NEVADA COUNTY
CONSOLIDATED FIRE DISTRICT

FINANCIAL REPORT
With
Independent Auditor's Report Thereon

June 30, 2024

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

ANNUAL FINANCIAL REPORT
June 30, 2024

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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, 2024, 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, 2024, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, and 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.

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

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.

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

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 January 31, 2025, 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, 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 the District's internal control over financial reporting and compliance.

Fechter & Company
Certified Public Accountants

Fechter & Company

Sacramento, California
January 31, 2025

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

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, 2024, 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 2023-24 and fiscal year 2022-23.

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 $3,153,325 (net position) at the close of fiscal year 2023-24. Unrestricted net position, which is normally used to meet the District's ongoing obligations to its creditors, was $(1,316,517) at June 30, 2024.

- The District's total net position decreased by $1,225,375. Revenues of $9,314,034 were lower than expenditures of $10,539,409 by $1,225,375 due primarily to the unfunded liability payments to the pension plan and the adoption of the OPEB plan in fiscal year 2023-24.

- Short-term liabilities (accounts payable, interest, and accrued expenses) decreased $158,823. The District's long-term liabilities increased by $2,335,197 (new loan, lease obligations, increase in net pension liability and OPEB liability). Total liabilities for the District increased by $2,176,374.

- At the close of the year ended June 30, 2024, the District's governmental funds reported a combined ending fund balance of $4,668,983, a decrease of $191,727 from the June 30, 2023 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 Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (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.

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.

	2023-24	2022-23	Increase/ Decrease	% Change
Assets:				
Current & other	$ 4,985,613	$ 5,087,970	$ (102,357)	-2%
Right-to-use assets	9,448	-	9,448	100%
Capital assets	5,649,086	4,917,141	731,945	15%
Total Assets	10,644,147	10,005,111	639,036	6%
Deferred Outflows of Resources	4,345,321	4,246,223	99,098	2%
Liabilities:				
Current	515,861	674,683	(158,823)	-24%
Long-term	10,382,171	8,046,974	2,335,197	29%
Total Liabilities	10,898,031	8,721,657	2,176,374	25%
Deferred Inflows of Resources	938,112	1,150,977	(212,865)	-18%
Net Position:				
Net investment in capital assets	4,189,234	3,645,245	543,989	15%
Restricted	280,608	339,126	(58,518)	-17%
Unrestricted	(1,316,517)	394,329	(1,710,846)	-434%
Total Net Position	$ 3,153,325	$ 4,378,700	$ (1,225,375)	-28%

For the fiscal year 2023-24, net position was $3,153,325, a decrease of $1,225,375, or 28%. Total net position included $280,608 in restricted assets (development fees restricted for future capital purchases and post-employment pension trust) and $(1,316,317) in unrestricted net deficit.

Statement of Activities and Changes in Net Position

	2023-24	2022-23	Increase/ Decrease	% Change
Total Revenues	$ 9,314,034	$ 8,776,006	$ 538,028	6%
Total Expenses	(10,539,409)	(10,085,288)	(454,121)	5%
Excess (Deficiency)	(1,225,375)	(1,309,282)	83,907	-6%
Beginning Net Position	4,378,700	5,634,786	(1,256,086)	-22%
Prior Period Adjustment	-	53,196	(53,196)	-100%
Ending Net Position	$ 3,153,325	$ 4,378,700	$ (1,225,375)	-28%

Total revenues and expenses for fiscal year 2023-24 were higher than the prior year. Fiscal year 2023-24 expenses exceeded revenues by $1,225,375.

A comparison of revenues for the year ended June 30, 2024 to the revenues for the year ended June 30, 2023 is as follows:

	2023-24	2022-23	Increase/ Decrease	% Change
Revenues				
General Revenues:				
Property taxes	$ 4,049,760	$ 3,952,209	$ 97,551	2%
State taxes	495,141	565,211	(70,070)	-12%
Special assessments	3,342,560	3,224,981	117,579	4%
Mitigation fees	107,749	115,761	(8,012)	-7%
Interest income	107,719	83,922	23,797	28%
Other revenue	5,640	3,640	2,000	55%
Subtotal	8,108,569	7,945,724	162,845	2%
Program Revenues:				
Reimbursements	1,089,241	804,458	284,783	35%
Operating grants	67,164	25,824	41,340	160%
Gain/(loss) on disposal of assets	49,060	-	49,060	100%
Total Revenue	$ 9,314,034	$ 8,776,006	$ 538,028	6%

Property tax revenues increased in fiscal year 2023-24 due to the 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 the assistance to the Rough and Ready District in operating Station 59.

