

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT**

**Financial Statements, Management Discussion and Analysis,  
and Independent Auditor's Report**

**AS OF AND FOR THE YEAR ENDED JUNE 30, 2023**

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT**  
**Audited Financial Statements**  
**June 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Plumas Eureka Community Services District  
Blairsden, CA 96103

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Plumas Eureka Community Services District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Plumas Eureka Community Services District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Plumas Eureka Community Services District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plumas Eureka Community Services District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plumas Eureka Community Services District's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the general fund budgetary comparison information, the District's Proportionate Share of Net Pension Liability, and the Schedule of District Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.



We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Supplementary Information**

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

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 21, 2023 on our consideration of the District's internal control over financial reporting and our tests of it compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. The 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.

Respectfully Submitted,



SingletonAuman, PC  
Susanville, California  
December 21, 2023

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2023**

**INTRODUCTION**

Plumas Eureka Community Services District's present operations include providing water and sewer services and fire protection to residents of the District.

Our discussion and analysis of Plumas Eureka Services District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2023. It should be read in conjunction with the District's financial statements, including notes and supplementary information, which follow this section.

**FINANCIAL HIGHLIGHTS**

- ❑ Total net position was \$3,502,791 at June 30, 2023. This was an increase of \$194,624 over the prior year.
- ❑ Overall revenues were \$1,522,278 and expenses were \$1,332,141 resulting in an increase in net position of \$194,624 after restatement.

**OVERVIEW OF FINANCIAL STATEMENTS**

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of a statement of revenue, expenses, and changes in net assets, and a statement of cash flows. The District's management has presented the financial statements in separate funds for the year ended June 30, 2023. Water utility and sewer utility operations are shown in separate proprietary funds and the general fund, which includes fire activities, is shown as a governmental fund.

The statement of net position shows the District's financial status as of the end of its fiscal year, June 30, 2023. The statement of revenues, expenses, and changes in net position shows the changes in the District's equity during the fiscal year ended June 30, 2023. The statement of cash flows shows the changes in cash during the fiscal year ended June 30, 2023 for the proprietary funds.

The district conducts the majority of its financial activities in two enterprise, or business-type funds. The dominate source of funding for these operations is normally user charges paid by the District's water and sewer customers.

**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE**

The District's combined net position was \$3,502,791 at June 30, 2023. See Table 1.

**Table 1: Net Position**

	<u>2023</u>	<u>2022</u>	<u>Total Percentage Change 2023-2022</u>
<b>Assets:</b>			
Cash and Investments	\$ 1,794,070	\$ 1,534,494	16.92%
Accounts Receivable-Customers	165,822	211,498	-21.60%
Prepaid Insurance	6,666	11,360	-41.32%
Interest Receivable	2,668	625	326.88%
Interfund Receivable		5,712	N/A
Capital Assets, Net of Accumulated Depreciation	2,631,720	2,755,465	-4.49%
<b>TOTAL ASSETS</b>	<u>\$ 4,600,946</u>	<u>\$ 4,519,154</u>	1.81%
<b>Deferred Outflows of Resources</b>			
Deferred Contributions to District Pension Plan	\$ 119,000	\$ 49,197	141.88%
<b>Liabilities:</b>			
Accounts Payable and Accrued Expenses	\$ 48,500	\$ 76,860	-36.90%
Compensated Absences	4,654	9,062	-48.64%
Interfund Payable		5,712	N/A
Current Portion of Long-Term Debt	22,480	21,540	4.36%
Net Pension Liability	230,296	88,397	160.52%
Non-Current Portion of Long-Term Debt	899,540	958,442	-6.15%
<b>TOTAL LIABILITIES</b>	<u>\$ 1,205,470</u>	<u>\$ 1,160,013</u>	3.92%
<b>Deferred Inflows of Resources</b>			
Deferred Pension Plan Income	\$ 11,685	\$ 88,267	-86.76%
<b>Net Position</b>			
Net Investment in Capital Assets	\$ 1,709,700	\$ 1,775,483	-3.71%
Restricted for Debt Service	62,813	62,813	100.00%
Unrestricted	1,730,278	1,481,775	16.77%
<b>TOTAL NET POSITION</b>	<u>\$ 3,502,791</u>	<u>\$ 3,320,071</u>	5.50%

## Changes in Net Position

Operating revenues from user service charges normally make-up the majority of total revenues, which was 93.2% of total revenues for the 22/23 fiscal year.

**Table 2:  
Changes in Net Position**

	Government-Wide Activities		Total Percentage
	2023	2022	Change 2023-2022
Revenues			
<u>Program Revenues:</u>			
Charges for Services	\$ 1,419,358	\$ 1,424,846	-0.39%
Capital Grants and Contributions	-	90,000	N/A
<u>General Revenues:</u>			
Property Taxes	37,369	14,661	154.89%
Miscellaneous Income	65,551	188,567	-65.24%
<b>TOTAL REVENUES</b>	<u>1,522,278</u>	<u>1,718,074</u>	-11.40%
<u>Program Expenses:</u>			
Water and Sewer	1,121,477	738,438	51.87%
General	206,177	134,485	53.31%
<b>TOTAL EXPENSES</b>	<u>1,327,654</u>	<u>872,923</u>	52.09%
Increase / (Decrease) in Net Position, after restatement	<u>\$ 194,624</u>	<u>\$ 845,151</u>	

Table 3 presents the cost of each of the District's functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by charges for services, operating grants and capital grants and contributions.

The amount that our taxpayers paid for these activities through property taxes was \$37,369.

**Table 3  
Net Revenue (Cost) from Government-Wide Activities**

	Total Cost of Services		Net Revenue (Cost) from Services	
	2023	2022	2023	2022
General	\$ 206,177	\$ 134,485	\$ (117,189)	\$ (61,227)
Water	511,743	333,030	246,722	457,802
Sewer	568,926	363,525	2,979	287,231
<b>TOTAL</b>	<u>\$ 1,286,846</u>	<u>\$ 831,040</u>	<u>\$ 132,512</u>	<u>\$ 683,806</u>

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The overall financial performance of the District as a whole is reflected in the communication between the Board of Directors and the District employees as they all work together in providing the best quality of service to its customers.

### Budgetary Highlights

The District approves its annual budget prior to the beginning of the year. The District does not revise its annual budget to reflect unexpected changes in revenues and expenditures. A schedule of the District's original and final budget amounts compared with actual revenues and expenses is provided in the supplemental section of the audited financial report.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2023, the District had invested \$2,631,720 in a broad range of capital assets, including land, the water and sewer systems, and the fire department building and equipment. During the year the District made numerous adjustments to fixed assets and accumulated depreciated to reallocate assets between funds and make corrections to construction in progress accounts. Additionally, the District invested in generators, fire extraction equipment and ongoing system improvements. See Note 11 to the financial statements.

