

**COUNTY OF NEVADA
TRANSPORTATION DEVELOPMENT ACT FUNDS**

Audited Financial Statements
and Compliance Report

June 30, 2025

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COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS

Audited Financial Statements
and Compliance Report

June 30, 2025 and 2024

Audited Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
County of Nevada
Nevada City, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Transportation Development Act Funds (TDA Funds) of the County of Nevada, California (the County), as of and for the years ended June 30, 2025 and 2024, and the related notes to the 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 TDA Funds of the County of Nevada, as of June 30, 2025 and 2024, and the respective changes in financial position, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits 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 TDA Funds of the County of Nevada 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.

Emphasis-of-Matter

As discussed in Note A, the financial statements present only the TDA Funds of the County and do not purport to, and do not present fairly the financial position of the County as of June 30, 2025 and 2024, the changes in financial position, or where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial

To the Board of Supervisors
Nevada City, California

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 TDA Funds of the County of Nevada'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.

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

Required Supplementary Information

Management has omitted management's discussion and analysis and budgetary comparison information for the major governmental funds 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 Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2026, on our consideration of the County's internal control over financial reporting related to the TDA funds and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, including the Transportation Development Act. 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 County'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 County's internal control over financial reporting and compliance.

Richardson & Company, LLP

June 30, 2026

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS
TRANSIT SERVICES FUND

STATEMENTS OF NET POSITION

June 30, 2025 and 2024

	2025	2024
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 935,975	\$ 13,294
Accounts receivable	51,498	1,590
Due from other governments	1,068,735	1,912,955
TOTAL CURRENT ASSETS	2,056,208	1,927,839
Noncurrent Assets:		
Restricted cash - insurance reserve	92,405	89,668
Prepaid expenses	125,867	
Capital assets:		
Capital assets - not being depreciated	725,022	1,243,363
Capital assets - being depreciated, net	4,869,637	3,346,367
Total Capital Assets, Net	5,594,659	4,589,730
TOTAL NONCURRENT ASSETS	5,812,931	4,679,398
TOTAL ASSETS	7,869,139	6,607,237
DEFERRED OUTFLOWS OF RESOURCES		
Pension-related deferred outflows of resources	537,893	660,431
OPEB-related deferred outflows of resources	71,208	92,889
TOTAL DEFERRED OUTFLOWS OF RESOURCES	609,101	753,320
LIABILITIES		
Current Liabilities:		
Accounts payable	375,889	189,327
Accrued salaries and benefits	40,146	29,552
Advances from other funds		253,000
Unearned revenue	1,598,666	1,857,362
Compensated absences - due within one year	87,224	56,959
Subscription-based IT arrangement (SBITA) liabilities	10,957	9,756
TOTAL CURRENT LIABILITIES	2,112,882	2,395,956
Noncurrent Liabilities:		
Net pension liability	3,088,658	2,885,382
Net OPEB liability	158,354	185,786
SBITA liabilities		10,957
TOTAL NONCURRENT LIABILITIES	3,247,012	3,082,125
TOTAL LIABILITIES	5,359,894	5,478,081
DEFERRED INFLOWS OF RESOURCES		
OPEB-related deferred inflows of resources	35,792	51,160
TOTAL DEFERRED INFLOWS OF RESOURCES	35,792	51,160
NET POSITION (DEFICIT)		
Net investment in capital assets	5,343,857	4,589,730
Restricted for:		
Insurance claims	92,405	89,668
Capital projects	802,254	802,254
Unrestricted (deficit)	(3,155,962)	(3,650,336)
TOTAL NET POSITION	\$ 3,082,554	\$ 1,831,316

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

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS
TRANSIT SERVICES FUND

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

For the Years Ended June 30, 2025 and 2024

	2025	2024
OPERATING REVENUES		
Passenger fares	\$ 215,708	\$ 237,143
Contributions from other agencies	90,503	93,109
Other operating revenues	2,700	925
TOTAL OPERATING REVENUES	308,911	331,177
OPERATING EXPENSES		
Salaries and benefits	2,422,053	1,943,882
Professional services	2,109,832	1,843,090
Maintenance, supplies and utilities	975,648	673,481
Insurance claims payments	146,585	136,316
Administration and overhead	201,409	156,036
Depreciation	931,070	714,450
TOTAL OPERATING EXPENSES	6,786,597	5,467,255
OPERATING LOSS	(6,477,686)	(5,136,078)
NONOPERATING REVENUES (EXPENSES)		
Local transportation funds - operating	4,629,283	2,931,802
State transit assistance - operating	57,170	31,211
Federal transit administration grant	681,744	1,162,239
Low carbon transit operations program - operating	207,700	115,430
Transit and intercity rail capital program - operating	181,600	
Net interest income	27,650	105,699
Gain on sale of capital assets	8,259	4,383
Other revenues		1,141
Interest expenses	(481)	(558)
TOTAL NONOPERATING REVENUES (EXPENSES)	5,792,925	4,351,347
NET LOSS BEFORE CAPITAL CONTRIBUTIONS	(684,761)	(784,731)
CAPITAL CONTRIBUTIONS		
Local transportation funds - capital	9,856	297,859
State transit assistance - capital		104,820
Federal transit administration grants	279,134	197,682
California Air Resources Board grant		259,612
Transit and intercity rail capital program - capital	1,405,599	
Zero-emission transit capital	241,410	
TOTAL CAPITAL CONTRIBUTIONS	1,935,999	859,973
CHANGES IN NET POSITION	1,251,238	75,242
Net position at beginning of year	1,831,316	1,756,074
NET POSITION, END OF YEAR	\$ 3,082,554	\$ 1,831,316

