

**Copper Valley Community Services District**

**Management Report**

**Fiscal Year Ended June 30, 2021**

# LARRY BAIN, CPA

## AN ACCOUNTING CORPORATION

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### COMMUNICATION OF SIGNIFICANT DEFICIENCY

To: Board of Directors  
Copper Valley Community Services District

We have audited the financial statements of Copper Valley Community Services District as of and for the fiscal year ended June 30, 2021, and have issued our reports thereon dated January 5, 2022. We conducted our audits in accordance with auditing standards generally accepted in the United States of America.

In planning and performing our audit, we considered Copper Valley Community Services District's (District) internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any significant deficiencies that we consider to be material weaknesses.

A significant deficiency is a deficiency, or 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. We consider finding 2021-001 in the following schedule of findings to be a significant deficiency in the District's internal control.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal controls over financial reporting and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control. This report is an integral part of an audit performed in accordance with auditing standards generally accepted in the United States of America in considering the District's internal control over financial reporting, accordingly this report is not suitable for any other purpose.

This report is intended solely for the information and use of the board of directors and management of Copper Valley Community Services District.

*Larry Bain, CPA,*  
*An Accounting Corporation*  
January 5, 2022

**COPPER VALLEY COMMUNITY SERVICES DISTRICT  
FINDINGS AND RECOMMENDATIONS**

**June 30, 2021**

**Significant Deficiency Not Deemed a Material Weakness**

**FS 2021-001:** We noted the District has a lack of segregation of duties, as one person is capable of handling all aspects of processing transactions from beginning to end. A lack of segregation of duties increases the risk of potential errors or irregularities occurring without being detected; however, due to a limited number of personnel an adequate segregation of duties is not possible without incurring additional costs. We have also noted this comment in previous audits.

Management Response: We segregate duties to the greatest extent possible with the small staff size.

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January 5, 2022  
To the Board of Directors  
Copper Valley Community Services District

We have audited the financial statements of the governmental-type activities of Copper Valley Community Services District for the fiscal year ended June 30, 2021, and have issued our reports thereon dated January 5, 2022. Professional standards require that we provide you with the following information related to our audit.

### **Our responsibility under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated September 4, 2020, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

### **Planned Scope and Timing of the Audit**

We started the audit later than previously communicated and report issuance was also delayed as a result of COVID 19 and other scheduling issues.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Copper Valley Community Services District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2021. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was (were):

Management's estimate of the useful lives of assets for calculating depreciation expense is based on GFOA recommended useful lives. We evaluated the key factors and assumptions used to develop the useful life estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate for budgeted revenues and expenditures is based on past experience along with known conditions expected during the budget year. We evaluated key factors and assumptions used to develop the budget to determine that it is reasonable in relation to the financial statements taken as a whole.

### **Difficulties Encountered in performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. These financial statements reflect all known audit entries discovered during the audit. We also proposed and recorded entries to convert from the fund financial statement presentation to the government-wide presentation. We passed on recording \$10,710 accrued vacation which was not material to the government-wide financial statements.

**Disagreements with Management**

For purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significance to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

**Management Representations**

We have requested certain representations from management that are included in the management representation letter dated January 5, 2022.

**Management Consultation with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We discussed with management that there is \$212,373 of unexpended debt proceeds from the installment sale taken out for the Phase II projects. Management and the Board will need to determine what projects to apply these funds to.

This information is intended solely for the use of the Board of Directors and management of Copper Valley Community Services District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Larry Bain, CPA,  
An Accounting Corporation