

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

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020



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NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2020

FINANCIAL SECTION

Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Fund Financial Statements	
Statement of Net Position	8
Statement of Revenues, Expenses, and Changes in Net Position	9
Statement of Cash Flows	10
Notes to Basic Financial Statements	12
Required Supplementary Information (Unaudited)	
Schedule of Net Pension Liability Proportional Share and Related Ratios	25
Schedule of Net OPEB Liability Proportionate Share and Related Ratios	26

SUPPLEMENTARY INFORMATION

Combining Statement of Net Position	27
Combining Statement of Revenues, Expenses, and Changes in Net Position	30
Combining Statement of Cash Flows	33

OTHER REPORTS

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 <i>Government Auditing Standards</i>	39
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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, 2020, 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, 2020, 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 Pendingd January 29, 2021 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
January 29, 2021

**NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

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, 2020. 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, 2020**

FINANCIAL HIGHLIGHTS

On June 30, 2020, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows by \$35,184,575 (net position). Of this amount, \$(338,083) (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors and \$35,522,658 is the District's net investment in capital assets.

The District's capital assets (e.g., land, infrastructure and equipment) decreased by \$1,313,823 due to the annual depreciation of existing infrastructure assets.

Long-term liabilities decreased 7.06% or \$1,279,615 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, 2020 and 2019**

	2020	2019	Variance	Change
Assets:				
Current and Other Assets	\$ 6,460,165	\$ 6,503,705	(0.67)%	\$ (43,540)
Capital Assets	49,546,803	50,860,626	(2.58)	(1,313,823)
Total Assets	<u>56,006,968</u>	<u>57,364,331</u>	(2.37)	(1,357,363)
Deferred Outflows	619,678	571,736	8.39	47,942
Liabilities:				
Current Liabilities	4,452,806	4,485,242	(0.72)	(32,436)
Long-Term Liabilities	<u>16,852,370</u>	<u>18,131,985</u>	(7.06)	(1,279,615)
Total Liabilities	21,305,176	22,617,227	(5.80)	(1,312,051)
Deferred Inflows	136,895	51,869	163.92	85,026
Net Position:				
Net Investment in Capital Assets	35,522,658	33,515,218	5.99	2,007,440
Unrestricted	<u>(338,083)</u>	<u>1,751,753</u>	(119.30)	(2,089,836)
Total Net Position	<u><u>\$ 35,184,575</u></u>	<u><u>\$ 35,266,971</u></u>	(0.23)	<u><u>\$ (82,396)</u></u>

As shown in the schedule above, at June 30, 2020, the District's total assets are \$56,006,968. The total assets held decreased \$1,357,363 or 2.37% from the June 30, 2019 balance of \$57,364,331. The decrease in total assets was due primarily to the \$1,313,823 decrease in capital assets mentioned above related to \$2,376,643 in annual depreciation of assets and the discontinuation of the Cascade Shores leach field construction in progress offset by the Combie Road sewer line extension construction in progress increase. Deferred outflows of \$619,678 represent pension and OPEB contributions made by the District after the June 30, 2019 actuarial measurement date with the balance being changes in actuarial assumptions and net differences between projected and actual earnings on plan investments.

**NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

The District's total liabilities decreased by \$1,312,051 during the current fiscal year to \$21,305,176. The decrease resulted from the reduction in loan balances by scheduled principal payments. Deferred inflows of \$136,895 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 \$82,396. Unrestricted net position of the District at June 30, 2020 amounted to \$(338,083). 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, 2020 and 2019**

	<u>2020</u>	<u>2019</u>	<u>Variance</u>	<u>Change</u>
Revenues:				
Operating	\$ 6,777,623	\$ 6,747,624	0.44 %	\$ 29,999
Nonoperating	238,406	227,395	4.84	11,011
Total Revenues	<u>7,016,029</u>	<u>6,975,019</u>	0.59	41,010
Expenses:				
Operating Expenses	8,587,749	7,567,744	13.48	1,020,005
Nonoperating Expenses	313,204	495,473	(36.79)	(182,269)
Total Expenses	<u>8,900,953</u>	<u>8,063,217</u>	10.39	837,736
Capital Contributions	662,045	109,521	504.49	552,524
Transfers In	<u>1,140,483</u>	<u>-</u>	-	<u>1,140,483</u>
Change in Net Position	(82,396)	(978,677)	(91.58)	896,281
Net Position - Beginning	35,266,971	36,245,648	(2.70)	(978,677)
Net Position - Ending	<u>\$ 35,184,575</u>	<u>\$ 35,266,971</u>	(0.23)	<u>\$ (82,396)</u>

Revenues - The District's revenues for fiscal year 2019/20 increased by 0.59% or \$41,010. The increase was related to increased interest revenue due to the adjustment to investments to reflect the fair market value.

**NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Expenses - The District's expenses for fiscal year 2019/20 increased by 10.39% or \$837,736. Non-operating expenses decreased by 36.79% due to a loss on sale of capital assets in the prior year that did not reoccur. Operating expenses increased by 13.48% from the prior fiscal year due to the increased utility costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The District's investment in capital assets as of June 30, 2020 amounted to \$35,522,658 (net of accumulated depreciation and related debt). This investment in capital assets includes land, land improvements, infrastructure and equipment. The \$2,007,440 increase is due to capital asset additions of \$1,324,231 and reductions in related debt offset by depreciation of \$2,376,643.

