

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

**FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**



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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 Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2021, 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.

Other Matters

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, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

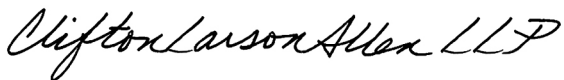
Other Information

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 fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial 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 February 22, 2022 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
February 22, 2022

**NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

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, 2021. 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 funds 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, 2021**

FINANCIAL HIGHLIGHTS

On June 30, 2021, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows by \$33,555,608 (net position). Of this amount, \$(1,295,995) (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors and \$34,851,603 is the District's net investment in capital assets.

The District's capital assets (e.g., land, infrastructure and equipment) decreased by \$2,354,246 due to the annual depreciation of existing infrastructure assets.

Long-term liabilities decreased 8.11% or \$1,366,832 due mainly to the regularly scheduled principal payments on long-term debt.

FINANCIAL POSITION

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

**Sanitation District's Net Position
June 30, 2021 and 2020**

	2021	2020	Variance	Change
Assets:				
Current and Other Assets	\$ 5,535,322	\$ 6,460,165	(14.32)%	\$ (924,843)
Capital Assets	47,192,557	49,546,803	(4.75)	(2,354,246)
Total Assets	<u>52,727,879</u>	<u>56,006,968</u>	(5.85)	<u>(3,279,089)</u>
Deferred Outflows	716,375	619,678	15.60	96,697
Liabilities:				
Current Liabilities	4,317,026	4,452,806	(3.05)	(135,780)
Long-Term Liabilities	<u>15,485,538</u>	<u>16,852,370</u>	(8.11)	<u>(1,366,832)</u>
Total Liabilities	19,802,564	21,305,176	(7.05)	(1,502,612)
Deferred Inflows	86,082	136,895	(37.12)	(50,813)
Net Position:				
Net Investment in Capital Assets	34,851,603	35,522,658	(1.89)	(671,055)
Unrestricted	<u>(1,295,995)</u>	<u>(338,083)</u>	283.34	<u>(957,912)</u>
Total Net Position	<u><u>\$ 33,555,608</u></u>	<u><u>\$ 35,184,575</u></u>	(4.63)	<u><u>\$ (1,628,967)</u></u>

As shown in the schedule above, at June 30, 2021, the District's total assets are \$52,727,879. The total assets held decreased \$3,279,089 or 5.85% from the June 30, 2020 balance of \$56,006,968. The decrease in total assets was due primarily to the \$2,354,246 decrease in capital assets mentioned above related to annual depreciation of assets. Deferred outflows of \$716,375 most significantly represent pension and OPEB contributions made by the District after the June 30, 2020 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
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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

The District's total liabilities decreased by \$1,502,612 during the current fiscal year to \$19,802,564. The decrease resulted from the reduction in loan balances by scheduled principal payments. Deferred inflows of \$86,082 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 decreased from the prior year by \$1,628,967. Unrestricted net position of the District at June 30, 2021 amounted to \$(1,295,995). The decrease in capital assets was the main contributing factor to the decrease in net position offset by the reduction in loan payable liability.

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, 2021 and 2020

	2021	2020	Variance	Change
Revenues:				
Operating	\$ 6,863,849	\$ 6,777,623	1.27 %	\$ 86,226
Nonoperating	(7,042)	238,406	(102.95)	(245,448)
Total Revenues	<u>6,856,807</u>	<u>7,016,029</u>	(2.27)	<u>(159,222)</u>
Expenses:				
Operating Expenses	7,894,661	8,587,749	(8.07)	(693,088)
Nonoperating Expenses	287,768	313,204	(8.12)	(25,436)
Total Expenses	<u>8,182,429</u>	<u>8,900,953</u>	(8.07)	<u>(718,524)</u>
Capital Contributions	-	662,045	(100.00)	(662,045)
Transfers In	<u>(303,345)</u>	<u>1,140,483</u>		<u>(1,443,828)</u>
Change in Net Position	(1,628,967)	(82,396)	1877.00	(1,546,571)
Net Position - Beginning	35,184,575	35,266,971	(0.23)	(82,396)
Net Position - Ending	<u>\$ 33,555,608</u>	<u>\$ 35,184,575</u>	(4.63)	<u>\$ (1,628,967)</u>

Revenues - The District's revenues for fiscal year 2020/21 decreased by 2.27% or \$159,222. The decrease was related to decreased interest revenue due to the adjustment to investments to reflect the fair market value.

