

EBBETTS PASS FIRE DISTRICT

**Independent Auditor's Report
Financial Statements
and
Supplementary Information
For Year Ended
June 30, 2025**

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1-3
---	-----

BASIC FINANCIAL STATEMENTS

Government - Wide Financial Statements:

Statement of Net Position	4
---------------------------------	---

Statement of Activities	5
-------------------------------	---

Fund Financial Statements:

Governmental Fund - Balance Sheet	6
---	---

Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Position	7
--	---

Governmental Fund - Statement of Revenues, Expenditures and Change in Fund Balance	8
---	---

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities	9
--	---

Notes to Financial Statements	10-22
-------------------------------------	-------

OTHER COMMUNICATION FROM INDEPENDENT AUDITORS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Audit Standards</i>	23-24
--	-------

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule Statement of Revenues, Expenditures and Change in Fund Balance Budget and Actual - General Fund	25
---	----

Schedule of the Proportionate Share of the Net Pension Liability (Unaudited)	26
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Schedule of Contributions to the Pension Plans (Unaudited)	27
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ebbetts Pass Fire District
Arnold, California

NICHOLSON
& OLSON

CERTIFIED PUBLIC ACCOUNTANTS

729 Sunrise Avenue, Suite 303

Roseville, California 95661

(916) 786-7997

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, one major fund, and the aggregate remaining fund information of the Ebbetts Pass Fire District (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, one major fund, and the aggregate remaining fund information of the Ebbetts Pass Fire District as of June 30, 2025 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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 Standard*, 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 ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

Ebbetts Pass Fire District
Arnold, 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 opinion. 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 judgement, 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.

Ebbetts Pass Fire District
Arnold, California

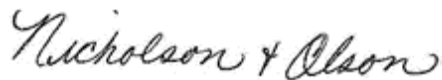
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information and Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions to the Pension Plans, on pages 25-27 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.

Management has omitted management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standard

In accordance with Government Auditing Standards, we have also issued our report dated October 20, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



Certified Public Accountants
Roseville, California
October 20, 2025

FINANCIAL STATEMENTS

**EBBETTS PASS FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025**

	<u>Governmental Activities</u>
Assets	
Current Assets:	
Cash	\$ 7,103,499
Accounts receivable - emergency transport	168,885
Total Current Assets	<u>7,272,384</u>
Capital Assets:	
Non-depreciable	524,981
Depreciable capital assets, net	3,604,619
Total Capital Assets, net of accumulated depreciation	<u>4,129,600</u>
Total Assets	<u>11,401,984</u>
Deferred Outflows of Resources	
Pension contributions made subsequent to measurement date	<u>2,287,343</u>
Total Assets and Deferred Outflows	<u><u>\$ 13,689,327</u></u>
Liabilities	
Current Liabilities:	
Other liabilities	\$ 4,658
Compensated absences, due within one year	51,872
Long-term debt, due within one year	421,966
Total Current Liabilities	<u>478,496</u>
Noncurrent Liabilities:	
Compensated absences, due in more than one year	265,918
Long-term debt, due in more than one year	3,519,243
Net pension obligation	292,006
Total Noncurrent Liabilities	<u>4,077,167</u>
Total Liabilities	<u>4,555,663</u>
Deferred Inflows of Resources	
Unamortized gains on pension investments	<u>1,172,212</u>
Net Position	
Net investment in capital assets	3,320,726
Unrestricted (deficit)	4,640,726
Total Net Position	<u>7,961,452</u>
Total Liabilities, Deferred Inflows, and Net Position	<u><u>\$ 13,689,327</u></u>

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

**EBBETTS PASS FIRE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Functions/ Programs	Governmental Activities Net (Expenses) Revenue
Expenses	
Public safety	\$ (7,298,802)
Administration	(204,381)
Total Governmental Activities	(7,503,183)
Program revenues	
Charges for services	1,013,325
Net Program Expenses	(6,489,858)
General revenues	
District taxes	3,454,406
Special taxes	2,955,511
State programs	1,008,965
Homeowner property tax relief	19,973
Refunds and donations	554,912
Other revenues	36,063
Total General Revenues	8,029,830
Change in Net Position	1,539,972
Net Position, Beginning of Year	6,421,480
Net Position, End of Year	\$ 7,961,452

