TRUCKEE FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

JAMES MARTA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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TRUCKEE FIRE PROTECTION DISTRICT

BOARD OF DIRECTORS

JUNE 30, 2023

Name	Office	Term Expires November
Victor Hernandez	Chair	2026
Erin Prado	Vice Chair	2024
Gerald Herrick	Director	2024
Gary Botto	Director	2026
Paul Wilford	Director	2026

ADMINISTRATION

Kevin McKechnie
Fire Chief

TRUCKEE FIRE PROTECTION DISTRICT

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James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

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Truckee Fire Protection District
Truckee, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Truckee 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 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 Truckee Fire Protection District, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

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, and the State Controller's *Minimum Audit Requirements for California Special Districts*. 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 Truckee Fire Protection District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Truckee Fire Protection District's 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.

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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 Truckee Fire Protection 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 Truckee Fire Protection 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 Truckee Fire Protection 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 Management's Discussion and Analysis, Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget (Non-GAAP) and Actual - General Fund, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of Pension Contributions, and Schedule of Changes in the District's Net OPEB Liability and Related Ratios, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2023, on our consideration of Truckee Fire Protection 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 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 Truckee Fire Protection District's internal control over financial reporting and compliance.

James Marta + Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 11, 2023

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the Truckee Fire Protection District's (The District) annual report is provided as supplementary information to the audited financial statements. It is Management's intention that this information provides the financial statement reader with a brief and concise overview and analysis of the District's financial activities for the fiscal year ended, June 30, 2023.

Overview of the Financial Statements

This annual report consists of the Management Discussion and Analysis, Financial Statements and Notes to those statements, and the required supplementary information. These statements are organized to present the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. Readers should also review the accompanying notes to the financial statements to enhance their understanding of the District's financial performance.

The balance sheet, the statement of revenues, expenses and changes in fund balance provide an indication of the District's financial health. The balance sheet includes all of the District assets and liabilities, using modified accrual-based accounting. The statement of revenues, expenses and changes in fund balances reports all of the revenues, expenses and increases and decreases in fund equity during the time period indicated that resulted from the District's operating transactions and capital contributions during the fiscal year.

Net position (in thousands)

		2023		2022		Increase (Decrease)	Percentage Change
Current Assets	$	17,654	$	12,942	$	4,712	36.41%
Capital assets, net	$	6,179	$	6,351	$	(172)	-2.71%
Total Assets	$	23,833	$	19,293	$	4,540	23.53%
Deferred outflows of resources	$	8,124	$	3,706	$	4,418	119.21%
Current Liabilities	$	107	$	71	$	36	50.70%
Long-term liabilities	$	20,068	$	10,830	$	9,238	85.30%
Total Liabilities	$	20,175	$	10,901	$	9,274	85.07%
Deferred inflows of resources	$	2,642	$	6,137	$	(3,495)	-56.95%
Net position:							
Net investment in capital assets	$	6,179	$	6,351	$	(172)	-2.71%
Restricted	$	3,106	$	3,412	$	(306)	-8.97%
Unrestricted	$	(96)	$	(3,801)	$	3,705	-97.47%
Total Net Position	$	9,189	$	5,962	$	3,227	54.13%

Statement of Activities (in thousands)

	2023	2022	Increase (Decrease)	Percentage Change
Program revenues:				
Charges for services	$ 3,189	$ 2,286	$ 903	39.50%
Operating grants and contributions	$ 269	$ 46	$ 223	484.78%
Total program revenues	$ 3,458	$ 2,332	$ 1,126	48.28%
Expenses	$ 18,972	$ 14,480	$ 4,492	31.02%
Net (expense) revenues	$ 15,514	$ 12,148	$ 3,366	27.71%
General revenues:				
Property taxes and assessments	$ 16,478	$ 11,753	$ 4,725	40.20%
Mitigation fees	$ 966	$ 1,191	$ (225)	-18.89%
Reimbursements	$ 656	$ 443	$ 213	48.08%
Use of money and property	$ 221	$ 44	$ 177	402.27%
Miscellaneous	$ 419	$ 329	$ 90	27.36%
Total general revenues	$ 18,740	$ 13,760	$ 4,980	36.19%
Change in net position	$ 3,226	$ 1,612	$ 1,614	100.12%
Net position, July 1	$ 5,962	$ 4,350	$ 1,612	37.06%
Net position, June 30	$ 9,189	$ 5,962	$ 3,227	54.13%

Our analysis below focuses on the net position and changes in net position of the District's governmental type activities.

Financial Highlights for Fiscal Year 2022/2023 (In Thousands)

- Total assets increased from $19,293 to $23,833 in 2023.
- Total current liabilities increased from $71 to $107 and total non-current liabilities increased from $10,830 to $20,068.
- Total government fund balances increased from $12,454 to $17,704. This is due to the implementation of Measure T related programs. Measure T is a special tax measure that was passed by voters in 2021 and the subsequent tax revenue was received for the first time in January 2023.
- Restricted Mitigation Fees collected under AB 1600 decreased from $1,191 to $966. These funds will be used for major capital improvements and expansion of services within the District.
- All capital acquisitions are recorded as assets on the District's Statement of Net Position, and appropriate depreciation of those assets is recorded as depreciation expense. Accordingly, capital outlay expense is $524 in the current fiscal year, and depreciation expense decreased from $668 to $696. The capital improvements are summarized as follows:
    - New Pierce Arial Ladder Truck
    - Remotely Operated Vehicle for expansion of rescue services

Economic Outlook

Property tax revenue is the majority of the District's revenue and remains the most stable revenue source. Tax revenue is projected to increase 3.5% and The Board of Directors has adopted the District's 2023/2024 budget in September 2023.

