

**TRUCKEE FIRE  
PROTECTION DISTRICT  
COUNTY OF NEVADA**

**ANNUAL FINANCIAL REPORT  
With Independent Auditor's Report Thereon**

**JUNE 30, 2016**

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ANNUAL FINANCIAL REPORT  
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JUNE 30, 2016**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Truckee Fire Protection District  
Truckee, California

We have audited the accompanying financial statements of the governmental activities each major fund, and the aggregate remaining fund information of the Truckee Fire Protection District as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Truckee Fire Protection District as of June 30, 2016 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.

Board of Directors  
Truckee Fire Protection District

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 3-5 and 30-33, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Fechter & Company  
Certified Public Accountants

*Fechter & Company*

Sacramento, California  
September 22, 2016

**TRUCKEE FIRE PROTECTION DISTRICT  
OF NEVADA COUNTY, CALIFORNIA**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

This section of the Truckee Fire Protection District's (The District) annual report is provided as supplementary information to the audited financial statements. It is Management's intention that this information provides the financial statement reader with a brief and concise overview and analysis of the District's financial activities for the fiscal year ended, June 30, 2016.

*Overview of the Financial Statements*

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

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

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

| Net Position (In Thousands)    | 2016             | 2015             |
|--------------------------------|------------------|------------------|
| Current and other assets       | \$ 11,209        | \$ 9,901         |
| Capital assets                 | 5,953            | 6,103            |
| Total Assets                   | <u>\$ 17,162</u> | <u>\$ 16,004</u> |
| Long-term debt outstanding     | \$ 6,504         | \$ 8,231         |
| Other liabilities              | 481              | 346              |
| Total Liabilities              | <u>6,985</u>     | <u>8,577</u>     |
| Net Position:                  |                  |                  |
| Invested in property and       |                  |                  |
| Equipment, net of related debt | 5,952            | 6,103            |
| Restricted mitigation fees     | 2,714            | 2,121            |
| Unrestricted                   | 1,509            | (797)            |
| Total Net Position             | <u>\$ 10,177</u> | <u>\$ 7,427</u>  |

**TRUCKEE FIRE PROTECTION DISTRICT  
OF NEVADA COUNTY, CALIFORNIA**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

| Changes in Net Position (In Thousands) | 2016            | 2015          |
|----------------------------------------|-----------------|---------------|
| General revenues                       |                 |               |
| Property tax                           | \$ 7,963        | \$ 7,416      |
| Other                                  | 3,533           | 2,744         |
| Total Revenues                         | <u>11,496</u>   | <u>10,160</u> |
| Expenses                               | 8,826           | 9,422         |
| Increase (Decrease) in net position    | <u>\$ 2,670</u> | <u>\$ 738</u> |

*Financial Highlights for Fiscal Year 2015/2016 (In Thousands)*

Total assets increased \$1,158 from \$16,004 to \$17,162 in 2016.

Total current liabilities increased from \$346 to \$482. Total non-current liabilities decreased by \$1,727 from \$8,231 to \$6,504.

Total government fund balances increased from \$8,543 to \$9,669. This was due to an increase in revenues relating to property taxes and ambulance revenues that were received during the year.

Restricted Mitigation Fees collected under AB 1600 increased from \$2,121 to \$2,714, which will be used for major capital improvements within the District.

All capital acquisitions are recorded as assets on the District's Statement of Net Position, and appropriate depreciation of those assets is recorded as depreciation expense. Accordingly, capital outlay expense is \$443 in the current fiscal year, and depreciation expense increased \$67 from \$527 to \$594.

*Next Year Budget*

The Board of Directors adopted the District's 2016/2017 budget in September 2016. Tax revenue is projected to increase 2.5%. A 3% COLA adjustment to salaries is budgeted effective January 1, 2017. Two open Firefighter/Paramedic positions are budgeted to be filled effective January 1, 2017.

**TRUCKEE FIRE PROTECTION DISTRICT  
OF NEVADA COUNTY, CALIFORNIA**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

*Additional Financial Information*

This financial report is designed to provide the District's citizens, investors and other interested parties with an overview of the District's financial operations and the District's financial condition as of June 30, 2016. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Truckee Fire Protection District Fire Chief at:

10049 Donner Pass Road  
Truckee, CA 96160  
(530) 582-7850

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**TRUCKEE FIRE PROTECTION DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