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

**EBBETTS PASS FIRE DISTRICT
GOVERNMENTAL FUND
BALANCE SHEET
JUNE 30, 2025**

	General Fund
Assets	
Cash	\$ 7,103,499
Accounts receivable	168,885
Total Assets	\$ 7,272,384
 Liabilities	
Accounts payable	\$ 4,658
Compensated absences	51,872
Total Liabilities	56,530
 Fund Balances	
Unassigned	7,215,854
Total Fund Balances	7,215,854
Total Liabilities and Fund Balances	\$ 7,272,384

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

**EBBETTS PASS FIRE DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total Fund Balance reported on the Governmental Fund Balance Sheet	\$ 7,215,854
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Amounts reported for Governmental Activities in Statement of Net Position are different from those reported in Governmental Fund Balance Sheet because of the following:

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in Governmental Fund:

Non-depreciable capital assets	524,981
Depreciable capital assets, net	3,604,619

Pension contributions subsequent to valuation measurement date will reduce pension liability in the future and are reported as deferred outflows of resources in Statement of Net Position.	2,287,343
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Certain liabilities are not due and payable in current period and therefore are not reported in Governmental Fund Balance Sheet:	
Compensated absences payable, due in more than one year	(265,918)
Long-term debt, due within one year	(421,966)
Long-term debt, due in more than one year	(3,519,243)
Net pension obligation	(292,006)

Employee pension differences to be recognized in the future as pension expense are reported as deferred inflows of resources on Statement of Net Position.	(1,172,212)
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Net Position of Governmental Activities	<hr style="border: 1px solid black;"/> \$ 7,961,452 <hr style="border: 1px solid black;"/>
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The accompanying notes are an integral part of these financial statements.

**EBBETTS PASS FIRE DISTRICT
GOVERNMENTAL FUND - STATEMENT OF
REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>General Fund</u>
Revenues	
District taxes	\$ 3,454,406
Special taxes	2,955,511
Charges for services	1,013,325
State programs	1,008,965
Homeowner property tax relief	19,973
Refunds and donations	554,912
Other revenue	<u>36,063</u>
Total Revenues	<u>9,043,155</u>
 Expenditures	
Public safety:	
Salaries and benefits	5,442,331
Services and supplies	1,543,552
Debt service:	
Principal	404,191
Interest	<u>135,466</u>
Total Expenditures	<u>7,525,540</u>
 Net Change in Fund Balance	 1,517,615
Fund Balance, Beginning of Year	<u>5,698,239</u>
Fund Balance, End of Year	<u><u>\$ 7,215,854</u></u>

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

**EBBETTS PASS FIRE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

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

Net Change in Fund Balance - Total Governmental Fund	\$ 1,517,615
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Depreciation expense on capital assets is reported in Governmental Wide Statement of Activities and Change in Net Position, but they do not require use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Fund:

Capital asset purchases	115,307
Depreciation expense	(629,352)

Amounts below are included in Statement of Activities and do not provide or (require) use of current financial resources and therefore are not reported as revenue or expenditures in Governmental Fund (net change):

Compensated absences	(21,870)
Repayment of principal	404,191
Change in deferred outflows of resources related to employee pensions	(2,101,852)
Change in pension obligation	1,445,021
Change in deferred inflows of resources related to employee pensions	810,912

Change in Net Position of Governmental Activities	\$ 1,539,972
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The accompanying notes are an integral part of these financial statements.

EBBETTS PASS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Notes to financial statements include a summary of significant accounting policies and other notes considered essential to fully disclose and present transactions and the financial position of the District.

