

**NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY
OF NEVADA, CALIFORNIA)**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022



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(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
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INDEPENDENT AUDITORS' REPORT

Board of Directors and Grand Jury
Nevada County Sanitation District No. 1
Nevada City, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Nevada County Sanitation District No. 1 (District), a component unit of the County of Nevada, California, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2022, and the changes in its financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Nevada County Sanitation District No. 1 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and 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 Nevada County Sanitation District No. 1'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.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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 Nevada County Sanitation District No. 1's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nevada County Sanitation District No. 1's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedule of net pension liability proportional share and related ratios and contributions, schedule of net OPEB liability proportionate share and related ratios and contributions, as listed in the table of contents, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2023 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.



CliftonLarsonAllen LLP

Roseville, California
June 2, 2023

**NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

The following Management's Discussion and Analysis (MD&A) of the County of Nevada Sanitation District No. 1 (the District) financial performance provides an introduction to the financial statements for the year ended June 30, 2022. The information contained in this MD&A should be considered in conjunction with the information contained in the District's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board. The District is structured as an enterprise operation with multiple zones to segregate the various geographical operations known as zones. The District's revenues are recognized when earned, not when received. Expenses are recognized when incurred, not when paid. Capital assets are capitalized and, with the exception of land, are depreciated over their useful lives. See the notes to the financial statements for a summary of the District's significant accounting policies.

Following this discussion and analysis are the basic financial statements of the District.

The District's basic financial statements are designed to provide readers with a broad overview of the District's financial status.

The *statement of net position* presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the District's financial position.

$$\text{Net Position} = (\text{Assets} + \text{Deferred Outflows of Resources}) - (\text{Liabilities} + \text{Deferred Inflows of Resources})$$

The *statement of revenues, expenses, and changes in net position* presents information showing the change in the District's net position during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are recorded and reported in this statement for some items that will result in cash flows in future periods.

The *statement of cash flows* relates to the flows of cash and cash equivalents. Consequently, only transactions that affect the District's cash accounts are recorded in this statement. A reconciliation of the statement of cash flows is provided at the bottom of the statement to assist in understanding the difference between cash flows from operating activities and operating income.

The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

FINANCIAL HIGHLIGHTS

On June 30, 2022, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows by \$36,064,042 (net position). Of this amount, \$148,145 (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors and \$35,271,897 is the District's net investment in capital assets.

The District's capital assets (e.g., land, infrastructure and equipment) decreased by \$1,292,091 due to the annual depreciation of existing infrastructure assets offset by capital asset additions of \$1,022,400.

Long-term liabilities decreased 22.07% or \$3,417,236 due mainly to the regularly scheduled principal payments on long-term debt, and a decrease in the District's OPEB and Pension liabilities.

FINANCIAL POSITION

Analysis of the District as a whole - Government Wide Financial Statements

**Sanitation District's Net Position
June 30, 2022 and 2021**

	2022	2021	Variance	Change
Assets:				
Current and Other Assets	\$ 6,417,854	\$ 5,535,322	15.94 %	\$ 882,532
Capital Assets	45,900,466	47,192,557	(2.74)	(1,292,091)
Total Assets	<u>52,318,320</u>	<u>52,727,879</u>	(0.78)	(409,559)
Deferred Outflows	626,766	716,375	(12.51)	(89,609)
Liabilities:				
Current Liabilities	4,358,695	4,317,026	0.97	41,669
Long-Term Liabilities	12,068,302	15,485,538	(22.07)	(3,417,236)
Total Liabilities	<u>16,426,997</u>	<u>19,802,564</u>	(17.05)	(3,375,567)
Deferred Inflows	1,098,047	86,082	1175.58	1,011,965
Net Position:				
Net Investment in Capital Assets	35,271,897	34,851,603	1.21	420,294
Unrestricted	148,145	(1,295,995)	(111.43)	1,444,140
Total Net Position	<u>\$ 35,420,042</u>	<u>\$ 33,555,608</u>	5.56	<u>\$ 1,864,434</u>

As shown in the schedule above, at June 30, 2022, the District's total assets are \$52,318,320. The total assets held decreased \$409,559 or .78% from the June 30, 2021 balance of \$52,727,879. The decrease in total assets was due primarily to the \$1,292,091 decrease in capital assets mentioned above related to annual depreciation of assets. Deferred outflows of \$626,766 most significantly represent pension and OPEB contributions made by the District after the June 30, 2021 actuarial measurement date with the balance being changes in actuarial assumptions and net differences between projected and actual earnings on plan investments.

**NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

The District's total liabilities decreased by \$3,375,567 during the current fiscal year to \$16,426,997. The decrease resulted from the reduction in loan balances by scheduled principal payments. Deferred inflows of \$1,098,047 are attributable to the various components that impact pension and OPEB changes such as investment change amortization, changes in actuarial assumptions and differences in actual and expected experience.

The District's total net position increased from the prior year by \$1,864,434. Unrestricted net position of the District at June 30, 2022 amounted to \$148,145. The increase in operating revenue was the main contributing factor to the increase in net position in conjunction with the decrease in operating expenses.

The largest portion of the District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities.

**Changes in Net Position
Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>	<u>Variance</u>	<u>Change</u>
Revenues:				
Operating	\$ 8,471,422	\$ 6,863,849	23.42 %	\$ 1,607,573
Nonoperating	775,673	(7,042)	(11114.95)	782,715
Total Revenues	<u>9,247,095</u>	<u>6,856,807</u>	34.86	<u>2,390,288</u>
Expenses:				
Operating Expenses	7,321,958	7,894,661	(7.25)	(572,703)
Nonoperating Expenses	242,619	287,768	(15.69)	(45,149)
Total Expenses	<u>7,564,577</u>	<u>8,182,429</u>	(7.55)	<u>(617,852)</u>
Transfers In (Out)	<u>181,916</u>	<u>(303,345)</u>	(159.97)	<u>485,261</u>
Change in Net Position	1,864,434	(1,628,967)	(214.45)	3,493,401
Net Position - Beginning	33,555,608	35,184,575	(4.63)	(1,628,967)
Net Position - Ending	<u>\$ 35,420,042</u>	<u>\$ 33,555,608</u>	5.56	<u>\$ 1,864,434</u>

Revenues - The District's revenues for fiscal year 2021/22 increased by 34.86% or \$2,390,288. The increase was primarily related to increased charges of services.

Expenses - The District's expenses for fiscal year 2021/22 decreased by 7.55% or \$617,853. Both operating and non-operating expenses had decreases. Operating expenses decreased by 7.25% from the prior fiscal year due to decreases in salaries and benefits costs. Non-operating expenses decreased by 15.69% due to loan balances and the interest associated decreasing.

**NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The District's investment in capital assets as of June 30, 2022 amounted to \$35,271,897 (net of accumulated depreciation and related debt). This investment in capital assets includes land, land improvements, infrastructure and equipment. The \$420,294 increase is due to depreciation net of additions of \$1,292,091 offset by reductions in long term debt of \$1,712,385.

Additional information on the District's capital assets can be found in Note 3 of this report.

Long-term debt - At June 30, 2022, the District had total debt outstanding of \$10,628,569 net of unamortized discounts. Of this amount, \$1,742,157 is due within one year. The long-term debt consists of three loans from the State of California, and two bank loans. The three State Water Resources Control Board (SWRCB) loans are being repaid through a dedicated revenue source from the specific zones that received the loan proceeds. The two bank loans are scheduled to be repaid by August 2026. They are being repaid with operating revenues from the specific zones that received the loan proceeds.