Adjustments to CalPERS actuarial polices resulted in increased pension costs that will continue in subsequent budget years as the District accelerates towards fully funded retirement benefits. While this goal will impact the District's net position over time, adequate resources will continue to be maintained.

The District joined the California Employee Retiree Benefit Trust, administered by Cal PERS, in June 2008. This plan was implemented to meet the GASB-45 compliance requirements and represents annual payments that go toward funding the District's retiree health benefit liability. Beginning FY 1718, GASB-75 replaced GASB-45.

Under GASB-75 the District is required to report the full value of liabilities tied to "Other Post-Employment Benefits" (OPEB) costs for medical premiums after retirement. A bi-annual actuarial study is required under GASB-75; the current actuarial study was completed last fiscal year. GASB-75 will improve the information provided in the District's financial reports concerning the cost of OPEB-related benefits.

The District currently has in excess of $5 million dollars on deposit in the Post-Retirement Health Insurance fund for future retiree health liabilities. While very conservative, investment volatility has resulted in a decrease of our overall balance as compared to last fiscal year.

In an effort to control the future liability of providing lifetime medical benefits to retirees, in 2013 the District created a new Tier 3 that drastically reduced the post-retirement health benefits. In 2018 the District established a Post-Employment Health Plan (PEHP) in which Tier 3 employees contribute $150 per month to be used for future qualified health care premiums or expenses and the District matches up to $150 per participant, per month.

Insurance premiums are paid on a tiered system for retirees and their dependents, depending on hire date. Employees hired prior to 2000 comprise the 1st tier and realize lifetime medical benefits. Employees hired after 7/2000 are subject to a vesting schedule of 20 years with the District to attain 100% premium coverage. Those hired after 7/2013 comprise the 3rd benefit tier of Post-Employment Health Plan benefits.

A 3% COLA salary increase is budgeted effective January 1, 2024.

Additional Financial Information

This financial report is designed to provide the District's citizens, investors and other interested parties with an overview of the District's financial operations and the District's financial condition as of June 30, 2023. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Truckee Fire Protection District Fire Chief Kevin McKechnie at:

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BASIC FINANCIAL STATEMENTS

TRUCKEE FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 13,969,358
Accounts receivable, net of allowance of $788,000	1,944,081
Prepaid expense	1,790,600
Capital assets, net of accumulated depreciation	6,179,157
Total Assets	23,883,196
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	7,111,017
OPEB related	1,013,006
Total Deferred Outflows	8,124,023
LIABILITIES	
Accounts payable	30,818
Accrued payroll liabilities	75,471
Long-term liabilities:	
Due within one year	801,443
Due in more than one year	19,267,535
Total Liabilities	20,175,267
DEFERRED INFLOWS OF RESOURCES	
Pension related	2,130,498
OPEB related	512,446
Total Deferred Inflows	2,642,944
NET POSITION	
Net investment in capital assets	6,179,157
Restricted	3,106,708
Unrestricted	(96,857)
Total Net Position	$ 9,189,008

The accompanying notes are an integral part of these financial statements.

TRUCKEE FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

		Program Revenues			Net (Expense) Revenues and Changes in Net Position
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Governmental Activities					
Fire Protection and Emergency Medical Services	$ 18,971,695	$ 3,188,795	$ 269,140	$ -	$ (15,513,760)
General Revenues					
Property taxes and assessments					16,478,334
Mitigation fees					966,624
Reimbursements					656,028
Use of money and property					220,631
Miscellaneous					419,037
Total general revenues					18,740,654
Change in net position					3,226,894
Net Position, July 1, 2022					5,962,114
Net Position, June 30, 2023					$ 9,189,008

TRUCKEE FIRE PROTECTION DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2023

	General Fund	Mitigation Fund	Total
ASSETS			
Cash and equivalents	$ 10,790,267	$ 3,106,708	$ 13,896,975
Accounts receivable, net of allowance of $788,000	2,016,464	-	2,016,464
Prepaid expense	36,377	1,754,223	1,790,600
Total Assets	$ 12,843,108	$ 4,860,931	$ 17,704,039
LIABILITIES			
Liabilities			
Accounts payable	$ 30,818	$ -	$ 30,818
Accrued payroll liabilities	75,471	-	75,471
Total Liabilities	106,289	-	106,289
FUND BALANCE			
Fund balances			
Nonspendable	36,377	1,754,223	1,790,600
Restricted	1,129,577	3,106,708	4,236,285
Assigned	1,640,593	-	1,640,593
Unassigned	9,930,272	-	9,930,272
Total Fund Balances	12,736,819	4,860,931	17,597,750
Total liabilities and fund balances	$ 12,843,108	$ 4,860,931	$ 17,704,039

TRUCKEE FIRE PROTECTION DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2023

Total fund balances - governmental funds		$ 17,597,750
Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.		
Capital assets at historical cost	$ 14,943,949	
Accumulated depreciation	(8,764,792)	
Net		6,179,157
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Other postemployment benefits (OPEB)	$ (5,204,946)	
Net pension liability	(14,062,589)	
Compensated absences payable	(801,443)	
		(20,068,978)
Deferred outflows and inflows of resources relating to pensions and OPEB: In governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported becauses they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and OPEB are		
Deferred outflows of resources related to pensions	$ 7,111,017	
Deferred inflows of resources related to pensions	(2,130,498)	
Deferred outflows of resources related to OPEB	1,013,006	
Deferred inflows of resources related to OPEB	(512,446)	
		5,481,079
Total net position, governmental activities:		$ 9,189,008

