

**GIBSON & COMPANY, INC.**  
**CERTIFIED PUBLIC ACCOUNTANT**

4600 NORTHGATE BLVD., SUITE 115 • SACRAMENTO, CALIFORNIA 95834-1121  
(916) 484-1252 FAX (916) 484-1123  
WEBSITE WWW.GIBSONCOCPA.COM

February 11, 2022

To the Board of Directors  
DONNER SUMMIT PUBLIC UTILITY DISTRICT  
53823 Sherritt Lane  
Soda Springs, CA 95728

We have audited the financial statements of the business-type activities of Donner Summit Public Utility District for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 10, 2021. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Findings**

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting polices were adopted and the application of existing policies was not changed during the year ended June 30, 2021. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. At June 30, 2021, there were no significant sensitive estimates affecting the financial statements. We evaluated the key factors and assumptions used to develop the less sensitive estimates in determining that they are reasonable in relation to the financial statements taken as a whole. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 11, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Management has determined that the District's financial statements will not follow the guidance of Governmental Accounting Standards Board Statement No. 83 that requires the District to record a Asset Retirement Obligation, a deferred outflow of resources, and annual expenses over the life of the related asset related to the District's wastewater treatment plant. Management believes recording this liability would not present an accurate representation of the District's financial position. Accordingly, the District is not following the guidance required by Statement No. 83 of the Governmental Accounting Standards Board and this is a departure from generally accepted accounting principles. Our report on your financial statements has been modified to include the following paragraph:

As explained in footnotes to the financial statements, management has omitted the Asset Retirement Obligation from the financial statements. Accounting principles generally accepted in the United States of America require the District to develop a reasonable estimate regarding its Asset Retirement Obligation and record that estimate as a liability and a deferred outflow of resources. In addition, those standards require recognition of this expense over the asset's remaining useful life. The amount by which this departure would affect the assets, liabilities, net position and expenses of the business-type activities has not been determined.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties. We appreciate the opportunity to be of service to you and would like to express our appreciation to the individuals at the District who assisted in our services. We look forward to a continued relationship with the District.

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*Gibson + Company, Inc.*  
*Certified Public Accountant*

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To the Board Directors and  
Steven Palmer, General Manager

Donner Summit Public Utility District  
53823 Sherritt Lane  
Soda Springs, CA 95728

In planning and performing our audit of the financial statements of the business-type activities of Donner Summit Public Utility District as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered Donner Summit Public Utility District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Donner Summit Public Utility District's internal control. Accordingly, we do not express an opinion on the effectiveness of Donner Summit Public Utility 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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.

However, during our audit we became aware of one matter that represent an opportunity for strengthening internal controls and operating efficiency as follows:

This year's audit was delayed in part due to District staff being unable to readily locate requested supporting documentation. The District's records should be timely acquired and maintained in such a way that the original documentation that supports the transactions recorded in the accounting system can be readily located. We recommend that the District review their processes in this area and assure that those processes are adequate to meet the goal of being able to readily locate original documentation that supports the accounting records.

We will review the status of this comment during our next audit engagement. We have already discussed these comments and suggestions with the Director of Finance, and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the board of directors, and others within Donner Summit Public Utility District, and is not intended to be, and should not be, used by anyone other than these specific parties.

GIBSON & COMPANY, INC.  
CERTIFIED PUBLIC ACCOUNTANT

*Gibson & Company, Inc.*  
*Certified Public Accountant*

February 11, 2022  
Sacramento, California

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**DONNER SUMMIT PUBLIC UTILITY DISTRICT**

**Financial Statements**

**June 30, 2021**

**(With Independent Auditor's Report Thereon)**

DONNER SUMMIT PUBLIC UTILITY DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Donner Summit Public Utility District

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Donner Summit Public Utility District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions 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 auditor's 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 qualified audit opinion.

### **Basis for Qualified Opinion**

As explained in Note 11 to the financial statements, management has omitted the Asset Retirement Obligation from the financial statements. Accounting principles generally accepted in the United States of America require the District to develop a reasonable estimate regarding its Asset Retirement Obligation and record that estimate as a liability and a deferred outflow of resources. In addition, those standards require recognition of this expense over the asset's remaining useful life. The amount by which this departure would affect the assets, liabilities, net position and expenses of the business-type activities has not been determined.

### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the "Basis for Adverse Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Donner Summit Public Utility District as of June 30, 2021, and the changes in the financial position and cash flows thereof 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 budgetary comparison information on pages 6-11 and 33-34 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 Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated February 11, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

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CERTIFIED PUBLIC ACCOUNTANT

*Gibson & Company, Inc.*  
*Certified Public Accountant*

February 11, 2022  
Sacramento, California

# DONNER SUMMIT PUBLIC UTILITY DISTRICT

## Management's Discussion and Analysis

For the Year Ended June 30, 2021

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This section of the District's annual financial report is provided as supplementary information to the audited financial statements. It is Management's intention that this information provides the financial statement reader with a brief and concise overview and analysis of the District's financial activities for the fiscal year ended June 30, 2021.

### **REQUIRED FINANCIAL STATEMENTS**

The District's annual report consists of: Management's Discussion and Analysis, Financial Statements, and Notes to the Financial Statements.

