

Financial Report March 17, 2026

- Internal audit
- **Generally Accepted Auditing Standards (GAAS), specifically AU-C Section 260, *The Auditor's Communication With Those Charged With Governance***

Compare Audits to BCRSD Records

Statement of Position	Per Audit 12/31/2024	Per Accounting records 12/31/2024	Variance
Cash	\$ 4,104,507	\$ 4,374,914	\$ 270,407
Accounts receivable	286,431	314,734	28,303
Prepaid expenses	154,321	161,143	6,822
Investments	510,843	510,843	0
Lease assets	217,589	217,590	1
Capital assets	28,532,073	28,835,690	303,617
Total assets	\$ 33,805,764	\$ 34,414,915	\$ 609,151
Accounts payable	\$ 182,680	\$ 196,489	\$ 13,809
Accrued expenses	250,163	277,565	27,402
Unearned revenue	157,143	157,143	0
Note payable - one year	-	-	-
Leases due - one year	56,723		(56,723)
Revenue bonds - one year	774,300		(774,300)
Revenue bonds - long term	11,754,214	12,528,514	774,300
Leases due - long term	61,022	117,744	56,722
Equity	20,569,519	21,137,460	567,941
Total liability and equity	\$ 33,805,764	\$ 34,414,915	\$ 609,151

	Cash Variance	Fixed Asset Variance	Equity Variance
2024	270,407	303,617	567,941
2023	15,774	244,783	262,307
2022	4,579	(7,897)	233,569
2021	4,347	0	265,639
2020	(702)	(500)	(1,001)
2019	(716)	0	(484)
2018	(716)	(0)	(717)
2017	(730)	0	(4,146)
2016	(716)	0	(715)
2015	(717)	(0)	(717)
2014	(865)	(3,010)	(4,675)
2013	(944)	(0)	(2,196)
2012	(716)	0	(717)
2011	(0)	0	(1)
2010	(55)	(161,205)	44

Findings

Findings	Cause	Impact	Solutions
Internal cash balances did not agree with the audit.	<ul style="list-style-type: none"> -800 plus voided, deleted entries were made to QBO from 4th quarter of 2022 thru 3rd quarter of 2025. -Some entries were made to back to previously audited periods after books closed for the year. -QBO allows deletion. -Duplicate audit entries were made. -Books were not closed timely. 	Cash balance overstated by as much as \$400k during 2025.	<ul style="list-style-type: none"> -2022, 2023, 2024, cash balances were corrected by locating transactions made to previously closed periods. -QBO will be closed for the prior month on the 5th business day of each month.
Trial balance accounts did not agree with the audit. -94 in 2022 -136 in 2023 -41 in 2024	<ul style="list-style-type: none"> -voided and deleted transactions. -duplicated audit entries -entries made after trial balance was handed over to auditors 	<ul style="list-style-type: none"> -Asset, liability accounts over or understated. -Internal P&L misstated by... <ul style="list-style-type: none"> -\$40,642.17 in 2022 -\$9,257.10 in 2023 -((\$33,407.51) in 2024 -Detail support schedules no longer agree with trial balance. 	2022 thru 2024 were corrected. QBO will be closed for the prior month on the 15 th business day of each month.
Postings to retained earnings were noticed. Auditors also proposed entries to retained earnings.	-Experience gap	-P&L missing transactions	-No entries to retained earnings allowed going forward.

Findings (continued)

Findings	Cause	Impact	Solutions
BCRSD accounted for contributed systems differently than auditors. Auditors posted to P&L, BCRSD posted to retained earnings.	-Experience gap	-P&L missing transactions	-Accounts setup to track contributed systems. -Future transactions no longer allowed to post to retained earnings.
Auditors proposed entries to retained earnings each year to get beginning balances to agree with their audited balances	-Experience gap	- Asset, liability accounts over or understated.	-No entries to retained earnings allowed going forward.
Have not found fixed asset records that tie to audit.	-File storage procedures not followed.	-Excess time	-Propose a system that will support elimination of spreadsheets.

