

Truckee Meadows Fire Protection District

Audited Financial Report

Washoe County, Nevada



June 30, 2023

Financial Statements
June 30, 2023

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 Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Adoption of New Accounting Standards

As discussed in Note 1 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, for the year ended June 30, 2023. Accordingly, the presentation and disclosure of the restatement in the financial statements conform to the requirements of the new standard for the year ended June 30, 2023, to restate beginning net position. Our opinions are not modified with respect to this matter.

As discussed in Notes 1 and 12 to the financial statements, the District has adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which has resulted in a restatement of the net position as of July 1, 2022. In addition, the District had a change in financial reporting entity during the year ended June 30, 2023. In accordance with GASB Statement No. 100, the effects of the change in financial reporting entity resulted in a restatement of net position as of July 1, 2022. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-11, budgetary comparison information and reconciliation on pages 47-50, schedule of changes in net other postemployment benefit liability and related ratios on pages 51-52, schedule of District's contributions – other postemployment benefits on page 53, schedule of District's share of net pension liability – PERS on page 54, schedule of District's contributions – PERS on page 55, and the notes to the required supplementary information on pages 56-58 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

The budgetary comparison information and reconciliation is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary comparison information and reconciliation has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the budgetary comparison information and reconciliation is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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 basic financial statements. Such

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2023 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 cursive script that reads "Eide Bailly LLP".

Reno, Nevada
November 17, 2023

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, 2023.

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 \$3,916,919 which includes \$26,760,592 net investment in capital assets, \$1,511,943 restricted for wildland fire emergencies, \$1,563,288 restricted for claims, \$600,000 restricted for debt payments and (\$26,518,904) 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 \$16,189,474 a decrease of \$809,061 or 4.76% in comparison with the prior year. This decrease was primarily caused by planned one-time capital expenditures. 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 56.3% of the combined ending fund balance is available for spending at the government's discretion (unassigned fund balance).
- Ad Valorem taxes, the primary revenue of the District, increased \$1,527,863 or 6.7% over prior year and was \$601,846 over the current year budget. This is a result of growth within the District.
- Consolidated taxes, the second primary revenue of the District decreased by \$142,318 or 1.3% of prior year and was \$1,007,624 under the current year budget. This is a result of the slowing economy as it relates to inflation.

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 of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position over time may serve as a useful indicator of whether the District's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the current 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 expenditures are reported for some items that will not result in cash flows until future fiscal periods, such as uncollected taxes and earned but unused vacation leave.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental

activities of the District all relate to public safety. The business-type activity of the District is Emergency Medical Services and includes ambulance transfers.

The government-wide financial statements can be found in the basic financial statements section 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. Each of the District's funds can be classified as either governmental, proprietary, or fiduciary.

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 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 as part of the Fund Financial Statements of this report.

Proprietary funds. The District maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District has one enterprise fund, the Emergency Medical Services Enterprise Fund, a major fund, to account for emergency medical services activities. 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 as part of the Fund Financial Statements 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 in this report following the basic financial statements.

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

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Management's Discussion and Analysis

June 30, 2023

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

- The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$5,426,573 at June 30, 2023, a decrease of 37.4% from the prior year (as restated). This resulted primarily from the increases in net pension, other post-employment benefits (OPEB) and compensated absences. These items are discussed in more detail in the notes to the financial statements.

Truckee Meadows Fire Protection District's Net Position

	Governmental Activities		Business-type	Total	
	2023	2022	Activities 2023	2023	2022
Current and other assets	\$ 22,556,709	\$ 25,173,812	\$ 1,477,266	\$ 24,033,975	\$ 25,173,812
Capital assets	38,655,526	38,604,688	1,055,581	39,711,107	38,604,688
Total assets	61,212,235	63,778,500	2,532,847	63,745,082	63,778,500
Deferred outflows of resources	28,560,425	23,895,414	1,626,685	30,187,110	23,895,414
Other liabilities	3,010,276	4,140,426	323,362	3,333,638	4,140,426
Noncurrent liabilities	81,564,901	51,312,626	2,311,064	83,875,965	51,312,626
Total liabilities	84,575,177	55,453,052	2,634,426	87,209,603	55,453,052
Deferred inflows of resources	1,280,564	23,555,749	15,452	1,296,016	23,555,749
Net position:					
Net investment in capital assets	26,760,592	27,156,726	1,055,581	27,816,173	27,156,726
Restricted	3,675,231	4,321,142	-	3,675,231	4,321,142
Unrestricted	(26,518,904)	(22,812,755)	454,073	(26,064,831)	(22,812,755)
Total net position	\$ 3,916,919	\$ 8,665,113	\$ 1,509,654	\$ 5,426,573	\$ 8,665,113

The largest portion of the District's net position remains its investment in capital assets (e.g., land, buildings, equipment, and construction in progress), less any outstanding debt used to acquire them. Capital assets are used to provide services to citizens and therefore are not regarded as being available to fund future spending. Similarly, though they are reported net of related debt, the capital assets themselves will not be used to liquidate these obligations.

An additional portion of the District's net position \$3,675,231 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 (\$26,064,831).

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. It is not uncommon for governments to report negative unrestricted net position, particularly in the

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Management's Discussion and Analysis

June 30, 2023

governmental activities column. Unrestricted net position deficits commonly arise because governments have long-term liabilities that they fund on a pay-as-you-go basis, appropriating resources annually as payments come due rather than accumulating assets in advance. The District's deficit in unrestricted net position for governmental activities is (\$26,518,904) in the current year as a result of the continuing impact of Governmental Accounting Standards Statement (GASB) 68 and GASB 75. The unrestricted net position of the District's business-type activities of \$454,073 may not be used to fund governmental activities.

Truckee Meadows Fire Protection District's Changes in Net Position

	Governmental Activities		Business-type	Total	
	2023	2022	Activities 2023	2023	2022
Revenues:					
Program revenues:					
Charges for services	\$ 3,043,810	\$ 2,987,212	\$ 2,941,810	\$ 5,985,620	\$ 2,987,212
Capital grants and contributions	1,134,667	504,064	-	1,134,667	504,064
Operating grants and contributions	481,878	1,108,080	26,076	507,954	1,108,080
General revenues:				-	-
Property taxes	24,508,248	22,958,408	-	24,508,248	22,958,408
Consolidated taxes	11,109,844	11,252,162	-	11,109,844	11,252,162
Other taxes	1,952,345	1,979,773	-	1,952,345	1,979,773
Unrestricted investment earnings (losses)	365,408	(540,232)	33,720	399,128	(540,232)
Reimbursements	2,525,009	2,887,514	-	2,525,009	2,887,514
Other	338,728	369,839	-	338,728	369,839
Total revenues	45,459,937	43,506,820	3,001,606	48,461,543	43,506,820
Expenses:					
Public safety	48,113,288	42,641,799	3,357,709	51,470,997	42,641,799
Debt service	242,023	403,923	-	242,023	403,923
Total expenses	48,355,311	43,045,722	3,357,709	51,713,020	43,045,722
Transfers:	(2,497,579)	-	2,497,579	-	-
Increase (Decrease) in net position	(5,392,953)	461,098	2,141,476	(3,251,477)	461,098
Net position, July 1	8,665,113	8,204,015	-	8,665,113	8,204,015
Prior period adjustment	644,759	-	(631,822)	12,937	-
Net position, June 30	\$ 3,916,919	\$ 8,665,113	\$ 1,509,654	\$ 5,426,573	\$ 8,665,113

Governmental Activities. Governmental activities decreased the District's net position at June 30, 2023 by \$5,392,953. This decrease was largely driven due to the increase in the pension and OPEB liability for fiscal year 2023.

Revenues. The District's governmental activities revenues increased by \$1,953,117, or 4.5%. The increases were primarily related to property taxes of \$1,549,840 mostly due to construction growth within the District. Other increases include an increase in investment earnings in the amount of \$905,640 primarily related to timing of the valuation of investments. These increases were offset by a decrease in reimbursements in the amount of \$362,505 primarily related to reimbursements for wildland fire assistance to other local governments due to a less active fire season during fiscal year 2023 compared to 2022.

Expenses. The District's governmental activities expenses increased by \$5,309,589 or by 12.3% which was primarily due to salary and benefit increases, including additional costs related to pension and OPEB, and increases in the number of employees due to the growth of the District.

Net Position. The District's governmental activities net position decreased by \$5,392,953 during the fiscal year ended June 30, 2023 due to activities of the District offset by a prior period adjustment of \$644,759. The District's total net position increased by \$461,098 during the fiscal year ended June 30, 2022. The current year's decrease was primarily caused by net increases in other postemployment benefits and pension costs which are based on actuarial assumptions and a transfer of cash and capital assets to the Emergency Medical Services Enterprise Fund formed as of July 1, 2022. The prior period adjustment of \$644,759 is mostly due to the transfer of liabilities to the newly formed enterprise fund. More information on the change in financial reporting entity can be found in Note 12 to the financial statements.

Business-type Activities. Net position for the year ended June 30, 2023 for the District's Business-type activities is \$1,509,654. Fiscal Year 2023 is the first year of activity for the District's singular enterprise fund, the Emergency Medical Services Enterprise (EMS) Fund. The EMS Fund accounts for activities related mostly to ambulance services.

Total revenues for the business-type activities are \$3,001,606. The majority of these revenues are charges for services of \$2,941,810, or 98.0% of total revenues, are a result of patient and insurance payments of \$1,221,708 and \$1,720,102 from the Ground Emergency Medical Transportation Program which offers reimbursement from Medicaid to public agencies.

Total expenses for the business-type activities are \$3,357,709. The majority of these expenses are employee related for salaries and benefits of \$2,712,378 or 81.1% of total operating expenses. The EMS fund has three permanent employees and also records employee expenses related to any paramedic assigned daily to ambulances. Other expenses include services and supplies, including medical supplies of \$540,598 and \$89,604 of depreciation for ambulances and equipment used by the EMS Fund.

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 \$16,189,474 a decrease of \$809,061 or 4.8% in comparison with the prior year. This decrease was primarily caused by planned one-time capital expenditures. 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 56.3% 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, 2023, the total fund balance for the General Fund was \$13,190,280. The total fund balance includes an assigned fund balance of \$4,067,184 which consists of \$310,286 assigned for encumbrances, \$3,492,074 appropriated to the fiscal year 23/24

budget and \$264,824 assigned to pay out accrued sick and annual compensation balances. The remaining fund balance consists of \$4,730 in nonspendable fund balance, and \$9,118,366 unassigned.