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

Long-term debt - At June 30, 2020, the District had total debt outstanding of \$14,024,145 net of unamortized discounts. Of this amount, \$1,812,213 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 operating costs of the Cascade Shores treatment plant are not being met with their current rate structure. A rate study is in process to establish a sustainable rate for operations and maintenance, as well as future capital needs. The District is also working with the Regional Water Control Board to implement changes to the effluent permit that will make compliance more attainable.

The District is continuing to research and evaluate process changes and system upgrades that will allow the district to treat wastewater as efficiently as possible. To achieve the needed grants to fund these projects, an income study must be conducted to establish eligibility. This study is also being proposed by the District and should be complete in early 2021.

**NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

The cost of many resources required by the District's treatment plants to meet permitting requirements continues to increase. The District has been able to absorb these costs utilizing available unrestricted net position in fiscal year 2020-21 without rate increases.

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, 2020

ASSETS

Current Assets:

Cash and Investments	\$ 6,436,826
Accounts Receivable	4,241
Due from Other Governments	19,098
Total Current Assets	6,460,165

Noncurrent Assets:

Capital Assets:

Nondepreciable	1,470,590
Depreciable, Net	48,076,213
Total Noncurrent Assets	49,546,803
Total Assets	56,006,968

DEFERRED OUTFLOWS OF RESOURCES

OPEB	86,563
Pension	533,115
Total Deferred Outflows of Resources	619,678

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 92,422
Salaries and Benefits Payable	94,886
Interest Payable	281,143
Due to County	562,309
Advance from County	1,722,605
Compensated Absences	16,247
Loan Payable	1,683,194
Total Current Liabilities	4,452,806

Noncurrent Liabilities:

Compensated Absences	108,521
Loan Payable	12,340,951
Net OPEB Liability	500,428
Net Pension Liability	3,902,470
Total Noncurrent Liabilities	16,852,370
Total Liabilities	21,305,176

DEFERRED INFLOWS OF RESOURCES

OPEB	95,664
Pension	41,231
Total Deferred Inflows of Resources	136,895

NET POSITION

Net Investment in Capital Assets	35,522,658
Unrestricted	(338,083)
Total Net Position	\$ 35,184,575

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, 2020

OPERATING REVENUES	
Charges for Services	\$ 6,777,623
Total Operating Revenues	<u>6,777,623</u>
OPERATING EXPENSES	
Salaries and Benefits	2,764,106
Services and Supplies	2,676,309
Other Charges	245,108
Expense Transfers	525,583
Depreciation	2,376,643
Total Operating Expenses	<u>8,587,749</u>
OPERATING INCOME (LOSS)	(1,810,126)
NONOPERATING REVENUE (EXPENSES)	
Interest Income	238,406
Interest Expense	(318,405)
Transfers from County General Fund	1,140,483
Sale of Capital Assets	5,201
Total Nonoperating Revenue (Expenses)	<u>1,065,685</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(744,441)
CAPITAL CONTRIBUTIONS	<u>662,045</u>
CHANGE IN NET POSITION	(82,396)
Net Position - Beginning of Year	<u>35,266,971</u>
NET POSITION - END OF YEAR	<u><u>\$ 35,184,575</u></u>

See accompanying Notes to Financial Statements.

NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 6,776,421
Payments to Suppliers	(3,187,074)
Payments to Employees	<u>(2,287,322)</u>
Net Cash Provided by Operating Activities	1,302,025

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Net Receipts from Other County Funds	(49,707)
Transfers In from Other Funds	<u>1,140,483</u>
Net Cash Provided by Noncapital Financing Activities	1,090,776

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of Capital Assets	(1,324,231)
Capital Contributions	662,045
Proceeds from Sale of Capital Assets	5,201
Principal Paid on Capital Debt	(1,658,089)
Interest Paid on Capital Debt	<u>(332,074)</u>
Net Cash Used by Capital and Related Financing Activities	(2,647,148)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Received	<u>238,406</u>
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NET DECREASE IN CASH AND CASH EQUIVALENTS

(15,941)

Cash and Cash Equivalents - Beginning of Year

6,452,767

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 6,436,826

**NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

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

Operating Income (Loss)	\$ (1,810,126)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	2,376,643
Abandoned Construction in Progress	261,411
Changes in Assets and Liabilities:	
(Increase) Decrease in:	
Accounts Receivable	4,700
Deferred Outflows of Resources	(47,942)
Increase (Decrease) in:	
Accounts Payable	(7,387)
Accrued Salaries and Benefits	24,741
Compensated Absences Payable	41,465
Deferred Inflows of Resources	85,026
Net Pension Liability	458,666
Net OPEB Liability	(85,172)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,302,025</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, 2020**

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, 2020, 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:

<p>Wastewater Management System</p> <p>Sanitation District Zone 1 – Lake Wildwood</p> <ul style="list-style-type: none"> • O & M • Debt Assessment • Capital Improvement • Lasalle Project <p>Sanitation District Zone 2 – Lake of the Pines</p> <ul style="list-style-type: none"> • O & M • Debt Assessment • Capital Improvement • Lasalle Project <p>Sanitation District Zone 4 – North San Juan</p> <ul style="list-style-type: none"> • O & M <p>Sanitation District Zone 5 – Gold Creek</p> <ul style="list-style-type: none"> • O & M 	<p>Sanitation District Zone 6 – Penn Valley</p> <ul style="list-style-type: none"> • O & M • Capital Improvement <p>Sanitation District Zone 7 – Mountain Lake Estates</p> <ul style="list-style-type: none"> • O & M <p>Sanitation District Zone 8 – Cascade Shores</p> <ul style="list-style-type: none"> • O & M • Capital Improvement • Debt Assessment <p>Sanitation District Zone 9 – Eden Ranch</p> <ul style="list-style-type: none"> • O & M <p>Sanitation District Zone 11 – Higgins Village</p> <ul style="list-style-type: none"> • O & M <p>Sanitation District Zone 12 – Valley Oak</p> <ul style="list-style-type: none"> • O & M
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NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020

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.

**NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

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
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020, the District's cash and investments consisted of the following:

Investments:	
Nevada County Treasurer's Pool	\$ 6,436,826

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.

**NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

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, 2020, the District's investments were all pooled with the County Treasury which is not rated by a nationally recognized statistical rating organization.

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

NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020 was as follows:

	Balance July 1, 2019	Additions	Retirements and Adjustments	Balance June 30, 2020
Capital Assets, Not Being Depreciated:				
Land and Easements	\$ 1,470,590	\$ -	\$ -	\$ 1,470,590
Construction in Progress	261,411	-	(261,411)	-
Total Capital Assets, Not Being Depreciated	1,732,001	-	(261,411)	1,470,590
Capital Assets, Being Depreciated:				
Infrastructures	78,179,851	781,721	-	78,961,572
Structures and Improvements	320,598	-	-	320,598
Equipment	3,901,445	542,510	(34,513)	4,409,442
Total Capital Assets, Being Depreciated	82,401,894	1,324,231	(34,513)	83,691,612
Less Accumulated Depreciation for:				
Infrastructure	(31,476,911)	(2,093,400)	-	(33,570,311)
Structures and Improvements	(129,658)	(10,686)	-	(140,344)
Equipment	(1,666,700)	(272,557)	34,513	(1,904,744)
Total Accumulated Depreciation	(33,273,269)	(2,376,643)	34,513	(35,615,399)
Total Capital Assets, Being Depreciated, Net	49,128,625	(1,052,412)	-	48,076,213
Total Capital Assets, Net	<u>\$ 50,860,626</u>	<u>\$ (1,052,412)</u>	<u>\$ (261,411)</u>	<u>\$ 49,546,803</u>

**NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

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, 2019	Additions/ Adjustments	Retirements/ Adjustments	Balance June 30, 2020	Amounts Due Within One Year
Loans	\$ 16,416,599	\$ -	\$ (1,798,427)	\$ 14,618,172	\$ 1,812,213
Less: Unamortized discount	(737,880)	-	143,853	(594,027)	(129,019)
Loans, Net	15,678,719	-	(1,654,574)	14,024,145	1,683,194
Compensated Absences	83,303	214,884	(173,419)	124,768	16,247
OPEB Liability	585,600	-	(85,172)	500,428	-
Net Pension Liability	3,443,804	458,666	-	3,902,470	-
Total Long-Term Liabilities	<u>\$ 19,791,426</u>	<u>\$ 673,550</u>	<u>\$ (1,913,165)</u>	<u>\$ 18,551,811</u>	<u>\$ 1,699,441</u>

Individual issues of debt payable outstanding at June 30, 2020 are as follows:

<u>Business-Type Activities</u>	<u>Amount</u>
Loans	
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.	\$ 152,625
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.	955,883
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.	382,353
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.	5,535,648

**NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

Individual issues of debt payable outstanding at June 30, 2020 are as follows:

<u>Business-Type Activities</u>	<u>Amount</u>
Loans (Continued)	
State Water Resources Control Board loan, issued September 13, 2010, in the amount of \$18,964,071 and payable in annual installments of \$948,204 with an interest rate of 0.00% and maturity on January 1, 2028. Loan proceeds were used for the acquisition and construction of improvements to the Lake of the Pines Zone 2 wastewater system. The loan includes a discount of \$3,160,742.	<u>7,591,663</u>
Total Loans	<u><u>\$ 14,618,172</u></u>

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

<u>Year Ending June 30,</u>	<u>Loans</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Service Charge</u>	<u>Total</u>
2021	\$ 1,812,213	\$ 241,467	\$ 55,356	\$ 2,109,036
2022	1,826,301	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
2026-2029	5,413,086	166,657	44,109	5,623,852
Total	<u><u>\$ 14,618,172</u></u>	<u><u>\$ 1,068,041</u></u>	<u><u>\$ 255,424</u></u>	<u><u>\$ 15,941,637</u></u>

NOTE 5 NET POSITION

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

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

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

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

**NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

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, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District’s proportion of the net pension liability was based on the contributions of all participants in the plan. As of June 30, 2020, the District’s proportional share of the net pension liability was \$3,902,470.

