

**BIG HORN COUNTY SCHOOL DISTRICT NO. 4  
TABLE OF CONTENTS**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
 BASIC FINANCIAL STATEMENTS	
District-wide financial statements	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements	
Governmental Funds	
Balance Sheet - Governmental Funds	5
Statement of Revenues, Expenditures and Changes in Fund Balance	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Net Activities	7
Proprietary Fund	
Statement of Net Position	8
Statement of Revenues, Expenses and Changes in Net Position	9
Statement of Cash Flows	10
Statement of Changes in Fiduciary Net Position	11
 NOTES TO FINANCIAL STATEMENTS	12 - 24
 SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule	25
Schedule of Revenue - General Fund	26
Schedule of Expenditures - General Fund	27
Combining Balance Sheet - Nonmajor Governmental Funds	28
Combining Statement of Revenues, Expenses - Nonmajor Governmental Funds	29
 INTERNAL CONTROL AND COMPLIANCE REPORTS	
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	30 - 31

**RECEIVED**

DEC - 9 2013

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Big Horn County School District No. 4  
Basin, Wyoming

**Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Big Horn County School District No. 4 as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Big Horn County School District No. 4'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 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 opinions 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 of 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 risk 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 purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluation 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 respective financial position of the governmental activities, the business-type activities, and each major fund information of Big Horn County School District No. 4 as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**James B. Seckman, CPA, P.C.**

PROFESSIONAL CORPORATION

200 North Bent Street  
Powell, Wyoming 82435307-754-2141  
Fax 307-754-7061**Other Matters****Required Supplementary information**

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on page 25 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 our inquiries, the basic financial statements, and other knowledge I obtained during our 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.

The District has omitted a management's 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 consider 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.

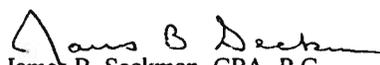
**Other information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Big Horn County School District No. 4's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of revenue, general fund and schedule of expenditures, general fund are the responsibility of management and were derived from and related 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 my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated September 27, 2013 on my consideration of Big Horn County School District No. 4's internal control over financial reporting and my tests of its compliance with certain provisions of law, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 internal control over financial reporting and compliance.

  
James B. Seckman, CPA, P.C.  
September 27, 2013

**BIG HORN COUNTY SCHOOL DISTRICT NO. 4**  
**STATEMENT OF NET POSITION**  
**June 30, 2013**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 3,235,011	\$ 24,429	\$ 3,259,440
Taxes Receivables	40,476	-	40,476
Grants Receivable	37,814	-	37,814
Inventories and Deferred Outflows	-	9,175	9,175
Capital Assets, Non Depreciable	73,750	-	73,750
Capital Assets, Depreciable Net	4,505,199	-	4,505,199
<b>TOTAL ASSETS</b>	<b>\$ 7,892,250</b>	<b>\$ 33,604</b>	<b>\$ 7,925,854</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 86,310	\$ 2,595	\$ 88,905
Accrued Expenses	21,159	-	21,159
Compensated Absences	12,403	-	12,403
Deferred Inflows	-	-	-
Long Term Debt, Less Than One Year	86,307	-	86,307
Capital Lease Payable	182,017	-	182,017
<b>TOTAL LIABILITIES</b>	<b>388,196</b>	<b>2,595</b>	<b>390,791</b>
<b>NET POSITION</b>			
Investment in Capital Assets, Net of Related Debt	4,310,625	-	4,310,625
Restricted For:			
Major Maintenance	845,128	-	845,128
Capital Projects	686,197	-	686,197
Debt Service	271,222	-	271,222
Teacherage	64,297	-	64,297
Special Revenue	(548)	-	(548)
Unrestricted	1,327,133	31,009	1,358,142
<b>TOTAL NET POSITION</b>	<b>\$ 7,504,054</b>	<b>\$ 31,009</b>	<b>\$ 7,535,063</b>

**BIG HORN COUNTY SCHOOL DISTRICT NO. 4**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2013

FUNCTION/PROGRAM	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<u>Governmental Activities:</u>				
Instruction	\$ 4,168,324	\$ -	\$ 218,186	\$ -
Instructional Support	558,394	-	117,777	-
General Support	2,357,090	54,456	96,158	-
Capital Outlay	77,692	-	-	301,645
Depreciation	432,297	-	-	-
<b>Total Governmental Activities</b>	<u>7,593,797</u>	<u>54,456</u>	<u>432,121</u>	<u>301,645</u>
<u>Business type-Activities</u>				
Food Service Fund	194,900	55,079	82,675	-
<b>Total Business-type Activities</b>	<u>194,900</u>	<u>55,079</u>	<u>82,675</u>	<u>-</u>
<b>Total School District</b>	<u>\$ 7,788,697</u>	<u>\$ 109,535</u>	<u>\$ 514,796</u>	<u>\$ -</u>

