



CONVERSE COUNTY
SENIOR CITIZENS
SERVICE DISTRICT

Financial Report

Modified Cash Basis

June 30, 2022





**CONVERSE COUNTY
SENIOR CITIZENS
SERVICE DISTRICT**

Financial Report – Modified Cash Basis

June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of Financial Statements

Opinions

We have audited the modified cash basis financial statements of the governmental activities and the major fund of the Converse County Senior Citizens Service District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Converse County Senior Citizens Service District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and the major fund of the Converse County Senior Citizens Service District, as of June 30, 2022, and respective changes in modified cash basis financial position, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Converse County Senior Citizens Service District, 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 opinions.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified 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.



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Responsibilities of Management for the Financial Statements

Converse County Senior Citizens Service District's management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified 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 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 auditor's report that includes our opinions. 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 GAAS and *Government Auditing Standards* 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 GAAS and *Government Auditing Standards*, 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 Converse County Senior Citizens Service District'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 Converse County Senior Citizens Service District'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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Converse County Senior Citizens Service District's basic financial statements. The budgetary comparison schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The 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 GAAS auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole on the modified cash 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 December 1, 2022 on our consideration of the 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 the 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
December 1, 2022



**FINANCIAL
STATEMENTS**

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

	General Fund	Statement of Net Position
ASSETS		
Cash	\$ 1,162,806	\$ 1,162,806
Investments	3,105,960	3,105,960
Total assets	4,268,766	4,268,766
 FUND BALANCE/NET POSITION		
Fund balance		
Unassigned	4,268,766	
Total fund balance	\$ 4,268,766	
Net position		
Restricted		4,268,766
Total net position		\$ 4,268,766

Converse County Senior Citizens Service District
 Year Ended June 30, 2022

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

	<u>General Fund</u>	<u>Statement of Activities</u>
Expenditures/expenses		
Health Welfare and Social Services		\$ 1,957,839
Administrative	\$ 24,360	
Services for seniors	1,933,479	
Total expenditures/expenses	<u>1,957,839</u>	<u>1,957,839</u>
General revenues		
Property taxes	3,405,528	3,405,528
Investment earnings	13,497	13,497
Total general revenues	<u>3,419,025</u>	<u>3,419,025</u>
Excess of revenues over expenditures	1,461,186	
Change in net position		1,461,186
Fund balance/net position		
Beginning of year	2,807,580	2,807,580
End of year	<u>\$ 4,268,766</u>	<u>\$ 4,268,766</u>

Notes to the Financial Statements

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 21, 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 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. Any remaining governmental funds would be aggregated and reported as nonmajor funds, if any.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements are presented in accordance with the modified 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, cash equivalents, and investments and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred.

The modified cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received 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, investments and related net position or fund balance arising from these 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 modified cash basis presentation.

Notes to the Financial Statements

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.

Investments

The District follows the guidelines described in Wyoming Statute 9-4-831 as it relates to the investments in which the District may invest. Among these authorized investments are certificates of deposit, money market funds, commercial paper with short term maturities (not greater than 270 days), obligation of the U.S Treasury, agencies and instrumentalities of the U.S. Government, mortgaged backed securities, guaranteed investment contracts, and repurchase agreements with banks with the underlying securities being the obligation of the U.S. Treasury or agencies and instrumentalities of the U.S. Government.

The District's investments consist of certificates of deposit valued at amortized cost, and participation in governmental investment pools: Wyoming State Treasurer Asset Reserve I (WYO-STAR I) and the Wyoming Cooperative Liquid Asset Securities System (Wyoming CLASS).

