NORTH TAHOE FIRE PROTECTION DISTRICT

PLACER COUNTY, CALIFORNIA

BASIC FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORTS

For the Year Ended June 30, 2023

NORTH TAHOE FIRE PROTECTION DISTRICT

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McClintock
ACCOUNTANCY CORPORATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
North Tahoe Fire Protection District

Opinions

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

In our opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of June 30, 2023, and the respective changes in financial position 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (GAAS). 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 North Tahoe 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

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 Governmental 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 North Tahoe Fire Protection District's internal control. Accordingly, no such opinions 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 North Tahoe 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 (unaudited)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-13, the budgetary comparison schedule on pages 41, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 42, the Schedule of Contributions to the Pension Plan on page 43, the Schedule of Changes in Net OPEB Liability and Related Ratios on pages 44-45, and the Schedule of OPEB Contributions on page 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinions or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinions or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 opinions on 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.

McClintock Accountancy Corporation

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February 6, 2024

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North Tahoe Fire Protection District
Management Discussion and Analysis
June 30, 2023

Purpose

This discussion and analysis of the North Tahoe Fire Protection District's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2023, and the District's financial status at June 30, 2023. Together with the District's Financial Statements and Independent Auditors' Report, and the required supplementary information, they form the District's annual report. This report is designed to provide our citizens, taxpayers, employees, and customers with a general overview of the District's finances and to show the District's accountability for the money it receives.

Financial Highlights

- As of June 30, 2023, the District's cash and investment balance is $13,176,197. Of this balance, $84,593 is restricted. Capital assets, net of accumulated depreciation, at June 30, 2023, total $9,233,273.
- The District used 100% of its property tax, special tax, and fire assessment revenues to fund operations and general fund activities.
- Approximately $2.5 million of property tax revenues that would have been otherwise allocated to the District will be reallocated to other governmental agencies. The State of California is shifting property taxes from local governments to an Education Revenue Augmentation Fund (ERAF). Revenue from ERAF is allocated to schools and community colleges to offset the funding these entities would receive from the state General Fund. The Placer County Redevelopment Successor Agency has frozen property tax appreciation at base values for defined redevelopment projects within the Fire District boundaries. Any revenue resulting from an increase in assessed value, less a 2% pass through, is paid to the redevelopment agency instead.
- For every dollar of payroll for Tier I Safety employees, the District is responsible to pay approximately $0.24 in retirement (PERS) expense. For every dollar of payroll for Tier II Safety employees, the District is responsible to pay approximately $0.22 in retirement expense. For every dollar of payroll for Tier III Safety employees, the District is responsible to pay approximately $0.13 in retirement expense. The District no longer has any active Tier I Miscellaneous employees. For every dollar of payroll for Tier II Miscellaneous employees, the District is responsible to pay approximately $0.15 in retirement expense. For every dollar of payroll for Tier III Miscellaneous employees, the District is responsible to pay approximately $0.07 in retirement expense.
- Regarding workers compensation, $7.64 of every $100.00 in gross payroll is allocated to safety personnel and $4.93 of every $100.00 in gross payroll to miscellaneous personnel.
- These, along with other employee-related fringe benefits, help to illustrate how employee costs are the largest and most significant portion of the District budget.
- With regards to PERS retirement, having a defined benefit plan historically resulted in broad swings in employer contributions directly tied to gains and losses out of District control. The District participates in a pooled plan with other agencies which has stabilized contribution rates in the short term. Similar pooling with other agencies has stabilized workers' compensation rates. District staff anticipates increases in both programs in the coming years.

Overview of the Financial Statements

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements* and *required supplementary information*. The basic financial statements include two kinds of statements that provide different views of the District.

- The *government-wide financial statements* consist of the Statement of Net Position and the Statement of Activities. These statements provide both long-term and short-term information about the District's overall financial status.
- The *fund financial statements* consist of the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance. These statements provide the District's activity on a fund basis. The *fund financial statements* tell how the District's services were financed in the short term, as well as what remains for future spending.

Government-wide Statements

The government-wide statements report information about the District's financial activities as a whole in a way that helps determine if the District is better or worse off as a result of the year's activities. The Statement of Net Position includes all of the District's assets and liabilities at the end of the year. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. These statements use the accrual basis of accounting, which is similar to the basis of accounting used by most private-sector companies.

These statements report the District's net assets and the changes in them. The District's net position – the difference between assets and liabilities – provide one measure of the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the property tax base and the condition of the District's facilities.

Fund Financial Statements

The fund financial statements are reported side-by-side with the Statement of Net Position and the Statement of Activities. These statements provide information by fund. The fund financial statements provide a short-term view of the District's operations and the service it provides, which is providing full service, all-risk fire protection, fire prevention, paramedic ambulance and rescue services within the boundaries of the District and contractual areas in El Dorado County, Meeks Bay Fire Protection District and Alpine Meadows. The District has only one fund, the General Fund, which serves as the general operating fund.

Financial Analysis of the District as a Whole

Registered voters within the District passed a special tax increase in August 2005 which provided \$3,062,431 of revenue in the current year. Additionally, property owners within the District passed a special assessment in the fall of 2007 which provided \$836,495 of revenue in the current year. In

2019/2020, the District began collecting taxes for the voter-approved Community Facilities District (CFD) No. 2012-1 (Ladder Truck O&M), which provided $21,193 of revenue in the current fiscal year. Following direction from the Board of Directors, the District has begun a program of rebuilding unrestricted reserves as a "rainy day" fund and intends to designate reserves for refurbishing and replacing the District's apparatus and fire stations in the future.

Condensed Financial Information

NET POSITION

		2022		2023
ASSETS:				
Non-capital	$	12,218,769	$	14,864,316
Capital	$	9,517,684	$	9,233,273
Total Assets	$	21,736,453	$	24,097,589
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows	$	11,940,799	$	12,549,949
LIABILTIES:				
Current	$	2,166,947	$	1,904,586
Long-term	$	37,252,114	$	44,228,690
Total Liabilities	$	39,419,061	$	46,133,276
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows	$	7,290,865	$	1,924,793
NET POSITION:				
Net Investment in Capital Assets	$	1,738,750	$	1,827,256
Restricted	$	10,964	$	16,075
Unrestricted (Deficit)	$	(14,782,388)	$	(13,253,862)
Total Net Position	$	(13,032,674)	$	(11,410,531)

The figures noted above reflect an increase in Total Assets of 10.9%. This change is due to increased property tax revenues reflected in Cash and Investments, and an increase in Ambulance, Grant, and Contract revenues, which is explained in detail in the next section, Changes in Net Position – Governmental Activities section. The 17.0% increase in total liabilities is primarily the result of reporting the aggregate net pension liability (see Note 10 for specifics). Finally, an increase in Total Net Position of 12.4% is noted from the prior fiscal year. This is due to increased revenues offset by increased pension expense due to CalPERS investment return of (6.1%).

Changes in Net Position - Governmental Activities

The following presents a summary of revenues and expenses for the fiscal year ending June 30, 2023. The percentage is in relationship to the annual totals for revenue and expenses.

	2022		2023	
REVENUES:	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Taxes	$ 11,952,833	64%	$ 12,918,655	59%
Ambulance services	$ 2,407,268	13%	$ 3,416,087	16%
Interest/grants/other	$ 513,234	3%	$ 1,289,872	6%
Contract services	$ 3,804,679	20%	$ 4,202,249	19%
Total Revenues	$ 18,678,014	100%	$ 21,826,863	100%
EXPENSES:				
Salaries	$ 8,087,526	45%	$ 8,166,164	40%
Benefits	$ 5,606,852	31%	$ 6,743,016	33%
Operating expenses	$ 3,244,454	18%	$ 3,991,961	20%
Bad debt	$ 325,461	2%	$ 552,697	3%
Depreciation	$ 768,729	4%	$ 750,882	4%
Total Expenses	$ 18,033,022	100%	$ 20,204,720	100%
Change in Net Position	$ 644,992		$ 1,622,143	
Beginning Net Position	$ (13,677,666)		$ (13,032,674)	
Ending Net Position	$ (13,032,674)		$ (11,410,531)	

Property tax revenue remains the single largest source of revenue for the Fire District. In fiscal year 2022/2023, total property tax revenues increased $965,822 or 8.1% due to increased assessed property values. The District received some of the anticipated pass-through monies for the Placer County Redevelopment Successor Agency. Additionally, the District received some of the residual disbursement of these funds. During the previous year, the District received pass through monies as well as residual disbursement from the Placer County Redevelopment Successor Agency.

Revenue received from ambulance service fees increased by $1,008,819 in 2022/2023, which is a 41.9% increase over the prior fiscal year. The District continues to participate in both the Ground Emergency Medical Transportation (GEMT) and the Intergovernmental Transfer (IGT) reimbursement programs which are included in the ambulance services revenue total of $3,416,087. The GEMT program that had been put on hold was reinstated in 2022/2023 and the District was allowed to submit all prior year cost reports. That resulted in the District submitting the cost reports for fiscal years 2018/2019, 2019/2020, 2020/2021, 2021/2022 and July to December 2022. The final submission is only a 6-month submission instead of a full fiscal year because the new PP-GEMT IGT program began in January 2023. The District was reimbursed for all of these cost reports in 2022/2023, except for the final 6-month submission from July to December 2022, which resulted in a total of $662,210 in revenue in 2022/2023. The IGT program resumed the full 12-month reimbursement period in 2022/2023 and resulted in $284,239 in revenue in this fiscal year.