General Revenues:  
Tax revenues  
Intergovernmental:  
Interest Income  
Transfers  
Miscellaneous revenue  
Total general revenues

Change in net position  
Net position, beginning of year  
Net position, end of year

See accompanying notes to financial statements

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (3,950,138)	\$ -	\$ (3,950,138)
(440,617)	-	(440,617)
(2,206,476)	-	(2,206,476)
223,953	-	223,953
<u>(432,297)</u>	<u>-</u>	<u>(432,297)</u>
<u>(6,805,575)</u>	<u>-</u>	<u>(6,805,575)</u>
<u>-</u>	<u>(57,146)</u>	<u>(57,146)</u>
<u>-</u>	<u>(57,146)</u>	<u>(57,146)</u>
<u>(6,805,575)</u>	<u>(57,146)</u>	<u>(6,862,721)</u>
1,869,749	-	1,869,749
4,951,231	-	4,951,231
18,359	-	18,359
(60,000)	60,000	-
6,760	-	6,760
<u>6,786,099</u>	<u>60,000</u>	<u>6,846,099</u>
(19,476)	2,854	(16,622)
<u>7,523,530</u>	<u>28,155</u>	<u>7,551,685</u>
<u>\$ 7,504,054</u>	<u>\$ 31,009</u>	<u>\$ 7,535,063</u>

**BIG HORN COUNTY SCHOOL DISTRICT NO. 4**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2013**

	Major - Governmental Fund Types				Nonmajor Funds	Totals
	General	Special Revenue	Major Maintenance	Capital Construction	All Other Funds	
<u>ASSETS</u>						
Cash and Investments	\$ 1,297,595	\$ 61,112	\$ 853,253	\$ 422,807	\$ 600,244	\$ 3,235,011
Other Receivables	23,323	37,814	-	-	-	61,137
Interfund Receivables (Payables)	98,217	(98,217)	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,419,135</b>	<b>\$ 709</b>	<b>\$ 853,253</b>	<b>\$ 422,807</b>	<b>\$ 600,244</b>	<b>\$ 3,296,148</b>
<u>LIABILITIES</u>						
Accounts Payable	\$ 76,928	\$ 1,257	\$ 8,125	\$ -	\$ -	\$ 86,310
Accrued Expenses	21,159	-	-	-	-	21,159
Deferred Revenue	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>98,087</b>	<b>1,257</b>	<b>8,125</b>	<b>-</b>	<b>-</b>	<b>107,469</b>
<u>FUND EQUITY</u>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	(548)	845,128	422,807	600,244	1,867,631
Assigned	-	-	-	-	-	-
Unreserved - Undesignated	1,321,048	-	-	-	-	1,321,048
<b>TOTAL FUND EQUITY</b>	<b>1,321,048</b>	<b>(548)</b>	<b>845,128</b>	<b>422,807</b>	<b>600,244</b>	<b>3,188,679</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 1,419,135</b>	<b>\$ 709</b>	<b>\$ 853,253</b>	<b>\$ 422,807</b>		

Amounts reported for governmental activities in the statement of net assets are different because

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	4,578,949
Long term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds. Capital leases payable.	(268,324)
Long term liabilities, including compensated absences, are not due and payable in the current period and therefore, are not reported in the funds. Vacation payable.	(12,403)
Long term assets are not available to pay for current fund liabilities and, therefore, are deferred in the fund. Property tax receivable.	17,153
Prepaid expenses are recorded as expenditures under the modified accrual in governmental funds but are treated as assets and charged to the appropriate benefit period.	-
	<u>\$ 7,504,054</u>

**BIG HORN COUNTY SCHOOL DISTRICT NO. 4**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE -**  
**ALL GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2013**

	Major - Governmental Fund Types				Nonmajor Funds	Totals
	General	Special Revenue	Major Maintenance	Capital Construction	All Other Funds	
<u>REVENUES</u>						
Taxes - Local	\$ 1,563,288	\$ -	\$ -	\$ -	\$ -	\$ 1,563,288
Taxes - County	306,461	-	-	-	-	306,461
Intergovernmental	4,951,231	432,121	301,645	-	-	5,684,997
Interest	9,333	-	4,285	2,071	2,670	18,359
Miscellaneous	6,760	-	-	-	54,456	61,216
<b>TOTAL REVENUE</b>	<b>6,837,073</b>	<b>432,121</b>	<b>305,930</b>	<b>2,071</b>	<b>57,126</b>	<b>7,634,321</b>
<u>EXPENDITURES</u>						
Current						
Instruction	3,950,138	218,186	-	-	-	4,168,324
Instructional Support	387,408	170,986	-	-	-	558,394
General Support	2,308,550	96,158	-	-	37,510	2,442,218
Community Support	-	-	-	-	-	-
Capital Outlay	-	-	77,692	-	-	77,692
Debt Service						
Principal Retirement	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>6,646,096</b>	<b>485,330</b>	<b>77,692</b>	<b>-</b>	<b>37,510</b>	<b>7,246,628</b>
Excess (Deficiency) of Revenue Over (Under) Expenditures	190,977	(53,209)	228,238	2,071	19,616	387,693
<u>OTHER FINANCING SOURCES (USES)</u>						
Operating Transfer In (Out)	(120,000)	60,000	-	-	-	(60,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(120,000)</b>	<b>60,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(60,000)</b>
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	70,977	6,791	228,238	2,071	19,616	327,693
Fund Balance - Beginning Of Year	1,250,071	(7,339)	616,890	420,736	580,628	2,860,986
<b>Fund Balance - Ending Of Year</b>	<b>\$ 1,321,048</b>	<b>\$ (548)</b>	<b>\$ 845,128</b>	<b>\$ 422,807</b>	<b>\$ 600,244</b>	<b>\$ 3,188,679</b>

