Fairlawn Sewage Authority

Financial Report

For the Year Ended June 30, 2023

FAIRLAWN SEWAGE AUTHORITY
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

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FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

DIRECTORS

Dennis Setliff - Chairman

Thomas Lillard – Vice Chairman

Joseph Sheffey

Chris Stafford

James Miles

Bennett Harp

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

CPAs | CONSULTANTS

Independent Auditors' Report

To the Honorable Members of
Fairlawn Sewage Authority
Fairlawn, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Fairlawn Sewage Authority, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Fairlawn Sewage Authority, as of June 30, 2023, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 *Specifications for Audits of Authorities, Boards, and Commissions,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fairlawn Sewage Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fairlawn Sewage Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fairlawn Sewage Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fairlawn Sewage Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2024, on our consideration of the Fairlawn Sewage Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fairlawn Sewage Authority's 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 the Fairlawn Sewage Authority's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
May 17, 2024

Basic Financial Statements

Exhibit 1

Fairlawn Sewage Authority
Statement of Net Position
June 30, 2023

ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	321,941
Restricted Cash - Customer Deposits		23,870
Accounts Receivable		72,962
Total Current Assets	$	418,773
Noncurrent Assets:		
Capital Assets, Net of Accumulated Depreciation:		
Sewer System	$	924,338
Machinery and Equipment		29,204
Total Capital Assets	$	953,542
Total Noncurrent Assets	$	953,542
Total Assets	$	1,372,315
LIABILITIES		
Current Liabilities:		
Accounts Payable	$	36,908
Customer Deposits Payable - Restricted Cash		23,870
Loan Payable-Current Portion		20,745
Total Current Liabilities	$	81,523
Noncurrent Liabilities:		
Loan Payable-Long-term Portion	$	15,971
Total Noncurrent Liabilities	$	15,971
Total Liabilities	$	97,494
NET POSITION		
Investment in Capital Assets	$	953,542
Unrestricted		321,279
Total Net Position	$	1,274,821

The accompanying notes to financial statements are an integral part of this statement.

Exhibit 2

Fairlawn Sewage Authority
Statement of Revenues, Expenses and Change in Net Position
For the Year Ended June 30, 2023

OPERATING REVENUES		
Sewer Fees	$	504,386
Miscellaneous		3,450
Total Operating Revenues	$	507,836
OPERATING EXPENSES		
Salaries and Wages	$	8,375
Employee Benefits		641
Professional Services		38,668
Wastewater Treatment		245,888
Utilities and Telephone Services		3,968
Insurance		2,439
Supplies, Repairs, and Maintenance		75,709
Miscellaneous		5,699
Interest Expense		1,432
Tech Support		9,051
Depreciation		41,834
Total Operating Expenses	$	433,704
Operating Income (Loss)	$	74,132
NONOPERATING REVENUES (EXPENSES)		
Interest Income	$	8,987
Connection Fees		500
Total Nonoperating Revenues (Expenses)	$	9,487
Change in Net Position	$	83,619
Net Position, Beginning of Year		1,191,202
Net Position, End of Year	$	1,274,821

The accompanying notes to financial statements are an integral part of this statement.

Exhibit 3

Fairlawn Sewage Authority
Statement of Cash Flows
For the Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	$	502,795
Payments to Suppliers for Goods and Services		(376,727)
Payments to Employees for Services		(9,016)
Net Cash Provided by (Used for) Operating Activities	$	117,052
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Retirement of Debt	$	(20,132)
Net Cash Provided by (Used for) Noncapital Financing Activities	$	(20,132)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	$	(82,477)
Connection Charges		500
Interest Income		8,987
Net Cash Provided by (Used for) Capital and Related Financing Activities	$	(72,990)
Increase (Decrease) in Cash and Cash Equivalents	$	23,930
Cash and Cash Equivalents at Beginning of Year (including restricted cash of $29,749)		321,881
Cash and Cash Equivalents at End of Year (including restricted cash of $23,870)	$	345,811
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Operating Income (Loss)	$	74,132
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	$	41,834
Changes in operating assets and liabilities:		
Decrease (Increase) in Accounts Receivable		838
Increase (Decrease) in Customer Deposits		(5,879)
Increase (Decrease) in Accounts Payable		6,127
Total Adjustments	$	42,920
Net Cash Provided by (Used for) Operating Activities	$	117,052

The accompanying notes to financial statements are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Authority conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Financial Reporting Entity:

The Authority was created in 1966 as an authority pursuant to the Virginia Water and Sewer Authorities Act, Code of Virginia (1950, as amended) for the purpose of acquiring, constructing, operating, and maintaining a public sewer system for the Fairlawn area of Pulaski County, Virginia. The Authority's Board consists of five members.

The Governmental Accounting Standards Board (GASB) has determined that, under certain circumstances, related organizations should be considered component units of a primary entity and, as such, reported as part of the primary entity. In so doing, GASB established criteria for determining whether a related entity should be reported as a component unit and, under different circumstances, how component units must be presented. In defining the Authority as a primary reporting entity, related organizations were evaluated for possible inclusion, using the criteria established by the GASB. The criteria would require the reporting entity to include entities that hold resources entirely or almost entirely for the direct benefit of the Authority where the Authority has the ability to access a majority of those resources and those resources are significant to the Authority. Based on these criteria, the Authority does not have any component units, nor is the Authority considered a component unit of any of the participating jurisdictions. Therefore, these financial statements are for the primary entity only.

