NEVADA COUNTY
CONSOLIDATED FIRE DISTRICT

ANNUAL FINANCIAL REPORT

With Independent Auditor's Report Thereon

June 30, 2022

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

ANNUAL FINANCIAL REPORT
June 30, 2022

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FECHTER
& COMPANY
Certified Public Accountants

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

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, 2022, 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, 2022, 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 City of X, State Y 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.

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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.

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 and budgetary comparison information on pages 4-12 and 35-36 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 December 9, 2022, 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

Fechter + Company

Sacramento, California
December 9, 2022

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

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, 2022, 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 2021-22 and fiscal year 2020-21.

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 $5,634,786 (net position) at the close of fiscal year 2022. Unrestricted net position, which is normally used to meet the District's ongoing obligations to its creditors, was $1,311,849 at June 30, 2022.

- The District's total net position increased by $2,399,474. Revenues of $8,995,191 were higher than expenditures of $6,595,717 by $2,399,474.

- Short-term liabilities (accounts payable, interest, and accrued expenses) decreased $178,087. The District's long-term liabilities decreased $3,638,502 (lease payments and decrease in net pension liability). Total liabilities for the District decreased $3,816,589.

- At the close of the year ended June 30, 2022, the District's governmental funds reported a combined ending fund balance of $4,868,330, an increase of $528,677 from the June 30, 2021 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 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.

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

	2021-22	2020-21	Increase/ Decrease
Assets:			
Current & other	$ 4,868,330	$ 4,475,565	$ 392,765
Right to use assets	1,005,414	-	1,005,414
Capital assets	3,763,783	4,837,945	(1,074,162)
Total Assets	9,637,526	9,313,510	324,016
Deferred Outflows of Resources	2,497,911	2,619,570	(121,659)
Liabilities:			
Current	693,471	871,558	(178,087)
Long-term	3,188,460	6,826,962	(3,638,502)
Total Liabilities	3,881,931	7,698,520	(3,816,589)
Deferred Inflows of Resources	2,618,720	999,248	1,619,472
Net Position:			
Net investment in capital assets	4,035,176	3,830,884	204,292
Restricted	287,762	324,967	(37,205)
Unrestricted	1,311,849	(920,539)	2,232,388
Total Net Position	$ 5,634,786	$ 3,235,312	$ 2,399,474

For the fiscal year 2021-22, net position was $5,634,786, an increase of $2,399,474, or 74%. Total Net Position included $287,762 in restricted assets (development fees restricted for future capital purchases and post-employment pension trust) and $1,311,849 in unrestricted net position.

Statement of Activities and Changes in Net Position

	2021-22	2020-21	Increase/ Decrease
Total Revenues	$ 8,995,191	$ 8,641,849	$ 353,342
Total Expenses	(6,595,717)	(8,508,323)	1,912,606
Excess (Deficiency)	2,399,474	133,526	2,265,948
Beginning Net Position	3,235,312	3,101,786	133,526
Ending Net Position	$ 5,634,786	$ 3,235,312	$ 2,399,474

Total Revenues for fiscal year 2021-22 were higher than the prior year, as were expenses. Fiscal year 2021-22 revenues exceeded expenses by $2,399,474, therefore increasing net position by the same.

A comparison of revenues for the year ended June 30, 2022 to the revenues for the year ended June 30, 2021 is as follows:

	2021-22	2020-21	Increase/ Decrease
Revenues			
General Revenues:			
Property taxes	$ 3,635,167	$ 3,382,396	$ 252,771
State taxes	456,995	435,120	21,875
Special assessments	3,146,547	3,059,183	87,364
Interest income	9,873	56,576	(46,703)
Gain/(loss) on disposal of assets	25,000	37,101	(12,101)
Other revenue	610,842	143,062	467,780
Subtotal	7,884,424	7,113,438	770,986
Program Revenues:			
Reimbursements	962,360	1,249,733	(287,373)
Mitigation fees	83,446	202,960	(119,514)
Operating grants	64,961	75,718	(10,757)
Total Revenue	$ 8,995,191	$ 8,641,849	$ 353,342

Property tax revenues increased in fiscal year 2020-21 due to the increase of property values. Special Assessments revenue increased as parcel assessments increased. Program revenues increased mostly due to increased strike team activity.