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	Discount Rate	Discount Rate
	-1% (6.15%)	(7.15%)	+1% (8.15%)
Net Pension Liability	\$ 5,278,896	\$ 3,902,470	\$ 2,756,211

NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020, the District recognized a pension expense of \$168,493. At June 30, 2020, 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	\$ 407,871	\$ -
Changes in Assumptions	-	(7,701)
Differences Between Expected and Actual Experience	125,244	-
Net Difference Between Projected and Actual Earnings on Plan Investments	-	(33,530)
Total	\$ 533,115	\$ (41,231)

\$407,871 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2021	\$ 113,180
2022	(27,351)
2023	(9,886)
2024	8,070

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.

**NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

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, 2020. The District's proportion of the net OPEB liability was based on the contributions of all participants in the plan. As of June 30, 2020, the District's proportional share of the net OPEB liability was \$500,428.

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	Current Rate	1% Increase
	5.75%	6.75%	7.75%
Net OPEB Liability	\$ 643,301	\$ 500,428	\$ 382,469

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	\$ 372,744	\$ 500,428	\$ 656,620

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

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$1,600. As of fiscal year ended June 30, 2020, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to Measurement Date	\$ 83,758	\$ -
Change in Assumptions	603	-
Differences Between Expected and Actual Experience		(95,664)
Net Difference Between Projected and Actual Earnings on Plan Investments	2,203	-
Total	\$ 86,564	\$ (95,664)

**NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

The \$83,758 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021. 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>
2021	\$ (23,833)
2022	(23,833)
2023	(23,812)
2024	(21,380)

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, 2020:

Wastewater Management System	\$ 2,284,914
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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, 2020**

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, 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%	2.18%	2.28%	2.30%	2.43%	3.45%
Proportion of the net pension liability	\$ 3,902,470	\$ 3,443,804	\$ 3,566,486	\$ 3,268,312	\$ 2,960,974	\$ 4,046,214
Covered payroll	\$ 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	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	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, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially Determined Contribution	\$ 407,427	\$ 356,338	\$ 341,823	\$ 407,871	\$ 296,780	\$ 257,239
Contributions Related to the Actuarially Determined Contribution	(407,427)	(356,338)	(341,823)	(407,871)	(296,780)	(257,239)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,273,771	\$ 1,248,796	\$ 1,007,407	\$ 1,003,549	\$ 1,125,915	\$ 1,036,937
Contributions as a Percentage	31.99 %	28.53 %	33.93 %	40.64 %	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, 2020**

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

Proportionate share of the Net OPEB Liability

Last 10 Fiscal Years*

	Reporting Fiscal Year <i>(Measurement Date)</i> June 30, 2020 <i>June 30, 2019</i>	Reporting Fiscal Year <i>(Measurement Date)</i> June 30, 2019 <i>June 30, 2018</i>	Reporting Fiscal Year <i>(Measurement Date)</i> June 30, 2018 <i>June 30, 2017</i>
Proportionate share of the net OPEB liability	2.08%	1.93%	1.99%
Proportion of the net OPEB liability	\$ 500,428	\$ 585,600	\$ 624,268
Covered-employee payroll	\$ 1,119,557	\$ 1,065,437	\$ 1,043,247
Proportionate share of the net OPEB liability as a percentage of covered-employee payroll	44.70%	54.96%	59.84%
Plan's fiduciary net position as a percentage of the total OPEB liability	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, 2020	Reporting Fiscal Year June 30, 2019	Reporting Fiscal Year June 30, 2018
Actuarially Determined Contribution	\$ 54,706	\$ 72,993	\$ 80,798
Contributions in Relation to the Actuarially Determined Contribution	(54,706)	(72,993)	(80,798)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 1,119,557	\$ 1,100,216	\$ 1,098,884
Contributions as a Percentage of Covered-Employee Payroll	4.89%	6.63%	7.35%

* 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, 2019
Actuarial cost method	Entry Age Normal, Level Percentage of Payroll
Amortization method	Level percent of pay
Amortization period	18.1-year fixed period for 2019/20
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 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare - 6.0% for 2021, 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, 2020