See Table 4. More detailed information about the District's capital assets is presented in the notes to the financial statements.

**Table 4**  
**Capital Assets**

	Governmental and Business-Type Activities		Total Percentage Change
	2023	2022	2023-2022
Land	\$ 42,000	\$ 42,000	0.00%
Water System	2,212,677	2,279,172	-2.92%
Sewer System	3,940,294	3,915,898	0.62%
Construction in Progress	212,150	515,438	-58.84%
Equipment	412,006	298,712	37.93%
Fire Buildings and Equipment	499,501	505,705	-1.23%
Totals at Historical Cost	7,318,628	7,556,925	-3.15%
Total Accumulated Depreciation/Amortization	(4,686,908)	(4,836,448)	-3.09%
<b>NET CAPITAL ASSETS</b>	<b>\$ 2,631,720</b>	<b>\$ 2,720,477</b>	<b>-3.26%</b>



**Table 5**  
**Long-Term Debt**

	Business-Type Activities		Change
	2023	2022	2023-2022
Net Pension Liability	\$ 230,296	\$ 88,397	160.52%
2012 USDA Loan	922,020	943,560	-2.28%
Total Debt Payable	<u>\$ 1,152,316</u>	<u>\$ 1,031,957</u>	11.66%

The District's debt balance decreased due to normal debt payments, as well as the updated PERS actuarial valuation.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact:

Plumas Eureka Community Services District  
 Jamar Tate  
 General Manager  
 200 Lundy Ln.  
 Blairsden, CA 96103  
 (530) 836-1953

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	Governmental Activities	Business-Type Activities	Total
	General Fund	Water and Sewer Activities	
<b>ASSETS</b>			
Current Assets:			
Cash on Hand and in Banks	\$ 230,072	\$ 1,563,998	\$ 1,794,070
Accounts Receivable-Customers	13,904	151,918	165,822
Prepaid Insurance	6,666	-	6,666
Interest Receivable	107	2,561	2,668
Total Current Assets	<u>250,749</u>	<u>1,718,477</u>	<u>1,969,226</u>
Non-Current Assets			
Property, Plant & Equipment, Net	109,445	2,522,275	2,631,720
Total Non-Current Assets	<u>109,445</u>	<u>2,522,275</u>	<u>2,631,720</u>
Total Assets	<u>\$ 360,194</u>	<u>\$ 4,240,752</u>	<u>\$ 4,600,946</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Recognition Contributions to Pension Plan	\$ -	\$ 119,000	\$ 119,000
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 9,775	\$ 31,257	\$ 41,032
Accrued Payroll and Related Liabilities	359	7,109	7,468
Compensated Absences	544	4,110	4,654
Current Portion of Long Term Debt		22,480	22,480
Total Current Liabilities	<u>10,678</u>	<u>64,956</u>	<u>75,634</u>
Long Term Liabilities:			
Net Pension Liability	-	230,296	230,296
Non-Current Portion of Long Term Debt		899,540	899,540
Total Long Term Liabilities	<u>-</u>	<u>1,129,836</u>	<u>1,129,836</u>
Total Liabilities	<u>\$ 10,678</u>	<u>\$ 1,194,792</u>	<u>\$ 1,205,470</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Recognition of Pension Plan Earnings	\$ -	\$ 11,685	\$ 11,685
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 109,445	\$ 1,600,255	\$ 1,709,700
Restricted for Debt Service		62,813	62,813
Unrestricted	240,071	1,490,207	1,730,278
Total Net Position	<u>\$ 349,516</u>	<u>\$ 3,153,275</u>	<u>\$ 3,502,791</u>

The accompanying notes are an integral part of this statement.

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**JUNE 30, 2023**

	Expenses	Program Revenue		Net (Expense)	Net (Expense)	Net (Expense)
		Charges For Services	Capital Grants and Contributions	Revenue and Changes in Net Position Governmental Activities	Revenue and Changes in Net Position Business-Type Activities	Revenue and Changes in Net Position Total Activities
<b>Governmental Activities</b>						
General Fund	\$ 206,177	\$ 88,988		\$ (117,189)	\$ -	\$ (117,189)
<b>Business - Type Activities</b>						
Water Utility	511,743	758,465		-	246,722	246,722
Sewer Utility	568,926	571,905		-	2,979	2,979
Total Business - Type Activities	1,080,669	1,330,370	-	-	249,701	249,701
<b>Total Primary Government Activities</b>	<b>\$ 1,286,846</b>	<b>\$ 1,419,358</b>	<b>\$ -</b>	<b>(117,189)</b>	<b>249,701</b>	<b>132,512</b>
		<b>General Revenues:</b>				
		Property Taxes		37,369		37,369
		Interest Income			5,828	5,828
		Grant Income		5,965		5,965
		Contract Income Dixie Fire		35,000		35,000
		Other Local Income		16,204	2,554	18,758
		Total General Revenue		94,538	8,382	102,920
		<b>General Expenses:</b>				
		Interest Expense			(40,808)	(40,808)
		Total General Expenses			(40,808)	(40,808)
		Change in Net Position		(22,651)	217,275	194,624
		Net Position Beginning (as Restated- See Note 11)		372,167	2,936,001	3,308,168
		Net Position Ending		\$ 349,516	\$ 3,153,276	\$ 3,502,791

The accompanying notes are an integral part of this statement.

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT  
GOVERNMENTAL FUNDS BALANCE SHEET  
JUNE 30, 2023**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 230,072
Accounts Receivable	13,904
Prepaid Insurance	6,666
Interest Receivable	107
<b>TOTAL ASSETS</b>	<u><u>\$ 250,749</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Accounts Payable	\$ 9,775
Accrued Payroll and Related Liabilities	359
Compensated Absences	544
<b>Total Liabilities</b>	<u>10,678</u>
 Fund Balance:	
Unrestricted	<u>240,071</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 250,749</u></u>

The accompanying notes are an integral part of this statement.

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2023**

Total Fund Balances- Governmental Funds	\$ 240,071
Reconciling Items:	
Capital Assets are not recorded in the Governmental Funds	<u>109,445</u>
Total Net Position - Governmental Activities	<u><u>\$ 349,516</u></u>

The accompanying notes are an integral part of this statement.



