

**NEVADA COUNTY
CONSOLIDATED FIRE DISTRICT**

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

June 30, 2023

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

ANNUAL FINANCIAL REPORT

June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Nevada County Consolidated Fire District (District) as of and for the year-ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the District as of June 30, 2023, and the respective changes in financial position, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 information on pages 4-12 and 34-36 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 8, 2024, on our consideration of the Nevada County Consolidated Fire District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the 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 Nevada County Consolidated Fire District's internal control over financial reporting and compliance.

Fechter & Company
Certified Public Accountants


Sacramento, California
February 8, 2024

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023

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, 2023, 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 2022-23 and fiscal year 2021-22.

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 \$4,378,700 (net position) at the close of fiscal year 2023. Unrestricted net position, which is normally used to meet the District's ongoing obligations to its creditors, was \$394,329 at June 30, 2023.
- The District's total net position decreased by \$1,256,087. Revenues of \$8,776,006 were lower than expenditures of \$10,085,288 by \$1,309,282 and a prior period adjustment of \$53,196 was for prior year taxes received.
- Short-term liabilities (accounts payable, interest, and accrued expenses) decreased \$18,788. The District's long-term liabilities increased \$4,858,514 (new loan, lease obligations and increase in net pension liability). Total liabilities for the District increased \$4,839,726.
- At the close of the year ended June 30, 2023, the District's governmental funds reported a combined ending fund balance of \$4,807,514, an increase of \$269,333 from the June 30, 2022 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 13 and 14, respectively, the last column) 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 Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance (Pages 15 and 17, 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, 2023

Government-wide Financial Statements

The financial statements for the District are on Pages 13 and 14. 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

	2022-23	2021-22	Increase/ Decrease
Assets:			
Current & other	\$ 5,087,970	\$ 4,868,330	\$ 219,640
Right to use assets	950,552	1,005,414	(54,862)
Capital assets	3,966,589	3,763,783	202,806
Total Assets	10,005,111	9,637,527	367,584
 Deferred Outflows of Resources	 4,246,223	 2,497,911	 1,748,312
 Liabilities:			
Current	674,683	693,471	(18,788)
Long-term	8,046,974	3,188,460	4,858,514
Total Liabilities	8,721,657	3,881,931	4,839,726
 Deferred Inflows of Resources	 1,150,977	 2,618,720	 (1,467,743)
 Net Position:			
Net investment in capital assets	3,645,245	4,035,176	(389,931)
Restricted	339,126	287,762	51,364
Unrestricted	394,329	1,311,849	(917,520)
Total Net Position	\$ 4,378,700	\$ 5,634,787	\$ (1,256,087)

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

For the fiscal year 2022-23, net position was \$4,378,700, a decrease of \$1,256,087, or 22%. Total Net Position included \$339,126 in restricted assets (development fees restricted for future capital purchases and post-employment pension trust) and \$394,329 in unrestricted net position.

Statement of Activities and Changes in Net Position

	<u>2022-23</u>	<u>2021-22</u>	<u>Increase/ Decrease</u>
Total Revenues	\$ 8,776,006	\$ 8,995,191	\$ (219,185)
Total Expenses	<u>(10,085,288)</u>	<u>(6,595,717)</u>	<u>(3,489,571)</u>
Excess (Deficiency)	(1,309,282)	2,399,474	(3,708,756)
Beginning Net Position	5,634,786	3,235,312	2,399,474
Prior Period Adjustment	53,196	-	53,196
Ending Net Position	<u><u>\$ 4,378,700</u></u>	<u><u>\$ 5,634,786</u></u>	<u><u>\$ (1,309,282)</u></u>

Total Revenues for fiscal year 2022-23 were lower than the prior year, as expenses increased. Fiscal year 2022-23 expenses exceeded revenues by \$1,309,282 therefore decreasing net position by the same.