**NEVADA COUNTY SANITATION DISTRICT NO. 1
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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

Expenses - The District's expenses for fiscal year 2020/21 decreased by 8.07% or \$718,524. Both operating and non-operating expenses had decreases. Operating expenses decreased by 8.07% from the prior fiscal year due to decreases in salaries and utility costs. Non-operating expenses decreased by 8.12% due to loan balances and the interest associated decreasing.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The District's investment in capital assets as of June 30, 2021 amounted to \$34,851,603 (net of accumulated depreciation and related debt). This investment in capital assets includes land, land improvements, infrastructure and equipment. The \$671,055 decrease is due to depreciation of \$2,354,246 offset by reductions in long term debt of \$1,683,191.

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

Long-term debt - At June 30, 2021, the District had total debt outstanding of \$12,340,954 net of unamortized discounts. Of this amount, \$1,712,383 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 5,230 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 project will not proceed due to geotechnical issues, District staff has worked with the State Waterboard towards revisions to the operating permit for the treatment plant that will make effluent compliance attainable.

The cost of many resources required by the District's treatment plants to meet permitting requirements continues to increase. While the District has been able to absorb these costs utilizing available unrestricted net position without rate increases in fiscal year 20-21, a study with an outside consultant was conducted to determine effective new service rates for customers in all 10 sewer zones. The District has a goal in fiscal year 21-22 for establishing rates 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
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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

The Sanitation District has received County of Nevada Board of Supervisors approval to use \$1,000,000.00 in American Rescue Plan Act (ARPA) funds for sewer infrastructure improvements. The selected projects are: Lake of the Pines Zone 2 membrane replacement, Cascade Shores Zone 8 generator replacement, Lake Wildwood Zone 1 lift station generator replacement, Mountain Lake Estates Zone 7 leach field septic tank replacement, and North San Juan Zone 4 generator replacement. All these projects would have an immediate impact on the communities they protect and mitigate potential risks to both public and environmental health.

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, 2021

ASSETS

Current Assets:

Cash and Investments	\$ 5,512,904
Accounts Receivable	3,320
Due from Other Governments	19,098
Total Current Assets	<u>5,535,322</u>

Noncurrent Assets:

Capital Assets:

Nondepreciable	1,470,590
Depreciable, Net	45,721,967
Total Noncurrent Assets	<u>47,192,557</u>
Total Assets	<u>52,727,879</u>

DEFERRED OUTFLOWS OF RESOURCES

OPEB	115,211
Pension	601,164
Total Deferred Outflows of Resources	<u>716,375</u>

LIABILITIES

Current Liabilities:

Accounts Payable	79,523
Salaries and Benefits Payable	109,825
Interest Payable	269,856
Due to County	494,152
Advance from County	1,635,040
Compensated Absences	16,247
Loan Payable	1,712,383
Total Current Liabilities	<u>4,317,026</u>

Noncurrent Liabilities:

Compensated Absences	104,106
Loan Payable	10,628,571
Net OPEB Liability	507,145
Net Pension Liability	4,245,716
Total Noncurrent Liabilities	<u>15,485,538</u>
Total Liabilities	<u>19,802,564</u>

DEFERRED INFLOWS OF RESOURCES

OPEB	86,082
Total Deferred Inflows of Resources	<u>86,082</u>

NET POSITION

Net Investment in Capital Assets	34,851,603
Unrestricted	(1,295,995)
Total Net Position	<u><u>\$ 33,555,608</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 REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30, 2021

OPERATING REVENUES

Charges for Services	\$ 6,859,968
Other Revenues	<u>3,881</u>
Total Operating Revenues	6,863,849

OPERATING EXPENSES

Salaries and Benefits	2,494,765
Services and Supplies	2,336,571
Other Charges	265,687
Expense Transfers	443,392
Depreciation	<u>2,354,246</u>
Total Operating Expenses	<u>7,894,661</u>

OPERATING INCOME (LOSS) (1,030,812)

NONOPERATING REVENUE (EXPENSES)

Interest Income	(12,276)
Interest Expense	(287,768)
Intergovernmental Revenues	5,234
Transfers to County General Fund	<u>(303,345)</u>
Total Nonoperating Revenue (Expenses)	<u>(598,155)</u>

CHANGE IN NET POSITION (1,628,967)

Net Position - Beginning of Year 35,184,575

NET POSITION - END OF YEAR \$ 33,555,608

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, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 6,864,770
Payments to Suppliers	(3,058,549)
Payments to Employees	<u>(2,281,788)</u>
Net Cash Provided by Operating Activities	1,524,433

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Net Payments to Other County Funds	(150,488)
Transfers Out to Other County Funds	<u>(303,345)</u>
Net Cash Provided by Noncapital Financing Activities	(453,833)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal Paid on Capital Debt	(1,812,210)
Interest Paid on Capital Debt	<u>(170,036)</u>
Net Cash Used by Capital and Related Financing Activities	(1,982,246)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Received	<u>(12,276)</u>
Net Cash Provided (Used) by Investing Activities	<u>(12,276)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS

(923,922)

Cash and Cash Equivalents - Beginning of Year

6,436,826

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 5,512,904

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 (CONTINUED)
YEAR ENDED JUNE 30, 2021

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ (1,030,812)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	2,354,246
Changes in Assets and Liabilities:	
(Increase) Decrease in:	
Accounts Receivable	921
Deferred Outflows of Resources	(96,697)
Increase (Decrease) in:	
Accounts Payable	(12,899)
Accrued Salaries and Benefits	14,939
Compensated Absences Payable	(4,415)
Deferred Inflows of Resources	(50,813)
Net Pension Liability	343,246
Net OPEB Liability	6,717
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,524,433</u>

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, 2021

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, 2021, 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 funds, as follows:

Wastewater Management System

**Sanitation District Zone 1 – Lake
Wildwood**

- O & M
- Debt Assessment
- Capital Improvement
- Lasalle Project

**Sanitation District Zone 2 – Lake of
the Pines**

- O & M
- Debt Assessment
- Capital Improvement
- Lasalle Project

**Sanitation District Zone 4 – North
San Juan**

- O & M

**Sanitation District Zone 5 – Gold
Creek**

- O & M

**Sanitation District Zone 6 – Penn
Valley**

- O & M
- Capital Improvement

**Sanitation District Zone 7 –
Mountain Lake Estates**

- O & M

**Sanitation District Zone 8 –
Cascade Shores**

- O & M
- Capital Improvement
- Debt Assessment

**Sanitation District Zone 9 –
Eden Ranch**

- O & M

**Sanitation District Zone 11 –
Higgins Village**

- O & M

**Sanitation District Zone 12 –
Valley Oak**

- O & M

NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

The financial statements included in this report are intended to present the financial position and results of operations of only the District. They are not intended to present the financial position or results of operations of the County of Nevada taken as a whole.

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, 2021

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. Interfund Transactions

Interfund transactions are reflected as either loans, services provided or used, reimbursements or transfers.

Loans reported as receivables and payables are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenses.

Reimbursements occur when the funds responsible for particular expenses repay the funds that initially paid for them. Such reimbursements are reflected as expenses in the reimbursing fund and reductions to expenses in the reimbursed fund.

All other interfund transactions are treated as transfers.

H. 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.

**NEVADA COUNTY SANITATION DISTRICT NO. 1
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JUNE 30, 2021**

I. 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.

J. 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, 2021, the District's cash and investments consisted of the following:

Investments:	
Nevada County Treasurer's Pool	\$ 5,512,904

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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JUNE 30, 2021

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, 2021, the District's investments were all pooled with the County Treasury which is not rated by a nationally recognized statistical rating organization.

NEVADA COUNTY SANITATION DISTRICT NO. 1
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021 was as follows:

	Balance July 1, 2020	Additions	Retirements and Adjustments	Balance June 30, 2021
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	-	-	78,961,572
Structures and Improvements	320,598	-	-	320,598
Equipment	4,409,442	-	-	4,409,442
Total Capital Assets, Being Depreciated	83,691,612	-	-	83,691,612
Less Accumulated Depreciation for:				
Infrastructure	(33,570,311)	(2,069,012)	-	(35,639,323)
Structures and Improvements	(140,344)	(10,687)	-	(151,031)
Equipment	(1,904,744)	(274,547)	-	(2,179,291)
Total Accumulated Depreciation	(35,615,399)	(2,354,246)	-	(37,969,645)
Total Capital Assets, Being Depreciated, Net	48,076,213	(2,354,246)	-	45,721,967
Total Capital Assets, Net	\$ 49,546,803	\$ (2,354,246)	\$ -	\$ 47,192,557

NEVADA COUNTY SANITATION DISTRICT NO. 1
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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 July 1, 2020	Additions/ Adjustments	Retirements/ Adjustments	Balance June 30, 2021	Amounts Due Within One Year
Loans from Direct Borrowing	\$ 14,618,172	\$ -	\$ (1,812,210)	\$ 12,805,962	\$ 1,826,302
Less: Unamortized discount	(594,027)	-	129,019	(465,008)	(113,919)
Loans, Net	14,024,145	-	(1,683,191)	12,340,954	1,712,383
Compensated Absences	124,768	-	(4,415)	120,353	16,247
OPEB Liability	500,428	6,717	-	507,145	-
Net Pension Liability	3,902,470	343,246	-	4,245,716	-
Total Long-Term Liabilities	<u>\$ 18,551,811</u>	<u>\$ 349,963</u>	<u>\$ (1,687,606)</u>	<u>\$ 17,214,168</u>	<u>\$ 1,728,630</u>

Individual issues of debt payable outstanding at June 30, 2021 are as follows:

Business-Type Activities

Amount

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.