**ASSETS**

|                                                                          |                  |
|--------------------------------------------------------------------------|------------------|
| Cash and investments                                                     | \$ 8,623,043     |
| Accounts receivable, net of allowance for doubtful accounts of \$699,459 | 1,172,888        |
| Prepaid expenses                                                         | 351,148          |
| Capital assets, net                                                      | <u>5,952,787</u> |

|                     |                          |
|---------------------|--------------------------|
| <b>TOTAL ASSETS</b> | <u><u>16,099,866</u></u> |
|---------------------|--------------------------|

**DEFERRED OUTFLOWS OF RESOURCES (NOTE 8)**

|                   |                  |
|-------------------|------------------|
| Deferred pensions | <u>1,062,115</u> |
|-------------------|------------------|

**LIABILITIES**

|                             |                  |
|-----------------------------|------------------|
| Accounts payable            | 382,845          |
| Accrued payroll liabilities | 98,702           |
| Long-term liabilities:      |                  |
| Compensated absences        | 798,542          |
| Net pension liability       | <u>4,680,993</u> |

|                          |                         |
|--------------------------|-------------------------|
| <b>TOTAL LIABILITIES</b> | <u><u>5,961,082</u></u> |
|--------------------------|-------------------------|

**DEFERRED INFLOWS OF RESOURCES (NOTE 8)**

|                   |           |
|-------------------|-----------|
| Deferred pensions | 1,024,021 |
|-------------------|-----------|

**NET POSITION**

|                            |                  |
|----------------------------|------------------|
| Invested in capital assets | 5,952,787        |
| Restricted for:            |                  |
| Development fee reserves   | 2,714,185        |
| Unrestricted               | <u>1,509,906</u> |

|                     |                             |
|---------------------|-----------------------------|
| <b>NET POSITION</b> | <u><u>\$ 10,176,878</u></u> |
|---------------------|-----------------------------|

**TRUCKEE FIRE PROTECTION DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

| Functions/Programs            | Expenses            | Program Revenues        |                                          |                                        | Net (Expense)<br>Revenue and<br>Change in<br>Net Position |
|-------------------------------|---------------------|-------------------------|------------------------------------------|----------------------------------------|-----------------------------------------------------------|
|                               |                     | Charges for<br>Services | Operating<br>Contributions<br>and Grants | Capital<br>Contributions<br>and Grants |                                                           |
| Governmental Activities:      |                     |                         |                                          |                                        |                                                           |
| Public Safety                 | \$ 8,825,531        | \$ 2,100,066            | \$ 45,849                                | \$ -                                   | \$ (6,679,616)                                            |
| Total Governmental Activities | <u>\$ 8,825,531</u> | <u>\$ 2,100,066</u>     | <u>\$ 45,849</u>                         | <u>\$ -</u>                            | <u>(6,679,616)</u>                                        |

**General Revenues**

|                                          |                      |
|------------------------------------------|----------------------|
| Property taxes and assessments           | 7,963,095            |
| Use of money and property                | 63,345               |
| Reimbursements                           | 666,291              |
| Mitigation fees                          | 657,899              |
| Miscellaneous                            | <u>77,801</u>        |
| Total general revenues                   | 9,428,431            |
| Change in net position                   | 2,748,815            |
| Net position at beginning of fiscal year | <u>7,428,063</u>     |
| Net position at end of fiscal year       | <u>\$ 10,176,878</u> |

## **FUND FINANCIAL STATEMENTS**

**TRUCKEE FIRE PROTECTION DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUND  
JUNE 30, 2016**

**ASSETS**

|                                                                          |                             |
|--------------------------------------------------------------------------|-----------------------------|
| Cash and investments                                                     | \$ 8,623,043                |
| Accounts receivable, net of allowance for doubtful accounts of \$699,459 | 1,172,888                   |
| Prepaid expenses                                                         | <u>351,148</u>              |
| <b>TOTAL ASSETS</b>                                                      | <b><u>\$ 10,147,079</u></b> |

**LIABILITIES**

|                             |                       |
|-----------------------------|-----------------------|
| Accounts payable            | \$ 382,845            |
| Accrued payroll liabilities | <u>98,702</u>         |
| <b>Total liabilities</b>    | <b><u>481,547</u></b> |

**FUND BALANCES**

|                                            |                             |
|--------------------------------------------|-----------------------------|
| Fund balance:                              |                             |
| Reserved - mitigation fees                 | 2,714,185                   |
| Assigned:                                  |                             |
| Assigned for capital expenditures          | 804,940                     |
| Unassigned                                 | <u>6,146,407</u>            |
| <b>Total fund balance</b>                  | <b><u>9,665,532</u></b>     |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b><u>\$ 10,147,079</u></b> |