Note 1 - Reporting Entity

Note 2 - Summary of Significant Accounting Policies

Note 3 - Cash and Cash Equivalents

Note 4 - Concentration of Credit Risk

Note 5 - Capital Assets

Note 6 - Compensated Absences

Note 7 - Long Term Debt

Note 8 - Net Position and Fund Balances

Note 9 - Pension Plan

Note 10 - Commitments and Contingencies

Note 11 - Subsequent Event

**EBBETTS PASS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Note 1 - Reporting Entity

Reporting Entity

Ebbetts Pass Fire District was organized in 1964 to compensate for the local California Division of Forestry station understaffing during winter periods to provide structural fire protection. The District became a separate legal entity in 1965. It is headquartered in Arnold, California, with additional stations in Camp Connell, Hathaway Pines, and Pinebrook. The District serves over 8,000 people in an area of about 204 square miles extending from the Utica Grade on Highway 4 on the west to the Alpine County line on the east. The Stanislaus River is on the southern side of the District and the South Fork of the Mokelumne River on the north. The weekend and holiday population of the District ranges from 15,000 to 20,000 or greater. The assessed value within the District is about \$850 million.

The District is governed by a five-member elected board of directors. The financial statements of the District consist only of funds of the District. The District has no oversight responsibility for any other government entity since no other entities are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of the respective governing board. The governing board has decision making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The District's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities.

These statements require the financial statements described below to be presented.

Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the District). These statements summarize the entire District's financial activities and financial position.

The Statement of Net Position reports difference between the District's total assets and deferred outflows and the District's total liabilities and deferred inflows, including all the District's capital assets and its long-term liabilities. The Statement of Net Position summarizes the financial position of all the Districts Governmental Activities in a single column.

Fund Financial Statements: The fund financial statements provide information about the District's general fund. The General fund is the general operating fund of the District. It is used to account for all financial resources. The major revenue sources for this Fund are tax revenue and charges for services. Expenditures are made for public safety and other operating expenditures.

**EBBETTS PASS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Note 2 - Summary of Significant Accounting Policies (continued)

Basis of Accounting

Government-Wide Financial Statements The government-wide financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place. These statements are prepared on the same basis as is used by most businesses, which means they include all the District's assets and deferred outflows, and all its liabilities and deferred inflows, as well as all its revenues and expenses.

Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Fund Financial Statements The general fund is reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgements, which are recognized as expenditures to the extent they have matured. These statements reflect only current assets and liabilities. Governmental capital asset acquisitions are reported as expenditures in governmental funds.

Accounts Receivable

Accounts receivable consists of amounts owed by individuals for services rendered for emergency transport services, the District expects the balance to be collected within 60 days of fiscal year end.

Property Taxes and Special Assessment Revenue

Revenue is recognized in the fiscal year for which the tax and assessment is levied. The County of Calaveras levies, bills and collects property taxes and special assessments for the District. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on July 1st of the preceding fiscal year.

Secured property tax is due in two installments, on November 1st and February 1st, and becomes a lien on those dates. It becomes delinquent on December 10th and April 10th, respectively. Unsecured property tax is due on July 1st and becomes delinquent on August 31st.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the personal property being taxed.

Property tax revenue is recognized in the fiscal year for which the tax is levied. The County distributes property tax (termed "settlements") under the Teeter Plan, which allows the District to receive all property taxes in the year in which they are levied.

**EBBETTS PASS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Note 2 - Summary of Significant Accounting Policies (continued)

The County retains any collections of interest, penalties and delinquencies under this plan. A settlement apportionment for 95% of unsecured property taxes is received in October, with the remainder distributed in June. Secured property taxes are received in three settlements and apportioned as follows: 55% in December, 40% in April and 5% in June.

Compensated Absences

Compensated absences comprise of unpaid vacation leave and overtime. The District's liability for compensated absences is recorded in the Statement of Net Position. The liability for compensated absences is determined annually and is liquidated in the General Fund.