**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENT FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>
<b>REVENUES</b>	
Charges for Services	\$ 88,988
Property Taxes	37,369
Contract Income- Dixie Fire	35,000
Grant Income	5,965
Other Income	16,203
Total Revenues	<u>183,525</u>
<b>EXPENDITURES</b>	
Salaries and Benefits	44,943
Insurance	77,359
Legal and Professional	6,419
Office	3,065
Repairs and Maintenance	9,660
Travel, Training and Safety	12,768
Tools and Supplies	10,690
Utilities	5,434
Uniforms	9,134
Equipment	6,529
Other Expense	6,568
Total Expenditures	<u>192,571</u>
Excess of Revenue over (under) Expenditures	(9,046)
Fund Balance - July 1 - As Restated (See Note 11 )	<u>249,117</u>
Fund Balance - June 30	<u>\$ 240,071</u>

The accompanying notes are an integral part of this statement.

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2023**

	Business-Type Activities		
	Water Fund	Sewer Fund	Total
<b>ASSETS</b>			
Current Assets:			
Cash on Hand and in Banks	\$ 1,167,912	\$ 396,086	\$ 1,563,998
Accounts Receivable-Customers	82,542	69,376	151,918
Interest Receivable	1,227	1,334	2,561
Total Current Assets	<u>1,251,681</u>	<u>466,796</u>	<u>1,718,477</u>
Capital Assets:			
Property, Plant & Equipment, Net	833,444	1,688,831	2,522,275
Total Assets	<u>\$ 2,085,125</u>	<u>\$ 2,155,627</u>	<u>\$ 4,240,752</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Plan Contributions	<u>\$ 59,500</u>	<u>\$ 59,500</u>	<u>\$ 119,000</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 12,200	\$ 19,057	\$ 31,257
Compensated Absences	2,055	2,055	4,110
Payroll Related Liabilities	3,458	3,651	7,109
Current Portion of Long Term Debt		22,480	22,480
Total Current Liabilities	<u>17,713</u>	<u>47,243</u>	<u>64,956</u>
Long Term Liabilities:			
Net Pension Liability	115,148	115,148	230,296
Non-Current Portion of Long Term Debt		899,540	899,540
Total Long Term Liabilities	<u>115,148</u>	<u>1,014,688</u>	<u>1,129,836</u>
Total Liabilities	<u>\$ 132,861</u>	<u>\$ 1,061,931</u>	<u>\$ 1,194,792</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Plan Earnings	<u>\$ 5,843</u>	<u>\$ 5,843</u>	<u>\$ 11,685</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 833,444	\$ 766,811	\$ 1,600,255
Restricted for Debt Service	-	62,813	62,813
Unrestricted	1,172,478	317,730	1,490,207
Total Net Position	<u>\$ 2,005,922</u>	<u>\$ 1,147,354</u>	<u>\$ 3,153,275</u>

The accompanying notes are an integral part of this statement.

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Business-Type Activities		
	Water Fund	Sewer Fund	Total
<b>Operating Revenues:</b>			
Utility Revenue	\$ 758,465	\$ 571,905	\$ 1,330,370
Total Operating Revenue	<u>758,465</u>	<u>571,905</u>	<u>1,330,370</u>
<b>Operating Expenses:</b>			
Salaries and Benefits	169,178	169,374	338,552
Insurance	27,541	27,541	55,082
Legal, Accounting and Professional Services	57,994	48,216	106,210
Permits and Fees	6,797	6,911	13,708
Depreciation & Amortization	52,505	70,244	122,749
Travel and Training	536	411	947
Repairs and Maintenance	76,913	97,315	174,228
Office	5,665	5,601	11,266
Utilities	47,824	69,279	117,103
Chemicals/Lab Services	25,301	23,566	48,867
Tools and Supplies	1,863	2,431	4,294
Plans and Studies	19,392		19,392
Sludge Removal		5,820	5,820
Treatment & Collection		10,750	10,750
Other Expenses	20,234	31,467	51,701
Total Operating Expenses	<u>511,743</u>	<u>568,926</u>	<u>1,080,669</u>
<b>Operating Income (Loss)</b>	<b>246,722</b>	<b>2,979</b>	<b>249,701</b>
<b>Non-Operating Revenues and Expenses:</b>			
Interest Income	2,780	3,048	5,828
Other Income	1,387	1,167	2,554
Interest Expense		(40,808)	(40,808)
Total Non-Operating Revenues and Expenses	<u>4,167</u>	<u>(36,593)</u>	<u>(32,426)</u>
Change in Net Position	250,889	(33,614)	217,275
Beginning Net Position - As Restated (See Note 11 )	1,755,033	1,180,968	2,936,001
Ending Net Position	<u>\$ 2,005,922</u>	<u>\$ 1,147,354</u>	<u>\$ 3,153,275</u>

The accompanying notes are an integral part of this statement.

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT  
STATEMENT OF CASH FLOWS-PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Business Type Activities</u>
Cash Flows from (used by) Operating Activities:	
Cash Received from Customers	\$ 1,376,460
Cash Payments to Employees	(344,430)
Cash Payments to Suppliers	(653,229)
Net Cash Provided (Used) by Operating Activities	<u>378,801</u>
Cash Flows from Non-Capital Financing Activities:	
Other Income	<u>2,554</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	2,554
Cash Flows from Capital and Related Financing Activities:	
Purchases of Fixed Assets	(87,045)
Dispositions and Adjustments of Fixed Assets	72,551
Interest Income	3,867
Interfund Payments	5,712
Principal Payments on Long-term Debt	(21,540)
Interest Payments on Long-term Debt	(40,808)
Net Cash Provided (Used) by Capital Financing Activities	<u>(67,263)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	314,092
Cash and Cash Equivalents:	
Balance - July 1	<u>1,249,906</u>
Balance - June 30	<u><u>\$ 1,563,998</u></u>
Reconciliation:	
Operating Income (Loss)	\$ 249,701
Adjustments to Reconcile Operating Income (Loss) to Net	
Cash Provided by Operating Activities:	
Depreciation and Amortization	122,749
(Increase)/Decrease in Accounts Receivable	46,090
(Increase)/Decrease in Prepaid Insurance	4,694
Increase/(Decrease) in Accounts Payable	(38,555)
Increase/(Decrease) in Accrued Payroll Related Liabilities	(1,391)
Increase/(Decrease) in Net Pension Liability/Inflows and Outflows	<u>(4,487)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 378,801</u></u>

The accompanying notes are an integral part of this statement.

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Plumas Eureka Community Service District ("the District") was formed on June 16, 1993 by the Local Agency Formation Commission of Plumas County as a consolidation of services formerly provided by Plumas County Services Area Number 8 and the current Developer of the area. The District formation is pursuant to Government Code Section 57200 and is governed by a Board of Directors elected by the registered voters of the District.

Plumas Eureka Community Services District is currently responsible for the operation of the community's water supply and distribution system, wastewater collection and treatment facilities, the Volunteer Fire Department and some snow plowing and road maintenance activities.

