

CONVERSE COUNTY SENIOR CITIZENS SERVICE DISTRICT

FINANCIAL REPORT

JUNE 30, 2020

Julie Melder

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying 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, 2020, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, and the major fund of the Converse County Senior Citizens Service District as of June 30, 2020, and the respective change in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated January 11, 2021, on my consideration of the Converse County Senior Citizens Service District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the Converse County Senior Citizens Service District's internal control over financial reporting and compliance.

Julie Melder, CPA

Glenrock, WY
January 11, 2021

CONVERSE COUNTY SENIOR CITIZENS SERVICE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Governmental Activities</u>
Assets:	
Cash	\$ 1,224,215
Property taxes receivable	<u>108,890</u>
Total assets	<u>\$ 1,333,105</u>
Net position:	
Unrestricted	<u>\$ 1,333,105</u>
Total net position	<u><u>\$ 1,333,105</u></u>

The accompanying notes are an integral part of these financial statements.

CONVERSE COUNTY SENIOR CITIZENS SERVICE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Expenses	Program Revenue	Net (Expenses) Revenues & Changes in Net Position
Governmental activities			
Administrative expense	\$ (1,257)	\$ -	\$ (1,257)
Aide to senior centers	(766,148)	-	(766,148)
Total governmental activities	\$ (767,405)	\$ -	\$ (767,405)
General revenues:			
Property taxes			\$ 2,425,821
Total general revenues			\$ 2,425,821
Change in net position			1,658,416
Net position, beginning of year			\$ (325,311)
Net position, end of year			\$ 1,333,105

The accompanying notes are an integral part of these financial statements.

CONVERSE COUNTY SENIOR CITIZENS SERVICE DISTRICT
GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2020

	General Fund
Assets:	
Cash	\$ 1,224,215
Receivables	
Property taxes	108,890
Total assets	\$ 1,333,105
Deferred inflows of resources	
Property taxes	\$ 85,821
Total deferred inflows of resources	\$ 85,821
Fund balances:	
Assigned	
Reserve	\$ 500,000
Unassigned	747,284
Total fund balance	\$ 1,247,284
Total deferred inflows of resources, and fund balance	\$ 1,333,105

The accompanying notes are an integral part of these financial statements.

CONVERSE COUNTY SENIOR CITIZENS SERVICE DISTRICT
STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>
Revenues:	
Property taxes	\$ 2,340,000
Total revenues	<u>\$ 2,340,000</u>
Expenditures:	
Administrative expenses	
Accounting/auditing	\$ 100
Legal advertising	309
Office Equipment	393
Office Supplies	69
Other	386
Aide to other organizations	
Converse County Aging Services - operating	526,148
Converse County Aging Services - other	240,000
	<u>\$ 767,405</u>
Net change in fund balance	\$ 1,572,595
Fund balance, beginning of year	<u>(325,311)</u>
Fund balance, end of year	<u>\$ 1,247,284</u>

The accompanying notes are an integral part of these financial statements.

CONVERSE COUNTY SENIOR CITIZENS SERVICE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net change in governmental fund balance	\$ 1,572,595
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund:	<u>85,821</u>
Change in net position in statement of activities	<u><u>\$ 1,658,416</u></u>

The accompanying notes are an integral part of these financial statements.

CONVERSE COUNTY SENIOR CITIZENS SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 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 District is governed by a board of five publicly elected trustees. The District is not included in any other governmental reporting entity. The District is a legally separate government and it is fiscally independent of any other governmental entity. The District is not financially accountable for any other entity.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity.

The financial reporting entity consists solely of the primary government. A primary government is any state, general-purpose or special-purpose government that meets the following criteria: a) it has a separately elected governing body; b) it is legally separate; and c) it is fiscally independent of other state and local governments. The financial reporting entity consists of the primary government. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are, for financial reporting purposes, part of the primary government.

The District reports no component units, proprietary, or fiduciary funds.

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 on all of the governmental activities of the District. All of the governmental activities of the District are supported by property taxes.

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 to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues. The District had no program revenues during the year ending June 30, 2020.

