# NEVADA COUNTY SERVICE AUTHORITY,
## CALIFORNIA

FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2024

**THIS PAGE INTENTIONALLY LEFT BLANK**

**NEVADA COUNTY SERVICE AUTHORITY**
**Annual Financial Report**
**For the Year Ended June 30, 2024**

## Table of Contents

**THIS PAGE INTENTIONALLY LEFT BLANK**

# INTRODUCTORY SECTION

- **List of Officials**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**NEVADA COUNTY SERVICE AUTHORITY**
**List of Officials**
**For the Year Ended June 30, 2024**

**Board of Directors**

| | |
|---|---|
| Kelsey Hess | County of Nevada |
| Steve Johnson | City of Grass Valley |
| Amanda Kysar | City of Nevada City |
| Brittany Johanson | Town of Truckee |

**THIS PAGE INTENTIONALLY LEFT BLANK**

# FINANCIAL SECTION

- **Independent Auditor's Report**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**
- **Required Supplementary Information**

**THIS PAGE INTENTIONALLY LEFT BLANK**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Nevada County Service Authority
Nevada City, California

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Nevada County Service Authority, California (Authority), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Authority as of June 30, 2024, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

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

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



950 THARP ROAD, SUITE 502 YUBA CITY, CA 95993 TEL: (530) 673-9790 FAX: (530) 673-1305 ACCOUNTING@SMITHANDNEWELL.COM

To the Board of Directors
Nevada County Service Authority
Nevada City, California

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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.

To the Board of Directors
Nevada County Service Authority
Nevada City, California

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information 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 obtain 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**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated March 6, 2025, on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.

Smith & Newell CPAs
Yuba City, California
March 6, 2025

**THIS PAGE INTENTIONALLY LEFT BLANK**

# Management's Discussion and Analysis (Unaudited)

**THIS PAGE INTENTIONALLY LEFT BLANK**

# NEVADA COUNTY SERVICE AUTHORITY
# MANAGEMENT'S DISCUSSION AND ANALYSIS
# FOR THE YEAR ENDED JUNE 30, 2024

The following Management's Discussion and Analysis ("MD&A") of the Nevada County Service Authority's (the "Authority") financial performance provides an introduction to the financial statements for the year ended June 30, 2024. The information contained in this MD&A should be considered in conjunction with the information contained in the Authority's financial statements.

## Overview of the Financial Statements

Following this discussion and analysis are the basic financial statements of the Authority, together with the notes, which are essential to a full understanding of the data contained in the financial statements. The basic financial statements are designed to provide readers with a broad overview of the Authority's financial status.

*The Government-Wide Statements* consist of the Statement of Net Position and the Statement of Activities. These statements are presented on the accrual basis of accounting in which changes are recognized as soon as the underlying event or transaction has occurred, regardless of the timing of the related cash flow.

*The Statement of Net Position* presents information on all of the Authority's assets and liabilities. The difference between the two is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Authority's financial position.

*The Statement of Activities* presents information showing how the Authority's net position changed during the most recent fiscal year.

*Fund Financial Statements* are prepared on the modified accrual basis of accounting in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. The Authority is structured with one governmental fund with revenues recognized in the accounting period in which they become available and measurable, and expenditures recognized in the accounting period in which the fund liability is incurred, if measurable.

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.

## Analysis of the Authority as a Whole – Government Wide Financial Statements

### Authority's Net Position
### June 30, 2024 and 2023

| | 2024 | 2023 | Variance | Change |
|---|---|---|---|---|
| **Assets** | | | | |
| Total Current Assets | $ 96,507 | $ 93,111 | 3.6% | $3,396 |
| Total Assets | 96,507 | 93,111 | 3.6% | 3,396 |
| **Liabilities** | | | | |
| Current Liabilities | 23,262 | 18,823 | 23.6% | 4,439 |
| Total Liabilities | 23,262 | 18,823 | 23.6% | 4,439 |
| **Net Position** | | | | |
| Restricted for abandoned vehicle abatement | 73,245 | 74,288 | -1.4% | (1,043) |
| **Total Net Position** | **$ 73,245** | **$ 74,288** | **-1.4%** | **($1,043)** |

On June 30, 2024, the Authority's total assets equaled $96,507, an increase from the prior year of $3,396. Total liabilities increased by 23.58% due to higher accounts payables at year end. The Authority's net position on June 30, 2024, decreased from the prior year by 1.4% to $73,245. The decrease was because annual expenses exceeded annual revenues.

