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& COMPANY**  
Certified Public Accountants



**FINANCIAL REPORT**  
With  
Independent Auditor's Report Theron  
June 30, 2025

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

ANNUAL FINANCIAL REPORT

June 30, 2025

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor’s Report.....	1-3
Management’s Discussion and Analysis.....	4-13
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	14
Statement of Activities.....	15
Government Funds Financial Statements:	
Governmental Funds Balance Sheet.....	16
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.....	17
Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances.....	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities and Changes in Net Position.....	19
Notes to Financial Statements.....	20-41
Required Supplementary Information:	
General Fund – Budget versus Actual.....	42
Capital Improvement Fund – Budget versus Actual.....	43
Required Pension Information.....	44
Required Other Postemployment Benefits (OPEB) Information.....	45
Notes to Required Supplementary Information.....	46
Other Reporting Required by Government Auditing Standards:	
Independent 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.....	47-48
Schedule of Findings and Responses.....	49-50

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Nevada County Consolidated Fire District  
Nevada City, California

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Nevada County Consolidated Fire District (District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2025, 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 Opinion

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. 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 Nevada County Consolidated Fire 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 Nevada County Consolidated Fire 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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


### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and required pension and OPEB information on pages 4-13 and 42-46 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Fechter & Company  
Certified Public Accountants

  
Sacramento, California  
February 19, 2026

## NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

As management of the Nevada County Consolidated Fire District (the District), our discussion and analysis of the financial performance of the District offers readers of these financial statements an overview of the District's financial activities for the year ended June 30, 2025, based on currently known facts, decisions, or conditions, as well as a comparative analysis of changes in the District's financial position between fiscal year 2024-2025 and fiscal year 2023-2024.

We encourage readers to consider the information presented here in conjunction with the District's financial statements.

#### **Financial Highlights**

- The assets of the District exceeded its liabilities by \$2,432,997 (net position) at the close of fiscal year 2024-2025. Unrestricted net position, which is normally used to meet the District's ongoing obligations to its creditors, was \$(2,496,261) at June 30, 2025.
- The District's total net position decreased by \$41,264. Revenues of \$10,905,889 were lower than expenditures of \$10,947,153 by \$41,264.
- Short-term liabilities (accounts payable, interest, and accrued expenses) decreased \$57,840. The District's long-term liabilities decreased by \$591,647 (paydown of loans, leases and decrease in pension and OPEB liabilities). Total liabilities for the District decreased by \$604,767.
- At the close of the year ended June 30, 2025, the District's governmental funds reported a combined ending fund balance of \$4,449,111, an decrease of \$219,872 from the June 30, 2024 ending fund balance.

#### **Using This Annual Report – Overview of the Financial Statements**

This report consists of several basic financial statements. The Statement of Net Position and the Statement of Activities (Pages 14 and 15, respectively) provide information about the financial activities of the District and present a longer-term view of the District's finances. These statements provide information about the financial activities of the District in a manner similar to private sector companies.

The Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (Pages 16 and 18, respectively) illustrate how the governmental-type activities were financed in the short-term, as well as what funds remain for future spending. These financial statements also report the District's operations in more detail than government-wide statements by providing information about the District's individual funds.

Financial statement notes are an important part of the basic financial statements. They provide the readers additional information required by Generally Accepted Accounting Principles.

## NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

#### Government-wide Financial Statements

The financial statements for the District are on Pages 14 and 15. The reports provide readers with a broad overview of the District as a whole and about its activities for the current period. They include all assets and liabilities using the accrual basis of accounting. In this method, all the current year's revenues and expenses are considered regardless of when cash is paid or received.

The Statement of Net Position represents the difference between all the District's assets and liabilities and the Statement of Activities reports the changes in net position during the fiscal year. Examining net position is an effective way to measure the District's financial health or position. Increases and decreases in net position are a good indicator of whether the District's financial position is improving or deteriorating.

#### Condensed Schedule of Net Position

	2025	Restated 2024	Increase/ (Decrease)	% Change
<b>Assets:</b>				
Current & other	\$ 5,029,991	\$ 4,985,613	\$ 44,378	1%
Right-to-use assets	2,362	9,448	(7,086)	100%
Capital assets	5,723,194	5,649,086	74,108	1%
Total Assets	<u>10,755,547</u>	<u>10,644,147</u>	<u>111,400</u>	1%
<b>Deferred Outflows of Resources</b>	3,100,088	4,345,321	(1,245,233)	-29%
<b>Liabilities:</b>				
Current	883,335	896,455	(13,120)	-1%
Long-term	10,088,992	10,680,639	(591,647)	-6%
Total Liabilities	<u>10,972,327</u>	<u>11,577,094</u>	<u>(604,767)</u>	-5%
<b>Deferred Inflows of Resources</b>	450,311	938,112	(487,801)	-52%
<b>Net Position:</b>				
Net investment in capital assets	4,579,491	4,189,234	390,257	9%
Restricted	349,767	280,608	69,159	25%
Unrestricted	(2,496,261)	(1,995,581)	(500,680)	25%
Total Net Position	<u>\$ 2,432,997</u>	<u>\$ 2,474,261</u>	<u>\$ (41,264)</u>	-2%

The prior year was restated to incorporate the cumulative effect of the adoption of GASB 101 of \$532,786 as of June 30, 2023 and a change in FY24 expense of \$146,277.

## NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

For the fiscal year 2024-2025, net position was \$2,432,997, a decrease of \$41,265, or 2%. Total net position included \$349,767 in restricted assets (development fees restricted for future capital purchases and post-employment pension trust) and \$2,496,261 in unrestricted net deficit.

#### Statement of Activities and Changes in Net Position

	2025	Restated 2024	Increase/ (Decrease)	% Change
Total Revenues	\$ 10,905,889	\$ 9,314,034	\$ 1,591,855	17%
Total Expenses	(10,947,153)	(10,685,687)	(261,466)	2%
Excess (Deficiency)	(41,264)	(1,371,653)	1,330,388	-97%
Beginning Net Position	2,474,261	3,845,914	(1,371,653)	-36%
Ending Net Position	<u>\$ 2,432,997</u>	<u>\$ 2,474,261</u>	<u>\$ (41,264)</u>	-2%

Total revenues and expenses for fiscal year 2024-2025 were higher than the prior year. Fiscal year 2024-2025 expenses exceeded revenues by \$41,264.

A comparison of revenues for the year ended June 30, 2025 to the revenues for the year ended June 30, 2024 is as follows:

	2025	2024	Increase/ (Decrease)	% Change
<b><u>Revenues</u></b>				
General Revenues:				
Property taxes	\$ 4,146,840	\$ 4,049,760	\$ 97,080	2%
State taxes	490,692	495,141	(4,449)	-1%
Special assessments	3,488,759	3,342,560	146,199	4%
Mitigation fees	58,292	107,749	(49,457)	-46%
Interest income	101,628	107,719	(6,091)	-6%
Other revenue	11,380	5,640	5,740	102%
Subtotal	<u>8,297,591</u>	<u>8,108,569</u>	<u>189,022</u>	2%
Program Revenues:				
Reimbursements	2,392,913	1,089,241	1,303,672	120%
Operating grants	100,082	67,164	32,918	49%
Gain/(loss) on disposal of assets	115,303	49,060	66,243	100%
Total Revenue	<u>\$ 10,905,889</u>	<u>\$ 9,314,034</u>	<u>\$ 1,591,855</u>	17%

Property tax revenues increased in fiscal year 2024-2025 due to additional improved parcels and a slight increase of property values. The special tax and benefit assessment revenue increased by 3% approved by the board. Program revenues increased mostly due to an increase in reimbursements related to operating expenses at Rough and Ready Station 59 and vehicle repair for outside agencies.

## NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

A comparison of expenses for the year ended June 30, 2025 to the expenses for the year ended June 30, 2024 is as follows:

<u>Expenses</u>	<u>2025</u>	<u>Restated 2024</u>	<u>Increase/ (Decrease)</u>	<u>% Change</u>
Salaries, wages, and benefits	\$ 8,839,154	\$ 8,732,449	\$ 106,705	1%
Insurance	167,284	146,181	21,103	14%
Supplies	98,583	67,695	30,888	46%
Professional services	191,742	163,640	28,102	17%
Tools	23,394	34,121	(10,727)	-31%
Maintenance	396,293	346,941	49,352	14%
Communications	34,167	32,048	2,119	7%
Utilities and fees	175,968	171,517	4,451	3%
Special district expense	101,512	94,950	6,562	7%
Prevention	17,490	37,089	(19,599)	-53%
Fire agency	160,291	149,636	10,655	7%
Training	108,769	96,727	12,042	12%
Uniforms and PPE	125,856	127,483	(1,627)	-1%
Miscellaneous	40,516	19,557	20,959	107%
Interest	65,001	33,219	31,782	96%
Depreciation and amortization	401,133	432,434	(31,301)	-7%
Total Expenses	<u>\$ 10,947,153</u>	<u>\$ 10,685,686</u>	<u>\$ 261,467</u>	2%

Salaries, wages, and benefits expenses for fiscal year 2024-2025 were \$106,705 more than fiscal year 2023-2024. Major components of the increases were:

- An increase in overtime

Other expense categories increased or decreased as part of a normal ebb and flow between years. The expense categories with major changes were:

- Supplies, extra needs provided to stations
- Professional services, HR consultants, Independent Medical Examiners and Reorganization Consultants
- Strike Team Non-Labor Expenses

## NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2025

### **Fund Financial Statements**

The fund financial statements are on pages 16 through 19 and provide information about the District's individual funds, not the District as a whole.

The District's services are reported in two governmental funds to help control and manage the financial activities for particular purposes: the Operating Fund and the Building and Equipment Fund (Reserves) are combined in the General Fund, and the Capital Improvement Fund (AB1600 – Mitigation or Development Fees). These governmental funds focus on how money flows into and out of the District and are used to help control and manage the financial activities of the District's specific purposes, as well as show that the District is meeting its legal responsibilities. The governmental fund statements provide a short-term view of the District's general government operations and the basic services it provides.

Governmental fund information helps the financial statement reader determine whether there are more or fewer financial resources that can be spent in the near future. The relationship between governmental activities and governmental funds is described on page 17 and 19, Reconciliation of Government-Wide and Fund Financial Statements.

### **Financial Analysis of the Governmental Funds**

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the reporting on the District's governmental funds is to provide information on short-term inflow, outflow, and balances of spendable resources. Such information is useful in assessing the District's financing requirements, as it indicates a pattern of expenditures vs. funds available to spend. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

For the year-ended June 30, 2025, the District's governmental funds reported combined ending fund balances of \$4,449,111, a decrease of \$219,872 over the prior year. The unassigned fund balance of the General Fund is normally available for spending at the District's discretion, while the remainder of the fund balance may not necessarily be available for new spending if it has already been committed. The unassigned fund balance of the General Fund is \$2,647,600 at June 30, 2025.

## NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2025

### **Budget vs. Actual**

The Statement of Revenues, Expenditures, and Changes in Fund Balances Budget vs Actual on pages 42 and 43 shows a comparison for the General Fund and the Capital Improvement Fund. The budget is based on anticipated cash flows, while actual amounts are accrual based. The results are potential variances, as later noted. Revenues, consisting primarily of property taxes and parcel taxes/assessments, are budgeted at the level expected to be collected during the year and expenditures at a level not exceeding expected revenues plus the unexpended balance remaining from the previous fiscal year (beginning cash balance). Revenues for the General Fund were \$1,901,005 over budget and expenditures, were over budget by \$1,457,553. Revenues for the Capital Improvement Fund were \$70,015 under budget and expenditures were under budget by \$160,417. These figures do not include beginning cash balances.

General Fund: Actual revenues were over budget by \$1,901,005 due to strike team activity and reimbursements from operating costs for Rough and Ready station temporarily. Actual expenses were over budget by \$1,457,553, primarily due to operating costs for Rough and Ready Fire Station 59, and overtime costs due to long-term injuries and vacancies. There were also variances in various other accounts.

Capital Improvement Fund: Actual revenues were under budget by \$70,015. Revenues come from AB1600 mitigation fees. Expenses were under budget by \$160,417.

### **Special Tax Funds Collected and Expended**

The special tax was used solely for the purpose of providing fire protection, both prevention and suppression, and for emergency medical response services within the District, and for responses outside of the District under automatic/mutual aid agreements with other fire suppression or emergency service agencies, and for incidental expenses related to the collection of the tax. This amount is included as part of the special assessments and taxes recorded in the general fund.

In the fiscal year ending June 30, 2025, the District received \$1,084,004 from the 2012 Special Tax and \$5,179 in interest. These funds were used as follows:

1. County administrative fees of \$8,147.
2. Operating expenses in the areas of personnel, facility, and equipment of \$1,076,480.
3. Fund balance increased \$4,061.

## NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

#### Capital Asset and Debt Administration Capital Assets

At the end of fiscal year 2024-2025, the District had \$4,579,491 invested in a range of right-of-use and capital assets, including land, structures, vehicles, and equipment, net of debt. This is a \$390,257 increase from the prior fiscal year. Depreciation expense was recorded, reducing capital asset values.

	2025	2024	Increase/ (Decrease)	% Change
Right-to-use assets - vehicles	\$ 2,362	\$ 9,448	\$ (7,086)	100%
Land, structures, improvements and construction in progress	\$ 3,556,953	\$ 3,312,019	\$ 244,934	7%
Vehicles	1,645,094	1,830,262	(185,168)	-10%
Equipment	521,147	506,805	14,342	3%
	<u>\$ 5,723,194</u>	<u>\$ 5,649,086</u>	<u>\$ 74,108</u>	1%

Additional details regarding capital assets is in Note 6 of the "Notes to Basic Financial Statements".

#### Debt Administration

The District has the following debt and lease obligations:

#### Outstanding Debt at Year End

	2024-2025	2023-24	Increase/ (Decrease)	% Change
West America	\$ -	\$ 58,758	\$ (58,758)	-100%
West America	152,141	179,191	(27,050)	-15%
PNC - E88	131,868	261,290	(129,422)	-50%
Municipal Finance	858,394	960,613	(102,219)	100%
Buckmaster Copier	3,662	7,168	(3,506)	100%
	<u>\$ 1,146,065</u>	<u>\$ 1,467,020</u>	<u>\$ (320,955)</u>	-22%

West America – The first debt obligation is for the purchase of a new rescue vehicle which required payments through April 2025 and was paid off during FY25. The second debt obligation is for the purchase of a new water tender which requires payments through September 2029.

PNC E88 – The debt obligation is for the purchase of a water pumper vehicle during the prior fiscal year, requiring payments through February 2026.

## NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

Municipal Finance – The debt obligation is for the purchase of a water pumper vehicle during the current fiscal year, requiring payments through February 2032.

Buckmaster Copier – The debt obligation is for the 3-year operating lease of a copy machine that started in August 2023.

Additional detail regarding the District's debt is in Note 7 of the Notes to Financial Statements.

### Economic Factors and Next Year's Budget

#### Current Fiscal Situation

In fiscal year 2024-2025, the District's financial position remained stable. Management continues to monitor fund balance levels to ensure compliance with Board policy and to maintain adequate reserves.

Although financial stability was maintained during the fiscal year, the District anticipates ongoing fiscal pressure in the future. As personnel-related costs represent the District's largest expenditure category, changes in wages, benefits, and related liabilities will be closely monitored during budget development and long-term forecasting. Capital and operational needs remain ongoing, including vehicle and equipment replacement and required training.

#### CalPERS Retirement Program

The District currently provides CalPERS retirement plans for four basic employee groups: Safety Classic (3% at age 55), Safety Non-Classic (2.7% at age 57), Miscellaneous Classic (3% at age 60) and Miscellaneous Non-Classic (2% at age 62). The distinction of Classic are CalPERS members prior to January 1, 2013 and Non-Classic are CalPERS members January 1, 2013 and thereafter. Since our plans each had fewer than 100 active members as of June 30, 2003, we were required to participate in a risk pool.

The unfunded asset liability (UAL) for the District plans, as of the following measurement dates are:

	Accounting Valuation - GASB 68		Actuarial Valuation	
	6/30/2024	6/30/2023	6/30/2024	6/30/2022
Safety	\$ 7,956,760	\$ 8,124,568	\$ 8,990,666	\$ 9,227,986
Misc.	486,163	487,615	534,739	542,759
Total	<u>\$ 8,442,923</u>	<u>\$ 8,612,183</u>	<u>\$ 9,525,405</u>	<u>\$ 9,770,745</u>

## NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

GASB 68 modified the reporting requirements for UAL. For accounting valuations, the fiduciary net position includes, if applicable, deficiency reserves, fiduciary self-insurance and OPEB expenses. These amounts are excluded for rate setting in the funding actuarial valuation. Differences may also result from early CAFR closing and final reconciled reserves.

