

**WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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**WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Washakie Rural Improvement and Service District
Worland, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of Washakie Rural Improvement and Service District as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise Washakie Rural Improvement and Service District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluation 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Washakie Rural Improvement and Service District as of June 30, 2021 and 2020, and the respective changes in financial position, and, cash flows, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary information

Accounting principles generally accepted in the United States of America require the budgetary comparison information on pages 15 and 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who consider 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 consist 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.

The District has omitted a 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 consider 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Washakie Rural Improvement and Service District's basic financial statement. The combining statements on pages 12 through 14 are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The combining statements are 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. Such information has been subject 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 records and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 31, 2021 on our consideration of Washakie Rural Improvement and Service District's internal control over financial reporting and on our tests of its compliance with certain provisions of law, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 internal control over financial reporting and compliance.



Seckman & Thomas, Certified Public Accountants, PC
July 31, 2021

WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021 AND 2020

ASSETS

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 594,453	\$ 448,825
Accounts receivable	<u>56,095</u>	<u>41,470</u>
Total Current Assets	650,548	490,295
RESTRICTED ASSETS		
Restricted Cash	214,827	470,863
CAPITAL ASSETS		
Office Equipment	27,125	27,125
Water Distribution System	17,729,283	17,729,283
Vehicles	<u>29,785</u>	<u>29,785</u>
Total Capital Assets	17,786,193	17,786,193
Less accumulated depreciation	<u>(5,405,243)</u>	<u>(5,047,679)</u>
Net Capital Assets	<u>12,380,950</u>	<u>12,738,514</u>
Total Assets	<u>\$ 13,246,325</u>	<u>\$ 13,699,672</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES		
Accounts Payable	\$ 14,743	\$ 19,260
Accrued Expenses	-	1,895
Current Portion Long-Term Debt	<u>72,259</u>	<u>61,102</u>
Total Current Liabilities	87,002	82,257
LONG-TERM LIABILITIES	<u>11,232</u>	<u>438,260</u>
TOTAL LIABILITIES	98,234	520,517
NET POSITION		
Net investment in capital assets	12,297,459	12,239,152
Restricted	214,827	470,863
Unrestricted	<u>635,805</u>	<u>469,140</u>
Total Net Position	<u>\$ 13,148,091</u>	<u>\$ 13,179,155</u>

**WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
OPERATING REVENUES		
Operating Revenues	\$ 585,857	\$ 572,366
OPERATING EXPENSES		
Utilities Purchased	106,091	117,607
Personal Services	54,520	61,420
Maintenance & Operation	60,282	69,011
Materials & Supplies	47,571	39,242
Depreciation	<u>357,564</u>	<u>357,564</u>
Total Operating Expenses	<u>626,028</u>	<u>644,844</u>
OPERATING INCOME (LOSS)	(40,171)	(72,478)
NON-OPERATING INCOME (EXPENSES)		
Capital Grant	-	-
Interest Expense	(6,580)	(14,227)
Interest Income	<u>15,687</u>	<u>3,885</u>
Net Non-Operating Revenue (Expenses)	9,107	(10,342)
CHANGE IN NET POSITION	(31,064)	(82,820)
NET POSITION		
Beginning	<u>13,179,155</u>	<u>13,261,975</u>
Ending	<u>\$ 13,148,091</u>	<u>\$ 13,179,155</u>

**WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from customers	\$ 571,232	\$ 575,175
Cash paid for administration	(54,520)	(61,420)
Cash paid for operations	<u>(220,356)</u>	<u>(227,922)</u>
Net Cash Provided by Operating Activities	296,356	285,833
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Income	<u>15,446</u>	<u>3,713</u>
Net Cash Provided by Investing Activities	15,446	3,713
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to plant and equipment	-	-
Capital Grant	-	-
Principal paid on debt	(415,871)	(210,131)
Interest paid on debt	<u>(6,339)</u>	<u>(14,055)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(422,210)</u>	<u>(224,186)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(110,408)	65,360
Cash and Cash Equivalents, beginning of year	<u>919,688</u>	<u>854,328</u>
Cash and Cash Equivalents, end of year	<u>\$ 809,280</u>	<u>\$ 919,688</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (40,171)	\$ (72,478)
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	357,564	357,564
Change in assets and liabilities		
Decrease (Increase) in Accounts receivable	(14,625)	2,809
(Decrease) Increase in Accounts Payable	(6,412)	(2,062)
Total Adjustments	<u>336,527</u>	<u>358,311</u>
Net Cash Provided by Operating Activities	<u>\$ 296,356</u>	<u>\$ 285,833</u>

WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies:

Organization

The Washakie Rural Improvement and Service District (the "District") was established in 1998 as a water district located in the rural areas located in Washakie County, Wyoming. The District's goal is to deliver treated water drawn from the Big Horn Regional Joint Powers Board to a general service area extending from the Big Horn County line on the North to the Hot Springs County line on the South. The District is predominately residential in character, with interspersed commercial and agricultural areas. The District is governed by a Board of Directors consisting of three directors elected by residents of the District. Primary financing for the Board is provided by state and federal loans and grants and fees paid by rural water users.