Additional information on the District's long-term debt can be found in Note 4 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District operates and maintains sewage collection systems and treatment facilities for Nevada County Sanitation District No. 1. There are ten (10) zones within the District with facilities that collect and treat 1,245,000 gallons of wastewater each day. The Sanitation District provides sewer service to 5,615 accounts in western Nevada County with a population of approximately 14,000.

Wastewater treatment plants that discharge to surface waters are required to obtain a National Pollutant Discharge Elimination System (NPDES) permit. The permits are normally renewed every 5 years by the California Regional Water Quality Control Board (CRWQCB) and may contain new treatment objectives and discharge regulations

The Cascade Shores operating permit has been revised by the State Waterboard to exclude Copper and Zinc as a discharge requirement. While effluent water quality objectives are obtainable, the plant is still costly to run and District staff is constantly evaluating treatment options to reduce costs as much as possible.

The cost of many resources required by the District's treatment plants to meet permitting requirements continues to increase. A successful Rate Study and service rate adjustment was implemented in 2012 for all zones in the District. While the adjusted rates have met the current fiscal needs of most zones, a study with an outside consultant will need to be conducted in 2024 to determine whether the new service rates for customers in all 10 sewer zones is meeting both the short and long term needs of the District. The District has a goal by fiscal year 25-26 for establishing target fund balances in each zone that will allow for efficient and effective operations, maintenance and CIP planning and implementation. In addition, outside Grant funding resources will be identified for the pursuit of Capital Improvement projects to benefit compliance and operations within the sanitation zones.

**NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Nevada County Auditor-Controller, Marcia L. Salter, 950 Maidu Avenue, Suite 230, Nevada City, California 95959. This entire report is available online at <https://www.mynevadacounty.com/195/Annual-Financial-Reports-Collection>.

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NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS

Current Assets:

Cash and Investments	\$ 6,376,649
Accounts Receivable	22,107
Due from Other Governments	19,098
Total Current Assets	6,417,854

Noncurrent Assets:

Capital Assets:

Nondepreciable	1,470,590
Depreciable, Net	44,429,876
Total Noncurrent Assets	45,900,466
Total Assets	52,318,320

DEFERRED OUTFLOWS OF RESOURCES

OPEB	81,821
Pension	544,945
Total Deferred Outflows of Resources	626,766

LIABILITIES

Current Liabilities:

Accounts Payable	37,486
Salaries and Benefits Payable	135,903
Interest Payable	122,256
Due to County	174,623
Unearned	644,000
Advance from County	1,403,964
Compensated Absences	98,306
Loan Payable	1,742,157
Total Current Liabilities	4,358,695

Noncurrent Liabilities:

Loan Payable	8,886,412
Net OPEB Liability	169,652
Net Pension Liability	3,012,238
Total Noncurrent Liabilities	12,068,302
Total Liabilities	16,426,997

DEFERRED INFLOWS OF RESOURCES

OPEB	252,680
Pension	845,367
Total Deferred Inflows of Resources	1,098,047

NET POSITION

Net Investment in Capital Assets	35,271,897
Unrestricted	148,145
Total Net Position	\$ 35,420,042

See accompanying Notes to Financial Statements.

NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30, 2022

OPERATING REVENUES	
Charges for Services	\$ 8,338,519
Other Revenues	<u>132,903</u>
Total Operating Revenues	8,471,422
 OPERATING EXPENSES	
Salaries and Benefits	1,901,260
Services and Supplies	2,422,831
Other Charges	280,022
Expense Transfers	403,354
Depreciation	<u>2,314,491</u>
Total Operating Expenses	<u>7,321,958</u>
 OPERATING INCOME	 1,149,464
 NONOPERATING REVENUE (EXPENSES)	
Interest Income (Loss)	(208,114)
Interest Expense	(242,619)
Intergovernmental Revenues	970,037
Gain (Loss) on Sale of Capital Assets	13,750
Transfers from the County	<u>181,916</u>
Total Nonoperating Revenue (Expenses)	<u>714,970</u>
 CHANGE IN NET POSITION	 1,864,434
Net Position - Beginning of Year	<u>33,555,608</u>
 NET POSITION - END OF YEAR	 <u><u>\$ 35,420,042</u></u>

See accompanying Notes to Financial Statements.

**NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 9,275,354
Payments to Suppliers	(3,326,962)
Payments to Employees	<u>(2,366,626)</u>
Net Cash Provided by Operating Activities	3,581,766

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Net Payments to Other County Funds	411,607
Transfers in from Other County Funds	<u>189,741</u>
Net Cash Provided by Noncapital Financing Activities	601,348

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal Paid on Capital Debt	(1,841,404)
Interest Paid on Capital Debt	(261,200)
Acquisition of Capital Assets	(1,022,401)
Proceeds from Sale of Capital assets	<u>13,750</u>
Net Cash Used by Capital and Related Financing Activities	(3,111,255)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and Investment Earnings (Loss)	<u>(208,114)</u>
Net Cash Used by Investing Activities	<u>(208,114)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

863,745

Cash and Cash Equivalents - Beginning of Year

5,512,904

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 6,376,649

**NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$ 1,149,464
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	2,314,491
Changes in Assets and Liabilities:	
(Increase) Decrease in:	
Accounts Receivable	(18,787)
Deferred Outflows of Resources	89,609
Increase (Decrease) in:	
Accounts Payable	(42,037)
Accrued Salaries and Benefits	26,079
Unearned	644,000
Compensated Absences Payable	(22,047)
Deferred Inflows of Resources	1,011,965
Net Pension Liability	(1,233,478)
Net OPEB Liability	(337,493)
Net Cash Provided by Operating Activities	\$ 3,581,766

See accompanying Notes to Financial Statements.

**NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Nevada County Sanitation District No. 1 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District is a public agency formed on August 2, 1965, by order of the Nevada County Board of Supervisors pursuant to provisions of the California Health and Safety Code. As of June 30, 2022, the District is composed of ten zones and the Wastewater Management System.

The District, for financial purposes, includes all of the activity relevant to the operations of the District in eleven enterprise zones, as follows:

<p>Wastewater Management System</p>	<p>Sanitation District Zone 6 – Penn Valley</p> <ul style="list-style-type: none"> • O & M • Capital Improvement
<p>Sanitation District Zone 1 – Lake Wildwood</p> <ul style="list-style-type: none"> • O & M • Debt Assessment • Capital Improvement • Lasalle Project 	<p>Sanitation District Zone 7 – Mountain Lake Estates</p> <ul style="list-style-type: none"> • O & M
<p>Sanitation District Zone 2 – Lake of the Pines</p> <ul style="list-style-type: none"> • O & M • Debt Assessment • Capital Improvement • Lasalle Project 	<p>Sanitation District Zone 8 – Cascade Shores</p> <ul style="list-style-type: none"> • O & M • Capital Improvement • Debt Assessment
<p>Sanitation District Zone 4 – North San Juan</p> <ul style="list-style-type: none"> • O & M 	<p>Sanitation District Zone 9 – Eden Ranch</p> <ul style="list-style-type: none"> • O & M
<p>Sanitation District Zone 5 – Gold Creek</p> <ul style="list-style-type: none"> • O & M 	<p>Sanitation District Zone 11 – Higgins Village</p> <ul style="list-style-type: none"> • O & M
	<p>Sanitation District Zone 12 – Valley Oak</p> <ul style="list-style-type: none"> • O & M

NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

The District is considered to be a component unit of the County of Nevada. The Board of Supervisors is the governing body of the District. The District is a legally separate entity for which the County is considered to be financially accountable and for which the nature and significance of the District's relationship with the County is such that exclusion would cause the combined financial statements to be misleading.

