<u>781,613</u>	<u>-</u>	<u>-</u>	<u>781,613</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - delinquent property taxes	53,677	-	-	53,677
Unavailable revenue - miscellaneous	3,713	-	-	3,713
Unavailable revenue - mutual aid reimbursements	115,985	-	-	115,985
Total Deferred Inflows of Resources	<u>173,375</u>	<u>-</u>	<u>-</u>	<u>173,375</u>
FUND BALANCES				
Nonspendable	2,671	-	-	2,671
Restricted	-	505,522	131,248	636,770
Committed	-	-	22,431	22,431
Assigned	2,114,849	-	-	2,114,849
Unassigned	9,364,579	-	-	9,364,579
Total Fund Balances	<u>11,482,099</u>	<u>505,522</u>	<u>153,679</u>	<u>12,141,300</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,437,087</u>	<u>\$ 505,522</u>	<u>\$ 153,679</u>	<u>\$ 13,096,288</u>

See accompanying notes.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
RECONCILIATION OF THE BALANCE SHEET TO THE
TO THE STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS
JUNE 30, 2020**

Fund Balances - Governmental Funds		\$ 12,141,300
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		
Governmental capital assets	\$ 19,872,179	
Less: Accumulated depreciation	<u>(13,674,324)</u>	6,197,855
<p>Deferred outflows of resources is the consumption of net position that applies to a future period and so is not recognized as an outflow of resources until then.</p>		
Deferred outflow on funding escrow		97,278
<p>Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Medium term financing payable	(430,000)	
Bonds payable	(1,486,000)	
Accrued interest	(3,877)	
Net pension liability	(13,655,883)	
Compensated absences	(1,325,131)	
Other postemployment benefits obligation	(6,299,007)	
Property tax refund	<u>(8,600,000)</u>	(31,799,898)
<p>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 funds.</p>		
Deferred outflows of resources related to OPEB	576,172	
Deferred inflows of resources related to OPEB	(744,303)	
Deferred outflows of resources related to pensions	2,982,967	
Deferred inflows of resources related to pensions	<u>(1,246,938)</u>	1,567,898
<p>Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources until that time by governmental funds.</p>		
Deferred inflows related to property taxes and reimbursements		<u>173,375</u>
Net Position - Governmental Activities		<u><u>\$ (11,622,192)</u></u>

See accompanying notes.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Taxes	\$ 9,427,768	\$ -	\$ -	\$ 9,427,768
Intergovernmental	5,421,491	-	-	5,421,491
Miscellaneous	2,023,030	-	250,000	2,273,030
Total Revenues	<u>16,872,289</u>	<u>-</u>	<u>250,000</u>	<u>17,122,289</u>
EXPENDITURES				
Current:				
Public safety	13,648,201	-	-	13,648,201
Capital outlay	-	-	1,221,759	1,221,759
Debt service:				
Principal	-	445,000	-	445,000
Interest	-	55,989	-	55,989
Total Expenditures	<u>13,648,201</u>	<u>500,989</u>	<u>1,221,759</u>	<u>15,370,949</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>3,224,088</u>	<u>(500,989)</u>	<u>(971,759)</u>	<u>1,751,340</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	-	-	5,375	5,375
Transfers:				
Transfers in	-	505,523	492,310	997,833
Transfers out	<u>(2,597,833)</u>	<u>-</u>	<u>-</u>	<u>(2,597,833)</u>
Total Other Financing Sources (Uses)	<u>(2,597,833)</u>	<u>505,523</u>	<u>497,685</u>	<u>(1,594,625)</u>
Net Change in Fund Balances	626,255	4,534	(474,074)	156,715
FUND BALANCES, BEGINNING OF YEAR	<u>10,855,844</u>	<u>500,988</u>	<u>627,753</u>	<u>11,984,585</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 11,482,099</u></u>	<u><u>\$ 505,522</u></u>	<u><u>\$ 153,679</u></u>	<u><u>\$ 12,141,300</u></u>

See accompanying notes.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

Net Change in Fund Balances - Governmental Funds	\$	156,715
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures and the proceeds from the sale of assets as other financing sources. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and only the gain or loss is recorded when assets are sold.		
Additions to capital assets	\$ 1,221,759	
Less: Current year depreciation	<u>(629,575)</u>	592,184
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.		
Change in deferred inflows of resources		(122,804)
Repayments of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principal payments		445,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in accrued interest	901	
Change in long-term compensated absences	(25,665)	
Change in sales tax refund	51,828	
Change in deferred charges on refunding	(21,617)	
Change in property tax refunds	<u>(8,600,000)</u>	(8,594,553)
Governmental funds report the District PERS and OPEB contributions as expenditures. However, in the Statement of Activities, the cost of pension and other post-employment benefits earned is reported as pension or OPEB expense.		
Change in net OPEB liability	159,203	
Change in deferred outflows of resources - OPEB related	(307,838)	
Change in deferred inflows of resources - OPEB related	136,922	
District PERS contributions	1,103,466	
District pension expense	<u>(1,683,198)</u>	<u>(591,445)</u>
Change in Net Position of Governmental Activities	\$	<u><u>(8,114,903)</u></u>

See accompanying notes.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
 AMBULANCE FUND
 STATEMENT OF NET POSITION
 PROPRIETARY FUND
 JUNE 30, 2020**

	Business-Type Activities Enterprise Fund
ASSETS	
Current Assets:	
Cash and investments	\$ 548,146
Accounts receivable, net	238,194
Prepaid expense	46,197
Total Current Assets	832,537
Noncurrent Assets:	
Capital assets, not being depreciated	30,588
Capital assets, being depreciated, net	752,272
Total Noncurrent Assets	782,860
Total Assets	1,615,397
Deferred Outflows of Resources	
Net pension - related amounts	416,802
LIABILITIES	
Current Liabilities:	
Accounts payable	2,835
Accrued salaries and benefits	73,287
Compensated absences	64,941
Total Current Liabilities	141,063
Noncurrent Liabilities:	
Net pension liability	2,604,791
Compensated absences	64,638
Total Non-Current Liabilities	2,669,429
Total Liabilities	2,810,492
Deferred Inflows of Resources	
Net pension - related amounts	174,232
NET POSITION	
Net investment in capital assets	782,860
Unrestricted	(1,735,385)
Total Net Position	\$ (952,525)

See accompanying notes.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
 AMBULANCE FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUND
 FOR THE YEAR ENDED JUNE 30, 2020**

	Business-Type Activities Enterprise Fund
OPERATING REVENUES	
Ambulance fees, net of bad debt	\$ 506,465
Paramedic education	83,760
Ground emergency medical transport	65,994
Total Operating Revenues	656,219
OPERATING EXPENSES	
Salaries and wages	961,526
Employee benefits	670,398
Services and supplies	517,972
Depreciation	198,591
Total Operating Expenses	2,348,487
Operating Income (Loss)	(1,692,268)
NONOPERATING REVENUES	
Interest revenue	2,050
Gain on sale of capital assets	25,000
Total Nonoperating Revenues	27,050
Income (Loss) before Transfers	(1,665,218)
TRANSFERS	
Transfers in	1,600,000
Changes in Net Position	(65,218)
NET POSITION, BEGINNING OF YEAR	(887,307)
NET POSITION, END OF YEAR	\$ (952,525)

See accompanying notes.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
 AMBULANCE FUND
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 FOR THE YEAR ENDED JUNE 30, 2020**

	Business-Type Activities Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from patients	\$ 516,321
Cash received from others	149,754
Cash payments for salaries and benefits	(1,480,520)
Cash payments for services and supplies	(534,487)
	(1,348,932)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	1,600,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Sale of capital assets	25,000
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	2,050
Net Increase (Decrease) in Cash and Cash Equivalents	278,118
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	270,028
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 548,146
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (1,692,268)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	198,591
(Increase) decrease in accounts receivable	9,856
(Increase) decrease in prepaid expense	(1,606)
Increase (decrease) in accounts payable	(14,909)
Increase (decrease) in accrued salaries and benefits	17,905
Increase (decrease) in pension related items	80,977
Increase (decrease) in compensated absences	52,522
Total Adjustments	343,336
Net Cash Provided (Used) by Operating Activities	\$ (1,348,932)

See accompanying notes.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUND
JUNE 30, 2020**

	Post-Retirement Plan & Trust
ASSETS	
Contributions receivable	\$ 1,290
Investments	1,561,992
Total assets	1,563,282
LIABILITIES	
Benefits payable	527,612
NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS	\$ 1,035,670

See accompanying notes.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Post-Retirement Plan & Trust
ADDITIONS	
CONTRIBUTIONS	
Active	\$ 45,420
Employer	311,395
	356,815
INVESTMENT INCOME	
Net increase in fair value of investments	61,158
Interest and dividends	27,980
Less investment expense	(334)
	88,804
Total additions	445,619
DEDUCTIONS	
Benefit payments	482,534
Administrative expenses	43,522
	526,056
Change in net position	(80,437)
NET POSITION, BEGINNING OF YEAR	1,116,107
NET POSITION, END OF YEAR	\$ 1,035,670

See accompanying notes.