**TRUCKEE FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUND  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2016**

|                                         |              |
|-----------------------------------------|--------------|
| Total fund balances - governmental fund | \$ 9,665,532 |
|-----------------------------------------|--------------|

In governmental fund, only current assets are reported.  
In the statement of net position, all assets are reported,  
including capital assets and accumulated depreciation.

|                                        |           |
|----------------------------------------|-----------|
| Capital assets at historical cost, net | 5,952,787 |
|----------------------------------------|-----------|

|                                                                                     |           |
|-------------------------------------------------------------------------------------|-----------|
| Deferred outflows of resources are not reported in the fund<br>financial statements | 1,062,115 |
|-------------------------------------------------------------------------------------|-----------|

Long-term liabilities are not due and payable in the current period and, therefore  
are not reported in the funds. Those liabilities consist of:

|                               |                    |
|-------------------------------|--------------------|
| Accrued compensated absences  | (798,542)          |
| Deferred inflows of resources | (1,024,021)        |
| Net pension liability         | <u>(4,680,993)</u> |

|                                         |                      |
|-----------------------------------------|----------------------|
| Net position of governmental activities | <u>\$ 10,176,878</u> |
|-----------------------------------------|----------------------|

**TRUCKEE FIRE PROTECTION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

**REVENUES**

|                                                                    |                       |
|--------------------------------------------------------------------|-----------------------|
| Property taxes and assessments                                     | \$ 7,963,095          |
| Grant revenues                                                     | 45,849                |
| Mitigation fees                                                    | 657,899               |
| Ambulance service fees, net of contractual allowances of \$880,914 | 2,100,066             |
| Use of money and property                                          | 63,345                |
| Reimbursements                                                     | 666,291               |
| Miscellaneous                                                      | <u>77,801</u>         |
| <br>Total revenues                                                 | <br><u>11,574,346</u> |

**EXPENDITURES**

|                        |                       |
|------------------------|-----------------------|
| Current:               |                       |
| Salaries and benefits  | 8,189,996             |
| Services and supplies  | 1,819,127             |
| Capital outlay         | <u>442,893</u>        |
| <br>Total expenditures | <br><u>10,452,016</u> |

|                                            |                  |
|--------------------------------------------|------------------|
| <b>EXCESS OF REVENUE OVER EXPENDITURES</b> | <u>1,122,330</u> |
|--------------------------------------------|------------------|

|                                        |                  |
|----------------------------------------|------------------|
| <b>FUND BALANCE, BEGINNING OF YEAR</b> | <u>8,543,202</u> |
|----------------------------------------|------------------|

|                                  |                            |
|----------------------------------|----------------------------|
| <b>FUND BALANCE, END OF YEAR</b> | <u><u>\$ 9,665,532</u></u> |
|----------------------------------|----------------------------|

**TRUCKEE FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures, and Change in Fund Balances, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

|                            |              |
|----------------------------|--------------|
| NET CHANGE IN FUND BALANCE | \$ 1,122,330 |
|----------------------------|--------------|

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Governmental fund report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

|                                                                       |           |
|-----------------------------------------------------------------------|-----------|
| Capital outlay expenditures are therefore added back to fund balances | 442,893   |
| Depreciation expense not reported in governmental funds               | (594,060) |

The amounts below included in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

|                                |           |
|--------------------------------|-----------|
| Change in compensated absences | (102,982) |
| Change in pension liability    | 1,880,634 |

|                                                   |              |
|---------------------------------------------------|--------------|
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | \$ 2,748,815 |
|---------------------------------------------------|--------------|

**TRUCKEE FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1:      SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Accounting Policies**

The financial statements of the Truckee Fire Protection District (the District) are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The District's reporting applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principal Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

**B. New Accounting Pronouncements**

The following Governmental Accounting Standards Board (GASB) Statements were implemented during the 2015 fiscal year:

GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27 – The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014.

GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No 27. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014.

**C. Basis of Presentation**

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the District.

**TRUCKEE FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1:      SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Presentation (continued)**

The government-wide statements are prepared using the economic resources measurement focus. Governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

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

Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**Fund Financial Statements:**

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**D. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

**Revenues – Exchange and Non-exchange Transactions:**

**TRUCKEE FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1:      SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Basis of Accounting (continued)**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end for most revenues. For revenues from emergency transport, the District uses a one year availability period.

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

**Deferred Revenue:**

Deferred Revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as deferred revenue.

