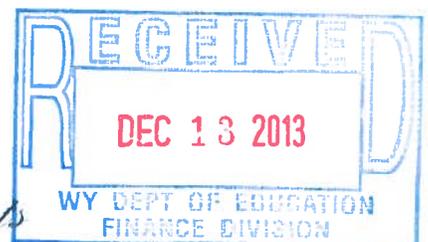


CONVERSE COUNTY SCHOOL DISTRICT NO. 1
FINANCIAL REPORT
JUNE 30, 2013

LEO RILEY & Co.
Certified Public Accountants



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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Converse County School District No. 1
Douglas, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Converse County School District No. 1 as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Converse County School District No. 1 as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 and budgetary comparison information on pages 37 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consists 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 we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Converse County School District No. 1's basic financial statements as a whole. The schedule of balance sheets - grant programs and schedule of revenues and expenditures - grant programs are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and is not a required part of the basic financial statements.

The schedule of balance sheets - grant programs and schedule of revenues and expenditures - grant programs and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of balance sheets - grant programs and schedule of revenues and expenditures - grant programs and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

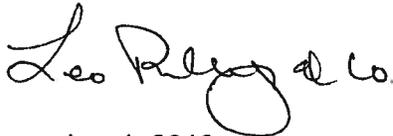
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2013 on our consideration of Converse County School District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Converse County School District No. 1's internal control over financial reporting and compliance.

NOTICE

The accompanying financial statements, supplementary information and our independent auditors' reports are for the purpose of meeting local, state and federal requirements and are for the use of those entities, management, and the Board of Trustees, and should not be used or relied upon by any other party for any purpose.

Additional users of these financial statements, supplementary information, and our independent auditors' reports are hereby advised that the liability of Leo Riley & Co., CPAs to third party users who use or rely on this information may be limited pursuant to 1995 Wyo. Sess. Laws, Chapter 155 creating Wyo. Stat. §33-3-201. However, the financial statements, supplementary information, and our independent auditors' report on the financial statements are a matter of public record and their distribution is not limited.



December 4, 2013

Management Discussion
and Analysis

Converse County School District No. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
June 30, 2013

As management of the Converse County School District No. 1, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the District's financial statements, notes to the financial statements, and various supplementary information which follow this section.

Financial Highlights

The District's total combined net position was \$37,983,169 at June 30, 2013 which compares to \$28,849,727 at the beginning of the fiscal year, an increase of approximately 32%.

During the year, the District's net expenses were \$9,120,488 less than the \$29,798,555 generated in general and other revenues for governmental activities. This includes all governmental funds including the general fund, the grants fund, the EWC BOCES fund, the NEW BOCES fund, the recreation mill fund, the capital projects fund, and the major maintenance fund.

The total cost of programs provided by the District's governmental funds was \$37,634,827 on a modified accrual basis which compares to \$32,499,297 on the same basis in the prior year, an increase of more than 15%.

The District incurred additional long-term capital leases of \$203,890 during the year and reduced its outstanding capital leases by \$203,504.

The District's long-term obligation for compensated absences at the end of the fiscal year was \$537,812 which compares to \$546,916 at the end of the prior year, a decrease of 2%.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, fluctuations from year to year need to be reviewed in light of the timing of funding.

The *statement of activities* presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Converse County School District No. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
June 30, 2013

Overview of the Financial Statements - continued

Government-wide financial statements - continued. Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (governmental activities) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The District has only one business-type activity, the Enterprise Fund – Food Services.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole.

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. Such information may be useful in evaluating a government's near-term financing requirements. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities reported in the Statement of Net Assets and the Statement of Activities and the governmental funds are reconciled in the financial statements. The general fund, grants fund, BOCES fund, NEW BOCES fund, recreation mill fund, and capital projects fund, and the major maintenance fund are considered major funds and are reported as separate columns in the fund financial statements.

Proprietary funds. Proprietary funds are used to account for services for which the District charges participants a fee. These funds, like the government-wide statements, provide both long and short-term financial information. The Enterprise Fund and the Internal Service Fund are the funds in this category for the District.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District is the trustee, or fiduciary, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. The District has three funds in this category, the Scholarship Fund, the Activities Fund and the Rec Center Fund.

Notes to the financial statements. The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements.

Converse County School District No. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
 June 30, 2013

Overview of the Financial Statements - continued

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements.

Financial Analysis of the District as a Whole

The Statement of Net Position provides the perspective of the District as a whole. The following provides a summary of the District's net position at June 30, 2013 and June 30, 2012:

Condensed Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>		<u>Percent Change</u>
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
Current and other assets	\$ 10,377,560	\$ 7,926,416	24,214	\$ 24,199	\$ 10,401,774	\$ 7,950,615	30.8%
Capital assets	29,981,019	22,741,634	156,626	145,759	30,137,645	22,887,393	31.7%
Total assets	40,358,579	30,668,050	180,840	169,958	40,539,419	30,838,008	31.5%
Long-term liabilities	592,286	614,969	13,471	10,527	605,757	625,496	(3.2)%
Other liabilities	1,946,096	1,353,372	4,397	9,413	1,950,493	1,362,785	43.1%
Total liabilities	2,538,382	1,968,341	17,868	19,940	2,556,250	1,988,281	28.6%
Net Position:							
Invested in capital assets, net of related debt	29,768,457	22,529,459	156,626	145,759	29,925,083	22,675,218	31.9%
Restricted	2,083,119	610,991	—	—	2,083,119	610,991	240.9%
Unrestricted	5,968,621	5,559,259	6,346	4,259	5,974,967	5,563,518	7.4%
Total net position	\$ 37,820,197	\$ 28,699,709	\$ 162,972	\$ 150,018	\$ 37,983,169	\$ 28,849,727	31.7%

The net investment in capital assets is \$29,925,083 which is the net book value of capital assets (e.g., land, buildings, equipment) of \$30,137,645 less any related debt used to acquire those assets that is still outstanding of \$212,562. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources. An additional portion of the District's net position (approximately five percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$5,974,967 may be used to meet the District's ongoing obligations. This surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having long-term commitments that are less than currently available resources.

The District's total net position increased by \$9,133,444 during the year ended June 30, 2013. The total cost of all governmental activities this year was \$30,261,680 and of the business-type activity was \$947,141. The amount that taxpayers paid for these activities through property taxes, including taxes paid through the State Foundation Program, was \$29,369,754 or 97%. The remaining expenses were paid from operating grants, charges for services, interest, and miscellaneous revenues.

Converse County School District No. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
 June 30, 2013

Financial Analysis of the District as a Whole - continued

Changes in the District's Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>		<u>Percent Change</u>
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
Revenues:							
Program revenues:							
Charges for services	\$ 12,990	\$ 13,168	\$ 439,969	\$ 453,809	\$ 452,959	\$ 466,977	3.01%
Operating grants and contributions	2,053,249	2,366,901	286,433	272,608	2,339,682	2,639,509	(11.36)%
Capital grants and contributions	7,517,374	1,644,255	33,695	—	—	—	—
General revenues:							
Taxes	24,027,090	20,466,283	—	—	24,027,090	20,466,283	17.39%
Intergovernmental	5,542,664	7,013,177	—	—	5,542,664	7,013,177	(20.97)%
Miscellaneous	428,801	53,262	—	—	428,801	53,262	701.32%
Transfers	(200,000)	(200,000)	200,000	200,000	—	—	—
Special items	—	—	—	—	—	—	—
Total revenues	39,382,168	31,357,046	960,097	926,417	40,342,265	32,283,463	24.96%
Expenses:							
Regular instruction	11,999,269	12,092,472	—	—	11,999,269	12,092,472	(.77)%
Special education	7,532,134	7,712,961	—	—	7,532,134	7,712,961	(2.34)%
Vocational education	696,029	668,931	—	—	696,029	668,931	4.05%
Other instruction	343,407	423,672	—	—	343,407	423,672	(18.95)%
Students	1,735,184	1,714,565	—	—	1,735,184	1,714,565	1.20%
Instructional staff	626,048	618,393	—	—	626,048	618,393	1.24%
Central services	798,100	875,666	—	—	798,100	875,666	(8.86)%
School admin	1,327,730	1,316,120	—	—	1,327,730	1,316,120	.88%
Business services	291,862	302,038	—	—	291,862	302,038	(3.37)%
O & M of plant	2,881,963	2,867,191	—	—	2,881,963	2,867,191	.51%
Pupil transportation	1,359,617	1,330,636	—	—	1,359,617	1,330,636	2.18%
General admin	224,129	237,857	—	—	224,129	237,857	(5.77)%
Community services	446,208	504,788	—	—	446,208	504,788	(11.60)%
Other	—	7,997	—	—	—	7,997	(100.00)%
Food services	—	—	947,141	932,157	947,141	932,157	1.61%
Total expenses	30,261,680	30,673,287	947,141	932,157	31,208,821	31,605,444	(1.25)%
Increase in net position	\$ 9,120,488	\$ 683,759	\$ 12,956	\$ (5,740)	\$ 9,133,444	\$ 678,019	

Financial Analysis of the District's Funds

Governmental Funds:

Revenues

General fund revenues increased from \$25,866,847 in FY 2012 to \$27,420,689 in FY 2013. The amounts received from County and Local Tax revenues increased by approximately \$3,430,000. Intergovernmental revenue decreased by approximately \$1,858,000 which is mostly decreases in the Foundation Program. Miscellaneous revenues decreased by approximately \$18,000 due to low interest rates.