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – Summary of Significant Accounting Policies:

Reporting Entity:

North Lake Tahoe Fire Protection District (District) is a municipality of the State of Nevada located in Washoe County, Nevada. The District is under the direct jurisdiction of the Board of Directors of North Lake Tahoe Fire Protection District. 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 North Lake Tahoe Fire Protection District Post-Retirement Plan & Trust (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 February 18, 2015. 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 four member board to provide healthcare benefits to retired District employees and their beneficiaries. The members of the four-member board consist of two administrative trustees (The Assistant Fire Chief and another designated member) and two union representatives.

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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

The Statement of Activities demonstrates the degree to which the direct expenses are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function/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/activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function/activity. Taxes and other items not properly 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 is the proprietary fund. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of the 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. The District's net position is reported in three parts – net investment in capital assets, restricted net position and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities, then unrestricted resources as they are needed.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District 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 is established. Deferred inflows of resources also arise when the government receives resources before it has legal claim to them, and thus in subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the deferred inflow of resources is removed and revenue is recognized. Expenditures generally are recorded when the related liabilities are incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments are recorded only when payment is due.

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Property taxes, intergovernmental revenues, and interest earnings 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.

The District reports the following major governmental funds:

- The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- The Debt Service Fund accounts for the accumulation of funds for the payment of principal and interest on long-term debt.
- The Capital Projects Fund accounts for the financial resources to be used for the acquisition and construction of major capital assets.

The District has one proprietary fund, which is considered to be a major enterprise fund:

- The Ambulance Fund accounts for the operations of the District's ambulance service.

The District reports the following fiduciary fund:

The District's fiduciary fund is for the North Lake Tahoe Fire Protection District 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.

Budgets and Budgetary Accounting:

Budget Policies

North Lake Tahoe Fire Protection 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 of Directors files a tentative budget with the Nevada Department of Taxation for all funds.
2. Public hearings on the tentative budget are held in the third week in May.
3. 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 Nevada Tax Commission for approval. 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 before August 15 of the budget year.
4. Formal budgetary integration in the financial records of all funds is employed to enhance management control during the year.

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

5. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. Budget amounts within funds, and between funds, may be transferred if amounts do not exceed the original budget. Such transfers are to be approved by the Board of Directors.
7. Budget augmentations in excess of original budgetary amounts may not be made without prior approval of the Board of Directors, following a scheduled and noticed public hearing. Such augmentations become effective upon receipt of a resolution by the Nevada Department of Taxation.
8. In accordance with state statute, actual expenditures generally may not exceed budgetary appropriations of the public safety function of the General Fund. State statutes do not require that debt service payments (Debt Service Fund) be limited by the budget. Also, state statutes generally do not require that capital payments (Capital Projects Fund) be limited by the budget. Actual expenses of the Proprietary Funds may not exceed the sum of budgeted operating and nonoperating expenses.

Assets, Liabilities, and Net Position or Equity:

Cash Deposited and Invested:

Cash balances from all funds are combined and, to the extent practicable, invested as permitted by law. Investments are carried at fair value.

Pursuant to NRS 355.170, the District may only invest in the following types of securities:

- Certain “A” rated notes and bonds purchased by a registered broker-dealer that are issued by corporations organized and operating in the United States and that mature within five (5) years from the date of purchase; asset-backed securities and collateralized mortgage obligations rated “AAA” or higher by a nationally recognized rating service. These investments must not, in the aggregate, exceed 20 percent of the total portfolio at the time of purchase, nor include notes and bonds issued by any one corporation in excess of 25 percent of such investments.
- United States bonds and debentures maturing within ten (10) years from the date of purchase.
- Certain farm loan bonds.
- Bills and notes of the United States Treasury, maturing within ten (10) years from the date of purchase.
- Obligations of an agency of the United States or a corporation sponsored by the government, maturing within ten (10) years from the date of purchase.
- Obligations of state and local governments if, (1) the interest is exempt for federal income tax purposes, and (2) the obligation has been rated "A" or higher by a nationally recognized bond credit rating agency.
- Negotiable and nonnegotiable certificates of deposit from commercial banks and insured savings and loan associations.

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

- State of Nevada Local Government Investment Pool.
- Certain securities issued by local governments of the State of Nevada.
- Certain bankers' acceptances.
- Certain short-term paper issued by a corporation organized and operating in the United States.
- Other securities expressly provided by other statutes, including repurchase agreements.
- Certain "AAA" rated mutual funds that invest in (1) securities issued by the Federal Government or agencies of the Federal Government, (2) Master, bank notes or other short-term commercial paper rated as "A-1" or "P-1" issued by a corporation or depository institution organized, licensed and operating in the United States and/or (3) Repurchase agreements that are fully collateralized by (1) and (2) above.

For purposes of the Statement of Cash Flows, cash equivalents are defined as short-term, highly liquid investments, generally with original maturities of three months or less.

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 Benefit 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.

Property Taxes Receivable:

Real property taxes receivable reflect only those taxes receivable from the delinquent roll years. Delinquent taxes from all roll years prior to 2017-18 have been written off. No provision for uncollectible accounts has been established since management does not anticipate any material collection loss in respect to the remaining balances.

Personal property taxes receivable reflect only those taxes management believes to be collectible. Delinquent taxes from all other prior years have been written off.

Amounts not collected within 60 days after year end have been recorded as unavailable revenue at the governmental fund level.

Receivables:

The allowance method is used to provide for estimated uncollectible amounts in the Ambulance Fund. At June 30, 2020, the allowance for uncollectible accounts was \$238,194.

The District has not established an allowance for uncollectible receivables for Governmental Funds since prior experience has shown that uncollectible receivables are not significant.

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Inventory/Prepaid Expense:

For all funds, the District charges consumable supplies against appropriations at the time of purchase. Any inventories of such supplies at June 30 are not material to the individual funds and are not recognized in these financial statements.

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

Capital Assets:

Capital assets, which include land, land improvements, buildings and improvements, and vehicles and equipment, are reported in the government-wide financial statements and the enterprise fund financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$10,000 for office equipment, tools, operations equipment, buildings, land improvements and for construction and remodel projects with a normal useful life of more than three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Property, plant, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	25
Buildings and improvements	15-25
Vehicles and equipment	3-10

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, 2020.

Deferred Outflows/Inflows of Resources:

In addition to assets, the Statement of Net Position/Governmental Funds Balance Sheet may report a separate section for deferred outflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has the following items that fall under this category:

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

- The deferred charge on refunding reported in the government-wide statement of net position results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- The OPEB related amounts reported in the government-wide statement of net position results from the District's contributions subsequent to the measurement date of the OPEB liability. This item is deferred and recognized as a reduction of the OPEB liability in the subsequent year.
- The Net pension related amounts reported in the government-wide statement of net position results from the differences between projected and actual earnings on pension plan investments, differences between expected and actual experience, changes in the District's proportionate share, changes of assumptions or other inputs, and the District's contributions subsequent to the measurement date of the net pension liability. These items are deferred and recognized as a reduction of the net pension liability in the subsequent year.