**BIG HORN COUNTY SCHOOL DISTRICT NO. 4**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ACTIVITIES**  
**For the Year June 30, 2013**

Amounts reported for governmental activities in the statement of activities (page 4) are different because:

Net change in fund balances - total governmental funds (page 6) \$ 327,693

Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current year.

The details of the difference are as follows:

Capital outlay	30,216	
Depreciation	<u>(432,297)</u>	
Net adjustment		(402,081)

Internal service funds are used by management to charge the cost of insurance to individual funds. Net decrease in assets of the Internal Service Fund (28,408)

Compensated absences are reported in the government-wide statement of activities, but do not require the use of current financial resources and are not reported as expenditures in governmental funds. (1,467)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

The details of the difference are as follows:

Proceeds from capital lease	-	
Capital lease principal payments	<u>84,787</u>	
Net adjustment		<u>84,787</u>

Change in net assets of governmental activities (page 4) \$ (19,476)

**BIG HORN COUNTY SCHOOL DISTRICT NO. 4**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year June 30, 2013**

	<u>School Lunch Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 24,429
Inventory	9,175
Property and equipment, net	<u>-</u>
Total assets	<u>\$ 33,604</u>
<b>Liabilities</b>	
Accounts payable	\$ 2,595
Accrued liabilities	<u>-</u>
Total liabilities	<u>\$ 2,595</u>
<b>Net Position</b>	
Unrestricted	<u>31,009</u>
Total Net Position	<u>\$ 31,009</u>

**BIG HORN COUNTY SCHOOL DISTRICT NO. 4**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year June 30, 2013**

	<u>School Lunch Fund</u>
<u>OPERATING REVENUES</u>	
Food Sales	\$ 55,079
Total Operating Revenues	<u>55,079</u>
<u>OPERATING EXPENSES</u>	
Salaries	71,561
Employee Benefits	19,627
Purchased Services	7,424
Food Costs	93,655
Commodity Costs	2,041
Other	<u>592</u>
Total Operating Expenses	<u>194,900</u>
OPERATING INCOME	(139,821)
<u>NON-OPERATING REVENUE (EXPENSES)</u>	
Interest	-
Operating Grants	<u>82,675</u>
Income (Loss) Before Operating Transfer	(57,146)
Operating Transfer In	<u>60,000</u>
CHANGE IN NET ASSETS	2,854
Net Position - Beginning of Fiscal Year	<u>28,155</u>
Net Position - End of Fiscal Year	<u><u>\$ 31,009</u></u>

**BIG HORN COUNTY SCHOOL DISTRICT NO. 4**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**For the Year June 30, 2013**

	<u>School Lunch Fund</u>
<u>CASH FLOWS OPERATING ACTIVITIES:</u>	
Cash received from services	\$ 55,079
Cash paid to suppliers	101,033
Cash paid to employees	<u>91,188</u>
Net Cash Provided by Operating Activities	(137,142)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u>	
Operating Grants Received	82,675
Operating Transfers In (Out)	<u>60,000</u>
Net Cash Provided by Noncapital Financing Activities	142,675
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>	
Acquisition of Capital Assets	<u>-</u>
Net Cash Used In Capital and Related Financing Activities	<u>-</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Interest on Deposits	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,533
Cash and Cash Equivalents, Beginning of Year	<u>18,896</u>
Cash and Cash Equivalents, End of Year	<u>\$ 24,429</u>
Operating Income (Loss)	\$ (139,821)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	-
Change in assets and liabilities	
(Increase) Decrease in	
Inventory	84
Accounts Payable	<u>2,595</u>
Total Adjustments	<u>2,679</u>
Net Cash Provided by Operating Activities	<u>\$ (137,142)</u>

