

Financial Statements
June 30, 2023

**North Lake Tahoe Fire
Protection District**

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT, NEVADA
JUNE 30, 2023
TABLE OF CONTENTS

	<u>Page No.</u>
FINANCIAL SECTION	
Independent Auditor’s Report	1-4
Management’s Discussion and Analysis (required supplementary information)	5A-5H
<u>Basic Financial Statements:</u>	
<u>Government-Wide Financial Statements:</u>	
Statement of Net Position	6
Statement of Activities	7
<u>Fund Financial Statements:</u>	
Balance Sheet – Governmental Funds	8
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds	9
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities – Governmental Funds	11
Statement of Net Position – Proprietary Fund	12
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	13
Statement of Cash Flows – Proprietary Fund	14
Statement of Fiduciary Net Position	15
Statement of Changes in Fiduciary Net Position	16
Notes to Financial Statements	17-44
<u>Required Supplementary Information:</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual for the General Fund	45-46
Schedule of Changes in the District’s OPEB Liability and Related Ratios	47-48
Schedule of the District’s Contributions - OPEB	49
Schedule of the District’s Proportionate Share of Net Pension Liability	50
Schedule of the District’s Contributions - Pension	51
Notes to Required Supplementary Information	52
<u>Supplementary Information:</u>	
Individual Fund – Budget and Actual Schedules	
<u>Governmental Funds:</u>	
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
<u>Proprietary Funds:</u>	
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 Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5A-5H, schedule of revenues, expenditures, and changes in fund balances – budget and actual for the general fund on pages 45-46, schedule of changes in the District's OPEB liability and related ratios on pages 47-48, schedule of the District's contributions – OPEB on page 49, schedule of the District's proportionate share of net pension liability on page 50, schedule of the District's contributions – pension on page 51, and the notes to the required supplementary information

on page 52 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis, schedule of changes in the District's OPEB liability and related ratios, schedule of the District's contributions – OPEB, schedule of the District's proportionate share of net pension liability, schedule of the District's contributions – pension, and the notes to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis, schedule of changes in the District's OPEB liability and related ratios, schedule of the District's contributions – OPEB, schedule of the District's proportionate share of net pension liability, schedule of the District's contributions – pension, and the notes to the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The schedule of revenues, expenditures, and changes in fund balances – budget and actual for the general fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of revenues, expenditures, and changes in fund balances – budget and actual for the general fund has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of revenues, expenditures, and changes in fund balances – budget and actual for the general fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The schedule of revenues, expenditures, and changes in fund balances for the general fund for the year ended June 30, 2022, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2022 financial statements. The information was subjected to the auditing procedures applied in the audit of the 2022 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 GAAS. In our opinion, the schedule of revenues, expenditures, and changes in fund balances for the general fund is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2022.

Supplementary Information

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

relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the individual fund – budget and actual schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the District as of and for the year ended June 30, 2022 (not presented herein), and have issued our report thereon dated November 30, 2022 which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The individual fund schedules for the year ended June 30, 2022 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2022 financial statements. The information was subjected to the audit procedures applied in the audit of the 2022 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 GAAS. In our opinion, the individual fund schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2022.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2024, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.



Reno, Nevada
March 26, 2024

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

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, 2023.

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 \$4,988,272 resulting in a deficit 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 \$774,141 resulting in a deficit net position.
- The assessed valuation of the District’s property tax base increased by 3.21% over last year’s assessed value. The District’s consolidated tax revenues decreased by 1.39% this fiscal year.

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 and 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 to 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 post-employment benefits, and net pension-related items).

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 6 and 7 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 2022-2023 fiscal year, the District maintained three individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service Fund, and Capital Projects Fund. The basic governmental fund financial statements can be found on pages 8-11 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 12-14 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 & Trust is required to be included in the District's basic financial statements because the District has a financial burden to make contributions to the Plan and the Plan is fiscally dependent on the District. The basic fiduciary fund financial statements can be found on pages 15-16 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 17-44 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 post-employment 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 and the notes to required supplementary information can be found on pages 45-52 of this report.

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 as of June 30, 2023 and 2022 are presented below.

North Lake Tahoe Fire Protection District's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$12,865,294	\$14,184,183	\$1,395,832	\$1,124,375	\$14,261,126	\$15,308,558
Capital assets	6,352,274	6,675,663	428,628	484,514	6,780,902	7,160,177
Total assets	19,217,568	20,859,846	1,824,460	1,608,889	21,042,028	22,468,735
Deferred outflows of Resources	9,182,096	8,223,936	1,152,018	1,081,000	10,334,114	9,304,936
Noncurrent liabilities	33,444,550	23,266,571	3,646,406	2,124,591	34,090,956	25,391,162
Other liabilities	2,028,601	2,074,699	102,079	96,932	2,130,680	2,171,631
Total liabilities	32,473,151	25,341,270	3,748,485	2,221,523	36,221,636	27,562,793
Deferred inflows of Resources	914,785	9,849,335	2,134	1,284,177	916,919	11,133,512
Net assets:						
Net investment in capital assets	4,499,887	4,293,094	428,628	484,514	4,928,515	4,777,608
Restricted for:						
Debt service	77	-	-	-	77	-
Unrestricted (deficit)	(9,488,236)	(10,399,917)	(1,202,769)	(1,300,325)	(10,691,005)	(11,700,242)
Total Net Position (deficit)	(\$ 4,988,272)	(\$ 6,106,823)	(\$ 774,141)	(\$ 815,811)	(\$ 5,762,413)	(\$ 6,922,634)

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 and benefits 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 as of June 30, 2023 were \$31,376,142, a decrease of \$397,529 from fiscal year 2022. Cash and Investments accounted for \$11,035,877 of the 2023 fiscal year total, a decrease of \$1,184,750 from fiscal year 2022 of \$12,220,627. Receivables for 2023 are \$2,833,750 an increase of \$168,627 from fiscal year 2022 of \$2,665,123. Capital assets, net of accumulated depreciation/amortization, accounted for \$6,780,902 of the 2023 fiscal year total and \$7,160,177 of the 2022 fiscal year total for a decrease of \$379,275. Deferred outflows of resources for 2023 are \$10,334,114 an increase of \$1,029,178 from fiscal year 2022 total of \$9,304,936. The increase is directly related to the net pension and OPEB related amounts recognized in 2023.

Total liabilities at the end of fiscal year 2023 were \$36,221,636 and \$27,562,793 at the end of fiscal year 2022, an increase of \$8,658,843. The increase is primarily caused by a \$11,744,103 in the net pension liability which was primarily impacted by an overall increase in the net pension liability for all of Nevada of \$8.9B. The District’s share of the Nevada net pension liability remained consistent at .13072% for fiscal year 2023 compared to .13003% for fiscal year 2022. The District also shows a decrease of \$2,442,039 to \$1,894,574 for principal payments on outstanding bonds and the property tax refunds from fiscal year 2022 of \$4,336,613.

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$5,440,092	\$5,400,432	\$960,538	\$656,674	\$6,400,630	\$6,057,106
Operating grants, interest and contributions	459,248	564,826	-	-	459,248	564,826
Capital grants/contributions	-	436,769	-	-	-	436,769
General revenues:						
Property taxes	11,027,640	10,162,102	-	-	11,027,640	10,162,102
Consolidated taxes	4,521,786	4,585,501	-	-	4,521,786	4,585,501
Other taxes	837,088	843,315	-	-	837,088	843,315
Unrestricted interest income	239,394	21,891	1,751	1,358	241,145	23,249
Gain on the sale of capital assets	87,560	-	-	-	87,560	-
Total Revenues	22,612,808	22,014,836	962,289	658,032	23,575,097	22,672,868
Expenses:						
Public Safety	19,798,135	16,693,253	-	-	19,798,135	16,693,253
Interest on long- term debt	46,122	52,435	-	-	46,122	52,435
Bond issuance costs	-	-	-	-	-	-
Ambulance services	-	-	2,570,619	2,058,166	2,570,619	2,058,166
Total expenses	19,844,257	16,745,688	2,570,619	2,058,166	22,414,876	18,803,854
Change in net position before transfers	2,768,551	5,269,148	(1,608,330)	(1,400,134)	1,160,221	3,869,014
Transfers	(1,650,000)	(1,600,000)	1,650,000	1,600,000	-	-
Change in net position	1,118,551	3,669,148	41,670	199,866	1,160,221	3,869,014
Net Position (deficit), Beginning of Year	(6,106,823)	(9,775,971)	(815,811)	(1,015,677)	(6,922,634)	(10,791,648)
Net Position (deficit), End of Year	(\$4,988,272)	(\$6,106,823)	(\$774,141)	(\$815,811)	(\$5,762,413)	(\$ 6,922,634)

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, 2023 were \$23,575,097 and consisted primarily of taxes and intergovernmental revenues. This represents a \$902,229 increase over fiscal year 2022 total revenues of \$22,672,868. The increase is mainly related to an increase in ad valorem tax revenue (property tax revenue) of \$865,538. Total expenses for fiscal year 2023 were \$22,414,876, an increase of \$3,611,022 over fiscal year 2022 expenses of \$18,803,854. The increase relates to salary & benefit expense increases which include annual salary increases, increases in our workers' compensation insurance, totaling \$1,350,245. Changes in pension and OPEB related amounts totaled \$599,737. Other expenses for dispatch, vehicle repairs and maintenance, building repairs and maintenance, reimbursable expenses, and lease expense increased by \$357,496 over fiscal year 2022.

