

PARK COUNTY SCHOOL DISTRICT No. 6

**Basic Financial Statements
June 30, 2013**

PARK COUNTY SCHOOL DISTRICT No. 6
TABLE OF CONTENTS
For the fiscal year ended June 30, 2013

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
REQUIRED SUPPLEMENTARY INFORMATION: Management's Discussion and Analysis	i-xv
BASIC FINANCIAL STATEMENTS:	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	3
Statement of Activities	4
<i>Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds	5-6
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	7-8
Statement of Net Position - Proprietary Funds	9
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	10
Statement of Cash Flows - Proprietary Funds	11
Statement of Fiduciary Net Assets	12
Notes to Basic Financial Statements	13-29
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule - General Fund	30
Budgetary Comparison Schedule – Major Special Revenue Fund	31
Budgetary Comparison Schedule – Major Special Revenue Fund	32

PARK COUNTY SCHOOL DISTRICT No. 6
TABLE OF CONTENTS
For the fiscal year ended June 30, 2013

OTHER SUPPLEMENTARY INFORMATION:

Schedule of Expenditures of Federal Awards	33
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OTHER INDEPENDENT AUDITOR'S REPORTS:

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters in Accordance with Government Auditing Standards	34-35
Independent Auditor's report on Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Controls Over Compliance in Accordance with OMC Circular A-133	36-38
Schedule of Findings and Questioned Costs & Corrective Action Plans	39-41
Summary of Prior Audit Finding(s)	42



PARK COUNTY SCHOOL DISTRICT 6

Cody Public Schools
919 CODY AVENUE
CODY, WYOMING 82414

Park County School District #6 MANAGEMENT DISCUSSION AND ANALYSIS

This financial report is designed to provide the District's citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives.

This section of the Park County School District No.6 (PCSD#6) Annual Financial Report presents a discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2013. A comparative analysis of government-wide data will be presented. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

At first blush, FY2013 might appear to have been a relatively quiet year with total net position of over \$62.6 M remaining constant over the prior year.

- Total assets of the District declined approximately \$144,000 for the year.
 - District wide current and other assets increased \$610,000 from the prior year.
 - This was offset by a \$752,000 net decrease in change in capital assets – largely depreciation – to end the fiscal year at \$59.0 M.
- Total liabilities declined as well, \$132,000, as the District continued to pay off long-term debt.
- Total net position decreased by \$11,000 as a result.

All governmental funds of the District enjoyed increases in fund balance over the prior year.

- Overall this was a \$1,111,806 improvement, the majority from the general fund and special revenue fund major maintenance secondly.

Proprietary type fund net position declined 49.2% during the same time.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: management's discussion and analyses (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the District:

The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.

PARK COUNTY SCHOOL DISTRICT NO.6
Management Discussion and Analysis (cont)

The remaining statements are *fund financial statements* that focus on *individual* parts of the District, reporting the District's operations in *more detail and with a short-term focus as compared to the District-wide statements*.

The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what finances remain for future spending.

Proprietary funds statements offer *short and long-term* financial information about the activities the District operates *like businesses*, such as food services.

Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others. The most common of these are student activity accounts.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1
Park County School District #6 Annual Financial Report

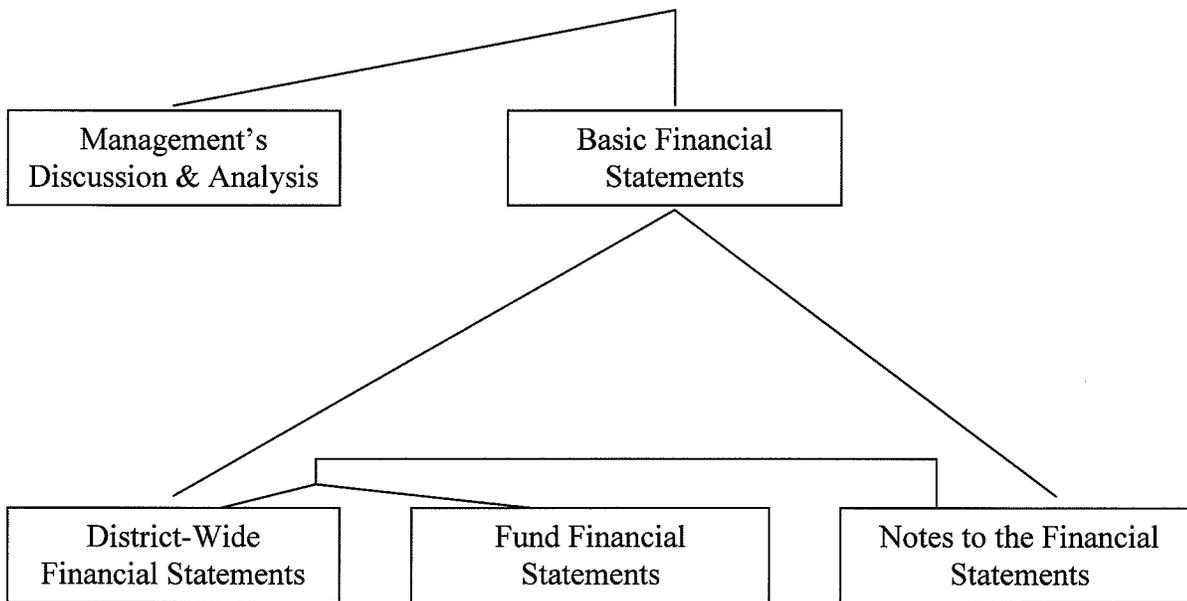


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities that are covered and the types of information contained. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**Figure A-2
 Major Features of the District-wide and Fund Financial Statements**

	Fund Financial Statements			
	District-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that is not proprietary or fiduciary, such as special education and building maintenance.	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balance	Statement of net position Statement of cash flows	Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not contain capital assets, although they can
Type of inflow-outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash or received or paid

District-Wide Financial Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash was received or paid.

The two District-wide statements report the District's *net position* and changes. Net position – the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*.

Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the District's overall financial health, one needs to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- A. *Governmental activities:* Most of the District's basic services are included in this category, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.
- B. *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service program is an example.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds—not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

Some funds are required by state law and by bond covenants.

The District established other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

- A. *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-

PARK COUNTY SCHOOL DISTRICT NO.6
Management Discussion and Analysis (cont)

wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

B. *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal services funds*, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. At this time the District chooses not to use any internal service funds.

C. *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as the student activity funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Figure A-3
Comparative Condensed Statement of Net Position - Governmental Activities

	Governmental Activ FY2013	Governmental Activ FY2012	\$ Change	% Change
Assets				
Current and Other Assets	\$ 7,521,507	\$ 6,790,639	\$ 730,868	10.8%
Capital Assets, net accum	59,038,716	59,791,004	(752,288)	-1.3%
Total Assets	66,560,223	66,581,643	(21,420)	0.0%
Liabilities				
Current Liabilities	3,195,047	3,255,262	(60,215)	-1.8%
Long-Term Debt	867,290	938,492	(71,202)	-7.6%
Total Liabilities	4,062,337	4,193,754	(131,417)	-3.1%
Net Position				
Invested in Capital Assets, net of debt	58,358,984	58,702,423	(343,439)	-0.6%
Restricted	152,147	40,466	111,681	276.0%
Unrestricted	3,986,755	3,645,000	341,755	9.4%
Total Net Position	\$ 62,497,886	\$ 62,387,889	\$ 109,997	0.2%

Net Position – Governmental Activities – see Figure A-3 above

Total assets of the governmental activities barely moved over the prior year, down just \$21,420, but were comprised of significant offsetting elements:

- Current and other assets of the District of \$7.5 M were up \$730,868, a 10.8% improvement over the prior year, the majority from increased cash at year end in general fund bank accounts.
- Meanwhile capital assets, net of accumulated depreciation, were down \$752,288.
 - Purchases and increases netted \$1.27 M.
 - Fully depreciated items disposed of during the year or adjusted represented a \$387,532 reduction in both fixed assets and a \$380,387 dip in accumulated depreciation.
 - Depreciation expense for the year of \$2.0 M brought accumulated depreciation to roughly \$18.5 M.

Total liabilities of the governmental activities declined \$131,417 over the previous year as the District continued to pay off long-term debt. A \$71,202 reduction in capital leases, or 7.6%, left long-term debt at \$867,290 and total liabilities at approximately \$4.0 M at year end.

Governmental activities net position at the end of the year was nearly \$62.5 M, up approximately \$110,000 overall from FY2012.

PARK COUNTY SCHOOL DISTRICT NO.6
Management Discussion and Analysis (cont)

This category was comprised of the following offsetting elements:

- Invested in capital assets, net of debt decreased \$343,439 over the prior year as the effects of depreciation and debt were considered.
- Restricted net position increased \$111,681.
- Unrestricted net position increased \$341,755.
- These combined to net an increase of just .2% over the previous year.

Statement of Activities – Governmental Activities – see Figure A-4 below

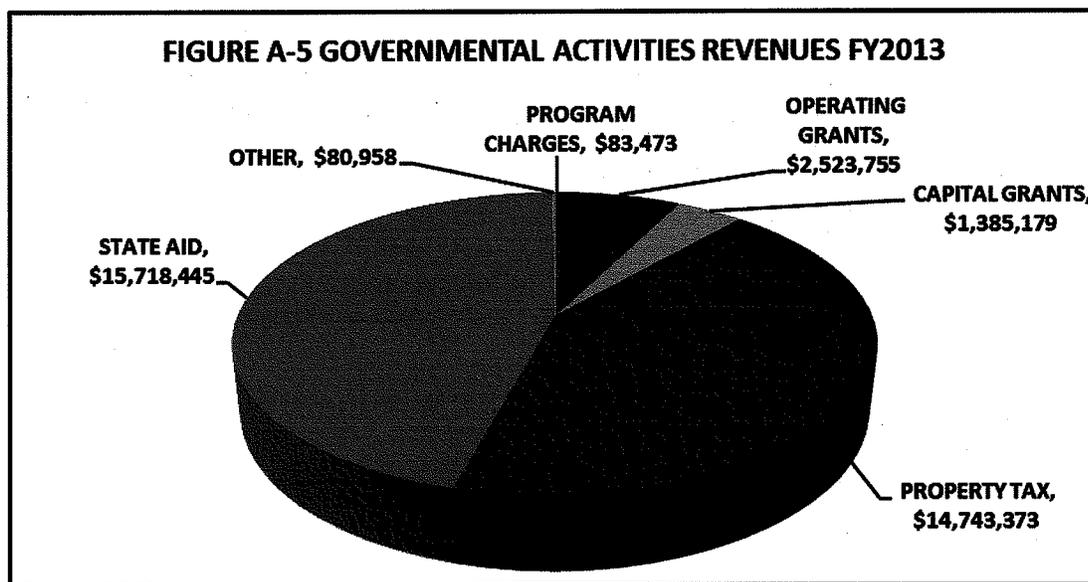
Figure A-4
Comparative Condensed Statement of Activities - Governmental Activities

	Governmental Activ FY2013	Governmental Activ FY2012	\$ Change	% Change
Revenues				
Program Charges for Services	\$ 83,473	\$ 69,559	\$ 13,914	20.0%
Operating Grants	2,523,755	3,150,188	(626,433)	-19.9%
Capital Grants	1,385,179	1,696,310	(311,131)	-18.3%
General - Property Tax	14,743,373	13,766,024	977,349	7.1%
State Aid	15,718,445	16,500,543	(782,098)	-4.7%
Other	80,958	32,965	47,993	145.6%
Total Revenues	34,535,183	35,215,589	(680,406)	-1.9%
Expenditures				
Instruction	21,870,538	21,906,524	(35,986)	-0.2%
Instruct Support	3,375,880	3,604,625	(228,745)	-6.3%
General Support	2,601,684	2,617,487	(15,803)	-0.6%
Oper & Maint	2,956,532	2,723,217	233,315	8.6%
Transportation	1,498,743	1,503,185	(4,442)	-0.3%
Other	2,121,809	1,973,004	148,805	7.5%
Total Expenditures	34,425,186	34,328,042	97,144	0.3%
Other Revenue /(Expenditures)				
Demolition of old Sunset	-	(433,770)	(433,770)	100.0%
Internal transfers	-	(130,000)	(130,000)	100.0%
	34,425,186	34,891,812	660,914	1.9%
Change in Net Position	109,997	323,777	(213,780)	-66.0%
Net Position, beginning	62,387,889	62,064,112	323,777	0.5%
Net Position, ending	\$ 62,497,886	\$ 62,387,889	\$ 109,997	0.2%

REVENUES – See Figure A-5 below

Governmental activities revenues of \$34.5 M were down overall from the prior year by \$680,406, representing nearly a 2% decrease.