In addition to liabilities, the Statement of Net Position/Balance Sheet Governmental Funds may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

- The OPEB related amounts reported in the government-wide statement of net position results from differences between projected and actual earnings, differences between expected and actual experience, and change of assumptions or other inputs. This item is deferred and recognized as an increase to the OPEB liability in subsequent periods.
- The Net pension related amounts reported in the government-wide statement of net position results from differences between expected and actual experience, changes of assumptions or other inputs, and changes in the District's proportionate share. These items are deferred and recognized as an increase in the net pension liability in subsequent periods.
- Unavailable revenue is reported in the Governmental Funds Balance Sheet. The governmental funds report unavailable revenues from property taxes and other revenue items. These items are deferred and recognized as an inflow of resources in the period that the amounts become available.

Pensions:

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of the State of Nevada (PERS) Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. 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.

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Long-Term Liabilities:

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts and prepaid bond insurance, if applicable, are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed during the current period.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of bonds issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses, when applicable. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences:

The costs involved in vacation time and sick leave benefits are accrued when incurred in the government-wide and enterprise fund financial 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, permanent disability, or termination of an employee after two years of full-time service, all personnel, whether union or non-union, shall be compensated for 50% (75% upon retirement) of accrued sick leave in accordance with the employment contract in effect and District policy.

Equity Classifications:

In the government-wide 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 outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted Net Position – Consists of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; (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 governmental fund financial statements, fund equity is classified as fund balance. Fund balance is further classified in the following components:

- Nonspendable – Amounts that cannot be spent because they are either not spendable in form

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

or are legally or contractually required to be maintained intact.

- Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the law or regulations of other governments.
- Committed – Amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to actions passed by the Board of Directors, which is the District's highest level of decision making authority. A similar action is required to rescind or modify a commitment.
- Assigned – Amounts that the District intends to use for a specific purpose, that do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Manager under the authorization of the Board of Directors.
- Unassigned – all other spendable amounts in the General Fund.

Proprietary fund equity is classified the same as in the government-wide statements.

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 Director's 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 Washoe 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.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

Estimates

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

Implementation of GASB Statement No. 84 and 97

As of July 1, 2019, the District adopted GASB Statement No. 84, *Fiduciary Activities*. This standard's objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes. This Statement describes four fiduciary funds that should be reported in the basic financial statements: 1) pension (and other employee benefit) trust funds, 2) investment trust funds, 3) private-purpose trust funds, and 4) custodial funds.

As of July 1, 2019, the District adopted GASB Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This standard's primary objective was to address consistency and comparability for fiduciary component units without a governing board, mitigate costs with reporting of certain defined contribution plans and enhance relevance, consistency, and comparability of the accounting and financial reporting for IRS Section 457 deferred compensation plans. However, this Statement also clarified the definition of financial burden under GASB 84, as it relates to defined benefit OPEB plans.

The implementation of these two standards required the inclusion of the North Lake Tahoe Fire Protection District Post-Retirement Plan & Trust as a fiduciary component unit of the District.

NOTE 2 – Compliance with Nevada Revised Statutes (NRS) and the Nevada Administrative Code (NAC):

The District conformed to all significant statutory and Nevada Administrative Code constraints on its financial administration during the year except as noted below:

The District did not comply with NRS 354.598 for the submission of a final adopted budget, certified by a majority of all members of the governing body, with a copy of it, being submitted to the Nevada Tax Commission. A final adopted budget was approved by the majority of all members of the governing body; however, an older tentative copy of the budget, which was not approved, was submitted to the Nevada Tax Commission.

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 – Cash and Investments:

A summary schedule of cash and investments for the District at June 30, 2020, is as follows:

Governmental funds	\$10,787,514
Proprietary fund	548,146
Fiduciary fund	<u>1,561,992</u>
	<u>\$12,897,652</u>

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

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

As noted, Nevada Revised Statutes (NRS 355.170) set forth acceptable investments for Nevada local governments. The District has not adopted a formal investment policy that would further limit its 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 any investment authorized pursuant to NRS 355.170.

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 the carrying value based on the net asset value (NAV) of observable market prices of the underlying assets within the RBIF. The Trust's investment in RBIF is reported in an amount equal to the original investment, less liabilities (none noted) and plus or minus the monthly allocation 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 or minus the monthly allocation of earnings. Complete financial information on RBIF as of June 30, 2019 can be obtained by contacting Public Employees Retirement System (PERS) at 693 W. Nye Lane, Carson City, NV 89703.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 7%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The District is a voluntary participant in the State of Nevada Local Government Investment Pool (LGIP), which has regulatory oversight from the Board of Finance of the State of Nevada. The District's investment in the LGIP is reported at fair value. The District's investment in the LGIP is equal to its original investment plus monthly allocations of interest income, and realized and unrealized gains and losses, which is the same as the value of the pool shares.

As of June 30, 2020, the North Lake Tahoe Fire Protection District had the following investments and maturities:

Investments:

State of Nevada Local Government Investment Pool (LGIP)	\$ 7,679,815*
Retirement benefits investment fund	1,561,992
Total Cash	<u>3,655,845</u>
 Total Cash and Investments	 <u>\$ 12,897,652</u>

* Represents average weighted maturity of 130 days

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality rating of investments. The LGIP and RBIF are an unrated external investment pool and as noted above, the District does not have a formal investment policy that specifies minimum acceptable credit ratings.

Custodial Credit Risk on Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's bank deposits are covered by FDIC insurance and collateralized by the office of the State Treasurer/Nevada Collateral Pool.

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 – Capital Assets:

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2020</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$1,019,283	\$ -	\$ -	\$1,019,283
Construction in Progress	-	118,752	-	118,752
Total capital assets, not being depreciated	<u>1,019,283</u>	<u>118,752</u>	<u>-</u>	<u>1,138,035</u>
Capital assets, being depreciated				
Land improvement	99,428	-	-	99,428
Buildings and building improvement	9,938,424	-	-	9,938,424
Vehicles and equipment	7,635,071	1,103,007	(41,786)	8,696,292
Total capital assets, being depreciated	<u>17,672,923</u>	<u>1,103,007</u>	<u>(41,786)</u>	<u>18,734,114</u>
Less accumulated depreciation for:				
Land improvement	(99,428)	-	-	(99,428)
Buildings and building improvement	(6,478,949)	(332,275)	-	(6,811,224)
Vehicles and equipment	(6,508,158)	(297,300)	41,786	(6,763,672)
Total accumulated depreciation	<u>(13,086,535)</u>	<u>(629,575)</u>	<u>41,786</u>	<u>(13,674,324)</u>
Total capital assets, being depreciated, net	<u>4,586,388</u>	<u>473,432</u>	<u>-</u>	<u>5,059,820</u>
Governmental activities capital assets, net	<u>\$5,605,671</u>	<u>\$592,184</u>	<u>\$ -</u>	<u>\$6,197,855</u>

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

	<u>Balance July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2020</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 30,588	\$ -	\$ -	\$ 30,588
Capital assets, being depreciated				
Buildings	338,550	-	-	338,550
Vehicles and equipment	1,658,165	-	(67,121)	1,591,044
Total capital assets, being depreciated	<u>1,996,715</u>	<u>-</u>	<u>(67,121)</u>	<u>1,929,594</u>
Less accumulated depreciation for:				
Buildings	(318,237)	(13,542)	-	(331,779)
Vehicles and equipment	<u>(727,615)</u>	<u>(185,049)</u>	<u>67,121</u>	<u>(845,543)</u>
Total accumulated depreciation	<u>(1,045,852)</u>	<u>(198,591)</u>	<u>67,121</u>	<u>(1,177,322)</u>
Total capital assets, being depreciated, net	<u>950,863</u>	<u>(198,591)</u>	<u>-</u>	<u>752,272</u>
Business-type activities capital assets, net	<u>\$ 981,451</u>	<u>\$(198,591)</u>	<u>\$ -</u>	<u>\$ 782,858</u>

Depreciation expense of \$629,575 was charged to the public safety function and \$198,591 was charged to Ambulance operations.

