

**WASHAKIE COUNTY SCHOOL DISTRICT #1**

**WORLAND, WYOMING**

**BASIC FINANCIAL STATEMENTS**

**June 30, 2013**

WASHAKIE COUNTY SCHOOL DISTRICT #1

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## INDEPENDENT ACCOUNTANT'S REPORT

School Board of Trustees  
Washakie County School District #1  
Worland, Wyoming 82401

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washakie County School District #1, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washakie County School District #1, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 12 and 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Washakie County School District #1's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and other supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statement and other supplemental

schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our reports dated October 17, 2013, on our consideration of Washakie County School District #1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of these reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Washakie County School District #1's internal control over financial reporting and compliance.



Stine, Buss, Wolff, Wilson & Associates  
Certified Public Accountants

October 17, 2013  
Worland, Wyoming

## **MANAGEMENT DISCUSSION AND ANALYSIS**

# Washakie County School District No. 1

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## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR FISCAL YEAR ENDED JUNE 30, 2013

As management of Washakie County School District No. 1, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2013 . The report is written in compliance with the GASB 34 reporting requirement. It presents the financial results of the district in a combined format so that the reader can see the entire financial picture of the District at one time. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

### FINANCIAL HIGHLIGHTS

- The beginning fund balance for the District was \$7,217,203. The ending fund balance was \$5,920,972, a decrease of \$1,296,231 or 18%. The General Fund and Special Revenue funds had increases, while the Capital Projects fund decreased by \$2.4 MM. All of that amount was due to construction of the Aquatic Center.
- The delayed economic recovery continues to impact interest rates, and once again they continued at record low levels throughout the year. The result was paltry interest revenue total of only \$46,465. In spite of negligible returns, the first priority in regard to investments remains keeping the principal secure, and we continue to follow that philosophy.
- For FY 13 the ADM increased by .9% or 13 students compared to the prior year, to a total of 1,388 students. Elementary grade levels continue to have strong enrollment, which bodes well for the future.
- The General Fund revenue was up to \$20.7 million, an increase of \$175,000 or .9%. \$16.0 million of the total, or 78%, was from the State of Wyoming. The balance was comprised of local property and motor vehicle taxes, motor vehicle fines, interest, various rentals and other fees. Excluding inter-fund transfers, there were \$20.5 million in General Fund expenditures. The increases in funding compared to the previous year were primarily the result of local tax revenues.
- Construction of the new Aquatic Center, which began in August, 2011, was completed in late November, 2012. \$2.0 MM was expended on this project during the year. An additional \$.3 MM was spent on other facility improvements.

*An Equal Opportunity Employer*



*The State of Wyoming provides Hathaway Merit and Needs Scholarships to Wyoming students attending the University of Wyoming and Wyoming community colleges. Every Wyoming Student who meets the merit requirements can earn a Hathaway Merit Scholarship. Contact your school counselor for more information.*

- The district had a combined total of \$9,085,000 of outstanding bonds as of the end of the fiscal year. This includes both the Aquatic Center bonds as well as the Middle School bonds. During the course of the year, \$350,000 was paid on the principal and \$40,813 was paid as interest on the Middle School Bonds. Aquatic Center debt service included \$100,000 in principal payments, and \$302,025 of interest on the on the Aquatic Center Bonds. The last payment on the Middle School bond issue is scheduled for January 2015, while payments on the Aquatic Center continue until June, 2028.

## OVERVIEW OF FINANCIAL STATEMENTS

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

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

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

The *statement of activities* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The *government-wide financial statements* outline functions of the District that are principally supported by property taxes, and federal and state grants. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Taxes and intergovernmental revenues also support fixed assets and related debt.

The government-wide financial statements can be found on pages 13 and 14 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary funds and fiduciary funds.

*Governmental funds*-Most of the District's basic services are included in governmental funds, which 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 fund statements provide a detailed short-term view that helps you 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 government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

*Proprietary funds*-Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. The district food service operation is reported in this section. The other kind of proprietary fund is an internal service fund such as the district's self-insurance trust fund. The internal service fund reports activities that provide supplies and services for the District's other programs and activities.

*Fiduciary funds* are trust funds established by benefactors to aid in student education, welfare and teacher support.

The basic governmental fund financial statements can be found on pages 15 through 18 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 45 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Over time net position may serve as a useful indicator of a government's financial position. As of June 30, 2013 District assets exceeded liabilities by \$31,311,636, an

increase of \$43,517, or .1%, compared to total net assets of \$31,268,119 at the end of FY 12.

The District continues to maintain an extremely strong cash position. Primary reasons for this healthy cash balance include:

- The general fund balance continues to remain strong, at \$4.4 million, due to careful management of expenditures in relation to revenues.
- Special revenue fund balances increased by \$618,551 primarily due to a rebound in Major Maintenance Funds. The current balance is \$502,940.
- The capital projects fund has a balance of \$415,050 which has been designated for two purposes. \$160,000 has been reserved for maintenance and repairs to “Local Enhancements” (ie, the auditorium) at Worland Middle School, with the balance being part of the maintenance endowment for the Aquatic Center.
- The Debt service fund carries a cash balance of \$643,943.
- We have maintained a strong cash balance in the Health Insurance Trust Fund of approximately \$544,381. The decrease of almost \$300 was entirely due to interest revenues. With the advent of the “Affordable Care Act” we feel these funds will be utilized to stabilize district finances in coming years.

The value of capital assets, net of depreciation, increased by \$.6 MM this year to a total of \$33.8 million. The replacement cost of all district facilities is projected at approximately \$77,000,000. The old Swimming Pool was closed as of December 1, 2012, with demolition expected in November, 2013.

## Capital Assets

The following chart summarizes the book value of capital assets versus the accumulated depreciation on those assets and compares this year with last year.

	2012 Balance	Change	2013 Balance
Construction in Progress	7,909,845	(7,909,845)	0
Capital Assets	43,187,326	10,098,105	53,285,431
Accumulated Depreciation	(17,961,670)	(1,562,315)	(19,523,985)
Total Capital Assets Net of Depreciation	33,135,501	625,945	33,761,446

It should be noted that the resources needed to repay bonded indebtedness must be provided from the tax base of the county, since the capital assets themselves cannot be used to liquidate these liabilities.

### **Net Position for the period ending June 30, 2013**

The following chart summarizes capital asset activity in the district for the past year. More detailed information can be found in the body of the financial report.

Statement of Net Position	2012	2013	Change
Current Assets	10,843,457	9,292,821	(1,550,636)
Capital Assets	33,135,501	33,761,446	625,945
Total Assets	43,978,958	43,054,267	(924,691)
Current Liabilities	2,910,187	2,544,292	(365,895)
Long Term Liabilities	9,800,652	9,198,339	(602,313)
Total Liabilities	12,710,839	11,742,631	(968,208)
Net Position			
Investment in capital assets (net of debt)	23,560,390	24,676,946	1,116,556
Restricted	3,419,780	1,561,933	(1,857,847)
Unrestricted	4,287,949	5,072,757	784,808
Total Net Position	31,268,119	31,311,636	43,517

The following are significant current year transactions that have had an impact on the Statement of Net Position.

- Completion of Construction efforts on the Worland Aquatic Center

### **Business Type Activities**

The district's primary proprietary fund, food service experienced an operating loss of \$144,765 for the year. The loss was covered by a \$125,415 transfer from the General Funds of the district, and use of fund balance. Inflation of food prices, coupled with a desire to minimize school lunch charges have made these transfers necessary.

The Insurance Trust fund had a net income of \$292 due to extremely careful investment of the funds. The Affordable Care Act creates a situation where these funds will be used to stabilize district finances in coming years.

## Capital Assets and Long Term Debt

Construction efforts on the Aquatic Center dominated the first half of the year, with substantial completion in November, 2012.

The district maintains a debt service account which provides funds to make bus lease payments as well as early release payments. This account is funded out of the general fund on a present value basis. We also account for funds, held by the County, for Bond Debt service.

## Comments on Budget Comparisons

- The District's total revenues for the fiscal year ended June 30, 2013, net of inter-fund transfers, were \$24.4 million.
- The total cost of all programs and services, net of debt service, was \$25.6 million.
- General fund actual revenue exceeded budgeted revenue by \$43,494 or .2%, it doesn't get much closer than that!
- General fund expenditure budget, net of inter-fund transfers, compared to actual expenditures had a total favorable variance of \$3.0 million or 13% of budget. Each major category of expenses (instruction, instructional support, general support) contributed to the variance.