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement 14. The District is the primary government unit. Component units are those entities, which are financially accountable to the primary government, either because the District appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the District. The District has no component units.

Significant accounting policies are as follows:

Basis of Accounting

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for the establishing governmental accounting and financial reporting principles. The District utilizes accounting principles appropriate for an enterprise fund to record its activities. Accordingly, the statement of net position and the statement of revenues, expenses and changes in net position have been prepared using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund reporting focuses on the determination of change in net position, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services. The Districts financial statements consist of the statement of net position, a statement of revenue, expenses and changes in net position and a statement of cash flows. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The District applies all Governmental Accounting Standards Board (GASB) pronouncements.

WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies: (Continued)

Use of Estimates

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

Revenue Recognition

The District recognizes revenues from water sales and connection and other fees when they are earned. Operating activities generally result from providing services and producing and delivering goods. As such, the District considers fees received from water sales and connection fees to be operating revenues.

Budgets

The District is required to adopt a budget in accordance with state statutes and debt covenants.

Capital Assets

The District records the acquisition of capital assets and additions, improvements and other capital outlays that significantly extend the life of an asset at historical cost. Contributed assets are recorded at their fair market value at the date of donation. Depreciation is charged to expense for all capital assets and is computed using the straight-line method over the following estimated useful lives:

Office Equipment	5 - 10 years
Transmission and distribution	40 - 50 years

Depreciation expense was \$357,564 and \$357,564 for the years ended June 30, 2021 and 2020 respectively and is included with depreciation and amortization.

The District incurs interest charges on long-term debt. \$6,580 interest was charged to expense for the year ended June 30, 2021. \$14,227 interest was charged to expense in 2020.

Dependence

The District extracts approximately 70% of its water supply from the Big Horn Regional Water System and 30% of its water supply from the City of Worland. Interruption of this source would impact the District negatively.

WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

Summary of Significant Accounting Policies: (Continued)

Note 1 - Cash and Cash Equivalents

For purposes of the statement of cash flows the District considers all investment instruments purchased with a maturity of three months or less to be cash.

Note 2 - Cash and Investments:

Wyoming Statutes allow the Board to deposit uninvested funds with federal banks, state banks, and federal or state savings and loan institutions. All deposits must be fully insured by the FDIC, or secured by a pledge of assets.

At June 30, 2021 and 2020 the carrying value of cash and investments was \$809,280 and \$931,212, respectively. The organization had all of its funds in financial institutions covered by FDIC insurance and pledging. There were no uncollateralized amounts. The District's short-term investments are reported at cost, which approximates fair value and treated as cash equivalents.

Note 3 – Commitments & Construction

The organization is in the construction phase of a water distribution project of estimated total costs of \$15,200,000. State and federal grants of approximately \$12,479,000 have been committed with the organization obtaining loans for \$2,489,000. Other funding of approximately \$232,000 will come from tap fees and user funding. Sinking funds or reserves required are included in Note 4 and Note 8. The project was 100% as of September 2012.

Note 4 – Accounts Receivable

Accounts receivable are recorded at their net value \$56,095 in 2021 and \$41,470 in 2020. The gross receivable is \$69,704 in 2021 and \$55,079 in 2020 and the allowance for doubtful accounts is \$13,609 in 2021 and \$13,609 in 2020. The allowance for doubtful accounts was developed based on prior year's collection history.

WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

Note 5 – Long Term Debt

The organization refinanced a \$1,988,650 General Obligation bonds originally issued in February 28, 2003 to the USDA to facilitate repayment of the interim financing secured through a local financial institution. In April 2018 the District refinanced the bonds with Wyoming Office of State Lands and Investments in the amount of \$1,158,993 at 2.5% for 20 years.