NOTE 5 – 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.

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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 regular members entering PERS on or after July 1, 2015, there is a 2.25% factor. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

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

Vesting

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

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

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

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

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

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

For the fiscal year ended June 30, 2020, the Statutory Employer/employee matching rates were 15.25% for Regular and 22.00% for Police/Fire. The Employer-pay contribution (EPC) rate was 29.25% for Regular and 42.50% for Police/Fire.

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

The District's contributions were \$1,257,650 for the year ended June 30, 2020.

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, 2019:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	28%	0.25%
Private Markets	12%	6.80%

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

As of June 30, 2019, PERS' long-term inflation assumption was 2.75%.

Net Pension Liability

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability of \$16,260,674. The net pension liability was measured as of June 30, 2019, 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, 2019, the District's proportion was 0.11925%, which was an increase of .00053 from its proportion measured at June 30, 2018.

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the District as of June 30, 2020, calculated using the discount rate of 7.50%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current discount rate:

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Net Pension Liability	\$25,177,686	\$16,260,674	\$8,848,375

Pension Plan Fiduciary Net Position

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

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Actuarial Assumptions

The District's net pension liability was measured as of June 30, 2019, 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 Rate	2.75%
Payroll Growth	5.00% including inflation
Investment Rate of Return	7.50%
Productivity Pay Increase	0.50%
Projected Salary Increases	Regular: 4.25% to 9.15%, depending on service
	Police/Fire: 4.55% to 13.9%, depending on service
	Rates include inflation and productivity increases
Consumer Price Index	2.75%
Other Assumptions	Same as those used in the June 30, 2019 funding actuarial valuation

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

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of the experience study for the period of July 1, 2012 through June 30, 2016.

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2019, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

For the year ended June 30, 2020, the District recognized pension expense of \$1,918,359. At June 30, 2020 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 experience	\$ 609,757	\$ 469,018
Changes in assumptions or other inputs	661,742	-
Net difference between projected and actual earnings on pension plan investments	-	808,910
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	870,620	143,242
District contributions subsequent to the measurement date	1,257,650	-
Total	\$ 3,399,769	\$ 1,421,170

Of the amount reported as deferred outflows of resources, \$1,257,650 related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined at July 1, 2019 (the beginning of the measurement period ended June 30, 2019) is 6.18 years.

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

<u>Year ending June 30:</u>	
2021	277,564
2022	(115,514)
2023	260,474
2024	211,326
2025	78,192
Thereafter	8,907

Additional Information

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

NOTE 6 – Fund Balances – Governmental Funds:

Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances are composed of the following as of June 30, 2020:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Nonspendable:	\$ 2,671	\$ -	\$ -	\$ 2,671
Restricted:				
Debt Service	-	505,522	131,248	636,770
Committed:				
Capital Projects	-	-	22,431	22,431
Assigned:				
Subsequent Year's Budget Shortfall	2,114,849	-	-	2,114,849
Unassigned	9,364,579	-	-	9,364,579
 Total fund balances	 <u>\$11,482,099</u>	 <u>\$ 505,522</u>	 <u>\$ 153,679</u>	 <u>\$12,141,300</u>

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 – Long-Term Debt:

Changes in long-term obligations for the year ended June 30, 2020 are as follows:

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Principal Outstanding July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2020</u>	<u>Due Within One Year</u>
2012 General Obligation (Limited Tax) Refunding Bonds, Series 2012	12/04/12	3,429,000	2.35%	\$ 1,831,000	\$ -	\$ 345,000	\$ 1,486,000	\$ 355,000
Medium Term Financing, Series 2013	12/11/13	1,000,000	2.70%	530,000	-	100,000	430,000	105,000
Sales tax refund	N/A	N/A	N/A	51,828	-	51,828	-	-
Compensated absences	N/A	N/A	N/A	1,299,466	378,181	352,516	1,325,131	442,480
Property Tax Refunds	N/A	N/A	N/A	-	8,600,000	-	8,600,000	-
				<u>3,712,294</u>	<u>8,978,181</u>	<u>849,344</u>	<u>11,841,131</u>	<u>902,480</u>
Total Governmental Activities								
Business-Type Activities:								
Compensated absences	N/A	N/A	N/A	<u>77,057</u>	<u>104,991</u>	<u>52,469</u>	<u>129,579</u>	<u>64,941</u>
				<u>\$ 3,789,351</u>	<u>\$ 9,083,172</u>	<u>\$ 901,813</u>	<u>\$ 11,970,710</u>	<u>\$ 967,421</u>
Total Long-Term Debt								

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Debt service requirements on long-term debt excluding compensated absences and other post-employment benefits, at June 30, 2020 are as follows:

Year Ending June 30,	General Obligation		Medium Term Financing	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 355,000	\$ 34,921	\$ 105,000	\$ 10,192
2022	366,000	26,578	105,000	7,358
2023	379,000	17,978	110,000	4,455
2024	<u>386,000</u>	<u>9,071</u>	<u>110,000</u>	<u>1,485</u>
	<u>\$1,486,000</u>	<u>\$ 88,548</u>	<u>\$ 430,000</u>	<u>\$ 23,490</u>

The District has outstanding general obligation bonds and medium term obligations from direct placements related to governmental activities totaling \$1,486,000 and \$430,000 respectively. The District has pledged 15% of the Consolidated Tax revenue receipts for the repayment of the General Obligation (Limited Tax) Refunding Bonds, Series 2012. Upon the happening and continuance of any events of default, such as non-payment of principal and interest or nonperformance by the District for 60 days after notice of failure to perform, a court of competent jurisdiction will appoint a Receiver to protect and to enforce any proper legal equitable remedy. The medium term obligations repayment is from the general income of the District. Upon the occurrence and during the continuation of an event of default for nonpayment of principal or interest, the interest rate will increase to 4.00% per annum until such time the default is cured. Interest expense of \$55,989 was paid during the 2019-2020 year for long term liabilities. Compensated absences will be liquidated from the General Fund for Governmental Activities and from the Ambulance Fund for Business-Type Activities. The General Obligation Revenue Bonds and the Medium-Term Financing will be liquidated from the Debt Service Fund, after transfers from the General Fund.

The total principal and interest remaining to be paid on the 2012 General Obligation Refunding bonds is \$1,574,548 through fiscal year 2024 and the pledged revenue was \$599,937.

Property tax refunds payable:

On August 4, 2020, the Washoe County Board of Commissioners approved a final settlement to pay tax refunds to Incline Village/Crystal Bay residential property owners in an estimated amount of \$56 million. The Districts' share is estimated to be \$8,600,000. This settlement ends a lengthy court battle over the Washoe County Assessor's valuation of property in the District for the 2003-4, 2004-5, and 2005-06 tax years. All owners from the affected years are required to file a claim with Washoe County to receive a refund. The repayment is scheduled to begin July 1, 2021, with the first refunds going to owners who still own their properties. Payment to these taxpayers must be paid by December 31, 2021. Once this group is paid, then the remaining parcels will be paid in the order their claims were received. All taxpayer claims are required to be refunded by June 21, 2024. A provision for the liability has been made in the government wide statements. Since the terms of the agreement do not commence until, July 1, 2021 no provision has been made in the governmental funds.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 – Interfund Transfers:

Interfund transfers for the year ended June 30, 2020 consisted of the following:

	Transfers To:			
	Debt Service Fund	Capital Projects Fund	Ambulance Fund	Total
<u>Transfers From:</u>				
General Fund	<u>\$ 505,523</u>	<u>\$ 492,310</u>	<u>\$ 1,600,000</u>	<u>\$ 2,597,833</u>

Transfers are used to move revenues from the General Fund to the funds that will expend them in accordance with the budget and to use unrestricted revenues collected or resources in the General Fund and Capital Projects Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfer to the Debt Service Fund was to fund required debt payments.

