

CONVERSE COUNTY  
SENIOR CITIZENS  
SERVICE DISTRICT

**Cash Basis Financial Report**

**June 30, 2021**





**CONVERSE COUNTY  
SENIOR CITIZENS  
SERVICE DISTRICT**

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**June 30, 2021**

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***INDEPENDENT AUDITOR'S REPORT***

To the Board of Directors of the Converse County Senior Citizens Service District  
Douglas, Wyoming

**Report on the Financial Statements**

We have audited the accompanying cash basis financial statements of the governmental activities and the major fund of Converse County Senior Citizens Service District ("District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



**MAIL:** PO Box 2750  
Casper, WY 82602-2750



**PHONE:** (307) 265-4311  
**FAX:** (307) 265-5180



**LOCATION:** 600 East 1<sup>st</sup> Street  
Casper, WY 82601

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and major fund of Converse County Senior Citizens Service District, as of June 30, 2021, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting, described in Note 1.

### ***Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### ***Emphasis of Matter – Change in Accounting Principle***

We draw attention to Note 1 of the financial statements, in 2021 the District adopted a policy of preparing its financial statements on the cash method of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

### ***Other Matters***

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Converse County Senior Citizens Service District's basic financial statements. The budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison 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. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 budgetary comparison information is fairly stated, in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2022 on our consideration of Converse County Senior Citizens Service District'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 Converse County Senior Citizens Service District'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 Converse County Senior Citizens Service District's internal control over financial reporting and compliance.



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming  
June 13, 2022



**FINANCIAL  
STATEMENTS**

Converse County Senior Citizens Service District  
 June 30, 2021

**Statement of Net Position and Governmental Fund Balance Sheet - Cash Basis**

	<u>General Fund</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>		
Cash	\$ 2,807,580	\$ 2,807,580
Total assets	<u>2,807,580</u>	<u>2,807,580</u>
<b>FUND BALANCE/NET POSITION</b>		
Fund balance		
Unassigned	2,807,580	-
Total fund balance	<u>\$ 2,807,580</u>	<u>-</u>
Net position		
Restricted		2,807,580
Total net position		<u>\$ 2,807,580</u>



Converse County Senior Citizens Service District  
 Year Ended June 30, 2021

**Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in  
 Fund Balance - Cash Basis**

	<u>General Fund</u>	<u>Statement of Activities</u>
Expenditures/expenses		
Health Welfare and Social Services		\$ 1,395,948
Administrative	\$ 8,143	-
Aide to senior centers	1,387,805	-
Total expenditures/expenses	<u>1,395,948</u>	<u>1,395,948</u>
General revenues		
Property taxes	2,976,134	2,976,134
Interest income	2,945	2,945
Miscellaneous	234	234
Total general revenues	<u>2,979,313</u>	<u>2,979,313</u>
Excess of revenues over expenditures	1,583,365	
Change in net position		1,583,365
Fund balance/net position		
Beginning of year, as restated (see note 1)	<u>1,224,215</u>	<u>1,224,215</u>
End of year	<u>\$ 2,807,580</u>	<u>\$ 2,807,580</u>

**Notes to the Financial Statements**

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**Note 1. Summary of Significant Accounting Policies**

***Nature of Operations and Financial Reporting Entity***

Converse County Senior Citizens Service District (District) is a governmental entity formed August 8, 2018, under the laws of the State of Wyoming to preserve and protect senior citizen programs in Converse County, Wyoming. The District provides these services either directly by the District board or through contract(s) with Wyoming nonprofit corporations(s) providing senior citizen programs pursuant to agreements as allowed by the laws of the State of Wyoming. Currently, the District provides funding to Converse County Aging Services (CCAS), a Wyoming nonprofit corporation, for the continuation of senior programs currently offered by CCAS through the organization's facilities in Douglas and Glenrock, Wyoming.

The financial statements include all of the District's operations controlled by the Board of Directors and consist of one fund – the general fund. In addition, based on the criteria for determining the reporting entity (separate legal entity and fiscal of financial dependency on other governments), the District is considered to be an independent reporting entity and has no component units.