A comparison of revenues for the year ended June 30, 2023 to the revenues for the year ended June 30, 2022 is as follows:

	<u>2022-23</u>	<u>2021-22</u>	<u>Increase/ Decrease</u>
<u>Revenues</u>			
General Revenues:			
Property taxes	\$ 3,952,209	\$ 3,635,167	\$ 317,042
State taxes	564,490	456,995	107,495
Special assessments	3,224,981	3,146,547	78,434
Interest income	83,922	9,873	74,049
Gain/(loss) on disposal of assets	-	25,000	(25,000)
Other revenue	98,245	610,842	(512,597)
Subtotal	<u>7,923,847</u>	<u>7,884,424</u>	<u>39,423</u>
Program Revenues:			
Reimbursements	710,574	962,360	(251,786)
Mitigation fees	115,761	83,446	32,315
Operating grants	25,824	64,961	(39,137)
Total Revenue	<u><u>\$ 8,776,006</u></u>	<u><u>\$ 8,995,191</u></u>	<u><u>\$ (219,185)</u></u>

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

Property tax revenues increased in fiscal year 2022-23 due to the increase of property values. Special Assessments revenue increased as parcel assessments increased. Program revenues decreased mostly due to decreased strike team activity.

A comparison of expenses for the year ended June 30, 2023 to the expenses for the year ended June 30, 2022 is as follows:

<u>Expenses</u>	<u>2022-23</u>	<u>2021-22</u>	<u>Increase/ Decrease</u>
Salaries, wages, and benefits	\$ 8,221,147	\$ 7,035,241	\$ 1,185,906
Insurance	121,230	40,636	80,594
Supplies	85,009	52,719	32,290
Professional services	115,072	96,612	18,460
Tools	33,833	25,907	7,926
Maintenance	330,721	262,425	68,296
Communications	26,879	26,586	293
Utilities and fees	181,632	114,967	66,665
Special district expense	128,176	128,908	(732)
Prevention	17,464	11,992	5,472
Fire agency	180,694	123,892	56,802
Training	77,804	46,666	31,138
Uniforms and PPE	113,997	66,836	47,161
Miscellaneous	20,285	23,844	(3,559)
Interest	13,469	15,855	(2,386)
Depreciation	417,876	435,237	(17,361)
Total Expenses	<u>\$ 10,085,288</u>	<u>\$ 8,508,323</u>	<u>\$ 1,576,965</u>

Salaries, wages, and benefits expenses for fiscal year 2022-23 were \$1,185,906 more than fiscal year 2021-22. Major components of the decreases were:

- Higher pension cost mostly due to change in projected and actual earnings on pension plan investments.

Other expense categories increased or decreased as part of a normal ebb and flow between years.

Fund Financial Statements

The Fund Financial Statements are on pages 15 and 17 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 –

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023

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 16 and 18, 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, 2023, the District's governmental funds reported combined ending fund balances of \$4,807,514, an increase of \$269,333 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 \$2,714,246 at June 30, 2023.

Budget vs. Actual

The Statement of Revenues, Expenditures, and Changes in Fund Balances Budget vs Actual on pages 34 and 35 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 \$900,204 over budget and expenditures were over budget by \$341,320. Revenues for the Capital Improvement Fund were \$16,262 over budget and expenditures were under budget by \$23,689. These figures do not include beginning cash balances.

General Fund: Actual revenues were over budget by \$900,204 primarily due to strike team activity. Actual expenses were over budget by \$341,320, primarily due to employee salaries and employee benefits related to strike team. There were also variances in various other accounts.

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023

Capital Improvement Fund: Actual revenues were over budget by \$16,262. Revenues come from AB1600 mitigation fees. Expenses were on target to budget.

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, 2023, the District received \$1,008,714 from the 2012 Special Tax and \$1,665 in interest. These funds were used as follows:

1. Nevada County administrative fees of \$8,197.
2. Operating expenses in the areas of personnel, facility, and equipment of \$993,000.
3. Fund balance increased \$5,063.

Capital Asset and Debt Administration Capital Assets

At the end of fiscal year 2022-23, the District had \$3,645,245 invested in a range of capital assets, including land, structures, vehicles, and equipment, net of debt. This is a \$389,931 decrease from the prior fiscal year. Depreciation expense was recorded, reducing capital asset values.

