

AUDIT REPORT

WAGONER COUNTY RURAL WATER DISTRICT #6
WAGONER COUNTY, OKLAHOMA

DECEMBER 31, 2016

KERSHAW CPA & ASSOCIATES, PC

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WAGONER COUNTY RURAL WATER DISTRICT #6
WAGONER COUNTY, OKLAHOMA
DECEMBER 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Wagoner County Rural Water District #6
Wagoner County, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of Wagoner County Rural Water District #6, as of and for the fiscal year ended December 31, 2016, as listed in the table of contents and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in accordance with Oklahoma Statutes. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the

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entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Wagoner County Rural Water District #6, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2017, on our consideration of the Wagoner County Rural Water District #6's internal control over financial

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reporting and our tests of its 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wagoner County Rural Water District #6's internal control over financial reporting and compliance.

Kershaw CPA & Associates, P.C.
Kershaw, CPA & Associates, PC

April 18, 2017

EXHIBIT A

WAGONER COUNTY RURAL WATER DISTRICT #6
WAGONER COUNTY, OKLAHOMA
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	2016	Memo Only 2015
<u>ASSETS</u>		
<u>Current Assets:</u>		
Cash in Bank:		
Revenue	\$ 55,843	\$ 55,620
Operations	176,469	176,955
Certificates of Deposit	39,394	39,197
Petty Cash	300	300
Accounts Receivable	20,128	23,863
Prepaid Expenses	7,919	6,519
Total Current Assets	<u>300,052</u>	<u>302,453</u>
<u>Capital Assets:</u>		
Land	26,299	26,299
Water Distribution System	1,505,663	1,439,454
Buildings and Equipment	228,579	224,834
Office Furniture, Fixtures & Other Equipment	45,428	45,428
Less: Accumulated Depreciation	<u>(856,311)</u>	<u>(808,526)</u>
Total Capital Assets	<u>949,659</u>	<u>927,489</u>
TOTAL ASSETS	<u><u>\$ 1,249,711</u></u>	<u><u>\$ 1,229,942</u></u>
<u>LIABILITIES & NET POSITION</u>		
<u>Current Liabilities:</u>		
Accounts Payable	\$ 24,008	\$ 15,283
Payroll Taxes Payable	50	50
Deposits Payable	2,360	2,000
Current Portion of Long-Term Debt	-	-
Total Current Liabilities	<u>26,418</u>	<u>17,333</u>
<u>Long-Term Liabilities:</u>		
Notes Payable	-	-
Less: Current Portion of Long-Term Debt	-	-
Total Long-Term Debt	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>26,418</u>	<u>17,333</u>
<u>NET POSITION:</u>		
Net investment in capital assets	949,659	927,489
Restricted for debt service	-	-
Unrestricted	<u>273,634</u>	<u>285,121</u>
TOTAL NET POSITION	<u>1,223,293</u>	<u>1,212,609</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 1,249,711</u></u>	<u><u>\$ 1,229,942</u></u>

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

EXHIBIT B

**WAGONER COUNTY RURAL WATER DISTRICT #6
WAGONER COUNTY, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016**

	2016	Memo Only 2015
<u>Operating Revenues:</u>		
Water Sales	\$ 328,754	\$ 308,663
Other Income	19,373	21,555
Total Operating Revenues	348,127	330,218
<u>Operating Expenses:</u>		
Water purchases	135,613	127,014
Wages and related payroll taxes	77,753	69,372
Bank fees and bad debts	12	16
Director expense	5,941	4,750
Dues & subscriptions	2,546	1,795
Insurance	14,010	13,342
Professional fees	5,300	2,100
Licenses & permits	845	596
Machine Hire	6,341	3,900
Travel & Mileage Expense	3,075	3,420
Office expense	9,353	8,530
Postage	4,195	4,401
Rent	1,393	2,141
System Supplies & Repairs	20,668	24,697
Utilities & Telephone	9,345	8,440
Water Quality Testing	3,993	4,092
Miscellaneous expense	2,683	2,895
Bad Debt Expense	600	2,735
Depreciation Expense	47,784	44,297
Total Operating Expenses	351,451	328,533
Net Operating Income (Loss)	(3,324)	1,685
<u>Non-operating Income (Expense):</u>		
Interest Income	707	807
Gain (Loss) on Sale of Capital Assets	-	(157)
Membership Income	13,200	25,800
Total Non-operating Income (Expense)	13,907	26,450
Change in Net Position	10,583	28,135
Capital Contributions	-	-
Total Net Position, Beginning of Year	1,212,609	1,184,474
Total Net Position, Prior Year Adjustment	100	-
Total Net Position, End of Year	\$ 1,223,293	\$ 1,212,609

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

EXHIBIT C

**WAGONER COUNTY RURAL WATER DISTRICT #6
WAGONER COUNTY, OKLAHOMA
STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016**