\$ 135,667

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.

808,824

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.

323,529

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.

4,895,237

NEVADA COUNTY SANITATION DISTRICT NO. 1
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Individual issues of debt payable outstanding at June 30, 2021 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.	6,642,705
Total Loans	<u>\$ 12,805,962</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>
2022	\$ 1,826,302	\$ 211,318	\$ 48,952	\$ 2,086,571
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
2027-2029	3,527,262	80,439	22,213	3,629,914
Total	<u>\$ 12,805,962</u>	<u>\$ 826,575</u>	<u>\$ 200,068</u>	<u>\$ 13,832,604</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”.

NEVADA COUNTY SANITATION DISTRICT NO. 1
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 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 2.38% at the measurement date of June 30, 2020, which was an increase of 0.06% from the prior year. As of June 30, 2021, the District's proportional share of the net pension liability was \$4,245,716.

NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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 <u>-1% (6.15%)</u>	Discount Rate <u>(7.15%)</u>	Discount Rate <u>+1% (8.15%)</u>
Net Pension Liability	\$ 5,698,673	\$ 4,245,716	\$ 3,034,548

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, 2021, the District recognized a pension expense of \$317,979. At June 30, 2021, 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	\$ 458,778	\$ -
Changes in Assumptions	-	-
Differences Between Expected and Actual Experience	82,023	-
Net Difference Between Projected and Actual Earnings on Plan Investments	60,363	-
Total	<u>\$ 601,164</u>	<u>\$ -</u>

\$458,778 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 37,775
2023	34,683
2024	39,115
2025	30,814

NEVADA COUNTY SANITATION DISTRICT NO. 1
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2020, using an annual actuarial valuation as of June 30, 2019. 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 2.18% at the measurement date of June 30, 2020, which was an increase of 0.10% from the prior year. As of June 30, 2021, the District's proportional share of the net OPEB liability was \$507,145.

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 5.75%	Current Rate 6.75%	1% Increase 7.75%
Net OPEB Liability	\$ 659,962	\$ 507,145	\$ 380,827

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	\$ 360,456	\$ 507,145	\$ 687,052

NEVADA COUNTY SANITATION DISTRICT NO. 1
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$117,810. As of fiscal year ended June 30, 2021, 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	\$ 96,707	\$ -
Change in Assumptions	480	(11,380)
Differences Between Expected and Actual Experience	-	(74,702)
Net Difference Between Projected and Actual Earnings on Plan Investments	18,024	-
Total	<u>\$ 115,211</u>	<u>\$ (86,082)</u>

The \$115,211 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2022. 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>
2022	\$ (17,344)
2023	(17,344)
2024	(17,329)
2025	(15,559)

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, 2021:

Wastewater Management System	\$ 2,129,192
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REQUIRED SUPPLEMENTARY INFORMATION

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NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021

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, 2021 <i>June 30, 2020</i>	June 30, 2020 <i>June 30, 2019</i>	June 30, 2019 <i>June 30, 2018</i>	June 30, 2018 <i>June 30, 2017</i>	June 30, 2017 <i>June 30, 2016</i>	June 30, 2016 <i>June 30, 2015</i>	June 30, 2015 <i>June 30, 2014</i>
Proportionate share of the net pension liability	2.32%	2.32%	2.18%	2.28%	2.30%	2.43%	3.45%
Proportion of the net pension liability	\$ 4,245,716	\$ 3,902,470	\$ 3,443,804	\$ 3,566,486	\$ 3,268,312	\$ 2,960,974	\$ 4,046,214
Covered payroll	\$ 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	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%	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, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially Determined Contribution	\$ 458,778	\$ 407,427	\$ 356,338	\$ 341,823	\$ 458,778	\$ 296,780	\$ 257,239
Contributions Related to the Actuarially Determined Contribution	(458,778)	(407,427)	(356,338)	(341,823)	(458,778)	(296,780)	(257,239)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 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	35.31 %	31.99 %	28.53 %	33.93 %	45.72 %	26.36 %	24.81 %

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

**NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021**

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 (Measurement Date) June 30, 2021 June 30, 2020	Reporting Fiscal Year (Measurement Date) June 30, 2020 June 30, 2019	Reporting Fiscal Year (Measurement Date) June 30, 2019 June 30, 2018	Reporting Fiscal Year (Measurement Date) June 30, 2018 June 30, 2017
Proportionate share of the net OPEB liability	2.18%	2.08%	1.93%	1.99%
Proportion of the net OPEB liability	\$ 507,145	\$ 500,428	\$ 585,600	\$ 624,268
Covered-employee payroll	\$ 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	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%	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, 2021	Reporting Fiscal Year June 30, 2020	Reporting Fiscal Year June 30, 2019	Reporting Fiscal Year June 30, 2018
Actuarially Determined Contribution	\$ 61,543	\$ 54,706	\$ 72,993	\$ 80,798
Contributions in Relation to the Actuarially Determined Contribution	(61,543)	(54,706)	(72,993)	(80,798)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 1,259,359	\$ 1,234,666	\$ 1,119,557	\$ 1,065,437
Contributions as a Percentage of Covered-Employee Payroll	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 - 6.0% 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, 2021