**BIG HORN COUNTY SCHOOL DISTRICT #4**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Year June 30, 2012**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	<u>\$ 133,369</u>
Total Assets	<u><u>\$ 133,369</u></u>
 <b>Liabilities:</b>	
Due to Scholarships	\$ 50,003
Due to Student groups	<u>83,366</u>
Total Liabilities	133,369
 <b>Net Assets</b>	
Held in trust	<u>-</u>
Total Net Position	<u><u>\$ -</u></u>

**Big Horn County School District No. 4**  
**Notes to Financial Statements**  
**June 30, 2013**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Board of Trustees (Board) is the level of government which has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Big Horn County School District No. 4. The Board receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the District serves as the nucleus for the reporting entity under the provisions of GASB Statement No. 14 for its basic financial statements. Using this premise, the District is not financially accountable for any other organizations and thus, includes only the financial statements of the District. Big Horn County School District No. 4 has no component units nor is it considered a component unit of any other government.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of Net Position and the statement of changes in Net Position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 or applicants 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 or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Big Horn County School District No. 4**  
**Notes to Financial Statements**  
**June 30, 2013**

**C. Measurement focus, basis of accounting, and financial statement presentation**

The Board adopted GASB Statement 34, Basic Financial Statements for State and Local Governments during the fiscal year ended June, 2004. The adoption of this Statement is meant to present the information in a format more closely resembling that of the private sector and to provide the user with more managerial analysis regarding the financial results and the Board's financial outlook.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The District also has the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

**BIG HORN COUNTY SCHOOL DISTRICT NO. 4**  
**Notes to Financial Statements (Continued)**  
**June 30, 2013**

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific federal and state grant sources that are legally restricted to expenditure for specified purposes.

The *capital projects fund* accounts for the proceeds of specific revenue sources for major maintenance and minor or major capital projects that is restricted to expenditures for specified purposes as well as providing a depreciation account for the replacement of fixed assets.

The *major maintenance fund (2mill)* receives funds from the state to provide for substantial maintenance or improvement projects.

The District reports the following non-major funds:

The *agency fund* - The agency fund accounts for resources held in a custodial capacity by the District, and consists of funds that are the property of students or others. These funds are custodial in nature, and do not involve measurement of results of operations.

The *teacherage fund* receives revenue from the rent of housing and expenditures to maintain the rental units.

The *debt service fund* is a governmental fund that holds cash for the retirement of long term debt.

The District reports the following proprietary fund:

The *school lunch fund* is a proprietary fund that receives monies from food sales, federal and state grants, transfers from the general fund and expenses to provide food services.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

**BIG HORN COUNTY SCHOOL DISTRICT NO. 4**  
**Notes to Financial Statements (Continued)**  
**June 30, 2013**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, fund balance reporting and governmental fund type definitions. This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

**Nonspendable** – The nonspendable fund balance category includes amounts that cannot be spent because they are in spendable form, or legally or contractually required to be maintained intact.

**Restricted** – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

**Committed** – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the school board. Those committed amounts cannot be used of any other purpose unless the school board removes or changes the specified use. 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 requirements.

**Assigned** – Amounts in the assigned fund balance classification are intended to be used by the district for specific purposes but do not meet the criteria to be classified as restricted or committed. In the general fund, assigned amounts represent intended uses established by the school board.

**Unassigned** – Unassigned fund balance is the residual classification for the General fund and includes all spendable amounts not contained in the other classifications.

The district applies restricted resources first when expenditures are incurred for the purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The school board is the district's highest level of decision making authority and may commit fund balance for specific purposes pursuant to formal actions such as ordinances or resolution. These committed amounts cannot be used for any other purpose unless the school board removes or changes the use through a formal action described above.

**BIG HORN COUNTY SCHOOL DISTRICT NO. 4**  
**Notes to Financial Statements (Continued)**  
**June 30, 2013**

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to students and faculty for food services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Assets, liabilities, and Net Position or equity**

1. Cash and Cash Equivalents

For the purpose of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

2. Investments

Investments are carried at fair value and consist primarily of money market accounts and certificates of deposit. The District had no investments as of June 30, 2013.

Wyoming State Statutes allow the District to invest in US. and state and local government securities and accounts of any bank and savings associations which are federally insured.

3. Accounts Receivable

The District considers all accounts receivable to be fully collectible at June 30, 2013 and, therefore no allowance for doubtful accounts is deemed necessary. A total of \$40,476 of receivables and revenue is recorded at the government-wide basis of accounting.

4. Interfund Balances

These amounts are eliminated in the governmental and business-type activities columns of the statement of activities columns of the statement of Net Position on the government wide statement, except for the net residual amounts due between governmental and business-type activities. As of June 30, 2013, special revenue fund owed the general fund \$98,217.