Converse County School District No. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
 June 30, 2013

Capital project and major maintenance revenues increased by \$6,296,400 from the prior year due to increased state funding for capital projects including the Douglas Upper Elementary.

Grants fund revenues decreased by approximately \$318,000 due to ARRA funds ending.

Revenues received from County and Local tax revenues increased in the Recreation Mill fund, the EWC BOCES fund, and the NEW BOCES fund.

Expenditures

The total expenditures of all governmental funds, on the modified accrual basis, were \$37,634,827 in 2013 compared to \$32,499,297 in 2012. The increase is due to increased capital outlay for the construction of the Douglas Upper Elementary School.

Proprietary Fund:

The total revenues of the Food Services fund increased approximately \$33,600 from the prior year. The charges for meals revenue decreased, while the free and reduced reimbursements increased. The expenses incurred to provide this program increased by approximately \$15,000 from the prior year. This resulted in net income of \$12,956 in 2013 compared to a net loss of \$5,740 in 2012.

General Fund Budgetary Highlights

The District amended its original budget for the fiscal year ended June 30, 2013 at a special budget hearing in June of 2013. The amendments to the budget at this time were to transfer funds from program lines within the general fund to other program lines within the same fund. The amendments were for unexpected occurrences in each of these program areas.

The general fund revenues were \$433,454 more than the budget. Actual expenditures were \$794,892 less than budgeted expenditures in the general fund.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2013 amounts to \$29,985,314 (net of accumulated depreciation). This investment in capital assets includes land, site improvements, buildings and equipment (which includes vehicles and buses).

District's Capital Assets (Governmental Activities)
 (net of depreciation)

	2013	2012	Percent Change
Land	\$ 461,329	\$ 461,329	— %
Buildings and improvements	18,140,489	18,667,258	(2.82) %
Construction in progress	9,871,040	2,075,177	375.67 %
Equipment and vehicles	1,508,161	1,537,870	(1.93) %
Total	\$ 29,981,019	\$ 22,741,634	31.83 %

Additional information on the District's capital assets can be found in Note 4 of this report.

Converse County School District No. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
June 30, 2013

Long-Term Debt

The District incurred additional debt of \$203,890 through capital leases during the fiscal year ended June 30, 2013 for acquisition of two buses. Also, the liability for accrued compensated absences decreased by \$12,048. Additional information on the District's long-term debt can be found in Note 6 of this report.

Factors affecting the District's Future

Converse #1's funding from Wyoming's education funding model decreased by approximately \$188,000 for the current year due to a decrease in the reimbursable special education expenses and a decrease in model funding for health insurance benefits.

The District allowed lane movements for all employees, but no steps were granted. The salary and benefits offered by the District seem to be sufficient to attract applicants and to retain highly qualified staff in the Certified and Classified areas. But without an external cost adjustment to the model funding in the near future it will become more difficult for the District to remain competitive with the salaries and benefits being offered by other Converse County employers. The District will continue to monitor the enrollment and adjust staff accordingly.

The District revenues have shown an increase from local taxes due to the county's valuation, which in turn, lowers our state funding. This is a good indicator of the strength of our local economy, however, with the national economic downturn, interest rates continue to remain extremely low and the interest we earn on our reserves will be even less during this school year than last.

The District's Master Plan for Major Maintenance and Construction funding has continued to evolve and assist Converse #1 in maintaining our schools under the watchful eye of the School Facilities Commission. The District continues to use a Depreciation reserve fund to provide for enhancements for the new Douglas Upper Elementary School. Construction was started on the Douglas Upper Elementary School in the spring of 2012. The new Douglas Upper Elementary School opened in the fall of 2013.

The District continues to write and receive grant monies through the Consolidated Grant process. The District receives funding under Title IA, Title IIA, IDEA, and 21st Century grants

Requests for Information

This financial report is designed to provide citizens, taxpayers, customers and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Business Manager, Tracy Boner, 615 Hamilton, Douglas, WY 82633.

Government Wide-
Financial Statements

CONVERSE COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 4,369,584	\$ 13,474	\$ 4,383,058
Cash with fiscal agent	205,509		205,509
Investments	4,400,000		4,400,000
Receivables:			
Property Taxes	262,377		262,377
Other governments, grants	1,059,536		1,059,536
Inventories and prepaid expenses	80,554	10,740	91,294
Capital assets:			
Land	461,329		461,329
Construction in process	9,871,040		9,871,040
Other capital assets, net of accumulated depreciation	19,648,650	156,626	19,805,276
Total assets	<u>\$ 40,358,579</u>	<u>\$ 180,840</u>	<u>\$ 40,539,419</u>
Liabilities:			
Accounts payable	\$ 1,598,343	\$ 537	\$ 1,598,880
Accrued expenses	172,286	3,860	176,146
Deferred revenue	30,850		30,850
Current portion of long-term obligations	144,617		144,617
Noncurrent portion of long-term obligations			
Capital lease obligations	67,945		67,945
Compensated absences	524,341	13,471	537,812
Total liabilities	<u>\$ 2,538,382</u>	<u>\$ 17,868</u>	<u>\$ 2,556,250</u>
Net Position:			
Invested in capital assets, net of related debt	\$ 29,768,457	\$ 156,626	\$ 29,925,083
Restricted for:			
Major maintenance	402,297		402,297
Buildings and equipment	1,148,467		1,148,467
Recreation Mill	411,539		411,539
EWC BOCES	119,703		119,703
NEW BOCES	1,113		1,113
Unrestricted	5,968,621	6,346	5,974,967
Total net position	<u>\$ 37,820,197</u>	<u>\$ 162,972</u>	<u>\$ 37,983,169</u>

(The notes to the basic financial statements are an integral part of this statement)

CONVERSE COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING JUNE 30, 2013

Functions	Expenses	Charges for Services	Program Revenues		Capital Grants and Contributions	Net Revenue (Expenses) and Change in Net Position	
			Operating Grants and Contributions	Governmental Activities		Business-type Activities	Total
Governmental activities:							
Instructional services:							
Regular instruction	\$ 11,999,269	\$ 12,990	\$ 1,106,344	\$ 7,517,374	\$ (3,362,561)	\$ -	\$ (3,362,561)
Special education	7,532,134		521,040		(7,011,094)		(7,011,094)
Vocational education	696,029		38,150		(657,879)		(657,879)
Other instruction	343,407				(343,407)		(343,407)
Supporting services:							
Students	1,735,184				(1,735,184)		(1,735,184)
Instructional staff	626,048		387,715		(238,333)		(238,333)
Central services	798,100				(798,100)		(798,100)
School administration	1,327,730				(1,327,730)		(1,327,730)
Business services	291,862				(291,862)		(291,862)
Operation and maintenance of facilities	2,881,963				(2,881,963)		(2,881,963)
Pupil transportation	1,359,617				(1,359,617)		(1,359,617)
General administration	224,129				(224,129)		(224,129)
Community services	446,208				(446,208)		(446,208)
Total Governmental Activities	\$ 30,261,680	\$ 12,990	\$ 2,053,249	\$ 7,517,374	\$ (20,678,067)	\$ -	\$ (20,678,067)
Business-Type Activities:							
Food services	\$ 947,141	\$ 439,969	\$ 286,433	\$ 33,695	\$ -	\$ (187,044)	\$ (187,044)
Total Business-Type Activities	\$ 947,141	\$ 439,969	\$ 286,433	\$ 33,695	\$ -	\$ (187,044)	\$ (187,044)
Total District	\$ 31,208,821	\$ 452,959	\$ 2,339,682	\$ 7,551,069	\$ (20,678,067)	\$ (187,044)	\$ (20,865,111)
General revenues:							
Property taxes levied for:							
General purposes					\$ 22,875,432		\$ 22,875,432
Recreation Mill					719,489		719,489
EWC BOCES					357,707		357,707
NEW BOCES					74,462		74,462
State aid not restricted to specific purposes							
State Foundation Program					4,450,320		4,450,320
State, other					37,748		37,748
Major building and facility maintenance					1,054,596		1,054,596
Earnings on investments					36,771		36,771
Miscellaneous					392,030		392,030
Transfers					(200,000)	200,000	-
Total general revenues and transfers					\$ 29,798,555	\$ 200,000	\$ 29,998,555
Change in net position					\$ 9,120,488	\$ 12,956	\$ 9,133,444
Net position - beginning					28,699,709	150,016	28,849,725
Net position - ending					\$ 37,820,197	\$ 162,972	\$ 37,983,169