- Operating grants declined \$626,433 primarily because ARRA Stimulus dollars terminated in the prior year, FY2012.
- Capital grants were also down in excess of \$300,000 with all capital construction projects in the District completed the prior year as well.
- Meanwhile, as is a typical inverse relationship between property taxes and state aid foundation payments, the previous was up during the current year \$977,000 while an offsetting reduction of \$782,000 in the latter was experienced netting an increase in model related funding of \$243,000.



EXPENDITURES – See Figure A-6 next page

Governmental activities expenditures of \$34.4 M were relatively unchanged overall, up \$97,144 indicating .3% increase when compared to the prior year.

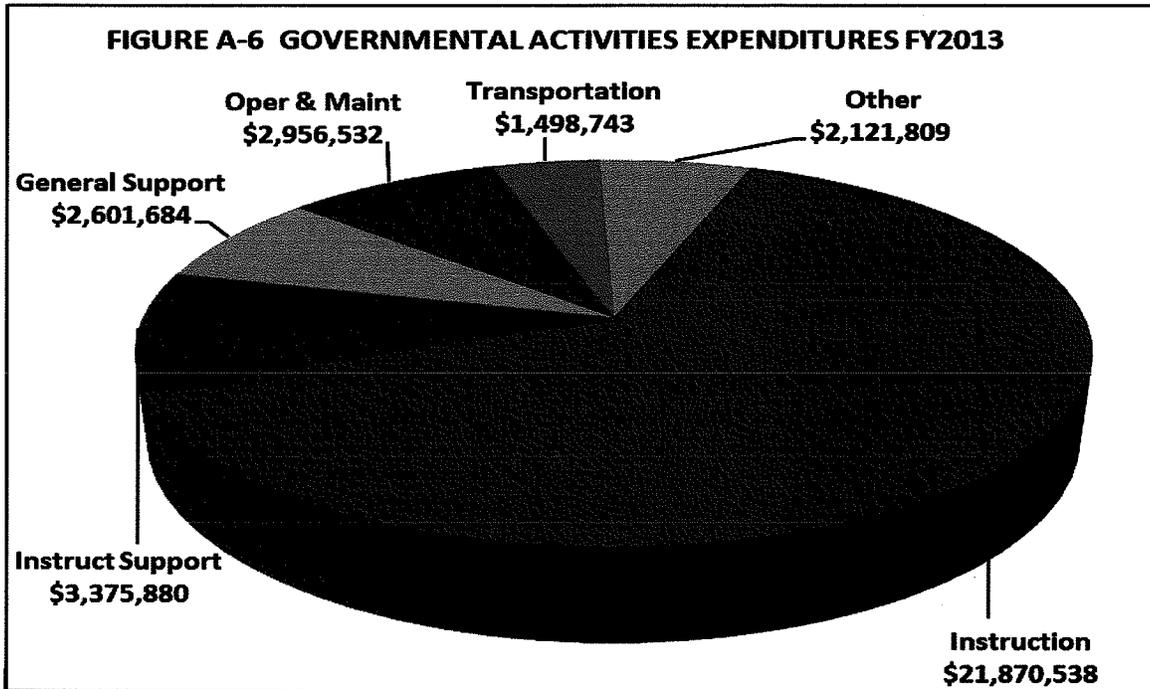
- Instructional support declined 6.3%. Factors contributing included a decrease in media arts costs of \$165,000 as the District moved away from certified librarians at all sites to paraprofessionals at some sites. Curriculum costs declined by roughly \$70,000 connected to temporary suspension of teaching materials purchases to allow District alignment of its curriculum.
- Operations and maintenance costs of \$233,315 increased 8.6% - mainly from major maintenance.
- Other costs were up \$148,805 related to increased Technology purchases of approximately \$100,000 as the student computer platform at Cody High School changed from laptops to iPads necessitating a large purchase of equipment in FY2013.

CHANGE IN NET POSITION

Although net position improved nearly \$110,000 governmental activities in FY2013 as revenues exceeded expenditures, this represents a 66% less of an improvement than the prior year as operating grants and capital grants dwindled.

NET POSITION, ENDING

Ending governmental activities net position of \$62.5 M was just .2% higher than at the same time the previous year.



BUSINESS TYPE ACTIVITIES – see Figure A-7 below

**Figure A-7
 Comparative Condensed Statement of Net Position - Business Type Activities**

	Business Type Activ FY2013	Business Type Activ FY2012	\$ Change	% Change
Assets				
Current and Other Assets	\$ 123,975	\$ 245,767	\$ (121,792)	-49.6%
Capital Assets, net accum	4,250	4,625	(375)	-8.1%
Total Assets	128,225	250,392	(122,167)	-48.8%
Liabilities				
Current Liabilities	3,353	4,461	(1,108)	-24.8%
Total Liabilities	3,353	4,461	(1,108)	-24.8%
Net Position				
Invested in Capital Assets, net of debt	4,250	4,625	(375)	-8.1%
Unrestricted	120,622	241,306	(120,684)	-50.0%
Total Net Position	\$ 124,872	\$ 245,931	\$ (121,059)	-49.2%

PARK COUNTY SCHOOL DISTRICT NO.6
 Management Discussion and Analysis (cont)

Current and other assets of \$128,225 at year end compare to \$245,767 one year earlier, a 49.6% decline. Cash and cash equivalents were the major assets affected, down \$121,792 when compared to June 30, 2012. This is not alarming. The District chose not to infuse general fund dollars to subsidize the business type fund during FY2013, as would be common during many years, as the June 30, 2012 cash balance was stronger than normal. In preceding years, \$100,000 subsidies per year were not unusual. Business type fund liabilities decreased by \$1,000 finishing the year at \$3,353.

The net position of the business type fund declined 49.2% for the fiscal year to \$124,872 compared to \$245,931 the preceding year. Again, this was a measured application of larger than normal cash reserves at June 30, 2012.

See Figure A-8 below

Current revenues of the business type fund shrank \$61,696, down 10.1%, from the prior year. Revenues of \$549,876 were lower than the preceding year in the following categories:

- Charges for services were down \$23,424 as fewer students participated in both the lunch and breakfast programs.
- USDA payments declined \$33,545 - the result of fewer students eating.
- Donations from the general fund were down \$5,000.

Figure A-8				
Comparative Condensed Statement of Activities - Business Type Activities				
	Business Type Activ FY2013	Business Type Activ FY2012	\$ Change	% Change
Revenues				
Program Charges for Services	\$ 186,522	\$ 209,946	▾ \$ (23,424)	▾ -11.2%
Operating Grants	362,689	396,234	▾ (33,545)	▾ -8.5%
Interest	665	562	▾ 103	▾ 18.3%
Other	-	5,000	▾ (5,000)	▾ -100.0%
Total Revenues	549,876	611,742	▾ (61,866)	▾ -10.1%
Expenditures				
General Support	670,935	679,311	▾ (8,376)	▾ -1.2%
Other	-	-	▾ -	▾ -
Total Expenditures	670,935	679,311	▾ (8,376)	▾ -1.2%
Other Revenue/(Expenditures)				
Internal transfers	-	130,000	▾ (130,000)	▾ -100.0%
	670,935	549,311	▾ 121,624	▾ 22.1%
Change in Net Position	▾ (121,059)	▾ 62,431	▾ (183,490)	▾ -293.9%
Net Position, beginning	245,931	183,500	▾ 62,431	▾ 34.0%
Net Position, ending	▾ \$ 124,872	▾ \$ 245,931	▾ \$ (121,059)	▾ -49.2%

Business type fund expenditures decreased slightly to \$670,935, down \$8,376 from FY2012.

There were no internal transfers to the business type fund from the general fund in FY2013 as would be expected. With a stronger-than-typical cash position at the end of the prior year, the District chose to suspend a subsidy to the lunch program for one year. The prior year internal transfer of \$130,000 was larger than normal as it included one-time start-up costs to launch our breakfast program.

FINANCIAL ANALYSIS OF THE INDIVIDUAL FUNDS

INDIVIDUAL FUNDS – OVERALL

OVERALL BALANCE SHEET

Overall, governmental fund type total assets as well as total liabilities and fund balances increased nearly \$500,000 over FY2012, representing a 7% increase.

- Factors contributing to improvement in total assets can be tied to more cash on hand at the end of the year, slightly more than \$912,000 across all funds. Prepaid expenses at June 30, 2013 swelled \$217,000. Elimination of receivables from other funds of \$289,408 as well as reductions in year-end due from other governments - federal consolidated grants requests for reimbursements - of nearly \$350,000 offset increases for an overall net boost of \$497,164 across all funds.
- Total liabilities over all funds declined in excess of \$614,000, or 15%, as payables of \$260,309 due to other funds were eliminated and deferred revenues anticipated from federal grants declined by \$250,000 over the prior fiscal year when state reimbursements were received prior to June 30. Accrued expenses related to payroll were also trimmed \$151,166 at year's end with the reduction (or shift to federal grant monies) of a number of certified positions from the prior year.
- Fund balances across all funds improved \$1.1 M, or 38%, over FY2012. Non-spendable fund balances rose \$232,000 tied to inventory and prepaid expenses and restricted fund balances improved another \$372,000 as fewer federal grant dollars were receivable at year end when compared to the same time one year earlier. The largest growth in fund balances overall was experienced in the unassigned fund balances of over \$500,000, representing a 16% growth.

OVERALL STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE

Total revenues from all governmental fund types remained relatively unchanged at \$34.7 M, \$120,000 less than June 30, 2012.

- The largest element of change was a decrease in overall state revenues of \$1.1 M.
 - Factors comprising the decline included $-\$.782$ M in foundation program and $-\$.828$ M in capital construction grants
 - Slightly more was realized from special revenue fund state grants of $+\$.101$ M.
 - A significant increase in major maintenance funding of $+\$.442$ M was also deposited.
- Property taxes, local and county, collected increased \$670,024 and \$254,071 respectively.

Total expenditures were significantly lower in FY2013, down nearly \$2.0 M from the prior year.

Significant factors contributing:

- Federal awards, like ARRA Stimulus spending and Ed Jobs, as well as major construction projects were completed in the previous year so related costs diminished too.
- With long-term debt significantly reduced in FY2012 with the \$1.3 M pay off, capital lease payments were markedly lower in the current year as well.

PARK COUNTY SCHOOL DISTRICT NO.6
Management Discussion and Analysis (cont)

All individual governmental funds experienced a positive change in ending fund balances, collectively, rising 38%, or \$1.1 M, from this same time one year earlier.

- The general fund fund balance experienced \$740,000 increase while the special revenue fund balance at year end improved \$268,000. The major maintenance ending fund balance improved \$103,000 and the capital construction fund \$53.

GENERAL FUND

General fund balance sheet highlights for fiscal year ended June 30, 2013 include an increase in cash and cash equivalents of \$751,003.

- This was largely the result of positive cash flow from operations of \$507,767 as revenues exceeded expenditures.
- A collection of a receivable from another fund in the amount of \$265,000 further contributed to an increase in general fund cash and cash equivalents.

Total general fund fund balance of \$4,088,732 at June 30, 2013 increased 22%, or \$739,649, from one year prior.

- Unassigned general fund fund balance improved \$507,397 and is tied to the operating year end excess of revenues over expenditures.
- Nonspendable general fund fund balance ended the year at \$280,867 and is connected predominantly to an increase in year-end prepaid expenses which includes the District property and casualty insurance premiums paid early and certain software maintenance agreements paid early as well.