In 2018, CalPERS changed the amortization schedule for new gains and losses being added to the unfunded pension liability. Effective June 30, 2020, the amortization period was shortened from 30 years to 20 years, and the five-year ramp-up and ramp-down will be eliminated. This will result in higher unfunded pension liability payments in the future.

In 2021, CalPERS reduced the discount rate from 7% to 6.80% as part of its Funding Risk Mitigation Policy. This change was made to reduce risk in the portfolio during years of good investment returns. In 2024, it increased slightly to 6.90%, despite the recent investment returns of 9.3% to 11.6% in the last two fiscal years.

The District's management continues to carefully monitor the condition of our pension funds and the discount rate. It is not possible to accurately predict the market's future impact on CalPERS, but prior volatile investment returns and resulting discount rate reduction shows the cause and effect relationship.

#### **Other Post-employment Benefits (OPEB)**

The District adopted a Retiree Health Premium Reimbursement Plan (OPEB Plan) effective July 1, 2023. The OPEB Plan provides reimbursement of healthcare costs to eligible retirees. Active employees become eligible to receive the District-paid benefit upon eligibility for retirement through CalPERS.

The District provides a flat dollar reimbursement of health care premiums to eligible retirees. Retirees must obtain their own healthcare and submit expenses for reimbursement. The District-paid benefit amount is subject to a monthly cap amount and will not exceed the reimbursement. The District-paid benefit will be provided for a maximum of 10 years and will not extend beyond the attainment of age 65.

The Districts OPEB liability as of June 30, 2025 is \$270,123.

#### **Other Fiscal Matters**

As always, the District actively pursues as many sources of funding as are available to us (including grants) to ensure that, during these changing economic times, our level of service to the public remains at the highest level we have all come to expect.

## NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2025

### **Requests for Information**

This financial report is designed to provide a general overview of the Nevada County Consolidated Fire District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Fire Chief, C/O Nevada County Consolidated Fire District, 640 Coyote Street, Nevada City, California, 95959.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**NEVADA COUNTY CONSOLIDATED FIRE DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

**Assets**

Current assets:

Cash and investments	\$	4,234,797
Post-employment trust - restricted		22,429
Accounts receivable		771,150
Deposits and prepaid expenses		1,615
Total current assets		5,029,991

Right-to-use asset, net		2,362
Capital assets, net		5,723,194
Total assets		10,755,547

**Deferred Outflows**

Pension		3,100,088
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**Liabilities**

Current liabilities:

Accounts payable and accruals		98,003
Accrued payroll liabilities		122,041
Accrued interest		32,693
Current portion of compensated absences		360,075
Current portion of lease liabilities		3,662
Current portion of notes payable		266,860
Total current liabilities		883,334

Long-term liabilities:

Note payable, net current portion		875,543
Accrued compensated absences		500,403
Net pension liability		8,442,923
Net OPEB liability		270,123
Total long-term liabilities		10,088,992

Total liabilities		10,972,327
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**Deferred Inflows**

Pension		438,961
OPEB		11,350
Total deferred inflows		450,311

**Net Position**

Net investment in capital assets		4,579,491
Restricted for capital improvements		327,338
Restricted for post-employment		22,429
Unrestricted		(2,496,261)
Total net position	\$	2,432,997

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

**NEVADA COUNTY CONSOLIDATED FIRE DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED  
JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
<b>Governmental activities:</b>					
Public protection	\$ 10,481,019	\$ 2,392,913	\$ 100,082	\$ -	\$ (7,988,024)
Interest on long-term debt	65,001	-	-	-	(65,001)
Depreciation and amortization (unallocated)	401,133	-	-	-	(401,133)
<b>Total governmental activities</b>	<b>\$ 10,947,153</b>	<b>\$ 2,392,913</b>	<b>\$ 100,082</b>	<b>\$ -</b>	<b>(8,454,158)</b>
<b>General revenues:</b>					
					4,146,840
					3,488,759
					490,692
					58,292
					115,303
					5,300
					101,628
					<u>8,412,894</u>
					(41,264)
					3,153,324
					<u>(679,063)</u>
					<u>2,474,261</u>
					<u>\$ 2,432,997</u>

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

**GOVERNMENT FUNDS FINANCIAL STATEMENTS**

**NEVADA COUNTY CONSOLIDATED FIRE DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2025**

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Total</u>
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 3,907,459	\$ 327,338	\$ 4,234,797
Post-employment trust - restricted	22,429	-	22,429
Accounts receivable	771,150	-	771,150
Deposits and prepaid expenses	1,615	-	1,615
	<u>4,702,653</u>	<u>327,338</u>	<u>5,029,991</u>
Total current assets			
	<u>\$ 4,702,653</u>	<u>\$ 327,338</u>	<u>\$ 5,029,991</u>
<b>Deferred Inflows, Liabilities and Fund Balance</b>			
Liabilities:			
Accounts payable and accruals	\$ 98,003	\$ -	\$ 98,003
Accrued payroll	122,041	-	122,041
	<u>220,044</u>	<u>-</u>	<u>220,044</u>
Total liabilities			
	<u>220,044</u>	<u>-</u>	<u>220,044</u>
Deferred Inflow:			
Unavailable revenue	360,836	-	360,836
	<u>360,836</u>	<u>-</u>	<u>360,836</u>
Total liabilities and deferred inflows			
	<u>580,880</u>	<u>-</u>	<u>580,880</u>
<b>Fund Balances</b>			
Unassigned	2,647,600	-	2,647,600
Restricted for capital improvements	-	327,338	327,338
Restricted for post-employment	22,429	-	22,429
Unspendable	1,615	-	1,615
Committed	1,450,129	-	1,450,129
	<u>4,121,773</u>	<u>327,338</u>	<u>4,449,111</u>
Total fund balances			
	<u>4,121,773</u>	<u>327,338</u>	<u>4,449,111</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 4,702,653</u>	<u>\$ 327,338</u>	<u>\$ 5,029,991</u>

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

**NEVADA COUNTY CONSOLIDATED FIRE DISTRICT**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Government-Wide Statement of Net Position**  
**JUNE 30, 2025**

Fund balances of governmental funds	\$ 4,449,111
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Amounts reported for governmental activities in the Government-Wide Statement of Net Position are different because:

In governmental funds, only current assets are reported. In the Government-Wide Statement of Net Position, all assets are reported, including capital assets and accumulated depreciation.

Right-to-use assets, net	2,362
Capital assets at historical cost, net	5,723,194
Deferred outflows of resources	3,100,088
Deferred inflows of resources	(450,311)

Long-term liabilities not due and available in the current period, are not reported in the governmental funds Balance Sheet. Those liabilities consist of:

Compensated absences	(860,478)
Accrued interest	(32,693)
Lease liabilities	(3,662)
Note payable	(1,142,403)
Net pension liability	(8,442,923)
Net OPEB liability	(270,123)
Unavailable revenue	360,836

Net position of governmental activities	<u>\$ 2,432,997</u>
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The accompanying notes are an integral part of these financial statements.

**NEVADA COUNTY CONSOLIDATED FIRE DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED  
JUNE 30, 2025**

	General Fund	Capital Improvement Fund	Total
<b>Revenues</b>			
Tax revenue	\$ 4,146,839	\$ -	\$ 4,146,839
Special assessment and tax	3,488,759	-	3,488,759
State taxes	527,407	-	527,407
Charges for service	2,138,536	-	2,138,536
Rental income	5,300	-	5,300
Interest and investment earnings	93,434	9,193	102,627
Mitigation fees	-	58,292	58,292
Grants and contributions	100,082	-	100,082
Proceeds from sale of assets	135,516	-	135,516
Miscellaneous	6,080	-	6,080
	<u>10,641,953</u>	<u>67,485</u>	<u>10,709,438</u>
<b>Expenditures</b>			
Salaries and employee benefits	8,423,364	-	8,423,364
Services, supplies, and refunds	1,641,872	-	1,641,872
Capital outlay	488,369	-	488,369
Debt Service:			
Principal	320,955	-	320,955
Interest	54,750	-	54,750
	<u>10,929,310</u>	<u>-</u>	<u>10,929,310</u>
Net change in fund balances	<u>(287,357)</u>	<u>67,485</u>	<u>(219,872)</u>
Fund balances, beginning of period	<u>4,409,130</u>	<u>259,853</u>	<u>4,668,983</u>
Fund balances, end of period	<u>\$ 4,121,773</u>	<u>\$ 327,338</u>	<u>\$ 4,449,111</u>

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

**NEVADA COUNTY CONSOLIDATED FIRE DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund**  
**Balance of Governmental Funds to the**  
**Statement of Activities and Changes in Net Position**  
**For the Fiscal Year Ended**  
**June 30, 2025**

The schedule below reconciles the net changes in fund balances reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes 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 Government-Wide Statement of Activities, which is prepared on the full accrual basis.