**BIG HORN COUNTY SCHOOL DISTRICT NO. 4**  
**Notes to Financial Statements (Continued)**  
**June 30, 2013**

5. Property Taxes

Property taxes attach as an enforceable lien on property as of May 11. Taxes are levied on or about August 1 and payable in two installments on September 1 and March 1. The County bills and collects its own property taxes and also taxes for all municipalities and political subdivisions within the County, including Big Horn County School District No. 4. District property tax revenues are recognized when levied to the extent that they result in current receivables, which means when collected within the current period or expected to be collected within 60 days of the fiscal year end to be used to pay liabilities of the current period.

The District is required by Wyoming Statutes to levy taxes of 25 mills of assessed valuation for all school purposes, exclusive of bond interest and redemption. The combined tax rate to finance general school services other than the payment of principal and interest on long-term debt for the year ended June 30, 2013 was 26.5 mills, consisting of 25 mandatory mills, 1 mill for Recreation and 0.5 mill for Big Horn County BOCES.

6. Inventories

Inventory is valued at the lower of cost (first-in, first-out) or market. Governmental fund type inventories are recorded using the purchase method whereby they are recorded as expenditures when purchased. Supply inventories for the General Fund at June 30, 2013 were not material and, therefore, were not recorded at year end.

Enterprise fund inventories are accounted for using the consumption method by which inventory acquisitions are recorded in inventory accounts when purchased or received by other means and are charged to expense when consumed or sold. Inventory in the Lunch Fund consists of USDA food commodities held for consumption.

7. Capital Assets

Capital assets, which include property, plant, equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 (\$20,000 real property) and an

**BIG HORN COUNTY SCHOOL DISTRICT NO. 4**  
**Notes to Financial Statements (Continued)**  
**June 30, 2013**

estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	10-50
Machinery and equipment	5-15

8. **Compensated absences**

Full time employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the District. Employee's vacation benefits vest. Employee's sick pay does not vest. Therefore the potential liability for vacation is recorded in the government wide financial statements.

9. **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Actual results could differ from those estimates.

10. **Concentrations**

The majority of the District's funding is provided through the Wyoming Department of Education. These funds are based on various formulas and compliance requirements and are subject to adjustments.

**BIG HORN COUNTY SCHOOL DISTRICT NO. 4**  
**Notes to Financial Statements (Continued)**  
**June 30, 2013**

11. Encumbrances

State law requires all encumbrances to be rebudgeted at the end of the year. No reserves were provided for outstanding encumbrances.

**II. Stewardship, compliance, and accountability**

**A. Budgets and Budgetary Accounting**

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to May 15, the Business Manager submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted on the third Wednesday in July to obtain public comments.
3. The budget is adopted by the third Thursday of July.
4. At the request of the Business Manager or upon its own motion after publication of notice, the Board of Trustees may by resolution transfer any unencumbered or unexpended appropriation balance or part thereof from one fund, department or account to another. All appropriations, excluding appropriations for capital projects, lapse at the close of the budget year to the extent they are not expended or encumbered. The level of expenditure control for budget purposes is the department level.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Budgets for all funds are adopted on a modified cash basis (NON-GAAP). Such basis is not consistent with generally accepted accounting principles (GAAP).
7. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration during the year. Encumbrances outstanding at year end are immaterial.

**BIG HORN COUNTY SCHOOL DISTRICT NO. 4**  
**Notes to Financial Statements (Continued)**  
**June 30, 2013**

**III. Detailed Notes on All Funds**

**A. Cash and Investments**

Wyoming statutes allow the District to deposit uninvested funds with federal banks, state banks, and federal or state savings and loan institutions. All deposits must be fully insured by the FDIC, the FSLIC or secured by a pledge of financial institution assets.

Wyoming statutes allow investments in bonds or obligations issued by or guaranteed by the United States, repurchase agreements involving bonds or obligations issued by or guaranteed by the United States, mortgage backed securities that are obligations of or guaranteed or insured by the United States (excluding high risk items) bankers acceptances of United States banks eligible for purchase by the Federal Reserve System, guaranteed investment contracts issued by a United States commercial bank or insurance company, a commingled fund of securities listed in this paragraph held by a bank authorized to do business in the State of Wyoming, Bonds of the Wyoming Natural Gas Pipeline authority, and shares of diversified money market funds that invest their funds as prescribed by law. The District currently has no investments of these types.

The carrying value of cash and investments at June 30, 2013 totaled to \$3,259,440. The deposits with financial institutions as of the same date were amount of \$3,662,462.

The District's deposits and investments as of June 30, 2013 are categorized below to give an indication of the level of risk assumed by the entity at year-end.