CONVERSE COUNTY SENIOR CITIZENS SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Basis of Presentation

The measurement focus describes the types of transactions and events that are reported in a fund's operating statements. Basis of accounting refers to the timing of revenues and how expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Government-wide financial statements (the statement of net position and the statement of activities) report information on all the activities of the District and are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current year or soon thereafter to pay liabilities of the current year. For this purpose, the District considers property tax revenue to be available if collected within 60 days of year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

For the year ending June 30, 2020, the District's only revenues are general property taxes revenue. The District has no program revenue.

In the fund financial statements, the District reports the following major governmental fund:

General fund – The general fund is the District's primary operating fund. It is used to account for all financial resources of the District.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balances/Net Position

Property Taxes Revenue and Receivable – Property taxes revenue is recorded at the total assessed tax with provision for uncollectible taxes deducted to arrive at net property taxes revenue. Property taxes receivable is reported at the estimated net realizable amount after allowance for uncollectible taxes is deducted. As all property taxes are deemed receivable, there is no allowance for uncollectible taxes.

Deferred Outflows of Resources – In addition to assets, the financial statements may report a separate section for deferred outflows of resources. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2020, the District has no items that qualify as deferred outflows of resources.

CONVERSE COUNTY SENIOR CITIZENS SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balances/Net Position (continued)

Deferred Inflows of Resources – In addition to liabilities, the financial statements may include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an increase of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Revenue from property taxes levied but not expected to be collected within 60 days after year end are considered deferred inflows of resources.

Net Position – The District's financial statements are presented in conformity with provisions of the Governmental Accounting Standards Board (GASB) Statements No. 63 and No. 34, as amended. These statements require the classification of net position into three components: invested in capital assets, net of related debt; restricted; and unrestricted. These classifications of net position are defined as follows:

- *Invested in net assets, net of related debt:* This component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. At June 30, 2020, the District has no net position classified as invested in net assets, net of related debt.
- *Restricted:* This component of net position consists of constraints placed on net position through external restrictions imposed by creditors, granters, contributors, or laws or regulations of other governments. This component would also include constraints imposed by law through constitutional provisions or enabling legislation. At June 30, 2020, no portion of the District's net position is restricted.
- *Unrestricted:* This component of net position consists of the portion of net position that does not meet the definition of restricted or invested in capital assets, net of related debt. Generally, this portion of net position represents those financial resources that are available to the District to meet any future obligations that might arise.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance – In the fund financial statements, governmental funds report committed fund balances in the following classifications:

- *Nonspendable:* This component of fund balance consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact, including items that are not expected to be converted to cash. The District has no nonspendable at June 30, 2020.
- *Restricted:* This component of fund balance consists of amounts where constraints have been placed on the use of resources by either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provision or enabling legislation. The District has no restricted fund balance at June 30, 2020.

CONVERSE COUNTY SENIOR CITIZENS SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balances/Net Position (continued)

Fund Balance (continued)

- *Committed:* This component of fund balance includes amounts that may only be used for specific purposes pursuant to constraints imposed by the Board of Directors. Committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of formal action (for example, resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District has no committed balances as of June 30, 2020.

- *Assigned:* Assigned fund balances includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. At June 30, 2020, the Board of Directors has assigned a reserve for future expenses of \$500,000.

The District's governmental fund type first utilizes committed resources as authorized, then assigned and unassigned when amounts are available for the same use.

Budgetary Accounting

The District's management prepares a budget for each fiscal year, which is subject to a public hearing and approval by the District's Board on the third Thursday in July. All revisions to the approved budget must be approved by the parties included in the original budget process and such revisions are made at departmental revenue and expense levels. The budget is controlled at the major administrative functional level. There is no carryover from one year to the next of budgeted amounts. The District budgets on the cash basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates

Income Taxes

The District is a political subdivision of Converse County, State of Wyoming, and therefore, is not subject to federal income tax.

CONVERSE COUNTY SENIOR CITIZENS SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS

Authorized deposits are controlled by Wyoming State Statutes and include, but are not limited to, deposits in banks, certificates of deposit, money market accounts, treasury notes, and the Wyoming Government Investment Fund. Amounts on deposit with financial institutions in excess of the federal insurance level must be collateralized. The eligible collateral is determined by Wyoming State Statutes.