Other Findings

- Internal account support records did not agree with the audit.
- Duplicate audit entries causing checking account balance to be overstated by \$260K during 2025.
- Loan draw not booked properly in 2024 or 2025, now corrected.
- Payroll liabilities in 2024 did not follow GASB 101
 - (sick time estimate)
- Capital assets booked to operations by auditors, \$76k audit entry
- Debt footnote does not agree with face of the audit
- Deferred revenue calculated incorrectly using wrong cycle period of service dates
- 2025 \$273,918 entry to retained earnings
- Beginning balance 1-1-2025 worksheets did not tie to bank/audit
- Interest expense posted to accrued interest, but no interest accrual adjustment
- 3 erroneous \$25k prepaid entries in 2025
- \$10k posted to unreconciled difference.
- Postings to header accounts
- 111 character cost accounting codes (classes)
- Too many classes, 300+
- Using JE's versus modules

Status

Task	Status
2022 – 2024 records restoration to agree with audits	100%
Correcting historical Contributed asset transactions	50%
Implementation of utilizing closing function in QBO	100%
Training. [Reconciliations, Debt accounting, Tracking]	20%

Significant Contributors

- Knowledge gap
- Guardrails missing
 - Internal CFO, controller level, and accounting manager roles.
 - Auditor communication
 - Auditor private meeting
- Software has weak control features
- Other
 - BCRSD needs other roles that require analyst level expertise

Requirements

-BCRSD is smaller but, has some complex requirements

Required Functions

- Debt & loan covenants
- Contributed assets
- Capital planning
- Cash vs. debt decisions
- Overcome weak software controls
- Capital project planning
- Long range planning
- Rate analysis
- Cost accounting
- Compliance
- Customer data
- HR law
- HR, Compensation



Roles Required

- CFO
- Analyst
- Accounting Manager
- Accountant
- Accounts Payable
- Accounts receivable
- Software maintenance
- Analyst
- Information Systems
- Human Resources

**Required Auditor Communication with
Those Charged With Governance**

AICPA auditing standards AU-C Section 260

BCRSD
Year-End Adjusting Entry
12/31/2024

PB _____
AB _____

John,

Please make the following entry to your quickbooks as of 1/1/25 to balance to our audit:

	<u>Debit</u>	<u>Credit</u>
102400 General Fund Investments	266,048.00	
120100 A/R BCSD	44,725.27	
122000 A/R Boone Electric	19,693.88	
140000 Prepaid Expense Other	4,750.00	
140900 Prepaid Equipment Maintenance		4,750.00
150000 Lease Asset	59,532.45	
150100 Accumulated Amortization		28,099.74
160104 Rlgnwd, WW, Brwn St	48,744.97	
160155 Rollingwood WWTP Improvement		19,044.97
160300 F/A Machinery and Equipment		365,553.56
200000 Accounts Payable		29,700.00
202100 A/R Federal Payable Fica	2,400.73	
202200 State Payable Unemployment	1.45	
202600 Accrued Payroll		17,521.30
203000 A/R Retirement		686.92
212000 Deferred Revenue		8,398.96
213500 A/P Midway Crossings		16,317.00
214000 A/P Boone Electric	45,401.55	
217002 SRF Accrued Interest Payable	6,421.14	
217003 Direct Loan Acc Int Payable		7,267.02
218000 SRF Issuance Premium	4,394.13	
242001 SRF Bond Payable		76,613.89
243020 Sewer and Jet Chassis	8,337.91	-
249000 Lease Liability - Sumner One		9,367.07
295000 Retained Earnings	72,868.95	

**Boone County Regional Sewer District
Adjusting Journal Entries**

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
AJE1	Adjusting	12/31/24					
		102400	GENERAL FUND INVESTMENT	266,048.00			
		295000	RETAINED EARNINGS		266,048.00		
			To adjust cash to balance (client entry).			0.00	A
AJE10	Adjusting	12/31/24					
		122000	A/R BOONE ELECTRIC	19,693.88			
		401100	USER FEES		19,693.88		
			To adjust AR Boone Electric to detail.			19,693.88	B2
AJE11	Adjusting	12/31/24					
		242001	SRF BOND PAYABLE		76,613.89		
		560500	ENGINEERING & SURVEYS	76,613.89			
			To record draw down on bond.			(76,613.89)	J1/J13
AJE12	Adjusting	12/31/24					
		217002	SRF ACCRUUED INTEREST PA	6,421.14			
		217003	DIRECT LOAN ACCRUED INT I		7,267.02		
		585500	SRF INTEREST EXPENSE	845.88			
			To adjust accrued interest payable.			(845.88)	J16
AJE13	Adjusting	12/31/24					
		120100	A/R BCSD	44,725.27			
		160104	RLGNWD WW, BRWN ST, RCH	48,744.97			
		200000	ACCOUNTS PAYABLE		29,700.00		
		160155	ROLLINGWOOD WWTP IMPRO		19,044.97		
		560500	ENGINEERING & SURVEYS		44,725.27		
			To record client entries after GKC trial balance had been entered.			44,725.27	Client
AJE14	Adjusting	12/31/24					
		214000	A/P BOONE ELECTRIC	45,401.55			
		401100	USER FEES		29,084.55		
		213500	A/P MIDWAY CROSSINGS TP C		16,317.00		
			To adjust to zero.			29,084.55	F1.2