The basic financial statements following this discussion are: Statement of Net Position, Statement of Activities and Changes in Net Position, and Statement of Cash Flows. The District's basic statements report "Business-Type Activities" of the Water and Sewer operations. Following the basic financial statements are Notes to the Financial Statement that provide accounting methodology and other disclosures related to specifically identified financial statement reporting. The basic financial statements include Fund Financial Statements that consist of Balance Sheets and Statement of Revenues, Expenses, and Changes in Fund Net Position – Budget and Actual.

### **FINANCIAL HIGHLIGHTS**

- The District's assets exceeded liabilities at the close of the fiscal year by \$12,720,079. This represents the net position of the District as of June 30, 2021.
- The District's net position decreased by \$418,643.
- Total revenues for the fiscal year were \$3,246,463, an increase of \$200,361 or 6.6% over the prior fiscal year.
- Total operating expenses for the fiscal year were \$3,665,106, an increase of \$154,934 or 4.4% over the prior fiscal year. Consistent with generally accepted accounting principles, operating expenses do not include principal payments or capital asset purchases.
- In addition to the operating expenses, the District acquired \$285,564 in capital assets during the current fiscal year, of which \$168,192 was financed under loan agreements.
- In addition to the operating expenses, the District also made principal payments on long term debt in the amount of \$777,756 during the fiscal year.
- Cash and Cash Equivalents on June 30, 2021 totaled \$1,067,580.
- Cash and Cash Equivalents decreased by \$606,023 during the fiscal year. This decrease is in part due to the long-term debt payments.
- During the prior fiscal year (FY2019/2020), Cash and Cash Equivalents decreased by \$564,151. Similar to this fiscal year, the decrease was in part due to long-term debt payments.

(Continued)

DONNER SUMMIT PUBLIC UTILITY DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2021

**NET POSITION**

The analysis below focuses on the Net Position and Changes in Net Position for June 30, 2020 and June 30, 2021. The analysis of Net Position provides a snapshot in time that shows assets, liabilities, and net assets as of June 30, 2021 and compares it to the same data from June 30, 2020. The analysis of Changes in Net Position compares the revenues and expenses from the same snapshots in time.

Net Position (In Thousands)

	Primary Government	
	Business-Type	
	Activities	
	June 30, 2021	June 30, 2020
Current and other assets	\$ 1,665	2,026
Capital assets	26,400	27,011
Total Assets	28,065	29,037
Long-term debt outstanding	14,218	14,814
Other liabilities	1,127	1,084
Total Liabilities	15,345	15,898
Net Position		
Net investment in capital assets	11,385	11,387
Restricted for debt payment	739	737
Unrestricted	596	1,015
Total Net Position	\$ 12,720	13,139

Changes in Net Position (In Thousands)

Program revenue	\$ 2,758	2,605
General revenues		
Property tax	441	425
Grants	-0-	(31)
Interest and other	29	23
Contributed capital	18	24
Total revenues	3,246	3,046
Expenses	3,665	3,510
Increase (Decrease) in net position	\$ (419)	(464)

(Continued)

DONNER SUMMIT PUBLIC UTILITY DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2021

**NET POSITION (CONTINUED)**

The above analysis shows that the District's net position decreased by \$419,000 from June 30, 2020 to June 30, 2021. This data also shows that Total Revenues increased by \$200,000 and Expenses increased by \$155,000. This means that even though the revenue increase outpaced the expense increase, expenses still exceeded revenues by \$419,000.

**REVENUES**

The District receives revenue from two major sources, service fees and property taxes. Services fees are considered as operating revenue and for the purposes of the financial statements they are labelled Program Revenue. Property taxes are consolidated with other non-operating revenues such as interest income into the category of General Revenue. The table below compares Program Revenue and General Revenue for the year ended June 30, 2021 to the year ended June 30, 2020.

**Revenue Summary and Comparison**

	Business-Type Activities		Change (\$)	Change (%)
	June 30, 2021	June 30, 2020		
<i>Program Revenue</i>				
Service Fees	2,757,894	2,604,664	153,230	5.9%
<i>Total Program Revenue</i>	<i>2,757,894</i>	<i>2,604,664</i>	<i>153,230</i>	<i>5.9%</i>
<i>General Revenue</i>				
Property Tax	440,711	425,408	15,303	3.6%
Grants	0	(30,622)	30,622	100%
Interest	441	956	(515)	(53.9%)
Gain on disposal of capital assets	3,000	0	3,000	
Other	26,362	21,666	4,696	21.7%
<i>Total General Revenues</i>	<i>470,514</i>	<i>417,408</i>	<i>53,106</i>	<i>12.7%</i>
Contributed Capital	18,055	24,030	(5,975)	(24.9%)
<i>Total Revenues</i>	<i>3,246,463</i>	<i>3,046,102</i>	<i>200,361</i>	<i>6.6%</i>

Program revenue increased by \$153,230, or 5.9%. This is due to increases in the Big Bend Water Service Fees, and an increase in sewer revenues. General Revenues increased by \$53,106 or 12.7%. The increase in General Revenue is primarily due to an increase in the property tax revenue and grant funding that was adjusted in Fiscal Year 2019/2020.