## Summary of Revenue and Expense

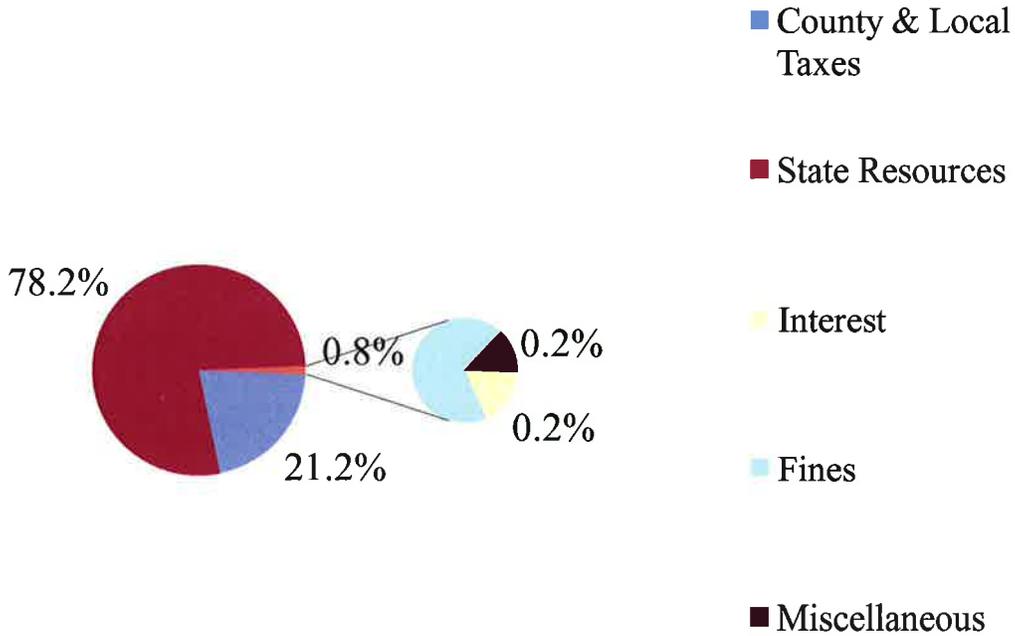
The following table presents a District wide summary of revenue and expense for the fiscal year ended June 30, 2012 and 2013.

Revenues:		2012	2013
	Local Property Tax	3,269,968	3,401,911
	County Tax	938,372	977,732
	Interest	78,006	46,465
	Fines & Forfeitures	192,426	171,380
	State Resources	16,999,058	17,523,971
	Miscellaneous Revenue	51,413	72,252
	Federal Sources	1,533,189	1,410,239
	Bond & Interest Tax	802,512	837,397
	<b>Total Revenue</b>	<b>23,864,943</b>	<b>24,441,347</b>
Expenses:			
Current	Instruction	14,223,074	14,572,866
	Instructional Support	2,332,756	2,391,785
	General Support	5,608,426	5,493,198
	Capital Outlay	8,850,464	2,251,110

Debt Service	Principle Retirement	325,000	450,000
	Interest & Charges	420,780	342,837
	Early Retirement Pmts	105,152	112,211
	Total Expenditures	31,865,652	25,614,007
Other Financing Sources (Uses)		0	(123,571)
Net Bond Proceeds		0	
Excess of Revenues and Other Sources Over (Under) Expenditures & Other Sources		(6,752,956)	(1,172,660)
Beginning Fund Balance		13,871,120	7,114,154
Prior Period Adjustment		0	
Fund Balance		7,114,154	5,817,923

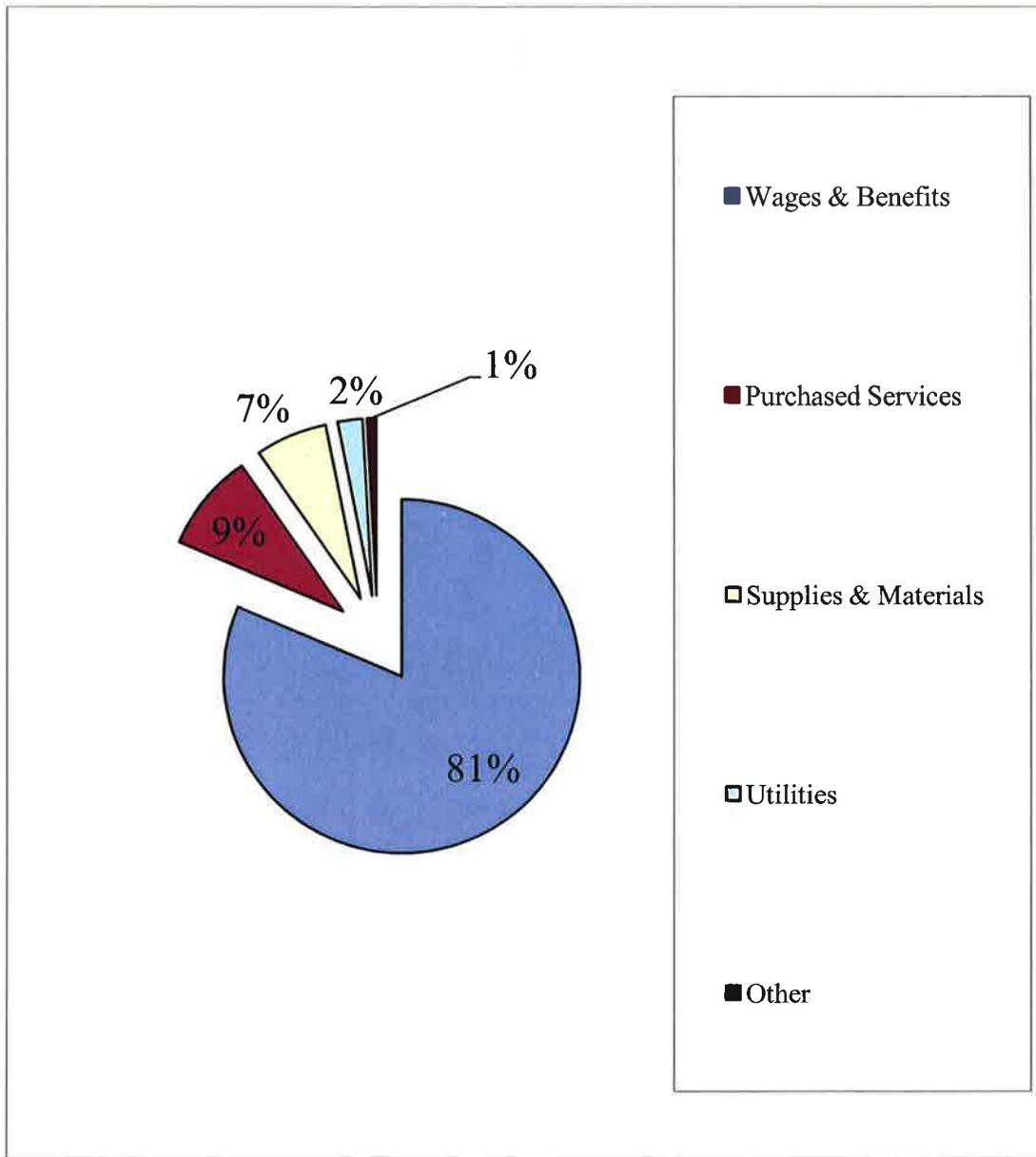
## General Fund Revenue

The majority of revenue was derived from the state (78.2%) with local taxes and other revenues making up the balance (21.8%) of the General Fund revenue.

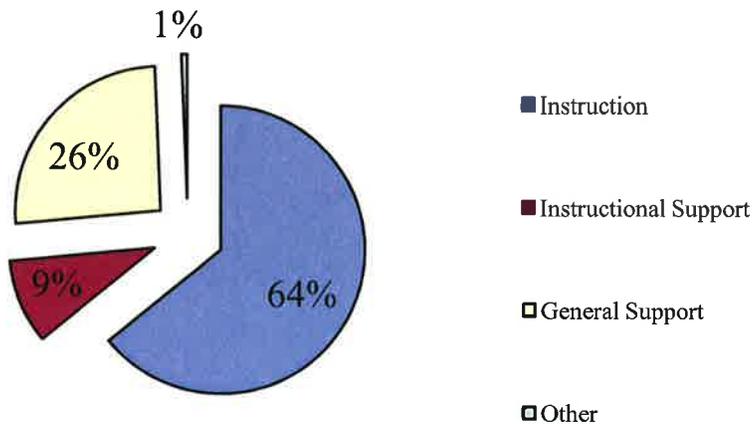


## General Fund Expenditure Distribution

81% of General Fund Expenses are for wages and benefits. 2% is spent on utilities. The balance (17%) funds “discretionary items” such as: classroom supplies, textbooks, equipment purchases, routine maintenance of buildings and grounds, activities, technology upgrades, and the host of other items required to operate a school system.