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

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS
TRANSIT SERVICES FUND

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 308,911	\$ 331,177
Payments to employees and related benefits	(2,339,255)	(1,614,600)
Payments to suppliers	(3,630,092)	(4,731,356)
NET CASH USED BY OPERATING ACTIVITIES	(5,660,436)	(6,014,779)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Local transportation funds - operating	3,456,631	5,741,098
State transit assistance funds - operating	57,170	31,211
Federal operating grants	1,259,158	575,865
Low carbon transit operations program	207,700	339,499
Other revenues	182,709	1,581
NET CASH PROVIDED BY NON-CAPITAL AND RELATED FINANCING ACTIVITIES	5,163,368	6,689,254
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants received	3,055,407	1,966,206
Local transportation funds - capital	9,856	297,859
State transit assistance funds - capital		104,820
Purchases of capital assets	(1,685,197)	(3,094,508)
Proceeds from sale of capital assets	8,259	4,383
NET CASH (USED) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	1,388,325	(721,240)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings on investments	34,161	12,834
NET CASH PROVIDED BY INVESTING ACTIVITIES	34,161	12,834
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	925,418	(33,931)
Cash and cash equivalents, beginning of year	102,962	136,893
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,028,380	\$ 102,962
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET		
Cash and cash equivalents	\$ 935,975	\$ 13,294
Restricted cash and cash equivalents	92,405	89,668
TOTAL CASH AND CASH EQUIVALENTS	\$ 1,028,380	\$ 102,962

(Continued)

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS
TRANSIT SERVICES FUND

STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended June 30, 2025 and 2024

	2025	2024
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating loss	\$(6,477,686)	\$(5,136,078)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	931,070	714,450
Unrealized (gain) losses on investments	(6,511)	92,865
Changes in operating assets and liabilities:		
Deferred outflows/inflows of resources--pension plan	122,538	63,221
Deferred outflows/inflows of resources--OPEB plan	6,313	(37,434)
Prepaid expenses	(125,867)	
Accounts payable	(64,240)	44,903
Accrued salaries	10,594	1,959
Advances from other funds	(253,000)	253,000
Other accrued liabilities		(2,060,201)
Compensated absences payable	30,265	3,404
SBITA liabilities	(9,756)	(9,700)
Net pension liability	203,276	47,317
Net OPEB liability	(27,432)	7,515
NET CASH USED BY OPERATING ACTIVITIES	\$(5,660,436)	\$(6,014,779)

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

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS
TRANSPORTATION FUND

BALANCE SHEETS

June 30, 2025 and 2024

	2025	2024
ASSETS		
Due from other governments - Local participation funding	\$ 7,500	
Due from other governments - Regional Transportation Mitigation Fee (RTMF)		\$ 1,906
Due from other governments - Local Transportation Fund Pedestrian and Bike		45,000
Due from other funds	53,513	82,777
TOTAL ASSETS	\$ 61,013	\$ 129,683
LIABILITIES		
Due to other County funds	\$ 7,500	\$ 46,906
Due to RTMF Fund	53,513	82,777
TOTAL LIABILITIES	61,013	129,683
FUND BALANCE		
Restricted for transportation-related expenditures		
TOTAL FUND BALANCE	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 61,013	\$ 129,683