Boone County Regional Sewer District
Adjusting Journal Entries

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
AJE2	Adjusting	12/31/24					
		212000	DEFERRED REVENUE		8,398.96		
		401100	USER FEES	8,398.96			
			To adjust deferred revenue.			(8,398.96)	B3
AJE3	Adjusting	12/31/24					
		140000	PREPAID EXPENSES - OTHER	4,750.00			
		140900	PREPAID EQUIPMENT MAINTENANCE		4,750.00		
			To record prepaid insurance.			0.00	E
AJE4	Adjusting	12/31/24					
		202100	A/R FEDERAL PAYABLE FICA	2,400.73			
		202200	STATE PAYABLE UNEMPLOYMENT	1.45			
		203000	A/R RETIREMENT (EMPLOYER)		686.92		
		498000	MISCELLANEOUS INCOME		1,715.26		
			To adjust to zero.			1,715.26	F
AJE5	Adjusting	12/31/24					
		202600	ACCRUED PAYROLL		17,521.30		
		501210	SALARY-OPERATIONS	17,521.30			
			To record accrued payroll.			(17,521.30)	G6
AJE6	Adjusting	12/31/24					
		295000	RETAINED EARNINGS	349,965.84			
		498000	MISCELLANEOUS INCOME	12,597.42			
		580800	DEPRECIATION COLLECTION	2,990.30			
		160300	F/A MACHINERY & EQUIPMENT		365,553.56		
			To adjust fund balance to prior audit.			(15,587.72)	K/D
AJE7	Adjusting	12/31/24					
		218000	SRF ISSUANCE PREMIUM	4,394.13			
		585500	SRF INTEREST EXPENSE		4,394.13		
			To record amortization of bond issuance premium.			4,394.13	J

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**Boone County Regional Sewer District
Adjusting Journal Entries**

BCRSD

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12/29/25 07:57 AM

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
AJE8	Adjusting	12/31/24					
		243020	SEWER JET & CHASSIS	8,337.91			
		249000	LEASE LIABILITY-SUMNER ON		9,367.07		
		585900	MISCELLANEOUS INTEREST E	1,029.16			
			To adjust lease liability to detail.			(1,029.16)	L
AJE9	Adjusting	12/31/24					
		150000	LEASE ASSET	59,532.45			
		150100	ACCUMULATED AMORTIZATI		28,099.74		
		501000	AMORTIZATION EXPENSE		30,352.71		
		585500	SRF INTEREST EXPENSE		1,080.00		
			To adjust lease assets to detail.			31,432.71	L
		TOTAL		<u>980,414.23</u>	<u>980,414.23</u>	<u>11,048.89</u>	

BCRSD
Year-End Adjusting Entry
12/31/2023

PB _____
AB _____

Wendy,

Please make the following entry to your quickbooks as of 1/1/24 to balance to our audit:

	<u>Debit</u>	<u>Credit</u>
140400 Prepaid Insurance	12,616.37	-
150000 Lease Asset	106,204.32	
150100 Accumulated Amortization		29,753.94
160090 Midway Area Facility Plan		84.00
160101 Water's Edge Sewer Improvements	-	1,838.25
160155 Rollingwood WWTP Improvement		3,603.95
160197 Bollie Road NID		3,379.55
202100 A/R Federal Payable Fica	866.18	
202200 State Payable Unemployment	765.28	
202600 Accrued Payroll	6,539.17	-
203000 A/R Retirement	-	282.64
212000 Deferred Revenue	-	2,347.91
218000 SRF Issuance Premium	6,903.43	
219000 SRF Taxes Payable	1,283.85	-
243020 Sewer and Jet Chassis		455.67
249000 Lease Liability - Sumner One	207.29	-
295000 Retained Earnings	-	93,639.98

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**Boone County Regional Sewer District
Adjusting Journal Entries**