See Figure A-9 below

General fund statement of activities net change in fund balance improved 148% over the prior year. However, the prior year net change in fund balance – FY2012 – included an unusual expenditure event namely \$1.3 M early payoff of Apple capital leases.

General fund revenues of \$30.5 M were slightly increased over the prior year.

Expenditures in the general fund of \$30.0 M was \$1.3 M lower than FY2012, a 4.2% reduction, and highlights include:

- Debt service was \$1.8 M lower than the previous year. Less principal and interest payments on capital leases was necessary in FY2013 since Apple computer leases paid off. This normally is \$450,000 annually.
- Instructional support was down \$165,000 in program costs as the media arts program shifted from employing certified staff at all sites to managing some sites with paraprofessionals.
- Also, as the District studies its curriculum alignment, educational materials such textbook purchases were suspended temporarily resulting in a savings of approximately \$70,000 in the instructional support area.
- There was no school food program subsidy made in the current year. The previous year this represented \$130,000 transfer.

**Figure A-9
 GENERAL FUND
 Condensed Statement of Revenues, Expenditures, & Changes in Fund Balance**

Revenues:	FY2013	FY2012	CHANGE	%CHANGE
Taxes - local	\$ 11,143,089	\$ 10,473,065	\$ 670,024	6.4%
Taxes - county	3,267,304	3,013,233	254,071	8.4%
Fines and forfeitures	323,789	289,242	34,547	11.9%
State resources	15,718,445	16,500,543	(782,098)	-4.7%
Federal resources	29,138	30,525	(1,387)	-4.5%
Fees/rentals	15,522	20,341	(4,819)	-23.7%
Interest	32,591	35,409	(2,818)	-8.0%
Miscellaneous/Donations	41,236	75,150	(33,914)	-45.1%
REVENUES	30,571,114	30,437,508	133,606	0.4%
Expenditures:				
Instruction	18,449,708	18,055,505	394,203	2.2%
Instructional support	3,197,980	3,307,801	(109,821)	-3.3%
General support	2,692,998	2,614,018	78,980	3.0%
Operations and maintenance	2,580,100	2,589,391	(9,291)	-0.4%
Transportation	1,537,762	1,506,653	31,109	2.1%
Technology	968,989	792,634	176,355	22.2%
Capital outlay	220,704	256,739	(36,035)	-14.0%
Debt service, principal & interest	390,698	2,227,805	(1,837,107)	-82.5%
EXPENDITURES	30,038,939	31,350,546	(1,311,607)	-4.2%
Excess (deficiency) of revenues over expenditures	532,175	(913,038)	1,445,213	-158.3%
Other Financing Sources (Uses):				
Transfers in/(out)	(24,408)	(154,408)	130,000	-84.2%
Sale of governmental asset	-	810	(810)	-100.0%
OTHER FINANCING USES	(24,408)	(153,598)	129,190	-84.1%
NET CHANGE FUND BALANCE	507,767	(1,066,636)	1,574,403	-147.6%
Fund balances - beginning	3,349,083	4,415,145	(1,066,062)	-24.1%
Change in prepaids/inventory	231,882	574	231,308	40297.6%
Fund balances - ending	\$ 4,088,732	\$ 3,349,083	\$ 739,649	22.1%

SPECIAL REVENUE FUND

Total assets for the year are down 52% largely because due from governments is less. Normal grant reimbursement requests are outstanding at year end but were received prior to June 30 this year.

Total liabilities were down as well \$600,000, or a 56% reduction, as due to other funds of \$265,000 was eliminated and deferred revenues at year end declined \$260,000. See above regarding cash reimbursements from the state received early.

PARK COUNTY SCHOOL DISTRICT NO.6
Management Discussion and Analysis (cont)

Fund balance at June 30 improved \$268,000 as result of the above.

Special revenue fund revenues grew slightly by \$131,774 over FY2012.

Special revenue fund expenditures declined sharply by \$523,250 as the ARRA Stimulus and Ed Jobs awards sunset in early FY2012.

Fund balance of the special revenue fund improved \$268,601, or 62%, as less was booked as a due from government and was actually collected by year end. Remaining fund balance is restricted.

MAJOR MAINTENANCE FUND

Major maintenance cash and cash equivalents and total assets as well as total fund balance rose at June 30, 2013 to \$190,343 and \$96,247 respectively.

The state of Wyoming funds major maintenance in a biennial effort and one year tends to result in higher revenues over the other. These two fiscal years reflect that situation as indicated by \$1,196,912 for FY2013 revenues and \$754,768 for the prior fiscal year, a 59% increase.

Major maintenance fund expenditures increased \$694,000 to \$1,095,000 for the current year, a 173% increase over the prior year, as more funds were available for projects across the District.

Fund balance of the major maintenance fund improved \$103,000 to \$96,247 as revenues exceeded expenditures. This fund balance is restricted.

CAPITAL CONSTRUCTION FUND

Capital construction fund activity pared down significantly in FY2013 with all previous construction projects wrapped up in the prior year. Total assets as well as total fund balance in the capital construction fund at year end totaled \$4,083.

Revenues in the capital construction fund from state resources and expenditures of the fund totaled \$105,585 as the old Sunset Elementary building was demolished thereby concluding all District construction projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

A combination of variances in actual beginning fund balance and revenues and other financing sources available for appropriation resulted in a positive budgetary variance of \$223,020.

Charges to appropriations were budgeted at \$30,742,862 while *actual* amounts charged to appropriations totaled \$30,160,031 leaving a positive budgetary variance of \$582,831. Areas fostering budget savings included less debt service, suspended curriculum purchases, health insurance discounts realized, costs shifted to federal grants, and changes in delivery of media arts program.

Cash reserves in the general fund at June 30, 2013 were \$3,812,850, an increase of \$324,274 over June 30, 2012.

CHANGES IN CAPITAL ASSETS

Capital assets - net of accumulated depreciation declined \$752,188 overall to \$59.0 M at year end. This reflects a 1.3% drop from the preceding year.

During FY2013, \$1,268,000 of additions to capital assets were booked between purchases, capital leases, and work in progress capitalized. Depreciation expense of \$2.012 M was booked for this same time frame.

Dispositions for the year less accumulated depreciation, \$254,332 and \$247,187 respectively, and adjustments to beginning balance for fully depreciated assets decreased net capital assets \$7,145.

CHANGES IN LONG TERM DEBT

Long-term debt declined overall \$71,205 by year end.

Lease purchase increases for the year of \$292,041 were largely the result of a bus acquired for \$269,500.

Reductions in long-term debt of \$367,411 brought it to \$867,287 at year end.

The District continues to pare down its long-term debt. This compares to a balance remaining of \$938,492 one year ago and \$2,335,604 at June 30, 2011.

FACTORS BEARING ON THE DISTRICT'S FUTURE

LEGISLATIVE ISSUES

The Legislative arena does not indicate there will be any significant changes in funding in the near future. The Governor asked State agencies to cut their budgets for the current year. We are anticipating another year of minimal increases in revenues, if any. We continue to look for ways to cut costs. However, we expect that employee benefits, particularly employee health insurance, continue their upward trend.

FACILITIES

There is not any current capital construction projects planned for the near future. Major and minor maintenance projects will continue throughout the District.

LEGAL ISSUES

While legal issues arise periodically in the normal course of business, none are ongoing at this time.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report or need additional financial information, contact Zoe Maliske, Business Manager, Park County School District No.6, 919 Cody Ave, Cody, WY 82414.

Respectfully submitted

BASIC FINANCIAL STATEMENTS

PARK COUNTY SCHOOL DISTRICT No. 6
STATEMENT OF NET POSITION
June 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Component Unit</u>
ASSETS:				
Cash and cash equivalents	\$ 6,769,550	\$ 110,157	\$ 6,879,707	\$ 920,192
Cash and cash equivalents - restricted	8,509	-	8,509	-
Property tax receivable, net of allowance	179,723	-	179,723	500
Internal balances	-	-	-	-
Due from contributors	-	-	-	-
Due from other governments	219,145	-	219,145	-
Prepaid expense	280,733	-	280,733	-
Inventory	63,847	13,818	77,665	-
Capital assets:				
Land and construction in progress	1,871,702	-	1,871,702	-
Other capital assets, net of depreciation	57,167,014	4,250	57,171,264	-
Total assets	<u>66,560,223</u>	<u>128,225</u>	<u>66,688,448</u>	<u>920,692</u>
DEFERRED OUTFLOWS OF RESOURCES:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES:				
Accounts payable	170,495	-	170,495	-
Retainage payable	-	-	-	-
Accrued liabilities	2,937,940	1,208	2,939,148	-
Due to other governments	29,099	-	29,099	-
Due to employees	8,509	-	8,509	-
Accrued interest expense	13,787	-	13,787	-
Unearned revenue	34,611	-	34,611	-
Other liabilities	606	-	606	-
Long-term liabilities:				
Due within one year	417,585	2,145	419,730	-
Due in more than one year	449,705	-	449,705	-
Total liabilities	<u>4,062,337</u>	<u>3,353</u>	<u>4,065,690</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION:				
Invested in capital assets, net of related debt	58,358,984	4,250	58,363,234	-
Restricted for:				
Capital projects	-	-	-	-
Major maintenance	96,247	-	96,247	-
Special revenue - grants	55,900	-	55,900	-
Unrestricted	3,986,755	120,622	4,107,377	920,692
Total net position	<u>\$ 62,497,886</u>	<u>\$ 124,872</u>	<u>\$ 62,622,758</u>	<u>\$ 920,692</u>

See accompanying notes to the basic financial statements.

PARK COUNTY SCHOOL DISTRICT No. 6
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit	
	Charges for Services and Fines		Capital Grants and Contributions	Governmental Activities		Primary Government Business-Type Activities		
	Expenses	Operating Grants and Contributions	Total	Total	Total	Total		
Primary Government:								
Governmental activities:								
Instruction:								
Regular	\$ 14,115,863	\$ 83,473	\$ 58,536	\$ (12,529,022)	\$ -	\$ (12,529,022)	\$ -	
Special	6,070,260	-	20,207	(5,237,674)	-	(5,237,674)	-	
Vocational	692,280	-	3,939	(627,455)	-	(627,455)	-	
Depreciation	992,145	-	-	(992,145)	-	(992,145)	-	
Instructional Support	3,333,845	-	176,530	(3,157,315)	-	(3,157,315)	-	
Instructional Support Depreciation	42,035	-	-	(42,035)	-	(42,035)	-	
General Support:								
Administration	1,918,698	-	-	(1,918,698)	-	(1,918,698)	-	
Business	462,659	-	-	(462,659)	-	(462,659)	-	
Board	220,327	-	-	(220,327)	-	(220,327)	-	
Operations and maintenance	2,956,532	-	1,302,497	(1,654,035)	-	(1,654,035)	-	
Transportation	1,498,743	-	-	(1,498,743)	-	(1,498,743)	-	
Technology	1,085,356	-	-	(1,085,356)	-	(1,085,356)	-	
Other	20,605	-	29,138	8,533	-	8,533	-	
Depreciation	978,774	-	-	(978,774)	-	(978,774)	-	
Interest expense	37,074	-	-	(37,074)	-	(37,074)	-	
Total governmental activities	34,425,166	83,473	2,523,755	(30,432,779)	-	(30,432,779)	-	
Business-type activities:								
Food service	670,935	186,522	362,689	-	(121,724)	(121,724)	-	
Total business-type activities	670,935	186,522	362,689	-	(121,724)	(121,724)	-	
Total primary government	\$ 35,096,121	\$ 269,995	\$ 2,886,444	(30,432,779)	(121,724)	(30,554,503)	-	
Component Unit:								
Shoshone Recreation District	522,777	-	-	-	-	-	(522,777)	
Total component units	\$ 522,777	\$ -	\$ -	\$ -	\$ -	\$ -	(522,777)	
General revenues:								
Taxes:								
Taxes - local				11,152,280		11,152,280		
Taxes - county				3,267,304		3,267,304	446,175	
Fines and forfeitures				323,789		323,789		
Foundation entitlement and supplemental funding				15,718,445		15,718,445		
Investment income				35,202	665	35,867	160	
Gain/(Loss) on disposal of assets				45,756		45,756		
Miscellaneous				-		-		
Transfers - Internal activity				-		-		
Total general revenues and transfers				30,542,776	665	30,543,441	446,335	
Change in net position				109,997	(121,059)	(11,062)	(76,442)	
Net position - beginning				62,367,859	245,931	62,633,820	997,134	
Net position - ending				\$ 62,497,856	\$ 124,872	\$ 62,622,758	\$ 920,692	

See accompanying notes to the basic financial statements.