TRUCKEE FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	Mitigation Fund	Total
REVENUES			
Property taxes and assessments	$ 16,478,334	$ -	$ 16,478,334
Ambulance service fees	3,188,795	-	3,188,795
Mitigation fees	-	966,624	966,624
Reimbursements	656,028	-	656,028
Grant revenues	269,140	-	269,140
Use of money and property	147,750	72,881	220,631
Miscellaneous income	419,037	-	419,037
Total revenues	21,159,084	1,039,505	22,198,589
EXPENDITURES			
Salaries and benefits	11,718,168	-	11,718,168
Communications	188,779	-	188,779
Household	26,511	-	26,511
Insurance	418,153	-	418,153
Repairs and maintenance	386,401	193,551	579,952
Memberships	27,387	-	27,387
Office expense	38,314	240	38,554
Professional and special services	648,498	-	648,498
Publications	5,793	-	5,793
Prevention Bureau	425,874	-	425,874
Training and travel	80,927	-	80,927
CERT team expense	5,461	-	5,461
Fuel	647,463	-	647,463
Rents and equipment leases	5,416	-	5,416
Utilities	156,928	-	156,928
Medical supplies	98,342	-	98,342
Billing	140,230	-	140,230
Bad debt	1,053,168	-	1,053,168
Clothing	99,152	-	99,152
Capital outlay	326,966	632,529	959,495
GEMT audit modification	148,302	-	148,302
Total expenditures	16,646,233	826,320	17,472,553
Excess of revenues over expenditures	4,512,851	213,185	4,726,036
Fund balances, July 1, 2022	8,223,968	4,647,746	12,871,714
Fund balances, June 30, 2023	$ 12,736,819	$ 4,860,931	$ 17,597,750

The accompanying notes are an integral part of these financial statements.

TRUCKEE FIRE PROTECTION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Total net change in fund balances - governmental funds		$ 4,726,036
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay:	$ 523,995	
Depreciation expense:	(696,241)	
		(172,246)
In governmental funds, postemployment benefits other than pensions (OPEB) costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:		(99,788)
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:		96,328
Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and the actual employer contribution was:		(1,323,436)
Total change in net position - governmental activities		$ 3,226,894

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Truckee Fire Protection District of Nevada County (the District) was founded in 1894. Through annexations and acquisitions it is home to 30,000 full time residents which expands to 60,000 during peak tourist season. The District is a bi-county district serving Nevada and Placer Counties as well as the Town of Truckee. The District is located in a designated very high fire severity zone with significant exposure to wildland/urban interface. Interstate 80, Highways 89 North/South and 267, and Union Pacific Railroad intersect the District. The Truckee Fire Protection District acquired the EMS transport business from the Tahoe Forest Hospital in 1988. This acquisition has increased the level of service to the community.

B. BASIS OF PRESENTATION

Government-wide Financial Statements

The statement of net position and the statement of activities display financial information about the District. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities.

The government-wide statement of net position presents information on all of the District's assets and liabilities, with the difference between the two presented as net position. Net position is reported as three categories as applicable: net investment in capital assets, restricted and unrestricted. Restricted net position is further classified as either net position restricted by enabling legislation or net position that is otherwise restricted.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are, therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is not allocated by function. Interest on long-term liabilities is considered an indirect expense and is reported separately in the Statement of Activities.

B. BASIS OF PRESENTATION (Continued)

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements

The government-wide 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 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 are met. Expenses are recorded when liabilities are incurred.

Governmental Fund Financial Statements

Governmental fund financial statements (i.e. balance sheet and statement of revenues, expenditures and changes in fund balances) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used, or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

D. FUND ACCOUNTING

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District funds are as follows:

General Fund is the general operating fund of the District. It is used to account for all transactions except those required or permitted by law to be accounted for in another fund.

Mitigation Fund is used to account for the collection of mitigation fees. These fees cannot be used for daily operations, but must be used to expand the District's fire protection facilities and equipment in order to sustain the current level of service for residential and commercial growth created by new development.

E. BUDGETS AND BUDGETARY ACCOUNTING

By State law, the District's Governing Board must adopt a tentative budget no later than July 1 and adopt a final budget no later than October 1. A public hearing must be conducted to receive comments prior to adoptions. The District's Governing Board satisfied these requirements. These budgets are revised by the District's Governing Board during the year to give consideration to unanticipated income and expenditures. It is this final revised budget that is presented in the financial statements. Formal budgetary integration was employed as a management control devise during the year for all budgeted funds. The District employs budget control by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object accounts. Appropriations do not carry-over from year to year.

F. CASH AND CASH EQUIVALENTS

The District considers cash on hand, cash in banks and the Local Agency Investment Fund to be cash and cash equivalents.

G. ACCOUNTS RECEIVABLE

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the District uses the allowance method for the reservation and write-off of those accounts.

H. COMPENSATED ABSENCES

The District’s policy is to permit employees to accumulate earned vacation and carry over a maximum of 400 hours into the next fiscal year. If at the end of the fiscal year an employee's vacation balance is over the maximum carryover of 400 hours, additional vacation will not accrue until the balance is brought to or below 400 hours. Sick leave time is 50% vested, but only upon retirement from the District. Sick leave gained as a shift employee after July 1, 2001, will be converted by one-third prior to payment at time of retirement. Upon other separation of employment from the District (voluntary termination, involuntary termination, etc.) employees are not entitled to be compensated for unused sick leave.

I. CAPITAL ASSETS

Capital assets are recorded at cost, or if contributed, at estimated value at time of acquisition. Depreciation is recognized on buildings, furniture, fixtures, equipment and subsurface lines by the straight-line method over their estimated useful lives. Estimated useful lives are as follows:

Buildings and improvements	20 - 50 years
Vehicles	10 - 20 years
Technology/Software	3 - 5 years
Equipment	7 years

Effective July 1, 2017, District policy is to capitalize all assets, which cost $5,000 or more with an expected useful life of more than one year. Prior to July 1, 2017 the District capitalized all assets which cost $500 or more. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are also expensed in the current period.