	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	\$ 1,133,282	\$ 1,202,853	\$ 2,363,664	\$ 160,578
Accounts Receivable	-	-	-	2,355
Due from Other Governments	13,628	461	694	46
Due from Other Funds	674,386	890,383	606,551	25,793
Total Current Assets	1,821,296	2,093,697	2,970,909	188,772
Noncurrent Assets:				
Capital Assets:				
Nondepreciable	-	77,814	436,504	139,084
Depreciable, Net	535,387	14,090,781	19,126,391	111,310
Total Noncurrent Assets	535,387	14,168,595	19,562,895	250,394
Total Assets	2,356,683	16,262,292	22,533,804	439,166
DEFERRED OUTFLOWS OF RESOURCES				
OPEB	115,211	-	-	-
Pension	601,164	-	-	-
Total Deferred Outflows of Resources	716,375	-	-	-
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 21,262	\$ 23,160	\$ 29,207	\$ 47
Salaries and Benefits Payable	109,825	-	-	-
Interest Payable	-	67,643	64,762	-
Due to County	494,152	-	-	-
Due to Other Funds	1,267,409	561,046	471,154	13,775
Advance from County	-	-	1,492,040	-
Compensated Absences	16,247	-	-	-
Loan Payable	-	713,327	984,357	-
Total Current Liabilities	1,908,895	1,365,176	3,041,520	13,822
Noncurrent Liabilities:				
Compensated Absences	104,106	-	-	-
Loan Payable	-	4,505,437	6,012,544	-
Net OPEB Liability	507,145	-	-	-
Net Pension Liability	4,245,716	-	-	-
Total Noncurrent Liabilities	4,856,967	4,505,437	6,012,544	-
Total Liabilities	6,765,862	5,870,613	9,054,064	13,822
DEFERRED INFLOWS OF RESOURCES				
OPEB	86,082	-	-	-
Total Deferred Inflows of Resources	86,082	-	-	-
NET POSITION				
Net Investment in Capital Assets	535,387	8,949,831	12,565,994	250,394
Unrestricted	(4,314,273)	1,441,848	913,746	174,950
Total Net Position	\$ (3,778,886)	\$ 10,391,679	\$ 13,479,740	\$ 425,344

NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
COMBINING STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2021

	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	\$ 740	\$ 293,759	\$ 39,803	\$ 19,135
Accounts Receivable	-	965	-	-
Due from Other Governments	-	157	-	4,112
Due from Other Funds	-	145,277	9,635	71,441
Total Current Assets	740	440,158	49,438	94,688
Noncurrent Assets:				
Capital Assets:				
Nondepreciable	5,950	499,575	45,231	236,439
Depreciable, Net	15,529	7,856,042	206,732	3,393,203
Total Noncurrent Assets	21,479	8,355,617	251,963	3,629,642
Total Assets	22,219	8,795,775	301,401	3,724,330
DEFERRED OUTFLOWS OF RESOURCES				
OPEB	-	-	-	-
Pension	-	-	-	-
	-	-	-	-
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ -	\$ 3,997	\$ -	\$ 919
Salaries and Benefits Payable	-	-	-	-
Interest Payable	-	7,502	-	129,949
Due to Other Funds	-	-	-	-
Due to County	13,454	53,466	3,187	62,184
Advance from County	-	-	-	143,000
Compensated Absences	-	-	-	-
Loan Payable	-	-	-	14,699
Total Current Liabilities	13,454	64,965	3,187	350,751
Noncurrent Liabilities:				
Compensated Absences	-	-	-	-
Loan Payable	-	-	-	110,590
Net OPEB Liability	-	-	-	-
Net Pension Liability	-	-	-	-
Total Noncurrent Liabilities	-	-	-	110,590
Total Liabilities	13,454	64,965	3,187	461,341
DEFERRED INFLOWS OF RESOURCES				
OPEB	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
NET POSITION				
Net Investment in Capital Assets	21,479	8,355,617	251,963	3,504,353
Unrestricted	(12,714)	375,193	46,251	(241,364)
Total Net Position	\$ 8,765	\$ 8,730,810	\$ 298,214	\$ 3,262,989

NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
COMBINING STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2021