Sick leave is earned by regular, full-time employees. Any sick leave hours not used during the period are carried forward to future years, with no limit as to the number of hours that can be accumulated. Any sick leave hours unused at the time of an employee's retirement are added to the actual period of service when computing retirement benefits and it is not payable at separation. Accordingly, no liability for sick leave has been included in the financial statements.

Capital Assets and Depreciation

Capital assets are reported in the governmental activities column of the government-wide financial statements based on cost or estimated historical cost. Contributed fixed assets are valued at their estimated acquisition value. Capital assets include land, buildings and improvements, equipment, and vehicles. Capital assets are defined by the District as assets with an initial, individual cost of more than \$10,000.

The costs of normal maintenance and repairs that do not add value to the asset or materially extend assets lives are not capitalized. Depreciation is recorded in the government-wide financial statements on the straight-line basis over the useful life of the assets as follows:

Assets	Useful Life
Buildings and improvements	10-30 years
Equipment	5-20 years
Vehicles	5-20 years

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, 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 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.

**EBBETTS PASS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Note 3 - Cash and Cash Equivalents

Cash represents a demand deposit account at the District (\$195,697) and funds on deposit with the County (\$6,907,802). Funds on deposit with the county are maintained in a “pooled” cash fund for special districts.

Note 4 - Concentration of Credit Risk

The District holds one bank account with a federally insured institution. Federal Deposit Insurance Corporation (FDIC) insures up to \$250,000 per Institution. As of June 30, 2025, all monies held in this account are covered by FDIC. The District has not experienced any losses with this account. Management believes the District is not exposed to any significant credit risk related to this account.

Note 5 - Capital Assets

Capital assets activity is comprised of the following:

	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025
Governmental Activities:				
Capital Assets not being depreciated:				
Land	\$ 524,981	\$ -	\$ -	\$ 524,981
Total capital assets not being depreciated	<u>524,981</u>	<u>-</u>	<u>-</u>	<u>524,981</u>
Capital assets being depreciated:				
Building and improvements	6,260,610	-	-	6,260,610
Equipment	1,221,926	59,666	42,879	1,238,713
Vehicles	3,520,708	55,641	72,742	3,503,607
Total capital assets being depreciated	<u>11,003,244</u>	<u>115,307</u>	<u>115,621</u>	<u>11,002,930</u>
Less accumulated depreciation:				
Building and improvements	(3,548,711)	(142,040)	-	(3,690,751)
Equipment	(936,982)	(141,576)	42,879	(1,035,679)
Vehicles	(2,398,887)	(345,736)	72,742	(2,671,881)
Total accumulated depreciation	<u>(6,884,580)</u>	<u>\$ (629,352)</u>	<u>\$ 115,621</u>	<u>(7,398,311)</u>
Total depreciable assets	<u>4,118,664</u>			<u>3,604,619</u>
Governmental Activity Capital Assets, Net	<u>\$ 4,643,645</u>			<u>\$ 4,129,600</u>

**EBBETTS PASS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Note 6 - Compensated Absences

The following is a summary of changes in the compensated absences liability for the year ended June 30, 2025:

	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025	Current Portion	Long-term Portion
Governmental Activities:						
Compensated Absences	\$ 288,235	\$ 173,243	\$ 143,688	\$ 317,790	\$ 51,872	\$ 265,918

Note 7 - Long Term Debt

The District's debt issues and transactions are summarized below:

	Original Issue Amount	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025	Current Portion
Lease #04-079-AF Amended No. 2	\$ 1,817,276	\$ 501,088	\$ -	\$ (192,836)	\$ 308,252	\$ 203,968
Firetruck lease	\$ 800,000	582,346	-	(76,576)	505,770	78,683
Loan obligation	\$ 3,518,500	3,261,966	-	(134,779)	3,127,187	139,315
Total Governmental Activity Debt		<u>\$ 4,345,400</u>	<u>\$ -</u>	<u>\$ (404,191)</u>	<u>\$ 3,941,209</u>	<u>\$ 421,966</u>

On September 14, 2004, the District entered into an agreement to finance construction and installation of certain improvements on land owned by the District. On November 1, 2016, Amendment #2 combined all remaining long-term debt into one loan in the amount of \$1,817,276. The remaining principal and interest (3.00% per year) is payable semi-annually over the next nine years, maturing on November 1, 2026, and are payable from general District revenues.