Overall contract services revenues increased 10.4% or $397,570. Contract revenues are based partly on property taxes (as is the case in the District's contract with Alpine Springs County Water District and El Dorado County) and since Property Taxes revenues increased, we would expect to see an increase in these revenues. In fiscal year 2013/2014, the District entered into a contract with Meeks Bay Fire Protection District to provide Fire Management Services and other related services. In 2015, the District entered into an additional companion agreement with a labor group unification provision stating that as of July 1, 2016, all safety personnel would become employees of NTFPD. These payroll costs were incorporated into the contract, which resulted in a substantial increase from fiscal year 2015/2016. Personnel cost increased in 2022/2023 which would in turn cause an increase in the Meeks Bay contract amount. Also, the Office Manager for Meeks Bay Fire, the last active Meeks Bay employee, retired in November 2021. This position was not replaced and all administrative functions for Meeks Bay Fire were absorbed by the current North Tahoe employees. An agreement was made with the Meeks Bay Board of Directors that North Tahoe Fire would get reimbursed for the administrative work, until such time a new employee has been hired or the Districts consolidate, which resulted in an increase to the Meeks Bay cost share amount.

Another reason for the increase in the contract services revenue is due to the increase in the STR inspection revenue from Placer County in 2022/2023. In 2021/2022, Placer County STR inspections generated $167,351 in revenue and in 2022/2023 the revenue total was $482,301. This program has been revised multiple times since the inception by Placer County and because of this, the revenue streams to the District have not been consistent. We anticipate this same issue in 2023/2024. The District anticipates a decreased amount of revenue in future fiscal years.

Strike team revenue decreased in 2022/2023. In 2021/2022, strike team revenue generated $1,046,792 in revenue and in 2022/2023 the revenue total was $891,494, which was a 14.8% decrease. Notable events in 2021/2022 were the District's responses to the Tamarack and Caldor fires, both of which threatened the Tahoe Basin, as well as the Dixie fire, which is the single largest & most expensive non-complex wildfire in recorded California history. Luckily, in 2022/2023 the California fire season was milder than in previous years and the District was not deployed on as many strike teams, which is why there is a reduction in revenue. Strike team revenue is generated by providing mutual aid, "assistance for hire agreements," where the District provides fire apparatus and overhead personnel to state and federal forest agencies though cooperative agreements such as the California Fire Assistance Agreement and USFS Operating Agreements.

Grant revenues have increased in 2022/2023 by a total of $540,643. Much of this can be attributed to the hiring of the Forest Fuels Manager in the fourth quarter of 2021/2022 and allowing District forest fuels projects that were put on hold to resume. The District was also awarded two new forest fuels grants mid-year (SNPLMA R18 – WUI Fuels Reduction and SNPLMA R18 – Fire Adapted Communities) which resulted in an additional $133,908 of unbudgeted revenue in 2022/2023. In addition to the numerous forest fuels grants that the District supported during 2022/2023, the District also received a FEMA AFG grant for extrication equipment and cancer screening, as well as a partnership with the Tahoe Truckee Airport District for the purchase of AEDs and three Lucas Chest Compression Devices, and a partnership with the Tahoe Truckee Community Foundation to support workforce development.

Revenues increased by approximately 16.9% and expenses increased by approximately 12.0% over the previous fiscal year. Expressed as dollars, revenue increased $3,148,849, while expenses increased $2,171,698. The change in revenue was due to the increase in property taxes, ambulance service revenue, grant revenue and contract revenue. The increase in expenditures is due to increased pension expense after CalPERS saw a (6.1%) investment return, which includes the increase in the CalPERS Unfunded Accrued Liability (UAL) and employer contributions, as well as the health insurance premium increases. It is also attributed to an increase in grant expenses which is offset by the grant revenue increase as mentioned above. The district closed 2023 with $13,176,197 available in cash and investments, of which $84,593 is restricted.

General Fund Budgetary Highlights

A budget is prepared annually and includes proposed expenditures and the means of financing them for the upcoming year. This includes estimates for the current year and actual data for the preceding year. The budget is reviewed at a properly noticed Board meeting to obtain taxpayer comment. Prior to June 30th, the budget is legally enacted through passage of a resolution. The District's Board of Directors reviews reports of operations and examines any variance from the approved budget at least monthly. Formal budgetary integration is employed as a management control device during the year. Appropriations lapse at the end of each fiscal year. The District may authorize supplemental appropriations during the year.

Capital Asset & Debt Administration

On June 30, 2023, the District had $9,233,273 invested in capital assets. There were $402,929 in fixed asset purchases made during the 2022/2023 fiscal year and $68,524 in station improvements. Fixed asset additions made during the 2022/2023 year consisted of a tire machine and tire balancer, five Lucas Chest Compression Devices (three of which were made possible by the partnership with the Tahoe Truckee Airport District and two were donated by the Gary Sinise Foundation), a Braun Ambulance and a Chevrolet Tahoe. The station improvements consisted of the Station 54 modification, a new roof at Station 53 and the sewer repair at Station 55. The only disposal in 2022/2023 was the previous roof replacement at Station 53 that was not fully depreciated in the amount of $15,732.

	2022	2023
Land	$ 73,455	$ 73,455
Buildings and improvements	$ 10,939,663	$ 10,992,454
Equipment	$ 7,287,673	$ 7,690,602
CIP	$ -	$ -
Accumulated depreciation	$ (8,783,106)	$ (9,523,238)
Total	$ 9,517,685	$ 9,233,273

Long-Term Obligations

At year end, the majority of the District's long-term obligations consist of the financing obligation for Station 51, long term post-retirement benefits, apparatus, and accrued leave payouts. The total long-term liabilities at June 30, 2023, are $44,228,690.

Economic Factors

The Fire District completed the Station 51 Public Safety Center construction project in 2012/2013 and earned a LEED Gold accreditation. This project was accomplished in part with the cooperation of the Tahoe City Public Utility District who made the property available for $1.00 per year in a long-term arrangement. New Station 51 serves both as a Fire Station and as the District's Headquarters, thus centralizing executive, administrative and community services for our customers.

Most of the District's other fire stations were built in the 1950s and 1960s. As such, they were built with volunteer firefighters in mind versus full-time 24-hour staff and could not anticipate the garaging capacity required for today's larger fire equipment/apparatus. These older facilities fail to meet seismic standards, Best Management Practices (BMP) required by TRPA, parking, and ADA requirements. In addition, they were not designed with gender diversity requirements of a 24-hour work force and are operationally expensive to heat and repair. During 2019, the District began a remodel and retrofit of Station 53 (Homewood) that will address these issues less the elevated seismic standards for public safety facilities. The station 53 remodel was completed during the 2019/2020 fiscal year. This was another big step forward but the ongoing challenge of replacing aging infrastructure will continue to be an important initiative for many years with Station 52 (Kings Beach) and Station 54 (Dollar Point) as priorities. In 2022/2023, a station modification was completed at Station 54, to allow for a safer work environment for staff. While the modification addressed immediate concerns, this station will still remain on the list of priorities for the District to address in the future.

After the voter-approved special tax increase implemented in the 2005/2006 fiscal year, the District carefully followed a plan of re-building reserves. This effort was consistent with the District's campaign pledge to its constituents. Funds from that tax have also been allocated to maintain staffing levels, training, and equipment. While no specific reserve levels have been established by the Board Members, the District is at a point in its "unrestricted" category that more emphasis can be placed on establishing funds for re-building its aging infrastructure and increasing unrestricted reserves until we have an adequate "rainy day" fund.

Reserve funds were largely impacted in the past by broad swings in PERS contributions and "raids" on District revenue by the State of California and Placer County Redevelopment Agency. Beginning in the 2008/2009 fiscal year, the District levied a property owner approved Fire Suppression Assessment. Proceeds from this Assessment were used 1) to obtain, furnish, operate, and maintain fire suppression services and apparatus including, but not limited to, emergency communication systems, property inspection and chipping programs, fire engines and station equipment, and 2) to pay the cost of firefighting personnel as to assure that there are always enough personnel available to effectively respond to a fire emergency during periods of peak demand. An independent citizen's financial oversight committee was formed to advise the Board on an annual expenditure plan for this assessment and the special tax.

The District has implemented a voter-approved Community Facilities District (CFD) No. 2012-1 (Ladder Truck O&M). Only larger, taller, buildings/structures and dense developments are required to join the CFD and provide funding. The purpose of this CFD is to provide funding for an aerial apparatus which is designed to provide greater fire suppression capabilities for these types of commercial developments. While the District may use this apparatus during various different types of incidents, its primary function would be to respond to larger, taller, dense properties within the District. The District began placing the CFD on the Placer County tax rolls in fiscal year 2019/2020.