	2016	Memo Only 2015
<u>Cash Flows from Operating Activities:</u>		
Cash Receipts from Customers	\$ 352,222	\$ 332,505
Payments to Suppliers for Goods & Services	(296,342)	(279,854)
Net Cash Provided (Used) by Operating Activities	<u>55,881</u>	<u>52,650</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>		
Additions to Capital Assets	(69,954)	(54,518)
Proceeds from Sale of Capital Assets	-	1,975
Issuance of new memberships	13,200	25,800
Principal paid on long-term debt	-	-
Interest paid on Debt	-	-
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>(56,754)</u>	<u>(26,743)</u>
<u>Cash Flows from Investing Activities:</u>		
Interest Income	<u>707</u>	<u>807</u>
Net Cash Provided (Used) by Investing Activities	<u>707</u>	<u>807</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(166)	26,714
Cash & Cash Equivalents, Beginning of Year	272,072	245,358
Cash & Cash Equivalents, Prior Year Adjustment	100	-
Cash & Cash Equivalents, End of Year	<u><u>\$ 272,006</u></u>	<u><u>\$ 272,072</u></u>
<u>Reconciliation of operating income (loss) to net cash provided operating activities:</u>		
Operating Income (Loss)	\$ (3,324)	\$ 1,685
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	47,784	44,297
(Increase)Decrease in Accounts Receivable	3,735	287
(Increase)Decrease in Prepaid Insurance	(1,400)	1,042
Increase(Decrease) in Accounts Payable	8,725	3,740
Increase(Decrease) in Payroll Taxes Payable	-	(400)
Increase(Decrease) in Deposits Payable	360	2,000
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 55,881</u></u>	<u><u>\$ 52,650</u></u>

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

WAGONER COUNTY RURAL WATER DISTRICT #6
WAGONER COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies employed by Wagoner County Rural Water District #6 (the District) are consistent with accounting principles generally accepted in the United States of America. Significant policies are described below.

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. The statement established a new reporting model for governments that is substantially different from prior reporting standards. The District adopted the new reporting model, which includes the following segments:

Management's Discussion & Analysis - provides introductory information on basic financial statements and an analytical overview of the District's financial activities. For the year ended December 31, 2016, management has not presented the Management's Discussion and Analysis as required by the Governmental Accounting Standards Board (GASB) and GASB has determined it necessary to supplement, although not required to be part of, the basic financial statements.

Fund financial statements - provide information about the District's proprietary fund. The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

A. Financial Reporting Entity:

Wagoner County Rural Water District #6 was incorporated under the Rural Water District Act of Oklahoma, for the purpose of acquiring water rights, and to build and acquire pipelines and other facilities and to operate for the purpose of furnishing water to serve the needs of owners and occupants of land located within the District.

B. Basis of Accounting:

The financial statements are presented on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenditures are recorded when the liability is incurred.

WAGONER COUNTY RURAL WATER DISTRICT #6
WAGONER COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

C. Income Taxes:

The District is exempt from federal and state income tax.

D. Estimates:

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

E. Cash and Cash Equivalents:

For purposes of the statement of cash flows, the District considers all cash on hand, demand deposits, and highly liquid investments, with a maturity of three months or less when purchased, to be cash and cash equivalents.

F. Investments:

Investments consist of certificates of deposit maturing in three to six months with interest paid monthly at varying rates.

G. Inventory:

The District's Inventory is not material and is not included in the financial statements.

H. Accounts Receivable

Accounts receivable consist primarily of charges for water sales. Management has established a provision for uncollectible accounts of \$1,297.86 for the current year.

I. Capital Assets:

The water storage and delivery system and furniture and equipment are recorded at cost. Donated capital assets are reported at estimated fair market value at the date of donation.

All reported assets are depreciated on the straight-line basis over their estimated useful lives ranging from five to fifty years.

J. Capitalization Policy:

Purchases of capital items in excess of \$500.00 that increase the capacity or operation efficiency or extend the useful life of any

WAGONER COUNTY RURAL WATER DISTRICT #6
WAGONER COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

asset are capitalized. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized.

K. Equity Classification:

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. Restricted – Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted - Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the District's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

L. Revenues, Expenditures & Expenses

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

M. Memorandum Totals

The "memorandum only" captions above the total columns mean that totals are presented for overview information purposes only.

WAGONER COUNTY RURAL WATER DISTRICT #6
WAGONER COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

As a local government unit, the District is subject to various federal, state, and local laws and contractual regulations. In accordance with Government Auditing Standards, the auditor has issued a report on his consideration of the District's internal control over financial reporting and tested its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in compliance with Government Auditing Standards and should be read in conjunction with this report in considering the results of the audit.