## General Fund Expenditure Categories



64% of the General Fund Expenditures were for direct instructional expenses. Another 9% went toward instructional support activities. The remaining 27% funded school and district administration, equipment purchases, building & ground maintenance, utilities, transportation, technology, and other district wide activities.

### OUTLOOK FOR FISCAL 2014

The sluggish economy continues to have its impact on Wyoming. Interest rates remain low, and Health Insurance Costs continue to have dramatic impact on District Finances. The funding model is mature, and as expected, the legislature did not provide an External Cost Adjustment for the upcoming year. Our primary source of increased funding over the next several years will be our increasing enrollment, which continues to steadily climb. Washakie County School District No.1 is still well positioned financially to weather whatever storms may come our way

We continue to be conservative and cautious as we move forward so as to be able to sustain fixed expenditures over the long run.

### QUESTIONS CONCERNING THIS REPORT

Questions regarding this report should be directed to Jack L. Stott, Business Manager, [jstott@wsh1.k12.wy.us](mailto:jstott@wsh1.k12.wy.us), or 307-347-9286 or to the Superintendent of Schools, David W. Nicholas, [dnicholas@wsh1.k12.wy.us](mailto:dnicholas@wsh1.k12.wy.us), or 307-347-9286 or by mail to Washakie County School District No. 1, 1900 Howell Ave., Worland, WY 82401.

## **BASIC FINANCIAL STATEMENTS**

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**STATEMENT OF NET POSITION**  
**For the Year Ended June 30, 2013**

	Governmental Activities	Business-type Activities	Total
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 8,616,471	\$ 27,244	\$ 8,643,715
Property taxes receivable (net)	102,195	-	102,195
Other receivables	408,859	15,413	424,272
Inventories and prepaid expenses	103,049	19,590	122,639
Capital assets:			
Buildings and improvements	50,100,732	-	50,100,732
Furniture and equipment	3,170,507	14,192	3,184,699
Less accumulated depreciation	(19,509,793)	(14,192)	(19,523,985)
Total capital assets, net of depreciation	33,761,446	-	33,761,446
Total assets	42,992,020	62,247	43,054,267
<b><u>LIABILITIES</u></b>			
Accounts payable and other current liabilities	2,513,374	30,918	2,544,292
Long-term liabilities:			
Portion due or payable within one year:			
Bonds	475,000	-	475,000
Special termination benefits	70,306	-	70,306
Portion due or payable after one year:			
Bonds	8,610,000	-	8,610,000
Special termination benefits	43,033	-	43,033
Total liabilities	11,711,713	30,918	11,742,631
<b><u>NET POSITION</u></b>			
Invested in capital assets, net of related debt	24,676,946	-	24,676,946
Restricted for:			
Federal programs	(125,965)	-	(125,965)
Major maintenance	628,905	-	628,905
Capital projects	415,050	-	415,050
Debt service	643,943	-	643,943
Unrestricted	5,041,428	31,329	5,072,757
Total net position	\$ 31,280,307	\$ 31,329	\$ 31,311,636

The notes to financial statements are an integral part of this statement.

**WAŠHAKIE COUNTY SCHOOL DISTRICT #1**  
**DISTRICT-WIDE STATEMENT OF ACTIVITIES**  
 June 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental Activities:							
Instruction	\$ 14,653,398	-	\$ 1,400,000	-	\$ (13,253,398)	-	\$ (13,253,398)
Instructional Support	2,391,785	-	455,000	-	(1,936,785)	-	(1,936,785)
General Support	5,627,037	33,660	133,755	38,592	(5,421,030)	-	(5,421,030)
District Facility Construction - Capital Outlay	-	-	-	901,847	901,847	-	901,847
Interest on Long-term Debt	344,572	-	-	-	(344,572)	-	(344,572)
Depreciation - Unallocated	1,367,017	-	-	-	(1,367,017)	-	(1,367,017)
Total Governmental Activities	24,383,809	33,660	1,988,755	940,439	(21,420,955)	-	(21,420,955)
Business-type Activities							
Food Services	836,796	245,548	446,483	-	-	(144,765)	(144,765)
Total Primary Government	\$ 25,220,605	\$ 279,208	\$ 2,435,238	\$ 940,439	(21,420,955)	(144,765)	(21,565,720)
<b>General Revenues:</b>							
Taxes:							
Property Taxes, levied for general purposes					4,408,915	-	4,408,915
Property Taxes, levied for debt services					837,397	-	837,397
State Aid					16,144,851	-	16,144,851
Loss on Asset Disposal					(1,940)	-	(1,940)
Unrestricted Investment Earnings					46,757	33	46,790
Miscellaneous					171,380	-	171,380
Transfers					(123,571)	-	1,844
Total General Revenues					21,483,789	125,448	21,609,237
Change in Net Position					62,834	(19,317)	43,517
Net Position - Beginning					31,217,473	50,646	31,268,119
Net Position - Ending					\$ 31,280,307	\$ 31,329	\$ 31,311,636

The notes to financial statements are an integral part of this statement.

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2013**

	MAJOR FUNDS				TOTAL
	General Fund	Special Revenue Funds	Capital Projects Fund	Debt Service Fund	Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 6,229,849	\$ 753,340	\$ 444,958	\$ 643,943	\$ 8,072,090
Other Receivables	47,616	211,591	-	-	259,207
Prepaid Expenses	103,049	-	-	-	103,049
Total Assets	<u>\$ 6,380,514</u>	<u>\$ 964,931</u>	<u>\$ 444,958</u>	<u>\$ 643,943</u>	<u>\$ 8,434,346</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts Payable & Accrued Liabilities	\$ 2,121,475	\$ 361,991	\$ -	\$ -	\$ 2,483,466
Interfund	(100,000)	100,000	29,908	-	29,908
Total Liabilities	<u>2,021,475</u>	<u>461,991</u>	<u>29,908</u>	<u>-</u>	<u>2,513,374</u>
Fund Balances:					
Non Spendable - Prepaid	103,049	-	-	-	103,049
Restricted	-	502,940	415,050	643,943	1,561,933
Unassigned	4,255,990	-	-	-	4,255,990
Total Fund Balances	<u>4,359,039</u>	<u>502,940</u>	<u>415,050</u>	<u>643,943</u>	<u>5,920,972</u>
Total Liabilities & Fund Balances	<u>\$ 6,380,514</u>	<u>\$ 964,931</u>	<u>\$ 444,958</u>	<u>\$ 643,943</u>	<u>\$ 8,434,346</u>

The notes to financial statements are an integral part of this statement.

**WASHAKIE COUNTY SCHOOL DISTRICT #1  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
For the Year Ended June 30, 2013**

<b>Total fund balances - governmental funds</b>		<b>\$5,920,972</b>
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$53,271,239 and the accumulated depreciation is \$ 19,509,793.		33,761,446
Receivables not available under modified accrual; however, considered available at the government-wide level.		251,847
An internal service fund is used by the district's management to charge the costs of employee's health benefits to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		544,381
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds payable	9,085,000	
Capital leases payable	0	
Special termination benefits payable	113,339	(9,198,339)
	113,339	(9,198,339)
<b>Total net position - governmental activities</b>		<b>\$31,280,307</b>

The notes to financial statements are an integral part of this statement.

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES**  
**For the Year Ended June 30, 2013**

	MAJOR FUNDS				TOTAL
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Governmental Funds
<b>REVENUE</b>					
Taxes - local	\$ 3,401,911	\$ -	\$ -	\$ -	\$ 3,401,911
Taxes - county	977,732	-	-	-	977,732
Interest	43,624	426	1,497	918	46,465
Fines & Forfeitures	171,380	-	-	-	171,380
State Resources	16,043,608	1,480,363	-	-	17,523,971
Federal Resources	-	1,410,239	-	-	1,410,239
Miscellaneous Revenue	33,660	-	38,592	-	72,252
Bond and Interest Tax	-	-	-	837,397	837,397
<b>Total Revenue</b>	<b>20,671,915</b>	<b>2,891,028</b>	<b>40,089</b>	<b>838,315</b>	<b>24,441,347</b>
<b>EXPENDITURES</b>					
Current:					
Instruction	13,175,656	1,397,210	-	-	14,572,866
Instructional Support	1,937,042	454,743	-	-	2,391,785
General Support	5,364,744	128,454	-	-	5,493,198
Capital Outlay	-	292,070	1,959,040	-	2,251,110
Debt Service:					
Principal Retirement	-	-	-	450,000	450,000
Interest & Charges	-	-	-	342,837	342,837
Early Retirement Payments	-	-	-	112,211	112,211
<b>Total Expenditures</b>	<b>20,477,442</b>	<b>2,272,477</b>	<b>1,959,040</b>	<b>905,048</b>	<b>25,614,007</b>
Excess of Revenue Over (Under) Expenditures	194,473	618,551	(1,918,951)	(66,733)	(1,172,660)
Other Financing Sources (Uses) Operating Transfers In (Out), Net	(125,415)	-	1,844	-	(123,571)
Sources Over (Under) Expenditures & Other Sources	69,058	618,551	(1,917,107)	(66,733)	(1,296,231)
Fund Balance - July 1, 2012	4,186,932	(115,611)	2,332,157	710,676	7,114,154
Fund Balance - June 30, 2013	<u>\$ 4,255,990</u>	<u>\$ 502,940</u>	<u>\$ 415,050</u>	<u>\$ 643,943</u>	<u>\$ 5,817,923</u>

The notes to financial statements are an integral part of this statement.