	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	\$ 294,758	\$ 1,781,309	\$ 3,459,971	\$ 200,339
Accounts Receivable	1,259	-	-	1,987
Due from Other Governments	13,628	461	694	46
Due from Other Funds	201,011	526,278	375,969	16,751
Total Current Assets	<u>510,656</u>	<u>2,308,048</u>	<u>3,836,634</u>	<u>219,123</u>
Noncurrent Assets:				
Capital Assets:				
Nondepreciable	-	77,814	436,504	139,084
Depreciable, Net	709,585	14,826,235	20,171,356	120,159
Total Noncurrent Assets	<u>709,585</u>	<u>14,904,049</u>	<u>20,607,860</u>	<u>259,243</u>
Total Assets	<u>1,220,241</u>	<u>17,212,097</u>	<u>24,444,494</u>	<u>478,366</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB	86,563	-	-	-
Pension	533,115	-	-	-
Total Deferred Outflows of Resources	<u>619,678</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 28,020	\$ 15,568	\$ 16,084	\$ 15,098
Salaries and Benefits Payable	94,886	-	-	-
Interest Payable	-	76,739	66,953	-
Due to Other Funds	1,083,436	90,560	68,487	2,451
Due to County	102,103	168,836	262,538	3,359
Advance from County	-	-	1,579,605	-
Compensated Absences	16,247	-	-	-
Loan Payable	-	699,238	969,517	-
Total Current Liabilities	<u>1,324,692</u>	<u>1,050,941</u>	<u>2,963,184</u>	<u>20,908</u>
Noncurrent Liabilities:				
Compensated Absences	108,521	-	-	-
Loan Payable	-	5,218,763	6,996,899	-
Net OPEB Liability	500,428	-	-	-
Net Pension Liability	3,902,470	-	-	-
Total Noncurrent Liabilities	<u>4,511,419</u>	<u>5,218,763</u>	<u>6,996,899</u>	<u>-</u>
Total Liabilities	<u>5,836,111</u>	<u>6,269,704</u>	<u>9,960,083</u>	<u>20,908</u>
DEFERRED INFLOWS OF RESOURCES				
OPEB	95,664	-	-	-
Pension	41,231	-	-	-
Total Deferred Inflows of Resources	<u>136,895</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	709,585	8,986,048	12,641,444	259,243
Unrestricted	(4,842,672)	1,956,345	1,842,967	198,215
Total Net Position	<u>\$ (4,133,087)</u>	<u>\$ 10,942,393</u>	<u>\$ 14,484,411</u>	<u>\$ 457,458</u>

NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
COMBINING STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2020

	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	\$ 702	\$ 236,021	\$ 47,977	\$ 80,972
Accounts Receivable	-	995	-	-
Due from Other Governments	-	157	-	4,112
Due from Other Funds	5,968	76,363	6,100	40,684
Total Current Assets	<u>6,670</u>	<u>313,536</u>	<u>54,077</u>	<u>125,768</u>
Noncurrent Assets:				
Capital Assets:				
Nondepreciable	5,950	499,575	45,231	236,439
Depreciable, Net	16,823	8,038,466	219,832	3,566,250
Total Noncurrent Assets	<u>22,773</u>	<u>8,538,041</u>	<u>265,063</u>	<u>3,802,689</u>
Total Assets	<u>29,443</u>	<u>8,851,577</u>	<u>319,140</u>	<u>3,928,457</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB	-	-	-	-
Pension	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ -	\$ 2,522	\$ -	\$ 15,024
Salaries and Benefits Payable	-	-	-	-
Interest Payable	-	7,502	-	129,949
Due to Other Funds	6,519	15,214	5,537	6,087
Due to County	-	6,429	-	18,822
Advance from County	-	-	-	143,000
Compensated Absences	-	-	-	-
Loan Payable	-	-	-	14,439
Total Current Liabilities	<u>6,519</u>	<u>31,667</u>	<u>5,537</u>	<u>327,321</u>
Noncurrent Liabilities:				
Compensated Absences	-	-	-	-
Loan Payable	-	-	-	125,289
Net OPEB Liability	-	-	-	-
Net Pension Liability	-	-	-	-
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,289</u>
Total Liabilities	<u>6,519</u>	<u>31,667</u>	<u>5,537</u>	<u>452,610</u>
DEFERRED INFLOWS OF RESOURCES				
OPEB	-	-	-	-
Pension	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	22,773	8,538,041	265,063	3,662,961
Unrestricted	151	281,869	48,540	(187,114)
Total Net Position	<u>\$ 22,924</u>	<u>\$ 8,819,910</u>	<u>\$ 313,603</u>	<u>\$ 3,475,847</u>

NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
COMBINING STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2020