***Government-Wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information about the District as a whole. These statements include the financial activities of the overall government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges paid by the recipients of goods or services offered by the programs, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as *general revenues*.

The fund financial statements provide information about the District's general fund. The emphasis of fund financial statements is on the major governmental fund, displayed in a separate column.

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The financial statements are presented in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred.

This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual. As a result, only cash and cash equivalents and related net position or fund balance arising from cash transactions are reported in the statements of net position and balance sheet. All other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that would be reported in GAAP basis financial statements are not reported in this cash basis presentation.

**Notes to the Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)***

The District reports one major governmental fund. The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District.

***Assets and Net Position or Fund Balance***

***Fund Balance and Net Position***

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Board of Directors through approval of resolutions. Assigned fund balance is a limitation imposed by management or the Board of Directors. Unassigned fund balance in the general fund is the net resources in excess of what can be properly classified in one of the above four categories.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

For the government-wide financial statements, net position is reported as restricted when constraints placed on net position are either: (1) Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of the governments or (2) imposed by law through constitutional provision or enabling legislation.

***Change in Accounting Principle***

In previous years, the District prepared its financial statements on the accrual basis of accounting, in conformity with generally accepted accounting principles. In fiscal year 2021, the financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. GAAP. The financial statements for June 30, 2021 have been retroactively restated for the change in the new basis of accounting, which resulted in a decrease of \$23,069 and \$108,890 in fund balance and net position, respectively, as of July 1, 2020.

	<u>Increase (decrease) in</u>	
	<u>Fund Balance</u>	<u>Net Position</u>
Adjustment for property taxes receivable	\$ (108,890)	\$ (108,890)
Adjustment for deferred inflow of resources - property taxes	85,821	-
Net decrease in fund balance/net position as of July 1, 2020	<u>\$ (23,069)</u>	<u>\$ (108,890)</u>

**Notes to the Financial Statements**

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**Note 2. Stewardship, Compliance, and Accountability**

The District adopts its budget annually as required by Wyoming Statutes. The District budget is prepared on a cash basis which details estimates of cash receipts and cash disbursements and excludes depreciation, market adjustment, gains and losses on sales, contribution of capital assets and bad debt. The District procedures for establishing the budget each year are as follows:

- During March and April, the District's Treasurer, who acts as the Budget Officer, collects, computes, estimates, and reviews information to prepare the proposed budget. The District requires a significant portion of the revenue estimates from Converse County.
- Proposed budgets are submitted to the District's board of directors at the regular May meeting each year.
- From May through July of each year, these budgets are reviewed and refined as necessary by the District Budget Officer.
- Final budget hearings are held at the July annual meeting, which takes place not later than the third Thursday in July, at which time the budget is legally enacted for the fiscal year beginning July 1 of each year.

***Budget Amendments***

There were no budget amendments made in the current year.

**Note 3. Deposits**

***Custodial Credit Risk – Deposits***

Custodial risk for deposits is the risk that, in the event of the failure of a depository institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Wyoming State statute §9-4-820 requires the District deposits in excess of the Federal depository insurance amount be collateralized. Deposits held in the District's bank accounts are insured by federal depository insurance or are collateralized with securities held by the pledging institution's trust department or agent, in joint custody of the bank and the District. All deposits were covered by insurance or collateral held in joint custody with the financial institution.

As of June 30, 2021, the carrying amount of the District's bank deposits and balances were as follows:

	Carrying Amount of Cash	Bank Balance of Cash
<i>Government-wide Statement of Net Position</i>		
Governmental activities	\$ 2,807,580	\$ 2,807,580
Total government-wide	<u>\$ 2,807,580</u>	<u>\$ 2,807,580</u>

There was no difference between the carrying amount and the bank balance due to transactions in transit, at year end.

**Notes to the Financial Statements**

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**Note 4. Property Taxes**

The Converse County Senior Citizens Service District is a special purpose district as defined by Wyoming Statutes and is able to assess District property owners a separate levy not to exceed 2 mills. The actual mill levy assessment is annually determined during the budget process and is based on the District's assessed valuation and the needs of entities providing services to the senior citizens within Converse County, Wyoming.