**Expenses/Expenditures:**

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available

**TRUCKEE FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1:      SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Basis of Accounting (continued)**

for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**E. Fund Accounting**

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

Major Governmental Funds:

- The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

**F. Budgets and Budgetary Accounting**

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

**G. Encumbrances**

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

**TRUCKEE FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1:      SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Deferred Compensation**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full time employees, permits deferment of a portion of current salary to future years. Benefits from the plan are not available to employees until termination, retirement, disability, death or unforeseeable emergencies. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The District does not meet the criteria for fiduciary fund reporting since it does not have either significant administrative involvement (e.g. custody) or perform the investment function. Therefore, the fair market value of the plan assets held by the Voya Retirement, Nationwide and Annuity Company, and CalPERS at June 30, 2016, in the amounts of \$1,618,778; \$228,787 and \$204,411, respectively, are not included in the District's financial statements.

**I. Accumulated Vacation and Sick Leave**

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The liabilities are recognized in the Statement of Net Position. Per the terms of the District's Memorandum of Understanding, sick leave time is 50% vested but only upon retirement from the District. The liability related to accrued vacation and sick leave benefits was \$798,542.

**J. Employee Retirement Plans**

**Plan Description and Funding Policy - CalPERS**

**Plan Description**

The Truckee Fire Protection District contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and District ordinance. Copies of CalPERS' annual financial report may be obtained from their executive Office – 400 P Street – Sacramento, CA 95814.

**Funding Policy**

Participants are required to contribute 9.0% for safety employees and 8.0% for miscellaneous employees of their annual covered salary. The District makes the contributions required of District employees on their behalf and for their account. The District is required to contribute at an actuarially determined rate; the 2015/2016

**TRUCKEE FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1:      SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J.      Employee Retirement Plans (continued)**

fiscal year rate was 13.763% for non-safety/miscellaneous employees, and 20.148% for safety employees, of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by CalPERS. The contribution rates under PEPRAs were 13% for safety and 7.25% for miscellaneous.

At June 30, 2016 the District reported a liability of \$4,680,993 in the Statement of Net Position for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, which was actuarially determined.

For the fiscal year ended June 30, 2016 the District recognized pension expense of \$818,519 in its Government-Wide financial statements. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

- Discount Rate/Rate of Return – 7.5%, net of investment expense
- Inflation Rate – 2.75%
- Salary increases – Varies by Entry Age and Service
- COLA Increases – up to 2.75%
- Post-Retirement Mortality – Derived using CalPERS' Membership Data for all Funds.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014. The long-term expected rate of return on pension plan investments, 7.5%, was determined using a building-block method in which best-estimate ranges of expected future real rates of return (Expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates

**TRUCKEE FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Employee Retirement Plans (continued)**

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

| <u>Asset Class</u>            | <u>Target Allocation</u> | <u>Long-term Expected<br/>Real Rate of Return</u> |
|-------------------------------|--------------------------|---------------------------------------------------|
| Global Equity                 | 47.0%                    | 5.71%                                             |
| Global Fixed Income           | 19.0%                    | 2.43%                                             |
| Inflation Sensitive           | 6.0%                     | 3.36%                                             |
| Private Equity                | 12.0%                    | 6.95%                                             |
| Real Estate                   | 11.0%                    | 5.13%                                             |
| Infrastructure and Forestland | 3.0%                     | 5.09%                                             |
| Liquidity                     | 2.0%                     | (1.05)%                                           |

The discount rate used to measure the total pension liability was 7.5 %. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension fund's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund's fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments, and was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%), than the current rate:

|                                                                  | <u>1% Decrease<br/>6.50%</u> | <u>Discount Rate<br/>7.5%</u> | <u>1% Increase<br/>8.5%</u> |
|------------------------------------------------------------------|------------------------------|-------------------------------|-----------------------------|
| District's proportionate share of the net pension plan liability | \$ 8,455,169                 | \$ 272,414                    | \$ 2,664,519                |

**TRUCKEE FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1:      SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Employee Retirement Plans (continued)**

Detailed information about the pension fund's fiduciary net position is available in the separately issued CalPERS comprehensive annual financial report which may be obtained by contacting CalPERS.

**K. Property Tax**

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

**L. Assets, Liabilities, and Equity**

**1. Capital Assets**

Capital Assets are those purchased or acquired with an original cost of \$500 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

| <u>Asset</u>             | <u>Years</u> |
|--------------------------|--------------|
| Buildings & Improvements | 10-45        |
| Equipment                | 1-40         |
| Vehicles                 | 5-20         |

**2. Deferred Revenue**

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures. At June 30, 2016, the District reported no Deferred Revenues.