The District is considered a blended component unit of the County of Nevada and is reported as a major enterprise fund in the County of Nevada's financial statements.

B. Basis of Presentation

The fund financial statements provide information about the District's funds. Funds are organized into the proprietary category. An emphasis is placed on major funds within the proprietary category; each is displayed in a separate column. For presentation purposes all zones of the District are combined into one major fund.

The District reports the following major proprietary fund:

- The Sanitation District fund is an enterprise fund used to account for activity related to providing customers with sanitation management and billing for services provided by the District.

C. Basis of Accounting and Measurement Focus

The proprietary fund financial statements are reported using the economic resources measurement focus and the 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. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include revenues from grants, entitlements, and donations. Under the accrual basis, revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 revenue of proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

D. Cash, Cash Equivalents, and Investments

The District pools cash and investments of all funds with the County of Nevada. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments.

Participant's equity in the investment pool is determined by the dollar amount of participants' deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on the amortized cost basis. Amortized premiums and accreted discounts, accrued interest, and realized gains and losses, net of expenses, are apportioned to pool participants every quarter based on the participant's average daily cash balance at quarter end in relation to the total pool investments. This method differs from the fair value method used to value investments in these financial statements. The pool has not provided or obtained any legally binding guarantees during the period to support the value of investments.

The County monitors and reviews the management of public funds maintained in the investment pool in accordance with the County investment policy and the California Government Code. The Board of Supervisors reviews and approves the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the Board of Supervisors every month. The report covers the type of investments in the pool, maturity dates, par value, actual cost, and fair value.

Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County of Nevada's financial statements may be obtained by contacting the County of Nevada Auditor-Controller at 950 Maidu Avenue, Nevada City, California 95959, or via the web at <https://www.mynevadacounty.com/Archive.aspx?AMID=39>.

For purposes of the accompanying statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased, and its equity in the County Treasurer's investment pool, to be cash equivalents.

E. Receivables

Management only accrues those revenues it deems collectible; as such, the District has no allowance for uncollectible accounts.

F. Capital Assets

Capital assets, including public domain (infrastructure assets such as water, sewer, and similar items) are defined by the District as assets with a cost of more than \$5,000 for equipment and \$50,000 for structures and infrastructure and an estimated useful life of more than one year. Capital assets are recorded at historical or estimated historical cost if actual historical cost is unavailable. Donated capital assets, donated works of art and similar items and capital assets received in a service concession arrangement are reported at acquisition value, which is the amount that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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Capital assets used in operations are depreciated or amortized using the straight-line method over the assets estimated useful life. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Life</u>
Equipment	2-25 Years
Structures and Improvements	5-50 Years
Infrastructure	20-75 Years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

G. Compensated Absences

It is the District'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 the bargaining unit's memorandum of understanding (MOU) and, upon separation from District's service, will either be paid to the employee or converted to a public employee's retirement system (PERS) service credit. In proprietary funds the accrued compensated absences is recorded as an expense and related liability in the year earned, with the current portion estimated based on historical trends. The District includes its share of social security and medicare taxes payable on behalf of the employees in the accrual for compensated absences.

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H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The District has deferred outflows of resources related to pension and OPEB.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, 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. The District has deferred inflows of resources related to pension and OPEB.

I. 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.

NOTE 2 CASH AND INVESTMENTS

A. Financial Statement Presentation

At June 30, 2022, the District's cash and investments consisted of the following:

Investments:	
Nevada County Treasurer's Pool	\$ 6,376,649

B. Cash

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The County's investment policy requires that deposits in banks must meet the requirements of the California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105% to 150% of the value of the deposit to guarantee the safety of the public funds. The first \$250,000 of the District's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits more than the \$250,000 insured amount are collateralized.

At year-end, the District had no deposits outside the Nevada County Treasury.

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C. Investments

The investment policy provides the basis for the management of a prudent, conservative investment program. Funds are invested to provide the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the Government Code and, in general, the investment policy is more restrictive than state law. Under the provisions of the County's investment policy the County may invest or deposit in the following:

- Banker's Acceptances
- Commercial Paper
- Local Agency Investment Fund
- Medium Term Corporate Notes
- Money Market Funds
- Negotiable Certificates of Deposit
- Repurchase Agreements
- Reverse Repurchase Agreements
- Securities of the Federal Government or its Agencies
- California State Registered Warrants, Treasury Notes and Bonds
- Local Agency Obligations
- Certificates of Deposit
- Pass-Through Security

Interest Rate Risk

Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the County manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The County limits its exposure to interest rate risk inherent in its portfolio by limiting individual maturities to five years or less.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's investment policy sets specific parameters by type of investment to be met at the time of purchase. As of June 30, 2022, the District's investments were all pooled with the County Treasury which is not rated by a nationally recognized statistical rating organization.

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Custodial Credit Risk for Investments

Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or collateral securities that are in the possession of an outside party. To mitigate the custodial credit risk the County's investment policy requires that all investments owned by the County with the exception of certificates of deposit shall be held in safekeeping by a third party under contract with the County.

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to local government's indirect investments in securities through the use of mutual funds or government investment pools.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law and the investment policy of the County contain limitations on the amount that can be invested in any one issuer. All investments of the District are in the County investment pool which contains a diversification of investments.

NOTE 3 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022 was as follows:

	Balance June 30, 2021	Additions	Retirements and Adjustments	Balance June 30, 2022
Capital Assets, Not Being Depreciated:				
Land and Easements	\$ 1,470,590	\$ -	\$ -	\$ 1,470,590
Total Capital Assets, Not Being Depreciated	1,470,590	-	-	1,470,590
Capital Assets, Being Depreciated:				
Infrastructures	78,961,572	931,700	-	79,893,272
Structures and Improvements	320,598	-	-	320,598
Equipment	4,409,442	90,700	(421,563)	4,078,579
Total Capital Assets, Being Depreciated	83,691,612	1,022,400	(421,563)	84,292,449
Less Accumulated Depreciation for:				
Infrastructure	(35,639,323)	(2,055,179)	-	(37,694,502)
Structures and Improvements	(151,031)	(10,687)	-	(161,718)
Equipment	(2,179,291)	(248,625)	421,563	(2,006,353)
Total Accumulated Depreciation	(37,969,645)	(2,314,491)	421,563	(39,862,573)
Total Capital Assets, Being Depreciated, Net	45,721,967	(1,292,091)	-	44,429,876
Total Capital Assets, Net	<u>\$ 47,192,557</u>	<u>\$ (1,292,091)</u>	<u>\$ -</u>	<u>\$ 45,900,466</u>

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NOTE 4 LONG-TERM LIABILITIES

The following is a summary of long-term liabilities transactions for the year ended June 30:

Types of Indebtedness	Balance June 30, 2021	Additions/ Adjustments	Retirements/ Adjustments	Balance June 30, 2022	Amounts Due Within One Year
Loans from Direct Borrowing	\$ 12,805,962	\$ -	\$ (1,826,302)	\$ 10,979,660	\$ 1,840,700
Less: Unamortized discount	(465,008)	-	113,917	(351,091)	(98,543)
Loans, Net	12,340,954	-	(1,712,385)	10,628,569	1,742,157
Compensated Absences	120,353	-	(22,047)	98,306	98,306
OPEB Liability	507,145	-	(337,493)	169,652	-
Net Pension Liability	4,245,716	-	(1,233,478)	3,012,238	-
Total Long-Term Liabilities	<u>\$ 17,214,168</u>	<u>\$ -</u>	<u>\$ (3,305,403)</u>	<u>\$ 13,908,765</u>	<u>\$ 1,840,463</u>