Net change in fund balances	\$ (219,872)
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Amounts reported for governmental activities in the Government-Wide Statement of Activities are different because of the following:

Governmental funds report capital outlays as expenditures; however, in the Government-Wide 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.	488,369
Depreciation and amortization expense not reported in governmental funds.	(401,133)

The Governmental funds report a gain/(loss) on sale of fixed assets, whereas the Government-Wide Statement of Activities report a proceeds on sale of fixed assets, therefore, the difference needs to be subtracted.	(20,213)
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The net change amounts below, included in the Government-Wide 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:

Change in compensated absences	95,863
Long-term liability payments	320,955
Accrued interest	(10,252)
Change in net pension liability	169,260
Change in OPEB liability	76,530
Change in unavailable revenue	216,661
Change in deferred outflows of resources	(1,245,233)
Change in deferred inflows of resources	487,801

Change in net position of governmental activities	<u>\$ (41,264)</u>
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The accompanying notes are an integral part of these financial statements.

# NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

## Notes to Financial Statements For the Fiscal Year Ended June 30, 2025

**Background:** The Nevada County Consolidated Fire District (District) is an independent special district within the County of Nevada (County) and was established under Health and Safety Code Section 13801 in July 1991. It is governed by a seven-member Board of Directors who are elected to four-year terms by area residents. The District provides fire protection, rescue, and emergency medical services in the County through four fire stations and one fire station jointly staffed with Penn Valley. There are four unstaffed stations.

### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

#### Accounting Principles

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the District are described below.

#### Basis of Accounting and Measurement Focus

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

#### Financial Statement Presentation

##### Government-Wide Financial Statements

The District government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental activities for the District accompanied by a total column.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets and liabilities including capital assets, infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

# NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

## NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - continued

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

The District’s government-wide fund balance is classified in the following categories:

Net Investment in Capital Assets – Includes the amount of the fund balance that is invested in capital assets net of any related debt.

Restricted – Includes amounts that can be spent only for the specific purposes stipulated by a formal action of the government’s highest level of decision-making authority, external resource providers, constitutionally, or through enabling legislation.

Unrestricted – Includes amounts that are technically available for any purpose and includes all amounts not contained in other classifications.

### Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances, changes in fund balances as presented in these statements to the net position, and changes in net position presented in the government-wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, with the exception of revenues subject to accrual (generally 60 days after year-end) which are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax, intergovernmental revenues, and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Fund balances are broken out in five categories:

Nonspendable – Includes amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

Restricted – Includes amounts that can be spent only for the specific purposes stipulated by external resource providers (creditors, grant sources, contributors, etc.), constitutionally, or through enabling legislation.

# NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

## **NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - continued**

Committed – Includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Assigned – Includes amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates authority.

Unassigned – Includes amounts that are technically available for any purpose and includes all amounts not contained in other classifications.

### Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District’s policy is to apply restricted net position first.

### **Pooled Cash and Investments**

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the investment pool. Interest earned on the investment pool is distributed to the participating funds monthly using a formula based on the average daily balance of each fund.

The California Government Code requires California banks and savings and loan associations to secure the County’s cash deposits by pledging securities as collateral. This code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such a collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the County’s name.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at cost, which approximates the fair market value at year-end.

### **Accounts Receivable**

On an accrual basis, revenues are recognized in the fiscal year in which the services are rendered. The District has not established an allowance for uncollectable receivables for governmental or grant funds since prior experience has shown that uncollectable receivables are not significant.

### **Prepaid Expenditures**

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures in the period benefited.

# NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

## NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - continued

### Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more 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. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives ranging as follows:

Land improvements	10-40 years
Structures and improvements	10-20 years
Vehicles	10-20 years
Furniture and equipment	5-15 years
Firefighting equipment	5-20 years
Expendable tools	15 years
Radio, communication equipment	5-10 years

### Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. This separate financial statement element, deferred outflow/inflows of resources, represents an acquisition/disposition of net position that applies to future period(s) and will not be recognized as an outflow/inflow of resources until that time.

### Compensated Absences

Employees of the District earn vacation, compensatory time, and sick leave in accordance with established personnel policies. Vacation and sick leave accrue proportionally throughout the year and may be carried forward subject to established limits. Unused vacation and compensatory time are payable to employees upon termination or retirement. Although unused sick leave is not paid out in cash, eligible employees may convert accumulated sick leave at retirement into additional service credit under the applicable pension plan.

In accordance with GASB Statement No. 101, *Compensated Absences*, the District recognizes a liability for leave benefits when the leave is attributable to services already rendered, accumulates, can be carried forward, and is more likely than not to be used or otherwise settled. The District estimates the portion of sick leave expected to be used based on historical usage patterns and other relevant factors.

The compensated absences liability reported at year-end includes all earned and unused vacation, compensatory time, and the estimated sick leave expected to be used, along with related payroll costs. This liability is recorded in the government-wide financial statements.

# NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

## **NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - continued**

### **Property Taxes**

Nevada County is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County up to 1% of the full cash value of taxable property based on assessed values on March 1 of the preceding year, plus other increases approved by the voters and distributed in accordance with statutory formulas. They become a lien on the first day of the year they are levied. Secured property tax is levied on January 1 and due in two installments, on November 1 and February 1. Unsecured property tax is levied on July 1 and due on July 31.

The County uses the Alternative Method of Property Tax Apportionment. Under this method of property tax apportionment, the County purchases the delinquent secured taxes at June 30 of each fiscal year. These taxes are accrued as intergovernmental revenue only if they are received from the County within 60 days after year end in the governmental fund. They are accrued when earned regardless of the timing of the related cash flows in the government-wide statement.

### **Estimates**

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

### **Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to or deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **Other Post-Employment Benefits**

The District accounts for its post-employment benefits in accordance with GASB Statement 75 (GASB 75), *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. GASB 75 requires the District recognize in its financial statements the total Post-employment Benefits Other Than Pensions (OPEB) liability for the health benefits provided to retirees, less the amounts held in an irrevocable trust account.

# NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

## NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - continued

### Other Post-Employment Benefits - continued

Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. GASB 75 also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time.

### Leases

The District accounts for leases in accordance with GASB Statement No. 87 (GASB 87), *Leases*. GASB 87 requires lessees to recognize operating and capital leases right-to-use assets and lease liabilities on the Statement of Activities. The District uses the interest rate on the date of lease inception obtained from the agreement, if stated, or a risk-free interest rate obtained from U.S. Bond Treasury. Right-to-use leased assets also include any prepaid lease payments. Right-to-use leased assets and the accretion of leased asset is amortized on a straight-line basis over the lease period.

### Adoption of New Accounting Standard

Effective July 1, 2024, the District implemented, GASB issued Statement No. 101, *Compensated Absences*. This statement updates the recognition, measurement and disclosure requirements for compensated absences. Compensated absence is defined as leave for which employees may receive cash or noncash payments, such as vacation leave, sick leave, paid time off (PTO), and certain sabbatical leaves and should be recorded as a liability when it is attributed to services already rendered, accumulated and can be carried forward and is more likely than not the leave will be used or settled. The adoption of GASB 101 resulted in a change in accounting principle. As a result, the beginning net position of the government activities was adjusted by \$679,063, reflecting the cumulative effect of applying the new standard.

### Recently Issued Accounting Pronouncements

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The guidance in this statement updates the presentation requirements for several financial statement items including (but not limited to) management’s discussion and analysis, unusual or infrequent items, and budgetary comparisons. The new standard is effective for fiscal years beginning after June 15, 2025. The District is currently evaluating the extent of the anticipated impact of this standard.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, issued in September 2024, enhances note disclosure requirements by providing users with essential information about capital assets associated with leases and other intangible assets and capital assets held for sale. The Statement expands upon existing disclosure guidance under GASB 34 and requires governments to present more detailed and decision-useful information about these asset categories. GASB 104 is effective for fiscal years beginning after June 15, 2025, with earlier application encouraged. Management is currently evaluating the extent of the anticipated impact of this standard.