The total fund balance for the General Fund in the amount of \$13,190,280 is an increase of \$1,224,510 from the prior year. This increase is primarily caused by transfers from the emergency fund for deposits over the legal limit in the emergency fund.

As a measure of the General Fund's liquidity, it may be useful to compare the June 30, 2023 total fund balance not attributable to the Stabilization Fund or the Sick Annual Comp Benefits Fund of \$12,292,019 to fund expenditures. The fund balance represents 32.3% of total General Fund expenditures. This represents approximately 3.9 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 2023, the District experienced a decline in large wildland fire activities. Total expenditures were \$2,212,861, a decrease of \$444,442 from the prior year. The Emergency Fund's revenue for fiscal year 2023 was \$2,350,827, a decrease of \$983,024 over the prior year. This decrease is primarily related to the decrease in wildland fire activities during the fiscal year.

The Capital Projects Fund activity in fiscal year 2023 included reimbursements of \$913,522 from the 911 Emergency Response Advisory Committee for costs associated with a fire station alerting system. Purchases from the Fund, included among other things, the remodel of two current fire stations, development of a new fire station alerting system, and two new ambulances.

The Debt Service Fund was established in fiscal year 2022, expenditures from the Fund, included principal and interest payments on the three outstanding general obligation bonds.

Proprietary funds. Proprietary fund statements provide the same type of information found in the government-wide financial statements, but in greater detail and at the individual fund level. They are accounted for using the full accrual basis of accounting; therefore, no reconciliation is required to the government-wide statements.

The EMS Fund, a major fund, was established as of July 1, 2023 to account for emergency medical services provided by the District, mostly in the form of ambulance transfers. The change in net position of the fund was \$2,141,476 for the first year of activities. Revenues resulted in charges for service of \$2,941,810 for patient and insurance billings and GEMT reimbursements. Total operating expenses were \$3,342,580 mostly related to employee costs to provide these services.

The District's Workers Compensation Internal Service 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, 2023, was \$1,563,288, an increase of \$259,797 from the prior year. The primary reason for the increase is a change in the estimated liability related to claims and judgements that more accurately represent the liabilities of the District.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The District's capital assets as of June 30, 2023, amount to \$39,711,107 (net of accumulated depreciation and amortization). This net investment in capital assets includes land, construction in progress, buildings and building improvements, leased buildings, vehicles, software, equipment, right-to-use leased assets, and subscription assets. Refer to Note 4 for further detail.

Long-term debt. The District's long-term bonded debt consists of \$7,000,000 issued during fiscal year 2022 for the acquisition and construction of major capital facilities, \$2,100,000, issued during fiscal year 2021 for the acquisition and construction of major capital facilities and equipment and \$4,415,000 issued during fiscal year 2020, for the purchase and buildup of vehicles and apparatus. Scheduled principal payments of \$742,000 were made during the year. Other long-term obligations of the District included leases payable, compensated absences, such as accrued vacation and sick leave, and estimated workers compensation' claims. Refer to the notes to the financial statements 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 2023-2024. Assessed values increased by 26.55% for the coming fiscal year.
- The second significant tax revenue for the District, the consolidated tax, consists primarily of sales taxes. For the year ended June 30, 2023, taxable sales in Washoe County increased by .9% over the previous fiscal year. For the fiscal year ending June 30, 2024, 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 2024 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 Fire Protection District, 3663 Barron Way, Reno, Nevada 89511.

Truckee Meadows Fire Protection District

Statement of Net Position

June 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 16,914,230	\$ 1,217,507	\$ 18,131,737
Restricted cash and investments	600,000	-	600,000
Accounts receivable, net of allowance for doubtful accounts	1,484,971	258,687	1,743,658
Taxes receivable	125,835	-	125,835
Due from other governments	3,316,178	-	3,316,178
Interest receivable	110,765	1,072	111,837
Prepays	4,730	-	4,730
Capital assets, not being depreciated	7,080,186	-	7,080,186
Capital assets being depreciated, net of accumulated depreciation	31,543,778	1,055,581	32,599,359
Right-to-use leased assets, net of accumulated amortization	12,874	-	12,874
IT Subscription asset, net of accumulated amortization	18,688	-	18,688
Total assets	61,212,235	2,532,847	63,745,082
Deferred Outflows of Resources			
Pension related amounts	24,826,073	1,601,060	26,427,133
Other postemployment benefits related amounts	3,734,352	25,625	3,759,977
Total deferred outflows of resources	28,560,425	1,626,685	30,187,110
Liabilities			
Accounts payable and accrued liabilities	2,931,355	323,362	3,254,717
Due to other governments	33,972	-	33,972
Unearned revenue	15,000	-	15,000
Accrued interest	29,949	-	29,949
Noncurrent liabilities			
Due within one year			
Bonds payable	761,000	-	761,000
Leases	1,000	-	1,000
Claims and judgments	68,081	-	68,081
Compensated absences	3,194,759	34,396	3,229,155
Due in more than one year			
Bonds payable	11,120,869	-	11,120,869
Leases	12,065	-	12,065
Claims and judgments	685,885	-	685,885
Compensated absences	5,215,840	149,870	5,365,710
Net other postemployment benefits liability	6,526,456	68,699	6,595,155
Net pension liability	53,978,946	2,058,099	56,037,045
Total liabilities	84,575,177	2,634,426	87,209,603
Deferred Inflows of Resources			
Other postemployment benefits related amounts	1,209,105	12,728	1,221,833
Pension related amounts	71,459	2,724	74,183
Total deferred inflows of resources	1,280,564	15,452	1,296,016
Net Position			
Net investment in capital assets	26,760,592	1,055,581	27,816,173
Restricted for			
Emergencies	1,511,943	-	1,511,943
Debt Service	600,000	-	600,000
Claims	1,563,288	-	1,563,288
Unrestricted	(26,518,904)	454,073	(26,064,831)
Total net position	\$ 3,916,919	\$ 1,509,654	\$ 5,426,573

Truckee Meadows Fire Protection District

Statement of Activities

Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
Public safety	\$ 48,113,288	\$ 3,043,810	\$ 1,134,667	\$ 481,878	\$ (43,452,933)	\$ -	\$ (43,452,933)
Debt service	242,023	-	-	-	(242,023)	-	(242,023)
Total governmental activities	48,355,311	3,043,810	1,134,667	481,878	(43,694,956)	-	(43,694,956)
Business-type Activities							
Ambulance service	3,357,709	2,941,810	-	26,076	-	(389,823)	(389,823)
Total government	<u>\$ 51,713,020</u>	<u>\$ 5,985,620</u>	<u>\$ 1,134,667</u>	<u>\$ 507,954</u>	<u>(43,694,956)</u>	<u>(389,823)</u>	<u>(44,084,779)</u>
General Revenues							
Ad valorem taxes					24,508,248	-	24,508,248
Intergovernmental Revenues							
Consolidated taxes					11,109,844	-	11,109,844
SCCRT-AB104					1,862,468	-	1,862,468
Real property transfer tax					89,877	-	89,877
Licenses and permits					320,640	-	320,640
Reimbursements					2,525,009	-	2,525,009
Unrestricted investment earnings					365,408	33,720	399,128
Transfers					(2,497,579)	2,497,579	-
Other					18,088	-	18,088
Total general revenues					38,302,003	2,531,299	40,833,302
Change in Net Position					(5,392,953)	2,141,476	(3,251,477)
Net Position, Beginning of Year, as originally reported					8,665,113	-	8,665,113
Prior Period Adjustment					644,759	(631,822)	12,937
Net Position, Beginning of Year, as restated					9,309,872	(631,822)	8,678,050
Net Position, End of Year					<u>\$ 3,916,919</u>	<u>\$ 1,509,654</u>	<u>\$ 5,426,573</u>

Truckee Meadows Fire Protection District

Balance Sheet - Governmental Funds

June 30, 2023

	General Fund (GAAP Basis)	Emergency Fund	Capital Projects Fund	Non-Major Debt Service Fund	Total Governmental Funds
Assets					
Cash and investments	\$ 12,115,232	\$ 1,236,181	\$ 1,237,690	\$ -	\$ 14,589,103
Restricted cash and investments	-	-	-	600,000	600,000
Accounts receivable, net of allowance for doubtful accounts	1,484,971	-	-	-	1,484,971
Taxes receivable	125,835	-	-	-	125,835
Due from other governments	2,679,697	418,241	218,240	-	3,316,178
Interest receivable	29,228	-	76,426	-	105,654
Prepaid	4,730	-	-	-	4,730
Total assets	\$ 16,439,693	\$ 1,654,422	\$ 1,532,356	\$ 600,000	\$ 20,226,471
Liabilities					
Accounts payable and accrued liabilities	\$ 2,478,051	\$ 142,479	\$ 310,825	\$ -	\$ 2,931,355
Due to other governments	20,988	-	-	-	20,988
Unearned revenue	15,000	-	-	-	15,000
Total liabilities	2,514,039	142,479	310,825	-	2,967,343
Deferred Inflows of Resources					
Unavailable revenues					
Property taxes	93,957	-	-	-	93,957
Intergovernmental	152,405	-	-	-	152,405
Charges for services	426,846	-	-	-	426,846
Reimbursements	62,166	334,280	-	-	396,446
Total deferred inflows of resources	735,374	334,280	-	-	1,069,654
Fund Balances					
Nonspendable	4,730	-	-	-	4,730
Restricted	-	1,177,663	-	600,000	1,777,663
Committed	-	-	1,221,531	-	1,221,531
Assigned					
For budget shortfall	3,492,074	-	-	-	3,492,074
For equipment purchase	275,844	-	-	-	275,844
For professional services	34,442	-	-	-	34,442
For compensated absences buyout	264,824	-	-	-	264,824
Unassigned	9,118,366	-	-	-	9,118,366
Total fund balances	13,190,280	1,177,663	1,221,531	600,000	16,189,474
Total liabilities, deferred inflows of resources, and fund balances	\$ 16,439,693	\$ 1,654,422	\$ 1,532,356	\$ 600,000	\$ 20,226,471

Truckee Meadows Fire Protection District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2023