A comparison of expenses for the year ended June 30, 2022 to the expenses for the year ended June 30, 2021 is as follows:

	2021-22	2020-21	Increase/ Decrease
Expenses			
Salaries, wages, and benefits	$ 5,049,433	$ 7,035,241	$ (1,985,808)
Insurance	51,100	40,636	10,464
Supplies	51,583	52,719	(1,136)
Professional services	95,732	96,612	(880)
Tools	34,541	25,907	8,634
Maintenance	284,382	262,425	21,957
Communications	26,919	26,586	333
Utilities and fees	155,201	114,967	40,234
Special district expense	99,911	128,908	(28,997)
Prevention	21,906	11,992	9,914
Fire agency	137,640	123,892	13,748
Training	61,181	46,666	14,515
Uniforms and PPE	88,951	66,836	22,115
Miscellaneous	16,067	23,844	(7,777)
Interest	19,504	15,855	3,649
Depreciation	401,667	435,237	(33,570)
Total Expenses	$ 6,595,717	$ 8,508,323	$ (1,912,606)

Salaries, wages, and benefits expenses for fiscal year 2021-22 were $1,912,606 less than fiscal year 2020-21. Major components of the decreases were:

- Lower pension cost mostly due to change in projected and actual earnings on pension plan investments.
- Decreased strike team activity.

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 – 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 15 and 17, 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, 2022, the District's governmental funds reported combined ending fund balances of $4,591,377, an increase of $528,677 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 $2,553,588 at June 30, 2022.

Budget vs. Actual

The Statement of Revenues, Expenditures, and Changes in Fund Balances Budget vs Actual on pages 37 and 38 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 $31,381 over budget and expenditures were under budget by $486,985. Revenues for the Capital Improvement Fund were $42,045 under budget and expenditures were under budget by $22,999. These figures do not include beginning cash balances.

General Fund: Actual revenues were over budget by $786,710 primarily due to strike. Actual expenses were over budget by $307,916, primarily due to employee salaries and employee benefits related to strike team. There were also variances in various other accounts.

Capital Improvement Fund: Actual revenues were under budget by $42,045. 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, 2022, 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 2021-22, the District had $4,035,176 invested in a range of capital assets, including land, structures, vehicles, and equipment. This is a $204,292 increase from the prior fiscal year. Depreciation expense was recorded, reducing capital asset values.

	2021-22	2020-21	Increase/ Decrease
Right to use assets - vehicles	$ 1,005,414	$ -	$ 1,005,414
Land, structures, improvements and construction in progress	$ 2,295,874	$ 2,799,138	$ (503,264)
Vehicles	883,160	1,385,293	(502,133)
Equipment	584,749	653,515	(68,766)
	$ 3,763,783	$ 4,837,946	$ (1,074,163)

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

Debt Administration

The District has three debt obligations:

Outstanding Debt at Year End

	2021-22	2020-21	Increase/ Decrease
West America	$ 172,156	$ 226,856	$ (54,700)
PNC - E86	48,886	144,869	(95,983)
PNC	512,979	635,336	(122,357)
	$ 734,021	$ 1,007,061	$ (273,040)

West America – This debt obligation is for the purchase of a new rescue vehicle in the prior fiscal year, requiring payments through April 2025.

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 2020-21, the District continued to improve its financial stability. Steps include increased cash balances in the general fund, fixed asset upgrades, and debt reduction.

The goal for fiscal year 2021-22 is to continue providing for the safety of the community, safety of District employees, and being good stewards of District assets. The fiscal year 2021-22 budgets reflect such by projected expenditures in personal protective equipment, training, and maintenance of facilities, equipment, and vehicles, as well as the purchase of radios and an off-road vehicle. The District is incurring increased costs in retirement.

Although the District experienced financial growth, 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 2020-21. There also is the continuing need to replace 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	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Safety	$ 5,725,765	$ 4,977,520	$ 6,408,589	$ 5,737,259
Misc.	367,177	333,407	396,290	370,753
Total	$ 6,092,942	$ 5,310,927	$ 6,804,879	$ 6,108,012

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.