NOTE 9 – 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 carries commercial insurance for risks of loss related to property and casualty liabilities. The District also carries health insurance for all eligible employees.

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, the 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.

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 – Other Post-Employment Benefits Plan (OPEB):

Plan Descriptions

The District contributes to a single employer defined benefit healthcare plan, the North Lake Tahoe Fire Protection District Health Insurance Benefit Plan (the District's Plan). The District's Plan is administered through the North Lake Tahoe Fire Protection District OPEB 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), an agent multiple employer defined benefit plan. 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)

Benefit provisions for the District's plan are established pursuant to NRS 287.023 and can be amended by the District's Board of Directors. Benefit provisions for PEBP are established pursuant to NRS 287.023 and subject to amendment through legislation by the State of Nevada, each biennium. The District's plan provides medical, dental, vision, and life insurance benefits to eligible retired District employees and beneficiaries.

Employees must have at least fifteen years of full-time service to be eligible for benefits and must be at least 50 years of age. Employees who separate from the District with at least fifteen years of service may activate this benefit upon attainment of age 50. The District pays the entire cost of retiree health benefits for retirees, their spouses and their dependent children for employees hired prior to March 1, 2012. The coverage is provided until the employee and/or their spouse attain Medicare eligibility, and/or the children are no longer dependents as defined by the health insurance plan. For employees hired on or after March 1, 2012, the District will pay the entire cost of retiree health benefits (premiums) for retirees. In addition, the District pays 85% of the spouse or dependent children coverage premium until Medicare eligible age or status of the spouse or dependent child ends, after which no further benefits are payable by the District. This is a significant change from the prior actuarial valuation where only 65% was paid for by the District and for retirees only (no spousal or dependent subsidy).

Under state law, retiree loss experience is pooled with active loss experience for the purpose of setting rates. The difference between the true premium cost and the blended premium is an implicit rate subsidy that creates an OPEB cost for the District. The District's contribution requirements for retirees relate to the implicit subsidy that results from using the blended rates, as well as the percentage of pay-as-you-go premiums and is determined in actuarial studies contracted by the District.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Contribution requirements of the District’s Plan may be amended through negotiations between the District and the employee associations. The contribution to the OPEB Trust is determined by the collective bargaining agreement and requires a minimum amount of \$25,200 be contributed. The District may contribute additional amounts based on projected pay-as-you-go financing requirements and actuarial studies contracted for by the District. For the year ended June 30, 2020, the District contributed \$355,525 to the OPEB trust and paid \$214,700 in implicit subsidy to benefit the District’s Plan.

Benefit Provisions and Contributions (PEBP)

PEBP provides medical, prescription, vision, life and accident insurance, and dental for retirees. Retirees can choose between a self-funded preferred provider organization (PPO) and a health maintenance organization (HMO) plan. Retirees are responsible for payment of unsubsidized premiums. The District is required to provide a subsidy for their retirees who have elected to join PEBP. Contribution requirements for plan members and the participating employers are assessed by the PEBP Board annually. The contributions required for PEBP subsidies depends on the date of retirement and years of PERS service former employees earned in total and while working for the District. The subsidy ranges from a minimum of \$6 to a maximum of \$274 per month. Subsidies for retiree premiums participating in PEBP are paid directly to the State when due. The District’s obligation for subsidies is limited to payment of the statutorily required contribution. The statutes were revised with an effective date of November 30, 2008, to create new participation limitation so that only active members of PEBP can elect coverage after retirement. Based on the statute revision, former District employees and retirees must have retired and joined PEBP by September 1, 2008 to elect PEBP membership. Consequently, no employees retiring from the District on or after September 1, 2008 will be eligible to participate in the PEBP plan as a retiree at the District’s expense.

Employees Covered by Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

	District Plan	PEBP	Total
Inactive employees or beneficiaries			
currently receiving benefit payments	26	4	30
Inactive employees entitled to but not yet receiving benefit payments	-	-	-
Active employees	67	-	67
	93	4	97

OPEB Liability

The District’s Plan net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2018. PEBP’s total liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Actuarial Assumptions

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	District Plan	PEBP
Salary increases	Ranges from 14.3% with less than one year of service to 4.6% with 13 or more years of service	N/A
Investment rate of return	7.00%, net of OPEB plan investment expense	N/A
Healthcare cost trend	5.5% initial; 4.50% ultimate after 2072. Based on the Getzen Model. Dental and vision cost assumed at 3.0% per year	5.5% initial; 4.50% ultimate after 2072. Based on the Getzen Model. Dental and vision cost assumed at 3.0% per year
Inflation	3.00%	3.00%
Actuarial cost method	Entry Age Normal	Entry Age Normal

Mortality rates were based on the RP-2014 Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2018 from the 2006 base year, and projected forward on a generational basis.

The actuarial assumptions used in the July 1, 2018 valuation were based on expectations of NLTFPD regarding its workforce, demographic pattern for similar safety groups, and actuarial judgment. NLTFPD and the actuary monitor assumptions and experience with every valuation and make adjustments to assumptions as needed as experience emerges.

The long-term expected rate of return of 7.00%, 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 a 3.00% long-term inflation assumption.

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

The discount rate used to measure the OPEB liability for the District's Plan was 7.00%. 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 OPEB liability for PEBP was 3.50%

A change in the discount rate for PEBP from 3.87 percent to 3.50 percent was reflected in the June 30, 2019 measurement period due to the change in municipal bond yield.

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Changes in OPEB Liabilities

	District Plan - Increase / (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of June 30, 2019			
<i>Measurement Date, June 30, 2018</i>	\$ 7,225,628	\$ 834,868	\$ 6,390,760
Changes for the year:			
Service cost	309,646	-	309,646
Interest on the total OPEB liability	503,706	-	503,706
Changes of benefit terms	-	-	-
Differences between actual and expected experience with regard to economic or demographic factors	-	-	-
Changes of assumptions	-	-	-
Benefit payments – implicit subsidy	(213,600)	(213,600)	-
Benefit payments	(477,016)	(477,016)	-
Contributions from employer	-	676,891	(676,891)
Contributions – implicit subsidy	-	213,600	(213,600)
Net investment income	-	81,497	(81,497)
Administrative expense	-	(133)	133
Net changes	122,736	281,239	(158,503)
Balance as of June 30, 2020			
<i>Measurement Date, June 30, 2019</i>	\$ 7,348,364	\$ 1,116,107	\$ 6,232,257

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

	PEBP Increase (Decrease)
	Total OPEB Liability
Balance as of June 30, 2019 <i>Measurement Date, June 30, 2018</i>	\$ 67,450
Changes for the year:	
Service cost	-
Interest on the total OPEB liability	2,490
Changes of benefit terms	-
Differences between actual and Expected experience with regard to economic or demographic factors	-
Changes of assumptions	3,075
Benefit payments	(6,265)
Other changes	-
Net changes	(700)
Balance as of June 30, 2019 <i>Measurement Date, June 30, 2018</i>	\$ 66,750

The OPEB liability of both plans as of June 30, 2020 is \$6,299,007.