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

Total fund balances - total governmental funds		\$ 16,189,474
Capital assets, including right-to-use leased assets, used in governmental activities are not financial resources, and, therefore are not reported in the funds.		
Governmental capital assets	\$ 59,291,247	
Less accumulated depreciation/amortization	<u>(20,635,721)</u>	38,655,526
Deferred inflows of resources related to unavailable revenues are not available to pay for current period expenditures, and, therefore, are deferred in the funds.		1,069,654
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the funds.		
Accrued interest	(29,949)	
Bonds payable	(11,881,869)	
Leases	(13,065)	
Compensated absences	(8,410,599)	
Net other postemployment benefits liability	(6,526,456)	
Net pension liability	<u>(53,978,946)</u>	(80,840,884)
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	3,734,352	
Deferred inflows of resources related to OPEB	<u>(1,209,105)</u>	2,525,247
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	24,826,073	
Deferred inflows of resources related to pensions	<u>(71,459)</u>	24,754,614
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>1,563,288</u>
Net position of governmental activities		<u><u>\$ 3,916,919</u></u>

Truckee Meadows Fire Protection District
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2023

	General Fund (GAAP Basis)	Emergency Fund	Capital Projects Fund	Non-Major Debt Service Fund	Total Governmental Funds
Revenues					
Taxes	\$ 24,495,364	\$ -	\$ -	\$ -	\$ 24,495,364
Licenses and permits	320,640	-	-	-	320,640
Intergovernmental	14,095,427	109,713	-	-	14,205,140
Charges for services	2,717,459	-	-	-	2,717,459
Miscellaneous	1,194,501	2,241,114	939,645	-	4,375,260
Total revenues	<u>42,823,391</u>	<u>2,350,827</u>	<u>939,645</u>	<u>-</u>	<u>46,113,863</u>
Expenditures					
Current					
Public safety	38,377,357	2,212,861	635,677	-	41,225,895
Capital outlay	-	-	2,859,617	-	2,859,617
Debt Service					
Principal	35,956	-	-	742,000	777,956
Interest	758	-	-	262,060	262,818
Total expenditures	<u>38,414,071</u>	<u>2,212,861</u>	<u>3,495,294</u>	<u>1,004,060</u>	<u>45,126,286</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,409,320</u>	<u>137,966</u>	<u>(2,555,649)</u>	<u>(1,004,060)</u>	<u>987,577</u>
Other Financing Sources (Uses)					
Transfers in	1,263,000	-	2,250,000	1,604,060	5,117,060
Transfers out	(4,453,119)	(1,263,000)	(1,233,941)	-	(6,950,060)
Sale of capital assets	5,309	-	31,053	-	36,362
Total other financing sources (uses)	<u>(3,184,810)</u>	<u>(1,263,000)</u>	<u>1,047,112</u>	<u>1,604,060</u>	<u>(1,796,638)</u>
Net Change in Fund Balances	1,224,510	(1,125,034)	(1,508,537)	600,000	(809,061)
Fund Balances,					
Beginning of Year	<u>11,965,770</u>	<u>2,302,697</u>	<u>2,730,068</u>	<u>-</u>	<u>16,998,535</u>
End of Year	<u>\$ 13,190,280</u>	<u>\$ 1,177,663</u>	<u>\$ 1,221,531</u>	<u>\$ 600,000</u>	<u>\$ 16,189,474</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, 2023

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

Net change in fund balances - total governmental funds		\$ (809,061)
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	\$3,281,934	
Less current year depreciation/amortization	<u>(2,043,494)</u>	1,238,440
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds.		
Change in unavailable revenue		(699,881)
Bond and other debt 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 and other debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the amount by which bonds issued exceeded repayments:		
Principal paid on bonds	742,000	
Principal paid on leases	985	
Principal paid on IT subscriptions	<u>34,971</u>	777,956
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	(888,202)	
Change in accrued interest	<u>20,796</u>	(867,406)
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.		(67,656)
In the statement of activities, the transfer of capital assets to business-type funds are reported as transfers out. Capital assets, used in governmental activities are not financial resources, and, therefore are not reported in the funds		(664,579)
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	1,300,000	
OPEB expense	(2,018,430)	
Pension contributions	3,196,344	
Pension expense	<u>(7,038,477)</u>	(4,560,563)
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.		<u>259,797</u>
Change in net position of governmental activities		<u><u>\$ (5,392,953)</u></u>

Truckee Meadows Fire Protection District

Statement of Net Position - Proprietary Funds

June 30, 2023

	Business-type Activities Emergency Medical Services Enterprise Fund	Governmental Activities Workers' Compensation Internal Service Fund
Assets		
Cash and investments	\$ 1,217,507	\$ 2,325,127
Accounts receivable	258,687	-
Interest receivable	1,072	5,111
Capital assets being depreciated, net of accumulated depreciation	1,055,581	-
Total assets	2,532,847	2,330,238
Deferred Outflows of Resources		
Pension related amounts	1,601,060	-
Other postemployment benefits related amounts	25,625	-
Total deferred outflows of resources	1,626,685	-
Liabilities		
Current liabilities		
Accounts payable	65,180	-
Accrued salaries and benefits	258,182	-
Compensated absences	34,396	-
Due to other governments	-	12,984
Claims and judgments	-	68,081
Noncurrent liabilities		
Compensated absences	149,870	-
Claims and judgments	-	685,885
Net other postemployment benefits liability	68,699	-
Net pension liability	2,058,099	-
Total liabilities	2,634,426	766,950
Deferred Inflows of Resources		
Other postemployment benefits related amounts	12,728	-
Pension related amounts	2,724	-
Total deferred inflows of resources	15,452	-
Net Position		
Investment in capital assets	1,055,581	-
Restricted for claims	-	1,563,288
Unrestricted	454,073	-
Total Net Position	\$ 1,509,654	\$ 1,563,288

Truckee Meadows Fire Protection District
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
Year Ended June 30, 2023

	Business-type Activities Emergency Medical Services Enterprise Fund	Governmental Activities Workers' Compensation Internal Service Fund
Operating Revenue		
Charges for services	\$ 2,941,810	\$ -
Operating Expenses		
Salaries and wages	2,257,468	-
Employee benefits	454,910	-
Services and supplies	540,598	-
Depreciation/amortization	89,604	-
Changes in estimated claims	-	(214,425)
Miscellaneous	-	583
Total operating expenses	3,342,580	(213,842)
Operating Income (Loss)	(400,770)	213,842
Nonoperating Revenues (Expenses)		
State grant	26,076	-
Investment earnings	11,185	33,281
Net increase (decrease) in the fair value of investments	22,535	12,674
Gain (loss) on asset disposition	(15,129)	-
Total nonoperating revenues (expenses)	44,667	45,955
Income (loss) before capital contributions and transfers	(356,103)	259,797
Capital Contributions	664,579	-
Transfers in	1,833,000	-
Change in Net Position	2,141,476	259,797
Net Position, Beginning of Year, as originally reported	-	1,303,491
Prior Period Adjustment	(631,822)	-
Net Position, Beginning of Year, as restated	(631,822)	1,303,491
Net Position, End of Year	\$ 1,509,654	\$ 1,563,288

Truckee Meadows Fire Protection District

Statement of Cash Flows - Proprietary Fund

Year Ended June 30, 2023

	Business-type Activities Emergency Medical Services Enterprise Fund	Governmental Activities Workers' Compensation Internal Service Fund
Operating Activities		
Cash received from customers	\$ 963,022	\$ -
Cash received from others	1,720,102	-
Cash payments for services and supplies	(475,418)	(36,272)
Cash payments for salaries and benefits	(2,889,618)	-
Net Cash from (used for) Operating Activities	(681,912)	(36,272)
Noncapital Financing Activities		
State grants	26,076	-
Transfers in	1,833,000	-
Net Cash from (used for) Noncapital Financing Activities	1,859,076	-
Capital and related financing activities		
Proceeds from asset disposition	7,695	-
Investing Activities		
Investment earnings	32,648	43,700
Net Change in Cash and Cash Equivalents	1,217,507	7,428
Cash and Cash Equivalents, Beginning of Year	-	2,317,699
Cash and Cash Equivalents, End of Year	\$ 1,217,507	\$ 2,325,127
Reconciliation of operating income (loss) to net cash from (used for)		
operating activities		
Operating income (loss)	(400,770)	\$ 213,842
Adjustments		
Depreciation expense	89,604	-
Net pension expense	(508,003)	-
Net other postemployment benefits expense	21,247	-
Change in assets and liabilities		
Accounts receivable	(258,687)	-
Accounts payable	65,180	-
Accrued salaries and benefits	258,182	-
Compensated absences	51,335	-
Due to other governments	-	(9,465)
Pending claims	-	(240,649)
Total adjustments	(281,142)	(250,114)
Net Cash used for Operating Activities	\$ (681,912)	\$ (36,272)
Noncash investing, capital and financing activities		
Capital Contribution	\$ 664,579	\$ -

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 funds' 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, including lease and IT subscription liabilities, as well as expenditures related to compensated absences, postemployment benefits, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into agreements giving the District the right to use leased assets and IT subscriptions, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases and IT subscriptions are reported as other financing sources.

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 internal service fund. The financial statements of the Workers' Compensation Internal Service Fund are consolidated into the governmental activities 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.

The government reports the following major proprietary fund:

The Emergency Medical Services Enterprise Fund, created as of July 1, 2022, accounts for the activities of the ambulance and other emergency medical services provided within the District.

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.

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, 2023, the allowance for uncollectible accounts receivable was \$1,345,977 in the Emergency Medical Services Enterprise 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 (except for intangible right-to-use leased assets, the measurement of which is discussed in more detail below). Donated capital assets are recorded at estimated fair market value at the date of donation.

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

IT subscription assets are recognized at the subscription commencement date and represent the District's right to use the underlying IT asset for the subscription term. IT subscription assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. IT subscription assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method.

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.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, and the right to use leased buildings and equipment are depreciated/amortized using the straight-line method over the following estimated useful lives, or lease term, whichever is shorter:

Land improvements	20 -40 years
Buildings	40 years
Right-to-use buildings	15 years
Building improvements	10 - 20 years
Vehicles and equipment	5-20 years
Intangibles	3-10 years
IT Subscriptions	3-4 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, 2022, and the total OPEB liabilities used to calculate the net OPEB liability are determined by actuarial valuations as of July 1, 2022.

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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District recognizes deferred outflow of resources as it 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 an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District recognizes deferred inflow of resources as it relates to the net pension liability and 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, intergovernmental, charges for services, and reimbursements in the governmental fund financial statements.

Long-Term Liabilities

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts and any prepaid bond insurance, if applicable, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Prepaid bond insurance costs are reported as deferred charges and amortized over the term of the related debt. Debt issuance costs are expensed during the current period.