	2022-23	2021-22	Increase/ Decrease
Right to use assets - vehicles	<u>\$ 950,552</u>	<u>\$ 1,005,414</u>	<u>\$ (54,862)</u>
Land, structures, improvements and construction in progress	\$ 2,331,047	\$ 2,295,874	\$ 35,173
Vehicles	1,066,485	883,160	183,325
Equipment	<u>569,057</u>	<u>584,749</u>	<u>(15,692)</u>
	<u>\$ 3,966,589</u>	<u>\$ 3,763,783</u>	<u>\$ 202,806</u>

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

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

Debt Administration

The District has three debt obligations:

Outstanding Debt at Year End

	2022-23	2021-22	Increase/ Decrease
West America	\$ 116,133	\$ 172,155	\$ (56,022)
West America	205,211	-	205,211
PNC - E86	-	48,887	(48,887)
PNC - E88	388,311	512,979	(124,668)
	<u>\$ 709,655</u>	<u>\$ 734,021</u>	<u>\$ (24,366)</u>

West America – The first debt obligation is for the purchase of a new rescue vehicle which requires payments through April 2025. This second debt obligation is for the purchase of a new water tender vehicle in the current fiscal year, requiring payments through September 2029.

PNC E86 – This debt obligation is for the purchase of a fire engine during the prior fiscal year, requiring payments through September 2022.

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

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 and New Special Tax Measure

In fiscal year 2022-23, the District continued to maintain its financial stability. Steps include increased cash balances in the general fund, fixed asset upgrades, and debt maintenance.

The goal for fiscal year 2023-24 is to continue providing for the safety of the community, safety of District employees, and being good stewards of District assets. The fiscal year 2022-23 budgets reflect such by projected expenditures in personal protective equipment, training, and maintenance of facilities, equipment, and vehicles. The District is incurring increased costs in retirement, property, liability and workers compensation insurance.

Although the District experienced financial stability, the District needs to be aware of factors that affect the largest cost; wages and benefits. A new memorandum of understanding will begin negotiations during FY 2023-24 for FY 2024-25. There also is the continuing need to replace

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023

vehicles, equipment, and major maintenance projects. The long-term effect of these concerns is routinely reviewed and analyzed when preparing extended projections. The board and staff members use the projections as a basis to gain efficiencies on a number of different levels.

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	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Safety	\$ 7,106,710	\$ 5,725,765	\$ 3,778,432	\$ 6,484,410
Misc.	441,027	367,177	259,809	409,222
Total	\$ 7,547,737	\$ 6,092,942	\$ 4,038,241	\$ 6,893,632

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.

The contribution methodology for 2015-16 and thereafter changed. The required contribution consists of two components; 1) a contribution rate based on payroll, and 2) a fixed dollar amount. The purpose of the change is to ensure the unfunded pension liability is funded as classic members reach retirement age.

In 2017, CalPERS reduced the discount rate from 7.50% to 7.00%, implementing over a three-year period. This decrease in the discount rate has two effects: 1) increases the contribution rate on payroll, and 2) increases the unfunded pension liability, which in turn increases the associated annual payment.

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.

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023

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 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.

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, 2023

Assets

Current Assets:

Cash and investments	\$ 4,792,920
Post-employment trust - restricted	174,166
Accounts receivable	118,569
Deposits and prepaid expenses	2,315
Total Current Assets	5,087,970

Right-to-use asset, net	950,552
Capital assets, net	3,966,589

Total Assets	10,005,111
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Deferred Outflows

Pension	4,246,223
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Liabilities

Current Liabilities:

Accounts payable and accruals	116,031
Accrued payroll liabilities	111,229
Accrued interest	6,726
Accrued compensated absences	230,279
Current portion of lease liability	127,023
Current portion of notes payable	83,395
Total Current Liabilities	674,683

Long-term Liabilities:

Lease liabilities, net current portion	261,288
Note payable, net current portion	237,949
Net pension liability	7,547,737
Total Long-term Liabilities	8,046,974