PARK COUNTY SCHOOL DISTRICT No. 6
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	MAJOR FUNDS				Total Governmental Funds
	General	Special Revenue - Federal/State	Special Revenue - Major Maintenance	Capital Construction	
ASSETS AND DEFERED OUTFLOWS:					
Assets:					
Cash and cash equivalents	\$ 6,485,894	\$ 88,510	\$ 190,343	\$ 4,803	\$ 6,769,550
Cash and cash equivalents - restricted	8,509	-	-	-	8,509
Receivables (net of allowance):					
Taxes receivable	179,723	-	-	-	179,723
Due from other governments	-	219,145	-	-	219,145
Prepaid expenses	217,020	-	-	-	217,020
Inventory	63,847	-	-	-	63,847
Total assets	<u>6,954,993</u>	<u>307,655</u>	<u>190,343</u>	<u>4,803</u>	<u>7,457,794</u>
Deferred Outflows of Resources:					
Total Assets and Deferred Outflows of Resources	<u>\$ 6,954,993</u>	<u>\$ 307,655</u>	<u>\$ 190,343</u>	<u>\$ 4,803</u>	<u>\$ 7,457,794</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 76,399	\$ -	\$ 94,096	\$ -	\$ 170,495
Accrued expenses (payroll related)	2,720,796	217,144	-	-	2,937,940
Due to other governments	29,099	-	-	-	29,099
Due to employees	8,509	-	-	-	8,509
Other payables	606	-	-	-	606
Unearned revenue	-	34,611	-	-	34,611
Total liabilities	<u>2,835,409</u>	<u>251,755</u>	<u>94,096</u>	<u>-</u>	<u>3,181,260</u>
Deferred Inflows of Resources:					
	<u>30,852</u>	<u>219,145</u>	<u>-</u>	<u>-</u>	<u>249,997</u>
Fund Balances:					
Non-spendable	280,867	-	-	-	280,867
Restricted	-	(163,245)	96,247	-	(66,998)
Committed	-	-	-	-	-
Assigned	100,371	-	-	4,803	105,174
Unassigned	3,707,494	-	-	-	3,707,494
Total fund balances	<u>4,088,732</u>	<u>(163,245)</u>	<u>96,247</u>	<u>4,803</u>	<u>4,026,537</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,954,993</u>	<u>\$ 307,655</u>	<u>\$ 190,343</u>	<u>\$ 4,803</u>	<u>\$ 7,457,794</u>

(Continued)

See accompanying notes to the basic financial statements.

PARK COUNTY SCHOOL DISTRICT No. 6
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

(Continued)

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position:

Total fund balances - governmental funds	\$ 4,026,537
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$18,487,859.	59,038,716
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred inflows of resources in the funds:	
Property tax receivable	30,852
Receivable from other governments	219,145
	249,997
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Accrued compensated absences	(93,186)
Capital lease payable	(774,101)
Prepaid warranty directly related to financing	63,710
Interest payable - capital leases	(13,787)
	(817,364)
Net position of governmental activities	\$ 62,497,886

See accompanying notes to the basic financial statements.

PARK COUNTY SCHOOL DISTRICT No. 6
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2013

	MAJOR FUNDS				Total Governmental Funds
	General Fund	Special Revenue - Federal/State	Special Revenue - Major Maintenance	Capital Construction	
Revenues:					
Taxes - local	\$ 11,143,089	\$ -	\$ -	\$ -	\$ 11,143,089
Taxes - county	3,267,304	-	-	-	3,267,304
Fines and forfeitures	323,789	-	-	-	323,789
State resources	15,718,445	908,896	1,196,912	105,585	17,929,838
Federal resources	29,138	1,870,290	-	-	1,899,428
Fees/rentals	15,522	67,951	-	-	83,473
Interest	32,591	529	2,029	53	35,202
Miscellaneous/Donations	41,236	4,021	-	-	45,257
Total Revenues	<u>30,571,114</u>	<u>2,851,687</u>	<u>1,198,941</u>	<u>105,638</u>	<u>34,727,380</u>
Expenditures:					
Current:					
Instruction:					
Regular	13,317,910	813,905	-	-	14,131,815
Special	4,503,434	1,538,055	-	-	6,041,489
Vocational	628,364	63,916	-	-	692,280
Instructional support	3,197,980	161,061	-	-	3,359,041
General support:					
Administration	1,923,196	-	-	-	1,923,196
Business	480,439	-	-	-	480,439
Board	268,867	-	-	-	268,867
Operations and maintenance	2,580,100	-	-	-	2,580,100
Transportation	1,537,762	-	-	-	1,537,762
Technology	968,989	-	-	-	968,989
Other	20,496	109	-	-	20,605
Capital outlay	220,704	30,248	1,095,638	105,585	1,452,175
Debt service:					
Principal	367,411	-	-	-	367,411
Interest	23,287	-	-	-	23,287
Total Expenditures	<u>30,038,939</u>	<u>2,607,294</u>	<u>1,095,638</u>	<u>105,585</u>	<u>33,847,456</u>
Excess (deficiency) of revenues over expenditures	532,175	244,393	103,303	53	879,924
Other Financing Sources (Uses):					
Transfers in/(out)	(24,408)	24,408	-	-	-
Sale of governmental asset	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(24,408)</u>	<u>24,408</u>	<u>-</u>	<u>-</u>	<u>-</u>
Extraordinary Item:					
Demolition of former Sunset School building	-	-	-	-	-
Net change in fund balances	507,767	268,801	103,303	53	879,924
Fund balances - beginning	3,349,083	(432,046)	(7,056)	4,750	2,914,731
Change in prepaids/inventory	231,882	-	-	-	231,882
Fund balances - ending	<u>\$ 4,088,732</u>	<u>\$ (163,245)</u>	<u>\$ 96,247</u>	<u>\$ 4,803</u>	<u>\$ 4,026,537</u>

(Continued)

See accompanying notes to the basic financial statements.

PARK COUNTY SCHOOL DISTRICT No. 6
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2013

(Continued)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Net change in fund balances - total governmental funds **\$ 879,924**

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

Governmental funds report capital outlays and issue costs as expenditures while governmental activities report depreciation and amortization expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	909,589
Capital asset disposal	-
Depreciation expense	<u>(2,012,954)</u>
	<u>(1,103,365)</u>

Some expenses reported in the governmental funds are for the purchase of resources or asset to be used in future periods while governmental activities report the expenditure of those resources as those assets are used:

Inventory/prepays	<u>231,882</u>
-------------------	----------------

Changes in revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Contributed capital revenue (value of donated assets)	58,536
Deferred revenue (deferred inflows of resources)	<u>(251,232)</u>
	<u>(192,696)</u>

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Increase in long-term debt not constituting capitalization	-
Other items	499
Change in accrued interest payable	(13,787)
Capital lease principal payments	367,411
Amortization of prepaid expense (related to financing)	<u>(55,706)</u>
	<u>298,417</u>

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued compensated absences	<u>(4,165)</u>
	<u>(4,165)</u>

Change in net position of governmental activities **\$ 109,997**

See accompanying notes to the basic financial statements.

PARK COUNTY SCHOOL DISTRICT No. 6
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013

	<u>Food Service Fund</u>
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 110,157
Inventory	13,818
Internal balances	<u>-</u>
Total current assets	<u>123,975</u>
Noncurrent Assets:	
Capital assets:	
Other capital assets, net of depreciation	<u>4,250</u>
Total noncurrent assets	<u>4,250</u>
Total assets	<u>128,225</u>
LIABILITIES:	
Current Liabilities:	
Accrued expenses	1,208
Accrued compensated absences	<u>2,145</u>
Total current liabilities	<u>3,353</u>
Total liabilities	<u>3,353</u>
NET POSITION:	
Invested in capital assets, net of related debt	4,250
Unrestricted	<u>120,622</u>
Total net position	<u><u>\$ 124,872</u></u>

See accompanying notes to the basic financial statements.

PARK COUNTY SCHOOL DISTRICT No. 6
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2013

	Food Service Fund
Operating Revenues:	
Charges for services	\$ 186,522
State resources	-
Federal resources	<u>362,689</u>
Total operating revenues	<u>549,211</u>
Operating Expenses:	
Salaries	270,275
Benefits	77,436
Purchased services	2,532
Supplies and materials	23,475
Fair market value of commodities/related costs	58,487
Direct food costs	238,105
Dues and fees	250
Depreciation expense	<u>375</u>
Total operating expenses	<u>670,935</u>
Operating income (loss)	(121,724)
Non-Operating Revenues (Expenses):	
Capital contributions	-
Investment income	<u>665</u>
Total non-operating revenues (expenses)	<u>665</u>
Net income (loss) before contributions and transfers	(121,059)
Transfers in/(out)	<u>-</u>
Change in net position	(121,059)
Total net position - beginning	<u>245,931</u>
Total net position - ending	<u><u>\$ 124,872</u></u>

See accompanying notes to the basic financial statements.

PARK COUNTY SCHOOL DISTRICT No. 6
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2013

	Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Charges for services	\$ 186,522
Federal sources	362,689
State sources	-
Other sources/funding	-
Payments to employees	(348,820)
Payments to vendors	(322,849)
	(122,458)
Net Cash Provided by (Used in) Operating Activities	(122,458)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Operating transfers in/(out)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	-
CASH FLOWS FROM CAPITAL ACTIVITIES	
Capital contributions	-
Purchase of capital assets	-
Net Cash Provided by (Used in) Capital Activities	-
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	666
Net Cash Provided by (Used in) Investing Activities	666
Net Increase (Decrease) in Cash and Cash Equivalents	(121,792)
Balances - beginning of the year	231,949
Balances - end of the year	\$ 110,157
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (121,724)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Cash flows reported in other categories:	
Depreciation expense	375
Change in assets and liabilities:	
Inventory	-
Accounts payable	-
Accrued expenses	271
Accrued compensated absences	(1,380)
Net Cash Provided by (Used in) Operating Activities	\$ (122,458)
Noncash activities:	
Commodities contributed (USDA and fresh fruits and vegetables)	\$ 53,500

See accompanying notes to the basic financial statements.

FIDUCIARY FUND STATEMENT

PARK COUNTY SCHOOL DISTRICT No. 6
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
For the fiscal year ended June 30, 2013

	<u>Activity Fund</u>
ASSETS:	
Cash and cash equivalents	\$ 225,549
Total Assets	<u>\$ 225,549</u>
LIABILITIES:	
Accounts payable	\$ 10,364
Due to student organizations	<u>215,185</u>
Total Liabilities	<u>\$ 225,549</u>

See independent auditor's reports as it relates to fiduciary funds.

