



Truckee Meadows Fire Protection District

AUDITED FINANCIAL REPORT

June 30, 2021



Washoe County, Nevada

Financial Statements
June 30, 2021

Truckee Meadows Fire Protection District

Truckee Meadows Fire Protection District

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Independent Auditor's Report

To the Honorable Board of Fire Commissioners
Truckee Meadows Fire Protection District
Reno, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Truckee Meadows Fire Protection District (the District) (a component unit of Washoe County, Nevada) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-10, budgetary comparison information and reconciliation on pages 43-46, schedule of changes in net other postemployment benefit liability and related ratios on page 47, schedule of District's contributions – other postemployment benefits on page 48, schedule of District's share of net pension liability on page 49, and schedule of District's contributions – PERS on page 50, and the notes to the required supplementary information on page 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report November 22, 2021, 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Reno, Nevada
November 22, 2021

As management of the Truckee Meadows Fire Protection District's (the District) finances, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$8,204,015 which includes \$27,386,298 net investment in capital assets, \$1,782,999 restricted for wildland fire emergencies, \$560,165 restricted for claims, and (\$21,525,447) which is the unrestricted net position. Governmental activities include all funds of the District.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$17,358,129 a decrease of \$4,099,207 or 19.1% in comparison with the prior year. This decrease was primarily caused by capital expenditures from debt issued during the prior fiscal year ending June 30, 2020. The expenditures are included in the governmental funds however, the related capital assets are not current economic resources therefore the value of the asset is not included in the governmental funds. Approximately 53.91% of the combined ending fund balance is available for spending at the government's discretion (unassigned fund balance).

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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and 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 a private-sector business.

The statement of net position presents information on all 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. Total assets of the District at June 30, 2021 were \$58,212,400 with capital assets, net of accumulated depreciation, accounting for \$32,448,492 of that total. Total deferred outflows of resources of the District at June 30, 2021 were \$12,160,383 all of which is related to post employment costs including health benefits and pension. Of the total liabilities of \$59,854,481, approximately 93.35% or \$55,874,715 represent liabilities related to long-term liabilities of the District. This is an increase of \$8,006,938 in liabilities in comparison with the prior year and was primarily caused by the increase in net pension liability of \$2,433,370 and increase in net other postemployment benefits liability of \$1,859,475 due to changes in actuary assumptions and valuations, and the increase in bonds payable of \$1,554,000 due to additional debt issuances during the year. Total deferred inflows of resources of the District at June 30, 2021 were \$2,314,287 all of which is related to post employment costs including health benefits and pension.

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 (e.g., uncollected taxes and earned and unused vacation leave). Total revenues for the year ended June 30, 2021 were \$39,687,969 consisting primarily of

taxes and intergovernmental revenues, while total expenses were \$42,952,850. This resulted in a decrease in net position of \$3,264,881 or 28.47% from prior year. The decrease was primarily caused by non-cash related expenses, including, increases in other postemployment benefit liability, pension liability, compensated absences liability, and the change in workers' compensation claims estimates. The District's net position remains strong.

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

The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District fall into the governmental funds category, except for the proprietary 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 the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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.

The District maintains four individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Emergency Fund and Capital Projects Fund, all of which are considered to be major funds. The District established the Debt Service Fund during the fiscal year ending June 30, 2021. The Debt Service Fund is the District's only non-major governmental fund. The District adopts an annual appropriated budget for each of its funds. A budgetary comparison statement or schedule has been provided for each fund to demonstrate compliance with the budget. The governmental fund financial statements and the reconciliations to the government-wide financial statements can be found on pages 13 through 16 of this report.

Proprietary funds. The District maintains one type of proprietary fund, which is an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's functions. The District's internal service fund is used to account for its workers' compensation liability. Because these services benefit governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements. The internal service fund is reported in the proprietary fund financial statements and can be found on pages 17 through 19 of this report.

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 20 through 42 of this report.

Other information. The District maintains a stabilization fund and a sick annual comp benefits fund for internal purposes. These funds do not meet the definition of special revenue funds under Governmental Accounting Standards Board (GASB) Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which was implemented in 2011 by the District. The activity for these funds is included in the General Fund in the basic financial statements; however, since the District prepares a budget for these funds, a reconciliation of budgetary basis financial statements to GAAP basis financial statements is presented immediately following the notes to the financial statements. These reconciliations can be found on pages 46 and 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. As of June 30, 2021, the District's total net position was \$8,204,015, which is a \$3,264,881 decrease from the prior year. The primary reason for the decrease was the increase in other postemployment benefit liability, pension liability, compensate absences liability, and changes in workers' compensation claims estimates.

Truckee Meadows Fire Protection District's Net Position

	Governmental Activities	
	2021	2020
Current and other assets	\$ 25,763,908	\$ 27,471,422
Capital assets	32,448,492	28,839,998
Total assets	58,212,400	56,311,420
Deferred outflows of resources	12,160,383	10,350,772
Other liabilities	3,979,766	3,021,524
Long-term liabilities	55,874,715	48,826,019
Total liabilities	59,854,481	51,847,543
Deferred inflows of resources	2,314,287	3,345,753
Net position:		
Investment in capital assets	27,386,298	28,469,092
Restricted	2,343,164	2,648,387
Unrestricted	(21,525,447)	(19,648,583)
Total net position	\$ 8,204,015	\$ 11,468,896

The assets and deferred outflows of resources of the District's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$8,204,015. Net position includes the District's net investment in capital assets (e.g., land, buildings, machinery, and equipment). The net investment in capital assets as of June 30, 2021 was \$27,386,298. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Truckee Meadows Fire Protection District

Management's Discussion and Analysis

June 30, 2021

An additional portion of the District's net position \$2,343,164 represents resources that are subject to external restrictions on how they may be used, such as the workers' compensation claims and emergencies. The remaining balance of unrestricted net position was (\$21,525,447).

At the end of the current fiscal year, the District is able to report positive balances in two of the three categories of net position. The negative unrestricted net position was caused by the accounting standard requiring the reporting of the Net Pension Liability on the balance sheet.

Truckee Meadows Fire Protection District's Changes in Net Position

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 1,487,666	\$ 665,975
Capital grants and contributions	530,990	-
Operating grants and contributions	868,825	16,109
General revenues:		
Property taxes	21,142,353	19,937,912
Consolidated taxes	10,396,577	9,021,756
Other taxes	1,628,553	1,557,133
Unrestricted investment earnings	66,724	918,533
Reimbursements	3,151,900	1,114,528
Other	414,381	93,904
Total revenues	39,687,969	33,325,850
Expenses:		
Public safety	42,662,073	36,116,362
Debt service	290,777	94,865
Total expenses	42,952,850	36,211,227
Increase (Decrease) in net position	(3,264,881)	(2,885,377)
Net position, July 1	11,468,896	14,354,273
Net position, June 30	\$ 8,204,015	\$ 11,468,896

Total Revenues. The District's total revenues increased by \$6,362,119, or 19.09%. The primary increases were an increase of \$2,037,372 in reimbursements caused by new fuels management agreements with outside agencies that reimbursed the District for purchases of assets and supplies, an increase in Consolidated taxes of \$1,374,821 mostly due to increased spending on consumer goods during the year, and an increase of \$1,204,441 in ad valorem taxes. Also included in the increase is a \$1,383,706 increase in grants and contributions caused mainly by new fuels management agreements and acceptance of a federal grant for the staffing of three fire fighter positions. These increases were offset by a decrease in investment earnings in the amount of \$851,809 primarily related to timing of the valuation of investments.

Total Expenses. The District's total expenses increased by \$6,741,623 or by 18.62% which was primarily due to salary and benefit increases, including additional costs related to pension and post-employment benefits, and increases in the number of employees due to the growth of the District.

Net Position. The District's total net position decreased by \$3,264,881 during the fiscal year ended June 30, 2021. The District's total net position decreased by \$2,885,377 during the fiscal year ended June 30, 2020. The decrease in total net position in the fiscal year ended June 30, 2021 was primarily caused by non-cash related expenses, including, increases in other postemployment benefit liability, pension liability, compensated absences liability, and the change workers' compensation claims estimates. The decrease in total net position in the fiscal year ended June 30, 2020 was also primarily caused by non-cash related expenses, including, increases in other postemployment benefit liability, pension liability, and compensated absences liability.

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 spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$17,358,129 a decrease of \$4,099,207 or 19.1% in comparison with the prior year. This decrease was primarily caused by capital purchases from debt issued during the prior fiscal year ending June 30, 2020. The purchases are included in the governmental funds however, the related capital assets are not current economic resources therefore the value of the asset is not included in the governmental funds. Approximately 53.91% of the combined ending fund balance is available for spending at the government's discretion (unassigned fund balance).

The General Fund is the primary operating fund of the District. For the fiscal year ended June 30, 2021, the total fund balance for the General Fund was \$13,731,494. The total fund balance includes an assigned fund balance of \$4,324,585 which consists of \$450,884 assigned for encumbrances, \$3,634,349 appropriated to the fiscal year 21/22 budget and \$239,352 assigned to pay out accrued sick and annual compensation balances. The remaining fund balance consists of, \$6,432 in nonspendable fund balance, and \$9,400,477 unassigned.

The total fund balance for the General Fund in the amount of \$13,731,494 is an increase of \$1,082,484 from the prior year. This increase is primarily caused by increases in ad valorem taxes and intergovernmental revenues associated with local sales taxes.

As a measure of the General Fund's liquidity, it may be useful to compare the June 30, 2021 total fund balance not attributable to the Stabilization Fund or the Sick Annual Comp Benefits Fund of \$12,850,075 to fund expenditures. The fund balance represents 36.49% of total General Fund expenditures. This represents approximately 4.4 months' worth of expenditures. The fund balance will give the District's General Fund sufficient cash flow to meet its operational obligations.

The District's Emergency Fund was established according to NRS 474 for the funding for unforeseen emergencies, primarily large wildland fires and other natural disasters. In fiscal year 2021, the District incurred large wildland fires within its jurisdiction; and it provided fire suppression services to other entities for a fee and paid for the State

wildland fire insurance program and other expenditures which totaled \$2,073,320, an increase of \$1,464,311 from the prior year. This increase is primarily caused by a significant increase in large wildland fires and services provided to the community in relation to the COVID-19 pandemic. The Emergency Fund balance as of June 30, 2021 was a deficit balance of \$42,675. The deficit balance is primarily caused by the timing of reimbursements from other agencies for assistance with wildland fire suppression or other emergency responses. These reimbursements were not received within 60 days of June 30, 2021 and therefore are not considered current economic resources and are deferred in the governmental funds.