Total Liabilities	8,721,657
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Deferred Inflows

Pension	1,150,977
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Net Position

Net investment in capital assets	3,645,245
Restricted for capital improvements	164,960
Restricted for post-employment	174,166
Unrestricted	394,329
Total Net Position	\$ 4,378,700

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, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
Governmental Activities:					
Public protection	\$ 9,203,720	\$ 115,761	\$ 25,824	\$ -	\$ (9,062,135)
Strike team	450,223	710,574	-	-	260,351
Interest on long-term debt	13,469	-	-	-	(13,469)
Gain/(loss) on disposal of assets	-	-	-	-	-
Depreciation and amortization (unallocated)	417,876	-	-	-	(417,876)
Total Governmental Activities	\$ 10,085,288	\$ 826,335	\$ 25,824	\$ -	(9,233,129)
General Revenues:					
					3,952,209
					3,224,981
					564,490
					3,640
					83,922
					94,605
					<u>7,923,847</u>
					(1,309,282)
					5,634,786
					<u>53,196</u>
					<u>\$ 4,378,700</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, 2023**

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and investments	\$ 4,627,960	\$ 164,960	\$ 4,792,920
Post-employment trust - restricted	174,166	-	174,166
Accounts receivable	118,569	-	118,569
Deposits and prepaid expenses	2,315	-	2,315
	<u>4,923,010</u>	<u>164,960</u>	<u>5,087,970</u>
Total Current Assets			
	<u>\$ 4,923,010</u>	<u>\$ 164,960</u>	<u>\$ 5,087,970</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts payable and accruals	\$ 116,031	\$ -	\$ 116,031
Accrued payroll	111,229	-	111,229
	<u>227,260</u>	<u>-</u>	<u>227,260</u>
Total Liabilities			
	227,260	-	227,260
Fund Balance			
Unassigned	2,714,246	-	2,714,246
Restricted for capital improvements	-	164,960	164,960
Restricted for post-employment	174,166	-	174,166
Unspendable	2,315	-	2,315
Committed	1,805,023	-	1,805,023
	<u>4,695,750</u>	<u>164,960</u>	<u>4,860,710</u>
Total Fund Balances			
	<u>\$ 4,923,010</u>	<u>\$ 164,960</u>	<u>\$ 5,087,970</u>

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

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT
Reconciliation of the Governmental Fund Balance Sheet to the
Government-Wide Statement of Net Position
As of June 30, 2023

Fund Balances of Governmental Funds	\$ 4,860,710
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Amounts reported for governmental activities in the statement of net position are different because:

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

Right-to-use assets, net	950,552
Capital assets at historical cost, net	3,966,589
Deferred outflows of resources reported in the Statement of Position	4,246,223
Deferred inflows of resources	(1,150,977)

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

Compensated absences	(230,279)
Accrued interest	(6,726)
Capital lease liabilities	(388,311)
Note payable	(321,344)
Net pension liability	<u>(7,547,737)</u>

Net position of governmental activities	<u>\$ 4,378,700</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, 2023**

	General Fund	Capital Improvement Fund	Total
Revenues			
Tax revenue	\$ 3,952,209	\$ -	\$ 3,952,209
Special assessment and tax	3,224,981	-	3,224,981
State taxes	564,490	-	564,490
Charges for service	710,574	-	710,574
Rental income	3,640	-	3,640
Interest and investment earnings	81,509	2,413	83,922
Mitigation fees	-	115,761	115,761
Grants and contributions	25,824	-	25,824
Miscellaneous	94,605	-	94,605
	<u>8,657,832</u>	<u>118,174</u>	<u>8,776,006</u>
Total Revenues			
Expenditures			
Capital assets	565,820	-	565,820
Debt Service:			
Principal	180,690	48,887	229,577
Interest	12,855	612	13,467
Salaries and employee benefits	6,523,418	-	6,523,418
Services, supplies, and refunds	1,431,183	1,615	1,432,798
	<u>8,713,966</u>	<u>51,114</u>	<u>8,765,080</u>
Total Expenditures			
Other Financing Sources (Uses)			
Debt proceeds received	205,211	-	205,211
	<u>205,211</u>	<u>-</u>	<u>205,211</u>
Total Other Financing Sources (Uses)			
Net change in Fund Balances	149,077	67,060	216,137
	<u>149,077</u>	<u>67,060</u>	<u>216,137</u>
Fund Balances, beginning of period	4,470,662	120,715	4,591,377
Prior period adjustment	76,011	(22,815)	53,196
	<u>76,011</u>	<u>(22,815)</u>	<u>53,196</u>
Fund Balances, end of period	<u>\$ 4,695,750</u>	<u>\$ 164,960</u>	<u>\$ 4,807,514</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, 2023