PARK COUNTY SCHOOL DISTRICT No. 6

NOTES TO FINANCIAL STATEMENTS

INDEX

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. FINANCIAL REPORTING ENTITY
- B. BASIS OF PRESENTATION
- C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING
- D. ASSETS, LIABILITIES AND NET POSITION
- E. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES
- F. REVENUES, EXPENDITURES AND EXPENSES
- G. USE OF ESTIMATES
- H. RECENTLY ISSUED ACCOUNTING STANDARDS

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. DEFICIT FUND BALANCES OR NET POSITION
- B. BUDGET REQUIREMENTS
- C. DEPOSITS AND INVESTMENTS REQUIREMENTS
- D. ACCOUNTS PAYABLE AND ACCRUED EXPENSES
- E. DEBT RESTRICTIONS AND COVENANTS

NOTE 3. DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS

- A. DEPOSITS AND INVESTMENTS
- B. RECEIVABLES
- C. DUE FROM OTHER GOVERNMENTS
- D. CAPITAL ASSETS
- E. LONG-TERM DEBT
- F. INTERFUND BALANCES AND ACTIVITIES
- G. FUND BALANCES AND NET POSITION

NOTE 4. OTHER NOTES

- A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS
- B. RISK MANAGEMENT
- C. COMMITMENTS AND CONTINGENCIES
- D. SUBSEQUENT EVENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District's accounting and financial reporting policies conform to accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the current year, the District implemented GASB Statement No. 62, *Codification of Pre-November 30, 1989 FASB and AICPA Pronouncements* which eliminates any potential conflict between the application of Financial Accounting Standards Council (FASB) Accounting Standards Codification (ASC), Accounting Principles Council (APB) opinion, Accounting Research Bulletins issued on or before November 30, 1989 and GASB pronouncements, as all pre November 30, 1989 standards are in the GASB's codification. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1.A. FINANCIAL REPORTING ENTITY

The District's financial reporting entity is comprised of the following:

Primary Government:	Park County School District No. 6
Discretely Presented Component Units:	Shoshone Recreation District

The Park County School District No. 6 (District) operates under an elected board of trustee's format and provides educational services to the children of the District. The District offers an education program for grades Kindergarten through 12. The District operates one high school (grades 9-12), one middle school (grades 6-8), three elementary schools (grades K-5), and two rural schools both of which include elementary grades.

In determining the financial reporting entity, the District implemented the provision of Governmental Accounting Standards Council Statement No. 61, *The Financial Reporting Entity: Omnibus*. Based upon this consideration, there is one entity which is described below.

Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the GASB 61 component unit criteria but do not meet the criteria for blending. The District has one component unit that is discretely presented in the District's report which is the Shoshone Recreation District. The District's Board of Trustees appoints all of the board members to the recreation district and approves up to 1 mill tax levy for recreation authorized by Title 18, Chapter 9, Article 2 of the Wyoming Statutes. In addition, the District must approve the annual budget of the Shoshone Recreation District. Shoshone Recreation District provides support for various entities within the community related to recreational activities, the purchase and contribution of recreational equipment for organizations within the community and minimal expense of their budget being utilized for operational expenses. Separate financial statements/information of the recreation district may be obtained by contacting the Shoshone Recreation District; P.O. Box 1531, Cody, WY 82414.

1.B. BASIS OF PRESENTATION

In the current year, the District implemented GASB Statement No. 63, *The Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The statement provided guidance for the presentation of deferred outflows and inflows of resources in the financial statements. In addition, the statement also changed the Statement of Net Assets to the Statement of Net Position and relative references. The District implemented these changes in accordance with the statement.

Government-Wide Financial Statements:

The statement of net position and statement of activities display information about the District as a whole including component units. They include all financial activities of the reporting entity except for fiduciary

PARK COUNTY SCHOOL DISTRICT No. 6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

activities. Eliminations have been made to minimize the double reporting of transactions involving internal activities. Individual funds are not displayed in these statements. Instead, the statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The 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 the expenses and program revenues directly associated with the different governmental functions and business-type activities to arrive at the net revenue or expense of the function or activity prior to the use of taxes and other general revenues. Program revenues include (1) fees, fines, and service charges generated by the program or activity, (2) operating grants and contributions that are restricted to meeting the operational requirements of the program or activity, and (3) capital grants and contributions that are restricted to meeting the capital requirements of the program or activity.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Separate financial statements are presented for the two major fund categories: governmental and proprietary. An emphasis of the fund financial statements is placed on major governmental and enterprise funds. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. A fund not meeting the criteria of (a) and (b), however management has elected to report the fund as a major fund due to its significance to users of the financial statements.

All remaining governmental and enterprise funds not meeting the above criteria are aggregated and reported as nonmajor funds. The funds of the financial reporting entity are described below:

GOVERNMENTAL FUNDS

General Fund

The General Fund is the primary operating fund of the District. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. This fund is always a major fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for certain purposes. The reporting entity includes the following special revenue funds:

Fund

Brief Description

Federal/State

Accounts for funds derived from the federal and state government which are restricted by legal and regulatory provision to finance specific activities. This fund accounts for federal and state grant activity related to providing educational services. This fund is considered a major fund for reporting purposes.

PARK COUNTY SCHOOL DISTRICT No. 6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

Major Maintenance

Accounts for funds derived from the state government related to major improvement projects authorized by the the state. This fund is considered a major fund for reporting purposes.

Capital Project Funds

Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items. The reporting entity includes the following capital project fund, of which is considered a major fund:

Fund

Brief Description

Capital Construction

Accounts for financial resources to be used for the acquisition or construction of major capital facilities. This fund includes bond funds not yet spent and contributions received to build or improve new facilities.

PROPRIETARY FUNDS

Proprietary funds include enterprise funds. Enterprise funds are used to account for business-like activities provided to the general public. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Non-operating revenues of the proprietary funds include such items as investment earnings, interest expense and subsidies. The reporting entity includes the following enterprise fund, which is a major fund:

Enterprise Funds

Brief Description

Food Service

Accounts for activities of the lunch program of the District.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the District's own programs. The District has no trust funds. The agency fund is custodial in nature (assets equal to liabilities) and does not involve the 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 program. This fund typically includes those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe *how* transactions are recorded within the financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus applied.

Measurement Focus

Government-wide and Proprietary Fund Financial Statements

In the government-wide Statement of Net Position and the Statement of Activities and the proprietary and fiduciary fund statements the "economic resources" measurement focus is applied. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported.

Governmental Fund Financial Statements

In the governmental fund financial statements, a “*current financial resources*” measurement focus is applied. Under this focus, only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

Government-wide, Proprietary and Fiduciary Fund Financial Statements

In the government-wide Statement of Net Position and Statement of Activities, and the proprietary fund financial statements the accrual basis of accounting is applied. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental Fund Financial Statements

In the governmental fund financial statements, the modified accrual basis of accounting is applied. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District has defined “available” as collected within 60 days after year end. Sales and use taxes, franchise taxes, hotel/motel taxes, court fines and interest are considered susceptible to accrual. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general long-term debt principal and interest, claims and judgments, and accrued compensated absences, which are recorded as expenditures to the extent they have matured.

1.D. ASSETS, LIABILITIES AND NET POSITION

Cash and Cash Equivalents

Cash and cash equivalents include all demand and savings accounts and certificates of deposits or short-term investments with an original maturity of twelve months or less. Investments in open ended mutual fund-money market accounts are also considered cash equivalents and reported at the funds current share price.

Investments

Investments consist of certificates of deposit whose original maturing term exceeds twelve months and U.S. government securities. Investments in long-term U.S. government securities are carried at fair value from quoted market prices. The District did not hold any investments at June 30, 2013.

Receivables

Material receivables in governmental funds and governmental activities include revenue accruals such as property tax, grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in accordance with GASB 33. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available at the fund level.

Proprietary type funds and business-type activity’s material receivables consist of all revenues earned at year-end and not yet received. There are not material receivables to be accounted for in the described fund activities.

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventories

The District has chosen to record consumable materials and supplies as an asset when purchased and expended as consumed. Such inventory is valued at current cost (which management feels is materially the same as fair market value) and includes expendable supplies and food held for use and accounted for using the consumption method of accounting.

Capital Assets and Depreciation

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund type or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, property, plant, and equipment are accounted for as capital assets. In the prior year, the District implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The District's capitalization threshold is \$5,000. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs to these assets that do not add materially to the value of the asset or materially extend the assets' useful lives are not capitalized. Interest costs, net of interest earned on any invested capital debt proceeds, are capitalized when incurred by proprietary funds.

Depreciation of all exhaustible capital assets is recorded as an operating expense in proprietary fund financial statements and an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	50 - 75 years
Other Improvements	15 - 50 years
Machinery and Equipment	3 - 10 years

In the governmental fund financial statements, capital assets acquired are accounted for as capital outlay expenditures.

Restricted Assets

Restricted assets include cash and investments of the governmental-type activities that are legally restricted as to their use. The primary restricted assets are related to a flex account of which the funds are legally obligated to employees. The restricted assets related to a general obligation bond account held at the county and a retainage account with contractual obligations was closed in the prior year and current year, respectively.

Long-Term Debt

Accounting treatment of long-term debt varies depending upon the source of repayment and the measurement focus applied, and whether the debt is reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental activities, business-type activities, proprietary fund and component unit resources are reported as liabilities as incurred. The long-term debt consists primarily of accrued compensated absences, liability for claims, notes payable, and revenue bonds payable. This long-term debt is reported net of unamortized premiums, discounts, and amounts deferred from refundings, if applicable.

Long-term debt of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, if actually received by the entity, and payment of principal and interest reported as expenditures.

NOTES TO FINANCIAL STATEMENTS

Compensated Absences

The District's policies regarding vacation and compensatory time permit employees to accumulate varying amounts as determined by longevity. Employees that do not use their accumulated compensated absences forfeit the benefit one year after their employment anniversary date. Sick leave does not vest to the employee.

The estimated liabilities for vested benefits also include salary-related payments such as employment taxes. Compensated absences are reported as accrued in the government-wide, proprietary and component unit financial statements. Governmental funds report only the matured compensated absences payable to currently terminating employees.

Deferred Inflow/Outflow of Resources

Deferred outflow of resources is the consumption of net assets (position) by the government that is applicable to a future reporting period and does not meet the definition of an asset. Deferred inflow of resources is the acquisition of net assets (position) by the government that is applicable to a future report period and does not meet the definition of liabilities. The District reported approximately \$30,852 and \$219,145 of deferred inflows of resources in the General Fund and the Special Revenue Fund-Federal/State related to the lack of availability of funds within 60 days of year-end. These balances are eliminated and reported as revenue at the government-wide financial statements due to the basis of reporting being full accrual and eliminating the reporting of deferral related to lack of availability.

Equity Classifications

Government-Wide and Proprietary Fund Financial Statements:

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Governmental Fund Financial Statements:

Governmental fund equity is classified as fund balance. Due to the previous implementation of GASB 54, fund balance is further classified as (which is reflective of the policy approved by the District):

- a. Nonspendable Fund Balances - These fund balances are the net balance of assets and liabilities that are held legally, contractually, or in a 'not in spendable form'. Inventories, prepaid expenditures (such as insurance), and other items not in a spendable form are included as well as those items legally or contractually held.
- b. Restricted Fund Balances - 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 debt covenants, the grantor, contributor, or by laws or regulations of external governments. In general, these include a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the grants, debt covenant or by law.
- c. Committed Fund Balances - Committed 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 committing those balances.
- d. Assigned Fund Balances - 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 of trustees or by the Director of Business and Finance.

- e. Unassigned Fund Balances - Typically unassigned fund balances will be limited to the general fund and by definition they are the residual balance for fund balance.

It is the District's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

1.E. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

In the process of aggregating the financial information for the government-wide financial, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Government-Wide Financial Statements:

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances - amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances. There are none to be reported in current year.
2. Internal activities - amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effect of interfund services between funds is not eliminated in the statement of activities, of which there are none.
3. Primary government and component unit activity and balances - resource flows between the primary government and the discretely-presented component units are reported as if they were external transactions.

Fund Financial Statements:

Interfund activity, if any, within and among the governmental, proprietary fund and fiduciary categories is reported as follows in the fund financial statements:

1. Interfund loans - amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

1.F. REVENUES, EXPENDITURES AND EXPENSES

Property Tax

The District levies taxes on assessed property through Park County, who acts as the agent to levy and collect property tax within the County. The taxes are levied on the assessed valuation of the prior year according to the below tax calendar. Collections are distributed after the end of each month. Consequently, the vast majority of taxes have been levied and collected within the District's fiscal year. Assessed valuation and tax levies are subject to adjustment for prior years (rebates and supplemental) as controlled by the County or State. The District does not adjust or record estimates for these adjustments as they are adjusted to current year tax receipts when they are approved. In addition, the State adjusts its entitlement funding based on property tax collections.

Property Tax Calendar

August 10	Taxes are levied and become an enforceable lien on the properties
September 1	First of two equal installment payments is due
November 10	First installment is delinquent
March 1	Second installment is due
May 10	Second installment is delinquent

According to GASB Statement No. 33 (Non-exchange Revenues), a receivable can be recorded at the earliest of the date of the assessment or the date a lien is placed on the property. Neither of these items occur prior to June 30th for the upcoming 2013 levy, therefore, the levy of August 2012 included in the current fiscal year is the basis for the receivable.

