

**WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

TABLE OF CONTENTS

<u>Page</u>	
1 - 2	INDEPENDENT AUDITOR'S REPORT
3	Statements of Net Position
4	Statements of Revenues, Expenses and Changes in Net Position
5	Statements of Cash Flows
6 - 11	NOTES TO FINANCIAL STATEMENTS
SUPPLEMENTARY INFORMATION	
12	Combining Statement of Net Position
13	Combining Statement of Revenues, Expenses and Changes in Net Position
14	Combining Statement of Cash Flows
15 - 16	Budgetary Comparison Schedule
17 - 18	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards
19 - 20	SCHEDULE OF FINDINGS AND QUESTIONED COST

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, 2020 and 2019, 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 of 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, 2020 and 2019, 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, 2020 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.

James B. Seckman, CPA, P.C.
July 31, 2020

**WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020 AND 2019**

ASSETS

	June 30, 2020	June 30, 2019
CURRENT ASSETS		
Cash and cash equivalents	\$ 448,825	\$ 412,023
Accounts receivable	41,470	44,279
Total Current Assets	<u>490,295</u>	<u>456,302</u>
RESTRICTED ASSETS		
Restricted Cash	470,863	442,305
CAPITAL ASSETS		
Office Equipment	27,125	27,125
Water Distribution System	17,729,283	17,729,283
Vehicles	29,785	29,785
Total Capital Assets	<u>17,786,193</u>	<u>17,786,193</u>
Less accumulated depreciation	<u>(5,047,679)</u>	<u>(4,690,115)</u>
Net Capital Assets	<u>12,738,514</u>	<u>13,096,078</u>
Total Assets	<u>\$ 13,699,672</u>	<u>\$ 13,994,685</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES		
Accounts Payable	\$ 19,260	\$ 21,323
Accrued Expenses	1,895	1,895
Current Portion Long-Term Debt	61,102	58,893
Total Current Liabilities	<u>82,257</u>	<u>82,111</u>
LONG-TERM LIABILITIES		
	438,260	650,599
TOTAL LIABILITIES	<u>520,517</u>	<u>732,710</u>
NET POSITION		
Net investment in capital assets	12,239,152	12,386,586
Restricted	470,863	442,305
Unrestricted	469,140	433,084
Total Net Position	<u>\$ 13,179,155</u>	<u>\$ 13,261,975</u>

See accompanying notes to the financial statements

WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	
OPERATING REVENUES	\$ 572,366	\$ 444,603	
Operating Revenues			
OPERATING EXPENSES			
Utilities Purchased	117,607	81,321	
Personal Services	61,420	38,624	
Maintenance & Operation	69,011	38,482	
Materials & Supplies	39,242	94,383	
Depreciation	357,564	357,564	
Total Operating Expenses	<u>644,844</u>	<u>610,374</u>	
OPERATING INCOME (LOSS)	(72,478)	(165,771)	
NON-OPERATING INCOME (EXPENSES)			
Capital Grant	-	-	
Interest Expense	(14,227)	(25,450)	
Interest Income	3,885	5,846	
Net Non-Operating Revenue (Expenses)	<u>(10,342)</u>	<u>(19,604)</u>	
CHANGE IN NET POSITION	(82,820)	(185,375)	
NET POSITION			
Beginning	13,261,975	13,447,350	
Ending	<u>\$ 13,179,155</u>	<u>\$ 13,261,975</u>	

See accompanying notes to the financial statements

**WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

June 30, 2020	June 30, 2019	
\$ 575,175	\$ 434,217	CASH FLOWS FROM OPERATING ACTIVITIES:
(61,420)	(38,624)	Cash received from customers
(227,922)	(209,363)	Cash paid for administration
285,833	186,230	Cash paid for operations
3,713	5,846	Net Cash Provided by Operating Activities
3,713	5,846	CASH FLOWS FROM INVESTING ACTIVITIES:
-	-	Interest Income
-	-	Net Cash Provided by Investing Activities
(210,131)	(150,852)	CASH FLOWS FROM CAPITAL AND RELATED
(14,055)	(25,450)	FINANCING ACTIVITIES
(224,186)	(176,302)	Additions to plant and equipment
65,360	15,774	Capital Grant
854,328	854,328	Principal paid on debt
919,688	870,102	Interest paid on debt
\$ (72,478)	\$ (165,771)	Net Cash Used in Capital and Related Financing Activities
357,564	357,564	Net Increase (Decrease) in Cash and Cash Equivalents
2,809	(10,386)	Cash and Cash Equivalents, beginning of year
(2,062)	4,823	Cash and Cash Equivalents, end of year
358,311	352,001	
\$ 285,833	\$ 186,230	
RECONCILIATION OF OPERATING INCOME TO NET		
CASH PROVIDED BY OPERATING ACTIVITIES		
\$ (72,478)	\$ (165,771)	Operating Income (Loss)
Adjustment to Reconcile Operating		
Income to Net Cash Provided by Operating Activities:		
357,564	357,564	Depreciation
2,809	(10,386)	Change in assets and liabilities
(2,062)	4,823	Decrease (Increase) in
358,311	352,001	Accounts receivable
285,833	186,230	(Decrease) Increase in
358,311	352,001	Accounts Payable
285,833	186,230	Total Adjustments
Net Cash Provided by Operating Activities		

**WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 and 2019**

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, 2020 and 2019**

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, 2020 and 2019 respectively and is included with depreciation and amortization. The District incurs interest charges on long-term debt. \$14,227 interest was charged to expense for the year ended June 30, 2020. \$25,450 interest was charged to expense in 2019 due to the project being complete.

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, 2020 and 2019**

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, 2020 and 2019 the carrying value of cash and investments was \$931,212 and \$784,774, 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 \$41,470 in 2020 and \$44,279 in 2019. The gross receivable is \$55,079 in 2020 and \$57,888 in 2019 and the allowance for doubtful accounts is \$13,609 in 2020 and \$13,609 in 2019. 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, 2020 and 2019**

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	\$ 709,474	\$ -	\$ 210,112	\$ 499,362	\$ 61,102

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

Fiscal Year End	Principal	Interest	Total
2020	\$ 61,102	\$ 13,244	\$ 74,346
2021	63,400	10,946	74,346
2022	64,985	9,361	74,346
2023	66,609	7,737	74,346
2024	68,275	6,071	74,346
2024-2028	174,584	7,801	182,385
2029-2033	-	-	-
2034-2037	-	-	-
	<u>\$ 498,955</u>	<u>\$ 55,160</u>	<u>\$ 554,115</u>

The annual payment summary for 2019 bonds payable is as follows:

Fiscal Year End	Principal	Interest	Total
2019	\$ 58,893	\$ 15,453	\$ 74,346
2020	58,082	16,265	74,347
2021	59,534	14,812	74,346
2022	61,022	13,324	74,346
2023	62,549	11,797	74,346
2023-2027	336,989	34,741	371,730
2028-2032	72,405	1,810	74,215
2033-2037	-	-	-
	<u>\$ 709,474</u>	<u>\$ 108,202</u>	<u>\$ 817,676</u>

**WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 and 2019**

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 \$470,863 and \$442,305 as of June 30, 2020 and 2019, respectively.

Note 6 – Restricted Cash

At June 30, 2020 and 2019 the District had \$470,863 and \$442,305, 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 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	(4,690,115)	(357,564)	(5,047,679)
	\$ 13,096,078	(357,564)	\$ 12,738,514

A summary of changes in capital assets 2019:

Description	6/30/18	Change	6/30/19
Water System	\$ 17,729,283	-	\$ 17,729,283
Office Equipment	27,125	-	27,125
Construction in Progress	-	-	-
Vehicles	29,785	-	29,785
Accumulated Depreciation	(4,332,551)	(357,564)	(4,690,115)
	\$ 13,453,642	(357,564)	\$ 13,096,078

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, 2019 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, 2020, 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, 2020**

ASSETS

	Washakie Rural	South Worland	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 359,891	\$ 88,934	\$ 448,825
Accounts receivable	29,228	12,242	41,470
Total Current Assets	<u>389,119</u>	<u>101,176</u>	<u>490,295</u>
RESTRICTED ASSETS			
Restricted Cash	470,863	-	470,863
CAPITAL ASSETS			
Office Equipment	27,125	-	27,125
Water Distribution System	17,729,283	-	17,729,283
Vehicles	29,785	-	29,785
Total Capital Assets	<u>17,786,193</u>	<u>-</u>	<u>17,786,193</u>
Less accumulated depreciation	<u>(5,047,679)</u>	<u>-</u>	<u>(5,047,679)</u>
Net Capital Assets	12,738,514	-	12,738,514
Total Assets	<u>\$ 13,598,496</u>	<u>\$ 101,176</u>	<u>\$ 13,699,672</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES			
Accounts Payable	\$ 9,301	\$ 9,959	\$ 19,260
Accrued Expenses	1,895	-	1,895
Current Portion Long-Term Debt	<u>61,102</u>	<u>-</u>	<u>61,102</u>
Total Current Liabilities	<u>72,298</u>	<u>9,959</u>	<u>82,257</u>
LONG-TERM LIABILITIES			
	<u>438,260</u>	<u>-</u>	<u>438,260</u>
TOTAL LIABILITIES	510,558	9,959	520,517
NET POSITION			
Net investment in capital assets	12,239,152	-	12,239,152
Restricted	470,863	-	470,863
Unrestricted	<u>377,923</u>	<u>91,217</u>	<u>469,140</u>
Total Net Position	<u>\$ 13,087,938</u>	<u>\$ 91,217</u>	<u>\$ 13,179,155</u>