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**June 30, 2013**

**Total net change in fund balances - governmental funds** \$(1,296,231)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$1,590,203) is exceeded by capital outlays (\$2,218,088) in the period.	627,885
Capital loss on disposition of assets not reported in governmental funds but reported in governmental wide.	(1,940)
Certain revenues are not available as revenues in the governmental funds. However, in the statement of activities, the revenues are considered available. The \$130,515 represents the change (increase in receivables) from the prior year.	130,515
Changes in prepaid expenses or inventory are reserved for in governmental funds, but not adjusted for as a change to expenditures as they are in the Statement of Activities.	-
Repayment of bond, early retirement and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	602,313
Additional debt for early retirement, bus lease, or bonds is not reported as a liability on governmental funds. However, debt increases are included in the Statement of Activities.	-
An internal service fund is used by the District's management to charge the costs of workers' health insurance and claims to the individual funds. The net gain (loss) of the internal service fund is reported with governmental activities and investment income.	292
<b>Change in net position of governmental activities</b>	<u><u>\$ 62,834</u></u>

The notes to financial statements are an integral part of this statement.

**WASHAKIE SCHOOL DISTRICT #1**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2013 and 2012

	<u>Enterprise Fund - Food Services</u>		<u>Internal Service Fund - Insurance</u>	
	2013	2012	2013	2012
<b><u>ASSETS</u></b>				
Current assets:				
Cash and cash equivalents	\$ 27,244	\$ 36,553	\$ 544,381	\$ 544,089
Other receivables	15,413	25,192	-	-
Inventories - supplies & materials	19,590	19,590	-	-
Total current assets	<u>62,247</u>	<u>81,335</u>	<u>544,381</u>	<u>544,089</u>
Noncurrent assets:				
Furniture and equipment	14,192	14,192	-	-
Less accumulated depreciation	<u>(14,192)</u>	<u>(14,192)</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>62,247</u>	<u>81,335</u>	<u>544,381</u>	<u>544,089</u>
<b><u>LIABILITIES</u></b>				
Current liabilities:				
Accounts payable & accrued liabilities	30,918	30,689	-	-
Claims payable	-	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>30,918</u>	<u>30,689</u>	<u>-</u>	<u>-</u>
<b><u>NET POSITION</u></b>				
Invested in capital assets	-	-	-	-
Unrestricted	<u>31,329</u>	<u>50,646</u>	<u>544,381</u>	<u>544,089</u>
Total net position	<u>\$ 31,329</u>	<u>\$ 50,646</u>	<u>\$ 544,381</u>	<u>\$ 544,089</u>

The notes to financial statements are an integral part of this statement.

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2013 and 2012**

	Enterprise Fund Food Service Program		Internal Service Fund Insurance	
	For the Years Ended ---- June 30 ----		For the Years Ended ---- June 30 ----	
	2013	2012	2013	2012
Operating Revenues:				
Charges for Services/Premiums	\$ 244,658	\$ 279,035	\$ -	\$ -
Federal Sources	446,483	388,790	-	-
Other	890	652	-	-
Total Operating Revenues	692,031	668,477	-	-
Operating Expenses:				
Salaries	286,845	275,669	-	-
Employee Benefits	125,872	119,694	-	508
Purchases Services	2,195	2,003	-	-
Food Costs	421,884	345,049	-	-
Depreciation	-	-	-	-
Other	-	-	-	-
Total Operating Expenses	836,796	742,415	-	508
Operating (Loss) Before Interest Income and Transfers	(144,765)	(73,938)	-	(508)
Non-operating Revenues				
Interest Income	33	40	292	348
Transfer In (Out)	125,415	100,000	-	(95,990)
	125,448	100,040	292	(95,642)
Net Income (Loss)	(19,317)	26,102	292	(96,150)
Net Position - Beginning of Year	50,646	24,544	544,089	640,239
Net Position - End of Year	\$ 31,329	\$ 50,646	\$ 544,381	\$ 544,089

The notes to financial statements are an integral part of this statement.

**WASHAKIE SCHOOL DISTRICT #1**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2013 and 2012

	<u>Enterprise Fund - Food Service Program</u>		<u>Internal Service Fund - Insurance</u>	
	2013	2012	2013	2012
<b><u>CASH FLOWS FROM OPERATING ACTIVITES</u></b>				
Received from user charges	\$ 664,487	\$ 661,818	\$ -	\$ -
Payments to employees for services	(412,487)	(394,823)	-	-
Payments for employee claims	-	-	-	(508)
Payments to suppliers for goods & services	(386,723)	(347,052)	-	-
Payments for other operating expenses	-	-	-	-
Net cash used by operating activities	<u>(134,723)</u>	<u>(80,057)</u>	<u>-</u>	<u>(508)</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITES</u></b>				
Transfers in (out)	<u>125,415</u>	<u>100,000</u>	<u>-</u>	<u>(95,990)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>				
Interest on investments	<u>33</u>	<u>40</u>	<u>292</u>	<u>348</u>
Net increases in cash & cash equivalents	(9,309)	19,983	292	(96,150)
Cash & cash equivalents - beginning of year	<u>36,553</u>	<u>16,570</u>	<u>544,089</u>	<u>640,239</u>
Cash & cash equivalents - end of year	<u>\$ 27,244</u>	<u>\$ 36,553</u>	<u>544,381</u>	<u>544,089</u>
<b>Reconciliation of operating income (loss) to net cash used by operating activities:</b>				
Operating income (loss)	(144,765)	(73,938)	292	(508)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:				
Depreciation	-	-	-	-
Changes in assets and liabilities:				
Receivables	9,779	(6,659)	-	-
Inventory	-	-	-	-
Accrued liabilities & claims payable	(263)	540	-	-
Net cash used by operating activities	<u>\$ (135,249)</u>	<u>\$ (80,057)</u>	<u>\$ 292</u>	<u>\$ (508)</u>

**NONCASH NONCAPITAL FINANCING ACTIVITIES**

Non-cash activity included in operations was \$37,356 of valuation of food commodities received from the State under the Federal School Lunch Program.

The notes to financial statements are an integral part of this statement.

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**STATEMENT OF FIDUCIARY FUNDS**  
**For the Year Ended June 30, 2013**

	<u>Agency Funds</u>	<u>Scholarship Endowment Trust</u>	<u>Aquatic Center Maintenance Trust</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 135,545	\$ 52,046	\$ 1,668,098
Due from Capital Construction	\$ -	\$ -	\$ 29,908
Total Assets	<u>\$ 135,545</u>	<u>\$ 52,046</u>	<u>\$ 1,698,006</u>
<b><u>LIABILITIES</u></b>			
Due to/from Other Fiduciaries	\$ -	\$ -	\$ -
Due to Student Groups	135,545	-	-
Due to Capital Construction	-	-	-
Total Liabilities	<u>\$ 135,545</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>NET POSITION</u></b>			
Held in Trust for Scholarships	\$ -	\$ 52,046	\$ -
Held in Trust for Aquatic Center Maintenance	-	-	1,698,006
Net Position Held in Trust	<u>-</u>	<u>52,046</u>	<u>1,698,006</u>
Total Liabilities and Net Position	<u>\$ 135,545</u>	<u>\$ 52,046</u>	<u>\$ 1,698,006</u>

The notes to financial statements are an integral part of this statement.