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, the 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 2023, the District's governmental funds reported combined ending fund balances of \$10,752,573, a decrease of \$1,160,179 when compared to the close of fiscal year 2022. Of the \$10,752,573 combined ending fund balance, \$7,693,452 is unassigned.

The decrease from the prior fiscal year in the District's combined governmental fund balances of \$1,160,179, as noted above, is due to a decrease in the General Fund ending fund balance of \$1,209,740, an increase in the Debt Service Fund ending fund balance of \$77, and an increase in the Capital Projects Fund ending fund balance of \$49,484.

The \$1,209,740 decrease in the General Fund is primarily due to payments made for the property tax refunds of \$2,442,039, offset by other revenues and expenditures. The increase in the Debt Service Fund of \$77 was due to principal and interest payments less than the transfers in to the fund for fiscal year 2023. The increase in the Capital Projects Fund of \$49,484 was primarily due to the sale of fixed assets and an increase in transfers in to the fund offset by capital expenditures.

The General Fund is the chief operating fund of the District and at June 30, 2023, the fund balance was \$9,944,641. General Fund revenues were lower than the budget by 1.04%. This variance is due to timing of receipts of Fire Suppression reimbursements. Salaries and wages and benefits were under budget by \$712,540 due to budgeting conservatively for new or replacement positions, and the associated pension and insurance expenses. Service and supplies expenditures were under budget by \$7,246,027 mainly as the District budgeted to repay the taxpayers of Incline Village and Crystal Bay for property tax refunds and interest as a service and supply; however, the refunds were later reclassified and presented as debt service. The net amount between debt service and service and supplies is \$4,759,288 under budget. The balance of the under-budgeted amount was primarily in professional services, reimbursable expenditures, and special clothing and gear. The under-budget amount in special clothing and gear was due to supply chain delays on a FEMA grant awarded where the equipment did not arrive until fiscal year 2024.

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 increased \$41,670 in the 2022-2023 fiscal year, due primarily to increases in ambulance fee revenue of \$244,811 and decrease in expenses primarily due to contractual maintenance, equipment supplies, dispatch fees, professional fees, and vehicle maintenance and supplies. This was partially offset by an increase in employee benefits due to a significant increase in the allocated amounts from the District's net pension liability related amounts of \$302,260.

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 is required to be included in the District's basic financial statements because the District has a financial burden to make contributions to the Plan 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, 2023 was \$2,218,751. These amounts are restricted for post-employment health benefits.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: The District's capital assets at June 30, 2023 were \$6,780,902 (net of accumulated depreciation/amortization). This investment in capital assets includes land, land improvements, buildings and improvements, and vehicles, equipment, and leased right-to-use assets. Capital assets decreased by \$379,275, meaning the capital asset disposals and depreciation expense were greater than the capital asset purchases. The more significant additions during the year ended June 30, 2023 related to a new roof & replacement boiler for the Incline station, replacement stairs for the fuels building, new vehicles, replacement ambulance gurneys, and a new copier. 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 \$34,090,956. The District's outstanding liabilities include accrued compensated absences for \$1,689,871, \$1,744,000 in medium-term financings debt, property tax refunds of \$1,894,574, leases of \$143,578, a net pension liability of \$23,601,621, and the actuarially determined unfunded liability of other postemployment benefits of \$5,017,311. 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 2023-2024 as property values increased by 24.6% for the coming fiscal year. The District's property tax rate is .6480 for fiscal year 2023-2024, which is the same as last year's tax rate.

- The second significant tax revenue for the District, the consolidated tax, consists primarily of sales taxes. For the year ended June 30, 2023, taxable sales in Washoe County increased by 0.95% over the previous fiscal year. The District continues to budget sales tax revenue conservatively.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, 866 Oriole Way, Incline Village, Nevada 89451.

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
June 30, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 10,075,624	\$ 960,253	\$ 11,035,877
Accounts receivable, net of allowance for bad debts	293,117	400,695	693,812
Due from NLTFPD OPEB Trust	518,642	-	518,642
Property taxes receivable	40,161	-	40,161
Due from other governments	1,581,135	-	1,581,135
Prepaid expense	356,615	34,884	391,499
Capital assets:			
Capital assets, not being depreciated	1,019,283	30,588	1,049,871
Capital assets, being depreciated	5,192,983	398,040	5,591,023
Right-to-use lease asset	140,008	-	140,008
Total Assets	<u>19,217,568</u>	<u>1,824,460</u>	<u>21,042,028</u>
DEFERRED OUTFLOWS OF RESOURCES			
Net pension - related amounts	7,950,956	1,152,018	9,102,974
OPEB - related amounts	1,195,948	-	1,195,948
Deferred charge on refunding	35,192	-	35,192
Total Deferred Outflows of Resources	<u>9,182,096</u>	<u>1,152,018</u>	<u>10,334,114</u>
LIABILITIES			
Accounts payable	4,020	1,468	5,488
Accrued liabilities	1,128,601	100,611	1,229,212
Accrued interest	7,921	-	7,921
Due to other governments	743,650	-	743,650
Unearned revenue	144,409	-	144,409
Noncurrent liabilities:			
Due within one year	3,138,080	71,259	3,209,339
Due in more than one year	2,222,973	39,712	2,262,685
Net pension liability	20,066,186	3,535,435	23,601,621
Other postemployment benefits	5,017,311	-	5,017,311
Total Liabilities	<u>32,473,151</u>	<u>3,748,485</u>	<u>36,221,636</u>
DEFERRED INFLOWS OF RESOURCES			
Net pension - related amounts	14,726	2,134	16,860
OPEB - related amounts	900,059	-	900,059
Total Deferred Inflows of Resources	<u>914,785</u>	<u>2,134</u>	<u>916,919</u>
NET POSITION			
Net investment in capital assets	4,499,887	428,628	4,928,515
Restricted for debt service	77	-	77
Unrestricted (deficit)	<u>(9,488,236)</u>	<u>(1,202,769)</u>	<u>(10,691,005)</u>
Total Net Position (Deficit)	<u>\$ (4,988,272)</u>	<u>\$ (774,141)</u>	<u>\$ (5,762,413)</u>

See accompanying notes.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Public safety	\$ 19,798,135	\$ 5,440,092	\$ 459,248	\$ -	\$ (13,898,795)	\$ -	\$ (13,898,795)
Debt service							
Interest on long-term debt	46,122	-	-	-	(46,122)	-	(46,122)
Total Governmental Activities	19,844,257	5,440,092	459,248	-	(13,944,917)	-	(13,944,917)
Business-Type Activities:							
Ambulance	2,570,619	960,538	-	-	-	(1,610,081)	(1,610,081)
Total	\$ 22,414,876	\$ 6,400,630	\$ 459,248	\$ -	(13,944,917)	(1,610,081)	(15,554,998)
General Revenues:							
Ad valorem taxes					11,027,640	-	11,027,640
Consolidated tax revenue					4,521,786	-	4,521,786
AB104, fair share					837,088	-	837,088
Unrestricted interest income					239,394	1,751	241,145
Gain on the sale of capital assets					87,560	-	87,560
Transfers					(1,650,000)	1,650,000	-
Total General Revenues and Transfers					15,063,468	1,651,751	16,715,219
Change in Net Position					1,118,551	41,670	1,160,221
NET POSITION (DEFICIT), BEGINNING OF YEAR					(6,106,823)	(815,811)	(6,922,634)
NET POSITION (DEFICIT), END OF YEAR					\$ (4,988,272)	\$ (774,141)	\$ (5,762,413)