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

Net Change in Fund Balances	\$ 216,137
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

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

Capital outlay expenditures are, therefore, added back to fund balances.	565,820
Depreciation and amortization expense not reported in governmental funds.	(417,876)

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

Change in compensated absences	(50,065)
Proceeds from long-term debt	(205,211)
Long-term liability payments	229,577
Change in net pension liability	(4,863,721)
Change in deferred outflows of resources	1,748,312
Change in deferred inflows of resources	1,467,743
	1,467,743
Change in Net Position of Governmental Activities	\$ (1,309,284)

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, 2023

Background: The Nevada County Consolidated Fire District is an independent special district within the County of Nevada 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 Nevada County through four fire stations and one fire station jointly staffed with Grass Valley. There are four unstaffed stations.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Accounting Principles

The financial statements of the Nevada County Consolidated Fire District (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 and Changes in Net Position. 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 as well as 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, 2023

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 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 Sheets. 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, except that revenues subject to accrual (generally 60 days after year-end) 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.

Nonspendable – Includes amounts that are not in a spendable form or are required to be maintained intact.

Restricted – Includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation.

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023

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.

Budgets and Budgetary Accounting

An annual budget is adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District’s Board of Directors must adopt a preliminary budget by June 30th and a final budget no later than September 30th. A public hearing must be conducted to receive comments prior to adoption. The District’s Governing board satisfied these requirements.

This budget is reviewed by the District Board of Directors during the year to give consideration to unanticipated income and expenditures. The final revised budget is presented for the General Fund as required supplementary information in the financial statements.

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, as the fair market value adjustment at the year end was immaterial.

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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 following estimated useful lives ranging from 5 to 40 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.

Liability for Compensated Absences

The District is required to recognize a liability for employees' rights to receive compensation for future absences. All vacation is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

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

Property Taxes

Nevada County is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by Nevada 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.

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - continued

Property Taxes - continued

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

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-of-use assets and lease liabilities on the Statement of Activities. Right-to-use leased assets are amortized over the lease term.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments consist of the following:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
County cash	\$ 4,898,058	\$ 4,599,191
Petty cash	100	100
Deposits in financial institutions	14,173	181,945
	<u>\$ 4,912,331</u>	<u>\$ 4,781,236</u>

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 2 – CASH AND INVESTMENTS - continued

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 Nevada County's cash and investment pool which is managed by the Nevada County Treasurer. The District's cash balances invested in the Nevada 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 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).

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).

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 2 – CASH AND INVESTMENTS - continued

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, 2023.

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, 2023, the District has \$118,569 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 - vehicles	\$ 1,097,240	\$ -	\$ -	\$ 1,097,240
Accumulated amortizatoin -	(91,826)	(54,862)	-	(146,688)
Total Right-To-Use Leased Assets	\$ 1,005,414	\$ (54,862)	\$ -	\$ 950,552

Amortization expense for the year ended June 30, 2023 was \$54,862.