The Capital Projects Fund activity in fiscal year 2021 included the issuance of bonds in the amount of \$2,100,000. Purchases from the Fund, included among other things, the purchase of property for a future replacement fire station, and five new Type I fire engines.

The Debt Service Fund was established in fiscal year 2021, expenditures from the Fund, included principal and interest payments on the two outstanding general obligation bonds.

Proprietary funds. The District's proprietary fund provides information on the workers' compensation program of the District. The net position of the Workers' Compensation Internal Service Fund as of June 30, 2021, was \$560,165, a decrease of \$646,144 from prior year. The primary reason for the decrease was an increase in expense of \$595,594 related to estimated future claims liabilities.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The District's capital assets as of June 30, 2021, amount to \$32,448,492 (net of accumulated depreciation). This net investment in capital assets includes land, construction in progress, buildings and building improvements, and vehicles and equipment. Refer to Note 4 for further detail.

Long-term debt. During the fiscal year, the District issued long-term bonded debt in the amount of \$2,100,000 to be used for the acquisition and construction of major capital facilities and equipment. This is the second issuance of debt by the District. The District's other long-term bonded debt of \$4,415,000 was issued during the prior fiscal year for the purchase and build up of vehicles and apparatus. Scheduled principal payments of \$546,000 were made during the year. Other long-term obligations of the District included compensated absences, such as accrued vacation and sick leave, and estimated workers compensation' claims. Refer to Note 5 for further detail.

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 Washoe County, Nevada. Property tax revenues are projected to increase for 2021-2022. Assessed values increased by 4.98% for the coming fiscal year.
- The second significant tax revenue for the District, the consolidated tax, consists primarily of sales taxes. For the fiscal year ending June 30, 2022, the District budgeted for a decrease in sales tax revenue of 13.5% in reaction to the current COVID-19 pandemic and the expected impact to sales revenues. However, for the year ended June 30, 2021, taxable sales in Washoe County increased by 19.4% over the previous fiscal year. For the fiscal year ending June 30, 2022, the District budgeted sales tax revenue consistent with projections obtained from the State of Nevada Department of Taxation.

These factors were considered in preparing the District's budget for the 2022 fiscal year.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Truckee Meadows, 3663 Barron Way, Reno, Nevada 89511.

Truckee Meadows Fire Protection District

Statement of Net Position

June 30, 2021

	Governmental Activities
Assets	
Cash and investments	\$ 18,807,940
Restricted cash and investments	906,806
Accounts receivable, net of allowance for doubtful accounts	433,468
Taxes receivable	117,805
Due from other governments, net of allowance for doubtful accounts	5,308,250
Interest receivable	44,921
Deposits	144,718
Capital assets, not being depreciated	7,149,013
Capital assets being depreciated, net of accumulated depreciation	25,299,479
Total assets	58,212,400
Deferred Outflows of Resources	
Pension related amounts	8,679,738
Other postemployment benefits related amounts	3,480,645
Total deferred outflows of resources	12,160,383
Liabilities	
Accounts payable and accrued liabilities	3,160,127
Due to other governments	784,446
Unearned revenue	5,125
Deposits	8,084
Accrued interest	21,984
Noncurrent liabilities	
Due within one year	
Bonds payable	543,000
Claims and judgments	69,204
Compensated absences	2,502,882
Due in more than one year	
Bonds payable	5,426,000
Claims and judgments	1,850,885
Compensated absences	3,790,276
Net other postemployment benefits liability	6,411,124
Net pension liability	35,281,344
Total liabilities	59,854,481
Deferred Inflows of Resources	
Other postemployment benefits related amounts	188,753
Pension related amounts	2,125,534
Total deferred inflows of resources	2,314,287
Net Position	
Investment in capital assets	27,386,298
Restricted for	
Emergencies	1,782,999
Claims	560,165
Unrestricted	(21,525,447)
Total net position	\$ 8,204,015

Truckee Meadows Fire Protection District

Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
					Governmental Activities
Governmental activities					
Public safety	\$ 42,662,073	\$ 1,487,666	\$ 530,990	\$ 868,825	\$(39,774,592)
Debt service	290,777	-	-	-	(290,777)
	<u>\$ 42,952,850</u>	<u>\$ 1,487,666</u>	<u>\$ 530,990</u>	<u>\$ 868,825</u>	<u>\$(40,065,369)</u>
General Revenues					
Ad valorem taxes					21,142,353
Intergovernmental Revenues					
Consolidated taxes					10,396,577
SCCRT-AB104					1,522,084
Real property transfer tax					106,469
Licenses and permits					293,504
Reimbursements					3,151,900
Unrestricted investment earnings					66,724
Other					120,877
Total general revenues					<u>36,800,488</u>
Change in Net Position					(3,264,881)
Net Position, Beginning of Year					<u>11,468,896</u>
Net Position, End of Year					<u>\$ 8,204,015</u>

Truckee Meadows Fire Protection District

Balance Sheet - Governmental Funds

June 30, 2021

	General Fund (GAAP Basis)	Emergency Fund	Capital Projects Fund	Non-Major Debt Service Fund	Total Governmental Funds
Assets					
Cash and investments	\$13,151,138	\$ 48,301	\$3,122,544	\$ -	\$ 16,321,983
Restricted cash and investments	-	-	906,806	-	906,806
Accounts receivable, net of allowance for doubtful accounts	422,079	-	11,389	-	433,468
Taxes receivable	117,805	-	-	-	117,805
Due from other governments, net of allowance for doubtful accounts	3,450,855	1,857,395	-	-	5,308,250
Interest receivable	29,610	-	9,651	-	39,261
Deposits	6,432	-	138,286	-	144,718
Total assets	\$17,177,919	\$ 1,905,696	\$4,188,676	\$ -	\$ 23,272,291
Liabilities					
Accounts payable and accrued liabilities	\$ 2,518,064	\$ 122,697	\$ 519,366	\$ -	\$ 3,160,127
Due to other governments	773,083	-	-	-	773,083
Unearned revenue	5,125	-	-	-	5,125
Deposits	8,084	-	-	-	8,084
Total liabilities	3,304,356	122,697	519,366	-	3,946,419
Deferred Inflows of Resources					
Unavailable revenues					
Property taxes	90,166	-	-	-	90,166
Reimbursements	51,903	1,825,674	-	-	1,877,577
Total deferred inflows of resources	142,069	1,825,674	-	-	1,967,743
Fund Balances					
Nonspendable	6,432	-	138,286	-	144,718
Restricted	-	-	906,806	-	906,806
Committed	-	-	2,624,218	-	2,624,218
Assigned					
For budget shortfall	3,634,349	-	-	-	3,634,349
For encumbrances	450,884	-	-	-	450,884
For compensated absences buyout	239,352	-	-	-	239,352
Unassigned	9,400,477	(42,675)	-	-	9,357,802
Total fund balances	13,731,494	(42,675)	3,669,310	-	17,358,129
Total liabilities, deferred inflows of resources, and fund balances	\$17,177,919	\$ 1,905,696	\$4,188,676	\$ -	\$ 23,272,291

Truckee Meadows Fire Protection District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2021

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

Total fund balances - total governmental funds		\$ 17,358,129
Capital assets used in governmental activities are not financial resources, and, therefore are not reported in the funds.		
Governmental capital assets	51,611,688	
Less accumulated depreciation	<u>(19,163,196)</u>	32,448,492
Deferred inflows of resources are not available to pay for current period expenditures, and, therefore, are deferred in the funds.		1,967,743
Other liabilities are not due and payable in the current period and therefore are not reported in governmental funds		
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the funds.		
Accrued interest	(21,984)	
Bonds payable	(5,969,000)	
Compensated absences	(6,293,158)	
Net other postemployment benefits liability	(6,411,124)	
Net pension liability	<u>(35,281,344)</u>	(53,976,610)
Deferred outflows and inflows of resources related to other post- employment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to OPEB	3,480,645	
Deferred inflows of resources related to OPEB	<u>(188,753)</u>	3,291,892
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	8,679,738	
Deferred inflows of resources related to pensions	<u>(2,125,534)</u>	6,554,204
Internal service funds are used by management to charge the cost of certain activities to individual funds. The net position of the Internal Service Funds is reported with governmental activities		<u>560,165</u>
Net position of governmental activities		<u><u>\$ 8,204,015</u></u>

Truckee Meadows Fire Protection District
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2021

	General Fund (GAAP Basis)	Emergency Fund	Capital Projects Fund	Non-Major Debt Service Fund	Total Governmental Funds
Revenues					
Taxes	\$ 21,184,295	\$ -	\$ -	\$ -	\$ 21,184,295
Licenses and permits	293,504	-	-	-	293,504
Intergovernmental	13,594,239	-	-	-	13,594,239
Charges for services	914,865	-	-	-	914,865
Miscellaneous	1,339,106	731,585	50,097	-	2,120,788
Total revenues	<u>37,326,009</u>	<u>731,585</u>	<u>50,097</u>	<u>-</u>	<u>38,107,691</u>
Expenditures					
Current					
Public safety	35,743,525	2,073,320	706,052	-	38,522,897
Capital outlay	-	-	5,588,416	-	5,588,416
Debt Service					
Principal	-	-	-	546,000	546,000
Interest	-	-	-	84,204	84,204
Debt issuance	-	-	204,721	-	204,721
Total expenditures	<u>35,743,525</u>	<u>2,073,320</u>	<u>6,499,189</u>	<u>630,204</u>	<u>44,946,238</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,582,484</u>	<u>(1,341,735)</u>	<u>(6,449,092)</u>	<u>(630,204)</u>	<u>(6,838,547)</u>
Other Financing Sources (Uses)					
Proceeds from debt issuance	-	-	2,100,000	-	2,100,000
Transfers in	-	-	500,000	630,204	1,130,204
Transfers out	(500,000)	-	(630,204)	-	(1,130,204)
Sale of capital assets	-	-	639,340	-	639,340
Total other financing sources (uses)	<u>(500,000)</u>	<u>-</u>	<u>2,609,136</u>	<u>630,204</u>	<u>2,739,340</u>
Net Change in Fund Balances	1,082,484	(1,341,735)	(3,839,956)	-	(4,099,207)
Fund Balances,					
Beginning of Year	<u>12,649,010</u>	<u>1,299,060</u>	<u>7,509,266</u>	<u>-</u>	<u>21,457,336</u>
End of Year	<u>\$ 13,731,494</u>	<u>\$ (42,675)</u>	<u>\$3,669,310</u>	<u>\$ -</u>	<u>\$ 17,358,129</u>

Truckee Meadows Fire Protection District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds \$ (4,099,207)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over the estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	6,245,846	
Less current year depreciation/amortization	(1,830,930)	
		4,414,916

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. Thus, the change in net position differs from the change in fund balances by the change in unavailable revenue.