See accompanying notes.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2023**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and investments	\$ 9,282,692	\$ 77	\$ 792,855	\$ 10,075,624
Accounts receivable	293,117	-	-	293,117
Due from NLTFPD OPEB Trust	518,642	-	-	518,642
Property taxes receivable	40,161	-	-	40,161
Due from other governments	1,566,135	-	15,000	1,581,135
Prepaid expense	356,615	-	-	356,615
	<u>12,057,362</u>	<u>77</u>	<u>807,855</u>	<u>12,865,294</u>
Total Assets	<u>\$ 12,057,362</u>	<u>\$ 77</u>	<u>\$ 807,855</u>	<u>\$ 12,865,294</u>
LIABILITIES				
Accounts payable	\$ 4,020	\$ -	\$ -	\$ 4,020
Accrued liabilities	1,128,601	-	-	1,128,601
Unearned revenue	144,409	-	-	144,409
Due to other governments	743,650	-	-	743,650
	<u>2,020,680</u>	<u>-</u>	<u>-</u>	<u>2,020,680</u>
Total Liabilities	<u>2,020,680</u>	<u>-</u>	<u>-</u>	<u>2,020,680</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - delinquent property taxes	40,161	-	-	40,161
Unavailable revenue - project reimbursements	7,499	-	-	7,499
Unavailable revenue - miscellaneous	14,123	-	-	14,123
Unavailable revenue - mutual aid reimbursements	30,258	-	-	30,258
	<u>92,041</u>	<u>-</u>	<u>-</u>	<u>92,041</u>
Total Deferred Inflows of Resources	<u>92,041</u>	<u>-</u>	<u>-</u>	<u>92,041</u>
FUND BALANCES				
Nonspendable	356,615	-	-	356,615
Restricted	1,894,574	77	-	1,894,651
Committed	-	-	807,855	807,855
Unassigned	7,693,452	-	-	7,693,452
	<u>9,944,641</u>	<u>77</u>	<u>807,855</u>	<u>10,752,573</u>
Total Fund Balances	<u>9,944,641</u>	<u>77</u>	<u>807,855</u>	<u>10,752,573</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,057,362</u>	<u>\$ 77</u>	<u>\$ 807,855</u>	<u>\$ 12,865,294</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, 2023**

Fund Balances - Governmental Funds		\$ 10,752,573
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets and right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		
Governmental capital assets	\$ 20,970,467	
Less: Accumulated depreciation/amortization	<u>(14,618,193)</u>	6,352,274
<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 refunding		35,192
<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 bonds payable	(1,744,000)	
Accrued interest	(7,921)	
Net pension liability	(20,066,186)	
Lease liability	(143,579)	
Other postemployment benefits obligation	(5,017,311)	
Compensated absences	(1,578,900)	
Property tax refunds	<u>(1,894,574)</u>	(30,452,471)
<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	1,195,948	
Deferred inflows of resources related to OPEB	(900,059)	
Deferred outflows of resources related to pensions	7,950,956	
Deferred inflows of resources related to pensions	<u>(14,726)</u>	8,232,119
<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 unavailable revenue		<u>92,041</u>
Net Position (Deficit) - Governmental Activities		<u><u>\$ (4,988,272)</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, 2023**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Taxes	\$ 11,020,868	\$ -	\$ -	\$ 11,020,868
Intergovernmental	5,818,122	-	-	5,818,122
Miscellaneous	5,740,787	-	55,600	5,796,387
Total Revenues	22,579,777	-	55,600	22,635,377
EXPENDITURES				
Current:				
Public safety	18,727,547	-	-	18,727,547
Capital outlay	127,653	-	356,676	484,329
Debt service:				
Principal	2,485,335	638,000	-	3,123,335
Interest	1,404	24,154	-	25,558
Total Expenditures	21,341,939	662,154	356,676	22,360,769
Excess (Deficiency) of Revenues over (under) Expenditures	1,237,838	(662,154)	(301,076)	274,608
OTHER FINANCING SOURCES (USES)				
Leases	127,653	-	-	127,653
Sale of assets	-	-	87,560	87,560
Transfers:				
Transfers in	-	662,231	263,000	925,231
Transfers out	(2,575,231)	-	-	(2,575,231)
Total Other Financing Sources (Uses)	(2,447,578)	662,231	350,560	(1,434,787)
Net Change in Fund Balances	(1,209,740)	77	49,484	(1,160,179)
FUND BALANCES, BEGINNING OF YEAR	11,154,381	-	758,371	11,912,752
FUND BALANCES, END OF YEAR	\$ 9,944,641	\$ 77	\$ 807,855	\$ 10,752,573

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, 2023**

Net Change in Fund Balances - Governmental Funds	\$	(1,160,179)
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	\$	489,709
Less: Current year depreciation/amortization		<u>(813,098)</u>
		(323,389)
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		(115,509)
The issuance of long-term debt provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on Net Position:		
Principal payments on debt		638,000
Principal payments on lease liability		43,296
Decrease in property tax refunds		<u>2,442,039</u>
		3,123,335
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		2,897
Change in long-term compensated absences		1,357
Lease proceeds		(127,653)
Amortization of deferred charge on refunding		<u>(23,461)</u>
		(146,860)
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		76,535
Change in deferred outflows of resources - OPEB related		187,815
Change in deferred inflows of resources - OPEB related		446,921
District PERS contributions		1,360,959
District pension expense		<u>(2,331,077)</u>
		<u>(258,847)</u>
Change in Net Position of Governmental Activities	\$	<u><u>1,118,551</u></u>

See accompanying notes.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
AMBULANCE FUND
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2023**

	Business-Type Activities Enterprise Fund
ASSETS	
Current Assets:	
Cash and investments	\$ 960,253
Accounts receivable, net of allowance for bad debts	400,695
Prepaid expense	34,884
Total Current Assets	1,395,832
Noncurrent Assets:	
Capital assets, not being depreciated	30,588
Capital assets, being depreciated, net	398,040
Total Noncurrent Assets	428,628
Total Assets	1,824,460
Deferred Outflows of Resources:	
Net pension - related amounts	1,152,018
Total Assets and Deferred Outflows of Resources	2,976,478
LIABILITIES	
Current Liabilities:	
Accounts payable	1,468
Accrued salaries and benefits	100,611
Compensated absences	71,259
Total Current Liabilities	173,338
Noncurrent Liabilities:	
Compensated absences	39,712
Net pension liability	3,535,435
Total Noncurrent Liabilities	3,575,147
Total Liabilities	3,748,485
Deferred Inflows of Resources:	
Net pension - related amounts	2,134
Total Liabilities and Deferred Inflows of Resources	3,750,619
NET POSITION	
Net investment in capital assets	428,628
Unrestricted (deficit)	(1,202,769)
Total Net Position (Deficit)	\$ (774,141)

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, 2023**

	Business-Type Activities Enterprise Fund
OPERATING REVENUES	
Ambulance fees, net of bad debts	\$ 763,504
GEMT Cost Settlement	163,327
Other	33,707
Total Operating Revenues	960,538
OPERATING EXPENSES	
Salaries and wages	1,037,555
Employee benefits	789,400
Services and supplies	642,293
Depreciation	101,371
Total Operating Expenses	2,570,619
Operating Income (Loss)	(1,610,081)
NONOPERATING REVENUES	
Interest revenue	1,751
Income (Loss) before Transfers	(1,608,330)
TRANSFERS	
Transfers in	1,650,000
Changes in Net Position	41,670
NET POSITION (DEFICIT), BEGINNING OF YEAR	(815,811)
NET POSITION (DEFICIT), END OF YEAR	\$ (774,141)

See accompanying notes.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
AMBULANCE FUND
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Business-Type Activities Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from patients	\$ 617,622
Cash received from others	197,034
Cash payments for salaries and benefits	(1,652,063)
Cash payments for services and supplies	(642,068)
	(1,479,475)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	1,650,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(45,485)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	1,751
Net Increase in Cash and Cash Equivalents	126,791
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	833,462
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 960,253
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (1,610,081)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	101,371
(Increase) decrease in accounts receivable, net	(145,882)
(Increase) decrease in prepaid expense	1,216
Increase (decrease) in accounts payable	(991)
Increase (decrease) in accrued salaries and benefits	6,138
Increase (decrease) in pension related items	139,489
Increase (decrease) in compensated absences	29,265
	130,606
Total Adjustments	130,606
Net Cash Provided (Used) by Operating Activities	\$ (1,479,475)

See accompanying notes.

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2023

	Post-Retirement Plan & Trust
ASSETS	
Contributions receivable	\$ 23,700
Investments	2,713,693
Total assets	2,737,393
LIABILITIES	
Due to North Lake Tahoe Fire Protection District	518,642
NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS	\$ 2,218,751

See accompanying notes.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

	Post-Retirement Plan & Trust
ADDITIONS	
CONTRIBUTIONS	
Active	\$ 32,520
Employer	794,110
	826,630
INVESTMENT INCOME	
Net increase (decrease) in fair value of investments	187,749
Interest and dividends	55,942
Less investment expense	(712)
	242,979
Total additions	1,069,609
DEDUCTIONS	
Benefit payments	518,289
Administrative expenses	14,750
Total deductions	533,039
Change in net position	536,570
NET POSITION, BEGINNING OF YEAR	1,682,181
NET POSITION, END OF YEAR	\$ 2,218,751

See accompanying notes.