Year Ending June 30:	Principal	Interest	Total
2026	\$203,968	\$7,728	\$211,696
2027	104,284	1,564	105,848
	<u>\$308,252</u>	<u>\$9,292</u>	<u>\$317,544</u>

**EBBETTS PASS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Note 7 - Long Term Debt (Continued)

On February 16, 2021, the District entered into an agreement to finance a fire engine. The loan is in the amount of \$800,000. Principal and interest (2.75% per year) is payable annually over the next ten years, maturing on February 2031, and are payable from general District revenues.

Year Ending	Principal	Interest	Total
<u>June 30:</u>			
2026	\$78,683	\$13,909	\$92,592
2027	80,846	11,746	92,592
2028	83,070	9,522	92,592
2029	85,355	7,237	92,592
2030	87,702	4,890	92,592
2031	90,114	2,478	92,592
	<u>\$505,770</u>	<u>\$49,782</u>	<u>\$555,552</u>

On July 1, 2023, the District entered into a loan agreement to pay down their unfunded accrued liability relating to the CalPERS pension plan. The loan is in the amount of \$3,518,500. Principal and interest (3.31% per year) is payable semi-annually over the next twenty years, maturing in August of 2041, and are payable from general District revenues.

Year Ending	Principal	Interest	Total
<u>June 30:</u>			
2026	\$139,315	\$101,204	\$240,519
2027	144,004	96,515	240,519
2028	148,851	91,668	240,519
2029	153,860	86,659	240,519
2030	159,038	81,481	240,519
Thereafter	2,382,119	504,111	2,886,230
	<u>\$3,127,187</u>	<u>\$961,638</u>	<u>\$4,088,825</u>

**EBBETTS PASS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Note 8 - Net Position and Fund Balances

Net Position

Net Position is the excess of all the District's assets and deferred outflows over all its liabilities and deferred inflows, regardless of fund. Net Position is divided into three captions. These captions apply only to Net Position, which is determined only at the Government-wide level, and are described below:

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the District's capital assets, less debt used to acquire or construct capital assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the District cannot unilaterally alter. These include debt service and acquisition and construction of facilities and equipment.

Unrestricted describes the portion of Net Position which is not restricted to use.

Fund Balance

The District's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the District to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the District prioritizes and expends funds in the following order: Restricted, Committed, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose.

Committed fund balances have constraints imposed by formal action of the Board of Directors which may be altered only by formal action of the Board of Directors.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources (committed and unassigned) as they are needed. When unrestricted resources (committed and unassigned) are available for use, it is the District's policy to use committed resources first, and then unassigned as they are needed.

**EBBETTS PASS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Note 9 - Pension Plan

Plan Description

All qualified employees are eligible to participate in the District's cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). The District has the following cost-sharing plans:

- Safety Plan
- Miscellaneous Plan
- PEPRAs Safety Fire Plan

CalPERS acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at WWW.CALPERS.CA.GOV

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (52 for PEPRAs plans) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2025, are summarized as follows:

	<u>Safety</u>	<u>Miscellaneous</u>	<u>PEPRA - Safety</u>
Hire Date	Prior to January 1, 2013	Prior to January 1, 2013	After January 1, 2013
Benefit formula	3.0% at 55	2.0% at 60	2.7% at 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement Age	50-55	50 - 63	50-57
Monthly benefits as a % of eligible compensation	2.4% to 3.0%	1.1% to 2.42%	1.4% to 2.0%
Required employee contribution rates	9.0%	7.0%	12.00%
Required employer contribution rates	23.00%	10.15%	13.76%

The Miscellaneous Plan and the Safety Plan are closed to new members that are not already CalPERS eligible participants. The District pays 4% of the employees' required contributions.