(The notes to the basic financial statements are an integral part of this statement)

**Governmental Funds
Financial Statements**

CONVERSE COUNTY SCHOOL DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	<u>General</u>	<u>Grant Fund</u>	<u>Recreation Mill</u>	<u>EWC BOCES</u>	<u>NEW BOCES</u>	<u>Major Maintenance</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Assets:								
Cash and cash equivalents	\$ 1,441,422	\$ (233,426)	\$ 419,082	\$ 130,579	\$ 28	\$ 562,880	\$ 1,656,187	\$ 3,976,752
Cash with fiscal agent	195,998		5,931	2,966	613			205,508
Investments	3,000,000							3,000,000
Receivables:								
Taxes	252,052		6,246	3,123	954			262,375
Other governments, grants		300,621					758,915	1,059,536
Inventories	80,554							80,554
Internal balances	(369,616)					(10,000)		(379,616)
Total assets	<u>\$ 4,600,410</u>	<u>\$ 67,195</u>	<u>\$ 431,259</u>	<u>\$ 136,668</u>	<u>\$ 1,595</u>	<u>\$ 552,880</u>	<u>\$ 2,415,102</u>	<u>\$ 8,205,109</u>
Liabilities and fund balances:								
Liabilities:								
Accounts Payable	\$ 152,983	\$ 15,998	\$ 593	\$ 11,552		\$ 150,583	\$ 1,266,635	\$ 1,598,344
Accrued expenses	133,419	20,349	15,113	3,406				172,287
Deferred revenue:								
Grants		30,848						30,848
Taxes	179,905		4,014	2,007	482			186,408
Total liabilities	<u>\$ 466,307</u>	<u>\$ 67,195</u>	<u>\$ 19,720</u>	<u>\$ 16,965</u>	<u>\$ 482</u>	<u>\$ 150,583</u>	<u>\$ 1,266,635</u>	<u>\$ 1,987,887</u>
Fund Balances:								
Nonspendable:								
Inventories	\$ 80,554							\$ 80,554
Restricted for:								
Recreation Mill			411,539					
BOCES				119,703				411,539
NEW BOCES					1,113			119,703
Major maintenance						402,297		1,113
Buildings and equipment							1,148,467	402,297
Unassigned reported in:								1,148,467
General fund	4,053,549							4,053,549
Total fund balances	<u>\$ 4,134,103</u>	<u>\$ -</u>	<u>\$ 411,539</u>	<u>\$ 119,703</u>	<u>\$ 1,113</u>	<u>\$ 402,297</u>	<u>\$ 1,148,467</u>	<u>\$ 6,217,222</u>
Total liabilities and fund balances	<u>\$ 4,600,410</u>	<u>\$ 67,195</u>	<u>\$ 431,259</u>	<u>\$ 136,668</u>	<u>\$ 1,595</u>	<u>\$ 552,880</u>	<u>\$ 2,415,102</u>	<u>\$ 8,205,109</u>

(The notes to the basic financial statements are an integral part of this statement)

CONVERSE COUNTY SCHOOL DISTRICT NO. 1

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total fund balances for governmental funds \$ 6,217,222

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$	461,329	
Construction in progress		9,871,040	
Buildings and improvements, net of accumulated depreciation		18,140,488	
Furniture and equipment, net of accumulated depreciation		480,046	
Transportation equipment, net of accumulated depreciation		652,970	
Leased transportation equipment, net of accumulated depreciation		<u>375,145</u>	\$ 29,981,018

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds. 186,415

The internal service funds are used by management to charge the costs of the employee health insurance program. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. Internal service fund net assets at year-end are: 2,172,445

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term are reported in the statement of net assets. Balances at year-end are:

Obligations under capital leases	\$	(212,562)	
Accrued compensated absences		<u>(524,341)</u>	\$ (736,903)

Total net position of governmental activities \$ 37,820,197

(The notes to the basic financial statements are an integral part of this statement)

CONVERSE COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDING JUNE 30, 2013

	General	Grant Fund	Recreation Mill	EWC BOCES	NEW BOCES	Major Maintenance	Capital Projects	Total Governmental Funds
Revenues:								
Taxes	\$ 22,892,806	\$ -	\$ 720,210	\$ 358,131	\$ 75,284	\$ -	\$ -	\$ 24,046,431
Intergovernmental revenues	4,488,068	2,049,146				1,054,597	7,464,898	15,056,709
Charges for services	12,990							12,990
Miscellaneous	3,765					88,775		92,540
Interest	23,060					3,601	268	26,929
Total Revenues	\$ 27,420,689	\$ 2,049,146	\$ 720,210	\$ 358,131	\$ 75,284	\$ 1,146,973	\$ 7,465,166	\$ 39,235,599
Expenditures:								
Current:								
Instructional services:								
Regular instruction	\$ 10,041,543	\$ 1,106,344	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,147,887
Special education	6,599,464	516,937			75,516			7,191,917
Vocational education:	626,611	38,150						664,761
Other instruction	46,271			294,827				341,098
Supporting services:								
Students	1,642,237							1,642,237
Instructional staff	574,888	387,715						962,603
Central services	775,673							775,673
School administration	1,264,627							1,264,627
Business services	277,990							277,990
Operation and maintenance of facilities	2,534,417							2,534,417
Pupil transportation	1,301,733							1,301,733
General administration	213,477							213,477
Community support	6,991		545,666					552,657
Capital outlay						836,053	7,715,324	8,551,377
Debt Service								
Principal	203,504							203,504
Interest	8,869							8,869
Total expenditures	\$ 26,118,295	\$ 2,049,146	\$ 545,666	\$ 294,827	\$ 75,516	\$ 836,053	\$ 7,715,324	\$ 37,634,827
Excess of revenues over expenditures	\$ 1,302,394	\$ -	\$ 174,544	\$ 63,304	\$ (232)	\$ 310,920	\$ (250,158)	\$ 1,600,772
Other financing sources (uses):								
Transfers (out) in	\$ (1,373,750)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,173,750	\$ (200,000)
Proceeds from sale of capital assets	299,490							299,490
Capital lease proceeds	203,890							203,890
Total other financing sources (uses)	\$ (870,370)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,173,750	\$ 303,380
Net change in fund balance	\$ 432,024	\$ -	\$ 174,544	\$ 63,304	\$ (232)	\$ 310,920	\$ 923,592	\$ 1,904,152
Fund balances - beginning	3,702,079		236,995	56,399	1,345	91,377	224,875	4,313,070
Fund balances - ending	\$ 4,134,103	\$ -	\$ 411,539	\$ 119,703	\$ 1,113	\$ 402,297	\$ 1,148,467	\$ 6,217,222

(The notes to the basic financial statements are an integral part of this statement)

**CONVERSE COUNTY SCHOOL DISTRICT NO. 1
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING JUNE 30, 2013**

Net change in fund balances-total governmental funds \$ 1,904,152

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, assets with an initial cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlays	\$ 8,763,991	
Undepreciated value of fixed assets disposed	(3,077)	
Depreciation	<u>(1,521,526)</u>	\$ 7,239,388

Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligations reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net assets.

Other financing sources - capital leases	\$ (203,890)	
Principal payments of capital leases	<u>203,504</u>	\$ (386)

Property tax revenues collected after year end for which they are being levied are reported as deferred revenue in the governmental funds. They are, however, recorded as revenue in the statements of activities. (19,341)

In the statement of activities, certain operating expenses - compensated absences (sick leave and personal leave) - are measured by the amounts earned during the year. In the governmental funds, however, the expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year accrued compensated absences decreased by \$12,048. 12,048

Internal service funds are used by the District to charge the costs of the current funding to individual funds. The net expenses of the internal service fund is reported with governmental activities. Transactions between the internal service and the District are eliminated in the statement of activities.

