

NORTH TEXAS MUNICIPAL WATER DISTRICT

SINGLE AUDIT REPORT

September 30, 2021

NORTH TEXAS MUNICIPAL WATER DISTRICT
Wylie, Texas
September 30, 2021

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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

Members of the Board of Directors
North Texas Municipal Water District
City of Wylie, Texas

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, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the North Texas Municipal Water District (the District) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 20, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 a 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 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. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

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

(Continued)

The District's Response to Findings

The District's response to the finding identified in our audit are described in the accompanying Corrective Action Plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of 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 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.

A handwritten signature in black ink that reads "Crowe LLP". The signature is stylized, with the "C" being large and the "LLP" being written in a more compact, cursive-like font.

Crowe LLP

Dallas, Texas

January 20, 2022, except for finding 2021-001, as to which the date is June 21, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Members of the Board of Directors
North Texas Municipal Water District
City of Wylie, Texas

Report on Compliance for Each Major Federal Program

We have audited the North Texas Municipal Water District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended September 30, 2021. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2021.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.


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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated January 20, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Crowe LLP

Dallas, Texas
June 21, 2022

NORTH TEXAS MUNICIPAL WATER DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2021

Federal grantor/pass-through grantor/program title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
<u>Environmental Protection Agency</u>			
Pass Through Texas State Soil and Water Conservation Board			
Nonpoint Source Implementation Grants	66.460	n/a	\$ 16,033
Pass Through TCEQ Watershed			
Nonpoint Source Implementation Grants	66.460	M2001063	14,846
Total Nonpoint Source Implementation Grants			<u>30,879</u>
Pass Through Texas Water Development Board			
<i>Clean Water State Revolving Funds Cluster:</i>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	L1001117	47,861,944
Total Environmental Protection Agency			<u>47,892,823</u>
Total Federal Expenditures			<u><u>\$ 47,892,823</u></u>

See accompanying notes to schedule of expenditure of federal awards.

NORTH TEXAS MUNICIPAL WATER DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the North Texas Municipal Water District (the "District") for the year ended September 30, 2021. The District's reporting entity is defined in Note 1 of the District's Annual Comprehensive Financial Report. The accompanying notes are an integral part of this Schedule. All federal awards received directly by the primary government from federal agencies, as well as federal awards passed through other government agencies, are included in the scope of the Federal Single Audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and are included on the Schedule of Expenditures of Federal Awards.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

NOTE B – INDIRECT COST RATE

The District uses the applicable federally negotiated indirect cost rate and has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Grant expenditures reports as of September 30, 2021, which have been submitted to grantor agencies may differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect estimated of year-end accruals. The reports will agree at termination of the grant as discrepancies noted are timing differences.

NOTE D – LOANS

The District has outstanding loans payable under the Clean Water State Revolving Loan Fund from the Texas Water Development Board (TWDB), as a pass-through agency for the Environmental Protection Agency (CFDA 66.458) as of September 30, 2021 as follows:

Loan	Federal Assistance Listing #	Amount
NTMWD Regional Wastewater System Revenue Bonds, Series 2020	66.458	\$456,400,000

NORTH TEXAS MUNICIPAL WATER DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
September 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u> Yes	<u> </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal Control over major program:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> None Reported

Type of auditor's report issued on compliance for major program: Unmodified

Any audit findings disclosed that are required to be disclosed in accordance with the Uniform Guidance?	<u> X </u> Yes	<u> </u> No
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Identification of major program:

Assistance Listing Numbers

66.458

Name of Federal Program or Cluster

Clean Water State Revolving Funds Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$1,436,785

Auditee qualified as low-risk auditee?

<u> </u> Yes	<u> X </u> No
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(Continued)

NORTH TEXAS MUNICIPAL WATER DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
September 30, 2021

Section II - Financial Statement Findings

Finding #: 2021-001 Review of Schedule of Expenditures of Federal Awards

Type of Finding: Material Weakness

Criteria or specific requirement (including statutory, regulatory, or other citation): All expenditures of federal grants, whether direct or indirect, should be included on the Schedule of Expenditures of Federal Awards (SEFA). The Clean Water State Revolving Funds (CWSRF) Cluster assistance listing number 66.458, Capitalization Grants for Clean Water State Revolving Funds with expenditures of \$47,861,944 was not included on the Schedule of Expenditures of Federal Awards for fiscal year ended September 30, 2021.