J. REVENUES

The District receives revenues for performing emergency medical and ambulatory services to District residents. The District's policy for recognizing these revenues is billing and recording revenues as services are performed. Patient service revenues (ambulance revenues) are reported net of provisions for contractual allowances in the government-wide and fund financial statements.

K. PROPERTY TAXES

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The Counties of Nevada and Placer bill and collect the taxes for the District. Tax revenues are recognized by the District when received.

L. INCOME TAXES

The District is a governmental entity and as such its income is exempt from taxation under Section 115(1) of the Internal Revenue Code and Section 23701d of the California and Taxation Code. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements.

M. FUND BALANCE

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *"Fund Balance Reporting and Governmental Fund Type Definitions"*, the District is required to report fund balances in the following categories: Nonspendable, Restricted, Committed, Assigned and/or Unassigned.

Nonspendable Fund Balance reflects assets not in spendable form, either because they will never convert to cash (prepaid expense) or must remain intact pursuant to legal or contractual requirements.

Restricted Fund Balance reflects amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.

Committed Fund Balance reflects amounts that can be used only for the *specific purposes* determined by a formal action of the government's highest level of decision-making authority: the Board of Directors. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors.

Assigned Fund Balance reflects amounts intended to be used by the government for *specific purposes* but do not meet the criteria to be classified as restricted or committed. Under the District's adopted policy, only the Board of Directors is authorized to assign amounts for specific purposes.

Unassigned Fund Balance represents the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

When expenditures are incurred for purposes of which restricted, committed, assigned and unassigned fund balances are available, the District considers restricted funds to have been spent first, followed by committed, assigned and unassigned, respectively.

The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

N. PENSIONS

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Truckee Fire Protection District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. 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.

O. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the District's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan and additions to/deductions from the District Plan's fiduciary net position have been determined on the same basis as they are reported by the District's OPEB plan. For this purpose, the District's plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

P. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time.

Q. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2. CASH AND INVESTMENTS

Cash and cash equivalents as of June 30, 2023 consisted of the following:

	General Fund	Mitigation Fund	Total
Cash in bank	$ (119,871)	$ 137,086	$ 17,215
US Treasury (due within one year)	1,999,178	-	1,999,178
Local Agency Investment Fund	8,983,343	2,969,622	11,952,965
Total Cash and Cash Equivalents	$ 10,862,650	$ 3,106,708	$ 13,969,358

The carrying amount of the District's cash is covered by federal depository insurance up to $250,000. Should deposits exceed the insured limits, the balance is covered by collateral held by the bank in accordance with California law requiring the depository bank to hold collateral equal to 110% of the excess government funds on deposit.

Local Agency Investment Fund

The District is a voluntary participant in Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the State and invests the cash. The fair value of the District's investment in this pool, which approximates cost, is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the master account with twenty-four-hour notice. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity, and yield are not jeopardized. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset backed securities, and floating rate securities issued by Federal Agencies, government-sponsored enterprises and corporations. The monies held in the LAIF are not subject to categorization by risk category. It is also not rated as to credit risk by a nationally recognized statistical rating organization. LAIF is administered by the State Treasurer and audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall, Sacramento, California 95814.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The monies held in the LAIF investment pool are not subject to categorization by risk category. It is also not rated as to credit risk by a nationally recognized statistical rating organization.

2. CASH AND INVESTMENTS (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

3. ACCOUNTS RECEIVABLE

Management bases its allowance for doubtful accounts on the percentage of total collections to total amounts written off in past years.

At June 30, 2023, accounts receivable consists of:

Ambulance services	$ 1,923,604
Allowance for doubtful accounts*	(788,000)
Property taxes	785,000
Other	23,477
Total Accounts Receivable (net)	$ 1,944,081

* The allowance account pertains to the ambulance service receivables. The District uses a historical average of uncollected receivables to estimate this amount.

4. CAPITAL ASSETS

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

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets not subject to depreciation				
Land	$ 1,317,135	$ -	$ -	$ 1,317,135
Construction in progress	198,671	-	135,671	63,000
Total capital assets not subject to depreciation	1,515,806	-	135,671	1,380,135
Capital assets being depreciated				
General plant and equipment	13,146,553	672,257	254,996	13,563,814
Total capital assets being depreciated	13,146,553	672,257	254,996	13,563,814
Less accumulated depreciation for:				
General plant and equipment	(8,310,956)	(696,241)	(242,405)	(8,764,792)
Total accumulated depreciation	(8,310,956)	(696,241)	(242,405)	(8,764,792)
Total capital assets, net of depreciation	$ 6,351,403	$ (23,984)	$ 148,262	$ 6,179,157

Depreciation for the year ended June 30, 2023 was $696,241. The entire amount of depreciation expense was included in fire protection and emergency medical services.

5. LONG-TERM LIABILITIES

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Within One Year
Net Pension Liability	$ 5,926,450	$ 8,136,139	$ -	$ 14,062,589	$ -
Net OPEB Liability	4,006,356	1,198,590	-	5,204,946	-
Compensated Absences	897,771	-	96,328	801,443	801,443
	$ 10,830,577	$ 9,334,729	$ 96,328	$ 20,068,978	$ 801,443

The amount due within one year for the Net OPEB Liability is based on actuarial projections. The amount due within one year for the Net Pension Liability and Compensated Absences has not been estimated.