1. Totally insured under Federal Depository Insurance	\$ 250,000
2. Secured with security held by the financial institution or its agent in the name of the District evidenced by properly executed joint custody receipts	3,412,462
3 Uninsured and Uncollateralized	<u>-</u>
Total Bank Balance	<u>\$ 3,662,462</u>

**BIG HORN COUNTY SCHOOL DISTRICT NO. 4**  
**Notes to Financial Statements (Continued)**  
**June 30, 2013**

**B. Capital Assets**

A summary of changes in capital assets follows:

Summary of Governmental Funds Capital Assets				
Description	Balance at 6/30/12	Additions	Deletions	Balance at 6/30/13
Land	\$ 73,750	\$ -	\$ -	\$ 73,750
Buildings	9,015,724	-	-	9,015,724
Machinery and Equipment	2,455,462	30,216	389,093	2,096,585
Construction in Progress	-	-	-	-
Total	11,544,936	30,216	389,093	11,186,059
Less Accumulated Depreciation	(6,563,906)	(432,297)	389,093	(6,607,110)
Net Capital Assets	\$ 4,981,030			\$ 4,578,949

Summary of Proprietary Fund Capital Assets

ENTERPRISE FUNDS				
Description	Balance at 6/30/12	Additions	Deletions	Balance at 6/30/13
Machinery and Equipment	84,683	-	-	84,683
Accumulated Depreciation	(84,683)	-	-	(84,683)
Net Book Value	\$ -	\$ -	\$ -	\$ -

**C. Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the year ended June 30, 2013 the District contracted with various insurance companies for property insurance (including boiler and machinery), general liability insurance, professional insurance and vehicle insurance. The coverages under each type of insurance policy vary in amounts and deductibles. The District has not had significant settlements exceeding insurance coverage in any of the past three fiscal years.

The District pays into the State Worker's Compensations System a premium based on a rate per covered payroll. This rate is calculated based on accident history and administrative cost.

**BIG HORN COUNTY SCHOOL DISTRICT NO. 4**  
**Notes to Financial Statements (Continued)**  
**June 30, 2013**

**D. Long Term Debt**

The following are schedules of long term debt:

DESCRIPTION	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE
Vacation Payable	\$ 10,936	\$ 1,467	\$ -	\$ 12,403
Capital Lease	353,111	-	84,787	268,324
	<u>\$ 364,047</u>	<u>\$ 1,467</u>	<u>\$ 84,787</u>	<u>\$ 280,727</u>

There was no bonded indebtedness for the District during the year. The District is limited to a legal debt margin of 10% of their assessed valuation.

The District had approximately \$12,000 of accrued vacation payable to District employee's at June 30, 2013. District employees, other than teachers on contracts, may accrue up to five days of paid vacation per year.

Payments required retiring the above capital leases payable are as follows:

Fiscal Year	Principal	Interest	Total
2014	\$ 86,307	\$ 12,469	\$ 98,776
2015	67,678	8,424	76,102
2016	71,187	5,264	76,451
2017	43,152	1,939	45,091
2018	-	-	-
	<u>\$ 268,324</u>	<u>\$ 28,096</u>	<u>\$ 296,420</u>

**Capital Leases:**

A 2012 78 passenger bus was acquired with five annual payments of \$30,899 at 4.81% interest with an original value of \$136,925.

A 2013 78 passenger bus was acquired with five annual payments of \$29,333 at 4.42% interest with an original value of \$131,070.

A 2009 54 passenger bus with five annual payments of \$22,868 at 4.74% interest with an original value of \$102,075.

2 2013 Yukon with five annual payments of \$15,902 at 5.047% interest with an original value of \$69,591.

**BIG HORN COUNTY SCHOOL DISTRICT NO. 4**  
**Notes to Financial Statements (Continued)**  
**June 30, 2013**

**E. Retirement Plan**

The Board contributes to the Wyoming Retirement System ("System"), a statewide cost-sharing multiple-employer public employee retirement system (PERS). The System provides retirement, disability and death benefits according to predetermined formulas. Benefits are established by Title 9, Chapter 3 of the Wyoming Statutes. The System issued a publicly available financial report that includes audited financial statements and required supplementary information for the System. The report may be obtained by writing to the Wyoming Retirement System, First Floor East, Herschler Building, 122 West 25th Street, Cheyenne, Wyoming 82002

Plan members are required to contribute 7.0% of their annual covered salary and the District is required to contribute 7.12% of the annual covered payroll. Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. The District currently pays 100% of the required employee's contribution. Contribution rates are established by Title 9, Chapter 3 of the Wyoming Statutes. The District's contributions to the System for the years ending June 30, 2013, 2012 and 2011 were \$530,532, \$518,560, and \$496,396 respectively, which equaled 100% of the required contributions for each year.

**F. Operating Transfers**

Funds of \$60,000 were transferred from the General Fund to the Lunch Fund for operations.

**G. Budget Amendments**

The District made budget amendments to its General Fund during the year.

**H. Deferred Revenue**

Special revenue fund deferred revenue consists of grant receipts for which the revenue recognition criteria have not been met. There were no deferred revenue amounts in the current year.