Condition: The management reviewed Schedule of Expenditures of Federal Awards did not include the major program noted.

Questioned costs: There were no questioned costs.

Context: Finance management was unaware that the loan received from the Texas Water Development Board (TWDB) was a federal grant under the CWSRF Cluster and since more than \$750,000 dollars was spent, was subject to a single audit under Uniform Guidance. Management was alerted to the single audit requirement by the grantor in May 2022, resulting in management initiating a single audit engagement.

Effect: A finding for lack of proper preparation of the SEFA.

Cause: A lack of understanding of the single audit requirement by finance management and a lack of written policies and procedures around federal or state grant awards.

Identification as a repeat finding, if applicable: N/A

Recommendation: It is recommended that management develop a grant policy and related procedures manual which includes controls around all aspects of grant funding. All applications for grant funding should be reviewed by a person in finance that is knowledgeable of Uniform Guidance requirements and financial reporting requirements. That reviewer should check the program against the Compliance Supplement or other available guidance as indicated in grant agreements and against other award documentation for program requirements. The SEFA is a financial statement and should be prepared by a person knowledgeable of all of the grants of the District and reviewed by a different person in finance that has an understanding of grants financial reporting.

Views of responsible officials and planned corrective actions: See Corrective Action Plan

Section III - Federal Award Findings and Questioned Costs

There were no findings for the year ended September 30, 2021.



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Corrective Action Plan

June 21, 2022

Finding #: 2021-001 Review of Schedule of Expenditures of Federal Awards
Financial Statement Finding

Type of Finding: Material Weakness

Response: The District is aware of the Single Audit requirements from the TWDB and will monitor all applicable programs ongoing. Additionally, the Accounting Department is developing a grant policy that will be in effect as of September 30, 2022. Finally, the annual SEFA will be routed to multiple levels for review and approval as part of the new grant policy.

Anticipated completion date: September 30, 2022

Responsible Official: Holly Matthews, Accounting Manager 469-626-4375

Summary Schedule of Prior Year Findings

Responsible Official's Response	<p>Planned Corrective Actions: The District immediately took corrective action upon discussion with the Crowe audit team to adjust the user access roles within Dayforce. The two accounting personnel with administrative access were originally provided access during the two phases of implementation (2016 and 2018). The HR team are now the sole "owners" of Dayforce and a new role entitled "Accounting Manager Admin" was created for the two accounting personnel. This role still allows for some administrative duties to adjust pay policies, entitlements setup, etc., however there is no access available to adjust employee records. Additionally, HR is now responsible for assigning and editing user roles and will perform and document a user access review quarterly. The current user roles are Client Administrator (1 user – Assistant HR Manager) and HR Administrator (1 user – HR Manager).</p> <p>Additional user access reviews will take place by the Accounting department for Incode, Gravity and SmartData.</p> <p>Anticipated completion date: Immediately, upon communication. User access reviews will be available during the FY21 audit.</p> <p>Contact person(s) responsible for corrective action: Kristie Mixon, Assistant HR Manager and Holly Matthews, Assistant Accounting Manager.</p>
Status of Prior Year Finding	Remediated. Additional recommendation for dual access review.
Finding 2020-002	Material Weakness in Internal Control Over Research, Documentation and Application of Certain Generally Accepted Accounting Standards and the overall Financial Reporting Process
Criteria	<p>An organization should have a system of internal controls, which are sufficiently designed to allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements of the financial statements on a timely basis. An effective system of internal controls also needs to operate as designed. Formal written policies and procedures are an integral part of a system of internal controls. Such policies and procedures are established to ensure integrity over financial reporting and to safeguard assets.</p>
Condition	<p>Significant audit adjustments were required to correct errors and improper presentation of financial information. Internal controls and policies and procedures were either not in place, not adequately documented or not followed as evidenced by the following:</p> <ol style="list-style-type: none"> 1. Two of the District's landfills were closed in 2006 and 2009. Subsequent to the to time they stopped accepting waste, costs were incurred related to post closure activities. The District capitalized these costs and began depreciating them. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 18, any equipment and facilities that are a part of the cost of closure and post closure care should not be reported as capital assets, but instead as a reduction to the accrued liability for landfill closure and post-closure when they are acquired.