1,572,776

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities and/or deferred outflows of resources in the Statement of Net Position. Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which bonds issued exceeded repayments:

Bonds issued	(2,100,000)	
Principal paid on bonds	546,000	
		(1,554,000)

Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in governmental funds:

Change in compensated absences	(693,180)	
Change in accrued interest	(1,852)	
		(695,032)

In the statement of activities, the gain or loss on the disposal of capital assets is reported. In the governmental funds, the gain or loss is not reported. Thus, the change in net position differs from the change in fund balances by the cost of the assets sold less the balance in accumulated depreciation.

(806,422)

Governmental funds report pension and other postemployment benefits (OPEB) contributions as expenditures. However, in the Statement of Activities, the cost of pension and OPEB benefits earned is reported as pension expense.

OPEB contributions	750,000	
OPEB expense	(1,300,594)	
Pension contributions	2,961,304	
Pension expense	(3,862,478)	
		(1,451,768)

The internal service funds are used by management to account for the costs of retiree health medical expenses and workers' compensation. The net revenue of the internal service funds is reported with governmental activities.

(646,144)

Change in net position of governmental activities \$ (3,264,881)

Truckee Meadows Fire Protection District
Statement of Net Position - Proprietary Fund - Workers' Compensation Internal Service Fund
June 30, 2021

	Governmental Activities Internal Service Funds
Assets	
Current assets	
Cash and investments	\$ 2,485,957
Interest receivable	<u>5,660</u>
Total assets	<u>2,491,617</u>
Liabilities	
Current liabilities	
Due to other governments	11,363
Claims and judgments	<u>69,204</u>
Total current liabilities	80,567
Noncurrent liabilities	
Claims and judgments	<u>1,850,885</u>
Total liabilities	<u>1,931,452</u>
Net Position	
Restricted for claims	<u><u>\$ 560,165</u></u>

Truckee Meadows Fire Protection District
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
Year Ended June 30, 2021

	Governmental Activities Internal Service Funds
Operating Expenses	
Services and supplies	
Claims	\$ 652,110
Miscellaneous	1,536
	<hr/>
Total operating expenses	653,646
	<hr/>
Operating Income (Loss)	(653,646)
	<hr/>
Nonoperating Revenues (Expenses)	
Investment earnings	28,926
Net increase in the fair value of investments	(21,424)
	<hr/>
Total nonoperating revenues (expenses)	7,502
	<hr/>
Change in Net Position	(646,144)
	<hr/>
Net Position, Beginning of Year	1,206,309
	<hr/>
Net Position, End of Year	\$ 560,165
	<hr/> <hr/>

Truckee Meadows Fire Protection District

Statement of Cash Flows - Proprietary Fund

Year Ended June 30, 2021

	Governmental Activities Internal Service Funds
Operating Activities	
Cash payments for services and supplies	\$ (159,033)
Investing Activities	
Investment earnings	10,797
Net Change in Cash and Cash Equivalents	(148,236)
Cash and Cash Equivalents, Beginning of Year	2,634,193
Cash and Cash Equivalents, End of Year	\$ 2,485,957
Reconciliation of operating income (loss) to net cash from (used for) operating activities	
Operating income (loss)	\$ (653,646)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities:	
Change in	
Due to other governments	(14,058)
Pending claims	508,671
Total adjustments	494,613
Net Cash used for Operating Activities	\$ (159,033)

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

Truckee Meadows Fire Protection District (District) is a municipality of the State of Nevada located in Washoe County, Nevada. The District is governed by the Board of Fire Commissioners. The Washoe County Board of County Commissioners functions as the Board of Fire Commissioners of the District.

The County has no financial benefit or burden relationship with the District and the District is a legally separate organization from the County. However, the Board of County Commissioners acts as the Board of Fire Commissioners of the District and as such, as defined in governmental accounting standards generally accepted in the United States of America, the District has been classified as a discretely presented component unit of the County.

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. The effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of the public safety function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements provide information about the funds of the District. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements and the proprietary fund's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is 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.

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. Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds report liabilities in connection with resources that have been received, but not yet earned. 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, postemployment benefits, and claims and judgments, are recorded only when payment is due.

The District initially utilizes restricted resources to finance qualifying activities prior to unrestricted resources, which are utilized as they are needed.

Property taxes, licenses and permits, 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 focus of proprietary fund measurement is upon determination of operating income or loss, changes in net position, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for internal service funds include the cost of services (employee benefits). All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

The District's Workers' Compensation Internal Service Fund is the only proprietary fund. The financial statements of the Workers' Compensation Internal Service Fund are consolidated into the governmental column when presented in the government-wide financial statements. The costs of these services are reported in the public safety function. The effect of interfund activity has been removed from the government-wide financial statements.

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 accounted for in another fund.

The Wildland Fire Emergency Reserve Fund (The Emergency Fund), a special revenue fund under Nevada Revised Statutes (NRS), was created to account for the cost of unforeseen large wildland fire emergencies pursuant to NRS 474.510.

The Capital Projects Fund, a capital projects fund, accounts for the financial resources to be used for the acquisition and construction of major capital assets.

Additionally, the District reports the following fund types:

The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The Workers' Compensation Fund Internal Service Fund accounts for the workers' compensation activity.

Budgets and Budgetary Accounting

Truckee Meadows 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 Fire Commissioners files a tentative budget with the Nevada Department of Taxation for all funds.
2. Public hearings on the tentative budget are held on the third Monday in May in conjunction with Washoe County's budget hearing.

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 Department of Taxation for compliance with State laws and regulations. In any year in which legislative action, which was not anticipated, affects the local government's final budget, the Board may file an amended final budget within 30 days of adjournment of the legislative session.
4. Formal budgetary integration in the financial records of all funds is employed to enhance management control during the year. Unencumbered appropriations lapse at the end of the year.
5. Budgets for all externally reported funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. In addition, budgets are required for the internally reported special revenue fund.

Pursuant to Nevada Revised Statute 354.598005 the person designated to administer the budget may transfer appropriations within any function. Budget amounts may be transferred between functions within a fund if the governing body is advised of the action at the next regular meeting and the action is recorded in the official minutes of the meeting. Transfer of appropriations between funds or from the contingency account or budget augmentations in excess of original budgetary amounts may not be made without prior approval of the Board of Fire Commissioners, following a scheduled and noticed public hearing, as necessary. The budget was augmented as set forth above during the year. In accordance with state statute, actual expenditures generally may not exceed budgetary appropriations of the public safety function of the General Fund, Special Revenue Funds, and Capital Projects Fund. Also, actual operating and non-operating expenses of the Internal Service Fund generally may not exceed budgeted amounts.

Cash Deposited and Invested with Washoe County Treasurer

A majority of all cash transactions of the District are handled by the Washoe County Treasurer's office. Cash balances are pooled and, to the extent practicable, invested as permitted by law in combination with Washoe County funds.

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. The District's cash and investments pooled with Washoe County funds and the District's payroll cash account are available upon demand, therefore all cash and investments of the District are considered to be cash equivalents.

Taxes Receivable

Real and personal property taxes receivable reflect only those taxes receivable from the delinquent roll years. No provision for uncollectible accounts has been established since management does not anticipate any material collection loss in respect to the remaining balances.

Personal property taxes receivable reflect only those taxes management believes to be collectible.

Amounts not collected within 60 days after year-end have been recorded as deferred inflows of resources at the governmental fund level.

Receivables

The allowance method is used to provide for estimated uncollectible amounts. At June 30, 2021, the allowance for uncollectible accounts receivable was \$290,667 in the General Fund and the allowance for uncollectible due from other governments was \$11,017 in the Emergency Fund.

Deposits and prepaid items

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

Capital Assets

Capital assets, which include land, buildings and improvements, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	40 years
Buildings	40 years
Building improvements	20 years
Vehicles and equipment	5 - 20 years

Pension

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

Other Postemployment Benefits

The District provides other postemployment benefits (OPEB) for eligible employees through a single-employer defined benefit OPEB plan. The plan is administered through the Washoe County, Nevada OPEB Trust (Trust), an irrevocable trust established on May 11, 2010 by the Board of County Commissioners. The Trust is a multiple employer trust and was created to fund and account for the participating employers' costs of retiree healthcare benefits pursuant to NRS 287.017. The District's net OPEB liability is measured as of June 30, 2020, and the total OPEB liabilities used to calculate the net OPEB liability are determined by actuarial valuations as of July 1, 2020.

Deferred Outflows/Inflows of Resources

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

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

Long-Term Liabilities

In the government-wide financial statements and the proprietary fund, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

In the 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 the debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

The costs involved in vacation time and sick leave benefits are accrued when incurred in the government-wide 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.

The District provides for payment of accrued vacation and accrued comp time upon death, retirement, termination or permanent disability. Employees who are members of the International Association of Fire Fighters (IAFF) Local 2487 upon death, retirement or permanent disability after twenty years of enrollment with the Public Employees' Retirement System of the State of Nevada (PERS) shall be compensated for total accrued sick leave at the rate of 75% for every hour earned increasing by 5% per year up to a maximum of 100% at 25 years of PERS enrollment. For employees who are not members of IAFF Local 2487, upon death, retirement, permanent disability, or termination of an employee after ten years of full-time employment or its equivalent if the employee has not served as a full-time employee for reasons other than discharge for just cause, shall be compensated for total accrued sick leave at the rate of one hour for every three hours earned up to a maximum hour limitation.

Fund Equity

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

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if applicable.

Restricted Net Position – Consists of net position with constraints placed on its use either by (1) external groups such as creditors, contributors, or laws or regulations; (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – All other net position that does not meet the definition of restricted or net investment in capital assets.

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.

In the governmental fund financial statements, fund balances are classified based primarily on the extent to which the District is bound to observe constraints imposed on the use of the resources in the fund:

Nonspendable Fund Balance - Includes amounts that cannot be spent because they are not in spendable form. For the District this includes deposits.

Restricted Fund Balance - Occurs when constraints are placed on the use of resources externally (such as through debt covenants or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation). For the District, the restricted fund balance consists of restricted assets for capital projects financed with debt.