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, 2022

ASSETS		
Current Assets:		
Cash and investments	$	4,614,189
Post-employment trust - restricted		167,047
Accounts receivable		65,754
Deposits and prepaid expenses		21,340
Total Current Assets		4,868,330
Right-to-use asset, net		1,005,414
Capital assets, net		3,763,783
TOTAL ASSETS		9,637,526
DEFERRED OUTFLOWS		
Pension		2,497,911
TOTAL ASSETS AND DEFERRED OUTFLOWS		12,135,437
LIABILITIES		
Current Liabilities:		
Accounts payable and accruals		41,547
Accrued payroll liabilities		235,405
Accrued interest		6,726
Accrued compensated absences		180,216
Current portion of lease liability		173,555
Current portion of notes payable		56,022
Total Current Liabilities		693,471
Long-term Liabilities:		
Notes payable		504,444
Net pension liability		2,684,016
Total Long-term Liabilities		3,188,460
TOTAL LIABILITIES		3,881,931
DEFERRED INFLOWS		
Pension		2,618,720
TOTAL LIABILITIES AND DEFERRED INFLOWS		6,500,651
NET POSITION		
Net investement in capital assets		4,035,176
Restricted for capital improvements		120,715
Restricted for post-employment		167,047
Unrestricted		1,311,849
TOTAL NET POSITION	$	5,634,786

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, 2022

		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Net (Expense) Revenue and Change in Net Assets
Governmental Activities:					
Public protection	$ 5,509,911	$ 83,446	$ 64,961	$ -	$ (5,361,504)
Strike team	664,635	962,360	-	-	297,725
Interest on long-term debt	19,504	-	-	-	(19,504)
Gain/(loss) on disposal of assets	-	25,000	-	-	25,000
Depreciation and amortization (unallocated)	401,667	-	-	-	(401,667)
Total Governmental Activities	$ 6,595,717	$ 1,070,806	$ 64,961	$ -	(5,459,950)
		General Revenues:			
		Tax revenue			3,635,167
		Special assessment and tax			3,146,547
		State taxes			456,995
		Rental income			524,349
		Interest and investment earnings			9,873
		Miscellaneous			86,493
		Total General Revenues			7,859,424
		Change in net position			2,399,474
		Net position at beginning of fiscal year			3,235,312
		Net position at end of fiscal year			$ 5,634,786

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, 2022

	General Fund	Capital Improvement Fund	Total
ASSETS			
Current Assets:			
Cash and investments	$ 4,493,474	$ 120,715	$ 4,614,189
Post-employment trust - restricted	167,047	-	167,047
Accounts receivable	65,754	-	65,754
Deposits and prepaid expenses	21,340	-	21,340
Total Current Assets	4,747,615	120,715	4,868,330
TOTAL ASSETS	$ 4,747,615	$ 120,715	$ 4,868,330
LIABILITIESAND FUND BALANCES			
Liabilities:			
Accounts payable and accruals	$ 41,547	$ -	$ 41,547
Accrued payroll	235,405	-	235,405
Unearned revenue	-	-	-
Total Liabilities	276,952	-	276,952
TOTAL LIABILITIES	276,952	-	276,952
FUND BALANCES			
Unassigned	2,432,873	-	2,553,588
Restricted for capital improvements	-	120,715	-
Restricted for post-employment	167,047	-	167,047
Unspendable	21,340	-	21,340
Committed	1,849,403	-	1,849,403
FUND BALANCES	4,470,662	120,715	4,591,377
TOTAL LIABILITIES AND FUND BALANCE	$ 4,747,615	$ 120,715	$ 4,868,330

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, 2022

Fund Balances of Governmental Funds	$	4,591,377
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		1,005,414
Capital assets at historical cost, net		3,763,783
Deferred outflows of resources reported in the Statement of Position		2,497,911
Deferred inflows of resources		(2,618,720)
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		(180,216)
Accrued interest		(6,726)
Capital lease liabilities		(173,555)
Note payable		(560,466)
Net pension liability		(2,684,016)
Net position of governmental activities	$	5,634,786

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED
June 30, 2022

	General Fund	Capital Improvement Fund	Total
Revenues			
Tax revenue	$ 3,732,733	$ -	$ 3,732,733
Special assessment and tax	3,146,547	-	3,146,547
State taxes	456,995	-	456,995
Charges for service	962,360	-	962,360
Rental income	524,349	-	524,349
Interest and investment earnings	8,864	1,009	9,873
Mitigation fees	-	83,446	83,446
Grants and contributions	64,961	-	64,961
Gain (loss) on sale of assets	50,000	-	50,000
Miscellaneous	86,493	-	86,493
Total Revenues	9,033,302	84,455	9,117,757
Expenditures			
Capital assets	357,919	-	357,919
Debt Service:			
Principal	177,058	95,982	273,040
Interest	16,490	3,014	19,504
Salaries and employee benefits	6,813,504	-	6,813,504
Services, supplies, and refunds	1,125,112	-	1,125,112
Total Expenditures	8,490,084	98,996	8,589,080
Net change in Fund Balances	543,218	(14,541)	528,677
Fund Balances, beginning of period	3,927,444	135,256	4,062,700
Fund Balances, end of period	$ 4,470,662	$ 120,715	$ 4,591,377