Individual issues of debt payable outstanding at June 30, 2022 are as follows:

<u>Business-Type Activities</u>	<u>Amount</u>
Loans from Direct Borrowing	
State Water Resources Control Board loan, issued November 13, 2010, in the amount of \$339,164 and payable in annual installments of \$16,958, with an interest rate of 0.0% and maturity on June 30, 2029. Loan proceeds were used for the acquisition and construction of improvements to the Cascade Shores Wastewater system. The loan includes a loan discount of \$56,528.	\$ 118,709
Bank of America Leasing and Capital, LLC loan, issued August 1, 2009, in the amount of \$2,500,000 and payable in annual installments of \$73,529, with an interest rate of 3.55% and maturity on August 1, 2026. Loan proceeds were used for interim financing for the acquisition and construction of improvements to the Lake of the Pines Zone 2 wastewater system.	661,765
Bank of America Leasing and Capital, LLC loan, issued August 1, 2009, in the amount of \$1,000,000 and payable in annual installments of \$29,412, with an interest rate of 3.55% and maturity on August 1, 2026. Loan proceeds were used for interim financing for the acquisition and construction of improvements to the Lake Wildwood Zone 1 wastewater system.	264,705
State Water Resources Control Board loan, issued September 13, 2010, in the amount of \$12,122,824 plus accrued interest of \$110,523 and payable in annual installments of \$492,213 to \$739,310 with an interest rate of 1.20% and maturity on November 23, 2027. Loan proceeds were used for the acquisition and construction of improvements to the Lake Wildwood Zone 1 wastewater system.	4,240,734

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Individual issues of debt payable outstanding at June 30, 2022 are as follows:

<u>Business-Type Activities</u>	<u>Amount</u>
Loans from Direct Borrowing (Continued)	
State Water Resources Control Board loan, issued September 13, 2010, in the amount of \$18,964,071 and payable in annual installments of \$948,204 with an interest rate of 0.00% and maturity on January 1, 2028. Loan proceeds were used for the acquisition and construction of improvements to the Lake of the Pines Zone 2 wastewater system. The loan includes a discount of \$3,160,742.	<u>5,693,747</u>
Total Loans	<u><u>\$ 10,979,660</u></u>

Following is a schedule of debt payment requirements to maturity for long-term debt excluding compensated absences that have indefinite maturities and net OPEB obligation which is reported in Note 6 under Net Pension Liability.

<u>Year Ending June 30,</u>	<u>Loans from Direct Borrowing</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Service Charge</u>	<u>Total</u>
2023	\$ 1,840,700	\$ 180,727	\$ 42,407	\$ 2,063,834
2024	1,855,416	149,686	35,718	2,040,820
2025	1,870,456	118,186	28,882	2,017,524
2026	1,885,826	86,219	21,896	1,993,941
2027	1,798,594	53,774	14,755	1,867,123
2028-2029	1,728,668	26,665	7,458	1,762,791
Total	<u><u>\$ 10,979,660</u></u>	<u><u>\$ 615,257</u></u>	<u><u>\$ 151,116</u></u>	<u><u>\$ 11,746,033</u></u>

NOTE 5 NET POSITION

The proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

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Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position is available, it is considered that restricted resources are used first, followed by the unrestricted resources.

NOTE 6 EMPLOYEE BENEFITS

A. Employee's Retirement Plan

The District is a component unit of the County of Nevada and as such the District's employees are covered under the retirement plan of the County of Nevada (the Plan).

The County contributes to the California Public Employees Retirement System (PERS), an agent multiple- employer public employee defined benefit plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by statute. Copies of PERS' annual financial report may be obtained from their executive office – 400 Q Street, Lincoln Plaza East, Sacramento, California 95811 or www.calpers.ca.gov.

Additional disclosure information regarding employee's retirement plan can be found in the County's audited financial statements.

B. Net Pension Liability

The District's net pension liability is measured as the proportionate share of the total net pension liability as reported by the Plan. The net pension liability is measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The District's proportion of the net pension liability was based on the contributions of all participants in the plan. The District's proportional share of the net pension liability was 2.28% at the measurement date of June 30, 2021, which was an decrease of 0.10% from the prior year. As of June 30, 2022, the District's proportional share of the net pension liability was \$3,012,238.

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C. Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the District's proportionate share of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.15%) or 1 percentage point higher (8.15%) than the current rate:

	Discount Rate -1% (6.15%)	Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Net Pension Liability	\$ 4,458,901	\$ 3,012,238	\$ 1,805,606

D. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. During the year ended June 30, 2022, the District recognized a pension expense of \$660,440. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 476,063	\$ -
Changes in Assumptions	-	-
Differences Between Expected and Actual Experience	68,882	-
Net Difference Between Projected and Actual Earnings on Plan Investments	-	(845,367)
Total	\$ 544,945	\$ (845,367)

\$476,063 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2023	\$ (160,191)
2024	(179,601)
2025	(203,434)
2026	(233,259)

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E. Other Postemployment Benefits (OPEB)

The District is a component unit of the County of Nevada and as such the District's employees are covered under the postemployment benefit plan of the County of Nevada.

The County of Nevada provides, under a defined benefit plan, retiree healthcare benefits to qualifying employees retiring directly from the County. The benefit level is determined by date of hire and length of service. The County has contracted for medical coverage to be provided through an agent multiple-employer CalPERS Healthcare (PEMHCA) plan.

A portion of the County's postemployment benefit liabilities and related deferred inflows and outflows have been allocated to the District.

OPEB Liability

The District's net OPEB liability is measured as the proportionate share of the total net OPEB liability as reported by the Plan. The net OPEB liability is measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2021. The District's proportion of the net OPEB liability was based on the contributions of all participants in the plan. The District's proportional share of the OPEB liability was 1.97% at the measurement date of June 30, 2021, which was an decrease of 0.21% from the prior year. As of June 30, 2022, the District's proportional share of the net OPEB liability was \$169,652.

Discount Rate and Trend Sensitivity

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	Discount Rate		
	1% Decrease 5.25%	Current Rate 6.25%	1% Increase 7.25%
Net OPEB Liability	\$ 290,146	\$ 169,652	\$ 69,071

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Healthcare Trend Rate		
	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	\$ 59,905	\$ 169,652	\$ 302,819

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JUNE 30, 2022**

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$252,680. As of fiscal year ended June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB Contributions Subsequent to Measurement Date	\$ 81,525	\$ -
Change in Assumptions	296	(43,077)
Differences Between Expected and Actual Experience	-	(118,017)
Net Difference Between Projected and Actual Earnings on Plan Investments	-	(91,586)
Total	<u>\$ 81,821</u>	<u>\$ (252,680)</u>

The \$81,525 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2021 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB expense will be recognized as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ (69,693)
2024	(67,384)
2025	(47,077)
2026	(50,105)
2027	(18,125)

Additional disclosure information regarding OPEB can be found in the County's audited financial statements.

NOTE 7 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Because of the close relationship the District has with the County of Nevada, the District's coverage is provided by the County of Nevada. Disclosure of complete information on risk management can be found in the County of Nevada's financial statements.

NOTE 8 RELATED PARTY TRANSACTIONS

The District has related party transactions with the County of Nevada.