A comparison of expenses for the year ended June 30, 2024 to the expenses for the year ended June 30, 2023 is as follows:

	2023-24	2022-23	Increase/ Decrease	% Change
Expenses				
Salaries, wages, and benefits	$ 8,586,171	$ 8,221,147	$ 365,024	4%
Insurance	146,181	121,230	24,951	21%
Supplies	67,695	85,009	(17,314)	-20%
Professional services	163,640	115,072	48,568	42%
Tools	34,121	33,833	288	1%
Maintenance	346,941	330,721	16,220	5%
Communications	32,048	26,879	5,169	19%
Utilities and fees	171,517	181,632	(10,115)	-6%
Special district expense	94,950	128,176	(33,226)	-26%
Prevention	37,089	17,464	19,625	112%
Fire agency	149,636	180,694	(31,058)	-17%
Training	96,727	77,804	18,923	24%
Uniforms and PPE	127,483	113,997	13,486	12%
Miscellaneous	19,557	20,285	(728)	-4%
Interest	33,219	13,469	19,750	147%
Depreciation	432,434	417,876	14,558	3%
Total Expenses	$ 10,539,409	$ 10,085,288	$ 454,121	5%

Salaries, wages, and benefits expenses for fiscal year 2023-24 were $365,024 more than fiscal year 2022-23. Major components of the increases were:

- OPEB costs related to the adoption of the Retiree Health Premium Reimbursement Plan effective July 1, 2023.
- An 8% increase in salaries

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 through 18 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 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, 2024, the District's governmental funds reported combined ending fund balances of $4,668,983, a decrease of $191,727 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 $2,628,338 at June 30, 2024.

Budget vs. Actual

The Statement of Revenues, Expenditures, and Changes in Fund Balances Budget vs Actual on pages 40 and 41 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 $732,976 over budget and expenditures, including debt proceeds received, were over budget by $169,891. Revenues for the Capital Improvement Fund were $10,123 over budget and expenditures were under budget by $28,770. These figures do not include beginning cash balances.

General Fund: Actual revenues were over budget by $732,976 primarily due to strike team activity and reimbursements from the County of Nevada (County) related to operating a Rough and Ready station temporarily. Actual expenses were over budget by $1,141,142, primarily due to capital outlay for new water tender vehicle in construction offset by loan proceeds of $971,251 and employee salaries and employee benefits related to strike team and the Rough and Ready station operations. There were also variances in various other accounts.

Capital Improvement Fund: Actual revenues were over budget by $10,123. Revenues come from AB1600 mitigation fees. Expenses were under budget by $28,770.

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, 2024, the District received $1,059,665 from the 2012 Special Tax and $5,559 in interest. These funds were used as follows:

1. County administrative fees of $8,187.
2. Operating expenses in the areas of personnel, facility, and equipment of $1,055,584.
3. Fund balance increased $496.

Capital Asset and Debt Administration Capital Assets

At the end of fiscal year 2023-24, the District had $5,649,086 invested in a range of capital assets, including land, structures, vehicles, and equipment, net of debt. This is a $1,682,497 increase from the prior fiscal year. Depreciation expense was recorded, reducing capital asset values.

	2023-24	2022-23	Decrease	% Change
Right to use assets - vehicles	$ 9,448	$ -	$ 9,448	100%
Land, structures, improvements and construction in progress	$ 3,312,019	$ 2,331,047	$ 980,972	42%
Vehicles	1,830,262	2,017,037	(186,775)	-9%
Equipment	506,805	569,057	(62,252)	-11%
	$ 5,649,086	$ 4,917,141	$ 731,945	15%

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

Debt Administration

The District has four debt obligations:

Outstanding Debt at Year End

	2023-24	2022-23	Increase/ Decrease	% Change
West America	$ 58,758	$ 116,133	$ (57,375)	-49%
West America	179,191	205,211	(26,020)	-13%
PNC - E88	261,289	388,311	(127,022)	-33%
Municipal Finance	960,612	-	960,612	100%
Buckmaster Copier	7,168	-	7,168	100%
	$ 1,467,020	$ 709,655	$ 757,365	107%

West America – The first debt obligation is for the purchase of a new rescue vehicle which requires payments through April 2025. 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.