### Changes in Net Position
### For the Years Ended June 30, 2024 and 2023

| | 2024 | 2023 | Variance | Change |
|---|---|---|---|---|
| **Revenues** | | | | |
| Program Revenues | $115,609 | $115,936 | -0.3% | ($327) |
| General Revenues | 1,907 | 1,461 | 30.5% | 446 |
| Total Revenues | 117,516 | 117,397 | 0.1% | 119 |
| **Expenses** | | | | |
| Public Protection | 118,559 | 139,725 | -15.1% | (21,166) |
| Total Expenses | 118,559 | 139,725 | -15.1% | (21,166) |
| **Change in Net Position** | **(1,043)** | **(22,328)** | **-95.3%** | **21,285** |
| Net Position - Beginning | 74,288 | 96,616 | -23.1% | (22,328) |
| Net Position - Ending | $ 73,245 | $ 74,288 | -1.4% | ($1,043) |

Revenues - The Authority's revenues for Fiscal Year 2023-24 consisted of program revenues in the amount of $115,609. Program revenues decreased by 0.28% from the prior year's total of $115,936. Other sources of revenue were interest and investments earnings of $1,907.

Expenses - Expenses for the Authority totaled $118,559. This was a 15.15% decrease from the Fiscal Year 2022-23 total of $139,725. The decrease in expenses was due to a decrease in reimbursement claims from the members.

## Budget Versus Actual

Budget revenues did not change from Original Budget to Final Budget. Actual revenues were $117,516 or $16 more than planned. Budget expenditures did not change from Original Budget to Final Budget. Actual expenses were $29,612 less than anticipated due to reduced member reimbursement claims submitted. The net result was a 1.4% decrease to fund balance of $1,043 to $73,245 compared to the anticipated $43,617.

## Analysis of the Fund Financial Statements

The Authority uses fund accounting to assure and demonstrate compliance with the finance-related legal requirements. The fund provides information on the inflows and outflows of resources related to the disposition of abandoned vehicles.

## Capital Asset and Debt Administration

Capital Assets & Infrastructure - The Authority is strictly used to account for abandoned vehicle revenues and disbursements and does not have any capital assets or infrastructure to report.

Long-Term Debt – The Authority does not have any long-term debt obligations.

## Request for Information

This financial report is designed to provide a general overview of the Nevada County Service Authority's finances for all those with an interest in the Authority'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, Gina Will, 950 Maidu Avenue, Nevada City CA 95959.

**THIS PAGE INTENTIONALLY LEFT BLANK**

# Basic Financial Statements

- **Government-Wide Financial Statements**

**THIS PAGE INTENTIONALLY LEFT BLANK**

# NEVADA COUNTY SERVICE AUTHORITY
## Statement of Net Position
## June 30, 2024

| | | Total Governmental Activities |
|---|---|---|
| **ASSETS** | | |
| Cash and investments | $ | 66,954 |
| Receivables: | | |
| Intergovernmental | | 29,553 |
| **Total Assets** | | 96,507 |
| **LIABILITIES** | | |
| Accounts payable | | 23,262 |
| **Total Liabilities** | | 23,262 |
| **NET POSITION** | | |
| Restricted for abandoned vehicle abatement | | 73,245 |
| **Total Net Position** | $ | 73,245 |

The notes to the basic financial statements are an integral part of this statement.