6. EMPLOYEE RETIREMENT PLAN

A. Plan Description

All qualified permanent and probationary employees are eligible to participate in the Truckee Fire Protection District's cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan is established by State statute and Truckee Fire Protection District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Miscellaneous		Safety	
Hire date	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2% @ 62	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	55	62	55	57
Monthly benefits, as a % of eligible compensation	2.70%	2%	3%	2.70%
Employee contribution rates*	12.000%	12.000%	13.000%	14.500%
Employer contribution rates*	16.210%	8.030%	25.280%	14.320%

*The District has adopted a policy that they will pay a portion of the employee rate lowering the required employer contribution rate

6. EMPLOYEE RETIREMENT PLAN (Continued)

A. Plan Description (Continued)

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Truckee Fire Protection District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2023, the contributions recognized as part of pension expense for the Plan were $1,058,221.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2023, the Truckee Fire Protection District reported net pension liabilities for its proportionate share of the net pension liability as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	$ 957,933
Safety	13,104,656
Total	$ 14,062,589

Truckee Fire Protection District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. Truckee Fire Protection District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2023 was as follows:

	Miscellaneous	Safety	Total
Proportion - June 30, 2022	0.02072%	0.15766%	0.10958%
Proportion - June 30, 2023	0.02047%	0.19071%	0.12175%
Change - Increase (Decrease)	-0.00025%	0.03305%	0.01217%

6. EMPLOYEE RETIREMENT PLAN (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2023, the District recognized pension expense of $1,323,436. 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
Pension contributions subsequent to measurement date	$ 1,058,221	$ -
Difference between expected and actual experience	561,591	155,190
Changes in assumptions	1,419,506	-
Differences between employer contributions and proportionate share of contributions	-	1,975,308
Change in employer's proportion	1,826,823	-
Differences between projected and actual investment	2,244,876	-
Total	$ 7,111,017	$ 2,130,498

$1,058,221 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Miscellaneous	Safety	Total
2024	$ 43,869	$ 1,096,391	$ 1,140,260
2025	38,202	851,378	889,580
2026	25,000	497,769	522,769
2027	107,322	1,262,366	1,369,688
2028	-	-	-
Thereafter	-	-	-
Total	$ 214,393	$ 3,707,904	$ 3,922,297

6. EMPLOYEE RETIREMENT PLAN (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth Rate	2.75%
Projected Salary Increase (1)	Varies by Entry Age and Service
Investment Rate of Return (2)	6.80%
Mortality	Derived using CalERS' Membership Data for all Funds

(1) Depending on age, service, and type of employement
(2) Net of pension plan investment expenses

All other actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate - The discount rate used to measure the total pension liability was 6.90% for the plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested employer rate plans run out of assets. Therefore, the current 6.90 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 6.80% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed 10 basis points. An investment return excluding administrative expenses would have been 6.90%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

6. EMPLOYEE RETIREMENT PLAN (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

In the December 2016 and April 2017 meetings, the Board voted to lower the funding discount rates used for the PERF. In making its decision, the Board reviewed recommendations from CalPERS team members, external pension and investment consultants, and input from employer and employee stakeholder groups. A lowered funding discount rate for the PERF will be phased in over a three-year period beginning July 1, 2018 for public agencies and school districts.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short- term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan’s asset classes, expected compound (geometric) returns were calculated over the short term (first 11 years) and the long-term (60 years) using a building-block approach. Using the expected nominal returns for both short-term and long- term, the present value of benefits was calculated for the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

6. EMPLOYEE RETIREMENT PLAN (Continued)

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10 (1,2)
Global Equity - cap-weighted	30.0%	4.45%
Global Equity - non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%

(1) An expected inflation of 2.30% used for this period

(2) Figures are based on the 2021-22 Asset Liability Management Study

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
Plan's Net Pension Liability - Miscellaneous	$ 1,504,138	$ 957,933	$ 508,542
Plan's Net Pension Liability - Safety	20,390,032	13,104,656	7,150,507
Plan's Net Pension Liability - Total	$ 21,894,170	$ 14,062,589	$ 7,659,049

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. The Plan is an agent multiple-employer defined benefit plan.

C. Payable to the Pension Plan

The District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

7. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District provides post-employment health care benefits to certain employees who are eligible to retire with CalPERS and have completed a minimum of 10 years of employment with the District.

For the year ended June 30, 2023, 25 retirees received health benefits. Expenditures for post-employment health care benefits are recognized as the premiums are paid.

The District has established an irrevocable trust to pre-fund the OPEB Annual Required Contribution (ARC) with the California Employers' Retiree Benefit Trust (CERBT).

Benefits provided

Following is a description of the current retiree benefit plan that applies to employees hired before July 1, 2013. Employees hired on or after July 1, 2013 are entitled to statutory minimum benefits under section 22892 of the Government Code:

Benefit types provided	Medical only
Duration of benefits	Lifetime
Required service	10 years
Minimum age	50
Dependent coverage	Dependent coverage paid at 90%
District Contribution %	50% at 10 years plus 5% per year of service to 100% at 20 years
District Cap	None

*Applies to those hired after June 30, 2000. Prior to that, dependent coverage paid at 100% and 100% benefit paid at CalPERS retirement.