Committed Fund Balance - Represents amounts that can be used only for the specific purposes determined by of the adoption of an ordinance committing fund balance for a specified purpose by the District's Board of Fire Commissioners prior to the end of the fiscal year. Once adopted, the limitation imposed by the Board of Fire Commissioners remains in place until the resources have been spent for the specified purpose or the Board of Fire Commissioners removes or revises the limitation. For the District, the committed fund balance consists of committed assets for capital projects.

Assigned Fund Balance - Represents amounts that are constrained by the District's intent to be used for specific purposes and consists of the District's encumbrances as approved by the Board of Fire Commissioners and the amount of fund balance to be expended in the ensuing fiscal year as approved by the Board of Fire Commissioners and amounts internally reported for sick and annual compensation benefits.

Unassigned Fund Balance - Represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance.

When expenditures are incurred for purposes for which amounts in any unrestricted fund balance classifications could be used, committed funds, if any, are to be spent first, assigned funds second, and unassigned funds last.

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.

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 local governments in the County as part of the Consolidated Tax distribution.

Implementation of GASB Statement No. 89

As of July 1, 2020, the Truckee Meadows Fire Protection District early implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The implementation of this standard requires interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles in financial statements prepared using the current financial resources measurement focus and recognized as an expense in financial statements prepared using the economic resources measurement focus. In accordance with this standard, the District has recorded all interest as an expenditure in the debt service fund and as an expense in the Statement of Net Position.

Note 2 - Compliance with Nevada Revised Statutes and the Nevada Administrative Code

The District's Emergency Fund had a deficit fund balance of \$42,675. The District provided fire support to other local governments during the fiscal year ending June 30, 2021. These support services are reimbursable under agreements with other fire agencies. The District augmented its budget for anticipated revenues to be collected from these other agencies. The deficit balance and over-appropriation occurred due to the timing of reimbursements. The District was unable to collect a significant portion of reimbursement receivables within the revenue recognition period of 60 days after year end and therefore \$1,825,674 were recognized as unavailable revenue. Therefore, this is an apparent violation of Nevada Revised Statutes (NRS) 354.626.

While it appears that the actual expenditures of the Debt Service Fund are over the statutory limit by \$5,604, and the actual expenses, of the Workers' Compensation Internal Service Fund are over the statutory limit by \$396,146, NRS provides exceptions. Per NRS 354.626 subsection 1, bond repayment are exempt and NRS 354.626 subsection 2 provides an exception directly related to a program of insurance.

Note 3 - Cash and Investments

The District is a voluntary participant in the Washoe County Investment Pool (WCIP). The Washoe County Board of County Commissioners administers and is responsible for the WCIP in accordance with NRS 355.175. The investment pool is not registered with the SEC as an investment company. Public Financial Management, LLC determines the fair value of the investment pool monthly. Washoe County has not provided or obtained any legally binding guarantees during the audit period to support these values. Each participant's share is equal to their investment plus or minus their pro-rata portion of monthly interest income and realized and unrealized gains/losses. The related fair value is \$19,706,738 as of June 30, 2021. The District's total cash and investments is as follows at June 30, 2021:

Cash	\$ 8,008
WCIP	<u>19,706,738</u>
Total cash and investments	<u>\$ 19,714,746</u>

Restricted cash and investments of \$906,806 are proceeds from debt issuance restricted for the acquisition of properties for fire stations, including fixtures, structures, stations, other buildings, and sites.

Credit Risk

Fixed income securities are subject to credit risk. Credit risk refers to the risk that a borrower will default on debt by failing to make required payments. The District does not hold any such investments directly, but participates in the WCIP. The WCIP is unrated by recognized statistical rating agencies.

Custodial Credit Risk

Custodial credit risk is the risk that an entity's deposits, which are in the possession of an outside party, will not be returned to the entity if the counterparty fails. Balances in the WCIP and the District's Payroll account are covered by one or more of the following: Federal depository insurance, the Securities Investor Protection Corporation, collateral held by the District's agent in the District's name, or by collateral held by depositories in the name of the Nevada Collateral Pool, and the balances are not exposed to custodial credit risk.

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

Government Activities:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets, not being depreciated				
Land	\$ 2,836,790	\$ 116,104	\$ (165,135)	\$ 2,787,759
Construction in progress	935,765	5,455,824	(2,030,335)	4,361,254
Total capital assets, not being depreciated	<u>3,772,555</u>	<u>5,571,928</u>	<u>(2,195,470)</u>	<u>7,149,013</u>
Capital assets, being depreciated				
Land improvements	381,376	-	-	381,376
Buildings and building improvements	21,645,755	65,801	-	21,711,556
Vehicles and equipment	21,281,908	2,051,261	(963,426)	22,369,743
Total capital assets, being depreciated	<u>43,309,039</u>	<u>2,117,062</u>	<u>(963,426)</u>	<u>44,462,675</u>
Less accumulated depreciation for				
Land improvements	(263,419)	(14,874)	-	(278,293)
Buildings and building improvements	(6,632,588)	(578,774)	-	(7,211,362)
Vehicles and equipment	(11,345,589)	(1,237,282)	909,330	(11,673,541)
Total accumulated depreciation	<u>(18,241,596)</u>	<u>(1,830,930)</u>	<u>909,330</u>	<u>(19,163,196)</u>
Total capital assets, being depreciated, net	<u>25,067,443</u>	<u>286,132</u>	<u>(54,096)</u>	<u>25,299,479</u>
Governmental activities capital assets, net	<u>\$28,839,998</u>	<u>\$ 5,858,060</u>	<u>\$ (2,249,566)</u>	<u>\$ 32,448,492</u>

The increase in accumulated depreciation includes depreciation expense of \$1,830,930 charged to the public safety function.

Note 5 - Long-Term Liabilities**General obligation bonds**

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the District and are additionally secured by a pledge of 15% of certain proceeds of liquor taxes, tobacco taxes, real property transfer taxes, basic governmental services tax and basic and supplemental sales taxes. During the fiscal year 2021, principal and interest paid on the bonds totaled \$156,635 and pledged revenues totaled \$1,559,487.

The District issued general obligation capital improvement bonds in the year ended June 30, 2021 to provide funds for fire station projects. These bonds will be repaid from all legally available funds of the District, including its capital projects fund and its general fund. The bonds have a stated rate of interest of 1.53% and are payable in equal installments over the next 15 years.

Truckee Meadows Fire Protection District

Notes to Financial Statements

June 30, 2021

General obligation bonds outstanding at June 30, 2021, are as follows:

	Issue Date	Final Payment Date	Interest Rate	Original Amount	Principal Outstanding
Direct Placement: General Obligations:					
Medium-term Equipment Bonds Series 2020	3/10/2020	3/1/2030	1.50%	\$4,415,000	\$4,006,000
Capital Improvement Bonds Series 2020	10/21/2020	6/1/1935	1.53%	<u>2,100,000</u>	<u>1,963,000</u>
				<u>\$6,515,000</u>	<u>\$5,969,000</u>

The District's outstanding medium-term equipment bonds related to governmental activities of \$4,006,000 contain a provision that in an event of default, the bond owner may institute legal proceedings against the District and the interest rate may be increased to 1.92% annually.

Interest expense of \$86,056 for the year was recorded by the District.

Long-term liability activity for the year ended June 30, 2021 was as follows:

	Amount Outstanding July 1, 2020	Additions	Reductions	Amount Outstanding June 30, 2021	Due Within One Year
General Obligation Bonds	\$ 4,415,000	\$2,100,000	\$ 546,000	\$ 5,969,000	\$ 543,000
Compensated absences	5,599,978	2,845,599	2,152,419	6,293,158	2,502,882
Claims and judgments	<u>1,411,418</u>	<u>652,110</u>	<u>143,439</u>	<u>1,920,089</u>	<u>69,204</u>
	<u>\$11,426,396</u>	<u>\$5,597,709</u>	<u>\$2,841,858</u>	<u>\$14,182,247</u>	<u>\$3,115,086</u>

Compensated absences are generally liquidated from the General Fund and claims and judgments are liquidated from the Workers' Compensation Internal Service Fund. General Obligation Bonds will be liquidated through transfers to the Debt Service fund from the Capital projects fund.

The debt service requirements for the District's bonds are as follows:

Year Ended June 30,	Principal	Interest
2022	\$ 543,000	\$ 90,124
2023	552,000	81,941
2024	561,000	73,622
2025	570,000	65,168
2026	579,000	56,578
2027-2031	2,561,000	148,995
2032-2035	<u>603,000</u>	<u>23,241</u>
	<u>\$5,969,000</u>	<u>\$ 539,669</u>

Note 6 – Operating Leases

The District leases warehouse space under an operating lease agreement. The agreement expires on December 31, 2021. The terms of the agreement require monthly rent payments, increasing annually plus operating expenses.

The District began a long-term lease on February 1, 2020 for office and warehouse space which expires in fiscal year 2025. The agreement expires on January 31, 2025. The terms of the agreement require monthly rent payments, increasing annually plus operating expenses. The lease contains the option of two five year renewal periods at then prevailing fair market rental rate. The District has the right to purchase the building at \$185 per square foot, plus fees, any time prior to the 36th month of the lease. The District has executed the right to purchase as of September 13, 2021, see Subsequent Events note for further details.

Total lease payments in fiscal year 2021 were \$213,036. As of June 30, 2021, future minimum payments for these leases are:

<u>Year Ended June</u> <u>30,</u>	<u>Minimum Lease</u> <u>Payments</u>
2022	\$ 374,040
2023	346,224
2024	356,610
2025	211,618
	<u>\$ 1,288,492</u>

Lessor:

The District subleases warehouse space under a sublease agreement. The sublease agreement expires on December 31, 2021. The terms of the agreement require monthly rent payments, increasing annually plus operating expenses.

Total lease payments in fiscal year 2021 were \$74,707. As of June 30, 2021, future minimum payments for these leases are:

<u>Year Ended June</u>	<u>Minimum Lease</u>
2022	<u>\$ 37,901</u>

Note 7 - Interfund Activity

Interfund transfers for the year ended June 30, 2021 consisted of the following:

	Capital Projects Fund	Transfers in Debt Service Fund	Total Transfers in
Transfers out:			
General Fund	\$ 500,000	\$ -	\$ 500,000
Capital Projects Fund	-	630,204	630,204
Total transfers out	<u>\$ 500,000</u>	<u>\$ 630,204</u>	<u>\$ 1,130,204</u>

The transfer from the General Fund to the Capital Projects Fund was used to move unrestricted, one-time savings to fund one-time capital outlay expenditures. The transfer from the Capital Projects Fund to the Debt Service Fund were to make scheduled debt payments.