See accompanying notes to the financial statements

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

	Washakie Rural	South Worland	Total
OPERATING REVENUES	\$ 402,346	\$ 170,020	\$ 572,366
Operating Revenues			
OPERATING EXPENSES	67,221	50,386	117,607
Utilities Purchased			
Personal Services			
Maintenance & Operation			
Materials & Supplies			
Depreciation			
Total Operating Expenses	513,365	131,479	644,844
OPERATING INCOME (LOSS)	(111,019)	38,541	(72,478)
NON-OPERATING INCOME (EXPENSES)	-	-	-
Capital Grant			
Interest Expense	(14,227)	-	(14,227)
Interest Income	3,713	172	3,885
Net Non-Operating Revenue (Expenses)	(10,514)	172	(10,342)
CHANGE IN NET POSITION	(121,533)	38,713	(82,820)
NET POSITION	13,209,471	52,504	13,261,975
Beginning	\$ 13,087,938	\$ 91,217	\$ 13,179,155
Ending	13,209,471	52,504	13,261,975

See accompanying notes to the financial statements

**WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

	Washakie Rural	South Worland	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from customers	\$ 405,782	\$ 169,393	\$ 575,175
Cash paid for administration	(28,410)	(33,010)	(61,420)
Cash paid for operations	(126,401)	(101,521)	(227,922)
Net Cash Provided by Operating Activities	250,971	34,862	285,833
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Income	3,713	-	3,713
Net Cash Provided by Investing Activities	3,713	-	3,713
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to plant and equipment	-	-	-
Capital Grant	-	-	-
Principal paid on debt	(210,131)	-	(210,131)
Interest paid on debt	(14,227)	172	(14,055)
Net Cash Used in Capital and Related Financing Activities	(224,358)	172	(224,186)
Net Increase (Decrease) in Cash and Cash Equivalents	30,326	35,034	65,360
Cash and Cash Equivalents, beginning of year	800,428	53,900	854,328
Cash and Cash Equivalents, end of year	\$ 830,754	\$ 88,934	\$ 919,688
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (111,019)	\$ 38,541	\$ (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	3,436	(627)	2,809
Increase (Decrease) in Accounts Payable	990	(3,052)	(2,062)
Total Adjustments	361,990	(3,679)	358,311
Net Cash Provided by Operating Activities	\$ 250,971	\$ 34,862	\$ 285,833

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

	Original Budget	Final Budget	Actual
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	73,950	73,950	39,242
Total Expenses	220,250	220,250	287,280
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	3,500	3,500	3,885
Net Non-Operating Revenue/Transfers	(147,139)	(147,139)	(176,438)
EXCESS (DEFICIENCY) REVENUES OVER EXPENSE	\$ 29,611	\$ 29,611	\$ 108,648

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, 2019**

	Original Budget	Final Budget	Actual
REVENUES			
Operating Revenues	373,000	373,000	444,603
EXPENSES			
Utilities Purchased	65,000	65,000	81,321
Personal Services	49,500	49,500	38,624
Maintenance & Operation	27,000	27,000	38,482
Materials & Supplies	47,600	47,600	94,383
Total Expenses	189,100	189,100	252,810
INCOME OVER (UNDER) EXPENSES	183,900	183,900	191,793
NON-OPERATING INCOME/TRANSFERS			
Principal Payments	(46,534)	(46,534)	(150,852)
Interest Expenses	(27,449)	(27,449)	(25,450)
Capital Outlay	-	(24,500)	-
Interest Income	1,500	1,500	5,846
Net Non-Operating Revenue/Transfers	(72,483)	(96,983)	(170,456)
EXCESS (DEFICIENCY) REVENUES OVER EXPENSE	\$ 111,417	\$ 86,917	\$ 21,337

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, 2020 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, 2020.

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, or misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in 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 control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 2020-001 and 2020-002.

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*.

James B. Seckman, CPA, P.C.
July 31, 2020

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.

Purpose of this report

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.

District's response to findings

WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020 AND 2019

2020-01

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, 2020 AND 2019

2020-02

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.