# NEVADA COUNTY SERVICE AUTHORITY
## Statement of Activities
## For the Year Ended June 30, 2024

| | | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|---|---|---|---|---|---|
| **Functions/Programs:** | **Expenses** | **Charges for Services** | **Operating Grants and Contributions** | **Capital Grants and Contributions** | **Total Governmental Activities** |
| Governmental activities: | | | | | |
| Public protection | $ 118,559 | $ - | $ 115,609 | $ - | $ (2,950) |
| **Total Governmental Activities** | 118,559 | - | 115,609 | - | (2,950) |
| **Total** | $ 118,559 | $ - | $ 115,609 | $ - | (2,950) |
| | **General revenues:** | | | | |
| | Interest and investment earnings | | | | 1,907 |
| | **Total General Revenues** | | | | 1,907 |
| | **Change in Net Position** | | | | (1,043) |
| | **Net Position - Beginning** | | | | 74,288 |
| | **Net Position - Ending** | | | | $ 73,245 |

The notes to the basic financial statements are an integral part of this statement.

# Basic Financial Statements

- **Fund Financial Statements**

**THIS PAGE INTENTIONALLY LEFT BLANK**

# NEVADA COUNTY SERVICE AUTHORITY
## Balance Sheet
## Governmental Fund
## June 30, 2024

| | | General Fund |
|---|---|---|
| **ASSETS** | | |
| Cash and investments | $ | 66,954 |
| Receivables: | | |
| Intergovernmental | | 29,553 |
| **Total Assets** | $ | 96,507 |
| **LIABILITIES** | | |
| Accounts payable | $ | 23,262 |
| **Total Liabilities** | | 23,262 |
| **FUND BALANCE** | | |
| Restricted | | 73,245 |
| **Total Fund Balance** | | 73,245 |
| **Total Liabilities and Fund Balance** | $ | 96,507 |

The notes to the basic financial statements are an integral part of this statement.

# NEVADA COUNTY SERVICE AUTHORITY
## Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Position - Governmental Activities
## June 30, 2024

| | | |
|---|---|---|
| **Total Fund Balance - Total Governmental Fund** | $ | 73,245 |
| No adjustments were needed to reconcile the governmental fund Balance Sheet to the government-wide Statement of Net Position. | | - |
| **Net Position of Governmental Activities** | $ | 73,245 |

The notes to the basic financial statements are an integral part of this statement.

# NEVADA COUNTY SERVICE AUTHORITY
## Statement of Revenues, Expenditures and Changes in Fund Balance
## Governmental Fund
## For the Year Ended June 30, 2024

| | General Fund |
|---|---|
| **REVENUES** | |
| Use of money and property | $ 1,907 |
| Intergovernmental | 115,609 |
| **Total Revenues** | 117,516 |
| **EXPENDITURES** | |
| Current: | |
| Public protection | 118,559 |
| **Total Expenditures** | 118,559 |
| **Net Change in Fund Balance** | (1,043) |
| **Fund Balance - Beginning** | 74,288 |
| **Fund Balance - Ending** | $ 73,245 |

The notes to the basic financial statements are an integral part of this statement.

# NEVADA COUNTY SERVICE AUTHORITY
## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Government-Wide Statement of Activities - Governmental Activities
## For the Year Ended June 30, 2024

| | | |
|---|---|---|
| **Net Change in Fund Balance - Total Governmental Fund** | $ | (1,043) |
| No adjustments were necessary to reconcile the net change in fund balance to the change in net position of governmental activities. | | - |
| **Change in Net Position of Governmental Activities** | $ | (1,043) |

The notes to the basic financial statements are an integral part of this statement.

# Basic Financial Statements

- **Notes to Basic Financial Statements**

**THIS PAGE INTENTIONALLY LEFT BLANK**

# NEVADA COUNTY SERVICE AUTHORITY
## Notes to Basic Financial Statements
## For the Year Ended June 30, 2024

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

The Abandoned Vehicle Abatement Program (Program) is a statewide program administered by the California Highway Patrol (CHP). Section 9250.7 of the Vehicle Code establishes the funding source for the abatement of abandoned vehicles by a county-based Service Authority (Authority), pursuant to the provisions of Section 22710 of the Vehicle Code. The Vehicle Code imposes a service fee of one dollar ($1) on vehicles registered to an owner with an address in the county that established the Authority. This fee is paid to the Department of Motor Vehicles (DMV) at the time of registration or renewal of registration. The DMV, after deducting its administrative costs, at least quarterly transmits the net amount collected to the State Controller's Office (SCO) for deposit in the Abandoned Vehicle Trust Fund. All money in the fund is continuously appropriated to the SCO for allocation to an Authority that has an approved Program pursuant to Section 22710 of the Vehicle Code, and for payment of the administrative costs of the SCO.