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 2023-24, financial stability was maintained by the district. The district maintained cash balances in the general fund, purchased a new engine and gave employees cost of living increases.

Although the District experienced financial stability, the District needs to be aware of factors that affect the largest cost; wages and benefits. The district is currently going through reorganization efforts. There is the need to continue to replace vehicles, equipment, maintain training, 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.

The district is undergoing reorganization efforts with three other fire districts, and the board and staff are undergoing a comprehensive financial analysis.

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	
	6/30/2023	6/30/2022	6/30/2023	6/30/2022
Safety	$ 8,124,568	$ 7,106,710	$ 9,227,986	$ 8,405,298
Misc.	487,615	441,027	542,759	499,681
Total	$ 8,612,183	$ 7,547,737	$ 9,770,745	$ 8,904,979

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.

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 Postemployment Benefits (OPEB)

Ther 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, 2024 is $346,653.

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, 2024

Assets		
Current assets:		
Cash and investments	$	4,605,039
Post-employment trust - restricted		20,755
Accounts receivable		358,397
Deposits and prepaid expenses		1,422
Total current assets		4,985,613
Right-to-use asset, net		9,448
Capital assets, net		5,649,086
Total assets		10,644,147
Deferred Outflows		
Pension		4,345,321
Liabililities		
Current liabilities:		
Accounts payable and accruals		23,897
Accrued payroll liabilities		148,560
Accrued interest		22,441
Current portion of lease liabilities		3,506
Current portion of notes payable		317,457
Total current liabilities		515,861
Long-term liabilities:		
Lease liabilities, net current portion		3,662
Note payable, net current portion		1,142,395
Accrued compensated absences		277,277
Net pension liability		8,612,183
Net OPEB liability		346,653
Total long-term liabilities		10,382,171
Total liabilities		10,898,031
Deferred Inflows		
Pension		932,893
OPEB		5,219
Total deferred inflows		938,112
Net Position		
Net investment in capital assets		4,189,234
Restricted for capital improvements		259,853
Restricted for post-employment		20,755
Unrestricted		(1,316,517)
Total net position	$	3,153,325

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, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants	Net (Expense) Revenue and Change in Net Assets
Governmental activities:					
Public protection	$ 10,073,756	1,089,241	$ 67,164	$ -	$ (8,917,351)
Interest on long-term debt	33,219	-	-	-	(33,219)
Gain/(loss) on disposal of assets	-	49,060	-	-	49,060
Depreciation and amortization (unallocated)	432,434	-	-	-	(432,434)
Total governmental activities	$ 10,539,409	$ 1,138,301	$ 67,164	$ -	(9,333,944)
		General revenues:			
		Tax revenue			4,049,760
		Special assessment and tax			3,342,560
		State taxes			495,141
		Mitigation fees			107,749
		Rental income			5,640
		Interest and investment earnings			107,719
		Total general revenues			8,108,569
		Change in net position			(1,225,375)
		Net position at beginning of fiscal year			4,378,700
		Net position at end of fiscal year			$ 3,153,325

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, 2024

	General Fund	Capital Improvement Fund	Total
Assets			
Current assets:			
Cash and investments	$ 4,345,189	$ 259,853	$ 4,605,042
Post-employment trust - restricted	20,755	-	20,755
Accounts receivable	358,397	-	358,397
Deposits and prepaid expenses	1,422	-	1,422
Total current assets	4,725,763	259,853	4,985,616
Total assets	$ 4,725,763	$ 259,853	$ 4,985,616
Liabilities and Fund Balance			
Liabilities:			
Accounts payable and accruals	$ 23,899	$ -	$ 23,899
Accrued payroll	148,560	-	148,560
Total liabilities	172,459	-	172,459
Deferred Inflow:			
Unavailable revenue	144,175	-	144,175
Total liabilities	316,634	-	316,634
Fund Balance			
Unassigned	2,628,338	-	2,628,338
Restricted for capital improvements	-	259,853	259,853
Restricted for post-employment	20,755	-	20,755
Unspendable	1,422	-	1,422
Committed	1,758,615	-	1,758,615
Total fund balances	4,409,130	259,853	4,668,983
Total liabilities, deferred inflows, and fund balances	$ 4,725,763	$ 259,853	$ 4,985,616