According to District policy (Accounting Procedure No. 5), an increase or decrease in the receivable and liability accounts for landfill closure and post closure cost estimates must be recorded by the Financial Reporting Accountant or their designated representative in the appropriate revenue and expenditure accounts prior to the close of the fiscal year. The accrued landfill liability was never subsequently increased for the unanticipated and non-accrued costs of these capital outlay items, rather they were capitalized when the expenditure occurred. As a result, a prior period adjustment of \$4,195,915 has been recorded in order to remove the capital assets and decrease the net position. Additionally, there has been a lack of periodic reviews of the liability by a specialist.

2. The client failed to identify a \$5,059,102 of construction in progress assets due to a formula error made by the preparer in a spreadsheet the financial reporting process. While the District has a review process established, no documented evidence is retained as it relates to that process nor did it identify this error prior to the audit.
3. Management failed to identify the financially significant systems which they outsource. Therefore, also failed to identify areas where a System and Organization Controls for Services Organizations Report(s) (SOC report(s)) was needed. Certain SOC reports such as for Ceridian, BlueCross BlueShield and Dayforce were obtained by management but not reviewed by management due to a lack of understanding of the reason for obtaining such reports from third party service providers. A SOC report was not obtained from the Bank of New York Mellon until noted in the audit although management appears to place reliance on them for valuing and leveling the District's investment portfolio. The District does not have a process in place for performing a review of the SOC reports as provided by service organizations used by the District. There appears to be a lack of understanding that the SOC reports provide management an understanding of the service organizations' fairness of the presentation of the description of the service organization's system and the suitability of the design and operating effectiveness of the controls to achieve the related control objectives throughout a specified period and the importance of District management's review of the reports.
4. The District has a number of unique and complex accounting procedures and treatments however, documented policies and procedures on these items are non-existent or not robust in support of the treatment in accordance with generally accepted accounting standards. The District's accounting treatment of "breakeven" for charging customers is not documented as it relates to revenues, unbilled receivables related to future post-closure costs for landfills and other expense items. While the District does have a number of documented accounting procedures, they are primarily focused on debits and credits and certain operations and do not include research, support and conclusions of proper accounting treatment in accordance with generally accepted accounting standards.

5. The District holds open an accrual period for 60 days subsequent to year-end for purpose of receiving invoices for accrual in the proper period. However, an amount that should have been accrued in 2019 was recorded in 2020 instead because the invoice came in past that period but before the financial statements were issued.
6. The District's investment policy requires that the Investment Officer obtain security prices from an independent source including but not limited to, the Wall Street Journal, Bloomberg Financial Markets and Interactive Data Corporation. The US Treasuries in the footnotes to the financial statements were misclassified as level 1 investments. There was no evidence that security prices were obtained from any source other than the investment statement from the bank for which no SOC reported was obtained by management until prompted under audit. The US Treasuries were deemed to be level 2 investments.
7. Several material reclassifications were required as a result of the audit in order to be presented in accordance with generally accepted accounting principles. Certain restricted assets were reclassified as non-current based upon the nature of the restrictions. Additionally, in 2020 the District created an internal service fund to account for the Support Services and the Health Insurance separately. The accounting entries related to the moving the support service and health insurance related amounts out of the Water System fund and into the respective internal service funds were not properly applied and a reclassification entry was required. Additionally, upon creation of the government-wide financial statements, the internal service fund activity was not properly eliminated resulting in a 'doubling up' of revenues and expenses which was not identified by management. The statement of cash flows also required certain adjustments/reclassifications related to the establishment of this fund.
8. Management appears to have relied solely on specialists for significant estimates related to the pension, OPEB liabilities, landfill post closure costs and investment valuations rather than understanding the estimates and determining the reasonableness of information provided by the management specialist.
9. Dayforce password parameters are insufficiently configured to stop brute force attacks. Currently the parameters are as follows:
 Minimum Length: 6 characters
 History Duration: 0
 10 Failed Login attempts before Lockout, and then locked out for 10 minutes
 Complexity not required
 Password does not expire

Cause Lack of thoroughly documented policies and procedures, lack of adherence to policies which are in place and lack of due diligence and proper research as it relates to implementation of new accounting pronouncements or application of existing accounting pronouncements as technical matters arise in the District.

Effect or Potential Effect Material misstatement of the financial statements and safeguarding of assets.