The purpose of the Authority is the abatement of the costs incurred by its members for the removal and disposal of abandoned, wrecked, dismantled or inoperative vehicles.

The Authority distributes Program funds to participating entities in accordance with Section 22710 of the Vehicle Code and the Service Authority Joint Powers Agreement. The Authority allocates monies received to participating entities, 50 percent based on population and geographic area and 50 percent based on number of vehicles abated by the entity in the prior year.

### Component Units

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that there are no component units of the Authority.

### Related Organizations

The County of Nevada appoints one member to the Board of Directors and performs certain accounting and administrative functions for the Authority. However, the County is not financially accountable for this organization and therefore it is not a component unit under Statement Nos. 14, 39 and 61 of the Governmental Accounting Standards Board.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### B. Basis of Presentation

#### Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information on all of the activities of the Authority. These statements include the financial activities of the overall Authority. These statements report the governmental activities of the Authority, which are normally supported by intergovernmental revenues. The Authority had no business-type activities at June 30, 2024.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Authority's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Revenues not properly included among program revenues are reported instead as general revenues.

#### Fund Financial Statements

Fund financial statements of the Authority are organized into one fund, which is considered to be a separate accounting entity. The fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. The fund of the Authority is organized into the governmental category and is treated as a major fund.

The Authority reports the following major governmental fund:

- The General fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the Authority.

### C. Basis of Accounting and Measurement Focus

The government-wide 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 Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include 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.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Interest and certain state and federal grants are considered susceptible to accrual and are accrued when their receipt occurs within sixty days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental fund. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### D. Non-Current Governmental Assets/Liabilities

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide Statement of Net Position.

### E. Investments

The Authority pools all cash and investments with the County of Nevada. The Nevada County Treasury is an external investment pool for the Authority and the Authority is considered an involuntary participant. The Authority'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 participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Interest payments, accrued interest, accreted discounts, amortized premiums, and realized capital gains and losses, net of administrative fees, are apportioned to pool participants every quarter. This method differs from the fair value method used to value investments in these financial statements as unrealized gains or losses are not apportioned to pool participants.

### F. Receivables

Receivables consist mainly of amounts due from other governmental agencies. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

### G. Inventory

Inventories are recorded as expenditures at the time the inventory is purchased rather than when consumed. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

### H. Capital Assets

Capital assets are to be recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed property, plant, and equipment are to be valued at their acquisition value on the date of donation. Major outlays for capital assets and improvements are to be capitalized as projects are constructed.

Capital assets used in operations would be depreciated or amortized using the straight-line method over the asset's estimated useful lives in the government-wide financial statements.

At June 30, 2024, the Authority did not have any capital assets.

### I. Compensated Absences, Other Postemployment Benefits and Pension Benefits

The Authority does not currently have employees. Therefore, there is no liability for compensated absences, other postemployment benefits or pension benefits.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2024, the Authority did not have any deferred outflows of resources.

In addition to liabilities, the statement of financial 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 assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2024, the Authority did not have any deferred inflows of resources.

### K. 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.

### L. Implementation of Governmental Accounting Standards Board (GASB) Statements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable, in the current financial statements.