**EBBETTS PASS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Note 9 - Pension Plan (Continued)

Contributions

Section 20814 (c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Funding contributions for the plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2025, contributions made to the plans were as follows:

	<u>Safety</u>	<u>Miscellaneous</u>	<u>PEPRA – Safety</u>
Contributions - employer	\$ 319,838	\$ 10,425	\$ 185,838
Contributions - employee	\$ 125,154	\$ 7,189	\$ 185,704

In addition to the contribution rates above, the District was also required to make a payment of \$97,866 toward its unfunded actuarial liability during the year ended June 30, 2025.

Pension Liabilities

As of June 30, 2025, the District reported a net pension liability for its proportionate share of the net pension liability of the plans as follows:

Safety Plan	\$ 319,869
Miscellaneous Plan	<u>(27,863)</u>
Total Net Pension Obligation	<u><u>\$ 292,006</u></u>

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each plan is measured as of June 30, 2024 and the total pension liability for each plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2022 rolled forward to June 30, 2025 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the plans as of June 30, 2024 and June 30, 2025 were as follows:

	<u>Safety</u>	<u>Miscellaneous</u>	<u>PEPRA – Safety</u>
Proportion - June 30, 2024	0.02256%	0.00101%	< 0.0001%
Proportion - June 30, 2025	0.00439%	-0.00058%	< 0.0001%
Change - Increase (Decrease)	-0.01818%	-0.00158%	< 0.0001%

**EBBETTS PASS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Note 9 - Pension Plan (Continued)

Pension Expense

For the year ended June 30, 2025, the District recognized pension credit of \$1,126,064 for all plans combined.

Deferred Outflow/Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 7,881	\$ 716
Differences between Expected and Actual Experience	26,198	3,257
Differences between Projected and Actual Investment Earnings	13,857	-
Differences between Employer's Contributions and Proportionate Share of Contributions	1,611,800	8,944
Change in Employer's Proportion	13,641	1,159,295
Pension Contributions Made Subsequent to Measurement Date	613,966	-
Total	\$ 2,287,343	\$ 1,172,212

The \$613,966 reported as deferred outflows of resources related to contributions 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 and inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ended June 30	
2026	\$ 165,331
2027	279,547
2028	61,027
2029	(4,740)
Thereafter	-
Total	\$ 501,165

**EBBETTS PASS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Note 9 - Pension Plan (Continued)

Actuarial Assumptions

Total pension liabilities in the June 30, 2025 actuarial valuation for each of the Plans were determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	3.00%
Projected Salary	3.3% - 14.2% (1)
Investment Rate of Return	6.90% (2)
Mortality	Derived using CalPERS Membership data for all funds

(1) Depending on entry age and service

(2) Net of pension plan investment expenses, including inflation

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study reports can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 6.90% for each Plan. To determine whether the municipal bond rate should be used in the calculations 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 calculations is not necessary. The long term expected discount rate of 6.90% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a report that can be obtained from the CalPERS website.

In determining the long-term expected rate of return, CalPERS took into account both short 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' assets 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.

**EBBETTS PASS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Note 9 - Pension Plan (Continued)

<u>Asset Class (a)</u>	<u>New Strategic Allocation</u>	<u>Real Return</u>
Global Equity - Cap Weighted	30.0%	4.54%
Global Equity - Non Cap Weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Tresury	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%
Total	<u>100.0%</u>	

(a) An expected inflation of 2.3% used for this period

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

The following presents the District's proportionate share of the net pension liability for the Plans, calculated using the discount rate for the Plans, 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:

	<u>Safety</u>	<u>Miscellaneous</u>	<u>Total</u>
1% Decrease	5.90%	5.90%	
Net Pension Liability	\$ 3,590,264	\$ 95,602	\$ 3,685,866
Current discount rate	6.90%	6.90%	
Net Pension Liability	\$ 319,869	\$ (27,863)	\$ 292,006
1% Increase	7.90%	7.90%	
Net Pension Liability	\$ (2,354,854)	\$ (129,493)	\$ (2,484,347)

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2025, the District had no outstanding amount of contributions payable to the pension plan.