(Continued)

DONNER SUMMIT PUBLIC UTILITY DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2021

**OPERATING EXPENSES**

**Expense Summary and Comparison**

	Business-Type Activities		Change (\$)	Change (%)
	June 30, 2021	June 30, 2020		
Salaries	974,165	988,546	(14,381)	-1.5%
Employee benefits	370,538	362,649	7,889	2.2%
Board expense	58,912	54,629	4,283	7.8%
Professional fees	138,475	95,704	42,771	44.7%
Equipment maintenance	45,619	67,854	(22,235)	-32.8%
Operating supplies	24,524	18,271	6,253	34.2%
Vehicle maintenance	41,393	52,657	(11,264)	-21.4%
Facility maintenance	103,654	131,610	(27,956)	-21.2%
Dues and subscriptions	17,720	12,492	5,228	41.9%
Fees, permits, cert	48,895	43,551	5,344	12.3%
Training	908	2,772	(1,864)	-67.2%
Travel	0	1,481	(1,481)	-100.0%
Insurance	135,572	94,195	41,377	43.9%
Office supplies	6,318	7,401	(1,083)	-14.6%
Utilities, communications	378,057	392,405	(14,348)	-3.7%
Chemicals and lab supplies	145,570	150,385	(4,815)	-3.2%
Laboratory testing	52,315	42,957	9,358	21.8%
Small tools and rental	42,834	10,409	32,425	311.5%
Inflow and infiltration	0	2,295	(2,295)	-100.0%
Sludge removal	35,551	27,115	8,436	31.1%
Depreciation	895,859	806,926	88,933	11.0%
Interest	127,977	123,346	4,631	3.8%
Land Lease	20,250	20,250	-	0.0%
Miscellaneous	0	272	(272)	-100.0%
<i>Total Expenses</i>	<i>3,665,106</i>	<i>3,510,172</i>	<i>154,934</i>	<i>4.4%</i>

(Continued)

# DONNER SUMMIT PUBLIC UTILITY DISTRICT

## Management's Discussion and Analysis

For the Year Ended June 30, 2021

### **OPERATING EXPENSES (CONTINUED)**

Operating expenses increased by \$154,934 or 4.4%. Notable increases include the cost of business insurance, professional fees, and depreciation.

### **CAPITAL**

As noted in Note 3 to the Financial Statements the District acquired \$285,564 of capital assets this fiscal year. This is a decrease of \$478,486 or 62.6% as compared to last fiscal year's acquisition of capital assets in the amount of \$764,050. The prior fiscal year was significantly higher due to the construction of the Big Bend Water System project.

Capital improvements this fiscal year include repairs to Lake Angela Dam, vehicle purchases, and replacement equipment for the water treatment plant and wastewater treatment plant.

### **LONG TERM DEBT**

As detailed in Note 4 to the Financial Statements, the District's long term debt is \$15,014,986. The three largest borrowings are \$13,925,551 for the wastewater treatment plant upgrade, \$481,693 for the Lake Angela Water Treatment Plant upgrade, and a total of \$474,000 for the Big Bend Water System upgrade. The final payments on these loans are due in 2041, 2048, and 2061, respectively.

The District will continue to make significant loan payments in the years ahead. Note 4 to the Financial Statements shows the annual requirements to amortize the direct borrowings through 2058. For the next fiscal year, the annual requirement is \$824,966 and declines to \$766,449 for the following four years.

### **EFFECTS OF COVID-19**

District revenues and expenses were not significantly impacted by COVID-19 during this fiscal year. In order to minimize labor disruptions caused by sickness and extended quarantines, District Staff observe State of California COVID-19 regulations, and the District Board of Director meetings are conducted virtually.

The District does expect that the impacts of COVID-19 will extend into the next fiscal year. During Fiscal Year 2021/2022, the District is likely to experience cost increases from suppliers due to COVID-19 supply chain and labor disruptions.

(Continued)



# DONNER SUMMIT PUBLIC UTILITY DISTRICT

## Management's Discussion and Analysis

For the Year Ended June 30, 2021

### **NEXT YEAR BUDGET AND RATES**

The Board of Directors adopted the District's Fiscal Year 2021/22 budget on June 22, 2021, and a Revised Budget on November 16, 2021. The District adopted new water and sewer rates on June 15, 2021 that began with the July 2021 customer billing. The adopted rates included increases each year until July 1, 2025. These new rates were calculated so that the District could begin to build reserve funds, with the goal of having 6 months of operating expenses in reserve by June 30, 2026. Additionally, the Board adopted water rates for the Big Bend Water System in 2018, and those rates increase on January 1 each year with the last increase occurring on January 1, 2024.

### **ADDITIONAL FINANCIAL INFORMATION**

This financial report is designed to provide the District's customers, investors and other interested parties with an overview of the District's financial operations for the year ended June 30, 2021 and the District's financial condition as of June 30, 2021. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Donner Summit Public Utility District General Manager, Steven Palmer, at P.O. Box 610, Soda Springs, California 95728 or call 530-426-3456.

DONNER SUMMIT PUBLIC UTILITY DISTRICT

Statement of Net Position

June 30, 2021

Assets

	<u>Primary Government Business-Type Activities</u>
Current Assets	
Cash	\$ 1,064,200
Investments	3,380
Total Cash and Cash Equivalents	<u>1,067,580</u>
Accounts receivable	218,587
Allowance for doubtful accounts	<u>(1,000)</u>
Net accounts receivable	217,587
Other receivable	139,880
Prepaid expenses	<u>239,256</u>
Total Current Assets	1,664,303
Noncurrent Assets	
Capital assets, net	<u>26,400,274</u>
Total Noncurrent Assets	<u>26,400,274</u>
 Total Assets	 <u>\$ 28,064,577</u>