Recommendation The following should be implemented as related to the corresponding findings as enumerated above in the Condition section:

1. As it relates to the landfill liabilities, a periodic review should be conducted of both the closure and post closure liabilities for all open and closed landfills. Management should also adhere to the District policy and increase or decrease in the receivable and liability accounts for landfill closure and post closure cost estimates prior to the close of the fiscal year.
2. Clear segregation of duties should exist between the preparers and reviewers of end user files utilized for the purpose of making entries to the general ledger based on calculations within those files. Evidence of the preparation by one individual and review by another should be retained.
3. Management should gain an understanding of the financially significant systems and establish a procedure for review of related SOC reports in order to be aware of issues at a service organization that may impact the District's financial reporting. Additionally, formal documentation and evaluation of the assumed user control at the District level should be performed.
4. Accounting policies should be established where they do not exist and documented thoroughly so as to support the District's position on accounting treatment. This is of particular importance for the unique and unusual accounting treatments as it relates to the District's procedures for ensuring 'breakeven' charges for customers. Management should perform and examination of all existing written procedures and policies to ensure they are relative to current practices and in accordance with GAAP.
5. As it relates to the 60-day accrual period subsequent to year end, management should consider a process of examining projects and estimating accruals or continuing to monitor past the accrual period after year end for large invoices.
6. Management should strictly adhere to its written investment policies. Should the best alternative for valuing and leveling of the investment portfolio be reliance on a third-party service organization, a SOC report should be obtained from that organization and reviewed by management. A thorough understanding of Governmental Accounting Standards Board Statement No. 72 should also be gained to ensure footnote disclosures are accurate.
7. Due diligence and research of proper accounting standards should be conducted when preparing the financial statements. Prior to implementing extensive changes such as adding new fund types, significant research should be conducted by studying accounting guidance and potentially attending continuing professional education classes to ensure the methods and accounting are fully understood.
8. Management should gain a thorough understanding of what specialists evaluate and that management is responsible for understanding the assumptions in specialists' evaluations.

9. Update password parameters to meet industry standards. Recommended standards are:
 Minimum length: 8
 Maximum length: 32
 Minimum age: 1 day
 Maximum age: 90 days

**Responsible
Official's
Response**

Planned Corrective Actions:

1. Periodic reviews are completed for the 121 RDF landfill. Although these evaluations are not required, a cost evaluation is being budgeted for FY22 for the McKinney and Maxwell Creek landfills. In regards to the District's policy, we do adhere to the policy and book an adjustment annually, either related to the increase for inflation or adjustment by a third party.
2. The District will implement a review process to document reviews of end user files related to the general ledger. Currently, all journal entries reflect review and approval, but there are specific audit related files that do not have a documented review.
3. The District has already put in a place a review of SOC reports related to service organizations the District uses. This review includes documentation and evaluation of the review.
4. The District will continue to enhance all accounting procedures to ensure relevance and accordance with GAAP.
5. The District currently has a thorough process of reviewing year-end payables and accruals. We work closely with departments and vendors to ensure that we have received all invoices through year-end. However, there are times when an invoice comes in subsequent to the completion of the CAFR and we will document those invoices for review.
6. We have fixed the issue with reporting to level 2, adjusted the footnotes and received the SOC report from BNY. If we cannot gain an access to independent pricing as stated in our Investment Policy, we will need to adjust our policy by saying "may obtain" rather than "shall obtain".
7. The District participates in continuing education courses and trainings and works hard to ensure that the District adheres to all accounting standards.
8. The District is aware of all assumptions used by management and meets periodically with those specialists to gain an understanding and make any necessary changes.
9. In Dayforce, employees are not currently able to reset their own passwords. HR is working on a solution and will then set a 90-day reset rule.

Anticipated completion date: As noted above – some will be addressed in FY21 and others will be upon budget or other constraints.

Contact person(s) responsible for corrective action:

- 1) Jeff Mayfield, Assistant Deputy – Solid Waste;
- 2), 3), 4), 5), 7) Holly Matthews, Assistant Accounting Manager;
- 3) and 9) Kristie Mixon, Assistant HR Manager;
- 6) Drew Farris – Finance Manager;
- 8) Erik Felthous, Assistant Deputy – Finance, Brian Brooks, Assistant Deputy – HR & Admin and Rodney Rhoades, Deputy Director/Interim Executive Director

**Status of Prior Year
Finding**

1. Remediated.
2. Remediated.

3. Partially remediated. SOC reports obtained by client, but documented review remains as a deficiency.
4. Remediated.
5. Remediated.
6. Remediated.
7. Remediated.
8. Remediated.
9. Not corrected. Finding will be corrected going forward with other planned IT changes. Deficiency.