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, 2022

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	$ 528,677
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.	357,919
Depreciation and amortization expense not reported in governmental funds.	(401,667)
Loss on disposal of equipment	(25,000)
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	96,276
Long-term liability payments	273,040
Change in net pension liability	3,408,926
Change in deferred outflows of resources	(121,659)
Change in deferred inflows of resources	(1,717,038)
Change in Net Position of Governmental Activities	$ 2,399,474

Background: The 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.

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.

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.

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 life.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial 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.

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.

Implementation of Accounting Pronouncements

The District adopted the provisions of 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. The District adopted Statement 87 effective July 1, 2020 using a modified retrospective transition approach. There was no material financial impact as a result of the transition.

New Accounting Pronouncements

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, Subscription-based information technology arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. A SBITA is defined as a contract that conveys control of the right to use another party's IT software alone or in combination with tangible capital assets for a period of time in an exchange or exchange-like transaction. Under this Statement, a subscriber is required to record a right-to-use subscription intangible asset and corresponding subscription liability. The District has not determined the effect of this Statement.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments consist of the following:

	June 30, 2022	June 30, 2021
County cash	$ 4,599,191	$ 4,025,396
Petty cash	100	100
Deposits in financial institutions	181,945	204,678
	$ 4,781,236	$ 4,230,174

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).

NOTE 2 – CASH AND INVESTMENTS - continued

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that financial institutions secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The District's deposits were covered by FDIC insurance at June 30, 2022.

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, 2022, the District has $65,754 in Accounts Receivable.

NOTE 5 – RIGHT-TO-USE ASSETS

	Beginning Balance	Additions	Deletions	Reclassification	Ending Balance
Right-to-use assets - vehicles	$ -	$ -	$ -	$ 1,097,240	$ 1,097,240
Accumulated amortizatoin -	-	(54,862)	-	(36,964)	(91,826)
Total Right-To-Use Leased Assets	$ -	$ (54,862)	$ -	$ 1,060,276	$ 1,005,414

Amortization expense for the year ended June 30, 2022 was $54,862.

NOTE 6 – CAPITAL ASSETS

	Beginning Balance	Additions	Deletions	Reclassification	Ending Balance
Nondepreciable Capital Assets:					
Land	$ 526,857	$ -	$ -	$ -	$ 526,857
Construction in progress	718,089	40,473	(25,000)	(680,999)	52,563
Total Nondepreciable Capital Assets	1,244,946	40,473	(25,000)	(680,999)	579,420
Depreciable Capital Assets:					
Land improvements	51,775	-	-	-	51,775
Structures & improvements	4,382,790	237,369	-	44,520	4,664,679
Vehicles	4,447,339	78,075	(290,492)	(460,761)	3,774,161
Furniture & equipment	74,537	-	-	-	74,537
Firefighting equipment	1,087,450	-	-	-	1,087,450
Radio, Communication equipment	389,246	2,002	-	-	391,248
Total Depreciable Capital Assets	10,433,137	317,446	(290,492)	(416,241)	10,043,850
Less: Accumulated Depreciation:					
Land improvements	(21,721)	-	-	-	(21,721)
Structures & improvements	(2,858,653)	(119,626)	-	-	(2,978,279)
Vehicles	(3,062,046)	(156,411)	290,492	36,964	(2,891,001)
Furniture & equipment	(52,474)	(1,177)	-	-	(53,651)
Firefighting equipment	(602,799)	(39,103)	-	-	(641,902)
Radio, Communication equipment	(242,445)	(30,488)	-	-	(272,933)
Total Accumulated Depreciation	(6,840,138)	(346,805)	290,492	36,964	(6,859,487)
Total Capital Assets Being Depreciated, Net	3,592,999	(29,359)	-	(379,277)	3,184,363
Capital Assets, Net	$ 4,837,945	$ 11,114	$ (25,000)	$ (1,060,276)	$ 3,763,783

Depreciation expense for the year ended June 30, 2022 was $346,805.