See the accompanying notes to the financial statements

DONNER SUMMIT PUBLIC UTILITY DISTRICT

Statement of Net Position

June 30, 2021

Liabilities and Net Position

	Primary Government Business-Type Activities
Liabilities	
Current Liabilities	
Accounts payable	\$ 145,843
Accrued expenses	215,604
Interest payable	59,004
Current portion of long-term debt	706,310
Total Current Liabilities	1,126,761
Noncurrent Liabilities	
Long-term debt	14,217,737
Total Noncurrent Liabilities	14,217,737
Total Liabilities	15,344,498
Net Position	
Net investment in capital assets	11,385,288
Restricted:	
Restricted for debt payment	739,375
Unrestricted	595,416
Total Net Position	12,720,079
Total Liabilities and Net Position	\$ 28,064,577

DONNER SUMMIT PUBLIC UTILITY DISTRICT

Statement of Activities and Changes in Net Position

For the Year Ended June 30, 2021

	Primary Government		Business-Type Activities
	Water	Sewer	
Program Revenue			
Service fees	\$ 484,448	2,273,446	2,757,894
Total Program Revenue	484,448	2,273,446	2,757,894
Expenses			
Salaries	222,431	751,734	974,165
Employee benefits	83,783	286,755	370,538
Board expense	14,139	44,773	58,912
Professional fees	32,372	106,103	138,475
Equipment maintenance and repair	12,718	32,901	45,619
Operating supplies	9,192	15,332	24,524
Vehicle maintenance and repair	4,972	36,421	41,393
Facility maintenance and repair	31,522	72,132	103,654
Dues and subscriptions	9,265	8,455	17,720
Fees, permits and certifications	15,208	33,687	48,895
Training and education	270	638	908
Insurance	22,047	113,525	135,572
Office supplies	1,037	5,281	6,318
Utilities, communications and telemetry	36,597	341,460	378,057
Chemicals and lab supplies	35,375	110,195	145,570
Laboratory testing	4,000	48,315	52,315
Small tools and rental	12,665	30,169	42,834
Sludge removal	-0-	35,551	35,551
Depreciation	177,139	718,720	895,859
Interest	12,252	115,725	127,977
Land lease	-0-	20,250	20,250
Total Expenses	736,984	2,928,122	3,665,106
Net Program Revenue (Expense)	(252,536)	(654,676)	(907,212)

(Continued)

See the accompanying notes to the financial statements

DONNER SUMMIT PUBLIC UTILITY DISTRICT

Statement of Activities and Changes in Net Position

For the Year Ended June 30, 2021

			<u>Primary Government</u>
	<u>Water</u>	<u>Sewer</u>	<u>Business-Type Activities</u>
Net Program Revenue (Expense)	\$ (252,536)	(654,676)	(907,212)
General Revenues			
Property tax	34,781	405,930	440,711
Interest	106	335	441
Gain on disposal of capital assets	720	2,280	3,000
Other	<u>6,327</u>	<u>20,035</u>	<u>26,362</u>
Total General Revenues	41,934	428,580	470,514
Contributed Capital	<u>-0-</u>	<u>18,055</u>	<u>18,055</u>
Increase (Decrease) in Net Position	\$ <u>(210,602)</u>	<u>(208,041)</u>	(418,643)
Net Position – Beginning of Year			<u>13,138,722</u>
Net Position – End of Year			\$ <u><u>12,720,079</u></u>

See the accompanying notes to the financial statements

DONNER SUMMIT PUBLIC UTILITY DISTRICT

Statement of Cash Flows

For the Year Ended June 30, 2021

	<u>Primary Government Business-Type Activities</u>
Cash Flows From Operating Activities:	
Cash receipts from customers	\$ 2,679,735
Cash payments to suppliers for goods and services	(1,774,635)
Cash payments to employees for services	(975,473)
Other receipts	26,362
Net Cash Used by Operating Activities	<u>(44,011)</u>
Cash Flows From Non-Capital Financing Activities:	
Receipt of property taxes	<u>440,711</u>
Net Cash Provided By Non-Capital Financing Activities	440,711
Cash Flows From Capital and Related Financing Activities:	
Proceeds from long-term debt	94,951
Repayment of long-term debt	(777,756)
Interest paid on long-term debt	(126,656)
Net Cash Used By Capital and Related Financing Activities	<u>(809,461)</u>
Cash Flows From Investing Activities:	
Purchase of capital assets	(196,703)
Proceeds from disposal of capital assets	3,000
Interest received on cash and investments	441
Net Cash Used By Investing Activities	<u>(193,262)</u>
Net Decrease In Cash	(606,023)
Cash and Cash Equivalents - Beginning of Year	<u>1,673,603</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 1,067,580</u></u>

(Continued)

See the accompanying notes to the financial statements

DONNER SUMMIT PUBLIC UTILITY DISTRICT

Statement of Cash Flows

For the Year Ended June 30, 2021

	<u>Primary Government</u> <u>Business-Type</u> <u>Activities</u>
Reconciliation of Increase in Net Position to	
Net Cash Provided by operating activities:	
Increase (Decrease) in net position	\$ (418,643)
Adjustments to reconcile increase in net	
position to net cash provided by	
operating activities:	
Depreciation	895,859
Gain on disposal of capital assets	(3,000)
Non-operating revenue	(459,207)
Non-operating expenses	127,977
(Increase) decrease in:	
Accounts receivable, net	21,323
Other receivable	(99,431)
Prepaid expenses	(148,028)
Increase (decrease) in:	
Accounts payable	35,500
Accrued expenses	<u>3,639</u>
Total adjustments	<u>374,632</u>
Net Cash Used By Operating	
Activities	\$ <u><u>(44,011)</u></u>

See the accompanying notes to the financial statements

# DONNER SUMMIT PUBLIC UTILITY DISTRICT

## Notes to the Financial Statements

June 30, 2021

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Donner Summit Public Utility District (the “District”) operates under a state charter adopted March 24, 1950. The District operates under a board-manager form of government and provides water and sewer services.