	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	\$ 165,237	\$ 47,695	\$ 86,158	\$ -	\$ 5,512,904
Accounts Receivable	-	-	-	-	3,320
Due from Other Governments	-	-	-	-	19,098
Due from Other Funds	9,187	40,205	1,581	(2,474,439)	-
Total Current Assets	174,424	87,900	87,739	(2,474,439)	5,535,322
Noncurrent Assets:					
Capital Assets:					
Nondepreciable	29,993	-	-	-	1,470,590
Depreciable, Net	67,192	266,064	53,336	-	45,721,967
Total Noncurrent Assets	97,185	266,064	53,336	-	47,192,557
Total Assets	271,609	353,964	141,075	(2,474,439)	52,727,879
DEFERRED OUTFLOWS OF RESOURCES					
OPEB	-	-	-	-	115,211
Pension	-	-	-	-	601,164
	-	-	-	-	716,375
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 115	\$ 816	\$ -	\$ -	\$ 79,523
Salaries and Benefits Payable	-	-	-	-	109,825
Interest Payable	-	-	-	-	269,856
Due to Other Funds	-	-	-	-	494,152
Due to County	12,280	16,119	365	(2,474,439)	-
Advance from County	-	-	-	-	1,635,040
Compensated Absences	-	-	-	-	16,247
Loan Payable	-	-	-	-	1,712,383
Total Current Liabilities	12,395	16,935	365	(2,474,439)	4,317,026
Noncurrent Liabilities:					
Compensated Absences	-	-	-	-	104,106
Loan Payable	-	-	-	-	10,628,571
Net OPEB Liability	-	-	-	-	507,145
Net Pension Liability	-	-	-	-	4,245,716
Total Noncurrent Liabilities	-	-	-	-	15,485,538
Total Liabilities	12,395	16,935	365	(2,474,439)	19,802,564
DEFERRED INFLOWS OF RESOURCES					
OPEB	-	-	-	-	86,082
Total Deferred Inflows of Resources	-	-	-	-	86,082
NET POSITION					
Net Investment in Capital Assets	97,185	266,064	53,336	-	34,851,603
Unrestricted	162,029	70,965	87,374	-	(1,295,995)
Total Net Position	\$ 259,214	\$ 337,029	\$ 140,710	\$ -	\$ 33,555,608

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, 2021

	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	\$ -	\$ 3,158,166	\$ 2,786,178	\$ 68,405
Other Revenues	3,131	-	750	-
Total Operating Revenues	3,131	3,158,166	2,786,928	68,405
OPERATING EXPENSES				
Salaries and Benefits	2,494,765	-	-	-
Services and Supplies	971,410	612,774	571,111	15,584
Other Charges	265,687	-	-	-
Expense Transfers	(3,788,087)	1,980,530	1,548,061	67,396
Depreciation and Amortization	174,198	735,454	1,044,965	8,849
Total Operating Expenses	117,973	3,328,758	3,164,137	91,829
OPERATING INCOME (LOSS)	(114,842)	(170,592)	(377,209)	(23,424)
NONOPERATING REVENUE (EXPENSES)				
Interest Income	17,571	(14,337)	(14,260)	(350)
Interest Expense	-	(125,838)	(157,180)	-
Intergovernmental Revenues	5,234	-	-	-
Total Nonoperating Revenue (Expenses)	22,805	(140,175)	(171,440)	(350)
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(92,037)	(310,767)	(548,649)	(23,774)
TRANSFERS AND CONTRIBUTIONS				
Transfers In	446,238	-	41,279	-
Transfers Out	-	(239,947)	(497,301)	(8,340)
CHANGE IN NET POSITION	354,201	(550,714)	(1,004,671)	(32,114)
Net Position - Beginning of Year	(4,133,087)	10,942,393	14,484,411	457,458
NET POSITION - END OF YEAR	<u>\$ (3,778,886)</u>	<u>\$ 10,391,679</u>	<u>\$ 13,479,740</u>	<u>\$ 425,344</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, 2021