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.

Leases

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Key estimates and judgments related to leases include how the District determines the discount rate it uses to discount the expected lease payments to present value, the lease term, and the lease payments are:

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease plus any renewals expected to be exercised. Lease payments included in the measurement of the lease liability are composed of fixed payments.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

IT Subscription Liabilities

At the commencement of an IT subscription, the District initially measures the IT subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the IT subscription liability is reduced by the principal portion of IT subscription payments made.

Key estimates and judgments related to IT subscription include how the District determines the discount rate it uses to discount the expected IT subscription payments to present value, the IT subscription term, and the IT subscription payments are:

The District uses the interest rate charged by the IT subscription provider as the discount rate. When the interest rate charged by the IT subscription provider is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for IT subscription.

The IT subscription term includes the noncancellable period of the IT subscription plus any renewals expected to be exercised. IT subscription payments included in the measurement of the IT subscription liability are composed of fixed payments.

The District monitors changes in circumstances that would require a remeasurement of its IT subscription and will remeasure the IT subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the IT subscription liability.

IT subscription assets are reported with other capital assets and IT subscription liabilities are reported with long-term debt on the statement of net position.

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, including leased assets, net of accumulated depreciation/amortization 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 and prepaids.

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 debt service, emergency resources, and workers' compensation claims.

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.

Use of Estimates

The preparation of these financial statements includes estimates and assumptions made by management that affect the reported amounts. Actual results could differ from those estimates. Significant estimates include the valuation of the net pension liability, OPEB liability, valuation of compensated absences, valuation of workers' compensation claims liabilities, estimated useful lives of depreciable capital assets and the allowance for uncollectible accounts.

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.

Charges for Services

The District presents charges for service net of discounts and write-offs. The total amount of discounts and write-offs included in the Emergency Medical Services Enterprise Fund were \$3,364,820 as of June 30, 2023.

Implementation of GASB Statement No. 96

As of July 1, 2022, the Truckee Meadows Fire Protection District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. The implementation of this standard establishes that a SBITA results in a right to use IT subscription asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The effect of implementation of this standard on beginning net position is disclosed in note 12 and the additional disclosures required by this standard are included in Notes 4, 5 and 7.

Implementation of GASB Statement No. 100

As of July 1, 2022, the Truckee Meadows Fire Protection District implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*. The implementation of this standard requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements for certain changes to the reporting entity. The additional disclosures required by this standard are included in Note 12.

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

Actual expenditures of the District's Emergency Fund exceeded the statutory limit by \$38,159. The District provides fire support to other local governments during the fiscal year ending June 30, 2023. These support services are reimbursable under agreements with other fire agencies. The District augmented its budget for anticipated expenditures and revenues for these services, however the District underestimated the expenditures and revenues by \$38,519.

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

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 \$18,530,520 as of June 30, 2023. The District's total cash and investments is as follows at June 30, 2023:

Cash	\$ 201,217
WCIP	<u>18,530,520</u>
Total cash and investments	<u>\$ 18,731,737</u>

Restricted cash and investments of \$600,000 in the debt service fund is restricted for the payment of principal and interest on bond issuances.

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

During the year ending June 30, 2023, the District implemented GASB Statement 96, *Subscription-Based Information Technology Arrangements* and GASB Statement 100, *Accounting Changes and Error Corrections*. Beginning capital assets balances as of July 1, 2022, have been restated to recognize the beginning values of IT subscription assets and to recognize adjusted beginning balances for a change to the financial reporting entity.

Truckee Meadows Fire Protection District

Notes to Financial Statements

June 30, 2023

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

Government Activities:

Capital Assets - Governmental Activities	Balance July 1, 2022 As Restated	Increases	Decreases	Balance June 30, 2023
Capital assets, not being depreciated				
Land	\$ 5,526,257	\$ -	\$ -	\$ 5,526,257
Construction in progress	1,220,205	3,243,641	(2,909,917)	1,553,929
Total capital assets, not being depreciated	6,746,462	3,243,641	(2,909,917)	7,080,186
Capital assets, being depreciated				
Land improvements	381,376	-	-	381,376
Buildings and building improvements	25,743,680	1,650,774	-	27,394,454
Vehicles and equipment	24,169,426	1,287,436	(1,306,316)	24,150,546
Intangibles	179,925	10,000	(17,770)	172,155
Total capital assets, being depreciated	50,474,407	2,948,210	(1,324,086)	52,098,531
Less accumulated depreciation for				
Land improvements	(287,443)	(7,242)	-	(294,685)
Buildings and building improvements	(7,874,976)	(709,503)	-	(8,584,479)
Vehicles and equipment	(10,799,953)	(1,296,279)	582,818	(11,513,414)
Intangibles	(171,187)	(21)	9,033	(162,175)
Total accumulated depreciation	(19,133,559)	(2,013,045)	591,851	(20,554,753)
Total capital assets, being depreciated, net	31,340,848	935,165	(732,235)	31,543,778
Right-to-use leased assets being amortized				
Buildings and building improvements	15,020	-	-	15,020
Right-to-use accumulated amortization				
Buildings and building improvements	(1,073)	(1,073)	-	(2,146)
Net right-to-use leased assets	13,947	(1,073)	-	12,874
IT Subscription assets being amortized				
IT Subscription Assets	97,510	-	-	97,510
IT Subscription Assets Accumulated Amortization	(49,446)	(29,376)	-	(78,822)
Net IT subscription assets	48,064	(29,376)	-	18,688
Governmental activities, capital right-to-use, and IT subscription assets, net	\$ 38,149,321	\$ 4,148,357	\$ (3,642,152)	\$ 38,655,526

Truckee Meadows Fire Protection District

Notes to Financial Statements

June 30, 2023

Business-type Activities:

	Balance July 1, 2022 As Restated	Increases	Decreases	Balance June 30, 2023
Capital Assets - Business-type Activities				
Capital assets, being depreciated				
Vehicles and equipment	\$ 762,579	\$ 664,578	\$ (44,899)	\$ 1,382,258
Less accumulated depreciation for				
Vehicles and equipment	(259,148)	(89,604)	22,075	(326,677)
Net depreciable capital assets	<u>\$ 503,431</u>	<u>\$ 574,974</u>	<u>\$ (22,824)</u>	<u>\$ 1,055,581</u>

Depreciation/amortization expense of \$2,043,494 was charged to the public safety function of the governmental activities and \$89,604 was charged to ambulance services of the business-type activities.

Note 5 - Long-Term Liabilities

General obligation bonds

The Capital Improvement Bonds Series 2020 and the Capital Improvement Bonds Series 2021 for the acquisition and construction of major capital facilities and equipment are direct obligations and pledge the full faith and credit of the District. These bonds 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 2023, principal and interest paid on these bonds totaled \$527,210 and pledged revenues totaled \$1,666,477.

General obligation bonds outstanding at June 30, 2023, 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	\$ 3,167,000
Capital Improvement Bonds Series 2020	10/21/2020	6/1/2035	1.53%	2,100,000	1,707,000
Publicly Offered: General Obligations:					
Capital Improvement Bonds Series 2021	7/28/2021	6/1/2046	2.0% - 4.0%	<u>7,000,000</u>	<u>6,600,000</u>
				<u>\$13,515,000</u>	<u>\$11,474,000</u>

The District's outstanding medium-term equipment bonds related to governmental activities of \$3,167,000 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 \$241,421 for the year was recorded by the District.

Long-term activity

During the year ending June 30, 2023, the District implemented GASB Statement 96, *Subscription-Based Information Technology Arrangements* and GASB Statement 100, *Accounting Changes and Error Corrections*.

Truckee Meadows Fire Protection District

Notes to Financial Statements

June 30, 2023

Long-term liability activity as of July 1, 2023, have been restated to recognize the beginning values of subscription liabilities and to recognize adjusted beginning balances for a change to the financial reporting entity.

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Amount Outstanding July 1, 2022 As restated	Additions	Reductions	Amount Outstanding June 30, 2023	Due Within One Year
Governmental Activities:					
Bonds payable					
General Obligation Bonds	\$ 12,216,000	\$ -	\$ 742,000	\$ 11,474,000	\$ 761,000
Premium	425,667		17,798	407,869	-
Total Bonds Payable	\$ 12,641,667	\$ -	\$ 759,798	\$ 11,881,869	\$ 761,000
Leases	14,050	-	985	13,065	1,000
IT Subscription Liabilities	34,971	-	34,971	-	-
Compensated absences	7,522,397	3,713,496	2,825,294	8,410,599	3,194,759
Claims and judgments	994,615	-	240,649	753,966	68,081
	<u>\$ 21,207,700</u>	<u>\$ 3,713,496</u>	<u>\$ 3,861,697</u>	<u>\$ 21,059,499</u>	<u>\$ 4,024,840</u>

Compensated absences are generally liquidated from the General Fund, leases and subscription liabilities will be liquidated through 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 General fund.

	Amount Outstanding July 1, 2022 As restated	Additions	Reductions	Amount Outstanding June 30, 2023	Due Within One Year
Business-type Activities:					
Compensated absences	<u>\$ 132,931</u>	<u>\$ 80,813</u>	<u>\$ 29,478</u>	<u>\$ 184,266</u>	<u>\$ 34,396</u>

Compensated absences are generally liquidated from the Emergency Medical Services Enterprise Fund.

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

Year Ended June 30,	Principal	Interest
2024	\$ 761,000	\$ 246,141
2025	780,000	229,687
2026	794,000	212,697
2027	814,000	195,371
2028	834,000	177,495
2029-2033	2,990,000	627,463
2034-2038	1,791,000	386,032
2039-2043	1,640,000	223,875
2044-2046	1,070,000	48,487
	<u>\$ 11,474,000</u>	<u>\$ 2,347,248</u>

Note 6 - Leases

As of June 30, 2023, the District has an agreement to lease a fire station and has recognized an initial right to use asset of \$15,020 and a lease liability of \$15,020 related to this agreement at commencement. The District is required to make annual principal and interest payments of \$1,200. During the fiscal year, the District recorded \$1,073 in amortization expense and \$215 in interest expense for the right to use fire station. The District used a discount rate of 1.53%, based on the District's construction borrowing rate at lease agreement date. The lease agreement commenced on January 21, 2020, for a term of five years. The lessee has the right, at their option, to extend the term for two consecutive periods of five years each.