The District’s government wide financial statements include the accounts of all operations.

#### Government-Wide Financial Statements

The District Financial Statements include a Statement of Net Position, a Statement of Activities and Changes in Net Position and a Statement of Cash Flows. These statements present summaries of business-type activities for the District.

These statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which the liability is incurred.

The District applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, to the business type activities, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinion, and Accounting Research Bulletins of the committee on Accounting Procedure. The District applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.

(Continued)



# DONNER SUMMIT PUBLIC UTILITY DISTRICT

## Notes to the Financial Statements

June 30, 2021

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

#### Proprietary Fund

The Proprietary Fund includes a Statement of Net Position and a Statement of Revenues, Expenses and Changes in Fund Net Position.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues.

#### Budgets and Budgetary Accounting

By state law, the District's governing board must adopt a budget prior to the beginning of each fiscal year. The budget must be adopted in a properly noticed meeting.

Actual revenues and expenditures/expenses are compared to budgeted amounts monthly as a management control device for all budgeted funds. The District monitors capital expenditures by comparison to specific project appropriation accounts.

The District prepares its budgets on the cash basis of accounting. The nature and amount of adjustments necessary to reconcile the budget to GAAP are immaterial other than depreciation expense. A budget is prepared for the governmental and business-type activities.

#### Reserved Net Position

The District records reserves to indicate that a portion of the net position balance is legally segregated for a specific future use. Designated net position balances represent tentative plans for future use of financial resources.

(Continued)

DONNER SUMMIT PUBLIC UTILITY DISTRICT

Notes to the Financial Statements

June 30, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets having an extended useful life are capitalized as capital assets at cost.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair acquisition value on the date donated. Maintenance and repair costs are charged to expenses as incurred. Replacements and capital improvements over \$2,500 are charged to capital asset accounts.

Capital assets are recorded in their respective fund. Depreciation of all exhaustible capital assets is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation expense includes amortization of assets under capital leases. The estimated useful lives are as follows:

Facilities	5-50 years
Vehicles, furniture and equipment	3-25 years

Revenue Recognition – Property Taxes

Placer and Nevada Counties bill property taxes which attach as an enforceable lien on property. Property tax revenues are recognized when they become available. Available revenues include those property tax receivables expected to be collected within sixty days after year end. The Counties allocate property taxes to the District following the alternate method of property tax distribution as stated in California Revenue & Taxation Code Section 4701. Using this method, the Counties allocate to the District their portion of total billed property taxes less an estimated delinquency factor. The Counties then assume all responsibility for collections.

(Continued)

DONNER SUMMIT PUBLIC UTILITY DISTRICT

Notes to the Financial Statements

June 30, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

It is the District's policy to permit employees to accumulate general leave benefits of up to 392 hours, which will be paid to the employee upon separation from District service. This accrual represents the estimated probable future payments attributable to employees' service for all periods prior to June 30, 2021 at their current rate of pay.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Statement of Cash Flows

For the Statement of Cash Flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At June 30, 2021, all cash and investments held by the District are considered to be cash equivalents.

Subsequent Events

The effect of subsequent events have been evaluated through February 11, 2022, which is the date the financial statements were available to be issued.

(2) CASH AND INVESTMENTS

A summary of cash and investments held by the District at June 30, 2021 is as follows:

Cash on hand	\$	300
Cash on deposit at banks		1,063,900
Investments		<u>3,380</u>
	\$	<u>1,067,580</u>

(Continued)

DONNER SUMMIT PUBLIC UTILITY DISTRICT

Notes to the Financial Statements

June 30, 2021

(2) CASH AND INVESTMENTS (CONTINUED)

All cash balances on deposit at banks are entirely insured or collateralized. The California Government Code requires California banks and savings and loans to secure a District's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District's deposits. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total deposits. Such collateral, as permitted by the State of California, is held in each respective bank's collateral pool at a Federal Reserve Bank, or member bank other than the depository bank, in the name of the respective depository bank and pledged against all of the public deposits it holds.

With the exception of deposit insurance provided by the Federal Deposit Insurance Corporation, this collateralizing process is categorized by GASB Statement No. 3 as being collateralized with securities held by the pledging financial institution or its agent but not in the District's name.

The District has not adopted policies related to credit risk, custodial credit risk, concentration of credit risk, and interest rate risk.

The District's investment in the State investment pool is categorized by GASB Statement No. 3 as Category A investments since these investments are fully insured by the related entity. The investment pool does not release a credit quality.