Internal service fund net expenses		<u>(15,373)</u>
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Change in Net Position per the Statement of Activities \$ 9,120,488

(The notes to the basic financial statements are an integral part of this statement)

Proprietary Funds
Financial Statements

CONVERSE COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Business-Type Activities	Governmental Activites Health Insurance
	Enterprise Fund	Internal Service Fund
Assets		
Current Assets		
Cash and investments	\$ 13,474	\$ 1,792,829
Internal balances		379,616
Inventories	10,740	
Total current assets	\$ 24,214	\$ 2,172,445
Capital assets:		
Buildings	\$ 344,425	\$ -
Equipment	518,201	
Accumulated depreciation	(706,000)	
Net capital assets	\$ 156,626	\$ -
Total assets	\$ 180,840	\$ 2,172,445
Liabilities		
Current liabilities:		
Accounts payable	\$ 537	\$ -
Accrued expenses	3,860	
Total current liabilities	\$ 4,397	\$ -
Long term liabilities:		
Compensated absences	\$ 13,471	\$ -
Total liabilities	\$ 17,868	\$ -
Net Position		
Invested in Capital Assets	\$ 156,626	\$ -
Unrestricted	6,346	2,172,445
Total Net Position	\$ 162,972	\$ 2,172,445
Total liabilities and net position	\$ 180,840	\$ 2,172,445

(The notes to the basic financial statements are an integral part of this statement)

CONVERSE COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDING JUNE 30, 2013

	Business-Type Activities	Governmental Activites Health Insurance
	Enterprise Fund	Internal Service Fund
Operating revenues:		
Charges for services:		
Food services	\$ 439,969	\$ -
Insurance		3,728,760
Total operating revenues	439,969	3,728,760
Operating expenses:		
Food services:		
Salaries	\$ 321,918	\$ -
Employee benefits	175,014	3,753,974
Purchased services	5,705	
Supplies and materials, including food	410,795	
Other	10,880	
Depreciation	22,829	
Total operating expenses	\$ 947,141	\$ 3,753,974
Operating loss	\$ (507,172)	\$ (25,214)
Nonoperating income:		
Earnings on investments	\$ -	\$ 9,841
Federal sources, including commodity support	286,433	
Total nonoperating income	\$ 286,433	\$ 9,841
Net loss before transfers and capital contributions	\$ (220,739)	\$ (15,373)
Transfers in		
Operating	200,000	
Contributed assets	33,695	
Change in net position	\$ 12,956	\$ (15,373)
Net position - beginning	150,016	2,187,818
Net position - ending	\$ 162,972	\$ 2,172,445

(The notes to the basic financial statements are an integral part of this statement)

CONVERSE COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDING JUNE 30, 2013

	Business-Type Activities Enterprise Fund	Governmental Activites Health Insurance Internal Service Fund
Cash flows from operating activities:		
Receipts from charges	\$ 439,967	\$ 3,738,243
Payment to Suppliers	(432,763)	
Payments to or on behalf of employees	(496,077)	(3,753,974)
Net cash used in operating activities	\$ (488,873)	\$ (15,731)
Cash flow from noncapital financing activities:		
Transfers in	\$ 200,000	\$ -
Receipt of Federal aid	286,434	
Net Cash Received (Used) in Non Capital Financial Activities	\$ 486,434	\$ -
Cash flows from investing activities:		
Interest Received	\$ -	\$ 9,841
Net cash provided by investing activities	\$ -	\$ 9,841
Net (decrease) increase in cash and cash equivalents	\$ (2,439)	\$ (5,890)
Cash and Cash Equivalents - beginning	15,913	1,798,719
Cash and Cash Equivalents - ending	\$ 13,474	\$ 1,792,829
Displayed on statement of net position as:		
Cash and investments	\$ 13,474	\$ 1,792,829
Reconciliation of operating loss to net cash used in operating activities:		
Operating (loss) income	\$ (507,172)	\$ (25,214)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	22,829	
Decrease in interfund receivable		9,483
Increase in inventory	(2,455)	
Decrease in accounts payable and accrued expenses	(2,075)	
Total adjustments	\$ 18,299	\$ 9,483
Net cash used in operating activities	\$ (488,873)	\$ (15,731)
Noncash investing, capital, and financing activities:	\$ -	\$ -

(The notes to the basic financial statements are an integral part of this statement)

Fiduciary Funds
Financial Statements

CONVERSE COUNTY SCHOOL DISTRICT NO. 1
STATEMENTS OF FIDUCIARY NET POSITION
AGENCY FUNDS
JUNE 30, 2013

	Private Purpose Trust	Agency Funds
Assets:		
Cash and investments	\$ 3,313	\$ 236,927
Investments	81,616	
Total assets	\$ 84,929	\$ 236,927
Liabilities:		
Accounts payable	\$ -	\$ 19,029
Accrued expenses		1,010
Due to student groups		216,888
Total liabilities	\$ -	\$ 236,927
Net Position		
Restricted for scholarships	\$ 84,929	\$ -
Total liabilities and net position	\$ 84,929	\$ -

(The notes to the basic financial statements are an integral part of this statement)

**CONVERSE COUNTY SCHOOL DISTRICT NO. 1
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDING JUNE 30, 2013**

	Private Purpose Trust
	Scholarship Trust
	Trust
ADDITIONS	
Interest	\$ 828
Total additions	\$ 828
DEDUCTIONS	
Scholarships	\$ 1,500
Total deductions	\$ 1,500
Change in Net Position	\$ (672)
Net Position - beginning	85,601
Net Position - ending	\$ 84,929

(The notes to the basic financial statements are an integral part of this statement)



Notes to Financial Statements

CONVERSE COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

NOTE 1. THE REPORTING ENTITY, NATURE OF OPERATIONS, BASIS OF PRESENTATION, DESCRIPTION OF FUNDS, AND SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

For financial reporting purposes, the District includes all of the funds of Converse County School District No. 1. The reporting entity for the district consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of its relationship with the primary government are such that its exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. The Douglas Recreation Mill Board is a blended component unit included as a special revenue fund.

NATURE OF OPERATIONS

Converse County School District No. 1 is located within the boundaries of Converse County providing educational services to the residents of Douglas, Wyoming and the surrounding area. The District offers an educational program for grades kindergarten through 12 and all schools in the District are accredited by the Wyoming State Board of Education. In conjunction with the regular educational programs, the District provides special education, transportation, and food services for the students as mandated by the State of Wyoming and/or federal agencies.

The District operates under a locally elected nine-member Board form of government.

BASIS OF PRESENTATION

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements:

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for government funds.

CONVERSE COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

NOTE 1. THE REPORTING ENTITY, NATURE OF OPERATIONS, BASIS OF PRESENTATION, DESCRIPTION OF FUNDS, AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide statement of net position presents the financial condition of the governmental activities of the District at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Program revenues also include interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

During the year, the District segregates transactions related to certain District functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. The fiduciary funds are reported by type.

DESCRIPTION OF FUNDS

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the District typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the funds from which they will be paid. The differences between governmental fund assets and liabilities is reported as fund balance.

Governmental funds are organized as major funds or non-major funds with an emphasis placed on major funds. A fund is considered major if it is a primary operating fund of the District and meets the following criteria:

Total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the total for all funds of that category or type.

CONVERSE COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

NOTE 1. THE REPORTING ENTITY, NATURE OF OPERATIONS, BASIS OF PRESENTATION, DESCRIPTION OF FUNDS, AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition, any other governmental fund that the District believes is particularly important to the financial statement users may be reported as a major fund.

The following are the District's major governmental funds:

General Fund - The General Fund is the operating fund of the District and is used to account for all financial resources except those that are required to be accounted for in another fund. The instructional and most of the support services programs of the District are accounted for in the General Fund. The revenue of the fund consists primarily of local property taxes and state funds. The general fund balance is available for any purpose provided it is expended or transferred according to the laws of the State of Wyoming.

Grants Fund accounts for federal, state and local grants and other resources whose use is restricted for a particular purpose.

EWC BOCES Fund accounts for the proceeds from the special mill levied for a particular purpose.

NEW BOCES Fund accounts for the proceeds from the special mill levied for a particular purpose.

Capital Projects Fund accounts for the resources accumulated and payments made for the purchase of capital and minor capital items. This fund was established by the District in accordance with Wyoming Statutes. In addition to being funded by the School Facilities Commission, an operating transfers may be made from the General Fund to the Capital Projects Fund according to Wyoming Statute §21-13-504. The proceeds of the transfers may only be used for the purpose of purchasing or replacing specified equipment or as a depreciation reserve for equipment and school building repair not otherwise provided by the School Facilities Commission.

Proprietary Funds

Proprietary Funds focus on the determination of change in net position, financial position and cash flows.

Enterprise funds - The Enterprise Fund is a fund used to account for the operations of the school breakfast and lunch program. The fund is sustained by charges for lunch, government subsidized meal costs and food commodities, and rent.

Internal Service Fund - Internal Service Funds are used to account for the financing of health insurance provided by the District to the District itself on a cost reimbursement basis.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position.

CONVERSE COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

NOTE 1. THE REPORTING ENTITY, NATURE OF OPERATIONS, BASIS OF PRESENTATION, DESCRIPTION OF FUNDS, AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Agency Fund - The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The District's agency fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the programs as well as the Douglas Recreation Center to which the District provides fiscal services.

Private-Purpose Trust Fund - This fund is used to account for donations for scholarship funds that are received by the District that are to be awarded to current and former students for post-secondary education purposes.

SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Converse County School District No. 1 have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989, to its financial statements.