The District's cash consists of checking deposits held with a financial institution. Although the carrying balance of the District's checking deposits can differ from the bank balance due to outstanding items, at June 30, 2020, the District's carrying balance and bank balance were \$1,224,214. Of the bank balance, \$250,000 of the District's deposit balances were covered by the FDIC and the remaining \$974,214 were fully collateralized.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to the District. In accordance with Wyoming State Statutes, the District's investment policy requires all depositories be insured by the FDIC and/or provide collateral, held by the financial institution in the District's name, for the safekeeping and payment of such deposits and the interest thereon.

At June 30, 2020, the District has no investments. Consequently, the District has no interest rate risk, credit risk, or concentration of credit risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Credit risk is that risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Concentration of credit risk is the risk created by a concentration of the District's investment in any one issue. The District's investment policy addresses these risks should it purchase investments in the future.

NOTE 3 – 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 4 – INTERNALLY ASSIGNED ASSETS

Assets limited as to use are cash assets held by the District and assigned by the Board of Trustees for specific purposes over which the Board retains control and may at its discretion subsequently use for other purposes. Following are the descriptions of the assigned assets accounts:

Reserve Fund - To accommodate possible unforeseen expenditures that may arise during the fiscal year.

NOTE 5 – 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 3 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.

CONVERSE COUNTY SENIOR CITIZENS SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – PROPERTY TAXES (continued)

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 6 – AIDE TO OTHERS

During the year ended June 30, 2020, the District provided funding to Converse County Aging Services (CCAS). CCAS presented the District with a budget request that included a list of items needed by 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 budget 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, 2020, the District provided CCAS with \$766,148 to fund items on the budget request.

NOTE 7 – RISK OF LOSS

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.

CONVERSE COUNTY SENIOR CITIZENS SERVICE DISTRICT
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020 (UNAUDITED)

	<u>Original Final Budget</u>	<u>Actual</u>	<u>Difference Favorable (Unfavorable)</u>
Revenues			
Property taxes	\$ 2,345,358	\$ 2,316,931	\$ (28,427)
Total revenue	<u>\$ 2,345,358</u>	<u>\$ 2,316,931</u>	<u>\$ (28,427)</u>
Expenditures			
Administrative expenses			
Board expenses			
Travel	\$ 3,000	-	3,000
Mileage	1,000	-	1,000
Training	6,000	-	6,000
Contractual services			
Legal	2,000	-	2,000
Accounting/auditing	15,000	100	14,900
Yearly legal notices	1,000	309	691
Bonding	300	100	200
Other			
Office supplies	2,000	69	1,931
Office equipment, rent & repair	2,000	393	1,607
Other	-	286	(286)
Education	300	-	300
Funding to Converse County Aging	1,447,655	766,148	681,507
Payback IRS/operating loan	368,103	-	368,103
Total expenses	<u>\$ 1,848,358</u>	<u>\$ 767,405</u>	<u>\$ 1,080,953</u>
Revenues over expenditures	<u><u>\$ 497,000</u></u>	<u><u>\$ 1,549,526</u></u>	<u><u>\$ 1,052,526</u></u>

CONVERSE COUNTY SENIOR CITIZENS SERVICE DISTRICT
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - BUDGETARY BASIS

The District's budget is prepared on the cash basis of accounting, which is the legally enacted enacted.

**NOTE 2 - RECONCILIATION OF BUDGETARY REVENUES AND EXPENSES TO THE
GOVERNMENTAL FUNDS REVENUES AND EXPENDITURES**

Total revenue per the budgetary comparison schedule	\$ 2,316,931
Property taxes receivable not included in the cash-basis budgetary property tax revenue, but included as revenue in the governmental fund property tax revenue	<u>23,069</u>
Total revenue per the governmental fund revenues	<u><u>\$ 2,340,000</u></u>

INDEPENDENT AUDITOR'S 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*

To the Board of Directors
Converse County Senior Citizens Service District

I have audited, in accordance with the 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 business-type activities of Converse County Senior Citizens Service District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Converse County Senior Citizens Service District's basic financial statements and have issued my report thereon dated January 11, 2021.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Converse County Senior Citizens Service District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Converse County Senior Citizens Service District's internal control. Accordingly, I do not express an opinion on the effectiveness of 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 a 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.