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

**NOTE 2 – CASH AND INVESTMENTS**

Cash and investments consists of the following:

Petty cash	\$	100
Deposits in financial institutions		14,854
County cash		<u>4,219,843</u>
Cash and investments	\$	<u>4,234,797</u>
Post-employment trust - restricted	\$	<u>22,429</u>

Investment Policy: California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The District does not have an investment policy that addresses its interest rate risk, credit risk, and concentration of credit risk.

Investment in the County of Nevada’s Investment Pool: The District maintains its cash in the County’s cash and investment pool which is managed by the County Treasurer. The District’s cash balances invested in the County Treasurer’s cash and investment pool are stated at amortized cost, which approximates fair value. Nevada County does not invest in any derivative financial products. The Nevada County Treasury Investment Oversight Committee (Committee) has oversight responsibility for Nevada County’s cash and investment pool. The Committee consists of ten members as designated by State law.

The value of pool shares in Nevada County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District’s position in the pool. Investments held in the County’s investment pool are available on demand to the District and are stated at cost, which approximates fair value. This investment is not subject to categorization under GASB Statement No. 3.

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.

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 issued by a nationally recognized statistical rating organization. The County’s investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Risk: Custodial risk is the risk that the government will not be able to recover its deposits or the value of its investments that are in the possession of an outside party. Custodial credit risk does not apply to a local government’s indirect deposits or investment in securities through the use of government investment pools (such as the County’s investment pool).

## NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

### NOTE 2 – CASH AND INVESTMENTS - continued

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that financial institutions secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The District's deposits were covered by FDIC insurance at June 30, 2025.

### NOTE 3 – POST-EMPLOYMENT TRUST – RESTRICTED

During fiscal year 2014-2015, the District approved the creation of a Section 115 Trust (Trust). All assets in the Trust are irrevocably dedicated to funding obligations of the District's pension beneficiaries, other post-employment beneficiaries, or costs administering the Trust. The funds are not considered plan assets of the pension plan and are therefore considered restricted assets of the District.

### NOTE 4 – ACCOUNTS RECEIVABLE

On June 30, 2025, the District has \$771,150 in Accounts Receivable for property taxes collected after year end and strike team amounts. No allowance for doubtful accounts is recorded as all is expected to be collected.

### NOTE 5 – RIGHT-TO-USE ASSETS

	Beginning Balance	Additions	Deletions	Ending Balance
Right-to-use assets - equipment	\$ 14,762	\$ -	\$ -	\$ 14,762
Total	14,762	-	-	14,762
Accumulated amortization	(5,314)	(7,086)	-	(12,400)
Total Right-To-Use Leased Assets	\$ 9,448	\$ (7,086)	\$ -	\$ 2,362

Amortization expense for the year ended June 30, 2025 was \$7,086.

**NEVADA COUNTY CONSOLIDATED FIRE DISTRICT**

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

**NOTE 6 – CAPITAL ASSETS**

	Restated Beginning Balance	Additions	Deletions	Reclass	Ending Balance
<b>Nondepreciable Capital Assets:</b>					
Land	\$ 526,857	\$ -	\$ -	\$ -	\$ 526,857
Construction in progress	1,150,560	349,409	-	(539,357)	960,612
<b>Total Nondepreciable Capital Assets</b>	<b>1,677,417</b>	<b>349,409</b>	<b>-</b>	<b>(539,357)</b>	<b>1,487,469</b>
<b>Depreciable Capital Assets:</b>					
Land improvements	51,775	-	-	-	51,775
Structures and improvements	4,774,939	67,231	(109,723)	539,357	5,271,804
Vehicles	5,087,784	8,074	(129,761)	-	4,966,097
Furniture and equipment	64,684	-	(38,557)	-	26,127
Firefighting equipment	1,100,659	63,655	(46,896)	-	1,117,418
Expendable tools	15,582	-	-	-	15,582
Radio, Communication equipment	461,271	-	(69,211)	-	392,060
<b>Total Depreciable Capital Assets</b>	<b>11,556,694</b>	<b>138,960</b>	<b>(394,148)</b>	<b>539,357</b>	<b>11,840,863</b>
<b>Less: Accumulated Depreciation:</b>					
Land improvements	(31,832)	(2,528)	-	-	(34,360)
Structures & improvements	(3,215,084)	(101,218)	96,568	-	(3,219,735)
Vehicles	(3,228,543)	(222,221)	129,761	-	(3,321,004)
Furniture & equipment	(56,514)	(1,384)	36,026	-	(21,872)
Firefighting equipment	(723,256)	(41,973)	46,896	-	(718,333)
Expendable tools	(2,165)	(1,038)	-	-	(3,203)
Radio, communication equipment	(327,631)	(23,685)	64,685	-	(286,631)
<b>Total Accumulated Depreciation</b>	<b>(7,585,025)</b>	<b>(394,047)</b>	<b>373,936</b>	<b>-</b>	<b>(7,605,138)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>3,971,669</b>	<b>(255,087)</b>	<b>(20,212)</b>	<b>539,357</b>	<b>4,235,725</b>
<b>Capital Assets, Net</b>	<b>\$ 5,649,086</b>	<b>\$ 94,322</b>	<b>\$ (20,212)</b>	<b>\$ -</b>	<b>\$ 5,723,194</b>

The beginning balances were restated to reflect corrections in classification. Depreciation expense for the year ended June 30, 2025 was \$394,047.

**NEVADA COUNTY CONSOLIDATED FIRE DISTRICT**

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

**NOTE 7 – LONG-TERM LIABILITIES**

Long-term liabilities at June 30, 2025, consisted of the following:

	Restated Balance at June 30, 2024	Additions	Repayments	Balance at June 30, 2025	Due Within One Year
<b>Notes Payable:</b>					
Westamerica Bank	\$ 58,758	\$ -	\$ (58,758)	\$ -	\$ -
Westamerica Bank	179,191	-	(27,050)	152,141	28,097
PNC	261,289	-	(129,421)	131,868	131,887
Municipal Finance	960,614	-	(102,220)	858,394	106,876
Total Notes Payable	<u>1,459,852</u>	<u>-</u>	<u>(317,450)</u>	<u>1,142,403</u>	<u>266,860</u>
<b>Lease Liabilities:</b>					
Lease liability - operating	7,168	-	(3,506)	3,662	3,662
Total Lease Liabilities	<u>7,168</u>	<u>-</u>	<u>(3,506)</u>	<u>3,662</u>	<u>3,662</u>
Compensated absences	956,340	(95,862)	-	860,478	360,075
Net pension obligation	8,612,183	1,043,594	(1,212,854)	8,442,923	-
Net OPEB Liability	346,653	73,470	(150,000)	270,123	-
Total Long-Term Liabilities	<u>\$11,382,197</u>	<u>\$ 1,021,203</u>	<u>\$ (1,683,810)</u>	<u>\$ 10,719,589</u>	<u>\$ 630,598</u>

**Notes Payable**

On January 19, 2024, the District entered into an installment sale agreement to purchase a new water pumper vehicle for \$960,612. The loan is secured by the property purchased and contains an interest rate of 4.50% with semi-annual installments of \$72,158 for eight years through February 20, 2032.

On September 2, 2022, the District entered into an installment sale agreement to purchase a new water tank vehicle for \$205,211. The loan is secured by the property purchased and contains an interest rate of 3.95% with annual installments of \$34,127 for seven years through September 2, 2029.

In February 2021, the District entered into a installment sale agreement to purchase a new water pumper vehicle for \$635,336. The loan is secured by the property purchased and contains an interest rate of 1.88%, with semi-annual installments of \$66,864 through February 8, 2026.

On April 6, 2020, the District entered into an installment sale agreement to purchase a new rescue vehicle for \$280,267. The loan retains a security interest in the property during the term of this loan, which carries an interest rate of 2.40% with semi-annual installments of \$29,910 for five years through April 16, 2025. This loan was fully paid as of FYE 2025.

**NEVADA COUNTY CONSOLIDATED FIRE DISTRICT**

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

**NOTE 7 – LONG-TERM LIABILITIES - continued**

**Lease Liabilities – Operating**

The District is obligated under one operating lease for the use of a copy machine. The lease calls for three years of fixed annual payments beginning in October 2023.