Significant accounting policies followed by the District are as follows:

a) Measurement Focus and Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The government-wide, proprietary, and fiduciary fund financial statements are prepared using the economic resources and accrual basis of accounting. Governmental funds use the current financial resources measurement focus and modified accrual basis of accounting.

Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the recognition of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is

CONVERSE COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

NOTE 1. THE REPORTING ENTITY, NATURE OF OPERATIONS, BASIS OF PRESENTATION, DESCRIPTION OF FUNDS, AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, fees, and rentals.

Federal and State Grants and Entitlements

Federal and state grants and entitlements are recognized as revenue in the period the District is entitled to the resources and the amounts are available. Expenditure driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Deferred Revenue

On governmental fund financial statements, receivables that will not be collected within the available period, including property taxes, have also been reported as deferred revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expenses with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation are not recognized in governmental funds.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and services. It also includes all revenue and expenses not related to capital and financing activities, noncapital financing, or investing activities. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CONVERSE COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

NOTE 1. THE REPORTING ENTITY, NATURE OF OPERATIONS, BASIS OF PRESENTATION, DESCRIPTION OF FUNDS, AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Budgetary Process

All funds are legally required to be budgeted and appropriated.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- Prior to May 15 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing called by the Board of trustees is then held for the purpose of adopting the proposed budget after ten days public notice of the meeting has been given to the public.
- The budget is legally enacted through passage of a resolution of the Board of Trustees by the third Thursday of July per Wyoming Statute.

Legal spending control is at the program level within each of the individual funds, management control is exercised at budgetary line item levels within each fund. The Board of Trustees may amend the budget after it is approved and also authorizes transfers between the various budgetary programs in any fund. The amounts reported as original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board for the year. All budget appropriations lapse at year end.

c) Property Taxes

Property taxes are levied in the first week of August of each year and are collectible in two installments. Installments are due on September 1 and March 1 and are collectible on November 10 and May 10. If the first installment payment is made after November 10, the entire amount is due by December 31. Property taxes attach as an enforceable lien on the property if the payment is not made by May 10 each year. On the government-wide statement of net position, property tax receivable has been recorded on the estimated net realizable value with an estimated allowance for amounts uncollectible.

Wyoming Statutes provide for tax levies to fund the operation of school districts. A school district under Wyoming Statutes must levy taxes of 25 mills on the assessed valuation of the district. The district must also levy 6 mills on the assessed valuation of the county. The taxes raised by the 6 mills are divided between Douglas and Glenrock school districts.

Additionally, the school district must levy 12 mills on the assessed valuation of the district. The revenues from the 12 mills are paid directly to the State of Wyoming School Foundation account by the County Treasurer. The Board levies an additional mill for recreation, ½ mill for EWC BOCES, and 1/10 mill for NEW BOCES.

CONVERSE COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

NOTE 1. THE REPORTING ENTITY, NATURE OF OPERATIONS, BASIS OF PRESENTATION, DESCRIPTION OF FUNDS, AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Cash, Cash Equivalents, and Investments

For purposes of the Proprietary Funds statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. The cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments.

e) Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the enterprise fund.

All capital assets are recorded at cost if purchased, or at its fair market value as of the date of the gift if received as a donation. The District maintains a capitalization threshold of \$5,000 for buildings, site improvements, equipment, and vehicles. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

All reported capital assets except land, land improvements, and construction in progress are depreciated. Improvements are depreciated over the useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Buildings and improvements	10 - 50 years	
Furniture and equipment	5 - 20 years	10 - 20 years
Transportation equipment	5 - 20 years	

f) Inventories

Materials, supplies and food commodities are carried in an inventory account at average cost under the consumption method. Inventories also include plant maintenance and operating supplies as well as instructional supplies.

CONVERSE COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

NOTE 1. THE REPORTING ENTITY, NATURE OF OPERATIONS, BASIS OF PRESENTATION, DESCRIPTION OF FUNDS, AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Compensated Absences

Accrued leave benefits are accrued as liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused accrued leave time when earned for all eligible employees. The entire compensated absence liability is reported on the government-wide financial statements.

The District has the following policy relating to personal leave, and sick leave:

The District currently allows all employees who work five days per week, and at least fifteen hours per week, to accumulate unused sick leave to a maximum of 75 days. The employee can elect to sell down up to 15 days at the full substitute rate, but they cannot go below 65 days accumulated. Employees are not vested with these days unless they leave the District. Upon leaving the District, if an employee has at least ten consecutive years of full-time service in the District, the employee will be paid one-half substitute pay, at the certified daily substitute rate up to 85 days. For every year worked above ten years, employees will earn an additional 2.5% of substitute pay in the employee's salary category up to 100%.

Eligible employees may accumulate up to 10 personal days and may be paid a maximum of two days per year at the current certified substitute rate.

Total compensated absences representing personal leave, sick leave at June 30, 2013 was \$524,341.

h) Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements and all payables, accrued liabilities, and long-term obligations payable from enterprise funds are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Capital leases are recognized as liability on the governmental fund financial statements when due.

i) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any of this type of item.

CONVERSE COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

NOTE 1. THE REPORTING ENTITY, NATURE OF OPERATIONS, BASIS OF PRESENTATION, DESCRIPTION OF FUNDS, AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any of this type of item.

j) Net Position

Net positions represent the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the district-wide financial statements. Net positions are classified in the following categories:

Net assets investment in capital assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvements of the assets.

Restricted net position - This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position - This amount is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

k) Fund Balance

The District uses the fund balance definitions in GASB Codification Section 1800 for financial reporting for all governmental fund types. The classifications are intended to depict the nature of net resources that are reported in a governmental fund. An individual fund could include any combination of these classifications.

Nonspendable Fund Balance

These fund balances are the net balance of assets and liabilities that are either legally or contractually required to be maintained intact or are "not in spendable" form. This includes all legally or contractually restricted balances as well as prepaid expenses, inventory, and other items considered "not in spendable" form.

Restricted Fund Balance

These fund balances are the net balance of assets and liabilities that have provisions that are externally imposed. These are grants or other funds that are restricted by the debt covenants, grantor, contributor, or by laws or regulations of external governments. In general, these include legally enforceable requirements that the resources be used for the specific purposes stipulated in the grant, debt covenant, or by law.

CONVERSE COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

NOTE 1. THE REPORTING ENTITY, NATURE OF OPERATIONS, BASIS OF PRESENTATION, DESCRIPTION OF FUNDS, AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Committed Fund Balance

These fund balances are those imposed by a formal action taken by the Board of Trustees. Once the Board of Trustees has taken formal action, the assets cannot be used for other purposes unless the Board of Trustees removes or changes the specified use by taking the same action it employed previously to commit the balances.

Assigned Fund Balance

Assigned fund balances are the net amounts of assets and liabilities constrained by the intent of the Board of Trustees. The intent will not be done by formal action of the Board of Trustees, but will be part of items such as the adopted budget or in a statement by the Board.

Unassigned Fund Balance

Typically, unassigned fund balances will be limited to the General Fund and by definition, they are the residual balance for fund balance.

When an expenditure is incurred for purposes for which a combination of fund balances is available, the District applies restricted fund balances, committed fund balances, assigned fund balances, and unassigned fund balances, respectively.

l) 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 disclosures 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.

m) New GASB Pronouncements

The Governmental Accounting Standards Board has issued several new pronouncements that the District has reviewed for application to their accounting and reporting.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, is effective for periods beginning after December 15, 2011. This standard provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The District has implemented this reporting for the year ended June 30, 2013. The components of net position were renamed to reflect the requirements of this statement.

CONVERSE COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

NOTE 1. THE REPORTING ENTITY, NATURE OF OPERATIONS, BASIS OF PRESENTATION, DESCRIPTION OF FUNDS, AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, is effective for financial statements for periods beginning after December 15, 2012. This statement improves financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The District has implemented this statement in the year ended June 30, 2013. This change does not result in any adjustment to prior period balances

NOTE 2. BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The budgetary comparison schedules presented for the General Fund and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

- a) Proceeds from capital leases and the associated capital outlay expenditure are not recorded on the cash basis (budget), but are recorded on the GAAP basis.
- b) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- c) Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and all major special revenue funds:

	<u>General</u>	<u>Grant Fund</u>	<u>Recreation Mill</u>
Net changes in fund balance - GAAP basis	\$ 432,024	\$	\$ 174,544
Revenue accruals	100,191	(42,184)	3,306
Expenditure accruals	<u>(86,263)</u>	<u>(36,395)</u>	<u>(12,432)</u>
Net change in fund balance - Non-GAAP budgetary basis	<u><u>\$ (445,952)</u></u>	<u><u>\$ (78,579)</u></u>	<u><u>\$ 165,418</u></u>
	<u>EWC BOCES</u>	<u>NEW BOCES</u>	<u>Major Maintenance</u>
Net changes in fund balance - GAAP basis	\$ 63,304	\$(232)	\$ 310,920
Revenue accruals	1,658	239	
Expenditure accruals	<u>8,577</u>	<u></u>	<u>134,236</u>
Net change in fund balance - Non-GAAP budgetary basis	<u><u>\$ 73,539</u></u>	<u><u>\$ 7</u></u>	<u><u>\$ 445,156</u></u>

CONVERSE COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS

Cash and investments are comprised of the following at June 30, 2013:

Cash, cash equivalents, and investments statement of net position	\$ 8,783,058
Cash, cash equivalents, and investments statement of fiduciary net position	<u>321,856</u>
	<u>\$ 9,104,914</u>
Cash in bank	\$ 9,104,864
Petty cash	<u>50</u>
	<u>\$ 9,104,914</u>

Authorized deposits are controlled by state statute and include but are not limited to deposits in banks, certificates of deposit, money market accounts, and treasury notes. The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's agent approved pledged securities in an amount sufficient to protect District funds on a day to day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation insurance.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The carrying amount of bank deposits at June 30, 2013 is \$9,752,534 and the bank balance is \$9,104,864. The differences between the carrying amount and the bank balances are due to outstanding checks and deposits not yet processed by the bank. Of the book balance, \$750,000 is covered by federal depository insurance; \$9,002,534 was collateralized by securities held by the financial institutions in the District's name and, accordingly, considered credit risk category 1.