My consideration of internal control was for the limited purpose described in the preceding 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 have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-01 and 2020-02, that I consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Converse County Senior Citizens Service District's financial statements are free from material misstatement, I 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Converse County Senior Citizens Service District's Response to Findings

Converse County Senior Citizens Service District's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. Converse County Senior Citizens Service District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

Julie Melder, CPA

January 11, 2021
Glenrock, WY

CONVERSE COUNTY SENIOR CITIZENS SERVICE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2020

Section I - Financial Statement Findings

2020-01: Preparation of Financial Statements

Criteria

The Auditing Standards Board (ASB) issued guidance to auditors related to an entity's internal controls over external financial reporting (i.e., financial statements presented in conformity with generally accepted accounting principles [GAAP] and issued to outside third parties). Many small organizations rely on their auditor to generate these annual financial statements including the related footnotes. Statement of Auditing Standards (SAS) No. 112 emphasizes that the auditor cannot be part of the entity's system of internal control over external financial reporting. Consequently, the entity must have personnel who are capable of preparing external financial statements in conformity with GAAP even though the auditor may draft the statements on behalf of the entity.

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.

Cause

Converse County Senior Citizens Service District has controls in place and operating over the preparation of budgetary financial reports, including in-depth review by the Board and a high level of awareness of all transactions being reported. However, budgetary financial reporting (non-GAAP) differs significantly from external GAAP financial reporting. In my judgment, those charged with governance of Converse County Senior Citizens Service District, in the course of their assigned duties, lack the skills to prepare the external financial statements and related footnotes in accordance with GAAP.

Effect or Potential Effect

Those charged with governance may not be able to detect and correct a material misstatement or omission of a required note disclosure, if present.

Recommendation

Those charged with governance need to understand the importance of this communication as it relates to external GAAP basis financial statements. While those charged with governance have the skills to understand the internally generated monthly financial reports, I recommend that, in order to mitigate the possibility of an undetected material misstatement or the omission of required note disclosures, the Board should either 1) require a board member to attend training to improve the understanding of GAAP basis financial statements for governmental special districts, 2) utilize the services of another accounting firm to assist in compiling the external financial statements in accordance with GAAP, or 3) have the auditor prepared financial statements reviewed by an outside accounting firm prior to approving the financial statements for release. The Board must keep in mind the cost benefits of implementing any of these actions.

Auditee Response

The Board of Directors of the District reviewed the costs and benefits of changing its controls over external financial reporting, including the actions recommended by the auditor. They determined that it would not be cost beneficial to pursue such measures. In addition, they believe that the risk of an undetected material misstatement is minimal; consequently, they accept that risk.

CONVERSE COUNTY SENIOR CITIZENS SERVICE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2020

Section I - Financial Statement Findings (continued)

2020-02: Segregation of Duties

Criteria

Internal control is a process, affected by the District's Board, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of its financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations. One of the objectives of internal control is to safeguard the District's assets by providing an adequate segregation of duties in the accounting function. To achieve an adequate segregation of duties, no one individual should have access to or be responsible for multiple functions within the accounting process.

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.

Cause

Due to the small size of the District's Board, there is one individual that performs multiple functions within the accounting function and/or has access to all functions within the accounting process.

Effect or Potential Effect

When an individual performs multiple functions within the accounting function, the resulting weakness within the internal control structure could compromise the District's ability to safeguard the District's assets.

Recommendation

In my judgment, those charged with governance need to understand the importance of this communication as it relates to internal control. In order to adequately safeguard the assets of the District, especially cash, all Board members need to be aware of their role in the monitoring process.

Auditee Response

The Board of Directors are aware that, without an office staff and with a five-member Board, there is an individual that is responsible for multiple functions within the accounting process, decreasing the District's ability to safeguard the District's assets. However, the Board feels they have mitigated this internal control deficiency through the Board's involvement in the monitoring process.