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 6 – CAPITAL ASSETS

	Beginning Balance	Additions	Reclass	Ending Balance
Nondepreciable Capital Assets:				
Land	\$ 526,857	\$ -	\$ -	\$ 526,857
Construction in progress	52,563	-	(52,563)	-
Total Nondepreciable Capital Assets	579,420	-	(52,563)	526,857
Depreciable Capital Assets:				
Land improvements	51,775	-	-	51,775
Structures and improvements	4,664,679	172,725	36,980	4,874,384
Vehicles	3,774,161	354,476	-	4,128,637
Furniture and equipment	74,537	6,551	-	81,088
Firefighting equipment	1,087,450	20,420	15,583	1,123,453
Radio, Communication equipment	391,248	11,648	-	402,896
Total Depreciable Capital Assets	10,043,850	565,820	52,563	10,662,233
Less: Accumulated Depreciation:				
Land improvements	(21,721)	(2,528)	-	(24,249)
Structures & improvements	(2,978,279)	(119,441)	-	(3,097,720)
Vehicles	(2,891,001)	(171,151)	-	(3,062,152)
Furniture & equipment	(53,651)	(973)	-	(54,624)
Firefighting equipment	(641,902)	(40,603)	-	(682,505)
Radio, communication equipment	(272,933)	(28,318)	-	(301,251)
Total Accumulated Depreciation	(6,859,487)	(363,014)	-	(7,222,501)
Total Capital Assets Being Depreciated, Net	3,184,363	202,805	52,563	3,439,731
Capital Assets, Net	\$ 3,763,783	\$ 202,805	\$ -	\$ 3,966,588

Depreciation expense for the year ended June 30, 2023 was \$363,014.

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Notes to Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 7 – LONG-TERM LIABILITIES

Long-term liabilities at June 30, 2023, consisted of the following:

	Balance at June 30, 2022	Additions	Repayments	Balance at June 30, 2023	Due Within One Year
Notes Payable:					
Westamerica Bank	\$ 172,155	\$ -	\$ (56,022)	\$ 116,133	\$ 57,374
Westamerica Bank	-	205,211		\$ 205,211	26,021
Total Notes Payable	172,155	205,211	(56,022)	321,344	83,395
Lease liabilities - financing					
PNC	48,887	-	(48,887)	-	-
PNC	512,979	-	(124,668)	388,311	127,023
Total lease liabilities - financing	561,866	-	(173,555)	388,311	127,023
Compensated absences	276,492	-	(46,213)	230,279	-
Net pension obligation	6,092,942	2,068,480	(613,685)	7,547,737	-
Total Long-Term Liabilities	<u>\$ 7,103,455</u>	<u>\$ 2,273,691</u>	<u>\$ (889,475)</u>	<u>\$ 8,487,671</u>	<u>\$ 210,418</u>

Notes Payable

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.

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.

Lease Liabilities - Financing

In September 2017, the District entered into a capital lease for the acquisition of an additional new fire engine. The lease has an interest rate of 2.49%, with semi-annual debt service payments of \$49,498 through September 8, 2022. The cost of the fire engine was \$461,904.

In February 2021, the District entered into a capital lease for the acquisition of an additional new water pumper vehicle. The lease has an interest rate of 1.83%, with semi-annual debt service payments of \$66,864 through February 8, 2026. The cost of the water pumper vehicle was \$635,336.

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 7 – LONG-TERM LIABILITIES - continued

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

Year Ended June 30,	Principal	Interest	Total
2024	\$ 210,418	\$ 9,151	\$ 219,569
2025	215,230	5,367	220,597
2026	159,984	7,872	167,856
2027	29,228	4,899	34,127
2028	30,383	3,744	34,127
Thereafter	64,412	3,841	68,253
	<u>\$ 709,655</u>	<u>\$ 34,874</u>	<u>\$ 744,529</u>

NOTE 8 – PUBLIC EMPLOYEES’ RETIREMENT PLAN

Plan Description – The Nevada County Consolidated Fire 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 Nevada County Consolidated Fire 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 Nevada County Consolidated Fire 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.

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/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.

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 8 – PUBLIC EMPLOYEES’ RETIREMENT PLAN - continued

GASB 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:

Table with 2 columns: Validation Date (VD), Measurement Date (MD), Measurement Period (MP) and corresponding dates: June 30, 2022, June 30, 2021, July 1, 2021 to June 30, 2022

General Information about the Pension Plan

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, 2021 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 the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the 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.