Operational Grants and Contributions

The District receives various operations grants at the state and federal level which aid in the funding of the educational programs. In the current year, there was approximately \$53,000 of playground equipment and labor donated to the District.

Expenditures and Expenses

In the government-wide statement of activities, expenses, including depreciation of capital assets, are reported by function or activity. In the governmental fund financial statements, expenditures are reported by class as current (further reported by function), capital outlay and debt service. In proprietary fund financial statements, expenses are reported by object or activity.

1.G. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

1.H. RECENTLY ISSUED ACCOUNTING STANDARDS

GASB Statements requiring implementation after fiscal year 2012-2013:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective for periods beginning after December 15, 2012, provides financial reporting guidance to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources or inflows of resources, based on the definitions of those elements in Concepts No. 4, Elements of Financial Statements. The District intends to implement the new requirements, if applicable, for fiscal year 2013-2014.

GASB Statement No. 66, *Technical Corrections-2012*, effective for periods beginning after December 15, 2012, resolves conflicting guidance that resulted from the issuance of Statements No. 54 and No. 62. The District intends to implement the new requirements for fiscal year 2012-2013, as applicable.

GASB Statement No. 67, *Financial Reporting for Pensions – an amendment of GASB Statement No. 25*, effective for periods beginning after June 15, 2013, enhances the decision-usefulness of the financial reports of pension plans, their value for assessing accountability, and their transparency by providing information about measures of net pension liabilities and explanations of how and why those liabilities changed from year to year. The new requirement is not applicable to the District.

GASB Statement No 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB No. 27*, effective for periods beginning after June 30, 2014, enhances the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports by required recognition of the entire net pension liability and a more comprehensive measure of pension expense. The District intends to implement the new requirements for fiscal year 2014-2015, as applicable.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the District and its component units are subject to various federal, state and local laws and contractual regulations.

2.A. DEFICIT FUND BALANCES OR NET POSITION

Wyoming Statutes prohibits the creation of a deficit fund balance in any individual fund of the District. For the year ended June 30, 2013, the District had incurred a fund balance deficit of approximately \$163,000 in the Special Revenue Fund – Fed/State due to lack of availability of resources within 60 days of year-end. The lack of availability is eliminated at the government-wide level when revenue is recorded.

2.B. BUDGET REQUIREMENTS

The District prepares its annual operating budget under the provisions of Wyoming State Statutes for the all funds. While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP) budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 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 as follows:

- Revenues are recorded when received in cash as opposed to when susceptible to accrual.
- Expenditures are recorded when paid in cash as opposed to when the fund liability is incurred.

The legal level of control at which expenditures may not legally exceed appropriations is the fund level. The Board may amend the budget once it is approved, and may authorize transfers within the various budgetary programs, in any fund. Unused appropriations typically lapse at the end of the year.

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

	<u>General Fund</u>	<u>Special Revenue Fund Fed/State</u>	<u>Special Revenue Fund Major Maint.</u>
GAAP basis	\$ 4,088,732	\$ (163,245)	\$ 96,247
Adjustment for inventory	(231,882)	-	-
Adjustment for revenue accruals, net	(179,723)	(219,145)	-
Adjustment for change in unearned revenue	-	34,611	-
Adjustment for internal service fund activity	(100,351)	-	-
Adjustment for deferred inflows of resources	30,852	219,145	-
Adjustment for encumbrances	(51,844)	(14,250)	-
Adjustment for due to other governments	29,099	-	-
Adjustment for expenditure accruals	227,967	68,227	94,095
	<u>\$ 3,812,850</u>	<u>\$ (74,657)</u>	<u>\$ 190,342</u>
Budgetary basis			

*-The District originally recorded a transfer of \$100,000 to an "internal" internal service fund for the reservation of possible future run out of health insurance claims. This fund was combined with the General Fund for GAAP reporting purposes. In addition, the net difference was a reclassification for GAAP purposes of expenses paid for by the General Fund for the Special Revenue Fund.

2.C. DEPOSITS AND INVESTMENTS REQUIREMENTS (POLICIES)

In accordance with State law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Wyoming or political subdivision debt obligations or surety bonds.

Investments of a District are limited by State Law to the following:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Wyoming is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c., and d.

2.D. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts Payable

Accounts payable in the governmental activities includes the payables recorded by the District at June 30, 2013 related to normal monthly expenditures and capital expenditures for all funds.

Retainage Payable

Retainage payable in the governmental activities includes the payables related to construction projects. As of June 30, 2013, there were no such material retainage payables.

Accrued Wages and Related Charges

Accrued expenses consist of wages earned by employees through June 30, 2013 which had not yet been paid and related payroll liabilities, such as FICA, retirement and health insurance.

2.E. DEBT RESTRICTIONS AND COVENANTS

General Long-Term Debt

As required by State Statutes, the District may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without first obtaining voter approval. For the year ended June 30, 2013, the District incurred no such debt or obligations.

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues and expenditures/expenses.

3.A. DEPOSITS AND INVESTMENTS

The District maintains all deposits with two financial institutions and maintained 100% pledging of such funds during the fiscal year. All deposits held at June 30, 2013 are considered cash and cash equivalents due to the availability of such funds. The District follows state statutes regarding its investment policy.

PARK COUNTY SCHOOL DISTRICT No. 6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

The board approved the writing of year end checks for expenditures incurred and received by June 30, 2013. The board approved the processing of these checks (the Board did nothing out of the ordinary for this run as they adopted a bi-weekly check processing prior) and review by the board treasurer before mailing. These checks were written one day in advance (as July 1 was a normal processing day) of the normal accounts payable process. Upon review and approval by the treasurer, they were mailed and subsequently included the board's packet for further review. Management feels this is a reasonable process for the processing and paying of year-end bills.

3.B. RECEIVABLES

Receivables at June 30, 2013 consisted primarily of property tax receivable, interest receivable, and other miscellaneous receivables. \$30,852 of the property tax receivable noted below was recorded as a deferred inflow of resources due to availability. Receivables and related allowance for uncollectible items is as follows:

	<u>Governmental</u>	<u>Component Unit</u>	<u>Total</u>
Property tax receivable	\$ 232,155	\$ 2,203	\$ 234,358
Interest receivable	-	-	-
Other receivables:			
Other	-	-	-
Allowance for uncollectible accounts	(52,432)	(1,703)	(54,135)
Accounts receivable, net of allowance for uncollectible accounts	\$ 179,723	\$ 500	\$ 180,223

Inter-District Receivable

At June 30, 2013, there was an outstanding loan due from the FBLA Club to the District. The balance of this loan at year-end was \$4,564. Approximately \$2,500 of payments was made in the 2012-2013 school year. The loan is to be repaid by June 2015; however, there is currently negotiations regarding the potential forgiveness of this loan. The loan is non-interest bearing. Management has chosen not to report this item on their financial statements.

3.C. DUE FROM OTHER GOVERNMENTS

Due from other governments consists of those revenues due from outside governmental entities such as state and federal government. Following is a schedule of those receivables and related deferred revenues at fund level due to availability:

	<u>Receivable</u>	<u>Deferral</u>
Grants - Special Revenue	\$ 219,145	\$ 219,145
Grants - Capital Construction	-	-
Total	\$ 219,145	\$ 219,145

PARK COUNTY SCHOOL DISTRICT No. 6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

3.D. CAPITAL ASSETS

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

	Balance at July 1, 2012	Restatement of Beginning Balances	Additions/ Transfers	Disposals/ Transfers	Balance at June 30, 2013
Governmental activities:					
Non-depreciable:					
Work in progress	\$ 832,467	\$ -	\$ 852,221	\$ (1,334,297)	\$ 350,391
Land	1,521,311	-	-	-	1,521,311
Total non-depreciable assets at historical cost	<u>2,353,778</u>	<u>-</u>	<u>852,221</u>	<u>(1,334,297)</u>	<u>1,871,702</u>
Depreciable:					
Buildings and improvements	67,960,876	-	1,334,297	-	69,295,173
Intangibles	180,242	-	-	-	180,242
Equipment and contents	1,756,030	-	145,590	(76,044)	1,825,576
Vehicles	4,128,970	133,200	270,100	(178,288)	4,353,982
Total depreciable assets at historical cost	<u>74,026,118</u>	<u>133,200</u>	<u>1,749,987</u>	<u>(254,332)</u>	<u>75,654,973</u>
Less: accumulated depreciation					
Buildings and improvements	(11,962,299)	-	(1,621,618)	-	(13,583,917)
Intangibles	(108,144)	-	(36,048)	-	(144,192)
Equipment and contents	(1,208,905)	-	(157,973)	68,899	(1,297,979)
Vehicles	(3,309,544)	(133,200)	(197,315)	178,288	(3,461,771)
Total accumulated depreciation	<u>(16,588,892)</u>	<u>(133,200)</u>	<u>(2,012,954)</u>	<u>247,187</u>	<u>(18,487,859)</u>
Net depreciable assets	<u>57,437,226</u>	<u>-</u>	<u>(262,967)</u>	<u>(7,145)</u>	<u>57,167,114</u>
Governmental activities capital assets, net	<u>\$ 59,791,004</u>	<u>\$ -</u>	<u>\$ 589,254</u>	<u>\$ (1,341,442)</u>	<u>\$ 59,038,816</u>
Business-type activities:					
Depreciable:					
Machinery and equipment	\$ 57,438	\$ -	\$ -	\$ -	\$ 57,438
Less: accumulated depreciation	<u>(52,813)</u>	<u>-</u>	<u>(375)</u>	<u>-</u>	<u>(53,188)</u>
Net depreciable assets	<u>\$ 4,625</u>	<u>\$ -</u>	<u>\$ (375)</u>	<u>\$ -</u>	<u>\$ 4,250</u>

The disposition of equipment was due to the trading in of an old copier for a new copier. Therefore, no gain or loss recorded. The remaining net book value of the assets was added to the cost of the new copiers (which were purchased through a capital lease).

The restatement of beginning balances is related to vehicles which were located during a physical inventory and not able to be specifically identified on the capital asset listing. The net book value of these assets are zero due to the age of the vehicles; however, management desired to add to capital assets for future tracking purposes.

Depreciation expense was charged to functions in the statement of activities as follows:

Depreciation expense charged to governmental activities:

Instruction	\$ 992,145
Instructional support	42,035
General Support	<u>978,774</u>
Total governmental activities depreciation expense	<u>\$ 2,012,954</u>

Depreciation expense charged to business-type activities:

Food service	<u>\$ 375</u>
Total business-type activities depreciation expense	<u>\$ 375</u>

Management followed GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* in the development of their intangibles capitalization policy and began recording of such intangibles in 2010. Older intangibles were not deemed material to the respective opinion unit.

3.E. LONG-TERM DEBT

The reporting entity's long-term debt at June 30, 2013 is to be repaid from governmental funds (Governmental Activities Long-Term Debt).

Governmental Activities Long-Term Debt

As of June 30, 2013 the governmental activities outstanding long-term debt consisted of the following:

Capital leases:

Bus lease – First Bank of Wyoming, original principal balance of \$232,970. Interest rate on the lease is 4.197%, requiring annual payments of \$50,783, matured November 30, 2012, secured by equipment (two buses). Remaining principal balance on the lease/note at June 30, 2013 is \$0. Paid in full in the current year.

Equipment lease – Canon Financial Services, original balance of \$34,906. Interest rate on the lease is 5.75%, requiring annual payments of \$12,964, maturing October 20, 2013, secured by the copier equipment. Remaining principal balance on the lease at June 30, 2013 is \$11,694.

Equipment lease – Canon Financial Services, original balance of \$37,430. Interest rate and service charges on the lease is approximately 5.75%, requiring annual payments of \$14,508, maturing December 20, 2013. Secured by the equipment. Remaining balance on the lease at June 30, 2013 is \$14,066.

Equipment lease – Canon Financial Services, original balance of \$5,331. Interest rate and service charges on the lease is approximately 5.75% (imputed) requiring annual payments of \$1,316, maturing June 20, 2016. Secured by the equipment. Remaining balance on the lease at June 30, 2013 is \$3,296.