The remaining obligations associated with these leases are as follows:

Year Ending June 30,	Principal Payments	Interest Payments
2024	\$ 1,000	\$ 200
2025	1,015	185
2026	1,031	169
2027	1,047	153
2028	1,063	137
2029-2033	5,563	437
2034-2035	2,346	54
Totals	<u>\$ 13,065</u>	<u>\$ 1,335</u>

Note 7 – IT Subscriptions

As of June 30, 2023, the District has two subscription-based information technology arrangements as follows.

The District has an agreement for human resources software with an initial IT subscription asset of \$59,945 and an initial IT subscription liability of \$51,945 at commencement. The District was required to make principal and interest payments of \$27,158 for the year ended June 30, 2023. The District used a discount rate of 1.53%, based on the District's borrowing rate at IT subscription agreement date. The IT subscription agreement commenced on February 28, 2021, for a term of three years.

The District has an agreement for payroll analysis software has an initial IT subscription asset of \$37,565 and an initial IT subscription liability of \$30,565. The District makes principal and interest payments of \$7,500 increased annually by 3%. The District used a discount rate of 3%, as stated in the IT subscription agreement date. The IT subscription agreement commenced on February 20, 2020, for a term of one year. The District has the right, at their option, to extend the term for three consecutive periods of one year each.

Note 8 - Interfund Activity

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

	General Fund	Capital Projects Fund	Transfers in Emergency Medical Service Fund	Debt Service Fund	Total Transfers out
Transfers out:					
General Fund	\$ -	\$ 2,250,000	\$ 1,833,000	\$ 370,119	\$ 4,453,119
Capital Projects Fund	-	-	-	1,233,941	1,233,941
Emergency Fund	1,263,000	-	-	-	1,263,000
Total transfers in	<u>\$ 1,263,000</u>	<u>\$ 2,250,000</u>	<u>\$ 1,833,000</u>	<u>\$ 1,604,060</u>	<u>\$ 6,950,060</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 Emergency Fund to the General Fund was for the total cash balance over amounts allowed by statute at year end. The transfers from the Capital Projects Fund and the General Fund to the Debt Service Fund were to make scheduled debt payments. The transfer to the Emergency Medical Service Fund was used for start up costs and overhead costs for the newly created fund. The transfer of \$664,579 from governmental activities to business-type activities were capital assets used in governmental activities transferred to the business-type activities during the year.

Note 9- 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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments:	59
Active employees:	192

Actuarial assumptions and other inputs

The District's total OPEB liability of \$15,845,799 was measured as of June 30, 2022 was based on the valuation date of July 1, 2022. 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	2.35%
Salary increases	
0-4 years of service	12% for two years, 9.30% after two years
5 + years of service	4.5% for two years, 2.35% after two years
Discount rate	5.75%
Long Term Expected Rate of Return	5.75%
Healthcare cost trend rates	
Retirees	Range between 3.7% to 6.5% 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
TMFPD Retirees	50% retiree and 100% dependent

Changes of assumptions and other inputs reflect a change in the long-term inflation assumption from 2.5 percent as of the measurement date of June 30, 2020 to 2.35 percent as of the measurement date of June 30, 2022. Other changes include a change in assumption in salary increases from 8.00 for two years declining to 7.5 percent for the remaining years percent for 0-4 years of service as of the measurement date of June 30, 2020 to 12.0 percent for two years declining to 9.3 percent for the remaining years and from 3.0 percent for two years declining to 2.5 percent for the remaining years for 5 plus years of service to 4.0 percent for two years declining to 2.35 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 2.4% long-term inflation assumption.

Truckee Meadows Fire Protection District

Notes to Financial Statements

June 30, 2023

<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.

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 update assumptions for retirement, withdrawal, mortality and disability. Mortality rates are based on the Pub-2010 mortality tables published by the Society of Actuaries adjusted to match Nevada PERS experience.

Changes in the OPEB Liability

	Total OPEB Liability	Increase/ (Decrease) in Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2022 (Measurement Date June 30, 2021)	<u>\$ 13,758,538</u>	<u>\$ 9,552,591</u>	<u>\$ 4,205,947</u>
Charges for the year:			
Service Cost	619,298	-	619,298
Interest on the total OPEB liability	822,087	-	822,087
Changes of benefit terms	756,058	-	756,058
Differences between actual and expected experience with regard to economic or demographic factors	600,538	-	600,538
Changes of assumptions	(547,072)	-	(547,072)
Benefit payments	(163,648)	(163,648)	-
Contributions from employer	-	850,000	(850,000)
Net investment income	-	(965,903)	965,903
Administrative expense	-	(22,396)	22,396
Total Changes	<u>2,087,261</u>	<u>(301,947)</u>	<u>2,389,208</u>
Balance at June 30, 2023 (Measurement Date June 30, 2022)	<u><u>\$ 15,845,799</u></u>	<u><u>\$ 9,250,644</u></u>	<u><u>\$ 6,595,155</u></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	\$ 8,618,230	\$ 6,595,155	\$ 4,887,530

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	\$ 4,653,007	\$ 6,595,155	\$ 8,964,293

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$2,039,676. At June 30, 2023, 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	\$ 726,033	\$ 1,101,248
Changes in assumptions or other inputs	495,800	1,105,912
Net difference between projected and actual earnings	-	252,817
District contributions subsequent to the measurement date	N/A	1,300,000
Total	\$ 1,221,833	\$ 3,759,977

Deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date in the amount of \$1,300,000 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024.

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>
2024	\$ 402,105
2025	235,165
2026	80,446
2027	393,143
2028	86,344
Thereafter	<u>40,941</u>
Total	\$ <u><u>1,238,144</u></u>

Note 10 - 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. One plan, provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only. Under the matching Employee/Employer Contribution plan, a member may, upon termination of service for which contribution is required, withdraw employee contributions which have been credited to their account. All membership rights and active service credit in the System are canceled upon withdrawal of contributions from the member's account. If EPC was elected, the member cannot convert to the Employee/Employer Contribution plan and cannot withdraw these contributions.

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, 2023 and June 30, 2022, the Statutory Employer/employee matching rates were 15.50% for Regular and 22.75% for Police/Fire. The Employer-pay contribution (EPC) rate, for fiscal years ending June 30, 2023 and June 30, 2022 was 29.75% for Regular and 44.00% for Police/Fire.

The District's contributions were \$3,972,705 for the year ended June 30, 2023.

PERS Investment Policy

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

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

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return
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, 2022, PERS' long-term inflation assumption was 2.50%.

Net Pension Liability

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's 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, 2022. At June 30, 2022, the District's proportion was .3104%, which is an increase of .02744% from the proportion measured as of June 30, 2021.

Pension Liability Discount Rate Sensitivity

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

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability	\$ 86,035,195	\$ 56,037,045	\$ 31,284,070

Pension Plan Fiduciary Net Position

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

Actuarial Assumptions

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

Inflation Rate	2.50%
Productivity Pay Increase	0.50%
Projected Salary Increases	Regular: 4.20% to 9.10%, depending on service Police/Fire: 4.60% to 14.5%, depending on service Rates include inflation and productivity increases
Investment Rate of Return/Discount Rate	7.25%
Consumer Price Index	2.50%
Payroll Growth	3.50%
Other Assumptions	Same as those used in the June 30, 2022 funding actuarial valuation

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

Healthy:

Regular Members:

Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 30% for males and 15% for females, projected generationally with the two-dimensional monthly improvement scale MP-2020.

The above listed mortality tables only provide rates for ages 50 and older. To develop mortality rates for ages 40 through 50, we have smoothed the difference between the rates at age 40 from the Pub- 2010 General Employee Amount-Weighted Above-Median Mortality Tables and the rates at age 50 from the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables. To develop the mortality rates before age 40, we have used the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables rates. This methodology for developing an extended annuitant mortality table is similar to the method used by the IRS to develop the base mortality table for determining minimum funding standards for single-employer defined benefit pension plans under Internal Revenue Code Section 430. While Section 430 is not applicable to the System, we believe this is a reasonable method for developing annuitant

Police/Fire Members:

Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 30% for males and 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

The above listed mortality tables only provide rates for ages 45 and older. To develop mortality rates for ages 35 through 45, we have smoothed the difference between the rates at age 35 from the Pub-2010 Safety Employee Amount-Weighted Above-Median Mowe have used the Pub-2010 we have used the Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Tables rates. This methodology for developing an extended annuitant mortality table is similar to the method used by the IRS to develop the base mortality table for determining minimum funding standards for single employer defined benefit pension plans under Internal Revenue Code Section 430. While Section 430 is not applicable to the System, we believe this is a reasonable method for developing annuitant mortality rates at earlier ages.

Disabled:**Regular Members:**

Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 20% for males and 15% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

Police/Fire Members:

Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 30% for males and 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

Pre-Retirement:

Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2020.

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

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed 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, 2022.

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

For the year ended June 30, 2023, the District recognized pension expense of \$7,306,704. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,255,872	\$ 40,031
Changes in assumptions or other inputs	7,198,349	
Net difference between projected and actual earnings on pension plan investments	683,687	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	7,316,520	34,152
District contributions subsequent to the measurement date	3,972,705	-
Total	<u>\$ 26,427,133</u>	<u>\$ 74,183</u>

Deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date in the amount of \$3,972,705 will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined at July 1, 2021 (the beginning of the measurement period ended June 30, 2022) is 5.7 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>	
2024	\$ 4,429,551
2025	3,971,277
2026	3,532,416
2027	8,901,463
2028	1,545,538
Total	<u>\$ 22,380,245</u>

Additional Information

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

Note 11 - Risk Management

The District is exposed, as are all entities, to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; 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, 2021	\$ 1,920,089
Claims and changes in estimates	(821,155)
Claims paid	<u>(104,319)</u>
Claims liability, June 30, 2022	994,615
Claims and changes in estimates	(214,424)
Claims paid	<u>(26,225)</u>
Claims liability, June 30, 2023	<u>\$ 753,966</u>

Note 12 – Restatement

As of July 1, 2022 the District created a new business-type fund, the Emergency Medical Services (EMS) Enterprise Fund. This new fund was created to accurately report revenue associated with ambulance transfers and other associated emergency medical services and the related costs to provide these services. With the creation of this fund certain operations related to EMS were moved from the General Fund into the new EMS Enterprise Fund. The balances transferred as of July 1, 2022 comprised the following:

Capital Assets, net of accumulated depreciation	\$ 503,431
Deferred outflows of Resources, pension related amounts	765,718
Deferred outflows of Resources, OPEB related amounts	31,737
Compensated Absences	(132,931)
Net OPEB liability	(43,812)
Net pension liability	(947,606)
Deferred Inflows of Resources, OPEB related amounts	(22,480)
Deferred Inflows of Resources, pension related amounts	(785,879)
	<u>\$ (631,822)</u>

In addition, the District implemented GASB Statement 96, *Subscription-Based Information Technology Arrangements* which required the restatement of beginning net position related to IT subscription assets and IT subscription liabilities.