**Statement No. 99**, Omnibus 2022. This statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

**Statement No. 100**, Accounting Changes and Error Corrections. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

### M. Future Accounting Pronouncements

The following GASB Statements will be implemented, if applicable, in future financial statements:

Statement No. 101 "Compensated Absences" The requirements of this statement are effective for fiscal years beginning after December 15, 2023. (FY 24/25)

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### M. Future Accounting Pronouncements (Continued)

Statement No. 102 "Certain Risk Disclosures" The requirements of this statement are effective for fiscal years beginning after June 15, 2024. (FY 24/25)

Statement No. 103 "Financial Reporting Model Improvements" The requirements of this statement are effective for fiscal years beginning after June 15, 2025. (FY 25/26)

Statement No. 104 "Disclosure of Certain Capital Assets" The requirements of this statement are effective for fiscal years beginning after June 15, 2025. (FY 25/26)

## NOTE 2: CASH AND INVESTMENTS

### A. Financial Statement Presentation

As of June 30, 2024, the Authority's cash and investments consisted of the following:

| | |
|---|---|
| Cash and Investments: | |
| Nevada County Treasurer's Pool | $ 66,954 |
| Total Cash and Investments | $ 66,954 |

### B. Investments

The Authority does not have a formal investment policy. At June 30, 2024, all investments of the Authority were in the County of Nevada investment pool. Under the provisions of the County's investment policy and the California Government Code, the County may invest or deposit in the following:

U.S. Treasury and Agency Obligations
California State Registered Warrants, Treasury Notes and Bonds
Local Agency Obligations
Bankers' Acceptances (Domestic Only)
Money Market Funds
Commercial Paper
Medium Term Notes
Negotiable Certificates of Deposit
Repurchase Agreements
Reverse Repurchase Agreements
Certificate of Deposit
Pass-Through Security
Local Agency Investment Fund (LAIF)
California Asset management Program (CAMP)
Supranational

## NOTE 2: CASH AND INVESTMENTS (CONTINUED)

### B. Investments (Continued)

Fair Value of Investments - The Authority measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

Level 1: Quoted prices for identical investments in active markets;
Level 2: Observable inputs other than quoted market prices; and,
Level 3: Unobservable inputs

The Authority's position in external investment pools is in itself regarded as a type of investment and looking through to the underlying investments of the pool is not appropriate. Therefore, the Authority's investment in external investment pools are not recognized in the three-tiered fair value hierarchy described above.

At June 30, 2024, the Authority had the following recurring fair value measurements:

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| Investment Type | Fair Value | Level 1 | Level 2 | Level 3 |
| Investments by Fair Value Level | | | | |
| None | $ - | $ - | $ - | $ - |
| Total Investments Measured at Fair Value | - | $ - | $ - | $ - |
| Investments in External Investment Pool | | | | |
| Nevada County Treasurer's Pool | 66,954 | | | |
| Total Investments | $ 66,954 | | | |

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. To limit exposure to fair value losses resulting from increases in interest rates, the County's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the County to meet all projected obligations.

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, 2024, the Authority's investments were all held with the County of Nevada Treasury which is not rated by a nationally recognized statistical rating organization.

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover its deposits or collateral securities that are in the possession of an outside party. Custodial credit risk does not apply to a 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 Authority'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. As of June 30, 2024 all investments of the Authority are in the Nevada County investment pool which contains a diversification of investments.

## NOTE 2: CASH AND INVESTMENTS (CONTINUED)

### C. Investments in External Pool

The Nevada County Pooled Investment Fund is a pooled investment fund program governed by the County which 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 review and approve 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. Investments in the Nevada County Pooled Investment Fund are highly liquid as deposits and withdrawals can be made at any time without penalty. The Pool does not impose a maximum investment limit. 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's office at 950 Maidu Ave., Nevada City, CA 95959.

## NOTE 3: NET POSITION

The government-wide 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".

### 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 are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

## NOTE 4: FUND BALANCE

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can be made up of the following:

- **Nonspendable fund balance -** amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.

- **Restricted fund balance -** amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

- **Committed fund balance -** amounts that can only be used for the specific purposes determined by formal action of the Authority's highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the Authority that can, by Board action, commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

- **Assigned fund balance -** amounts that are constrained by the Authority's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.

- **Unassigned fund balance -** the residual classification for the Authority's General fund that includes all amounts not contained in the other classifications.