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

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS
TRANSPORTATION FUND

STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

For the Years Ended June 30, 2025 and 2024

	2025	2024
REVENUES		
Regional surface transportation program	\$ 842,538	\$ 651,180
Regional transportation mitigation fees (RTMF) collected	200,256	268,049
Pedestrian and bike funding from Nevada County		
Transportation Commission (NCTC) Local Transportation Fund		45,000
Local participation funding from NCTC	7,500	7,500
Reimbursements from NCTC for traffic counts	1,722	1,864
Investment income	1,256	37,407
TOTAL REVENUES	1,053,272	1,011,000
EXPENDITURES		
Road maintenance	839,476	645,159
Road safety	3,062	1,906
Road capital improvements		4,115
Combie multi-purpose trail		45,000
Local participation staff time	7,500	7,500
Traffic count expenses	1,722	1,864
RTMF fees passed through to NCTC	201,512	305,456
TOTAL EXPENDITURES	1,053,272	1,011,000
NET CHANGE IN FUND BALANCE	-	-
Fund balance at beginning of year	-	-
FUND BALANCE AT END OF YEAR	\$ -	\$ -

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

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Nevada Transit Services Fund receives funds from the Nevada County Transportation Commission (NCTC) under the provisions of the TDA from the Nevada County Local Transportation Fund (LTF) under Article 4, Section 99400 (c) and Article 4.5 and State Transit Assistance Fund (STAF) under Article 4, Section 6731(b). The County's Article 4 LTF funds are for the support of public transportation systems as defined in the TDA. The County also receives Transit and Intercity Rail Capital Program (TIRCP) and Zero-Emission Transit Capital Program (ZETCP) under Senate Bill 125.

The County is eligible for State of Good Repair (SGR) funds under the STAF program, representing Senate Bill 1, the Road Repair and Accountability Act of 2017 funds. As of June 30, 2025 and 2024, the County had an agreement to send the SGR funds to the Town of Truckee and received no SGR funds.

The Transit Services Fund also receives revenue from other federal and state grantor agencies, including the Low Carbon Transit Operations Program (LCTOP) fund.

The County also receives allocations from NCTC from the Regional Surface Transportation Program (RSTP) that is reflected in these financial statements of the Transportation Fund.

The County collects the Western Nevada County Regional Transportation Mitigation Fee (RTMF) as part of the fees collected on development in the County that are remitted to NCTC to provide funding for street and highway improvements needed to accommodate traffic generated by development projects in Western Nevada County. The County then receives reimbursements from NCTC's RTMF Fund to fund authorized development projects. No such reimbursements were received during the years ended June 30, 2025 and 2024.

Basis of Presentation: The financial statements of the Transit Services Fund have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity: The financial statements are intended to present the financial position, results of operations and cash flows of only transactions recorded in the Funds. The Funds are included in the financial statements of the County.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the Transit Services Fund are included on the balance sheet. Net position is segregated into amounts invested in capital assets, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

The Transit Services Fund uses the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Non-exchange revenues are recognized when all eligibility requirements have been met. Cost reimbursement grant revenues are recognized when program expenditures are incurred in accordance with program guidelines. When such funds are received before eligibility requirements are met they are recorded as deferred revenues until earned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Transit Services Fund are charges to passengers for public transit services. Operating expenses for the Transit Services Fund include the cost of transit services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2025 and 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Transportation Fund is reported as a special revenue fund of the governmental fund type. All governmental funds are accounted for using the *current financial resources* measurement focus which means that only *current assets* and *current liabilities* are generally included on their balance sheets. Their reported fund balance is their net current assets, which is considered only to be a measure of *available spendable resources*. Governmental fund operating statements present a summary of sources and uses of available spendable resources during a period by presenting increases and decreases in net current assets. As of June 30, 2025 and 2024, the County did not have any assets or liabilities to report in the Transportation fund.

Cash and Cash Equivalents: For the purposes of reporting cash flows, cash and cash equivalents are defined as those amounts included in the balance sheet caption “cash and investments” and consist of amounts held in the County’s cash and investment pool, which are available on demand.

Due from Other Governments: Amounts due from other governments consist mostly of amounts due from operating and capital grants. Management believes its amounts due from other governments to be fully collectible and, accordingly, no allowance for doubtful accounts is required.

Capital Assets: Capital assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Capital assets are defined as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Donated capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Provision is made for depreciation by the straight-line method over the estimated useful lives of these assets which range from five to twenty-five years. Depreciation is recorded on the full-year convention whereby a full year of depreciation is taken in the year the asset is placed into service. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Subscription-Based Information Technology Assets (SBITA): Subscription assets are recognized at the subscription commencement date and represent the right to use an underlying asset for the subscription term. Subscription assets are measured at the initial value of the subscription liability plus any payments made to the vendor before the commencement of the subscription term, less any incentive received at or before the commencement of the term, plus any initial direct costs necessary to place the asset in service. Subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying asset using the straight-line method. Short term subscription payments are expensed as incurred.

Compensated Absences: It is the County’s policy to permit employees to accumulate a limited amount of earned but unused vacation or personal paid leave. An unlimited amount of sick leave may be accrued in accordance with each bargaining unit’s MOU and, upon separation from County’s service, will either be paid to employees or converted to PERS service credit. The County includes its share of social security and Medicare taxes payable on behalf of the employees in the accrual for compensated absences.