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
As of June 30, 2024

Fund balances of governmental funds	$ 4,668,983
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	9,448
Capital assets at historical cost, net	5,649,086
Deferred outflows of resources reported in the Statement of Position	4,345,321
Deferred inflows of resources	(938,112)
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	(277,277)
Accrued interest	(22,441)
Lease liabilities	(7,168)
Note payable	(1,459,852)
Net pension liability	(8,612,183)
Net OPEB liability	(346,654)
Unavailable revenue	144,175
Net position of governmental activities	3,153,325

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, 2024

	General Fund	Capital Improvement Fund	Total
Revenues			
Tax revenue	$ 4,049,761	$ -	$ 4,049,761
Special assessment and tax	3,342,560	-	3,342,560
State taxes	458,426	-	458,426
Charges for service	982,780	-	982,780
Rental income	5,640	-	5,640
Interest and investment earnings	100,346	6,374	106,720
Mitigation fees	-	107,749	107,749
Grants and contributions	67,164	-	67,164
Proceeds from sale of assets	83,000	-	83,000
Total revenues	9,089,677	114,123	9,203,800
Expenditures			
Capital assets	1,207,766	-	1,207,766
Debt Service:			
Principal	213,888	-	213,888
Interest	17,502	-	17,502
Salaries and employee benefits	7,440,038	-	7,440,038
Services, supplies, and refunds	1,468,354	19,230	1,487,584
Total expenditures	10,347,548	19,230	10,366,778
Other financing sources (uses)			
Debt proceeds received	971,251	-	971,251
Total other financing sources (uses)	971,251	-	971,251
Net change in fund balances	(286,620)	94,893	(191,727)
Fund balances, beginning of period	4,695,750	164,960	4,860,710
Fund balances, end of period	$ 4,409,130	$ 259,853	$ 4,668,983

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, 2024

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	$ (191,727)
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.	1,207,766
Depreciation and amortization expense not reported in governmental funds.	(432,434)
The Governmental funds report a gain/(loss) on sale of fixed assets, whereas the Statement of Activities report a proceeds on sale of fixed assets, therefore, the difference needs to be subtracted	(33,940)
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	(46,998)
Proceeds from long-term debt	(971,251)
Long-term liability payments	213,888
Accrued interest	(15,717)
Change in net pension liability	(1,064,446)
Change in OPEB liability	(346,653)
Change in unavailable revenue	144,175
Change in deferred outflows of resources	99,098
Change in deferred inflows of resources	212,865
Change in net position of governmental activities	$ (1,225,375)

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

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.

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 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.

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 30^{th} and a final budget no later than September 30^{th}. 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.

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 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 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.

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 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 Postemployment Benefits Other Than Pensions*. GASB 75 requires the District recognize in its financial statements the total Postemployment Benefits Other Than Pensions (OPEB) liability for the health benefits provided to retirees, less the amounts held in an irrevocable trust account.

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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - continued

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.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments consists of the following:

County cash	$	4,590,660
Petty cash		100
Post-employment trust		20,755
Deposits in financial institutions		14,279
	$	4,625,794

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.

NOTE 2 – CASH AND INVESTMENTS - continued

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).

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, 2024.

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, 2024, the District has $358,397 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)	-	(5,314)
Total Right-To-Use Leased Assets	$ -	$ 9,448	$ -	$ 9,448

Amortization expense for the year ended June 30, 2024 was $9,448.