Note 8- Postemployment Benefits Other than Pensions (OPEB)**Defined Benefit Plan****Plan Description and Eligibility**

Prior to July 1, 2000, the District provided health insurance benefits to retired employees through a single-employer defined benefit plan. At June 30, 2000, ten retirees were participating in the District's health benefits program. On July 1, 2000, pursuant to an Interlocal Agreement for Fire Services and Consolidation, District fire operations were transferred to the City of Reno and the City accepted liability for the ten retirees under this plan. In accordance with the Interlocal Agreement, the District pays a proportionate share of employees' retiree health benefit costs based on service earned prior to July 1, 2000, for those employees who transferred employment to the City of Reno and retired prior to June 30, 2012 or during the term of the Interlocal Agreement. Health benefits under the City's plan included medical, prescription, vision, dental and life insurance.

The Interlocal Agreement was terminated on June 30, 2012, and the District assumed responsibility for its own fire district operations as of July 1, 2012. As of June 30, 2012, in preparation of standing up the new fire operations, 11 former Reno firefighters transferred to the District with the provision the District would provide retiree health benefits for those 11 employees. Any former District employees remaining employed by the City of Reno as of July 1, 2012 retained retiree health benefits with the City and the City retained the liability for those employees. Benefits under the new District plan, a single-employer defined benefit plan, include health, dental, vision and prescription coverage. Eligible retirees who retire from the District will be required to pay for 50% of the retirees' health insurance premium and 100% of the cost of coverage for their families. Eligibility requirements, benefit levels, employee contributions and employer contributions may be amended by the mutual agreement of the Truckee Meadows Fire Protection District and the District's Fire Firefighters' Association.

As of July 1, 2010, the Plan is administered through an irrevocable trust, Washoe County, Nevada OPEB Trust (Trust), established on May 11, 2010, by the Board of Washoe County Commissioners. The Trust, a multiple-employer trust, was created to fund and account for the participating employers' costs of retiree healthcare benefits pursuant to Nevada Revised Statutes 287.017. The District is a participating employer in the Trust. Complete financial statements of the Trust may be obtained by writing to: OPEB Trust, c/o Washoe County Comptroller's Office, 1001 E. 9th Street Ste D200, Reno, Nevada, 89512.

Employees covered by benefit terms. As of the measurement date of June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments:	55
Active employees:	144

Actuarial assumptions and other inputs

The District's total OPEB liability of \$13,450,181 was measured as of June 30, 2020 was based on the valuation date of July 1, 2020. Projections of the sharing of benefit-related costs are based on established pattern of practice. Actuary valuations include projections of the sharing of benefit-related costs that are based on an established pattern of practice. The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial funding method	Entry Age Normal Level Percent of Pay Cost Method
Amortization method	Level dollar amount over 20 years on a closed basis from June 30, 2011
Inflation	2.5%
Salary increases	
0-4 years of service	8% for two years, 7.50% after two years
5 + years of service	3% for two years, 2.50% after two years
Discount rate	5.75%
Long Term Expected Rate of Return	5.75%
Healthcare cost trend rates	
Retirees	Range between 4.0% to 8.2% annually
Retirees under the City of Reno Plan	Range between 2.6% to 5.3% annually
Retirees' share of benefit-related costs	
Retirees before June 30, 2012 under City of Reno Plan	
(Pre-65)	40% retiree and dependent
(Post-65)	50% retiree and 100% dependent
Retirees hired on or before July 1, 2014	50% retiree and 100% dependent
Retirees hired after July 1, 2014	100% retiree and dependent

Changes of assumptions and other inputs reflect a change in the discount rate from 6.0 percent as of the measurement date of June 30, 2018 to 5.75 percent as of the measurement date of June 30, 2020 and a change in the long-term inflation assumption from 3.00 percent as of the measurement date of June 30, 2018 to 2.5 percent as of the measurement date of June 30, 2020. Other changes include a change in assumption in salary increases from 8.00 percent for 0-4 years of service as of the measurement date of June 30, 2018 to 8.0 percent for two years declining to 7.5 percent for the remaining years and from 3.0 percent for 5 plus years of service to 3.0 percent for two years declining to 2.5 percent for the remaining years.

The investment rate of return of 5.75%, net of investment expenses, was selected by the District. This is based on the investment policy of State of Nevada's Retiree Benefit Investment Fund (RBIF) where the District invests its assets to fund its OPEB liabilities. This rate is derived based on the RBIF's investment policy (shown in the following table) and includes a 2.75% long-term inflation assumption.

Truckee Meadows Fire Protection District

Notes to Financial Statements

June 30, 2021

<u>Asset Class</u>	<u>Asset allocation</u>
Foreign Developed Equity	21.50%
U.S. Fixed Income	28.00%
U.S. Large Cap Equity	50.50%

The discount rate was based on the long term rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits to the extent that plan assets are projected to cover benefit payments and administrative expenses. To the extent that OPEB plan assets are insufficient to finance all OPEB benefits, the discount rate should be based on 20-year tax-exempt AA or higher Municipal Bonds as of the Measurement Date. Based on the District's current funding policy of funding the Trust annually to maintain a funded percentage of at least 80%, the Fiduciary Net Position and future expected contributions and earnings are projected to be sufficient such that the Trust remains solvent. Therefore, a discount rate of 5.75% is used in calculating the total OPEB liability.

Mortality rates for healthy life were based on the RP-2014 Male and Female Healthy Annuitant mortality tables adjusted to reflect Mortality Improvement Scale MP-2019 from the 2006 base year, and projected forward using projection scale MP-2019 on a generational basis.

Nevada Public Employees Retirement System (PERS) completed an experience study for employees and retirees in 2019. Based on the results of this study, Nevada PERS developed new assumed rates of retirement, withdrawal and disability. This experience study was used to updated assumptions for retirement, withdrawal, and disability.

Changes in the OPEB Liability

	Total OPEB Liability	Increase/ (Decrease) in Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2020 (Measurement Date June 30, 2019)	<u>\$ 10,737,148</u>	<u>\$ 6,185,499</u>	<u>\$ 4,551,649</u>
Charges for the year:			
Service Cost	538,625	-	538,625
Interest on the total OPEB liability	671,333	-	671,333
Changes of benefit terms	-	-	-
Differences between actual and expected experience with regard to economic or demographic factors	817,675	-	817,675
Changes of assumptions	861,777	-	861,777
Benefit payments	(176,377)	(176,377)	-
Contributions from employer	-	651,000	(651,000)
Net investment income	-	418,050	(418,050)
Administrative expense	-	(39,115)	39,115
Total Changes	<u>2,713,033</u>	<u>853,558</u>	<u>1,859,475</u>
Balance at June 30, 2021 (Measurement Date June 30, 2020)	<u>\$ 13,450,181</u>	<u>\$ 7,039,057</u>	<u>\$ 6,411,124</u>

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current discount rate:

	1% Decrease in Discount Rate (4.75%)	Discount Rate (5.75%)	1% Increase in Discount Rate (6.75%)
Net OPEB liability	\$ 7,939,575	\$ 6,411,124	\$ 5,082,057

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability of the District, as well as what the District's net 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 in Healthcare Cost Trend	Healthcare Cost Trend	1% Increase in Healthcare Cost Trend
Net OPEB liability	\$ 4,852,045	\$ 6,411,124	\$ 8,256,232

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,300,594. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 14,722	\$ 730,781
Changes in assumptions or other inputs	-	1,999,864
Net difference between projected and actual earnings	174,031	-
District contributions subsequent to the measurement date	N/A	750,000
Total	\$ 188,753	\$ 3,480,645

Deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date in the amount of \$750,000 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022.

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

<u>Year ended June 30,</u>	<u>Recognized Deferred (Inflows)/Outflows of Resources</u>
2022	\$ 435,528
2023	485,961
2024	500,133
2025	333,193
2026	178,475
Thereafter	<u>608,602</u>
Total	\$ <u><u>2,541,892</u></u>

Defined Contribution Plan:

Plan Description and Eligibility

During the year ended June 30, 2019, the District agreed to participate in a Post-Employment Health Plan (PEHP) a defined contribution plan for collectively bargained public employees. Under the agreement with International Association of Fire Fighters Local 2487 (Local 2487), Local 2487 determines the plan administrator for the PEHP and the District agrees to contribute to the PEHP on behalf of the employees. The plan administrator for the PEHP is Nationwide Insurance Company (the Administrator). No Changes

Employees who are members of Local 2487 hired with the District on or before July 1 2014, will have a one-time contribution of \$1,000 made by the District to the employee's PEHP account for the fiscal year ending June 30, 2019 for the non-supervisory group and for the fiscal year ending June 30, 2020 for the supervisory group; thereafter an annual contribution of \$120 will be made by the District to the employee's PEHP account. Employees who are members of Local 2487 group hired with the District after July 1, 2014 will have an annual contribution of \$2,880 made by the District to the employee's PEHP account. The employee will pay all associated account administrative fees for the PEHP to keep the account in good standing. Contribution rates are established within the CBA and may be amended with by mutual agreement of the District and Local 2487.

Vesting and Forfeitures

The plan does not have a vesting period. Each employee shall become an eligible employee as determined by the collective bargaining agreement (CBA) and shall be entitled to receive a contribution to the PEHP as set forth in the participation agreement and CBA on the entry date coincident with or next following the later of the date on which the participant becomes an eligible employee, or the effective date of the PEHP.

If an eligible employee or participant has no dependents on the date notice of death is provided to the Administrator and no dependent is identified and no request to pay qualifying medical care expenses directly to a service provider, on behalf of a deceased eligible employee or participant, is received within 180 days of the date on which the Administrator was notified of an eligible employee or participant's death, the balance in the participant's account will be forfeited.

Any amount forfeited shall be allocated as soon as administratively practicable following, the date on which the Administrator determines that a forfeiture has occurred to the accounts of all other eligible employees and participants who are (or were) employed by the District and have an account balance on the valuation date. Forfeitures shall be allocated among the eligible employee and participants in accordance with procedures established by the Administrator.

The District recognized an OPEB expense related to the defined contribution plan in the amount of \$173,582 as of June 30, 2021.

Note 9 - Defined Benefit Pension Plan

Plan Description

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

Benefits Provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering PERS on or after January 1, 2010 and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

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

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

Vesting

Regular members entering PERS prior to January 1, 2010, are eligible for retirement at age 65 with 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 who entered 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 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. In one plan, contributions are shared equally by employer and employee. In the other plan, employees can take a reduced salary and have contributions made by the employer (EPC).