Employees covered by benefit terms

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payment	25
Inactive employees entitles to but not yet receiving benefit payments	-
Active employees	53
	78

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Net OPEB Liability

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

Actuarial assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	2.75% per year
Inflation	2.50% per year
Investment rate of return	6.75% per year net of expenses
Healthcare cost trend rates	4.00% per year

All the actuarial assumptions, including updates to salary increases, mortality, and retirement rates, used in the June 30, 2021 valuation were based on the results of an actuarial experience study issued by the CalPERS Actuarial Office on January 2014 covering the 14-year period from 1997 to 2011.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the OPEB plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
All Equities	59%	7.80%
All Fixed Income	25%	4.50%
Real Estate Investment Trusts	8%	7.50%
All Commodities	3%	7.80%
Treasury Inflation-Protected Securities	5%	3.25%
Total	100%	

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount rate

The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates through the CERBT under its investment allocation strategy 1. The historic 30 year real rates of return for each asset class were used along with the actuary's assumed long-term inflation assumption to set the discount rate. We offset the expected investment return by investment expenses of 25 basis points.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability (a) - (b)**
Balances at June 30, 2022	$ 9,586,021	$ 5,579,665	$ 4,006,356
Changes for the year:			
Service cost	206,744	-	206,744
Interest	640,634	(746,844)	1,387,478
Expected Investment Income	-	-	-
Employer Contributions to Trust	-	-	-
Employer Contributions as Benefit Payments	-	418,384	(418,384)
Actual Benefit Payments from Employer	(418,384)	(418,384)	-
Expected Minus Actual Benefit Payments	-	-	-
Administrative expense	-	(1,413)	1,413
Experience Gains/Losses	21,339	-	21,339
Change in Assumptions	-	-	-
Net changes	450,333	(748,257)	1,198,590
Balances at June 30, 2023	$ 10,036,354	$ 4,831,408	$ 5,204,946

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the net 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 or 1-percentage-point higher than the current discount rate:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability (asset)	$ 6,459,784	$ 5,204,946	$ 4,159,140

Sensitivity of the net 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 (3%) or 1-percentage-point higher (5%) than the current healthcare cost trend rates:

	1% Decrease (3%)	Valuation Trend (4%)	1% Increase (5%)
Net OPEB liability (asset)	$ 3,935,287	$ 5,204,946	$ 6,753,403

OPEB plan fiduciary net position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERBT financial report.

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 $99,788. At June 30, 20223 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 414,434	$ -
Differences between expected and actual experience	164,959	-
Changes in assumptions	-	512,446
Differences between projected and actual return on assets	433,613	-
Total	$ 1,013,006	$ 512,446

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Payable to the OPEB Plan

At June 30, 2023, the District did not have an outstanding amount of required contributions to the Plan.

8. DEFERRED COMPENSATION

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full time employees, permits deferment of a portion of current salary to future years. Benefits from the plan are not available to employees until termination, retirement, disability, death or unforeseeable emergencies. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The District does not meet the criteria for fiduciary fund reporting since it does not have either significant administrative involvement (e.g. custody) or perform the investment function.

9. PUBLIC AGENCY RETIREMENT SYSTEM

The Public Agency Retirement System is a defined contribution plan qualifying under sections 401(a) and 501 of the Internal Revenue Code. The plan covers all part-time employees unless eligible for CalPERS retirement or they are a retired annuitant. The benefit provisions and contribution requirements of plan members and the District are established and may be amended by the PARS Board of Trustees. Currently, participants may contribute up to 7.5% of their wages.

10. FUND BALANCES

The District follows GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. The following schedule is a summary of the components of the ending fund balance by fund type at June 30, 2023:

	General Fund	Mitigation Fund	Total
Nonspendable:			
Prepaid Expenditures	$ 36,377	$ 1,754,223	$ 1,790,600
Total Nonspendable	36,377	1,754,223	1,790,600
Resticted For:			
Measure T projects	1,129,577	-	1,129,577
Mitigation projects	-	3,106,708	3,106,708
Total Restricted	1,129,577	3,106,708	4,236,285
Assigned For:			
Building and Equipment	1,640,593	-	1,640,593
Unassigned:			
Unassigned/Unappropriated	9,930,272	-	9,930,272
Total Unassigned	9,930,272	-	9,930,272
Total Fund Balances	$ 12,736,819	$ 4,860,931	$ 17,597,750

11. JOINTLY GOVERNED ORGANIZATIONS

The District is a member of Special District Risk Management Authority (SDRMA) which provides liability, property and workers' compensation program coverage.

SDRMA is governed by a Board consisting of representatives from member agencies. The Board controls the operations, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the Board. Each member agency pays a contribution or assessment commensurate with the level of coverage and services requested and shares surpluses and deficits proportionate to their participation in the joint powers authority. Full financial statements are available separately from SDRMA. Condensed information for SDRMA for the year ended June 30, 2022 is as follows:

	SDRMA 6/30/2022*
Total Assets	$ 140,005,598
Total Deferred Outflows	750,427
Total Liabilities	(72,967,545)
Total Deferred Inflows	(445,351)
Total Net Position	$ 67,343,129
Total Revenues	$ 89,339,071
Total Expenses	(88,339,229)
Change in Net Position	$ 999,842

*Latest available audited financials

12. RENTAL INCOME

The District leases three of its unmanned stations to employees on annual rental agreements. For the year ended June 30, 2023, the District received $30,642 in rental income.