Annual debt service requirement of the District’s long-term notes and lease obligations are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 270,522	\$ 45,364	\$ 315,886
2027	140,969	37,528	178,497
2028	147,209	31,234	178,443
2029	153,725	24,718	178,443
2030	160,531	17,912	178,443
Thereafter	<u>273,109</u>	<u>15,533</u>	<u>288,642</u>
	<u>\$ 1,146,065</u>	<u>\$ 172,289</u>	<u>\$ 1,318,354</u>

**NOTE 8 – PUBLIC EMPLOYEES’ RETIREMENT PLAN**

**Plan Description**

The District’s defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The District’s defined benefit pension plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by the state statutes within the Public Employees’ Retirement Law.

The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts the benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS’ annual financial report may be obtained from the CalPERS Executive Office – 400 P Street – Sacramento, CA 95814.

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

**NOTE 8 – PUBLIC EMPLOYEES’ RETIREMENT PLAN - continued**

Summary of Significant Accounting Policies

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, and 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. GASB Statement 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following timeframes are used:

Validation Date (VD)	June 30, 2023
Measurement Date (MD)	June 30, 2024
Measurement Period (MP)	July 1, 2023 to June 30, 2024

Plan Description, Benefits Provided, and Employees Covered

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the CalPERS. A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2023 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS’ website under Forms and Publications.

Contribution Description

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by an actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by the employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

**NOTE 8 – PUBLIC EMPLOYEES’ RETIREMENT PLAN - continued**

Actuarial Assumptions

Actuarial methods and assumptions used to determine total pension liability:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS’ Membership Data for all funds

All other actuarial assumptions used in the June 30, 2023 valuation use the results of CalPERS Experience Study and Review of Actuarial Assumptions – November 2021, including updates to salary increases, mortality, and retirement rates, as a basis. The experience study report is available on the CalPERS website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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% 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% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report call the “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 (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

**NEVADA COUNTY CONSOLIDATED FIRE DISTRICT**

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

**NOTE 8 – PUBLIC EMPLOYEES’ RETIREMENT PLAN - continued**

The table below reflects the expected real rates of return by asset class.

<u>Asset Class</u>	<u>Measurement Date June 30, 2024</u>	
	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10(a)(b)</u>
Global equity - cap-weighted	30.0%	4.54%
Global equity non-cap-weighted	12.0%	3.84%
Private equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%
Investment grade corporates	10.0%	1.56%
High Yield	5.0%	2.27
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	-5.0%	-0.59%

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

(b) Figures are based on the 2021-22 Asset Liability Management study

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance, and OPEB expense included in fiduciary net position. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early CAFR closing and final reconciled reserves.

Allocation of Net Pension Liability and Pension Expense to Individual Plans

A key aspect of GASB 68 pertaining to cost-sharing employers is the establishment of an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. Paragraph 49 of GASB 68 indicates that for pools where contribution rates within the pool are based on separate relationships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer’s share by reflecting these relationships through the plans they sponsor within the risk pool. Plan liability and asset-related information are used where available, and proportional allocations if individual plan amounts as of the valuation date are used where not available.

**NEVADA COUNTY CONSOLIDATED FIRE DISTRICT**

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

**NOTE 8 – PUBLIC EMPLOYEES’ RETIREMENT PLAN - continued**

Proportionate Share of Net Pension Liability

	Proportionate Share of Net Pension Liability/ (Asset)
Miscellaneous	\$ 486,163
Safety	<u>7,956,760</u>
Total	<u><u>\$ 8,442,923</u></u>

Change in the Proportionate Share of the Net Pension Liability

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Proportion - June 30, 2024	0.00975%	0.10869%	0.06903%
Proportion - June 30, 2025	<u>0.01005%</u>	<u>0.10913%</u>	<u>0.06962%</u>
	<u><u>0.00030%</u></u>	<u><u>0.00044%</u></u>	<u><u>0.00059%</u></u>

Summary of Deferred Outflows/Inflows of Resources

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

For the Measurement Year Ended June 30, 2024	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Changes in assumptions	\$ 208,533	\$ -
Differences between expected and actual experience	691,376	22,752
Net difference between projected and actual earnings on pension plan investments	412,622	-
Differences between actual contributions vs proportionate share of contributions	1,005	416,209
Change in employer proportion	429,878	-
Pension contributions made subsequent to the measurement date	<u>1,356,674</u>	<u>-</u>
	<u><u>\$ 3,100,088</u></u>	<u><u>\$ 438,961</u></u>

**NEVADA COUNTY CONSOLIDATED FIRE DISTRICT**

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

**NOTE 8 – PUBLIC EMPLOYEES’ RETIREMENT PLAN – continued**

Summary of Deferred Outflows/Inflows of Resources – continued

Employer contributions of \$1,356,674 reported at June 30, 2025 as deferred outflows of resources related to contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ending	Miscellaneous	Safety	Total
<u>June 30,</u>			
2026	\$ 18,355	\$ 489,686	\$ 508,041
2027	56,714	858,367	915,081
2028	978	21,494	22,472
2029	<u>(9,591)</u>	<u>(131,590)</u>	<u>(141,141)</u>
	<u>\$ 66,456</u>	<u>\$ 1,237,957</u>	<u>\$ 1,304,453</u>

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.9% at measurement date June 30, 2024 as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

	Discount Rate -1%	Current Discount Rate	Discount Rate +1%
Plan's Net Pension Liability/(Asset)	<u>5.90%</u>	<u>6.90%</u>	<u>7.90%</u>
Miscellaneous	\$ 763,634	\$ 486,163	\$ 257,763
Safety	<u>13,315,376</u>	<u>7,956,760</u>	<u>3,574,164</u>
	<u>\$ 14,079,010</u>	<u>\$ 8,442,923</u>	<u>\$ 3,831,927</u>

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.

**NEVADA COUNTY CONSOLIDATED FIRE DISTRICT**

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

Plan Description, Benefits Provided, and Employees Covered

The District adopted a Retiree Health Premium Reimbursement Plan (OPEB Plan) effective July 1, 2023. The OPEB Plan provides reimbursement of healthcare costs to eligible retirees. Active employees become eligible to receive the District-paid benefit upon eligibility for retirement through CalPERS.

The District provides a flat dollar reimbursement of health care premiums to eligible retirees. Retirees must obtain their own healthcare and submit expenses for reimbursement. The District-paid benefit amount is subject to a monthly cap amount and will not exceed the reimbursement. The District-paid benefit will be provided for a maximum of 10 years and will not extend beyond the attainment of age 65.

The District-paid monthly cap amount varies by years of completed full-time service as follows:

<u>Years of Services</u>	<u>Monthly Cap</u>
10	\$ 135
15	220
20	305
22.5	390
25	475
26	560
27	645
28	730
29	815
30	900

At the OPEB liability valuation date of June 30, 2023, the following employees were covered by the benefit terms:

- Retired employees – 0
- Active employees – 41

Contributions

The District established an irrevocable OPEB trust with Public Agency Retirement Services (PARS) during the fiscal year ending June 30, 2024 with an initial contribution of \$150,000.

Net OPEB Liability

The District’s net OPEB liability was measured as of June 30, 2025 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2023. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

# NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

## NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – continued

### Actuarial Assumptions

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30%
Salary increases	2.80%
Discount rate	5.50%
Investment rate of return	5.50%, net of OPEB plan investment expenses
Healthcare cost trend rate	3.00% every 3 years

Mortality rates were based on the most recent experience study for CalPERS members.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of the most recent applicable experience study.

### Discount Rate

GASB 75 requires the use of a discount rate that considers the availability of the OPEB plan's fiduciary net position associated with the OPEB of current active and inactive employees and the investment horizon of those resources.

OPEB plans with irrevocable trust accounts can utilize a discount rate equal to the long-term expected rate of return to the extent that the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the OPEB plan assets are expected to be invested using a strategy to achieve that return.

To determine if the OPEB plan assets are sufficient, a calculation of the projected fiduciary net position and the amount of projected benefit payments is compared in each period. When OPEB plan assets are determined to not be sufficient, a blended rate is calculated.

The District has an irrevocable trust account for prefunding OPEB liabilities. OPEB plan assets are expected to be sufficient. The discount rate used to measure the total OPEB liability is equal to the long-term expected rate of return.