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

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

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

For the fiscal years ended June 30, 2021 and June 30, 2020, the Statutory Employer/employee matching rates were 15.25% for Regular and 22.00% for Police/Fire. The Employer-pay contribution (EPC) rate, for fiscal years ending June 30, 2021 and June 30, 2020, was 29.25% for Regular and 42.50% for Police/Fire.

The District's contributions were \$2,961,304 for the year ended June 30, 2021.

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 PERS.

The following was the PERS Board adopted policy target asset allocation as of June 30, 2020:

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

As of June 30, 2020, PERS' long-term inflation assumption was 2.75%.

Net Pension Liability

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's allocation percentage of the net pension liability was based on the District's total contributions due on wages paid during the measurement period. The District's proportion of the net pension liability is based on its employer contributions relative to the total employer contributions for all employers for the period ended June 30, 2020. At June 30, 2020, the District's proportion was .25331%, which is an increase of .01242% from the proportion measured as of June 30, 2019.

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the District as of June 30, 2021, calculated using the discount rate of 7.50%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current discount rate:

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Net Pension Liability	\$ 55,025,266	\$ 35,281,344	\$ 18,865,741

Pension Plan Fiduciary Net Position

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

Actuarial Assumptions

The District's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.75%
Productivity Pay Increase	0.50%
Projected Salary Increases	Regular: 4.25% to 9.15%, depending on service Police/Fire: 4.55% to 13.9%, depending on service Rates include inflation and productivity increases
Investment Rate of Return	7.50%
Other Assumptions	Same as those used in the June 30, 2020 funding actuarial valuation

Mortality rates for regular and police/fire members are based on the following table:

Healthy: Headcount–Weighted RP-2014 Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries.

For ages less than 50¹, mortality rates are based on the Headcount–Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for healthy annuitants at age 50 to the mortality rate for employees at age 50. The mortality rates are then projected to 2020 with Scale MP-2016.

¹ The RP-2014 Healthy Annuitant Mortality Tables have rates only for ages 50 and later.

Disabled: Headcount–Weighted RP-2014 Disabled Retiree Table, set forward four years.

Pre-Retirement: Headcount–Weighted RP-2014 Employee Table, projected to 2020 with Scale MP-2016.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of the experience study for the period July 1, 2012 through June 30, 2016.

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed 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 that 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 for 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, 2020.

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

For the year ended June 30, 2021, the District recognized pension expense of \$3,862,478. At June 30, 2021, 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	\$ 1,096,167	\$ 455,568
Changes in assumptions or other inputs	991,015	
Net difference between projected and actual earnings on pension plan investments	-	1,332,780
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	3,631,252	337,186
District contributions subsequent to the measurement date	2,961,304	-
Total	<u>\$ 8,679,738</u>	<u>\$ 2,125,534</u>

Deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date in the amount of \$2,961,304 will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined at July 1, 2019 (the beginning of the measurement period ended June 30, 2020) is 6.13 years.

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

<u>Year ended June 30,</u>	
2022	\$ 313,845
2023	1,023,985
2024	1,161,869
2025	725,286
2026	329,734
Thereafter	38,181
Total	<u>\$ 3,592,900</u>

Additional Information

The PERS Comprehensive Annual Financial Report (CAFR) is available on the PERS website at www.nvpers.org under Quick Links – Publications.

Note 10 - Risk Management

The District is exposed, as are all entities, to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District is fully insured for property and auto loss and liability with a \$1,000 to \$2,500 deductible. The District is covered up to a policy limit per occurrence of \$10,000,000 and \$20,000,000 annual aggregate in excess liability coverage. The District's policy contains various sub-limits established for earthquake, flood, equipment breakdown, errors and omissions and other items.

During the term of the Reno/Truckee Meadows Fire Protection District Interlocal Agreement, workers' compensation was fully insured with the City of Reno's self-funded workers' compensation plan. Due to the termination of the Agreement, as of July 1, 2012, the District is no longer self-funded with the City of Reno but has purchased a guaranteed workers compensation insurance plan. However, the District is still required to pay workers' compensation claims costs to the City of Reno for those years the District was self-funded through the City of Reno's workers' compensation plan.

During the fiscal year ended June 30, 2004, the District and the City of Reno instituted a "pay as you go" system for workers' compensation claims. The District shared the combined losses with the Reno Fire Department (RFD). The District established the Workers' Compensation Fund to account for this program. The District bought out all workers' compensation liability for all claims incurred prior to July 1, 2012. Claims incurred prior to fiscal year 2012 remain the liability of the City of Reno under the buyout agreement. TMFPD will remain responsible for future Heart and Lung related workers' compensation claims on a "pay as you go" system.

Claims' liability and activity for the past two years were as follows:

Claims liability, July 1, 2019	\$ 1,390,969
Claims and changes in estimates	40,657
Claims paid	<u>(20,208)</u>
Claims liability, June 30, 2020	1,411,418
Claims and changes in estimates	652,110
Claims paid	<u>(143,439)</u>
Claims liability, June 30, 2021	<u><u>\$ 1,920,089</u></u>

Note 11- Tax Abatement

The District's tax revenues were reduced by \$361,065 under agreements entered into by the State Nevada. The state agreements include a partial abatement of one or more of personal property and local sales and use taxes imposed on aircraft, components of aircraft and other personal property used for certain purposes related to aircraft, a partial abatement of one or more of property and local sales and use taxes imposed on a new or expanded data center and on renewable energy facilities, and use taxes imposed on eligible machinery or equipment used by certain new or expanded businesses.

Note 12 – Commitments

On June 23, 2020, the District entered into an Interlocal Agreement to provide for financing, development, operation, and management of the Washoe County Regional Communications P25 System. Under the terms of the agreement, the District has committed to paying for an allocated portion of Washoe County's debt obligation to upgrade the existing radio communication system to address new technology requirement and aging/availability issues, radio coverage, and mutual aid interconnection. The District paid Washoe County \$65,250 during the fiscal year ending June 30, 2021. The District's remaining payments to Washoe County for their portion of the debt is \$692,678 in principal and \$178,688 in interest with average annual payments of \$62,664 over the remaining term of 14 years.

Note 13- Subsequent Events

On July 28, 2021, the District issued \$7,000,000 of general obligation capital improvement bonds to finance the acquisition of properties for stations and administration with the expectation of executing the right of purchase of the Administration Building located at 3663 Barron way. On September 14, 2021, The District closed escrow on the purchase of the property for the price of \$6,290,000.

Required Supplementary Information

Truckee Meadows Fire Protection District

Truckee Meadows Fire Protection District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund

(Budgetary Basis)

Year Ended June 30, 2021

(Page 1 of 2)

	2021 Budgeted Amounts		2021	
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes				
Ad valorem, general	\$ 20,962,736	\$ 20,962,736	\$ 20,885,905	\$ (76,831)
Ad valorem, AB 104	267,027	267,027	298,390	31,363
Licenses and permits				
Gaming, AB 104	30,000	30,000	91,652	61,652
Other	-	-	201,852	201,852
Intergovernmental				
Federal grants	-	124,000	150,217	26,217
State grants	-	20,939	717,008	696,069
Consolidated taxes	7,806,607	7,806,607	10,396,577	2,589,970
Real property transfer tax, AB 104	61,210	61,210	106,469	45,259
Supplemental city/county relief tax, AB 104	600,000	600,000	1,665,102	1,065,102
Interlocal cooperative agreement fire suppression	585,000	585,000	558,866	(26,134)
Charges for services				
Services to other agencies	48,000	48,000	660,752	612,752
Other	21,000	1,168,000	254,113	(913,887)
Miscellaneous				
Donations	437,345	442,345	1,600	(440,745)
Investment earnings	190,037	190,037	148,747	(41,290)
Net increase (decrease) in the fair value of investments	-	-	(100,393)	(100,393)
Reimbursements	331,682	1,511,682	1,184,763	(326,919)
Other	-	104,925	102,876	(2,049)
Total revenues	31,340,644	33,922,508	37,324,496	3,401,988
Expenditures				
Current				
Public safety function				
Fire				
Salaries and wages	17,017,381	18,410,390	18,248,067	162,323
Employee benefits	10,381,533	11,119,555	10,366,992	752,563
Services and supplies	5,801,950	6,387,483	5,999,687	387,796
Capital outlay	-	1,010,800	603,681	407,119
Total expenditures	33,200,864	36,928,228	35,218,427	1,709,801
Excess (Deficiency) of Revenues over Expenditures	(1,860,220)	(3,005,720)	2,106,069	5,111,789

(Continued)

Truckee Meadows Fire Protection District
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund
(Budgetary Basis)
Year Ended June 30, 2021
(Page 2 of 2)

	2021 Budgeted Amounts		2021	
	Original	Final	Actual	Variance with Final Budget
Other Financing Sources (Uses)				
Transfers out				
Capital Projects Fund	\$ (500,000)	\$ (500,000)	(500,000)	-
Sick Annual Comp Benefits	(231,000)	(231,000)	(231,000)	-
Contingency	(620,000)	-	-	-
Total other financing sources (uses)	(1,351,000)	(731,000)	(731,000)	-
Net Change in Fund Balances	(3,211,220)	(3,736,720)	1,375,069	5,111,789
Fund Balances, Beginning of Year	8,629,860	9,155,360	11,475,006	2,319,646
Fund Balances, End of Year	<u>\$ 5,418,640</u>	<u>\$ 5,418,640</u>	<u>\$ 12,850,075</u>	<u>\$ 7,431,435</u>

Truckee Meadows Fire Protection District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Major Special Revenue Fund - Emergency Fund Year Ended June 30, 2021

	2021 Budgeted Amounts		2021	
	Original	Final	Actual	Variance with Final Budget
Revenues				
Miscellaneous				
Other	\$ 300,000	\$ 1,000,000	\$ 731,585	\$ (268,415)
Expenditures				
Current				
Public safety function				
Fire				
Salaries and wages	1,150,000	1,589,232	1,510,255	78,977
Employee benefits	25,000	25,000	68,771	(43,771)
Services and supplies	307,950	307,950	231,241	76,709
Capital outlay	-	260,768	263,053	(2,285)
Total expenditures	1,482,950	2,182,950	2,073,320	109,630
Net Change in Fund Balances	(1,182,950)	(1,182,950)	(1,341,735)	(158,785)
Fund Balances, Beginning of the Year	1,320,369	1,320,369	1,299,060	(21,309)
Fund Balances, End of Year	\$ 137,419	\$ 137,419	\$ (42,675)	\$ (180,094)