The District's 15-year agreement with the Alpine Springs County Water District for full fire suppression and prevention services stipulates the District's requirement to staff the fire station in Alpine Meadows a minimum of 150 days per year for the term of the agreement. This agreement was renewed in January 2021. Revenues representing 80% of ASCWD property taxes are provided to offset these costs. The District has funded a storage building adjacent to the Alpine Meadows fire station to facilitate storage needs of the entire Fire District. The District's 2012 FEMA SAFER grant & subsequent 2015 FEMA SAFER retention grant provided funding for additional Firefighters in order to meet the NFPA 1710 response assembly standard and keep stations (including the Alpine Meadows station) staffed more regularly. As a result, the District has exceeded the minimum contractual days for staffing this fire station for the past nine years. Both SAFER grants have expired, and the District has applied for and hopes to secure additional grants, including SAFER, to be able to continue this pattern in the future.

The District will continue to provide the highest level of fire suppression, rescue and emergency medical services to property owners and visitors to the area. However, current revenues do not address the need for additional staffing, aging infrastructure, and specialized equipment such as an aerial ladder truck. It will provide for a gradual replacement of equipment and apparatus through a combination of "Municipal Leasing," "pay as you go" and grant funding techniques.

In April of 2014, the North Tahoe Fire Protection District (North Tahoe) and the Meeks Bay Fire Protection District (Meeks Bay) entered into a mutual aid management agreement, whereby North Tahoe will provide fire services management and related administrative and operational services to Meeks Bay.

The scope of services within the agreement includes a delegation of authority for all duties required by law previously performed by the Meeks Bay Fire Chief including, but not limited to, fire suppression operations, fire prevention, rescue services, training, emergency medical services, hazardous materials responses, forest fuels management, defensible space programs, equipment, facilities, supplementary staffing, and personnel management. The Meeks Bay Fire Protection District pays the full salary and benefits for one North Tahoe Division Chief, three Captains, and three Firefighters, as well as reimburses the District for direct and indirect costs associated with the management and labor agreements.

The State of California's adoption of the Insurance Services Office (ISO) 2012 Fire Suppression Rating Schedule (FSRS™) placed greater emphasis on Fire Prevention, public education, and catastrophic wildfire avoidance. In turn, the District responded with programs that address these priorities in order to protect the economic and environmental interests in the communities we serve.

Fire prevention programs beyond current levels are necessary to avoid the risk of catastrophic fires. To offset the associated costs of such programs, District staff has implemented a cost recovery program that includes plan check and inspection fees to help fund the fire prevention bureau. The District's Capital Facilities and Mitigation Expenditure Plan and the Fire Facilities Impact Fee Study justify the need for these fees. The expenditure plan is updated annually with a five-year budget projection and current fee schedule and is adopted first by the North Tahoe Board of Directors and then by the Placer County Board of Supervisors. The impact fee study is updated every five years and is also approved in the same manner as the expenditure plan. These monies are intended to address, in part, the impacts that new projects and developments have on Fire District service delivery.

Significant effort has gone into reducing the threat of catastrophic wildfire through funding for fuels reduction and defensible space. The District employs a full time Forest Fuels Manager to oversee this critical program aimed at improved forest health, wildfire resiliency and climate change adaptation. The District funds a variety of these activities though our Benefit Assessment. The deliverable capacity of this program is exponentially increased by leveraging outside grant funding sources. To meet this end, the District continues an ongoing aggressive grant writing campaign and has developed strategic partnerships in Forest Fuels management with the Meeks Bay Fire Protection District, the North Tahoe Public Utility District, the Tahoe Truckee Community Foundation, the Tahoe Resource Conservation District, the California Tahoe Conservancy, as well as the Southern Nevada Bureau of Land Management, and the Federal Emergency Management Agency (FEMA). As fire knows no boundaries, so should our prevention activities.

In fall of 2018, the Insurance Services Office (ISO) performed a field visit and review (audit) of North Tahoe Fire Protection District, Meeks Bay Fire Protection District, and the Alpine Springs County Water District. This was the first time that they considered all three districts together as what they call a Fire Protection Service Area: North Tahoe FPSA. The Districts historical Class 4 (PPC 04/8B) improved to a Public Protection Class 3 (PPC 03/3Y) with notable improvements in many categories, including personnel, training, and apparatus. Only 3,409 fire agencies across the country are considered Class 3 fire departments. Many insurance companies use the ISO PPC for establishing fire insurance rates for their customers, often times Class 1 – 3 are banded together as the top tier. Following the last few years of devastating wildfires in California, including the August Complex Fire (2020) and the Dixie Fire (2021), the first and second largest wildfires fires in recorded California history, many insurance companies have decided not to renew fire insurance policies in high fire danger areas as we have within the District. Despite the Districts Class 3 ISO PPC rating, many residents continue to have challenges finding suitable fire insurance with affordable premiums.

The District adopted a GASB 45 compliance plan in 2009/2010 that addresses the financial liability the District will face in funding post-employment benefits such as medical insurance. The District sets aside revenue annually, as the budget will allow, helping offset the costs associated with future retirements. The District completes an annual valuation of this Plan in compliance with the California Employers' Retiree Benefit Trust (CERBT) Fund.

GASB 45 was replaced by GASB 75 for fiscal years beginning after June 15, 2017. The primary objective of this statement is to improve accounting and financial reporting for postemployment benefits other than pensions. GASB 75 resulted in a single method of attributing the actuarial present value of projected benefit payments to periods of employee service, as well as immediate recognition in OPEB expenses. As a result of the implementation of GASB 75, several new note disclosures and journal entries were required in these financial statements. The District will continue to complete a bi-annual valuation based on the guidelines established by GASB 75.

The District implemented GASB 68 in fiscal year 2014/2015. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense. For defined benefit pensions, such as ours, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Finally, the District's wage and benefit contracts (MOU) with our employee groups were renewed December 1, 2018. These MOUs are for a five-year term (December 1, 2018 – December 31, 2023). These contracts contain pay and benefit packages which are based upon an employee's date of hire and/or entry into the CalPERS system. Employees hired prior to December 31, 2012, are classified as "Classic Members" by PERS; as are employees hired after January 1, 2013, who were previously classified as "Classic Members" by PERS, due to their prior service with another PERS agency. Employees hired after January 1, 2013, with a break in service of more than six months or with no prior service with a PERS agency, are classified as "PEPRA" members by PERS. Salary and Benefit costs associated with PEPRA employees are considerably less per employee than for Classic Members.

Contacting the District's Management

If you have questions about this report or need additional information, contact North Tahoe Fire Protection District at PO Box 5879, Tahoe City, CA 96145.

Exhibit A

STATEMENT OF NET POSITION
AND GOVERNMENTAL FUND BALANCE SHEET

June 30, 2023

	Governmental Fund		Government-wide Financial Statements
	Balance Sheet	Adjustments (Note 4)	Statement of Net Position
ASSETS			
Cash and cash equivalents	$ 1,432,025	$ -0-	$ 1,432,025
Investments	11,659,579	-0-	11,659,579
Restricted investments	84,593	-0-	84,593
Accounts receivable	300,571	535,147	835,718
Grants receivable	210,303	-0-	210,303
Other receivables	642,098	-0-	642,098
Land	-0-	73,455	73,455
Capital assets, net of accumulated depreciation	-0-	9,159,818	9,159,818
Total Assets	$ 14,329,169	$ 9,768,420	$ 24,097,589
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	$ -0-	$ 10,705,918	$ 10,705,918
Deferred outflows related to OPEB	-0-	1,844,031	1,844,031
Total Deferred Outflows of Resources	$ -0-	$ 12,549,949	$ 12,549,949
LIABILITIES			
Accounts payable	$ 216,790	$ -0-	$ 216,790
Accrued expenses	453,193	98,480	551,673
Other liabilities	446,864	-0-	446,864
Compensated absences	190,811	907,784	1,098,595
Net OPEB Liability	-0-	15,639,682	15,639,682
Aggregate net pension liability	-0-	20,773,655	20,773,655
Long-term debt:			
Due within one year	-0-	498,448	498,448
Due after one year	-0-	6,907,569	6,907,569
Total Liabilities	$ 1,307,658	$ 44,825,618	$ 46,133,276
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	$ -0-	$ 1,924,793	$ 1,924,793
Total Deferred Inflows of Resources	$ -0-	$ 1,924,793	$ 1,924,793
FUND BALANCE/NET POSITION			
Fund Balance:			
Non-spendable	$ 1,152,972	$ (1,152,972)	$ -0-
Restricted	16,075	(16,075)	-0-
Assigned	134,449	(134,449)	-0-
Unassigned	11,718,015	(11,718,015)	-0-
Total Fund Balance	13,021,511	(13,021,511)	-0-
Total Liabilities and Fund Balance	$ 14,329,169		
Net Position:			
Net investment in capital assets		1,827,256	1,827,256
Restricted		16,075	16,075
Unrestricted (deficit)		(13,253,862)	(13,253,862)
Total Net Position (Deficit)		$ (11,410,531)	$ (11,410,531)

The accompanying notes are an integral part of this statement.