	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	\$ 10,340	\$ 457,484	\$ 23,773	\$ 225,945
Other Revenues	-	-	-	-
Total Operating Revenues	<u>10,340</u>	<u>457,484</u>	<u>23,773</u>	<u>225,945</u>
OPERATING EXPENSES				
Salaries and Benefits	-	-	-	-
Services and Supplies	1,163	66,803	4,164	77,531
Other Charges	-	-	-	-
Expense Transfers	22,040	269,334	18,550	174,465
Depreciation and Amortization	1,294	182,424	13,100	173,047
Total Operating Expenses	<u>24,497</u>	<u>518,561</u>	<u>35,814</u>	<u>425,043</u>
OPERATING INCOME (LOSS)	(14,157)	(61,077)	(12,041)	(199,098)
NONOPERATING REVENUE (EXPENSES)				
Interest Income	(2)	742	(97)	(1,730)
Interest Expense	-	-	-	(4,750)
Intergovernmental Revenues	-	-	-	-
Total Nonoperating Revenue (Expenses)	<u>(2)</u>	<u>742</u>	<u>(97)</u>	<u>(6,480)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(14,159)	(60,335)	(12,138)	(205,578)
TRANSFERS AND CONTRIBUTIONS				
Transfers In	-	-	-	-
Transfers Out	<u>-</u>	<u>(28,765)</u>	<u>(3,251)</u>	<u>(7,280)</u>
CHANGE IN NET POSITION	(14,159)	(89,100)	(15,389)	(212,858)
Net Position - Beginning of Year	<u>22,924</u>	<u>8,819,910</u>	<u>313,603</u>	<u>3,475,847</u>
NET POSITION - END OF YEAR	<u>\$ 8,765</u>	<u>\$ 8,730,810</u>	<u>\$ 298,214</u>	<u>\$ 3,262,989</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, 2021

	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	\$ 34,620	\$ 83,057	\$ 12,000	\$ -	\$ 6,859,968
Other Revenues	-	-	-	-	3,881
Total Operating Revenues	34,620	83,057	12,000	-	6,863,849
OPERATING EXPENSES					
Salaries and Benefits	-	-	-	-	2,494,765
Services and Supplies	6,194	9,634	203	-	2,336,571
Other Charges	-	-	-	-	265,687
Expense Transfers	30,658	118,059	2,386	-	443,392
Depreciation and Amortization	4,762	13,268	2,885	-	2,354,246
Total Operating Expenses	41,614	140,961	5,474	-	7,894,661
OPERATING INCOME (LOSS)	(6,994)	(57,904)	6,526	-	(1,030,812)
NONOPERATING REVENUE (EXPENSES)					
Interest Income	554	(766)	399	-	(12,276)
Interest Expense	-	-	-	-	(287,768)
Intergovernmental Revenues	-	-	-	-	5,234
Total Nonoperating Revenue (Expenses)	554	(766)	399	-	(294,810)
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(6,440)	(58,670)	6,925	-	(1,325,622)
TRANSFERS AND CONTRIBUTIONS					
Transfers In	-	-	-	(487,517)	-
Transfers Out	(2,176)	(3,378)	(424)	487,517	(303,345)
CHANGE IN NET POSITION	(8,616)	(62,048)	6,501	-	(1,628,967)
Net Position - Beginning of Year	267,830	399,077	134,209	-	35,184,575
NET POSITION - END OF YEAR	<u>\$ 259,214</u>	<u>\$ 337,029</u>	<u>\$ 140,710</u>	<u>\$ -</u>	<u>\$ 33,555,608</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, 2021

	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	\$ 3,131	\$ 572,454	\$ 680,879	\$ (29,994)
Receipts from Interfund	3,789,346	-	-	-
Payments to Suppliers	(1,243,855)	-	-	-
Payments to Employees	(2,281,788)	-	-	-
Net Cash Provided (Used) by Operating Activities	266,834	572,454	680,879	(29,994)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Net Receipts (Payments) from/ to Other Funds	107,881	(62,455)	(178,018)	(1,077)
Transfers In	446,238	-	41,279	-
Transfers Out	-	(239,947)	(497,301)	(8,340)
Net Cash Provided (Used) for Noncapital Financing Activities	554,119	(302,402)	(634,040)	(9,417)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Paid on Capital Debt	-	(753,797)	(1,042,664)	-
Interest Paid on Capital Debt	-	(80,374)	(86,222)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(834,171)	(1,128,886)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received (Paid)	17,571	(14,337)	(14,260)	(350)
Net Cash Provided (Used) by Investing Activities	17,571	(14,337)	(14,260)	(350)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	838,524	(578,456)	(1,096,307)	(39,761)
Cash and Cash Equivalents - Beginning of Year	294,758	1,781,309	3,459,971	200,339
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,133,282</u>	<u>\$ 1,202,853</u>	<u>\$ 2,363,664</u>	<u>\$ 160,578</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, 2021

	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)	\$ (114,842)	\$ (170,592)	\$ (377,209)	\$ (23,424)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	174,198	735,454	1,044,965	8,849
Changes in Assets and Liabilities:				
(Increase) Decrease in:				
Accounts Receivable	1,259	-	-	(368)
Deferred Outflows of Resources	(96,697)	-	-	-
Increase (Decrease) in:				
Accounts Payable	(6,758)	7,592	13,123	(15,051)
Accrued Salaries and Benefits	14,939	-	-	-
Compensated Absences Payable	(4,415)	-	-	-
Deferred Inflows of Resources	(50,813)	-	-	-
Net Pension Liability	343,246	-	-	-
Net OPEB Obligation	6,717	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 266,834</u>	<u>\$ 572,454</u>	<u>\$ 680,879</u>	<u>\$ (29,994)</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, 2021