Investments of the District are summarized as follows:

	<u>Carrying Amount</u>
State of California Local Agency Investment Fund	\$ <u>3,380</u>

DONNER SUMMIT PUBLIC UTILITY DISTRICT

Notes to the Financial Statements

June 30, 2021

(3) CAPITAL ASSETS

A summary of business-type activities capital assets is presented below:

	Balance June 30, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Land	\$ 72,623	-0-	-0-	-0-	72,623
Sewage collection, treatment and disposal facilities	30,942,343	57,028	-0-	-0-	30,999,371
Water treatment and distribution facilities	5,378,433	116,218	192,309	660,609	5,962,951
Water equipment	319,566	5,900	63,198	173,402	435,670
Water and sewage equipment	313,564	-0-	-0-	-0-	313,564
Vehicles	309,146	95,939	21,574	-0-	383,511
Office furniture and equipment	40,195	-0-	-0-	-0-	40,195
Construction in process	834,011	10,479	-0-	(834,011)	10,479
Total Capital Assets	<u>38,209,881</u>	<u>285,564</u>	<u>277,081</u>	<u>-0-</u>	<u>38,218,364</u>
Accumulated Depreciation	<u>11,199,312</u>	<u>895,859</u>	<u>277,081</u>	<u>-0-</u>	<u>11,818,090</u>
Net Book Value	<u>\$ 27,010,569</u>				<u>26,400,274</u>

DONNER SUMMIT PUBLIC UTILITY DISTRICT

Notes to the Financial Statements

June 30, 2021

(4) LONG-TERM DEBT-BUSINESS-TYPE ACTIVITIES

Long-term debt as of June 30, 2021, is summarized as follows:

	<u>Direct Borrowings</u>
State of California Water Resources Control Board loan; collateralized by net revenues of the District; interest at 0.75%; interest and principal payable in annual installments of \$719,191 on December 31; final payment due December 31, 2041.	\$ 13,925,551
Sierra Lakes County Water Districts loan; uncollateralized; interest at 2.75%; principal payable in annual installments of \$65,575 (plus accrued interest) on July 1; final payment due July 1, 2021.	65,575
State of California Water Resources Control Board loan; collateralized by net revenues of the District; interest at 0%; principal payable in semi-annual installments of \$9,094; final payment due January 1, 2048.	481,963
United States of America Department of Agriculture loan; collateralized by net revenues of the District; interest at 2.75%; interest and principal payable in annual installments of \$14,156; final payment due February 2061.	336,000
United States of America Department of Agriculture loan; collateralized by net revenues of the District; interest at 2.75% interest and principal payable in annual installments of \$5,814; final payment due February 2061.	138,000

(Continued)

DONNER SUMMIT PUBLIC UTILITY DISTRICT

Notes to the Financial Statements

June 30, 2021

(4) LONG-TERM DEBT-BUSINESS-TYPE ACTIVITIES (Continued)

	<u>Direct Borrowings</u>
Pacific Gas and Electric Company loan; uncollateralized; interest of 0%; principal payable in monthly installments of \$697; final payment due October 2028.	\$ 61,370
Pacific Gas and Electric Company loan; uncollateralized; interest at 0%; principal payable in monthly installments of \$61; final payment due May 2030.	<u>6,527</u>
Total Long-Term Debt	15,014,986
Less Debt Issuance Costs	90,939
Less Current Portion of Long-Term Debt	<u>706,310</u>
Long-Term Debt Net of Current Portion	<u>\$ 14,217,737</u>

(Continued)

DONNER SUMMIT PUBLIC UTILITY DISTRICT

Notes to the Financial Statements

June 30, 2021

(4) LONG-TERM DEBT-BUSINESS-TYPE ACTIVITIES (CONTINUED)

Changes to the District's Long-Term Debt (Direct Borrowings) is as follows:

Long-Term Debt - Beginning of Year	\$ 15,623,831
New Long-Term Debt	168,911
Repayment of Long-Term Debt	<u>(777,756)</u>
 Long-Term Debt - End of Year	 <u>\$ 15,014,986</u>

The annual requirements to amortize District long-term debt (direct borrowings) as of June 30, 2021 is as follows:

Year Ending June 30	Principal	Interest	Total
2022	\$ 705,994	118,972	824,966
2023	653,626	112,823	766,449
2024	658,465	107,984	766,449
2025	663,345	103,104	766,449
2026	668,265	98,184	766,449
2027 through 2031	3,393,476	415,659	3,809,135
2032 through 2036	3,500,441	286,301	3,786,742
2037 through 2041	3,635,385	151,356	3,786,741
2042 through 2046	866,935	43,042	909,977
2047 through 2051	107,688	28,537	136,225
2052 through 2056	81,812	18,038	99,850
2057 through 2058	79,554	5,994	85,548
	<u>\$ 15,014,986</u>	<u>1,489,994</u>	<u>16,504,980</u>

Terms of the above indebtedness provide for, among other things, restrictions on future borrowings and maintenance of certain reserves and financial ratios.



# DONNER SUMMIT PUBLIC UTILITY DISTRICT

## Notes to the Financial Statements

June 30, 2021

### (5) PROCEEDS OF TAX LIMITATION

Article XIIB of the California Constitution, as implemented by SB 1352 of 1980, specifies that proceeds of taxes of governmental entities may increase by an amount not to exceed the change in population, and the change in the United States Consumer Price Index or California per capita personal income, whichever is less.

The proceeds of taxes limit for the fiscal year ended June 30, 2021 was \$3,463,593.

The proceeds of taxes limit adopted by the District for the year ended June 30, 2022 is \$3,684,224.

The District is allowed to assess a property tax rate sufficient to cover its debt service requirements for the general obligation bonds for the business-type activities. These funds are restricted for debt service exclusively.