The following is a summary of payables due to the County of Nevada by fund at June 30, 2022:

Wastewater Management System	\$ 1,578,587
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REQUIRED SUPPLEMENTARY INFORMATION

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**NEVADA COUNTY SANITATION DISTRICT NO. 1
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REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022**

1. SCHEDULE OF NET PENSION LIABILITY PROPORTIONAL SHARE AND RELATED RATIOS

Proportionate share of the County's Miscellaneous Pension Plan

Last 10 Fiscal Years*	Miscellaneous Plan							
	Reporting Fiscal Year							
	(Measurement Date)							
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
<i>June 30, 2021</i>	<i>June 30, 2020</i>	<i>June 30, 2019</i>	<i>June 30, 2018</i>	<i>June 30, 2017</i>	<i>June 30, 2016</i>	<i>June 30, 2015</i>	<i>June 30, 2014</i>	
Proportionate share of the net pension liability	2.28%	2.32%	2.32%	2.18%	2.28%	2.30%	2.43%	3.45%
Proportion of the net pension liability	\$ 3,012,238	\$ 4,245,716	\$ 3,902,470	\$ 3,443,804	\$ 3,566,486	\$ 3,268,312	\$ 2,960,974	\$ 4,046,214
Covered payroll	\$ 1,299,247	\$ 1,273,771	\$ 1,248,796	\$ 1,007,407	\$ 1,003,549	\$ 1,125,915	\$ 1,036,937	\$ 1,437,835
Proportionate share of the net pension liability as a percentage of covered payroll	231.84%	333.32%	312.50%	341.85%	355.39%	290.28%	285.55%	281.41%
Plan's fiduciary net position as a percentage of the total pension liability	64.50%	64.50%	65.17%	65.68%	64.49%	64.49%	68.27%	69.28%

* Fiscal year 2015 was the 1st year of implementation. Additional years will be presented as they become available.

Schedule of District's Contribution

Last 10 Fiscal Years*	Miscellaneous Plan							
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially Determined Contribution	\$ 476,063	\$ 458,778	\$ 407,427	\$ 356,338	\$ 341,823	\$ 476,063	\$ 296,780	\$ 257,239
Contributions Related to the Actuarially Determined Contribution	(476,063)	(458,778)	(407,427)	(356,338)	(341,823)	(476,063)	(296,780)	(257,239)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-
Covered Payroll	\$ 1,325,232	\$ 1,299,247	\$ 1,273,771	\$ 1,248,796	\$ 1,007,407	\$ 1,003,549	\$ 1,125,915	\$ 1,036,937
Contributions as a Percentage	35.92 %	35.31 %	31.99 %	28.53 %	33.93 %	47.44 %	26.36 %	24.81 %

*Fiscal year 2015 was the first year of implementation. Additional years will be presented as they become available.

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YEAR ENDED JUNE 30, 2022**

2. SCHEDULE OF NET OPEB LIABILITY PROPORTIONATE SHARE AND RELATED RATIOS

Proportionate share of the Net OPEB Liability

Last 10 Fiscal Years*	Reporting Fiscal Year <i>(Measurement Date)</i> June 30, 2022 <i>June 30, 2021</i>	Reporting Fiscal Year <i>(Measurement Date)</i> June 30, 2021 <i>June 30, 2020</i>	Reporting Fiscal Year <i>(Measurement Date)</i> June 30, 2020 <i>June 30, 2019</i>	Reporting Fiscal Year <i>(Measurement Date)</i> June 30, 2019 <i>June 30, 2018</i>	Reporting Fiscal Year <i>(Measurement Date)</i> June 30, 2018 <i>June 30, 2017</i>
Proportionate share of the net OPEB liability	1.97%	2.18%	2.08%	1.93%	1.99%
Proportion of the net OPEB liability	\$ 169,652	\$ 507,145	\$ 500,428	\$ 585,600	\$ 624,268
Covered-employee payroll	\$ 1,259,359	\$ 1,234,666	\$ 1,119,557	\$ 1,065,437	\$ 1,043,247
Proportionate share of the net OPEB liability as a percentage of covered-employee payroll	13.47%	41.08%	44.70%	54.96%	59.84%
Plan's fiduciary net position as a percentage of the total OPEB liability	54.29%	54.29%	54.29%	45.87%	41.85%

* Fiscal year 2018 was the 1st year of implementation. Additional years will be presented as they become available.

Schedule of District's OPEB Contribution

Last 10 Fiscal Years*	Reporting Fiscal Year June 30, 2022	Reporting Fiscal Year June 30, 2021	Reporting Fiscal Year June 30, 2020	Reporting Fiscal Year June 30, 2019	Reporting Fiscal Year June 30, 2018
Actuarially Determined Contribution	\$ 55,614	\$ 61,543	\$ 54,706	\$ 72,993	\$ 80,798
Contributions in Relation to the Actuarially Determined Contribution	(55,614)	(61,543)	(54,706)	(72,993)	(80,798)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 1,284,546	\$ 1,259,359	\$ 1,234,666	\$ 1,119,557	\$ 1,065,437
Contributions as a Percentage of Covered-Employee Payroll	4.33%	4.89%	4.43%	6.52%	7.58%

* Fiscal year 2018 was the 1st year of implementation. Additional years will be presented as they become available.

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2020
Actuarial cost method	Entry Age Normal, Level Percentage of Payroll
Amortization method	Level percent of pay
Amortization period	18.1-year fixed period for 2020/21
Asset valuation method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.75%
General Inflation	2.75%
Medical Trend	Non-Medicare - 7.25% for 2022, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare - 6.% for 2022, decreasing to an ultimate rate of 4.0% in 2076 and later years
Mortality	CalPERS 1997-2015 experience study
Mortality Improvement	Mortality projected fully generational based on Scale MP-2018

SUPPLEMENTARY INFORMATION

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NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022

	Wastewater Management System	Sanitation District Zone 1 - Lake Wildwood	Sanitation District Zone 2 - Lake of the Pines	Sanitation District Zone 4 - North San Juan
ASSETS				
Current Assets:				
Cash and Investments	\$ 1,589,291	\$ 1,355,619	\$ 2,193,728	\$ 105,955
Accounts Receivable	-	10,832	7,600	1,570
Due from Other Governments	13,628	461	694	46
Due from Other Funds	-	781,717	762,436	44,932
Total Current Assets	<u>1,602,919</u>	<u>2,148,629</u>	<u>2,964,458</u>	<u>152,503</u>
Noncurrent Assets:				
Capital Assets:				
Nondepreciable	-	77,814	436,504	139,084
Depreciable, Net	403,202	13,421,167	18,979,407	124,209
Total Noncurrent Assets	<u>403,202</u>	<u>13,498,981</u>	<u>19,415,911</u>	<u>263,293</u>
Total Assets	<u>2,006,121</u>	<u>15,647,610</u>	<u>22,380,369</u>	<u>415,796</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB	81,821	-	-	-
Pension	544,945	-	-	-
Total Deferred Outflows of Resources	<u>626,766</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	-	9,715	21,647	45
Salaries and Benefits Payable	135,903	-	-	-
Interest Payable	-	58,368	56,386	-
Due to County	174,623	-	-	-
Due to Other Funds	1,476,165	320,959	154,921	268
Advance from County	-	-	1,403,964	-
Compensated Absences	98,306	-	-	-
Loan Payable	-	727,727	999,466	-
Total Current Liabilities	<u>1,884,997</u>	<u>1,116,769</u>	<u>2,636,384</u>	<u>313</u>
Noncurrent Liabilities:				
Loan Payable	-	3,777,710	5,013,077	-
Net OPEB Liability	169,652	-	-	-
Net Pension Liability	3,012,238	-	-	-
Total Noncurrent Liabilities	<u>3,181,890</u>	<u>3,777,710</u>	<u>5,013,077</u>	<u>-</u>
Total Liabilities	<u>5,066,887</u>	<u>4,894,479</u>	<u>7,649,461</u>	<u>313</u>
DEFERRED INFLOWS OF RESOURCES				
OPEB	252,680	-	-	-
Pension	845,367	-	-	-
Total Deferred Inflows of Resources	<u>1,098,047</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	403,202	8,993,544	13,403,368	263,293
Unrestricted	(3,935,249)	1,759,587	1,327,540	152,190
Total Net Position	<u>\$ (3,532,047)</u>	<u>\$ 10,753,131</u>	<u>\$ 14,730,908</u>	<u>\$ 415,483</u>

NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
COMBINING STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2022

	Sanitation District Zone 5 - Gold Creek	Sanitation District Zone 6 - Penn Valley	Sanitation District Zone 7 - Mountain Lake Estates	Sanitation District Zone 8 - Cascade Shores
ASSETS				
Current Assets:				
Cash and Investments	\$ -	\$ 436,633	\$ 42,777	\$ 466,009
Accounts Receivable	-	2,105	-	-
Due from Other Governments	-	157	-	4,112
Due from Other Funds	5,772	125,754	8,636	103,298
Total Current Assets	<u>5,772</u>	<u>564,649</u>	<u>51,413</u>	<u>573,419</u>
Noncurrent Assets:				
Capital Assets:				
Nondepreciable	5,950	499,575	45,231	236,439
Depreciable, Net	14,234	7,673,619	196,130	3,252,232
Total Noncurrent Assets	<u>20,184</u>	<u>8,173,194</u>	<u>241,361</u>	<u>3,488,671</u>
Total Assets	<u>25,956</u>	<u>8,737,843</u>	<u>292,774</u>	<u>4,062,090</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB	-	-	-	-
Pension	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	-	4,157	-	774
Salaries and Benefits Payable	-	-	-	-
Interest Payable	-	7,502	-	-
Due to County	-	-	-	-
Due to Other Funds	4,872	-	-	5,193
Unearned	15,000	-	-	629,000
Advance from County	-	-	-	-
Compensated Absences	-	-	-	-
Loan Payable	-	-	-	14,964
Total Current Liabilities	<u>19,872</u>	<u>11,659</u>	<u>-</u>	<u>649,931</u>
Noncurrent Liabilities:				
Loan Payable	-	-	-	95,625
Net OPEB Liability	-	-	-	-
Net Pension Liability	-	-	-	-
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,625</u>
Total Liabilities	<u>19,872</u>	<u>11,659</u>	<u>-</u>	<u>745,556</u>
DEFERRED INFLOWS OF RESOURCES				
OPEB	-	-	-	-
Pension	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	20,184	8,173,194	241,361	3,378,082
Unrestricted	(14,100)	552,990	51,413	(61,548)
Total Net Position	<u>\$ 6,084</u>	<u>\$ 8,726,184</u>	<u>\$ 292,774</u>	<u>\$ 3,316,534</u>

NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
COMBINING STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2022

	Sanitation District Zone 9 - Eden Ranch	Sanitation District Zone 11 - Higgins Village	Sanitation District Zone 12 - Valley Oak	Eliminations	Totals
ASSETS					
Current Assets:					
Cash and Investments	\$ 153,182	\$ 33,455	\$ -	\$ -	\$ 6,376,649
Accounts Receivable	-	-	-	-	22,107
Due from Other Governments	-	-	-	-	19,098
Due from Other Funds	7,613	35,239	321,297	(2,196,694)	-
Total Current Assets	<u>160,795</u>	<u>68,694</u>	<u>321,297</u>	<u>(2,196,694)</u>	<u>6,417,854</u>
Noncurrent Assets:					
Capital Assets:					
Nondepreciable	29,993	-	-	-	1,470,590
Depreciable, Net	62,429	252,796	50,451	-	44,429,876
Total Noncurrent Assets	<u>92,422</u>	<u>252,796</u>	<u>50,451</u>	<u>-</u>	<u>45,900,466</u>
Total Assets	<u>253,217</u>	<u>321,490</u>	<u>371,748</u>	<u>(2,196,694)</u>	<u>52,318,320</u>
DEFERRED OUTFLOWS OF RESOURCES					
OPEB	-	-	-	-	81,821
Pension	-	-	-	-	544,945
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>626,766</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	1,126	22	-	-	37,486
Salaries and Benefits Payable	-	-	-	-	135,903
Interest Payable	-	-	-	-	122,256
Due to County	-	-	-	-	174,623
Due to Other Funds	517	-	233,799	(2,196,694)	-
Unearned	-	-	-	-	644,000
Advance from County	-	-	-	-	1,403,964
Compensated Absences	-	-	-	-	98,306
Loan Payable	-	-	-	-	1,742,157
Total Current Liabilities	<u>1,643</u>	<u>22</u>	<u>233,799</u>	<u>(2,196,694)</u>	<u>4,358,695</u>
Noncurrent Liabilities:					
Loan Payable	-	-	-	-	8,886,412
Net OPEB Liability	-	-	-	-	169,652
Net Pension Liability	-	-	-	-	3,012,238
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,068,302</u>
Total Liabilities	<u>1,643</u>	<u>22</u>	<u>233,799</u>	<u>(2,196,694)</u>	<u>16,426,997</u>
DEFERRED INFLOWS OF RESOURCES					
OPEB	-	-	-	-	252,680
Pension	-	-	-	-	845,367
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,098,047</u>
NET POSITION					
Net Investment in Capital Assets	92,422	252,796	50,451	-	35,271,897
Unrestricted	159,152	68,672	87,498	-	148,145
Total Net Position	<u>\$ 251,574</u>	<u>\$ 321,468</u>	<u>\$ 137,949</u>	<u>\$ -</u>	<u>\$ 35,420,042</u>

NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

	Wastewater Management System	Sanitation District Zone 1 - Lake Wildwood	Sanitation District Zone 2 - Lake of the Pines	Sanitation District Zone 4 - North San Juan
OPERATING REVENUES				
Charges for Services	\$ -	\$ 3,500,824	\$ 3,836,813	\$ 75,465
Other Revenues	-	-	2,954	-
Total Operating Revenues	<u>-</u>	<u>3,500,824</u>	<u>3,839,767</u>	<u>75,465</u>
OPERATING EXPENSES				
Salaries and Benefits	1,901,260	-	-	-
Services and Supplies	931,152	577,156	711,391	20,838
Other Charges	280,022	-	-	-
Expense Transfers	(3,509,513)	1,692,924	1,547,163	73,351
Depreciation and Amortization	147,249	729,647	1,041,384	7,542
Total Operating Expenses	<u>(249,830)</u>	<u>2,999,727</u>	<u>3,299,938</u>	<u>101,731</u>
OPERATING INCOME (LOSS)	249,830	501,097	539,829	(26,266)
NONOPERATING REVENUE (EXPENSES)				
Interest Income (Loss)	(31,806)	(45,089)	(86,031)	(3,772)
Interest Expense	-	(109,464)	(130,896)	-
Intergovernmental Revenues	-	22,733	894,399	20,441
Gain (Loss) on Sale of Capital Assets	13,750	-	-	-
Transfers from the County	-	-	38,916	-
Total Nonoperating Revenue (Expenses)	<u>(18,056)</u>	<u>(131,820)</u>	<u>716,388</u>	<u>16,669</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	231,774	369,277	1,256,217	(9,597)
TRANSFERS AND CONTRIBUTIONS				
Transfers In	15,065	-	-	-
Transfers Out	-	(7,825)	(5,049)	(264)
CHANGE IN NET POSITION	246,839	361,452	1,251,168	(9,861)
Net Position - Beginning of Year	<u>(3,778,886)</u>	<u>10,391,679</u>	<u>13,479,740</u>	<u>425,344</u>
NET POSITION - END OF YEAR	<u>\$ (3,532,047)</u>	<u>\$ 10,753,131</u>	<u>\$ 14,730,908</u>	<u>\$ 415,483</u>

NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED JUNE 30, 2022

	Sanitation District Zone 5 - Gold Creek	Sanitation District Zone 6 - Penn Valley	Sanitation District Zone 7 - Mountain Lake Estates	Sanitation District Zone 8 - Cascade Shores
OPERATING REVENUES				
Charges for Services	\$ 12,408	\$ 525,220	\$ 24,893	\$ 231,967
Other Revenues	-	-	-	129,949
Total Operating Revenues	<u>12,408</u>	<u>525,220</u>	<u>24,893</u>	<u>361,916</u>
OPERATING EXPENSES				
Salaries and Benefits	-	-	-	-
Services and Supplies	201	72,810	4,039	93,960
Other Charges	-	-	-	-
Expense Transfers	12,891	258,808	14,191	198,364
Depreciation and Amortization	1,295	182,424	10,601	173,433
Total Operating Expenses	<u>14,387</u>	<u>514,042</u>	<u>28,831</u>	<u>465,757</u>
OPERATING INCOME (LOSS)	(1,979)	11,178	(3,938)	(103,841)
NONOPERATING REVENUE (EXPENSES)				
Interest Income (Loss)	(605)	(14,493)	(1,401)	(15,588)
Interest Expense	-	-	-	(2,259)
Intergovernmental Revenues	-	-	-	32,464
Gain (Loss) on Sale of Capital Assets	-	-	-	-
Total Nonoperating Revenue (Expenses)	<u>(605)</u>	<u>(14,493)</u>	<u>(1,401)</u>	<u>143,000</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(2,584)	(3,315)	(5,339)	53,776
TRANSFERS AND CONTRIBUTIONS				
Transfers In	-	-	-	-
Transfers Out	<u>(97)</u>	<u>(1,311)</u>	<u>(101)</u>	<u>(231)</u>
CHANGE IN NET POSITION	(2,681)	(4,626)	(5,440)	53,545
Net Position - Beginning of Year	<u>8,765</u>	<u>8,730,810</u>	<u>298,214</u>	<u>3,262,989</u>
NET POSITION - END OF YEAR	<u>\$ 6,084</u>	<u>\$ 8,726,184</u>	<u>\$ 292,774</u>	<u>\$ 3,316,534</u>

NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED JUNE 30, 2022

	Sanitation District Zone 9 - Eden Ranch	Sanitation District Zone 11 - Higgins Village	Sanitation District Zone 12 - Valley Oak	Eliminations	Totals
OPERATING REVENUES					
Charges for Services	\$ 34,965	\$ 90,438	\$ 5,526	\$ -	\$ 8,338,519
Other Revenues	-	-	-	-	132,903
Total Operating Revenues	<u>34,965</u>	<u>90,438</u>	<u>5,526</u>	<u>-</u>	<u>8,471,422</u>
OPERATING EXPENSES					
Salaries and Benefits	-	-	-	-	1,901,260
Services and Supplies	3,489	7,389	406	-	2,422,831
Other Charges	-	-	-	-	280,022
Expense Transfers	29,236	83,672	2,267	-	403,354
Depreciation and Amortization	4,763	13,268	2,885	-	2,314,491
Total Operating Expenses	<u>37,488</u>	<u>104,329</u>	<u>5,558</u>	<u>-</u>	<u>7,321,958</u>
OPERATING INCOME (LOSS)	(2,523)	(13,891)	(32)	-	1,149,464
NONOPERATING REVENUE (EXPENSES)					
Interest Income (Loss)	(5,049)	(1,564)	(2,716)	-	(208,114)
Interest Expense	-	-	-	-	(242,619)
Intergovernmental Revenues	-	-	-	-	970,037
Gain (Loss) on Sale of Capital Assets	-	-	-	-	13,750
	-	-	-	-	181,916
Total Nonoperating Revenue (Expenses)	<u>(5,049)</u>	<u>(1,564)</u>	<u>(2,716)</u>	<u>-</u>	<u>714,970</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(7,572)	(15,455)	(2,748)	-	1,864,434
TRANSFERS AND CONTRIBUTIONS					
Transfers In	-	-	-	(15,065)	-
Transfers Out	(68)	(106)	(13)	15,065	-
CHANGE IN NET POSITION	(7,640)	(15,561)	(2,761)	-	1,864,434
Net Position - Beginning of Year	<u>259,214</u>	<u>337,029</u>	<u>140,710</u>	<u>-</u>	<u>33,555,608</u>
NET POSITION - END OF YEAR	<u>\$ 251,574</u>	<u>\$ 321,468</u>	<u>\$ 137,949</u>	<u>\$ -</u>	<u>\$ 35,420,042</u>

NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

	Wastewater Management System	Sanitation District Zone 1 - Lake Wildwood	Sanitation District Zone 2 - Lake of the Pines	Sanitation District Zone 4 - North San Juan
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ -	\$ 1,206,467	\$ 1,566,053	\$ (17,941)
Receipts from Interfund	3,509,513	-	-	-
Payments to Suppliers	(1,232,435)	-	-	-
Payments to Employees	(2,366,626)	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>(89,548)</u>	<u>1,206,467</u>	<u>1,566,053</u>	<u>(17,941)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Net Receipts (Payments) from/ to Other Funds	563,613	(116,513)	334,205	(12,205)
Transfers In	15,065	-	38,916	-
Transfers Out	-	-	(5,049)	(264)
Net Cash Provided (Used) for Noncapital Financing Activities	<u>578,678</u>	<u>(116,513)</u>	<u>368,072</u>	<u>(12,469)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Paid on Capital Debt	-	(767,887)	(1,057,507)	-
Interest Paid on Capital Debt	-	(64,179)	(66,123)	-
Acquisition of Capital Assets	(15,065)	(60,033)	(894,400)	(20,441)
Proceeds from Sale of Capital assets	13,750	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,315)</u>	<u>(892,099)</u>	<u>(2,018,030)</u>	<u>(20,441)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and Investment Earnings (Loss)	<u>(31,806)</u>	<u>(45,089)</u>	<u>(86,031)</u>	<u>(3,772)</u>
Net Cash Provided (Used) by Investing Activities	<u>(31,806)</u>	<u>(45,089)</u>	<u>(86,031)</u>	<u>(3,772)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	456,009	152,766	(169,936)	(54,623)
Cash and Cash Equivalents - Beginning of Year	<u>1,133,282</u>	<u>1,202,853</u>	<u>2,363,664</u>	<u>160,578</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,589,291</u>	<u>\$ 1,355,619</u>	<u>\$ 2,193,728</u>	<u>\$ 105,955</u>

NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2022

	Wastewater Management System	Sanitation District Zone 1 - Lake Wildwood	Sanitation District Zone 2 - Lake of the Pines	Sanitation District Zone 4 - North San Juan
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET				
CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 249,830	\$ 501,097	\$ 539,829	\$ (26,266)
Adjustments to Reconcile Operating Income (Loss) to Net				
Cash Provided (Used) by Operating Activities:				
Depreciation	147,249	729,647	1,041,384	7,542
Changes in Assets and Liabilities:				
(Increase) Decrease in:				
Accounts Receivable	-	(10,832)	(7,600)	785
Deferred Outflows of Resources	89,609	-	-	-
Increase (Decrease) in:				
Accounts Payable	(21,262)	(13,445)	(7,560)	(2)
Accrued Salaries and Benefits	26,079	-	-	-
Unearned	-	-	-	-
Compensated Absences Payable	(22,047)	-	-	-
Deferred Inflows of Resources	1,011,965	-	-	-
Net Pension Liability	(1,233,478)	-	-	-
Net OPEB Obligation	(337,493)	-	-	-
Net Cash Provided (Used) by Operating Activities	\$ (89,548)	\$ 1,206,467	\$ 1,566,053	\$ (17,941)
Noncash Investing, Capital and Financing Activities:				
Acquisition of capital assets in accounts payable	\$ -	\$ -	\$ -	\$ -
Acquisition of capital assets in advances from other funds	\$ -	\$ -	\$ -	\$ -

NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2022

	Sanitation District Zone 5 - Gold Creek	Sanitation District Zone 6 - Penn Valley	Sanitation District Zone 7 - Mountain Lake Estates	Sanitation District Zone 8 - Cascade Shores
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 14,316	\$ 192,622	\$ 6,663	\$ 698,447
Receipts from Interfund Activity	-	-	-	-
Payments to Suppliers	-	-	-	-
Payments to Employees	-	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>14,316</u>	<u>192,622</u>	<u>6,663</u>	<u>698,447</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Net Receipts (Payments) from/ to Other Funds	(14,354)	(33,943)	(2,188)	(199,384)
Transfers In	-	-	-	143,000
Transfers Out	<u>(97)</u>	<u>(1,311)</u>	<u>(101)</u>	<u>(231)</u>
Net Cash Provided (Used) for Noncapital Financing Activities	(14,451)	(35,254)	(2,289)	(56,615)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Paid on Capital Debt	-	-	-	(16,010)
Interest Paid on Capital Debt	-	-	-	(130,898)
Acquisition of Capital Assets	-	-	-	(32,462)
Proceeds from Sale of Capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	-	(179,370)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and Investment Earnings (Loss)	<u>(605)</u>	<u>(14,494)</u>	<u>(1,400)</u>	<u>(15,588)</u>
Net Cash Provided (Used) by Investing Activities	(605)	(14,494)	(1,400)	(15,588)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(740)	142,874	2,974	446,874
Cash and Cash Equivalents - Beginning of Year	<u>740</u>	<u>293,759</u>	<u>39,803</u>	<u>19,135</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ -</u>	<u>\$ 436,633</u>	<u>\$ 42,777</u>	<u>\$ 466,009</u>

NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2022

	Sanitation District Zone 5 - Gold Creek	Sanitation District Zone 6 - Penn Valley	Sanitation District Zone 7 - Mountain Lake Estates	Sanitation District Zone 8 - Cascade Shores
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (1,979)	\$ 11,178	\$ (3,938)	\$ (103,841)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	1,295	182,424	10,601	173,433
Changes in Assets and Liabilities:				
(Increase) Decrease in:				
Accounts Receivable	-	(1,140)	-	-
Deferred Outflows of Resources	-	-	-	-
Increase (Decrease) in:				
Accounts Payable	-	160	-	(145)
Accrued Salaries and Benefits	-	-	-	-
Unearned	15,000	-	-	629,000
Compensated Absences Payable	-	-	-	-
Deferred Inflows of Resources	-	-	-	-
Net Pension Liability	-	-	-	-
Net OPEB Obligation	-	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 14,316</u>	<u>\$ 192,622</u>	<u>\$ 6,663</u>	<u>\$ 698,447</u>
Noncash Investing, Capital and Financing Activities:				
Acquisition of capital assets in accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Acquisition of capital assets in advances from other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2022

	Sanitation District Zone 9 - Eden Ranch	Sanitation District Zone 11 - Higgins Village	Sanitation District Zone 12 - Valley Oak	Eliminations	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ 3,251	\$ (1,417)	\$ 2,853	\$ 5,604,040	\$ 9,275,354
Receipts from Interfund Activity	-	-	-	(3,509,513)	-
Payments to Suppliers	-	-	-	(2,094,527)	(3,326,962)
Payments to Employees	-	-	-	-	(2,366,626)
Net Cash Provided (Used) by Operating Activities	<u>3,251</u>	<u>(1,417)</u>	<u>2,853</u>	<u>-</u>	<u>3,581,766</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Net Receipts (Payments) from/ to Other Funds	(10,189)	(11,153)	(86,282)	-	411,607
Transfers In	-	-	-	(196,981)	-
Transfers Out	(68)	(106)	(13)	196,981	189,741
Net Cash Provided (Used) for Noncapital Financing Activities	<u>(10,257)</u>	<u>(11,259)</u>	<u>(86,295)</u>	<u>-</u>	<u>601,348</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal Paid on Capital Debt	-	-	-	-	(1,841,404)
Interest Paid on Capital Debt	-	-	-	-	(261,200)
Acquisition of Capital Assets	-	-	-	-	(1,022,401)
Proceeds from Sale of Capital assets	-	-	-	-	13,750
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,111,255)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and Investment Earnings (Loss)	(5,049)	(1,564)	(2,716)	-	(208,114)
Net Cash Provided (Used) by Investing Activities	<u>(5,049)</u>	<u>(1,564)</u>	<u>(2,716)</u>	<u>-</u>	<u>(208,114)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(12,055)	(14,240)	(86,158)	-	863,745
Cash and Cash Equivalents - Beginning of Year	<u>165,237</u>	<u>47,695</u>	<u>86,158</u>	<u>-</u>	<u>5,512,904</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 153,182</u>	<u>\$ 33,455</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,376,649</u>

NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2022

	Sanitation District Zone 9 - Eden Ranch	Sanitation District Zone 11 - Higgins Village	Sanitation District Zone 12 - Valley Oak	Eliminations	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (2,523)	\$ (13,891)	\$ (32)	\$ -	\$ 1,149,464
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	4,763	13,268	2,885	-	2,314,491
Changes in Assets and Liabilities:					
(Increase) Decrease in:					
Accounts Receivable	-	-	-	-	(18,787)
Deferred Outflows of Resources	-	-	-	-	89,609
Increase (Decrease) in:					
Accounts Payable	1,011	(794)	-	-	(42,037)
Accrued Salaries and Benefits	-	-	-	-	26,079
Unearned	-	-	-	-	644,000
Compensated Absences Payable	-	-	-	-	(22,047)
Deferred Inflows of Resources	-	-	-	-	1,011,965
Net Pension Liability	-	-	-	-	(1,233,478)
Net OPEB Obligation	-	-	-	-	(337,493)
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,251</u>	<u>\$ (1,417)</u>	<u>\$ 2,853</u>	<u>\$ -</u>	<u>\$ 3,581,766</u>
Noncash Investing, Capital and Financing Activities:					
Acquisition of capital assets in accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Acquisition of capital assets in advances from other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER REPORTS

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

Board of Directors and Grand Jury
Nevada County Sanitation District No. 1
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 accompanying financial statements of Nevada County Sanitation District No. 1 (District), a component unit of the County of Nevada, California, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 2, 2023.

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

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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Roseville, California
June 2, 2023



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