B. Basis of Accounting:

Fairlawn Sewage Authority operates as an enterprise fund and its accounts are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash. The Authority accrues revenue for services rendered but not yet billed at the end of the fiscal year.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for sewer charges. Operating expenses include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Capital Assets:

Capital assets, which include property, plant and equipment, are reported in the financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not to be capitalized.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Sewer System	20-40
Machinery and Equipment	3-10

D. Allowance for Uncollectible Accounts:

The Authority does not recognize an allowance for uncollectible accounts due to the immateriality of the amount of such accounts.

E. Cash and Cash Equivalents:

Cash and cash equivalents include cash on hand, amounts in demand deposits, and short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the Authority considers their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Restricted cash consists of customer deposits made when initiating service.

F. Use of Estimates:

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

G. Prepaid Items:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is expensed when consumed rather than when purchased.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

H. Net Position:

For the Authority the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

I. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority does not have any deferred outflows of resources as of June 30, 2023.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority does not have any deferred inflows of resources as of June 30, 2023.

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NOTE 2 – DEPOSITS AND INVESTMENTS:

Deposits:

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standards & Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

For the year ended June 30, 2023, the Authority did not have any investments.

NOTE 3 – CAPITAL ASSETS:

A summary of changes in capital assets for the year follows:

	Beginning Balance June 30, 2022	Increases	Decreases	Ending Balance June 30, 2023
Capital assets, being depreciated:				
Sewer system	$ 2,226,014	$ 56,188	$ -	$ 2,282,202
Machinery and Equipment	73,371	26,289	(29,080)	70,580
Total capital assets being depreciated	$ 2,299,385	$ 82,477	$ (29,080)	$ 2,352,782
Accumulated depreciation:				
Sewer system	$ (1,318,434)	$ (39,430)	$ -	$ (1,357,864)
Machinery and Equipment	(68,052)	(2,404)	29,080	(41,376)
Total accumulated depreciation	$ (1,386,486)	$ (41,834)	$ 29,080	$ (1,399,240)
Total capital assets being depreciated, net	$ 912,899	$ 40,643	$ -	$ 953,542
Capital assets, net	$ 912,899	$ 40,643	$ -	$ 953,542

NOTE 4 – LONG-TERM OBLIGATIONS:

The following is a summary of long-term obligation transactions of the Authority for the year ended June 30, 2023:

	Balance July 1, 2022	Issuances	Retirements	Balance June 30, 2023
Direct Borrowings and Placements:				
Pulaski County Note	$ 56,848	$ -	$ (20,132)	$ 36,716
Total	$ 56,848	$ -	$ (20,132)	$ 36,716

The County can declare the balance of the Note to be immediately due and payable, both as to principal and accrued interest, without presentment, demand, protest or notice of any kind and such balance(s) shall accrue interest at the Default Rate until paid in full. The Default Rate is also 3.00%.

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30,	Direct Borrowings and Placements Pulaski County Note Principal	Interest
2024	$ 20,745	$ 818
2025	15,971	200
Totals	$ 36,716	$ 1,018

Details of indebtedness:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance	Amount Due Within One Year
Notes:						
Pulaski County Note	3.00%	5/1/2020	2025	$ 100,000	$ 36,716	$ 20,745
Notes Total					$ 36,716	$ 20,745

NOTE 5 – RISK MANAGEMENT:

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 6 – INTERGOVERNMENTAL AGREEMENTS:

The Authority has an agreement with Pulaski Public Service Authority to maintain the utility lines for $50,000 annually.

NOTE 7 – LITIGATION:

As of June 30, 2023, there were no matters of litigation involving the Authority which would materially affect the Authority's financial position should any court decisions on pending matters not be favorable.

NOTE 8 – UPCOMING PRONOUNCEMENTS:

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Implementation Guide No. 2021-1, *Implementation Guidance Update—2021,* with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, *Implementation Guidance Update—2023,* effective for fiscal years beginning after June 15, 2023.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

Compliance

ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Members of
Fairlawn Sewage Authority
Fairlawn, Virginia

We have audited, in accordance with the 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 *Specifications for Audits of Authorities, Boards, and Commissions,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of the Fairlawn Sewage Authority as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Fairlawn Sewage Authority's basic financial statements and have issued our report thereon dated May 17, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fairlawn Sewage Authority'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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Fairlawn Sewage Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fairlawn Sewage Authority'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 identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-001 that we consider to be material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fairlawn Sewage Authority'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*.

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.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
May 17, 2024

Fairlawn Sewage Authority
Schedule of Findings and Responses
For the Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Section II - Financial Statement Findings

2023-001

Criteria:	A key component of internal controls is the segregation of duties. No one employee should have access to both accounting records and related assets.
Condition:	The service organization that keeps the books for the Authority lacks proper segregation of duties over the billings and collections of revenue.
Cause:	The service organization only has two employees and the Authority Board Members do not review monthly billing reports, daily collections, bank deposits and bank reconciliations.
Effect:	There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal controls over financial reporting.
Recommendation:	The Board should review monthly reports, where practical, to help alleviate risk created by improper segregation of duties.
Management's Response:	The Board acknowledges that internal control over the billing and collection of revenue lacks proper segregation of duties and reviews, where practical, the work of the service organization to help mitigate the risk.

Section III - Status of Prior Audit Findings

2022-001

Finding 2022-001 was recurring in fiscal year 2023 as 2023-001.