	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	\$ (12,863)	\$ 122,852	\$ 1,059	\$ (40,156)
Receipts from Interfund Activity	-	-	-	-
Payments to Suppliers	-	-	-	-
Payments to Employees	-	-	-	-
Net Cash Provided (Used) by Operating Activities	(12,863)	122,852	1,059	(40,156)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Net Receipts (Payments) from/ to Other Funds	12,903	(37,091)	(5,885)	6,518
Transfers In	-	-	-	-
Transfers Out	-	(28,765)	(3,251)	(7,280)
Net Cash Provided (Used) for Noncapital Financing Activities	12,903	(65,856)	(9,136)	(762)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Paid on Capital Debt	-	-	-	(15,749)
Interest Paid on Capital Debt	-	-	-	(3,440)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	-	(19,189)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received (Paid)	(2)	742	(97)	(1,730)
Net Cash Provided (Used) by Investing Activities	(2)	742	(97)	(1,730)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	38	57,738	(8,174)	(61,837)
Cash and Cash Equivalents - Beginning of Year	702	236,021	47,977	80,972
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 740</u>	<u>\$ 293,759</u>	<u>\$ 39,803</u>	<u>\$ 19,135</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, 2021

	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)	\$ (14,157)	\$ (61,077)	\$ (12,041)	\$ (199,098)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	1,294	182,424	13,100	173,047
Changes in Assets and Liabilities:				
(Increase) Decrease in:				
Accounts Receivable	-	30	-	-
Deferred Outflows of Resources	-	-	-	-
Increase (Decrease) in:				
Accounts Payable	-	1,475	-	(14,105)
Accrued Salaries and Benefits	-	-	-	-
Compensated Absences Payable	-	-	-	-
Deferred Inflows of Resources	-	-	-	-
Net Pension Liability	-	-	-	-
Net OPEB Obligation	-	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (12,863)</u>	<u>\$ 122,852</u>	<u>\$ 1,059</u>	<u>\$ (40,156)</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, 2021

	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	\$ (2,159)	\$ (43,884)	\$ 9,411	\$ 5,604,040	\$ 6,864,770
Receipts from Interfund Activity	-	-	-	(3,789,346)	-
Payments to Suppliers	-	-	-	(1,814,694)	(3,058,549)
Payments to Employees	-	-	-	-	(2,281,788)
Net Cash Provided (Used) by Operating Activities	(2,159)	(43,884)	9,411	-	1,524,433
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Net Receipts (Payments) from/ to Other Funds	8,319	(1,246)	(337)	-	(150,488)
Transfers In	-	-	-	(487,517)	-
Transfers Out	(2,176)	(3,378)	(424)	487,517	(303,345)
Net Cash Provided (Used) for Noncapital Financing Activities	6,143	(4,624)	(761)	-	(453,833)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal Paid on Capital Debt	-	-	-	-	(1,812,210)
Interest Paid on Capital Debt	-	-	-	-	(170,036)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	-	-	(1,982,246)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received (Paid)	554	(766)	399	-	(12,276)
Net Cash Provided (Used) by Investing Activities	554	(766)	399	-	(12,276)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,538	(49,274)	9,049	-	(923,922)
Cash and Cash Equivalents - Beginning of Year	160,699	96,969	77,109	-	6,436,826
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 165,237</u>	<u>\$ 47,695</u>	<u>\$ 86,158</u>	<u>\$ -</u>	<u>\$ 5,512,904</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, 2021

	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)	\$ (6,994)	\$ (57,904)	\$ 6,526	\$ -	\$ (1,030,812)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	4,762	13,268	2,885	-	2,354,246
Changes in Assets and Liabilities:					
(Increase) Decrease in:					
Accounts Receivable	-	-	-	-	921
Deferred Outflows of Resources	-	-	-	-	(96,697)
Increase (Decrease) in:					
Accounts Payable	73	752	-	-	(12,899)
Accrued Salaries and Benefits	-	-	-	-	14,939
Compensated Absences Payable	-	-	-	-	(4,415)
Deferred Inflows of Resources	-	-	-	-	(50,813)
Net Pension Liability	-	-	-	-	343,246
Net OPEB Obligation	-	-	-	-	6,717
Net Cash Provided (Used) by Operating Activities	<u>\$ (2,159)</u>	<u>\$ (43,884)</u>	<u>\$ 9,411</u>	<u>\$ -</u>	<u>\$ 1,524,433</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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 22, 2022.

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.

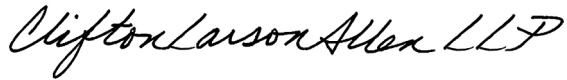
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Roseville, California
February 22, 2022