The District's investments include certificates of deposit of nominal amounts. Investments in certificates of deposits are allowed under Wyoming Statutes. The certificates of deposit were collateralized by the financial institution, pledging its securities under properly executed joint custody receipts in the District's name (credit risk category 1).

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market rates. The District attempts to match its investment maturities to expected cash flow needs.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment to a single issuer. The District does not have a formal policy regarding concentration of credit risk.

CONVERSE COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Reclassifi- cations/ Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated -				
Land	\$ 461,329	\$	\$	\$ 461,329
Construction in progress	<u>2,075,177</u>	<u>7,795,863</u>		<u>9,871,040</u>
Total capital assets, not being depreciated	<u>\$ 2,536,506</u>	<u>\$ 7,795,863</u>	<u>\$</u>	<u>\$ 10,332,369</u>
Capital assets, being depreciated -				
Building and improvements	\$ 39,796,047	\$ 689,288	\$	\$ 40,485,335
Furniture and equipment	1,143,818	45,426	(24,995)	1,164,249
Transportation equipment	2,821,290	29,525	109,247	2,960,062
Transportation equipment under capital lease	<u>406,146</u>	<u>203,890</u>	<u>(170,341)</u>	<u>439,695</u>
Total capital assets, being depreciated	<u>\$ 44,167,301</u>	<u>\$ 968,129</u>	<u>\$(86,089)</u>	<u>\$ 45,049,341</u>
Accumulated depreciation for -				
Building and improvements	\$(21,128,789)	\$(1,216,057)	\$	\$(22,344,846)
Furniture and equipment	(631,316)	(74,800)	21,913	(684,203)
Transportation equipment	(2,145,976)	(186,698)	25,582	(2,307,092)
Transportation equipment under capital lease	<u>(56,092)</u>	<u>(43,970)</u>	<u>35,512</u>	<u>(64,550)</u>
Total accumulated depreciation	<u>\$(23,962,173)</u>	<u>\$(1,521,525)</u>	<u>\$ 83,007</u>	<u>\$(25,400,691)</u>
Total capital assets being depreciated, net	<u>\$ 20,205,128</u>	<u>\$(553,396)</u>	<u>\$(3,082)</u>	<u>\$ 19,648,650</u>
Governmental activities, capital assets, net	<u>\$ 22,741,634</u>	<u>\$ 7,242,467</u>	<u>\$(3,082)</u>	<u>\$ 29,981,019</u>
Business-type activities:				
Building and improvements	\$ 344,425	\$	\$	\$ 344,425
Equipment	484,506	33,695		518,201
Less accumulated depreciation	<u>(683,171)</u>	<u>(22,829)</u>		<u>(706,000)</u>
Business-type activities, capital assets, net	<u>\$ 145,760</u>	<u>\$ 10,866</u>	<u>\$</u>	<u>\$ 156,626</u>

Depreciation expense was charged to governmental functions as follows:

Governmental activities:	
Instruction services -	
Regular instruction	\$ 501,071
Special education	339,115
Vocational education	31,268
Other instruction	2,309
Supporting services -	
Pupil supporting services	81,947
Instructional staff	28,687
General administration	51,952
School administration	63,104
Business administration	13,872
Central services	10,652
Operation and maintenance of facilities	144,296
Pupil transportation	252,903
Community services	349
Total depreciation expense, governmental activities	<u>\$ 1,521,525</u>

CONVERSE COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

NOTE 5. WYOMING RETIREMENT SYSTEM

Substantially, all Converse County School District No. 1 full-time or regular part-time employees participate in the Wyoming Retirement System (System), a cost-sharing, multiple-employer public employee retirement system. The System provides retirement benefits at age 60 with early retirement options available. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Wyoming Retirement System, 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002 or by calling (307) 777-7691.

The System statutorily required 14.12% of the participant's salary to be contributed to the plan. Covered employees were required to contribute 7.00% with the District contributing the remaining 7.12%. Currently, the District pays 5.57% and the employees pay 1.43% of the 7.00% employee share. The District's contribution to the Plan for the years ending June 30, 2013, 2012 and 2011 were \$2,333,600, \$2,347,457, and \$2,196,738, respectively, equal to the required contributions for each year.

NOTE 6. LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Obligations under capital lease	\$ 212,176	\$ 203,890	\$ 203,504	\$ 212,562	\$ 144,617
Compensated absences	<u>536,389</u>		<u>12,048</u>	<u>524,341</u>	
Total governmental activity long-term liabilities	<u>\$ 748,565</u>	<u>\$ 203,890</u>	<u>\$ 215,552</u>	<u>\$ 736,903</u>	<u>\$ 144,617</u>
Proprietary activities:					
Compensated absences	<u>\$ 10,527</u>	<u>\$ 2,407</u>	<u>\$</u>	<u>\$ 12,934</u>	<u>\$</u>

The obligations under capital leases are paid by the general fund. Compensated absences will be paid by the fund in which the employee worked.

Capital leases - The District leases certain transportation equipment under capital leases, of which provide for the purchase of leased equipment for nominal amounts at the end of the lease term. The average interest rate on the leases is approximately 4%. Interest expense of \$8,869 as a result of capital lease obligations is included in the government-wide statement of activities.

The following is a schedule by years of minimum future lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2013:

<u>June 30,</u>	
2014	\$ 150,737
2015	69,909
Total	<u>\$ 220,646</u>
Less amount representing interest	<u>(8,084)</u>
Future minimum lease payments	<u>\$ 212,562</u>

These leases have been traditionally paid through the General Fund.

CONVERSE COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

NOTE 7. FUND EQUITY AND NET POSITION

The District has adopted the guidance in GASB Codification Section 1800, which changed the classification of funds. The nonspendable fund balance account is summarized below:

Inventories - represents a portion of fund balance segregated for future use and are, therefore, not available for future appropriation or expenditures for general use.

Specific restrictions of fund balance and net position accounts are summarized below:

Grant Programs - to segregate the portion of fund balance/net position resulting from grant proceeds for which the District has met the eligibility requirements and thus recorded the revenue, but has yet to spend the funds on the specific program.

Major Maintenance - to segregate the portion of fund balance/net position to be used for capital outlay expenditures which meet the Wyoming Department of Education's definition of major maintenance.

Buildings and equipment - to segregate the portion of fund balance/net position that is not available for general expenditure or expense but rather restricted for future property, plant, and equipment major repair or replacement.

EWC BOCES - to segregate the portion of fund balance/net position that is not available for general expenditure or expense but rather restricted for Board of Cooperative Higher Education Services.

NEW BOCES - to segregate the portion of fund balance/net position that is not available for general expenditure or expense but rather restricted for Board of Cooperative Higher Education Services.

Recreation Mill - to segregate the portion of fund balance/net position that is not available for general expenditure or expense but rather restricted by mill levied for a specific purpose.

Specific assignments of fund balance accounts are summarized below:

Capital Projects - to segregate the portion of fund balance that is not available for general expenditure but rather is assigned for future property, plant, and equipment major repair or replacement.

The District has no committed fund balances as of June 30, 2013.

NOTE 8. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District currently manages said risk through the purchase of commercial insurance and participation in the Wyoming Workers' Compensation Program. All risk management activities are accounted for in the General Fund. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

CONVERSE COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

NOTE 9. CONTINGENCIES

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received in these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund, or other applicable funds. However, in the opinion of management any such disallowed claims would not have a material adverse effect on the overall financial position of the District as of June 30, 2013.

NOTE 10. CONSTRUCTION COMMITMENTS

In connection with construction of a new elementary school, the District has entered into bid contracts for completion of the Project.