Equipment lease – Big Horn Federal Bank, original balance of \$145,130. Interest rate on the lease is 3.75%, requiring annual payments of \$31,382, maturing September 1, 2013, secured by a bus. Remaining principal balance on the lease/note at June 30, 2013 is \$30,088.

Bus lease – First State Bank of Wheatland, original principal balance of \$312,770. Interest rate on the lease is 3.45%, requiring annual payments of \$66,996, maturing August 30, 2014, secured by the equipment. Remaining principal balance on the lease/note at June 30, 2013 is \$127,363.

Equipment lease – Kinetic Leasing, original balance of \$267,500. Interest rate on the lease is 2.79%, requiring annual payments of \$56,559, maturing August 2, 2015, secured by the computer equipment. Remaining principal balance on the lease at June 30, 2013 is \$160,630.

Equipment lease – Key Equipment Finance (Cisco), original balance of \$290,444. Interest rate on the lease is 2.67%, requiring annual payments of \$99,975, maturing August 3, 2014, secured by the computer equipment. A portion of this lease is related to a three year warranty on the equipment. Remaining principal balance on the lease at June 30, 2013 is \$192,354.

Equipment lease – The Office Shop, original balance of \$22,541. Interest rate and service charges on the lease is 21.42%, requiring annual payments of \$10,248, maturing April 2016, secured by the copier. Remaining principal balance on the lease at June 30, 2013 is \$192,354.

Equipment lease – First Bank of Wyoming, original balance of \$269,500. Interest rate on the lease is 1.99%, requiring annual payments of \$56,051, maturing December 20, 2016, secured by the equipment (buses). Remaining principal balance on the lease/note at June 30, 2013 is \$213,448.

PARK COUNTY SCHOOL DISTRICT No. 6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

Accrued Compensated Absences:

Accrued compensated absences reported in the governmental activities are comprised of accrued vacation leave and compensatory time. There were no material changes in the ending balance of accrued compensated absences, however, it was adjusted by \$4,165. The increases and decreases in accrued hours along with changes in the rate in pay calculated little change.

Total accrued compensated absences - current portion \$ 93,186

Changes in Long-Term Debt:

The following is a summary of changes in long-term debt for the year ended June 30, 2013:

<u>Type of Debt</u>	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>	<u>Amounts Due Within a Year</u>
Governmental Activities:					
Capital leases	\$ 849,471	\$ 292,041	\$ 367,411	\$ 774,101	\$ 324,399
Accrued compensated absence	<u>89,021</u>	<u>4,165</u>	<u>-</u>	<u>93,186</u>	<u>93,186</u>
Total Governmental Activities	<u>\$ 938,492</u>	<u>\$ 296,206</u>	<u>\$ 367,411</u>	<u>\$ 867,287</u>	<u>\$ 417,585</u>

Annual Debt Service Requirements - Primary Government:

The annual debt service requirements to maturity, including principal and interest, for long-term debt, excluding accrued compensated absences, of the primary government as of June 30, 2013 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 324,399	\$ 25,437
2015	277,469	13,937
2016	117,309	6,284
2017	54,924	1,740
2018	<u>-</u>	<u>-</u>
Total	<u>\$ 774,101</u>	<u>\$ 47,398</u>

The practice of the District for the purchases of buses is to pay for the buses, then obtain a capital lease with a local financial institution for the respective amount. This practice includes offsetting the expense with the proceeds of the debt. This practice was put in place due to the reimbursement policy for such items by the State Department of Education and to ensure that such expenditures were not duplicated in reporting to the State. In the current year, \$269,500 was transacted in this fashion.

PARK COUNTY SCHOOL DISTRICT No. 6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

3.F. INTERFUND BALANCES AND ACTIVITIES

Interfund transfers for the year ended June 30, 2013 were as follows:

Transfer From	Transfer To	Amount	Nature of Transfer
General Fund	Special Revenue - Fed/State	\$ 24,408	Instructional Facilitator Support/National Teacher
General Fund	Lunch Fund	\$ -	Operational Support

3.G. FUND BALANCES AND NET POSITION

Fund Balance Classifications

As described in NOTE 1.D., fund balances can be classified through various levels of authority. Following is a description of the purposes and levels of those classifications, not including unassigned as it describes itself, by fund:

Classificatin/Purpose	General Fund	Special Revenue - Fed/State	Special Revenue - MM	Capital Construction	Totals
Non-spendable:					
Inventory	\$ 63,847	\$ -	\$ -	\$ -	\$ 63,847
Prepays	217,020	-	-	-	217,020
Restricted:					
Reimbursable grants	-	(163,245)	-	-	(163,245)
School Facility Commission funds	-	-	96,247	-	96,247
Committed:	-	-	-	-	-
Assigned:					
Capital items	-	-	-	4,803	4,803
Insurance reserve	100,371	-	-	-	100,371
Unassigned:	3,738,346	-	-	-	3,738,346
Total Fund Balance	\$ 4,119,584	\$ (163,245)	\$ 96,247	\$ 4,803	\$ 4,057,389

Net Position Restrictions

In the governmental activities, at the government-wide level, there is a restriction in the amount of \$152,147 due to certain net position being restricted to a specific use in compliance with grant requirements, such as the federal and state funding requirements, capital projects and major maintenance (see financial statement for respective breakout of restrictions). These balances are restricted due to the limitations placed on the funds by outside third party agreements or contracts.

NOTE 4. OTHER NOTES

4.A. EMPLOYEE PENSION PLANS

The District and all full-time employees participate in the Wyoming Retirement System (System), as cost-sharing multi-employer public employee retirement system. The System pays employees a defined benefit depending upon years of service and earnings using an accrued benefit cost method. The System also provides death and disability benefits and is established by State Statute. Financial statements of the System are available from the Wyoming Retirement Board, First Floor East-Herschler Building, 112 West 25th Street, Cheyenne, WY 82002.

Prior to September 2010, the plan statutorily required 11.25% of the participant's salary to be contributed to the plan, paid the participant and the employer in a manner as determined by the employer. However, the employer must fund a minimum of 5.68%. Subsequent to that date, the plan statutorily required 14.12%. The employer must fund a minimum of 7.12%. The District pays the employer and 5.57% of the employee portion of the required contribution for the fiscal year, except part-time unclassified employees. The District had fully paid both the District's and employees' portion in the prior years. Total District contributions to the System for the years ended June 30, 2013, 2012 and 2011 were approximately \$2,530,000, \$2,575,000 and \$2,680,000, respectively. The employees paid 1.43% of their required contribution in the amount of approximately \$280,500. These contributions were *paid* on eligible employees' wages for the years ended June 30, 2013, 2012, and 2011 of

approximately \$18,000,000, \$18,200,000 and \$18,900,000, respectively. This note disclosure shows payments not accruals.

4.B. RISK MANAGEMENT

Liability

The District is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The District manages these various risks of loss through the purchase of commercial insurance. The coverage provides \$2,000,000 per occurrence. The deductible is \$100,000.

Property Insurance

Buildings and equipment are adequately insured under commercial insurance policies. The District has incurred no losses of significance in excess of coverage provided by the commercial carriers in the last three years.

4.C. COMMITMENTS AND CONTINGENCIES

Commitments:

Construction Commitments

At June 30, 2013 the following construction commitments were outstanding:

- There are various other smaller project which may be ongoing from year to year that are not as significant to the financial statements as those mentioned below. Minor projects are typically paid from the Major Maintenance fund or the General Fund, depending on the School Facility Commission's involvement in the activity.
- On May 19, 2013, the bid was awarded for sidewalk replacement in the amount of \$91,383. Approximately \$5,000 of expense had been incurred on this project as of June 30, 2013. This project is being funded primarily through the major maintenance money provided by the School Facility Department.
- On May 19, 2013, the District awarded the summer maintenance for the painting of buildings in the amount of \$136,202. In addition, the bid for summer carpet maintenance was awarded in the amount of \$56,489.
- On June 18, 2013, the Cody Middle School remodel project was awarded in the amount of \$167,000. As of June 30, 2013, approximately \$22,000 of expenditures had been incurred related to this project. This project is being funded primarily through the major maintenance money provided by the School Facility Department.
- The Cody Middle School paving project was substantially completed as of June 30, 2013 with a total cost of \$213,867. There were minor items to be completed on this project. This project was funded through the major maintenance money provided by the School Facility Department.

Contingencies

Grant Program Involvement

In the normal course of operations, the District participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loan agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Litigation

The District is a party to various legal proceedings which normally occur in the course of governments operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings.

While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the District and the State statute relating to judgments, the District feels that any settlement or insurance would not have a material adverse effect on the financial condition of the District.

4.D. SUBSEQUENT EVENTS

On September 17, 2013, a bus lease was approved with a financial institution in the amount of \$186,115 with an interest of 1.97%.

No further subsequent events from July 1, 2013 through November 4, 2013, the date the report was available for issuance, which warranted disclosure in the financial statements after evaluation by management.

REQUIRED SUPPLEMENTARY INFORMATION

See note disclosures relative to the reconciliation of budgetary statements.

PARK COUNTY SCHOOL DISTRICT No. 6
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 GENERAL FUND
 For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Fund Balance:	\$ 3,172,686	\$ 3,172,686	\$ 3,488,576	\$ 315,890
Resources (Inflows):				
Taxes - local	11,177,138	11,177,138	11,064,531	(112,607)
Taxes - county	3,265,923	3,265,923	3,239,045	(26,878)
Fines and forfeitures	300,000	300,000	311,327	11,327
State resources	15,690,114	15,690,114	15,747,544	57,430
Federal resources	35,000	35,000	29,138	(5,862)
Fees/rentals	22,000	22,000	15,522	(6,478)
Interest	50,000	50,000	35,962	(14,038)
Miscellaneous	32,000	32,000	41,236	9,236
Total revenues	<u>30,572,175</u>	<u>30,572,175</u>	<u>30,484,305</u>	<u>(87,870)</u>
OTHER FINANCING SOURCES:				
Transfers in	-	-	-	-
Proceeds from sale of capital assets	5,000	5,000	-	(5,000)
Total other financing sources	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Total revenues and other financing sources	<u>30,577,175</u>	<u>30,577,175</u>	<u>30,484,305</u>	<u>(92,870)</u>
Amounts available for appropriation	<u>33,749,861</u>	<u>33,749,861</u>	<u>33,972,881</u>	<u>223,020</u>
Charges to Appropriations (Outflows):				
Instruction	18,910,293	18,880,293	18,473,012	407,281
Instructional support	3,365,756	3,365,756	3,248,721	117,035
General support	8,466,813	8,466,813	8,413,890	52,923
Other	-	-	-	-
Total charges to appropriations	<u>30,742,862</u>	<u>30,712,862</u>	<u>30,135,623</u>	<u>577,239</u>
OTHER FINANCING USES:				
Transfers out	-	30,000	24,408	5,592
Total other financing uses	<u>-</u>	<u>30,000</u>	<u>24,408</u>	<u>5,592</u>
Total appropriations	<u>30,742,862</u>	<u>30,742,862</u>	<u>30,160,031</u>	<u>582,831</u>
Ending Fund Balance	<u>\$ 3,006,999</u>	<u>\$ 3,006,999</u>	<u>\$ 3,812,850</u>	<u>\$ 805,851</u>

See independent auditors report as it relates to required supplementary information.