The District accounts for its financial transactions in accordance with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

1. Reporting Entity

The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in GASB Statement No. 14 "The Financial Reporting Entity" and GASB Statement No. 39 "Determining Whether Certain Organizations Are Component Units," include whether:

- The organization is legally separate (can sue and be sued in its name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the District
- There is fiscal dependency by the organization on the District
- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government
- The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization
- The economic resources received or held by an individual organization that the specific primary government is entitled to, or has the ability to otherwise access, are significant to that primary government

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB Statement.



**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Business-type activities are financed in whole or in part by fees charged to external parties.

For the fiscal year 2022-23 management has elected to present individual fund financial statements. The general fund presents the governmental activities of the District including fire activities. The water and sewer utilities are presented as separate business-type activities. Management believes that this presentation provides a more accurate and complete picture of the District's operations.

The statement of activities presents a comparison between direct expenses and program revenues for the different governmental activities of the District. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The District reports the following major General Funds:

- The General Fund accounts for fire revenue, expenses, and net position.
- The Water Fund accounts for water revenue, expenses, and net position.
- The Sewer Fund accounts for sewer revenue, expenses, and net position.

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

b. Measurement Focus, Basis of Accounting

Government-Wide Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using 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 county assessments, grants, entitlements, and donations. On an accrual basis, revenue from county assessments is recognized in the fiscal year for which the taxes are received. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of county assessments and charges for services. County assessments revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgements, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of capital leases are reported as other financing sources.

Proprietary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using 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 property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

When the District incurs an expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen not to apply future FASB standards.

3. Assets, Liabilities, and Equity

a. Cash and Cash Equivalents

For the purposes of the statement of cash flows, highly liquid investments, including restricted funds, are considered to be cash equivalents if they have a maturity of three months or less when purchased. The District considers cash and reserved cash to be cash equivalents.

Cash balances held in banks are insured to \$250,000 by the Federal Depository Insurance Corporation.

The District is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the District are either secured by federal depository insurance or are collateralized.

California statutes authorize the District to invest idle or surplus funds in a variety of credit instruments as provided for in California Government Code Section 53600, Chapter 4 –Financial Affairs. The California Government Code allows investments in the following instruments:

- Securities of the United States Government, or its agencies.
- Small Business Administration loans
- Certificated of Deposit (or Time Deposits) placed with commercial banks and/or savings and loan companies
- Negotiable Certificates of Deposits
- Banker's Acceptances
- Commercial paper and medium-term corporate notes
- Local Agency Investment Fund (State Pool and County Pool) Demand Deposits
- Repurchase Agreements (Repos)
- Passbook Savings Account Remand Deposits
- Reverse Repurchase Agreements
- County Cash Pool

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

At year-end the carrying amount of the District's deposits in a bank totaled \$1,456,105. The bank balance was covered by Federal depository insurance of \$250,000 per bank and collateral held in the pledging bank's trust department as mandated by State law. The following is a schedule of the District's cash holdings at June 30, 2023:

	Water & Wastewater	Fire	Total
Cash in Checking Accounts	\$ 1,246,217	\$ 209,888	\$ 1,456,105
LAIF	317,781	20,184	337,965
Total Funds	\$ 1,563,998	\$ 230,072	\$ 1,794,070

As of the end of the year, \$1,231,081 was not insured or collateralized.

b. Inventories

Inventories are not considered material and are expensed when purchased. The purchase method of accounting is used where the cost is recorded as an expense when the item is purchased.

c. Capital Assets

Property, Plant and Equipment owned by the Enterprise Funds are stated at cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. A capitalization threshold of \$3,000 is used by the District.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
General Plant/Structures	50
Reservoirs, Dams, etc.	50
Vehicles	5
Heavy Equipment	7-10
Light Equipment	5-7
Office Equipment	5-10
Office Furniture	10-15
Computer Equipment	5-7

Gain or loss is recognized when assets are retired from service or are otherwise disposed.

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

d. Property Tax

The District receives property taxes from Plumas County. Property taxes receivable are recorded in the fiscal year for which the tax is levied based on the assessed value as of September 1 of the preceding fiscal year. They become a lien on the first day of the year they are levied. Secured property tax is levied on September 1 and due in two installments, on November 1 and March 1. They become delinquent on December 10 and April 10, respectively. Unsecured property taxes are due on July 1, and become delinquent on August 31. The District elected to receive the property taxes from the County under the Teeter Bill Program. Under this program, the District receives 100% of the levied property taxes in periodic payments, with the County assuming responsibility for delinquencies.

Property tax revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period.

e. Investments

Investments consist of LAIF (State of California pooled investment fund). Investments are stated at market value. Such investment is within the State statutes and the District's investment policy.

California statutes authorize the District to invest in a variety of credit instruments as provided for in the California Government Code allows investments in obligations of the U.S. Treasury, agencies, and instrumentalities, commercial paper rate A-1 by Standard & Poor's or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, medium-term corporate notes, mutual funds and the State Treasurer's Local Agency Investment Fund (LAIF). The investment in LAIF is reported at fair value.

The State Treasurer's Local Agency Investment Fund (LAIF) is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee, comprised of California State Officers and various participants, provides oversight to the management of the fund. The District is a voluntary participant in the investment pool. The District reports its investment in the LAIF at the fair value provided by the State Treasurer, which is not materially different than cost. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are on an amortized costs basis. Included in the LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, load to certain state funds, and floating securities issued by federal agencies, government sponsored enterprises, and corporations.



**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

	Carrying Amount	Maturity- 12 Months or Less
Balance, June 30, 2023		
Local Agency Investment Fund	\$ 337,965	\$ 337,965

Pursuant to Government Accounting Standards Board Statement 3, the investment in LAIF is not classified in categories of credit risk. The District’s funds in LAIF are invested in a diversified portfolio (of underlying investments e.g. U.S. Treasury obligations) such that it considers the risk of material loss to be minimal. The funds held in LAIF can be withdrawn on demand.

f. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

g. Deferred Outflows/Inflows of Resources

Pursuant to GASB Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*,” and GASB Statement No. 65 “*Items Previously Reported as Assets and Liabilities*,” the District recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflows of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period.

h. Compensated Absences

Vested unpaid employee vacation leave benefits are recognized as liabilities of the District. The liability is recognized in the Water and Sewer Fund at year end. Accumulated sick leave benefits are not recognized as liabilities of the District as sick leave benefits do not vest. Sick leave benefits are recorded as expenses in the period that sick leave is used.

