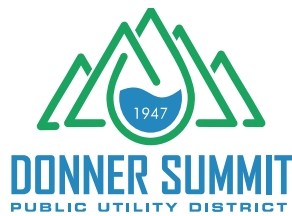


## Agenda Item: 5D



## STAFF REPORT

**TO:** Board of Directors

**PREPARED BY:** Steven Palmer, PE, General Manager *SP*

**SUBJECT:** Approve Annual Engagement Letter with Barnard Vogler & Co. for Professional Accounting Services for an Amount Not to Exceed \$37,200

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### **RECOMMENDATION**

Approve annual engagement letter with Barnard Vogler & Co. for professional accounting services for an amount not to exceed \$37,200 and authorize the General Manager to sign the letter.

### **BACKGROUND**

Donner Summit Public Utility District (DSPUD) hires Barnard Vogler & Co. (BVC) to act as DSPUD's accountant and provide all accounting services. Each year, DSPUD provides BVC with a signed engagement letter that authorizes BVC to act as DSPUD's accountant. This year's engagement letter is included as Attachment 1.

BVC provides the following services to DSPUD:

- Record journal entries for revenue and payroll expenses
- Prepare accounts payable checks twice per month and post to general ledger
- Reconcile bank statements
- Prepare Forms 1099 and 1096
- Post annual revenue and expense budget numbers to the general ledger
- Prepare monthly financial statements

### **DISCUSSION AND ANALYSIS**

Since DSPUD does not have proper staffing, expertise, or software to provide reliable accounting in-house, a contract accountant is necessary. Additionally, a contract accountant provides a separation of duties which enhances fraud prevention. For example, this arrangement allows DSPUD to separate the invoice approval process from the check preparation process. Since BVC is familiar with DSPUD and has been providing quality service, Staff recommends approving the engagement letter and continuing to work with BVC.

### **FISCAL IMPACT**

Services are provided on a time and material basis, with a not to exceed amount of \$37,200. This amount is approximately \$800 more than the prior year. The cost of these services is included in the proposed Fiscal Year 2025/26 budget.

### **CEQA ASSESSMENT**

This is not a CEQA Project

### **ATTACHMENTS**

1. Engagement Letter



100 West Liberty St.  
Suite 1100  
Reno, NV 89501

775.786.6141  
775.323.6211  
bvcoepas.com

March 6, 2025

Steve Palmer  
Donner Summit Public Utility District  
P.O. Box 610  
Soda Springs, CA 95728

Dear Steve:

You have requested that we prepare the financial statements of Donner Summit Public Utility District, which comprise the statements of activity – budgetary basis as of each month end from July, 1 2025 through June 30, 2026, and perform a compilation engagement with respect to those financial statements. These financial statements will not include a statement of net position, statement of cash flows and related notes to the financial statements. We are pleased to confirm our acceptance and our understanding of this engagement by means of this letter.

### **Our Responsibilities**

The objective of our engagement is to:

- a) Prepare financial statements in accordance with the budgetary basis of accounting based on information provided by you; and
- b) Apply accounting and financial reporting expertise to assist you in the presentation of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statement in order for them to be in accordance with the budgetary basis of accounting.

We will conduct our compilation engagement in accordance with Statement on Standards for Accounting and Review Services (SSARs) promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA's Code of Professional Conduct, including the ethical principles of integrity, objectivity, professional competence, and due care.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion nor provide any assurance on the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations.

## Your Responsibilities

The compilation engagement to be performed is conducted on the basis that you acknowledge and understand that our role is to prepare financial statements in accordance with the budgetary basis of accounting and assist you in the presentation of the financial statements in accordance with the budgetary basis of accounting. You have the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARs:

- a) The selection of the budgetary basis of accounting as the financial reporting framework to be applied in the preparation of the financial statements.
- b) The preparation and fair presentation of the financial statements in accordance with the budgetary basis of accounting.
- c) The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements.
- d) The prevention and detection of fraud.
- e) To ensure that the entity complies with the laws and regulations applicable to its activities.
- f) The accuracy and completeness of the records, documents, explanations and other information, including significant judgments, you provide to us for the engagements.
- g) To provide us with:
  - i. Access to all information of which you are aware is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
  - ii. Additional information that we may request from you for the purpose of the compilation engagement.
  - iii. Unrestricted access to persons within the entity of whom we determine it necessary to make inquiries.

You are also responsible for all management decisions and responsibilities and for designating an individual with suitable skills, knowledge, and experience to oversee our preparation of your financial statements and all other nonattest services that we provide. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

## Our Report

As part of our engagement, we will issue a report that will state that we did not audit or review the financial statements and that, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them. Circumstances may arise in which it is necessary for us to modify our report or withdraw from the engagement.

Our report will disclose that the financial statements are prepared in accordance with the budgetary basis of account, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Our report will disclose that the Company's management has elected to omit the statement of cash flows and substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the statement of cash flows and omitted disclosures were to be included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements will not be designed for those who are not informed about such matters.

You agree to include our accountants' compilation report in any document containing financial statements that indicates that we have performed a compilation engagement on such financial statements and, prior to inclusion of the report, to ask our permission to do so.

### Other Relevant Information

As part of our engagement, we will also perform the following nonattest bookkeeping services for July 2025 through June 2026:

- Assistance with recording journals for revenue and payroll expenses
- Assistance with preparing accounts payable vendor checks twice a month
- Assistance with posting to the general ledger
- Assistance with reconciling bank statements
- Assistance with preparing forms 1099 and 1096
- Assistance with posting budget numbers for revenue and expenses annually
- Assistance with preparing reports for the annual financial statement audit and special projects upon request

We will not assume management responsibilities on behalf of Donner Summit Public Utility District. However, we will provide advice and recommendations to assist management of Donner Summit Public Utility District in performing its responsibilities.

Donner Summit Public Utility District's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the engagement are as follows:

- We will perform the services in accordance with applicable professional standards.
- This engagement is limited to compilation and bookkeeping services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries.

If, for any reason, we are unable to complete the compilation of your financial statements, we will not issue a report on such statements as a result of this engagement.

David Schaper is the engagement director and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our firm may transmit confidential information that you provided us to third parties in order to facilitate delivering our services to you. For example, such transmissions might include, but not be limited to tax software developers, technology contractors and data storage providers. We will take reasonable precautions to determine that they have the appropriate procedures in place to prevent the unauthorized release of confidential information to others. By your signature below, you consent to having confidential information transmitted to entities outside the firm. Please feel free to inquire if you would like additional information regarding the transmission of confidential information to entities outside the firm.

We estimate that our fees for these services will average \$3,100 per month. Some months are expected to be higher and some lower. For the 12 months of financial statements and bookkeeping ended December 31, 2024, we have billed you \$36,241, which included \$602 in postage. You will also be billed for out-of-pocket costs such as report production, typing, postage, travel, etc. The fee is based upon anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the work performed. If significant additional time is necessary, we will discuss it with you and arrive at a new fee. If you require additional work, we will discuss this with you in advance and you will be billed at our standard hourly rates based upon the personnel involved.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

*Barnard, Vogler & Co.*

Accepted by: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_