Deferred Inflows/Outflows of Resources: In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an expense/expenditure until then. In addition to liabilities, the statement of net assets reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

As of June 30, 2025 and 2024, the Transit Services Fund has deferred outflows and inflows of resources related to the County’s pension and OPEB plans, as described in Notes H and I.

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2025 and 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position: Net position are categorized as invested in capital assets, restricted and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation reduces the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The Transit Fund has no restricted net position as of June 30, 2025 and 2024.

Unrestricted Net Position – This category represents net position of the Fund’s not restricted for any project or other purpose.

When both restricted and unrestricted resources are available for use, it is the Transit Services Fund’s policy to use restricted resources first, then unrestricted resources as they are needed. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Transit Services Fund considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Transit Services Fund has provided otherwise in its commitment or assignment actions.

The Transportation Fund reports fund balance, if any, as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the Transportation Fund is bound to honor constraints on how specific amounts can be spent.

Reclassifications: Certain 2024 amounts in the Statement of Cash Flows were reclassified in 2025 to conform to the current year’s presentation. Cash flows which were previously reported as Operating Activities, have been reclassified to Capital Financing Activities to better reflect the nature of these transactions. These reclassifications had no effect on 2024 total cash or change in net position.

Use of Estimates: The preparation of the financial statements in conformity with GAAP required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Pronouncements: In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or paid in cash or settled through noncash means and leave that has been used but not paid in cash or settled through noncash means. The Transit Services Fund implemented this Statement during the year ended June 30, 2025. The effect of this change was immaterial and net position has not been restated as a result.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, that requires certain types of assets to be disclosed separately in the note disclosures and establishes requirements for capital assets held for sale. The provisions of this Statement are effective for fiscal years beginning after June 15, 2025.

The County is currently analyzing the impact of the required implementation of these new statements.

NOTE B – CASH AND CASH EQUIVALENTS

Investment in the County’s Cash and Investments Pool: The Fund’s cash and investments are held in the County’s cash and investments pool. The County maintains a cash and investment pool and allocates interest to the various funds based upon average cash balances. Investments held in the County’s investment pool are available on demand to the TDA Funds and are stated at cost, which approximates fair value. The County’s investment policy, interest rate risk and credit risk may be found in the notes to the County’s basic financial statements.

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2025 and 2024

NOTE C – CAPITAL ASSETS

Capital assets consisted of the following for the year ended June 30:

	Balance June 30, 2024	Additions	Deletions	Transfers/ Adjustments	Balance June 30, 2025
Capital assets, not being depreciated					
Land easements	\$ 9,750				\$ 9,750
Construction in progress	1,233,613	\$ 715,272		\$ (1,233,613)	715,272
Total capital assets, not being depreciated	<u>1,243,363</u>	<u>715,272</u>	<u>-</u>	<u>(1,233,613)</u>	<u>725,022</u>
Capital assets, being depreciated:					
Buildings and structures	1,948,749				1,948,749
Vehicles and equipment	4,845,105	1,220,727	\$ (41,632)	1,233,613	7,257,813
Subscription based technology	30,413				30,413
Total capital assets, being depreciated	<u>6,824,267</u>	<u>1,220,727</u>	<u>(41,632)</u>	<u>1,233,613</u>	<u>9,236,975</u>
Less accumulated depreciation for:					
Buildings and structures	(695,336)	(79,540)			(774,876)
Vehicles and equipment	(2,774,961)	(841,392)	41,632		(3,574,721)
Subscription based technology	(7,603)	(10,138)			(17,741)
Total accumulated depreciation	<u>(3,477,900)</u>	<u>(931,070)</u>	<u>41,632</u>	<u>-</u>	<u>(4,367,338)</u>
Total capital assets, being depreciated, net	<u>3,346,367</u>	<u>289,657</u>	<u>-</u>	<u>1,233,613</u>	<u>4,869,637</u>
Total capital assets, net	<u>\$ 4,589,730</u>	<u>\$ 1,004,929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,594,659</u>
	Balance June 30, 2023	Additions	Deletions	Transfers/ Adjustments	Balance June 30, 2024
Capital assets, not being depreciated					
Land easements	\$ 9,750				\$ 9,750
Construction in progress	434,288	\$ 799,325			1,233,613
Total capital assets, not being depreciated	<u>444,038</u>	<u>799,325</u>	<u>-</u>	<u>-</u>	<u>1,243,363</u>
Capital assets, being depreciated:					
Buildings and structures	1,872,437	76,312			1,948,749
Vehicles and equipment	4,978,255	158,670	\$ (291,820)		4,845,105
Subscription based technology	30,413				30,413
Total capital assets, being depreciated	<u>6,850,692</u>	<u>265,395</u>	<u>(291,820)</u>	<u>-</u>	<u>6,824,267</u>
Less accumulated depreciation for:					
Buildings and structures	(626,700)	(68,636)			(695,336)
Vehicles and equipment	(2,428,570)	(638,211)	291,820		(2,774,961)
Subscription based technology	(7,603)	(7,603)			(15,206)
Total accumulated depreciation	<u>(3,055,270)</u>	<u>(714,450)</u>	<u>291,820</u>	<u>-</u>	<u>(3,477,900)</u>
Total capital assets, being depreciated, net	<u>3,795,422</u>	<u>(449,055)</u>	<u>-</u>	<u>-</u>	<u>3,346,367</u>
Total capital assets, net	<u>\$ 4,239,460</u>	<u>\$ 350,270</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,589,730</u>