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

i. Components of Net Position

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted and are defines as follows:

Net Investment in capital assets – Groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

Restricted – Represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted – Represents the net position of the District, which are not restricted or invested in capital assets net of related debt.

j. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

k. Subsequent Event Evaluation

Management has evaluated subsequent events through December 21, 2023, the date the financial statements were available to be issued.

**NOTE 2 – COMPLIANCE AND ACCOUNTABILITY**

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

Deficit Fund Net Assets of Individual Funds

Following are funds having deficit fund net assets at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None	n/a	n/a

**NOTE 3 – PROPERTY, PLANT AND EQUIPMENT**

A summary of changes in fixed assets follows:

	<u>Balance 6/30/2022 (As Restated)</u>	<u>Additions &amp; Adjustments</u>	<u>Dispositions &amp; Adjustments</u>	<u>Balance 6/30/2023</u>
<b>Business-Type Activities:</b>				
Land	\$ 42,000	\$ -	\$ -	\$ 42,000
Water Wells	1,498,626		63,300	1,435,326
Water Equipment	272,010	87,045	47,101	311,954
Water System	780,546		3,195	777,351
Sewer System	3,915,898	92,698	68,302	3,940,294
Sewer Equipment	265,702		165,650	100,052
Construction in Progress	515,438	32,788	336,076	212,150
	<u>7,290,220</u>	<u>212,531</u>	<u>683,624</u>	<u>6,819,127</u>
Accumulated Depreciation	<u>(4,407,357)</u>	<u>(122,751)</u>	<u>(233,256)</u>	<u>(4,296,852)</u>
	<u>(4,407,357)</u>	<u>(122,751)</u>	<u>(233,256)</u>	<u>(4,296,852)</u>
Property, Plant and Equipment, Net	<u>\$ 2,882,863</u>	<u>\$ 89,780</u>	<u>\$ 450,368</u>	<u>\$ 2,522,275</u>
<b>General Fund:</b>				
Fire Vehicles	\$ 150,378	\$ -	\$ (10,569)	\$ 139,809
Fire Buildings	127,614			127,614
Fire Equipment	227,713	46,437	(42,072)	232,078
	<u>505,705</u>	<u>46,437</u>	<u>(52,641)</u>	<u>499,501</u>
Accumulated Depreciation	<u>(429,091)</u>	<u>(13,606)</u>	<u>(52,641)</u>	<u>(390,056)</u>
Property, Plant and Equipment, Net	<u>\$ 76,614</u>	<u>32,831</u>	<u>(52,641)</u>	<u>\$ 109,445</u>

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 4: RESTRICTED CASH**

The District is required to maintain a debt service reserve to cover the average annual debt service payments for the waste water treatment plant loan. The restricted cash balance at June 30, 2023 is as follows:

	Water/ Wastewater
LAIF - Debt Service Reserve	\$ 62,813

**NOTE 5 –LONG-TERM DEBT**

The following is a summary of the long-term debt activities for the year ended June 30, 2023:

	Balance as of 6/30/2022	New Debt Issued	Debt Retired	Balance as of 6/30/2023	Current Portion
Sewer Revenue					
Bond, Series 2006A	\$ 547,625	\$ -	\$ 12,505	\$ 535,120	\$ 13,050
Sewer Revenue					
Bond, Series 2006B	395,935	-	9,035	386,900	9,430
<b>Total</b>	<b>\$ 943,560</b>	<b>\$ -</b>	<b>\$ 21,540</b>	<b>\$ 922,020</b>	<b>\$ 22,480</b>

**Sewer Revenue Bond, Series 2006A**

On December 8, 2006 the District issued \$683,000 United States Department of Agriculture, Rural Development revenue bonds. The purpose of this issue was to finance the repair and expansion of Wastewater Treatment Plant No. 7. Interest rate on this bond is 4.375% per annum and is payable semiannually on December 1 and June 1 each year. This bond is a special obligation of the District, and is payable solely from the revenues of the District's sewer enterprise. This bond is secured by a pledge of District revenue.

**Sewer Revenue Bond, Series 2006B**

On June 30, 2007 the District secured financing with the United States Department of Agriculture, Rural Development in the amount of \$493,850. The purpose of this loan was also to finance the expansion of the Wastewater Treatment Plant No. 7.

Interest rate on this bond is 4.375% per annum and is payable semiannually on December 1 and June 1 each year. This bond is a special obligation of the District, and is payable solely from the revenues of the District's sewer enterprise. This bond is secured by a pledge of all District revenue.

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

The future annual maturities of all the long-term borrowings as of June 30, 2023 are as follows:

Year	Principal	Interest	Total
2024	\$ 22,480	\$ 40,338	\$ 62,818
2025	23,470	39,355	62,825
2026	24,490	38,328	62,818
2027	25,560	37,257	62,817
2028	26,670	36,138	62,808
2029-2033	151,960	162,131	314,091
2034-2038	188,230	125,852	314,082
2039-2043	233,160	80,913	314,073
2044-2047	226,000	25,247	251,247
	<u>\$ 922,020</u>	<u>\$ 585,559</u>	<u>\$ 1,507,579</u>

**NOTE 6 – EXCESS OF EXPENSES OVER APPROPRIATIONS**

As of June 30, 2023 expenses exceeded appropriations as follows:

Appropriations Category	Water Fund	Sewer Fund
Insurance	\$ 13,557	\$ 13,557
Legal, Accounting and Professional Services	22,244	21,216
Permits and Fees	2,297	-
Depreciation	52,505	70,244
Repairs and Maintenance	67,664	92,066
Utilities	4,938	25,508
Treatment and Collection	-	10,750
Chemicals/Lab Services	-	3,566
Tools and Supplies	-	372
Plans and Studies	19,392	-
Other Expenses	14,634	28,167

The District did not budget for depreciation, plans and studies and treatment and collection expenses. Additionally, the District incurred unanticipated expenses for insurance, legal, accounting and professional services, repairs and maintenance, permits and fees, tools and supplies, utilities and other expenses.

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

The District is not currently involved in any litigation. In the opinion of management, the disposition of any potential litigation will not have a material effect on the financial statements.

**NOTE 8 – RISK MANAGEMENT AND LITIGATION**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and customers; and natural disasters. The District has managed these risks by obtaining coverage from commercial insurance companies as well as providing employee education and prevention programs. All risk management activities are accounted for in the Water Fund and Sewer Fund. Expenses and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported are considered.

The District's attorney estimates that the amount of actual or potential claims against the District as of June 30, 2023 will not materially affect the financial condition of the District. Therefore, the funds contain no provision for estimated claims. Information relating to an analysis of claims activities for the year was not available.