### (6) RETIREMENT PLANS

The District self-administers the Donner Summit Public Utility District Money Purchase Pension Plan (defined contribution) for its employees who have attained age 18, been employed for 12 months and have worked a minimum of 1,000 hours in order to be eligible to participate in the plan. The District can amend the plan at any time. The contribution ranges from 4% to 6% of the annual compensation for all qualified employees. Participants begin to vest at 20% after 2 years of service and are fully vested after 6 years of service. Forfeitures from non-vested participants are used to offset employer contribution requirements.

The required contribution for the year ended June 30, 2021 was \$57,983. This amount was paid after June 30, 2021 and is included in Accrued Expenses.

A 457 Deferred Compensation Plan has also been established by the District with Nationwide Retirement Solutions. Employees who completed ninety days of continuous service may elect to defer compensation up to 100% of their salary or \$19,500 (\$26,000 if employee will have obtained age 50 by the end of the calendar year), whichever is less. This Plan is fully funded with Nationwide Retirement Solutions.

It is the District's position that it has a fiduciary obligation for the due care required of a prudent investor in the management of the plan's resources but is not responsible for any loss due to the investment or failure of investment funds and assets of the plan, nor shall the District be required to replace any loss which may result from such investments.

# DONNER SUMMIT PUBLIC UTILITY DISTRICT

## Notes to the Financial Statements

June 30, 2021

### (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. The District is a member of two Joint Powers Authorities for the operation of common risk management and insurance programs. The programs cover workers' compensation, property, liability and employee dishonesty insurance. The Authorities are governed by Executive Boards consisting of representatives from member districts. The Executive Boards control the operations of the Authorities, including selection of management and approval of operating budgets.

The relationship between the District and the Joint Powers Authorities is such that the Authorities are not a component unit of the District for financial reporting purposes.

For workers' compensation insurance, the District has joined together with other special districts within the state to form the Special Districts Workers' Compensation Authority ("SDWCA"). The District pays estimated annual premiums to the SDWCA based upon estimated payroll classified into rate categories pursuant to the rules published by the California Workers' Compensation Insurance Rating Bureau. Actual premium due is determined after the fiscal year end and is based upon actual payroll. The SDWCA is entitled to assess additional premiums or to refund premiums based upon a pro rata allocation of the District's premium paid to total premiums paid. The District is not assessed additional premiums or refunded premiums on an individual basis based upon claims or loss experience. The SDWCA agrees to pay all amounts legally required by California workers' compensation laws. The amounts of settlements have not exceeded coverage provided by SDWCA for the last three fiscal years.

For property, liability and employee dishonesty insurance, the District has joined together with other special districts within the state to form the Special Districts Risk Management Authority ("SDRMA"). The District pays an annual premium to SDRMA for its property, liability and employees dishonesty coverage. The SDRMA is entitled to assess additional premiums or to refund premiums based upon a pro rata allocation of the District's premium paid to total premiums paid. The District is not assessed additional premiums or refunded premiums on an individual basis based upon claims or loss experience. The amounts of settlements have not exceeded coverage provided by SDRMA for the last three fiscal years.

DONNER SUMMIT PUBLIC UTILITY DISTRICT

Notes to the Financial Statements

June 30, 2021

(8) OPERATING LEASE AND RENTAL COMMITMENTS

The District leases office equipment under operating leases. Future minimum lease payments at June 30, 2021, are as follows:

<u>Year Ending June 30</u>	
2022	\$ 3,395
2023	3,395
2024	3,395
2025	2,964
2026	<u>2,532</u>
	<u>\$ 15,681</u>

Total rent expense was \$4,288 for the year ended June 30, 2021.

(9) RESTRICTED NET POSITION - DEBT PAYMENT

A portion of the net position balance has been restricted in accordance with provisions of the debt due to various government agencies. The loan provisions require the District to maintain this amount in a reserve account.

(10) LEASE COMMITMENT

The District has a lease agreement with the Truckee Fire Protection District (TFPD) for the District's fire station facility. The lease expires June 30, 2027. TFPD has the option to renew the lease for two 25-year periods. The District receives \$1 per year under the terms of the lease.

# DONNER SUMMIT PUBLIC UTILITY DISTRICT

## Notes to the Financial Statements

June 30, 2021

### (11) DEPARTURE FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

During the fiscal year, Statement No. 83 of the Governmental Accounting Standards Board became effective that requires the District to recognize the future cost of dismantling and removing the wastewater treatment plant, which is categorized by the standard as an “Asset Retirement Obligation”. The standard requires the District to record the Asset Retirement Obligation, a deferred outflow of resources, and annual expenses over the life of the related asset related to the District’s wastewater treatment plant. The standard requires these actions because the wastewater treatment plant sits on United States Forest Service property under a Special Use Permit that requires the land to be restored to its original condition at the end of the term of the Special Use Permit. Management believes recording this liability would not present an accurate representation of the District’s financial position. The wastewater treatment plant provides an essential service to thousands of residents and management believes it is highly unlikely it would no longer be needed in the community. In addition, management believes it is highly unlikely, given the related infrastructure, that the facility could be relocated. Further, the United States Forest Service has a history of routinely renewing Special Use Permits such that the District anticipates the wastewater treatment plant will occupy the site indefinitely. Accordingly, the District is not following the guidance required by Statement No. 83 of the Governmental Accounting Standards Board and this is a departure from generally accepted accounting principles.