Sensitivity Analysis

The following presents the OPEB liabilities of the plans, as well as what each plan's 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	Discount Rate	1% Increase
District's Plan - Net OPEB Liability	\$ 6,780,772	\$ 6,232,257	\$ 5,735,452
PEBP - Total OPEB Liability	76,421	66,750	58,964
OPEB Liability	\$ 6,857,193	\$ 6,299,007	\$ 5,794,416

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

The following presents the OPEB liabilities of the plans, as well as what each plan's 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 Rates	1% Increase
District's Plan - Net OPEB Liability	\$ 5,562,192	\$ 6,232,257	\$ 7,006,507
PEBP - Total OPEB Liability	58,701	66,750	76,543
OPEB Liability	\$ 5,620,893	\$ 6,299,007	\$ 7,083,050

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

For the year ended June 30, 2020, the District recognized OPEB expense (income) of \$616,025:

District Plan	\$ 610,460
PEBP	5,565
	\$ 616,025

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>District Plan</u>		<u>PEBP</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 2,668	\$ -	\$ -
Differences between expected and actual experience	-	502,528	-	-
Change of assumptions	-	239,107	-	-
Contributions made subsequent to measurement date	<u>570,225</u>	<u>-</u>	<u>5,947</u>	<u>-</u>
Total	<u>\$ 570,225</u>	<u>\$ 744,303</u>	<u>\$ 5,947</u>	<u>\$ -</u>

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

<u>Year Ending June 30,</u>	<u>District Plan</u>	<u>PEBP</u>	<u>Total</u>
2021	\$ (119,386)	\$ -	\$ (119,386)
2022	(119,387)	-	(119,387)
2023	(111,425)	-	(111,425)
2024	(115,270)	-	(115,270)
2025	(115,700)	-	(115,700)
Thereafter	(163,135)	-	(163,135)

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11 – Tax Abatements

Consolidated sales taxes collected in Nevada are partially allocated to local governments in accordance with the distribution formulas established by Nevada Revised Statutes (NRS). The State of Nevada has entered into various tax abatement agreements which have reduced fiscal year 2020 intergovernmental revenues of the District by \$54,957.

State of Nevada Tax Abatements

Aviation Tax Abatement (NRS 360.753)	\$ 3,100
Data Centers Abatement (NRS 360.754)	1,932
Local Sales and Use Tax Abatement*	37,763
Renewable Energy Abatement (NRS 701A.370)	12,162

*Local Sales and Use Tax is a component of the State’s Standard Tax Abatement (NRS 360.750).

NOTE 12 – Subsequent Events:

As more fully described in Note 7, on August 4, 2020, the Washoe County Board of Commissioners approved a final settlement to pay tax refunds to Incline Village/Crystal Bay residential property owners in an estimated amount of \$56 million. The Districts’ share is estimated to be \$8,600,000.

On August 4, 2020, the District issued \$3,495,000 in Medium-Term Bond, Series 2020. These bonds were sold to finance the purchase of fire equipment for \$1,500,000 and to refund \$1,486,000 in maturities of the 2012 General Obligation Refunding Bonds, Series 2012 and \$430,000 in maturities of the Medium-Term Financing, Series 2013. The balance of the funds were used for closing costs and interest in the amount of \$79,000.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL FOR THE GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)
(1 of 2)**

	Budget Amounts		2020		2019
	Original	Final	Actual Amounts	Variance with Final Budget	Actual Amounts
REVENUES					
Taxes:					
Ad valorem					
Real and personal property	\$ 9,425,942	\$ 9,425,942	\$ 9,427,768	\$ 1,826	\$ 9,121,615
Intergovernmental:					
State shared revenues					
Consolidated tax revenue	3,828,914	3,828,914	3,999,581	170,667	3,897,059
AB 104, fair share	681,530	681,530	676,097	(5,433)	684,130
Federal and state grants	-	-	745,813	745,813	448,693
	<u>4,510,444</u>	<u>4,510,444</u>	<u>5,421,491</u>	<u>911,047</u>	<u>5,029,882</u>
Miscellaneous:					
Interest	115,000	115,000	154,029	39,029	197,469
Fire suppression reimbursement and other	3,610,741	3,610,741	1,869,001	(1,741,740)	2,740,243
	<u>3,725,741</u>	<u>3,725,741</u>	<u>2,023,030</u>	<u>(1,702,711)</u>	<u>2,937,712</u>
Total Revenues	<u>17,662,127</u>	<u>17,662,127</u>	<u>16,872,289</u>	<u>(789,838)</u>	<u>17,089,209</u>
EXPENDITURES					
Public safety:					
Fire:					
Salaries and wages	8,062,440	8,062,440	7,451,194	611,246	7,553,435
Employee benefits:					
Retirement	2,286,338	2,286,338	2,207,420	78,918	2,022,079
Group medical insurance	1,230,421	1,230,421	1,171,566	58,855	1,107,939
Retiree medical	777,778	777,778	332,402	445,376	655,016
Industrial insurance	544,417	544,417	539,378	5,039	484,324
Clothing allowance	51,000	51,000	48,773	2,227	44,696
Medicare portion of Social Security	112,605	112,605	106,151	6,454	106,969
Unemployment insurance	125,000	125,000	25,692	99,308	66,925
Social Security	48,790	48,790	51,300	(2,510)	45,722
	<u>5,176,349</u>	<u>5,176,349</u>	<u>4,482,682</u>	<u>693,667</u>	<u>4,533,670</u>
Services and supplies:					
Utilities	117,450	117,450	101,181	16,269	90,138
Telephone	50,981	50,981	56,489	(5,508)	50,334
Professional services	424,240	424,240	278,546	145,694	275,826
Membership and meetings	4,722	4,722	2,833	1,889	4,708

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL FOR THE GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)
(2 of 2)**

	Budget Amounts		2020		2019
	Original	Final	Actual Amounts	Variance with Final Budget	Actual Amounts
Services and supplies (continued):					
Training	\$ 119,559	\$ 119,559	\$ 53,216	\$ 66,343	\$ 69,653
Public education supplies	15,500	15,500	8,312	7,188	7,259
Dispatch	231,000	231,000	234,295	(3,295)	231,000
District insurance	85,935	85,935	60,899	25,036	117,245
Vehicle repairs and maintenance	248,740	248,740	183,567	65,173	199,150
Equipment supplies	116,397	116,397	89,265	27,132	78,206
Radio and alarm	59,000	59,000	81,096	(22,096)	27,062
Operational expense	23,674	23,674	15,674	8,000	10,011
Station supplies	25,641	25,641	24,894	747	9,102
Publications and subscriptions	2,816	2,816	551	2,265	-
Physical fitness	51,750	51,750	39,689	12,061	28,504
Postage	5,400	5,400	4,231	1,169	4,693
Reimbursable expenditures	165,697	165,697	91,878	73,819	131,903
CPR/FACTS	24,000	24,000	29,053	(5,053)	43,626
Employee recognition	12,269	12,269	8,105	4,164	9,321
Office supplies	17,040	17,040	8,172	8,868	5,691
Special clothing and gear	92,850	92,850	69,647	23,203	57,699
Building repairs and maintenance	253,710	253,710	272,732	(19,022)	255,554
Interest expense	1,250,000	1,250,000	-	1,250,000	-
Real property tax refunds	1,800,000	1,800,000	-	1,800,000	-
	<u>5,198,371</u>	<u>5,198,371</u>	<u>1,714,325</u>	<u>3,484,046</u>	<u>1,706,685</u>
Total Expenditures	<u>18,437,160</u>	<u>18,437,160</u>	<u>13,648,201</u>	<u>4,788,959</u>	<u>13,793,790</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(775,033)</u>	<u>(775,033)</u>	<u>3,224,088</u>	<u>3,999,121</u>	<u>3,295,419</u>
OTHER FINANCING SOURCES (USES)					
Contingency	(100,000)	(100,000)	-	100,000	-
Transfers out	<u>(2,597,833)</u>	<u>(2,597,833)</u>	<u>(2,597,833)</u>	<u>-</u>	<u>(3,168,897)</u>
Total Other Financing Sources (Uses)	<u>(2,697,833)</u>	<u>(2,697,833)</u>	<u>(2,597,833)</u>	<u>100,000</u>	<u>(3,168,897)</u>
Net Change in Fund Balances	<u>(3,472,866)</u>	<u>(3,472,866)</u>	<u>626,255</u>	<u>4,099,121</u>	<u>126,522</u>
FUND BALANCES, BEGINNING OF YEAR	<u>10,981,449</u>	<u>10,981,449</u>	<u>10,855,844</u>	<u>(125,605)</u>	<u>10,729,322</u>
FUND BALANCES, END OF YEAR	<u>\$ 7,508,583</u>	<u>\$ 7,508,583</u>	<u>\$ 11,482,099</u>	<u>\$ 3,973,516</u>	<u>\$ 10,855,844</u>