**NOTE 9 – PENSION PLAN**

Plan Description

The District, as the employer, participates in the cost-sharing, multiple-employer defined benefit pension plan administered by the California Public employees' Retirement System (CalPERS). The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members, and beneficiaries. A full description of the pension plan benefit provisions and assumptions for funding purposes can be obtained in Appendix B CalPERS actuarial evaluation report available at <https://www.calpers.ca.gov/page/forms-publications>.

Contributions

The contribution requirements of the Plan are established by Section 20814(c) of the California Public Employees' Retirement Law, which requires that employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. For the measurement period ended June 30, 2022 the active employee contribution rate was 6.25% of annual pay. Contributions to the pension plan from the District was \$31,123, for the year ended June 30, 2023.

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2023, the District reported a net pension liability of \$230,296 for its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net pension liability was based on the District's contributions received by the pension plan relative to the total contributions received by the pension plan for all participating employers as of June 30, 2022.

Based upon this information, the District's proportion was .00492%.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Change in Assumptions	\$ 23,599	\$ -
Difference between Expected and Actual Experience	4,625	3,097
Difference Between Projected and Actual Investment Earnings	42,184	
Difference Between Employer's Contributions and Proportionate Share of Contributions	1,304	8,587
Change in Employer's Proportion	11,679	
Contributions Subsequent to the Measurement Date	35,609	
Total	<u>\$ 119,000</u>	<u>\$ 11,684</u>

\$35,609 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Any 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 Ended June 30:	
2025	\$ 21,073
2026	16,375
2027	8,456
2028	25,801
2029	-
Total	<u>\$ 71,705</u>



**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Discount Rate:	6.90%
Inflation:	2.75%
Salary Increases:	Varies by Entry Age and Service
Investment Rate of Return:	7.50% net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table:	Derived using CalPERS Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The table below reflects long-term expected real rates of return by asset class. The rate of return was calculated using the capital marked assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10 <sup>1</sup>	Real Return years 11 + <sup>2</sup>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

<sup>1</sup> An expected inflation of 2.5% used for this period

<sup>2</sup> An expected inflation of 3.0% used for this period

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate.



**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.90% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at the CalPERS' website under the GASB 68 section.

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

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

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Plan's Net Pension Liability/(Asset)	\$ 372,111	\$ 230,296	\$ 113,619

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of CalPERS which can be located at <https://www.calpers.ca.gov/page/forms-publications>.

**NOTE 10 – SUBSEQUENT EVENTS**

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through January 5, 2024, the date that the financial statements were available to be issued.

**NOTE 11 – RESTATEMENT OF PRIOR YEAR NET POSITION**

During the fiscal year ended June 30, 2023 the District had numerous adjustments to long term debt, fixed assets and accumulated depreciation to reallocate assets between funds and make corrections to construction in progress accounts. As a result, adjustments have been recorded to beginning net position.

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

The restatements for June 30, 2022 were as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>General Fund</u>
June 30, 2022 Net Position as Originally Reported	\$ 1,998,175	\$ 949,729	\$ 295,557
Corrections to Long-term Debt, Fixed assets and accumulated depreciation	<u>(243,142)</u>	<u>231,239</u>	<u>76,610</u>
June 30, 2022 Net Position as Restated	<u>\$ 1,755,033</u>	<u>\$ 1,180,968</u>	<u>\$ 372,167</u>

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT  
STATEMENT OF OPERATIONS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023  
GENERAL FUND**

	Budget Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 85,496	\$ 85,496	\$ 88,988	\$ 3,492
Property Taxes			37,369	37,369
Contract Income- Dixie Fire			35,000	35,000
Grant Income			5,965	5,965
Other Income			16,203	16,203
Total Revenues	<u>85,496</u>	<u>85,496</u>	<u>183,525</u>	<u>98,029</u>
<b>EXPENDITURES</b>				
Salaries and Benefits	52,378	52,378	44,943	7,435
Insurance	27,326	27,326	77,359	(50,033)
Legal and Professional	12,625	12,625	6,419	6,206
Office	2,450	2,450	3,065	(615)
Repairs and Maintenance	12,467	12,467	9,660	2,807
Travel, Training and Safety	8,489	8,489	12,768	(4,279)
Tools and Supplies	2,500	2,500	10,690	(8,190)
Utilities	4,150	4,150	5,434	(1,284)
Uniforms	6,000	6,000	9,134	(3,134)
Equipment			6,529	(6,529)
Other Expense	57,481	57,481	6,568	50,913
Total Expenditures	<u>185,866</u>	<u>185,866</u>	<u>192,571</u>	<u>(6,703)</u>
Excess of Revenue over (under) Expenditures	<u>(100,370)</u>	<u>(100,370)</u>	<u>(9,046)</u>	<u>91,326</u>
Net Income (Loss)	<u>\$ (100,370)</u>	<u>\$ (100,370)</u>	<u>\$ (9,046)</u>	<u>\$ 91,326</u>

**SCHEDULE OF PLUMAS EUREKA COMMUNITY SERVICES  
DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM**

	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
District's Proportion of the Net pension Liability/(Asset)	0.008530%	0.00694%	0.00235%	0.00215%	0.00186%	0.001620%
Districts Proportionate Share of the Net Pension Liability/(Asset)	\$ 210,830	\$ 190,415	\$ 203,681	\$ 212,821	\$ 178,773	\$ 165,909
District's Covered-Employee Payroll	\$ 202,287	\$ 202,287	\$ 190,415	\$ 153,445	\$ 237,562	\$ 182,814
District's Proportionate Share of the net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	104.22%	94.13%	106.97%	138.70%	75.25%	90.75%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's total Pension Liability	179.53%	70.00%	72.46%	75.66%	80.54%	82.69%

	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
District's Proportion of the Net pension Liability/(Asset)	0.004250%	0.004660%	0.004920%
Districts Proportionate Share of the Net Pension Liability/(Asset)	\$ 202,746	\$ 88,397	\$ 230,297
District's Covered-Employee Payroll	\$ 198,878	\$ 208,791	\$ 182,940
District's Proportionate Share of the net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	101.94%	42.34%	125.89%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's total Pension Liability	75.60%	88.18%	76.22%

Notes to Schedule:

Only nine years are presented because 10-year data is not yet available.