**TRUCKEE FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1:      SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**L. Assets, Liabilities, and Equity (continued)**

**3.   Long-Term Obligations**

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

**4.   Revenue Limit/Property Tax**

The District's revenue limit is received from a combination of local property taxes, state apportionments, and other local sources.

The County is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll – approximately October 1 of each year.

**5.   Net Position**

The government-wide financial statements utilize a net position presentation. Net position is categorized as invested capital assets (net of related debt), restricted and unrestricted.

- Invested in Capital Assets, Net of Related Debt – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted Net Position – This category presents external restrictions imposed by creditors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This category represents net position of the District not restricted for any project or other purpose.

**TRUCKEE FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1:      SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**L. Assets, Liabilities, and Equity (continued)**

**6. Fund Balance Reserves and Designations**

Under GASB 54, fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are now broken out in five categories:

- Nonspendable Fund Balance – this fund balance classification includes amounts that cannot be spent because they are either not in spendable form (i.e. – prepaid expenses) or legally or contractually required to be maintained intact.
- Restricted Fund Balance – this fund balance classification should be reported when there are constraints placed on the use of resources externally (by creditors, grant sources, contributors, etc.) or imposed by law or enabling legislation.
- Committed Fund Balance – this fund balance classification can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (i.e. – fund balance designations passed by board resolution).
- Assigned Fund Balance – this fund balance classification are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned Fund Balance – this fund balance classification is the residual classification for the general fund.

**7. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles (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 expenditures during the reporting period. Actual results could differ from those estimates.

**8. Revenue Recognition**

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

**TRUCKEE FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1:      SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**L. Assets, Liabilities, and Equity (continued)**

**9. Allowance for Doubtful Accounts**

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

At June 30, 2016, accounts receivable consists of:

|                                     |                     |
|-------------------------------------|---------------------|
| Ambulance service receivables       | \$ 1,483,080        |
| Other receivables                   | 389,267             |
|                                     | <hr/> 1,872,347     |
| Less allowance for doubtful amounts | (699,459)           |
|                                     | <hr/>               |
| Net accounts receivable             | <u>\$ 1,172,888</u> |

**NOTE 2:      CASH AND INVESTMENTS**

The District follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures. Cash and investments consist of the following at June 30, 2016:

|                                                         |                           |
|---------------------------------------------------------|---------------------------|
| Investments in State Treasurer's Investment Pool (LAIF) | \$ 8,016,616              |
| Deposits held in financial institutions                 | 606,203                   |
| Petty cash                                              | 224                       |
| Total                                                   | <hr/> <u>\$ 8,623,043</u> |

**A. Custodial Credit Risk**

The bank balances are insured by the FDIC for \$250,000 and the remaining was collateralized, as required by California Government Code 53630, by the pledging financial institution with assets held in a common pool for the District and other governmental agencies. State law requires that the collateral be equal or greater than 100% of all public deposits held with the pledging financial institution if government securities are used or 150% if mortgages are used as the collateral.

**B. Authorized Investments**

California statutes authorize the District to invest idle or surplus funds in a variety of credit instruments as provided for in California Government Code Section 53600, Chapter 4 – Financial Affairs.

**TRUCKEE FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

**B. Authorized Investments (continued)**

The Government Code allows investments in the following instruments:

- Securities of the United States Government, or its agencies
- Small Business Administration loans
- Certificates of Deposit (or Time Deposits) placed with commercial banks and/or savings and loan companies
- Negotiable Certificates of Deposit
- Banker's Acceptances
- Commercial paper and medium-term corporate notes
- Local Agency Investment Fund (State Pool and County Pool) Demand Deposits
- Repurchase Agreements (Repos)
- Passbook savings Account Demand Deposits
- Reverse Repurchase Agreements
- County Cash Pool

**C. Investments**

The District has adopted provisions of Governmental Accounting Standards Board (GASB) 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." GASB 31 establishes accounting and financial standards for investments in interest-earning investment contracts, external investment pools, and mutual funds. The statement requires all applicable investments to be reported at fair value on the balance sheet. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced sale. All investment income, including change in fair market of investments, is recognized as revenue in the operating statement.

The State Treasurer's Local Agency Investment Fund (LAIF) is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee, comprised of California State officers and various participants, provides oversight to the management of the fund. The District is a voluntary participant in the investment pool. The District reports its investment in the LAIF at the fair value provided by the State Treasurer, which is not materially different than cost. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are on an amortized costs basis. Included in the LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating securities issued by federal agencies, government sponsored enterprises, and corporations.

**TRUCKEE FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of the year-end, the weighted average maturity of the investments contained in the LAIF investment pool is approximately 10.5 months.