**EBBETTS PASS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Note 10 - Commitments and Contingencies

The District is subject to litigation arising in the normal course of business. The District represents there is no pending litigation which is likely to have a material adverse effect on the financial position of the District.

The District has met its Gann Limit requirements for 2024-25 and is estimated to meet its limitations for 2025-26.

Note 11 - Subsequent Event

District's management has reviewed the results of operations for the period of time from its year end June 30, 2025 through October 20, 2025, the date the financial statements were available to be issued. District's management have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

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

To the Board of Directors
Ebbetts Pass Fire District
Arnold, California

We have audited, 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, the financial statements of the governmental activities, one major fund, and the aggregate remaining fund information of Ebbetts Pass Fire District (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which comprise the District’s basic financial statements and have issued our report thereon dated October 20, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing 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 District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 considered to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

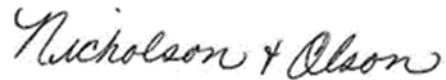
To the Board of Directors
Ebbetts Pass Fire District
Page Two

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statement. 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants
Roseville, California
October 20, 2025

Required Supplementary Information

**EBBETTS PASS FIRE DISTRICT
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

Budgeted Comparison Schedule (Required)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
District taxes	\$ 3,310,991	\$ 3,310,991	\$ 3,454,406	\$ 143,415
Special taxes	2,765,452	2,765,452	2,955,511	190,059
Charges for services	850,500	850,500	1,013,325	162,825
State programs	490,436	490,436	1,008,965	518,529
Federal other	57,000	57,000	-	(57,000)
Home owner property tax relief	21,469	21,469	19,973	(1,496)
Refunds and donations	-	-	554,912	554,912
Other revenue	500	500	36,063	35,563
Total Revenues	<u>7,496,348</u>	<u>7,496,348</u>	<u>9,043,155</u>	<u>1,546,807</u>
Expenditures				
Current:				
Salaries and benefits	5,854,411	5,854,411	5,442,331	412,080
Services and supplies	2,166,774	2,166,774	1,543,552	623,222
Debt service	123,234	123,234	539,657	(416,423)
Total Expenditures	<u>8,144,419</u>	<u>8,144,419</u>	<u>7,525,540</u>	<u>618,879</u>
Net Change in Fund Balance	<u>\$ (648,071)</u>	<u>\$ (648,071)</u>	1,517,615	<u>\$ 2,165,686</u>
Fund Balance, Beginning of Year			<u>5,698,239</u>	
Fund Balance, End of Year			<u>\$ 7,215,854</u>	

**EBBETTS PASS FIRE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (UNAUDITED)**

Last 10 Years (1)

Fiscal Year	Measurement Period	Proportion of Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered- Employee Payroll - Measurement Period	Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Miscellaneous Plan:						
2025	2024	-0.05800%	\$ (27,863)	\$ 91,703	-30.38%	79.91%
2024	2023	0.00101%	50,356	88,426	56.95%	77.97%
2023	2022	0.00089%	41,624	75,946	54.81%	78.19%
2022	2021	0.00234%	44,410	75,946	58.48%	90.49%
2021	2020	0.00270%	113,732	71,562	158.93%	77.71%
2020	2019	0.00253%	101,153	72,920	138.72%	75.00%
2019	2018	0.00322%	92,372	98,775	93.52%	75.25%
2018	2017	0.00283%	81,406	79,080	102.94%	73.31%
2017	2016	0.00261%	78,552	67,060	117.14%	74.06%
2016	2015	0.00205%	56,105	68,060	82.43%	78.40%
2015	2014	0.00103%	63,852	62,795	101.68%	80.65%
Safety Plan:						
2025	2024	0.00439%	\$ 319,869	\$ 2,492,954	12.83%	76.67%
2024	2023	0.02256%	1,686,671	2,281,453	73.93%	74.87%
2023	2022	0.01949%	1,338,982	2,109,507	63.47%	75.53%
2022	2021	0.05762%	2,022,152	1,900,831	106.38%	86.61%
2021	2020	0.05948%	3,962,687	1,773,058	223.49%	73.12%
2020	2019	0.05576%	3,480,542	1,793,642	194.05%	75.00%
2019	2018	0.05576%	2,640,529	1,687,992	156.43%	75.25%
2018	2017	0.05233%	2,715,267	1,696,887	160.01%	73.31%
2017	2016	0.05066%	2,623,736	1,601,901	163.79%	74.06%
2016	2015	0.04546%	1,872,998	1,529,613	122.45%	78.40%
2015	2014	0.03065%	1,906,956	1,590,951	119.86%	80.65%