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2025 and 2024

NOTE D – DUE FROM OTHER GOVERNMENTS

Due from other governments consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Federal Section 5311	\$ 681,744	\$ 1,162,239
Federal Section 5310 Capital	279,135	76,700
California Air Resources Board Grant		259,612
Local Transportation Fund		297,859
State Transit Assistance		104,820
Transit and intercity rail capital program	100,514	
SB 90	7,342	7,342
Proceeds from capital asset disposal		4,383
Total due from other governments	<u>\$ 1,068,735</u>	<u>\$ 1,912,955</u>

NOTE E – UNEARNED REVENUE

A schedule of changes in unearned revenue for the Transit Services Fund for the years ended June 30, 2025 and 2024 is as follows:

	<u>LTF</u>	<u>STA</u>	<u>LCTOP</u>	<u>Total</u>
Beginning balance, June 30, 2024	\$ 1,700,275		\$ 157,087	\$ 1,857,362
Allocations	4,448,484	\$ 57,170	148,941	4,654,595
Interest revenue recognized			(9,282)	(9,282)
Maximum eligibility:				
Operating and other expenses	(4,629,763)	(57,170)	(102,164)	(4,789,097)
Capital	(9,856)		(105,536)	(115,392)
Ending balance, June 30, 2025	<u>\$ 1,509,140</u>	<u>\$ -</u>	<u>\$ 89,046</u>	<u>\$ 1,598,186</u>
	<u>LTF</u>	<u>STA</u>	<u>LCTOP</u>	<u>Total</u>
Beginning balance, June 30, 2023	\$ 1,108,782		\$ 264,058	\$ 1,372,840
Allocations	3,821,154	\$ 136,031		3,957,185
Interest			8,459	
Maximum eligibility:				
Operating and other expenses	(2,931,802)	(31,211)	(115,430)	(3,078,443)
Capital	(297,859)	(104,820)		
Ending balance, June 30, 2024	<u>\$ 1,700,275</u>	<u>\$ -</u>	<u>\$ 157,087</u>	<u>\$ 1,857,362</u>

At June 30, 2025 and 2024, unearned revenue consists of amounts in receivables and thus is not liquid.

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2025 and 2024

NOTE E – UNEARNED REVENUE (Continued)

Local Transportation Fund (LTF): LTF is allocated to the transit system to support operations. LTF allocations are considered earned when they are properly spent for operations by the transit system. Allocations in excess of this amount are recorded as unearned revenue. The maximum eligibility for LTF allocations for the year ended June 30, was determined as follows:

	<u>2025</u>	<u>2024</u>
LTF allocations		
Community transit services	\$ 134,787	\$ 134,877
Local transportation fund allocations	4,313,697	3,686,277
LTF allocations available for operating costs	<u>4,448,484</u>	<u>3,821,154</u>
Maximum amount allowed:		
Operating expenses	6,786,597	5,467,255
Other expenses	481	558
Adjustments:		
Less: Depreciation	(931,070)	(714,450)
Less: Passenger fares	(215,708)	(237,143)
Less: Contributions from other agencies	(90,503)	(93,109)
Less: State Transit Assistance used for operating	(57,170)	(31,211)
Less: Local Transportation Fund allocated for capital		(297,859)
Less: Other operating grants	<u>(863,344)</u>	<u>(1,162,239)</u>
Maximum amount allowed	<u>4,629,283</u>	<u>2,931,802</u>
Net LTF allocation (under) over maximum eligibility	<u>\$ (180,799)</u>	<u>\$ 889,352</u>
Capital expenditures	\$ 1,935,999	\$ 1,034,307
Adjustments:		
Federal contributions	(279,134)	(197,682)
California air resources board grant		(259,612)
State Transit Assistance capital		(104,820)
Transit and intercity rail capital program	(1,405,599)	
Zero-emission transit capital program	<u>(241,410)</u>	
Maximum eligible for capital	<u>\$ 9,856</u>	<u>\$ 472,193</u>

State of Good Repair: The State of Good Repair (SGR) program was established by the California Legislature in 2017 by Senate Bill 1. SGR is a program that provides public transportation agencies with a consistent and dependable revenue source to invest in the upgrade, repair and improvement of the transportation infrastructure and improve transportation services. As of June 30, 2025 and 2024, the County had an agreement to send the SGR funds to the Town of Truckee and received no SGR funds.