Property taxes are approved and assessed by the Converse County Commissioners the third week of July each year and are payable to the Converse County Treasurer in installments on November 10th and May 10th and are delinquent after May 10th. These assessed taxes are collected by the Converse County Treasurer and remitted monthly to the District.

**Note 5. Concentrations**

The District relies on property taxes to fund its general operating expenses. A large percentage of the District's assessed valuation is based on the value of energy properties, predominantly oil, gas, uranium and coal, and the ability of those companies to meet their obligations. A downturn in these industries could negatively impact property tax revenue.

**Note 6. Aide to Senior Centers**

During the year ended June 30, 2021, the District provided funding to Converse County Aging Services (CCAS). CCAS requests funding from the District for operating costs, repairs and maintenance for the centers it operates in Douglas and Glenrock, Wyoming, and items that needed repaired or replaced. The District made monthly remittances to CCAS based on the total cost of the items on the request. There was no signed agreement between the District and CCAS that guaranteed payments or dictated the monthly allocations. It was understood that funding would cease should CCAS cease operations in its facilities. During the year ended June 30, 2021, the District provided CCAS with \$900,000 in annual allocation along with \$487,804 in budget request for specific items totaling \$1,387,805.

**Note 7. Risk Management**

The District is exposed to various risks of losses related to torts; misappropriation of assets; errors and omissions; and other Board related risks. The District has transferred its risk by purchasing bonding from a third party.



**SUPPLEMENTARY  
INFORMATION**

Converse County Senior Citizens Service District  
 Year Ended June 30, 2021

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Compared to Budget (Non-GAAP Basis) - General Fund**

	Original Budget	Final Budget	Actual Amounts	Variance
Revenues				
Property taxes	\$ 2,947,544	\$ 2,947,544	\$ 2,976,134	\$ 28,590
Investment income	-	-	2,945	2,945
Miscellaneous	-	-	234	234
Total revenues	<u>2,947,544</u>	<u>2,947,544</u>	<u>2,979,313</u>	<u>31,769</u>
Expenditures				
Administrative	35,600	35,600	8,143	27,457
Aide to senior centers	<u>1,766,800</u>	<u>1,766,800</u>	<u>1,387,805</u>	<u>378,995</u>
Total expenditures	<u>1,802,400</u>	<u>1,802,400</u>	<u>1,395,948</u>	<u>406,452</u>
Net change in fund balance	1,145,144	1,145,144	1,583,365	<u>\$ 438,221</u>
Fund balance - beginning of year	<u>1,224,215</u>	<u>1,224,215</u>	<u>1,224,215</u>	
Fund balance - end of year	<u>\$ 2,369,359</u>	<u>\$ 2,369,359</u>	<u>\$ 2,807,580</u>	

**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**

***INDEPENDENT AUDITOR'S REPORT***

To the Board of Directors of the Converse County Senior Citizens Service District  
Douglas, Wyoming

We have audited, in accordance with 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 governmental activities and the major fund of Converse County Senior Citizens Service District ("District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Converse County Senior Citizens Service District's basic financial statements, and have issued our report thereon dated June 13, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Converse County Senior Citizens Service 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 Converse County Senior Citizens Service District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Converse County Senior Citizens Service 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 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.



**MAIL:** PO Box 2750  
Casper, WY 82602-2750



**PHONE:** (307) 265-4311  
**FAX:** (307) 265-5180



**LOCATION:** 600 East 1<sup>st</sup> Street  
Casper, WY 82601

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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 certain deficiencies in internal control as described in the accompanying schedule of findings and responses as items 2021-001 and 2021-002 that we consider to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Converse County Senior Citizens Service 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*.

### **District's Response to Findings**

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The District's responses were 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.



Porter, Muirhead, Cornia & Howard  
Certified Public Accountants

Casper, Wyoming  
June 13, 2022

**Schedule of Findings and Responses**

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***Material Weakness in Internal Control over Financial Reporting***

***2021-001 – Preparation of Financial Statements***

***Criteria***

The Government Accountability Office requires management to be responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial statements framework.