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – Summary of Significant Accounting Policies:

Reporting Entity:

North Lake Tahoe Fire Protection District (the 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, 2023

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 service.

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. 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, 2023

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.

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 Nevada Revised Statutes (NRS) 355.167, NRS 355.170, and NRS 355.171, the District may only 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.
- Certain securities issued by local governments of the State of Nevada.
- Certain obligations of state and local governments.
- Certain bankers' acceptances, commercial paper issued by a corporation organized and operating in the United States, and money market mutual funds.

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

- Certain notes and bonds that are issued by corporations organized and operating in the United States.
- Other securities expressly provided by other statutes, including repurchase agreements.
- State of Nevada Local Government Investment Pool.

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 are 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 reflects only those taxes receivable from the delinquent roll years. Delinquent taxes from all roll years prior to 2021-22 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 reflects only those taxes management believe to be collectible. Delinquent taxes from 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.

Accounts Receivable

The allowance method is used to provide for estimated uncollectible amounts in the Ambulance Fund. At June 30, 2023, the allowance for uncollectible accounts was \$400,763.

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

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 the government-wide and fund financial statements.

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 acquisition 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. Capital assets 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, 2023.

Right to use leased assets are recognized at the lease commencement date and represent the District's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period for the District's leased asset is 6 years.

Deferred Outflows/Inflows of Resources

In addition to assets, the District also reports deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Certain deferred costs related to pensions and OPEB qualify for reporting in this category, as well as the unamortized

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

deferred charge on refunding (the difference between the reacquisition price and the net carrying amount of the refunded debt).

In addition to liabilities, the District also reports deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Certain deferred amounts related to pensions and OPEB qualify for reporting in this category, as do certain revenues that are unavailable to satisfy current obligations.

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), and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the North Lake Tahoe Fire Protection District Health Insurance Benefit Plan (the District's Plan) and additions to/deductions from the District's Plan fiduciary net position have been determined on the same basis as they are reported by the District's Plan. For this purpose, the District's Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

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.

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the District.

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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; 100% in the event of death) 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/amortization 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 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.

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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.

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.

Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset -an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

provisions of the contract. The implementation of this standard did not materially impact the District's financial statements.

Estimates

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

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

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

NOTE 3 – Cash and Investments:

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

Governmental Funds:	\$10,075,624
Proprietary Fund	960,253
Fiduciary Fund	<u>2,713,693</u>
	<u>\$13,749,570</u>

As previously noted, Nevada Revised Statutes (NRS 355.167, NRS 355.170 and NRS 355.171) 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 other investments authorized Nevada Revised Statutes.

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

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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 was 12.9%. 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. LGIP is valued at fair value. The District's investment in the LGIP is reported in an amount 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. The District is able to withdraw funds on a daily basis.

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

Investments:	
State of Nevada Local Government Investment Pool (LGIP)	\$6,979,516*
Retirement Benefits Investment Fund	<u>2,713,693</u>
	9,693,209
Total Cash	<u>4,056,361</u>
Total Cash and Investments	<u>\$ 13,749,570</u>
* Represents average weighted maturity of 113 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 unrated external investment pools. 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. The District's bank deposits are covered by Federal Deposit Insurance Corporation (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, 2023

NOTE 4 – Capital Assets:

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

	<u>Balance July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	<u>\$ 1,019,283</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,019,283</u>
Capital assets, being depreciated				
Land improvements	99,428	-	-	99,428
Buildings and improvements	10,228,411	177,025	-	10,405,436
Vehicles and equipment	<u>9,997,239</u>	<u>185,031</u>	<u>(966,853)</u>	<u>9,215,417</u>
Total capital assets, being depreciated	<u>20,325,078</u>	<u>362,056</u>	<u>(976,853)</u>	<u>19,720,281</u>
Less accumulated depreciation for:				
Land improvements	(99,428)	-	-	(99,428)
Buildings and improvements	(7,395,273)	(312,257)	-	(7,707,530)
Vehicles and equipment	<u>(7,231,413)</u>	<u>(455,780)</u>	<u>966,853</u>	<u>(6,720,340)</u>
Total accumulated depreciation	<u>(14,726,114)</u>	<u>(768,037)</u>	<u>966,853</u>	<u>(14,527,298)</u>
Total capital assets, being depreciated, net	<u>5,598,964</u>	<u>(405,981)</u>	<u>-</u>	<u>5,192,983</u>
Right-to-use leased assets being amortized				
Buildings	103,250	127,653	-	230,903
Accumulated amortization				
Buildings	<u>(45,834)</u>	<u>(45,061)</u>	<u>-</u>	<u>(90,895)</u>
Total right-to-use leased assets, being amortized	<u>57,416</u>	<u>82,592</u>	<u>-</u>	<u>140,008</u>
Governmental Activities capital assets, net	<u>\$ 6,675,663</u>	<u>\$(493,028)</u>	<u>\$ -</u>	<u>\$ 6,352,274</u>

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

	<u>Balance July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2023</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	1,591,044	45,485	-	1,636,529
Total capital assets, being depreciated	<u>1,929,594</u>	<u>45,485</u>	<u>-</u>	<u>1,975,079</u>
Less accumulated depreciation for:				
Buildings	(338,551)	-	-	(338,551)
Vehicles and equipment	(1,137,117)	(101,371)	-	(1,238,488)
Total accumulated depreciation	<u>(1,475,668)</u>	<u>(101,371)</u>	<u>-</u>	<u>(1,577,039)</u>
Total capital assets, being depreciated, net	<u>453,926</u>	<u>(55,886)</u>	<u>-</u>	<u>398,040</u>
Business-Type activities capital assets, net	<u>\$ 484,514</u>	<u>\$(55,886)</u>	<u>\$ -</u>	<u>\$ 428,628</u>

Depreciation/amortization expense of \$813,098 was charged to the public safety function and \$101,371 was charged to Ambulance Fund 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, 2023

Monthly benefit allowances for members are computed as 2.50% 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 2.50% service time factor. Regular members entering PERS on or after July 1, 2015, have a 2.25% multiplier for all years of service. 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 - 286.579.

Vesting

Regular members entering PERS prior to January 1, 2010 are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 years of service, or at any age with 30 years of service. Regular members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of service, or age 62 with 10 years of service, or any age with 30 years of service. Regular members entering PERS on or after July 1, 2015 are eligible for retirement at age 65 with 5 years of service, or at age 62 with 10 years of service, or at age 55 with 30 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 5 years of service, at age 55 with 10 years of service, at age 50 with 20 years of service, or at any age with 25 years of service. Police/Fire members entering PERS on or after January 1, 2010, are eligible for retirement at 65 with 5 years of service, or age 60 with 10 years of service, or age 50 with 20 years of service, or at any age with 30 years of service. Only service performed in a position as a police officer or firefighter may be counted towards eligibility for retirement as Police/Fire accredited service.

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

Contributions

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

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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

The District's contributions were \$1,558,149 for the year ended June 30, 2023.

PERS Investment Policy

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

The following was the PERS Board adopted policy target asset allocation as of June 30, 2022:

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

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

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Net Pension Liability

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability of \$23,601,621. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the PERS pension plan relative to the total contributions of all participating PERS employers. At June 30, 2022, the District's proportion was 0.13072%, which was an increase of .00069% from its proportion measured at June 30, 2021.

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the District as of June 30, 2023, calculated using the discount rate of 7.25%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current discount rate:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the Net Pension Liability	\$36,236,209	\$23,601,621	\$13,176,190

Pension Plan Fiduciary Net Position

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

Actuarial Assumptions

The District's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.50%
Payroll Growth	3.50%
Investment Rate of Return/Discount Rate	7.25%
Productivity Pay Increase	0.50%
Projected Salary Increases	Regular: 4.20% to 9.10%, depending on service
	Police/Fire: 4.60% to 14.50%, depending on service
	Rates include inflation and productivity increases
Consumer Price Index	2.50%
Other Assumptions	Same as those used in the June 30, 2022 funding actuarial valuation

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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

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

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

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

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

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

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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

For the year ended June 30, 2023, the District recognized pension expense of \$2,667,756. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,056,020	\$ (16,860)
Changes in assumptions or other inputs	3,031,793	-
Net difference between projected and actual earnings on pension plan investments	287,954	-
Changes in the District's proportionate share	1,169,058	-
District contributions subsequent to the measurement date	1,558,149	-
Total	<u>\$ 9,102,974</u>	<u>\$ (16,860)</u>

The \$1,558,149 reported as deferred outflows of resources related to pensions, resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

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

Other estimated amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions subsequent to the measurement date, will be recognized in pension expense as follows:

<u>Year ending June 30:</u>	
2024	\$ 1,339,204
2025	1,201,709
2026	1,086,011
2027	3,427,865
2028	473,176

Additional Information

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

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Nonspendable	\$ 356,615	\$ -	\$ -	\$ 356,615
Restricted:				
Property Tax Refunds	1,894,574	-	-	1,894,574
Debt Service	-	77	-	77
Committed:				
Capital Projects	-	-	807,855	807,855
Unassigned	7,693,452	-	-	7,693,452
Total fund balances	<u>\$ 9,944,641</u>	<u>\$ 77</u>	<u>\$797,855</u>	<u>\$ 10,753,573</u>

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 – Long-Term Liabilities:

Changes in long-term obligations for the year ended June 30, 2023 are as follows:

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Principal Outstanding July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2023</u>	<u>Due Within One Year</u>
Governmental Activities:								
Long-Term Debt:								
Medium-Term Financing Series, 2020	8/4/20	\$3,495,000	1.09%	\$ 2,382,000	\$ -	\$ 638,000	\$ 1,744,000	\$ 641,000
Other Long-Term Liabilities:								
Compensated Absences	N/A	N/A	N/A	1,580,257	631,815	633,172	1,578,900	561,628
Property Tax Refunds	N/A	N/A	N/A	4,336,613	-	2,442,039	1,894,574	1,894,574
Lease	N/A	N/A	N/A	<u>59,222</u>	<u>127,653</u>	<u>43,296</u>	<u>143,579</u>	<u>40,878</u>
Total Governmental Activities				<u>8,358,092</u>	<u>759,468</u>	<u>3,756,507</u>	<u>5,361,053</u>	<u>3,138,080</u>
Business-Type Activities:								
Other Long-Term Liabilities:								
Compensated Absences	N/A	N/A	N/A	<u>81,706</u>	<u>111,589</u>	<u>82,324</u>	<u>110,971</u>	<u>71,259</u>
Total Long-Term Liabilities				<u>\$ 8,439,778</u>	<u>\$ 871,057</u>	<u>\$3,838,831</u>	<u>\$ 5,472,023</u>	<u>\$3,209,330</u>

During the year ended June 30, 2023, interest expense has been recorded in the financial statements in the Debt Service Fund and General Fund.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Debt service requirements on long-term liabilities, excluding compensated absences and property tax refunds, at June 30, 2023 are as follows:

Year Ending June 30:	Direct Placement	
	Medium-Term Financing	
	Principal	Interest
2024	\$ 641,000	\$17,271
2025	152,000	11,609
2026	154,000	9,946
2027	156,000	8,262
2028	157,000	6,562
2029-2031	484,000	8,846
	\$1,744,000	\$ 62,496

Year Ending June 30:	Leases	
	Principal	Interest
2024	\$ 40,878	\$ 4,718
2025	42,915	3,129
2026	44,557	1,487
2027	15,228	120
	\$ 143,578	\$ 9,454

Bonds and Leases:

On August 4, 2020, the District issued \$3,495,000 in Medium-Term Financing, Series 2020. These bonds were sold to finance the purchase of fire equipment for \$1,500,315 and to refund \$1,486,000 in maturities of the 2012 General Obligation (Limited Tax) Refunding Bonds, Series 2012 and \$430,000 in maturities of the Medium-Term Financing, Series 2013. The balance of the funds were issued for closing and related costs in the amount of \$78,685.

The District has outstanding Medium-Term Financing, Series 2020, from direct placements related to Governmental Activities totaling \$1,744,000. Upon the occurrence and during the continuation of an event of default for nonpayment of principal or interest, then and in every case the registered owners of the Bonds, including, without limitation, a trustee or trustees may proceed against the District and its agents, officers and employees to protect and to enforce the rights of the registered owners of the Bonds by mandamus or by other suit, in any court of competent jurisdiction.

The District entered into a lease agreement for a building. The District is required to make monthly principal and interest payments of \$3,725 through October 2023. The District exercised the option to extend the lease term through October 2026. The new monthly lease payment beginning November 2023 will be \$3,837. The lease liability was originally valued using a discount rate of 0.9% based on the District's incremental borrowing rate at the inception of the lease, and remeasured using a discount rate of 3.76% when exercising the renewal option.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

The lease agreement calls for payments that are partially or completely variable and therefore were not included in lease assets or lease liabilities. These variable payments are a result of the underlying lease measured not on a fixed rate, but rather variable due to the underlying payments derived from the assessed value for property taxes. A total of \$7,867 was recognized as expenses from these variable payments for the year ended June 30, 2023.

The Medium-Term Financing will be liquidated from the Debt Service Fund, after transfers from the general income of the General Fund. Leases will be liquidated from the General Fund. Compensated absences will be liquidated from the General Fund for Governmental Activities and from the Ambulance Fund for Business-Type Activities.

Property Tax Refunds Payable:

On October 13, 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 District’s share is estimated to be \$8,700,000. This settlement ends a lengthy court battle over the Washoe County Assessor’s valuation of property in the District for the 2003-2004, 2004-2005, and 2005-2006 tax years. All owners from the affected years are required to file a claim with Washoe County to receive a refund. The repayment began July 1, 2021, with the first refunds going to owners who still own their properties. 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. As of June 30, 2023, the District has refunded to the taxpayers of Incline Village/Crystal Bay \$6,805,426 leaving an estimated balance of \$1,894,574. A provision for the liability has been made in the government-wide statements.

NOTE 8 – Interfund Transfers:

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

	Transfers To:			
	Debt Service Fund	Capital Projects Fund	Ambulance Fund	Total
Transfers From:				
General Fund	\$ 662,231	\$263,000	\$ 1,650,000	\$ 2,575,231

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. The transfer to the Ambulance Fund was to stabilize operations.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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 Public Agency Compensation Trust (PACT). The District pays premiums based on payroll costs to the PACT. The PACT is considered a self-sustaining pool that will provide coverage based on established statutory limits.

NOTE 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), a single 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 287.010 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 retired prior to March 1, 2012. The coverage is provided until the employee and/or their spouse attain Medicare eligibility,

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

and/or the children are no longer dependents as defined by the health insurance plan. For employees hired or retired 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.

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.

Contribution requirements of the District's Plan may be amended through negotiations between the District and the employee association. 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, 2023, the District contributed \$811,750 to the OPEB trust and paid \$226,000 in an 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 \$7 to a maximum of \$286 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.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by the benefit terms:

	<u>District Plan</u>	<u>PEBP</u>	<u>Total</u>
Inactive employees or beneficiaries			
currently receiving benefit payments	22	4	26
Inactive employees entitled to but not yet			
receiving benefit payments	-	-	-
Active employees	76	-	76
	<u>98</u>	<u>4</u>	<u>102</u>

OPEB Liability

The District's Plan net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022. PEBP's total liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	<u>District Plan</u>	<u>PEBP</u>
Salary increases	Ranges from 14.86% with less than one year of service to 4.66% with 20 or more years of service	N/A
Investment rate of return	7.00%, net of OPEB plan investment expense	N/A
Healthcare cost trend	2.25% initial, 2.25% year two, 2.20% year three and 6.50% year four; 4.00% ultimate in 2096. Based on the Getzen Model. Dental and vision cost assumed at 3.0% per year	0.00% initial; 6.50% year two and 4.00% ultimate in 2096. 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 Pub-2010 Headcount-Weighted Safety Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2021 and projected forward on a generational basis.

The actuarial assumptions used in the July 1, 2022 valuation were based on expectations of the District regarding its workforce, demographic pattern for similar safety groups, and actuarial judgment. The District and the actuary monitor assumptions and experience with every valuation and make adjustments to assumptions as needed as experience emerges.

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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
International Stocks	21.50%
U.S. Bonds	28.00%
U.S. Stocks	50.50%

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 3.54%

A change in the discount rate for PEBP from 2.16% to 3.54% was reflected in the June 30, 2022 measurement period due to the change in municipal bond yield. In addition, the healthcare cost trend rate was changed to a range of 6.50% - 2.20% from a range of 6.25% to 4.25% in the June 30, 2022 measurement period for the District's plan and 6.50% - 0.00% from a range of 5.25% - 4.00% for PEBP in the June 30, 2022 measurement period.