Exhibit B

STATEMENT OF ACTIVITIES
AND GOVERNMENTAL FUND REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE

For the Year Ended June 30, 2023

	Governmental Fund		Government-wide Financial Statements
	Revenue, Expenditures and Change in Fund Balance	Adjustments (Note 5)	Statement of Activities
Revenue:			
Taxes	$ 12,918,655	$ -0-	$ 12,918,655
Ambulance services	2,885,400	530,687	3,416,087
Service and contract fees	4,202,249	-0-	4,202,249
Grants	815,299	-0-	815,299
Mitigation fees	128,444	-0-	128,444
Other	147,756	36,203	183,959
Interest	162,170	-0-	162,170
Total Revenue	21,259,973	566,890	21,826,863
Expenditures/Expenses:			
Salaries and wages	8,061,753	103,974	8,165,727
Employee benefits	5,519,410	1,223,606	6,743,016
Total salaries and wages and benefits	13,581,163	1,327,580	14,908,743
Maintenance and operations	1,388,124	-0-	1,388,124
General and administrative	654,977	-0-	654,977
Uniforms and supplies	332,409	-0-	332,409
Utilities	175,438	-0-	175,438
Professional fees	424,636	-0-	424,636
Bad debts	-0-	552,697	552,697
Depreciation	-0-	751,319	751,319
Loss on disposal of capital assets	-0-	4,545	4,545
Grant expense	763,058	-0-	763,058
Capital outlay	220,669	(220,669)	-0-
Debt service:			
Principal	587,496	(587,496)	-0-
Interest	252,879	(4,105)	248,774
Total Expenditures/Expenses	18,380,849	1,823,871	20,204,720
Revenues Over (Under) Expenditures/Expenses Change in Net Position	2,879,124	(1,256,981)	1,622,143
Fund Balances/Net Position:			
Beginning of the Year (Deficit)	10,142,387	(23,175,061)	(13,032,674)
End of the Year (Deficit)	$ 13,021,511	$ (24,432,042)	$ (11,410,531)

The accompanying notes are an integral part of this statement.

Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

1. Summary of Significant Accounting Policies

North Tahoe Fire Protection District (the "District") was created on June 29, 1993 as a consolidation of the North Tahoe Fire Protection District and the Tahoe City Fire Protection District. The District operates under the State of California Fire Protection District Law of 1987 and State Senate Bill 515. The District operates under a board-fire chief form of government and provides fire suppression, fire prevention, ambulance, emergency medical services and rescue services to Placer County residents living in the North Lake Tahoe area.

The District's basic financial statements include the accounts of all operations.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental type organizations. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of such significant policies:

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when they are earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year in which they are levied. Grants and contracts are recognized as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statements are prepared using a different measurement focus than the governmental fund financial statements (see further detail below). Therefore, a reconciliation has been provided to better identify the relationship between the government-wide financial statements and the governmental fund financial statements.

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. "Measurable" means the amount of the transaction can be determined and "available" means collectable within the current period or soon enough thereafter to pay liabilities of the current period.

The District generally considers all revenues available if collected within 90 days after year-end. Principal revenue sources of the District that are susceptible to accrual include property taxes, ambulance and emergency medical services, interest income, and contract fees. Mitigation fees and reimbursable revenues are not susceptible to accrual as they are generally not measurable until received in cash. The period of availability is increased to 90 days because the collection period for ambulance and emergency services revenues generally extends beyond 60 days. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences paid 90 days after year-end, are recorded only when payment is due.

Since the District is engaged in a single governmental program, the District has elected to combine the fund financial statements with the government-wide financial statements using a columnar format that reconciles individual line items of the fund financial statements to the government-wide statements in a separate column.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

The District's accounting system is operated on a fund basis. A fund is a separate accounting entity with a self-balancing set of accounts. A fund is maintained for the purpose of carrying on specific activities or to obtain certain objectives. The District uses one fund. The following fund and fund type is used by the District:

Governmental Fund Type

General Fund - Used to account for all unrestricted resources of the District. The general fund is accounted for using the current financial resources measurement focus. Only current assets and current liabilities are generally included in the balance sheet. Its operating statement presents sources and uses of available resources during a given period.

Budgets and Budgetary Accounting

By state law, the District's governing board must adopt a preliminary budget prior to the beginning of each fiscal year. A final budget must be adopted by October 1st. The budget must be adopted in a properly noticed meeting.

Actual revenues and expenditures are compared to budgeted amounts monthly as a management control device for all budgeted funds. The District monitors capital expenditures by comparison to specific project appropriation accounts.

Restricted Investments

Restricted investments consist of funds held in the Placer County Investment Pool on behalf of the North Tahoe Firefighters Association ("NTFA"). The corresponding liability to the NTFA is recorded as "other liabilities" in the accompanying financial statements.

Capital Assets

Capital assets are reported in the government-wide Statement of Net Position but are not reported in the fund financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

All capital assets, except for land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the estimated useful lives ranging from 3 to 40 years.

Compensated Absences

It is the District's policy to permit employees to accumulate vacation benefits of up to 960 hours, which will be paid to the employee upon separation from District service. In addition, certain District employees are eligible to accumulate compensatory (comp) time up to 216 hours. Accumulated vacation and comp time that is expected to be liquidated within 90 days after the year-end is considered to be current and is reported as an expenditure and a liability of the fund financial statements. The entire compensated absence liability and expense is reported on the government-wide financial statements.

The District’s sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest but unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the District has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made in the accompanying financial statements.

Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2022
Measurement Period (MP)	July 1, 2021 to June 30, 2022

Post-Employment Benefits Other Than Pensions

In June 2015, GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions ("OPEB"). This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to OPEB. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees. The District engaged Total Compensation Systems, Inc. (TCS) to analyze liabilities associated with its current retiree health program.

For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2022
Measurement Period (MP)	July 1, 2021 to June 30, 2022

Net Position (Deficit)

At June 30, 2023, the District had an unrestricted (deficit) of ($13,253,862). This deficit is primarily a result of implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* as well as GASB Statement No. 75, *Accounting and Financial Reporting for Other Post-Employment Benefits*. The District expects that these deficits will be funded with future subsidies.

Fund Balance

In the fund financial statements, in accordance with GASB issued statement No. 54, *Fund Balance Reporting and Governmental Fund type Definitions*, Fund Balance is classified into the following five components:

* *Non-spendable fund balance*—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund). Non-spendable fund balances consist of accounts, grants and other receivables of $1,152,972 as of June 30, 2023.
* *Restricted fund balance*—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. The Restricted Fund balance represents the portion of fund balance restricted by mitigation fees. Mitigation fees are charged on all new building and construction in the District's service area. The fees, in accordance with Placer County ordinance, can be used only for new construction and development of fire protection facilities, apparatus and services. The restricted fund balance is $16,075 as of June 30, 2023.

* *Committed fund balance*—amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint. The District has no committed fund balance as of June 30, 2023.
* *Assigned fund balance*—amounts a government *intends* to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The District has $134,449 assigned to the Community Facilities District as of June 30, 2023. See Note 16.
* *Unassigned fund balance*—amounts that are available for any purpose; these amounts are reported only in the general fund. The unassigned fund balance is $11,718,015 as of June 30, 2023.

Net Position

Net Position represents the District's financial and capital resources and is calculated as the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 those estimates.

2. Cash and Investments

A summary of cash held by the District at June 30, 2023 is as follows:

Cash on deposit	$ 1,432,025

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. All District deposits in excess of insurance from the Federal Deposit Insurance Corporation are collateralized with eligible securities, in amounts equal to at least 110% of the District's carrying value of the deposits (demand deposits and certificates of deposit). Such collateral, as permitted by the State of California, is held in each respective bank's collateral pool at a Federal Reserve Bank, or member bank other than the depository bank, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds.

With the exception of deposit insurance provided by the Federal Deposit Insurance Corporation, none of the District's bank balances at June 30, 2023 are exposed to custodial credit risk with deposits uninsured and collateralized with securities held by the pledging financial institution or its agent but not in the District's name.

Investments

Pursuant to the District's Investment Policy, the District is allowed to invest in the Placer County investment pool, Tax and Revenue Anticipation Note and Guaranteed Investment Contract. The District investments consist of deposits held in the Placer County investment pool. The District had no funds invested in the Guaranteed Investment Contract during the year ended June 30, 2023.

The District's investments are recorded at fair value at June 30, 2023 as follows:

	Maturities	Fair Value
Placer County Investment Pool	Less than 1 year	$11,744,172

Interest Rate Risk

The District does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's investments in the Placer County investment pool have not been rated by a nationally recognized statistical agency.

3. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2023:

a) Placer County Pooled Investment Fund of $11,659,579 (including $84,593 of restricted investments) is valued using the underlying quoted market prices (Level 2 inputs).