NOTE 6 – CAPITAL ASSETS

	Beginning Balance	Additions	Deletions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 526,857	$ -	$ -	$ 526,857
Construction in progress	-	960,613	-	960,613
Total Nondepreciable Capital Assets	526,857	960,613	-	1,487,470
Depreciable Capital Assets:				
Land improvements	51,775	-	-	51,775
Structures and improvements	4,874,384	144,979	-	5,019,363
Vehicles	5,225,877	79,414	(245,225)	5,060,066
Furniture and equipment	81,088	8,000	-	89,088
Firefighting equipment	1,087,450	-	-	1,087,450
Expendable tools	36,003	-		36,003
Radio, Communication equipment	402,896	-	-	402,896
Total Depreciable Capital Assets	11,759,473	232,393	(245,225)	11,746,641
Less: Accumulated Depreciation:				
Land improvements	(24,249)	(2,528)	-	(26,777)
Structures & improvements	(3,097,720)	(122,092)	-	(3,219,812)
Vehicles	(3,208,840)	(232,248)	211,284	(3,229,804)
Furniture & equipment	(92,912)	(39,851)	-	(132,763)
Firefighting equipment	(641,902)	-	-	(641,902)
Expendable tools	(2,315)	(4,868)		(7,183)
Radio, communication equipment	(301,251)	(25,533)	-	(326,784)
Total Accumulated Depreciation	(7,369,189)	(427,120)	211,284	(7,585,025)
Total Capital Assets Being Depreciated, Net	4,390,284	(194,727)	(33,941)	4,161,616
Capital Assets, Net	$ 4,917,141	$ 765,886	$ (33,941)	$ 5,649,086

Depreciation expense for the year ended June 30, 2024 was $427,120.

NOTE 7 – LONG-TERM LIABILITIES

Long-term liabilities at June 30, 2024, consisted of the following:

	Balance at June 30, 2023	Additions	Repayments	Balance at June 30, 2024	Due Within One Year
Notes Payable:					
Westamerica Bank	$ 116,133	$ -	$ (57,375)	$ 58,758	$ 58,759
Westamerica Bank	205,211	-	(26,020)	179,191	27,049
PNC	388,311	-	(127,022)	261,289	129,422
Municipal Finance	-	960,612	-	960,612	102,226
Total Notes Payable	709,655	960,612	(210,417)	1,459,851	317,456
Lease Liabilities:					
Lease liability - operating	-	10,639	(3,471)	7,168	3,506
Total Lease Liabilities	-	10,639	(3,471)	7,168	3,506
Compensated absences	230,279	46,998	-	277,277	-
Net pension obligation	7,547,737	1,787,474	(723,028)	8,612,183	-
Net OPEB Liability	-	496,653	(150,000)	346,653	-
Total Long-Term Liabilities	$ 8,487,671	$ 3,302,377	$ (1,086,916)	$ 10,703,133	$ 320,963

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.

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:

Year Ended June 30,	Principal	Interest	Total
2025	$ 320,964	$ 54,744	$ 375,708
2026	270,522	45,364	315,886
2027	140,969	37,474	178,443
2028	147,209	31,234	178,443
2029	153,725	24,718	178,443
Thereafter	433,630	33,445	467,075
	$ 1,467,019	$ 226,979	$ 1,693,998

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.

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, 2022
Measurement Date (MD)	June 30, 2023
Measurement Period (MP)	July 1, 2022 to June 30, 2023

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, 2022 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.

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, 2022 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.

NOTE 8 – PUBLIC EMPLOYEES' RETIREMENT PLAN - continued

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

	Measurement Date June 30, 2023	
Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)(b)
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.

NOTE 8 – PUBLIC EMPLOYEES' RETIREMENT PLAN - continued

Proportionate Share of Net Pension Liability

	Proportionate Share of Net Pension Liability/ (Asset)
Miscellaneous	$ 487,615
Safety	8,124,568
Total	$ 8,612,183

Change in the Proportionate Share of the Net Pension Liability

	Miscellaneous	Safety	Total
Proportion - June 30, 2023	0.00943%	0.10342%	0.06534%
Proportion - June 30, 2024	0.00975%	0.10869%	0.06903%
	0.00032%	0.00527%	0.00369%

Summary of Deferred Outflows/Inflows of Resources

At June 30, 2024, 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, 2023	Deferred Outflows	Deferred Inflows
Changes in assumptions	$ 503,600	$ -
Differences between expected and actual experience	621,403	54,930
Net difference between projected and actual earnings on pension plan investments	1,190,835	-
Differences between actual contributions vs proportionate share of contributions	-	877,963
Change in employer proportion	814,218	-
Pension contributions made subsequent to the measurement date	1,215,265	-
	$ 4,345,321	$ 932,893