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, 2022 <i>Measurement Date, June 30, 2021</i>	\$ 6,708,804	\$ 1,697,362	\$ 5,011,442
Changes for the year:			
Service cost	271,301	-	271,301
Interest on the total OPEB liability	459,210	-	459,210
Changes of benefit terms	-	-	(18,226)
Differences between actual and expected experience with regard to economic or demographic factors	(13,306)	-	(13,306)
Changes of assumptions	58,342	-	58,342
Benefit payments – implicit subsidy	(305,916)	(305,916)	-
Benefit payments	(548,500)	(548,500)	-
Employer contributions	-	783,164	(783,164)
Employer contributions – implicit subsidy	-	305,916	(305,916)
Net investment income	-	(239,345)	239,345
Administrative expense	-	(10,500)	10,500
Net changes	(78,869)	(15,181)	(63,688)
Balance as of June 30, 2023 <i>Measurement Date, June 30, 2022</i>	\$ 6,629,935	\$ 1,682,181	\$ 4,947,754

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

	PEBP Increase (Decrease)
	Total OPEB Liability
Balance as of June 30, 2022	
<i>Measurement Date, June 30, 2021</i>	\$ 82,404
Changes for the year:	
Service cost	-
Interest on the total OPEB liability	1,747
Changes of benefit terms	-
Differences between actual and expected experience with regard to economic or demographic factors	2,189
Changes of assumptions	(13,710)
Benefit payments	(3,073)
Net changes	(12,847)
Balance as of June 30, 2023	
<i>Measurement Date, June 30, 2022</i>	\$ 69,557

The OPEB liability of both plans as of June 30, 2023 is \$5,017,311.

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	\$ 5,434,647	\$ 4,947,754	\$ 4,506,401
PEBP - Total OPEB Liability	79,228	69,557	61,561
OPEB Liability	\$ 5,513,875	\$ 5,017,311	\$ 4,567,962

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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	\$ 4,409,136	\$ 4,947,754	\$ 5,567,836
PEBP - Total OPEB Liability	61,870	69,557	78,635
OPEB Liability	\$ 4,471,006	\$ 5,017,311	\$ 5,646,471

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

For the year ended June 30, 2023, the District recognized OPEB expense (income) of \$938,199:

District Plan	\$ 915,747
PEBP	(9,774)
	\$ 938,199

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	District Plan		PEBP	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ -	\$ -	\$ -
Differences between expected and actual experience	-	(384,061)	-	-
Change of assumptions	52,246	(515,998)	-	-
Net difference between projected and actual earnings	102,879	-	-	-
Contributions made subsequent to the measurement date	1,037,750	-	3,073	-
Total	\$ 1,192,875	\$ (900,059)	\$ 3,073	\$ -

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB, excluding contributions subsequent to the measurement date, will be recognized in OPEB expense as follows:

<u>Year Ending June 30:</u>	<u>District Plan</u>	<u>PEBP</u>	<u>Total</u>
2024	\$ (194,982)	\$ -	\$ (194,982)
2025	(195,411)	-	(195,411)
2026	(197,658)	-	(197,658)
2027	(64,481)	-	(64,481)
2028	(90,219)	-	(90,219)
Thereafter	(2,183)	-	(2,183)

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 2023 intergovernmental revenue of the District by \$217,062.

State of Nevada Tax Abatements

Aviation Tax Abatement (NRS 360.753)	\$ 515
Data Centers Abatement (NRS 360.754)	198,181
Local Sales and Use Tax Abatement*	15,594
Renewable Energy Abatement (NRS 701A.370)	2,772

*Local Sales and Use Tax is a component of the State’s Standard Tax Abatement (NRS 374.357).

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL FOR THE GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022)
(1 of 2)**

	2023			2022	
	Budget Amounts		Actual	Variance to Final Budget	Actual
	Original	Final			
REVENUES					
Taxes:					
Ad valorem					
Real and personal property	\$ 10,931,604	\$ 10,931,604	\$ 11,020,868	\$ 89,264	\$ 10,182,214
Intergovernmental:					
State shared revenues					
Consolidated tax revenue	4,487,598	4,487,598	4,521,786	34,188	4,585,501
AB 104, fair share	776,738	776,738	837,088	60,350	848,315
Federal and state grants	-	-	459,248	459,248	564,826
	5,264,336	5,264,336	5,818,122	553,786	5,998,642
Miscellaneous:					
Interest	30,000	30,000	239,394	209,394	21,891
Fire suppression reimbursement and other	6,591,076	6,591,076	5,501,393	(1,089,683)	5,262,147
	6,621,076	6,621,076	5,740,787	(880,289)	5,284,038
Total Revenues	22,817,016	22,817,016	22,579,777	(237,239)	21,464,894
EXPENDITURES					
Public safety:					
Fire:					
Salaries and wages	10,831,263	10,831,263	10,274,770	556,493	9,870,853
Employee benefits:					
Retirement	2,902,204	2,902,204	2,749,303	152,901	2,537,883
Group medical insurance	1,616,838	1,616,838	1,432,210	184,628	1,388,333
Retiree medical	797,052	797,052	797,115	(63)	754,558
Industrial insurance	907,629	907,629	1,164,785	(257,156)	952,079
Clothing allowance	77,000	77,000	80,345	(3,345)	55,500
Medicare portion of Social Security	152,206	152,206	147,243	4,963	141,190
Unemployment insurance	117,000	117,000	26,237	90,763	35,735
Social Security	96,897	96,897	113,541	(16,644)	113,282
	6,666,826	6,666,826	6,510,779	156,047	5,978,560
Services and supplies:					
Utilities	159,329	159,329	158,835	494	145,418
Telephone	67,301	67,301	57,744	9,557	51,737
Professional services	510,250	510,250	288,782	221,468	286,684
Membership and meetings	6,247	6,247	8,947	(2,700)	4,413

See notes to required supplementary information.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL FOR THE GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022)
(2 of 2)**

	2023				2022
	Budget Amounts		Actual	Variance to	Actual
	Original	Final		Final Budget	
Services and supplies (continued):					
Training	\$ 136,713	\$ 136,713	\$ 49,338	\$ 87,375	\$ 37,349
Public education supplies	10,500	10,500	10,070	430	12,469
Dispatch	231,000	231,000	170,408	60,592	80,019
District insurance	90,844	90,844	76,939	13,905	77,351
Vehicle repairs and maintenance	293,540	293,540	358,963	(65,423)	320,255
Equipment supplies	117,374	117,374	71,387	45,987	60,083
Radio and alarm	170,218	170,218	98,440	71,778	234,496
Operational expense	92,973	92,973	26,777	66,196	40,332
Station supplies	15,175	15,175	10,654	4,521	11,477
Publications and subscriptions	2,816	2,816	1,670	1,146	410
Physical fitness	55,200	55,200	37,836	17,364	39,714
Postage	5,400	5,400	5,323	77	3,956
Reimbursable expenditures	339,678	339,678	172,501	167,177	130,893
CPR/FACTS	24,000	24,000	20,101	3,899	15,634
Employee recognition	12,719	12,719	7,958	4,761	10,376
Office supplies	9,740	9,740	9,218	522	8,225
Special clothing and gear	326,603	326,603	74,365	252,238	104,778
Building repairs and maintenance	210,405	210,405	225,742	(15,337)	160,171
Tax refund interest	2,700,000	2,700,000	-	2,700,000	-
Real property tax refunds	3,600,000	3,600,000	-	3,600,000	-
	<u>9,188,025</u>	<u>9,188,025</u>	<u>1,941,998</u>	<u>7,246,027</u>	<u>1,836,240</u>
Capital Outlay	-	-	127,653	(127,653)	-
Debt service					
Principal	-	-	2,485,335	(2,485,335)	4,407,415
Interest	-	-	1,404	(1,404)	670
	-	-	<u>2,486,739</u>	<u>(2,486,739)</u>	<u>4,408,085</u>
Total Expenditures	<u>26,686,114</u>	<u>26,686,114</u>	<u>21,341,939</u>	<u>5,344,175</u>	<u>22,093,738</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(3,869,098)</u>	<u>(3,869,098)</u>	<u>1,237,838</u>	<u>5,106,936</u>	<u>(628,844)</u>
OTHER FINANCING SOURCES (USES)					
Contingency	(100,000)	(100,000)	-	100,000	-
Leases	-	-	127,653	127,653	-
Transfers out	(2,575,231)	(2,575,231)	(2,575,231)	-	(2,257,300)
Total Other Financing Sources (Uses)	<u>(2,675,231)</u>	<u>(2,675,231)</u>	<u>(2,447,578)</u>	<u>227,653</u>	<u>(2,257,300)</u>
Net Change in Fund Balances	(6,544,329)	(6,544,329)	(1,209,740)	5,334,589	(2,886,144)
FUND BALANCES, BEGINNING OF YEAR	<u>13,089,281</u>	<u>13,089,281</u>	<u>11,154,381</u>	<u>(1,934,900)</u>	<u>14,040,525</u>
FUND BALANCES, END OF YEAR	<u>\$ 6,544,952</u>	<u>\$ 6,544,952</u>	<u>\$ 9,944,641</u>	<u>\$ 3,399,689</u>	<u>\$ 11,154,381</u>

See notes to required supplementary information.