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

4. Explanation of the Differences between the Governmental Fund Balance Sheet and the Statement of Net Position

The District's "Total fund balance" of $13,021,511 in Exhibit A differs from "Net Position" of ($11,410,531) reported in Exhibit B. This difference results from the long-term economic focus of the statement of Net Position versus the current financial resources focus of the governmental fund balance sheet. An explanation of the reconciliation adjustments between the statements is described below:

Ambulance billing receivables, grant reimbursements, and service contracts not collected within 90 days after the District's fiscal year are not considered "available" revenues in the Governmental Funds and, therefore, have not been recorded in the Governmental Funds.	$ 535,147

When capital assets (land, construction in progress, buildings, and equipment) are purchased or constructed, the costs of those assets are reported as expenditures in the Governmental Funds. The statement of Net Position includes these capital assets.

Land	$ 73,455
Construction in progress	$ -0-
Depreciated capital assets	$ 18,683,056
Accumulated depreciation	(9,523,238)
	$ 9,159,818

Deferred outflows of resources related to pensions and OPEB will not be realized as current financial resources and are not reported in the Governmental Funds. The statement of Net Position includes these deferred outflows of resources.

Deferred outflows related to pensions	$ 10,705,918
Deferred outflows related to OPEB	$ 1,844,031

Interest payable on long-term debt is not accrued in the Governmental Funds, but is recognized as an expenditure when due.	$ 98,480

Certain liabilities and deferred inflows of resources are not payable from current financial resources and therefore are not reported in the Governmental Funds. Those liabilities and deferred inflows of resources consist of:

Compensated absences	$	907,784
Net OPEB Liability	$	15,639,682
Aggregate net pension liability	$	20,773,655
Notes payable	$	7,406,017
Deferred inflows related to pensions	$	1,924,793
Deferred inflows related to OPEB	$	-0-

5. Explanation of Differences between Governmental Fund Operating Statement and the Statement of Activities

The District's "Revenues over expenditures" of $2,879,124 in Exhibit B differs from the "change in Net Position" of $1,622,143 reported in the Statement of Activities. The difference arises from the long-term economic focus of the statement of activities versus the current financial resources focus of the Governmental Funds. The components of the difference are described below:

Ambulance billing receivables, grant reimbursements, and service contracts not collected within 90 days after the District's fiscal year ends are not considered "available" revenues in the Governmental Funds:

Change in accounts receivable	$	(5,059)
Ambulance billing receivables written off as not collectable are not considered "available" revenues in the Governmental Funds		535,746
	$	530,687

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

Change in salaries payable	$	103,974

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Change in compensated absences payable and deferred outflows and inflows of resources associated with long term net pension liability and net OPEB liability	$ 1,223,606

Ambulance billing revenues written off as uncollectable (bad debt expense) do not use current financial resources and are not reported as expenditures of the Governmental Funds:

Ambulance billing receivables written off as not collectable	$ 535,746
Change in the allowance for doubtful accounts	16,951
	$ 552,697

When capital assets are purchased or constructed in the Governmental Funds, the resources expended for those assets are reported as expenditures in the Governmental Funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreased by the amount of depreciation expense charged for the year:

Depreciation expense	$ 751,319
Loss on disposal of capital assets	$ 4,545
Capital outlay	$ (220,669)

Principal payments made on long-term debt is reported as expenditures in the Governmental funds. However, this balance should be removed from the statement of activities to report on the accrual basis of accounting	$ (587,496)
Interest on long-term debt is not accrued in the Governmental Funds, but is recognized as an expenditure when due. However, in the Statement of Activities, interest expense is recognized as it accrues, regardless of when it is due. The net change in accrued interest is reported in the Statement of Activities	$ (4,105)

6. Proceeds of Taxes Limitation and Property Taxes

Article XIIIB of the California Constitution, as implemented by SB1352 of 1980, specifies that proceeds of taxes of governmental entities may increase by an amount not to exceed the change in population, and the changes in the United States Consumer Price Index or California per capita personal income, whichever is less.

The proceeds of taxes limitation for the fiscal year corresponding to that of the State of California (July 1, 2022 to June 30, 2023) is $26,553,847.

Property taxes attach as an enforceable lien on property as of the first Monday in March. Property taxes are payable in two installments and are delinquent after December 10th and April 10th. The District collects its share of property taxes through Placer County. Property tax revenues are recognized when levied to the extent that they result in current receivables.

7. Capital Assets

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

	Beginning Balances	Additions/ Depreciation	Disposals/ Transfers	Ending Balances
Capital assets not depreciated:				
Land	$ 73,455	$ -0-	$ -0-	$ 73,455
Total capital assets not depreciated	73,455	-0-	-0-	73,455
Capital assets being depreciated:				
Buildings and improvements	10,939,662	68,524	(15,732)	10,992,454
Equipment	7,287,672	402,929	-0-	7,690,601
Total capital assets being depreciated	18,227,334	471,453	(15,732)	18,683,055
Less accumulated depreciation for:				
Buildings and improvements	(3,940,300)	(377,985)	11,186	(4,307,099)
Equipment	(4,842,805)	(373,334)	-0-	(5,216,138)
Total accumulated depreciation	(8,783,105)	(751,319)	11,186	(9,523,238)
Total capital assets being depreciated, net	9,444,229	(279,865)	(4,546)	9,159,818
Capital assets, net	$ 9,517,684	$ (279,865)	$ (4,546)	$ 9,233,273

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

8. Long-Term Debt

Long-term debt is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable to Community First National Bank; interest rate of 2.94%; annual principal and interest payments of $39,634 due August 24; final payment due August 24, 2025; secured by an ambulance.	$ 147,522	$ -0-	$ (35,290)	$ 112,232	$ 36,330
Note payable to Community First National Bank; interest rate of 2.92%; annual principal and interest payments of $99,022 due February 17; final payment due February 17, 2023; secured by two District fire engines.	$ 96,214	$ -0-	$ (96,214)	$ -0-	$ -0-
Note payable to Community First National Bank; interest rate of 2.96%; annual principal and interest payments of $56,637 due October 21; final payment due October 21, 2025; secured by District fire engine.	$ 210,703	$ -0-	$ (50,390)	$ 160,313	$ 51,884
Note payable to Community Leasing Partners; interest rate of 4%; annual principal and interest of $46,285 due November 1, 2026; secured by a district ambulance.	$ -0-	$ 214,579	$ (46,705)	$ 167,873	$ 39,512
Note payable to Community First National Bank; interest rate of 3.5%; annual principal and interest payments of $35,316 due August 6; final payment due August 6, 2023; secured by District ambulance.	$ 67,046	$ -0-	$ (32,940)	$ 34,106	$ 34,107
Note payable to the California Economic and Infrastructure Bank; interest rate of 3.27%; final payment due Aug. 1, 2038; secured by the new District Station.	$ 7,257,450	$ -0-	$ (325,957)	$ 6,931,493	$ 336,615
	$ 7,778,935	$ 214,579	$ (587,496)	$ 7,406,017	$ 498,448

Principal and interest maturities of long-term debt due during the next five years and thereafter are as follows:

Year Ending June 30	Principal	Interest
2024	$ 498,448	$ 216,085
2025	479,551	209,399
2026	495,262	195,711
2027	415,219	183,246
2028	382,851	172,228
2029-2038	5,134,686	1,047,039
	$ 7,406,017	$ 2,023,708

9. Compensated Absences

The District offers certain qualifying employees comp time and paid vacation. Changes in obligations for vacation and comp time at June 30, 2023, are as follows:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion
Accrued vacation	$ 867,710	$ 726,419	$ (656,483)	$ 937,646	$ 148,555
Accrued comp time	189,917	222,174	(251,142)	160,949	42,256
Total	$ 1,057,627	$ 948,593	$ (907,625)	$1,098,595	$ 190,811

10. Employee Retirement System

A. Plan Description

The District contributes to two defined benefit pension plans: the Safety Plan of the North Tahoe Fire Protection District (the "Safety Plan") and the Miscellaneous Plan of the North Tahoe Fire Protection District (the "Miscellaneous Plan"). Each plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Each plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. Since each of the Plans has less than 100 active members, it is required to participate in a cost-sharing risk pool. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Placer County ordinance and Board of Director approval. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report for each plan may be obtained from the CalPERS Executive Office – 400 P Street – Sacramento, CA 95814.

Effective January 1, 2010, the District amended its contract with CalPERS to include a second tier retirement plan for all new hires between January 1, 2010 and December 31, 2012. Employees classified as classic members under CalPERS are also included in this category.

Effective January 1, 2013, as part of the CalPERS reform, a new tier created was for all new members joining CalPERS.

B. Funding Policy

Active members in the Safety Plan and the Miscellaneous Plan are required to contribute a percentage of their annual covered salary towards their retirement plan. Beginning January 1, 2013, Safety Tier I and Tier II members paid 5% and Miscellaneous Tier I and Tier II members paid 4% of their employee contributions. Effective March 2014, Safety Tier I and Tier II members paid an additional 4% of their employee contributions for a total of 9% as well paying 1% of the employer's contributions. Similarly, Miscellaneous Tier I and Tier II members paid an additional 4% of their employee contributions for a total of 8%. Effective January 2015, Safety Tier I and Tier II members paid 9% of their employee contributions as well as 2% of the employer's contributions. Similarly, Miscellaneous Tier I and Tier II members paid 8% of their employee contributions. Members to both plans after January 1, 2013 are considered Tier III (PEPRA) members. Safety Tier III members contribute 13% and Miscellaneous Tier III members contribute 6.75% to their respective plans.