***Condition***

The Converse County Senior Citizens Service District's Board of Directors, in course of their assigned duties, lack the specific skills and experience to fully prepare the external financial statements and related footnotes in accordance with the cash basis of accounting.

***Cause***

Those charged with governance of Converse County Senior Citizens Service District, in the course of their assigned duties, lack the skills and experience to prepare the related footnotes in accordance with the requirements of the Governmental Accounting Standards Board reporting model, within the limitations of the cash basis of accounting.

***Effect or potential effect***

Those charged with governance may not be able to detect and correct the omission of required note disclosures.

***Recommendation***

We recommend those charged with governance obtain additional training regarding the preparation of the formal financial statements especially related to footnote disclosures.

***Views of responsible officials***

See Corrective Action Plan.

***Material Weakness in Internal Control over Financial Reporting (Continued)***

***2021-002 –Segregation of Duties***

***Criteria***

Segregation of duties is a key internal control that is needed to ensure that errors or irregularities are prevented or detected on a timely basis in the normal course of business. The four functions that should ideally be performed by separate individuals include authorization, custody, recordkeeping, and reconciliation. No individual should have control over two or more of these functions. If duties cannot be segregated, compensating controls must be established. No individual should have the ability to handle transactions from start to finish with complete access to assets and to records that support those assets.

***Condition***

All functions related to cash receipting, cash disbursements, and reconciliations are performed by the same individual. This individual also has access to the general ledger. During our audit, we found limited segregation of duties in the cash disbursements, receipting, posting journal entries, and cash receipting processes.

***Cause***

The District has not developed procedures to provide adequate segregation of duties to safeguard District assets and records.

***Effect or potential effect***

The lack of segregation of duties significantly increases the chance of an undetected error, fraud and irregularities.

***Recommendation***

To implement effective internal controls, certain duties involving receipting, cash disbursements, and reconciliations should be handled by more than one person. For effective internal controls, approval should be done for all transactions before they are paid or posted to the general ledger. The following suggestions are procedures which could be performed by other board members to further compensate for known weaknesses attributable to an inadequate segregation of duties.

- 1) Receive all bank statements unopened and review their contents.
- 2) Review bank reconciliations carefully.
- 3) An expected revenue report should be maintained and compared to actual.
- 4) Mail checks once they have been approved and signed.
- 5) Alternatively, the District could hire an independent bookkeeper.

***Views of responsible officials***

See Corrective Action Plan



Converse County Senior Citizens Service District  
PO Box 584  
Douglas, WY 82633-0584

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## **Summary Schedule of Prior Year Findings**

### ***Material Weakness in Internal Control over Financial Reporting***

#### ***Finding – 2020-01 – Preparation of Financial Statements***

***Name of Contact Person – Kathy Patceg***

#### ***Condition***

Converse County Senior Citizens Service District relies on the auditor to generate the year-end financial statements and related notes that are used for external reporting purposes.

#### ***Status***

This finding has been repeated.

### ***Material Weakness in Internal Control over Financial Reporting***

#### ***Finding – 2020-02 – Segregation of Duties***

***Name of Contact Person – Kathy Patceg***

#### ***Condition***

While internal controls over safeguarding the District's assets have been designed and implemented, the District's ability to safeguard its assets could be compromised by inadequate segregation of duties in the accounting function.

#### ***Status***

This finding has been repeated.



Converse County Senior Citizens Service District  
PO Box 584  
Douglas, WY 82633-0584

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## **Corrective Action Plan**

### ***Material Weakness in Internal Control over Financial Reporting***

#### ***Finding – 2021-01 – Preparation of Financial Statements***

***Name of Contact Person – Kathy Patceg***

#### **Corrective Action**

While the District understands the issued guidelines under governmental auditing standards, the District does not see a significant value from the technical compliance with this statement or a cost benefit to the District. The District's board has the skills and understand the District's finances to find and correct material misstatements on the cash basis.

### ***Material Weakness in Internal Control over Financial Reporting***

#### ***Finding – 2021-02 – Segregation of Duties***

***Name of Contact Person – Kathy Patceg***

#### **Corrective Action**

The District will be looking into hiring a bookkeeper.