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Year Ended June 30, 2013**

	<u>Scholarship Endowment Trust</u>	<u>Aquatic Center Maintenance Trust</u>
<b>Additions:</b>		
Contributions	\$ 6,153	\$ -
Sales Tax	-	1,446,524
Interest Income	<u>1,906</u>	<u>3,352</u>
Total Additions	<u>8,059</u>	<u>1,449,876</u>
<b>Deductions:</b>		
Scholarship Paid	5,503	-
Interest Allocated	<u>-</u>	<u>1,844</u>
Total Deductions	5,503	1,844
Change in Net Position	2,556	1,448,032
Net Position, Beginning	<u>49,490</u>	<u>249,974</u>
Net Position, Ending	<u>\$ 52,046</u>	<u>\$ 1,698,006</u>

The notes to financial statements are an integral part of this statement.

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2013

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.**

The District's accounting and financial reporting policies conform to accounting principals generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Council (GASB) pronouncements. In the current year, the council implemented GASB Statement No. 62, *Codification of Pre-November 30, 1989 FASB and AICPA Pronouncements* which eliminates any potential conflict between the application Financial Accounting Standards Council (FASB) Accounting Standards Codification (ASC), Accounting Principles Council (APB) opinions, 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**

Washakie County School District #1 is a separate governmental entity governed by an elected School Board organized to provide secondary and primary education to the District with the school facilities located in Worland, Wyoming. The District has included all organizations, activities, and functions controlled by the School Board or allowed to the School District by the Wyoming Department of Education. The Board receives funding from local, State and Federal government sources and must comply with requirements of these funding source entities. However, the Board is deemed to be a primary government unit under GASB pronouncements, since the Board is elected by the public, has decision making authority, and is financially accountable for its actions.

In addition to the District being a primary government, it is required to include as component units, legally separate entities for which the District has control over their Board and to which they are financially accountable. No component entities were identified for Washakie County School District #1 utilizing guidance from Governmental Accounting Standards Statement No. 61.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

**1.B. BASIS OF PRESENTATION**

*Government-Wide Financial Statements:*

In the current year, the Council 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

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**June 30, 2013**

and inflows or recourses in the government-wide financial statements, in addition to the fund level financial statements. The District does not have any deferred inflows or outflows of resources requiring presentation. In addition, it also changes the government-wide Statement of Net Position to the Statement of Net Position, and relative related references.

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. While the previous reporting model emphasized fund types (the total of all funds of a particular type), the new reporting model focuses on the District as a whole and major individual funds (within the fund financial statements). The focus is on both the District as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by fund type). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information. The District generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The District may defer the use of restricted assets based on a review of the specific transaction.

The government-wide Statement of Activities reflects both the gross and net cost per functional category that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues and fines, etc.). The Statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function or a business-type activity. Program revenues include 1) charges to applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues. The District does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants and contributions.

*Fund Financial Statements:*

In the fund financial statements, financial transactions and accounts of the District are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**June 30, 2013**

residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resource and modified cash basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements.

The District's fiduciary funds are presented in the fund financial statements. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The following is a brief description of the specific funds used by the District.

**GOVERNMENTAL FUNDS**

Governmental Funds are those through which most governmental functions typically are financed.

General Fund - The General Fund is the primary operating fund of the District. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, charges for service and interest income. The General Fund is always a major fund under GASB guidance.

Special Revenue Fund - The Special Revenue Fund accounts for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities. This fund accounts for grant and major maintenance activity. The Special Revenue fund is a budgeted fund and considered a major fund for reporting purposes.

Capital Projects Fund - Capital Projects Fund is used to account 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. This is a budgeted fund. The Capital Projects Fund is considered a major fund for reporting purposes.

Debt Service Fund - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. This is a budgeted fund. The Debt Service Fund is considered a major fund for reporting purposes.

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**June 30, 2013**

PROPRIETARY FUNDS

Proprietary Funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and payments relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of operating income, financial position, changes in net position and cash flows. Operating revenues include charges for services. Operating expenses include costs of services as well as materials, contracts, personnel, and depreciation. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Enterprise Fund or Business Funds - The Enterprise Fund accounts for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The District's Enterprise Fund accounts for the food service programs of the District.

Internal Service Fund - The Internal Service Fund accounts for the District's partially self-funded medical insurance plan. This internal service fund derives its funding from charges assessed to the governmental funds. This funding is then used to pay claims, insurance costs and fees. The internal service fund is included in governmental activities for government-wide reporting purposes. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. The excess revenue or expenses for the fund are allocated to the appropriate functional activity. Currently, the District is not operating its self-funded insurance program, but has retained the fund to cover prior unrecorded liabilities and to facilitate the funding of changes it is making to its health insurance or coverage benefits.

FIDUCIARY FUNDS

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other government, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Activities Fund, as such, is an Agency Fund and the District is merely the custodian for the various activities and no budget is required. The District has control over a Scholarship Trust that provides for periodic scholarships and earns income from bonds/cash investments. The District is required to establish an Aquatic Center Maintenance Trust for the benefit of the swimming pool being built (Note 4D).

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**June 30, 2013**

**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”

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**June 30, 2013**

as collected within 60 days after year end. Sales and use taxes, franchise taxes, and court fines are not 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. The District did not hold any investments at June 30, 2013 except the Wyoming Government Investment Fund. The Scholarship Trust includes cash and commercial bonds that are carried at approximate face value. Differences between carrying value and market value are not deemed significant.

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.

Propriety 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.

The District calculates its allowance for uncollectible accounts using historical collection data and, in most cases, fully allows for delinquent taxes over one year and reports only the net current delinquent taxes.

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**June 30, 2013**

Inventories and Prepaid Expenses

Inventories of consumable supplies are recorded at cost (determined on a first in, first out basis). Inventory in the General Fund and government activities consist of expendable supplies held for consumption. The costs are recorded as expenditures under the purchase method. Reported inventories or prepaids in the General Fund are equally offset by a reservation of fund balance. At June 30, 2013, the District's supply inventory was not considered material. Purchases of non-inventory items are recorded as expenditures. Prepaid expenditures in reimbursable grants are offset by deferred revenues until expenditures are recognized. Prepaid expenditures related to insurance or service contracts are recorded as an asset and offset by a reserve for prepaid insurance.

Inventories in the Enterprise Fund are costed by methods that approximate average cost or market value, whichever is lower. These inventories consist primarily of operating food supplies held for consumption.

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 for equipment and \$50,000 for buildings and improvements. 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

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**June 30, 2013**

method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and Improvements	10-50 years
Furniture, Equipment, and Vehicles	5-15 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.

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.

Compensated Absences

The District's policies regarding vacation and compensatory time permit employees to accumulate varying amounts as determined by longevity.

Compensated absences are reported as accrued in the government-wide and proprietary financial statements. Governmental funds report only the matured compensated absences payable to currently terminating employees. The majority of

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**June 30, 2013**

employees are contract teachers and at June 30, 2013, the vested benefits for other employees is not deemed material.

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 position 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 position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

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.

*Governmental Fund Financial Statements:*

Governmental fund equity is classified as fund balance. Due to the implementation of GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in the current year, 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.' This includes all legally or contractually restricted balances as well as prepaid, inventory, and other items considered "not in a spendable form".
- 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.

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**June 30, 2013**

- 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 Assistant of Superintendent 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.

**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 assets, 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.

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**June 30, 2013**

*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 transfer in and out.

**1.F. REVENUES, EXPENDITURES AND EXPENSES**

Property Tax

The District levies taxes on assessed property through Washakie 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 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

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**June 30, 2013**

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 30<sup>th</sup> 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.

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.

**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 \$126,000 in the Special Revenue Fund - Fed/State primarily 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.

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**June 30, 2013**

**2.B. BUDGET REQUIREMENTS**

The District prepares its annual operating budget under the provisions of Wyoming State Statutes for all the funds. The District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP). 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 (GAAP).

The legal level of control at which expenditures may not legally exceed appropriations is the function level within a fund. There were no expenditures in excess of budgets at the function level at June 30, 2013. 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. No Budget amendments were made for June 30, 2013.

**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 banker 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.

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**June 30, 2013**

- 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. At June 30, 2013 approximately \$159,000 of funds were held in a third party account for retainage on the pool construction. Neither the cash nor the retainage payable of an equal amount are included in these financial statements.

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**

As required by State Statues, the District may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without first obtaining voter approval. Note 3D contains detail of general obligation bonds subject to full faith of District, no specific restrictive covenants exist for the bond debt.

**NOTE 3. DEPOSITS AND INVESTMENTS**

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 is required by State Law to maintain deposits in federally insured financial institutions and maintain adequate pledging. At June 30, 2013 the District had all of its deposits at financial institutions that were adequately pledged or collateralized.

