

**BIG SKY RESORT AREA DISTRICT
STATUS OF PRIOR YEAR FINDINGS
June 30, 2022**

The following internal control deficiencies considered to be material weaknesses were required to be reported under *Government Auditing Standards* as of June 30, 2021.

2021-1 Appropriations Payable

Criteria: In accordance with generally accepted accounting principles (GAAP), the District should record community development appropriations in the proper accounting period based on the underlying award/contract.

Condition: The District awards community development appropriations to applicants within the District on an annual basis. Requests for appropriations disbursements are typically due by July 15 following year end (for example, requests for fiscal year 2021 appropriations were due by July 15, 2021). In specific circumstances, appropriations agreements have been amended to allow for a longer appropriation disbursement period.

Effect: The District's fiscal year 2020 appropriations expense and payables were understated by \$390,895, requiring a prior period adjustment in the fiscal year 2021 beginning fund balance and net position.

Cause: There was a failure of the information and communication component of internal control to provide complete and accurate output because of deficiencies in timeliness. The District incorrectly reduced appropriations payable at June 30, 2020 for amounts due under an appropriations agreement that had been amended to extend the appropriation disbursement period, due to a lack of timely communication related to the contract amendment.

Recommendation: The District should communicate information on any changes to appropriation periods and agreements that could have a financial statement impact, taking into account the appropriation disbursement periods on agreements that extend beyond the standard period through July 15 following year end.

Status: Resolved