Summary of Significant Accounting Policies

Actuarial Methods and Assumptions Used to determine Total Pension Liability:

Table with 2 columns: Actuarial Cost Method, Actuarial Assumptions: and corresponding values: Entry Age Normal, 6.90%, 2.30%, Varies by Entry Age and Service, Derived using CalPERS’ Membership Data for all funds

All other actuarial assumptions used in the June 30, 2021 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.

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 8 – PUBLIC EMPLOYEES’ RETIREMENT PLAN - continued

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-lock 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.

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

Asset Class	Measurement Date June 30, 2022	
	New Strategic Allocation	Real Return Years 1 - 10(a)(b)
Global equity	42.0%	8.29%
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	0.05	0.0227
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

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 8 – PUBLIC EMPLOYEES’ RETIREMENT PLAN - continued

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in your GASB 68 accounting valuation report may differ from the plan assets reported in your 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 your 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.

Proportionate Share of Net Pension Liability

	Proportionate Share of Net Pension Liability/ (Asset)
Miscellaneous	\$ 441,027
Safety	<u>7,106,710</u>
 Total	 <u>\$ 7,547,737</u>

Change in the Proportionate Share of the Net Pension Liability

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Proportion - June 30, 2022	0.01007%	0.07103%	0.04963%
Proportion - June 30, 2023	<u>0.00943%</u>	<u>0.10342%</u>	<u>0.06534%</u>
	<u>-0.00064%</u>	<u>0.03239%</u>	<u>0.01571%</u>

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 8 – PUBLIC EMPLOYEES’ RETIREMENT PLAN - continued

Summary of Deferred Outflows/Inflows of Resources

Measurement Period Ending June 30,	Miscellaneous	Safety	Total
2024	\$ 205,628	\$ 582,852	\$ 788,480
2025	22,973	604,531	627,504
2026	12,999	318,583	331,582
2027	49,410	684,585	733,995
2028	-	-	-
	<u>\$ 291,010</u>	<u>\$ 2,190,551</u>	<u>\$ 2,481,561</u>

For the Measurement Year Ended June 30, 2022	Deferred Outflows	Deferred Inflows
Changes in assumptions	\$ 761,764	\$ -
Differences between expected and actual experience	302,978	83,105
Net difference between projected and actual earnings on pension plan investments	1,203,033	-
Differences between actual contributions vs proportionate share of contributions	176,233	1,067,872
Change in employer proportion	1,188,530	-
Pension contributions made subsequent to the measurement date	613,685	-
	<u>\$ 4,246,223</u>	<u>\$ 1,150,977</u>

Plan's Net Pension Liability/(Asset)	Discount Rate -1% 5.90%	Current Discount Rate 6.90%	Discount Rate +1% 7.90%
Miscellaneous	\$ 685,182	\$ 441,027	\$ 240,149
Safety	11,629,924	7,106,710	3,410,004
	<u>\$ 12,315,106</u>	<u>\$ 7,547,737</u>	<u>\$ 3,650,153</u>

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 9 – 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 10 – LEASE AGREEMENTS

The District has a lease agreement with the County of Nevada for use of former Station 91 beginning February 1, 2019 and expiring June 30, 2025. Rent is \$250 per month.

NOTE 11 – JOINT POWERS AUTHORITY

The District is a member of the Nevada County Fire and Emergency Joint Powers Agency for which the District 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 2023 was \$180,694.

NOTE 12 – PRIOR PERIOD ADJUSTMENTS

Prior period adjustments were recorded to account for prior year taxes received as well as to correct the prior year capital improvement fund balance.

NOTE 13 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

The District incurred expenditures in excess of appropriations for the 2023 fiscal year, primarily due to excessive fire season activity which were reimbursed by either Cal-Fire or USDA.

NOTE 14 – SUBSEQUENT EVENTS

In July 2023, the District entered into an agreement for the purchase of a water pumper vehicle for approximately \$1M which will be available within 47.5 to 50.5 months. The District plans to finance the purchase within the next year.