	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	\$ 160,699	\$ 96,969	\$ 77,109	\$ -	\$ 6,436,826
Accounts Receivable	-	-	-	-	4,241
Due from Other Governments	-	-	-	-	19,098
Due from Other Funds	6,367	27,927	1,029	(1,284,447)	-
Total Current Assets	<u>167,066</u>	<u>124,896</u>	<u>78,138</u>	<u>(1,284,447)</u>	<u>6,460,165</u>
Noncurrent Assets:					
Capital Assets:					
Nondepreciable	29,993	-	-	-	1,470,590
Depreciable, Net	71,954	279,332	56,221	-	48,076,213
Total Noncurrent Assets	<u>101,947</u>	<u>279,332</u>	<u>56,221</u>	<u>-</u>	<u>49,546,803</u>
Total Assets	<u>269,013</u>	<u>404,228</u>	<u>134,359</u>	<u>(1,284,447)</u>	<u>56,006,968</u>
DEFERRED OUTFLOWS OF RESOURCES					
OPEB	-	-	-	-	86,563
Pension	-	-	-	-	533,115
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>619,678</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 42	\$ 64	\$ -	\$ -	\$ 92,422
Salaries and Benefits Payable	-	-	-	-	94,886
Interest Payable	-	-	-	-	281,143
Due to Other Funds	919	5,087	150	(1,284,447)	-
Due to County	222	-	-	-	562,309
Advance from County	-	-	-	-	1,722,605
Compensated Absences	-	-	-	-	16,247
Loan Payable	-	-	-	-	1,683,194
Total Current Liabilities	<u>1,183</u>	<u>5,151</u>	<u>150</u>	<u>(1,284,447)</u>	<u>4,452,806</u>
Noncurrent Liabilities:					
Compensated Absences	-	-	-	-	108,521
Loan Payable	-	-	-	-	12,340,951
Net OPEB Liability	-	-	-	-	500,428
Net Pension Liability	-	-	-	-	3,902,470
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,852,370</u>
Total Liabilities	<u>1,183</u>	<u>5,151</u>	<u>150</u>	<u>(1,284,447)</u>	<u>21,305,176</u>
DEFERRED INFLOWS OF RESOURCES					
OPEB	-	-	-	-	95,664
Pension	-	-	-	-	41,231
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,895</u>
NET POSITION					
Net Investment in Capital Assets	101,947	279,332	56,221	-	35,522,658
Unrestricted	165,883	119,745	77,988	-	(338,083)
Total Net Position	<u>\$ 267,830</u>	<u>\$ 399,077</u>	<u>\$ 134,209</u>	<u>\$ -</u>	<u>\$ 35,184,575</u>

NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2020

	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	\$ -	\$ 3,158,551	\$ 2,784,603	\$ 69,879
OPERATING EXPENSES				
Salaries and Benefits	2,764,106	-	-	-
Services and Supplies	726,317	733,411	554,221	41,113
Other Charges	245,108	-	-	-
Expense Transfers	(3,243,225)	1,649,981	1,359,937	58,098
Depreciation and Amortization	166,294	797,952	1,010,272	8,848
Total Operating Expenses	<u>658,600</u>	<u>3,181,344</u>	<u>2,924,430</u>	<u>108,059</u>
OPERATING INCOME (LOSS)	(658,600)	(22,793)	(139,827)	(38,180)
NONOPERATING REVENUE (EXPENSES)				
Interest Income	11,695	62,495	128,519	7,788
Interest Expense	-	(141,904)	(170,943)	-
Gain (Loss) on Disposition of Capital Assets	5,201	-	-	-
Total Nonoperating Revenue (Expenses)	<u>16,896</u>	<u>(79,409)</u>	<u>(42,424)</u>	<u>7,788</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(641,704)	(102,202)	(182,251)	(30,392)
TRANSFERS AND CONTRIBUTIONS				
Transfers In	96,272	37,301	1,233,735	-
Transfers Out	-	(88,709)	(125,959)	(1,787)
Capital Contributions	-	-	662,045	-
CHANGE IN NET POSITION	(545,432)	(153,610)	1,587,570	(32,179)
Net Position - Beginning of Year	<u>(3,587,655)</u>	<u>11,096,003</u>	<u>12,896,841</u>	<u>489,637</u>
NET POSITION - END OF YEAR	<u>\$ (4,133,087)</u>	<u>\$ 10,942,393</u>	<u>\$ 14,484,411</u>	<u>\$ 457,458</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, 2020

	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	\$ 377,815	\$ 23,428	\$ 227,290
OPERATING EXPENSES				
Salaries and Benefits	-	-	-	-
Services and Supplies	6,145	105,291	4,140	494,965
Other Charges	-	-	-	-
Expense Transfers	16,457	362,298	28,213	177,213
Depreciation and Amortization	1,295	182,423	15,598	173,045
Total Operating Expenses	<u>23,897</u>	<u>650,012</u>	<u>47,951</u>	<u>845,223</u>
OPERATING INCOME (LOSS)	(13,557)	(272,197)	(24,523)	(617,933)
NONOPERATING REVENUE (EXPENSES)				
Interest Income	26	8,829	1,849	4,461
Interest Expense	-	-	-	(5,558)
Gain (Loss) on Disposition of Capital Assets	-	-	-	-
Total Nonoperating Revenue (Expenses)	<u>26</u>	<u>8,829</u>	<u>1,849</u>	<u>(1,097)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(13,531)	(263,368)	(22,674)	(619,030)
TRANSFERS AND CONTRIBUTIONS				
Transfers In	-	-	-	-
Transfers Out	(666)	(6,163)	(697)	(1,560)
Capital Contributions	-	-	-	-
CHANGE IN NET POSITION	(14,197)	(269,531)	(23,371)	(620,590)
Net Position - Beginning of Year	<u>37,121</u>	<u>9,089,441</u>	<u>336,974</u>	<u>4,096,437</u>
NET POSITION - END OF YEAR	<u>\$ 22,924</u>	<u>\$ 8,819,910</u>	<u>\$ 313,603</u>	<u>\$ 3,475,847</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, 2020