BCRSD

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Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
AJE1	Adjusting	12/31/23					
		102400	GENERAL FUND INVESTMENT	12,399.07			
		415300	INTEREST INC- MMKT		12,399.07		
			To adjust cash to balance			12,399.07	A
AJE10	Adjusting	12/31/23					
		219000	SRF TAXES PAYABLE	1,283.85			
		585500	SRF INTEREST EXPENSE		1,283.85		
			To adjust to asset account.			1,283.85	J
AJE11	Adjusting	12/31/23					
		243020	SEWER JET & CHASSIS		455.67		
		249000	LEASE LIABILITY-SUMNER OF	207.29			
		585900	MISCELLANEOUS INTEREST E	248.38			
			To adjust lease liability to detail.			(248.38)	L
AJE12	Adjusting	12/31/23					
		150000	LEASE ASSET	106,204.32			
		150100	ACCUMULATED AMORTIZATI		29,753.94		
		501000	AMORTIZATION EXPENSE		75,100.38		
		585500	SRF INTEREST EXPENSE		1,350.00		
			To adjust lease assets to detail.			76,450.38	L
AJE2	Adjusting	12/31/23					
		212000	DEFERRED REVENUE		2,347.91		
		401100	USER FEES	2,347.91			
			To adjust deferred revenue.			(2,347.91)	B3
AJE3	Adjusting	12/31/23					
		140400	PREPAID INSURANCE	12,616.37			
		560100	INSURANCE		12,616.37		
			To record prepaid insurance.			12,616.37	E

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Boone County Regional Sewer District
Adjusting Journal Entries

BCRSD

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Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
AJE4	Adjusting	12/31/23					
		202100	A/R FEDERAL PAYABLE FICA	866.18			
		202200	STATE PAYABLE UNEMPLOYM	765.28			
		203000	A/R RETIREMENT (EMPER)		282.64		
		498000	MISCELLANEOUS INCOME		1,348.82		
						1,348.82	
			To adjust to zero.				G6
AJE5	Adjusting	12/31/23					
		160090	MIDWAY AREA FACILITY PLA		84.00		
		160101	WATER'S EDGE SEWER IMPRC		1,838.25		
		160155	ROLLINGWOOD WWTP IMPRO		3,603.95		
		160197	BOLLIE ROAD NID		3,379.55		
		580700	DEPRECIATION TRMNT PLAN	7,086.78			
		498000	MISCELLANEOUS INCOME	1,818.97			
						(8,905.75)	
			To adjust capital assets to detail.				D
AJE6	Adjusting	12/31/23					
		202600	ACCRUED PAYROLL	6,539.17			
		501210	SALARY-OPERATIONS		6,539.17		
						6,539.17	
			To record accrued payroll.				G6
AJE7	Adjusting	12/31/23					
		295000	RETAINED EARNINGS		7,189.59		
		498000	MISCELLANEOUS INCOME	7,189.59			
						(7,189.59)	
			To adjust fund balance to prior audit.				K
AJE8	Adjusting	12/31/23					
		218000	SRF ISSUANCE PREMIUM	6,903.43			
		585500	SRF INTEREST EXPENSE		6,903.43		
						6,903.43	
			To record amortization on bond issuance premium.				J

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**Boone County Regional Sewer District
Adjusting Journal Entries**

BCRSD

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Reviewed by _____

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Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
AJE9	Adjusting	12/31/23					
		200000	ACCOUNTS PAYABLE	20,593.52			
		243000	2019 DUMP TRUCK LEASE PUF		20,063.17		
		585500	SRF INTEREST EXPENSE		530.35		
			To account for loan payment also recorded in A/P.			530.35	J
		TOTAL		<u>187,070.11</u>	<u>187,070.11</u>	<u>99,379.81</u>	

BCRSD
Year-End Adjusting Entry
12/31/2022

PB _____
AB _____

Wendy,

Please make the following entry to your quickbooks as of 1/1/23 to balance to our audit:

	<u>Debit</u>	<u>Credit</u>
150000 Lease Asset (new)	281,793.64	-
150100 Accumulated Amortization (new)		4,696.56
160300 F/A Machinery/Equipment		435,252.24
170300 Accum Dep - Machinery/Equipment	175,855.60	
202300 Accrued Vacation	-	13,482.09
202600 Accrued Payroll		14,429.08
203000 A/R Retirement	0.02	
210000 A/P all others	2,468.65	
212000 Deferred Revenue	-	9,485.80
214000 A/P Boone Electric		250.71
217002 SRF Accrued Interest Payable	24,007.00	-
217003 Direct Loan Acc Int Payable	29,091.54	-
218000 SRF Issuance Premium	7,824.91	
219000 SRF Taxes Payable	-	10.57
249000 Lease Liability - Sumner One (new)	-	15,509.29
295000 Retained Earnings	-	27,925.02

Boone County Regional Sewer District
Adjusting Journal Entries

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
BC1	Adjusting	12/31/22					
		217002	SRF ACCRUUED INTEREST PA	24,007.00			
		217003	DIRECT LOAN ACCRUUED INT I	29,091.54			
		585500	SRF INTEREST EXPENSE		60,923.45		
		218000	SRF ISSUANCE PREMIUM	7,824.91			
						60,923.45	J
			To adjust debt accounts to detail.				
BC2	Adjusting	12/31/22					
		160300	F/A MACHINERY & EQUIP		266,047.84		
		150000	LEASE ASSET	266,047.84			
		150100	ACCUMULATED AMORTIZATI		4,434.13		
		501000	AMORTIZATION EXPENSE	4,434.13			
						(4,434.13)	I
			To record sewer jetter truck lease for GASB 87.				
BC3	Adjusting	12/31/22					
		150000	LEASE ASSET	15,745.80			
		249000	LEASE LIABILITY-SUMNER OF		15,509.29		
		150100	ACCUMULATED AMORTIZATI		262.43		
		501000	AMORTIZATION EXPENSE	262.43			
		585900	MISCELLANEOUS INTEREST E	53.49			
		561500	EQUIPMENT SERVICE CONTR.		290.00		
						(25.92)	L
			To record Sumner One copier lease.				
JC1	Adjusting	12/31/22					
		102100	CHECKING ACCOUNT	13,717.15			
		401100	USER FEES		13,717.15		
						13,717.15	A
			To adjust cash to balance.				
JC2	Adjusting	12/31/22					
		203000	A/R RETIREMENT (EMPER)	0.02			
		401100	USER FEES		2,217.96		
		210000	A/P ALL OTHERS	2,468.65			
		214000	A/P BOONE ELECTRIC		250.71		
						2,217.96	B
			To adjust to zero.				

**Boone County Regional Sewer District
Adjusting Journal Entries**

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
JC3	Adjusting	12/31/22					
		295000	RETAINED EARNINGS	4,015.32			
		498000	MISCELLANEOUS INCOME		4,015.32		
			To adjust fund balance to prior audit.			4,015.32	K
JC4	Adjusting	12/31/22					
		219000	SRF TAXES PAYABLE		10.57		
		585500	SRF INTEREST EXPENSE	10.57			
			To adjust to asset account.			(10.57)	J
JC5	Adjusting	12/31/22					
		170300	ACCUM DEPR-MACHINERY &	169,204.40			
		160300	F/A MACHINERY & EQUIP		169,204.40		
			To record asset disposal.			0.00	D1
JC6	Adjusting	12/31/22					
		580300	DEPRECIATION-MACH & EQU		6,651.20		
		170300	ACCUM DEPR-MACHINERY &	6,651.20			
			To remove asset from fixed assets for GASB 87			6,651.20	D1
KC1	Adjusting	12/31/22					
		501210	SALARY-OPERATIONS	9,090.15			
		501110	SALARY-ADMINISTRATIVE	4,391.94			
		202300	ACCRUED VACATION		13,482.09		
			To correct accrued vacation.			(13,482.09)	G5
KC2	Adjusting	12/31/22					
		501210	SALARY-OPERATIONS	9,728.65			
		501110	SALARY-ADMINISTRATIVE	4,700.43			
		202600	ACCRUED PAYROLL		14,429.08		
			To correct payroll accrual to detail.			(14,429.08)	G6

Prepared by _____

**Boone County Regional Sewer District
Adjusting Journal Entries**

BCRSD

Page 3

Reviewed by _____

04/20/23 03:58 PM

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
KC3	Adjusting	12/31/22					
		401100	USER FEES	9,485.80			
		212000	DEFERRED REVENUE		9,485.80		
						(9,485.80)	
			To correct deferred revenue to detail.				B3
		TOTAL		<u>580,931.42</u>	<u>580,931.42</u>	<u>45,657.49</u>	