At June 30, 2013, the status of this contract was as follows:

	<u>Amount</u>	<u>Costs Incurred to Date</u>	<u>Balance to Finish</u>
Elementary school	<u>\$ 9,604,553</u>	<u>\$ 8,782,427</u>	<u>\$ 822,126</u>

The construction is funded through an award from the Wyoming School Facilities Department and amounts committed by the Board of Trustees from funds set aside in the Capital Projects Fund.

NOTE 11. INTERNAL BALANCES AND TRANSFERS

Included in internal balances on the financial statements are individual fund receivable and payable balances at June 30, 2013 as follows:

	<u>Due From</u>	<u>Due to</u>
Internal balance - General Fund		\$ 379,616
Internal balance - Internal Service Fund	\$ 379,616	

Transfers are used to account for unrestricted revenues collected in the general fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

<u>Transfer to Receiving Fund</u>	<u>Transfer From Paying Fund</u>	<u>Amount</u>
Enterprise Fund	General Fund	\$ 200,000
Capital Construction Fund	General Fund	1,173,750

Required Supplementary
Information

**CONVERSE COUNTY SCHOOL DISTRICT NO. 1
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDING JUNE 30, 2013**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 22,739,423	\$ 22,739,423	\$ 22,992,795	\$ 253,372
Intergovernmental revenues	4,228,767	4,228,767	4,427,596	198,829
Charges for services	13,000	13,000	12,990	(10)
Miscellaneous	300,250	300,250	303,255	3,005
Interest	45,000	45,000	23,258	(21,742)
Total Revenues	<u>\$ 27,326,440</u>	<u>\$ 27,326,440</u>	<u>\$ 27,759,894</u>	<u>\$ 433,454</u>
Expenditures:				
Current:				
Instructional services:				
Regular instruction	\$ 10,536,974	\$ 10,303,974	\$ 10,038,375	\$ 265,599
Special education	7,104,828	6,634,828	6,584,349	50,479
Vocational education	624,039	627,039	626,572	467
Other instruction	58,000	58,000	46,271	11,729
Supporting services:				
Students	1,753,981	1,753,981	1,640,218	113,763
Instructional staff	581,552	591,552	574,967	16,585
Central services	1,156,864	1,065,364	996,116	69,248
School administration	1,294,260	1,294,260	1,273,764	20,496
Business services	281,644	281,644	278,155	3,489
Operation and maintenance of facilities	2,996,434	2,757,934	2,549,744	208,190
Pupil transportation	1,298,433	1,328,433	1,324,770	3,663
Community support	8,075	8,075	6,891	1,184
Total expenditures	<u>\$ 27,695,084</u>	<u>\$ 26,705,084</u>	<u>\$ 25,940,192</u>	<u>\$ 764,892</u>
Excess of revenues over expenditures	<u>\$ (368,644)</u>	<u>\$ 621,356</u>	<u>\$ 1,819,702</u>	<u>\$ 1,198,346</u>
Other financing sources (uses):				
Transfers (out) in	<u>\$ (500,000)</u>	<u>\$ (1,500,000)</u>	<u>\$ (1,373,750)</u>	<u>\$ (126,250)</u>
Change in fund balance	<u>\$ (868,644)</u>	<u>\$ (878,644)</u>	<u>\$ 445,952</u>	<u>\$ 1,072,096</u>

(The notes to the basic financial statements are an integral part of this statement)

**CONVERSE COUNTY SCHOOL DISTRICT NO. 1
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) TO ACTUAL
GRANT FUND
FOR THE YEAR ENDING JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 2,271,845	\$ 2,271,845	\$ 2,011,066	\$ (260,779)
Total Revenues	<u>\$ 2,271,845</u>	<u>\$ 2,271,845</u>	<u>\$ 2,011,066</u>	<u>\$ (260,779)</u>
Expenditures:				
Salaries	\$ 1,302,516	\$ 1,302,516	\$ 1,105,308	\$ 197,208
Employee benefits	369,395	369,395	361,398	7,997
Purchased services	234,578	234,578	203,569	31,009
Supplies and materials	255,754	255,754	211,085	44,669
Capital outlay	109,602	109,602	208,285	(98,683)
Total expenditures	<u>\$ 2,271,845</u>	<u>\$ 2,271,845</u>	<u>\$ 2,089,645</u>	<u>\$ 182,200</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (78,579)</u>	<u>\$ (78,579)</u>

(The notes to the basic financial statements are an integral part of this statement)

**CONVERSE COUNTY SCHOOL DISTRICT NO. 1
 BUDGETARY COMPARISON SCHEDULE
 BUDGET (NON-GAAP) TO ACTUAL
 RECREATION MILL
 FOR THE YEAR ENDING JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 665,360	\$ 665,360	\$ 723,516	\$ 58,156
Total Revenues	<u>\$ 665,360</u>	<u>\$ 665,360</u>	<u>\$ 723,516</u>	<u>\$ 58,156</u>
Expenditures:				
Community Support	\$ 919,024	\$ 919,024	\$ 558,098	\$ 360,926
Total expenditures	<u>\$ 919,024</u>	<u>\$ 919,024</u>	<u>\$ 558,098</u>	<u>\$ 360,926</u>
Change in fund balance	<u>\$ (253,664)</u>	<u>\$ (253,664)</u>	<u>\$ 165,418</u>	<u>\$ 419,082</u>

(The notes to the basic financial statements are an integral part of this statement)

**CONVERSE COUNTY SCHOOL DISTRICT NO. 1
 BUDGETARY COMPARISON SCHEDULE
 BUDGET (NON-GAAP) TO ACTUAL
 EWC BOCES
 FOR THE YEAR ENDING JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 332,680	\$ 332,680	\$ 359,789	\$ 27,109
Total Revenues	<u>\$ 332,680</u>	<u>\$ 332,680</u>	<u>\$ 359,789</u>	<u>\$ 27,109</u>
Expenditures:				
Other instruction	\$ 389,719	\$ 389,719	\$ 286,250	\$ 103,469
Total expenditures	<u>\$ 389,719</u>	<u>\$ 389,719</u>	<u>\$ 286,250</u>	<u>\$ 103,469</u>
 Change in fund balance	 <u>\$ (57,039)</u>	 <u>\$ (57,039)</u>	 <u>\$ 73,539</u>	 <u>\$ 130,578</u>

(The notes to the basic financial statements are an integral part of this statement)

**CONVERSE COUNTY SCHOOL DISTRICT NO. 1
 BUDGETARY COMPARISON SCHEDULE
 BUDGET (NON-GAAP) TO ACTUAL
 NEW BOCES
 FOR THE YEAR ENDING JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 66,536	\$ 66,536	\$ 75,523	\$ 8,987
Total Revenues	<u>\$ 66,536</u>	<u>\$ 66,536</u>	<u>\$ 75,523</u>	<u>\$ 8,987</u>
Expenditures:				
Special Instruction	\$ 66,536	\$ 66,536	\$ 75,516	\$ (8,980)
Total expenditures	<u>\$ 66,536</u>	<u>\$ 66,536</u>	<u>\$ 75,516</u>	<u>\$ (8,980)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 7</u>

(The notes to the basic financial statements are an integral part of this statement)

**CONVERSE COUNTY SCHOOL DISTRICT NO. 1
 BUDGETARY COMPARISON SCHEDULE
 BUDGET (NON-GAAP) TO ACTUAL
 MAJOR MAINTENANCE
 FOR THE YEAR ENDING JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special purpose tax	\$ 1,054,596	\$ 1,054,596	\$ 1,054,596	\$ -
Interest income	2,500	2,500	3,602	1,102
Other			88,775	88,775
Total Revenues	<u>\$ 1,057,096</u>	<u>\$ 1,057,096</u>	<u>\$ 1,146,973</u>	<u>\$ 89,877</u>
Expenditures:				
Capital outlay	<u>\$ 1,174,821</u>	<u>\$ 1,174,821</u>	<u>\$ 701,917</u>	<u>\$ 473,004</u>
Total expenditures	<u>\$ 1,174,821</u>	<u>\$ 1,174,821</u>	<u>\$ 701,817</u>	<u>\$ 473,004</u>
Change in fund balance	<u>\$ (117,725)</u>	<u>\$ (117,725)</u>	<u>\$ 445,156</u>	<u>\$ 562,881</u>

(The notes to the basic financial statements are an integral part of this statement)