	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	\$ 33,652	\$ 80,065	\$ 12,000	\$ -	\$ 6,777,623
OPERATING EXPENSES					
Salaries and Benefits	-	-	-	-	2,764,106
Services and Supplies	2,135	8,181	390	-	2,676,309
Other Charges	-	-	-	-	245,108
Expense Transfers	18,863	94,337	3,411	-	525,583
Depreciation and Amortization	4,763	13,268	2,885	-	2,376,643
Total Operating Expenses	<u>25,761</u>	<u>115,786</u>	<u>6,686</u>	<u>-</u>	<u>8,587,749</u>
OPERATING INCOME (LOSS)	7,891	(35,721)	5,314	-	(1,810,126)
NONOPERATING REVENUE (EXPENSES)					
Interest Income	6,057	3,797	2,890	-	238,406
Interest Expense	-	-	-	-	(318,405)
Gain (Loss) on Disposition of Capital Assets	-	-	-	-	5,201
Total Nonoperating Revenue (Expenses)	<u>6,057</u>	<u>3,797</u>	<u>2,890</u>	<u>-</u>	<u>(74,798)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	13,948	(31,924)	8,204	-	(1,884,924)
TRANSFERS AND CONTRIBUTIONS					
Transfers In	-	-	-	(226,825)	1,140,483
Transfers Out	(469)	(724)	(91)	226,825	-
Capital Contributions	-	-	-	-	662,045
CHANGE IN NET POSITION	13,479	(32,648)	8,113	-	(82,396)
Net Position - Beginning of Year	<u>254,351</u>	<u>431,725</u>	<u>126,096</u>	<u>-</u>	<u>35,266,971</u>
NET POSITION - END OF YEAR	<u>\$ 267,830</u>	<u>\$ 399,077</u>	<u>\$ 134,209</u>	<u>\$ -</u>	<u>\$ 35,184,575</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, 2020

	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	\$ -	\$ 3,158,551	\$ 2,784,603	\$ 68,677
Receipts from Interfund	3,249,127	-	-	-
Payments to Suppliers	(956,843)	(2,394,792)	(1,917,977)	(93,710)
Payments to Employees	(2,287,322)	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>4,962</u>	<u>763,759</u>	<u>866,626</u>	<u>(25,033)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Net Receipts (Payments) from/ to Other Funds	571,334	(539,902)	(48,504)	(16,544)
Grants and Other Receipts (Payments)	-	-	-	-
Transfers In	96,272	37,301	1,233,735	-
Transfers Out	-	(88,709)	(125,959)	(1,787)
Net Cash Provided (Used) for Noncapital Financing Activities	<u>667,606</u>	<u>(591,310)</u>	<u>1,059,272</u>	<u>(18,331)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(542,510)	-	(781,721)	-
Capital Contributions	-	-	662,045	-
Proceeds from Sale of Capital Assets	5,201	-	-	-
Principal Paid on Capital Debt	-	(685,452)	(954,939)	-
Interest Paid on Capital Debt	-	(150,822)	(179,209)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(537,309)</u>	<u>(836,274)</u>	<u>(1,253,824)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received (Paid)	<u>11,695</u>	<u>62,495</u>	<u>128,519</u>	<u>7,788</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>146,954</u>	<u>(601,330)</u>	<u>800,593</u>	<u>(35,576)</u>
Cash and Cash Equivalents - Beginning of Year	<u>147,804</u>	<u>2,382,639</u>	<u>2,659,378</u>	<u>235,915</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 294,758</u>	<u>\$ 1,781,309</u>	<u>\$ 3,459,971</u>	<u>\$ 200,339</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, 2020

	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)	\$ (658,600)	\$ (22,793)	\$ (139,827)	\$ (38,180)
Adjustments to Reconcile Operating Income (Loss) to Net				
Cash Provided (Used) by Operating Activities:				
Depreciation	166,294	797,952	1,010,272	8,848
Abandoned construction project				
Changes in Assets and Liabilities:				
(Increase) Decrease in:				
Accounts Receivable	5,902	-	-	(1,202)
Deferred Outflows of Resources	(47,942)	-	-	-
Increase (Decrease) in:				
Accounts Payable	14,582	(11,400)	(3,819)	5,501
Accrued Salaries and Benefits	24,741	-	-	-
Compensated Absences Payable	41,465	-	-	-
Deferred Inflows of Resources	85,026	-	-	-
Net Pension Liability	458,666	-	-	-
Net OPEB Obligation	(85,172)	-	-	-
Net Cash Provided (Used) by Operating Activities	\$ 4,962	\$ 763,759	\$ 866,626	\$ (25,033)
Noncash Investing, Capital and Financing Activities:				
Acquisition of capital assets in advances from other funds	\$ -	\$ -	\$ -	\$ -

NEVADA COUNTY SANITATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE COUNTY OF NEVADA, CALIFORNIA)
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2020