WYO-STAR I is an authorized government investment pool established in 1987 offered exclusively to Wyoming government entities by the Wyoming State Treasurer's Office. The value of the District's investments in WYO-STAR I equals the value of the WYO-STAR I shares. Each participant's position in the WYO-STAR I investment pool is calculated by the proportion of the cost of their contribution to the total funds invested in the pool multiplied by the pool's total fair value as of any specific date. WYO-STAR I investments consist of cash and short-term bonds with a weighted average maturity which does not exceed 90 days, with a benchmark using Bank of America 3-month U.S. T-Bills index. The fair value of the District's position in these funds is the same as the value of the pool shares (net asset value) which are reported according to GASB 79 requirements. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

The Wyoming CLASS portfolio invests in U.S. Treasury securities, federal instrumentality securities, agency securities, repurchase agreements and triparty repurchase agreements, collateralized bank deposits commercial paper that, at the time of purchase, is rated in its highest rating category by one or more nationally recognized statistical rating organizations that regularly rate such obligations, and government money market funds. The value of the District's investment in Wyoming CLASS equals the value of its Wyoming CLASS shares. Wyoming CLASS measures its investments at fair value in accordance with paragraph 41 of GASB Statement 79 and paragraph 11 of GASB Statement 31, and therefore a participant's investment in Wyoming CLASS is not required to be categorized within the fair value hierarch for purposes of paragraph 81a(2) of GASB Statement 72.

There are no withdrawal restrictions from WYO-STAR I or Wyoming CLASS.

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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. 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's revenue estimate is obtained from the Converse County Treasurer.
- 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.

Notes to the Financial Statements

Note 3. Deposits and Investments

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, 2022, the District's bank deposits were as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash	\$ 1,162,806	\$ 1,162,806
	<u>\$ 1,162,806</u>	<u>\$ 1,162,806</u>

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

Investments

As of June 30, 2022, the District had the following investments:

Investment Type	Interest Rate	Total	Investment Maturity (In Years)			Investment Rating
			Less Than 1	1-5	6-10	
Certificates of deposit	0.30%-1.20%	\$ 2,004,096	\$ 500,000	\$ 1,504,096	\$ -	not rated
WYO-STAR I investment pool	0.5705%	550,923	550,923	-	-	not rated
Wyoming-CLASS investment pool	1.3574%	550,941	550,941	-	-	AAAm
		<u>\$ 3,105,960</u>	<u>\$ 1,601,864</u>	<u>\$ 1,504,096</u>	<u>\$ -</u>	

Notes to the Financial Statements

Note 3. Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal policy to address interest rate risk. The District's investments are held in certificates of deposit and external government investment pools focused on liquidity. The District attempts to match its investment maturities to expected cash flow needs. With this investment focus, investments are expected to reach maturity with limited gains or losses.

The dollar weighted average days to maturity (WAM) of Wyoming CLASS at June 30, 2022, is 46 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Wyoming CLASS at June 30, 2022, is 57 days.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law does not allow governments to invest in corporate bonds, stocks or mutual funds and limits investments in commercial paper to short term maturities (not greater than 270 days) and to the top ratings issued by nationally recognized statistical rating organizations (Moody's or Standard and Poor's). Obligations of the U.S. Government are backed by the full faith and credit of the U.S. Government. The District follows the mandates for allowable investments as prescribed by Wyoming Statute 9-4-831 as their credit risk policy. Under the investment agreement with WYO-STAR I the District's interest is based on the ratio of their cash balance as a percentage of the total cash balance in the pool. WYO-STAR I and Wyoming CLASS invests in asset backed securities, the collateral for which is securities issued by GNMA, FNMA, FHLMC, or notes fully guaranteed as to principal and interest by the Small Business Administration, and government securities including obligations of the U.S. Treasury and U.S government agencies. Wyoming-CLASS is rated by S&P Global Ratings. The current rating is AAAM.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the District's investments in a single issuer. The District does not have a formal policy that allows for or limits an investment in any one issuer in excess of a specified percentage of the District's total investments. At June 30, 2022, the District had 18% of its investments in WYO-STAR I, 18% in Wyoming CLASS, and 64% in certificates of deposit.