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS***

North Lake Tahoe Fire Protection District Health Benefits Plan (District Plan):

	2019	2018	2017
Total OPEB liability			
Service cost	\$ 309,646	\$ 268,192	\$ 250,647
Interest	503,706	559,832	548,689
Changes of benefit terms	-	(7,557)	-
Differences between actual and expected experience with economic or demographic factors	-	(659,324)	-
Changes of assumptions	-	(313,711)	-
Benefit payments - implicit subsidy	(213,600)	(224,572)	(138,208)
Benefit payments	(477,016)	(466,166)	(491,500)
Net change in total OPEB liability	<u>122,736</u>	<u>(843,306)</u>	<u>169,628</u>
Total OPEB liability - beginning	<u>7,225,628</u>	<u>8,068,934</u>	<u>7,899,306</u>
Total OPEB liability - ending (a)	<u><u>\$ 7,348,364</u></u>	<u><u>\$ 7,225,628</u></u>	<u><u>\$ 8,068,934</u></u>
Plan fiduciary net position			
Employer contributions	\$ 676,891	\$ 691,366	\$ 716,900
Employer contributions - implicit subsidy	213,600	224,572	138,208
Net investment income	81,497	48,306	82,937
Benefit payments - implicit subsidy	(213,600)	(224,572)	(138,208)
Benefit payments	(477,016)	(466,166)	(491,500)
Administrative Expense	(133)	-	-
Net change in plan fiduciary net position	<u>281,239</u>	<u>273,506</u>	<u>308,337</u>
Plan fiduciary net position - beginning	<u>834,868</u>	<u>561,362</u>	<u>253,025</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 1,116,107</u></u>	<u><u>\$ 834,868</u></u>	<u><u>\$ 561,362</u></u>
District Plan net OPEB liability -ending (a) - (b)	<u><u>\$ 6,232,257</u></u>	<u><u>\$ 6,390,760</u></u>	<u><u>\$ 7,507,572</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	15.19%	11.55%	6.96%
Covered-employee payroll	6,626,246	6,530,390	6,402,732
District's Plan net OPEB liability as a percentage of covered-employee payroll	94.05%	97.86%	117.26%

Nevada Public Employees' Benefits Plan (PEBP):

	2019	2018	2017
Total OPEB liability			
Interest	\$ 2,490	\$ 8,906	\$ 8,881
Differences between actual and expected experience with economic or demographic factors	-	(78,776)	-
Changes of assumptions	3,075	13,589	-
Benefit payments	(6,265)	(6,875)	(6,178)
Net change in total OPEB liability	<u>(700)</u>	<u>(63,156)</u>	<u>2,703</u>
Total OPEB liability - beginning	<u>67,450</u>	<u>130,606</u>	<u>127,903</u>
Total OPEB liability - ending	<u><u>\$ 66,750</u></u>	<u><u>\$ 67,450</u></u>	<u><u>\$ 130,606</u></u>

Notes to Schedule:

PEBP is a closed plan and has no covered-employee payroll.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75 for PEBP.

*The District adopted Statement No. GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2018. Information is not available prior to that time.

Amounts are recorded as of the fiscal year of the measurement date as that is when the information is available.

Changes of assumptions and other inputs reflect a change in the healthcare cost trend rate from 8.0 initial percent to 5.5 initial percent. In addition, the Mortality Scale was changed from MP-2017 to MP-2018 from 2017 to 2018.

The PEBP discount rate changed from 3.87% to 3.50% from 2018 to 2019.

Changes of benefits provided reflect the change from 65% retiree premium subsidy being covered by the District to 100% retiree and 85% of spousal and dependent premiums being covered by the District during the year ended June 30, 2019.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS***

North Lake Tahoe Fire Protection District Health Benefits Plan (District Plan):

	2020	2019	2018
Actuarially determined contribution	\$ 856,751	\$ 826,237	\$ 882,177
Contributions in relation to the actuarially determined contribution	<u>570,225</u>	<u>862,351</u>	<u>915,938</u>
Contribution deficiency (excess)	<u>\$ 286,526</u>	<u>\$ (36,114)</u>	<u>\$ (33,761)</u>
Covered-employee payroll	<u>\$ 6,626,246</u>	<u>\$ 6,626,246</u>	<u>\$ 6,530,390</u>
Contributions as a percentage of covered-employee payroll	8.61%	13.01%	14.03%

Notes to Schedule:

Valuation date: July 1, 2018, rolled backward to June 30, 2018

Methods and assumptions used to determine contribution amount:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Market value
Inflation	3.00%
Healthcare cost trend	4.00% initial; 4.50% ultimate after 2072. Based on the Getzen Model. Dental and vision cost assumed at 3.0% per year
Salary increases	Ranges from 14.3% with less than one year of service to 4.6% with 13 or more years of service
Investment rate of return	7.00%, net of OPEB plan investment expense
Mortality	RP-2014 Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2018 from the 2006 base year, and projected forward on a generational basis

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75 for PEBC.

*The District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2018. Information is not available prior to that time.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA (PERS)
LAST 10 FISCAL YEARS***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's portion of net the pension liability	0.11925%	0.11872%	0.11717%	0.10941%	0.11230%	0.10800%
District's proportionate share of the net pension liability	\$ 16,260,674	\$ 16,190,817	\$ 15,583,104	\$ 14,722,931	\$ 12,868,725	\$ 11,255,393
District's covered payroll	\$6,367,082	\$ 6,019,370	\$ 5,772,945	\$ 4,827,941	\$ 4,740,506	\$ 4,405,244
District's proportional share of the net pension liability as a percentage of its covered payroll	255.39%	268.98%	269.93%	304.95%	271.46%	255.50%
Plan fiduciary net position as a percentage of the total pension liability	76.46%	75.24%	74.42%	72.23%	75.13%	76.31%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until ten years of data is available, the District will present information for only those years for which information is available.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS - PENSION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA (PERS)
LAST 10 FISCAL YEARS***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution**	\$ 1,257,650	\$ 1,148,166	\$ 1,103,370	\$ 1,051,687	\$ 927,603	\$ 866,686
Contributions in relation to the statutorily required contribution**	\$ 1,257,650	\$ 1,148,166	\$ 1,103,370	\$ 1,051,687	\$ 927,603	\$ 866,686
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 6,805,104	\$ 6,367,082	\$ 6,019,370	\$ 5,772,945	\$ 4,827,941	\$ 4,740,506
Contributions as a percentage of covered payroll	18.48%	18.03%	18.33%	18.22%	19.21%	18.28%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until ten years of data is available, the District will present information for only 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 Statement No. 82, which classifies contributions as member contributions for the purposes of GASB Statement No. 68 if they are made by an employer to satisfy what are actually deemed to be member contribution requirements.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)**

	2020				2019
	Budget Amount		Actual	Variance	Actual
	Original	Final			
EXPENDITURES					
Debt service:					
Principal	\$ 445,000	\$ 445,000	\$ 445,000	\$ -	\$ 436,000
Interest	55,989	55,989	55,989	-	66,585
Total Expenditures	<u>500,989</u>	<u>500,989</u>	<u>500,989</u>	<u>-</u>	<u>502,585</u>
Excess (Deficiency) of Revenues over Expenditures	(500,989)	(500,989)	(500,989)	-	(502,585)
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>505,523</u>	<u>505,523</u>	<u>505,523</u>	<u>-</u>	<u>1,003,573</u>
Net Change in Fund Balances	4,534	4,534	4,534	-	500,988
FUND BALANCES, BEGINNING OF YEAR	<u>500,988</u>	<u>500,988</u>	<u>500,988</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 505,522</u></u>	<u><u>\$ 505,522</u></u>	<u><u>\$ 505,522</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 500,988</u></u>