The fund balance for the governmental fund as of June 30, 2024, was distributed as follows:

| | General Fund |
|---|---|
| **Restricted for:** | |
| Abandoned vehicle abatement | $ 73,245 |
| Total | $ 73,245 |

### Fund Balance Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance are available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

## NOTE 4: FUND BALANCE (CONTINUED)

### Fund Balance Policy

The Board of Directors has not adopted a formal fund balance policy which would establish procedures for reporting fund balance classifications and establish a hierarchy for fund balance expenditures. The Authority follows the policy of the County of Nevada for fund balance reporting.

## NOTE 5: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to individuals, and natural disasters. The Authority maintains insurance coverage against these potential losses.

## NOTE 6: RELATED PARTY TRANSACTIONS

The Authority has related party transactions with the County of Nevada. The Authority administration and staff are County of Nevada employees. The Authority pays the County of Nevada Auditor's office 2.5 percent of funds received for accounting services and the Nevada County Code Compliance Department 4.5 percent of funds received for administrative services.

## NOTE 7: OTHER INFORMATION

### A. Subsequent Events

Management has evaluated events subsequent to June 30, 2024 through March 6, 2025, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

**THIS PAGE INTENTIONALLY LEFT BLANK**

# Required Supplementary Information
# (Unaudited)

**THIS PAGE INTENTIONALLY LEFT BLANK**

# NEVADA COUNTY SERVICE AUTHORITY
## Required Supplementary Information
## Budgetary Comparison Schedule
## General Fund
## For the Year Ended June 30, 2024

| | Original Budget | Final Budget | Actual Amounts (Budgetary Basis) | Variance With Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Use of money and property | $ 1,500 | $ 1,500 | $ 1,907 | $ 407 |
| Intergovernmental | 116,000 | 116,000 | 115,609 | (391) |
| **Total Revenues** | 117,500 | 117,500 | 117,516 | 16 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Public protection | 148,171 | 148,171 | 118,559 | 29,612 |
| **Total Expenditures** | 148,171 | 148,171 | 118,559 | 29,612 |
| **Net Change in Fund Balances** | (30,671) | (30,671) | (1,043) | 29,628 |
| **Fund Balances - Beginning** | 74,288 | 74,288 | 74,288 | - |
| **Fund Balances - Ending** | $ 43,617 | $ 43,617 | $ 73,245 | $ 29,628 |

**NEVADA COUNTY SERVICE AUTHORITY**
**Required Supplementary Information**
**Note to Budgetary Comparison Schedule**
**For the Year Ended June 30, 2024**

## NOTE 1: BUDGETARY BASIS OF ACCOUNTING

Formal budgetary integration is employed as a management control device during the year. The Authority presents a comparison of annual budget to actual results for the General fund. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The following procedures are performed by the Authority in establishing the budgetary data reflected in the financial statements:

(1) The Director submits to the Board of Directors a recommended budget for the fiscal year commencing the following July 1. The budget includes recommended expenditures, including the amount available for abatement to the member entities, and the means of financing them.

(2) The Board of Directors reviews the recommended budget at regularly scheduled meetings, which are open to the public. The Board also conducts a public hearing on the recommended budget to obtain comments from interested persons.

(3) Prior to July 1, the budget is adopted.

(4) Any revisions that alter the total expenditures must be approved by the Board of Directors

The Authority does not use encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

# OTHER REPORT

**THIS PAGE INTENTIONALLY LEFT BLANK**

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

To the Board of Directors
Nevada County Service Authority
Nevada City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Nevada County Service Authority, California (Authority) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 6, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority'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.



950 THARP ROAD, SUITE 502 YUBA CITY, CA 95993 TEL: (530) 673-9790 FAX: (530) 673-1305 ACCOUNTING@SMITHANDNEWELL.COM

To the Board of Directors
Nevada County Service Authority
Nevada City, California

**Report on Compliance and Other Matters**

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

Smith ~ Newell

Smith & Newell CPAs
Yuba City, California
March 6, 2025