The impact to beginning net position for the year ended June 30, 2023 was as follows:

	Net Postion, Beginning of Year, as originally reported	Change to the Financial Reporting Entity	Implementation of New Standard	Net Postion, Beginning of Year, as restated
Government-Wide				
Governmental Activities	\$ 8,665,113	\$ 631,822	\$ 12,937	\$ 9,309,872
Business-Type Activities	-	(631,822)	-	(631,822)
Total Primary Government	<u>\$ 8,665,113</u>	<u>\$ -</u>	<u>\$ 12,937</u>	<u>\$ 8,678,050</u>
Proprietary Funds				
Major Fund: EMS Enterprise Fund	<u>\$ -</u>	<u>\$ (631,822)</u>	<u>\$ -</u>	<u>\$ (631,822)</u>

Note 13- Tax Abatement

The District's tax revenues were reduced by \$767,121 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 14 – 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 \$69,127 during the fiscal year ending June 30, 2023. The District's remaining payments to Washoe County for their portion of the debt is \$623,530 in principal, \$128,263 in interest and \$44,046 in reserve with average annual payments of \$66,320 over the remaining term of 12 years.

On May 22, 2023, the District entered into a Memorandum of Understanding (MOU) with Apple Inc for the design and pre-construction of a fire station. Under the terms of the MOU, the District is required to build a new fire station. The District and Apple Inc will mutually agree upon design professionals and associated costs. Apple Inc will provide reimbursement to the District for costs to design and build the fire station except for the portion related to an expanded scope to include three additional bedrooms and one additional apparatus bay. The MOU provides for a limit of \$192,000 for project design and pre-construction and \$20,000 for other fees for reimbursement. Amounts in excess of these costs will not be reimbursed.

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, 2023
(Page 1 of 2)

	2023 Budgeted Amounts		2023	
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes				
Ad valorem, general	\$ 23,587,287	\$ 23,587,287	\$ 24,160,605	\$ 573,318
Ad valorem, AB 104	306,231	306,231	334,759	28,528
Licenses and permits				
Gaming, AB 104	75,000	75,000	115,687	40,687
Other	180,000	180,000	204,953	24,953
Intergovernmental				
Federal grants	523,923	523,923	430,941	(92,982)
State grants	804,695	804,695	9,029	(795,666)
Consolidated taxes	12,117,468	12,117,468	11,109,844	(1,007,624)
Real property transfer tax, AB 104	90,000	90,000	89,877	(123)
Supplemental city/county relief tax, AB 104	1,765,390	1,765,390	1,862,468	97,078
Interlocal cooperative agreement fire suppression	530,000	530,000	593,268	63,268
Charges for services				
Services to other agencies	2,063,966	2,063,966	2,472,741	408,775
Other	30,000	30,000	244,718	214,718
Miscellaneous				
Donations	-	12,500	12,595	95
Investment earnings	200,000	200,000	187,290	(12,710)
Net increase (decrease) in the fair value of investments	-	-	93,592	93,592
Reimbursements	620,850	620,850	870,488	249,638
Other	-	-	18,088	18,088
Total revenues	42,894,810	42,907,310	42,810,943	(96,367)
Expenditures				
Current				
Public safety function				
Fire				
Salaries and wages	21,479,652	21,092,289	19,876,786	1,215,503
Employee benefits	13,767,268	13,351,832	12,143,284	1,208,548
Services and supplies	6,689,240	6,711,540	5,817,110	894,430
Capital outlay	474,389	474,389	251,017	223,372
Total current	42,410,549	41,630,050	38,088,197	3,541,853
Debt Service				
Principal	-	-	35,956	(35,956)
Interest	-	-	758	(758)
Total debt service	-	-	36,714	(36,714)
Total expenditures	42,410,549	41,630,050	38,124,911	3,505,139

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

	2023 Budgeted Amounts		2023	
	Original	Final	Actual	Variance with Final Budget
Excess (Deficiency) of Revenues over Expenditures	\$ 484,261	\$ 1,277,260	\$ 4,686,032	\$ 3,408,772
Other Financing Sources (Uses)				
Sale of capital assets	-	-	5,309	5,309
Transfers in				
Emergency Fund	-	-	1,263,000	1,263,000
Transfers out				
Capital Projects Fund	(2,250,000)	(2,250,000)	(2,250,000)	-
Emergency Fund	-	-	-	-
Debt Service Fund	(370,119)	(370,119)	(370,119)	-
Workers' Compensation	-	-	-	-
Sick Annual Comp Benefits	(250,000)	(250,000)	(250,000)	-
Emergency Medical Services	(733,000)	(1,833,000)	(1,833,000)	-
Contingency	(400,000)	(92,999)	-	92,999
Total other financing sources (uses)	(4,003,119)	(4,796,118)	(3,434,810)	1,361,308
Net Change in Fund Balances	(3,518,858)	(3,518,858)	1,251,222	4,770,080
Fund Balances, Beginning of Year	9,085,427	9,085,427	11,040,797	1,955,370
Fund Balances, End of Year	\$ 5,566,569	\$ 5,566,569	\$ 12,292,019	\$ 6,725,450

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, 2023

	2023 Budgeted Amounts		2023	
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental:				
Federal grants	\$ -	\$ -	\$ 109,713	\$ 109,713
Miscellaneous				
Reimbursements	1,881,500	1,976,000	2,241,114	265,114
Total revenues	1,881,500	1,976,000	2,350,827	265,114
Expenditures				
Current				
Public safety function				
Fire				
Salaries and wages	1,600,000	1,645,500	1,619,674	25,826
Employee benefits	135,000	135,000	197,421	(62,421)
Services and supplies	345,202	394,202	395,766	(1,564)
Total expenditures	2,080,202	2,174,702	2,212,861	(38,159)
Excess (Deficiency) of Revenues over Expenditures	(198,702)	(198,702)	137,966	336,668
Other Financing Sources (Uses)				
Transfers out				
General Fund	-	-	(1,263,000)	(1,263,000)
Net Change in Fund Balances	(198,702)	(198,702)	(1,125,034)	(926,332)
Fund Balances, Beginning of the Year	1,213,376	1,213,376	2,302,697	1,089,321
Fund Balances, End of Year	\$ 1,014,674	\$ 1,014,674	\$ 1,177,663	\$ 162,989

Truckee Meadows Fire Protection District

Reconciliation of the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis) to the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Year Ended June 30, 2023

	General Fund (Budgetary Basis)	Internally Reported Funds	Eliminations	General Fund (GAAP Basis)
Revenues				
Taxes	\$ 24,495,364	\$ -	\$ -	\$ 24,495,364
Licenses and permits	320,640	-	-	320,640
Intergovernmental	14,095,427	-	-	14,095,427
Charges for services	2,717,459	-	-	2,717,459
Miscellaneous	1,182,053	12,448	-	1,194,501
Total revenues	42,810,943	12,448	-	42,823,391
Expenditures				
Current				
Public safety	38,088,197	289,160	-	38,377,357
Debt Service				
Principal	35,956	-	-	35,956
Interest	758	-	-	758
Total expenditures	38,124,911	289,160	-	38,414,071
Excess (Deficiency) of Revenues over Expenditures	4,686,032	(276,712)	-	4,409,320
Other Financing Sources (Uses)				
Sale of capital assets	5,309	-	-	5,309
Transfers in	1,263,000	250,000	(250,000)	1,263,000
Transfers out	(4,703,119)	-	250,000	(4,453,119)
Total other financing sources (uses)	(3,434,810)	250,000	-	(3,184,810)
Net Change in Fund Balances	1,251,222	(26,712)	-	1,224,510
Fund Balances, Beginning of Year	11,040,797	924,973	-	11,965,770
Fund Balances, End of Year	\$ 12,292,019	\$ 898,261	\$ -	\$ 13,190,280

Truckee Meadows Fire Protection District
Schedule of Changes in Net Other Postemployment Benefit Liability and Related Ratios
Last Ten Fiscal Years*
(Page 1 of 2)

	2022	2021	2020
Total OPEB liability			
Service cost	\$ 619,298	\$ 604,193	\$ 538,625
Interest on the total OPEB liability	822,087	802,893	671,333
Changes of benefit terms	756,058	-	-
Differences between actual and expected experience with regard to economic or demographic factors	600,538	(914,105)	817,675
Changes of assumptions	(547,072)	-	861,777
Benefit payments	(163,648)	(184,624)	(176,377)
Net change in total OPEB liability	2,087,261	308,357	2,713,033
Total OPEB liability-beginning	13,758,538	13,450,181	10,737,148
Total OPEB liability-ending (a)	<u>\$ 15,845,799</u>	<u>\$ 13,758,538</u>	<u>\$ 13,450,181</u>
Plan fiduciary net position			
Benefit payments	\$ (163,648)	\$ (184,624)	\$ (176,377)
Contributions from employer	850,000	750,000	651,000
Net investment income	(965,903)	1,983,264	418,050
Administrative expense	(22,396)	(35,106)	(39,115)
Net change in plan fiduciary net position	(301,947)	2,513,534	853,558
Plan fiduciary net position-beginning	9,552,591	7,039,057	6,185,499
Plan fiduciary net position-ending (b)	<u>\$ 9,250,644</u>	<u>\$9,552,591</u>	<u>\$ 7,039,057</u>
District's net OPEB liability-ending (a) - (b)	<u>\$ 6,595,155</u>	<u>\$4,205,947</u>	<u>\$ 6,411,124</u>
Plan fiduciary net position as a percentage of the total OPEB liability	58.4%	69.4%	52.3%
Covered-employee payroll	\$ 22,776,688	\$19,759,972	\$ 16,408,769
District's net OPEB liability as a percentage of covered-employee payroll	29.0%	21.3%	39.1%

Truckee Meadows Fire Protection District
Schedule of Changes in Net Other Postemployment Benefit Liability and Related Ratios
Last Ten Fiscal Years*
(Page 2 of 2)