Other Supplementary
Information

CONVERSE COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF BALANCE SHEETS
GRANT PROGRAMS
JUNE 30, 2013

<u>Grantor/Program Title</u>	<u>ASSETS</u>		
	<u>Pass-Through Grantor's Number</u>	<u>Cash</u>	<u>Due from Other Governments</u>
<u>U.S. Department of Education</u>			
Title I	1305013Y1S00	\$ (129,669)	\$ 129,669
Perkins Vocational Education	1305013VEA00	(6,430)	6,430
Title VI-B/ Special Education	1305013T6100	(25,401)	32,458
Title IIA Teach Quality	1305013T2A00		626
21st Century Community Learning Center-8920	1205011C5C00	4,711	2,682
8930	1205011C6C00	(25,387)	28,612
Title ID Neglected and Delinquent	1305013TID00	(7,670)	8,402
<u>Wyoming Department of Education</u>			
Wyoming Bridges Summer School	State	(71,428)	88,742
Instructional Facilitators	State	30,848	
<u>Wyoming Department of Health</u>			
Wyoming Department of Health	State	(3,000)	3,000
		<u>\$ (233,426)</u>	<u>\$ 300,621</u>

(The notes to the basic financial statements are an integral part of this statement)

<u>Total Assets</u>	<u>LIABILITIES</u>			<u>Fund Equity</u>	<u>Total Liabilities and Fund Equity</u>
	<u>Accounts Payable</u>	<u>Accrued Expenses</u>	<u>Deferred Revenue</u>		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
0					0
7,057	2,131	4,926			7,057
626	626				626
7,393	7,249	144			7,393
3,225	3,225				3,225
732	732				732
17,314	2,035	15,279			17,314
30,848			30,848		30,848
0					
<u>\$ 67,195</u>	<u>\$ 15,998</u>	<u>\$ 20,349</u>	<u>\$ 30,848</u>	<u>\$ -</u>	<u>\$ 67,195</u>

(The notes to the basic financial statements are an integral part of this statement)

CONVERSE COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES AND EXPENDITURES
GRANT PROGRAMS
JUNE 30, 2013

Grantor/Program Title	Pass-Through Grantor's Number	REVENUES	
		Federal	State
<u>U.S. Department of Education</u>			
Education Jobs Fund - ARRA	110501AEDJ00	\$ 6,188	\$ -
Title I	1205012TIA00	80,709	
	1305013Y1S00	429,094	
Title ID Neglected and Delinquent	1305013T1D00	14,410	
Perkins Vocational Education	1305013VEA00	38,150	
Title VI-B/ Special Education	1205012T6100	83,867	
	1305013T6100	423,062	
Title VI-B Preschool	1205012T6900	3,230	
	1305013T6900	3,780	
Title IIA Teach Quality	1205012T2A00	2,063	
	1305013T2A00	170,693	
21st Century Community Learning Center	1305011C5C00	93,737	
	1205011C5C00	44,963	
	1205011C6C00	76,120	
	1105011C5C00	31,131	
Wyoming Arts Council - glass fusing		3,000	
<u>Wyoming Department of Education</u>			
Wyoming Bridges Summer School	State		151,707
Instructional Facilitators	State		365,242
National Board Certified Teacher	State		20,000
Anti Bullying	State		5,000
Dept of Health - Early Childhood	State		3,000
		\$ 1,504,197	\$ 544,949

(The notes to the basic financial statements are an integral part of this statement)

Total Revenue	EXPENDITURES			Total Expenditures
	Instruction	Instructional Support	General Support	
\$ 6,188	\$ 6,188	\$ -	\$ -	\$ 6,188
80,709	80,709			80,709
429,094	429,094			429,094
14,410	14,410			14,410
38,150	38,150			38,150
83,867	83,867			83,867
423,062	423,062			423,062
3,230	3,230			3,230
3,780	3,780			3,780
2,063	1,923	140		2,063
170,693	168,360	2,333		170,693
93,737	93,737			93,737
44,963	44,963			44,963
76,120	76,120			76,120
31,131	31,131			31,131
3,000	3000			3,000
151,707	151,707			151,707
365,242		365,242		365,242
20,000		20,000		20,000
5,000	5,000			5,000
3,000	3000			3,000
<u>\$ 2,049,146</u>	<u>\$ 1,661,431</u>	<u>\$ 387,715</u>	<u>\$ -</u>	<u>\$ 2,049,146</u>

(The notes to the basic financial statements are an integral part of this statement)

CONVERSE COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2013

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Education			
Passed through Wyoming Department of Education:			
Education Jobs Fund - ARRA	84.410	110501AEDJ00	\$ 6,188
Title I	84.010A	1205012TIA00 1305013Y1S00 1305013T1D00	\$ 80,709 429,094 <u>14,410</u> 524,213
Perkins Vocational Education	84.048B	1305013VEA00	38,150
Title VI-B/ Special Education	84.027A	1205012T6100 1305013T6100	\$ 83,867 <u>423,062</u> \$ 506,929
Title VI-B Preschool	84.173A	1205012T6900 1305013T6900	\$ 3,230 <u>3,780</u> \$ 7,010 513,939
Title IIA Teach Quality	84.367B	1205012T2A00 1305013T2A00	\$ 2,063 <u>170,693</u> \$ 172,756
21st Century Community Learning Center	84.287	1305011C5C00 1205011C5C00 100501C6C00 100501C6C00	\$ 93,737 44,963 76,120 <u>31,131</u> 245,951
Total U.S. Department of Education			<u>\$ 1,501,197</u>
U.S. Department of Agriculture			
Passed through Wyoming Department of Education:			
<i>Child Nutrition Cluster:</i>			
National School Lunch	10.555		\$ 242,372
National School Lunch - Commodities			<u>44,062</u> \$ 286,434
Total U.S. Department of Agriculture			<u>\$ 286,434</u>
National Endowment of the Arts			
Passed through Wyoming Arts Council			
Glass Fusing	45.025		<u>\$ 3,000</u>
Total Expenditures of Federal Awards			<u>\$ 1,790,631</u>

(The notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement)

CONVERSE COUNTY SCHOOL DISTRICT NO. 1

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Converse County School District No. 1 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of State, Local Governments, and Non-Profit Organizations". Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements

NOTE 2. NATIONAL SCHOOL LUNCH PROGRAM (10.555)

Federal reimbursement for the National School Lunch Program are based on approved rates for services provided and are not reimbursements for specific expenditures. Therefore, this amount represents cash received rather than federal expenditures.

NOTE 3. CONTINGENCIES

The School District receives funds under various federal grant programs and such assistance is to be expended in accordance with the provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of noncompliance. Management believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have a material financial impact.

**INDEPENDENT AUDITORS' 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**

Board of Trustees
Converse County School District No. 1
Douglas, Wyoming

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Converse County School District No. 1 as of and for the year ended June 30, 2013, which collectively comprise Converse County School District No. 1's basic financial statements and have issued our report thereon dated December 4, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Converse County School District No. 1's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Converse County School District No. 1's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Converse County School District No. 1'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.

Our consideration of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Converse County School District No. 1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Leo Rhyne & Co.

December 4, 2013

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

Board of Trustees
Converse County School District No. 1
Douglas, Wyoming

Report on Compliance for Each Major Federal Program

We have audited the Converse County School District No. 1's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Converse County School District No. 1's major federal programs for the year ended June 30, 2013. Converse County School District No. 1's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Converse County School District No. 1's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Converse County School District No. 1's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Converse County School District No. 1's compliance.

Opinion on Each Major Federal Program

In our opinion Converse County School District No. 1 complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133. Our opinion on each major federal program is not modified.

Report on Internal Control Over Compliance

Management of Converse County School District No. 1 is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Converse County School District No. 1's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Converse County School District No. 1's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirements of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



December 4, 2013

CONVERSE COUNTY SCHOOL DISTRICT NO. 1

SUMMARY OF AUDIT RESULTS
JUNE 30, 2013

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Converse County School District No. 1.
2. There are no significant deficiencies disclosed during the audit of the financial statements that are reported in the Schedule of Findings and Questioned Costs.
3. No instances of noncompliance material to the financial statements of Converse County School District No. 1 were disclosed during the audit.
4. There are no significant deficiencies disclosed during the audit of the major federal award programs that are reported in the Schedule of Findings and Questioned Costs.
5. The auditors' report on compliance for the major federal award programs for Converse County School District No. 1 expresses an unqualified opinion on all major federal programs.
6. Audit findings relative to the major federal award programs for Converse County School District No. 1 are reported in this Schedule.
7. The program tested as major program was U.S. Department of Education - Title I (CFDA 84.010, U.S. Department of Education - Special Education Grants to States - Title VIB (CFDA 84.027, and 84.173).
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Converse County School District No. 1 was determined not to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

NONE

FINDINGS - MAJOR FEDERAL AWARDS PROGRAM AUDIT

U.S. DEPARTMENT OF EDUCATION -
Title I Cluster (CFDA 84.010) Passed through Wyoming Department of Education.

NONE

U.S. DEPARTMENT OF EDUCATION -
Special Education Grants to States Cluster (CFDA 84.027, and 84.173) Passed through
Wyoming Department of Education.

NONE

CONVERSE COUNTY SCHOOL DISTRICT #1

**STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

Section II - Financial Statement Finding:

No prior year findings.