Truckee Meadows Fire Protection District

Reconciliation of the General Fund Schedule of Revenue, Expenditures, and Changes in Fund Balances -
Budget and Actual (Budgetary Basis) to the General Fund Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (GAAP Basis)
Year Ended June 30, 2021

	General Fund (Budgetary Basis)	Internally Reported Funds	Eliminations	General Fund (GAAP Basis)
Revenues				
Taxes	\$ 21,184,295	\$ -	\$ -	\$ 21,184,295
Licenses and permits	293,504	-	-	293,504
Intergovernmental	13,594,239	-	-	13,594,239
Charges for services	914,865	-	-	914,865
Miscellaneous	1,337,593	1,513	-	1,339,106
Total revenues	<u>37,324,496</u>	<u>1,513</u>	<u>-</u>	<u>37,326,009</u>
Expenditures				
Current				
Public safety	35,218,427	525,098	-	35,743,525
Excess (Deficiency) of Revenues over Expenditures	<u>2,106,069</u>	<u>(523,585)</u>	<u>-</u>	<u>1,582,484</u>
Other Financing Sources (Uses)				
Transfers in	-	231,000	(231,000)	-
Transfers out	(731,000)	-	231,000	(500,000)
Total other financing sources (uses)	<u>(731,000)</u>	<u>231,000</u>	<u>-</u>	<u>(500,000)</u>
Net Change in Fund Balances	1,375,069	(292,585)	-	1,082,484
Fund Balances, Beginning of Year	<u>11,475,006</u>	<u>1,174,004</u>	<u>-</u>	<u>12,649,010</u>
Fund Balances, End of Year	<u>\$ 12,850,075</u>	<u>\$ 881,419</u>	<u>\$ -</u>	<u>\$ 13,731,494</u>

Truckee Meadows Fire Protection District
Schedule of Changes in Net Other Postemployment Benefit Liability and Related Ratios
Last Ten Fiscal Years

	2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 538,625	\$ 520,411	\$ 417,213	\$ 405,061
Interest on the total OPEB liability	671,333	613,936	501,045	455,572
Differences between actual and expected experience with regard to economic or demographic factors	817,675	-	(27,487)	-
Changes of assumptions	861,777	-	2,295,853	-
Benefit payments	(176,377)	(214,991)	(215,174)	(230,891)
Net change in total OPEB liability	2,713,033	919,356	2,971,450	629,742
Total OPEB liability-beginning	10,737,148	9,817,792	6,846,342	6,216,600
Total OPEB liability-ending (a)	<u>\$ 13,450,181</u>	<u>\$ 10,737,148</u>	<u>\$ 9,817,792</u>	<u>\$ 6,846,342</u>
Plan fiduciary net position				
Benefit payments	\$ (176,377)	\$ (214,991)	\$ (215,174)	\$ (230,891)
Contributions from employer	651,000	463,000	-	-
Net investment income	418,050	450,939	435,094	591,731
Administrative expense	(39,115)	(34,450)	(15,693)	(16,744)
Net change in plan fiduciary net position	853,558	664,498	204,227	344,096
Plan fiduciary net position-beginning	6,185,499	5,521,001	5,316,774	4,972,678
Plan fiduciary net position-ending (b)	<u>\$ 7,039,057</u>	<u>\$ 6,185,499</u>	<u>\$ 5,521,001</u>	<u>\$ 5,316,774</u>
District's net OPEB liability-ending (a) - (b)	<u>\$ 6,411,124</u>	<u>\$ 4,551,649</u>	<u>\$ 4,296,791</u>	<u>\$ 1,529,568</u>
Plan fiduciary net position as a percentage of the total OPEB liability	52.3%	57.6%	56.2%	77.7%
Covered-employee payroll	\$ 16,408,769	\$ 16,004,299	\$ 15,660,842	\$ 13,199,783
District's net OPEB liability as a percentage of covered-employee payroll	39.1%	28.4%	27.4%	11.6%

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

Truckee Meadows Fire Protection District
Schedule of District's Contributions - Other Postemployment Benefits
Last Ten Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 1,441,454	\$ 1,113,849	\$ 1,037,001	\$ 650,895
Contributions in relation to the actuarially determined contribution	<u>750,000</u>	<u>651,000</u>	<u>463,000</u>	<u>-</u>
Contribution (deficiency) excess	<u><u>\$ (691,454)</u></u>	<u><u>\$ (462,849)</u></u>	<u><u>\$ (574,001)</u></u>	<u><u>\$ (650,895)</u></u>
Covered-employee payroll	\$ 19,759,972	\$ 16,408,769	\$ 16,004,299	\$ 15,660,842
Contributions as a percentage of covered payroll	3.80%	3.97%	2.89%	0.00%

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

Truckee Meadows Fire Protection District
Schedule of District's Share of Net Pension Liability
Public Employee's Retirement System of Nevada (PERS)
Last Ten Plan Years

	<u>District's portion of the net pension liability</u>	<u>District's proportionate share of the net pension liability</u>	<u>District's covered payroll</u>	<u>District's proportionate share of the net pension liability as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2020	0.25331%	\$ 35,281,344	\$ 12,985,484	271.70%	77.04%
2019	0.24089%	\$ 32,847,974	\$ 11,759,724	279.33%	76.46%
2018	0.23531%	\$ 32,090,988	\$ 11,003,348	291.65%	75.24%
2017	0.21270%	\$ 28,288,166	\$ 9,712,107	291.27%	74.42%
2016	0.21696%	\$ 29,197,203	\$ 9,271,513	314.91%	72.23%
2015	0.22129%	\$ 25,358,762	\$ 8,435,593	300.62%	75.13%
2014	0.20583%	\$ 21,451,071	\$ 7,783,987	275.58%	76.31%

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

Truckee Meadows Fire Protection District
Schedule of District's Contributions
Public Employee's Retirement System of Nevada (PERS)
Last Ten Fiscal Years

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution (deficiency) excess	Employer's covered payroll	Contributions as a percentage of covered payroll
2021	\$ 2,961,304	\$ 2,961,304	\$ -	\$14,612,697	20.27%
2020	2,639,769	2,639,769	-	12,985,484	20.33%
2019	2,293,573	2,293,573	-	11,759,724	19.50%
2018	2,156,034	2,156,034	-	11,003,348	19.59%
2017	1,896,920	1,896,920	-	9,712,107	19.53%
2016	1,835,776	1,835,776	-	9,271,513	19.80%
2015	1,707,868	1,707,868	-	8,435,593	20.25%

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

Note 1 - Internally Reported (Budgetary Basis) Funds

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

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

These internally reported special revenue funds of the District (Sick Annual Comp Benefits Fund and Stabilization Fund) are combined with the General Fund for external reporting purposes.

Note 2 - Schedule of District's Contributions, OPEB

Actuarially determined contribution rates are calculated as of July 1, 2020, two years prior to the end of the fiscal year in which contributions are reported and projected forward to June 30, 2021.

Methods and assumptions used to determine contribution rates:

Actuarial funding method	Entry Age Normal Level Percent of Pay Cost Method
Amortization method	Level dollar amount over 20 years on a closed basis from June 30, 2011
Inflation	2.5%
Salary increases	
0-4 years of service	8% for two years, 7.50% after two years
5 + years of service	3% for two years, 2.50% after two years
Discount rate	5.75%
Long Term Expected Rate of Return	5.75%
Healthcare cost trend rates	
Retirees	Range between 4.0% to 8.2% annually
Retirees under the City of Reno Plan	Range between 2.6% to 5.3% annually
Retirees' share of benefit-related costs	
Retirees before June 30, 2012 under City of Reno Plan	
(Pre-65)	40% retiree and dependent
(Post-65)	50% retiree and 100% dependent
Retirees hired on or before July 1, 2014	50% retiree and 100% dependent
Retirees hired after July 1, 2014	100% retiree and dependent

Changes of assumptions and other inputs reflect a change in the discount rate from 6.0 percent as of the measurement date of June 30, 2018 to 5.75 percent as of the measurement date of June 30, 2020 and a change in the long-term inflation assumption from 3.00 percent as of the measurement date of June 30, 2018 to 2.5 percent as of the measurement date of June 30, 2020. Other changes include a change in assumption in salary increases from 8.00 percent for 0-4 years of service as of the measurement date of June 30, 2018 to 8.0 percent for two years declining to 7.5 percent for the remaining years and from 3.0 percent for 5 plus years of service to 3.0 percent for two years declining to 2.5 percent for the remaining years.

Supplementary Information

Truckee Meadows Fire Protection District

Truckee Meadows Fire Protection District

Reconciliation of the General Fund Balance Sheet (Budgetary Basis) to the General Fund Balance Sheet
(GAAP Basis) - Governmental Funds
June 30, 2021

	General Fund (Budgetary Basis)	Internally Reported Funds	General Fund (GAAP Basis)
Assets			
Cash and investments	\$ 12,271,161	\$ 879,977	\$ 13,151,138
Accounts receivable	422,079	-	422,079
Taxes receivable	117,805	-	117,805
Due from other governments	3,450,855	-	3,450,855
Interest receivable	28,168	1,442	29,610
Deposits	6,432	-	6,432
Total assets	\$ 16,296,500	\$ 881,419	\$ 17,177,919
Liabilities			
Accounts payable and accrued liabilities	\$ 2,518,064	\$ -	\$ 2,518,064
Due to other governments	773,083	-	773,083
Unearned revenue	5,125	-	5,125
Deposits	8,084	-	8,084
Total liabilities	3,304,356	-	3,304,356
Deferred Inflows of Resources			
Unavailable revenue			
Property taxes	90,166	-	90,166
Reimbursement	51,903	-	51,903
Total deferred inflows of resources	142,069	-	142,069
Fund Balances			
Nonspendable	6,432	-	6,432
Assigned:			
For budget shortfall	3,634,349	-	3,634,349
For encumbrances	450,884	-	450,884
For compensated absences buyout	-	239,352	239,352
Unassigned	8,758,410	642,067	9,400,477
Total fund balances	12,850,075	881,419	13,731,494
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 16,296,500	\$ 881,419	\$ 17,177,919

Truckee Meadows Fire Protection District

Combining Balance Sheet - Internally Reported (Budgetary Basis) Funds Reported as Part of the General Fund
for External Reporting Purposes
(GAAP Basis) - Governmental Funds
June 30, 2021