13. COMMITMENTS

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

14. SUBSEQUENT EVENTS

District management has evaluated its June 30, 2023 financial statements for subsequent events through December 11, 2023 the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TRUCKEE FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2023

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES				
Property taxes and assessments	$ 11,957,164	$ 11,957,164	$ 16,478,334	$ 4,521,170
Ambulance service fees	2,665,500	2,665,500	3,188,795	523,295
Reimbursements	40,000	40,000	656,028	616,028
Grant revenues	-	-	269,140	269,140
Use of money and property	57,976	57,976	147,750	89,774
Miscellaneous income	297,000	297,000	419,037	122,037
Total revenues	15,017,640	15,017,640	21,159,084	6,141,444
EXPENDITURES				
Salaries and benefits	12,120,492	12,070,574	11,718,168	352,406
Communications	247,550	247,550	188,779	58,771
Household	25,000	25,000	26,511	(1,511)
Insurance	100,000	115,000	418,153	(303,153)
Repairs and maintenance	484,288	443,856	386,401	57,455
Memberships	26,000	26,000	27,387	(1,387)
Office expense	15,000	15,000	38,314	(23,314)
Professional and special services	421,381	425,720	648,498	(222,778)
Publications	6,000	6,000	5,793	207
Prevention Bureau	65,000	95,000	425,874	(330,874)
Training and travel	81,000	81,000	80,927	73
CERT team expense	2,100	2,100	5,461	(3,361)
Fuel	112,000	112,000	647,463	(535,463)
Rents and equipment leases	103,850	103,850	5,416	98,434
Utilities	137,000	137,000	156,928	(19,928)
Medical supplies	80,000	80,000	98,342	(18,342)
Billing	110,000	110,000	140,230	(30,230)
Bad debt	508,989	500,000	1,053,168	(553,168)
Clothing	51,000	51,000	99,152	(48,152)
Capital outlay	272,990	292,990	326,966	(33,976)
GEMT audit modification	48,000	78,000	148,302	(70,302)
Total expenditures	15,017,640	15,017,640	16,646,233	(1,628,593)
Excess(deficiency) of revenues over expenditures	-	-	4,512,851	4,512,851
Fund balances, July 1, 2022	8,223,968	8,223,968	8,223,968	-
Fund balances, June 30, 2023	$ 8,223,968	$ 8,223,968	$ 12,736,819	$ 4,512,851

TRUCKEE FIRE PROTECTION DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

JUNE 30, 2023

	Miscellaneous - Fiscal Year [1]								
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2019-20	2020-21
Proportion of the net pension liability	0.01520%	0.01532%	0.01626%	0.01693%	0.01726%	0.01800%	0.01878%	0.02072%	0.02047%
Proportionate share of the net pension liability	$ 375,716	$ 420,180	$ 564,879	$ 667,357	$ 650,448	$ 720,875	$ 792,360	$ 393,486	$ 957,933
Covered-employee payroll (2)	$ 348,027	$ 369,222	$ 385,175	$ 416,673	$ 365,905	$ 410,071	$ 425,141	$ 284,805	$ 1,297,577
Proportionate share of the net pension liability as percentage of covered-employee payroll	107.96%	113.80%	146.66%	160.16%	177.76%	175.79%	186.38%	138.16%	73.82%
Plans fiduciary net position as a percentage of the total pension liability	77.06%	79.89%	75.87%	75.39%	78.68%	73.37%	77.71%	90.49%	78.19%
Proportionate share of aggregate employer contributions (3)	$ 75,544	$ 84,679	$ 61,504	$ 86,295	$ 86,295	$ 87,048	$ 99,644	$ 51,669	$ 53,911

	Safety - Fiscal Year [1]								
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2019-20	2020-21
Proportion of the net pension liability	0.12125%	0.12553%	0.13898%	0.14273%	0.14752%	0.15358%	0.16229%	0.19071%	0.19071%
Proportionate share of the net pension liability	$ 4,548,077	$ 5,164,541	$ 7,197,946	$ 8,528,617	$ 8,655,736	$ 9,587,386	$ 10,812,410	$ 13,104,656	$ 13,104,656
Covered-employee payroll (2)	$ 3,407,563	$ 3,615,083	$ 3,771,281	$ 4,079,682	$ 5,285,274	$ 5,212,690	$ 5,771,294	$ 3,505,108	$ 6,356,149
Proportionate share of the net pension liability as percentage of covered-employee payroll	133.47%	142.86%	190.86%	209.05%	163.77%	183.92%	187.35%	373.87%	206.17%
Plans fiduciary net position as a percentage of the total pension liability	78.83%	77.27%	72.69%	71.74%	78.20%	78.20%	73.12%	86.61%	75.53%
Proportionate share of aggregate employer contributions (3)	$ 1,169,936	$ 1,176,365	$ 923,239	$ 1,179,054	$ 1,179,054	$ 1,308,072	$ 1,500,982	$ 1,007,859	$ 1,022,281

(1) Historical information is required only for measurement periods for which GASB 68 is applicable. This is the measurement date of the actuary report

(2) Covered-employee payroll represented above is based on pensionable earnings provided by the employer.

(3) The plan's proportionate share of aggregate contributions may not match the actual contribtions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

TRUCKEE FIRE PROTECTION DISTRICT

SCHEDULE OF PENSION CONTRIBUTIONS

JUNE 30, 2023

Miscellaneous - Fiscal Year [1]

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Actuarially Determined Contribution (2)	$ 76,783	$ 92,023	$ 57,225	$ 87,305	$ 109,655	$ 88,058	$ 99,644	$ 51,669	$ 53,911
Contributions in relation to the actuarially determined contributions (2)	76,783	92,023	57,225	87,305	109,655	88,058	99,644	51,669	53,911
Contribution deficiencey (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll (3,4)	$ 348,027	$ 369,222	$ 385,175	$ 416,673	$ 365,905	$ 410,071	$ 425,141	$ 284,805	$ 1,297,577
Contributions as a percentage of covered-employee payroll (3)	22.06%	24.92%	14.86%	20.95%	29.97%	21.47%	23.44%	18.14%	4.15%

Safety - Fiscal Year [1]