Finance-related Legal & Contractual Provisions

The District does not have any long-term debt agreements which would have budgetary or reserve requirements.

Deficit Fund Balance or Retained Earnings

As indicated in the financial statements, there are no fund balance or retained earnings deficits for the District for this fiscal year.

NOTE 3 - CUSTODIAL CREDIT RISK RELATED TO DEPOSITS

Custodial Credit Risk

At December 31, 2016, the District held deposits of approximately \$272,006 at financial institutions. The District's cash deposits, including interest-bearing certificates of deposit are covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the District or by its agent in the District's name.

Investment Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The District has no policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state

WAGONER COUNTY RURAL WATER DISTRICT #6
WAGONER COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

- financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
 - d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
 - e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
 - f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

Concentration of Investment Credit Risk

The District places no limit on the amount it may invest in any one issuer. The District has the following credit risk: 100% in Certificates of Deposit (\$39,394.46).

NOTE 4 - ACCOUNTS RECEIVABLE

The following is an aged schedule of accounts receivable as of December 31, 2016:

Current	30 Days	60 Days	90 Days	Total
\$ (4,512)	\$ 24,858	\$ 32	\$ 277	\$ 20,655

NOTE 5 - CAPITAL ASSETS

Capital asset activity, for the fiscal year ended December 31, 2016, was as follows:

	Balance at Dec. 31, 2015	Additions	Deductions	Balance at Dec. 31, 2016
Land	\$ 26,299	\$ -	\$ -	\$ 26,299
Water Distribution System	1,439,454	66,209	-	1,505,663
Buildings & Equipment	224,834	3,745	-	228,579
Furniture & Fixtures	45,428	-	-	45,428
Subtotal	1,736,015	69,954	-	1,805,969
Less: Accum. Depr.	(808,526)	(47,784)	-	(856,311)
Total Capital Assets (Net of Depreciation)	\$ 927,489	\$ 22,170	\$ -	\$ 949,659

The current year additions include a sub pump and the new meter system project.

WAGONER COUNTY RURAL WATER DISTRICT #6
WAGONER COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 6 - LONG-TERM DEBT

The District has no long-term debt.

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2016:

	Balance at Dec. 31, 2015	Additions	Deductions	Balance at Dec. 31, 2016
Notes Payable	\$ -	\$ -	\$ -	\$ -
Total Long-Term Debt	\$ -	\$ -	\$ -	\$ -

NOTE 7 - FUND EQUITY

As described in Note 1 above, equity is classified as net position and displayed in three components:

1. Net investment in capital assets
2. Restricted
3. Unrestricted

NOTE 8 - CONTINGENCIES

Litigation

According to the District's management, there is no pending litigation.

Federally Assisted Programs

In the normal course of operations, the District participates in various federal or state/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

NOTE 9 - SUBSEQUENT EVENTS

The District did not have any subsequent events through April 18, 2017, which is the date the financial statements were issued, for events requiring recording or disclosure in the financial statements for the year ending December 31, 2016.

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

To the Board of Directors
Wagoner County Rural Water District #6
Wagoner County, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in accordance with Oklahoma Statutes, the financial statements of the Wagoner County Rural Water District #6, as of and for the year ended December 31, 2016, and the related notes to the financial statements, and have issued our report thereon dated April 18, 2017. Management has omitted the MD&A required by accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Wagoner County Rural Water District #6's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Wagoner County Rural Water District #6's internal control. Accordingly, we do not express an opinion on the effectiveness of Wagoner County Rural Water District #6's internal control.

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

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that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying Schedule of Findings that we consider to be significant deficiencies. Those deficiencies are listed as Item 16-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Wagoner County Rural Water District #6's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Wagoner County Rural Water District #6's Response to Findings

Wagoner County Rural Water District #6's response to the findings identified in our audit is described in the accompanying Schedule of Findings. Wagoner County Rural Water District #6'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 this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report

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is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kershaw CPA & Associates, P.C.

Kershaw, CPA & Associates, PC

April 18, 2017

WAGONER COUNTY RURAL WATER DISTRICT #6
WAGONER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2016

INTERNAL CONTROL FINDINGS:

Item 16-01: Segregation of Duties

Criteria: A good system of internal control requires a proper segregation of duties to prevent one person from being in a position to authorize, execute, and record the same transaction.

Condition: Due to the size of the District's major areas of internal control, that would be prevalent in a larger District, such segregation of duties is not available for this size operation. Duties are concentrated in the hands of a few individuals, who are responsible for all phases of the accounting functions. Because of this lack of division of responsibility, internal control is determined to be weak, and in some instances, non-existent.

Cause/Effect: Due to the limited number of personnel, a breach of internal controls could occur and not be detected in the normal course of operations.

Recommendation: The Board should continue to be actively involved in the operations of the District.

Response: The Board continues to be actively involved in the operations of the District.