	2019	2018	2017
Total OPEB liability			
Service cost	\$ 520,411	\$ 417,213	\$ 405,061
Interest on the total OPEB liability	613,936	501,045	455,572
Changes of benefit terms	-	-	-
Differences between actual and expected experience with regard to economic or demographic factors	-	(27,487)	-
Changes of assumptions	-	2,295,853	-
Benefit payments	(214,991)	(215,174)	(230,891)
Net change in total OPEB liability	919,356	2,971,450	629,742
Total OPEB liability-beginning	9,817,792	6,846,342	6,216,600
Total OPEB liability-ending (a)	<u>\$ 10,737,148</u>	<u>\$ 9,817,792</u>	<u>\$ 6,846,342</u>
Plan fiduciary net position			
Benefit payments	\$ (214,991)	\$ (215,174)	\$ (230,891)
Contributions from employer	463,000	-	-
Net investment income	450,939	435,094	591,731
Administrative expense	(34,450)	(15,693)	(16,744)
Net change in plan fiduciary net position	664,498	204,227	344,096
Plan fiduciary net position-beginning	5,521,001	5,316,774	4,972,678
Plan fiduciary net position-ending (b)	<u>\$ 6,185,499</u>	<u>\$ 5,521,001</u>	<u>\$ 5,316,774</u>
District's net OPEB liability-ending (a) - (b)	<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	57.6%	56.2%	77.7%
Covered-employee payroll	\$ 16,004,299	\$ 15,660,842	\$ 13,199,783
District's net OPEB liability as a percentage of covered-employee payroll	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*

	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution (deficiency) excess	Covered- employee payroll	Contributions as a percentage of covered payroll
2023	\$ 1,987,902	\$ 1,300,000	\$ (687,902)	\$ 23,665,044	5.49%
2022	1,219,612	850,000	\$ (369,612)	22,776,688	3.73%
2021	1,441,454	750,000	\$ (691,454)	19,759,972	3.80%
2020	1,113,849	651,000	\$ (462,849)	16,408,769	3.97%
2019	1,037,001	463,000	\$ (574,001)	16,004,299	2.89%
2018	650,895	-	\$ (650,895)	15,660,842	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>
2022	0.31037%	\$ 56,037,045	\$ 16,497,784	339.66%	75.12%
2021	0.28293%	\$ 25,801,019	\$ 14,612,697	176.57%	86.51%
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
2023	\$ 3,972,705	\$ 3,972,705	\$ -	\$ 19,320,634	20.56%
2022	3,414,171	3,414,171	-	16,497,784	20.69%
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 - 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.

Note 2 - Internally Reported (Budgetary Basis) Funds

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

Budget to actual comparisons are presented for all funds of the District, as required by Nevada Revised Statutes. Such budget comparisons are required to be presented using the budget as adopted and approved by the State of Nevada Department of Taxation. However, guidance provided by Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies that 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 3 - Schedule of District's Contributions, OPEB

Actuarially determined contributions rates were calculated with an actuarial valuation date of July 1, 2022, projected forward to a measurement date of June 30, 2022.

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	2.35%
Salary increases	
0-4 years of service	12% for two years, 9.30% after two years
5 + years of service	4.5% for two years, 2.35% after two years
Discount rate	5.75%
Long Term Expected Rate of Return	5.75%
Healthcare cost trend rates	
Retirees	Range between 3.7% to 6.5% 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
TMFPD Retirees	50% retiree and 100% 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 2.5 percent as of the measurement date of June 30, 2020 to 2.35 percent as of the measurement date of June 30, 2022. Other changes include a change in assumption in salary increases from 8.00 percent for two years declining to 7.5 percent for the remaining years percent for 0-4 years of service as of the measurement date of June 30, 2020 to 12.0 percent for two years declining to 9.3 percent for the remaining years and from 3.0 percent for two years declining to 2.5 percent for the remaining years for 5 plus years of service to 4.0 percent for two years declining to 2.35 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 2.4% long-term inflation assumption.

Note 4 - Schedule of District's Share of Net Pension Liability

The following table presents significant changes in assumptions:

	2021 - 2022	2017 - 2020	2014 - 2016
Inflation rate	2.50%	2.75%	3.50%
Payroll growth	3.50%	5.00%	5.00%
Investment rate of return/Discount Rate	7.25%	7.50%	8.00%
Productivity pay increases	0.50%	0.50%	0.75%
Projected salary increases			
Regular*	4.20% to 9.10%	4.25% to 9.15%	4.60% to 9.75%
Police/Fire*	4.60% to 14.5%	4.55% to 13.9%	5.25% to 14.5%
Consumer price index	2.50%	2.75%	3.50%
Mortality rates			
Healthy**	Pub-2010 General and Safety Healthy Retiree and Employee	Headcount- Weighted RP-2014 Healthy	RP-2000 Combined Healthy Mortality Table
Disabled	Pub-2010 Non-Safety and Safety Disabled Retiree Amount- Weighted	Headcount- Weighted RP-2014 Disabled	RP-2000 Disabled Retiree Mortality Table
Current beneficiaries**	Pub-2010 Contingent Survivor and General Employee	Headcount- Weighted RP-2014 Healthy	N/A
Pre-Retirement**	Pub-2010 General and Safety Employee	Headcount- Weighted RP-2014 Employee	N/A
Future mortality improvement	Generational Projection Scale MP-2020	6 years	N/A

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, 2023

	General Fund (Budgetary Basis)	Internally Reported Funds	General Fund (GAAP Basis)
Assets			
Cash and investments	\$ 11,218,358	\$ 896,874	\$ 12,115,232
Accounts receivable, net of allowance for doubtful accounts	1,484,971	-	1,484,971
Taxes receivable	125,835	-	125,835
Due from other governments	2,679,697	-	2,679,697
Interest receivable	27,841	1,387	29,228
Prepaid	4,730	-	4,730
Total assets	\$ 15,541,432	\$ 898,261	\$ 16,439,693
Liabilities			
Accounts payable and accrued liabilities	2,478,051	\$ -	\$ 2,478,051
Due to other governments	20,988	-	20,988
Unearned revenue	15,000	-	15,000
Total liabilities	2,514,039	-	2,514,039
Deferred Inflows of Resources			
Unavailable revenue			
Property taxes	93,957	-	93,957
Intergovernmental	152,405	-	152,405
Charges for services	426,846	-	426,846
Reimbursements	62,166	-	62,166
Total deferred inflows of resources	735,374	-	735,374
Fund Balances			
Nonspendable	4,730	-	4,730
Assigned:			
For budget shortfall	3,492,074	-	3,492,074
For equipment purchase	275,844	-	275,844
For professional services	34,442	-	34,442
For compensated absences buyout	-	264,824	264,824
Unassigned	8,484,929	633,437	9,118,366
Total fund balances	12,292,019	898,261	13,190,280
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 15,541,432	\$ 898,261	\$ 16,439,693

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, 2023

	Sick Annual Comp Benefits Fund	Stabilization Fund	Internally Reported Total
Assets			
Cash and investments	\$ 264,824	\$ 632,050	\$ 896,874
Interest receivable	-	1,387	1,387
Total assets	<u>\$ 264,824</u>	<u>\$ 633,437</u>	<u>\$ 898,261</u>
Fund Balances			
Assigned for compensated absences buyout	\$ 264,824	\$ -	\$ 264,824
Unassigned	-	633,437	633,437
Total fund balances	<u>264,824</u>	<u>633,437</u>	<u>898,261</u>
Total Liabilities and Fund Balances	<u>\$ 264,824</u>	<u>\$ 633,437</u>	<u>\$ 898,261</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, 2023

	Sick Annual Comp Benefits Fund	Stabilization Fund	Internally Reported Total
Revenues			
Miscellaneous	\$ -	\$ 12,448	\$ 12,448
Expenditures			
Current			
Public safety	289,002	158	289,160
Excess (Deficiency) of Revenues over Expenditures	(289,002)	12,290	(276,712)
Other Financing Sources (Uses)			
Transfers in	250,000	-	250,000
Net Change in Fund Balances	(39,002)	12,290	(26,712)
Fund Balances, Beginning of Year	303,826	621,147	924,973
Fund Balances, End of Year	\$ 264,824	\$ 633,437	\$ 898,261

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, 2023

	2023 Budgeted Amounts		2023	
	Original	Final	Actual	Variance with Final Budget
Expenditures				
Public safety function				
Salaries and wages	\$ 500,000	\$ 500,000	\$ 289,002	\$ 210,998
Other Financing Sources (Uses)				
Transfers in				
General Fund	250,000	250,000	250,000	-
Net Change in Fund Balance	(250,000)	(250,000)	(39,002)	210,998
Fund Balance, Beginning of Year	253,477	253,477	303,826	50,349
Fund Balance, End of Year	\$ 3,477	\$ 3,477	\$ 264,824	\$ 261,347

Truckee Meadows Fire Protection District

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Stabilization Fund Year Ended June 30, 2023

	2023 Budgeted Amounts		2023	
	Original	Final	Actual	Variance with Final Budget
Revenues				
Miscellaneous				
Investment earnings	\$ 5,000	\$ 5,000	\$ 9,007	\$ 4,007
Net increase (decrease) in the fair value of investments	-	-	3,441	3,441
Total revenues	5,000	5,000	12,448	7,448
Expenditures				
Current:				
Public safety function				
Services and supplies	550,000	550,000	158	549,842
Excess (Deficiency) of Revenues over Expenditures	(545,000)	(545,000)	12,290	557,290
Fund Balance, Beginning of Year	642,067	642,067	621,147	(20,920)
Fund Balance, End of Year	\$ 97,067	\$ 97,067	\$ 633,437	\$ 536,370

Truckee Meadows Fire Protection District

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Projects Fund Year Ended June 30, 2023