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Actuarially Determined Contribution (2)	$ 1,169,936	$ 1,288,395	$ 935,149	$ 1,238,273	$ 1,656,568	$ 1,367,291	$ 1,500,982	$ 1,007,859	$ 1,022,281
Contributions in relation to the actuarially determined contributions (2)	1,169,936	1,288,395	935,149	1,238,273	1,656,568	1,367,291	1,500,982	1,007,859	1,022,281
Contribution deficiencey (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll (3,4)	$ 3,407,563	$ 3,615,083	$ 3,771,281	$ 4,079,682	$ 5,285,274	$ 5,212,690	$ 5,771,294	$ 3,505,108	$ 6,356,149
Contributions as a percentage of covered-employee payroll (3)	34.33%	35.64%	24.80%	30.35%	31.34%	26.23%	26.01%	28.75%	16.08%

(1) Historical information is required only for measurement periods for which GASB 68 is applicable. This is the measurement date of the actuary report

(2) Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately

(3) Covered-employee payroll represented above is based on pensionable earnings provided

(4) Payroll from prior year was assumed to increase by the 3.00 percent payroll growth

TRUCKEE FIRE PROTECTION DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS

JUNE 30, 2023

	2018	2019	2020	2021	2022	2023
Total OPEB liability						
Service cost	$ 27,671	$ 28,432	$ 29,214	$ 31,317	$ 32,178	$ 206,744
Interest	591,205	613,344	635,722	670,845	705,487	640,634
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	-	(66,639)	-	-	-
Changes of assumptions	-	-	-	-	(643,844)	-
Experience gains/losses	-	-	209,811	38,310	60,524	21,339
Benefit payments, including refunds of member contributions	(297,411)	(309,307)	(267,589)	(453,717)	(630,618)	(418,384)
Net change in total OPEB liability	321,465	332,469	540,519	286,755	(476,273)	450,333
Total OPEB liability - beginning	8,581,036	8,902,501	9,234,970	9,775,489	10,062,294	9,586,021
Total OPEB liability - ending (a)	$ 8,902,501	$ 9,234,970	$ 9,775,489	$ 10,062,244	$ 9,586,021	$ 10,036,354
Plan fiduciary net position						
Contributions - employer	$ 493,749	$ 309,307	$ 266,074	$ 453,717	$ 700,618	$ 418,384
Net investment income	305,370	270,040	523,760	146,819	1,188,399	(746,844)
Benefit payments, including refunds of member contributions	(297,411)	(309,307)	(267,589)	(453,717)	(630,618)	(418,384)
Administrative expense	(2,573)	(6,297)	(812)	(2,039)	(1,636)	(1,413)
Other**	-	2,364	-	-	-	-
Net change in plan fiduciary net position	499,135	266,107	521,433	144,780	1,256,763	(748,257)
Plan fiduciary net position - beginning	2,891,397	3,390,532	3,656,639	4,178,072	4,322,902	5,579,665
Plan fiduciary net position - ending (b)	$ 3,390,532	$ 3,656,639	$ 4,178,072	$ 4,322,852	$ 5,579,665	$ 4,831,408
District's net OPEB liability - ending (a) - (b)	$ 5,511,969	$ 5,578,331	$ 5,597,417	$ 5,739,392	$ 4,006,356	$ 5,204,946
Plan fiduciary net position as a percentage of the total OPEB liability	38.1%	39.6%	42.7%	43.0%	58.2%	48.1%
Covered-employee payroll	$ 4,496,355	$ 4,039,149	$ 3,903,088	$ 3,857,448	$ 3,789,913	$ 3,498,404
District's net OPEB liability as a percentage of covered-employee payroll	122.6%	138.1%	143.4%	148.8%	105.7%	148.8%

1. Budgetary Basis of Accounting

Budgets for the operating fund are prepared on the cash and expenditures/encumbrances basis. Revenues are budgeted in the year receipt is expected; expenditures are budgeted in the year that the applicable warrant requisitions are expected to be issued. The budget and actual financial statements are reported on the above basis, with no material differences between them.

Annual budget requests are submitted by the District's staff to the District Board of Directors for preliminary review and approval. After public hearing, a final budget is approved by the District Board of Directors, with a resolution adopting said budget. Copies of the approved budget are sent to all required agencies.

The budgeted amounts shown have been prepared on a budgetary basis which differs from generally accepted accounting principles. The final district budget reports that the District had overspent its budget in certain categories.

2. Schedule of Proportionate Share of Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the Plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Changes in Assumptions
The discount rate changed for CalPERS from 7.15% to 6.90%. The inflation rate for CalPERS changed from 2.50% to 2.30%.

Changes in Benefit Terms
There were no changes in benefit terms since the previous valuations for both CalPERS and CalSTRS.

Fiscal year 2015 was the first year of implementation, therefore only nine years are shown.

3. Schedule of Pension Contributions

If an employer's contributions to the plans are actuarially determined or based on statutory or contractual requirements, the employer's actuarially determined contribution to the pension plans (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll. In the future, as data becomes available, ten years of information will be presented.

Fiscal year 2015 was the first year of implementation, therefore only nine years are shown.

4. Schedule of Changes in the District's Net OPEB Liability and Related Ratios

GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. However, since this is the sixth year of implementation, only six years are currently available.

Benefit changes. There were no changes to benefits.

Changes of assumptions. There were no changes to assumptions

OTHER INDEPENDENT AUDITOR'S REPORT

James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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*

Independent Auditor's Report

Board of Directors
Truckee Fire Protection District
Truckee, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Truckee 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 December 11, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Truckee Fire Protection 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 Truckee Fire Protection District's internal control. Accordingly, we do not express an opinion on the effectiveness of Truckee Fire Protection 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financials 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 over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. Given these limitation, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Truckee Fire Protection District's financial statements are free of 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*.

Purpose of this Report

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

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 11, 2023