Notes to schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30th, 2015 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

(1) Omitted years - GASB 68 was implemented during June 30, 2015. No information was available prior to this date.

**EBBETTS PASS FIRE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025**

SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN (UNAUDITED)

Last 10 Years (1)

Fiscal Year	Measurement Period	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (excess)	Covered Employee Payroll - Fiscal Year	Contributions as a % of Employee Payroll
Miscellaneous Plan:						
2025	2024	\$ 10,425	\$ (10,425)	-	\$ 91,703	11.37%
2024	2023	9,946	(78,408)	(68,462)	88,426	11.25%
2023	2022	8,554	(8,554)	-	86,126	9.93%
2022	2021	6,569	(123,190)	(116,621)	75,946	8.65%
2021	2020	6,567	(6,567)	-	71,562	9.18%
2020	2019	5,893	(5,893)	-	72,920	8.08%
2019	2018	5,428	(5,428)	-	98,775	5.50%
2018	2017	5,017	(5,017)	-	79,080	6.34%
2017	2016	4,815	(4,815)	-	67,060	7.18%
2016	2015	4,754	(4,754)	-	68,060	6.99%
2015	2014	6,324	(6,324)	-	62,795	10.07%
Safety Plan:						
2025	2024	\$ 505,676	\$ (603,542)	(97,866)	\$ 2,492,954	20.28%
2024	2023	458,971	(1,655,695)	(1,196,724)	2,281,453	20.12%
2023	2022	407,284	(407,284)	-	2,109,507	19.31%
2022	2021	358,335	(4,466,399)	(4,108,064)	1,900,831	18.85%
2021	2020	350,504	(350,504)	-	1,773,058	19.77%
2020	2019	303,398	(303,398)	-	1,793,642	16.92%
2019	2018	275,458	(275,458)	-	1,687,992	16.32%
2018	2017	268,117	(268,117)	-	1,696,887	15.80%
2017	2016	238,955	(238,955)	-	1,601,901	14.92%
2016	2015	239,314	(239,314)	-	1,529,613	15.65%
2015	2014	323,073	(323,073)	-	1,590,951	20.31%

Valuation Date: June 30, 2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Asset valuation method	30 year smoothed market
Discount rate (3) (4)	6.90%
Inflation	2.30%
Projected salary increases	Varies by entry age and service
Investment rate of return	7.50%, net of administrative expenses
Retirement age and mortality	(5)

(1) Omitted years - GASB 68 was implemented during June 30, 2015. No information was available prior to this date.

(2) Change in Benefit Terms - No plan changes have occurred since the June 30, 2015 valuation date.

(3) Change in Assumption: The June, 2022 Actuarial valuation changed the discount rate from 7.15% to 6.90%

(4) Net of pension plan investment expenses, including inflation.

(5) Probabilities of retirement and mortality are based on CalPERS' 2010 Experience Study of the years 1997 to 2007. Pre-retirement mortality rates include 5 years projected mortality improvement using scale AA published by the Society of Actuaries.