Statutes authorize the District to invest in limited type investments (Commercial Paper of Corporation's meeting state statutes, U.S. Treasury Bills, U.S. Agencies and similar U.S. backed investments). The District is a "participant" in the Wyoming Government Investment Fund. The Wyoming Government Investment Fund (WGIF) was established

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**June 30, 2013**

**3.C. CAPITAL ASSETS**

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

	Primary Government			Ending Balance 06/30/13
	Beginning Balance 7/01/12	Increases	Transfers/ Decreases	
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Construction in progress	\$ 7,909,845	\$ 1,959,041	\$ (9,868,886)	\$ -
Other capital assets:				
Buildings and improvements	40,121,146	110,700	9,868,886	50,100,732
Equipment	1,248,643	86,787	(13,327)	1,322,103
Vehicles	1,817,537	61,560	(30,693)	1,848,404
Total	<u>51,097,171</u>	<u>2,218,088</u>	<u>(44,020)</u>	<u>53,271,239</u>
Total accumulated depreciation	<u>(17,961,670)</u>	<u>(1,590,203)</u>	<u>42,080</u>	<u>(19,509,793)</u>
<b>Business-type Activities:</b>				
Other capital assets:				
Buildings and equipment	\$ 14,192	\$ -	\$ -	\$ 14,192
Less accumulated depreciation for:				
Buildings and equipment	(14,192)	-	-	(14,192)
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense was charged to functions as follows:

<b>Governmental activities:</b>	
General government	\$ 80,532
Special education	-
Transportation	142,654
Unallocated (building and improvements)	1,367,017
Total governmental activities depreciation expense	<u>\$ 1,590,203</u>

**Business-type activities:**

All business-type activity assets were fully depreciated as of June 30, 2002. No depreciation expense was charged to this activity in fiscal year 2013.

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**June 30, 2013**

**3.D. LIABILITIES**

Accounts payable and other current liabilities are made up of vendor's payable and payroll accruals/liabilities. Below is a schedule of the respective funds and the detail of such liabilities:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Enterprise Fund Food Services</u>
Accounts Payable	\$ 120,676	\$ 31,322	\$ 29,908	\$ -
Payroll Accruals	<u>2,000,799</u>	<u>330,669</u>	-	<u>30,918</u>
Total	<u>\$2,121,475</u>	<u>\$361,991</u>	<u>\$ 29,908</u>	<u>\$30,918</u>

Series 2002 General Obligation Bonds

Series 2002 general obligation bonds were issued for \$3,500,000 for the construction of a new Middle School. The bonds are secured by an ad valorem tax levied against all taxable property in the District. The bonds with a approximate interest rate of 4.1% are payable over a thirteen year period.

Capital Leases

In June of 2008, the District acquired two buses under a lease program with payments over five years of \$41,738 with an effective interest rate of 4.1%. Final payment was made in 2013.

Early Retirement

The District has approved early retirement for a number of employees with continued employer compensation for these employees for a period of up to five years. Early releases will be funded at the onset, with an estimated present value of the obligation being transferred to the debt service fund. Other than employer FICA share, the District does not provide benefit packages for early retirement or normal retirement employees.

Series 2010 General Obligation Bond

The District issued a 2011 general obligation bond for the purpose of building an aquatic center for the community. The \$8,435,000 bond issue may be redeemed prior to maturity under a specific schedule. The interest rates on the bonds are municipal bonds with rates from 2.0% to 4.1%, with an effective rate of 3.63% with final payment due in 2028. In addition, \$253,050 of the bond proceeds will be restricted for a Maintenance Reserve Fund, currently included in capital projects fund.

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**June 30, 2013**

**5 Year Debt Service Schedule (Principal)**

<u>Year</u>	<u>2011 Bonds</u>	<u>2002 Bonds</u>	<u>Early Releases</u>	<u>Bus Leases</u>	<u>Total</u>
2014	\$ 100,000	\$ 375,000	\$ 70,306	\$ -	\$ 645,306
2015	115,000	375,000	30,912	-	520,912
2016	510,000	-	12,121	-	522,121
2017	525,000	-	-	-	525,000
2018	540,000	-	-	-	540,000
2019-2023	2,960,000	-	-	-	2,960,000
2024-2028	3,585,000	-	-	-	3,585,000
	<u>\$8,335,000</u>	<u>\$ 750,000</u>	<u>\$113,339</u>	<u>\$ -</u>	<u>\$9,198,339</u>

**5 Year Debt Service Schedule (Interest)**

<u>Year</u>	<u>2011 Bonds</u>	<u>Bonds</u>	<u>Bus Leases</u>	<u>Total</u>
2014	\$ 300,025	\$ 25,125	\$ -	\$ 325,150
2015	298,025	8,436	-	306,461
2016	295,150	-	-	295,150
2017	266,650	-	-	266,650
2018	258,550	-	-	258,550
2019-2023	1,045,350	-	-	1,045,350
2024-2028	480,200	-	-	480,200
	<u>\$2,943,950</u>	<u>\$ 33,561</u>	<u>\$ -</u>	<u>\$2,977,511</u>

The change in General Long-term Liabilities for the year ended June 30, 2013 are as follows:

	<u>Balance 6/30/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/13</u>
2011 Bonds (pool)	\$ 8,435,000	\$ -	\$100,000	\$ 8,335,000
Early Retirement	225,550	-	112,211	113,339
2002 Bonds	1,100,000	-	350,000	750,000
Bus Capital Lease	40,102	-	40,102	-
	<u>\$ 9,800,652</u>	<u>\$ -</u>	<u>\$602,313</u>	<u>\$ 9,198,339</u>

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**June 30, 2013**

**3.F. RETIREMENT FUND**

School District employees participate in the Wyoming Retirement System program, which is a multi-employer plan. The System pays an employee a defined benefit depending upon years of service and earnings using an accrued benefit cost method. For the fiscal year, the District made approximately \$1,730,000 of required contributions into the Retirement System on eligible wages of approximately \$12,300,000. Substantially all regular employees are eligible to participate in the plan. The District has elected to pay its 7.12% and all eligible employee's share of 7.00% for the 14.12% total for the current and prior years. The contributions for 2012 and 2011 were approximately \$1,730,000 and \$1,621,000, on payroll of \$12,300,000 and \$12,377,000, respectively. Employee's retirement benefits are based on a number of factors that have changed at various times over the life of the retirement plan. Specific benefit calculations, retirement provisions, 10 year historical trends and other plan details are available in the annual PERS audit report of the Wyoming Retirement System, Herschler Building, Cheyenne, Wyoming. Beginning September 1, 2010, the percent of contributions increased from 11.25% to 14.12%. The District will continue to pay both shares. In 2013, the legislature made a small increase to this contribution rate.

**3.G. SELF-INSURANCE PLAN AND OTHER LOSS RISKS**

The School District established a self-insurance employee health plan in December 1982. All full-time employees were eligible for the health plan which included dental and optical. Board approved monthly premiums for health insurance were charged to the various funds and then deposited into an account from which health claims were paid. Health claims were prepared by the third party administrator.

On May 23, 2005, the Board approved the purchase of commercial health insurance with WSBAIT (Wyoming School Board Association Insurance Trust). This insurance began in fiscal year 2006. Therefore, the District is no longer self-insured. The self-funded insurance fund balance of \$544,381 is therefore not carried as restricted, and the fund is being used to supplement employee benefits and provide a reserve for changes in health care costs and the uncertainty that exists in this area.

If practicable, the District carries insurance coverage to protect itself from losses. Commercial insurance coverage is maintained for property, liability, surety bond and such insurable risks as the Board feels necessary. Worker's compensation insurance that can be obtained through State of Wyoming programs is only provided for extra-hazardous employees as required by statute. Historical claims and evaluation of the costs for coverage for all employees have resulted in the Board not obtaining coverage for regular employees. The District covers all of its employees for state unemployment either through monthly premiums or direct reimbursement from the state. The District does not believe any significant claims exist or would be required to be accrued. Other risks are not readily insurable and the District does not believe this puts the District at significant risk.

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**June 30, 2013**

**3.H. ACCRUED COMPENSATED ABSENCES**

The District's policy is to record employee vacation and sick leave when it is paid. Sick pay does not vest and, therefore, is not recorded. Accrued vacation payable at June 30, 2013, is considered immaterial and not recorded on the financial statements.