**E. Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The LAIF does not have a rating provided by a nationally recognized statistical rating organization.

**NOTE 3: CAPITAL ASSETS**

Changes in general fixed assets for the year ended June 30, 2016, are as follows:

|                                              | Balance<br>July 1, 2015 | Additions          | Deletion    | Balance<br>June 30, 2016 |
|----------------------------------------------|-------------------------|--------------------|-------------|--------------------------|
| Capital Assets, Not Being Depreciated:       |                         |                    |             |                          |
| Land                                         | \$ 1,317,135            | \$ -               | \$ -        | \$ 1,317,135             |
| Total Capital Assets, Not Being Depreciated  | <u>1,317,135</u>        | <u>-</u>           | <u>-</u>    | <u>1,317,135</u>         |
| Capital Assets, Being Depreciated:           |                         |                    |             |                          |
| Structures, improvements & equipment         | 10,886,978              | 442,893            | -           | 11,329,871               |
| Total Capital Assets, Being Depreciated      | <u>10,886,978</u>       | <u>442,893</u>     | <u>-</u>    | <u>11,329,871</u>        |
| Less Accumulated Depreciation for:           |                         |                    |             |                          |
| Structures, Improvements & equipment         | (6,100,159)             | (594,060)          | -           | (6,694,219)              |
| Total Accumulated Depreciation               | <u>(6,100,159)</u>      | <u>(594,060)</u>   | <u>-</u>    | <u>(6,694,219)</u>       |
| Total Capital Assets, Being Depreciated, Net | <u>4,786,819</u>        | <u>(151,167)</u>   | <u>-</u>    | <u>4,635,652</u>         |
| Governmental Activities Capital Assets, Net  | <u>\$ 6,103,954</u>     | <u>\$(151,167)</u> | <u>\$ -</u> | <u>\$ 5,952,787</u>      |

Total depreciation expense charged to public safety for the year was \$594,060.

**TRUCKEE FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 4: LONG-TERM DEBT**

The following is a summary of long-term liability transactions for the year ended June 30, 2016:

|                       | Balance<br>July 1, 2015 | Additions         | Deletions         | Balance<br>June 30, 2016 |
|-----------------------|-------------------------|-------------------|-------------------|--------------------------|
| Compensated absences  | \$ 695,560              | \$ 102,982        | \$ -              | \$ 798,542               |
| Net pension liability | 5,623,699               | -                 | 942,706           | 4,680,993                |
| <b>TOTAL</b>          | <b>\$ 6,319,259</b>     | <b>\$ 102,982</b> | <b>\$ 942,706</b> | <b>\$ 5,479,535</b>      |

**NOTE 5: JOINT POWERS AGREEMENT**

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

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

The District has joined together with other special districts within the state to form the Special District Risk Management Authority (SDRMA). The District pays estimated annual premiums to SDRMA based upon estimated payroll classified into rate categories pursuant to the rules published by the California Worker's Compensation Insurance Rating Bureau. Actual premium due is determined after the fiscal year end and is based upon actual payroll. SDRMA 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. SDRMA agrees to pay all amounts legally required by California workers' compensation laws. The amounts of settlements have not exceeded coverage provided by SDRMA for the last three fiscal years.

**NOTE 6: POST-RETIREMENT BENEFITS**

*Plan Description*

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

For the year ended June 30, 2016, 19 retirees received health benefits. Expenditures for post-employment health care benefits are recognized as the premiums are paid.

**TRUCKEE FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 6: POST-RETIREMENT BENEFITS (CONTINUED)**

During the year ended June 30, 2016, expenditures of \$456,954 were recognized for post-employment health care benefits.

*Funding Policy*

The required contribution is based on projected pay-as-you-go financing requirements, with an amount of funding the actuarial accrued liability as determined annually by the Board. For the fiscal year ended June 30, 2016, the District contributed the annual required contribution in the amount of \$456,954.