**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*
(1 of 2)**

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

	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	\$ 271,301	\$ 240,148	\$ 331,321	\$ 309,646	\$ 268,192	\$ 250,647
Interest	459,210	461,440	512,090	503,706	559,832	548,689
Changes of benefit terms	-	-	-	-	(7,557)	-
Differences between actual and expected experience with economic or demographic factors	(13,306)	-	(165,279)	-	(659,324)	-
Changes of assumptions	58,342	-	(613,104)	-	(313,711)	-
Benefit payments - implicit subsidy	(305,916)	(215,814)	(214,700)	(213,600)	(224,572)	(138,208)
Benefit payments	(548,500)	(493,128)	(482,534)	(477,016)	(466,166)	(491,500)
Net change in total OPEB liability	<u>(78,869)</u>	<u>(7,354)</u>	<u>(632,206)</u>	<u>122,736</u>	<u>(843,306)</u>	<u>169,628</u>
Total OPEB liability - beginning	<u>6,708,804</u>	<u>6,716,158</u>	<u>7,348,364</u>	<u>7,225,628</u>	<u>8,068,934</u>	<u>7,899,306</u>
Total OPEB liability - ending (a)	<u><u>\$ 6,629,935</u></u>	<u><u>\$ 6,708,804</u></u>	<u><u>\$ 6,716,158</u></u>	<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	\$ 783,164	\$ 741,942	\$ 356,815	\$ 676,891	\$ 691,366	\$ 716,900
Employer contributions - implicit subsidy	305,916	215,814	214,700	213,600	224,572	138,208
Net investment income	(239,345)	440,617	88,804	81,497	48,306	82,937
Benefit payments - implicit subsidy	(305,916)	(215,814)	(214,700)	(213,600)	(224,572)	(138,208)
Benefit payments	(548,500)	(493,128)	(482,534)	(477,016)	(466,166)	(491,500)
Administrative expense	(10,500)	(27,739)	(43,522)	(133)	-	-
Net change in plan fiduciary net position	<u>(15,181)</u>	<u>661,692</u>	<u>(80,437)</u>	<u>281,239</u>	<u>273,506</u>	<u>308,337</u>
Plan fiduciary net position - beginning	<u>1,697,362</u>	<u>1,035,670</u>	<u>1,116,107</u>	<u>834,868</u>	<u>561,362</u>	<u>253,025</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 1,682,181</u></u>	<u><u>\$ 1,697,362</u></u>	<u><u>\$ 1,035,670</u></u>	<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>\$ 4,947,754</u></u>	<u><u>\$ 5,011,442</u></u>	<u><u>\$ 5,680,488</u></u>	<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	25.37%	25.30%	15.42%	15.19%	11.55%	6.96%
Covered-employee payroll	\$ 9,279,591	\$ 8,512,983	\$ 6,470,119	\$ 6,626,246	\$ 6,530,390	\$ 6,402,732
District's Plan net OPEB liability as a percentage of covered-employee payroll	53.32%	58.87%	87.80%	94.05%	97.86%	117.26%

**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*
(2 of 2)**

Nevada Public Employees' Benefits Plan (PEBP):

	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Interest	\$ 1,747	\$ 1,824	\$ 2,239	\$ 2,490	\$ 8,906	\$ 8,881
Differences between actual and expected experience with economic or demographic factors	2,189	-	15,787	-	(78,776)	-
Changes of assumptions	(13,710)	569	5,906	3,075	13,589	-
Benefit payments	(3,073)	(5,049)	(5,622)	(6,265)	(6,875)	(6,178)
Net change in total OPEB liability	(12,847)	(2,656)	18,310	(700)	(63,156)	2,703
Total OPEB liability - beginning	82,404	85,060	66,750	67,450	130,606	127,903
Total OPEB liability - ending	<u>\$ 69,557</u>	<u>\$ 82,404</u>	<u>\$ 85,060</u>	<u>\$ 66,750</u>	<u>\$ 67,450</u>	<u>\$ 130,606</u>

Notes to Schedule:

Amounts are recorded as of the fiscal year of the measurement date.

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

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

*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.

The following table presents significant assumption changes:

	2022	2021	2020	2019	2018	2017
Inflation	3.00%	3.00%	3.00%	3.00%	3.00%	2.75%
Mortality rates (tables)	PUB-2010	RP-2014	RP-2014	RP-2014	RP-2014	RP-2014
Mortality improvement scale	MP-2021	MP-2020	MP-2020	MP-2018	MP-2018	MP-2017
District Plan: Salary increases	4.66% to 14.86%	4.60% to 14.30%	4.60% to 14.30%	4.60% to 14.30%	4.60% to 14.30%	4.60% to 14.30%
Investment rate of return	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Healthcare cost trend	6.50% to 2.20%	6.25% to 4.25%	5.50% to 4.25%	5.50 to 4.50%	5.50 to 4.50%	8.00% to 4.50%
PEBP: Discount rate	3.54%	2.16%	2.21%	3.50%	3.87%	7.00%
Healthcare cost trend	6.50% to 0.00%	5.25% to 4.00%	5.25% to 4.00%	5.50 to 4.50%	5.50 to 4.50%	8.00% to 4.50%

District Plan: 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 (2018).

**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):

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 746,231	\$ 727,501	\$ 833,697	\$ 856,751	\$ 826,237	\$ 882,177
Contributions in relation to the actuarially determined contribution	<u>1,037,750</u>	<u>1,003,084</u>	<u>945,306</u>	<u>570,225</u>	<u>862,351</u>	<u>915,938</u>
Contribution deficiency (excess)	<u>\$ (291,519)</u>	<u>\$ (275,583)</u>	<u>\$ (111,609)</u>	<u>\$ 286,526</u>	<u>\$ (36,114)</u>	<u>\$ (33,761)</u>
Covered-employee payroll	<u>\$ 9,256,006</u>	<u>\$ 9,279,591</u>	<u>\$ 8,512,983</u>	<u>\$ 6,470,119</u>	<u>\$ 6,626,246</u>	<u>\$ 6,530,390</u>
Contributions as a percentage of covered-employee payroll	11.21%	10.81%	11.10%	8.81%	13.01%	14.03%

Notes to Schedule:

Methods and assumptions used to determine contribution amount:

Valuation Date	<u>July 1, 2022</u>	<u>July 1, 2020</u>	<u>July 1, 2018</u>	<u>July 1, 2017</u>
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar, Open	Level Dollar, Open	Level Dollar, Open	Level Dollar, Open
Remaining amortization period	30 years	30 years	30 years	30 years
Asset valuation method	Market Value	Market Value	Market Value	Market Value
Inflation	3.00%	3.00%	3.00%	2.75%
Healthcare cost trend	6.50% to 2.20%	5.50% to 4.25%	5.50 to 4.50%	8.00% to 4.50%
Salary increases	4.66% to 14.86%	4.60% to 14.30%	4.60% to 14.30%	4.60% to 14.30%
Investment rate of return	7.00%	7.00%	7.00%	7.00%
Mortality rates (tables)	PUB-2010	RP-2014	RP-2014	RP-2014
Mortality improvement scale	MP-2021	MP-2020	MP-2018	MP-2017

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.

**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***

	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's portion of net the pension liability	0.13072%	0.13003%	0.12068%	0.11925%	0.11872%	0.11717%	0.10941%	0.11230%	0.10800%
District's proportionate share of the net pension liability	\$ 23,601,621	\$ 11,857,818	\$ 16,808,621	\$ 16,260,674	\$ 16,190,817	\$ 15,583,104	\$ 14,722,931	\$ 12,868,725	\$ 11,255,393
District's covered payroll	\$ 7,847,549	\$ 7,438,890	\$ 6,805,104	\$ 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	300.75%	159.40%	247.00%	255.39%	268.98%	269.93%	304.95%	271.46%	255.50%
Plan fiduciary net position as a percentage of the total pension liability	75.12%	86.51%	77.04%	76.46%	75.24%	74.42%	72.23%	75.13%	76.31%

*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.