DESCRIPTION	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE	Due Within One Year
Loan Payable	\$ 499,362	\$ -	\$ 415,871	\$ 83,491	\$ 72,259

The annual payment summary for 2021 bonds payable is as follows:

Fiscal Year End	Principal	Interest	Total
2022	\$ 72,259	\$ 2,087	\$ 74,346
2023	11,232	281	11,513
2024	-	-	-
2025	-	-	-
2026	-	-	-
2024-2028	-	-	-
2029-2033	-	-	-
2034-2037	-	-	-
	<u>\$ 83,491</u>	<u>\$ 2,368</u>	<u>\$ 85,859</u>

The annual payment summary for 2020 bonds payable is as follows:

Fiscal Year End	Principal	Interest	Total
2021	\$ 61,102	\$ 13,244	\$ 74,346
2022	63,400	10,946	74,346
2023	64,985	9,361	74,346
2024	66,609	7,737	74,346
2025	68,275	6,071	74,346
2023-2027	174,991	34,741	209,732
2028-2032	-	-	-
2033-2037	-	-	-
	<u>\$ 499,362</u>	<u>\$ 82,100</u>	<u>\$ 581,462</u>

**WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020**

Note 5 – Long Term Debt (continued)

As part of the loan agreement, the lender recommends a reserve fund be established by monthly deposits into a reserve fund account and can be utilized for debt retirement or emergencies. Additionally, a debt retirement sinking fund is required to deposit \$37.60 a month per tap to provide for retirement of the bonds. The start date for the sinking funds or reserves is dependent on when the system becomes operational. The balance of the sinking fund was \$214,827 and \$470,863 as of June 30, 2021 and 2020, respectively.

Note 6 – Restricted Cash

At June 30, 2021 and 2020 the District had \$214,827 and \$470,863, respectively in restricted funds. These funds are required to be set aside for debt retirement of the SRF loan. Each water user is paying \$37.60 per month for debt service, which is being accrued in this account until the loan is fully paid off. See additional information in Note 4.

Note 7 – Capital Assets

A summary of changes in capital assets 2021:

Description	6/30/20	Change	6/30/21
Water System	\$ 17,729,283	\$ -	\$ 17,729,283
Office Equipment	27,125	-	27,125
Construction in Progress	-	-	-
Vehicles	29,785	-	29,785
Accumulated Depreciation	<u>(5,047,679)</u>	<u>(357,564)</u>	<u>(5,405,243)</u>
	<u>\$ 12,738,514</u>	<u>\$ (357,564)</u>	<u>\$ 12,380,950</u>

A summary of changes in capital assets 2020:

Description	6/30/19	Change	6/30/20
Water System	\$ 17,729,283	\$ -	\$ 17,729,283
Office Equipment	27,125	-	27,125
Construction in Progress	-	-	-
Vehicles	29,785	-	29,785
Accumulated Depreciation	<u>(4,690,115)</u>	<u>(357,564)</u>	<u>(5,047,679)</u>
	<u>\$ 13,096,078</u>	<u>\$ (357,564)</u>	<u>\$ 12,738,514</u>

WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

Note 8 – Net Position

Net position in proprietary fund financial statements is classified in three components.

Net invested in capital assets – consists of capital assets net of accumulated depreciation reduced by the outstanding of loans attributable to the acquisition, construction of improvements of those assets.

Restricted – consists of net position with constraints placed on resources that are either externally imposed by creditors, grantors, contributors or laws or regulations of other governments or imposed by laws by enabling legislation.

Unrestricted – portion of net position that does not meet the definition of restricted or invested in capital assets.

Note 9 – Reclassifications

Balances at June 30, 2020 have been reclassified to conform to current year classifications. These reclassifications had no effect on net income of the current or prior year.

Note 10 – Subsequent Events

Management of the District has evaluated subsequent events through July 31, 2021, which is also the date the financial statements were available to be issued. No subsequent events were noted during the evaluation that required recognition or disclosure in these financial statements.

Note 11 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disaster for which the District is commercially insured.

Note 12 – Restricted Assets

The Board generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The Board may defer the use of restricted assets based on the review of specific transactions.

WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS

	<u>Washakie Rural</u>	<u>South Worland</u>	<u>Total</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 445,526	\$ 148,927	\$ 594,453
Accounts receivable	<u>39,152</u>	<u>16,943</u>	<u>56,095</u>
Total Current Assets	484,678	165,870	650,548
RESTRICTED ASSETS			
Restricted Cash	214,827	-	214,827
CAPITAL ASSETS			
Office Equipment	27,125	-	27,125
Water Distribution System	17,729,283	-	17,729,283
Vehicles	<u>29,785</u>	<u>-</u>	<u>29,785</u>
Total Capital Assets	17,786,193	-	17,786,193
Less accumulated depreciation	<u>(5,405,243)</u>	<u>-</u>	<u>(5,405,243)</u>
Net Capital Assets	<u>12,380,950</u>	<u>-</u>	<u>12,380,950</u>
Total Assets	<u>\$ 13,080,455</u>	<u>\$ 165,870</u>	<u>\$ 13,246,325</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES			
Accounts Payable	\$ 10,420	\$ 4,323	\$ 14,743
Accrued Expenses	-	-	-
Current Portion Long-Term Debt	<u>72,259</u>	<u>-</u>	<u>72,259</u>
Total Current Liabilities	82,679	4,323	87,002
LONG-TERM LIABILITIES			
	<u>11,232</u>	<u>-</u>	<u>11,232</u>
TOTAL LIABILITIES	93,911	4,323	98,234
NET POSITION			
Net investment in capital assets	12,297,459	-	12,297,459
Restricted	214,827	-	214,827
Unrestricted	<u>474,258</u>	<u>161,547</u>	<u>635,805</u>
Total Net Position	<u>\$ 12,986,544</u>	<u>\$ 161,547</u>	<u>\$ 13,148,091</u>

**WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Washakie Rural</u>	<u>South Worland</u>	<u>Total</u>
OPERATING REVENUES			
Operating Revenues	\$ 419,708	\$ 166,149	\$ 585,857
OPERATING EXPENSES			
Utilities Purchased	67,247	38,844	106,091
Personal Services	30,987	23,533	54,520
Maintenance & Operation	32,602	27,680	60,282
Materials & Supplies	41,568	6,003	47,571
Depreciation	<u>357,564</u>	<u>-</u>	<u>357,564</u>
Total Operating Expenses	<u>529,968</u>	<u>96,060</u>	<u>626,028</u>
OPERATING INCOME (LOSS)	(110,260)	70,089	(40,171)
NON-OPERATING INCOME (EXPENSES)			
Capital Grant	-	-	-
Interest Expense	(6,580)	-	(6,580)
Interest Income	<u>15,446</u>	<u>241</u>	<u>15,687</u>
Net Non-Operating Revenue (Expenses)	<u>8,866</u>	<u>241</u>	<u>9,107</u>
CHANGE IN NET POSITION	(101,394)	70,330	(31,064)
NET POSITION			
Beginning	<u>13,087,938</u>	<u>91,217</u>	<u>13,179,155</u>
Ending	<u>\$ 12,986,544</u>	<u>\$ 161,547</u>	<u>\$ 13,148,091</u>

**WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

	Washakie Rural	South Worland	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from customers	\$ 409,784	\$ 161,448	\$ 571,232
Cash paid for administration	(30,987)	(23,533)	(54,520)
Cash paid for operations	(142,193)	(78,163)	(220,356)
Net Cash Provided by Operating Activities	<u>236,604</u>	<u>59,752</u>	<u>296,356</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Income	<u>15,446</u>	-	<u>15,446</u>
Net Cash Provided by Investing Activities	15,446	-	15,446
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to plant and equipment	-	-	-
Capital Grant	-	-	-
Principal paid on debt	(415,871)	-	(415,871)
Interest paid on debt	(6,580)	241	(6,339)
Net Cash Used in Capital and Related Financing Activities	<u>(422,451)</u>	<u>241</u>	<u>(422,210)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(170,401)	59,993	(110,408)
Cash and Cash Equivalents, beginning of year	<u>830,754</u>	<u>88,934</u>	<u>919,688</u>
Cash and Cash Equivalents, end of year	<u>\$ 660,353</u>	<u>\$ 148,927</u>	<u>\$ 809,280</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (110,260)	\$ 70,089	\$ (40,171)
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	357,564	-	357,564
Change in assets and liabilities			
Decrease (Increase) in Accounts receivable	(9,924)	(4,701)	(14,625)
(Decrease) Increase in Accounts Payable	(776)	(5,636)	(6,412)
Total Adjustments	<u>346,864</u>	<u>(10,337)</u>	<u>336,527</u>
Net Cash Provided by Operating Activities	<u>\$ 236,604</u>	<u>\$ 59,752</u>	<u>\$ 296,356</u>

**WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
Operating Revenues	549,700	549,700	585,857
EXPENSES			
Utilities Purchased	113,065	113,065	106,091
Personal Services	62,450	62,450	54,520
Maintenance & Operation	103,750	103,750	60,282
Materials & Supplies	<u>81,075</u>	<u>81,075</u>	<u>47,848</u>
Total Expenses	<u>360,340</u>	<u>360,340</u>	<u>268,741</u>
INCOME OVER (UNDER) EXPENSES	189,360	189,360	317,116
NON-OPERATING INCOME/TRANSFERS			
Principal Payments	(46,534)	(46,534)	(415,871)
Interest Expenses	(25,108)	(25,108)	(6,580)
Capital Outlay	-	(24,500)	-
Interest Income	<u>3,500</u>	<u>3,500</u>	<u>15,962</u>
Net Non-Operating Revenue/Transfers	<u>(68,142)</u>	<u>(92,642)</u>	<u>(406,489)</u>
EXCESS (DEFICIENCY) REVENUES OVER EXPENSE	<u>\$ 121,218</u>	<u>\$ 96,718</u>	<u>\$ (89,373)</u>

Basis of presentation: The budgetary comparison schedule presents the originally legally adopted budget, the final legally adopted budget, the actual results reported in accordance with accounting principals generally accepted in the United States of America (GAAP basis). There were no amendments.