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT'S  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM**

	<u>Fiscal Year 2014-15</u>	<u>Fiscal Year 2015-16</u>	<u>Fiscal Year 2016-17</u>	<u>Fiscal Year 2017-18</u>	<u>Fiscal Year 2018-19</u>	<u>Fiscal Year 2019-20</u>	<u>Fiscal Year 2020-21</u>
Actuarially Determined Contribution	\$ 49,660	\$ 41,877	\$ 13,201	\$ 11,147	\$ 35,374	\$ 29,462	\$ 29,123
Contributions in Relation to the Actuarially Determined Contribution	<u>49,660</u>	<u>51,447</u>	<u>13,201</u>	<u>11,147</u>	<u>35,374</u>	<u>29,462</u>	<u>29,312</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ (9,570)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (189)</u>
Covered Employee Payroll	\$ 202,287	\$ 202,287	\$ 190,415	\$ 153,445	\$ 237,562	\$ 146,071	\$ 121,326
Contributions as a Percentage of Covered-Employee Payroll	24.55%	25.43%	6.93%	7.26%	14.89%	20.17%	24.16%
	<u>Fiscal Year 2021-22</u>	<u>Fiscal Year 2022-23</u>					
Actuarially Determined Contribution	\$ 32,844	\$ 30,249					
Contributions in Relation to the Actuarially Determined Contribution	<u>32,844</u>	<u>30,249</u>					
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>					
Covered Employee Payroll	\$ 208,791	182,940					
Contributions as a Percentage of Covered-Employee Payroll	15.73%	16.53%					

**Notes to Schedule:**

Only nine years are presented because 10-year data is not yet available.

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF OPERATIONS- PROPRIETARY FUNDS - BUDGET AND ACTUAL**  
**WATER UTILITY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable
				(Unfavorable)
<b>Operating Revenues:</b>				
Utility Revenue	\$ 730,254	\$ 730,254	\$ 758,465	\$ 28,211
Total Operating Revenue	<u>730,254</u>	<u>730,254</u>	<u>758,465</u>	<u>28,211</u>
<b>Operating Expenses:</b>				
Salaries and Benefits	178,835	178,835	169,178	9,657
Insurance	13,984	13,984	27,541	(13,557)
Legal, Accounting and Professional Services	35,750	35,750	57,994	(22,244)
Permits and Fees	4,500	4,500	6,797	(2,297)
Depreciation	-	-	52,505	(52,505)
Travel and Training	3,200	3,200	536	2,664
Repairs and Maintenance	9,249	9,249	76,913	(67,664)
Office	8,725	8,725	5,665	3,060
Utilities	42,886	42,886	47,824	(4,938)
Chemicals/Lab Services	34,000	34,000	25,301	8,699
Tools and Supplies	3,117	3,117	1,863	1,254
Plans and Studies			19,392	(19,392)
Water Reserves	263,000	263,000		263,000
Other Expenses	5,600	5,600	20,234	(14,634)
Total Operating Expenses	<u>602,846</u>	<u>602,846</u>	<u>511,743</u>	<u>91,103</u>
Operating Income (Loss)	<u>127,408</u>	<u>127,408</u>	<u>246,722</u>	<u>119,314</u>
<b>Non-Operating Income :</b>				
Interest Income			2,780	2,780
Other income			1,387	1,387
Total Non-Operating Income			<u>4,167</u>	<u>4,167</u>
Net Income (Loss)	<u>\$ 127,408</u>	<u>\$ 127,408</u>	<u>\$ 250,889</u>	<u>\$ 123,481</u>

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF OPERATIONS - PROPRIETARY FUNDS - BUDGET AND ACTUAL**  
**SEWER UTILITY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
Operating Revenues:				
Utility Revenue	\$ 568,030	\$ 568,030	\$ 571,905	\$ 3,875
Total Operating Revenue	<u>568,030</u>	<u>568,030</u>	<u>571,905</u>	<u>3,875</u>
Operating Expenses:				
Salaries and Benefits	178,835	178,835	169,374	9,461
Insurance	13,984	13,984	27,541	(13,557)
Legal, Accounting and Professional Services	27,000	27,000	48,216	(21,216)
Permits and Fees	7,200	7,200	6,911	289
Depreciation			70,244	(70,244)
Travel and Training	3,200	3,200	411	2,789
Repairs and Maintenance	5,249	5,249	97,315	(92,066)
Office	8,225	8,225	5,601	2,624
Utilities	43,771	43,771	69,279	(25,508)
Chemicals/Lab Services	20,000	20,000	23,566	(3,566)
Tools and Supplies	2,059	2,059	2,431	(372)
Sludge Removal	14,300	14,300	5,820	8,480
Treatment and Collection			10,750	(10,750)
Sewer Reserves	150,000	150,000		150,000
Other Expenses	3,300	3,300	31,467	(28,167)
Total Operating Expenses	<u>477,123</u>	<u>477,123</u>	<u>568,926</u>	<u>(91,803)</u>
Operating Income (Loss)	<u>90,907</u>	<u>90,907</u>	<u>2,979</u>	<u>(87,928)</u>
Non-Operating Revenue (Expense):				
Interest Income	-	-	3,048	3,048
Other Local Income	-	-	1,167	1,167
Interest Expense	(62,821)	(62,821)	(40,808)	22,013
Total Non-Operating Revenues (Expenses)	<u>(62,821)</u>	<u>(62,821)</u>	<u>(36,593)</u>	<u>26,228</u>
Net Income (Loss)	<u>\$ 28,086</u>	<u>\$ 28,086</u>	<u>\$ (33,614)</u>	<u>\$ (61,700)</u>



**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  
Plumas Eureka Community Services District  
Blairsden, CA 96103

Members of the Board of Directors:

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 Controller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Plumas Eureka Community Services District as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the district's basic financial statements and have issued our own report thereon dated December 21, 2023.

**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.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses, or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs listed as items 2023-001 and 2023-002 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs listed as item 2023-003 to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether District's financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

### **District's Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of the Report**

This 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "SingletonAuman, PC". The signature is stylized and cursive.

SingletonAuman, PC  
Susanville, CA  
December 21, 2023

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT  
COMBINED SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2023**

**EXECUTIVE SUMMARY**

The District provides water and sewer services, as well as fire protection, to residential and commercial customers within the boundaries of the District.

The quality of the District's internal controls is dependent upon oversight by the Board Members. Also, due to the limited number of employees of the District, there is an inability to segregate the custody of and accountability for District assets in the manner generally required for model systems of internal accounting controls. A summary of the auditors' results follows:

1. **Type of Auditors' Report on Financial Statements:** Unmodified
2. **Internal Control Findings:** 2 Material Weaknesses, 1 Significant Deficiency
3. **Material Noncompliance Noted:** None

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT  
COMBINED SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2023**

**Finding 2023-001 Lack of Segregation of Duties**

**Criteria Upon Which Audit Finding is Based (Legal Citation)**

AU-C Section 265: Communicating Internal Control Related Matters Identified in an Audit.

**Finding (Condition)**

An inadequate segregation of duties exists in several key areas:

In the areas of cash, utility billing, purchasing, payroll and fixed assets the District does not have sufficient staff to separate the authorization, recording and custody functions as would be required in the ideal system of internal controls. Individuals have duties which crossover conflicting areas of responsibility, such as custody of cash, as well as responsibility for recording and reconciling account activity, and authorizing transactions.