NOTE 7 – LONG-TERM DEBT

Long-term liabilities at June 30, 2022, consisted of the following:

	Balance at June 30, 2021	Additions	Repayments	Balance at June 30, 2022	Due Within One Year
Notes Payable:					
Westamerica Bank	$ 226,856	$ -	$ (54,700)	$ 172,156	$ 56,022
Total Notes Payable	226,856	-	(54,700)	172,156	56,022
Capital Lease Obligations:					
PNC	144,869	-	(95,983)	48,886	48,886
PNC	635,336	-	(122,357)	512,979	124,669
Total Capital Lease Obligations	780,205	-	(218,340)	561,865	173,555
Compensated absences	276,492	-	(96,276)	180,216	-
Net pension obligation	6,092,942	(2,436,527)	(972,399)	2,684,016	-
Total Long-Term Liabilities	$ 7,376,495	$ (2,436,527)	$ (1,341,715)	$ 3,598,253	$ 229,577

NOTE 7 – LONG-TERM DEBT - continued

Notes Payable to Westamerica Bank: On April 6, 2020, the District entered into an installment sale agreement to purchase a new rescue vehicle for $280,267. The full balance of the loaned funds was deposited into a trust account held with and controlled by Westamerica Bank, which will be released to the vendor upon completion of the rescue vehicle buildout that is currently in progress. Westamerica Bank 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.

PNC Equipment Finance Leases: 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 is $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.

Compensated Absences: On June 30, 2022, the liability for compensated absences was $180,216. On June 30, 2021, the liability for compensated absences was $276,492.

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

Year Ended June 30,	Principal	Interest	Total
2023	$ 229,577	$ 13,467	$ 243,044
2024	184,397	9,151	193,548
2025	188,181	5,367	193,548
2026	131,866	1,862	133,728
	$ 734,021	$ 29,847	$ 763,868

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.

NOTE 8 – PUBLIC EMPLOYEES' RETIREMENT PLAN - continued

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.

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:

Validation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July 1, 2020 to June 30, 2021

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, 2019 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications.

NOTE 8 – PUBLIC EMPLOYEES' RETIREMENT PLAN - continued

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:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.00%
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, 2020 valuation use the results of CalPERS Experience Study and Review of Actuarial Assumptions – December 2017, 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 7.15%. 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 7.15% discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% 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.

NOTE 8 – PUBLIC EMPLOYEES' RETIREMENT PLAN - continued

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

	Measurement Date June 30, 2021		
Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation assets	0.0%	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%

(a) An expected inflation of 2.00% used for this period.
(b) An expected inflation of 2.92% used for this period.

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.

NOTE 8 – PUBLIC EMPLOYEES' RETIREMENT PLAN - continued

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	$ 191,258
Safety	2,492,758
Total	$ 2,684,016

Change in the Proportionate Share of the Net Pension Liability

	Miscellaneous	Safety	Total
Proportion - June 30, 2021	0.00870%	0.08594%	0.05600%
Proportion - June 30, 2022	0.01007%	0.07103%	0.04963%
	0.00137%	-0.01491%	-0.00637%

NOTE 8 – PUBLIC EMPLOYEES' RETIREMENT PLAN - continued

Summary of Deferred Outflows/Inflows of Resources

Measurement Period Ending June 30,	Miscellaneous	Safety	Total
2023	$ 183,009	$ (321,068)	$ (138,059)
2024	144,474	(335,595)	(191,121)
2025	(38,466)	(271,136)	(309,602)
2026	(46,139)	(408,285)	(454,424)
2027	-	-	-
	$ 242,878	$ (1,336,084)	$ (1,093,206)

For the Measurement Year Ended June 30, 2021	Deferred Outflows	Deferred Inflows
Changes in assumptions	$ -	$ -
Differences between expected and actual experience	447,333	-
Net difference between projected and actual earnings on pension plan investments	-	1,650,629
Differences between actual contributions vs proportionate share of contributions	396,523	968,091
Change in employer proportion	681,656	-
Pension contributions made subsequent to the measurement date	972,399	-
	$ 2,497,911	$ 2,618,720

Plan's Net Pension Liability/(Asset)	Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Miscellaneous	$ 411,623	$ 191,258	$ 9,086
Safety	6,402,289	2,492,758	(718,439)
	$ 6,813,912	$ 2,684,016	$ (709,353)