See accompanying notes to financial statements

**WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
Operating Revenues	397,000	397,000	572,366
EXPENSES			
Utilities Purchased	68,300	68,300	117,607
Personal Services	35,500	35,500	61,420
Maintenance & Operation	42,500	42,500	69,011
Materials & Supplies	<u>73,950</u>	<u>73,950</u>	<u>39,242</u>
Total Expenses	<u>220,250</u>	<u>220,250</u>	<u>287,280</u>
INCOME OVER (UNDER) EXPENSES	176,750	176,750	285,086
NON-OPERATING INCOME/TRANSFERS			
Principal Payments	(124,346)	(124,346)	(166,096)
Interest Expenses	(26,293)	(26,293)	(14,227)
Interest Income	<u>3,500</u>	<u>3,500</u>	<u>3,885</u>
Net Non-Operating Revenue/Transfers	<u>(147,139)</u>	<u>(147,139)</u>	<u>(176,438)</u>
EXCESS (DEFICIENCY) REVENUES OVER EXPENSE	<u>\$ 29,611</u>	<u>\$ 29,611</u>	<u>\$ 108,648</u>

Basis of presentation: The budgetary comparison schedule presents the originally legally adopted budget, the final legally adopted budget, the actual results reported in accordance with accounting principals generally accepted in the United States of America (GAAP basis). There were no amendments.

See accompanying notes to financial statements

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

The Board of Directors
Washakie Rural Improvement and Service District
Worland, Wyoming

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of Washakie Rural Improvement and Service District, which comprise the statements of net position as of June 30, 2021 and the statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated July 31, 2021.

Internal Control Over Financial Reporting

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

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

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

Findings – Significant Deficiency 2021-001 and 2021-002.

Compliance and Other Matters

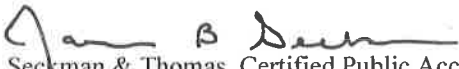
As part of obtaining reasonable assurance about whether Washakie Rural Improvement and Service District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

District's response to findings

The District's response to our 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 them.

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



Jan B. Deen

Seckman & Thomas, Certified Public Accountants, PC
July 31, 2021

WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021 AND 2020

2021-01

Criteria: Auditing standards now require an evaluation of the internal control over financial statement preparation. The preparation and review of the financial statements and notes by staff with experience in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes.

Condition: District lacks expertise to evaluate financial statement and note preparation. District staff maintain accounting records which reflect the district financial transactions, however preparing the Districts financial statements and notes requires additional expertise and knowledge.

Effect: Without our involvement, the District may not be able to completely, prepare financial statements and notes in accordance with accounting principles generally accepted in the United States no America.

Cause: District to small and the costs prohibitive. District has determined that the additional costs associated with training staff to become experts in the application of accounting principles and note disclosures outweighs the derived benefits.

Recommendation: The District should send the manager to additional training to evaluate the preparation of and note disclosures in accordance with GAAP. The District should continue to review and approve the financial statements and note disclosures to get an adequate understanding of the District's annual financial report.

Managements Response: The District will continue to employ personnel who have the ability to review, approve and accept responsibility for the financial statements. The District believes that the additional costs of training District staff to prepare the financial statements and notes would outweigh the benefits to the District.

WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021 AND 2020

2021-02

Criteria: An adequate system of internal control is proper segregation of duties. An effective system of internal control over financial reporting requires that closely related duties be segregated.

Condition: The size of the District is not large enough to permit a complete segregation of duties for an effective system of internal control over financial reporting.

Effect: The concentration of closely related duties and responsibilities by a small staff makes it difficult to establish an adequate system of internal checks on the accuracy and reliability of the accounting records.

Cause: District staff is too small to allow a complete segregation of duties and the costs of hiring more employees is prohibitive.

Recommendation: The District board should continue to review and approve all District activity and transactions, approve all journal entries, review all bank reconciliations to compensate for this deficiency.

Management's Response: Management and the board are aware of this condition and have made a conscious decision to accept the resulting degree of risk because of costs and other considerations.