The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2022/23 was 24.43% for the Tier I Safety Plan, 22.29% for the Tier II Safety Plan, 13.13% for the PEPRA Safety Plan, 0% for the Tier I Miscellaneous Plan (as there were no longer active employees within this tier), 15.31% for the Tier II Miscellaneous Plan and 7.47% for the PEPRA Miscellaneous Plan. In addition, contributions to unfunded liabilities of $1,373,870 and $115,338 were required to be made for the Tier I Safety Plan and Tier I Miscellaneous Plan, respectively. The contribution requirements of both the Safety Plan and the Miscellaneous Plan members are established by State statute and the employer contribution rate and unfunded liability contribution is established and may be amended by CalPERS.

C. Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

The following tables show the District's proportionate share of the collective net pension liabilities over the measurement period.

Miscellaneous Plan			
	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability/(Asset) (c)=(a)-(b)
Balance at: 6/30/21 (MD)	$ 3,831,206	$ 3,177,773	$ 653,433
Balance at: 6/30/22 (MD)	4,240,645	3,087,481	1,153,164
Net Changes during 2021-22	$ 409,439	$ (90,292)	$ 499,731

Safety Plan			
	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability/(Asset) (c)=(a)-(b)
Balance at: 6/30/21 (MD)	$ 67,785,202	$ 58,377,538	$ 9,407,664
Balance at: 6/30/22 (MD)	73,997,308	54,376,817	19,620,491
Net Changes during 2021-22	$ 6,212,106	$ (4,000,721)	$ 10,212,827

At June 30, 2023, the District reported net pension liabilities for its proportionate share of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	$ 1,153,164
Safety	19,620,491
Total	$ 20,773,655

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2022, and the total pension liability for each 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. The 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 plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for each Plan as of 2023 was as follows:

	Miscellaneous	Safety
Proportion – June 30, 2023	0.02464%	0.28553%

For the year ended June 30, 2023, the District recognized pension expense of $2,405,360.

As of June 30, 2023, the District reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 835,179	$ 228,573
Changes of assumptions	2,096,505	-0-
Difference between projected and actual investment earnings	3,309,579	-0-
Difference between employer's contributions and proportionate share of contributions	75,769	1,539,614
Change in employer's proportion	1,637,651	156,606
Employer contributions subsequent to the measurement date	2,751,235	-0-
Total	$ 10,705,918	$ 1,924,793

Amounts reported as deferred outflows and deferred inflows of resources related to pensions, other than the employer-specific item of $2,751,235, will be recognized in future pension expense as follows:

Fiscal Year Ended June 30:	Miscellaneous	Safety	Total
2024	$ 67,487	$ 1,683,305	$ 1,750,792
2025	42,017	1,421,308	1,463,324
2026	17,508	779,038	796,546
2027	129,195	1,890,033	2,019,228
2028	-0-	-0-	-0-
Thereafter	-0-	-0-	-0-
	$ 256,206	$ 5,773,684	$ 6,029,890

D. Actuarial Method and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2022 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry age normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	6.90% from 7.15% at June 30, 2021
Inflation	2.30%
Salary Increases	Varies by entry age and service
Investment Rate of Return	6.90% net of pension plan investment and administrative expenses; includes Inflation
Mortality Rate Table *1	Derived using CALPERS' membership date for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.3% until purchasing power protection allowance floor on purchasing power applies, 2.30% thereafter

*1 The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing morality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2001, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

E. Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans 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 plans run out of assets. Therefore, the current 6.90 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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 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. The target allocation and best estimates of real arithmetic rates of return for each major asset class are summarized in the following table:

Asset Class	**New Strategic Allocation**	**Real Return Years 1-10**
Global equity – cap-weighted	30.00%	4.54
Global equity – non-cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

		Discount Rate – 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
Plan's Net Pension Liability/(Asset)	Miscellaneous Plan	$ 1,731,241	$ 1,153,164	$ 677,551
	Safety Plan	$ 29,839,404	$ 19,620,491	$ 11,268,839

F. Payables to the Pension Plan

At June 30, 2023, the employer's contribution for the final payroll of the fiscal year had not been paid and was included in accounts payable for $48,022.

11. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District is a member of a Joint Powers Authority for the operation of common risk management and insurance programs. The program covers workers' compensation insurance. The Authority is governed by Executive Boards consisting of representatives from member districts. The Executive Boards control the operations of the Authority, including selection of management and approval of operating budgets.

The relationship between the District and the Joint Powers Authority is such that the Authority is not a component unit of the District for financial reporting purposes.

For workers' compensation insurance, the District has joined together with other special districts within the state to form the Fire District Association of California Fire Association Self Insurance System ("FDAC-FASIS"). The District pays estimated annual premiums to the FDAC-FASIS based upon estimated payroll classified into rate categories set by FDAC-FASIS and an experience modification based upon the District's loss history over the past three years. Actual premium due is determined after the fiscal year end and is based upon actual payroll. The FDAC-FASIS is entitled to assess additional premiums or to refund premiums based upon a pro rata allocation of the District's premium paid to total premiums paid. The District is not assessed additional premiums or refunded premiums on an individual basis based upon claims or loss experience. The FDAC-FASIS agrees to pay all amounts legally required by California workers' compensation laws.

For property, liability, directors and officers, and errors and omissions insurance, the District purchases commercial insurance through the Special District Risk Management Authority, a joint powers agency formed pursuant to *California Government Code* Section 6500 et. seq., comprised of California special districts, agencies and cities.

12. Other Post-Employment Benefits

A. Plan Description

In addition to the pension benefits described in Note 10, the District administers a defined benefit OPEB plan through CalPERS, an agent multiple-employer retirement system for all eligible retired employees and their dependents. Benefit provisions are established and may be amended by District agreements and memorandums of understanding between the District, its management employees and unions representing its employees, which are approved by the District Board of Directors. The plan does not issue a stand-alone financial report.

The District provides eligible retirees medical benefits through the California Public Employees' Retirement system healthcare program (PEMHCA). It pays retiree healthcare benefits up to a cap for eligible retirees, dependent on bargaining unit and hire date.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions ("OPEB") and would replace GASB statements 45 and 57. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to OPEB. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees (including early retirees), whether they pay directly or indirectly. This is the fourth year of implementation for the District.

At June 30, 2022, the following numbers of participants were covered by the benefit terms:

	Number of Covered Participants
Inactive employees receiving benefits	32
Inactive employees entitled to but not receiving benefits	-0-
Participating active employees	59

B. Funding Policy

The District currently pays for these costs on a "pay as you go basis", in addition to making annual contributions to the CalPERS California Employers' Retiree Benefit Trust (CERBT). For fiscal year 2022, the District's contributions were $520,739 which consisted of $470,739 in cash benefit payments and a $50,000 contribution to the trust.

C. Net OPEB Liability

As of June 30, 2023, the District reported a net OPEB liability of $15,639,682. The 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 June 30, 2022.

The following table summarizes the changes in the net OPEB liability:

Changes in Net OPEB Liability as of June 30, 2022	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021	$ 19,758,445	$ 605,033	$ 19,153,412
Changes for the year:			
Service cost	1,222,983	-0-	1,222,983
Interest on total OPEB liability	459,497	(80,460)	539,957
Employer contributions	-0-	520,739	(520,739)
Employee contributions	-0-	-0-	-0-
Assumption changes	(4,793,739)	-0-	(4,793,739)
Experience changes	37,654	-0-	37,654
Expected investment income	-0-	-0-	-0-
Investment gains/losses	-0-	-0-	-0-
Administrative expenses	-0-	(154)	154
Benefit payments	(470,739)	(470,739)	-0-
Actual minus expected benefit payments	-0-	-0-	-0-
Net change during 2021-22	(3,544,344)	(30,614)	(3,513,730)
Balance at June 30, 2022	$ 16,214,101	$ 574,419	$ 15,639,682

D. OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of $2,166,926. At June 30, 2023, the District reports deferred outflows of resources related to OPEB from the following sources:

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience (gains)/losses	$ 336,354	$ -0-
Assumption changes	859,865	-0-
Investment (gains)/losses	50,367	-0-
District contributions subsequent to the measurement date	597,445	-0-
Total	$ 1,844,031	$ -0-

District contributions of $597,445 (including a $50,000 payment to the trust) reported as deferred outflows of resources to OPEB and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in future OPEB expense as follows:

To be recognized fiscal year ending June 30:	Deferred Outflows of Resources
2024	$ 528,531
2025	529,690
2026	526,889
2027	544,373
2028	467,757
Thereafter	(1,350,654)
Total	$ 1,246,586

E. Actuarial Methods and Assumptions

The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. For the measurement period ending June 30, 2022 (the measurement date), the net OPEB liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry age normal in accordance with the requirement of GASB Statement No. 75
Actuarial Assumptions	
Discount Rate	3.82% per year net of expenses
Inflation	2.50%
Salary Increases	2.75%
Healthcare Cost Trend	4%
Mortality Rate Table	Derived using CALPERS' 2017 Mortality Data
Retirement Rates	Firefighters Hired before 2010: 2017 CalPERS 3% @ 50 Rates Hired 1/1/2010 to 12/31/2012: 2017 CalPERS 3% @ 55 Rates Hired after 2012: 2017 CalPERS 2.7% @ 57 Rates Miscellaneous Employees Hired after 2012: 2017 CalPERS 2% @ 62 Rates
Service Requirement	100% at 5 years of service

The investment return is based on assumed long-term return on plan assets assuming 100% funding through CERBT using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major class of asset. The ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The table below reflects the long-term expected real rate of return by asset class.