PARK COUNTY SCHOOL DISTRICT No. 6
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 MAJOR GOVERNMENTAL FUND
 For the fiscal year ended June 30, 2013

	SPECIAL REVENUE - FEDERAL/STATE			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Beginning Fund Balance	\$ (88,066)	\$ (88,066)	\$ (86,147)	\$ 1,919
Resources (Inflows):				
Federal sources	2,100,000	2,100,000	1,639,440	(460,560)
State sources	1,200,000	1,200,000	943,507	(256,493)
Other sources	100,000	100,000	4,041	(95,959)
Local sources	100,000	100,000	67,931	(32,069)
Investment income	-	-	530	530
Total revenues	<u>3,500,000</u>	<u>3,500,000</u>	<u>2,655,449</u>	<u>(844,551)</u>
OTHER FINANCING SOURCES:				
Transfers in	-	-	24,408	24,408
Total other financing sources	<u>-</u>	<u>-</u>	<u>24,408</u>	<u>24,408</u>
Total revenues and other financing sources	<u>3,500,000</u>	<u>3,500,000</u>	<u>2,679,857</u>	<u>(820,143)</u>
Amounts available for appropriation	<u>3,411,934</u>	<u>3,411,934</u>	<u>2,593,710</u>	<u>(818,224)</u>
Charges to appropriations (outflows):				
Instruction	3,100,800	3,099,800	2,491,727	608,073
Instructional support	272,000	272,000	176,530	95,470
General support - other	27,200	28,200	109	28,091
Total Charges to Appropriations	<u>3,400,000</u>	<u>3,400,000</u>	<u>2,668,366</u>	<u>731,634</u>
OTHER FINANCING USES:				
Transfers out	-	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ 11,934</u>	<u>\$ 11,934</u>	<u>\$ (74,656)</u>	<u>\$ (86,590)</u>

See independent auditor's report as it relates to required supplementary information.

PARK COUNTY SCHOOL DISTRICT No. 6
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 MAJOR GOVERNMENTAL FUND
 For the fiscal year ended June 30, 2013

	SPECIAL REVENUE - MAJOR MAINTENANCE			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ 23,353	\$ 23,353	\$ 23,353	\$ -
Resources (Inflows):				
State sources	3,088	3,088	2,029	(1,059)
Investment income	1,196,912	1,196,912	1,196,912	-
Amounts available for appropriation	1,223,353	1,223,353	1,222,294	(1,059)
Charges to appropriations (outflows):				
Major maintenance improvements	1,217,420	1,217,420	1,031,952	185,468
Total Charges to Appropriations	1,217,420	1,217,420	1,031,952	185,468
Ending Budgetary Fund Balance	\$ 5,933	\$ 5,933	\$ 190,342	\$ 184,409

See independent auditor's report as it relates to required supplementary information.

OTHER SUPPLEMENTAL INFORMATION

**PARK COUNTY SCHOOL DISTRICT No. 6
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass through agency Grantor/Program Title	Federal CFDA Number		Grant #	Federal Expenditures
U.S. Department of Education:				
Passed through State of Wyoming Department of Education:				
Title I Basic and Concentration - Schoolwide	84.010A		1506SW13	\$ 258,167
Title I Basic and Concentration - Schoolwide	84.010A		1506SW12	435,420
Total Title I Basic and Concentration				693,587
Title VIB	84.027A	*	1506IB12	194,766
Title VIB	84.027A	*	1506IB13	344,540
Special Education Preschool Grant	84.173A	*	1506IP12	4,338
Special Education Preschool Grant	84.173A	*	1506IP13	3,880
Total Title VIB and Preschool (619)				547,524
Perkins Act	84.048		1506PB13	64,824
Class Size Reduction/Title II Teacher Quality K-12	84.367A		1506T212	182,869
Class Size Reduction/Title II Teacher Quality K-12	84.367A		1506T213	100,653
Total Title II Teacher Quality and Class Size Reduction				283,522
Education Jobs Fund - ARRA	84.410	*	111506AED	13,383
TLCF	84.318		15061111	6,719
Total State of Wyoming Department of Education				<u>1,609,559</u>
U.S. Department of Agriculture:				
Passed through State of Wyoming Department of Education:				
National School Lunch Program	10.555		N/A	207,690
School Breakfast Program	10.553		N/A	50,922
Wholesale Value of Commodities/USDA Food Distribution Program	10.555		N/A	53,500
Total School Lunch Program Cluster				312,112
Fresh Fruits and Vegetable Program	10.582		N/A	50,577
Total Department of Agriculture				<u>362,689</u>
Total Federal Awards				<u><u>\$ 1,972,248</u></u>

NOTES: This schedule has been prepared on the *GAAP* basis of accounting consistent with the definition of federal awards expended as defined in paragraph 205 of OMB Circular A-133. Items with asterisk "*" are major programs and identified as a cluster program.

Included above in the USDA school lunch program is \$34,076 of fair market value of commodities provided under the program in addition to \$19,424 from the program through the allocation to the DoD FFV Program.

The District received Forest Reserve funds of approximately \$20,000 and Taylor Grazing funds of approximately \$8,500 which are not included in the above federal awards due to lack of compliance requirements for this subrecipient.

There were no loan or loan guarantees related to the schedule of expenditures of federal awards.

See accompanying independent auditor's report as it relates to supplementary information.



Worland: Stephen L. Stine, C.P.A.

Cody: Keven L. Buss, C.P.A.
Reanne N. Wolff, C.P.A.
Keri J. Wilson, C.P.A.

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the School Board
Park County School District No.6
919 Cody Avenue
Cody, Wyoming 82414

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, discretely presented component unit and each major fund of Park County School District No.6, as of and for the year ended June 30, 2013, which collectively comprise Park County School District No.6's basic financial statements and have issued our report thereon dated November 4, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Park County School District No. 6's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Park County School District No. 6's internal control. Accordingly, we do not express an opinion on the effectiveness of the Park County School District No. 6'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 internal control over financial reporting 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 financial reporting that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control over financial reporting, described in the accompanying schedule of finding and questioned costs that we consider to be a significant deficiency in internal control over financial reporting, 2013-A.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Park County School District No.6's financial statements are free of 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 one instance of noncompliance that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2013-B.

Park County School District No.6's Response to Findings

Park County School District No. 6's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

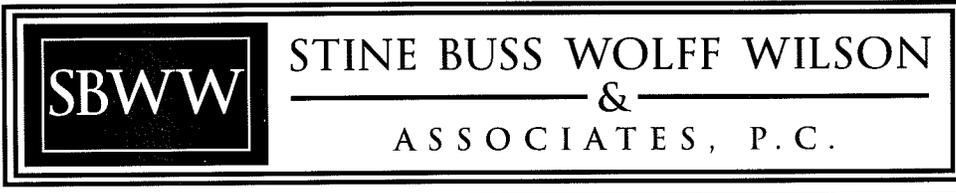
Purpose of this Report

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.



Stine, Buss, Wolff, Wilson & Associates, P.C.
Certified Public Accountants

Cody, Wyoming
November 4, 2013



Worland: Stephen L. Stine, C.P.A.

Cody: Keven L. Buss, C.P.A.
Reanne N. Wolff, C.P.A.
Keri J. Wilson, C.P.A.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the School Board
Park County School District No.6
919 Cody Avenue
Cody, WY 82414

Report on Compliance for Each Major Federal Program

We have audited Park County School District No.6 compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have direct and material effect on each of Park County School District No. 6's major federal programs for the year ended June 30, 2013. Park County School District No.6's major federal programs are identified in the summary of auditor's 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 Park County School District No.6'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 Non-Profit 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 the District'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. Our audit does not provide a legal determination of Park County School District No.6's compliance.

Opinion on Each Major Federal Program

In our opinion, Park County School District No.6 complied, in all material respects, with the types of compliance requirements referred to above 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 instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2013-B. Our opinion on each major federal program is not modified with respect to these matters.

Park County School District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Park County School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly we express no opinion on the response.

Report on Internal Control Over Compliance

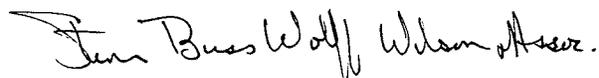
Management of Park County School District No.6 is responsible for establishing and maintaining effective internal control over compliance with compliance requirements referred to above. In planning and performing our audit of compliance, we considered Park County School District No.6's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance 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 Park County School District No.6'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 the type of compliance requirement 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, 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 would not necessarily 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 a material weakness. However, material weaknesses may exist that have not been identified. However, we did identify a deficiency in internal control over compliance which is reported in the schedule of findings and questioned costs as 2013-B.

Park County School District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Park County School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly we express no opinion on the response.

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.



Stine, Buss, Wolff, Wilson & Associates, P.C.
Certified Public Accountants

November 4, 2013
Cody, Wyoming

**PARK COUNTY SCHOOL DISTRICT NO.6
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

SECTION I - SUMMARY OF THE AUDITOR'S RESULTS:

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Deficiency(ies) identified that are not considered to be material weakness(es)? X Yes _____ No

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified: _____ Yes X No
- Deficiency(ies) identified that are not considered to be material weakness(es)? X Yes _____ No

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

_____ Yes X No

Identification of major programs as a cluster:

- 84.410 – Education Jobs Fund - ARRA

- 84.027 – Special Education-Grants to States (IDEA, Part B)
- 84.173 – Special Education-Preschool Grants (IDEA Preschool)

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

SECTION II and SECTION III - GAGAS Financial Statement Findings and Federal Awards Findings Required to be Reported:

Section II – GAGAS Financial Statement Findings

2013-A. Criteria: Auditing standards require the auditor to determine whether the entities' internal control system allows for the reliable reporting of financial data, including note disclosures, in accordance with generally accepted accounting principles (GAAP).

Condition: Currently, the District does not have the expertise to prepare completely its own financial statements including note disclosures under GAAP. The District's operational demands and ability to hire, train or retain such personnel have not permitted them to maintain this system control. This has been an industry-wide condition in the State of Wyoming, and many in other smaller states and organizations.

Effect: The District can approve financial statements, related disclosures, and adjusting entries, however, required preparation may not be adequately attained. It may not be cost effective for the District to retain and train personnel to prepare GAAP financial statements. However, management should be aware of and continue to evaluate the impact of this deficiency.

Cause: Due to change in auditing standards and requirements of reporting. Continuous updates would be required to be able to maintain the required expertise in this area.

Recommendation: Management should continue to evaluate the feasibility of correcting this issue. Current oversight and monitoring of the preparation of the financial statements by the Board and Management should continue to be extensive.

2013-B. Criteria: The State and related federal compliance requirements for cash management related to the consolidated grant require federal expenditures to be *paid* prior to the receipt of the relative reimbursement for such expenditure(s).

Condition: Funds which were incurred (accrued) as of June 30, 2013 were requested for reimbursement; however, not paid until July and August. The only time and items which cash management bears risk of noncompliance is at June 30th due to the relative timing of the accrual for teacher contract payouts and the generation of the reports which are utilized to request cash drawdowns and complete such reporting.

Effect: The timing of the drawdown allowed cash to be on hand for certain grants contained in the consolidated grant as a result of the utilization of an expenditure report after the generation of the accrued teacher contract payouts. These contract payout accruals are allowable expenditures within the grant and were properly accrued for reporting on the schedule of expenditures of federal awards.

Cause: The State began implementing the more restrictive guidance of the federal guidance regarding requests related to expenditures on federal grant dollars. The change in requirements by the state which was not readily known or communicated to the appropriate level of management.

Recommendation: A process for the generation of expenditure reports for fiscal year end reporting be developed to ensure only expenditures which have been paid are utilized for cash requests.

Section III – Federal Awards Findings:

2013-B above. 84.027-Special Education – Grants to States (IDEA, 611). Compliance Requirement: Cash Management

CORRECTIVE ACTION PLAN:

Finding 2013-A:

Contact Person: Zoe Maliske-Meredith, Business Manager

Corrective Action Planned:

The District will not be able to meet the letter of intent of this auditing standard. While we concur that District personnel can approve financial statements, related disclosures, and adjusting entries, we will realistically not be able to hire, retain or afford someone who would possess the specific professional skills to create the financial statements for the District to the level this standard is suggesting.

Effective date:

The District will continue to evaluate the feasibility and the effect of this condition.

Finding 2013-B:

Contact Person: Zoe Maliske-Meredith, Business Manager

Corrective Action Planned:

A process will be put in place to ensure changes in compliance requirements for those outside of the normal grant process are adequately informed and to ensure reports are generated for cash requests prior to the accrual of teacher contract payouts for year-end. Each subsequent month's payroll will be requested once the checks have been written for each relative month the teacher's are paid.

Effective date:

Immediately.

**Park County School District No. 6
Summary of Prior Audit Findings
Year Ended June 30, 2013**

NONE to be reported from prior year regarding Federal Award Findings.