	Sick Annual Comp Benefits Fund	Stabilization Fund	Internally Reported Total
Assets			
Cash and investments	\$ 239,352	\$ 640,625	\$ 879,977
Interest receivable	-	1,442	1,442
Total assets	<u>\$ 239,352</u>	<u>\$ 642,067</u>	<u>\$ 881,419</u>
Liabilities			
Accounts payable and accrued liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances			
Assigned for compensated absences buyout	239,352	-	239,352
Unassigned	<u>-</u>	<u>642,067</u>	<u>642,067</u>
Total fund balances	<u>239,352</u>	<u>642,067</u>	<u>881,419</u>
Total Liabilities and Fund Balances	<u>\$ 239,352</u>	<u>\$ 642,067</u>	<u>\$ 881,419</u>

Truckee Meadows Fire Protection District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Internally Reported
(Budgetary Basis) Funds Reported as Part of the General Fund for External Reporting Purposes
Year Ended June 30, 2021

	Sick Annual Comp Benefits Fund	Stabilization Fund	Internally Reported Total
Revenues			
Miscellaneous	\$ -	\$ 1,513	\$ 1,513
Expenditures			
Current			
Public safety	524,718	380	525,098
Excess (Deficiency) of Revenues over Expenditures	(524,718)	1,133	(523,585)
Other Financing Sources (Uses)			
Transfers in	231,000	-	231,000
Total other financing sources (uses)	231,000	-	231,000
Net Change in Fund Balances	(293,718)	1,133	(292,585)
Fund Balances, Beginning of Year	533,070	640,934	1,174,004
Fund Balances, End of Year	\$ 239,352	\$ 642,067	\$ 881,419

Truckee Meadows Fire Protection District
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Sick Annual Comp Benefits Fund
Year Ended June 30, 2021

	2021 Budgeted Amounts		2021	
	Original	Final	Actual	Variance with Final Budget
Expenditures				
Public safety function				
Salaries and wages	\$ 675,000	\$ 675,000	\$ 524,718	\$ 150,282
Employee benefits	15,000	15,000	-	15,000
Total expenditures	690,000	690,000	524,718	165,282
Excess (Deficiency) of Revenues over Expenditures	(690,000)	(690,000)	(524,718)	165,282
Other Financing Sources (Uses)				
Transfers in				
General Fund	231,000	231,000	231,000	-
Net Change in Fund Balance	(459,000)	(459,000)	(293,718)	165,282
Fund Balance, Beginning of Year	502,936	502,936	533,070	30,134
Fund Balance, End of Year	\$ 43,936	\$ 43,936	\$ 239,352	\$ 195,416

Truckee Meadows Fire Protection District

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Stabilization Fund Year Ended June 30, 2021

	2021 Budgeted Amounts		2021	
	Original	Final	Actual	Variance with Final Budget
Revenues				
Miscellaneous				
Investment earnings	\$ 5,000	\$ 5,000	\$ 7,161	\$ 2,161
Net increase (decrease) in the fair value of investments	-	-	(5,648)	(5,648)
Total revenues	5,000	5,000	1,513	(3,487)
Expenditures				
Current:				
Public safety function				
Services and supplies	550,000	550,000	380	549,620
Excess (Deficiency) of Revenues over Expenditures	(545,000)	(545,000)	1,133	546,133
Fund Balance, Beginning of Year	618,406	618,406	640,934	22,528
Fund Balance, End of Year	\$ 73,406	\$ 73,406	\$ 642,067	\$ 568,661

Truckee Meadows Fire Protection District

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Projects Fund Year Ended June 30, 2021

	2021 Budgeted Amounts		2021	
	Original	Final	Actual	Variance with Final Budget
Revenues				
Miscellaneous				
Investment earnings	\$ -	\$ -	\$ 46,139	\$ 46,139
Net decrease in the fair value of investments	-	-	(36,784)	(36,784)
Donations	-	25,993	22,742	(3,251)
Other	-	-	18,000	18,000
Total revenues	-	25,993	50,097	24,104
Expenditures				
Current:				
Public safety function				
Salaries and wages	-	-	1,650	(1,650)
Employee benefits	-	-	22	(22)
Services and supplies	983,806	951,606	704,380	247,226
Capital outlay	17,435,292	18,307,285	5,588,416	12,718,869
Total public safety	18,419,098	19,258,891	6,294,468	12,964,423
Debt Service:				
Debt issuance costs	100,000	100,000	204,721	(104,721)
Total expenditures	18,519,098	19,358,891	6,499,189	12,859,702
Excess (Deficiency) of Revenues over Expenditures	(18,519,098)	(19,332,898)	(6,449,092)	12,883,806
Other Financing Sources (Uses)				
Proceeds from asset disposition	500,000	500,000	639,340	139,340
Proceeds from debt issuance	12,600,000	12,600,000	2,100,000	(10,500,000)
Transfers in				
General Fund	500,000	500,000	500,000	-
Transfers out				
Debt Service Fund	(624,600)	(624,600)	(630,204)	(5,604)
Total other financing sources (uses)	12,975,400	12,975,400	2,609,136	(10,366,264)
Net Change in Fund Balance	(5,543,698)	(6,357,498)	(3,839,956)	2,517,542
Fund Balance, Beginning of Year	5,727,929	6,541,729	7,509,266	967,537
Fund Balance, End of Year	\$ 184,231	\$ 184,231	\$ 3,669,310	\$ 3,485,079

Truckee Meadows Fire Protection District
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service Fund
Year Ended June 30, 2021

	2021 Budgeted Amounts		2021	
	Original	Final	Actual	Variance with Final Budget
Expenditures				
Current:				
Debt Service:				
Principal	\$ 485,000	\$ 485,000	\$ 546,000	\$ (61,000)
Interest	139,600	139,600	84,204	55,396
Total expenditures	624,600	624,600	630,204	(5,604)
Excess (Deficiency) of Revenues over Expenditures	(624,600)	(624,600)	(630,204)	(5,604)
Other Financing Sources (Uses)				
Transfers in				
Capital Projects Fund	624,600	624,600	630,204	5,604
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

Truckee Meadows Fire Protection District
 Schedule of Revenue, Expenses, and Changes in Net Position - Budget and Actual
 Workers' Compensation Fund
 Year Ended June 30, 2021

	2021 Budgeted Amounts		2021	
	Original	Final	Actual	Variance with Final Budget
Operating Expenses				
Services and supplies				
Claims	\$ 250,000	\$ 250,000	\$ 652,110	\$ (402,110)
Miscellaneous	7,500	7,500	1,536	5,964
Total operating expenses	257,500	257,500	653,646	(396,146)
Nonoperating Revenues (Expenses)				
Investment earnings	-	-	28,926	28,926
Net increase (decrease) in the fair value of investments	-	-	(21,424)	(21,424)
Total nonoperating revenues (expenses)	-	-	7,502	7,502
Change in Net Position	<u>\$ (257,500)</u>	<u>\$ (257,500)</u>	(646,144)	<u>\$ (388,644)</u>
Net Position, Beginning of Year			<u>1,206,309</u>	
Net Position, End of Year			<u>\$ 560,165</u>	

Truckee Meadows Fire Protection District
Schedule of Cash Flows - Budget and Actual - Worker's Compensation Fund
Year Ended June 30, 2021

	2021 Budgeted Amounts		2021	
	Original	Final	Actual	Variance with Final Budget
Operating Activities				
Cash payments for services and supplies	\$ (257,500)	\$ (257,500)	\$ (159,033)	\$ 98,467
Investing Activities				
Investment earnings	-	-	10,797	10,797
Net Change in Cash and Cash Equivalents	(257,500)	(257,500)	(148,236)	109,264
Cash and Cash Equivalents, Beginning of Year	2,337,770	2,337,770	2,634,193	296,423
Cash and Cash Equivalents, End of Year	<u>\$ 2,080,270</u>	<u>\$ 2,080,270</u>	<u>\$ 2,485,957</u>	<u>\$ 405,687</u>
Reconciliation of operating income (loss) to net cash from (used for) operating activities				
Operating income (loss)			<u>\$ (653,646)</u>	
Adjustments to reconcile operating loss to net cash used for operating activities				
Change in				
Due to other governments			(14,058)	
Pending claims			<u>508,671</u>	
Total adjustments			<u>494,613</u>	
Net Cash Provided (Used for) Operating Activities			<u>\$ (159,033)</u>	

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**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 Honorable Board of Fire Commissioners
Truckee Meadows Fire Protection District
Reno, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Truckee Meadows Fire Protection District (the District) (a component unit of Washoe County, Nevada) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 22, 2021.

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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as Finding 2021-001 that we consider to be a material weakness.

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*.

Truckee Meadows Fire Protection District's Response to Finding

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Reno, Nevada
November 22, 2021



Auditor's Comments

To the Honorable Board of Fire Commissioners
Truckee Meadows Fire Protection District
Reno, Nevada

In connection with our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Truckee Meadows Fire Protection District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, nothing came to our attention that caused us to believe that the District failed to comply with the specific requirements of Nevada Revised Statutes cited below other than the violations reported in Note 2 to the financial statements. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they related to accounting matters.

Current Year Statute Compliance

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

Progress on Prior Year Statute Compliance

The District reported no instances of noncompliance with significant constraints on its financial administration during the year ended June 30, 2020.

Prior Year Recommendations

There were no findings for the year ended June 30, 2020.

Current Year Recommendations

The current year recommendations are reported in the Schedule of Findings and Responses.

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

Reno, Nevada
November 22, 2021

**2021-001: Accrued Liabilities
Material Weakness**

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Appropriate reconciliation of accrued liabilities is a key component of an effective system of internal control over financial reporting.

Condition: During our testing over accrued liabilities, we noted that the June 2021 PERS (pension) payable was not recorded.

Cause: The District did not have adequate internal controls to ensure the PERS payable was appropriately recorded and accrued to fiscal year 2021.

Effect: Prior to adjustment, accrued liabilities and expenses were understated by \$544,878 in the General Fund.

Recommendation: We recommend the District enhance internal controls to ensure the PERS payable is appropriately recorded and accrued.

Views of Responsible Officials: The District changed payroll systems during the fiscal year ended June 30, 2021. New procedures and reviews were developed for the new payroll system to determine that final year end accruals were recorded and payroll and payroll benefit related expenses were accurate. The new procedures did not consider that pension related expenses are paid later than other payroll and payroll benefit expenses. This resulted in an understatement of the District's pension expense. The District has modified procedures, including adding additional steps to the year-end calculation template, detailed comparison to prior year for unusual differences and additional level of reviews, to make sure that all payroll and payroll benefit expenses are accurately recorded in the future.