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Equities	59.00	7.5450
All Fixed Income	25.00	4.2500
Real Estate Investment Trusts	8.00	7.2500
All Commodities	3.00	7.5450
Treasury Inflation Protected Securities (TIPS)	5.00	3.0000

Discount Rate - The discount rate used to measure the total OPEB liability was 3.82%. The District assumed that contribution would be sufficient to fully fund the obligation over a period not to exceed 30 years. The district used 34 year real rates of return for each asset class along with the assumed long-term inflation assumptions to set the discount rate. The District offset the expected investment return by investment expense of 50 basis points.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following represents the net OPEB liability of the District as of the measurement date, calculated using the discount rate of 3.82 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.82 percent) or 1 percentage-point higher (4.82 percent) than the current rate:

	Discount Rate – 1% (2.82%)	Current Discount Rate (3.82%)	Discount Rate +1% (4.82%)
Net OPEB Liability	$ 18,606,252	$ 15,639,682	$ 13,513,221

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trends - The following presents the total OPEB liability of the District as of the measurement date, calculated using the healthcare cost trend of 4 percent, as well as what the total OPEB liability would be if it were calculated using a trend that is 1 percentage-point lower (3 percent) or 1 percentage-point higher (5 percent) than the current rate:

Net OPEB Liability	$ 12,811,395	$ 15,639,682	$ 19,087,556

F. OPEB Plan Fiduciary Net Position

Detailed information about OPEB plan fiduciary net position is available in the separately issued CalPERS financial Report.

13. Alpine Springs County Water District

In September 2006, the District entered into a revised agreement with Alpine Springs County Water District ("Alpine Springs") in which the District agreed to provide all fire protection, fire prevention, fire suppression, rescue and emergency medical services for the indicated area. In return Alpine Springs agreed to lease to the District the Alpine Meadows Fire Station and attached fixtures for one dollar per year for the duration of the agreement. Additionally, Alpine Springs agreed to transfer to the District possession and title to the existing fire apparatus, tools and equipment and all fire station furnishings and equipment.

The agreement was renewed in January 2021 and terminates in December 2036. Upon termination of this agreement, the District shall return possession of the fire station to Alpine Springs. Additionally, the District shall transfer to Alpine Springs its right, title and interest to and possession of the fire apparatus, tools and equipment and all fire station furnishings and equipment. Aforementioned property shall be in like kind condition as when received by the District, ordinary wear and tear excepted. Alternatively, the District may elect to pay Alpine Springs a sum equal to the then fair market value of any such property not returned to Alpine Springs.

14. Meeks Bay Fire Protection District

In April 2014, the District entered into an agreement with Meeks Bay Fire Protection District ("Meeks Bay") in which the District agreed to provide fire services management and related services to Meeks Bay. In return Meeks Bay shall pay the District for performance of services. Additionally, Meeks Bay agreed to provide office facilities and supplies and office managerial support as well as providing an appointed fire chief's vehicle, fuel, vehicle insurance and maintenance.

In 2015, the District entered into an additional companion agreement with a labor group unification provision stating that as of July 1, 2016, all safety personnel will become employees of NTFPD. These payroll costs were incorporated into the contract.

This agreement will automatically renew for each fiscal year commencing July 1 and ending June 30 unless terminated by either party.

15. Fire Station

The District underwent construction to relocate Station 51 in Tahoe City from the downtown area to Fairway Drive. The total cost of the facility was $10,140,844.

In May 2010, the District entered into a lease with the California Infrastructure and Economic Development Bank (CIEDB). The District will lease the facilities located at 288 Northshore Blvd., King's Beach, 5424 W. Lake Blvd., Homewood, 159 Observation Drive, Tahoe City, and 240 Carnelian Bay Road, Carnelian Bay from CIEDB as a material consideration for the financing of the construction of the facility up to $10 million. The District will make bi-annual payments calculated from the remaining principal balance. Payments are to approximate $585,000 per year through August 1, 2038. The first payment was made in August 2012.

As part of the construction of the station, the District entered into a lease with Tahoe City Public Utility District to lease the land for the station. The term of the lease is for a period of sixty years commencing on December 1, 2009. The District will be charged $1 per annum during the term of the lease.

16. Community Facilities District

During 2012, a voter-approved Community Facilities District (CFD) was created to provide funding of an aerial apparatus by the levy of an additional tax on specific developments within the District. As of June 30, 2019, one development was required to join and pay the tax. The balance is recorded as a liability until requirements are met and the amount can be recognized as revenue. The District began placing the CFD on the Placer County tax rolls in fiscal year 2019/2020. The tax was levied against an additional 20 properties for a total of $21,193 during the year ended June 30, 2023. These funds, less any expenses incurred during the fiscal year, are recorded as a net asset. The balance in this account will continue to accumulate each year until there are sufficient funds to purchase an aerial apparatus.

17. Subsequent Events

Subsequent events have been evaluated by management through February 6, 2024, the date that the statements were available for issuance.

Required Supplementary Information (Unaudited)

NORTH TAHOE FIRE PROTECTION DISTRICT

Schedule 1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended June 30, 2023
(Unaudited)

	Budgeted Amounts		Actual Amounts,	Budget to GAAP	Actual Amounts,
	Original	Final	Budgetary Basis	Differences	GAAP Basis
Revenues:					
Taxes	$ 12,524,165	$ 12,524,165	$ 12,918,655	$ -0-	$ 12,918,655
Ambulance services	1,881,676	1,881,676	2,928,317	(42,918)	2,885,400
Service and contract fees	3,775,776	3,775,776	4,499,776	(297,527)	4,202,249
Grants	1,117,266	1,117,266	815,299	-0-	815,299
Mitigation fees	110,000	110,000	128,444	-0-	128,444
Other	110,424	110,424	147,756	-0-	147,756
Interest	25,000	25,000	162,170	-0-	162,170
Total Revenues	19,544,307	19,544,307	21,600,418	(340,446)	21,259,973
Expenditures:					
Salaries and wages	9,967,104	9,967,104	7,735,754	325,999	8,061,753
Employee benefits	5,743,609	5,743,609	5,475,676	43,734	5,519,410
Total salaries and wages and benefits	15,710,713	15,710,713	13,211,430	369,733	13,581,163
Maintenance and operations	1,325,778	1,325,778	1,388,124	-0-	1,388,124
General and administrative	615,121	615,121	654,977	-0-	654,977
Uniforms and supplies	647,371	647,371	332,409	-0-	332,409
Utilities	187,010	187,010	175,438	-0-	175,438
Professional fees	587,462	587,462	424,636	-0-	424,636
Grant expense	1,082,379	1,082,379	763,058	-0-	763,058
Capital outlay	195,367	195,367	220,669	-0-	220,669
Debt service:					
Principal	422,170	422,170	587,496	-0-	587,496
Interest	418,134	418,134	252,879	-0-	252,879
Total Expenditures	21,191,505	21,191,505	18,011,118	369,733	18,380,849
Revenues Over (Under) Expenditures	$ (1,647,198)	$ (1,647,198)	$ 3,589,300	$ (710,179)	2,879,124
Fund Balance, July 1, 2022					10,142,387
Fund Balance, June 30, 2023					$ 13,021,511

(1) The District budgets for ambulance service, service and contract fees, and grants revenues on the cash basis, rather than the modified accrual basis.	$ (340,446)
(2) The District budgets for salaries and wages, employee benefits, and compensated absences on the cash basis, rather than the modified accrual basis.	369,733
Net Decrease in Fund Balance - Budget to GAAP	$ (710,179)

Schedule 2

Schedule of District's Proportionate Share of the Net Pension Liability
Last 10 Years *
(Unaudited)

Miscellaneous Plan

Fiscal Year	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered-employee payroll	Net pension liability proportion as a percentage of covered-employee payroll	Fiduciary net position as a percentage of the total pension liability
2015	0.03109%	$ 768,359	$ 366,542	210%	70.65%
2016	0.03287	812,938	280,756	290%	69.52
2017	0.02680	929,734	645,358	144%	67.25
2018	0.02609	1,028,400	523,457	196%	66.87
2019	0.02630	991,350	727,872	136%	68.34
2020	0.02586	1,035,593	788,439	131%	68.69
2021	0.02553	1,076,873	882,656	122%	68.86
2022	0.03441	653,433	969,176	67%	82.94
2023	0.02464	1,153,164	960,128	120%	72.80