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

**NEVADA COUNTY CONSOLIDATED FIRE DISTRICT**

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – continued**

Discount Rate - continued

The target allocation and best estimates of real rates of return for each major asset class, based on published capital market assumptions, are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Rate of Return</u>
Broad U.S. Equity	60%	5.3%
U.S. Fixed	40%	0.9%

Changes in the Net OPEB Liability

	<u>Increase (Decrease)</u>	
	<u>Total OPEB Liability (a)</u>	
Balances at June 30, 2024	\$	346,653
Service cost		27,800
Interest		29,180
Contributions - employer		(112,598)
Net investment income		(22,160)
Benefit payments		-
Administrative expenses		1,248
Balances at June 30, 2025	\$	<u>270,123</u>

Sensitivity of the District’s Net OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

	<u>1% Decrease (4.50%)</u>	<u>Discount Rate (5.50%)</u>	<u>1% Increase (6.50%)</u>
Net OPEB liability (asset)	\$ 317,752	\$ 270,123	\$ 225,945

**NEVADA COUNTY CONSOLIDATED FIRE DISTRICT**

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – continued**

Sensitivity of the District’s Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a healthcare cost-trend rate that is 1-percentage point lower or 1-percentage point higher than the healthcare cost-trend rate:

	<u>1% Decrease</u>	<u>Discount Rate</u> <u>(3.00% / 3 years)</u>	<u>1% Increase</u>
Net OPEB liability (asset)	\$ 198,216	\$ 270,123	\$ 355,966

Investment Rate of Return

The District’s policy regarding the allocation of the OPEB Plan’s invested assets is established and may be amended by District management. The primary objective is to maximize total OPEB Plan return, subject to the risk and quality constraints set forth in the investment guidelines. The investment objective the District has selected is the PARS Balanced-Strategic Blend. The asset allocation ranges for this objective are listed below:

	<u>Cash</u>	<u>Fixed Income</u>	<u>Equity</u>
Strategic Range	0-20%	30%-50%	50%-70%

For the year ended on the measurement date, the annual money-weighted rate of return on investments, net of investment expense, was 15.18%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$42,199. OPEB expense is the sum of the initial valuation of the OPEB Plan on the effective date plus the change in net OPEB liability, the change in deferred outflows, and the change in deferred inflows, reduced by the employer contributions.

For the reporting year ending June 30, 2025, the District recognized deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Differences between projected and actual return investments	\$ -	\$ 11,350
Total	\$ -	\$ 11,350

**NEVADA COUNTY CONSOLIDATED FIRE DISTRICT**

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – continued**

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

Reporting Fiscal Year Ending June 30:	Net Deferred Outflows (Inflows) of Resources
2026	\$ (3,164)
2027	(3,164)
2028	(3,163)
2029	(1,859)
	<u>\$ (11,350)</u>

**NOTE 10 – RISK MANAGEMENT**

The District is a member of the Special District Risk Management Authority (SDRMA). The SDRMA is a risk-pooling self-insurance authority, created under the provisions of the California Government Code Sections 6500 et. seq. The purpose of the SDRMA is to provide a full risk management program for California local governments. The District pays an annual premium to SDRMA for workers compensation insurance, which is covered up to statutory limits.

The District pays an annual premium to an insurance company for general and auto liability, property, management liability, employee dishonesty, and excess liability insurance coverage. There have been no significant reductions in insurance coverage from coverage in the prior fiscal year. Also, there have not been any settlements in excess of the insurance coverage for the past three fiscal years.

**NOTE 11 – LEASE AGREEMENTS**

The District had a lease agreement with the County for use of former Station 91 for \$250 per month which expired on June 30, 2025. The facility is currently being leased on a month-to-month basis.

**NOTE 12 – JOINT POWERS AUTHORITY**

The District is a member of the Nevada County Fire and Emergency Joint Powers Agency, for which the District’s participation does not involve an ongoing financial interest or responsibility. As a member of this organization, the District receives communication and dispatch services. The amount paid to this jointly governed organization in fiscal year 2024-2025 was \$160,291.

# NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

## **NOTE 13 – SUBSEQUENT EVENTS**

The District's management has evaluated events and transactions subsequent to June 30, 2025 for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through February 19, 2026, the date the financial statements became available to be issued. Based on this review, no events or transactions were identified that require adjustment to, or disclosure in, the accompanying financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**NEVADA COUNTY CONSOLIDATED FIRE DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET VS ACTUAL  
FOR THE YEAR ENDED  
JUNE 30, 2025**

	Budgeted Amounts			Variance with Final Budget
	Original	Amended	Actual	Positive (Negative)
<b>Revenues</b>				
Tax revenue	\$ 4,168,015	\$ 4,159,382	\$ 4,146,839	\$ (12,543)
Special assessment and tax	3,441,572	3,486,670	3,488,759	2,089
State taxes	520,000	510,827	527,407	16,580
Charges for service, net	180,003	253,383	2,138,536	1,885,153
Rental income	5,400	4,440	5,300	860
Interest and investment earnings	46,089	49,636	93,434	43,798
Grants and contributions	-	101,610	100,082	(1,528)
Gain on sale of assets	275,000	175,000	135,516	(39,484)
Miscellaneous	-	-	6,080	6,080
Total revenues	8,636,079	8,740,948	10,641,953	1,901,005
<b>Expenditures</b>				
Salaries and employee benefits	6,895,288	7,043,350	8,423,364	(1,380,014)
Services, supplies, and refunds	1,726,022	1,749,828	2,017,577	(267,749)
Capital outlay	730,370	678,579	488,369	190,210
Total expenditures	9,351,680	9,471,757	10,929,310	(1,457,553)
Net change in fund balances	\$ (715,601)	\$ (730,809)	(287,357)	\$ 443,452
Fund balances, beginning of period			4,409,130	
Fund balances, end of period			\$ 4,121,773	

See notes to required supplementary information

**NEVADA COUNTY CONSOLIDATED FIRE DISTRICT  
CAPITAL IMPROVEMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET VS ACTUAL  
FOR THE YEAR ENDED  
JUNE 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Amended		
<b>Revenues</b>				
Interest & investment earnings	\$ 3,500	\$ 3,500	\$ 9,193	\$ 5,693
Mitigation fees	134,000	134,000	58,292	(75,708)
Total revenues	137,500	137,500	67,485	(70,015)
<b>Expenditures</b>				
Capital outlay	160,417	160,417	-	160,417
Total expenditures	160,417	160,417	-	160,417
Net change in fund balances	<u>\$ (22,917)</u>	<u>\$ (22,917)</u>	67,485	<u>\$ 90,402</u>
Fund balances, beginning of period			<u>259,853</u>	
Fund balances, end of period			<u>\$ 327,338</u>	

See notes to required supplementary information

**NEVADA COUNTY CONSOLIDATED FIRE DISTRICT**  
**Required Supplementary Information - Pensions**  
**For the Year Ended**  
**JUNE 30, 2025**

<b>Measurement Year Ending June 30:</b>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Actuarially determined contribution	\$ 598,457	\$ 682,446	\$ 567,335	\$ 893,991	\$ 958,000	\$ 972,399	\$ 613,685	\$1,215,265	\$1,356,674
Contributions in relation to the actuarially determined contribution	598,457	1,379,484	567,335	893,991	939,977	972,399	613,685	1,215,265	1,356,674
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (697,038)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$2,349,585	\$2,608,731	\$2,861,144	\$3,364,080	\$3,103,739	\$3,248,816	\$3,248,816	\$3,511,325	\$3,715,968
Contributions as a percentage of covered employee payroll	25.47%	52.88%	19.83%	26.57%	30.29%	29.93%	18.89%	34.61%	36.51%

Schedule of Plan Contributions for the Combined Miscellaneous and Safety Risk Pools

<b>Measurement Year Ending June 30:</b>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Plan's proportionate of the net pension liability/(asset)	0.05638%	0.04875%	0.04922%	0.05183%	0.05600%	0.06670%	0.06992%	0.07237%	0.07237%
Plan's proportionate share of the net pension liability/(asset)	\$4,878,202	\$4,834,207	\$4,743,323	\$5,310,927	\$6,092,943	\$2,684,016	\$7,547,737	\$8,442,923	\$8,442,923
Plan's covered-employee payroll	\$2,349,585	\$2,608,731	\$2,861,144	\$3,364,080	\$3,103,739	\$3,248,816	\$3,248,816	\$3,511,325	\$3,715,968
Plan's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	207.62%	185.31%	165.78%	157.87%	196.31%	82.62%	232.32%	240.45%	227.21%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	74.91%	78.46%	80.91%	80.74%	79.23%	77.10%	88.02%	75.91%	75.27%
Plan's proportionate share of aggregate employer contributions	\$ 505,422	\$ 611,098	\$ 843,340	\$ 973,226	\$ 958,000	\$ 972,399	\$ 613,685	\$1,215,265	\$1,356,674

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2016. No information was available prior to this date. Information will be added prospectively as it becomes available.