*Annual OPEB Cost and Net OPEB Obligation*

The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

|                                         |                  |
|-----------------------------------------|------------------|
| Annual required contribution            | \$ 456,954       |
| Contributions made                      | <u>(456,954)</u> |
| Increase in net OPEB obligation         | -                |
| Net OPEB obligation – beginning of year | <u>-</u>         |
| Net OPEB obligation – end of year       | <u>\$ -</u>      |

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2015 is as follows:

| Fiscal Year<br>Ended | Annual<br>OPEB Cost | Percentage<br>of Annual<br>OPEB Cost<br>Contributed | Net OPEB<br>Obligation |
|----------------------|---------------------|-----------------------------------------------------|------------------------|
| June 30, 2016        | \$ 456,954          | 100%                                                | \$ -                   |

**TRUCKEE FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 6: POST-RETIREMENT BENEFITS (CONTINUED)**

*Funded Status and Funding Process*

As of July 1, 2015, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$5,614,866, \$3,030,221 of which was unfunded. The covered payroll (payroll of active employees covered by the plan) was \$3,373,589 and the ratio of the UAAL to the covered payroll was 62.99 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date and an annual healthcare cost trend rate at 4% initially. An inflation rate of 2.75% was used. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2016, was twenty-two years.

**NOTE 7: LONG-TERM OPERATING LEASE AGREEMENTS**

The District has one long-term operating lease agreement that is on a month to month agreement. The previous operating leases all expired and the related equipment was purchased.

**TRUCKEE FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 8: DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

Pursuant to GASB Statement No. 63 (defined in footnote No. 1); the District recognized deferred outflows of resources in the government-wide and proprietary fund statements. These items are a consumption of net position by the District that is applicable to a future reporting period.

The District has one item that is reportable on the Government-wide Statement of Net Position as Deferred Outflows of Resources which is related to pensions. The total is \$1,062,115. This will be entirely recognized as an expense for the June 30, 2016 recognition period.

The District also recognized deferral inflows of resources in the government-wide financial statements. This is an acquisition of net position by the District that is applicable to a future reporting period. The District has one item related to pensions that is captured as a deferred inflow of resources. The total at year-end was \$1,024,021.

Under the modified accrual basis of accounting, it is not enough that revenue is earned; it must also be available to finance expenditures of the current period. Governmental funds will therefore include deferred inflows of resources for amounts that have been earned but are not available to finance expenditures in the current period.

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

\$1,024,021 was reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year-end June 30, 2017.

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

| Year Ending June 30, | Amount              |
|----------------------|---------------------|
| 2017                 | \$ 483,230          |
| 2018                 | 483,230             |
| 2019                 | 431,810             |
| 2020                 | (374,250)           |
| Total                | <u>\$ 1,024,021</u> |

**TRUCKEE FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 9:      SUBSEQUENT EVENTS**

The District has reviewed events through September 22, 2016. No matters have been noted that would materially affect the carrying balances of district assets and liabilities at June 30, 2016.

## **REQUIRED SUPPLEMENTARY INFORMATION SECTION**

**TRUCKEE FIRE PROTECTION DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016**

|                                             | <b>Budgeted Amounts</b> |                     |                     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------------|-------------------------|---------------------|---------------------|---------------------------------------------------------|
| <b>REVENUES</b>                             | Original                | Final               | Actual              |                                                         |
| Property taxes and assessments              | \$ 6,724,092            | \$ 6,724,092        | \$ 7,963,095        | \$ 1,239,003                                            |
| Grant revenues                              | -                       | 34,500              | 45,849              | 11,349                                                  |
| Mitigation fees                             | 1,000,130               | 1,000,130           | 657,899             | (342,231)                                               |
| Ambulance service fees, net                 | 1,675,000               | 1,750,000           | 2,100,066           | 350,066                                                 |
| Use of money and property                   | 39,486                  | 39,486              | 63,345              | 23,859                                                  |
| Reimbursements                              | 196,000                 | 326,000             | 666,291             | 340,291                                                 |
| Miscellaneous                               | 72,000                  | 72,000              | 77,801              | 5,801                                                   |
| <b>Total revenues</b>                       | <b>9,706,708</b>        | <b>9,946,208</b>    | <b>11,574,346</b>   | <b>1,628,138</b>                                        |
| <b>EXPENDITURES</b>                         |                         |                     |                     |                                                         |
| Current:                                    |                         |                     |                     |                                                         |
| Salaries and benefits                       | 7,289,478               | 7,406,978           | 7,600,360           | (193,382)                                               |
| Communications                              | 180,100                 | 180,100             | 155,069             | 25,031                                                  |
| Household                                   | 8,500                   | 8,500               | 11,014              | (2,514)                                                 |
| Insurance                                   | 346,000                 | 305,000             | 391,440             | (86,440)                                                |
| Repairs and maintenance                     | 158,500                 | 158,500             | 282,015             | (123,515)                                               |
| Memberships                                 | 13,000                  | 13,000              | 14,222              | (1,222)                                                 |
| Office expense                              | 15,000                  | 15,000              | 15,236              | (236)                                                   |
| Professional and special services           | 273,800                 | 273,800             | 290,478             | (16,678)                                                |
| Publications                                | 14,000                  | 14,000              | 6,184               | 7,816                                                   |
| Prevention Bureau                           | 56,000                  | 56,000              | 66,720              | (10,720)                                                |
| Training and travel                         | 65,000                  | 65,000              | 99,197              | (34,197)                                                |
| Fuel                                        | 98,000                  | 98,000              | 61,934              | 36,066                                                  |
| Rents and equipment leases                  | 60,630                  | 60,630              | 465                 | 60,165                                                  |
| Utilities                                   | 115,700                 | 115,700             | 112,566             | 3,134                                                   |
| Medical supplies                            | 50,000                  | 50,000              | 55,055              | (5,055)                                                 |
| Billing                                     | 90,500                  | 90,500              | 102,624             | (12,124)                                                |
| Bad debt                                    | 517,000                 | 600,000             | 608,000             | (8,000)                                                 |
| Clothing                                    | 35,000                  | 35,000              | 36,816              | (1,816)                                                 |
| Miscellaneous                               | 4,000                   | 4,000               | (47,015)            | 51,015                                                  |
| Hazmat                                      | -                       | -                   | -                   | -                                                       |
| Capital outlay and expendable equipment     | 316,500                 | 346,500             | 589,636             | (243,136)                                               |
| <b>Total expenditures</b>                   | <b>\$ 9,706,708</b>     | <b>\$ 9,896,208</b> | <b>10,452,016</b>   | <b>\$ (555,808)</b>                                     |
| <b>Excess of revenues over expenditures</b> |                         |                     | <b>\$ 1,122,330</b> |                                                         |