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2025 and 2024

NOTE E – UNEARNED REVENUE (Continued)

Low Carbon Transit Operations Program (LCTOP): The LCTOP was established by the California Legislature in 2014 by Senate Bill 862. The LCTOP provides funds to transit agencies to reduce greenhouse gas emission and improve mobility through operating and capital grants. Projects approved for LCTOP will support bus or rail services, expand intermodal transit facilities, and many include equipment acquisition, fueling, maintenance, and other costs to operate those services or facilities, with each project reducing greenhouse gas emissions.

As of June 30, funds received and expended were verified in the course of the audit as follows:

	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 157,087	\$ 264,058
LCTOP allocated	148,941	
Interest earnings unearned		8,459
Interest earnings recognized	(9,282)	
Expenses incurred:		
Subsidized monthly passes	(102,164)	(115,430)
Contactless fare payment system	<u>(105,536)</u>	
Unexpended proceeds	<u>\$ 89,046</u>	<u>\$ 157,087</u>

NOTE F – LONG-TERM LIABILITIES

Changes in long-term liabilities consisted of the following for the year ended June 30, 2025:

	<u>Balance June 30, 2024</u>	<u>Additions</u>	<u>Used</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
Compensated absences	\$ 56,959	\$ 30,265		\$ 87,224	\$ 87,224
SBITA	20,713		\$ (9,756)	10,957	10,957
Net pension liability	2,885,382	203,276		3,088,658	
Net OPEB liability	<u>185,786</u>		<u>(27,432)</u>	<u>158,354</u>	
	<u>\$ 3,148,840</u>	<u>\$ 233,541</u>	<u>\$ (37,188)</u>	<u>\$ 3,345,193</u>	<u>\$ 98,181</u>
	<u>Balance June 30, 2023</u>	<u>Additions</u>	<u>Used</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
Compensated absences	\$ 53,555	\$ 3,404		\$ 56,959	\$ 56,959
SBITA		30,413	\$ (9,700)	20,713	9,756
Net pension liability	2,838,065	47,317		2,885,382	
Net OPEB liability	<u>178,271</u>	<u>7,515</u>		<u>185,786</u>	
	<u>\$ 3,069,891</u>	<u>\$ 88,649</u>	<u>\$ (9,700)</u>	<u>\$ 3,148,840</u>	<u>\$ 66,715</u>

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2025 and 2024

NOTE G – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The Transit Fund (lessor) entered into a three-year subscription for the use of certain software available to the County. The agreement began October 1, 2023 and ends on September 30, 2026. The discount rate used was the County’s incremental borrowing rate as the date of inception of 3.591%. Subscription asset cost was \$30,413 and accumulated amortization was \$17,741 as of June 30, 2025.

Principal and interest payments to maturity are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 10,957	\$ 393	\$ 11,350
Total	<u>\$ 10,957</u>	<u>\$ 393</u>	<u>\$ 11,350</u>

NOTE H – PENSION PLAN

The County’s transit employees are included in the County’s Miscellaneous Plan, an agent multiple-employer defined benefit pension plan on a cost sharing basis, administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. The actuarial valuation for the County’s Miscellaneous Plan received from CalPERS does not separately disclose information that is required to be reported under GASB 68 and 71 for the Funds; however, the County allocated the proportional share of the deferred outflows of resources, deferred inflows of resources, net pension liability, and pension expense to the Funds based on the cash basis employer contributions paid on behalf of the Funds’ employees compared to all of the County’s Miscellaneous Plan employees. As of and for the year ended June 30, 2025, the deferred outflows of resources, net pension liability, and pension expense related to the Funds were \$537,893, \$3,088,658, and \$325,814, respectively. As of and for the year ended June 30, 2024, the deferred outflows of resources, net pension liability, and pension expense related to the Funds were \$660,431, \$2,885,382, and \$110,538, respectively. Pension expense was reported as part of salaries and benefits expenses. Detailed information about the County’s collective net pension liability is available in the County’s separately issued Annual Comprehensive Financial Report (ACFR). The County’s ACFR may be obtained by contacting the County’s Finance Department or on the internet at www.nevadacountyca.gov.