NOTE 8 – PUBLIC EMPLOYEES' RETIREMENT PLAN - continued

Measurement Year Ending June 30:	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	$ 533,582	$ 598,457	$ 682,446	$ 567,335	$ 893,991	$ 958,000	$ 972,399
Contributions in relation to the actuarially determined contribution	533,582	598,457	1,379,484	567,335	893,991	939,977	972,399
Contribution deficiency (excess)	$ -	$ -	$ (697,038)	$ -	$ -	$ 18,023	$ -
Covered-employee payroll	$ 2,077,577	$ 2,349,585	$ 2,608,731	$ 2,861,144	$ 3,364,080	$ 3,103,739	$ 3,248,816
Contributions as a percentage of covered employee payroll	25.68%	25.47%	52.88%	19.83%	26.57%	30.29%	29.93%

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

Measurement Year Ending June 30:	2015	2016	2017	2018	2019	2020	2021
Plan's proportionate of the net pension liability/(asset)	0.05538%	0.05638%	0.04875%	0.04922%	0.05183%	0.05600%	0.06670%
Plan's proportionate share of the net pension liability/(asset)	$ 3,801,425	$ 4,878,202	$ 4,834,207	$ 4,743,323	$ 5,310,927	$ 6,092,943	$ 2,684,016
Plan's covered-employee payroll	$ 2,077,577	$ 2,349,585	$ 2,608,731	$ 2,861,144	$ 3,364,080	$ 3,103,739	$ 3,248,816
Plan's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	182.97%	207.62%	185.31%	165.78%	157.87%	196.31%	82.62%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	21.73%	25.09%	21.54%	19.09%	19.26%	20.77%	22.90%
Plan's proportionate share of aggregate employer contributions	$ 466,364	$ 505,422	$ 611,098	$ 843,340	$ 973,226	$ 958,000	$ 972,399

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 2021 was $111,268.

NOTE 12 – SUBSEQUENT EVENTS

The District's management has evaluated events and transactions subsequent to June 30, 2022 for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through December 9, 2022, 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, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Tax revenue	$ 3,449,322	$ 4,307,746	$ 3,732,733	$ (575,013)
Special assessment and tax	3,122,282	3,139,317	3,146,547	7,230
State taxes	415,869	388,019	456,995	68,976
Charges for service, net	222,310	211,810	962,360	750,550
Rental income	3,240	3,240	524,349	521,109
Interest and investment earnings	25,000	25,000	8,864	(16,136)
Grants and contributions	-	-	64,961	64,961
Gain on sale of assets	60,000	60,000	50,000	(10,000)
Miscellaneous	25,500	111,460	86,493	(24,967)
Total Revenues	7,323,523	8,246,592	9,033,302	786,710
Expenditures				
Capital assets	320,048	391,048	357,919	(33,129)
Debt Service:				
Principle	-	-	177,058	177,058
Interest	-	-	16,490	16,490
Salaries and employee benefits	6,150,465	6,416,140	6,813,504	397,364
Services, supplies, and refunds	1,253,169	1,374,980	1,125,112	(249,868)
Total Expenditures	7,723,682	8,182,168	8,490,084	307,916
Net change in Fund Balances	$ (400,159)	$ 64,424	543,218	$ 478,794
Fund Balances, beginning of period			3,927,444	
Fund Balances, end of period			$ 4,470,662	

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT
CAPITAL IMPROVEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED
JUNE 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Interest & investment earnings	$ 1,500	$ 1,500	$ 1,009	$ (491)
Mitigation fees	125,000	125,000	83,446	(41,554)
Total Revenues	126,500	126,500	84,455	(42,045)
Expenditures				
Capital assets	-	-	-	-
Debt Service:				
Principle	98,996	98,996	95,982	3,014
Interest	-	-	3,014	(3,014)
Services, supplies and refunds	-	23,000	-	23,000
Total Expenditures	98,996	121,996	98,996	23,000
Net change in Fund Balances	$ 27,504	$ 4,504	(14,541)	$ (19,045)
Fund Balances, beginning of period			135,256	
Fund Balances, end of period			$ 120,715	

See Independent Auditor's Report.

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, CA

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, 2022, and the related notes to the financial statements, and have issued our report thereon dated December 9, 2022.

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.

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and California Society of CPAs

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

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

Fechter + Company

Sacramento, California
December 9, 2022