NOTE 8 – PUBLIC EMPLOYEES' RETIREMENT PLAN – continued

Summary of Deferred Outflows/Inflows of Resources – continued

Employer contributions of $1,215,265 reported at June 30, 2024 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, 2025. 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 June 30,	Miscellaneous	Safety	Total
2025	$ 27,265	$ 764,778	$ 792,043
2026	16,822	466,914	483,736
2027	54,178	833,907	888,085
2028	2,265	31,034	33,299
	$ 100,530	$ 2,096,633	$ 2,197,163

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, 2023 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.

Plan's Net Pension Liability/(Asset)	Discount Rate -1% 5.90%	Current Discount Rate 6.90%	Discount Rate +1% 7.90%
Miscellaneous	$ 754,326	$ 487,615	$ 268,089
Safety	13,046,648	8,124,568	4,100,417
	$ 13,800,974	$ 8,612,183	$ 4,368,506

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.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description, Benefits Provided, and Employees Covered

Ther 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:

Years of Services	Monthly Cap
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, 2024 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.

NOTE 9 – OTHER POSTEMPLOYMENT 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.

NOTE 9 – OTHER POSTEMPLOYMENT 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:

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

Changes in the Net OPEB Liability

Balances at June 30, 2023	$ -
Liability on effective date	453,748
Service cost	27,043
Interest	26,444
Contributions - employer	(150,000)
Net investment income	(10,928)
Benefit payments	-
Adminstrative expenses	346
Balances at June 30, 2024	$ 346,653

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:

	1% Decrease (4.50%)	Discount Rate (5.50%)	1% Increase (6.50%)
Net OPEB liability (asset)	$ 391,401	$ 346,653	$ 305,141

NOTE 9 – OTHER POSTEMPLOYMENT 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:

	1% Decrease	Discount Rate (3.00% / 3 years)	1% Increase
Net OPEB liability (asset)	$ 283,252	$ 346,653	$ 421,945

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:

	Cash	Fixed Income	Equity
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, 2024, the District recognized OPEB expense of $501,872. 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, 2024, the District recognized deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual return investments	$ -	$ 5,219
Total	$ -	$ 5,219

NOTE 9 – OTHER POSTEMPLOYMENT 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
2025	$ (1,305)
2026	(1,305)
2027	(1,305)
2028	(1,304)
	$ (5,219)

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

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 2023-24 was $149,636.

NOTE 13 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

The district incurred expenditures in excess of appropriations for the fiscal year 23/24, 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 was reimbursed.

NOTE 14 – SUBSEQUENT EVENTS

The District's management has evaluated events and transactions subsequent to June 30, 2024 for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through January 31, 2025, 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, 2024

	Budgeted Amounts			Variance with Final Budget
	Original	Amended	Actual	Positive (Negative)
Revenues				
Tax revenue	$ 3,977,190	$ 4,010,039	$ 4,049,761	$ 39,722
Special assessment and tax	3,306,248	3,344,332	3,342,560	(1,772)
State taxes	517,390	517,390	458,426	(58,964)
Charges for service, net	153,540	141,500	982,780	841,280
Rental income	4,440	4,440	5,640	1,200
Interest and investment earnings	31,542	66,000	100,346	34,346
Grants and contributions	-	-	67,164	67,164
Gain on sale of assets	273,000	273,000	83,000	(190,000)
Total revenues	8,263,350	8,356,701	9,089,677	732,976
Expenditures				
Capital assets	336,000	336,000	1,207,766	(871,766)
Debt service:				
Principal	342,675	342,675	213,888	128,787
Interest	-	-	17,502	(17,502)
Salaries and employee benefits	6,856,141	6,885,237	7,440,038	(554,801)
Services, supplies, and refunds	1,612,441	1,642,494	1,468,354	174,140
Total expenditures	9,147,257	9,206,406	10,347,548	(1,141,142)
Other financing sources (uses)				
Debt proceeds received	-	-	971,251	971,251
Total other financing sources (uses)	-	-	971,251	971,251
Net change in fund balances	$ (883,907)	$ (849,705)	(286,620)	$ 563,085
Fund balances, beginning of period			4,695,750	
Fund balances, end of period			$ 4,409,130	