Safety Plan

Fiscal Year	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered-employee payroll	Net pension liability proportion as a percentage of covered-employee payroll	Fiduciary net position as a percentage of the total pension liability
2015	0.26823%	$ 10,061,279	$ 3,017,608	333%	76.20%
2016	0.27199	11,207,127	3,722,320	301%	74.68
2017	0.26310	13,627,308	4,903,959	278%	71.23
2018	0.25261	15,093,885	6,110,713	247%	70.71
2019	0.25141	14,751,818	6,449,276	229%	73.70
2020	0.24802	15,482,669	6,726,664	230%	74.12
2021	0.24817	16,533,706	6,814,800	243%	73.84
2022	0.26806	9,407,665	7,421,807	127%	86.12
2023	0.28553	19,620,491	7,661,645	256%	73.48

* Fiscal 2015 was the 1st year of implementation; therefore, only nine years shown

Schedule 3

Schedule of Contributions to the Pension Plan
Last 10 Years*
(Unaudited)

Miscellaneous Plan

Fiscal Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2015	$ 98,650	$ (98,650)	$ -0-	$ 366,542	-27%
2016	80,469	(80,469)	-0-	280,756	-29%
2017	96,782	(96,782)	-0-	645,358	-15%
2018	103,375	(103,375)	-0-	523,457	-20%
2019	133,028	(133,028)	-0-	727,872	-18%
2020	147,779	(147,779)	-0-	788,439	-19%
2021	184,841	(184,841)	-0-	882,656	-21%
2022	191,821	(191,821)	-0-	969,176	-20%
2023	199,276	(199,276)	-0-	960,128	-21%

Safety Plan

Fiscal Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2015	$1,266,407	$(1,266,407)	$ -0-	$ 3,017,608	-42%
2016	1,436,135	(1,436,135)	-0-	3,722,320	-39%
2017	1,619,780	(1,619,780)	-0-	4,903,959	-33%
2018	1,850,916	(1,850,916)	-0-	6,110,713	-30%
2019	2,002,879	(2,002,879)	-0-	6,449,276	-31%
2020	2,267,120	(2,267,120)	-0-	6,726,665	-34%
2021	1,934,125	(1,934,125)	-0-	6,814,800	-28%
2022	2,108,072	(2,108,072)	-0-	7,421,807	-28%
2023	2,298,281	(2,298,281)	-0-	7,661,645	-30%

*Fiscal 2015 was the 1st year of implementation; therefore, only nine years shown

Notes to Required Supplementary Information

1. Change in Benefit Terms:
   The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 as they have minimal cost impact.
2. Changes in Assumptions:
   The discount rate changed from 7.5% (net of administrative expense) in 2015 to 7.65 percent in 2016 to 7.15 percent in 2018 to 6.19% in 2022 per GASB Statement Number 68.

Schedule 4

Schedule of Changes in Net OPEB Liability and Related Ratios
Last 10 Years*
(Unaudited)

Measurement Period	2023	2022	2021	2020
Total OPEB Liability				
Service cost	$ 1,222,983	$ 1,205,707	$ 810,708	$ 781,960
Interest on total OPEB liability	459,497	427,159	488,887	458,105
Assumption changes	(4,793,739)	437,445	3,641,276	622,571
Experience (gains)/losses	-0-	33,621	-0-	242,564
Benefit payments	(470,739)	(434,189)	(356,532)	(286,210)
Expected minus actual benefit payments	37,654	119,425	63,646	7,804
Net Change in total Open Liability	(3,544,344)	1,789,168	4,647,985	1,826,794
Total OPEB Liability - beginning	19,758,445	17,969,277	13,321,292	11,494,498
Total OPEB Liability – ending (a)	$ 16,214,101	$ 19,758,445	$ 17,969,277	$ 13,321,292
Plan Fiduciary Net Position				
Employer contributions	$ 520,739	$ 484,189	$ 406,532	$ 336,210
Net investment income	(80,460)	119,670	13,766	18,618
Benefit payments	(470,739)	(434,189)	(356,532)	(286,210)
Administrative expenses	(154)	(166)	(182)	(65)
Other	-0-	-0-	-0-	-0-
Net change in plan fiduciary net position	(30,614)	169,504	63,584	68,553
Plan fiduciary net position – beginning	605,033	435,529	371,945	303,392
Plan fiduciary net position – ending (b)	$ 574,419	$ 605,033	$ 435,529	$ 371,945
Net OPEB liability – ending (a) – (b)	$ 15,639,682	$ 19,153,411	$ 17,533,748	$ 12,949,347
Plan fiduciary net position as a percentage of the total OPEB liability	3.67%	3.16%	2.42%	2.79%
Covered-employee payroll	$ 8,621,773	$ 8,390,983	$ 7,697,457	$ 7,515,104
Net OPEB Liability as a percentage of covered-employee payroll	181%	228%	228%	172%

*Fiscal 2018 was the 1st year of implementation; therefore, only five years shown

Schedule of Changes in Net OPEB Liability and Related Ratios
Last 10 Years*
(Unaudited)

(Continued)

Measurement Period	**2019**	**2018***
Total OPEB Liability		
Service cost	$ 341,056	$ 331,928
Interest on total OPEB liability	273,095	452,345
Assumption changes	4,177,475	-0-
Experience (gains)/losses	-0-	-0-
Benefit payments	(258,055)	(248,130)
Expected minus actual benefit payments	-0-	-0-
Net Change in total Open Liability	4,533,571	536,146
Total OPEB Liability - beginning	6,960,927	6,424,781
Total OPEB Liability – ending (a)	$ 11,494,498	$ 6,960,927
Plan Fiduciary Net Position		
Employer contributions	$ 308,055	$ 248,130
Net investment income	18,711	22,542
Benefit payments	(258,055)	(248,130)
Administrative expenses	(436)	(189)
Other	186	-0-
Net change in plan fiduciary net position	68,461	22,353
Plan fiduciary net position – beginning	234,931	212,578
Plan fiduciary net position – ending (b)	$ 303,392	$ 234,931
Net OPEB liability – ending (a) – (b)	$ 11,191,106	$ 6,725,996
Plan fiduciary net position as a percentage of the total OPEB liability	2.71%	3.37%
Covered-employee payroll	$ 7,177,148	$ 6,634,170
Net OPEB Liability as a percentage of covered-employee payroll	156%	101%

*Fiscal 2018 was the 1st year of implementation; therefore, only five years shown

Schedule 5

Schedule of OPEB Contributions
Last 10 Years*

Measurement Date		Actuarial Determined Contribution (ADC)	Contribution in relation to the ADC	Contribution deficiency (excess)	Covered Payroll	Contributions as a % of covered-employee payroll
2017	$	241,130	241,130	-0-	6,634,170	3.63%
2018	$	258,055	308,055	-0-	7,177,148	3.60%
2019	$	286,210	336,210	(50,000)	7,515,104	3.81%
2020	$	356,532	406,532	(50,000)	7,697,457	4.63%
2021	$	434,189	484,189	(50,000)	8,390,983	5.17%
2022	$	470,739	520,739	(50,000)	8,621,773	5.46%

*Omitted years: GASB statement No. 75 was implemented during the year ended June 30, 2018

Notes to Schedule

Methods and assumptions to determine OPEB liability:

Valuation date	June 30, 2021
Actuarial cost method	Entry Age
Discount rate	3.82%
Projected salary increases	2.75%
Inflation	2.50%
Healthcare cost trend	4.00%
Mortality rate table	Derived using CalPERS' 2017 Mortality Data
Retirement rates	<u>Fire:</u> Hired < 1/1/10: 2017 CalPERS 3.0%@50 Rates for Fire Employees Hired 1/1/10 to 12/31/12: 2017 CalPERS 3.0%@55 Rates for Fire Employees Hired > 12/31/12: 2017 CalPERS 2.7%@57 Rates for Fire Employees <u>Miscellaneous:</u> 2017 CalPERS 2.0%@62 Rates for Miscellaneous Employees
Service Requirement	100% if hired prior to 12/31/2009. Employees hired after 12/31/2009 qualify for 50% of premium at 5 years of District service plus 10% per additional year to 100% at 10 or more years of service, and employees hired after 12/1/2018 qualify for 50% of premium at 10 years of District service plus 10% per additional year to 100% at 15 or more years of service.

NORTH TAHOE FIRE PROTECTION DISTRICT

PLACER COUNTY, CALIFORNIA

INDEPENDENT AUDITORS' 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

For the Year Ended June 30, 2023

McClintock
ACCOUNTANCY CORPORATION

305 West Lake Boulevard
P.O. Box 6179
Tahoe City, Ca 96145

To the Board of Directors
North Tahoe Fire Protection District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of governmental activities and the major fund of North Tahoe Fire Protection 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 February 6, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered North Tahoe Fire Protection District's internal control over financial reporting (internal control) to determine the 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 North Tahoe Fire Protection District's internal control. Accordingly, we do not express an opinion on the effectiveness of North Tahoe 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Tahoe Fire Protection 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 determination of financial statement amounts. 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McClintock Accountancy Corporation

McCLINTOCK ACCOUNTANCY CORPORATION
Tahoe City, California
February 6, 2024

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