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)**

	2020			2019	
	Budget Amount		Actual	Variance	Actual
	Original	Final			
REVENUES					
Miscellaneous:					
Other	\$ -	\$ -	\$ 250,000	\$ (250,000)	\$ 40,000
EXPENDITURES					
Capital outlay	2,017,310	2,017,310	1,221,759	795,551	160,575
Excess (Deficiency) of Revenues over Expenditures	(2,017,310)	(2,017,310)	(971,759)	545,551	(120,575)
OTHER FINANCING SOURCES (USES)					
Transfers in	492,310	492,310	492,310	-	565,324
Transfers out	-	-	-	-	-
Debt issuance	1,525,000	1,525,000	-	(1,525,000)	-
Sale of assets	-	-	5,375	5,375	888
Total Other Financing Sources (Uses)	2,017,310	2,017,310	497,685	1,519,625	566,212
Net Change in Fund Balances	-	-	(474,074)	(974,074)	445,637
FUND BALANCES, BEGINNING OF YEAR	406,905	406,905	627,753	220,848	182,116
FUND BALANCES, END OF YEAR	\$ 406,905	\$ 406,905	\$ 153,679	\$ (253,226)	\$ 627,753

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
ENTERPRISE FUND - AMBULANCE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020				2019
	Budget Amount		Actual	Variance	Actual
	Original	Final			
OPERATING REVENUES					
Charges for services:					
Public safety:					
Ambulance	\$ 587,394	\$ 587,394	\$ 506,465	\$ (80,929)	\$ 605,457
GEMT Cost Settlement	70,484	70,484	65,994	(4,490)	70,484
Other	70,725	70,725	83,760	13,035	61,523
Total Operating Revenues	<u>728,603</u>	<u>728,603</u>	<u>656,219</u>	<u>(72,384)</u>	<u>737,464</u>
OPERATING EXPENSES					
Public safety:					
Ambulance:					
Salaries and wages	990,780	990,780	961,526	29,254	868,507
Employee benefits	603,053	603,053	670,398	(67,345)	578,917
Services and supplies	737,968	737,968	517,972	219,996	516,083
Depreciation	185,915	185,915	198,591	(12,676)	187,048
Total Operating Expenses	<u>2,517,716</u>	<u>2,517,716</u>	<u>2,348,487</u>	<u>169,229</u>	<u>2,150,555</u>
Operating Income (Loss)	<u>(1,789,113)</u>	<u>(1,789,113)</u>	<u>(1,692,268)</u>	<u>96,845</u>	<u>(1,413,091)</u>
NONOPERATING REVENUES					
Interest revenue	807	807	2,050	1,243	1,095
Gain on sale of capital assets	-	-	25,000	-	-
Total Nonoperating Revenues	<u>807</u>	<u>807</u>	<u>27,050</u>	<u>1,243</u>	<u>1,095</u>
Income (Loss) before Transfers	<u>(1,788,306)</u>	<u>(1,788,306)</u>	<u>(1,665,218)</u>	<u>98,088</u>	<u>(1,411,996)</u>
TRANSFERS					
Transfers in	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,600,000</u>	<u>-</u>	<u>1,600,000</u>
Changes in Net Position	<u>\$ (188,306)</u>	<u>\$ (188,306)</u>	<u>(65,218)</u>	<u>\$ 98,088</u>	<u>188,004</u>
NET POSITION, BEGINNING OF YEAR			<u>(887,307)</u>		<u>(1,075,311)</u>
NET POSITION, END OF YEAR			<u>\$ (952,525)</u>		<u>\$ (887,307)</u>



**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 Directors
North Lake Tahoe Fire Protection District
Incline Village, 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 North Lake Tahoe Fire Protection District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated November 30, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as Findings 2020-001, 2020-002, and 2020-003 that we consider to be material weaknesses.

Compliance and Other Matters

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

North Lake Tahoe Fire Protection District's Responses to Findings

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

Purpose of this Report

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



Reno, Nevada
November 30, 2020



Auditor's Comments

To the Board of Directors
North Lake Tahoe Fire Protection District
Incline Village, 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 North Lake Tahoe Fire Protection District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, nothing came to our attention that caused us to believe that the District failed to comply with the specific requirements of Nevada Revised Statutes cited below other than the violations reported in Note 2 to the financial statements. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

Current Year Statute Compliance

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

Progress on Prior Year Statute Compliance

The District conformed to all significant statutory constraints on its financial administration during the year ended June 30, 2019.

Prior Year Recommendations

The prior year finding 2019-001 was corrected.

Current Year Recommendations

The current year findings are included in the accompanying Schedule of Findings and Responses.

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

Reno, Nevada
November 30, 2020

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2020**

**2020-001: Audit Adjustments
 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 appropriate reconciliation of year-end accrued liabilities and revenues.

Condition: During our testing of accrued payroll, we noted a miscalculation in the number of days pertaining to FY20 that caused an error in calculation for the accrual for the General Fund and Ambulance Fund.

 During our testing of compensated absences, we noted that the amount calculated for the Ambulance Fund had not been recorded in the general ledger.

 During our testing of receivables and related revenue, we noted amounts were recorded for amounts that would be paid in the future on a grant/contract, but that the District had not yet earned in the Capital Projects Fund.

Cause: The District did not have adequate internal controls to ensure the correct accruals were recorded for accrued payroll, compensated absences, and grant/contract revenues.

Effect: Prior to adjustment, accrued payroll liabilities and related expenses were understated by \$171,145 in the General Fund and \$16,725 in the Ambulance Fund. Compensated absences and related expenses were understated by \$52,522 in the Ambulance Fund. Revenue was overstated by \$348,000 in the Capital Projects Fund and receivables were overstated by \$348,000 in the General Fund. The related intercompany pooled accounts for each fund were also misstated by the \$348,000.

Recommendation: We recommend North Lake Tahoe Fire Protection District enhance internal controls to ensure the correct accruals are recorded for accrued payroll, compensated absences, and grant/contract revenues.

Views of Responsible Officials: As I am a financial department of one, and these accruals are done once a year, I am not certain there is any way to enhance internal controls other than our external auditors finding the errors.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2020**

**2020-002: Bank Reconciliation - Transfers
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 appropriate bank reconciliation procedures.

Condition: During our testing of cash balances, the bank reconciliations were missing a significant reconciling item for a bank transfer.

Cause: A bank transfer that is usually initiated in July was processed on June 30. The transfer cleared one bank on June 30 but not the other. The District did not have adequate internal controls to ensure the bank reconciliations were adjusted for the timing variance of the bank transfer.

Effect: An adjustment was necessary to adjust the balance in the Ambulance Fund's operating account and the pooled cash balance that is maintained in a separate bank account for \$1,000,000. However, this had no net effect on the financial statements as it was isolated to balances within the Ambulance Fund.

Recommendation: We recommend North Lake Tahoe Fire Protection District enhance internal controls to ensure the bank reconciliations are adjusted for timing variances in bank transfers.

*Views of Responsible
Officials:*

Management will enhance internal controls to ensure bank reconciliations are adjusted for the timing of bank transfers.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2020**

**2020-003: Budget
 Material Weakness**

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. A key component of internal controls is to ensure they address compliance with certain significant statutes.

Condition: During our testing of the adopted budget, we noted the budget submitted to the Nevada Tax Commission was an older draft of the budget and was not the final budget as adopted by the North Lake Tahoe Board of Directors.

Cause: The District did not have adequate internal controls to ensure the appropriate budget document was submitted to the Nevada Tax Commission.

Effect: The final adopted budget on file with the Nevada Tax Commission was not approved by the Board of Directors. The budget on file with the Nevada Tax Commission had \$245,044 less in expenditures and \$100,000 more in transfers out for the General Fund than what was approved. The budget had \$100,000 more in transfers in for the Capital Projects Fund than what was approved. The budget had \$25,638 less in expenses for the Ambulance Fund than what was approved.

Recommendation: We recommend North Lake Tahoe Fire Protection District enhance internal controls to ensure the appropriate budget document is submitted to the Nevada Tax Commission.

Views of Responsible Officials: Management will ensure that the Secretary/Treasurer of the Board of Directors will verify the submission of the appropriate final annual budget.