**Amount of Questioned Cost, How Computed and Prevalence**

None.

**Effect**

The District has exposure to risk of financial statement misstatement and the potential risk of errors or fraud that may not be detected by the District's system of internal control.

**Cause**

Due to the District only having a few personnel assigned to duties that involve access to the general ledger and other accounting records and who also have custody of and responsibility for handling cash and other assets, an inadequate segregation of duties exists.

**Recommendation**

We recommend that the District employees and Board maintain diligence for the potential risk not having an adequate segregation of duties. The District should also ensure that it segregates the following duties as much as possible:

- 1) Bank reconciliations should be prepared by someone who is not involved in the customer payment receipts or disbursement functions, if at all possible.

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT  
COMBINED SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2023**

- 1) Some of the non-technical duties, such as taking deposits to the bank, maintaining check stock, etc, could be performed by administrative staff not involved in cash or accounting functions, possibly even staff from other departments.
- 2) Employees involved in the purchasing function (initiating purchase requests, creating purchase orders, approving purchase orders) should not be involved in disbursement functions (approving invoices for payment, recording invoices, receiving goods, maintain inventories).
- 3) Receiving customer payments, deposit preparation and posting deposits to the general ledger should be separated.

**District's Response**

The District concurs with this finding, and will continue to evaluate how it might further segregate duties.

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT  
COMBINED SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2023**

**Finding 2023-002 Financial Reporting**

**Criteria Upon Which Audit Finding is Based (Legal Citation)**

In accordance with AU-C Section 265, the Organization is responsible for preparing complete and accurate financial statements and footnote disclosures in accordance with Generally Accepted Accounting Principles (GAAP).

**Finding (Condition)**

Similar to many other small special districts, the District does not have policies and procedures in place to ensure that complete and accurate financial statements, MD&A and footnote disclosures are prepared in accordance with GAAP prior to the annual audit. Management relies upon the auditor to recommend footnote disclosures for the financial statements and to prepare adjusting journal entries for approval in order to report financial information in accordance with GAAP.

**Amount of Questioned Cost, How Computed and Prevalence**

None.

**Effect**

There is a risk that a material financial statement misstatement may exist and not be prevented or detected by the District's system of internal control.

**Cause**

This condition has always existed at the District, and is being reported in accordance with AU-C Section 265.

**Recommendation**

We recommend that the District should consider the cost benefit of hiring an accountant familiar with GAAP or contracting with an independent CPA firm to compile financial statements in conformity with GAAP.

**District's Response**

The District has determined that the costs of correcting this control weakness outweigh the benefits to be received. The District will continue to rely on the independent auditor to prepare its annual financial statements. Monthly financial reports will be created by the bookkeeper, under the supervision of the General Manager.

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT  
COMBINED SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2023**

**Finding 2023-003 Credit Card Purchases**

**Criteria Upon Which Audit Finding is Based (Legal Citation)**

AU-C Section 265, the District is responsible for implementing systems designed to achieve effective internal controls to help ensure that resources are safeguarded, while being used efficiently and effectively.

**Finding (Condition)**

In our testing, we noted a lack of supporting documentation for credit card purchases.

**Amount of Questioned Costs, How Computed and Prevalence**

For the months of July and May, \$1,834 in credit card transactions did not have receipts.

**Effect**

The District is at risk of misappropriation of District funds.

**Cause**

District personnel are not following established policies and procedures.

**Recommendation**

The District should ensure that policies and procedures are followed. Improvement has been made over prior year, however employees need to be aware that receipts are necessary.

**District's Response**

The District concurs with this finding.



**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
(FINDINGS FROM THE JUNE 30, 2022 AUDIT REPORT)  
JUNE 30, 2023**

**Finding 2022-001 Lack of Segregation of Duties**

**Finding (Condition):**

An inadequate segregation of duties exists.

**Status:**

Not Implemented – See current year finding 2023-001

**Finding 2022-002 Financial Reporting**

**Finding (Condition):**

Similar to many other small special districts, the District does not have policies and procedures in place to ensure that complete and accurate financial statements, MD&A and footnote disclosures are prepared in accordance with GAAP prior to the annual audit. Management relies upon the auditor to recommend footnote disclosures for the financial statements and to prepare adjusting journal entries for approval in order to report financial information in accordance with GAAP.

**Status:**

Not Implemented – See current year finding 2023-002

**Finding 2022-003 Utility Billing**

**Finding (Condition):**

In our testing of utility billing, we noted numerous errors in utility billing, such as in correct customer counts, incorrect billing rates and unintentional duplicate billings.

**Status:**

Implemented

**Finding 2022-004 Credit Card Purchases**

**Finding (Condition):**

In our testing, we noted a lack of supporting documentation for credit card purchases.

**Status:**

Partially Implemented – See current year finding 2023-003

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT  
CORRECTIVE ACTION PLAN  
JUNE 30, 2023**

Person Monitoring Corrective Action Plan  
General Manager, Jamar Tate

**Finding 2023-001 Lack of Segregation of Duties**

**Finding (Condition):**

An inadequate segregation of duties exists.

**Corrective Action Planned:**

Due to the number of employees of the District, it is not possible for the district to cost effectively mitigate this finding. The District cannot, with its current budget hire an adequate number of employees to insure that custody of assets and accountability for assets is separated.

**Expected Completion Date:**

Ongoing.

**Finding 2023-002 Financial Reporting**

**Finding (Condition):**

Similar to many other small special districts, the District does not have policies and procedures in place to ensure that complete and accurate financial statements, MD&A and footnote disclosures are prepared in accordance with GAAP prior to the annual audit. Management relies upon the auditor to recommend footnote disclosures for the financial statements and to prepare adjusting journal entries for approval in order to report financial information in accordance with GAAP.

**Corrective Action Planned:**

The District has determined that the costs of correcting this control weakness outweigh the benefits to be received. The District will continue to rely on the independent auditor to prepare its annual financial statements. In addition, to ensure that accurate and timely accounting reports are prepared, the District has hired an accountant. Also, The District Manager will monitor the preparation of the reports.

**Expected Completion Date:**

Ongoing.

**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT  
CORRECTIVE ACTION PLAN  
JUNE 30, 2023**

**Finding 2023-003 Credit Card Purchases**

**Finding (Condition):**

In our testing, we noted a lack of supporting documentation for credit card purchases.

**Corrective Action Planned:**

The District will ensure that policies and procedures are followed with regard to credit card purchases.

**Expected Completion Date:**

Ongoing.