Notes to Schedule:

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Inflation rate	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%	3.50%
Payroll growth	3.50%	3.50%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Investment rate of return	7.25%	7.25%	7.50%	7.50%	7.50%	7.50%	8.00%	8.00%	8.00%
Productivity pay increases	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%
Projected salary increases:									
Regular**	4.20%-9.10%	4.20%-9.10%	4.25%-9.15%	4.25%-9.15%	4.25%-9.15%	4.25%-9.15%	4.60%-9.75%	4.60%-9.75%	4.60%-9.75%
Police/Fire**	4.60%-14.50%	4.60%-14.50%	4.55%-13.90%	4.55%-13.90%	4.55%-13.90%	4.55%-13.90%	5.25%-14.50%	5.25%-14.50%	5.25%-14.50%
Consumer price index	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%	3.50%
Mortality rate	Pub-2010	Pub-2010	RP-2014	RP-2014	RP-2014	RP-2014	RP-2000	RP-2000	RP-2000
Future mortality improvement	MP-2020	MP-2020	6 years	6 years	6 years	6 years	N/A	N/A	N/A

** Depending on service. Rates include inflation and productivity increases.

**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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution**	\$ 1,558,149	\$ 1,445,323	\$ 1,365,917	\$ 1,257,650	\$ 1,148,166	\$ 1,103,370	\$ 1,051,687	\$ 927,603	\$ 866,686
Contributions in relation to the statutorily required contribution**	\$ 1,558,149	\$ 1,445,323	\$ 1,365,917	\$ 1,257,650	\$ 1,148,166	\$ 1,103,370	\$ 1,051,687	\$ 927,603	\$ 866,686
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 8,447,939	\$ 7,847,549	\$ 7,438,890	\$ 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	18.44%	18.42%	18.36%	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
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 - 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 other than the fiduciary fund, which is not required to be budgeted.
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.
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, as necessary. 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. The sum of operating and non-operating expenses in Proprietary Funds also may not exceed total appropriations if the excess creates a deficit in the equity balance of the fund.

**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, 2023
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022)**

	2023			2022	
	Budget Amounts		Actual	Variance to Final Budget	Actual
	Original	Final			
EXPENDITURES					
Debt service:					
Principal	\$ 638,000	\$ 638,000	\$ 638,000	\$ -	\$ 625,000
Interest	24,231	24,231	24,154	77	31,092
Total Expenditures	<u>662,231</u>	<u>662,231</u>	<u>662,154</u>	<u>77</u>	<u>656,092</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(662,231)</u>	<u>(662,231)</u>	<u>(662,154)</u>	<u>77</u>	<u>(656,092)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>662,231</u>	<u>662,231</u>	<u>662,231</u>	<u>-</u>	<u>457,300</u>
Net Change in Fund Balances	-	-	77	77	(198,792)
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,792</u>
FUND BALANCES, END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 77</u></u>	<u><u>\$ 77</u></u>	<u><u>\$ -</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, 2023
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022)**

	<u>2023</u>			<u>2022</u>	
	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance to Final Budget</u>	<u>Actual</u>
	<u>Original</u>	<u>Final</u>			
REVENUES					
Miscellaneous:					
Other	\$ 40,000	\$ 40,000	\$ 55,600	\$ 15,600	\$ 476,769
EXPENDITURES					
Capital outlay	625,000	625,000	356,676	268,324	686,769
Excess (Deficiency) of Revenues over Expenditures	(585,000)	(585,000)	(301,076)	283,924	(210,000)
OTHER FINANCING SOURCES (USES)					
Transfers in	263,000	263,000	263,000	-	200,000
Sale of assets	-	-	87,560	87,560	10,000
Total Other Financing Sources (Uses)	263,000	263,000	350,560	87,560	210,000
Net Change in Fund Balances	(322,000)	(322,000)	49,484	371,484	-
FUND BALANCES, BEGINNING OF YEAR	669,410	669,410	758,371	88,961	758,371
FUND BALANCES, END OF YEAR	<u>\$ 347,410</u>	<u>\$ 347,410</u>	<u>\$ 807,855</u>	<u>\$ 460,445</u>	<u>\$ 758,371</u>

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, 2023
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022)

	2023			2022	
	Budget Amounts		Actual	Variance to	
	Original	Final		Final Budget	
	Original	Final	Actual	Final Budget	Actual
OPERATING REVENUES					
Charges for services:					
Public safety:					
Ambulance fees, net of bad debts	\$ 512,042	\$ 512,042	\$ 763,504	\$ 251,462	\$ 518,663
GEMT Cost Settlement	75,484	75,484	163,327	87,843	73,915
Other	70,725	70,725	33,707	(37,018)	64,096
Total Operating Revenues	658,251	658,251	960,538	302,287	656,674
OPERATING EXPENSES					
Public safety:					
Ambulance:					
Salaries and wages	1,065,000	1,065,000	1,037,555	27,445	951,411
Employee benefits	643,183	643,183	789,400	(146,217)	461,435
Services and supplies	864,653	864,653	642,293	222,360	518,208
Depreciation	185,915	185,915	101,371	84,544	127,112
Total Operating Expenses	2,758,751	2,758,751	2,570,619	188,132	2,058,166
Operating Income (Loss)	(2,100,500)	(2,100,500)	(1,610,081)	490,419	(1,401,492)
NONOPERATING REVENUES					
Interest revenue	407	407	1,751	1,344	1,358
Income (Loss) before Transfers	(2,100,093)	(2,100,093)	(1,608,330)	491,763	(1,400,134)
TRANSFERS					
Transfers in	1,650,000	1,650,000	1,650,000	-	1,600,000
Changes in Net Position	\$ (450,093)	\$ (450,093)	41,670	\$ 491,763	199,866
NET POSITION (DEFICIT), BEGINNING OF YEAR			(815,811)		(1,015,677)
NET POSITION (DEFICIT), END OF YEAR			\$ (774,141)		\$ (815,811)



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 (*Government Auditing Standards*), 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, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated March 26, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

North Lake Tahoe Fire Protection District's Response to Finding

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

Purpose of this Report

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

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the printed name and date.

Reno, Nevada
March 26, 2024



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, 2023, and the related notes to the financial statements, nothing came to our attention that caused us to believe that the District failed to comply with the specific requirements of Nevada Revised Statutes. 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, insofar as they relate to accounting matters.

Current Year Statute Compliance

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

Progress on Prior Year Statute Compliance

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

Prior Year Recommendations

There are no prior year recommendations.

Current Year Recommendations

The current year recommendation is included in item 2023-001 which is included in the accompanying Schedule of Findings and Responses.

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

Reno, Nevada
March 26, 2024

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2023**

**2023-001: Financial Close and Reporting
Material Weakness**

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. One of the key components of an effective system of internal control over financial reporting is an effective financial close reconciliation and review process.

Condition: Certain adjustments were proposed during our audit with respect to cash, receivables, prepaids, accrued liabilities, revenue, and unearned revenue.

Cause: The District did not have an adequate financial close reconciliation and review process (internal controls).

Effect: The following audit adjustments were recorded by management:

- General Fund:
 - Overstatement of grants revenue and understatement of unearned revenue by \$144,409.
 - Understatement of cash and understatement of accrued liabilities by \$72,345.
- Ambulance Fund:
 - Overstatement of prepaid expense and overstatement of accrued liabilities by \$29,924.
- Capital Project Fund:
 - Understatement of receivables and understatement of sales of assets by \$15,000.

Recommendation: We recommend North Lake Tahoe Fire Protection District enhance the financial close reconciliation and review process.

Views of Responsible Officials:

We acknowledge the critical importance of solid financial reconciliation and review processes in ensuring the accuracy and integrity of our financial reporting. As such we are committed to taking immediate corrective actions to address the deficiencies and strengthen our financial close and review processes. We have outlined below the specific steps we have already undertaken and will undertake:

1. **Root Cause Analysis:** We conducted a detailed review of the weaknesses in our financial reconciliation and review process. This involved a thorough review of existing procedures, systems, and personnel responsibilities.
2. **Process Enhancement:** Based on the findings of the root cause analysis, we will enhance awareness across the organization regarding the importance of accurate and timely financial reconciliation. This will include the implementation of a month-end close checklist to improve communication, deadlines, and timeliness of the financial reporting, as well as eliminating duplicate processes.

**NORTH LAKE TAHOE FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2023**

3. **Technology Integration:** In the first quarter of fiscal year ending June 30, 2024, we began utilizing the sub-ledgers within our financial software to streamline our accounting processes and reflect an accurate accrual accounting system. This will then involve the implementation of reconciliation reports and review of data monthly. Other data systems and processes were analyzed, and improvements were made to reflect higher accuracy and timeliness with the aid of technology systems.
4. **Training & Awareness:** We have initiated comprehensive training to relevant personnel involved in the data entry and financial reconciliation and review process to ensure a clear understanding of their roles and responsibilities. It will also be necessary to employ additional accounting staff with the knowledge and financial reporting acumen to help support financial management.
5. **Monitoring & Oversight:** We will strengthen our monitoring and oversight mechanisms to ensure ongoing compliance with the enhanced financial reconciliation and review procedures.
6. **Periodic Review and Evaluation:** We will establish a process for periodic review and evaluation of our financial reconciliation and review process to assess its effectiveness and identify areas for further improvement. This will include regular assessments by management and external auditors.

We are confident that the implementation of these measures will significantly strengthen our financial reconciliation and review process and mitigate the risk of material misstatements in our financial statements.