	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	\$ 10,340	\$ 377,815	\$ 23,428	\$ 227,290
Receipts from Interfund Activity	-	-	-	-
Payments to Suppliers	(22,602)	(479,383)	(32,353)	(407,371)
Payments to Employees	-	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>(12,262)</u>	<u>(101,568)</u>	<u>(8,925)</u>	<u>(180,081)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Net Receipts (Payments) from/ to Other Funds	2,950	(94,817)	2,524	93,767
Grants and Other Receipts (Payments)	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	(666)	(6,163)	(697)	(1,560)
Net Cash Provided (Used) for Noncapital Financing Activities	<u>2,284</u>	<u>(100,980)</u>	<u>1,827</u>	<u>92,207</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	-	-	-	-
Capital Contributions	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-
Principal Paid on Capital Debt	-	-	-	(17,698)
Interest Paid on Capital Debt	-	-	-	(2,043)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,741)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received (Paid)	<u>26</u>	<u>8,829</u>	<u>1,849</u>	<u>4,461</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(9,952)</u>	<u>(193,719)</u>	<u>(5,249)</u>	<u>(103,154)</u>
Cash and Cash Equivalents - Beginning of Year	<u>10,654</u>	<u>429,740</u>	<u>53,226</u>	<u>184,126</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 702</u>	<u>\$ 236,021</u>	<u>\$ 47,977</u>	<u>\$ 80,972</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, 2020

	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)	\$ (13,557)	\$ (272,197)	\$ (24,523)	\$ (617,933)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	1,295	182,423	15,598	173,045
Abandoned construction project				261,411
Changes in Assets and Liabilities:				
(Increase) Decrease in:				
Accounts Receivable	-	-	-	-
Deferred Outflows of Resources	-	-	-	-
Increase (Decrease) in:				
Accounts Payable	-	(11,794)	-	3,396
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>\$ (12,262)</u>	<u>\$ (101,568)</u>	<u>\$ (8,925)</u>	<u>\$ (180,081)</u>
Noncash Investing, Capital and Financing Activities:				
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, 2020

	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	\$ 33,652	\$ 80,065	\$ 12,000	\$ -	\$ 6,776,421
Receipts from Interfund Activity	-	-	-	(3,249,127)	-
Payments to Suppliers	(24,871)	(102,498)	(3,801)	3,249,127	(3,187,074)
Payments to Employees	-	-	-	-	(2,287,322)
Net Cash Provided (Used) by Operating Activities	<u>8,781</u>	<u>(22,433)</u>	<u>8,199</u>	<u>-</u>	<u>1,302,025</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Net Receipts (Payments) from/ to Other Funds	(3,940)	(15,532)	(1,043)	-	(49,707)
Grants and Other Receipts (Payments)	-	-	-	-	-
Transfers In	-	-	-	(226,825)	1,140,483
Transfers Out	(469)	(724)	(91)	226,825	-
Net Cash Provided (Used) for Noncapital Financing Activities	<u>(4,409)</u>	<u>(16,256)</u>	<u>(1,134)</u>	<u>-</u>	<u>1,090,776</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of Capital Assets	-	-	-	-	(1,324,231)
Capital Contributions	-	-	-	-	662,045
Proceeds from Sale of Capital Assets	-	-	-	-	5,201
Principal Paid on Capital Debt	-	-	-	-	(1,658,089)
Interest Paid on Capital Debt	-	-	-	-	(332,074)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,647,148)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received (Paid)	<u>6,057</u>	<u>3,797</u>	<u>2,890</u>	<u>-</u>	<u>238,406</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>10,429</u>	<u>(34,892)</u>	<u>9,955</u>	<u>-</u>	<u>(15,941)</u>
Cash and Cash Equivalents - Beginning of Year	<u>150,270</u>	<u>131,861</u>	<u>67,154</u>	<u>-</u>	<u>6,452,767</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 160,699</u>	<u>\$ 96,969</u>	<u>\$ 77,109</u>	<u>\$ -</u>	<u>\$ 6,436,826</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, 2020

	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)	\$ 7,891	\$ (35,721)	\$ 5,314	\$ -	\$ (1,810,126)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	4,763	13,268	2,885	-	2,376,643
Abandoned construction project					261,411
Changes in Assets and Liabilities:					
(Increase) Decrease in:					
Accounts Receivable	-	-	-	-	4,700
Deferred Outflows of Resources	-	-	-	-	(47,942)
Increase (Decrease) in:					
Accounts Payable	(3,873)	20	-	-	(7,387)
Accrued Salaries and Benefits	-	-	-	-	24,741
Compensated Absences Payable	-	-	-	-	41,465
Deferred Inflows of Resources	-	-	-	-	85,026
Net Pension Liability	-	-	-	-	458,666
Net OPEB Obligation	-	-	-	-	(85,172)
Net Cash Provided (Used) by Operating Activities	<u>\$ 8,781</u>	<u>\$ (22,433)</u>	<u>\$ 8,199</u>	<u>\$ -</u>	<u>\$ 1,302,025</u>
Noncash Investing, Capital and Financing Activities:					
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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 29, 2021.

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) to determine the 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.

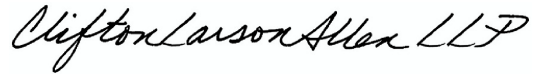
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 determination of financial statement amounts. 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
January 29, 2021