	2023 Budgeted Amounts		2023	
	Original	Final	Actual	Variance with Final Budget
Revenues				
Miscellaneous				
Investment earnings	\$ 10,000	\$ 10,000	\$ 30,440	\$ 20,440
Net decrease in the fair value of investments	-	-	(4,317)	(4,317)
Reimbursements	1,027,123	1,027,123	913,522	(113,601)
Total revenues	1,037,123	1,037,123	939,645	(97,478)
Expenditures				
Current:				
Public safety function				
Salaries and wages	-	-	3,574	(3,574)
Employee benefits	-	-	772	(772)
Services and supplies	584,653	640,024	631,331	8,693
Capital outlay	3,525,262	3,533,391	2,859,617	673,774
Total public safety	4,109,915	4,173,415	3,495,294	678,121
Total expenditures	4,109,915	4,173,415	3,495,294	678,121
Excess (Deficiency) of Revenues over Expenditures	(3,072,792)	(3,136,292)	(2,555,649)	580,643
Other Financing Sources (Uses)				
Sale of capital assets	-	-	31,053	31,053
Transfers in				
General Fund	2,250,000	2,250,000	2,250,000	-
Transfers out				
Debt Service Fund	(1,233,941)	(1,233,941)	(1,233,941)	-
Total other financing sources (uses)	1,016,059	1,016,059	1,047,112	31,053
Net Change in Fund Balance	(2,056,733)	(2,120,233)	(1,508,537)	611,696
Fund Balance, Beginning of Year	2,098,136	2,161,636	2,730,068	568,432
Fund Balance, End of Year	\$ 41,403	\$ 41,403	\$ 1,221,531	\$ 1,180,128

Truckee Meadows Fire Protection District
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service Fund
Year Ended June 30, 2023

	2023 Budgeted Amounts		2023	
	Original	Final	Actual	Variance with Final Budget
Expenditures				
Current:				
Debt Service:				
Principal	\$ 742,000	\$ 742,000	\$ 742,000	\$ -
Interest	262,060	262,060	262,060	-
Total expenditures	1,004,060	1,004,060	1,004,060	-
Other Financing Sources (Uses)				
Transfers in				
General Fund	370,119	370,119	370,119	-
Capital Projects Fund	1,233,941	1,233,941	1,233,941	-
Total other financing sources (uses)	1,604,060	1,604,060	1,604,060	-
Net Change in Fund Balance	600,000	600,000	600,000	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ 600,000	\$ 600,000	\$ 600,000	\$ -

Truckee Meadows Fire Protection District
Schedule of Revenue, Expenses, and Changes in Net Position - Budget and Actual
Emergency Medical Services Fund
Year Ended June 30, 2023

	2023 Budgeted Amounts		2023	
	Original	Final	Actual	Variance with Final Budget
Operating Revenues				
Charges for services	\$ 2,700,000	\$ 2,700,000	\$ 2,941,810	\$ 241,810
Operating Expenses				
Salaries and wages	1,758,540	2,541,340	2,257,468	283,872
Employee benefits	707,283	974,083	454,910	519,173
Services and supplies	465,100	541,577	540,598	979
Depreciation/amortization	72,885	72,885	89,604	(16,719)
Total operating expenses	3,003,808	4,129,885	3,342,580	787,305
Operating income (Loss)	(303,808)	(1,429,885)	(400,770)	1,029,115
Nonoperating Revenues (Expenses)				
State grant	-	26,077	26,076	(1)
Investment earnings	-	-	11,185	11,185
Net increase (decrease) in the fair value of investments	-	-	22,535	22,535
Gain (loss) on asset disposition	-	-	(15,129)	(15,129)
Total nonoperating revenues (expenses)	-	26,077	44,667	18,590
Income (loss) before capital contributions, and transfers	(303,808)	(1,403,808)	(356,103)	1,047,705
Capital Contributions	-	-	664,579	664,579
Other Financing Sources (Uses)				
Transfers in	733,000	1,833,000	1,833,000	-
Change in Net Position	\$ 429,192	\$ 429,192	2,141,476	\$ 1,712,284
Net Position, Beginning of Year, as originally reported			-	
Prior Period Adjustment			(631,822)	
Net Position, Beginning of Year, as restated			(631,822)	
Net Position, End of Year			\$ 1,509,654	

Truckee Meadows Fire Protection District
Schedule of Cash Flows - Budget and Actual - Emergency Medical Services Fund
Year Ended June 30, 2023

	2023 Budgeted Amounts		2023	
	Original	Final	Actual	Variance with Final Budget
Operating Activities				
Cash received from customers	\$ 600,000	\$ 600,000	\$ 963,022	\$ 363,022
Cash received from others	2,100,000	2,100,000	1,720,102	(379,898)
Cash payments for services and supplies	(465,100)	(541,577)	(475,418)	66,159
Cash payments for salaries and benefits	(2,465,823)	(3,515,423)	(2,889,618)	625,805
Total Cash Provided by (Used for) Operating Activities	(230,923)	(1,357,000)	(681,912)	675,088
Noncapital Financing Activities				
State grants	26,077	26,077	26,076	(1)
Transfers in	733,000	1,833,000	1,833,000	-
Total Cash Provided (used) by Noncapital Financing activities	759,077	1,859,077	1,859,076	(1)
Capital and related financing activities				
Proceeds from asset disposition	-	-	7,695	7,695
Investing Activities				
Investment earnings	-	-	32,648	32,648
Net Change in Cash and Cash Equivalents	528,154	502,077	1,217,507	715,430
Cash and Cash Equivalents, Beginning of Year	-	-	-	-
Cash and Cash Equivalents, End of Year	<u>\$ 528,154</u>	<u>\$ 502,077</u>	<u>\$ 1,217,507</u>	<u>\$ 715,430</u>
Reconciliation of operating income (loss) to net cash from (used for) operating activities				
Operating income (loss)			<u>\$ (400,770)</u>	
Adjustments				
Depreciation expense			89,604	
Net pension expense			(508,003)	
Net other postemployment benefits expense			21,247	
Change in assets and liabilities				
Accounts receivable			(258,687)	
Accounts payable			65,180	
Accrued salaries and benefits			258,182	
Compensated absences			51,335	
Total adjustments			<u>(281,142)</u>	
Net Cash Provided by (Used for) Operating Activities			<u>\$ (681,912)</u>	
Noncash investing, capital and financing activities				
Capital Contribution			<u>\$ 664,579</u>	

Truckee Meadows Fire Protection District
 Schedule of Revenue, Expenses, and Changes in Net Position - Budget and Actual
 Workers' Compensation Fund
 Year Ended June 30, 2023

	2023 Budgeted Amounts		2023	
	Original	Final	Actual	Variance with Final Budget
Operating Expenses				
Services and supplies				
Changes in estimated claims	\$ 250,000	\$ 250,000	\$ (214,425)	\$ 464,425
Miscellaneous	7,500	7,500	583	6,917
Total operating expenses	257,500	257,500	(213,842)	471,342
Nonoperating Revenues (Expenses)				
Investment earnings	-	-	33,281	33,281
Net increase (decrease) in the fair value of investments	-	-	12,674	12,674
Total nonoperating revenues (expenses)	-	-	45,955	45,955
Change in Net Position	<u>\$ (257,500)</u>	<u>\$ (257,500)</u>	259,797	<u>\$ 517,297</u>
Net Position, Beginning of Year			<u>1,303,491</u>	
Net Position, End of Year			<u>\$ 1,563,288</u>	

Truckee Meadows Fire Protection District
Schedule of Cash Flows - Budget and Actual - Worker's Compensation Fund
Year Ended June 30, 2023

	2023 Budgeted Amounts		2023	
	Original	Final	Actual	Variance with Final Budget
Operating Activities				
Cash payments for services and supplies	\$ (257,500)	\$ (257,500)	\$ (36,272)	\$ 221,228
Investing Activities				
Investment earnings	-	-	43,700	43,700
Net Change in Cash and Cash Equivalents	(257,500)	(257,500)	7,428	264,928
Cash and Cash Equivalents, Beginning of Year	2,229,670	2,229,670	2,317,699	88,029
Cash and Cash Equivalents, End of Year	<u>\$ 1,972,170</u>	<u>\$ 1,972,170</u>	<u>\$ 2,325,127</u>	<u>\$ 352,957</u>
Reconciliation of operating income (loss) to net cash from (used for) operating activities				
Operating income (loss)			<u>\$ 213,842</u>	
Adjustments to reconcile operating loss to net cash used for operating activities				
Change in				
Due to other governments			(9,465)	
Pending claims			<u>(240,649)</u>	
Total adjustments			<u>(250,114)</u>	
Net Cash Provided (Used for) Operating Activities			<u>\$ (36,272)</u>	

Compliance Section

Truckee Meadows Fire Protection District



**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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Truckee Meadows Fire Protection District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 17, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

The District's Response to Findings

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

Purpose of this Report

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

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

Reno, Nevada
November 17, 2023



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, business-type 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, 2023, and the related notes to the financial statements, nothing came to our attention that caused us to believe that the District failed to comply with the specific requirements of Nevada Revised Statutes cited below other than the violation 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, 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

There were no violations disclosed for the year ended June 30, 2022.

Prior Year Recommendations

Finding 2022-001 reported for the year ended June 30, 2022 was resolved during the year ended June 30, 2023.

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 17, 2023

**2023-001: Accrued Liabilities
Material Weakness**

<i>Criteria:</i>	Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Appropriate review and reconciliation of year-end adjustments for accrued liabilities is a key component of an effective system of internal control over financial reporting.
<i>Condition:</i>	The amounts reported for accrued salaries were not adjusted to reconciled amounts. In addition, the other-postemployment benefit (OPEB) liability related amounts were allocated between the Governmental Activities and Business-Type Activities based on the number of employees in each opinion unit. Amounts were allocated to the Business-Type Activities based on two employees, rather than three.
<i>Cause:</i>	The District did not have adequate internal controls to ensure accrued salaries and OPEB related amounts were accurately reported.
<i>Effect:</i>	Prior to the adjustment, accrued salaries and expenses were understated by \$54,296 in the Emergency Fund. In addition, the accrued salaries and expenses were overstated by \$17,055 for the Emergency Medical Services Fund (Business-Type Activities). The net effect of the OPEB allocation was an overstatement of \$27,901 in ending net position for the Emergency Medical Services Fund (Business-Type Activities).
<i>Recommendation:</i>	We recommend the District enhance internal controls to ensure accrued salaries and OPEB related amounts are accurately reported.
<i>Views of Responsible Officials:</i>	The District identified the above differences during the year end closing process. However, the District believed the items noted to be de minimis to the District's financial statements and did not initially make any adjustments. The amounts are estimates and the District believes the estimated amounts of year-end accruals for salaries and benefits were reasonable before any adjustments. The District made the adjustment requested by our auditors to the Emergency Fund. Although the amounts are deemed material by our auditors, the District believes that they are de minimis and are not significant enough to impact the decisions of those relying on the financial statements, such as creditors or regulators. The District will consider a lower threshold in the future for identified differences to comply with the auditors' lower threshold.