**NEVADA COUNTY CONSOLIDATED FIRE DISTRICT**  
**Required Supplementary Information**  
**Other Post-Employment Benefits (OPEB) Plan - Schedule of Funding Progress**  
**For the Year Ended**  
**JUNE 30, 2025**

Reporting fiscal year ending	2025	2024
Discount rate	5.50%	5.50%
Total OPEB liability:		
Service cost	\$ 27,800	\$ 27,043
Interest	29,181	26,444
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Change of assumptions	-	-
Benefit payments	(9,055)	-
Net change in total OPEB liability	47,926	53,487
Total OPEB liability - beginning	507,235	453,748
Total OPEB liability - ending (a)	\$ 555,161	\$ 507,235
Plan fiduciary net position		
Contributions - employer	\$ 112,598	\$ 150,000
Net investment income	22,160	10,928
Benefit payments	(9,055)	-
Administrative expense	(1,247)	(346)
Net change in plan fiduciary net position	124,456	160,582
Plan fiduciary net position - beginning	160,582	-
Plan fiduciary net position - ending (b)	\$ 285,038	\$ 160,582
District's net OPEB liability - ending (a) - (b)	\$ 270,123	\$ 346,653
Plan fiduciary net position as a percentage of the total OPEB liability	51.34%	31.66%
Covered-employee payroll	\$ 5,679,121	TBD
District's net OPEB liability as a percentage of covered-employee payroll	4.76%	0.00%
Actuarially determined contribution	\$ 52,781	\$ 51,243
Contributions in relation to the actuarially determined contribution	112,598	150,000
Contribution deficiency (excess)	\$ (59,817)	\$ (98,757)
Contributions as a percentage of covered-employee payroll	1.98%	TBD
Valuation date-July 1, 2023		
Reporting period-July 1, 2024 to June 30, 2025		
Measurement period-July 1, 2024 to June 30, 2025		
Actuarial cost method-Entry age		
Amortization method-Level percentage of payroll, closed		
Amortization period-30 years		
Asset valuation method-Market value		
Inflation-2.30 percent		
Healthcare cost trend rates-3.00 percent every 3 years		
Salary increases-2.80 percent		
Investment rate of return-5.50 percent, net of OPEB plan investment expense		
Retirement age-Based on the most recent experience study for CalPERS members		
Mortality-Based on the most recent experience study for CalPERS members		

# NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Notes to Required Supplementary Information  
For the Fiscal Year Ended  
June 30, 2025

## **BUDGETARY COMPARISON SCHEDULES**

In accordance with California Health and Safety Code Section 13895, the District's Board of Directors must adopt a preliminary budget by June 30<sup>th</sup> and a final budget no later than September 30<sup>th</sup>. Annual budgets are adopted for the District's General and Capital Improvement Funds. Budgets are prepared on the modified accrual basis of accounting consistent with GAAP. The actual expenses shown in the budgetary comparison for the general fund report the debt service payments in the services, supplies, and refunds line item, where they are budgeted.

Annually, the Board of Directors conducts a public hearing for the discussion of proposed budgets. At the conclusion of the hearing, the Board adopts the final budgets. All appropriations lapse at fiscal year-end and are subject to re-appropriation as part of the following year's budget. Any changes in the annual budget must be changed by a vote of the Board. The Board amended the originally adopted General Fund budget in September 2024.

The District incurred expenditures in excess of appropriations for the fiscal year 24/25, primarily due to excessive fire season activity, which were reimbursed by either CAL FIRE or USDA. The District also had expenses related to assisting Rough and Ready Fire Protection District in operating Station 59, which were reimbursed.

## **OTHER REPORT**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Nevada County Consolidated Fire District  
Nevada City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Nevada County Consolidated Fire District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Nevada County Consolidated Fire District's basic financial statements and have issued our report thereon dated February 19, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Nevada County Consolidated Fire 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Nevada County Consolidated Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Nevada County Consolidated Fire 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. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2025-001 and 2025-002 that we consider to be significant deficiencies.

Board of Directors  
Nevada County Consolidated Fire District  
Nevada City, California

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nevada County Consolidated Fire 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.

Nevada County Consolidated Fire District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Fechter & Company  
Certified Public Accountants

A handwritten signature in blue ink that reads "Fechter + Company". The signature is written in a cursive, flowing style with a long horizontal flourish extending to the right.

Sacramento, California  
February 19, 2026

# NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

## Schedule of Findings and Responses For the Fiscal Year Ended June 30, 2025

### Section I – Summary of Auditor’s Results Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Noncompliance material to financial statements noted?	No

### Section II – Financial Statement Findings

#### **Finding 2025-001 Significant Deficiency in Internal Controls Over Financial Reporting**

Description: Lack of Adequate Review and Approval of Non-Routine Journal Entries

Criteria: Internal control standards, including the California State Controller’s Office (SCO) guidelines for local agencies, require documented supervisory review, segregation of duties, and formal approval of journal entries. SCO guidance specifically emphasizes the need for independent review of non-routine or judgment-based journal entries to ensure accuracy, adequate support, and compliance with applicable accounting standards.

Condition: During our audit, we noted that journal entries were not consistently subject to a formal review and documented approval process prior to posting. This weakness was particularly evident with respect to non-routine journal entries (e.g. year-end or adjusting entries), where errors requiring correction were identified as part of the audit.

Cause: While the District has established a review and approval process for routine journal entries, it has not established or implemented a control requiring independent review and approval of non-routine journal entries by personnel with appropriate accounting knowledge.

Effect: Without adequate review and approval controls for both routine and non-routine journal entries, there is an increased risk that journal entries may be inaccurate, unsupported, or inconsistent with GAAP. This increases the likelihood of misstatements in the financial statements and reduces the reliability of financial reporting.

Recommendation: Internal controls should be strengthened by implementing a formal process requiring all journal entries – both routine and non-routine to be reviewed and approved by an individual with a strong understanding of GAAP. Each journal entry approval should be documented prior to posting. Establishing this control will help ensure entries are accurate, properly supported, and compliant with accounting standards.

Management’s Response: Management acknowledges that an informal review process was in place for non-routine journal entries during the audit period. While these entries were discussed prior to entry, but the end result was not formally reviewed or supported by standardized approval procedures.

Management recognizes the need to formalize this control. The District will implement a standardized review and approval process for all non-routine journal entries to ensure appropriate oversight, documented supervisory review, and formal sign-off.

# NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

## Schedule of Findings and Responses For the Fiscal Year Ended June 30, 2025

### **Finding 2025-002 Significant Deficiency in Internal Controls Over Financial Reporting**

Description: Fixed Asset Records Not Maintained or Reconciled to the General Ledger

Criteria: Effective internal control requires that fixed asset records be accurate, complete, and updated on a timely basis to ensure proper stewardship of capital assets.

Condition: The District maintains an internal fixed asset listing for tracking purposes; however, the listing used for financial reporting was not updated, reconciled to the general ledger, or maintained in accordance with District policies. Large building improvement projects were also not tracked separately in construction in progress until completed.

Recommendation: The District should establish a formal process to ensure the fixed asset listing used for financial reporting is updated timely and reconciled to the general ledger. Capital projects should be tracked separately, with only eligible costs capitalized upon project completion. Estimated useful lives should be assigned based on historical experience or planned usage of the asset. Clear assignment of responsibility and periodic review procedures will help ensure accuracy, accountability, and compliance with District policies and accounting standards.

Management's Response: Management acknowledges that the fixed assets records need to be reconciled with the general ledger. Staff is currently undergoing a clean-up of the system to verify asset listings, historical costs, depreciation and disposals. Upon completion of this process, management will reconcile the fixed asset records with the general ledger and adjust any records as necessary.

The District will establish a formalized procedure requiring reconciliation of the fixed asset software to the general ledger. The process will include documentation review and approvals.

### Section III – Prior Year Findings

### **Finding 2024-001 Significant Deficiency in Internal Controls Over Financial Reporting**

Description: Recording reimbursement revenue against expenditures

Status: Resolved