**3.I. LIMITATION ON DEBT**

The District bonded debt at June 30, 2013, did not exceed its legal debt margin, which is computed as follows:

Assessed Valuation (FY 2013)	\$ <u>112,000,000</u>
Debt limit, 10% of total assessed valuation	\$ 11,200,000
Amount of debt applicable to debt limit, total general obligation bonded debt	<u>9,085,000</u>
Excess of debt limit over bonded debt issued, legal debt margin	\$ <u>2,115,000</u>

**3.J. INTERFUND BALANCES AND ACTIVITIES**

	Transfers Out	Transfers In
<b>Governmental Funds:</b>		
General Fund	\$125,415	\$ -
Capital Project Fund	-	1,844
Debt Service Fund	-	-
Special Revenue	-	-
<b>Major Enterprise Funds:</b>		
Food Service Fund	-	125,415
Internal Service Fund	-	-
<b>Fiduciary Fund</b>	<u>1,844</u>	<u>-</u>
<b>Total</b>	<b>\$ <u>127,259</u></b>	<b>\$ <u>127,259</u></b>

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**June 30, 2013**

The General Fund and Debt Service Funds transfers are related to the funding of debt payments. The General Fund also transfers funds to the Food Service Fund for general operation support.

**NOTE 4. OTHER NOTES**

**4.A. OTHER FEDERAL FUNDS INFORMATION**

The Schedule of Expenditures of Federal Awards may not agree to the expenditures on the Combined Statement of Revenues, Expenditures and Changes in Fund Balance-All Governmental Funds under the Special Revenue Fund. This is because the lunch program is in the Schedule of Federal Financial Assistance but is not part of Special Revenue Fund and the Special Revenue Fund includes State of Wyoming major maintenance funds.

**4.B. EMPLOYEE FLEX PLAN**

During the year, the District maintained an Internal Revenue Service Code Section 125 Flex Plan. The Plan allows employees to designate part of their gross payroll to allowable benefit expenses (medical, dependant care, etc.). These designated funds are "use it or lose it" in nature.

**4.C. COMMITMENTS AND SUBSEQUENT EVENTS**

Grants/Foundation

The District receives federal and state grants or foundation support for specific purposes that are subject to review and audit by grantor agencies. The support of the District is fairly consistent from year to year, and management believes disallowances due to the before-mentioned reviews and audits, if any, would be immaterial.

Aquatic Center

Bond Proceeds: An Aquatic Center will be built by bond proceeds of \$8,435,000 from the 2011 general obligations bond. The Center construction was begun the summer of 2011 and was completed about November 2012. Additional funding and support is identified below.

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**Sales Tax:** Washakie County voters approved a 1% sales tax to provide financial support for an Aquatic Center. Beginning in April 2011, sales tax will be remitted to the School District until a total of \$5,000,000 is raised. \$1,300,000 will be available for the District to use for the pool construction and the other \$3,700,000 will go in an endowment fund for the maintenance and operation of the pool. The District will report the first \$1,300,000 of sales tax received in the construction account and the remaining funds in a trust fund. A Joint Powers Board that is a separate legal entity will operate the pool under a \$1 a year lease. Of the \$3,700,000 sales tax collected, the first \$2,000,000, including interest, is to be restricted for JPB for future operations. The subsequent \$1,700,000 and interest is to be retained by the Trust for major maintenance. The \$3,700,000 is an endowment with only interest being available for operations or major maintenance. The District currently pays \$8,000 a month rent for school use of the pool.

No further subsequent events from July 1, 2013 through the date of the report (release date) warrant disclosure in the financial statements as determined by management.

**REQUIRED SUPPLEMENTAL INFORMATION**

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL AND MAJOR SPECIAL REVENUE FUND TYPES**  
**June 30, 2013**

	General Fund			Special Revenue		
	Original & Final Budget	Actual	Variance- Favorable (Unfavorable)	Original & Final Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues:</b>						
Local	\$ 3,396,053	\$ 3,401,911	\$ 5,858	\$ 20,000	\$ -	\$ (20,000)
County	973,361	977,732	4,371	-	-	-
Interest	52,000	43,624	(8,376)	-	426	426
Fines & Forfeitures	180,000	171,380	(8,620)	-	-	-
State Sources	16,004,007	16,043,608	39,601	1,751,847	1,480,363	(271,484)
Federal Revenues	-	-	-	3,520,253	1,410,239	(2,110,014)
Miscellaneous	23,000	33,660	10,660	-	-	-
<b>Total Revenues</b>	<u>20,628,421</u>	<u>20,671,915</u>	<u>43,494</u>	<u>5,292,100</u>	<u>2,891,028</u>	<u>(2,401,072)</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Instruction	14,541,578	13,175,656	1,365,922	3,348,937	1,397,210	1,951,727
Instructional Support	2,290,098	1,937,042	353,056	579,156	454,743	124,413
General Support	6,638,370	5,364,744	1,273,626	1,179,591	420,524	759,067
Other	-	-	-	125,000	-	125,000
<b>Total Expenditures</b>	<u>23,470,046</u>	<u>20,477,442</u>	<u>2,992,604</u>	<u>5,232,684</u>	<u>2,272,477</u>	<u>2,960,207</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(2,841,625)</u>	<u>194,473</u>	<u>3,036,098</u>	<u>59,416</u>	<u>618,551</u>	<u>559,135</u>
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In	140,000	-	(140,000)	-	-	-
Operating Transfers Out	(425,000)	(125,415)	299,585	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(285,000)</u>	<u>(125,415)</u>	<u>159,585</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues Over (Under) Expenditures &amp; Other Sources (Uses)</b>	<u>(3,126,625)</u>	<u>69,058</u>	<u>3,195,683</u>	<u>59,416</u>	<u>618,551</u>	<u>559,135</u>
<b>Fund Balance - July 1, 2012</b>	<u>4,207,878</u>	<u>4,186,932</u>	<u>(20,946)</u>	<u>(56,916)</u>	<u>(115,611)</u>	<u>(58,695)</u>
<b>Fund Balance - June 30, 2013</b>	<u>\$ 1,081,253</u>	<u>\$ 4,255,990</u>	<u>\$ 3,174,737</u>	<u>\$ 2,500</u>	<u>\$ 502,940</u>	<u>\$ 500,440</u>

The notes to financial statements are an integral part of this statement.

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2013**

Program Title	Federal CFDA Number	State Project Number	Expenditures
U.S. Department of Education			
Passed through State of Wyoming			
Department of Education			
Title IC Migrant	84.011A *	1222012T	\$ 96,791 *
Title IC Migrant	84.011A *	1322013T	<u>15,015 *</u>
			<u>111,806</u>
Title I Basic & Concentration	84.010A *	20112201T1	1,862 *
Title I Basic & Concentration	84.010A *	122201T1	98,987 *
Title I Basic & Concentration	84.010A *	1322013T1	<u>390,378 *</u>
			<u>491,227</u>
Special Ed - IDEA	84.027A	1222012T	132,006
Special Ed - IDEA	84.027A	1322013T	286,032
Preschool - IDEA	84.027A	1222012T	1,561
Preschool - IDEA	84.027A	1322013T	<u>1,218</u>
			<u>420,817</u>
Perkins Act	84.048A	1222012V	6,824
Perkins Act	84.048A	1322013V	<u>23,003</u>
			<u>29,827</u>
Title II Teacher Quality	84.367A	1222012T	19,919
Title II Teacher Quality	84.367A	1322013T	<u>153,058</u>
			<u>172,977</u>
Title III English	84.365A	1222012T	<u>2,298</u>
			<u>2,298</u>
Twenty First Century Community Learning Centers	84.287C	2201T21	844
Twenty First Century Community Learning Centers	84.287C	2201T21	158,724
Twenty First Century Community Learning Centers	84.287C	2201T21-2013	<u>16,416</u>
			<u>175,984</u>
Subtotal Department of Education			<u>\$ 1,404,936</u>

**WASHCOUNTY SCHOOL DISTRICT #1**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)**  
**For the Year Ended June 30, 2013**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>State Project Number</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Passed through State of Wyoming Department of Education			
School Lunch Program:			
Summer Food Service	10.559	NA	\$ 27,469
Nutrition - Breakfast	10.553	NA	73,801
Nutrition	10.555	NA	274,282
Food Commodity Value	10.555	NA	37,530
			<u>413,082</u>
Fresh Fruit/Vegetables	10.582	NA	<u>33,402</u>
Subtotal Department of Agriculture			<u>446,484</u>
Total Federal Funds Expended			<u>\$ 1,851,420</u>

\*Notes: This schedule is on a GAAP basis. There were no loans/loan guarantees. Items with asterisk (\*) are major programs. Non-monetary assistance is reported in the schedule at the fair market value of commodities received and disbursed. The District received less than \$10,000 in Taylor Grazing and Forest Reserve funds through the County that are not included above because no CFDA number and no compliance requirements. ARRA - designated economic stimulus funds (none).