### (12) CASH FLOW INFORMATION

During the fiscal year, the District purchased vehicles utilizing a financing agreement. This non-cash transaction effected investing and financing activities in the amount of \$73,961.

### (13) SUBSEQUENT EVENTS

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have effected economic activity. The District has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people (such as social distancing and working from home) and securing the supply of materials that are essential to our essential operation.

At this stage, the impact on the District and its results has not been significant and based on our experience to date we expect this to remain the case. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our essential operations in the best and safest way possible without jeopardizing the health of our people.

DONNER SUMMIT PUBLIC UTILITY DISTRICT

Fund Financial Statements

Balance Sheet

June 30, 2021

Assets

	<u>Primary Government Proprietary Fund</u>
Current Assets	
Cash	\$ 1,064,200
Investments	3,380
Total Cash and Cash Equivalents	<u>1,067,580</u>
Accounts receivable	218,587
Allowance for doubtful accounts	<u>(1,000)</u>
Net accounts receivable	217,587
Other receivable	139,880
Prepaid expenses	<u>239,256</u>
Total Current Assets	1,664,303
Noncurrent Assets	
Capital assets, net	<u>26,400,274</u>
Total Noncurrent Assets	<u>26,400,274</u>
 Total Assets	 \$ <u><u>28,064,577</u></u>

See the accompanying notes to the financial statements

DONNER SUMMIT PUBLIC UTILITY DISTRICT

Fund Financial Statements

Balance Sheet

June 30, 2021

Liabilities and Fund Balances

	<u>Primary Government</u> <u>Proprietary</u> <u>Fund</u>
Liabilities	
Current Liabilities	
Accounts payable	\$ 145,843
Accrued expenses	215,604
Interest payable	59,004
Current portion of long-term debt	<u>706,310</u>
Total Current Liabilities	1,126,761
Noncurrent Liabilities	
Long-term debt	<u>14,217,737</u>
Total Noncurrent Liabilities	<u>14,217,737</u>
Total Liabilities	15,344,498
Fund Balances	
Net investment in capital assets	11,385,288
Restricted:	
Restricted for debt payment	739,375
Unrestricted	<u>595,416</u>
Total Fund Balances	<u>12,720,079</u>
Total Liabilities and Fund Balances	\$ <u><u>28,064,577</u></u>

DONNER SUMMIT PUBLIC UTILITY DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Position  
Budget and Actual  
Proprietary Fund

For the Year Ended June 30, 2021

	Original and Final Budget	Actual	Budget Variance (Over) Under
Program Revenue			
Service fees	\$ 2,383,066	2,757,894	(374,828)
Total Program Revenue	2,383,066	2,757,894	(374,828)
Expenses			
Salaries	905,374	974,165	(68,791)
Employee benefits	371,914	370,538	1,376
Board expense	63,533	58,912	4,621
Professional fees	170,050	138,475	31,575
Equipment maintenance and repair	83,763	45,619	38,144
Operating supplies	7,632	24,524	(16,892)
Vehicle maintenance and repair	44,143	41,393	2,750
Facility maintenance and repair	46,168	103,654	(57,486)
Dues and subscriptions	8,165	17,720	(9,555)
Fees, permits and certifications	49,128	48,895	233
Training and education	5,460	908	4,552
Insurance	134,239	135,572	(1,333)
Office supplies	8,935	6,318	2,617
Utilities, communications and telemetry	339,747	378,057	(38,310)
Chemicals and lab supplies	143,753	145,570	(1,817)
Laboratory testing	49,306	52,315	(3,009)
Small tools and rental	9,284	42,834	(33,550)
Inflow and infiltration	26,000	-0-	26,000
Sludge removal	43,000	35,551	7,449
Depreciation	-0-	895,859	(895,859)
Interest	162,733	127,977	34,756
Amortization Land Lease	20,250	20,250	-0-
Total Expenses	2,692,577	3,665,106	(972,529)
Operating Income (Loss)	(309,511)	(907,212)	597,701

(Continued)

See the accompanying notes to the financial statements

DONNER SUMMIT PUBLIC UTILITY DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Position  
Budget and Actual  
Proprietary Fund

For the Year Ended June 30, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Budget Variance (Over) Under</u>
Operating Income (Loss)	\$ (309,511)	(907,212)	597,701
General Revenues			
Property tax	132,000	440,711	(308,711)
Interest	-0-	441	(441)
Gain on disposal of capital assets	-0-	3,000	(3,000)
Other	<u>14,500</u>	<u>26,362</u>	<u>(11,862)</u>
Total General Revenues	146,500	470,514	(324,014)
Contributed Capital	<u>-0-</u>	<u>18,055</u>	<u>(18,055)</u>
Increase (Decrease) in Fund Balance	\$ <u><u>(163,011)</u></u>	(418,643)	<u><u>255,632</u></u>
Fund Balance – Beginning of Year		<u>13,138,722</u>	
Fund Balance – End of Year		<u><u>12,720,079</u></u>	

See the accompanying notes to the financial statements



**GIBSON & COMPANY, INC.**  
**CERTIFIED PUBLIC ACCOUNTANT**

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

Board of Directors  
Donner Summit Public Utility District

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 business-type activities of Donner Summit Public Utility District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 11, 2022.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

## Purpose of this Report

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

GIBSON & COMPANY, INC.  
CERTIFIED PUBLIC ACCOUNTANT

*Gibson & Company, Inc.*  
*Certified Public Accountant*

February 11, 2022  
Sacramento, California