NOTE I – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

The actuarial valuation for the County’s OPEB plan does not separately disclose information that is required to be reported for the Transit Fund. This information is available in the County’s Annual Comprehensive Financial Report for the County’s OPEB plan as a whole. The net OPEB liability and related deferred inflows and outflows of resources reported in the Fund represents a proportional share of the OPEB liability for the County as a whole. The percentage of the County’s OPEB liability that is recorded in the Fund is based on a proportion of contributions by each fund for the County as a whole. As of and for the year ended June 30, 2025, deferred outflows of resources, the net OPEB liability, deferred inflows of resources and OPEB credit were \$71,208, \$158,354, \$35,792, and \$21,119, respectively. As of and for the year ended June 30, 2024, deferred outflows of resources, the net OPEB liability, deferred inflows of resources and OPEB credit were \$92,889, \$185,786, \$51,160, and \$29,921, respectively. OPEB expense was reported as part of salaries and benefits expense. Detailed information regarding the County’s OPEB plan is available in the County’s ACFR.

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2025 and 2024

NOTE J – FARE REVENUE RATIO

The Fund is subject to the provision of Section 6633.2 of Title 21, Division 3, Chapter 2, Article 4 of the *California Code of Regulations* requiring the calculation and adherence of fare and local support ratios for TDA transit funding. Accordingly, the Fund must maintain a ratio equaling or exceeding 10%. The Fund’s fare ratio of operating revenues to operating expenses, as calculated below, indicates the Fund was in compliance with the provisions of the TDA for the fiscal year ended June 30. The fare ratio calculations are as follows:

	<u>2025</u>	<u>2024</u>
Passenger fare revenues (excludes charter revenues)	\$ 215,708	\$ 237,143
Local funds - contributions from other agencies	90,503	93,109
Local funds - other operating revenues	2,700	925
Local funds - federal funds	<u>681,744</u>	<u>1,162,239</u>
	<u>\$ 990,655</u>	<u>\$ 1,493,416</u>
Operating expenses	\$ 6,786,597	\$ 5,467,255
Less allowable exclusions:		
Depreciation	<u>(931,070)</u>	<u>(714,450)</u>
	<u>\$ 5,855,527</u>	<u>\$ 4,752,805</u>
Fare revenue ratio	<u>16.92%</u>	<u>31.42%</u>

The County was in compliance with the 10.00% minimum required fare revenue ratio for the years ended June 30, 2025 and 2024. Operating expenses increased \$1.3 million and Federal operating revenue decreased \$480k, leading to the lower fare revenue ration. AB 149 permits the inclusion of federal funds as local support, which allows the County to meet its fare revenue ratio.

NOTE K – STATE GRANTS

Regional Surface Transportation Program (RSTP): The RSTP funds represent an apportionment under the Federal Transportation Bill whereby the County receives allocated funds from the Commission for projects included in the adopted Federal Statewide Transportation Improvement Project. These are reported in the Transportation Fund. As of June 30, funds received and expended were verified in the course of the audit as follows:

	<u>2025</u>	<u>2024</u>
Proceeds received	\$ 842,538	\$ 651,180
Expenses incurred:		
Road maintenance projects	(839,476)	(645,159)
Road safety projects	(3,062)	(1,906)
Donner pass road project	<u>(4,115)</u>	<u>(4,115)</u>
Unexpended proceeds	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2025 and 2024

NOTE K – STATE GRANTS (Continued)

Transit and Intercity Rail Capital Program (TIRCP): The County received grant funding through the Transit and Intercity Rail Capital Program (TIRCP). As of June 30, 2025, TIRCP funds allocated and expended were as follows:

FY 24/25 Allocation Received	\$ 1,587,199
Expenses incurred:	
Tinloy Transit Center On-Route Charger Project Construction	(1,418,250)
NCOG charger equipment and installation	<u>(168,949)</u>
Unexpended proceeds	<u>\$ -</u>

Zero-Emission Transit Capital Program (ZETCP): The County received grant funding through the Zero-Emission Transit Capital Program (ZETCP). Funding for ZETCP is provided under the State of California Greenhouse Gas Reduction Fund (GGRF) and the Public Transportation Account (PTA). As of June 30, 2025, ZECTP funds allocated and expended were as follows:

FY 24/25 Allocations Received	
Greenhouse Gas Reduction Fund (GGRF)	\$ 107,764
Public Transportation Account (PTA)	<u>133,646</u>
Total Allocations Received	241,410
Expenses incurred:	
Tinloy Transit Center On-Route Charger Project Construction	(171,702)
Vehicle Lift Project Construction	<u>(69,708)</u>
Total Expenses incurred	<u>(241,410)</u>
Unexpended proceeds	<u>\$ -</u>

NOTE L – REGIONAL ALLOCATIONS

Regional Transportation Mitigation Fee (RTMF): The RTMF Program was established in 2001 through a partnership of three local jurisdictions (unincorporated Nevada County, Nevada City, and Grass Valley) and the Commission to provide funding from new development to make improvements to the Regional Transportation System. The RTMF fees are collected from the local jurisdictions imposing the fees and the Commission. The County collects RTMF fees that are directly disbursed to the Commission. Such fees totaled \$200,256 and \$268,049 at June 30, 2025 and 2024, respectively. These funds are reported in the Transportation Fund.