**SUPPLEMENTAL SECTION**

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**SCHEDULE OF TAXES AND REVENUE-GENERAL FUND**  
**For the Year Ended June 30, 2013**

Local Taxes

Special District Tax	\$ 2,744,865
Motor Vehicle	640,395
Other	<u>16,651</u>
Total Local Taxes	<u>\$ 3,401,911</u>

County Taxes

6 Mill Taxes	\$ 816,070
Motor Vehicle	159,946
Other	<u>1,716</u>
Total County Taxes	<u>\$ 977,732</u>

State Funds

Foundation	\$16,037,793
Miscellaneous	<u>5,815</u>
Total State Funds	<u>\$16,043,608</u>

**WASHAKIE COUNTY SCHOOL DISTRICT #1  
SCHEDULE OF EXPENDITURES-GENERAL FUND  
For the Year Ended June 30, 2013**

Instruction:

Salary	\$ 7,956,470
Employee benefits	3,652,141
Supportive services and materials	1,526,476
Capital outlay	12,949
Other	<u>27,620</u>
Total	<u>\$13,175,656</u>

Instructional Support:

Salary	\$ 1,138,456
Employee benefits	542,188
Supportive services and materials	253,481
Capital outlay	2,508
Other	<u>409</u>
Total	<u>\$ 1,937,042</u>

General Support:

Salary	\$2,330,914
Employee benefits	1,101,610
Supportive services and materials	1,451,442
Capital outlay	454,659
Other	<u>26,119</u>
Total	<u>\$ 5,364,744</u>

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**COMBING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS**  
**June 30, 2013**

	<u>Major Maintenance Fund</u>	<u>Federal Program</u>	<u>Total Special Revenue</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 633,315	\$ 120,025	\$ 753,340
Other Receivables	810	-	810
Grant/Other Receivables	-	210,781	210,781
	<u>634,125</u>	<u>330,806</u>	<u>964,931</u>
Total Assets	<u>\$ 634,125</u>	<u>\$ 330,806</u>	<u>\$ 964,931</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>			
Liabilities:			
Accounts Payable & Accrued Liabilities	\$ 5,220	\$ 356,771	\$ 361,991
Payable to General Fund	-	100,000	100,000
	<u>5,220</u>	<u>456,771</u>	<u>461,991</u>
Total Liabilities	<u>5,220</u>	<u>456,771</u>	<u>461,991</u>
Fund Balances:			
Restricted	<u>628,905</u>	<u>(125,965)</u>	<u>502,940</u>
Total Fund Balances	<u>628,905</u>	<u>(125,965)</u>	<u>502,940</u>
Total Liabilities & Fund Balances	<u>\$ 634,125</u>	<u>\$ 330,806</u>	<u>\$ 964,931</u>

The notes to financial statements are an integral part of this statement.

**WASHAKIE COUNTY SCHOOL DISTRICT #1**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - SPECIAL REVENUE**  
**For the Year Ended June 30, 2013**

	Major Maintenance	Federal Program	Total Special Revenue
<b><u>REVENUE</u></b>			
Interest	\$ 426	\$ -	\$ 426
State Resources	901,847	578,516	1,480,363
Federal Resources	-	1,410,239	1,410,239
Total Revenue	902,273	1,988,755	2,891,028
 <b><u>EXPENDITURES</u></b>			
Current:			
Instruction	-	1,397,210	1,397,210
Instructional Support	-	454,743	454,743
Administration/Other	2,337	126,117	128,454
Capital Outlay	292,070	-	292,070
Total Expenditures	294,407	1,978,070	2,272,477
Excess of Revenue Over (Under) Expenditures	607,866	10,685	618,551
Other Financial Sources (Uses)			
Operating Transfers In (Out)	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Sources	607,866	10,685	618,551
Fund Balance - July 1, 2012	21,039	(136,650)	(115,611)
Fund Balance - June 30, 2013	\$ 628,905	\$ (125,965)	\$ 502,940

The notes to financial statements are an integral part of this statement.

**OTHER INDEPENDENT ACCOUNTANT'S REPORTS**



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**

Board of Trustees  
Washakie County School District #1  
Worland, Wyoming 82401

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 *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washakie County School District #1, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Washakie County School District #1's basic financial statements, and have issued our report thereon dated October 17, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Washakie County School District #1'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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Washakie County School District #1's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not

identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. (2013-A and 2013-B)

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Washakie County School District #1'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Washakie County School District #1's Response to Findings**

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Other Matters Not Required to be Communicated**

We noted certain other matters that we reported to management of the District in a separate governance letter dated October 17, 2013.

### **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  
Certified Public Accountants

October 17, 2013  
Worland, Wyoming



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM  
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

School Board of Trustees  
Washakie County School District #1  
Worland WY 82401

**Report on Compliance for Each Major Federal Program**

We have audited Washakie County School District #1's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Washakie County School District #1's major federal programs for the year ended June 30, 2013. Washakie County School District #1'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 Washakie County School District #1's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Washakie County School District #1's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Washakie County School District #1 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.

### **Report on Internal Control Over Compliance**

Management of Washakie County School District #1 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Washakie County School District #1's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Washakie County School District #1's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-A to be a significant deficiency.

Washakie County School District #1's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The 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  
Certified Public Accountants

October 17, 2013  
Worland, Wyoming

**WASHAKIE COUNTY SCHOOL DISTRICT #1  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2013**

**SECTION I - SUMMARY OF THE AUDITOR'S RESULTS:**

An unqualified opinion was issued on the financial statement of Washakie County School District #1.

An unqualified report was issued on compliance and internal controls-Government Auditing Standards that did not identify any material noncompliance, but identified two significant deficiencies (segregation of duties and internal system of financial statement preparation). The significant deficiencies were not identified as material weaknesses.

An unqualified report was issued on compliance and internal control applicable to major programs (Title I Basic and Concentration; CFDA #84.010A; Title 1-C Migrant CFDA #84.011A) passed through Wyoming Department of Education that did not identify any material noncompliance, but identified significant deficiencies (segregation of duties, Finding 2013-A and 2013-B) that were not identified as a material weakness. No other audit findings were required to be reported. The threshold for Type A programs was \$300,000. The District was determined to be a low risk auditee.

**SECTION II - GAGAS Financial Statement Findings:**

Findings:

2013-A. Criteria - Many aspects of internal controls rely upon adequate segregation of duties. Segregation of duties provides that one individual not be able to handle or dominate transactions from initiation to posting and/or have access to both assets and the accounting records.

Condition - The District has a limited number of administrative staff.

Cause - Due to the small size of the District's administrative staff, it is not practicable for them to maintain adequate segregation of duties.

Effect - Some personnel often handle the recording of transactions and the control of assets or results of those transactions. For the financial statements, we believe this is a significant deficiency. For Federal funds, including major programs, the State of Wyoming Department of Education provides controls on the release of funds and review of activity sufficient for this condition to not be a material weakness in reference to Federal Awards. Although there is no cost effective features that may eliminate this condition, we feel management, Board, and other agency review of activity can reduce the risks.

2013-B. Criteria - Auditing standards that became effective December 15, 2006, require the auditor to determine whether the entities' internal control system allows for the reliable reporting of financial data in accordance with generally accepted accounting principles (GAAP).

Condition - The Organization does not have the expertise to prepare completely its own financial statements including footnotes under GAAP.

Cause - The Organization's operational demands and ability to hire, train, or retain such personnel have not permitted them to maintain this system control.

Effect - The District, when preparing financial statements, gets assistance in preparing financial statements. It may not be cost effective for the Organization 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.

### **SECTION III - Federal Awards Findings - see Finding 2013-A only**

#### **CORRECTIVE ACTION PLAN:**

Finding 2013-A:

Contact Person: Jack Stott, Business Manager

Corrective Action Planned:

Due to the small size of the District's Administration Staff, it is not practical for the District to maintain an adequate segregation of duties. To compensate for the small number of administrative staff, the school board reviews and approves all expenditures. Also, the State of Wyoming Department of Education provides control over the release of all federal funds to the District. Periodically, the State reviews activity of the District with respect to the disbursed federal funds.

Finding 2013-B:

Contact Person: Jack Stott, Business Manager

Corrective Action Planned:

The District does not believe it is cost effective or efficient to ensure that a District employee or independent contractor is retained to assist in certain aspects of preparing GAAP financial statements. It is essential for the District to maintain its financial records for Wyoming Department of Education purposes and the focus of its personnel should be on this basis. The District is aware of the weakness, but does not feel the benefits to correcting this weakness are justified at this time.

**Prior Audit Findings:**

2012-A. (segregation of duties has been and will continue to be a significant deficiency).

2012-B: (self-preparation of financial statements is not cost effective).