**TRUCKEE FIRE PROTECTION DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 1:      Budgetary Basis of Accounting**

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

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

The budgeted amounts shown have been prepared on a budgetary basis which differs from generally accepted accounting principles.

**TRUCKEE FIRE PROTECTION DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
POST-EMPLOYMENT BENEFITS  
FOR THE YEAR ENDED JUNE 30, 2016**

| Actuarial<br>Valuation<br>Date | Actuarial<br>Valuation<br>of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL<br>as a %<br>of<br>Covered<br>Payroll<br>((b-a)/c) |
|--------------------------------|-----------------------------------------------|---------------------------------------------------|------------------------------------|--------------------------|---------------------------|---------------------------------------------------------|
| 1/1/2011                       | \$ 530,456                                    | \$4,403,589                                       | \$3,873,133                        | 12.05%                   | \$3,373,589               | 97.85 %                                                 |
| 7/1/2013                       | \$1,730,008                                   | \$5,799,708                                       | \$4,069,700                        | 29.08%                   | \$3,373,589               | 120.63%                                                 |
| 7/1/2015                       | \$2,584,645                                   | \$5,614,866                                       | \$3,030,221                        | 46.03%                   | \$4,810,907               | 62.99%                                                  |

1. This information is intended to help users assess the OPEB funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits and make comparisons with other public employers.

**TRUCKEE FIRE PROTECTION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION - PENSION  
FOR THE YEAR ENDED JUNE 30, 2016**

Truckee Fire Protection District – Schedule of the District’s proportionate share of the Net Pension Liability:

Last 10 Fiscal years\*:

|                                                                                                             | FY 2014        | FY 2015        |
|-------------------------------------------------------------------------------------------------------------|----------------|----------------|
| District’s proportion of the net pension liability                                                          | Varies by plan | Varies by plan |
| District’s proportionate share of the net pension liability                                                 | \$ 5,623,699   | \$ 5,272,414   |
| District’s covered employee payroll                                                                         | 3,755,590      | 3,984,305      |
| District’s proportionate share of the net pension liability as a percentage of its covered-employee payroll | 149.74%        | 132.33%        |
| Plan Fiduciary net position as a percentage of the total pension liability                                  | 81.75%         | 85.32%         |

\*Amounts presented above were determined as of 6/30.

Additional years will be presented as they become available.

**CALPERS - Schedule of District contributions**

Last 10 Fiscal Years\*:

|                                                           | FY 2014      | FY 2015      |
|-----------------------------------------------------------|--------------|--------------|
| Actuarially determined contribution                       | \$ 1,011,829 | \$ 992,374   |
| Total actual contributions                                | 1,011,829    | 992,374      |
| Contribution deficiency (excess)                          | \$ -         | \$ -         |
| District’s covered-employee payroll                       | \$ 3,755,590 | \$ 3,984,305 |
| Contributions as a percentage of covered employee payroll | 26.94%       | 24.91%       |