Custodial Credit Risk – Investments

For an investment this is the risk that, in the event of the failure of a counterparty, the District would not be able to recover the value of its investments or collateral securities held in the possession of an outside party. Since both Wyoming CLASS and WYO-STAR I are government investment pools, sponsored by the Treasurer of the State of Wyoming, there is limited risk of failure of the counterparty.

Notes to the Financial Statements

Note 4. Property Taxes

The Converse County Senior Citizens Service District is a special purpose district as defined by Wyoming Statute 18, Chapter 15. The proposition to impose a levy not to exceed two mills was approved by the voters in the general election of 2020 and will be proposed every four years thereafter, until defeated. During the fiscal year ended June 30, 2022, the District levied maximum mills allowed.

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

Property taxes represent the District's major source of revenue. 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 the District's property tax revenue.

Note 6. Senior Citizen Programs or Services

During the year ended June 30, 2022, the District provided funding to Converse County Aging Services (CCAS) to provide programs and services to senior citizens in Converse County. 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 is no signed agreement between the District and CCAS that guarantees payments or dictated the monthly allocation. The funding will cease should CCAS cease operations in its facilities. During the year ended June 30, 2022, the District provided CCAS with \$1,080,000 in annual allocation and \$853,479 in budget request for specific items for a total of \$1,933,479.

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, 2022

**Schedule of Revenues, Expenditures and Changes in Fund Balance
 Compared to Budget - General Fund**

	Original Budget	Final Budget	Actual Amounts	Variance
Revenues				
Property taxes	\$ 2,875,000	\$ 2,875,000	\$ 3,405,528	\$ 530,528
Interest income	-	-	13,497	13,497
Total revenues	<u>2,875,000</u>	<u>2,875,000</u>	<u>3,419,025</u>	<u>544,025</u>
Expenditures				
District board	36,300	36,300	24,360	11,940
Services for seniors	2,475,648	2,475,648	1,933,479	542,169
Total expenditures	<u>2,511,948</u>	<u>2,511,948</u>	<u>1,957,839</u>	<u>554,109</u>
Net change in fund balance	363,052	363,052	1,461,186	<u>\$ 1,098,134</u>
Fund balance - beginning of year	<u>2,807,580</u>	<u>2,807,580</u>	<u>2,807,580</u>	
Fund balance - end of year	<u>\$ 3,170,632</u>	<u>\$ 3,170,632</u>	<u>\$ 4,268,766</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

Honorable Members of the Board of Directors
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 (*Government Auditing Standards*), the financial statements of the governmental activities and the major fund of Converse County Senior Citizens Service District as of and for the year ended June 30, 2022, 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 December 1, 2022.

Report on 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.



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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 identified certain deficiencies in internal control as described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a material weakness.

Report on 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*.

We noted certain matters that we have reported to management of the District in a separate letter dated December 1, 2022.

Converse County Senior Citizens Service District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
December 1, 2022

Schedule of Findings and Responses

Material Weakness in Internal Control over Financial Reporting (Continued)

2022-001 – Segregation of Duties

Criteria

Segregation of duties is a key internal control 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
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Summary Schedule of Prior Year Findings

Material Weakness in Internal Control over Financial Reporting

Finding – 2021-01 – 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 corrected.

Material Weakness in Internal Control over Financial Reporting

Finding – 2021-02 – 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 was repeated as it existed during the fiscal year ended June 30, 2022 and partially through the fiscal year ended June 30, 2023. The District has hired an outside bookkeeper in July 2022 and properly designed internal controls to safeguard the District's assets.



Converse County Senior Citizens Service District
PO Box 584
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Corrective Action Plan

Material Weakness in Internal Control over Financial Reporting

Finding – 2022-01 – Segregation of Duties

Name of Contact Person – Kathy Patceg

Corrective Action

The District has hired an outside bookkeeper and established separate functional responsibilities and internal controls for the District.