As of June 30, 2025, no RTMF funds were allocated by NCTC for approved projects.

NOTE M – RISK MANAGEMENT

The Transit Services Fund is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The fund participates in the County’s self-insurance program and also maintains commercial insurance policies through third parties. Cash in the amount of \$92,405 and \$89,668 at June 30, 2025 and 2024, respectively was restricted for insurance purposes.

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2025 and 2024

NOTE N – CONCENTRATIONS

The Transit Services Fund receives a substantial amount of their support from the TDA through a portion of statewide retail sales tax for the Local Transportation Fund and through the fuel tax for the State Transit Assistance Fund. A significant reduction in the level of this support, if this was to occur, may have a significant impact on the Funds' activities.

NOTE O – CONTINGENCIES

The Transit Services Fund receives funding from the Federal Transit Administration and the State of California that are subject to review and audit. Such audits could result in a request for reimbursement for expenses disallowed under the terms and conditions of the contracts. It is the opinion of management that no material liabilities will result from such potential audits.

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SUPPLEMENTARY INFORMATION

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COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS
TRANSIT SERVICES FUND

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION - BY OPERATION

For the Year Ended June 30, 2025

	Nevada County Connects	Nevada County Now	Total
OPERATING REVENUES			
Passenger fares	\$ 154,501	\$ 61,207	\$ 215,708
Contributions from other agencies	90,503		90,503
Other operating revenues	2,700		2,700
TOTAL OPERATING REVENUES	247,704	61,207	308,911
OPERATING EXPENSES			
Salaries and benefits	2,422,053		2,422,053
Professional services	469,870	1,639,962	2,109,832
Maintenance, supplies and utilities	975,648		975,648
Insurance claims payments	146,585		146,585
Administration and overhead	201,409		201,409
Depreciation	931,070		931,070
TOTAL OPERATING EXPENSES	5,146,635	1,639,962	6,786,597
OPERATING (LOSS)	(4,898,931)	(1,578,755)	(6,477,686)
NONOPERATING REVENUES (EXPENSES)			
Local transportation funds	3,050,528	1,578,755	4,629,283
State transit assistance	57,170		57,170
Federal transit administration grant	681,744		681,744
Low carbon transit operations program	207,700		207,700
Transit and intercity rail capital program - operating	181,600		181,600
Net investment income	27,650		27,650
Gain on sale of capital assets	8,259		8,259
Other expenses	(481)		(481)
TOTAL NONOPERATING REVENUES (EXPENSES)	4,214,170	1,578,755	5,792,925
NET LOSS BEFORE CAPITAL CONTRIBUTIONS	(684,761)	-	(684,761)
CAPITAL CONTRIBUTIONS			
Local transportation funds - capital	9,856		9,856
Federal transit administration grants	279,134		279,134
Transit and intercity rail capital program - capital	1,405,599		1,405,599
Zero-emission transit capital	241,410		241,410
TOTAL CAPITAL CONTRIBUTIONS	1,935,999	-	1,935,999
CHANGES IN NET POSITION	\$ 1,251,238	\$ -	\$ 1,251,238

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

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COMPLIANCE REPORT

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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*,
THE TRANSPORTATION DEVELOPMENT ACT AND OTHER STATE PROGRAM GUIDELINES

To the Board of Supervisors
County of Nevada
Nevada City, 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 Transportation Development Act (TDA) Funds of the County of Nevada (the County), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Funds' financial statements, and have issued our report thereon dated June 30, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that that were not identified.

Report on Compliance and Other Matters (including Other State Programs)

As part of obtaining reasonable assurance about whether the Funds' financial statements are free of 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 statements. Our audit was further made to determine that Transportation Development Act (TDA) funds allocated and received by the County were expended in conformance with the applicable statutes, rules and regulations of the TDA and Section 6667 of the California Code of Regulations. We also tested the receipt and appropriate expenditures of bond funds, as presented in Notes E and J to the financial statements, in accordance with other state program guidelines. However, providing an opinion on compliance with those provisions was not an objective of our audit, and

To the Board of Supervisors
Nevada City, California

accordingly, we do not express such an opinion. The results of performing our tests disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards* or the TDA.

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*, the TDA and other state program guidelines in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

Richardson & Company, LLP

June 30, 2026