The District's management has evaluated events and transactions subsequent to June 30, 2023 for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through February 8, 2024, the date the financial statements became available to be issued.

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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Tax revenue	\$ 3,878,338	\$ 3,831,175	\$ 3,952,209	\$ 121,034
Special assessment and tax	3,215,466	3,215,466	3,224,981	9,515
State taxes	473,247	473,247	564,490	91,243
Charges for service, net	106,480	120,000	710,574	590,574
Rental income	3,240	3,240	3,640	400
Interest and investment earnings	23,500	42,716	81,509	38,793
Grants and contributions	-	-	25,824	25,824
Gain on sale of assets	60,000	60,000	-	(60,000)
Miscellaneous	21,000	11,784	94,605	82,821
Total Revenues	7,781,271	7,757,628	8,657,832	900,204
Expenditures				
Capital assets	113,374	243,374	554,154	(310,780)
Salaries and employee benefits	6,577,854	6,429,577	6,523,418	(93,841)
Services, supplies, and refunds	1,618,911	1,494,484	1,431,183	63,301
Total Expenditures	8,310,139	8,167,435	8,508,755	(341,320)
Net change in Fund Balances	\$ (528,868)	\$ (409,807)	149,077	\$ 558,884
Fund Balances, beginning of period			4,470,662	
Prior period adjustment			76,011	
Fund Balances, end of period			\$ 4,695,750	

See Independent Auditor's Report.

**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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Interest & investment earnings	\$ 1,500	\$ 1,500	\$ 2,413	\$ 913
Mitigation fees	100,412	100,412	115,761	15,349
Total Revenues	101,912	101,912	118,174	16,262
Expenditures				
Debt Service:				
Principle	48,889	48,889	48,887	2
Interest	2,914	2,914	612	2,302
Services, supplies and refunds	23,000	23,000	1,615	21,385
Total Expenditures	74,803	74,803	51,114	23,689
Net change in Fund Balances	\$ 27,109	\$ 27,109	67,060	\$ 39,951
Fund Balances, beginning of period			120,715	
Prior period adjustment			(22,815)	
Fund Balances, end of period			<u>\$ 164,960</u>	

See Independent Auditor's Report.

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT
Required Supplementary Information - Pensions
For the Year Ended
JUNE 30, 2023

Measurement Year Ending June 30:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Actuarially determined contribution	\$ 598,457	\$ 682,446	\$ 567,335	\$ 893,991	\$ 958,000	\$ 972,399	\$ 613,685
Contributions in relation to the actuarially determined contribution	<u>598,457</u>	<u>1,379,484</u>	<u>567,335</u>	<u>893,991</u>	<u>939,977</u>	<u>972,399</u>	<u>613,685</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (697,038)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,023</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
Contributions as a percentage of covered employee payroll	25.47%	52.88%	19.83%	26.57%	30.29%	29.93%	18.89%

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

Measurement Year Ending June 30:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Plan's proportionate of the net pension liability/(asset)	0.05638%	0.04875%	0.04922%	0.05183%	0.05600%	0.06670%	0.69920%
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
Plan's covered-employee payroll	\$ 2,349,585	\$ 2,608,731	\$ 2,861,144	\$ 3,364,080	\$ 3,103,739	\$ 3,248,816	\$ 3,371,498
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%	223.87%
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%
Plan's proportionate share of aggregate employer contributions	\$ 505,422	\$ 611,098	\$ 843,340	\$ 973,226	\$ 958,000	\$ 972,399	\$ 613,685

OTHER REPORT

**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***

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 Nevada County Consolidated Fire District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated February 8, 2024.

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. However, material weaknesses or significant deficiencies may exist that were not identified.

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

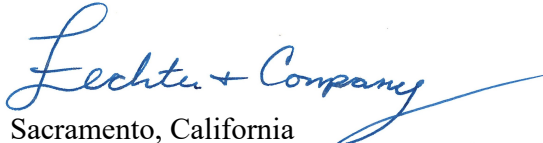
Report on Compliance and Other Matters

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.

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


Sacramento, California
February 8, 2024