**BIG HORN COUNTY SCHOOL DISTRICT NO. 4**  
**Notes to Financial Statements (Continued)**  
**June 30, 2013**

**I. Federal and State Grants**

The District receives grant funds from various Federal and State agencies for special projects. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material. Depending on the complexity of the grant project, completion of the project may span more than one fiscal year.

**J. Insurance Trust**

The District is a member of a health insurance employee trust. The trust receives premiums from its subscribers and pays claims and administrative costs. The total insurance premium payments of approximately \$800,000 are recorded as expenditures when paid. All full time employees are eligible to participate and currently pay approximately 15% of the monthly premium.

The Insurance Fund is self-insurance with stop gap loss insurance of \$10,000 per individual and an aggregate of 125% of all claims. Claims are limited to the assets of the trust and are not assessed against the District. The risk the District has is increased future insurance premiums. Since this is an insurance pool that the District has no control over, the District has not recorded of identified claims incurred but not reported.

**K. Subsequent Events**

Management has evaluated and is not aware of any subsequent events which materially affect the current financial statements and related disclosures for the year ended June 30, 2013 through the date of this report September 27, 2013.

**SUPPLEMENTARY INFORMATION**

**BIG HORN COUNTY SCHOOL DISTRICT NO. 4**  
**BUDGETARY COMPARISON SCHEDULE**  
**For the Fiscal Year Ended June 30, 2013**

	General Fund			Special Revenue		
	Original Budget	Final Budget	Actual Budget Basis	Original Budget	Final Budget	Actual Budget Basis
<b>REVENUES</b>						
Taxes	\$1,691,842	\$1,691,842	\$ 1,869,749	\$ -	\$ -	\$ -
Intergovernmental	5,074,158	5,068,874	4,951,231	643,477	643,477	432,121
Interest	-	-	9,333	-	-	-
Other	54,500	54,500	6,760	-	-	-
<b>TOTAL REVENUE</b>	<b>6,820,500</b>	<b>6,815,216</b>	<b>6,837,073</b>	<b>643,477</b>	<b>643,477</b>	<b>432,121</b>
<b>EXPENDITURES</b>						
Current						
Instruction	3,885,183	3,959,812	3,950,138	341,859	341,859	218,186
Instructional Support	372,118	391,122	387,408	147,661	147,661	170,986
General Support	2,340,508	2,400,587	2,308,550	153,957	153,957	96,158
Community Support	6,600	6,600	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service						
Principal Retirement	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>6,604,409</b>	<b>6,758,121</b>	<b>6,646,096</b>	<b>643,477</b>	<b>643,477</b>	<b>485,330</b>
Excess (Deficiency) of Revenue Over (Under) Expenditures	216,091	57,095	190,977	-	-	(53,209)
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating Transfer In (Out)	(60,000)	(60,000)	(120,000)	-	-	60,000
<b>Total Other Financing Sources (Uses)</b>	<b>(60,000)</b>	<b>(60,000)</b>	<b>(120,000)</b>	<b>-</b>	<b>-</b>	<b>60,000</b>
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 156,091	\$ (2,905)	\$ 70,977	\$ -	\$ -	\$ 6,791

Reported on modified cash basis non-gaap basis, not materially different from gaap basis.

**BIG HORN COUNTY SCHOOL DISTRICT NO. 4**  
**SCHEDULE OF REVENUES - GENERAL FUND**  
**For the Year Ended June 30, 2013**

LOCAL TAXES	
25 Mil Special District Tax	\$ 1,259,778
Motor Vehicle	169,335
Other	134,175
Total Local Taxes	1,563,288
COUNTY TAXES	
6 Mil Taxes	251,157
Motor Vehicle	24,492
County Other	30,812
Total County Taxes	306,461
STATE FUNDS	
State Foundation Funds	4,951,231
State Other	-
Total State Taxes	4,951,231
Total Intergovernmental Revenue	\$ 6,820,980

**BIG HORN COUNTY SCHOOL DISTRICT #4**  
**SCHEDULE OF EXPENDITURES -**  
**GENERAL FUNDS**  
**For The Year Ended June 30, 2013**

	<u>General Fund</u>
Instruction	
Salaries	\$ 2,399,084
Employee Benefits	892,120
Supplies & Materials	190,222
Other	<u>468,712</u>
	3,950,138
Instructional Support	
Salaries	246,153
Employee Benefits	102,092
Supplies & Materials	22,119
Other	<u>17,044</u>
	387,408
General Support	
Salaries	1,046,568
Employee Benefits	381,340
Supplies & Materials	205,429
Other	<u>675,213</u>
	2,308,550
Total	<u>\$ 6,646,096</u>