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, 2024

	Budgeted Amounts			Variance with Final Budget
	Original	Amended	Actual	Positive (Negative)
Revenues				
Interest & investment earnings	$ 2,500	$ 4,000	$ 6,374	$ 2,374
Mitigation fees	125,000	100,000	107,749	7,749
Total revenues	127,500	104,000	114,123	10,123
Expenditures				
Capital assets	35,000	25,000	-	25,000
Services, supplies and refunds	23,000	23,000	19,230	3,770
Total expenditures	58,000	48,000	19,230	28,770
Net change in fund balances	$ 69,500	$ 56,000	94,893	$ 38,893
Fund balances, beginning of period			164,960	
Fund balances, end of period			$ 259,853	

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT
Required Supplemenatary Information - Pensions
For the Year Ended
JUNE 30, 2024

Measurement Year Ending June 30:	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	$ 598,457	$ 682,446	$ 567,335	$ 893,991	$ 958,000	$ 972,399	$ 613,685	$1,215,265
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
Contribution deficiency (excess)	$ -	$ (697,038)	$ -	$ -	$ 18,023	$ -	$ -	$ -
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
Contributions as a percentage of covered employee payroll	25.47%	52.88%	19.83%	26.57%	30.29%	29.93%	18.89%	34.61%

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

Measurement Year Ending June 30:	2016	2017	2018	2019	2020	2021	2022	2023
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%
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	$8,612,183
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
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%	245.27%
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%
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

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT
Required Supplemenatary Information
Other Post Employment Benefits (OPEB) Plan - Schedule of Funding Progress
For the Year Ended
JUNE 30, 2024

Reporting fiscal year ending	2024
Discount rate	5.50%
Total OPEB liability:	
Service cost	27,043
Interest	26,444
Changes of benefit terms	-
Differences between expected and actual experience	-
Change of assumptions	-
Benefit payments	-
Net change in total OPEB liability	53,487
Total OPEB liability - beginning	453,748
Total OPEB liability - endng (a)	$ 507,235
Plan fiduciary net position	
Contributions - employer	$ 150,000
Net investment income	10,928
Benefit payments	-
Administrative expense	(346)
Net change in plan fiduciary net position	160,582
Plan fiduciary net position - beginning	-
Plan fiduciary net position - enidng (b)	$ 160,582
Plan fiduciary net position as a percentage of the total OPEB liability	31.66%
Covered-employee payroll	$ -
District's net OPEB liability as a percentage of covered-employee payroll	0.00%
Actuarially determined contribution	$ 51,243
Contributions in relation to the actuarially determined contribution	150,000
Contribution deficiency (excess)	$ (98,757)

Valuation date-July 1, 2023
Reporting period-July 1, 2023 to June 30, 2024
Measurement period-July 1, 2023 to June 30, 2024

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

OTHER REPORT

FECHTER
& COMPANY
Certified Public Accountants

Craig R. Fechter, CPA, MST
(1976 - 2022)

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, 2024, and the related notes to the financial statements, and have issued our report thereon dated January 31, 2025.

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 2024-001 that we consider to be significant deficiencies.

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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

Fechter & Company

Sacramento, California
January 31, 2025

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2024

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?	Yes

Section II – Financial Statement Findings

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

Description: Recording reimbursement revenue against expenditures

Criteria: Generally Accepted Accounting Principles (GAAP) require that revenues and expenditures be recorded separately when acting as principle under a reimbursement arrangement.

Condition: In our audit, we noted a large amount of reimbursement revenue recorded against expense accounts that were related to goods and services provided by the District under contracted arrangements.

Cause: Management is not following GAAP in cost reimbursement service arrangements.

Effect: Revenue and expenditures were under reported.

Recommendation: We recommend that management improve internal controls around financial statement close to properly reflect GAAP financial statements at year end.

Management's Response: Management will track reimbursement receipts throughout the year and provide an adjustment at year end to properly present GAAP financial statements for reporting purposes.