**BIG HORN COUNTY SCHOOL DISTRICT NO. 4**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2013**

	<u>Teacherage Fund</u>	<u>Depreciation Reserve</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>				
Cash	\$ 64,297	\$ 263,390	\$ 272,557	\$ 600,244
Total assets	<u>\$ 64,297</u>	<u>\$ 263,390</u>	<u>\$ 272,557</u>	<u>\$ 600,244</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance</b>				
Unrestricted	<u>64,297</u>	<u>263,390</u>	<u>272,557</u>	<u>600,244</u>
Total Funb Balance	<u>\$ 64,297</u>	<u>\$ 263,390</u>	<u>\$ 272,557</u>	<u>\$ 600,244</u>

**BIG HORN COUNTY SCHOOL DISTRICT NO. 4**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2013

	Teacherage Fund	Depreciation Reserve	Debt Service Fund	Total Nonmajor Governmental Funds
<u>OPERATING REVENUES</u>				
Rental Income	\$ 54,456	\$ -	\$ -	\$ 54,456
Miscellaneous	-	-	-	-
Total Operating Revenues	<u>54,456</u>	<u>-</u>	<u>-</u>	<u>54,456</u>
<u>OPERATING EXPENSES</u>				
General Support	37,510	-	-	37,510
Capital Outlay	-	-	-	-
Total Operating Expenses	<u>37,510</u>	<u>-</u>	<u>-</u>	<u>37,510</u>
OPERATING INCOME	16,946	-	-	
<u>NON-OPERATING REVENUE (EXPENSES)</u>				
Interest	47	1,288	1,335	2,670
Operating Grants	-	-	-	-
Income (Loss) Before Operating Transfer	<u>16,993</u>	<u>1,288</u>	<u>1,335</u>	<u>2,670</u>
Operating Transfer In	-	-	-	-
CHANGE IN NET ASSETS	16,993	1,288	1,335	19,616
Fund Balance - Beginning of Fiscal Year	<u>47,304</u>	<u>262,102</u>	<u>271,222</u>	<u>580,628</u>
Fund Balance - End of Fiscal Year	<u>\$ 64,297</u>	<u>\$ 263,390</u>	<u>\$ 272,557</u>	<u>\$ 600,244</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 Trustees  
Big Horn County School District No. 4  
Basin, Wyoming

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 governmental activities, the business-type activities, and each major fund of Big Horn County School District No. 4, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Big Horn County School District No. 4 basic financial statements and have issued my report thereon dated September 27, 2013.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, we considered Big Horn County School District No. 4's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Big Horn County School District No. 4's internal control. Accordingly, I do not express an opinion on the effectiveness of Big Horn County School District No. 4'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 in charge with governance.

My 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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I considered to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control over financial reporting, described below, that I considered to be significant deficiencies in internal control over financial reporting.

2013 - 1

**Criteria:** Segregation of duties is a primary aspect of internal control. Segregation of duties provided that one individual not be able to handle or dominate a transaction from initiation to posting and or have access to both assets and the accounting records.

**Condition:** There are various functions which do not maintain proper segregation of duties.

**Effect:** Adequate segregation of duties were not maintained for proper internal control.

**Cause:** District too small to properly segregate duties.

**Recommendation:** It is not feasible due to the size of the District to develop proper segregation of duties, however management should be aware of this deficiency and monitor going forward.

**Client Response:** It is not feasible due to the size of the District to properly segregate all duties, we will continue to evaluate this deficiency and provide oversight and review when feasible.

**James B. Seckman, CPA, P.C.**

PROFESSIONAL CORPORATION

200 North Bent Street  
Powell, Wyoming 82435

307-754-2141  
Fax 307-754-7061

2013-2

**Criteria:** Auditing standards require the auditor to evaluate whether the entities' internal control system allows for the reliable reporting of financial data, including note disclosure, in accordance with generally accepted accounting principles.

**Condition:** The District does not have the expertise to evaluate whether the financial statements and note disclosures are in compliance with generally accepted accounting principles.

**Effect:** The District does not have the expertise to properly evaluate the financial statement and note disclosure preparation.

**Cause:** Due to ever changing auditing standards and the requirements of financial statement reporting and note disclosures. Continuous updates and education would be required to be able to maintain required expertise in this area.

**Recommendation:** I recommend that the District send the business manager to additional training to evaluate the preparation and presentation of financial statements in accordance with generally accepted accounting principles. The District should be aware of this deficiency and continue to evaluate the impact of this deficiency.

**Client Response:** It is not feasible to hire someone with the required level of expertise to oversee the preparation of financial statements and note disclosures. We will continue to evaluate this deficiency.

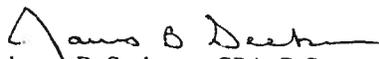
**Compliance and other matters**

As part of obtaining reasonable assurance about whether Big Horn County School District No. 4's financial statements are free of 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*.

I noted certain matters that I reported to management of Big Horn County School District No. 4 in a separate letter dated September 27, 2013.

**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.

  
James B. Seckman, CPA, P.C.  
September 27, 2013